Renewing institutions for sustainable human development
Renewing institutions for sustainable human development
# Table of contents

A. Credits 3  
B. Prologue 5  
C. Executive Summary 6  

I. Introduction 23  
A. Institution as a concept 25  
B. Institutions for governance 26  
C. Integrity, ethical leadership, transparency and accountability 27  
D. The trust-building process 28  

II. Institutions, human development and sustainability 31  
A. Role of institutions in development 31  
B. The first, second and third generation reforms 32  
C. Trends in the current debate 34  
  1. Deliberative institutions. 34  
D. Challenges 36  
  1. The challenge of reaching consensus on national interests. 36  
  2. Challenges from the perspective of the regulatory system. 37  
E. Policies for inclusion 39  
  1. Panama, an ambivalent balance: Growth and inequality. 39  
    A dual society model. 39  
  2. Social inclusion. 40  
  3. Public policies for inclusion, multidimensional approach to Inequality. 42  
F. The roles of the new institutions: recognition, redistribution and representation 45  
G. Global indicators for Panama 47  
  1. Confidence indicators. 49  
  2. Corruption indicators. 56  
  3. Performance indicators. 58  

III. Institutional Framework: Progress and challenges 59  
A. Political system 59  
  1. The performance of democracy and the legitimacy of 59  
    Panamanian political institutions 59  
  2. The “hard” political institutions in Panama. 64  
  3. The implementing institutions in Panama. 68  
  4. The informal institutions in Panama. 69  
B. Justice reform 71  
  1. Background of the State Pact for Justice. 71  
  2. The reform agenda. 73
4. Difficulties in the process of implementing justice reforms.  
5. Budget of the justice system.  

IV. Political culture and everyday practices  
A. Informal institutionality and simple institutionality: Its transformative power  
   1. Complex institutionality and simple institutionality  
   2. Incentives as a factor of change to strengthen institutional capacity and promote commitment.  
   3. Transparency, citizen participation and accountability.  
   4. Changing the logic of distrust: Institutions to generate co-responsibility.  
   5. Critical path to advance changes: How to start and maintain an ongoing process?  
   6. Trust in institutions: Mechanisms for citizen participation and access to information.  
   7. Reduction of the gap between institutions and citizens.  
   8. Experiences in quality evaluation and local provision of services.  

V. Tools for change  
A. A new kind of institution: Representation and inclusion  
   1. The social institutionality.  
   2. The path towards gender institutionality.  
   4. Afro-Panamanian population.  
B. Results Based Management (RBM)  
   1. RBM indicators.  
   2. Conclusions.  
C. Civil service  
   1. SDGs and the strengthening of institutions.  
   2. Situation of the Civil Service in Panama: A model under construction.  
   3. Conclusions.  

VI. Recommendations  
A. New regulatory framework for the administration of the State in Panama  
   1. Generate the Programme of Excellence for Senior Public Officials.  
B. Strengthen results-based planning and public management  
C. Recommendations to advance the Reform of the State Pact for Justice  
   1. Review the priorities and strengthening of the State Commission for Justice.  
   2. Evaluation of judicial reform.  
   3. Strengthen the participation of civil society.  

VII. Bibliography  

VIII. Annexes
Credits

UNDP Resident Representative
Linda Maguire

Deputy Resident Representative, a.i.
Aleida Ferreyra

UNDP Editorial Board
Harold Robinson, Fernando Hiraldo, Benigno Rodríguez, Gabriel Boyke, Belinda Esquivel, María Fernández Trueba, Humberto Jaime, Massimo Lorenzato, Irina Madrid, Gloria Manzotti, Guillermína Martín, Patricia Pérez, Annie Ramos, Anarelía Sánchez, Jessica Young.

Human Development Report Team
Martín Fuentes, Graciela Castillero, Cynthia Rodríguez.

Technical contributions
Jesús Alemancia, Harry Brown, Rubiel Cajar, Leonor Calderón, Edith Castillo, Magaly Castilllo, Paulina Franceschi, Álvaro García, Carlos Gasnell, George Gray Molina, Gerardo Maloney, Amelia Márquez de Pérez, Eduardo Ortiz, Thomas Otter, Verónica Pinilla, Ana Laura Rodríguez Gustá, Nalia Rochin, María de los Ángeles Sallé, Jon Subinas, Javier Stanziola, Guillermo Villalobos.

