

**PROGRAM TO IMPROVE THE ADMINISTRATION OF JUSTICE  
STAGE ONE**

(PN-0086)

**EXECUTIVE SUMMARY**

**BORROWER:** Republic of Panama

**EXECUTING AGENCIES:** Judicial Branch (JB), Procuraduría General de la Nación [Office of the National Public Prosecutor] (PGN) and Procuraduría de la Administración [Office of the Government Solicitor] (PA)

**AMOUNT AND SOURCE:** IDB: US\$18.9 million  
Local counterpart funding: US\$ 8.1 million  
Total: US\$27.0 million

**FINANCIAL TERMS AND CONDITIONS:** Amortization period: 25 years  
Disbursement period: 3.5 years  
Interest rate: variable  
Inspection and supervision: 1%  
Credit fee: 0.75%  
Currency: dollars of the United States of America

**OBJECTIVES:** The program seeks to improve the quality of the country's legal and judicial services to strengthen the rule of law. This is a long-term objective and this operation constitutes the first stage.

To attain the objectives, the program has been divided into two subprograms with the following specific objectives:

- a. The objective of subprogram A is to support the country in improving its judicial system to shorten response time, guarantee due legal process, and lower barriers to citizen access.
- b. The objective of subprogram B is to support the country in enhancing the quality, efficiency, and transparency of the legal actions and proceedings of the government to improve relations between the State and civil society.

**DESCRIPTION:** The proposed operation is stage one and will involve some activities that can be implemented at the national level in the short-term. Owing to their complexity and cost, the other activities included

will be executed through two models for judicial management and reorganization, one in an urban judicial district and one in a rural judicial district, leaving their replication in the rest of the country for a second stage.

**Subprogram A** (US\$19,340,000) includes the following components: (i) clearing the court backlog; (ii) strategic management and planning; (iii) training and a judicial career path; (iv) reorganization and management of judicial services (US\$12,390,000); (v) strengthening of the investigative capacity of the PGN; (vi) procedural reform and access to justice; and (vii) citizen participation.

**Subprogram B** (US\$1,567,000) includes the following components: (i) institutional restructuring of the PA; (ii) plan to expand the coverage of services; (iii) staff training; (iv) automation of management processes; (v) reform of administrative regulations; and (vi) legal training for public servants.

**ENVIRONMENTAL  
AND SOCIAL REVIEW:**

No environmental impact assessment was required. Recommendations as to environmental and social impact are mirrored in paragraphs 2.13, 2.17, 2.18, 2.19, 2.21, 2.22, 3.20, 4.10, 4.14, 4.15, and 4.16.

**BENEFITS:**

The program will make a fundamental contribution to the rule of law and the consolidation of democracy: (i) by strengthening the system for enforcing the law, which is a crucial element of public policy and a basic condition for equality before the law; (ii) by reducing transaction costs; and (iii) by supporting the institution responsible for overseeing the legality and transparency of administrative acts.

The program will provide the public, regardless of social, economic, or ethnic status or gender, with more expeditious, less remote, and better judicial services.

**RISKS:**

The main risk lies in inadequate execution of the component for reorganization and management of judicial services, owing to its relative weight in the loan and its complexity. To minimize this risk, the executing units and the program coordination unit will be provided with specialized advisory services.

Since independent institutions are involved, there is also a risk of inadequate coordination. To minimize it, the coordination and execution mechanisms have

been carefully designed. No turnover is expected among the senior staff of the participating entities during the program.

Last, the program provides for amendments to procedural law and there is a risk that their passage by the Legislative Branch will be delayed. The risk is mitigated by the will of the government and the judicial authorities to implement the proposed changes. Under the Constitution, the Executive Branch has the initiative in proposing procedural reforms, which generally do not cause national debate that would endanger their passage. The program includes activities to support the judicial institutions in applying this constitutional mandate.

**THE BANK'S  
COUNTRY STRATEGY:**

The Bank's operating strategy for Panama (1997-1999) is to support the country in increasing the benefits of social policy, promoting sustainable development, encouraging private-sector participation, and improving governance. The proposed operation is consistent with this strategy. In addition, programs to modernize the Legislative Branch (923/OC-PN) and to modernize fiscal management (1004/OC-PN) have been approved and are under way, and a program to modernize the Ministry of External Affairs (PN-0103) is at the identification stage.

The national authorities are aware that a long-term commitment is required to remedy the country's problems in the administration of justice. They have assigned high priority to the program and have agreed with the Bank that the proposed operation will constitute the first stage in the process.

**POVERTY  
TARGETING:**

Although the program will chiefly be carried out in geographic areas where the low-income population is large, it does not specifically target poverty reduction.

**SPECIAL  
CONTRACTUAL  
CONDITIONS:**

Conditions precedent to the first disbursement: (i) establishment of the executing units, including staffing and mechanisms to manage the program funds, under terms agreed upon in advance with the Bank (paragraph 3.16); and (ii) for subprogram A, selection of an international consulting firm and negotiation of its contract and terms of reference for the program's technical advisory services (paragraph 3.17).

Special conditions during execution: Presentation of the following to the Bank's satisfaction:

- a. annual training plans describing courses, workshops, seminars, participants, and technical and material requirements (paragraph 3.20);
- b. at the start of the third year of the project:
  - (i) evidence that the budget approved for the judicial institutions contains a specific item for the Judicial School to cover the training requirements of the JB and the PGN (paragraph 3.21); and
  - (ii) evidence that the budget approved for the PA contains a specific item to sustain the training activities financially (paragraph 3.21);
- c. prior to carrying out the first stage in the plan to expand coverage of the PA, a copy of the interagency agreements entered into by the PA and the Ministry of the Interior and Justice for provision of the physical spaces required (paragraph 3.22); and
- d. a contractual commitment by the borrower to provide funding for maintenance of the infrastructure and equipment (paragraph 3.24).

**PROCUREMENT  
POLICY:**

The thresholds above which international competitive bidding will be required are US\$750,000 equivalent for works and US\$250,000 equivalent for goods and services procured using loan proceeds. It is recommended that ex post sampling be used to review local procurement procedures (paragraph 3.23).

## I. FRAME OF REFERENCE

### A. Introduction

- 1.1 The Panamanian government seeks to promote economic growth with social equity in the framework of a system that encourages private investment and consolidates democracy. To attain this objective, it seeks to guarantee legal security and social peace through such measures as proper enforcement of the law through a good, effective, and easily-accessible judicial system.
- 1.2 Since the return of democracy in 1990, efforts have been made to reestablish the independence of judicial institutions, strengthen them, and modernize the law. Judicial investigation was made independent, the roster of judges was revised, and a judicial career path was established. The sector budget was increased and commercial, labor, family, and human rights legislation was updated. Substantive, procedural, and organizational changes are also being carried out to ensure that administrative acts comply strictly with the law.
- 1.3 These efforts will lay the groundwork for better administration of justice and set the stage for undertaking an investment program to support its consolidation and surmount remaining difficulties. The country asked the Bank for support in its endeavors to improve the justice system. Funds from an individual operation (965/OC-PN) under the Project Preparation Facility were used to prepare the proposed operation.
- 1.4 The consulting services contracted with those funds included a diagnostic study of the sector and workshops with technical teams from the different institutions and with representatives of civil society. Through the identification of problems, proposed solutions, and priority-setting, a consensus was built regarding a comprehensive interagency program, with participation by the Judicial Branch (JB), the Procuraduría General de la Nación [Office of the National Public Prosecutor] (PGN), and the Procuraduría de la Administración [Office of the Government Solicitor] (PA).
- 1.5 The results of these activities indicated that the problems affecting the judicial system are slowness, difficulties in guaranteeing due legal process, and barriers to citizen access. There are also weaknesses in ensuring the quality, efficiency, and transparency of the actions and procedures of public servants.
- 1.6 With respect to administering justice through an integrated system in which different institutions intervene at different stages and in different functions in pursuit of a common goal, it was agreed that support should not be fragmented. Accordingly, the authorities decided to address these problems through joint, simultaneous actions, sharing diagnoses and reform proposals and

facilitating consensus-building that will confer legitimacy on the changes. It was also determined to undertake a gradual process of change in institutions and their culture, accompanied by strong leadership, action capacity, citizen participation, and coordination.

- 1.7 The proposed operation is stage one and will involve some activities that can be implemented at the national level in the short-term. Owing to their complexity and cost, the other activities included will be executed through two models for judicial management and reorganization, one in an urban judicial district and one in a rural judicial district, leaving their replication in the rest of the country for a second stage.

B. Institutional framework in the justice sector

- 1.8 The justice sector in Panama is composed chiefly of the **Judicial Branch**, which administers justice through the Supreme Court and other tribunals and courts, and is also responsible for court-appointed counsel (public defenders); the PGN, which is responsible for public criminal prosecution through the district attorney's offices (*fiscalías*), the Policía Técnica Judicial [Technical Judicial Police Force] (PTJ), and the Instituto de Medicina Legal [Forensic Medicine Institute] (IML); and the PA, which acts as the government's legal advisor and ensures proper enforcement of the law by the public administration.
- 1.9 The justice sector also includes the Ministry of the Interior and Justice which is in charge of the national police force, the penitentiary system, and public records; the Ministry of Labor which is responsible for mediating labor conflicts; and the recently-created Defensoría del Pueblo [Office of the Human Rights Advocate]. Law faculties, trainers for system operators, and bar associations responsible for ethics and discipline in the legal profession are other important players.
- 1.10 In the private sector, the MIF is providing support for a center for the mediation and arbitration of commercial disputes in Panama's Chamber of Commerce, Industry, and Agriculture (ATN/MT-5452-PN). The initiative is designed to help consolidate alternative dispute resolution mechanisms that can be used by parties to negotiate settlements out of court, thereby reducing the caseload of the regular courts of law.

C. Analysis of the problems in the judicial system (JB and PGN)

- 1.11 The economic, social, and technological changes taking place in Panama are creating larger numbers of complex cases that require legal treatment. Steady growth in the number of companies that operate on the local market is leading to an increase in the number

of commercial and legal transactions and, consequently, in the number of cases of litigation.

- 1.12 The institutions responsible for dispensing justice are unable to keep up with civic demand in an expeditious, adequate, or accessible fashion. The results of a survey conducted in 1996 by the American Association of Chambers of Commerce to determine the investment climate in Latin America showed that Panama had one of the lowest scores for the capacity of the judicial system to provide prompt conflict resolution. However, its results were better than average with respect to the impartiality of magistrates and citizen security.
- 1.13 The specific problems that cause these general difficulties in the system are discussed below.

