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UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
Washington, D. C. 20523

PANAMA

PROJECT PAPER

IMPROVED ELECTORAL ADMINISTRATION

AID/LAC/P-789

PROJECT NUMBER: 525-0317

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1

AGENCY FOR INTERNATIONAL DEVELOPMENT

PROJECT DATA SHEET

1. TRANSACTION CODE

A = Add  
 C = Change  
 D = Delete

Amendment Number

DOCUMENT CODE

3

COUNTRY/ENTITY  
PANAMA

3. PROJECT NUMBER

525-0317

4. BUREAU/OFFICE

5. PROJECT TITLE (maximum 40 characters)

LAC

05

IMPROVED ELECTORAL ADMINISTRATION

6. PROJECT ASSISTANCE COMPLETION DATE (PACD)

MM DD YY  
01 9 31 0 9 4

7. ESTIMATED DATE OF OBLIGATION  
(Under "B." below, enter 1, 2, 3, or 4)

A. Initial FY 912 B. Quarter 7 C. Final FY 914

8. COSTS (3000 OR EQUIVALENT \$) =

A. FUNDING SOURCE	FIRST FY 92			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total	1,255.6		1,255.6	4,200.0		4,200.0
(Grant)	(1,255.6)		(1,255.6)	(4,200.0)		(4,200.0)
(Loan)	( - )		( - )	( - )		( - )
Other						
U.S.						
Host Country	625.0		625.0	2,800.0		2,800.0
Other Donor(s)						
<b>TOTALS</b>	<b>1,880.6</b>		<b>1,800.6</b>	<b>7,000.0</b>		<b>7,000.0</b>

9. SCHEDULE OF AID FUNDING (3000)

A. APPRO- PRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1) EHR	DIEA			-	-	4,200		4,200	
(2)									
(3)									
(4)									
<b>TOTALS</b>						<b>4,200</b>		<b>4,200</b>	

10. SECONDARY TECHNICAL CODES (maximum 8 codes of 3 positions each)

11. SECONDARY PURPOSE CODE

12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)

A. Code INS PBL  
B. Amount

13. PROJECT PURPOSE (maximum 480 characters)

The purpose of the Project is to hold free, fair and open general elections which are tentatively scheduled for May, 1994.

14. SCHEDULED EVALUATIONS

Interim MM YY 01 9 9 3 Final MM YY 01 8 9 4

15. SOURCE/ORIGIN OF GOODS AND SERVICES

000  941  Local  Other (Specify)

16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a \_\_\_\_\_ page PP Amendment)

Approval of methods of implementation and financing:

Harry Dorcus, Controller

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17. APPROVED BY

Signature

Title

Kevin Kelly  
Mission Director

Date Signed

MM DD YY  
01 01 92

18. DATE DOCUMENT RECEIVED  
BY AID/W, OR FOR AID/W DOCU-  
MENTS, DATE OF DISTRIBUTION:

MM DD YY

2

PROJECT AUTHORIZATION

Name of Country: Panama                      Name of Project: Improved Electoral  
Administration  
Project No.: 525-0317

1. Pursuant to Sections 105 and 106 of the Foreign Assistance Act of 1961, as amended, I hereby authorize the Improved Electoral Administration Project for Panama, involving planned obligations not to exceed Four million two hundred thousand U.S. dollars (\$4,200,000.00) in grant funds over a two year period from date of authorization, subject to the availability of funds in accordance with the A.I.D./OYB/allotment process, to help in financing costs for the Project. The planned life of the Project is two years and one month from the date of initial obligation.

2. The Project consists of a series of activities to improve the capacity of the Government and the people of Panama to hold free, fair, and open elections.

3. The Project Grant Agreement which may be negotiated and executed by the officer to whom such authority is delegated in accordance with A.I.D. regulations and delegations of authority shall be subject to the following terms and conditions, together with such other terms and conditions as A.I.D. may deem appropriate:

A. Source and origin of commodities:

Commodities financed under the Project shall have their source and origin in the United States or in Panama except as A.I.D. may otherwise agree in writing.

B. Nationality of services:

The suppliers of commodities or services shall have countries included in A.I.D. Geographic Code 941, the United States or Panama as their place of nationality, except as A.I.D. may otherwise agree in writing. Ocean shipping financed by A.I.D. under the Project shall, except as A.I.D. may otherwise agree in writing, be financed only on flag vessels of the United States.

C. Conditions Precedent to Disbursement:

(1) Condition Precedent to Initial Disbursement:

Prior to the first disbursement of funds under the Grant, or the issuance of documentation pursuant to which disbursement will be made, the Government of Panama must, except as A.I.D. may otherwise agree in writing, provide evidence satisfactory to A.I.D. that it has named at least one individual from the Electoral

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Tribunal to serve as an Additional Representative of the Government for all purposes under the Project except approving changes to the amplified description of the Project.

(2) Condition Precedent to Initial Disbursement Other Than for Commodity Procurement:

Prior to the first disbursement of funds under the Grant, or issuance of documentation pursuant to which disbursement will be made, other than for commodity procurement, the Government of Panama must, except as A.I.D. may otherwise agree in writing, provide evidence satisfactory to A.I.D. that it has completed an implementation and financial plan for all of the activities to be undertaken by the Electoral Tribunal during the first year of the Project.

D. Suspension of Disbursements:

Except as A.I.D. otherwise agrees in writing, disbursements of A.I.D. Grant funds may be suspended eight months after signature of the Project Grant Agreement unless the Government of Panama provides evidence satisfactory to A.I.D. that it has approved the reorganization plan of the Electoral Tribunal.

E. Covenants:

The Grantee will make the following significant covenants to:

(1) Provide sufficient funds, beginning with the Grantee's next annual budget cycle (1993) and continuing in subsequent cycles, to fully and adequately fund the day-to-day operations of the Electoral Tribunal and all referendums and special and general elections as they occur; and

(2) Use all Project funded equipment, vehicles and commodities provided to the Electoral Tribunal exclusively for Project purposes, and allow these commodities to remain the property of that organization.

Signature: 

Kevin Kelly  
Mission Director

Drafted: RLA/MVelazquez (See USAID/Nicaragua fax dated 7/23/92 and AID/W fax dated 8/21/92.)

Clearances: PPD: RMathia *R* 8/31/92  
: PPD: JFearon *JF* 8/21/92  
: CONT: HDorcus *HD* 9/1/92  
: CONT: MSAavedra *MS* 9/1/92  
: OPA: CHorning *CH* 8/31/92

: OPA: RMurphy *RM* 8/31  
: EXO: VSpeidel *VS* 9/1/92  
: EXO: BStader *BS*  
: OPA: RYochelson *RY* 9/1/92  
: PPD: JClary *JC* 8-31-92

# IMPROVED ELECTORAL ADMINISTRATION

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## PREFACE

Upon the USAID's return to Panama, one of the first developmental tasks that it recognized had to be addressed was the introduction and nurturing of a democratic system of government in Panama. The country had just finished twenty-one years of military rule. The various institutions and sociological practices that support a viable democracy were in disarray. As a result of a full generation of military rule, much of Panama's citizenry did not have a clear idea what a democracy is, what to expect from it or what their responsibilities were for its successful operation. However, the development of a democratic system is a difficult task. Like policy reform, it does not allow for an exact planning process such as used in a Critical Path Method (CPM) chart. Likewise, neither one can be made to fit a date driven implementation schedule such as found in Timeline analysis. Progress in either case often comes haltingly because it depends almost exclusively on: (a) the political will, both collectively and severally, of the members of the host country's power structure; and (b) the measured flexibility of those seeking change to take advantage of targets of opportunity that sometimes can be created but more often only occur naturally over the normal course of events. Further, like any institutional development activity, ultimate success, in this case a viable democratic system, requires a long gestation period followed by an even longer maturation period. These periods are usually best broken up into discrete steps that allow for the periodic consolidation of gains. With this in mind the proposed project was designed with a relatively short planning horizon. It will operate through the 1994 general elections and then provide a plan, based on experience gained from those elections, for the future long-term development of Panama's democratic system of government.

The project's design is based on assessments and studies completed by the Instituto Inter-Americano de Derechos Humanos/Centro de Asesoría y Promoción Electoral (IIDH/CAPEL), the International Foundation for Electoral Systems (IFES), the National Democratic Institute for Democratic Affairs (NDI) and recent Mission experience gained under other projects involving the various democratic institutions of Panama. However, because of the need for flexibility to deal with the unexpected as implementation occurs, the levels and kinds of inputs currently planned in this Project Paper may be adjusted to accommodate changing circumstances within the project's overall funding level.

## **I. Summary and Recommendation**

### **A. Recommendation**

The Mission recommends that \$4.2 million in A.I.D. grant funds be authorized for the Improved Electoral Administration Project. The Project Assistance Completion Date (PACD) will be September 30, 1994. The Government of Panama (GOP) will provide the equivalent of \$2.8 million as a contribution to the project, which has a total cost of \$7.0 million.

The principal host country counterpart organization will be the Tribunal Electoral de la Republica de Panama (Tribunal). CAPEL will provide the majority of technical assistance, training and support services over the life of the project through a cooperative agreement with A.I.D. Other project support will be provided by such organizations as NDI and personal service contractors.

### **B. Project Summary**

The goals of the project are to improve: (a) the understanding of democratic systems of government in Panama; and (b) the capacity of key Panamanian support institutions, and the public, to participate in such a system. The purpose of the project is to hold free, fair and open general elections which are tentatively scheduled for May, 1994.

Panama has now experienced more than two years of civilian democratic government. A Constitutional Referendum, under discussion for some time, was recently scheduled to be held on November 15, 1992. It will provide the opportunity for public consideration of reforms to the constitutional structure of the government. In May, 1994 there will be general elections leading to the peaceful transition from one freely elected civilian administration to another. While the leadership, and the populace in general, support the broad concepts of democracy, the democratic process is incipient and the key support institutions of democracy are extremely fragile. The government institution most responsible for the electoral process, the Tribunal, needs strengthening and reorganization. Most political parties are weak and personality-oriented. Factionalism and personal attacks on and among members of the government are common, often distracting from the real issues which should be the focus of the government, such as the implementation of its socioeconomic plans, the development of a broad-based respect for and support of governmental processes, and directing available resources for investment in needed infrastructure and projects to meet the social needs of the

population. Finally, the public awareness of the institutional basis needed to establish an enduring democracy and the knowledge required for continued broadly based public support to maintain the democratic processes is extremely limited.

The project will focus on supporting Panama's preparations for the May 1994 elections, and will continue for a short period thereafter to allow for the preparation of a report on lessons learned and recommendations for areas in which the Tribunal should continue efforts to improve its own operations as well as the electoral process in general. During the pre-election period, the project will: (1) improve the managerial and organizational capability of the Tribunal, which is the institution most critical to implementation of the electoral process; (2) increase the country's general understanding of democratic systems and its awareness of the rights and responsibilities of governmental entities, political parties and citizens in such systems; and (3) provide vital assistance, in terms of training and commodities, to carry out the 1994 elections. Because of the proximity of the Constitutional Referendum, some project resources may be used to assist with it. Work on the Referendum will also assist the Tribunal to get ready for the 1994 elections. Increased capability in the Tribunal will enable it to more efficiently and effectively carry out its responsibilities which include operation of Panama's Civil Registry, preparation of voter lists, delivery of identity cards, reconciliation and protection of information from local primary sources called "vital documents" and administration and implementation of elections. Demonstration of this improved capability will increase both the credibility of the Tribunal in managing the electoral process and its level of public support.

More specifically, A.I.D.-financed project resources will:

(1) strengthen the overall institutional capability of the Tribunal through technical assistance, training, institutional reorganization and personnel restructuring as well as by assisting in the establishment of new data management and processing systems;

(2) assist the Tribunal with the implementation of the 1994 general elections through the provision of electoral process training, limited election-related commodities and an international team of election observers;

(3) assist in the improvement of the Tribunal's three principal line Divisions - Civil Registry, Identity Card (cedula) and Electoral, by funding: a task force to enter and verify data in the Tribunal's present management information system and purchasing limited commodities needed for the revision of the Civil Registry system; technical assistance and commodities to strengthen the current identity card system; and consultants and equipment to enhance the logistic

support capability required for the conduct of elections;

(4) assist all legally registered political parties gain a greater understanding of their roles and responsibilities in a democratic electoral system by supporting a limited program of training conferences, seminars and workshops for their leaders and affiliates in such areas as the role of party-appointed poll watchers and the relationship between the parties and the Tribunal; and

(5) promote democratic principles and public responsibility by providing training materials and technical assistance to design and implement non-partisan civic education and voter awareness campaigns.

The project represents a further element of the continuing long-term U.S. Government commitment to assist the GOP with the consolidation of democracy, by building effective, credible and stable democratic institutions, and assisting in the development of an informed, knowledgeable and participatory populace.

C. Summary Budget (\$000)

General institutional development, management training and international election observers	1,009
Improvement of the Civil Registry and other line divisions including limited related commodities	1,572
Political party training	100
Civic education, voter awareness and motivation campaigns	1,000
Evaluation	50
Audit	40
Project Administration	214
Contingencies	<u>215</u>
USAID Total	<u>4,200</u>
Counterpart Contribution	<u>2,800</u>
Project Total	7,000

**D. Project Design Team**

**The USAID/Panama Team Members:**

Robert Murphy	Office of Public Administration
Robert Mathia	Program & Project Development Office
Joslyn Fearon	Program & Project Development Office
Guadalupe Saavedra	Office of the Controller
Virginia Speidel	Executive Office/Contracts
Debra McFarland	Office of Public Administration

**Electoral Tribunal Team Members:**

Guillermo Amado Marquez	Magistrate President
Eduardo Valdez Escoffrey	Magistrate Vice President
Dennis Allen Frias	Magistrate Vocal
Qerube Alexandropolus	Director, Planning Division
Ferruccio Guiccardi	Director, Office of Information
John Palm	Vice Director, Office of Information

**II. Background, Rationale and Strategy**

**A. The Setting and Problem**

**1. Economic/Social Environment**

Panama's economic history is rooted in geography. The country has been a hub of international business activity since Colonial times. The Canal made transport the leading sector of the economy until the 1970's when banking and Free Zone activities grew by double digit annual rates. The agriculture and manufacturing sectors account for about 10% each in GDP -- much lower than in other Central American economies. Rapid economic growth in the early 1970's slowed with oil price increases and a slowing world economy in the late seventies and early eighties. Expansionary fiscal policy buffered some of the affects of recession, but at a cost of greatly increased debt. There was a return to economic growth in the mid-eighties that was cut off by the political crisis of the General Noriega government. The political and economic troubles of that government left a legacy of weak policies, inefficient public sector institutions and poor economic performance, which the current government is attempting to address. Due to renewed confidence in Panama's future and the impact of reform, the economy rebounded with a 4.6 percent growth rate in 1990 and 9.3 percent in 1991, a return of private investment and much of the offshore banking sector. Economic growth is projected at six-eight percent in 1992.

While the current government can take some of the credit for the rebound in growth since it took office, the fact remains that

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much of the expansion is recovery of economic activity that was lost during the previous government's tenure. Continued growth will depend on the present government's success in implementing its free market-based program of economic reforms with a population accustomed to economic decisions being made based on privilege and influence rather than market forces. A better understanding of democratic systems will help pave the way for such a program.

In the social sector, improvements were rapid in the 1970's: infant mortality fell from 59 per thousand live births in 1965 to 21 in 1981; the number of doctors per inhabitant increased by over 60% in the seventies; secondary school enrollment increased from 39% in 1970 to 63% in 1981. However, with the disruption to economic growth in the late 1980's engendered by the previous government's political crisis and poor economic policies, progress has slowed significantly placing pressure on all segments of society, but particularly the lower income classes.

## 2. Political History

### a. Pre 1989 Period

Panama inherited the traditional political parties of Colombia -- Liberal and Conservative -- which continued until the 1920's. Since that period, political parties largely have been representative of elite factions clustered around specific personalities, with coalitions combining and recombining and following little or no doctrinal basis. The Constitution of 1946 and the Electoral Code provided for universal suffrage and the secret ballot, although actual practice was determined more by social custom than by the law. In practice, a small number of wealthy families, mostly located in Panama City, manipulated the political process passing control of the government among themselves. They used the multiparty system as a means of regulating what, in effect, became an intramural competition. The vast majority of Panamanians did not believe that they were a part of the political system or that their vote mattered.

The Panamanian Defense Forces (PDF) took power through a coup in 1968 and installed General Omar Torrijos as leader. To maintain power, the military, with predominantly middle-class leadership, brought a strong populist support to the government. This was achieved in the 1970's through large increases in social programs including expansion of the education and health delivery systems and improved coverage by the social security system. As a result, many poor Panamanians were brought into the political life of the country raising the political consciousness of the previously excluded, largely rural, Indian and Black lower socioeconomic classes. In spite of its populist base, the military tolerated little political opposition. After the coup all political parties were declared illegal and elections, when they were held, were

closely controlled.

The early 1980's saw some movement towards democratization. There was a return to civilian government with a new Constitution in 1983 and the inauguration of an elected President in 1984. However, the Defense Forces never completely gave up control and beginning in 1985, friction between the PDF and the civilian government intensified, culminating in severe foreign relations problems including economic sanctions and, ultimately, Operation Just Cause.

Throughout Panama's history many have sought to manipulate the country's political process for their own advantage or that of the group they belonged to. Against this historical backdrop, there is a sound basis for the skepticism on the part of many Panamanians that free, fair and open democratic elections can be held, and there is a clear need to reinforce both the mechanics of the electoral system and the perception on the part of the populace that the system is being operated legitimately.

#### b. Post 1989 Period

The election of 1989 which produced the current government, was perhaps the closest approximation of a truly democratically chosen government in Panamanian history. Two years after the installation of the government, Panama is rebuilding economically, socially and politically. Democratic institutions are now functional, including the Legislature, the Supreme Court, the Attorney General, 67 Municipalities, and some 510 "Corregimientos" (political units that are smaller than a municipality and defined on a geographical basis).

Unfortunately, the reality of the enormous problems confronting the country has now replaced the euphoria which came with General Noriega's removal. The political coalition put together to oppose General Noriega's regime deteriorated without the unifying force of opposition as it confronted the problems facing Panama. That coalition, which was able to remain publicly cohesive for only fifteen months, is an indication of the inter and intra political party divisions affecting the government. As a result, policy level decisions are difficult to make and slow in adoption. However, at the operational level, entities such as the Tribunal, the Supreme Court, the Attorney General, the new National Police and other governmental institutions are putting forth extremely positive efforts to effectively discharge their duties to the general public. In spite of their efforts, the general populace is impatient and is beginning to demand the results of the improved social and economic conditions promised by the present government.

### 3. The Electoral Tribunal

An efficient and effective Tribunal is crucial to achievement of the project's goal and purpose because it is responsible for all of the mechanical functions of the electoral process such as operation of the Civil and Voter Registries, administration of elections and certification of election results. While the Tribunal has shown that it can capably carry out these responsibilities on a limited scale, as demonstrated in the partial elections completed on January 27, 1991, there are several problems that inhibit the effectiveness of the Tribunal in fully complying with the myriad of responsibilities during the electoral process. These problems are most easily divided as follows:

(1) the overall organization of the Tribunal which suffers from deficient internal institutional capacity including inadequate training, poor organization, excessive staff and insufficient equipment and other commodities to support day-to-day operations and the conduct of the general elections as well as an over worked and outdated data base information management and processing system; and

(2) the Tribunal's three principal line Divisions - the Civil Registry, Identity Card (cedula) and Electoral, which lack the technical and physical capacity to carry out their assigned functions that include processing and storage of information contained in the vital documents, producing secure identity cards in timely fashion and providing efficient logistic support for elections, respectively.

The diagnostic study completed by CAPEL and an assessment by IFES finished in May, 1992, (See Annexes 2 and 3 respectively) identified the following general institutional problems in the Tribunal:

-Need for improvement in administration and redefinition of organizational policies and objectives. At the administrative level, capability in planning, decision making, oversight and follow-up requires strengthening.

-Budget levels both for day-to-day operations of the Tribunal and periodic events such as implementation of elections were inadequate.

-The dispersed location of various departments and divisions of the Tribunal created problems in coordination and communication.

-Various kinds of equipment and commodities are in short supply or are nonexistent.

-There were no established procedures for information distribution and public relations activities.

-The data management and processing systems are inadequate. In particular, the computer system is antiquated and crashes often. Its design does not meet the needs of the Tribunal and its storage capacity is almost totally utilized. There are insufficient technical personnel to operate the system and inadequate maintenance services are offered by the firm leasing the equipment to the Tribunal. In addition, technical and operational instructions for the system were incomplete or did not exist.

In addition to the above, the studies found that: (a) the Tribunal's staff is not well organized to efficiently carry out its assigned tasks and that its total staffing level exceeds its needs; (b) its training capacity is inadequate; and (c) the Tribunal's budget is insufficient. At the lower staff levels, there is substantial over-staffing, and those staff members are generally not sufficiently trained and equipped to handle the increased responsibility that will result from the installation of the new country wide data base information management system that is expected to be fully functional within the next year. The present staffing level is 900 plus employees. By utilizing improved management practices, and making effective use of the new data-base management information system, it is expected that only approximately 800 individuals will be required to fully staff the Tribunal. This will be further defined by technical assistance to be provided by CAPEL. Further, the studies found that the Tribunal's capability to provide training for both on-going internal staff development and poll watchers and other election workers is inadequate. Finally, the Tribunal's budget is insufficient to procure all of the necessary commodities and equipment required for the May, 1994, general elections and to assist with the Referendum. This shortfall, to a great extent, is a reflection of the GOP's recent financial problems which are expected to continue to improve over the proposed project's implementation period.

Within the Tribunal one of the most critical elements of the electoral process is the Civil Registry because it manages and processes the information necessary for the preparation of voter lists. The two studies found that there are several deficiencies in it, including a tremendous backlog of data from the vital documents, that has not been entered into the Tribunal's current data-base management information system. Without this information, a fully accurate Electoral Census cannot be prepared. The Census lists all eligible voters and the locations where they can vote. The information required from the vital documents such as births, deaths, marriages, changes of names and residences, must be initially entered by hand in ledgers. Few if any of these ledgers are maintained in minimally adequate conditions. The majority of the Tribunal employees responsible for the maintenance of these vital documents are inadequately trained and are not compensated commensurate to the level of responsibility required. In some

cases, the collection of vital information is the responsibility of the auxiliary registrars in the office of the "corregidor", over which the Tribunal has no control. Physical conditions in many of the regional and municipal facilities that are used by the Tribunal for the Civil Registry and other Divisions are less than adequate. There is limited security for the information that is received and stored in these offices. Safeguards against the recording of false information and the issuance of illegal identification cards (cedulas) also need to be improved.

The two studies found that the electronic identification system used in the Identity Card Division to produce identity cards was old and unreliable causing delays in the issuance of cards. Also, there is no central control over the identity card issuance and distribution process so security of the system is jeopardized. In addition, the individual cards can be easily tampered with in order to make unauthorized changes in the information contained on them. The two studies also found that the Electoral Division lacks the resources to provide effective logistic support to elections. It cannot accurately project commodity and transportation needs for the elections or arrange for necessary procurement and transport. In particular, it has no system in place for the secure distribution of ballots and ballot boxes and their return after elections. Finally, it does not have a secure system to tabulate, collect and report the results of elections in a timely fashion. This often makes the returns suspect in the public's mind.

In addition to its internal problems, the Tribunal also suffers from the following external problems which are discussed more fully in the following section:

- (1) a poorly informed client population which accords the Tribunal and the political party system low credibility, and which does not fully understand the limits set by a democracy or their rights and responsibilities in one; and
- (2) a nation-wide political party system that is not fully and consistently in support of true democratic processes and which is overly reliant on the Tribunal to oversee party elections and adjudicate inter and intra party disputes.

#### 4. Political Parties and The Electorate

A recent assessment of the political party system in Panama conducted by NDI (on file in the Mission's Office of Public Administration) noted the following about the electorate and their feelings toward the country's political process and political parties:

-Since re-establishment of civilian rule in 1989, the political parties have been unable to gain the confidence of the majority of Panamanians.

-A more urbane, better-educated population (relative to earlier times) is demanding more effective governance, yet more than two-thirds of the respondents in a poll conducted last year agreed that the county's political climate is preventing economic development. More than one-half of the respondents did not support any of the political parties represented in the National Assembly, while forty-five percent agreed that Panama needed new parties.

-A free press has made people more aware of the county's problems, including alleged corruption.

-There is a striking lack of consensus on when, if ever, Panama has been democratic. Some Panamanians contend that Panama was democratic before 1968 and since December, 1989. Others claim that Panama was most representative under General Omar Torrijos, who ruled from 1968 to 1981 while still others contend that Panama is not and never has been democratic.

-Many of the most ardent Torrijos supporters credited him with providing avenues for social and political advancement to people in the interior of the country and to poor people in the capital. Some Torrijos supporters claim that the current government has returned power to the wealthy Panama City-based elite that ruled the country until 1968. Some who claim that Panama is today not a democracy are the same people who supported many of the undemocratic measures taken under the previous government.