External reading team
Alma Montenegro de Fletcher, Lina Vega Abad and Richard Morales.

Advisory Board
Esmeralda Arosemena de Troitiño, Olmedo Beluche, Urena Best, Carlos Blandón, Markova Concepción, Roberto Eisenmann, Mercedes Eleta, Mirei Endara, Yaritza Espinosa, Jorge Giannareas, Maribel Gordón, Maribel Jaén, Aracelly de León, Max López, Melva Lowe de Goodin, Ileana Molo, Jorge Panay, Amelia M. de Pérez, Annette Planells, Samuel Rivera, Alexis Rodríguez Mujica, Edwin Rodríguez, Vasco Torres, Carmen Rosa Villa, Jesús Alemancia (Ngäbe Buglé Coordinator), Humberto Aguilar (Naso Territory), Edilfonso Aji (Emberá Wounaan General Congress), Pedro Bastidas (Takarkunyala General Congress), Yuri Bocarizo (Emberá Wounaan General Congress of Collective Lands), Silvia Carrera (Cacique General Ngäbe Buglé), Chenier Carpio (Wounaan Village National Congress), Geovany Cunampio (Alto Bayano Emberá General Congress), Aguiardo García (Wargandi Guna Congress), Magdalena González (Bribri Council), Joaquín González (Bribri Council), Teobaldo González (Guna General Congress), Carlos Henry (Takarkunyala General Congress), Nancy Hitucama (Regional Congress Board), Flaviano Iglesias (Takarkunyala General Congress), Belisario López (Guna General Congress), Otilio Matos (Madugandi Guna General Congress), Elivardo Membache (General Congress of Collective Lands), Alberto Montezuma (Ngäbe Buglé Coordinator for the Defence of Natural Resources), Antonio Núñez (Madugandi Guna General Congress), Valerio Núñez (Guna General Congress), Sara Omi (Alto Bayano Emberá General Congress), Elbaltino Pérez (Wargandi Guna Congress), Diogracio Puchicama (aam Village National Congress), Elias Rodríguez (Ngäbe Buglé General Council), Félix Sánchez (Naso Territory), Yanel Venado (lawyer).

Other recognitions
UNDP: Julie Castillo, Desiree Duque, Olga Nydia García.
Institutions: National Institute of Statistics and Census (INEC), Ministry of Economy and Finance (MEF), Ministry of Social Development (MIDES).
External support: Aníbal Cárdenas.
Communities: Pigandi, Pinogana, Ipetí, Curtí y Piriati.
Survey implementation: Unimer.
Editing: Malema De Léon.
Printing: Grabados & Impresiones, S.A
ISBN: 978-9962-663-43-0
Prologue

Panama is a rich country due to its abundant and exuberant nature, its environmental resources, its strategic position and its Canal, but also because of its people. If any one thing characterizes the isthmus country, it is its great diversity, its human wealth. In response to the value of identity and plurality, the role of the State is to ensure that this diversity of life trajectories is possible and equally full through the expansion of opportunities.

The country's potential has positioned Panama's Human Development Index (HDI) as the highest in Central America and one of the highest in Latin America. Panama has demonstrated sustained growth; the level of employment has remained high; and public investment has increased. These factors have unquestionably contributed to reducing poverty as measured by income. But the distribution of this wealth and this growth remains poor. We are currently experiencing a crisis of confidence in global, regional and national institutions because, although formal democratic institutions and processes exist, which are fundamental, they have not necessarily translated to equitable and inclusive growth, which makes us ask us the question why.

The first step towards advancing on the path to sustainable human development is to recognize the existence of the diversity of human groups, as well as the factors that limit their progress in a sustainable human development scheme. This progress will not be achieved if its autonomy, the fundamental opportunities that people and communities must access in the full exercise of their rights, is limited.

It is important to recognize the country's achievements but also to evaluate the pending tasks on the path to sustainable human development. Inequality, citizen distrust in institutions and the weakening of the social fabric, as measured by the low interpersonal trust and insecurity, are some of the main challenges that persist in the country.

Against this backdrop, institutions are the key to continue improving people's lives, because they provide the necessary public goods and services to increase capacities and achieve greater human development.

In this new impending phase, it is important to establish policy discussion processes to recommend actions that tailor public interventions to the needs of priority groups. Policies that improve the impact of public and private investments and that promote successful local development services experiences can be replicated in other population groups to improve their efficiency and effectiveness.