1. Court congestion

a. Backlog of civil cases

- 1.14 Figures indicate that there was a backlog of 157,000 cases in 1995, which has continued to grow at an annual average of 2%. Sixty-eight percent of these cases are in civil courts, 15% in criminal courts, 13% in municipal courts, 4% in sectional labor courts, and 2% in higher courts.

YEAR	NO. OF CASES FILED	NO. OF CASES COMPLETED	NO. OF CASES PENDING
1993	61,000	53,000	151,000
1994	57,000	55,000	153,000
1995	60,000	56,000	157,000

- 1.15 Approximately 60% of all cases pending have been awaiting a hearing for more than one year, while 41.3% have been waiting for over three years. The diagnostic study showed that civil magistrates would have to work for three years (without accepting any new cases) to clear up the backlog. Therefore, a gradual increase in working capacity is not a solution to the problem and it is recommended that a special plan be carried out to clean up the files and the backlog.

b. Backlog of criminal cases

- 1.16 The diagnostic study indicated that about 45% of prisoners in preventive custody have never appeared before a judge and that 35% are awaiting a hearing by courts of appeals. The prison population numbers 7,822, or 340 prisoners per 100,000 people, which is the highest in Latin America. The situation is partly due to the scant use of legal alternatives to preventive custody, the absence of

legal limits on how long a person can be kept in preventive custody, the excessive use of prison sentences as punishments, and too many offenses for which parole is not allowed under the criminal law.

- 1.17 The statistics kept separately by the PGN and the Ministry of the Interior and Justice do not match, mainly because they have differing definitions of "prisoners awaiting trial". The PGN supervises the enforcement of sentences using a manual information system to track the legal status of the persons in preventive custody who are its responsibility. This system has deficiencies, information is incomplete and inadequate, and the intervals at which it is updated are long and irregular.
- 1.18 The program will revise criminal legislation and provide training for the judicial officials involved to help remedy these problems. It is also recommended that the institutions be provided with a computerized information system on the status of the penitentiary population, as a tool for drawing up policies and plans to reduce the number of prisoners awaiting trial, to complement and support the revision of procedural rules described below.

## 2. Weaknesses in institutional planning and management

- 1.19 There are no well-designed performance indicators to evaluate the management of judicial institutions or prepare institutional development policies. Neither the JB nor the PGN have suitable mechanisms to plan and control their strategic development. Both institutions have annual and five-year operating plans on which they base their cost and investment budgets. However, most of their investment projects are never financed, since they do not include explicit goals that can be verified through performance indicators, demonstrating the economic and social benefits that would justify them.
- 1.20 It is proposed that the institutions perform annual updates and establish a strategic management and planning system and a culture of evaluation to remedy the shortcomings described in the preceding paragraph.

## 3. Weaknesses in training and the judicial career

- 1.21 Progress has been made in training activities, although their coverage is limited and they do not form part of a systematic plan that serves as a tool to promote professional performance, linked to development of a judicial career path. The Judicial School, which reports to the JB, has existed since 1993 and serves the JB's and the PGN's requirements and has focused on ad hoc training with stress on criminal matters. With respect to the judicial career path, the JB initiated an objective, impartial procedure for staff recruitment in 1991, which is not linked to the training systems. The PGN introduced its judicial career path in April 1997.



- 1.22 Support will be provided for the institutions in strengthening human resource management by introducing performance evaluation mechanisms and refining the judicial career path mechanisms, particularly through linkage with the training system. Although the PGN currently sits on the advisory board of the Judicial School, the goal is to establish an interinstitutional system that revolves around the school, strengthening it and allowing it greater independence to serve the requirements of both institutions.

#### 4. Deficient judicial organization and infrastructure

##### a. Organization and management of judicial offices

- 1.23 There is no formal administrative support system for the activities of the judicial offices, which means that magistrates and public prosecutors must devote a large part of their time to administrative tasks. Each office duplicates administrative organization without taking advantages of economies of scale. The process is not seen as a whole. Each institution and, on occasion, each office operates as if its files existed in a closed compartment. There are no standard working methods for judicial offices of the same kind.
- 1.24 There are weaknesses in the statistical supports for management, control, and follow-up. Information is not viewed as a system that covers the entire organizational structure of the institutions. Information technology is being introduced in just some of the geographic units of the justice administration, with isolated users, and few applications to support substantive tasks or to track the status of cases and proceedings.
- 1.25 These problems are the result of the absence of techniques for performance-based management, case monitoring, and organization of the work of the judicial offices. Criminal justice offices encounter bottlenecks that begin at the investigation stage in the PTJ, continue with the distribution of cases among public prosecutors, and end with the transfer of cases to the courts.
- 1.26 Further, the system does not have any auxiliary services such as multidisciplinary teams to deal with domestic violence, rape, or drugs, or mechanisms for pretrial or out-of-court conflict resolution.

##### b. Infrastructure

- 1.27 The judicial infrastructure is based on the organizational and management systems described above, and therefore investments in expanding it without including organizational reengineering would simply consolidate inefficiencies.

- 1.28 There is a shortage of suitable physical space, particularly in rural and marginal urban areas. San Miguelito is home to 30% of Panama City's population but is served by less than 2% of the city's judicial infrastructure (300 m<sup>2</sup> out of 15,500 m<sup>2</sup>). The provinces have 50% of the population but are served by less than 25% of installed capacity (5,500 m<sup>2</sup> out of 21,000 m<sup>2</sup>).
- 1.29 Over 80% of the Judicial Branch's metropolitan infrastructure and over 50% of national infrastructure is in the Court House in Panama City. The location of these judicial offices is not ideal from the standpoint of citizen access to justice.

c. Comprehensive solution

- 1.30 The diagnostic study indicated that the weakness in the organization and management of judicial offices and in the supporting infrastructure and equipment require a comprehensive solution to the problems. The problem of infrastructure will be addressed by reorganizing the offices and improving access to justice.
- 1.31 The present operation will support the introduction of two judicial organization models (urban and rural) known as regional judicial units (RJUs) which, in a given jurisdiction (San Miguelito and Chiriquí in stage one), will provide physical installations to house all the offices of the JB and the PGN in that area. The regional units will tap economies of scale and introduce changes in internal management systems, with appropriate tools and conditions, thereby boosting the efficiency with which they provide service. Among other things, they will relieve judges and prosecutors from administrative duties. This operation will also solve the problems of interagency linkage.
- 1.32 Other core elements would be integrated into the RJUs, such as a center for assistance for crime victims and a community relations office for the Judicial Police Force; a human rights advocate's office; and a mediation center for the offices of the JB. After an evaluation has been performed on the impact of the RJU models, a second stage will be designed to replicate them in Panama's other judicial circuits.

5. Deficiencies in crime investigation capacity

- 1.33 There are regulatory, institutional, administrative, and ethical failings in crime investigation, which act as obstacles to public prosecution, compounded by the absence of modern instruments, particularly in the field of forensic medicine. Also, the responsibilities of the different agencies involved in crime investigation are not clearly delimited.
- 1.34 The officials to whom crimes are reported are not always aware of the procedural requisites or the basic legal concepts of

preliminary investigation, which jeopardizes compliance with due legal process. Further, very few investigators have been trained in investigative techniques and they lack equipment and tools.

- 1.35 The custody of evidence suffers from different weaknesses stemming from the lack of managerial and organizational mechanisms. The managers of the system lack specialized training, which is compounded by the shortage of infrastructure and the necessary equipment. This leads to constant risks of losing evidence through theft or destruction, which subsequently makes it difficult to produce proof of crimes and contributes to lack of confidence in the system.
- 1.36 The criminal process makes scant provision to protect the interests of victims, who have very little input. Multidisciplinary assistance, particularly psychological assistance, is not provided for victims who often require prompt help in dealing with trauma. However, pilot projects are being carried out in the PTJ in areas such as domestic violence. During the first half of 1997, domestic violence accounted for 70.5% of nonconventional offenses reported.
- 1.37 The Forensic Medicine Institute suffers from weaknesses in organization, lack of knowledge of specialized techniques, and inadequate equipment and infrastructure. This poses constant risks that evidence will be lost. Further, it is often impossible to determine the causes of many deaths, which favors impunity and public mistrust of the system.
- 1.38 To strengthen the investigative capacity of the justice system, measures are proposed to improve the custody of evidence, the organizational and material aspects of the PTJ's victim assistance center, and forensic medicine.

## 6. Procedural shortcomings and barriers to access

### a. Civil proceedings

- 1.39 Civil cases involve cumbersome and formalistic procedures which lead to lengthy delays and limitations in exercising the right to defense. There is consensus regarding the need to modernize trial legislation, and at least to give magistrates more active control over the process, streamline the use of legal procedures, and reduce delaying practices and tactics in trials, while promoting alternative conflict resolution methods.
- 1.40 Some of the procedural aspects that contribute most heavily to slowness are the system of notifications, excessive use of appeals, and the consultation procedure which demands a review by a superior court even when not requested by the parties, and stiff precautionary measures that in practice are used to bring pressure to obtain negotiating advantages.

b. Family and juvenile court jurisdiction and proceedings

- 1.41 The existence of separate family and juvenile courts leads to dispersal and duplication in these areas, and cases involving the same conflict cannot be heard by a single court. Moreover, the guarantee of impartiality in offenses committed by minors is limited since the magistrates are responsible for the proceedings, the investigation, and the trial itself, while the public prosecutors' functions are limited to making recommendations. Trial legislation governing family and juvenile issues suffers from the same weaknesses as were described above for civil court proceedings.

c. Criminal proceedings

- 1.42 Reforms have been instituted in the criminal justice system in Panama which must still be implemented, in order to facilitate oral proceedings, direct interaction between magistrates and the parties, and strengthening of the presence of the PGN in the process by bolstering the investigative role of the public prosecutors and their control over technical and judicial investigation.
- 1.43 It is also necessary to revise trial legislation and undertake reforms to streamline procedures and reduce the number of prisoners awaiting trial.

d. Barriers to access to justice

- 1.44 The barriers to citizen access are apparent in aspects such as the uneven geographic distribution of judicial offices, the excessive formalism of court proceedings, lack of awareness by citizens of their rights, limited coverage of legal assistance or defense systems, weaknesses in the training of system operators, the high costs implicit in the system, and the shortcomings of the technical investigation apparatus.
- 1.45 The Office of the Human Rights Advocate is well organized but its coverage is restricted (36 advocates for the whole country), with a stronger presence in criminal matters and in Panama City. Legal assistance in labor and civil cases is not available for the low-income population, whose only recourse is the Legal Assistance Clinic of the University of Panama, which has its shortcomings. There is only one human rights advocate in the whole country who deals with family and juvenile issues.
- 1.46 Lawyers' services are costly and largely inaccessible. The possibility of appearing without an attorney in legal proceedings where the presence of counsel could be omitted is extremely limited. The system for ethical control over the legal profession is not very efficient, which is injurious to the parties in a trial. Alternative conflict resolution mechanisms are insufficient

and lack a legal and institutional framework to enable them to develop.

e. Comprehensive solution

- 1.47 Procedural legislation will be reviewed and amended, among other purposes, to reduce practices that delay trials, strengthen the role of public prosecutors in cases of offenses committed by minors, introduce conciliation and mediation as alternatives, include assistance for victims in criminal proceedings, regulate the ethical behavior of investigative bodies, design new legal instruments for investigation, and define the powers of the different entities involved.
- 1.48 In addition, a comprehensive study will be prepared on barriers to access to justice which will include concrete recommendations for a national solution to this problem in stage two, also using the results obtained with establishment of the regional judicial units described above.