-In spite of Panama's relatively better educated population, many Panamanians had unrealistically high expectations about democracy after Operation Just Cause and expected too much from the new government. They thought that once General Noriega departed, economic and political conditions would improve instantaneously. There seems to be little sympathy for the present government, even though it has had to rebuild a country weakened politically and economically by both internal and external forces.

-There is widespread disillusion with the government and people do not yet associate the government's conduct with the democratic system. A number of people told the NDI assessment team that many Panamanians, particularly youth, do not understand what democracy is or appreciate the role that political parties play in a democracy.

-Political party loyalty is often based on personality. A leader of a local chapter of the Arnulfista Party could not explain in policy terms why he was a member of that particular party. The person finally concluded that the Arnulfistas want a better Panama.

-The leader of another political party could not explain what distinguished his party from the others and the president of a third party could not say how a government under his party would differ from the current government.

The majority of the problems identified above were also noted in a diagnostic study of Panama's electoral process completed by CAPEL in November, 1991, and contained in Annex 2. Also, based on media commentary, the perception that the current government is returning power to the elite that ruled prior to 1968 appears to have grown stronger since the NDI assessment was prepared.

## B. Rationale

As a result of Panama's experience with past elections, the electoral process in Panama is looked upon with considerable skepticism by most Panamanians at all levels of the social/economic spectrum. Most have adopted a wait and see attitude for the moment and are looking to the May, 1994 elections as a bellwether for the country's political future. For this reason, the emerging perception that the current government may be returning power to the elite of pre-1968 days could become a critical factor to continuation of the country's democratic systems. The formerly disenfranchised class, who perceived a greater sense of participation during the military regimes, will not be satisfied with a return to an urban-based upper middle class oligarchy -- which was considered "normalcy" twenty-five years ago. A more broadly-based political party system, increased participation and a more equitable and responsive government are now widely accepted as a necessity.

To assure that the fledgling democratic election process continues to develop in Panama, the general populace must believe that their voices are heard and that their votes do count. Key to that is an electoral process that is viewed by the general populace as free, fair and open. In addition, the public must have a realistic understanding of the capabilities of a democratic government as well as their own rights and responsibilities under it. Finally, the leadership of the political parties must believe that they have a stake in the democratic system and understand the "rules of the road" for their parties' performance.

In terms of the electoral process, the Tribunal is responsible for the most critical mechanical functions related to that process including operation of the Civil and Voters Registries, administering elections and certifying election results. To improve the probability of the democratic election process becoming a permanent part of the political, cultural, and institutional life of Panama, the mechanical functions that the Tribunal is responsible for must be managed professionally and efficiently. A Tribunal that is not fully capable of responding to the electoral process of the country allows a situation to be created whereby election results may be questioned. If the mechanisms for registering and voting appear politicized, manipulated, improvised or ineffective, the credibility of the process and the government will be in question. Should this occur, the results of the

elections will be suspect and the government's legitimacy will be open to question, which would have a potentially strong and negative impact on the Panamanian population's support for the government.

### C. Relationship to A.I.D. Strategy

Electoral reform is a central theme in the Agency's Democracy Initiative, the LAC Bureau Strategy as well as in the latest Panama strategy documents (CDSS and Action Plan). This project is directly supportive of Agency, Bureau and Mission strategy. The Agency Democracy Initiative includes as one of the potential A.I.D. activities, "Strengthen electoral processes through assistance to electoral bodies, training of election officials and financing of election observers". The Bureau Strategy framework lists as one of its major program areas, "Strengthen electoral processes by providing technical assistance to the creation of efficient electoral commissions, voter registration programs, and international observer teams". It further states that in implementing such programs, "A.I.D. works through established regional organizations to avoid too strong a U.S. presence in electoral activities".

Upon the Mission's return to Panam. after Operation Just Cause, it made the strengthening of Panamanian democratic institutions and processes a cornerstone of its combination recovery and development program. That emphasis was incorporated in the Mission's current country-wide assistance strategy document approved in May, 1991, and updated in the Fiscal Year 1993-1994 Action Plan. The Panama strategy document states:

"The restoration of an elected government in Panama is only the first step on the path towards a stable and truly democratic society. At this point Panama's democracy is immature. Panama is still largely governed by individuals, albeit individuals strongly dedicated to democratic principles. Political parties respond to the leader of the hour rather than some set of party principles. All the institutions that make up the foundation of a durable and lasting democracy have been devastated. In a real sense the present government of Panama faces many of the same challenges as the founding sponsors of U.S. democracy, including fundamental constitutional issues and the need to develop a government that functions on the basis of institutions and laws rather than personalities".

The strategy document identifies a number of changes which must occur in Panama, including, "Develop a system for insuring free, fair and open elections at all levels". It further elaborates:

"During the CDSS period, there will be one national election and a constitutional referendum. Panama's Electoral Tribunal (TE), therefore, must work to re-establish the respect of the populace and the institutional integrity which is accorded to electoral bodies in a fully functioning democracy. The civil registry and citizen identification system is a mess, voter lists need to be purged, equipment is out of date, management systems at the national, regional and local level barely function, and legislative reform of the electoral code is necessary. Also, the political parties and media must learn to respect the electoral process. With USAID/Panama funding, the initial program of technical assistance and training for the TE will culminate in a major institutional needs assessment for the organization. A master plan for institutional development of the TE will be developed. The TE will be encouraged to seek other donor support to supplement resources available from USAID/Panama".

The proposed project is a principal component of the program that the Mission had developed to implement its democratic initiatives strategy and it is central to achieving the objectives set out under that strategy. The design of the project flows from both the Mission's own strategy as well as that of the LAC Bureau. The primary recipient of project resources will be the county's electoral body and the primary implementing mechanism will be an established regional institution.

Finally, the Mission's approved Objective Tree, included in its Fiscal Year 1993-1994 Action Plan, identifies the "Consolidation of Democratic Processes and Institutions" as a Program Sub-goal and "Strengthened Competent Civilian Government Institutions" and "Increased Pluralism and Public Sector Support for Democratic Values and Processes" as Strategic Objectives under this Sub-goal. Program Outputs under those two Strategic Objectives include "Free and Fair General Elections" and "Increased Public Awareness of Civic Rights and Responsibilities". The proposed project will directly contribute to the above Sub-goal, Strategic Objectives and Program Outputs by strengthening the Electoral Tribunal and furthering the education of the general public and the leadership of the political parties in their proper roles and responsibilities in a democratic system of government. The project will also indirectly contribute to the following Program Output under the first Strategic Objective mentioned above: "Improved Public Finance Sector, Revenue Collection and Accountability". By promoting greater public awareness of citizens rights and responsibilities and strengthening the democratic electoral process, the actions of public officials will be subjected to greater scrutiny and they will become more accountable for their actions. Ultimately, this should lead to improved performance in the control and use of public sector financial resources.

The U.S. Government also views the successful completion of the May, 1994 elections also as a bellwether for progress towards a fully functioning democracy and hence as a major foreign policy objective in Panama. Therefore, this project is a top priority as well as a centerpiece for the Mission's total assistance package in the country.

**D. Review of Related A.I.D. Activities**

In pursuit of the strategy defined above in Section C, significant U.S. Government resources, in excess of \$73.0 million, have been focused directly on improving the capacity of those government institutions that are paramount to a functioning democracy: the Judiciary, the Public Ministry (Attorney General), the Police, Legislature, electoral assistance structures and the public financial institutions. In addition, support to public sector institutions is being complemented by assistance to private institutions that are necessary to and supportive of democratic values such as the media, labor unions and private citizen groups.

Specific projects include the following:

(a) Improved Administration of Justice-(\$12,000,000) is providing resources to develop a criminal justice system that is expeditious, fair and independent of political and extra-judicial influences.

(b) Democratic Initiatives-(\$3,003,000) is an umbrella project with four components providing training, technical assistance and commodities to improve the level of professionalism in journalism, promote civic education, support the Electoral Tribunal and strengthen the ability of the country's Legislative Assembly to carry out its role.

(c) Financial Management Reform-(\$6,300,000) will strengthen financial management systems in the government and promote the accountability of government officials in managing public resources.

(d) Improved Police Services-(\$53,000,000), implemented through the Department of Justice, is providing technical assistance, training, commodities and other support to reorganize the country's police force into a civilian-based institution and to improve its technical capability as well as its overall performance.

The proposed project is a continuation of A.I.D. efforts at election reform in Panama. Assistance to the Tribunal began in November, 1990, with the signing of the first USAID/Panama grant to CAPEL (Grant No. 525-0307-G-00-1071-00) under the Democratic Initiatives project (525-0307). That grant was intended to last six months and assist the Tribunal with special elections on January 27, 1991. Recognizing that the Tribunal would require additional assistance after those elections, funds were included

for an election needs assessment in preparation for the national election in May 1994. The grant's terminal date has been extended several times, and additional funds have been added in anticipation of the Constitutional Referendum which was recently scheduled for November 15, 1992. The terminal date of the current CAPEL grant is currently anticipated to be December 15, 1992, with a projected total funding level of up to \$1,540,512. This will permit A.I.D. to provide continuous support to the Tribunal for the Referendum while start-up preparations are completed under the proposed project. The new project will then pick up the funding of CAPEL's services, which will continue to be based on the needs of the Tribunal and the timing of elections. In order to facilitate the transition, some of the funds from the proposed project may be used for assisting the Tribunal with the Referendum. To assure the continued availability of assistance to the Tribunal without interruption, the USAID Contracts Officer will coordinate the transition from the existing CAPEL grant to a new cooperative agreement, based on the timing of the Referendum, and availability of funds under the current grant.

The objective of the civic education component of the Democratic Initiatives project is the development of the Centro Pro Democracia (Center for Democracy) in order to implement the following activities:

- organize workshops to bolster the democratic participation of interest groups in the development of public policy.
- conduct youth leadership training.
- increase public understanding and support for democratic values and processes through training in civic education as well as the production and distribution of civic education information and materials.

The proposed project will complement the above activities through its own civic education activities and voter motivation efforts.

### III. Project Description

The goals of the project are to improve: (a) the understanding of democratic systems of government in Panama; and (b) the capacity of key Panamanian support institutions, and the public, to participate in such a system. The purpose of the project is to hold free, fair and open general elections which are tentatively scheduled for May, 1994.

The end of project status is: (1) an improved institutional capacity in the Tribunal to manage the Civil and Voter Registries and to administer elections; and (2) the broader public and political party knowledge of, participation in, and multi-partisan

support for democratic processes. A key overall indicator of the success of the project will be the conduct of the 1994 general elections and the acceptance of their results by the Panamanian public and international observers.

Project resources will be focused on the Tribunal, legally registered political parties and the general public. Because the Tribunal is the institution primarily responsible for administration of the election process, it will receive most of the project's resources. In addition, much of the resources flowing to the other two beneficiary groups will be channelled through the Tribunal.

CAPEL will be the primary source of technical assistance aimed at the overall institutional development of the Tribunal, updating the Civil Registry, improving logistics support capabilities, strengthening the Tribunal's training capacity and promoting civic education campaigns. CAPEL's technical assistance teams will be composed of experts who may be from the U.S., Panama or other countries in Central and South America. They will travel to Panama on a regularly scheduled basis, and to the extent possible for each visit, be composed of the same three or four individuals. Other technical assistance will be provided by organizations such as NDI to carry out a training program of workshops and seminars for legally registered political parties. Finally, personal service contractors will be engaged to assist with overall project management and other tasks as described below.

#### A. Electoral Tribunal

Project efforts to strengthen the Tribunal can be broken down into two areas. The first is general improvement of the total organization and involves such activities as development of a Training Office and a Planning Division, revision of staffing patterns and installation of and start-up of new data management and processing systems. The second area will focus on improving the technical and physical capacities of the Tribunal's three principal line Divisions, the Civil Registry, the Identity Card (cedula) and the Electoral Division, to carry out their assigned tasks.

##### 1. General Organizational Improvement

###### a. Activities

###### i. Organizational Restructuring

Shortly after taking office, the Tribunal's three governing Magistrates submitted a plan for the reduction of personnel and re-ordering of staffing patterns which was based on an assessment produced by CAPEL technical consultants financed under the current grant. Portions of this initial plan were rejected by other

branches of the Government pending additional development and review. The plan will be revised using technical assistance from CAPEL, and will be re-submitted for final consideration. When in-place, this reorganization, combined with personnel training to be developed and implemented by the Project, will significantly improve the efficiency of the Tribunal.

A joint team made up of Tribunal personnel and CAPEL experts will review the plan as well as the entity's management and organizational structures. In revising the plan, new staffing patterns will be developed for the total organization, at the national, regional and municipal levels, for approximately 800 employees. Tentative objectives, to be fully developed with the assistance of CAPEL technicians, call for the reduction of the existing force, and a redefinition of the remaining positions to be fully in keeping with the responsibilities of the Tribunal. The installation of a country wide data base information management system, including the responsibilities to fully utilize and safeguard the information contained within such a system, will require restructuring of personnel, a redefinition of position classifications, and training for existing and newly hired employees. An important element in general administrative development that will be looked at as part of the plan, is the need to: (a) establish a National Office of Executive Director who will be in charge of the day to day administrative responsibilities of the Tribunal; and (b) complete development of an office of Ombudsman who is in charge of investigating and resolving voting rights abuses and complaints. Development of these offices would free the Magistrates to concentrate on the overall policy matters of the electoral process.

As part of the plan revision process, CAPEL early on in the project's implementation period will hold a workshop on strategic planning with the Tribunal's highest level personnel. The workshop will look at the Tribunal's organizational structure as well as its policies and objectives. The purpose of the workshop will be to redefine the Tribunal's objectives and the shape of the organization and to prepare a plan for achieving the changes required to bring the organization into line with the new view. Upon conclusion of the workshop, the possibility will be examined of carrying out additional workshops at intermediate levels to address objective and organizational problems at those levels and to gain a broader staff involvement in and commitment to the reorganization process.

#### ii. Planning Division Improvement

The Tribunal's Planning Division has been the project's principal liaison point over the past two years. Much of the technical assistance that has been made available by CAPEL during that period was coordinated with the Planning Division. This Division will continue to be the principal coordinating office for

all Project activities. CAPEL will also continue efforts to strengthen the Division. Specifically, CAPEL's assistance will improve the Division's ability to carry out the following:

- continuous strategic planning for the organization carried out in close coordination with the Tribunal's various administrative and line units.
- operation and oversight of the budgeting process to insure that sufficient funds are requested for operations and follow-up to confirm that they are provided ( In this regard, the current budgeting process will be examined by CAPEL to determine what if any modifications are required to assure the timely delivery of the Tribunal's funds.).
- monitoring of electoral related legislation and developing plans for dealing with such changes as they occur.
- identification of advances in technology and management techniques that could be adopted/adapted by the Tribunal to increase efficiency.

As part of this effort, the feasibility of setting up a sub-division to work on organizational research and work methods will be examined. If the sub-division is not established, the Planning Division, itself, would take on these responsibilities directly.

### iii. Training Office Development

Technical assistance provided through CAPEL will be used to continue development of the Training Office located in the Tribunal's Personnel Division. This Office was established with the assistance of CAPEL under the current grant. CAPEL's consultants will assist: (a) with the development of a permanent library of training and reference materials; and (b) in the training of a permanent cadre of teachers who will be qualified to instruct all types of newly hired and up-graded personnel such as Electoral Body members, administrative and logistical personnel (supervisors, inspectors, etc.), and to coordinate or direct the future training of record clerks for the Civil Registry. In addition, CAPEL will assist the Office develop a capability to provide high level technical/administrative training programs on a continuing basis to Tribunal staff at all levels as well as the training of election day workers in accordance with the needs of the electoral process.

In addition, to the training function, the Training Office will be charged with the implementation of civic education and voter motivation campaigns conducted by the Tribunal. To prepare the Office for this task its staff will be given on-the-job

training working with CAPEL consultants scheduled to conduct the civic education campaign financed by this project. To gain as much experience as possible, Tribunal staff will be heavily involved through out the total campaign from initial design and planning to contracting for distribution of the campaign's messages. The implementation of the civic education component is explained further in Section IV-C. Finally, as part of the overall strengthening effort, the Office's list of needed vital commodities and equipment will be refined and selected non-expendable educational materials such as projectors, photocopiers, and off-set printing mechanisms will be procured.

#### **iv. Management Information and Data Processing System Installation**

The Tribunal has budgeted approximately \$1.6 million, outside of project funds, for the procurement of efficient up-to-date data base management information and electronic data processing systems. These systems will serve a country-wide information network operating in the Tribunal's three principal line Divisions in Panama City as well as many of its regional offices. An Information Management Specialist, provided by the project, will assist with the installation, start-up and efficient utilization of the new data systems. The configuration of the new data management and processing systems is based on an Information Needs Assessment and Information Development Plan prepared for the Tribunal by New Technologies of the Information N.T.I., Limited, and financed by the Mission. Copies of both documents are on file in the Mission's Office of Public Administration. CAPEL through its work on the Civil Registry will also participate in the start-up of the new systems. In particular, it will assist with such activities as: making adjustments to better mesh the systems with the Tribunal's organizational structure; devising training plans in the operation of the systems; developing operations manuals; and adopting the systems to support administrative functions including personnel, supply and finance as well as tabulation of election returns.

#### **v. Other Organizational Development Activities**

One of the principal elements of the project will be the procurement of various commodities which will assist with both the institutional development of the Tribunal and implementation of the 1994 general elections. The Tribunal has identified its procurement needs for both areas. It was assisted in this process by a technical assistance team from IFES. A copy of the IFES report and equipment list is contained in Annex 3. The Tribunal, CAPEL and the Mission will further review and refine this list and then arrange for procurement, delivery and installation as necessary.

- 28,000 political party poll watchers offered training (The poll watchers are appointed by the political parties to represent them as election observers).
- 2 seminars/forums held between the media and the Tribunal by September, 1993.
- Evaluation of the electoral process and plan for future improvements completed by August, 1994.

### c. Inputs

A total of \$1,077,945 in A.I.D. funding is budgeted for this sub-component of the project for: technical assistance (\$572,000); training (\$161,000); commodities (\$214,945); and other costs (\$130,000). The technical assistance provided under this activity will also meet the requirements for both general organizational development as well as the needs of the three line divisions discussed in Section III-A-2 below. The Tribunal has committed \$2.6 million of scarce budgetary resources for the entire project including election commodity procurement, and approximately \$0.2 in support of salaries and in-country travel expenses of individuals that will be directly committed to the implementation of activities financed by the project.

A breakdown of the list of commodities to be purchased by the Tribunal and by A.I.D. for this and other components is contained in Annex 4. Approximately 50 person-months of short-term technical assistance will be procured for this component in the following areas: administration, logistics, computation and election observers.

## 2. Line Divisions

### a. Activities

The project will assist the Tribunal address those problems that are the most serious within its three principal line Divisions. These include the completion of the entry of data from the vital documents to the current data system, training of personnel, the strengthening of the present identification card (cedula) system, improvement of a nation-wide communications/information system and development of a logistics capability.

#### i. Civil Registry

Training and technical assistance for reorganization within the Civil Registry and the other line Divisions will be provided by CAPEL to make their operations more efficient and professional and to assist them with the installation and start-up of the new data

Because of Panama's political history, the Tribunal has adopted a somewhat defensive posture toward the press which must be reformulated into a positive relationship. Enlisting the support of the media will not only increase the effectiveness of the Tribunal's civic education efforts, it will also be another positive step in enhancing the visibility and the credibility of the Tribunal. Under the current grant CAPEL organized and sponsored a seminar/forum to assist in the establishment of improved press/media coverage of the electoral process. This effort will be continued under the proposed project. A series of such seminar/forums, on similar and related topics, will be held prior to the May 1994 elections.

Finally, the project will finance an international team of election observers for the May, 1994, general elections. That team will have two major tasks. First, it will participate in the observation of the elections and report on how they were conducted. Second, the team will prepare a assessment on the performance of the electoral process in general including comments on the Tribunal. This report will contribute to the evaluation and plan for future improvement of the electoral process that will be prepared at the end of the project.

#### b. Outputs

- At least one workshop on strategic planning and the Tribunal's organizational structure conducted by April, 1993.
- Reorganization and staffing plans completed and position descriptions written for approximately 800 employees by March, 1993, and June, 1993, respectively.
- Planning Division trained to assume continuous strategic planning and budgeting functions by December, 1993.
- Training Office staff trained and necessary equipment provided by January, 1994.
- The data management and processing systems procured, installed and staffed by January, 1994.
- General organizational and election commodities needs met and delivered to site by April, 1994.
- 20,000 election workers trained in time for the general elections (The election workers are hired by the Tribunal to assist with carrying out the elections).

management and processing systems.

Using A.I.D. procurement procedures, a task force of local personnel will be formed to assist the Civil Registry Division with the entry of the remaining data from the vital documents, estimated to be approximately 13 million separate entries. The force will require approximately 112 individuals with basic clerical skills necessary to read, verify and enter data. Their services will be: (a) required for approximately 12 months; and (b) obtained through a service contract with a local firm. (Note: These current level of effort estimates are lower than the estimates contained in the IFES report because: [a] some of the work on the data entry already has been completed by the Tribunal with its own resources; and [b] based on that work, which covered three months of operations, A.I.D. and the Tribunal concluded that the level of effort required to complete the remaining work is less than originally estimated by IFES.) Using the equipment of the existing data processing system as well as the new computers to be procured by the Tribunal, the task force will enter and verify information from the vital documents throughout the country. To the extent possible, the information will be taken from microfilm records of the existing "libros". In those locations where no microfilm records have been made of the vital documents, members of the team will travel to such locations to complete the entries.

In terms of the Registry's data base, the project also will provide assistance in the:

-- cleansing, verifying and up-dating of the existing voter lists (individuals who have died, changed names, transferred residence, or for other legal reasons need to be added to, removed from or transferred to other voter lists).

-- improvement of security measures to guarantee the continuity and integrity of the cleansing process as well as a system to protect against fraudulent entry or use of data; and

-- improvement of the nation-wide system for the electronic transmission of required data between the national office and offices in the regions and municipalities.

The cleansed voter lists will be turned over to the Electoral Division to develop and publish as a new Electoral Census. This is done before each general election. The Census is presented to and reviewed by the registered political parties and at the same time made available to all voters in order to confirm voter eligibility. The nation-wide information system will also be used by the Electoral Division to report election results.

The Tribunal will continue the process, already begun, of making highly visible improvements to the Registry for the public's

information (e.g., bringing extra staff to a region for a well-publicized week-long effort to regularize and issue new cédulas, such as has been done successfully at several regional fairs). This will continue to serve the dual purposes of improving the mechanics of the system and demonstrating that the Tribunal is dedicated to improving the system, thereby enhancing its own credibility and that of the entire electoral process. Some of the project resources allocated to improvement of the Civil Registry will be used to assist the Tribunal carry out this activity.

Additional needed improvements together with the assistance required to develop a totally adequate Civil Registry will be identified during the assessment to be completed following the elections of May 1994.

#### ii. Identity Card Division

The Identity Card Division will receive technical assistance and commodities to improve its operations, increase security of the card issuing process and print approximately 300,00 identity cards. While the total replacement of the current identity card system would offer better security and a lower probability of fraudulent use and or duplication, it is not practical, affordable or possible to do during the remaining time prior to the 1994 elections. Instead, the project will focus on improving the present system of cédulas, thereby reducing to the lowest level possible at this time, the occurrence of election fraud through the use of duplicate and/or false cédulas. The project evaluation, to be conducted after the 1994 elections, will include an examination of the operation of the Identity Card Division in order to develop a plan for its additional strengthening.

#### iii. Electoral Division

Project resources in the form of technical assistance, training and commodities, including 10 vehicles, will be provided to the Electoral Division to improve its ability to plan for and to carry out the logistics associated with nation-wide elections. A critique of the results and problems encountered with logistics in the 1991 partial elections will be made to determine which areas to place emphasis on for improvement. A Commission will be established within the Electoral Division to participate in the critique and then to take on the responsibility to complete commodity procurement and delivery plans for the 1994 elections. The records forms and tally sheets used by the Tribunal to record and register election results will be analyzed to determine whether modifications should be made to expedite their preparation and at the same time assure that they are tamper resistant. The project consultants will assist the Tribunal with refining the list of commodities (such as ballots, ballot boxes, tally sheets and ink to mark voters in order to prevent them from voting more than once) needed for the elections and in planning for their transportation

to voting sites. The vehicles will be used for the Division's day-to-day activities as well as assist with the delivery of commodities to the voting sites. Finally, project resources will assist with the publication of the Electoral Census in anticipation of the general elections.

**b. Outputs**

- Civil Registry updated by January, 1994.
- Voter lists reconciled by March, 1994.
- Electoral Census published by January, 1994.
- Improvements to the nation-wide communications/information system installed by February, 1994.
- 24 visits to interior offices completed to update the Civil Registry and promote the Tribunal.
- 300,000 cedulae issued.
- logistics system staff trained and equipped in time for the 1994 general elections.