There are now new challenges to advancing equitable and sustainable development, such as the commitment to the 2030 Agenda, which requires us to rethink development as achieving a balance between social, economic and environmental goals.

To comply with the 2030 Development Agenda, equitable and transparent resource allocation and effective policy management are essential. Panama needs to modernize its institutions to contribute to equal opportunities and meet the challenge of the Sustainable Development Goals (SDGs). Sustainable development will not be achieved by continuing to do things "in the same way". The time has come to implement the changes that correct deficiencies in public policy management. This new National Human Development Report (NHDR), entitled “Renewing Institutions for Sustainable Human Development”, focuses on the institutions, whose capacities and strategies are essential to guide the transformation towards a
more inclusive and sustainable country.

Institutions are a critical link for advancing human development, because they influence norms, beliefs and actions. In their renewed role, they should place greater emphasis on people, innovation, partnerships and leadership at all levels of government, renewing trust not only in institutions and the State but also in citizenship itself.

It is often said that Panama has many laws and regulations but that they are not always enforced or are partially enforced, either due to lack of resources or political will. The country needs to regain the trust of its citizens, without which the more structural changes cannot be advanced. The proper implementation of regulations, adopting a culture of 'Results-Based Management' and creating incentives for a more transparent, accountable institutional culture, accompanied by a civil service focused on the development of the country are some of the solutions set forth by UNDP in this Human Development report, a tool designed to contribute to dialogue and debate on issues that affect national growth.

The NHDR Panama 2019 contributes a positive vision to advance changes to institutional and civic culture, necessary on the path to institutional transformation. It also lays the groundwork for Panamanian institutions to be more efficient, inclusive and prepared to comply with the 2030 Agenda. This work has been nurtured by the collaboration of national and international experts on the issues discussed but also reflects public opinions collected in focus groups with indigenous women and men, people of African descent and rural populations. The study is complemented with a survey applied throughout the country, including the indigenous regions and areas outside the census area.

With this document, UNDP seeks to contribute ideas and recommendations that strengthen institutionality. Having more modern, stronger, fairer and equal institutions will allow us to meet the new challenges that the country faces. I express our hope that this instrument, produced collaboratively with various sectors, will contribute to joint work and partnerships in the country for the achievement of the SDGs.

Linda Maguire
UNDP Resident Representative in Panama
Executive summary

NHDR Panama 2019: Renewing institutions for sustainable human development

Panama faces the challenge of transitioning towards an inclusive and sustainable development model, focusing on the more disadvantaged populations. Overcoming this challenge requires changes at the institutional and public policy level.

The country has experienced rapid growth for many years; and although it has invested in social policies, some challenges remain unaddressed and inequalities persist.

New ways of doing things are needed: Institutions that promote Sustainable Human Development with Equity, identifying the needs of each region and human group and promoting solutions with the participation of the communities themselves.

The 2030 Agenda for Sustainable Development presents more ambitious objectives: the challenge of achieving sustainability and the balance between economic, social and environmental issues.

Fulfilling the 2030 Agenda requires State policies with modern institutions that assume the challenge of achieving the Sustainable Development Goals (SDGs).

There are pending issues related to institutional development, but also new challenges associated with the 2030 agenda

- The country has great opportunities: for years it has invested in programmes and projects.
- But not all objectives have been achieved: inequalities persist.
- New 2030 Agenda for Sustainable Development with more ambitious goals.
- Institutions that promote Human Sustainable Development with Equity.
Therefore, within the framework of the new global agenda assumed by Panama in the PEN2030¹, institutions are needed that are effective in achieving national development goals, efficient in the use of resources, inclusive to facilitate the incorporation of different sectors in the development dynamics and transparently accountable to citizens.

They must be able to develop public policies that successfully:

- **Include and integrate** the interests and aspirations of different regions and groups within national agreements.
- **Implement consistent actions** at the national, provincial and local levels with a focus on results-based planning and citizen participation.
- **Understand the needs** of the population and differentiate specific interventions, according to the social, gender, geographic and cultural context.
- **Address complex problems** in a comprehensive and coordinated manner between the different public and private entities.
- **Properly manage** knowledge and information for decision making in the design, implementation and monitoring of policies.
- **Incorporate good practices** from other societies and appropriate technologies to improve their effectiveness and contribute to the sustainability of development.