7. Scant citizen participation

- 1.49 One of the problems with the justice system in Panama is that the public is either unaware of its rights or is unable to exercise them. Judicial reform processes have not been participative, involving a strong and consensual impetus from all the players involved. This has jeopardized the legitimacy of these processes, enforcement of the legal reforms passed, and the drive for change.
- 1.50 Activities will be carried out to establish a sustainable system for legal education for the public and to inform legal operators and the community in general of the program's strategy, development, and specific contents.

D. Problems with administrative acts and procedures

- 1.51 The shortcomings of the PA, institution responsible for overseeing the quality, efficiency, and transparency of the acts and procedures of public servants are described below.

1. Weaknesses in the regulatory and institutional framework

- 1.52 The main problems with the Procuraduría de la Administración [Office of the Government Solicitor] (PA) are linked to its role as a service provider for other public institutions. The PA is required to defend the interests of the State in legal actions on the one hand, and on the other, it must deal with citizen complaints against the State. Furthermore, the law that established the Office of the Human Rights Advocate gives that office the mandate of hearing and settling citizen complaints about government actions.

- 1.53 The PA and the PGN are part of the Ministerio Público [Office of the Attorney General] although they carry out completely different functions. The PGN is mainly involved in protecting the interests of society, while the PA defends the interests of the government, and it is clear that the two may not always coincide but even conflict.
- 1.54 The institutional role of the PA will be revised and changes made to prevent duplication and contradiction of functions with other institutions, and to redefine its mission within the national justice system.

## 2. Restrictions on coverage of the service

- 1.55 Although the PA is required to provide legal advisory services for the entire public administration, it only has one office and staff in the country's capital. However, no analysis has been made of regional demand for the PA's services nor has a feasibility study been conducted of alternatives for expanding coverage.
- 1.56 A plan to expand coverage will be financed and the first stage of its implementation will be carried out.

## 3. Weaknesses in human resource training

- 1.57 The PA does not participate in the courses offered by the Judicial School or in the PGN's training activities. It has no sustainable training plan in the areas for which it is responsible and no professional career path.
- 1.58 Training requirements will be defined in light of the new challenges that will arise as a result of its institutional organization and a sustainable training plan which includes specific activities will be designed and implemented during the operation.

## 4. Inadequate institutional management processes

- 1.59 During the first half of 1995, the PA was reorganized functionally and transformed into a particularly dynamic focus in the process of modernization of the State. Its management systems were restructured to bring it closer to the community and a strong ethic of public service was instilled in its employees. However, the new organizational system requires suitable technological tools and automation of management processes to enable it to function optimally.
- 1.60 To tap the institution's organizational advantages, a study will be made of the requirements for automating the different institutional management processes, systems for monitoring cases and processes will be designed and implemented, access will be provided to legal

information, modern technology supports will be procured, and staff will be trained in their use.

5. Procedural shortcomings in administrative cases

- 1.61 One of the PA's functions is to ensure efficiency in the application of administrative law. No uniform legislation exists in this regard to ensure the right to defense of citizens who file complaints against the public administration. There are no agencies that act as liaison between the public administration and citizens to promote mediation and conciliation. These shortcomings are linked to the many complaints about corruption in the system.
- 1.62 Support will be provided to draft legislation on administrative procedures and propose related activities to generate consensus on its passage.

6. Weaknesses in the legal training of public servants

- 1.63 The first resort in disputes with the State is the respective government institution, which does not always have the impartiality, capacity, transparency, or legal knowledge necessary to respond to citizen complaints. The PA does not intervene to defend administrative actions but in the interests of the law.
- 1.64 The legal and technical capacity of the country's public institutions will be strengthened by establishing a system of continuing education for public servants in order to reduce conflicts arising from arbitrary acts by the public administration.

E. Experience of the Bank and other international cooperation agencies

- 1.65 The Bank has experience in designing justice sector operations in the region. That experience indicates that the process of change should involve all interested parties in building consensus to ensure sustainability. Designs must be flexible and allow for continuous evaluation and monitoring to make whatever adjustments are needed to achieve the objectives. The Bank is providing MIF funds to carry out a project with the private sector for commercial arbitration and mediation (ATN/MT-5452-PN).
- 1.66 The United States Agency for International Development (USAID) cooperated in reestablishing democracy and in some of the efforts mentioned in the opening paragraphs of this chapter. The European Union supported establishment of the Office of the Human Rights Advocate. The Agencia Española de Cooperación Internacional [Spanish International Cooperation Agency] (AECI) prepared a project to support the penitentiary system and the national police force through the United Nations Development Programme.

F. The Bank's country strategy

- 1.67 The Bank's operating strategy for Panama (1997-1999) is to support the country in increasing the benefits of social policy, promoting sustainable development, encouraging private-sector participation, and improving governance. The proposed operation is consistent with this strategy. In addition, programs to modernize the Legislative Branch (923/OC-PN) and fiscal management (1004/OC-PN) have been approved and are under way, and a program to modernize the Ministry of External Affairs (PN-0103) is at the identification stage.
- 1.68 The national authorities are aware that a long-term commitment is required to solve the country's problems in the administration of justice. They have assigned high priority to the program and have agreed with the Bank that the present operation will constitute the first stage in the process.



## II. THE PROGRAM

### A. Program objectives

- 2.1 The program seeks to improve the quality of the country's legal and judicial services to strengthen the rule of law. This is a long-term objective and this operation constitutes the first stage.
- 2.2 The program has been divided into two subprograms with the following specific objectives: (i) **subprogram A**, which consists of supporting improvements in Panama's judicial system to shorten response time, guarantee due legal process, and lower barriers to citizen access; and (ii) **subprogram B**, which seeks to support the country in enhancing the quality, efficiency, and transparency of the legal actions and proceedings of the government to improve relations between the State and civil society.

### B. Description

- 2.3 Subprogram A is divided into seven components and will be implemented by the Judicial Branch (JB) and the Procuraduría General de la Nación [Office of the National Public Prosecutor] (PGN). Subprogram B is divided into six components and will be implemented by the Procuraduría de la Administración [Office of the Government Solicitor] (PA). The following table shows the direct costs of each subprogram and its components for the participating institutions. A breakdown of these costs per component is available in the technical files of Regional Operations Department 2. The logical framework for each subprogram is shown in Annex II-2.

**DIRECT COSTS OF THE PROGRAM IN US\$ THOUSANDS**

	<b>JB</b>	<b>PGN</b>	<b>PA</b>	<b>Total</b>
<b>Subprogram A (JB and PGN)</b>	<b>9,720</b>	<b>9,620</b>		<b>19,340</b>
1. Clearing the court backlog				1,385
a. Civil	1,130			
b. Criminal		255		
2. Strategic management and planning	270	285		555
3. Training and judicial career	760	730		1,490
4. Reorganization of judicial services*	6,600	6,330		12,930
5. Strengthening of investigative capacity		1,530		1,530
6. Procedural changes and improved access	610	140		750
7. Citizen participation	350	350		700
<b>Subprogram B (PA)</b>			<b>1,567</b>	<b>1,567</b>
1. Institutional reorganization			45	45
2. Regional service coverage*			76	76
3. Training			184	184
4. Automation of management processes			436	436
5. Administrative regulations			76	76
6. Legal training for the public sector			750	750
<b>Total</b>	<b>9,720</b>	<b>9,620</b>	<b>1,567</b>	<b>20,907</b>
* These components also include incremental salaries for component execution.				

1. Subprogram A (JB and PGN)

2.4 Subprogram A contains the components described below.

a. Clearing the court backlog (US\$1,385,000)

2.5 The objectives of this component are: (i) to accelerate and clear up the backlog of pending civil cases (US\$1,130,000); and (ii) to prepare a plan to reduce the number of prisoners awaiting trial, based on the design and introduction of a reliable information system on the penitentiary population (US\$255,000). The following activities are included.

2.6 Civil cases: (i) implementation of the plan to clear up the backlog of civil cases (circuit and municipal courts) drawn up during preparation of the program, including the installation of temporary circuit and municipal courts and contracting magistrates on secondment, additional full-time magistrates for a limited period, and support staff; and (ii) evaluation of the plan by the JB.