**c. Inputs**

The level of effort provided to the Registry and Identity Card Divisions will be a significant portion of the project's over-all effort. \$1,218,613 of A.I.D. funds will be dedicated to paying the costs of: the short term task force that will have responsibility for the entry of remaining vital data into the data-base management information system (\$336,000); providing commodities and supplies to support this data entry task (\$31,000); training of civil registry employees in the most efficient manner for the recording, transferring, securing and the use of the vital documents (\$125,000); and commodities which will assist the Tribunal in improving the present identification card (cedula) system so as to guarantee a more acceptable level of fraud free elections (\$726,613). In addition, \$242,325 for commodities and equipment, \$55,384 for in-country training, and \$55,733 for other costs have been budgeted for the Electoral Division. The technical assistance required for the three line divisions will be met through the General Organizational Improvement activity described in Section III-A-1.

## B. Political Parties

### 1. Activities

A training program of seminars and workshops will be held throughout the country to address the roles and responsibilities of the country's political parties in carrying out the election process. The overall objective of the program is to ensure that the local and national leaders of the parties understand both how the electoral process works and the parties' place in it in order to facilitate free, fair and open elections. As a part of this effort, the program will also look at the relationship between the parties and the Electoral Tribunal and examine the electoral proceedings leading up to the Constitutional Referendum.

The program, to be sponsored by the Tribunal, will be open to all legally registered political parties. It will focus on preparing for the general elections of May, 1994. One of the initial activities under this component will be a workshop/seminar to review and discuss a diagnostic study of the electoral process for the Referendum completed by CAPEL under its current grant, and any resultant recommendations that may be put in place prior to the 1994 elections. Other topics to be addressed in later seminars will be the proper role and training needs of the political party appointed poll watchers (fiscales) and what level and type of training will be acceptable to all of the legally registered parties which is appropriate for sponsorship by the Tribunal.

The program's first meetings will be held in Panama City for senior members of each party such as general secretaries, communications specialists and regional directors. In addition to the topics listed above, this portion of the program will also explore, in detail, the kind of relationship that should exist between the Electoral Tribunal and the political parties. Following the initial meetings in Panama City, the program will move to other cities such as David, Chitre, Colon and Penonome. There each workshop/seminar will be designed to examine the same topics as described above, but from the perspective of the local party affiliates. Participants will include two or three members from the regional executive committees as well as five or six leaders from the local branches of each party.

The faculty for the program will be international in scope. Depending on availability and subject area, it will include election officials, party leaders, grass roots organizers and/or national and local officials from such countries as Costa Rica, Chile, Spain and the United States. If it is determined that individuals from Geographic Code 935 countries are required, a waiver will be prepared at the time of the determination.

As noted, one of the activities of the training program is to examine the Tribunal's current, heavy involvement in inter/intra

party affairs. If, as a result of the training program, a serious dialogue begins between the Tribunal and the political parties over their relationship, technical assistance financed by the project will be provided to assist in further defining their desired relationship and in developing draft legislation that better reflects any changes.

This component will be completed within one year of signature of the project agreement in order to allow sufficient time for the parties to carry out their 1994 election activities with the benefit of the training to be provided. Due to the sensitivity of the political party activities, only organizations with related experience in such fields as described above will be considered to implement this component. These include institutions such as IIDH/CAPEL, NDI, the International Republican Institute and the Instituto Centroamericano De Administracion De Empresas (INCAE).

## 2. Outputs

- 6 workshop/seminars held
- 200 participants trained

## 3. Inputs

A total of \$100,000 is budgeted for this component for: 3 person months of technical assistance (\$45,000); training materials (\$45,000); and rental of training sites (\$10,000).

## C. General Public (Civic Education)

### 1. Activities

The implementation of civic education/voter motivation campaigns, conducted prior to elections, was given high priority in CAPEL's diagnostic study. The study found a serious lack of awareness on the part of the general public as to their rights and responsibilities in a democratic society. This was later confirmed by the NDI assessment which also pointed out the public's lack of general knowledge on how democratic systems work. In electoral processes in other countries voter motivation and awareness campaigns have significantly increased the level of voter knowledge and public involvement in the overall process including voting. They also have been instrumental in the reduction of incorrectly marked or blank ballots. As part of CAPEL's current grant it assisted the Tribunal carry out a well received civic education campaign prior to the January 27, 1991 elections.

Technical assistance made available through CAPEL will assist the Tribunal with an examination of the results of the education campaign for the 1991 elections and current community knowledge gaps. Afterwards, it will assist with the preparation of appropriate materials as well as the design and implementation of

activities that will support a mass media voter education campaign to inform the public about the functions and responsibilities involved in democratic societies and, particularly, the election process. The campaign has three objectives. It will: (a) be educational (to increase the public's knowledge and understanding of the democratic process); (b) be motivational (encouraging the public to support the democratic process and to work within the structures established for democratic participation); and (c) serve to enhance the public perception of the Tribunal and the elections as open, honest and fair. It will seek to capture the attention of the voting public by the use of social marketing techniques to make the information accessible, relevant, attractive and entertaining.

The campaign will be: (a) designed to reach the entire population; and (b) country specific and client oriented. It will be based on the successful campaign designed and implemented by CAPEL prior to the partial elections of January 27, 1991, and those campaigns that have proven successful in other developing countries. It will also emphasize the less readily accessible and generally poorly informed rural and lower socio-economic segments of the population to assure that they feel included in the election process.

As the general elections come closer, the campaign's focus will shift from basic civic education themes to increasing voter turnout and the mechanics of the election process through voter motivation and voter awareness advertisements. Because the campaigns must be non-partisan, CAPEL will use its own resources to assist the Tribunal in the development of the campaign themes and messages. It will use local firms to then carry out the distribution and broadcasting portions of the campaigns. In addition to the use of the regular media, efforts will be made through meetings and solicitations to enlist the cooperation of private businesses and civic groups to participate in a non-partisan voter education and motivation program (e.g., public service radio and television spots provided by the mass media owners, posters placed in buses by the bus owners, stickers placed on beer and soft-drink containers by the bottlers, flyers in stores and handed out by civic groups or scouts printed by businesses with their logo on them, and public multi-partisan political party efforts to "get out the vote"). Technical assistance provided through CAPEL will be responsible for the development of the voter messages and facilitating implementation of the general voter motivation/awareness effort. Appropriate, representative examples of materials will be developed and made available for duplication and distribution by the private sector and interested civic groups.

All of the campaign's tactics and support materials will be approved by the Tribunal. To develop an in-house capacity the Tribunal's staff will be fully involved in all facets of design and implementation of the campaign. The brief period of project

implementation following the 1994 elections will be utilized to examine the level of influence that the civic education campaign achieved and the possible need for continued and/or expanded effort in this area.

## 2. Outputs

- Strategy for a multi-media civic education/voter motivation campaign completed by September, 1993.
- Civic education/voter motivation campaign initiated by September, 1993.
- 25 messages developed for use by the private sector.
- Training Office staff trained to design and implement follow-on civic education/voter motivation campaigns by December, 1993.

## 3. Inputs

A total of \$1,000,000 is budgeted for this component. It will finance 10 person months of technical assistance (\$100,000); and the costs of preparing and implementing the campaign (\$900,000).

## D. End of Project Status

By the end of the project, the institutional capacity of the Tribunal will have been improved at the national, regional and municipal levels:

- The data management and processing systems will be fully operational.
- The Training Office and Planning Division will be fully capable of assuming all of their assigned tasks.
- The reorganization plan will be approved and implementation begun.
- The Civil Registry will be able to maintain its data bases on a current basis.
- The current identity card system will be capable of faster service and operate under greater security.
- There will be an improved logistics capacity in place within the Electoral Division.

In addition, the political parties and the general public will have been exposed to a series of workshops, seminars and civic

education activities that will offer enlightenment in the various facets of democratic systems. Multi-party support for the electoral process will have been strengthened. Finally, an assessment of the Tribunal's performance and the overall electoral process will be completed which will identify areas for further improvement.

#### IV. Financial Plan

The total estimated cost of activities to be financed under this project is \$7,000,000. A.I.D. will contribute \$4,200,000 in grant funds. The Government of Panama will provide a counterpart contribution of \$2,800,000. A.I.D. will finance 60 percent of the project and the Government of Panama will finance 40 percent. A detailed description of the project's financial analysis is contained in Annex 4.

Financing of project costs will follow standard direct payment and reimbursement procedures. Costs associated with technical assistance, training, Registry data entry and verification, civic education and commodity procurement will be paid directly by A.I.D. to the suppliers or organizations contracted on a cost reimbursement basis.

The Tribunal will cover those internal costs directly related to the implementation of the project including:

- the majority of the election related commodities and those required for the improvement of the existing Civil Registry system;
- salaries of those counterparts identified to be directly responsible for project implementation;
- in-country travel of Tribunal personnel involved in the implementation of project-related activities;
- office space, office equipment and supplies for Tribunal personnel, project technicians, consultants and advisors involved in the implementation of project activities; and

The amount of \$20,000 annually will be available from project funds to contract external auditors to perform annual audits of project activities. A recipient audit also will be required for CAPEL. In addition, the auditors of RIG/Tegucigalpa may perform periodic audits to assure that project funds and commodities are safeguarded and properly accounted for. Finally, there will be periodic reviews by the USAID/Panama Controller to verify expenditures.

The following chart shows anticipated uses of funds from all A.I.D. sources over the 25 month life of the project.

**METHODS OF IMPLEMENTATION  
AND FINANCING**

Project Element	Method of Implementation	Method of Financing	Approximate Amount
<b>1. Technical Assistance</b>			
a. CAPEL	Coop. Agr.	Direct Reimbursement	\$722,000
b. Task Force	A.I.D. Direct Contract	Direct Pay	336,000
c. PSC's	A.I.D. Direct Contract	Direct Pay	360,000
d. Political Parties	A.I.D. Direct Contract/Coop. Ag.	Direct Pay/Direct Reimb.	45,000
e. Audit	A.I.D. Direct Contract	Direct Pay	40,000
<b>2. Commodities</b>			
a. General Inst. Dev.	A.I.D. Direct Contract	Direct Pay	215,000
b. Civil Registry	A.I.D. Direct Contract	Direct Pay	31,000
c. Identity Card Div.	A.I.D. Direct Contract	Direct Pay	727,000
d. Electoral Division	A.I.D. Direct Contract	Direct Pay	242,000
<b>3. Training</b>			
a. CAPEL	Coop. Agr.	Direct Reimbursement	341,000
b. Political Parties	A.I.D. Direct Contract/Coop. Ag.	Direct Pay/Direct Reimb.	55,000
<b>4. Other Costs</b>			
a. CAPEL	Coop. Agr.	Direct Reimbursement	186,000
b. Civic Education	A.I.D. Direct Contract	Direct Pay	900,000
<b>TOTAL:</b>			<b>\$4,200,000</b>

## V. Implementation Plan

### A. Implementing Organizations

The Tribunal is the project's primary counterpart institution. The Tribunal's three Magistrates will be responsible for overall project administration and coordination as well as for assuring that the project's activities are carried out by the appropriate Tribunal divisions and offices. To the extent possible, implementation meetings will be conducted with the three Magistrates. However, day-to-day project oversight as well as liaison with A.I.D. will be the general responsibility of the Director of the Tribunal's Planning Division. In addition, those project activities that are conducted in the Civil Registry Division, the Identity Card Division and the Electoral Division will be coordinated with the Directors of these Divisions.

Specific activities that the Director of Planning will be responsible for include:

- preparing quarterly work plans and semi-annual progress reports;

- coordinating and maximizing the input of the technical assistance teams;

- scheduling and approving the in-service and new hire training programs;

- scheduling the training of election day workers;

- coordinating the civic education, voter registration and motivation campaigns; and

- securing the final approval of the Tribunal, prior to the procurement of commodities to be financed under the Project.

Quarterly work plans and semi-annual progress reports will be prepared, by the Tribunal according to formats agreed to by A.I.D. The reports will provide detailed information concerning the activities completed and those in progress and will identify difficulties encountered and envisaged, and will provide recommendations for overcoming those problems. These reports will form the agenda for quarterly and semi-annual project review meetings and will assist the Mission in tracking the success of the project's implementation efforts to meet planned outputs and objectives in the established time frames.

To assist the Tribunal in carrying out the various activities described herein, A.I.D. will enter into a separate cooperative agreement with CAPEL under Handbook 13 procedures to provide technical services to the Tribunal. CAPEL already has been providing continuous technical assistance services to the Tribunal under a Handbook 13 grant since November 20, 1990. The terminal date of that grant is anticipated to be December 15, 1992. CAPEL is also in the process of negotiating a separate operational Grant Agreement with AID/W for core support. For this reason care will have to be exercised to insure that duplicate payments are not made.

The role of CAPEL in the project, will be that of principal technical advisor to the Tribunal. The terms of CAPEL's responsibilities and authorities will be set forth specifically in its separate agreement with A.I.D., following approval by the Tribunal. The cooperative agreement will not be competed because CAPEL has established a close working relationship with the Tribunal and it has the Tribunal's confidence. Given the proximity of the 1994 elections no other organization could mobilize in sufficient time to prepare the Tribunal for those elections. Further, given the political sensitivities related to the electoral process, no U.S. based institution could operate effectively in the project's environment.

The technical assistance to be supplied by CAPEL will be provided through a series of fixed-member advisory teams that will travel to Panama on regularly scheduled visits throughout the life of the project. They will be composed of experts who may be from the U.S., Panama, and from other countries in Central and South America which will return to Panama on a regularly scheduled basis, and to the extent possible for each visit, be composed of the same three or four individuals. The teams will work with the Tribunal division managers to improve electoral process management techniques. A.I.D., the Tribunal and CAPEL will jointly agree on the composition of each team and the timing of their visits. The principal contact in the Tribunal for these activities will be the Director of Planning and in A.I.D. it will be the Project Officer. The above is the general methodology for the provision of technical assistance successfully followed under CAPEL's current grant.

CAPEL will initiate activities with approximately 15 person-months of short-term technical assistance. Prior to the elections scheduled for 1994, the level of technical assistance to be made available to those offices involved in implementation of the election process, will increase to approximately 35 person months (Total LOP technical assistance from CAPEL would be 80.0 person months). Following the 1994 election, the technical assistance will concentrate on: (a) final institutionalization of on-going activities; (b) completion of an evaluation of the Tribunal's overall performance to determine areas needing improvement; and (c) development of a plan for addressing those areas.

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In addition to CAPEL, the project will fund the services of a Information Management Specialist as personal services contractor on a short term, intermittent basis to assist the Tribunal with installation and start-up of its new data management and processing systems. Also, a long term project manager will be contracted to assist with project administration and implementation.

### **B. Implementation Schedule**

The key chronological events for the twenty-seven months of project implementation are shown below. Quarterly implementation plans will be prepared in conjunction with the Tribunal Office of Planning and will be adjusted and revised to reflect the progress achieved in the preceding period.

#### **Key Implementation Activities**

August 31, 1992	Project authorization signed.
October 15, 1992	First Conditions Precedent met and proposals solicited for firms to implement activities in the Civil Registry.
November 1, 1992	First solicitations for commodity procurement issued. Procurement will be implemented throughout LOP at appropriate times. Proposals solicited for political party training program.
November 15, 1992	Constitutional Referendum held.
December 16, 1992	Cooperative agreement for technical assistance signed with IIDH/CAPEL and TA begins.
January 1, 1993	Task Force begins entry of vital data and other activities commence with the Civil Registry. Training of Tribunal personnel begins. Also, political party system training begins (to be completed within one calendar year of project agreement signature).
September 1, 1993	Civic Education campaign commences.

March 1, 1994	Voter awareness and motivational campaigns commence. Training of election day workers and political party poll watchers also commences.
May, 1994	Panama general elections.
June, 1994	Full project evaluation and project audits conducted.
August, 1994	Evaluation completed.
September 30, 1994	Project ends.

### C. Evaluation and Audit Plans

#### 1. Evaluations

One detailed evaluation to measure project impact will be conducted following the general elections which will be held in May, 1994. The evaluation will: a) ascertain progress attained in meeting the project's objectives particularly as they relate to improving the electoral process; b) identify significant problems remaining, particularly in the three line Divisions; c) assess the effectiveness of the commodities procured and the training that was provided to the personnel of the Tribunal and to the election day workers; d) examine the effectiveness of the civil education/voter awareness campaign and the need for continued activity in this area; and e) make recommendations for follow-on activities to the project.

Specific issues and questions which may be addressed include;

a) Since the beginning of the project, and in particular during the period between the Constitutional Referendum of November 15, 1992 and the general election of May 1994, has there been significant improvement in the capability of the Tribunal to implement the electoral process?

b) What measurable improvement is evident in the public's awareness of the democratic processes? Is additional effort required to further inform the public?

c) Has there been a measurable improvement in the constituent relations of the political party system?

d) Has the training, technical assistance and project-procured commodities improved the capability of the Civil Registry to serve the public? Have these changes and improvements been internalized and incorporated into the daily operations of the Registry and the Tribunal? What

improvements/adjustments should be made to the new data management and processing systems?

e) How has the Identity Division performed? What would be the best configuration for a new identity card processing system?

f) How well did the Electoral Division implement the election process? Were election materials distributed efficiently and effectively? Did it record the election results and distribute them in timely fashion?

In addition, at least one review will be held to examine project implementation progress. It will be held near the mid point of the project's implementation period. Other reviews may be held depending on project progress and the mutual agreement of A.I.D. and the GOP. The reviews will look at the attainment of project outputs, progress in procurement efforts and the performance of the technical assistance consultants.

## 2. Audits

A project funded audit program will be performed on the use of project funds. In addition, funds will be included in the CAPEL cooperative agreement for a recipient audit. Timing of the audits will be such that they will follow important project funded activities.

## D. Procurement Plan

### 1. Services

Most of the activities proposed under this project are a continuation of activities begun under the USAID-financed Aid To The Electoral Tribunal component of the Democratic Initiatives project (525-0307). CAPEL'S services will be obtained through a cooperative agreement rather than a grant in order to give the Mission more control over that organization and to make the implementing instrument more consistent with actual operations. The long term project manager is already under contract to assist with the development of this project and the implementation of the Aid To The Electoral Tribunal component. That individual's scope of work contains a provision for management of this project. Once the project is approved, that contract will be amended to add incremental funding. The services of the Information Management Specialist and the data entry task force will be obtained on a competitive basis.

## 2. Commodities

A prioritized commodity list has been prepared by IFES, the Mission and the Tribunal. It will be further refined in continuing discussions with the Tribunal. The original list is contained Annex 3 and an updated version is in Annex 4.

### a. Responsibilities

The USAID/Panama Executive Office will have responsibility for all purchases, utilizing AID-provided funds, of project supplies and equipment. However, the Electoral Tribunal, Chief of Purchasing, will be responsible for developing the technical specifications required for the solicitation documents. All Project Implementation Orders for Commodities, or other documents which authorize the expenditure of AID-provided funds for the purchase of project equipment or supplies, will be approved by either the Administrative Director or the Director of Planning of the Electoral Tribunal. Additionally either the Chief of Purchasing or the Administrative Director of the Electoral Tribunal will participate in all bid/proposal evaluations. Lastly, the Chief of the Electoral Tribunal warehouse will acknowledge in writing the receipt of all project equipment and supplies and will provide the USAID Project Officer with a continually updated report of the location and use of all non-expendable AID-financed equipment (project equipment having an acquisition value of \$100 or more).

### b. Source/Origin and Competition Issues

The authorized source/origin for commodities and commodity related services for this Project is AID Geographic Code 000 and Panama. The only items which may not be available from the authorized origin at a reasonable cost are dot matrix printers, manual typewriters, video recorders and double cassette tape recorders. As soon as specifications for these items are provided by the Electoral Tribunal, the USAID Commodity Management Officer will confirm with the Office of Procurement in AID/W that the items will not be available from the authorized source and will draft any necessary waivers for approval by the Mission Director.

At present, it appears that the only items which may have to be purchased on a sole source basis are the SYBASE computer software (most of which already has been procured by the GOP), the ID photographic equipment, the security plastic and the security film. Since it appears at this time that there is only one authorized dealer for the SYBASE software system in Panama and since this sophisticated network system will require installation and start up testing, we will probably need to procure it on a sole source basis. Additionally, the Electoral Tribunal has established a regular source of supply for the security plastic and the security

paper which is used to make official identification documents. Upon approval of the project, the Electoral Tribunal will provide justification for a sole source procurement of these items. The decision on whether the justification is sufficient to justify sole source procurement will rest with the USAID Director. Lastly, the Electoral Tribunal uses Polaroid equipment to produce ID photographs. Also as soon as possible after the project is authorized, the Electoral Tribunal will provide information/justification to USAID on which to base a sole source procurement waiver. All of these waiver requirements and procedures have been discussed with the Chief of Purchasing of the Electoral Tribunal.

### c. Procurement Methodology/Timetable

The project is to be authorized during September 1992. Some of the funds for equipment purchases will become available at that time. Additionally, all of the \$1.2 million for the procurement of project equipment should be available to fund purchases by March, 1993. The procurement process therefore can begin as soon as the project is authorized. At that time, the Electoral Tribunal will provide specifications up to the amount of money initially made available for the highest priority items among those listed in priority category 1 in the procurement list above. As additional funds become available to fund additional procurement, the rest of the Priority 1 items and then the Priority 2 items will be purchased (See the commodity list attached to the Financial Analysis [Annex 4] for a breakdown of Priority 1 and 2 items.).

Upon the provision by the Electoral Tribunal of the specifications, PIO/Cs will be prepared by the USAID Project Officer. All project equipment and supplies purchased with AID-provided funds will be purchased under AID direct contracts by the USAID Executive Office. The Electoral Tribunal has been informed that because of our advertising and other procedural requirements, depending on the nature of the items to be purchased, the procurement process usually takes from 3 months to 9 months. Additionally, the USAID Commodity Management Officer and the USAID Procurement Specialist have discussed with the appropriate officials in the Electoral Tribunal their responsibilities for receipt and accountability of AID-financed project equipment.

### E. Project Administration

USAID/Panama is responsible for the conduct of the project. The Project Officer will be the USDH Chief of the Office of Public Administration. A U.S. Personal Services Contractor will be contracted to serve as Project Manager. This person will be responsible for over-all implementation of the project, and will assist in providing technical assistance to the various divisions

of the Tribunal involved in the project. The specific responsibilities of the contractor, in relation to this project, will be set forth in a separate contract approved by the Tribunal and A.I.D.

An Information Management Specialist will be contracted on a short term basis for up to three months per annum, to assist the Tribunal with the installation and start-up of the GOP procured data management and processing systems.

The A.I.D. Mission will provide guidance for implementation of the project through the terms of the Project Agreement and through Project Implementation Letters issued in support of the Agreement. There will be quarterly review meetings between the Project Officer, Project Manager and the Director of Planning as well as the Mission's regular semi-annual reviews and regular contacts with the Tribunal Magistrates and with other Tribunal and Governmental officials as necessary.

The A.I.D. Mission will have a Project Committee which meets regularly to review the implementation status of the Project. The Committee will be chaired by the Chief of the Office of Public Administration and will include representatives of the Office of Program and Project Development, the Controllers Office, and the Embassy Political Section.

## VI. Project Analysis

### A. Financial Analysis

The total estimated cost of activities to be financed under this 25 month project is approximately \$7,000,000. A.I.D. will contribute \$4,200,000 and the GOP will contribute counterpart funding in the amount of \$2,800,000. Total project expenditures, including GOP funds, are to be utilized in the following broad categories: Technical assistance, \$1,053,000; Training and Civic Education, \$1,296,384; Procurement of Commodities, \$3,814,883; Project Support, Audit/Evaluation and Administrative Costs, \$835,733.

Initial first year obligations of A.I.D. funds will be \$1,255,600, and approximately \$625,000 in GOP counterpart funds.

It has been concluded that sufficient GOP counterpart funding has been budgeted and will be provided for the Electoral Tribunal to carry out project related activities, and to fund the normal Tribunal operations. Special GOP funding is made available for election periods.

An internal auditor from the office of the Controller General, of the GOP, is a permanent member of the Tribunal staff. All financial activities of the Tribunal must have the prior approval of this office. Previous A.I.D. financed activities have involved commodity procurement for the Tribunal. It has been observed and documented that an adequate inventory and commodity control system is in place at the national, regional and municipal levels of the Tribunal.

Financing of project costs will follow the procedures of direct payment and reimbursement currently used with most Mission initiatives. Costs associated with technical assistance, training and procurement of commodities will be paid directly by A.I.D. to the suppliers. Given the inexperience of the participating institution, A.I.D. and the Tribunal will share the responsibility of commodity procurement. It is not anticipated that any project funds will be furnished directly to the Tribunal.