This report revisits the discussion of the role of the State and institutions as true facilitators of development with citizen participation, as well as the best strategies to achieve it.

When institutions function badly, poor and vulnerable people tend to suffer most. Just as human development requires much more than raising income, governance for human development requires much more than having effective public institutions. Good governance also requires fostering fair, accountable institutions that protect human rights and basic freedoms (Human Development Report 2002, p. 4).

**FIGURE 01 | Institutional confidence. Panama and Latin America. Year 2018**

Source: Latinobarómetro 2018.

1. National Strategic Plan with State Vision. Panama 2030.
Institutions also matter because, in recent years, the region has seen an increase in public distrust indicators, which represents a great weakness for democracy and a risk for the deterioration of social and political consensus. “In Latin America high income inequality and poverty go hand in hand with low public trust in political institutions and greater willingness to accept authoritarian rule and violations of human rights.” (UNDP 2002, p. 7).

But this distrust does not only come from citizens. Other international actors such as investors and international organizations identify weaknesses that are reflected in the competitiveness and corruption indicators, among others, that affect the perception of the country abroad.

In addition, this document seeks, based on dialogue with diverse sectors of Panamanian society, to recommend and propose concrete actions that lead to fundamental changes in public policies, including: strengthening local institutions and aligning them with reality; promoting the wellbeing of society; increasing social capital, emphasizing the role of civil society and the private sector in development; as well as strengthening the role of knowledge and application of science and technology for sustainable human development.

**Institutions to increase human development**

Institutions have a great responsibility for the wellbeing of all people, and they – and their policies – have contributed to shaping the country into what it is today. Given the new context, it is necessary to strengthen these institutions so that they may assume their role more comprehensively and with quality benchmarks.

In general, institutions are thought to be distant entities that are unable to connect with the day-to-day wellbeing of citizens. It is important to note that the quality of health services, education, transportation, water, electricity; the existence of care services for the elderly and persons with disabilities; and the exclusion suffered by women, indigenous people, people of African descent are related to the quality of the institutions.

The development is driven by various market factors and through public investment, which have been constructing a particular productive structure characterized by a greater focus on service activities and concentrated around the axis of the canal in Panama and Colon.

This structure is what generates both the opportunities for inclusion as well as the barriers that perpetuate geographical and social inequality.

Therefore, public policies - both social and economic - are responsible for enhancing the comparative advantages of the country, but in turn increase the opportunities for the deepening of gaps. This is why institutions are key to sustainable and inclusive human development, and it is necessary to strengthen their capacities to meet national challenges, develop quality public policies that are implemented effectively and efficiently.

**New capacities for new challenges**

For many years, Latin America has prioritized economic growth to obtain resources to meet social needs and subsequently mitigate negative environmental impacts. However, global challenges such as inequality, climate change and natural disasters force us to address economic, social and environmental development in a comprehensive manner.

In addition, the new institutions will have to implement the 2030 Agenda and respond to its multidisciplinary nature, which calls upon countries to transform the way in which institutions and their partners have worked. That is, they will have to move from a sectoral to a cross-cutting approach and find a way to carry out joint tasks, face challenges and plan comprehensive solutions.
The objectives and goals do not have unique solutions. Therefore, all sectors (government, academia, civil society and the private sector) must commit to search for collective solutions to local and global problems that affect everyone.

**Political institutionality**

In this section, the Report discusses the political institutions that define “the rules of the game” and their interactions with other systems – such as the social or economic - and presents suggestions to promote greater representation, inclusion and transparency in their operation.

This is the approach used to address the electoral system, which determines not only the capacity for citizen participation but also impacts the accountability of public institutions.

The democratic system must facilitate the entry and participation of minorities in the representative system, which in turn increases the likelihood that their needs and interests are reflected in public policies.

However, in addition to the challenge of representing the interests of minorities, the National Assembly is not empowered to prepare the General State Budget, since the Executive Branch is in charge of the budget. The National Assembly can reduce or eliminate but cannot increase scheduled expenditures or create new ones. If it rejects the budget, the previous year’s budget is approved automatically.

As such, there is little space to influence the allocation of resources and the definition of programmes, which is the responsibility of the Executive Branch. This explains the limited independence of the National Assembly and, coupled with the electoral regulations for deputies, why they continue to search for alternative mechanisms to develop projects in their communities.