2.7 Criminal cases: (i) design and introduction of a computerized information system on the penitentiary population; (ii) linkage between the JB, the PGN, and the MGJ; (iii) procurement of computer equipment; and (iv) preparation of a plan to reduce the number of prisoners awaiting trial, including a revision of related criminal legislation.

b. Strategic management and planning (US\$555,000)

- 2.8 The objective of this component is to establish planning and control mechanisms for strategic and budget management for the establishment of explicit institutional goals to ensure a continuous improvement in the performance of judicial institutions with respect to impact, effectiveness, quality, and productivity (JB, US\$270,000; PGN, US\$285,000).
- 2.9 The following activities are included for both institutions: (i) structural reorganization; (ii) analysis and redesign of the budgeting process, promoting participatory exercises in accordance with the guidelines of the Panamanian financial administration system; (iii) design of the process for strategic management planning and control; (iv) design of institutional performance indicators; (v) implementation of a sustainable plan for management information and control; and (vi) procurement of equipment for the PGN.

c. Training and judicial career path (US\$1,490,000)

- 2.10 The objective of this component is to strengthen human resource management and improve the judicial career path, particularly through linkage with the training provided by the Judicial School and performance evaluation systems.
- 2.11 The following activities will be carried out: (i) review of the judicial career system and preparation of proposals to improve and consolidate it (objective mechanisms for recruitment, promotion, removal, and disciplinary action for judicial officials); (ii) design and implementation of objective mechanisms for performance evaluation linked to an incentive system; (iii) studies, workshops to build consensuses, and implementation of recommendations for reorganizing, strengthening, and increasing the autonomy of the Judicial School, including a review of its regulations and of the interinstitutional agreement with the JB/PGN; (iv) review and implementation of recommendations to strengthen the institutional management of the Judicial School; (v) development of a sustainable training system built around the Judicial School, which operates under agreements with universities, specialized agencies, and other public or private agencies, to make better use of national and international supply; and (vi) specific training activities during program execution.

d. Reorganization and management of judicial services (regional judicial units - US\$12,930,000)

- 2.12 The purpose of this component is to redesign judicial management processes and systems for handling cases, supported by information systems and infrastructure to make the service more efficient and accessible. Regional judicial units (RJUs) for the JB and the PGN will be established in the judicial circuits of San Miguelito in

Panama City and in Chiriquí, as mentioned in paragraphs 1.31, 1.32, and 4.8.

- 2.13 The following activities will be carried out for both institutions: (i) final design of models for management and processes (administrative, organizational, and judicial) for the agencies, including civil, criminal, family, and juvenile courts, an office for court-appointed counsel and a mediation center for the JB; and for the PGN, district attorney's offices, PTJ offices, a victim assistance center, and a community relations center; (ii) final architectural plans; (iii) basic and detailed engineering studies for the infrastructure of the RJUs; (iv) construction of the RJUs; (v) design and implementation of information systems for the RJUs; (vi) procurement of equipment; (vii) startup of the RJUs, including training for their staff; (viii) adjustments to the model and recommendations for replication; and (ix) impact evaluation.

e. Strengthening of the investigative capacity of the PGN (US\$1,530,000)

- 2.14 The objective of this component is to improve judicial investigation of crimes in order to bring offenders to justice and increase citizen confidence in the system by: (i) strengthening forensic medicine; (ii) professionalization of the handling and safekeeping of evidence; and (iii) multidisciplinary assistance for crime victims. The following activities will be included.
- 2.15 Forensic medicine (US\$680,000): (i) management reorganization of the Forensic Medicine Institute; (ii) training in the handling and analysis of evidence; and (iii) procurement of equipment.
- 2.16 Safekeeping of evidence (US\$660,000): (i) redesign of management processes; (ii) specialized training in the handling, classification, storage, and safekeeping of evidence; and (iii) physical rehabilitation and procurement of equipment.
- 2.17 Assistance for victims (US\$190,000): (i) redefinition of the services provided by the PGN's victim assistance center; (ii) redesign of management processes; (iii) legal education for the public, including a citizen participation component; (iv) education under the training and judicial career component; and (v) physical rehabilitation and procurement of equipment.

f. Procedural changes and improved access (US\$750,000)

- 2.18 The objective of this component is to improve procedural rules and broaden access to justice in order to reduce practices that draw out the length of trials, strengthen the activities of public prosecutors in offenses committed by minors, introduce conciliation and mediation as alternatives, include assistance for victims in criminal proceedings, regulate the ethical behavior of investigative agencies, increase the coverage of the Office of the

Human Rights Advocate, design new legal instruments for investigation, and define the authority of the different entities involved, among other purposes.

- 2.19 The following activities are included: (i) a study on civil, criminal, family, and juvenile court procedures that includes identification of provisions that contribute to delays and congestion of the courts and preparation of proposals for improvements, with the participation of the agencies involved; (ii) workshops to build consensus; and (iii) preparation and implementation of training, dissemination and orientation plans. These activities will be coordinated with the management and procedural models in the component to reorganize judicial services.
- 2.20 Financing will be provided for studies on barriers to access to justice, with concrete recommendations for implementing changes, including: (i) design of a system to permit court appearances in person, without prejudice to the parties in a trial; (ii) review of the system for ethical control and incentives for the legal profession in conjunction with the National Association of Attorneys; and (iii) preparation of a plan to promote mediation, a regulatory and organizational framework for it, the core technical and material requirements to start up the system, and the necessary dissemination and training activities.
- 2.21 Last, for court-appointed counsel, support will be provided for: (i) preparation of regulations to implement the law on tax incentives for pro bono services; design and introduction of performance evaluation mechanisms; and dissemination activities; and (ii) increased coverage by including court-appointed counsels in the regional judicial units in San Miguelito and Chiriquí as part of the component to reorganize judicial services.

g. Citizen participation (US\$700,000)

- 2.22 The objective of this component is to involve legal operators and the community in the strategy, development, and contents of the proposals to improve the justice system. The following activities are included: (i) workshops, seminars, and other dissemination and orientation activities targeting system operators, political players, and civil society organizations, including public opinion surveys; and (ii) design and implementation of programs for legal education for the public, including a survey program.

2. Subprogram B (PA)

- 2.23 Subprogram B contains the components described below.

a. Institutional reorganization of the PA (US\$45,000)

- 2.24 The objective is to prepare a strategic plan to strengthen the positioning of the PA in the public sector, consisting of a

proposal for institutional reorganization, expansion of coverage, and a new regulatory framework. The following activities are included: (i) analysis of current regulations and concrete recommendations for changes; (ii) workshops inside the institution; (iii) proposals for institutional reorganization; (iv) workshops and seminars to build consensus among government ministers, magistrates, legislators, and users; (v) final proposal for change including draft reforms to the regulations; and (vi) a seminar with the legislative assembly.

b. Plan to expand coverage of PA services (US\$76,000)

- 2.25 The objective of this component is to prepare a plan to increase the coverage of the PA's services in accordance with guidelines established under the institutional restructuring component and to proceed with the first stage of implementation. The following activities are included: (i) an analysis of demand for the institution's services, including surveys and workshops to prepare proposals; (ii) analysis of the feasibility of alternatives for expanding coverage; (iii) preparation of a plan to implement the chosen alternatives; and (iv) a pilot project to implement the plan in three regions, including physical facilities provided by the respective regional governments.

c. Personnel training (US\$184,000)

- 2.26 The objective of this component is to strengthen the capacity of human resources to respond to institutional requirements. The following activities are included: (i) definition of the profiles of public servants and their training requirements; (ii) design of a sustainable training plan, including future projections, and flexible and dynamic means of implementation based on interagency agreements and contracts; (iii) specific training activities during program execution, based on the training plan; and (iv) procurement of teaching materials and equipment.

d. Automation of management processes (US\$436,000)

- 2.27 The objective of this component is to improve the PA's internal working procedures through information systems and communications supports. The following activities are included: (i) automation of the different institutional management processes; (ii) design and introduction of systems for case monitoring and statistical control; (iii) interconnection with legal information data banks; (iv) procurement of equipment; and (v) training of staff in its use.

e. Reform of administrative regulations (US\$76,000)

- 2.28 The objective of this component is to prepare a proposal for standard legislation on administrative procedures and a study on legislation governing actions under administrative law. The

following activities are included: (i) review of current practices, regulations, and proposals pertaining to administrative procedures; (ii) preparation of draft legislation on standard administrative procedures; (iii) workshops inside the institution; (iv) workshops and seminars to build consensus; (v) final proposals including the draft legislation; (vi) design of a dissemination and training plan; and (vii) support for the establishment of an interagency committee to prepare a study in cooperation with the JB on legislation governing actions under administrative law, containing proposals for legislative reform and concrete recommendations for its implementation, to serve as the basis for national debate on this issue.

f. Legal training for public servants (US\$750,000)

- 2.29 The objective of this component is to strengthen the technical and legal capacity of public institutions in order to prevent arbitrary actions by government departments and avoid pockets of administrative corruption. The following activities will be carried out: (i) design of a sustainable legal training plan for the public sector, including future projections based on agreements with universities, specialized agencies, and other public or private organizations, to tap the country's installed capacity; (ii) implementation of stage one of the training plan through courses, workshops, seminars, and other educational events, based on the guidelines contained in the plan; (iii) procurement of bibliographic materials and equipment; and (iv) infrastructure for training, documentation, and data processing.

C. Cost and financing

- 2.30 The program will cost an estimated US\$27 million equivalent, to be financed with a loan for US\$18.9 million (OC) and a local counterpart contribution of US\$8.1 million, distributed by source of financing and investment category as shown in the following table.

Program cost (US\$ thousands)

Investment category	JB		PGN		PA		Total		Total
	IDB	Govt	IDB	Govt	IDB	Govt	IDB	Govt	
<b>I. Administration</b>	<b>634</b>		<b>634</b>		<b>126</b>		<b>1,394</b>		<b>1,394</b>
1.1 Coordination unit	200		200		20		420		420
1.2 Executing units	284		284		106		674		674
1.3 Technical assistance	150		150				300		300
<b>II. Direct costs</b>	<b>7,290</b>	<b>2,430</b>	<b>8,185</b>	<b>1,435</b>	<b>1,227</b>	<b>340</b>	<b>16,702</b>	<b>4,205</b>	<b>20,907</b>
2.1 Plan to decongest the civil courts		1,130						1,130	1,130
2.2 Consulting services	1,745		1,700		316		3,761		3,761
2.3 Training	1,035		990		200	140	2,225	140	2,365
2.4 Equipment	890		2,410		411		3,711		3,711
2.5 Infrastructure	3,620	1,300	3,085	1,435	300	200	7,005	2,935	9,940
<b>III. Associated costs</b>		<b>584</b>		<b>713</b>		<b>170</b>		<b>1,467</b>	<b>1,467</b>
3.1 Salaries (RJUs)		162		162				324	324
3.2 Salaries (B2)						120		120	120
3.3 Travel		12		21				33	33
3.4 Maintenance/follow-up		348		417		50		815	815
3.5 Materials/services		62		113				175	175
<b>IV. Unallocated</b>	<b>226</b>	<b>257</b>	<b>217</b>	<b>296</b>	<b>21</b>	<b>55</b>	<b>464</b>	<b>608</b>	<b>1,072</b>
4.1 Contingencies	144	165	145	200	11	35	300	400	700
4.2 Escalation	82	92	72	96	10	20	164	208	372
<b>Subtotal</b>	<b>8,150</b>	<b>3,201</b>	<b>9,036</b>	<b>2,514</b>	<b>1,374</b>	<b>565</b>	<b>18,560</b>	<b>6,280</b>	<b>24,840</b>
<b>V. Finance charges</b>							<b>142</b>	<b>1,820</b>	<b>1,962</b>
5.1 Interest								1,565	1,565
5.2 Credit fee								255	255
5.3 Inspection and supervision							142		142
<b>VI. Loan reimbursement</b>							<b>198</b>		<b>198</b>
965/OC-PN to PPF/009-PN									
<b>Total</b>							<b>18,900</b>	<b>8,100</b>	<b>27,000</b>
<b>Percentage of total</b>							<b>70,0</b>	<b>30,0</b>	<b>100,0</b>