Activities under this project will generate recurrent costs. However these minimally increased costs will have marginal effect and are within the range of projected budgetary needs of the Tribunal. The professionalization of personnel through in-service and new hire training, and the administrative improvement through institutional reorganizations, that will occur during the project, will reduce administrative costs and increase efficiency. Much of this will be accomplished through supplying technical assistance to the reorganization plan that is being developed by the Tribunal. This reorganization will assist in the elimination of outmoded functions and facilitate the matching of positions to institutional needs. The more finely tuned institution will be able to assume the increased responsibilities without significantly raising the overall costs. Any potential increase in administrative costs will be more than compensated by the improved service that will be made available to the public.

During the project design process, the Mission considered other available options and determined that the approach outlined for this project is the most logical and most effective mechanism for achieving project objectives. Further, the efficacy of the approach has been confirmed by experience under the on-going Democratic Initiatives project. The costs associated with this approach, detailed in the Financial Plan section, have been thoroughly researched and are reasonable and consistent with Mission experience in this field and this country.

## **B. Economic Analysis**

The return to democratic rule and economic prosperity has come to be known as the "quiet revolution" in Latin America. That democratic governance and economic recovery have coincided in Panama is no surprise. Confidence in the rule of law, and belief that an elected leadership must respond to the national will both

create confidence for businessmen and investors. At the same time, with economic reform, special concessions and privileges have a reduced role in determining what is produced, and by whom. The greater reliance on competition and free-market forces in the economy mirrors the competition of ideas that occurs within democratic rule.

Free, fair and open elections are the cornerstone of a democracy. Strengthening the electoral process hence is one factor (among many) contributing to social and economic stability. The proposed project supports economic growth and development by contributing to stability and confidence, although the relationship is indirect and cannot be measured with any precision.

Because the impact of free, fair and open elections on economic outcomes is diffuse and impossible to measure, benefit cost analysis is not an appropriate methodology for appraisal of the feasibility of the Improved Election Administration project.

### C. Technical Analysis

The project design was examined to determine: whether the proposed activities adequately address the problems identified; if the most suitable and cost effective technical alternatives were selected; and if planned activities are technically feasible at this time in Panama.

The project design is intended to improve the environment in which Panama's election process takes place. That environment is dominated by three entities--the Electoral Tribunal, the leaders of Panama's political parties and the general public. The three often appear to act independently, but they must act interdependently in order to assure the successful conclusion of the Constitutional Referendum and the May, 1994 elections. That is, they must understand and fulfill their roles in the electoral process while maintaining mutual respect and support for each other. The two-fold project strategy is to: generate greater confidence in the Tribunal on the part of the political parties' leadership and the public through organizational and performance improvements; and instruct the political leaders and the public on proper participation in a democratic society's electoral process.

The improved performance of the Tribunal is key to the success of the project because it controls all of the mechanical aspects of the election process such as voter registration, operation of polls and vote counting. Without its improvement, changes in the actions/attitudes of the other two actors is unlikely to occur. For this reason the lion's share of project resources are allocated to the Tribunal. Those resources are focused on: updating the Civil and Voters Registries to remove unqualified voters' names and to assure that all qualified voters are properly registered to

vote; human resource and managerial improvements; and logistic and commodity support for the 1994 general elections and the Referendum, if it is held. Project resources focused on the other two entities will be used for training activities and educational campaigns to instruct them in the operation of political parties and the rights and responsibilities of both political parties and citizens in a democracy.

The proposed project is a follow-on effort to the Aid To The Electoral Tribunal component of the Democratic Initiatives project. It will employ many of the activities (such as provision of technical assistance under CAPEL, staff training and a public education campaign) which already have been successfully used under that component. The amount of the project's inputs is based on general Agency experience as well as Mission experience under the Electoral Tribunal component. This was coupled with a minimalist approach to input quantities in setting overall project levels. A minimalist approach was adopted because of the short time frame until the 1994 elections. Major institutional revisions cannot be accomplished before those elections and, because of political sensitivities, should not be carried out during the election period. The primary objective of the project is to carry out the 1994 elections in a manner that meets Panamanian and international criteria for free, fair and open elections. A post election assessment will be completed to determine what if any additional assistance is required and identify potential sources for that aid. Utilization of project inputs will be carefully monitored during implementation to assure that they are effectively allocated. Due to the changing environments that democratic initiative projects operate under, shifts between the planned levels of the proposed project's inputs may be required. This would be done only with the concurrence of the A.I.D. Project Committee and the Government of Panama.

The Tribunal's performance during the Special Elections held on January 27, 1991, demonstrated that it has a limited, basic capacity for carrying out elections on which to build. This capacity must be improved in order to gain the confidence of the country's political leaders and general public. Because of changes in the country's method of government over the last twenty years, the political party leadership and the public are anxious to take on a greater role in their government. The project's focused efforts complement one another towards improving the electoral environment of Panama. As better performance by the Tribunal improves the confidence of the political leaders and the public in that organization, their willingness to accept the message of the project's training/education efforts, and act accordingly, will increase. In view of the above, the analysis concluded that given the environment under which the project will be operating, the interventions proposed are the most suitable and cost effective.

#### D. Institutional Analysis

As already noted, the project is focused on the Electoral Tribunal, Panama's political parties and the general public. The principal effort of this project is the strengthening of the Tribunal, through records updating, administrative change, personnel reorganization and human resource training. Other efforts focused on the political leaders and the public will be in the form of training activities and educational campaigns to instruct them on proper participation in a democratic society. The changes targeted by these efforts will require patience on the part of the project implementers as the speed of each change will vary and the internalization of the changes by Tribunal employees, party leaders and the public will take time.

##### 1. Electoral Tribunal

The Tribunal is an autonomous, independent governmental unit recognized as such in Panama's Constitution. It is organized as a national-level institution with dependent offices at the Departmental and Municipal levels. The ruling body of the Tribunal is composed of three Magistrates, one each appointed by the Executive branch, the Legislative branch, and the Supreme Court of Justice. The Magistrates are confirmed by the Legislative Assembly and serve a 10 year term of office. The present Magistrates' terms began in 1990. Two alternates (suplentes) are named for each Magistrate. A description of the Tribunal's organizational structure is contained in Annex 5.

The Tribunal's functions are governed by the Constitution and the electoral codes. As stated in the Constitution, the Tribunal has the responsibility to:

- (1) record births, marriages, deaths, naturalizations, and the rest of the facts and legal acts related to the civil status of persons, and to make the necessary explanatory notes in the respective records;
- (2) issue personal identity cards (cedulas);
- (3) regulate, interpret and apply the Electoral Law, and to make decisions on disputes that could originate through such application;
- (4) punish offenses and crimes against freedom and honesty of suffrage, in accordance with the established law;
- (5) conduct an Electoral Census;

(6) organize, direct and supervise the registration of voters, and resolve disputes, claims and complaints that may arise in this respect;

(7) process records for immigration and naturalization applications;

(8) name the members of the Electoral Boards, who are in charge of the election day process at the regional, municipal and voting table level. (Membership of these Boards is made up of the legally registered political parties and is guaranteed by law.)

The Tribunal is responsible for the elections of most governmental positions, including the President, the Vice-Presidents, Legislators, and Municipal representatives. It registers voters and inscribes candidates, establishes the time and place for voting, procures and distributes all commodities and materials needed for elections (ballots, ink, ballot boxes, control, tabulation and reporting forms, etc.), selects and trains poll workers and watchers, tabulates election results, transmits and makes public the results of elections and certifies winning candidates. Prior to each election, the Tribunal compiles and publishes a current official list of all eligible voters that also indicates the polling place for each voter. This list is produced through an Electoral Census which cleanses and up-dates Panama's Civil Registry. The Tribunal is also responsible for overseeing elections within the political parties as well as resolving intra/inter party conflicts.

Within the Tribunal, the Civil Registry Division has the responsibility for maintaining a complete and current registry of all Panamanian citizens. All citizens are required by law to register with the Registry. Any change of status of the registered individual must also be documented with it. Upon reaching the age of majority (18) each citizen is issued an identity card (cedula) through the Identity Card Division. That card is an essential credential for most official and/or personal transactions in Panama. Experience has shown that the greater a registry's accessibility is to the population it serves, the more accurate its records will be. In Panama's case, the Municipal Offices of the Tribunal serve as the principal locations for obtaining this service thus providing relatively easy access to the Registry by the populace. Plans are in place for establishing birth and death registry offices in the major hospitals throughout the country in order to increase accessibility even more. The Electoral Division is responsible for the mechanical portion of the election process. It procures and distributes materials and commodities such as ink, ballots, ballot boxes, and tally sheets, required for the elections and then records and certifies the results of the elections.

The CAPEL diagnostic concluded and A.I.D.'s own experience confirms that the Tribunal's basic core organizational structures can form a solid base on which to build institutional improvements. In particular, lines of authority exist that allow for a free flow of information and control from the top level of management to those divisions and individuals required to implement direction at the national, regional and municipal levels. The successful completion of the partial elections in January 1991 demonstrate that the Tribunal is capable of carrying out elections of limited size. Those elections also showed however, that some restructuring of the Tribunal and further provisions of equipment are necessary, in order to have a fully functioning system in place that is capable of effectively administering the general elections in May, 1994.

The project will help the Tribunal address those problems that are the most serious, particularly, in the Civil Registry, Identity Card and Electoral Divisions. Training and technical assistance for institutional reorganization within the Divisions will be provided to make their operations more efficient and professional. Resources will be provided for such major activities as the completion of the entry of data from the vital documents as well as training and commodities to improve the present identification card system. The total replacement of the current system, while offering better security and a lower probability of fraudulent and/or duplicate cedula, is not practical, affordable or possible during the remaining period of time before the 1994 elections.

Regarding the election process activities, the partial elections of 1991 were the first test for the Tribunal. The second test of their capability, on a nation-wide basis will occur with the Constitutional Referendum, scheduled for November 15, 1992. These two elections, together with technical assistance and equipment provided under the project, will allow the Tribunal to develop and fine tune the necessary logistic system for the security, distribution, use of, and the tabulation and transmission of election materials and data in an efficient and secure manner. The training of election day personnel, and the voter education campaigns implemented for the 1991 partial election and those activities planned for the Constitutional Referendum will benefit the Tribunal, and particularly the Electoral and Registry Divisions in their preparations for carrying out the 1994 elections.

In terms of personnel, the CAPEL diagnostic concluded that there is a clear understanding of the problems, a strong desire to solve them, and the capability, with the assistance of this project, to carry out the necessary changes in an exemplary fashion. This is also confirmed by the Mission's own association with the Tribunal under the Election Administration component of the Democratic Initiatives project. The CAPEL analysis found that the human resource base of the Tribunal is relatively strong. The Magistrates and staff have willingly accepted the mandate to

revitalize and regenerate the electoral process and strengthen the Tribunal's credibility. The technical requirements to accomplish this are based on upgrading the Tribunal's administrative systems and skills of its employees. Through both the Mission's and CAPEL's association, it was found that between the quality of personnel presently on its staff and those few skilled individuals that must be hired in such areas as information management, when combined with the project's training programs, will permit the proper and innovative uses of the project's technical inputs. The Mission's own experience in the local job market has demonstrated the skilled individuals required are available. However, the Tribunal's staff could still become problematic.

Although the human resource base presently in the Tribunal is relatively strong, it suffers from some loss, particularly in skilled areas, due to low salaries vis-a-vis the private sector. Both CAPEL and the Tribunal have recognized this as well as the fact that the Tribunal has excess staff. Utilizing a brief assessment furnished by CAPEL, the Magistrates submitted a plan for the reduction of personnel and reordering of staffing patterns. This initial plan was rejected by the Ministries of Planning and Finance pending further study. The plan proposed a reorganization that would reduce the Tribunal's staff from approximately 900 to 800 and restructure its staffing pattern on a nation-wide basis. The intention was to reduce the work force through attrition. The savings accrued would be utilized to readjust the salary levels of those remaining to a more competitive range. The project will provide resources to help revise the reorganization plan and the Mission will monitor progress on it to assure both adoption and implementation.

The key commodity input is the data management system, being installed through GOP procurement. The physical, administrative, and institutional revisions that will be required to fully utilize the new system have been identified. An Information Development Plan has identified needed restructuring, reorganization and changes in staffing to complement the data management system.

The success and proper and full utilization of the project's inputs depend upon the Tribunal's ability to obtain necessary approvals from other government ministries for the reorganization and other expected changes resulting from the project. These will take place during a time of increased activities in preparation for the 1994 elections. However, over the past few months, the Tribunal has met resistance to personnel and institutional changes from other controlling agencies within the GOP. A prime example is the year-long delay it has encountered in the procurement of its key data processing equipment. Another is the above described delay in approving a personnel reorganization and subsequent salary adjustment. Without such an adjustment, personnel who receive training under the project, would be very likely to accept more lucrative offers from private sector employers. The Mission will

need to play an active, but discreet role to assist the Tribunal in meeting all of the necessary requirements to respond to the political and financial restraints that originate from the other GOP agencies. Notwithstanding these bureaucratic obstacles, the upcoming Constitutional referendum and the May 1994 elections make it imperative for the Tribunal to respond to the challenge of making structural changes while moving forward to implement the myriad tasks for which it is responsible in the electoral process.

## 2. Panama's Political Parties

Panama currently has eight political parties registered to participate in elections and approximately seven more are trying to register. The largest parties are the Democratic Revolutionary Party (PRD), the Christian Democratic Party (PDC), the Arnulfista Party and Molirena. In order to be registered new parties need to acquire the signatures of three percent of the number of voters who cast ballots in the previous election. Parties that are currently trying to register include the Mission for National Unity, an evangelical party, and Papa Egoro, led by salsa singer Ruben Blades.

The PRD, founded in 1979, categorizes itself as left of center. The party claims a membership of approximately 178,000 mostly made up of members of the lower income classes, farmers and middle class professionals. It was under the tutelage of the military and supported by the government for many years. President Endara acknowledged that the PRD is becoming more democratic and said that it had strong candidates in the 1990 congressional by-elections when it scored more victories than any other party. The PRD has an annual budget and it regularly receives contributions from individuals and firms. It maintains a central office staffed by twelve people and it has sixteen regional and branch offices. Periodic meetings, telephone calls and personal visits serve as the primary means of communication between party leadership and the local branches. The party communicates with its members and the public during campaign periods by purchasing television time to broadcast political advertisements. It has no party newspaper. The party has an Executive Committee consisting of five members that meets weekly. Those members are chosen by a convention held every three years. The party presently holds ten seats in parliament.

The PDC is most likely the best organized party in Panama. The thirty-two year old party receives substantial international financial support, has an organized infrastructure and a clear well-defined message. With by far the largest budget of all the parties, the PDC has had the best opportunity to expand its base of support. The party claims close to 58,000 dues-paying members and draws most of its support from farmers, industrialists, university students and housewives. The party's leadership is elected every two years. There are also elections for local party leaders. The

Executive Committee is composed of nine members, who meet once a week. Half of the Committee is elected in a party congress and the other half is elected by organized groups of party members. The PDC has weekly and monthly publications. It also purchases air time on the national radio and television stations. Internal communication between the party leadership and its twenty-three regional offices is by telephone and fax as well as through regularly scheduled meetings. In the last national and local elections the PDC won 40.35 percent and 27.42 percent of the vote respectively. It currently holds twenty-eight seats in parliament.

The Arnulfista Party was part of the coalition that defeated the regime of General Noriega in May, 1989 and through it gained the most coveted political position in the country, the Presidency. The party split into two factions in 1988 with President Endara running one faction as part of the victorious coalition. The party reconciled after the elections and declared the party as officially founded in April, 1990. It claims over 100,000 members, defining its constituency as farmers, workers, professionals and intellectuals. The party does not publish a newspaper. Instead, it communicates with its constituents and the public at large by purchasing television time to broadcast advertisements. Those advertisements are financed by membership dues. Internal communication between its leadership and local offices is done primarily through frequent meetings and conventions. The party currently holds six seats in parliament.

The Molirena party is right of center and claims 35,000 mostly middle class members. The party also includes farmers and businessmen in its constituency. Its Executive Committee is made up of thirty-seven members chosen in a national convention. The Committee meets twice yearly. The party also has regionally elected leaders. The party's budget is small in comparison to other parties although it does have membership dues. It purchases air time to broadcast its political message during elections. It does not publish a newspaper or newsletter. Communication between the party's leadership and its three regional offices is mostly carried out by telephone, fax or personal visits.

The NDI assessment found that the political parties suffer from image problems and organizational shortcomings. With the exception of the PDC they are largely inactive between election campaigns. The PDC is recognized as the best organized and the most internally democratic of the parties. As a result, it does not have factions as other parties do. The other parties do little organizing in the interior. Those with local organizations depend on the central offices in the capital and have little autonomy. The parties traditionally do not do much fund raising. Instead many voters expect to get something such as a hat, a t-shirt or a meal from the parties for their vote. The size of party membership is illustrative of the weakness of all the political parties in Panama. Collectively, their self proclaimed membership represents

less than twenty-five percent of the potential electorate. The NDI assessment concluded that organizational deficiencies are a primary reason for the parties' performance. Generally the parties are not aware of what they need to do to build their organization such as: establishing regular communications; organizing staff; permitting greater participation by members and local organizations in policy level decision-making; grassroots candidate recruitment; and utilization of public opinion polls.

Finally, the NDI assessment found that the parties rarely appeal to voters based on ideology or a platform. Indeed, some party activists have difficulty explaining why they are a member of a particular party or in distinguishing their party from others. The loyalty of many of the parties' leaders appear to be to individuals rather than to ideas. As a result, parties disappear or change membership as the dominate political personalties enter the political stage, leave or shift allegiances.

### 3. Panama's Public

A description of the general public is contained in the Social Soundness Analysis. Suffice it to say that Panama's public is highly interested in the development of a democratic framework in the country. But, it is unsure of the Electoral Tribunal and has little or no confidence in the political parties. At the same time it has not had any recent experience with a truly functioning democracy. Therefore, it does not know what to expect out of one, what a citizen's rights are under one, and perhaps most importantly what the citizen's responsibilities are in one.

### 4. Conclusions

As described in Part IV, Project Description, technical assistance, training and commodities will be used to update the Civil and Voter Registries in time for the 1994 elections as well as: (a) strengthen the current identity card system; (b) establish a logistics capacity; and (c) develop a capacity to plan and manage on-going civic education campaigns. Other technical assistance financed under the project will strengthen the Training Office of the Tribunal and will assist in the design and production of training materials and programs that will form a basis for on-going institutional strengthening. Training under the project will be action oriented and designed to provide skills that can be immediately applied to work requirements. The training will enable professional and administrative staff to better understand their responsibilities and will assist them to adapt more readily to the administrative and institutional changes that will be taking place. Finally commodities and technical assistance will be provided to assist with carrying out the general elections.

The NDI assessment concluded that the shortcomings found in Panama's political parties are the same as it has seen in other

countries around the world and that they can be addressed over time. That assessment also found that the parties were unanimously in favor of programs to educate party activists and the citizenry. The parties view any technical assistance that can be provided as an opportunity to strengthen not only themselves but the delicate political framework in the country. During the assessment all of the parties communicated their desire to internally democratize themselves and improve their capability to build their organizations, expand their constituency support, frame their parliamentary initiatives and communicate their positions to party members and the public at large.

As noted, the public is waiting anxiously to see what will happen. Educational programs to describe the voting process and other rights and responsibilities of the public as well as the limitations of a democracy will be developed and implemented through the Tribunal. These will be based on CAPEL's successful civic education campaigns conducted here and elsewhere. The development of more democratic political parties will also help get out the message.

The institutional analysis concluded that with the assistance provided under the project, the Tribunal, the political parties and the public will be capable of assuming their respective roles in establishing a credible and effective election process in Panama.

#### E. Social Soundness Analysis

The Social Analysis is contained in Annex 9. Its major conclusion regarding the feasibility of the project is as follows:

The notable feature of the country's social values, including the views on hierarchy and authority, is that they survived for over 400 years with little change. Bringing to the New World an ethic long entrenched in Hispanic society, the basic code of guiding principles largely resisted the pressures and vicissitudes of changing conditions in a new and alien environment. For the most part, the values that guided the society in Spain have remained valid throughout the history of the nation and have managed to persist in the face of the turbulence of the nineteenth century and the increased tempo of the twentieth. Despite alteration and adaptation to new conditions, they have demonstrated that their firm roots in the culture would probably ensure their continued acceptance and resist rejection for some time to come.

The Improved Electoral Administration Project will not affect in anyway the social values of the country. The desire for democracy is there. Instead, the project will provide technical assistance, training and limited commodities to assist the Government of Panama to improve its capacity to hold free, fair and open elections. The primary focus is on the Electoral Tribunal. Major efforts will be on the strengthening of its institutional

capacity, i.e. institutional reorganization and personnel restructuring as well as the upgrading of the Civil Registry, a major function of the Tribunal. Other activities include civic education, voter awareness and motivation campaigns, and a limited program of seminars and workshops for leaders and affiliates of legally registered political parties.

Public statements by senior GOP officials suggest that the improvement of the electoral process is a major government priority. Interviews with key public sector officials and political party members confirm that there is great interest in the project. The likelihood of cooperation is high, particularly given that there seems to be a general understanding throughout the country, that to assure the continuing development of the fledgling democratic electoral process in Panama, the public at large must believe that their voices are heard and that their votes do count. Key to this is an electoral process that is free, fair and open.

## **VII. Conditions, Covenants and Negotiating Status**

In addition to the standard conditions and covenants, the following special conditions and covenants will be included in the project agreement:

### **A. Conditions Precedent to Disbursement:**

#### **1. Condition Precedent to Initial Disbursement:**

Prior to the first disbursement of funds under the Grant, or the issuance of documentation pursuant to which disbursement will be made, the Government of Panama must, except as A.I.D. may otherwise agree in writing, provide evidence satisfactory to A.I.D. that it has named at least one individual from the Electoral Tribunal to serve as an Additional Representative of the Government for all purposes under the Project except approving changes to the amplified description of the Project.

#### **2. Condition Precedent to Initial Disbursement Other Than for Commodity Procurement:**

Prior to the first disbursement of funds under the Grant, or issuance of documentation pursuant to which disbursement will be made other than for commodity procurement, the Government of Panama must, except as A.I.D. may otherwise agree in writing, provide evidence satisfactory to A.I.D. that it has completed an implementation and financial plan for all of the activities to be undertaken by the Electoral Tribunal during the first year of the Project.

**B. Suspension of Disbursements:**

Except as A.I.D. otherwise agrees in writing, disbursements of A.I.D. Grant funds may be suspended after the first eight months of the project unless the Government of Panama provides evidence satisfactory to A.I.D. that it has approved the reorganization plan of the Electoral Tribunal.

**C. Covenants:**

The Grantee will make the following significant covenants to:

(1) Provide sufficient funds, beginning with the Grantee's next annual budget cycle (1993) and continuing in subsequent cycles, to fully and adequately fund the day-to-day operations of the Electoral Tribunal and all referendums and special and general elections as they occur;

(2) Use all Project funded equipment, vehicles and commodities provided to the Electoral Tribunal exclusively for Project purposes, and allow these commodities to remain the property of that organization; and

(3) Complete all necessary procurement documents including signature of purchase contracts with vendors to obtain the information management system equipment required for the improvement of the Electoral Tribunal of Panama.

**D. Negotiating Status**

The project has been developed in close collaboration with the Tribunal and agreement has been reached on the technical aspects of design. The various conditions and covenants have been explained to Tribunal officials. The Mission expects the project agreement to be signed shortly after authorization of the project.