The Report also finds that political campaign finance reform is needed because of the impact on the access to decision-making positions. Processes currently favour actors with more resources and may affect democratic decision-making if the interests of sectors are not represented, especially those with fewer resources. Progress has already been made towards regulating budget limits and the timing of political campaigns. The impact of these reforms can be evaluated after the 2019 general elections.

It is also necessary to revisit the discussion on the assembly’s function in representing different sectors when legislating and designing public policies, in contrast to the role of implementation of ministries and local governments.

**Justice Reform**

Over the last 18 years, Panamanian society has witnessed a broad debate about the problems related to the administration of justice, the definition of a judicial reform agenda and its implementation processes.

The most significant laws for the modernization of the administration of justice have been approved in the last 10 years: Judicial Career, Integrity and Transparency Tribunal, Accusatory System of Criminal Procedure, and the law that creates the Community Justice of Peace. Despite these advances, a lack of budget resources has prevented some issues from being addressed and legal norms from being implemented.

In addition, there has been little change in citizen perception of justice, which is viewed as slow, selective, deficient, and lacking in transparency and accessibility.

The General State Budget assigns 1.3% of resources to the administration of justice, whereas international norms recommend an allocation of 2% to 6% in order for the independent operation of the system. In Panama, the budgets for the 2016, 2017 and 2018 fiscal periods did not include items for important pieces of the reform, such as the implementation of the Judicial Career or the Integrity and Transparency Tribunal.

The Judicial Career Law, passed in 2015, which paves the way for a merit-based nomination system in the Judicial Branch, also remains unimplemented due to lack of budget allocation.
Despite the advances of the justice reform and modernization agenda, all proposals to that end will remain superficial if the constitutional changes to correct distortions in the justice system are not approved. These were detailed in the State Pact for Justice Agreements.

Here it is important to remember that judicial reform does not only involve modifying the laws but lies in strengthening institutions so that they are able to respond and demand compliance. In addition, it includes cultural changes that can take a long time as is the case of the accusatory system. It has been in force since 2016 but needs to be aligned with the logic of the new system and accompanied by reorganization of personnel, professionalization of human resources, dissemination and a change in the culture of citizens, including lawyers.

The Report also highlights the issue of inclusiveness of the judicial system. The majority of Panamanians are unable to bear the costs of legal assistance, and their access to justice is very limited as a result. The situation is even worse for more vulnerable groups.

The high percentage of the population requiring free assistance from the State and the limited number of public defenders reveal the existing limitations of the access to defence, resulting in a denial of justice and a violation of basic rights.

The situation is aggravated for women, people with disabilities and indigenous people. These groups are most vulnerable to violations of their human rights and are precisely those with less access to resources to cover the cost of legal defence.

As for the Judicial Branch, it can also play an important role in social inclusion, opening legal spaces to traditionally excluded groups, such as rural populations, ethnic minorities or, in general, society’s poorest people; however, it must strengthen its budgetary autonomy and the implementation of the human rights approach.

**Public servants and leaders, especially local, are key to overcoming the new challenges**

Inevitably, the question arises whether the Panamanian State, and its human and financial resources, is prepared to assume the new challenges. This report sets forth an essential strategy to assist the civil service administration in overcoming these challenges and making the new agenda a reality. Public officials, both men and women, are links between the State and the people, and as such, are responsible for responding to public demands and are bearers of the trust in the government.

---

**BOX 1 | Human development and civil service**

When ranking the countries from lowest to highest on the Human Development Index (HDI), countries also demonstrated a positive trend towards improved rankings on the Civil Service Development Index, with the exception of Panama, which ranked well below what was expected for its level of human development. This might lead to the assumption that “growth is possible without institutions”; but it seems to be an exception rather than the rule, since the quality, equity and sustainability of that process can be affected in the medium term. In fact, market institutions are shown to perform better than political institutions (Institutional Quality Index –ICI–), which could explain, in part, economic growth with social inequality.
FIGURE 02 | Civil service development index 2004-2011/2013 (16 countries)

The new development agenda requires leadership that inspires trust and public servants who understand people's needs, aspirations and desires; that are empathic, with skills to interact, get involved and empower communities to articulate their problems and contribute to design of responses. Technology and innovation must be incorporated to supplement traditional methods used to represent citizens.