- 2.31 The Bank will cover 70% of the cost of the program through an ordinary capital loan under the Single Currency Facility for a term of 25 years, including 3.5-year disbursement and grace periods. Interest on the loan will be variable, the credit fee will be 0.75% on undisbursed balances, and the inspection and supervision fee will be 1% of the loan amount.
- 2.32 The local contribution will cover 30% of the cost of the program, and will be provided by the Republic of Panama out of the national budget. It will be used to cover part of the engineering and supervision categories and direct costs, all of the permanent incremental staff (three additional professionals for the JB and three for the PGN for implementation of the RJUs and personal for the component to expand coverage of the PA), travel, maintenance (2% a year on the value of equipment and infrastructure), materials, overhead, interest on the loan during the execution period, the Bank's credit fee, and repayment of the resources from the resources from the line of the credit (PPF/009-PN) used to prepare the program.



### III. BORROWER AND PROGRAM EXECUTION

#### A. Institutional framework

##### 1. Borrower

- 3.1 The borrower will be the Republic of Panama, which will transfer the loan proceeds to the executing agencies on a nonreimbursable basis. The loan and the counterpart funding will be transferred to the executing agencies as the program advances. The Ministry of Planning and Economic Policy will represent the borrower in the loan contract.

##### 2. Executing agencies

- 3.2 The program will be executed by the JB, the PGN, and the PA. Executing units will be established in each of them, which will manage their funds and activities independently.

##### a. Judicial Branch (JB)

- 3.3 The judiciary is one of the three branches of government which are constitutionally independent. It is composed of the Supreme Court, tribunals, and courts. The Supreme Court has nine justices who are appointed for 10-year terms by the cabinet, subject to approval by the legislature.
- 3.4 The Supreme Court is divided into four benches (civil, criminal, administrative law, and general business). Constitutional issues are heard by the full court. The country currently has eight appeal courts, 24 civil circuit courts, 32 criminal circuit courts, and 66 municipal courts. This makes for a total of 146 judges for Panama's nine provinces. The Judicial Branch is also responsible for court-appointed counsel, with a small staff of 30 counsels for the entire country. A centralized administrative secretariat located in Panama City, which reports to the Supreme Court, is responsible for financial management of the judiciary. Total Judicial Branch staff is 2,300 at present.
- 3.5 The Legislative Branch approves the general budget for the Judicial Branch, the PGN, and the PA which, by law, may not be less than 2% of the central government's current income. The judicial budget has increased by 1% of total government spending since the return of democracy in 1990. In 1997, it was US\$61,615,200 or 2.86% of the national budget. Of the judicial budget, 48.9% goes to the Judicial Branch; 49.4% to the PGN, and 1.7% to the PA. The PGN's share of the judicial budget rose by 11% between 1993 and 1997.

b. Office of the National Public Prosecutor [Procuraduría General de la Nación] (PGN)

- 3.6 The PGN and the PA form part of the Office of the Attorney General, although they are administratively and financially independent. However, it is the PGN that actually performs the role of the public prosecutor, by pursuing legal action against criminal offenses. The Attorney General is the senior authority and is appointed in the same way as the Supreme Court Justices. The public prosecutors' offices, the Judicial Police Force (PTJ) and the Forensic Medicine Institute (IML) report to the PGN, as well as a drug trafficking prosecution office and two family case offices. It currently has 2,700 employees, including the PTJ.
- 3.7 The basic law governing the PTJ was promulgated in July 1991, and the force was transferred from the Ministry of the Interior and Justice to the PGN, as support in the investigation of crimes. USAID supported preparation of the basic law and the institutional transfer.

c. Office of the Government Solicitor [Procuraduría de la Administración] (PA)

- 3.8 The PA represents the interests of the State in the cases heard by the Third Bench (actions under administrative law) of the Supreme Court; it acts as legal advisor to public institutions; monitors transparency in application of the law in government acts, contracts, and procedures; and investigates and processes complaints against the actions of public servants. It is operationally independent and has had its own operating organization and administrative and financial structure since 1995.
- 3.9 The PA has an average annual workload of 1,500 cases. Its annual budget is US\$900,000 and its staff numbers 43, 70% of whom are professionals.

B. Organization for program coordination and execution

1. General coordination

- 3.10 There is a general coordinating body known as the justice administration advancement committee [Comisión de Mejoramiento de la Administración de Justicia] (COMAJ), composed of the heads of the participating institutions, which will ensure the necessary leadership, coherence, and continuity of the improvement process under way. The program coordination unit (PCU) described below will report to it.

2. Project coordination unit

- 3.11 The PCU will report to the COMAJ as the senior body responsible for interagency program coordination. It will consist of a coordinator

with experience in institutional reform and investment project management, an assistant, and an executive secretary. The PCU will coordinate the activities of an international consultant who is a specialist in the areas covered by the program, particularly judicial reorganization, for technical execution and support for the executing units.

- 3.12 The PCU will have four main functions: (i) to coordinate all program activities and implement the general policies established by the COMAJ; (ii) to act as the sole interlocutor and liaison with the Bank with respect to disbursement requests and the administrative, operational, and accounting tasks performed by the executing units; (iii) to ensure that the activities in subprogram A described in the following paragraph that are common to the Judicial Branch and the PGN are carried out simultaneously, jointly, and consistently, including preparation of bidding documents and calls for bids, contracting, and payments for works and services, and the related administrative tasks; and (iv) to evaluate program progress and results with the executing units according to the benchmarks established in the program's logical framework.
- 3.13 The activities referred to in subparagraph (iii) of the preceding paragraph are: (i) activities under the training and judicial career path component for development of a sustainable training system linked to the Judicial School; (ii) the component for the reorganization and management of judicial services; (iii) the study and proposal to improve procedures for criminal trials and cases involving offenses by minors, workshops, and dissemination activities to implement the changes designed under the component for procedural changes and improved access; and (iv) the citizen participation component.

### 3. Executing units

- 3.14 The executing units will be responsible for the program components within their respective institutions, including financial and accounting administration of the program resources, administrative processing, accounting records, preparation of bidding documents and calls for bids, preparation of the final terms of reference for consulting services, selection and hiring of the services, contract administration, preparation of technical reports, and monitoring of program execution and compliance with targets.
- 3.15 The executing units will have an executive secretary and the core staff shown in the following table:

Personnel	JB	PGN	PA
Executive secretary	1	1	1
Sector specialist(s)	2	2	1
Secretarial staff	1	1	1
Total	4	4	3

- 3.16 Establishment of the executing units, appointment of their staff, and mechanisms for managing program funds on terms previously agreed upon with the Bank will be a condition precedent to the first disbursement.
- 3.17 The executing units of the JB and the PGN will be supported by the international consultant mentioned above for technical coordination of subprogram A. Selection of this consultant and negotiation of the respective contract and terms of reference will be conditions precedent to the first disbursement for subprogram A.

4. Financial administration

- 3.18 The executing units will be responsible for the financial and accounting administration of all program funds. They will manage investments, administer contracts, and make payments in accordance with Bank procedures. To streamline management of the counterpart funds allocated to the judicial institutions, the Comptroller General has assigned a special delegate to each one to review and approve disbursements in a decentralized fashion.

C. Disbursement period

- 3.19 The disbursement period will be an estimated 3.5 years.

D. Special aspects of execution

1. Annual training plans

- 3.20 Prior to the disbursement for specific training activities under the training and judicial career path component of subprogram A, annual training plans must be submitted to the Bank's satisfaction, containing a list of the courses, workshops, seminars, participants, and technical and material requirements. Special stress will be placed on law pertaining to the environment, juveniles, young people, and families, domestic violence, justice for indigenous peoples, ethics, and respect for human rights in judicial investigative bodies, and use of alternatives to preventive detention.

2. Financial sustainability of the training system

- 3.21 To attain the objectives of the training components of subprograms A and B, at the beginning of the third year of the program, the borrower will submit the following to the Bank's satisfaction: (i) through the executing units of subprogram A, evidence that the approved budgets of the judicial institutions contain a specific item for the Judicial School to cover the training requirements of the JB and the PGN; and (ii) through the executing unit of subprogram B, evidence that the PA's approved budget contains a specific item for the financial sustainability of that institution's training requirements for its staff and for the rest of the civil service.

3. Plan to expand coverage of the PA

- 3.22 Prior to implementing stage one of the plan to expand coverage of the PA under subprogram B, copies of the interagency agreements entered into by the PA and the Ministry of the Interior and Justice allocating the physical space required for operations in the three regions selected must be presented to the Bank's satisfaction.

E. Procurement of goods and services

- 3.23 The thresholds above which international competitive bidding will be required are US\$750,000 equivalent for works and US\$250,000 equivalent for goods and services procured using loan proceeds. The bidding will be subject to the Bank procedures set forth in annexes to the loan contract. The proposed thresholds are justified since foreign bidders have shown interest in bids over these amounts for similar projects in Panama.

F. Maintenance of infrastructure and equipment

- 3.24 The borrower, through the executing units, undertakes to operate and maintain the works and equipment financed with loan proceeds in accordance with generally accepted technical standards. Accordingly, the borrower will include in its annual expense budget a sum equivalent to 2% of the value of the works and equipment for their maintenance during their useful life. The borrower will submit reports on maintenance performed during the previous year to the Bank throughout program execution and for five years following its completion.