**ANNEX 1**  
**Project Design Summary**  
**Logical Framework**  
**Improved Electoral Administration Project**  
**525-0317**

Life of Project: US\$ 4.2 million  
PACD: 09/30/95  
Date Prepared: 08/25/92

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p><b>GOAL:</b>  To improve: (a) the understanding of democratic systems of government in Panama; and (b) the capacity of key Panamanian institutions, and the public, to participate in such a system.</p>	<ol style="list-style-type: none"> <li>1. Election results are consistently recognized by international observers and independent media as legitimate.</li> <li>2. Peaceful transfer of power occurs in accordance with the results of each election.</li> <li>3. Political leaders are responsive to the expressed desires of the electorate.</li> </ol>	<p>Direct observation.  Reports of international observers and observation of media.</p>	<p>No internal or external events occur which precipitate a major political or economic crisis.  Leadership of Panama's power centers accept and endorse concept of free and fair elections.</p>
<p><b>PURPOSE:</b>  To hold free, fair and open general elections in CY 1994.</p>	<p><b>EOPS:</b></p> <ol style="list-style-type: none"> <li>1. Elections in CY 1994 carried out as prescribed in Constitution and accepted by Panama's voters.</li> <li>2. Institutional capacity of the Electoral Tribunal is improved: <ul style="list-style-type: none"> <li>-data management and processing systems fully operational;</li> <li>-Training Office &amp; Planning Division capable of assuming all assigned tasks;</li> <li>-reorganization approved and implementation begun;</li> <li>-Civil Registry is keeping its data bases current;</li> <li>-identity card system is providing faster service and greater security;</li> <li>-improved election logistics capacity is in place;</li> </ul> </li> <li>3. Knowledge and participation of Panama's population in electoral processes is increased.</li> <li>4. Multi-party support for electoral processes is strengthened.</li> </ol>	<p>Project management information system.  Records of contractors and other participating institutions.  Project evaluations.  Public surveys.  Mission evaluation and monitoring system.</p>	<p>There are sufficient resources from all sources to provide adequate support for each element of the electoral system.  Willingness of disparate political groups/organizations to work together.  Local institutions continue to be receptive to TA.</p>
<p><b>OUTPUTS:</b>  <b>TRIBUNAL-General</b>  -planning workshop(s) completed.  -Reorgan Plan &amp; position descrip.  -Plan Div &amp; Tng Off staffs trained and equipped.  -data systems installed &amp; staffed.  -election commodities delivered.  -election and poll workers trained.  -media/Tribunal seminars  -evaluation of electoral process.  <b>TRIBUNAL-Line</b>  -Civil Registry updated.  -voter lists reconciled.  -election census published.  -national comm/info sys improved.  -promotional visits completed.  -cedulas issued.  -logistics staff trained &amp; equip.  <b>PARTIES</b>  -workshops/seminars held.  -participants trained.  <b>PUBLIC</b>  -multimedia civic ed strategy.  -messages/advertisements prepared.  -private sector messages.  -Tng Off staff trained in civic ed campaigns.</p>	<p><b>Output Indicators:</b>  <b>TRIBUNAL-General</b>  -at least 1 workshop completed by 4/93.  -Reorgan Plan &amp; 800 position descrip completed by 3/93 and 6/93 respectively.  -staffs trained &amp; equipped by 1/94.  -data systems installed &amp; staffed by 1/94.  -all commodities delivered to site by 4/94.  -48,000 workers trained.  -2 seminars held by 9/93.  -evaluation completed by 8/94.  <b>TRIBUNAL-Line</b>  -Civil Registry updated by 1/94.  -voter lists reconciled by 3/94.  -census published by 1/94.  -improvements completed by Feb 1994.  -24 promotional visits made.  -300,000 cedulas issued.  -logistics staff equipped &amp; in place by 1994 elections.  <b>PARTIES</b>  -6 workshops seminars held.  -200 participants trained.  <b>PUBLIC</b>  -strategy completed by 9/93.  -civic education campaign initiated by 9/93.  -25 messages developed for private sector use.  -staffed trained by 12/93.</p>	<p>Project management information system.  Project evaluations.  GOP/contractor records and reports.  Direct observation.</p>	<p>Adequate counterpart funding is provided in timely fashion.</p>

**BEST AVAILABLE DOCUMENT**

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<u>INPUTS:</u>	<u>Budget (US\$000):</u>		
	AID	GOP	TOTAL
Technical Assistance	\$1,288	\$ 0	\$1,288
Training	396	0	396
Commodities	1,215	2,600	3,815
Other Costs	1,086	200	1,286
Contingencies	<u>215</u>	<u>0</u>	<u>215</u>
Total	\$4,200	\$2,800	\$7,000

BEST AVAILABLE DOCUMENT

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Financial Analysis

The financial analysis of this project reflects the significance of implementation costs as illustrated in the accompanying budgets. Components of this analysis are as follows:

1. Budget summary by components
2. Project expenditures by project implementation year, divided by project component. Each component reflects technical assistance, training, commodities and other costs to be procured by the project.
3. The G.O.P. contribution by project implementation year. It includes mainly commodities to be procured by the Electoral Tribunal.

The financial plan which reflects the cost of the entire project, is divided into eight (8) separate components. These are: I. Institutional Development; II. Civil Registry; III. I.D. Card Division; IV. Electoral Division; V. Civic Education; VI. Political Parties; VII. Audit and Evaluation, and VIII. Program Support.

The analysis of the financial plan is as follows:

Component I. Institutional Development.

It is contemplated that the technical assistance that is to be made available through the project for the purposes of institutional development of the Tribunal, will be provided by IIDH/CAPEL. IIDH/CAPEL has successfully provided similar T.A. for the past two years to the Tribunal. A level of confidence has been established between the technicians of CAPEL and the officials of the Tribunal.

The assistance will consist in providing technicians who are expert in administration, budgetary analysis and preparation, computation and information management, and implementation of electoral processes. Training will be organized and provided for personnel of national, regional and municipal offices.

International election observers will be funded under this component. A major portion of their responsibility is that of providing reports of their activities following the elections. These reports will be utilized as reference material for improvement in the electoral process.

The commodities to be procured will assist in the institutional development of the Tribunal. Both the project and the Tribunal have budgeted for the procurement of commodities.

A line item has been included for contingency and administrative costs. Administrative costs are based on experience with those normally allowed for Grant Agreements with IIDH/CAPEL.

A.I.D. costs under this component are, \$1,009,305; the GOP counterpart contribution is \$604,000; for a component total of \$1,613,305.

#### Component II. Civil Registry.

The majority of the project funding under this component will be dedicated to technical assistance and training. The technical assistance will consist of a Task Force of individuals who will be contracted to input vital data of the Panamanian citizenry into the management information system of the Civil Registry. It is estimated that a force of 112 persons will require 11 to 12 months to complete the task. The GOP counterpart contribution for this component will be in the form of the procurement of commodities.

A.I.D. costs for this component are \$492,000; the GOP counterpart contribution is \$1,160,000; for a total component of \$1,652,000.

#### Component III. I.D. Card Division.

Project funding under this component will consist of the procurement of commodities to facilitate the issuance of I.D. cards (cedulas) prior to the 1994 general elections as well as examining and developing applicable methods for safeguarding the integrity of the cards.

A.I.D. funding for the component is \$726,613, and the GOP counterpart contribution is \$808,500 for a component total of \$1,535,113.

#### Component IV. Electoral Division.

The project funding under this component will primarily consist of procurement of commodities that are directly related to the election day process. In addition funding will be provided to train official election day workers.

A.I.D. funding for this component is estimated to be \$353,442 and the GOP counterpart contribution is \$27,500 for a component total of \$380,942.

#### Component V. Political Parties.

Political party system training includes the costs of a series of one day seminar/workshops for representatives of all of the legally inscribed political parties. Workshops/seminars will be held at both the national and regional levels and will explore the relationship of the Tribunal to the political party system.

Technical assistance for the development of necessary materials and

resources has been estimated to be \$45,000. The costs of implementing the seminars/workshops has been estimated to be \$55,000. Total funding for this component is \$100,000 all of which will be provided by A.I.D.

#### Component VI. Civic Education.

This component includes funds that will be provided for the implementation of the civic education, the voter awareness and voter motivation campaigns. These figures are based on actual costs incurred in similar campaigns that were directly implemented by CAPEL during the 1991 partial elections.

Approximately \$100,000 has been designated for technical assistance that will assist the Tribunal in the development of educational materials and supervise the implementation of the campaigns. \$900,000 has been estimated as implementation costs for the campaigns. Total project funding for this component is estimated to be \$1,000,000 all of which is provided by A.I.D.

#### Component VII. Audit and Evaluation.

This component includes funding for two audits scheduled to take place on an annual basis following significant project funded activities. A project evaluation has been scheduled to take place following the 1994 general Election.

Project funding of \$40,000 has been designated for two program audits. \$50,000 has been budgeted for a final program evaluation. A.I.D. will fund the total costs of this component which amount to \$90,000.

#### Component VIII. Program Support.

Component VIII, Program Support, includes costs that will be incurred in the administration of the project. A U.S. PSC will have been previously contracted as Project Manager and will be responsible for over-all implementation of the project, and will assist in providing technical assistance to the various institutional divisions of the Tribunal.

Following competitive procurement regulations an Information Management Specialist will be contracted to assist in the implementation of project related activities.

The GOP counterpart contribution by the Tribunal includes salary support for those personnel that will be directly involved with the implementation of project activities. GOP funds have also been budgeted for in-country travel of these personnel in the implementation of project activities.

Project funding which will finance the Project Manager and the Information Management Specialist has been budgeted at \$213,743 all of which is provided by A.I.D. The GOP counterpart

contribution for personnel costs and in-country travel costs of individuals directly involved in the implementation of the project is estimated to be \$200,000, for a component total of \$413,743.

Finally, a contingency of \$214,897, approximately equivalent to five percent of A.I.D. expenditures under the project, is included in the budget to cover inflation and any unanticipated costs.

TABLE I  
BUDGET SUMMARY BY COMPONENT

PROJECT 525-0317

COMPONENTS	A. I. D.	G. O. P
I. INSTITUTIONAL DEVELOPMENT		
-Technical Assistance	503,360	
-Commodities	214,945	604,000
-Training	161,000	
-Other Costs (Adm. Exp.)	130,000	
Sub-Total Component I	1,009,305	604,000
II. CIVIL REGISTRY		
-Technical Assistance	336,000	
-Commodities	31,000	1,160,000
-Training	125,000	
Sub-Total Component II	492,000	1,160,000
III. I.D. CARD DIVISION		
-Commodities	726,613	808,500
Sub-Total Component III	726,613	808,500
IV. ELECTORAL DIVISION		
-Commodities	242,325	27,500
-Training	55,384	
-Other Costs	55,733	
Sub-Total Component IV	353,442	27,500
V. POLITICAL PARTIES		
-Technical Assistance	45,000	
-Training	55,000	
Sub-Total Component V	100,000	
VI. CIVIC EDUCATION		
-Technical Assistance	100,000	
-Implementation Costs	900,000	
Sub-Total Component VI	1,000,000	
VII. AUDIT & EVALUATION		
-Audit	40,000	
-Evaluation	50,000	
Sub-Total Component VII	90,000	
VIII. PROGRAM SUPPORT		
-Project Manager	165,074	
-Information Management Specialist	48,669	
-G.O.P. Personnel		
-Salaries & Benefit Costs		180,000
-In-country travel cost		20,000
Sub-Total Component VIII	213,743	200,000
Project Contingency	214,897	
TOTAL	4,200,000	2,800,000

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TABLE II  
INSTITUTIONAL DEVELOPMENT

	YEAR 1	YEAR 2	TOTAL
TECHNICAL ASSISTANCE (a)	215,721	287,639	503,360
COMMODITIES (b)		214,945	214,945
TRAINING (c)	80,000	81,000	161,000
OTHER COSTS (d)	65,000	65,000	130,000
<b>TOTAL</b>	<b>360,721</b>	<b>648,584</b>	<b>1,009,305</b>

NOTES:

- (a) Technical assistance includes external assistance to be supplied through IIDH/CAPEL. It also includes visits from the Cuerpo de Delgados from Costa Rica (private non-partisan individuals assisting pro-bono in the election process).
- (b) Commodities are mainly office equipment and supplies to strengthen the electoral organization.
- (c) Training by IIDH/CAPEL in administration, logistics and computers.
- (d) Administrative expenses and contingency (IIDH/CAPEL).

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TABLE III  
CIVIL REGISTRY

	YEAR 1	YEAR 2	TOTAL
TECHNICAL ASSISTANCE (a)	168,000	168,000	336,000
COMMODITIES (b)	31,000		31,000
TRAINING (c)	75,000	50,000	125,000
TOTAL	274,000	218,000	492,000

NOTES:

- (a) Technical assistance consists of a Task Force of local personnel who will be contracted to complete the entry of data taken from vital Documents into the management information system of the Tribunal.
- (b) Mainly communication and office equipment and supplies to support data base updating.
- (c) Training on administration, electoral process, and budget analysis and preparation to be provided by IIDH/CAPEL.

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TABLE IV  
I.D. CARD DIVISION

	YEAR 1	YEAR 2	TOTAL
COMMODITIES (a)	561,605	165,008	726,613
TOTAL	561,605	165,008	726,613

NOTES:

(a) Commodities consists mainly of computers and office equipment and supplies to support the I.D. Card Program and activities.

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TABLE V  
ELECTORAL DIVISION

	YEAR 1	YEAR 2	TOTAL
COMMODITIES (a)	200,000	42,325	242,325
TRAINING (b)		55,384	55,384
OTHER COSTS (c)	33,440	22,293	55,733
TOTAL	233,440	120,002	353,442

NOTES:

- (a) Commodities are mainly vehicles and electoral process equipment and supplies.
- (b) Training for election day workers. It involves the training of trainers multiplier effect as well as transportation and per diem cost of training supervisors to be provided by IIDH/CAPEL.
- (c) Administrative expenses (IIDH/CAPEL).

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TABLE VI  
POLITICAL PARTIES

	YEAR 1	YEAR 2	TOTAL
TECHNICAL ASSISTANCE (a)		45,000	45,000
TRAINING (b)		55,000	55,000
TOTAL		100,000	100,000

NOTES:

- (a) Technical consultants for development and implementation of training activities for political parties to be provided by institutions such as NDI, IRI and INCAE.
- (b) Training for nationally elected politicians and other Party officials will be conducted in Panama City. Subsequent to the national training, regional and municipal level political party affiliates will receive training at the regional level. Training to be provided by institutions such as NDI, IRI and INCAE. This amount includes training materials and rental of training sites.

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TABLE VII  
CIVIC EDUCATION AND VOTER MOTIVATION CAMPAIGNS

	YEAR 1	YEAR 2	TOTAL
TECHNICAL ASSISTANCE (a)	75,000	25,000	100,000
IMPLEMENTATION COSTS:			
-CIVIC EDUCATION AND VOTER MOTIVATION	150,000	500,000	650,000
-MOTIVATION CAMPAIGN TO ENCOURAGE UP-DATING OF ELECTORAL CENSUS	250,000		250,000
TOTAL	475,000	525,000	1,000,000

NOTES:

(a) Technical assistance for the design and implementation of multi-media campaigns to be provided by IIDH/CAPEL.

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TABLE VIII  
AUDIT AND EVALUATION

	YEAR 1	YEAR 2	TOTAL
AUDIT	20,000	20,000	40,000
EVALUATION (c)		50,000	50,000
TOTAL	20,000	70,000	90,000

NOTES:

- (c) Responsibilities for audits and project evaluation will be detailed in separate contracts to be developed at a later date.

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TABLE IX  
PROGRAM SUPPORT

	YEAR 1	YEAR 2	TOTAL
A.I.D. PROJECT MANAGER (a) (c)	77,682	87,392	165,074
INFORMATION MGM'T SPECIALIST (b)	25,000	23,669	48,669
TOTAL	102,682	111,061	213,743
PROJECT CONTINGENCY (d)	107,449	107,448	214,897
TOTAL			428,640

NOTES:

- (a) Description of SOW is under Contract 525-0303-S-2212.
- (b) SOW for procurement and information management specialists will be detailed in separate contracts to be developed at a later date.
- (c) Funding for a portion of first year is under project No.525-0307.
- (d) Funds from Project Contingency will be available for unforeseen cost in all budget line items.

CIVIL REGISTRY  
G.O.P. CONTRIBUTION

ITEM	QUANTITY	DESCRIPTION	YEAR 1	YEAR 2	TOTAL
1	1	Technical Personnel for the Rehabilitation of the Civil Registry	\$53,000	\$1,000,000	
2	2	Duplicator microfilm		\$13,000	
3	15	Fax, Xerox 7024		\$25,725	
4	1	Photocopy Machine, Xerox 5028		\$6,589	
5	90	Toner for fax 7024		\$5,850	
6	12	Toner for Xerox 5028		\$1,176	
7	20	PCs, Printers, Modems, Tape and Surge Protectors for use in hospitals	\$46,328		
8	20	Software-WP51.1 and WP Works	\$8,000		
TOTAL			\$107,328	\$1,052,340	\$1,159,668

INSTITUTIONAL DEVELOPMENT  
G.O.P. CONTRIBUTION

ITEM	QUANTITY	DESCRIPTION	YEAR 1	YEAR 2	TOTAL
1	174	Electoral Registrars		\$375,840	
2	25	Field Supervisors		\$96,275	
3	1	Offset Press		\$60,000	
4	1	Welding Machine for Lithographs		\$5,000	
5	12	Shotguns	\$4,500		
6	1	Hard Disk for MB Macintosh	\$1,000		
7	4	Simms	\$400		
8	1	Computer 386		\$1,760	
9	2	Computer 286		\$1,720	
10	1	Equinox Multiphase Connector		\$575	
11	2	Printers and Surge Protectors		\$650	
12	12	Audiovisual Equipment		\$7,428	
13	12	Audiovisual Projectors	\$10,146	\$10,146	
14	12	Photocopy Machine, Xeros 5028		\$26,664	
15		and Xerox 1012 [11]			
16	27	Toner for Photocopy Machine 1012		\$1,296	
17	1	Recording Machine		\$200	
18	1	Hard Disk 80 MB		\$400	
TOTAL			\$16,046	\$587,954	\$604,000

I.D. CARD DIVISION  
G.O.P. CONTRIBUTION

ITEM	QUANTITY	DESCRIPTION	YEAR 1	YEAR 2	TOTAL
1	1	Equipment Evaluation	\$10,000		
2	875	Films for 350,000 I.D. Cards	\$83,250	* \$300,000	
3	350,0	Plastics Laminates		* \$94,500	
4	350,0	Security Paper for 350,000 I.D. Cards		* \$39,600	
5	210	Security Paper for I.D. Cards Request		* \$12,600	
6	450	Microfilm		\$33,750	
7	1,5	Special Paper		\$14,250	
8	230	Duplication Film		\$29,440	
9	1,8	Storage Containers		\$14,560	
10	75	Security Tape for Storage Container		\$975	
11	Misc.	Finger Printing Equipment	\$2,304	\$2,304	
12	40	Photographic Camera I-D4	\$78,000	* \$78,000	
13	1	Technical Study for Improvement in Finger Printing		* \$15,000	
TOTAL			\$173,554	\$634,979	\$808,533

\*This may not be necessary if a new system for the electronic filing of images is adapted. In addition the camaras will be donated following 350,000 photos if procured from Polaroid.

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PERSONNEL  
G.O.P. CONTRIBUTION

ITEM	QUANTITY	DESCRIPTION	YEAR 1	YEAR 2	TOTAL
1	4 person	Magistration Office	\$8,000	\$64,000	
	2 person	Planning Division	\$4,000	\$32,000	
2	2 person	Personnel Division	\$3,000	\$24,000	
3	1 person	Civil Registry Division	\$2,000	\$16,000	
4	1 person	Electoral Division	\$1,000	\$8,000	
5	1 person	I.D. Card Division	\$2,000	\$16,000	
		TOTAL	\$20,000	\$160,000	\$180,000
1		Travel (in country)	\$1,000	\$19,000	
		TOTAL	\$1,000	\$19,000	\$20,000

ELECTORAL DIVISION  
G.O.P. CONTRIBUTION

ITEM	QUANTITY	DESCRIPTION	YEAR 1	YEAR 2	TOTAL
1	1	PC 486, Printer, Surge Protector, Software and Toner	\$4,950		
2	2	Training Software for Time Line	\$1,000		
3	1	Photocopy Machine		\$6,600	
4	13	PCs, Printers, Surge Protectors		\$14,950	
TOTAL			\$5,950	\$21,550	\$27,500

ATTACHMENT 1 TO ANNEX 4

ASSUMPTIONS

The following assumptions were used to arrive at the A.I.D. financed budget for the Improved Electoral Administration project:

1. Technical assistance needs have been identified by the on-going CAPEL activities, and the budgeted figures arrived at in the following manner.

four consultants for one week each month

consultant salary for one week	\$750.
per diem for one week	660
rnd trp, SJO-PTY, plus incidentals	<u>328</u>
total	1,738
estimated total cost for one person month (pm)	\$6,952

Year one, 13 pms	\$90,386
Year two, 33.75 pms	234,609
Year three, 35.5 pms	247,005

2. Task force to be contracted for the entry and verification of vital data involves approximately 112 persons working for 12 months.

112 pms of effort at \$250/ month x 12 months \$336,000

3. Costs for Project Manager at \$9,710.25 monthly includes salary, travel, housing allowance and all appropriate benefits.

Project Manager (May 1, 1993 to Sept. 30, 1994) \$165,074.25

First year of contract is funded under project no. 525-0307.

4. Costs budgeted for Information Management Specialist is as a part time consultant, at \$300 per day plus travel, per diem and appropriate benefits.

Information Management Specialist \$48,669

5. Training of trainers and supervision of training of election day workers, political party poll watchers and supervision of them is budgeted as follows:

15 trainer/supervisors at \$100/daily for 20 days	\$30,000
15 trainer/supervisors at \$65 per diem/travel for 25 days	25,000

6. Approximately \$1.2 million has been budgeted for the procurement of commodities. Attachment 2 to this annex contains an updated list of those commodities. Some of the estimated unit costs are shown below:

5 Vehicles (4wd Jeep Type)	\$18,000 each
5 pick up trucks	17,000 each
Offset Printer equipment	60,000
Personal Computers	1,250 each
Printers	300 each
Polaroid Cameras (for I.D.photos)	3,900 each
Manual Typewriters	450 each
Electronic Typewriters	1,000 each
Air-conditioners	1,250 each
Photocopiers (Xerox 5028)	6,590 each
" " (Xerox 7024)	1,800 each
FAX machines	1,700 each
Emergency electrical generating plant	30,000
Portable radios	700 each

7. Administrative costs and overhead expenses for IIDH/CAPEL are budgeted at approximately 17.5%, as was charged in previous contracts.

8. Costs for six political party system training workshop/seminars are budgeted at \$9,000 each, as follows;

Organizer	
10 days x \$300	\$3,000
10 days x \$132 per diem	1,320
transportation	1,200
Speaker	
3 days x \$300	900
3 days x \$132 per-diem	396
transportation	1,200
Materials and site rental.	<u>1,000</u>
total	\$9,016

9. Costs for the civic education campaign are estimated as follows;

TV Spot production	\$5,000/spot
TV air-time	150/minute
Radio spot production	200/spot
Radio air-time	4/minute
Printed Materials	
Newspapers 1/2 page	150/page
Color Posters	.75/each
Color pamphlets	.35/each
Rural/Urban Billboards	500/each
Portable exhibits for schools/universities, etc.	1,500/each

10. \$20,000 each has been estimated for two program audits to be conducted during the LOP. \$50,000 has been estimated as the cost for a final project evaluation.