The new development challenges call for a focus on local leadership, prioritizing leaders with the closest ties to the people. Institutions will have to strive for a more diverse leadership and public workforce - composed of men and women, members of the country's representative social groups – to create a diversity that contributes to a better understanding of reality and social aspirations.

The State must engage in a process of modernization to achieve independence and impartiality, which requires advances in legislative reforms and new management arrangements, as well as the use of resources. In this sense, public finances and the efficient operation of the State become indispensable conditions for the fulfilment of these objectives.

The strengthening of public institutions is determined by multiple factors, including the ability to separate state functions from those of the government in office. In Panama, however, the difference between State and Government is difficult to distinguish, and public servants end up being identified with the government administration in office. This leads to a high turnover with each change of administration, which affects the stability of state policies and generates high cost and inefficiency in the public function. As such, the professionalization of the civil service is essential to move towards greater efficiency and effectiveness in the administration of the State.

To advance the professionalization and depoliticization of the civil service, implementation of a programme of “Excellence for Senior Public Officials” is suggested, which contemplates the selection of candidates based on technical and non-political criteria.

It is also urgent to separate certain functions. The tasks of formulating and designing public policies should be assigned to a more political sphere with a strong relationship to the government programme. Policy enforcement tasks, meanwhile, should be assigned to technical officials, associated with specific performance target as part of an official public servant career.

Results Based Management (RBM)

This section explores the application of RBM and how it could be used more effectively as a tool to facilitate sustainable human development processes.

Although Panama has invested in legal and procedural tools to facilitate RBM in the last 20 years, its use has been limited and its impact on sustainable development processes almost negligible. This is largely due to a relatively high level of centralization in the process of data creation, learning and knowledge generation in the public sector. For example, it has invested in better data management technologies and more powerful analysis tools that produce information, but which are not necessarily used to learn and generate knowledge or new ways of doing things.

The existing culture of public administration is guided by the legal basis for its actions and not, precisely, by its impact on the public. The institutional culture also views RBM as a simple and linear process, guided by reason and the search for efficiencies, both in its implementation and its results.

Some of the recommendations are related to the synchronization of the budget cycle and the programme evaluation cycle because execution currently takes precedence over the impact on the general public. The planning and implementation of actions at the local level should also be strengthened, incorporating the participation of citizens and social organizations.

Finally, an effective RBM cycle has the potential to create conditions to eradicate discriminatory dynamics, including the high costs of access to public services and the labour market for women, indigenous people and families with low-income and without physical capital.
The transformative power of culture and simple institutionality

Institutions are made up of people, and their ultimate function should be to improve lives through the services they offer. Its dual human dimension has been forgotten in favour of increasingly complex technocratic and bureaucratic issues, which contribute little to improving the lives of citizens.

When referring to institutional changes, the first things that come to mind are laws and regulations, with little thought for the values, ideas and beliefs of the people who work in these institutions. These must be taken into account when making changes, because cultural elements can contribute to forging progress as well as delaying it.

That is, institutional changes require integration into a process of social and cultural change, because there is a direct connection between the behaviour of individuals and that of institutions. Changes cannot be isolated from social and cultural aspects.

Therefore, permanence or change is based on individual behaviour and collective behaviour. Beyond formal changes, a social construction process is required to align existing rules with citizenship practices and the actual functioning of the institution.

Diagram: 01 | institutions are norms and, simultaneously, part of citizen culture and everyday practices.
Panama also has a great opportunity to make institutional changes through simple rules or simple institutionality, since its public administration has sufficient laws, decrees, guiding principles, among other tools, to carry out permanent transformations that allow citizens to regain lost trust in institutions without needing to continually approve new rules. Simple institutionality contemplates transformations that do not require legislative changes but instead adapt the current legislation and apply guiding principles, new guidelines or recommendations and proper incentives, involving the different stakeholders in the search for solutions and accounting for the cultural dimension.

This report highlights the role of “everyday practices” for institutional transformation. Formal norms can be changed more quickly if there is a significant consensus among decision makers, but organizational culture and informal practices tend to be maintained despite regulatory changes. Achieving coherence between formal and simple institutions is another challenge to responsible and responsive governance. To achieve a specific objective, it will be necessary not only to apply the formal rules but also to include practices in the response that can contribute to the fulfilment of the objectives.