G. Advance funds

- 3.25 Given the nature of the program and its expected pace of execution, an advance of 5% of the loan is recommended to cover 120 days of expenditures. Three revolving funds will be established, one for each executing agency, to allow it to manage its respective resources independently, according to the program cost table.

H. Program supervision

- 3.26 The program will be supervised by the Bank's Country Office in Panama, with support missions by project team. Semiannual reviews will be conducted jointly by the PCU, the executing units, and the Bank, starting six months into the program. During the reviews: (i) the progress made in program execution will be assessed, based on the indicators shown in the Logical Framework; and (ii) the work plan for the following six-month period will be revised and quantitative performance indicators will be established for the remaining execution period, taking into account, among other factors, the considerations mentioned in paragraph 4.15 and 4.16. If it is determined during the reviews that adjustments need to be made in the program, the borrower and the executing agencies must take the measures agreed upon with the Bank for that purpose.

I. Execution period and disbursement schedule

- 3.27 The following table shows the investment and disbursement schedule for each of the subprograms and components, based on a three-year execution period.

**Disbursement schedule**  
(In US\$ thousands)

Year	IDB/OC	Government	Total	Percentage
1	2,835	1,215	4,050	15
2	7,560	3,240	10,800	40
3	8,505	3,645	12,150	45
<b>Total</b>	<b>18,900</b>	<b>8,100</b>	<b>27,000</b>	<b>100</b>

J. External auditing

- 3.28 By law, the Office of the Comptroller General of the Republic (CGR) is responsible for external auditing of the program. The CGR has been satisfactorily performing external audits of other projects financed by the Bank. It is recommended that the program's financial statements be audited annually by the CGR during program execution.

#### IV. FEASIBILITY AND RISKS

##### A. Institutional feasibility

- 4.1 The judicial institutions are independent, their budgets are guaranteed by the Constitution, they are able to take legal initiatives, and have broad powers to issue their own internal regulations and organize their work. However, the diagnostic study and the institutional weaknesses discussed in chapter I with respect to strategic management and planning suggest that the sector's problems must be solved gradually, by taking measures for institutional strengthening in these areas and introducing changes in stages.
- 4.2 Activities to reorganize judicial services, which account for most of the institutional changes proposed under the program, will begin in the first stage in two major judicial circuits, so that they can be assimilated gradually. Funding will be commensurate with the current capacity of the participating institutions.
- 4.3 The institutional analysis indicates that the staff of the participating institutions is highly qualified and, as a result of the consensus obtained and its participation in designing the program, it is motivated to undertake a broad process of change such as the one proposed, and to carry out the subsequent stages as well.
- 4.4 The mechanisms for executing the program will not overburden the institutions administratively, since executing units will be established with the core staff needed to operate them, supported by technical advisory services specializing in judicial affairs. Financial administration of the program will be facilitated by the presence in each institution of a special delegate from the Office of the Comptroller General to review and approve disbursements in a decentralized fashion. It should be noted that by the end of October 1997, 92% of the budgets of the judicial institutions had been executed.

##### B. Financial feasibility

- 4.5 The high priority attached to the program by the government and the participating institutions and their commitment to it, particularly as a result of close cooperation and participation in its preparation by the Ministry of Planning and Economic Policy, indicates that the necessary counterpart funds will be made available.
- 4.6 In view of the scant impact of the loan on debt service, the budgets of the institutions involved, Panama's good economic

outlook, and its orderly public finances, the program is considered to be financially feasible.

C. Technical feasibility

1. Reorganization of judicial services

- 4.7 Creation of the regional juridical units (RJUs) is expected to have a considerable impact on the manner in which judicial services are provided. Judicial management and working procedures for handling cases will be redesigned, supported by information systems to make the service more efficient. The reorganization will extend to all the pertinent areas and entities in the Judicial Branch and the PGN.
- 4.8 The new management model centralizes a team of officials and administrative professionals in a single secretariat to perform administrative, technical, and logistical tasks on behalf of various judges and public prosecutors. The administrative activities currently supervised by magistrates and public prosecutors will thus become the responsibility of an expert in this field.
- 4.9 Introduction of the new management models will bring major economic benefits by generating savings in the costs that the country would have to incur to establish new judicial offices to meet growing demand if the models were not applied.
- 4.10 The judicial circuit of San Miguelito in Panama City and the judicial circuit of Chiriquí were selected as the urban and rural models for establishing the regional judicial units. These areas were chosen because of their high population density, the large numbers of citizens per court and public prosecutor's office, high population growth rates, the low-income population, the high proportion of indigenous peoples (22.1%, compared with the national average of 8.9%), and the female population (higher than the national average of 48%). In the case of Chiriquí, good access to the entire circuit from David, the provincial capital, and the large number of pending cases were also considered.

2. Strengthening the rule of law

- 4.11 The program will make a fundamental contribution to the rule of law and the consolidation of democracy: (i) by strengthening the system for enforcing the law, which is a crucial component of public policy and basic condition for equality before the law; (ii) by reducing transaction costs; and (iii) by supporting the institution responsible for overseeing the legality and transparency of administrative acts.
- 4.12 The program also proposes to introduce specific improvements in due process, particularly to favor direct involvement, verbal



proceedings, and procedural consolidation. The program will contribute to judicial independence by boosting the system's capacity to manage its resources effectively and by strengthening the judicial career path, which is a key internal factor for independence. It will also support activities to prevent arbitrary acts by the government agencies and to avoid pockets of corruption.

- 4.13 Last, the program will convert the judicial system into a valid and expeditious alternative for resolving conflicts in which agreement cannot be reached by the parties and is innovative in its approach to the rule of law in the following respects: (i) it stresses that the effectiveness of judicial services goes beyond strictly juridical issues; (ii) it emphasizes that judicial services are a key component in the democratic system, hence the inclusion of mechanisms for community participation; and (iii) it promotes activities to create institutional and collective commitments to sustain and propel the changes.

D. Social and environmental impact

- 4.14 The program will improve the enforcement of environmental rights and promote conservation over the long term, through training, the development of alternative conflict resolution mechanisms, and the use of civil and criminal procedures. The plans for construction and physical rehabilitation under the program include measures for environmental and health control. They will be coordinated with the program to strengthen the environmental judicial system (ATN/SF/NE-5016-RG).
- 4.15 The program has considerable social content since it will reduce the judiciary backlog and facilitate citizen access to justice by improving services for low-income groups and benefitting families, children, women, and indigenous communities. The activities of public prosecutors in family and juvenile cases will be strengthened to ensure that the investigative stage is independent from the court hearing. With respect to domestic violence, training will be provided for judicial officials, the public will be educated in legal aspects, and a victim assistance center and a community relations unit will be established in the RJUs. The work of the Office of the Human Rights Advocate and alternative mechanisms for conflict resolution will also be strengthened.
- 4.16 The program will provide the public, regardless of social, economic, ethnic status, or gender, with more expeditious, less remote, and better judicial services.

E. Risks

- 4.17 The proposed investments do not entail any major risks since they are quite diversified, both by institution and by problem area. The main risk lies in inadequate execution of the component for reorganization and management of judicial services, owing to its

relative weight in the loan and its complexity. To minimize this risk, the executing units and the program coordination unit will be provided with specialized advisory services.

- 4.18 Since independent institutions are involved, there is a risk of inadequate coordination. To minimize it, the coordination and execution mechanisms have been carefully designed. No turnover is expected among the senior staff of the participating entities during the program.
- 4.19 Last, the program provides for amendments to procedural law and there is a risk that their passage by the Legislative Branch will be delayed. The risk is mitigated by the will of the government and the judicial authorities to implement the proposed changes. Under the Constitution, the Executive Branch has the initiative in proposing procedural reforms, which generally do not cause heated national debate that would endanger their passage. The program includes activities to support the judicial institutions in applying this constitutional mandate. Further, the program to modernize the legislative branch (923/OC-PN) will facilitate execution of these activities.

LOGICAL FRAMEWORK Subprogram A			
Component A1: Clearing the court backlog (US\$1,385,000)			
Objectives	Indicators	Means of verification	Assumptions
a. To accelerate processing and clear up the backlog of pending civil cases; and b. to prepare a plan to reduce the number of prisoners awaiting trial, based on the design and introduction of a reliable information system on the prison population	a. 45,000 civil cases pending for over six months settled by project completion  b. Information system implemented and in operation, including an inter-agency plan to reduce the number of prisoners awaiting trial, 18 months after project initiation	Review of the statistics of the courts and civil and municipal offices included in the plan	Political and institutional will to implement the plan  Political will to implement the plan to reduce the number of prisoners awaiting trial
Activities	Indicators	Means of verification	Assumptions
<b>a. Backlog of civil cases</b>			
(i) Execution of a plan to expedite processing of civil cases	Temporary circuit and municipal units installed, including magistrates on secondment, full-time temporary judges and support staff, hired in accordance with the timetable established in the plan	Judicial statistics	Political and institutional will to carry out the plan on the part of the magistrates involved
(ii) Evaluation of the plan by the Judicial Branch	Evaluation report prepared at the end of the program	Publication of the report	Plan implemented
<b>b. Criminal cases</b>			
(i) Design and implementation of a computerized information system on the prison population	Consulting firm contracted within six months; work completed within 12 months after program initiation and personnel trained in use of the equipment	Consultants' reports, including statistical information on the prison population and particularly on prisoners awaiting trial, shared and integrated among the three institutions	Normal, timely hiring of consultants
(ii) Interconnected system for the institutions involved — the Judicial Branch, the PGN, and the Ministry of the Interior and Justice			
(iii) Computer equipment installed and in operation	Equipment procured and installed within 12 months after the program begins	Invoices	Normal bidding, procurement, and installation
(iv) Preparation of a plan to reduce the number of prisoners awaiting trial, with recommendations for implementation and proposals to reform the respective criminal legislation	Consulting services contracted within 12 months and work completed within 15 months after program initiation	Plan prepared and agreement on its implementation by PGN, the Judicial Branch, and the Ministry of the Interior	Political will to implement the plan