**ATTACHMENT 2 TO ANNEX 4**

**COMMODITY LIST**

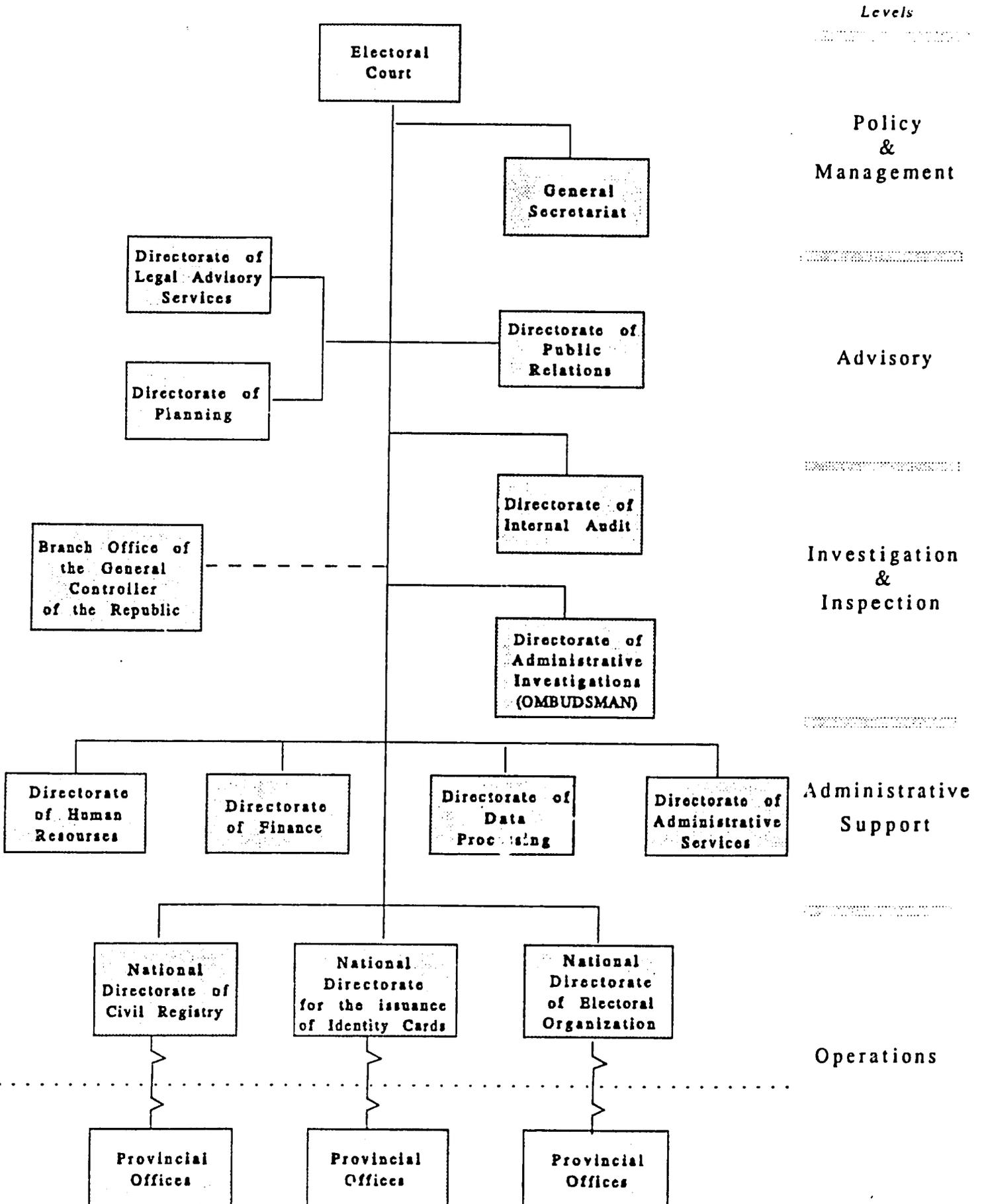
<u>ITEM</u>	<u>QTY</u>	<u>PRIORITY</u>	<u>PROB. SOURCE</u>	<u>PROB. ORIGIN</u>	<u>EST. COST</u>
4 X 4 UTILITY VEHICLES (FOUR WHEEL DRIVE)	5	2	US	US	\$ 90,000
COMPACT PICK UP DOUBLE CAB	5	2	US	US	85,000
PC, 386SX	44	1	US/PANAMA	US	54,000
PC, 486	1	1	US/PANAMA	US	3,000
PRINTERS, DOT MATRIX	41	1	US/PANAMA	935	18,000
PRINTER, LASER JET	1	1	US/PANAMA	US	6,000
MULTIPOINT PC CONNECTOR	1	1	US/PANAMA	US	600
HARD DISK, 100 MB APPLE	1	1	US/PANAMA	US	800
HARD DISK, 50 MB IBM	4	1	US/PANAMA	US	1,500
DATA BASE HARD DISKS	4	1	US/PANAMA	US	7,000
100 KVA ELECTRIC GENSET	1	1	US	US	21,000
SYBASE WITH LICENSES (3 FOR 8 USERS & 1 FOR 16 USERS)		1	PANAMA	US	\$68,000
OTHER COMPUTER SOFTWARE VAR.		1	US/PANAMA	US	23,000
FAX MACHINE	15	1	US/PANAMA	US	20,000
SECURITY FILM	875 RLS.	1	US/PANAMA	US	380,000
SECURITY PLASTIC	350,000	1	US/PANAMA	US	90,000
I.D. CARD BASE	500 BX.	1	US/PANAMA	US	54,000
I.D. PHOTO CAMERAS	40	1	US/PANAMA	US	34,500
INDELIBLE INK	4,500 BTL.	1	US/PANAMA	US/PANAMA	52,000

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<u>ITEM</u>	<u>QTY</u>	<u>PRIORITY</u>	<u>PRCB. SOURCE</u>	<u>PROB. ORIGIN</u>	<u>EST. COST</u>
MICROFILM DUPLICATOR	2	1	US/PANAMA	US	6,500
ELECTRONIC TYPEWRITERS	10	1	US/PANAMA	US	10,000
MANUAL TYPEWRITERS	62	2	US/PANAMA	935	20,000
CALCULATORS	29	2	US/PANAMA	US	4,000
PEDESTAL FANS	35	2	US/PANAMA	US	1,400
12,000 BTU AIR CONDITIONER	6	2	US/PANAMA	US	4,000
18,000 BTU AIR CONDITIONER	6	2	US/PANAMA	US	6,000
24,000 BTU AIR CONDITIONER	28	2	US/PANAMA	US	22,500
SECRETARY CHAIRS	75	2	US/PANAMA	US/PANAMA	7,000
STRAIGHT CHAIRS	13	2	US/PANAMA	US/PANAMA	1,000
EXECUTIVE CHAIRS	14	2	US/PANAMA	US/PANAMA	2,000
WAITING RM. CHAIRS	55	2	PANAMA	PANAMA	2,000
METAL FOLDING CHAIRS	68	2	US/PANAMA	US/PANAMA	2,000
SECRETARIAL DESKS, L TYPE	14	2	US/PANAMA	US/PANAMA	5,000
DESKS, 30" X 48"	32	2	US/PANAMA	US/PANAMA	6,000
FOLDING TABLES	8	2	US/PANAMA	US/PANAMA	2,000
COLOR MONITOR	12	1	US/PANAMA	935	4,000
VIDEO RECORDER	12	1	US/PANAMA	935	\$4,500
OVERHEAD PROJECTOR	12	1	US/PANAMA	US	8,000
SLIDE PROJECTOR	12	1	US/PANAMA	US	7,000
PROJECTOR SCREEN	12	1	US/PANAMA	US	3,000
MAGNETIC BOARD	12	1	US/PANAMA	US	3,000
DOUBLE CASSETTE RECORDER	1	1	US/PANAMA	935	200
PHOTOCOPIER, LARGE	1	1	US/PANAMA	US	6,500

<u>ITEM</u>	<u>QTY</u>	<u>PRIORITY</u>	<u>PROB. SOURCE</u>	<u>PROB. ORIGIN</u>	<u>EST. COST</u>
PHOTOCOPIER, DESK TOP	11	1	US/PANAMA	US	20,000
OFFSET PRINTING MACHINE	1	1	US	US	4,000
LITHOGRAPH WELDER	1	1	US/PANAMA	US	5,000
<b>TOTAL ESTIMATED COST OF COMMODITIES</b>					<b>\$ 1,215,000</b>

# Organigram of the Electoral Tribunal



# ORGANIZATION OF ELECTORAL TRIBUNAL

The Electoral Tribunal discharges its duties through a hierarchal organizational structure consisting of five distinct functional levels. These are: 1) Policy and Management; 2) Advisory; 3) Investigation and Inspection; 4) Administrative Support; and 5) Operations.

The functions of the key administrative units by level are described below:

## 1. Policy and Management Level

### a) Electoral Court

This is the highest policy and management unit of the Electoral Tribunal. It is composed of three Magistrates and a General Secretary, the latter a non-voting member. This unit is responsible for the policy decisions of the Tribunal and the management of all its activities. More specifically, these include, among others: the regulation, interpretation and application of the electoral laws; the convening of popular, general and partial elections; overseeing/implementing the process for the issuance of personal identification cards (cedulas); punishment of misdeeds and felonies against the impartiality and freedom of the electoral process; and maintenance of the Voters Registry.

### b) General Secretariat

This unit is responsible for formally issuing all official resolutions, notifications and other official documentation originating from actions by the Magistrates. It is also responsible for drafting the minutes of meetings of the Magistrates, and serves as the communication link between the public at large, public servants and the Electoral Tribunal. This unit also prepares the Tribunal's Newsletter.

## 2. Advisory Level

### a) Directorate of Legal Advisory Services

This unit is responsible for: addressing all legally related aspects of the Institution and for providing legal services required by the administrative offices; preparing manuals and reviewing all requests for naturalization; maintaining updated files and records on all legal matters related to the Electoral Tribunal or electoral matters in general; and also preparing contracts and all other legal documents required by the Magistrates.

b) Directorate of Information and Public Relations

This unit is responsible for planning and implementing all activities related to public announcements and civic information campaigns required by the Electoral Tribunal. As such, it designs, organizes and implements publicity campaigns to orient and educate the public on electoral matters; coordinates the use of audio, video and photographic systems; and it prepares and processes all required material for the editing of publications related to activities of the Institution.

c) Directorate of Planning

This unit is responsible for planning, programming and evaluating the institutional development plans; preparing administrative and procedural manuals; preparing and publishing statistical data related to the activities of the Institution; programming resources and coordinating consulting and technical assistance for the Institution; and planning all electoral events. The unit consists of the departments of Programming and Education, Statistics, Institutional Development, and Electoral Planning.

3. Investigation and Inspection Level

a) Directorate of Internal Audit

This unit is responsible for: assuring that correct accounting procedures are followed; recommending improvements to the accounting system; implementing preventive audits; establishing expenditure controls; implementing periodic analyses of balance sheet accounts; and assuring consistency in the presentation of financial reports.

b) Directorate of Administrative Investigations (Ombudsman)

This unit receives and processes complaints and suggestions from officials and the public at large. It investigates and recommends solutions to the appropriate administrative unit. It also investigates administrative irregularities and problems that may adversely affect the image and credibility of the Institution, and collaborates in arriving at solutions.

4. Administrative Support Level

a) Directorate of Human Resources

This unit is responsible for: developing methods, techniques and procedures for the selection and hiring of personnel; identifying and establishing required positions; identifying training needs and organizing training programs; and developing, amending, and applying personnel regulations. This unit is sub-divided into the departments of Computer

Assistance and Support, Classification, Recruitment and Selection, Employee Benefits, Training, and Control and Assistance.

b) Directorate of Finance

Functions discharged by this unit include budget preparation and control, payroll and accounting, including the preparation of accurate financial reports. This unit is sub-divided into the departments of Budget and Accounting.

c) Directorate of Data Processing

This office is responsible for planning, coordinating and directing activities related to analyses, development, installation and maintenance of data processing equipment; it provides advisory computer services throughout the Institution; and prepares the voter lists. In the discharge of these functions, this unit is sub-divided into the departments of Programs and Analyses, Technical Support, Data Processing and Data Base Management.

d) Administrative Directorate

This office is responsible for the organization, coordination, direction and control of all the administrative support services for the Institution. To adequately discharge these functions it is sub-divided into the departments of Procurement, Transportation, Printing and General Services.

5. Operations Level

a) National Directorate of Civil Registry

This unit is responsible for the official registration of births, deaths, marriages, naturalizations and all other legal actions related to the civil status of residents and for the issuance of copies and certifications of related public documents. The unit is sub-divided into the departments of Civil Registry, and Records and Microfilm; and the sections of Data Collection and Review, Correspondence. In addition, it has ten provincial/regional offices.

b) National Directorate of Identity Cards (Cedulas)

This office is responsible for the issuance of personal identity cards to residents, 18 years old and over, according to constitutional and legal criteria. It has the departments of Identity Cards Application, Records and Microfilm, Dactyloscopy, Photography and ten provincial/regional offices.

c) National Directorate of Electoral Organization

This unit is responsible for organizing all electoral events convened by the Electoral Tribunal, implementing electoral censuses, establishing and updating the electoral registry, training electoral officials and personnel and safeguarding all electoral documentation. The unit is made up of the departments of Political Affairs and Electoral Lists, Cartography, Electoral officials, Data Collection and Review and has ten provincial/regional offices.

# ELECTORAL TRIBUNAL

Number of Employees  
by  
Administrative Unit

	<u>Number of Employees</u>
<u>Policy and Management Level</u>	<u>36</u>
- Electoral Court	20
- General Secretariat	16
<u>Advisory Level</u>	<u>36</u>
- Directorate of Legal Advisory Services	14
- Directorate of Information and Public Relations	10
- Directorate of Planning	12
<u>Investigation and Inspection Level</u>	<u>19</u>
- Office of the General Controller of the Republic	5
- Directorate of Internal Audit	7
- Directorate of Administrative Investigations (Ombudsman)	7
<u>Administrative Support Level</u>	<u>137</u>
- Directorate of Human Resources	20
- Directorate of Finance	21
- Directorate of Data Processing	26
- Administrative Directorate	70
<u>Operations Level</u>	<u>691</u>
- National Directorate of Civil Registry	223
- National Directorate of Identity Cards (Cedulas)	262
- National Directorate of Electoral Organization	206
<b>Total</b>	<b><u>919</u></b>



U.S. AGENCY FOR  
INTERNATIONAL  
DEVELOPMENT

LAC-IEE-92-33

**ENVIRONMENTAL THRESHOLD DECISION**

Project Location : Panama

Project Title : Improved Election Administration

Project Number : 525-0317

Funding : \$4,500,000

Life of Project : 3 years

IEE Prepared by : Robert P. Mathia, USAID/Panama  
Program and Project Development

Recommended Threshold Decision: Categorical Exclusion

Bureau Threshold Decision : Concur with Recommendation

Comments : None

Copy to : Thomas Stukel, Director  
USAID/Panama

Copy to : Robert Mathia, USAID/Panama/PPD

Copy to : David Gardella, USAID/Panama  
Environmental Officer

Copy to : Wayne Williams, REA/CEN

Copy to : Mark Silverman, LAC/DR/CEN

Copy to : Mary Ann Riegelman, LAC/CEN

Copy to : SEE File

*John O Wilson* Date MAY 28 1992  
John O. Wilson  
Deputy Chief Environmental Officer  
Bureau for Latin America  
and the Caribbean

## INITIAL ENVIRONMENTAL EXAMINATION

Project Location : Panama  
Project Title : Improved Election Administration Project  
Project Number : 525-0317  
Funding : \$4,500,000  
Life of Project : 3 years  
IEE Prepared By : Robert P. Mathia  
Office of Program and Project Development

PROJECT DESCRIPTION: The proposed Project continues activities initiated under the Aid to the Electoral Tribunal component of the Democratic Initiatives Project (No. 525-0307). The purpose of the Project is to improve the technical and administrative capacity of the Government of Panama's Electoral Tribunal to conduct free and fair elections. The Project has the following three major activities:

1. Improving election administration: The Project will finance counterpart exchange visits, technical assistance and training by regional election experts to carry out legislative analysis; streamline and modernize the Civil Registry; restructure and upgrade voter registration procedures and equipment; conduct in-service and short-term training courses, and develop and implement a national strategy for training poll workers and election observers.

2. Strengthening internal administration and financial management: Technical assistance and training will be provided to the Tribunal to improve operations and efficiency through the modernization and improvement of management procedures and organization. In addition, administrative controls, financial management and internal audit procedures will be strengthened.

3. Building a constituency for the electoral process: The Project will provide resources for a major civic education and public relations effort to overcome the public's lingering distrust of the electoral process and the Tribunal. It will also provide technical assistance and training to the media and to the political parties in order to foster support for a non-partisan Electoral Tribunal and election process.

In summary, the Project will finance technical assistance and training to assist in carrying out all three of the above activities and commodities for improvement of the civil registry and the conduct of elections.

STATEMENT OF CATEGORICAL EXCLUSION: It is the opinion of USAID/Panama that the Project does not require an Initial

Environmental Examination, and that it is exempt from A.I.D.'s environmental procedures because its activities are within the class of actions described in Section 216.2, paragraph (c) (1) (i) and paragraph (c) (2) (i) of 22 CFR part 216 on "Categorical Exclusions", which read as follows:

Section 216.2 (c) (1) (i)

"The action does not have an effect on the natural or physical environment," and

Section 216.2 (c) (2) (i)

"Education, technical assistance, or training programs except to the extent such programs include activities affecting the environment (such as construction of facilities, etc.)."

CONCURRENCE OF MISSION ENVIRONMENTAL OFFICER:

I have reviewed the above statement and concur in the determination that the Improved Election Administration Project does not require an Initial Environmental Examination nor further environmental analysis under A.I.D.'s environmental procedures.

*David S. Gardella*

David S. Gardella  
Environmental Officer  
USAID/Panama

Date: 5/22/92

Drafted: PPD	: RMathia		
Cleared: PPD	: JClary	<i>JAC</i>	<i>RM</i>
	OPA : DMcFarland	<i>DMF</i>	<i>DMF</i>
	OPA : RMurphy	<i>RM</i>	<i>RM</i>
	CONT : HDorcus	<i>HD</i>	<i>HD</i>
	D/DIR: KKelly	<i>KK</i>	<i>KK</i>
	DIR : TStukel	<i>TS</i>	<i>TS</i>

*5/20/92*

Date: 5-20-92

Date: 5-8-92

Date: 5-22/92

Date: 5/21/92

Date: 5/21/92

Date: 5/21/92

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ANNEX 7

**RECEIVED**  
18 SET. 1992

1757

República de Panamá

Ministerio de Planificación y Política Económica

4 de septiembre de 1992.  
CENA/222

Señor  
**KEVIN KELLY**  
Director de la  
de los Estados  
Desarrollo Inter  
E. S.

OFFICE	AD	ADM	EXO	EXOPRO	EXOPLE	EXOPTI	EXOCOTI	EXOCADM	EXOCOMP	EXOSHU	EXOMANT	PPD	OSIPES	COINT	OFA	PRO	OSPP	SDA	HOUSING	CHROCI	PREADEP	OTHEP	C.R.	DATE	ACTION	ATTACH	INITIALS

Señor Kelly:

El Consejo Económico Nacional en sesión celebrada el 4 de septiembre de 1992, emitió opinión favorable al Convenio de Donación a suscribirse entre el Gobierno de la República de Panamá y la Agencia de los Estados Unidos para el Desarrollo Internacional (A.I.D.), dirigido a mejorar la capacidad del Tribunal Electoral, promoviendo el establecimiento en Panamá, de un proceso electoral confiable y efectivo, que permita celebrar elecciones libres, justas y transparentes.

Bajo los términos de este Convenio, la A.I.D. donará una suma inicial que no excederá B/.1,255,600.00 (UN MILLON DOSCIENTOS CINCUENTA Y CINCO MIL SEISCIENTOS BALBOAS CON 00/100), y recursos adicionales de hasta B/.2,944,400.00 (DOS MILLONES NOVECIENTOS CUARENTA Y CUATRO MIL CUATROCIENTOS BALBOAS CON 00/100), sujetos a la disponibilidad de fondos por parte de la A.I.D. para este propósito, y al acuerdo mutuo de las partes. El Gobierno de Panamá, proveerá recursos que no serán inferiores al equivalente de B/.2,800,000.00 (DOS MILLONES OCHOCIENTOS MIL BALBOAS CON 00/100), incluyendo costos sufragados en especie.

Simultáneamente, estamos solicitando la inclusión de este tema en la agenda del próximo Consejo de Gabinete, para que procedamos a la definición formal mediante la firma del Convenio.

Sin otro particular, nos suscribimos con muestras de consideración y respeto.

Atentamente,

**BEST AVAILABLE DOCUMENT**



*[Signature]*  
**LIC. DELIA CARDENAS**  
MINISTRA

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COURTESY TRANSLATION

Dated September 4, 1992  
Letter No. CENA/222

Mr. Kevin Kelly  
Director  
USAID  
Panama

Mr. Kelly:

The National Economic Council in a meeting held on September 4, 1992 expressed a favorable opinion regarding the Grant Agreement to be signed by the Government of the Republic of Panama and the U.S. Agency for International Development (A.I.D.) directed toward improving the capacity of the Electoral Tribunal and to promoting the establishment in Panama, of a credible and effective electoral process which will permit the implementation of free, just and transparent elections.

Under the terms of this Agreement, A.I.D. will donate an initial sum, not to exceed \$1,255,600.00 (One million Two Hundred and Fifty-Five Thousand Six Hundred Balboas and 00/100), and additional resources up to B/.2,944,400.00 (Two Million Nine Hundred Forty Four Thousand Four Hundred Balboas and 00/100) subject to the availability of funds by A.I.D. for this purpose and the mutual agreement by the parties. The Government of Panama will provide resources which will not be less than the equivalent of B/.2,800,000 (Two Million Eight Hundred Thousand Balboas and 00/100), including in-kind costs.

Simultaneously, we are requesting the inclusion of this subject on the agenda of the next meeting of the Cabinet Council in order that we may proceed to sign and formalize the Agreement.

Please accept our esteem consideration and respect.

Sincerely,

Lic. Delia Cárdenas  
Minister

*República de Panamá*  
*Tribunal Electoral*

NOTA NO. 233-MP-92

23 de junio de 1992

Señor  
Thomas W. Stukel  
Director  
U.S.A.I.D.  
Ciudad



06-165

Estimado señor Stukel:

Con la presente me dirijo a usted con el fin de solicitar el apoyo de la Agencia Internacional para el Desarrollo para la ejecución de un proyecto cuyo fin es el mejoramiento y fortalecimiento tanto de la administración del proceso Electoral como de la capacidad de nuestra institución, al igual que aumentar el conocimiento y participación del pueblo panameño en el proceso democrático.

El proyecto, que ha sido diseñado con el apoyo de los oficiales de la agencia que usted representa, tendrá un costo estimado de aproximadamente Siete millones de balboas (B/.7,000,000), de los cuales Cuatro millones doscientos mil balboas (B/.4,200,000) corresponden a fondos de donación de los Estados Unidos y su equivalente de Dos millones ochocientos mil balboas (B/.2,800,000), será aportado como contraparte por el Gobierno de Panamá.

Este proyecto coincide con las políticas definidas por esta institución y por lo tanto, es importante que firmemos el convenio a su más pronta conveniencia.

De usted con toda consideración.

**BEST AVAILABLE DOCUMENT**

*Guillermo Márquez*  
Magistrado Presidente

GMA/ea

OFFICE	ACTCH	INFO
MD		✓
DND		✓
EXO		✓
EXOPROC		
EXOSPEH		
EXOPREP		
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**COURTESY TRANSLATION**

LETTER NO. 233-MP-92

Dated June 23, 1992

Mr. Thomas W. Stukel  
Director  
U.S.A.I.D.  
Panama

Dear Mr. Stukel:

This is to request assistance from the Agency for International Development for the implementation of a project to improve and strengthen the administration of the electoral process, as well as to strengthen the capacity of our institution in order to increase the knowledge and the participation of the Panamanian people in the democratic process.

This project which was designed with the assistance of officials of the Agency that you represent, will have an estimated cost of approximately Seven Million Dollars (\$7,000,000), of which Four Million Two Hundred Thousand Dollars (\$4,200,000) correspond to grant funds of the United States and its equivalent of Two Million Eight Hundred Thousand Dollars (\$2,800,000), will be the Government of Panama's contribution to the project.

This project complies with the policies established by this institution and therefore, it is important that we sign the agreement at your earliest convenience.

With our consideration.

Guillermo Márquez  
Magistrate President

"IMPROVED ELECTORAL ADMINISTRATION"  
**5C(2) - ASSISTANCE CHECKLIST**

Listed below are statutory criteria applicable to the assistance resources themselves, rather than to the eligibility of a country to receive assistance. This section is divided into three parts. Part A includes criteria applicable to both Development Assistance and Economic Support Fund resources. Part B includes criteria applicable only to Development Assistance resources. Part C includes criteria applicable only to Economic Support Funds.

CROSS REFERENCE: IS COUNTRY CHECKLIST UP TO DATE?

**A. CRITERIA APPLICABLE TO BOTH DEVELOPMENT ASSISTANCE AND ECONOMIC SUPPORT FUNDS**

**1. Host Country Development Efforts** (FAA Sec. 601(a)): Information and conclusions on whether assistance will encourage efforts of the country to:

- (a) increase the flow of international trade;
- (b) foster private initiative and competition;
- (c) encourage development and use of cooperatives, credit unions, and savings and loan associations;
- (d) discourage monopolistic practices;
- (e) improve technical efficiency of industry, agriculture, and commerce; and
- (f) strengthen free labor unions.

N.A.

**2. U.S. Private Trade and Investment** (FAA Sec. 601(b)): Information and conclusions on how assistance will encourage U.S. private trade and investment abroad and encourage private U.S. participation in foreign assistance programs (including use of private trade channels and the services of U.S. private enterprise).

N.A.

**3. Congressional Notification**

**a. General requirement (FY 1991 Appropriations Act Secs. 523 and 591; FAA Sec. 634A):** If money is to be obligated for an activity not previously justified to Congress, or for an amount in excess of amount previously justified to Congress, has Congress been properly notified (unless the notification requirement has been waived because of substantial risk to human health or welfare)?

CN expired on July 13, 1992

**b. Notice of new account obligation (FY 1991 Appropriations Act Sec. 514):** If funds are being obligated under an appropriation account to which they were not appropriated, has the President consulted with and provided a written justification to the House and Senate Appropriations Committees and has such obligation been subject to regular notification procedures?

N.A.

**c. Cash transfers and nonproject sector assistance (FY 1991 Appropriations Act Sec. 575(b)(3)):** If funds are to be made available in the form of cash transfer or nonproject sector assistance, has the Congressional notice included a detailed description of how the funds will be used, with a discussion of U.S. interests to be served and a description of any economic policy reforms to be promoted?

N.A.

**4. Engineering and Financial Plans (FAA Sec. 611(a)):** Prior to an obligation in excess of \$500,000, will there be: (a) engineering, financial or other plans necessary to carry out the assistance; and (b) a reasonably firm estimate of the cost to the U.S. of the assistance?

N.A.

**5. Legislative Action (FAA Sec. 611(a)(2)):** If legislative action is required within recipient country with respect to an obligation in excess of \$500,000, what is the basis for a reasonable expectation that such action

N.A.

will be completed in time to permit orderly accomplishment of the purpose of the assistance?

6. **Water Resources** (FAA Sec. 611(b); FY 1991 Appropriations Act Sec. 501): If project is for water or water-related land resource construction, have benefits and costs been computed to the extent practicable in accordance with the principles, standards, and procedures established pursuant to the Water Resources Planning Act (42 U.S.C. 1962, et seq.)? (See A.I.D. Handbook 3 for guidelines.)

