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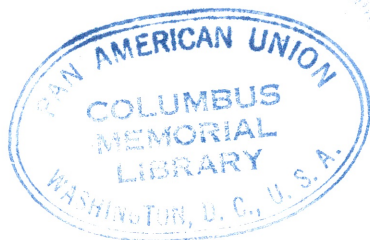
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SYSTEMS FOR CONTROL BY THE EXECUTIVE BRANCH OF PROGRAMS IMPLEMENTED
BY AUTONOMOUS AGENCIES IN THE REPUBLIC OF PANAMA



NOTE

Secretariat document CIAP/31, prepared by the Subcommittee on Panama which met in Washington from August 31 to September 3, 1966, indicates the important role played by the various autonomous agencies in the public administration sector of Panama. The Secretariat has prepared this document as a source of information on the organization of those agencies.

SYSTEMS FOR EXECUTIVE CONTROL OF PROGRAMS IMPLEMENTED
BY AUTONOMOUS AGENCIES IN THE REPUBLIC OF PANAMA

I. INTRODUCTION

1. The public administration sector of Panama, like that of the other Latin American countries, has been creating autonomous agencies responsible for the performance of functions which, in other economies, are within the exclusive competence of the private sector and/or are carried out by agencies of the central government.
2. Basically, the autonomous agencies of Panama work in the following sectors: agriculture and livestock, transportation and communications, public utilities (electric power, aqueducts, etc.), social security, trade, housing, and banking.
3. The objectives of the autonomous agencies may be described, basically, as development, or the direct provision of services, or regulation and control.
4. In the "Economic and Social Development Program," which was formulated in 1963 by the Government of the Republic of Panama for the over-all functions of the public administration sector, it is stated that: "As governmental functions were expanded and diversified, and, particularly, with the multiplication of decentralized agencies, the normal administrative machinery became more complex and less clearly defined. The lack of coordination becomes evident in the frequency with which it is found that, in a given agency, several unrelated programs are carried out, while the activities that are necessary for implementation of a specific program are assigned to agencies which are different or independent of one another."

5. The plan mentioned in the preceding paragraph establishes, as an objective to be achieved in 1970, the creation of an administrative structure which will have the following characteristics with regard to the autonomous agencies:

"Reformation of the decentralized agencies which are duplicating general governmental programs, reducing their number to the following three:

- a. The University of Panama;
- b. Instituto de Recursos Hidráulicos y Electrificación
(Institute for Hydraulic Resources and Electrification); and
- c. The Office of the Supervisor of Public Credit Institutions."

II. PRINCIPAL CHARACTERISTICS OF THE AUTONOMOUS AGENCIES

A. IN THE BUDGETARY AND FINANCIAL FIELDS

1. All autonomous agencies are audited by the Comptroller General of the Republic. Such auditing is of the traditional type, that is, numerical, with regard to accounting and legal aspects. There is no type of audit of operations or of profit and loss.
2. With regard to approval and submission, two types of procedure are applied to the budgets of the autonomous agencies:
 - a. Approval by the National Assembly, and inclusion, in their entirety, in the national budget (the University of Panama and the Office of Price Controls). In other words, they are handled in the same manner as the budgets of the Ministries.
 - b. Approval by the respective governing board, and, in the case of a governmental contribution, an indication of such contribution in the national budget, as a general allocation. This modality applies to most of the autonomous agencies which have a major role in the process of economic and social development (Instituto de Fomento Económico, Comisión de Reforma Agraria, Instituto de Recursos Hidráulicos y Electrificación, Instituto de Acueductos y Alcantarillados Nacionales, Caja de Seguro Social, Instituto de Vivienda y Urbanismo, and others of lesser financial importance).
3. Several autonomous agencies, particularly those of a banking nature, do not receive contributions from the national budget. (Lotería Nacional de Beneficencia, Banco Nacional de Panamá, Caja de Ahorros, Instituto de Fomento de Hipotecas Aseguradas).

4. During the past five years, governmental budgetary allocations to autonomous agencies have accounted for between 7 percent and 8 percent of the national budget. That contribution does not cover the total amount of the budgets of the autonomous agencies, inasmuch as some of them have their own resources, the amount of which we have been unable to estimate accurately. The aforementioned percentages depart from the trend observed in other Latin American countries, where, at times, the allocations for autonomous agencies exceed those for the central government.

B. IN THE FIELD OF ORGANIZATION

1. All the autonomous agencies have a governing board or similar body which formulates policy, approves the budget as well as certain types of transactions, supervises the internal operations of the entity, and approves the appointment of certain executive officers and of others of lesser rank, within routine administrative procedures (contracts, purchases, etc.).
2. A characteristic shared by all governing boards is that their membership consists of a minority which represents management directly and a majority representing professional associations and/or economic activities.
3. The principal officer of the autonomous agencies is a manager or a director general. Different procedures are employed in appointing such officers. The most common formula calls for their appointment "by the President of the Republic, subject to approval by the National Assembly."

/The following

The following table indicates the procedure applied to the appointment of general managers or directors general, in 22 cases which were examined:

<u>Appointment Procedure</u>	<u>Number</u>	<u>Percent</u>
a. By the President of the Republic, subject to approval by the National Assembly	13	59
b. Directly by the President of the Republic	66	27
c. By the Board of Directors	3	14

The procedure employed also indicates the chain of command. Consequently, most of the managers or directors general feel that they are responsible to the National Assembly and, therefore, their annual reports are addressed to that body and not to the executive branch of the government.

4. Existent legislation contains no specific provisions designed to guarantee control by the executive branch of programs implemented by autonomous agencies.

On the other hand, the executive branch does not have adequate organizational mechanisms (Offices for Planning and Coordination) for active coordination and appropriate control of autonomous agencies.

III. CONCLUSIONS

1. In order to provide an over-all picture of consolidated public expenditures, the total budgets of the autonomous agencies should be included within the national budget, either within that of the appropriate Ministry, or as a spécial annex.
2. Within the administrative reforms which are being carried out in Panama, it would seem desirable to consider the possibility of formulating a general organic statute which would establish the organizational and operational guidelines of all autonomous agencies. The purpose of such a statute would be to bind such agencies more closely to the Ministries and to regulate their functions as purely executive agencies for implementation of the policies adopted by the national government, which are reflected in specific projects in the field of investments.
3. Within the aforementioned administrative reforms, measures should be taken to render the structure of the executive branch adequate for performance of the functions of coordination and control.