LOGICAL FRAMEWORK Subprogram A			
Component A2: Strategic management and planning (US\$555,000)			
Objectives	Indicators	Means of verification	Assumptions
To establish planning and control mechanisms for strategic and budget management	A system for management evaluation established based on a strategic plan that explicitly establishes institutional goals to ensure ongoing improvements in the performance of judicial institutions with respect to impact, effectiveness, quality, and productivity	Annual institutional and budget programming documents of the Judicial Branch and the PGN  Budgets presented under the new system	Political will and institutional capacity to absorb the new system
Activities	Indicators	Means of verification	Assumptions
(i) Definition of organizational structure	Consulting firm contracted within six months; work completed within 12 months after program initiation and training provided in the use of the new equipment and system	Consultants' reports	Normal, timely hiring of consultants
(ii) Analysis and redesign of the budgeting process in accordance with the guidelines of the Panamanian financial administration system		Manuals on management and budget preparation	
(iii) Design of strategic management planning and control	First participatory budget preparation activities conducted within 12 months after program initiation		Political will to conduct participatory budget preparation activities in each institution
(iv) Design of institutional performance indicators			
(v) Implementation of a sustainable plan for management information and control	Equipment procured and installed within 12 months after program initiation	Invoices	Normal bidding, procurement, and installation
(vi) Procurement of equipment for the PGN			

LOGICAL FRAMEWORK Subprogram A			
Component A3: Training and judicial career path (US\$1,490,000)			
Objectives	Indicators	Means of verification	Assumptions
To strengthen human resource management and improve the judicial career path, particularly through linkage with the training provided by the Judicial School and performance evaluation systems	Judicial career path improved and in effect by program completion, linked to performance evaluation and training provided by the Judicial School, with sufficient autonomy to meet the requirements of the Judicial Branch and the PGN	Institutional policy documents on human resources, regulations, and operating manuals  Objective mechanisms for staff recruitment, promotion, discipline, and removal established and in operation  Specific budget item for the Judicial School by the start of year three to cover the training requirements of the Judicial Branch and the PGN	Political will by the institutions and the borrower to make the budget allocations needed to sustain the system
Activities	Indicators	Means of verification	Assumptions
(i) Analysis of a judicial career system and preparation of proposals for its refinement and consolidation	Consulting firm hired within six months for (i), (ii), (iv) and (v), and work completed within 12 months after program initiation	Consulting contracts and reports	Normal, timely hiring of consultants
(ii) Design and implementation of objective mechanisms for performance evaluation linked to an incentive system	Three international experts hired to support the Judicial School's advisory board for activity (iii) within six months and completed within 12 months after program initiation	Operating manuals for the judicial career system in effect	
(iii) Preparation of studies and workshops to build consensus and implementation of recommendations for the reorganization, strengthening and autonomy of the Judicial School, including a revision of its regulations and an inter-agency agreement with the Judicial Branch and the PGN		New regulations and inter-agency agreement between the Judicial Branch and the PGN granting greater autonomy and flexibility to the Judicial School	Contractual compliance by the borrower in establishing specific budget items for the Judicial School by the third year
(iv) Revision and implementation of recommendations to strengthen the institutional management of the Judicial School		Specific budget item for the Judicial School to meet the training requirements of the Judicial Branch/PGN by the start of year three	
(v) Design of a sustainable training system built around the Judicial School operating under agreements with universities, specialized agencies, and other public or private institutions, for better use of national and international supply			
(vi) Implementation of specific training activities during the program	Courses, workshops, seminars and other training events carried out in accordance with annual plans agreed upon with the Bank	Annual plans presented to the Bank  Reports by the Judicial School on the results of the training activities	Interinstitutional agreement with the Judicial Branch/PGN and between the Judicial School and educational and other institutions

LOGICAL FRAMEWORK Subprogram A			
Component A4: Reorganization and management of judicial services (regional judicial units) (US\$12,930,000)			
Objectives	Indicators	Means of verification	Assumptions
To redesign judicial management processes and systems for handling cases, supported by information systems and infrastructure to make the service more efficient and accessible	Regional judicial units (RJUs) for the Judicial Branch and the PGN built, equipped, and in operation in the judicial circuits of San Miguelito in Panama City and Chiriquí	Visual inspections of the RJUs in operation	Activities are executed as planned in the program, with any necessary adjustments
Activities	Indicators	Means of verification	Assumptions
(i) Completion of the final designs for management and procedural models (administrative, organizational, and judicial) for the RJUs — including for the Judicial Branch, the civil, criminal, family, and juvenile courts, and the office of court-appointed counsel, and a mediation center; and for the PGN, public prosecutors' and judicial police force offices, a center for victim assistance, and a community relations center	International consulting firm or consortium specializing in reorganization of judicial management and procedures, architecture and engineering, and legal information, with subcontracts for local firms and consultants, hired within nine months after program initiation	International competitive bidding held, contracts signed, progress reports, auditors' reports, visual inspections, equipment invoices	Normal, timely hiring of consultants
(ii) Preparation of final architectural plans	Completion of stages (i) to (viii) according to the schedule proposed during program preparation.	Document containing recommendations and scaling for replication of the RJU models in the rest of the country	Judicial institutions have the capacity to absorb change
(iii) Completion of basic and detailed engineering studies for construction of the RJU infrastructure	Delivery of the RJUs in operation 32 months after program initiation, including equipment procured and installed		
(iv) Construction of the RJUs			
(v) Design and implementation of information systems for the RJUs			
(vi) Procurement of equipment			
(vii) Startup of the RJUs with trained personnel		Evaluation reports	The RJUs are operational
(viii) Review and adjustment of the model, including recommendations for its replication			
(ix) Impact evaluation	Consulting services contracted within 32 months and work completed within 34 months after program initiation		

LOGICAL FRAMEWORK Subprogram A			
Component A5: Strengthening of the investigative capacity of the PGN (US\$1,530,000)			
Objectives	Indicators	Means of verification	Assumptions
To improve judicial investigation of crimes in order to bring offenders to justice and increase citizen confidence in the system through: (a) strengthening of forensic medicine; (b) professionalization of the handling and safekeeping of evidence; and (c) multi-disciplinary assistance for crime victims	<p>Management and organization system, including training and equipment for (a), (b), and (c), and infrastructure for (b) implemented</p> <p>Increase of 30% by the end of year three in the PGN's investigative capacity as compared to the number of cases reported but not adequately investigated owing to lack of capacity in 1997 (25,000 cases a year in the preliminary investigation stage)</p>	Statistical reports and texts of rules and regulations	Political will to change the PGN and capacity to absorb and adapt
Activities	Indicators	Means of verification	Assumptions
<b>a. Forensic medicine (US\$680,000)</b>			
(i) Reorganization of management of the Forensic Medicine Institute	Consulting services contracted within six months and work completed nine months after program initiation	Consultants' reports	Normal, timely hiring of consultants
(ii) Training in the handling and analysis of evidence	Financing of US\$10,000 for practical courses in forensic medicine under plans agreed upon with the institute	Progress reports and attendance certificates	Normal enrolment and teaching process and course availability
(iii) Procurement of equipment	Equipment procured and installed 12 months after program initiation	Invoices	Normal contracting process
<b>b. Safekeeping of evidence (US\$660,000)</b>			
(i) Reorganization of management procedures	Consulting services contracted within six months and work completed nine months after program initiation, including the necessary draft rules and regulations	Consultants' reports and draft regulations submitted to the legislative assembly	<p>Normal and timely contracting process</p> <p>Political consensus within the Legislative Assembly</p>
(ii) Specialized training in the handling, classification, storage, and safekeeping of evidence	Financing for US\$10,000 a year for practical courses in the safekeeping of evidence, under plans agreed upon with the Bank	Progress reports and attendance certificates	Normal enrolment and teaching process, course availability
(iii) Physical rehabilitation and procurement of equipment	<p>Works to rehabilitate the physical plant contracted within 12 months and delivered within 15 months after program initiation</p> <p>Equipment procured and installed within 18 months after program initiation</p>	Bidding held and invoices	Normal contracting process

Activities	Indicators	Means of verification	Assumptions
<b>c. Assistance for victims (US\$190,000)</b>			
(i) Reorganization of the services provided by the PGN's center for victim assistance	Consulting services contracted within six months and work completed within nine months after program initiation	Consultants' reports	Normal and timely contracting process
(ii) Reorganization of management processes			
(iii) Dissemination and legal education for the public, including citizen participation	Component A7	Component A7	Component A7
(iv) Training included in the training and judicial career path component	Component A3	Component A3	Component A3
(v) Physical rehabilitation and procurement of equipment	Works to rehabilitate the physical plant contracted within 12 months and delivered within 15 months after program initiation  Equipment procured and installed within 18 months after program initiation	Bidding held and invoices	Normal contracting process



LOGICAL FRAMEWORK Subprogram A			
Component A6: Changes in procedural rules and improved access (US\$750,000)			
Objectives	Indicators	Means of verification	Assumptions
To improve procedural rules and improve access to justice	Reduction in practices resulting in delays in trials; strengthening of the activities of public prosecutors in cases involving offenses by minors; introduction of conciliation and mediation as an alternative to litigation; inclusion of assistance for victims in criminal procedures; regulation of the ethical behavior of investigative entities; increase in the coverage of court-appointed counsel; design of new legal instruments for investigation; and definition of the powers of the entities involved	Bills for reform submitted to the Legislative Assembly and publication of the results of workshops and seminars to build consensus  Consultants' reports containing concrete proposals	Political consensus on legislative passage of the changes  Commitment to implement the proposals
Activities	Indicators	Means of verification	Assumptions
<b>a. Procedural reform</b>  (i) Revision of civil, criminal, family, and juvenile court procedures, identification of provisions that cause delays, and preparation of proposals for improvement, with participation by the parties involved  (ii) Workshops for consensus-building  (iii) Preparation and implementation of plans for training, dissemination, and orientation	Consulting services (law firm, agency, or specialized institute) contracted within six months and work completed within 18 months, in coordination with the COMAJ and the Judicial School  In criminal, family, and juvenile cases, coordination of actions between the Judicial Branch and the PGN	Proposals for reform and draft legislation  Reports on the results of activities for consensus-building, training, dissemination, and orientation	Proper coordination between the COMAJ and the Judicial Branch, and between the latter and the PGN in criminal cases  Proper coordination with component A4  Political consensus regarding passage and implementation of changes  Activities coordinated with the models for management and processes in the component for reorganization of judicial services