N.A.

7. **Cash Transfer and Sector Assistance** (FY 1991 Appropriations Act Sec. 575(b)): Will cash transfer or nonproject sector assistance be maintained in a separate account and not commingled with other funds (unless such requirements are waived by Congressional notice for nonproject sector assistance)?

N.A.

8. **Capital Assistance** (FAA Sec. 611(e)): If project is capital assistance (e.g., construction), and total U.S. assistance for it will exceed \$1 million, has Mission Director certified and Regional Assistant Administrator taken into consideration the country's capability to maintain and utilize the project effectively?

N.A.

9. **Multiple Country Objectives** (FAA Sec. 601(a)): Information and conclusions on whether projects will encourage efforts of the country to: (a) increase the flow of international trade; (b) foster private initiative and competition; (c) encourage development and use of cooperatives, credit unions, and savings and loan associations; (d) discourage monopolistic practices; (e) improve technical efficiency of industry, agriculture and commerce; and (f) strengthen free labor unions.

N.A.

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10. **U.S. Private Trade** (FAA Sec. 601(b)): Information and conclusions on how project will encourage U.S. private trade and investment abroad and encourage private U.S. participation in foreign assistance programs (including use of private trade channels and the services of U.S. private enterprise).

N.A.

11. **Local Currencies**

a. **Recipient Contributions** (FAA Secs. 612(b), 636(h)): Describe steps taken to assure that, to the maximum extent possible, the country is contributing local currencies to meet the cost of contractual and other services, and foreign currencies owned by the U.S. are utilized in lieu of dollars.

Panama uses the U.S. dollar

b. **U.S.-Owned Currency** (FAA Sec. 612(d)): Does the U.S. own excess foreign currency of the country and, if so, what arrangements have been made for its release?

N.A.

c. **Separate Account** (FY 1991 Appropriations Act Sec. 575). If assistance is furnished to a foreign government under arrangements which result in the generation of local currencies:

N.A.

(1) Has A.I.D. (a) required that local currencies be deposited in a separate account established by the recipient government, (b) entered into an agreement with that government providing the amount of local currencies to be generated and the terms and conditions under which the currencies so deposited may be utilized, and (c) established by agreement the responsibilities of A.I.D. and that government to monitor and account for deposits into and disbursements from the separate account?

(2) Will such local currencies, or an equivalent amount of local currencies, be used only to carry out the purposes of the DA or ESF chapters of the FAA (depending on which chapter is the source of the assistance) or for the administrative requirements of the United States Government? N.A.

(3) Has A.I.D. taken all appropriate steps to ensure that the equivalent of local currencies disbursed from the separate account are used for the agreed purposes? N.A.

(4) If assistance is terminated to a country, will any unencumbered balances of funds remaining in a separate account be disposed of for purposes agreed to by the recipient government and the United States Government? N.A.

## 12. Trade Restrictions

a. **Surplus Commodities (FY 1991 Appropriations Act Sec. 521(a)):** If assistance is for the production of any commodity for export, is the commodity likely to be in surplus on world markets at the time the resulting productive capacity becomes operative, and is such assistance likely to cause substantial injury to U.S. producers of the same, similar or competing commodity? N.A.

b. **Textiles (Lautenberg Amendment) (FY 1991 Appropriations Act Sec. 521(c)):** Will the assistance (except for programs in Caribbean Basin Initiative countries under U.S. Tariff Schedule "Section 807," which allows reduced tariffs on articles assembled abroad from U.S.-made components) be used directly to procure feasibility studies, prefeasibility studies, or project profiles of potential investment in, or to assist the establishment of facilities specifically designed for, the manufacture for export to the United States or to third country markets in direct competition with U.S. exports, of N.A.

textiles, apparel, footwear, handbags, flat goods (such as wallets or coin purses worn on the person), work gloves or leather wearing apparel?

13. **Tropical Forests (FY 1991 Appropriations Act Sec. 533(c)(3)):** Will funds be used for any program, project or activity which would (a) result in any significant loss of tropical forests, or (b) involve industrial timber extraction in primary tropical forest areas? **NO**

14. **PVO Assistance**

a. **Auditing and registration (FY 1991 Appropriations Act Sec. 537):** If assistance is being made available to a PVO, has that organization provided upon timely request any document, file, or record necessary to the auditing requirements of A.I.D., and is the PVO registered with A.I.D.? **YES**

b. **Funding sources (FY 1991 Appropriations Act, Title II, under heading "Private and Voluntary Organizations"):** If assistance is to be made to a United States PVO (other than a cooperative development organization), does it obtain at least 20 percent of its total annual funding for international activities from sources other than the United States Government? **YES**

15. **Project Agreement Documentation (State Authorization Sec. 139 (as interpreted by conference report)):** Has confirmation of the date of signing of the project agreement, including the amount involved, been cabled to State L/T and A.I.D. LEG within 60 days of the agreement's entry into force with respect to the United States, and has the full text of the agreement been pouched to those same offices? (See Handbook 3, Appendix 6G for agreements covered by this provision). **This Agreement does not have to be reported.**

16. **Metric System** (Omnibus Trade and Competitiveness Act of 1988 Sec. 5164, as interpreted by conference report, amending Metric Conversion Act of 1975 Sec. 2, and as implemented through A.I.D. policy):  
Does the assistance activity use the metric system of measurement in its procurements, grants, and other business-related activities, except to the extent that such use is impractical or is likely to cause significant inefficiencies or loss of markets to United States firms? Are bulk purchases usually to be made in metric, and are components, subassemblies, and semi-fabricated materials to be specified in metric units when economically available and technically adequate? Will A.I.D. specifications use metric units of measure from the earliest programmatic stages, and from the earliest documentation of the assistance processes (for example, project papers) involving quantifiable measurements (length, area, volume, capacity, mass and weight), through the implementation stage?

YES

17. **Women in Development** (FY 1991 Appropriations Act, Title II, under heading "Women in Development"): Will assistance be designed so that the percentage of women participants will be demonstrably increased?

YES

18. **Regional and Multilateral Assistance** (FAA Sec. 209): Is assistance more efficiently and effectively provided through regional or multilateral organizations? If so, why is assistance not so provided? Information and conclusions on whether assistance will encourage developing countries to cooperate in regional development programs.

Yes. The project will use regional organizations such as CAPEL to provide assistance.

19. **Abortions** (FY 1991 Appropriations Act, Title II, under heading "Population, DA," and Sec. 525):

a. Will assistance be made available to any organization or program which, as determined by the President, supports or participates in the management of a program of coercive abortion or involuntary sterilization? N.A.

b. Will any funds be used to lobby for abortion? N.A.

20. **Cooperatives** (FAA Sec. 111): Will assistance help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward a better life? N.A.

21. **U.S.-Owned Foreign Currencies** Panama uses the U.S. dollar.

a. **Use of currencies** (FAA Secs. 612(b), 636(h); FY 1991 Appropriations Act Secs. 507, 509): Describe steps taken to assure that, to the maximum extent possible, foreign currencies owned by the U.S. are utilized in lieu of dollars to meet the cost of contractual and other services.

b. **Release of currencies** (FAA Sec. 612(d)): Does the U.S. own excess foreign currency of the country and, if so, what arrangements have been made for its release? Panama uses the U.S. dollar.

22. **Procurement**

a. **Small business** (FAA Sec. 602(a)): Are there arrangements to permit U.S. small business to participate equitably in the furnishing of commodities and services financed? YES

b. **U.S. procurement** (FAA Sec. 604(a)): Will all procurement be from the U.S. except as otherwise determined by the President or determined under delegation from him? YES

c. **Marine insurance** (FAA Sec. 604(d)): If the cooperating country discriminates against marine insurance companies authorized to do business in the U.S., will commodities be insured in the United States against marine risk with such a company? N.A.

d. **Non-U.S. agricultural procurement** (FAA Sec. 604(e)): If non-U.S. procurement of agricultural commodity or product thereof is to be financed, is there provision against such procurement when the domestic price of such commodity is less than parity? (Exception where commodity financed could not reasonably be procured in U.S.) N.A.

e. **Construction or engineering services** (FAA Sec. 604(g)): Will construction or engineering services be procured from firms of advanced developing countries which are otherwise eligible under Code 941 and which have attained a competitive capability in international markets in one of these areas? (Exception for those countries which receive direct economic assistance under the FAA and permit United States firms to compete for construction or engineering services financed from assistance programs of these countries.) N.A.

f. **Cargo preference shipping** (FAA Sec. 603): Is the shipping excluded from compliance with the requirement in section 101(b) of the Merchant Marine Act of 1936, as amended, that at least 50 percent of the gross tonnage of commodities (computed separately for dry bulk carriers, dry cargo liners, and tankers) financed shall be transported on privately owned U.S. flag commercial vessels to the extent such vessels are available at fair and reasonable rates? N.A.

g. **Technical assistance** (FAA Sec. 621(a)): If technical assistance is financed, will such assistance be furnished by private enterprise on a contract basis to the fullest extent practicable? Will the YES

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facilities and resources of other Federal agencies be utilized, when they are particularly suitable, not competitive with private enterprise, and made available without undue interference with domestic programs?

**h. U.S. air carriers**

YES

(International Air Transportation Fair Competitive Practices Act, 1974): If air transportation of persons or property is financed on grant basis, will U.S. carriers be used to the extent such service is available?

**i. Termination for convenience**

YES

of U.S. Government (FY 1991 Appropriations Act Sec. 504): If the U.S. Government is a party to a contract for procurement, does the contract contain a provision authorizing termination of such contract for the convenience of the United States?

**j. Consulting services**

YES

(FY 1991 Appropriations Act Sec. 524): If assistance is for consulting service through procurement contract pursuant to 5 U.S.C. 3109, are contract expenditures a matter of public record and available for public inspection (unless otherwise provided by law or Executive order)?

**k. Metric conversion**

YES

(Omnibus Trade and Competitiveness Act of 1988, as interpreted by conference report, amending Metric Conversion Act of 1975 Sec. 2, and as implemented through A.I.D. policy): Does the assistance program use the metric system of measurement in its procurements, grants, and other business-related activities, except to the extent that such use is impractical or is likely to cause significant inefficiencies or loss of markets to United States firms? Are bulk purchases usually to be made in metric, and are components, subassemblies, and semi-fabricated materials to be specified in metric units when economically available and technically adequate? Will A.I.D. specifications use metric units of measure from the earliest programmatic stages, and from the earliest

documentation of the assistance processes (for example, project papers) involving quantifiable measurements (length, area, volume, capacity, mass and weight), through the implementation stage?

**1. Competitive Selection**

YES

**Procedures (FAA Sec. 601(e)):** Will the assistance utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise?

**23. Construction**

**a. Capital project (FAA Sec. 601(d)):** If capital (e.g., construction) project, will U.S. engineering and professional services be used?

N.A.

**b. Construction contract (FAA Sec. 611(c)):** If contracts for construction are to be financed, will they be let on a competitive basis to maximum extent practicable?

N.A.

**c. Large projects, Congressional approval (FAA Sec. 620(k)):** If for construction of productive enterprise, will aggregate value of assistance to be furnished by the U.S. not exceed \$100 million (except for productive enterprises in Egypt that were described in the Congressional Presentation), or does assistance have the express approval of Congress?

N.A.

**24. U.S. Audit Rights (FAA Sec. 301(d)):** If fund is established solely by U.S. contributions and administered by an international organization, does Comptroller General have audit rights?

N.A.

**25. Communist Assistance (FAA Sec. 620(h)).** Do arrangements exist to insure that United States foreign aid is not used in a manner which, contrary to the best interests of the United States, promotes or assists the foreign aid projects or activities of the Communist-bloc countries?

YES

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**26. Narcotics**

a. **Cash reimbursements** (FAA Sec. 483): Will arrangements preclude use of financing to make reimbursements, in the form of cash payments, to persons whose illicit drug crops are eradicated? YES

b. **Assistance to narcotics traffickers** (FAA Sec. 487): Will arrangements take "all reasonable steps" to preclude use of financing to or through individuals or entities which we know or have reason to believe have either: (1) been convicted of a violation of any law or regulation of the United States or a foreign country relating to narcotics (or other controlled substances); or (2) been an illicit trafficker in, or otherwise involved in the illicit trafficking of, any such controlled substance? YES

27. **Expropriation and Land Reform** (FAA Sec. 620(g)): Will assistance preclude use of financing to compensate owners for expropriated or nationalized property, except to compensate foreign nationals in accordance with a land reform program certified by the President? YES

28. **Police and Prisons** (FAA Sec. 660): Will assistance preclude use of financing to provide training, advice, or any financial support for police, prisons, or other law enforcement forces, except for narcotics programs? YES

29. **CIA Activities** (FAA Sec. 662): Will assistance preclude use of financing for CIA activities? YES

30. **Motor Vehicles** (FAA Sec. 636(i)): Will assistance preclude use of financing for purchase, sale, long-term lease, exchange or guaranty of the sale of motor vehicles manufactured outside U.S., unless a waiver is obtained? YES

31. **Military Personnel** (FY 1991 Appropriations Act Sec. 503): Will assistance preclude use of financing to pay pensions, annuities, retirement pay, or adjusted service compensation for prior or current military personnel? YES
32. **Payment of U.N. Assessments** (FY 1991 Appropriations Act Sec. 505): Will assistance preclude use of financing to pay U.N. assessments, arrearages or dues? YES
33. **Multilateral Organization Lending** (FY 1991 Appropriations Act Sec. 506): Will assistance preclude use of financing to carry out provisions of FAA section 209(d) (transfer of FAA funds to multilateral organizations for lending)? YES
34. **Export of Nuclear Resources** (FY 1991 Appropriations Act Sec. 510): Will assistance preclude use of financing to finance the export of nuclear equipment, fuel, or technology? YES
35. **Repression of Population** (FY 1991 Appropriations Act Sec. 511): Will assistance preclude use of financing for the purpose of aiding the efforts of the government of such country to repress the legitimate rights of the population of such country contrary to the Universal Declaration of Human Rights? YES
36. **Publicity or Propoganda** (FY 1991 Appropriations Act Sec. 516): Will assistance be used for publicity or propaganda purposes designed to support or defeat legislation pending before Congress, to influence in any way the outcome of a political election in the United States, or for any publicity or propaganda purposes not authorized by Congress? NO

37. **Marine Insurance** (FY 1991 Appropriations Act Sec. 563): Will any A.I.D. contract and solicitation, and subcontract entered into under such contract, include a clause requiring that U.S. marine insurance companies have a fair opportunity to bid for marine insurance when such insurance is necessary or appropriate?

YES

38. **Exchange for Prohibited Act** (FY 1991 Appropriations Act Sec. 569): Will any assistance be provided to any foreign government (including any instrumentality or agency thereof), foreign person, or United States person in exchange for that foreign government or person undertaking any action which is, if carried out by the United States Government, a United States official or employee, expressly prohibited by a provision of United States law?

NO

B. **CRITERIA APPLICABLE TO DEVELOPMENT ASSISTANCE ONLY**

1. **Agricultural Exports (Bumpers Amendment)** (FY 1991 Appropriations Act Sec. 521(b), as interpreted by conference report for original enactment): If assistance is for agricultural development activities (specifically, any testing or breeding feasibility study, variety improvement or introduction, consultancy, publication, conference, or training), are such activities: (1) specifically and principally designed to increase agricultural exports by the host country to a country other than the United States, where the export would lead to direct competition in that third country with exports of a similar commodity grown or produced in the United States, and can the activities reasonably be expected to cause substantial injury to U.S. exporters of a similar agricultural commodity; or (2) in support of research that is intended primarily to benefit U.S. producers?

N.A.

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2. **Tied Aid Credits** (FY 1991 Appropriations Act, Title II, under heading "Economic Support Fund"): Will DA funds be used for tied aid credits? NO
3. **Appropriate Technology** (FAA Sec. 107): Is special emphasis placed on use of appropriate technology (defined as relatively smaller, cost-saving, labor-using technologies that are generally most appropriate for the small farms, small businesses, and small incomes of the poor)? YES
4. **Indigenous Needs and Resources** (FAA Sec. 281(b)): Describe extent to which the activity recognizes the particular needs, desires, and capacities of the people of the country; utilizes the country's intellectual resources to encourage institutional development; and supports civic education and training in skills required for effective participation in governmental and political processes essential to self-government. The project will provide training and other technical assistance as well as equipment to strengthen democratic institutions such as the Panamanian electoral tribunal and will encourage public participation in elections.
5. **Economic Development** (FAA Sec. 101(a)): Does the activity give reasonable promise of contributing to the development of economic resources, or to the increase of productive capacities and self-sustaining economic growth? N.A.
6. **Special Development Emphases** (FAA Secs. 102(b), 113, 281(a)): Describe extent to which activity will: (a) effectively involve the poor in development by extending access to economy at local level, increasing labor-intensive production and the use of appropriate technology, dispersing investment from cities to small towns and rural areas, and insuring wide participation of the poor in the benefits of development on a sustained basis, using appropriate U.S. institutions; (b) encourage democratic private and local governmental institutions; (c) support the self-help efforts of developing countries; (d) promote the participation of women in the national economies of developing countries. By strengthening electoral institutions and providing civic education, the project will encourage the participation of Panamanians in public life and hence in the development efforts of their own country.

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and the improvement of women's status; and  
(e) utilize and encourage regional  
cooperation by developing countries.

7. **Recipient Country Contribution** (FAA Secs. 110, 124(d)): Will the recipient country provide at least 25 percent of the costs of the program, project, or activity with respect to which the assistance is to be furnished (or is the latter cost-sharing requirement being waived for a "relatively least developed" country)? **YES**

8. **Benefit to Poor Majority** (FAA Sec. 128(b)): If the activity attempts to increase the institutional capabilities of private organizations or the government of the country, or if it attempts to stimulate scientific and technological research, has it been designed and will it be monitored to ensure that the ultimate beneficiaries are the poor majority? **YES**

9. **Abortions** (FAA Sec. 104(f); FY 1991 Appropriations Act, Title II, under heading "Population, DA," and Sec. 535):

a. Are any of the funds to be used for the performance of abortions as a method of family planning or to motivate or coerce any person to practice abortions? **N.A.**

b. Are any of the funds to be used to pay for the performance of involuntary sterilization as a method of family planning or to coerce or provide any financial incentive to any person to undergo sterilizations? **N.A.**

c. Are any of the funds to be made available to any organization or program which, as determined by the President, supports or participates in the management of a program of coercive abortion or involuntary sterilization? **N.A.**

d. Will funds be made available only to voluntary family planning projects which offer, either directly or through referral to, or information about access to, a broad range of family planning methods and services?

N.A.

e. In awarding grants for natural family planning, will any applicant be discriminated against because of such applicant's religious or conscientious commitment to offer only natural family planning?

N.A.

f. Are any of the funds to be used to pay for any biomedical research which relates, in whole or in part, to methods of, or the performance of, abortions or involuntary sterilization as a means of family planning?

N.A.

g. Are any of the funds to be made available to any organization if the President certifies that the use of these funds by such organization would violate any of the above provisions related to abortions and involuntary sterilization?

N.A.

10. **Contract Awards (FAA Sec. 601(e)):** Will the project utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise?

YES

11. **Disadvantaged Enterprises (FY 1991 Appropriations Act Sec. 567):** What portion of the funds will be available only for activities of economically and socially disadvantaged enterprises, historically black colleges and universities, colleges and universities having a student body in which more than 40 percent of the students are Hispanic Americans, and private and voluntary organizations which are controlled by individuals who are black Americans, Hispanic Americans, or Native Americans, or who are economically or socially disadvantaged (including women)?

Approximately 30% of the AID portion of the project funds will be dedicated to commodity procurement. All commodities will be procured by open competition. That competition will be available to private organizations who are economically or socially disadvantaged (including women).

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12. **Biological Diversity** (FAA Sec. 119(g): Will the assistance: (a) support training and education efforts which improve the capacity of recipient countries to prevent loss of biological diversity; (b) be provided under a long-term agreement in which the recipient country agrees to protect ecosystems or other wildlife habitats; (c) support efforts to identify and survey ecosystems in recipient countries worthy of protection; or (d) by any direct or indirect means significantly degrade national parks or similar protected areas or introduce exotic plants or animals into such areas? N.A.

13. **Tropical Forests** (FAA Sec. 118; FY 1991 Appropriations Act Sec. 533(c)-(e) & (g)):

a. **A.I.D. Regulation 16:** Does the assistance comply with the environmental procedures set forth in A.I.D. Regulation 16? YES

b. **Conservation:** Does the assistance place a high priority on conservation and sustainable management of tropical forests? Specifically, does the assistance, to the fullest extent feasible: (1) stress the importance of conserving and sustainably managing forest resources; (2) support activities which offer employment and income alternatives to those who otherwise would cause destruction and loss of forests, and help countries identify and implement alternatives to colonizing forested areas; (3) support training programs, educational efforts, and the establishment or strengthening of institutions to improve forest management; (4) help end destructive slash-and-burn agriculture by supporting stable and productive farming practices; (5) help conserve forests which have not yet been degraded by helping to increase production on lands already cleared or degraded; (6) conserve forested watersheds and rehabilitate those which have been deforested; (7) support training, research, and other actions N.A.

which lead to sustainable and more environmentally sound practices for timber harvesting, removal, and processing; (8) support research to expand knowledge of tropical forests and identify alternatives which will prevent forest destruction, loss, or degradation; (9) conserve biological diversity in forest areas by supporting efforts to identify, establish, and maintain a representative network of protected tropical forest ecosystems on a worldwide basis, by making the establishment of protected areas a condition of support for activities involving forest clearance or degradation, and by helping to identify tropical forest ecosystems and species in need of protection and establish and maintain appropriate protected areas; (10) seek to increase the awareness of U.S. Government agencies and other donors of the immediate and long-term value of tropical forests; (11) utilize the resources and abilities of all relevant U.S. government agencies; (12) be based upon careful analysis of the alternatives available to achieve the best sustainable use of the land; and (13) take full account of the environmental impacts of the proposed activities on biological diversity?

c. Forest degradation: Will assistance be used for: (1) the procurement or use of logging equipment, unless an environmental assessment indicates that all timber harvesting operations involved will be conducted in an environmentally sound manner and that the proposed activity will produce positive economic benefits and sustainable forest management systems; (2) actions which will significantly degrade national parks or similar protected areas which contain tropical forests, or introduce exotic plants or animals into such areas; (3) activities which would result in the conversion of forest lands to the rearing of livestock; (4) the construction, upgrading, or maintenance of roads (including temporary haul roads for logging or other extractive industries) which pass through relatively undergraded

N.A.

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forest lands; (5) the colonization of forest lands; or (6) the construction of dams or other water control structures which flood relatively undergraded forest lands, unless with respect to each such activity an environmental assessment indicates that the activity will contribute significantly and directly to improving the livelihood of the rural poor and will be conducted in an environmentally sound manner which supports sustainable development?

d. **Sustainable forestry:** If assistance relates to tropical forests, will project assist countries in developing a systematic analysis of the appropriate use of their total tropical forest resources, with the goal of developing a national program for sustainable forestry? N.A.

e. **Environmental impact statements:** Will funds be made available in accordance with provisions of FAA Section 117(c) and applicable A.I.D. regulations requiring an environmental impact statement for activities significantly affecting the environment? YES

14. **Energy (FY 1991 Appropriations Act Sec. 533(c)):** If assistance relates to energy, will such assistance focus on: (a) end-use energy efficiency, least-cost energy planning, and renewable energy resources, and (b) the key countries where assistance would have the greatest impact on reducing emissions from greenhouse gases? N.A.

15. **Sub-Saharan Africa Assistance (FY 1991 Appropriations Act Sec. 562, adding a new FAA chapter 10 (FAA Sec. 496)):** If assistance will come from the Sub-Saharan Africa DA account, is it: (a) to be used to help the poor majority in Sub-Saharan Africa through a process of long-term development and economic growth that is equitable, participatory, environmentally sustainable, and self-reliant; (b) to be used to promote sustained economic growth, encourage N.A.

private sector development, promote individual initiatives, and help to reduce the role of central governments in areas more appropriate for the private sector; (c) to be provided in a manner that takes into account, during the planning process, the local-level perspectives of the rural and urban poor, including women, through close consultation with African, United States and other PVOs that have demonstrated effectiveness in the promotion of local grassroots activities on behalf of long-term development in Sub-Saharan Africa; (d) to be implemented in a manner that requires local people, including women, to be closely consulted and involved, if the assistance has a local focus; (e) being used primarily to promote reform of critical sectoral economic policies, or to support the critical sector priorities of agricultural production and natural resources, health, voluntary family planning services, education, and income generating opportunities; and (f) to be provided in a manner that, if policy reforms are to be effected, contains provisions to protect vulnerable groups and the environment from possible negative consequences of the reforms?