Activities	Indicators	Means of verification	Assumptions
<b>b. Studies on barriers to access to justice</b>			
(i) Design of a system that permits personal appearances in court without prejudice to the parties involved	Consulting services contracted within six months and work completed within 12 months after program initiation, including consensus-building, dissemination, and training activities	Consultants' proposals, including draft legislation	Proper coordination with the National Association of Attorneys
(ii) Design of a system for ethical control and incentives for the legal profession		Reports on the results of consensus-building, dissemination, and training activities	Political consensus on passage and implementation of the changes
(iii) Preparation of a plan to promote mediation, its regulatory and organizational framework, and core technical and material requirements for its implementation; implementation of dissemination and training activities			
<b>c. Court-appointed counsel</b>			
(i) Implementation of the law on tax incentives for pro bono services through preparation of enabling regulations; design and implementation of performance evaluation mechanisms, and dissemination activities	Consulting services contracted within six months and work completed within 12 months after program initiation	Regulations for the law. Report on dissemination activities. Documents on performance evaluation of court-appointed counsel, under the tax incentives law	Proper coordination with the National Association of Attorneys and the Institute of Court-Appointed Counsels (Judicial Branch)  Use of tax incentives by private attorneys  Political consensus on approval and implementation of the regulations
(ii) Increased coverage through institution of the RJUs of San Miguelito and Chiriquí, under the component for reorganization of judicial services	Component A4	Component A4	Component A4

LOGICAL FRAMEWORK Subprogram A			
Component A7: Citizen participation (US\$700,000)			
Objectives	Indicators	Means of verification	Assumptions
To involve legal operators and the community in the strategy, development, and content of the proposals to improve the justice system	Extent of participation by legal operators in internal dissemination and training  Awareness by citizens of their rights  Improvement in public confidence in the areas affected by the program	Statistics of judicial institutions on workshops, seminars, etc. held  Public opinion surveys  Public opinion surveys	Activities carried out on time  Well-designed and successful dissemination programs
Activities	Indicators	Means of verification	Assumptions
(i) Implementation of workshops, seminars, and other dissemination and orientation events for system operators, political players, and civil society organizations, including public opinion surveys	Specialized consulting services in social communications contracted within six months and work completed within 30 months after program initiation	Progress reports, statistics and survey results	Good inter-agency coordination through the COMAJ
(ii) Implementation of public legal education programs, including a survey program	Specialized consulting services in human rights promotion and education contracted within six months and work completed within 30 months after program initiation	Progress reports and survey results	Good inter-agency coordination through the COMAJ

<b>LOGICAL FRAMEWORK</b> <b>Subprogram B</b> <b>Component B1: Institutional restructuring of the PA (US\$45,000)</b>			
<b>Objectives</b>	<b>Indicators</b>	<b>Means of verification</b>	<b>Assumptions</b>
To prepare a strategic plan to strengthen the positioning of the PA in the public sector	Strategic plan prepared in a participatory fashion	Document proposing institutional reorganization, expansion of coverage, and a new regulatory framework	Consensus reached on approval and implementation of the strategic plan
<b>Activities</b>	<b>Indicators</b>	<b>Means of verification</b>	<b>Assumptions</b>
(i) Study of concrete recommendations for changes in the regulations	One jurist and one expert in public management hired within three months, study completed within six months after program initiation; one international expert hired within five months and study completed within six months after program initiation	Document containing recommendations for changes in the regulations	Normal contracting of consultants and performance of work
(ii) Implementation of internal workshops in the PA	Three workshops (50 people and two international experts invited)	Reports on results	Document prepared and workshops held as planned
(iii) Preparation of proposals for institutional reorganization	Idem (i)	Idem (i)	Idem (i)
(iv) Implementation of workshops and seminars to build consensus among government ministers, magistrates, legislators, and users	Five workshops and seminars (100 people and two international experts invited)	Reports on results	Consensuses reached
(v) Preparation of a final proposal, including draft regulations	Idem (i)	Idem (i)	Idem (i)
(vi) Implementation of a seminar with the legislative assembly	One seminar (100 people and two international experts)	Report on results and draft legislation	Political consensus on passage of the legislation

LOGICAL FRAMEWORK Subprogram B			
Component B2: Plan to expand coverage of PA services (US\$76,000)			
Objectives	Indicators	Means of verification	Assumptions
To prepare a plan to increase the coverage of the PA's services in accordance with the guidelines established under the institutional restructuring component and to proceed with the first stage of implementation	Plan to expand coverage  Pilot project to expand coverage to three regions implemented	Document proposing expanded coverage  Inter-agency agreement between the PA and the Ministry of the Interior and Justice  Visual inspection of the pilot project	Agreements reached with the Ministry of the Interior and Justice to provide physical space for stage one
Activities	Indicators	Means of verification	Assumptions
(i) Analysis of the demand for PA services, including surveys and workshops to prepare proposals  (ii) Feasibility study on alternatives for expanding coverage  (iii) Preparation of a plan to implement the alternatives  (iv) Implementation of the plan in three regions, including equipment for the physical plant provided by the respective regional governments	Two local experts hired for two months within six months after program initiation; surveys and workshops contracted within seven months and completed within 12 months after program initiation  Price shopping	Consultants' reports, surveys, and workshop results  Invoices for equipment and furnishings	Normal contracting and activities  Agreement with the Ministry of the Interior and Justice

LOGICAL FRAMEWORK Subprogram B			
Component B3: Personnel training (US\$184,000)			
Objectives	Indicators	Means of verification	Assumptions
To strengthen the capacity of human resources to respond to institutional requirements	Sustainable training plan under way	Progress reports	Political will by the borrower to allocate the funds required to sustain the system
Activities	Indicators	Means of verification	Assumptions
(i) Preparation of a profile of public servants and training requirements	One expert in human resources and training and one expert in institutional management hired within six months and work completed within nine months after program initiation	Consulting contracts, progress reports	Normal contracting and implementation of activities
(ii) Preparation of a sustainable training plan, including future projections and flexible and dynamic implementation methods based on interinstitutional agreements and contracts			Contractual compliance in establishing a specific budget item for the financial sustainability of the PA's training activities
(iii) Implementation of specific training activities during program execution, based on the guidelines set forth in the training plan	Courses, workshops, seminars, and other training events based on the plan guidelines	Progress reports	Plan prepared
(iv) Procurement and installation of teaching materials and equipment	Price shopping	Invoices	Normal procurement

LOGICAL FRAMEWORK Subprogram B			
Component B4: Automation of management processes (US\$436,000)			
Objectives	Indicators	Means of verification	Assumptions
To improve the PA's internal working processes through information and communication technology supports	Management processes automated and judicial information system in operation	Progress reports, statistics	Normal bidding
Activities	Indicators	Means of verification	Assumptions
(i) Design of automated management processes	Specialized consulting firm in management and technology contracted within six months and work completed within 18 months after program initiation	Consultants' reports, statistics	Normal contracting
(ii) Design and implementation of systems for monitoring cases and statistical control			
(iii) Interconnection of judicial information databases			
(iv) Procurement and installation of equipment	Firm to supply the equipment and training contracted within 15 months after program initiation	Contracts	Normal contracting
(v) Training for personnel in using the equipment			

LOGICAL FRAMEWORK Subprogram B			
Component B5: Reform of administrative regulations (US\$76,000)			
Objectives	Indicators	Means of verification	Assumptions
To prepare a proposal for standard legislation on administrative procedures and a study on legislation governing actions under administrative law	Proposals and study prepared	Draft legislation on administrative procedures  Study on legislation governing actions under administrative law	Political consensus on passage by the legislature and implementation  Political will to debate the issue based on the study
Activities	Indicators	Means of verification	Assumptions
(i) Analysis of current practices, rules, and proposals for administrative procedures	Three local consultants (jurists) hired within six months and work completed within 12 months after program initiation	Contracts, progress reports	Normal contracting
(ii) Preparation of draft legislation on standard administrative procedures			
(iii) Workshops in the PA	Five workshops (20 people plus two international experts invited)	Reports on results	Documents prepared and workshops held as planned
(iv) Seminar to build consensus	One seminar with the Legislative Assembly (100 people, two international experts invited)	Reports on results	Documents prepared and workshops held as planned
(v) Preparation of final proposals, including draft legislation	Based on (i) and (ii)	Based on (i) and (ii)	Based on (i) and (ii)
(vi) Preparation of a dissemination and training plan	Two workshops (50 people)	Reports on results	Law enacted
(vii) Establishment of an inter-agency committee to conduct a study, in cooperation with the Judicial Branch, on actions under administrative law, proposals to reform the legislation, and concrete recommendations to implement it, to be used as the basis for a national debate on the issue	Six expert-months in administrative law to support the inter-agency committee hired within six months and study completed within 12 months after program initiation	Proposed reforms	Political will to hold a debate based on the study



LOGICAL FRAMEWORK Subprogram B			
Component B6: Legal training for public servants (US\$750,000)			
Objectives	Indicators	Means of verification	Assumptions
To strengthen the legal capacity of government institutions in order to prevent arbitrary actions by government agencies and avoid pockets of administrative corruption	Sustainable plan for legal training of public servants in operation	Progress reports	Political will by the borrower to allocate the necessary budgetary resources to sustain the system
Activities	Indicators	Means of verification	Assumptions
(i) Preparation of a sustainable plan to provide legal training for the public sector, including future projections, based on agreements with universities, specialized agencies, and other public or private institutions to tap the country's installed capacity	Consulting firm contracted within six months and work completed within 12 months after program initiation	Consulting contracts, progress reports	Normal contracting and implementation of activities
(ii) Implementation of stage one of the training plan	Courses, workshops, seminars, and other training events held, based on the guidelines set forth in the plan	Progress reports	Contractual compliance by the borrower in establishing specific budget items for the financial sustainability of PA training activities Plan prepared
(iii) Procurement of bibliographic materials and equipment	Price shopping	Invoices	Normal procurement
(iv) Infrastructure for training, documentation, and data processing constructed	Construction firm hired by month 6 and works completed by month 12 after program initiation	Contract; progress reports; and visual inspection of works	Normal procurement and hiring on schedule

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**PROPOSED RESOLUTION**

**PANAMA. LOAN \_\_\_/OC-PN TO THE REPUBLICA DE PANAMA  
(Program for the Improvement of the Administration of Justice  
First Stage)**

The Board of Executive Directors

**RESOLVES:**

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the República de Panamá for the purpose of granting a financing to cooperate in the execution of a program for the improvement of the administration of justice, first stage. Such financing will be for the amount of up to US\$18,900,000, which are part of the resources of the Single Currency Facility of the Ordinary Capital, and will be subject to the "Special Contractual Conditions" and the "Terms and Financial Conditions" of the Executive Summary of the Loan Proposal.