16. **Debt-for-Nature Exchange** (FAA Sec. 463): If project will finance a debt-for-nature exchange, describe how the exchange will support protection of: (a) the world's oceans and atmosphere, (b) animal and plant species, and (c) parks and reserves; or describe how the exchange will promote: (d) natural resource management, (e) local conservation programs, (f) conservation training programs, (g) public commitment to conservation, (h) land and ecosystem management, and (i) regenerative approaches in farming, forestry, fishing, and watershed management.

N.A.

17. **Deobligation/Reobligation** (FY 1991 Appropriations Act Sec. 515): If deob/reob authority is sought to be exercised in the provision of DA assistance, are the funds being obligated for the same general purpose, and for countries within the same region as originally obligated, and have the House and Senate Appropriations Committees been properly notified?

N.A.

18. **Loans**

N.A.

a. **Repayment capacity** (FAA Sec. 122(b)): Information and conclusion on capacity of the country to repay the loan at a reasonable rate of interest.

b. **Long-range plans** (FAA Sec. 122(b)): Does the activity give reasonable promise of assisting long-range plans and programs designed to develop economic resources and increase productive capacities?

c. **Interest rate** (FAA Sec. 122(b)): If development loan is repayable in dollars, is interest rate at least 2 percent per annum during a grace period which is not to exceed ten years, and at least 3 percent per annum thereafter?

d. **Exports to United States** (FAA Sec. 620(d)): If assistance is for any productive enterprise which will compete with U.S. enterprises, is there an agreement by the recipient country to prevent export to the U.S. of more than 20 percent of the enterprise's annual production during the life of the loan, or has the requirement to enter into such an agreement been waived by the President because of a national security interest?

19. **Development Objectives** (FAA Secs. 102(a), 111, 113, 281(a)): Extent to which activity will: (1) effectively involve the poor in development, by expanding access to economy at local level, increasing labor-intensive production and the use of appropriate technology, spreading investment out from

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The project will strengthen democratic institutions such as the Panamanian electoral tribunal and democratic political parties. Through civic education programs, it will encourage participation in elections and government and therefore in the country's development.

cities to small towns and rural areas, and insuring wide participation of the poor in the benefits of development on a sustained basis, using the appropriate U.S. institutions; (2) help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward better life, and otherwise encourage democratic private and local governmental institutions; (3) support the self-help efforts of developing countries; (4) promote the participation of women in the national economies of developing countries and the improvement of women's status; and (5) utilize and encourage regional cooperation by developing countries?

**20. Agriculture, Rural Development and Nutrition, and Agricultural Research (FAA Secs. 103 and 103A):**

**a. Rural poor and small farmers:** If assistance is being made available for agriculture, rural development or nutrition, describe extent to which activity is specifically designed to increase productivity and income of rural poor; or if assistance is being made available for agricultural research, has account been taken of the needs of small farmers, and extensive use of field testing to adapt basic research to local conditions shall be made.

N.A.

**b. Nutrition:** Describe extent to which assistance is used in coordination with efforts carried out under FAA Section 104 (Population and Health) to help improve nutrition of the people of developing countries through encouragement of increased production of crops with greater nutritional value; improvement of planning, research, and education with respect to nutrition, particularly with reference to improvement and expanded use of indigenously produced foodstuffs; and the undertaking of pilot or demonstration programs explicitly addressing the problem of malnutrition of poor and vulnerable people.

N.A.

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**c. Food security:** Describe extent to which activity increases national food security by improving food policies and management and by strengthening national food reserves, with particular concern for the needs of the poor, through measures encouraging domestic production, building national food reserves, expanding available storage facilities, reducing post harvest food losses, and improving food distribution.

N.A.

**21. Population and Health (FAA Secs. 104(b) and (c)):** If assistance is being made available for population or health activities, describe extent to which activity emphasizes low-cost, integrated delivery systems for health, nutrition and family planning for the poorest people, with particular attention to the needs of mothers and young children, using paramedical and auxiliary medical personnel, clinics and health posts, commercial distribution systems, and other modes of community outreach.

N.A.

**22. Education and Human Resources Development (FAA Sec. 105):** If assistance is being made available for education, public administration, or human resource development, describe (a) extent to which activity strengthens nonformal education, makes formal education more relevant, especially for rural families and urban poor, and strengthens management capability of institutions enabling the poor to participate in development; and (b) extent to which assistance provides advanced education and training of people of developing countries in such disciplines as are required for planning and implementation of public and private development activities.

Assistance includes training of technicians in the Electoral Tribunal. Civic Education activities will train people to participate in the process of government and, in the case of political parties, will enable them to better understand their rules and responsibilities in a democratic electoral system

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**23. Energy, Private Voluntary Organizations, and Selected Development Activities (FAA Sec. 106):** If assistance is being made available for energy, private voluntary organizations, and selected development problems, describe extent to which activity is:

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- a. concerned with data collection and analysis, the training of skilled personnel, research on and development of suitable energy sources, and pilot projects to test new methods of energy production; and facilitative of research on and development and use of small-scale, decentralized, renewable energy sources for rural areas, emphasizing development of energy resources which are environmentally acceptable and require minimum capital investment; N.A.
- b. concerned with technical cooperation and development, especially with U.S. private and voluntary, or regional and international development, organizations; N.A.
- c. research into, and evaluation of, economic development processes and techniques; N.A.
- d. reconstruction after natural or manmade disaster and programs of disaster preparedness; N.A.
- e. for special development problems, and to enable proper utilization of infrastructure and related projects funded with earlier U.S. assistance; N.A.
- f. for urban development, especially small, labor-intensive enterprises, marketing systems for small producers, and financial or other institutions to help urban poor participate in economic and social development. N.A.

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C. CRITERIA APPLICABLE TO ECONOMIC SUPPORT FUNDS ONLY

1. **Economic and Political Stability** (FAA Sec. 531(a)): Will this assistance promote economic and political stability? To the maximum extent feasible, is this assistance consistent with the policy directions, purposes, and programs of Part I of the FAA? YES
2. **Military Purposes** (FAA Sec. 531(e)): Will this assistance be used for military or paramilitary purposes? NO
3. **Commodity Grants/Separate Accounts** (FAA Sec. 609): If commodities are to be granted so that sale proceeds will accrue to the recipient country, have Special Account (counterpart) arrangements been made? (For FY 1991, this provision is superseded by the separate account requirements of FY 1991 Appropriations Act Sec. 575(a), see Sec. 575(a)(5).) N.A.
4. **Generation and Use of Local Currencies** (FAA Sec. 531(d)): Will ESF funds made available for commodity import programs or other program assistance be used to generate local currencies? If so, will at least 50 percent of such local currencies be available to support activities consistent with the objectives of FAA sections 103 through 106? (For FY 1991, this provision is superseded by the separate account requirements of FY 1991 Appropriations Act Sec. 575(a), see Sec. 575(a)(5).) N.A.
5. **Cash Transfer Requirements** (FY 1991 Appropriations Act, Title II, under heading "Economic Support Fund," and Sec. 575(b)). If assistance is in the form of a cash transfer:
- a. **Separate account:** Are all such cash payments to be maintained by the country in a separate account and not to be commingled with any other funds? N.A.

**b. Local currencies:** Will all local currencies that may be generated with funds provided as a cash transfer to such a country also be deposited in a special account, and has A.I.D. entered into an agreement with that government setting forth the amount of the local currencies to be generated, the terms and conditions under which they are to be used, and the responsibilities of A.I.D. and that government to monitor and account for deposits and disbursements?

N.A.

**c. U.S. Government use of local currencies:** Will all such local currencies also be used in accordance with FAA Section 609, which requires such local currencies to be made available to the U.S. government as the U.S. determines necessary for the requirements of the U.S. Government, and which requires the remainder to be used for programs agreed to by the U.S. Government to carry out the purposes for which new funds authorized by the FAA would themselves be available?

N.A.

**d. Congressional notice:** Has Congress received prior notification providing in detail how the funds will be used, including the U.S. interests that will be served by the assistance, and, as appropriate, the economic policy reforms that will be promoted by the cash transfer assistance?

N.A.

Social Soundness Analysis

- I. Introduction
- II. Background and Historical Perspective
  - 1. Social System
    - (a) Ethnic Groups
    - (b) Social Structure
    - (c) Family
    - (d) Ritual Kinship
  - 2. Social Values
  - 3. Basic Attitudes & Values
    - (a) Personalism
    - (b) Interpersonal Relationships
    - (c) Hierarchy
  - 4. Political Values and Attitudes
  - 5. Effect on Elections
- III. Events in the 1970's and 1980's
- IV. Socio-Cultural Feasibility of the Project

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## Social Soundness Analysis

### I. Introduction

The social analysis was used to confirm the socio-cultural feasibility of the project's proposed activities. The information for this analysis was compiled through a review of available literature on the social, cultural and political structure and values of Panamanian society as well as informal observations. The description of these structures and values, contained in the Background and Historical Perspective Section, was mostly excerpted from the Area Handbook for Panama prepared by the Foreign Area Studies (FAS) of the American University, published in 1972. While the Handbook is somewhat dated, the description of the structures and values presented here, remain valid and current, particularly in the rural areas and the smaller urban centers outside of the Metropolitan Area of the Panama/Colon corridor and environs. The information provided in Section III, Events in the 1970's and 1980's, was obtained from the CAPEL and NDI assessments, the analyses of other A.I.D. projects and informal observations.

### II. Background and Historical Perspective

#### 1. Social System

##### a. Ethnic Groups

Panama is customarily regarded as a country with a racially mixed population in which no one element predominates, but ethnic considerations continue to be a significant factor in determining the status of members of the society. The basic amalgam consists of three major components - the indigenous Indians, the invading Spaniards, and the Negro slaves brought in from Africa soon after settlement began. To these have been added several immigrant groups attracted by opportunities for employment, the foremost of which are the West Indian Negroes who entered the country in recurrent waves after 1850 and who are still a clearly recognizable segment of the population.

Though now including any ethnic fusion, in colonial times the term "mestizo" meant specifically the offspring of Spanish and Indian unions. During the three centuries before independence, however, all possible degrees of racial mixture occurred, involving corresponding nuances

of social status. A few of the more enterprising, usually light-skinned and relatively prosperous, became accepted as "criollos" (in principle, persons of pure Spanish ancestry born in the colonies), but the great majority, in many cases, with a further admixture of Negro blood, constituted the predominant element of the population, mostly identified with agricultural labor and service occupations. All mestizos were entitled under the law to equal treatment with the white minority; they could, in theory, and some did, in fact, qualify for minor positions in the government or the clergy.

Smaller alien groups - Jews, Chinese, Lebanese, and others - are found mainly in the cities. Although numerically insignificant, they are noticeable primarily because of their concentration in retail trade. Most United States citizens live under separate jurisdiction in the military bases and adjacent areas and have little impact on Panama's ethnic structure. Their presence, however, does have a significant effect on the country's social, economic, and political attitudes. National policy is to treat all groups equally, if somewhat paternalistically in the case of the Indians.

#### b. Social Structure

Toward the end of Panama's colonial period, the white element of the country's population had divided into "peninsulares" (those born in Spain) and "criollos" (those born in the New World), and most of the balance of the population was increasingly mixed in character. The upper levels of administration and private enterprise were occupied by "peninsulares", and secondary positions, by "criollos". Manual labor and menial services were provided by Negroes, most of whom were still in bondage, and Indians.

After independence the "criollos" moved into the dominant positions in society, and slavery was abolished. Construction of the transisthmian railroad and later the canal introduced large-scale immigration into the sparsely populated country, and many foreigners, mostly West Indian Negro laborers, crowded into the major cities of Panama and Colon. The accompanying expansion of the economy, which provided new opportunities for employment and the acquisition of wealth, contributed to the development of the middle class. Mestizos were able to assume many of the attributes of social position that had been monopolized by the white "peninsulares" and "criollos" during the colonial period, and status and class, except at the topmost level, became an achievable goal for any individual with energy, ability and drive.

However, the process of change did not entirely eliminate the association of high social status with white skin color. Peasants still tend to refer to highly placed townspeople as "the whites" or "white tails" (los blancos or rabiblancos). The upper class is, with some exceptions, relatively unmixed racially; the lower class elements, however, take scant notice of skin color, except as it is associated with alien cultural habits and loyalties.

### c. Family

As in other Latin American countries, the family is the basic unit of the society. The role varies somewhat with social class, but at all levels it serves to integrate the individual into the culture. The nuclear family, typically consisting of a couple and its children, and the wider kin group remain the focus of social stability within the structure.

In the traditional ideal of family life, the husband and father in addition to being protector and provider for the household, is also the undisputed head. As such, he retains ultimate control over all aspects of family life, although much of this authority is commonly delegated to the mother in routine matters. But, this deep-rooted Hispanic legacy of patriarchal family life is giving way before the changing tempo of modern life. This pattern is being subjected to an increasing degree of challenge, both by changing social conditions and by the emergence of feminist sentiment among many educated women. Panamanian law provides for equality between the sexes in political and economic matters, and increasing opportunities are being made available to women to participate in national life.

### d. Ritual Kinship

Panama shares with all of Latin America the institution of "compadrazco", the complex relationships between a child and his godparents. The selection of godparents is an important step usually taken at the time of a child's baptism; it is one that can have a pronounced influence on the child's welfare and on his future. It results in a quasi-kinship relationship that carries with it moral, ceremonial and religious significance and broadens family ties of trust, loyalty and support. Parents ordinarily choose for their children godparents whom they respect and trust and who are as high in the social scale as possible.

## 2. Social Values

Although in many respects the country's social values derive from the Hispanic tradition found in most of Latin America, in many instances Panamanians have deviated from the customary expression of these traditions and have molded and tempered them to fit a constantly developing national temperament. Moreover, throughout its history Panama has been exposed to a wide variety of outside cultural and social influences. Because of its strategic location as a link between two oceans, it has had continuing contact with waves of transient and immigrant foreigners who have brought with them an alien, and often disparate, set of social values. Nevertheless, the basic Hispanic-derived views regarding the individual and his relations with society persist and have left their distinctive imprint on the nation's culture.

There is a fundamental set of central values that is generally uniform throughout the national territory and is found at all social levels. These include the concepts applicable to the worth of the individual and his role in society, a strong sense of family loyalty and a general acceptance of the principle of male predominance. There is also a strong sense of hierarchy that permeates virtually all social relationships and which is based on Hispanic heritage. It stresses the importance of authority in all walks of life and sharply defines status.

The Roman Catholic Church has exerted a pervasive, though moderate, influence on the country since colonial times. Though not constitutionally the country's state religion, the Catholic faith is recognized as the religion of the majority. The present-day church holds a respected position in the society and devotes its energies to the nation's spiritual welfare, as well as assuming an increasing concern with matters of social improvement. At the same time, although religion is accepted as an integral part of the social fabric, neither religious zeal nor manifest piety have become significant elements of the nation's social values.

## 3. Basic Attitudes and Values

### a. Personalism

One of the principal themes of the Hispanic-derived social view is the primacy accorded to the individual. There is a strongly held conviction regarding the uniqueness of the individual and the existence in every person of an inner dignity and personal integrity. These

qualities are apart from social status and are both inalienable and worthy of respect. The emphasis on the individual is reflected in a complex of beliefs and assumptions that have been subsumed under the concept of "personalismo" (personalism), which stresses personal qualities and interpersonal trust over abstract ideology or institutionalism. It involves a strong sense of personal honor and sensitivity to praise, insult, or slight. Events are conceived to be more the product of individual men than of impersonal social forces or the application of intangible ideas. In general, it is considered that a man's well-being lies in his relationships of trust with other men more than in the functioning of institutions or in adherence to specific doctrines.

"Personalismo", with its emphasis on uniqueness, conceives personal status to be wholly independent of social status, and in this view, an individual can fulfill his potential at any social level, no matter how humble. Some stratification, as in the armed forces or in matters of employment, is, of necessity, inevitable; but in relations between persons of different rank, the superior is expected to treat a subordinate with due recognition of his worth as a person. Thus relations between employers and employees, leaders and followers, and patrons and retainers should ideally reflect a friendly and active concern of the former for the latter. The one may treat the other as a subordinate but not as a nonentity.

#### b. Interpersonal Relationships

Interpersonal relationships and social responsibilities are strongly influenced by the high value attached to family and personal loyalty. The highest confidence is placed in persons rather than ideas or institutions and, the more relatives and friends a man has, the more secure he is and the better able he is to cope with his social and economic environment. The man who has personal connections with an individual of lofty position or power is considered particularly fortunate.

Loyalty to ones kinsmen is a strong and traditionally ingrained value, and family ties are considered to be one's first line of defense against a hostile world. Family loyalty is strongest in the upper class, where the wealth and power are traditionally concentrated in the hands of a few families. It is here that the dynastic organization of the group of blood kin is most evident, and the extended family, with its control over the behavior of even its most distant members, is most

prevalent. These old ideals of intimate kinship are shared to an extent at all social levels, but in the lower class, where many households do not include a father, it is more difficult to foster any degree of kinship consciousness.

Response to social relationships, whether with respect to ties of family or friendship, vary slightly with social status, but at all levels they are recognized as a strong bond affecting mutual interdependence. A man's kinsmen and friends are an extension of his self, and they are expected to defend his honor, plead his cause, share his fortunes and safeguard his confidence. Solid friendships usually take a long time to develop, and acquaintances usually become really intimate only after confidence is firmly established and the two persons know each other's families. The prelude to almost any social contact is usually a detailed conversation showing interest and concern for the health and welfare of each other's kin.

Although kinship and friendship provide the means of cementing loyalties among men of equal social status, there are also well defined bases upon which those of different levels can establish relations of intimacy and trust. In general, a powerful or wealthy man who maintains bonds of personal loyalty with those of more modest position is known as a "patrón" or "palanca" (sponsor or protector). Men seek aid and protection of "patrones" or "palancas" by attaching themselves to the wealthy and powerful as loyal retainers. Typically, the "patrón" is an employer, a political leader, a landowner or, sometimes in rural areas, a merchant. The relationship with his retainers is a special one marked by mutual affection, loyalty, trust, and willingness to render mutual assistance. Like friendship, "patrón"-retainer ties can develop through long-term association and are often very strong; but conversely, the association carries no implication of equality. The "patron" offers a paternalistic interest, protection and security through economic favors or use of his influence on behalf of his retainers who, in turn, return not only affection but also deference and obedience.

### c. Hierarchy

The inner dignity ascribed to each individual by "personalismo" is not based on convictions of egalitarianism. It does not imply the equality of men but rather their individuality and uniqueness. A stress on hierarchy and rank has been a dominant theme in the country's social history and most interpersonal relations are defined in terms of dominance and subordination.

The Hispanic social and political traditions emphasized strict stratification of power and privilege and a pyramidal structure of authority that allowed little leeway for local initiative or collective decision making. Initiative and rule were seen as properly vested in officials from Spain, and administrators in the colony were considered little more than executors of imposed policy. The establishment of the Republic brought little change in concepts of hierarchy, although social mobility permitted changes in individual positions within the structure and greater interest in democracy was shown. The country's leaders have always professed adherence to democratic principles and decentralized power, but for the most part they have continued to conform to the traditional Hispanic patterns. The people's sense of hierarchy is evident from the past general acceptance of leadership of the old families in national politics and in the deference to the authority of recognized "patrones" in the countryside, men who are generally the wealthiest and most prominent members of their community. However, this sentiment is under attack, particularly, in urban areas.

4. Political Values and Attitudes

In the absence of a clear, institutionalized pattern for the organization of political power, attitudes tend to focus on the personalities and factions that emerge from the country's small economic elite, e.g. oligarchy, to contend with each other in the political arena. This tendency, which has become known as "personalismo", involves a sense of reciprocal obligation. A political leader assumes an obligation to provide his followers with certain benefits. This may range from high political honors and important contacts for close associates to adjustments of small personal difficulties for less eminent supporters.

Because party alignments as well as the avowed policies of public figures often fluctuated from one election to the next, firm attachments and party loyalties have been infrequent. A politician could count on certain reservoirs of fairly constant popular feeling, notably that which favored national self-assertion, but his ability to tap these to his own advantage often depended on his personal magnetism as well as on his success in satisfying the relatively permanent economic interests of a sufficient number of social and occupational groups. The highly manipulative character of the system has made for popular disregard for political promises and a ready acceptance of practices that have not necessarily served the interests of the whole society.

## 5. Effect On Elections

As a result of the social factors described in this Section, Panamanian national elections usually can be characterized by one of two situations. A particular party may completely dominate the field. Or -- if there is no single strong party -- coalitions tend to form as in the 1989 elections. These coalitions may not be very stable in the long run. For instance, the present situation is particularly conflicted because one of the most powerful parties, the Partido Democratica Cristiana (PDC) has abandoned the government.

Though fewer at present, during many periods of Panama's history there have existed 15 or more political parties. Although a few parties currently are organized along ideological lines, such as the PDC and some small parties on the left, this is the exception. Most parties revolve around one man or a group of men rather than an ideology. They depend more on charisma than on political platform. In keeping with social tradition, loyalty to a particular person is of paramount importance; loyalty to a political ideology is secondary. Such a pattern reflects a lack of sophistication among many Panamanians with regard to evaluating political issues directly. This was reflected in the 1989 elections and has effected the operations of the Government ever since.

## III. Events in the 1970's and 1980's

Prior to 1968, the political system produced by the social factors described above was a national government controlled by an oligarchy. Alliances were based on friendship, marriage and the possibility of mutual gain. A few families, in particular, held great political power. The vast majority of the population had no say or interest in the operation of government. While the social factors described above are still pertinent today, events have occurred over the last two decades which are affecting the society at large and their view of government.

In 1968 the Panamanian military took power through a coup and installed General Omar Torrijos as leader. To maintain power, the military, with predominantly middle-class leadership, brought a strong populist type of support to the government. This was achieved in the 1970's through large increases in social programs including expansion of the education and health delivery systems and improved coverage by the social security system. Indeed, there is evidence that many in the middle class, ethnic minorities, and women all made gains. As a result, many poor Panamanians were brought into the political life of the country raising the political

consciousness of the previously excluded, largely rural, Indian and Black lower socioeconomic classes. In spite of its populist base, the military tolerated little political opposition. After the coup all political parties were declared illegal and elections, when they were held, were closely controlled.

The early 1980's saw some movement towards democratization. There was a return to civilian government with a new Constitution in 1983 and the inauguration of an elected President in 1984. However, the military never completely gave up control and beginning in 1985, friction between the it and the civilian government intensified, culminating in severe foreign relations problems including economic sanctions and, ultimately, Operation Just Cause.

Although probably unintended, a result of the populist efforts of the military governments of the 1970's and 1980's is a much greater interest in politics by all members of society. In contrast to the conclusions of the Area Handbook of 1972, recent evidence indicates that now local associations are very important in Panamanian politics. Important groups include the following: civic clubs (such as the Lions Club and the Rotary), business organizations (e.g. Chambers of Commerce), professional guilds (especially teachers associations), juvenile groups and religious groups. It is uncertain whether this is a recent event or it was missed previously. It is clear, however, that such associations have a profound influence on local political processes and, indirectly, on national ones. Their active and wide-spread participation in local political processes confirm a growing interest in politics throughout a much broader range of Panamanian society than had occurred historically. Blind acceptance of authority by a privileged few will no longer be tolerated by the majority of the population.

#### **VI. Socio-Cultural Feasibility of the Project**

The notable feature of the country's social values, including the views on hierarchy and authority, is that they survived for over 400 years with little change. Bringing to the New World an ethic long entrenched in Hispanic society, the basic code of guiding principles largely resisted the pressures and vicissitudes of changing conditions in a new and alien environment. For the most part, the values that guided the society in Spain have remained valid throughout the history of the nation and have managed to persist in the face of the turbulence of the nineteenth century and the increased tempo of the twentieth. Despite alteration and adaptation to new conditions, they have demonstrated that their firm roots in the culture would probably ensure their continued acceptance and resist rejection for some time to come.

The Improved Electoral Administration Project will not affect in any way the social values of the country. Instead it will capitalize on an emerging interest in and desire for democracy. The project will do this by: (1) improving the institutional base and efficiency of the country's electoral process; and (2) increasing the public's understanding of democratic electoral systems and their role and responsibilities in such systems. More specifically, the project will do this by providing technical assistance, training and limited commodities to assist the Government of Panama to improve its capacity to hold free, fair and open elections. The primary focus is on the Electoral Tribunal. Major efforts will be on the strengthening of its institutional capacity, i.e. institutional reorganization and personnel restructuring as well as the upgrading of the Civil Registry, a major function of the Tribunal. Other activities include civic education, voter awareness and motivation campaigns, and a limited program of seminars and workshops for leaders and affiliates of legally registered political parties.

Except for those wishing to return to the old ways of the oligopoly or the military, the project is not expected to affect any group negatively. Public statements by senior GOP officials suggest that the improvement of the electoral process is a major government priority. Interviews with key public sector officials and political party members confirm that there is great interest in the project. The likelihood of cooperation is high, particularly given that there seems to be a general understanding throughout the country, that to assure the continuing development of the fledgling democratic electoral process in Panama, the public at large must believe that their voices are heard and that their votes do count. Key to this is an electoral process that is free, fair and open.