One of the great advantages of using incentives to accelerate institutional changes – which are traditionally slow - is that it is a short- and medium-term strategy. Implementation does not depend on a rule or law. In addition, they can provide the starting point of an ambitious process of change, which will require other tactics, partners and leadership capable of inspiring and negotiating a new course of action.

**Building trust, indispensible for the new institutionality**

Trust in institutions is important, because the formulation of legitimate and effective public policies depends largely on their ability to build trust.

The lack of confidence in the institutions that formulate and implement public policies - such as the National Assembly, the political parties and the Presidency of the Republic - weakens the credibility of the State and prevents it from generating sufficient legitimacy to influence society and negotiate the parameters of public policies among state agencies. Citizen confidence and trust are fundamental for social and political institutions since, without them and without strong democratic values, the political system can degenerate into authoritarianism or a failed state. In both cases, governance is weakened, and it becomes very difficult to formulate legitimate and effective public policies.

Citizen trust in institutionality requires the development of a culture of respect for formal and informal rules but must be accompanied by a recognized level of transparency and citizen participation, dimensions that are discussed in this document.
In July 2000, Resolution No. 72 created the Unit for the Promotion of Citizen Participation, attached to the Presidency of the Legislative Assembly - today the National Assembly. It was tasked with stimulating the popular initiative regarding legislative matters and government management oversight, while registering the direct opinions of citizens on issues of national interest.

In addition, Panama has a law on transparency and access to public information - Law 6 of January 22, 2002 (the first of its kind approved in Latin America) - that allows any private individual to file an action of habeas data if the public entity does not deliver the public information requested. This was elevated to the constitutional level to protect the aforementioned basic right, allowing for very specific exceptions (confidential or restricted access information).

Although Panama has the basic structure for public management to be transparent, it continues to be perceived as lacking transparency.
Many times, it is thought that simply publishing information on the Internet results in transparent processes. However, it is important to reflect a willingness to make all public management transparent and even invite citizens and public opinion to access that information.

To reverse the public's perception of the lack of transparency, guidelines are required that originate at the highest levels of government and are aimed at changing the way information is shared. Beyond the law, it must establish itself as a permanent action carried out by the institutions as entities but also by the individuals in them.

**Inclusive institutionality**

This report highlights the importance of providing institutions with new capabilities to make them more inclusive. These new institutions must be deliberative and obligated to take the interests of others into account. A majority cannot simply ignore the visions of minorities and argue that they are secondary interests.

Similarly, the effectiveness of the different institutional intervention modalities for greater inclusion can be improved, incorporating the dimensions of social justice i.e. redistribution (economic), recognition of diversity (cultural) and representation (political).

Justice requires social agreements that allow all people to participate in social life as peers. "Overcoming injustice" would imply dismantling institutionalized obstacles that prevent some from participating alongside others as full partners in social interaction.

**Institutionality of gender**

The report also notes that the gender approach has not yet been fully incorporated into the social institutional fabric, which is urgently needed for the advancement of equality. This requires a reformulation of the definition of the State itself and of all public institutions.

In addition, it emphasizes that the processes of institutionalization of gender issues are catalysts of change that have produced transformations at the state level.

The institutionality of gender offers a set of advantages for public equality policies. First, by involving various instances of the State, it provides opportunities for systemic and comprehensive approaches to social problems. Second, with appropriate coordination mechanisms, it could articulate cross-cutting policies and convene different actors. It could also contribute to gender mainstreaming, understood as the positioning of gender equality in the key issues of state policies, including economic growth, productive development, consumption and social protection.

**Institutionality and priority groups**

Interculturality, environmental sustainability and equal opportunities define the comprehensiveness of the public policies necessary to fulfil the aspirations of the 2030 Agenda.

The Report reveals, for a proper discussion, some of the situations that affect the institutionality of indigenous peoples such as: the lack of coordination between the authorities of the region; the insecurity of government support; the difficulty in preparing a consensus proposal before the people; and the slow pace and high cost of legal procedures.

The document also includes a review of the three models of self-government, which have emerged at different times in the history of the country. These reflect the degree to which each has fulfilled its aspirations and demonstrate that there is no single example to follow to achieve greater institutionality. The government of the Guna Yala region has reached the highest degree of regional autonomy, and the Ngäbe Buglé region is characterized as a semi-autonomous model. The indigenous territories outside of the regions have the least degree of autonomy and legal defence, its only protection a special “Collective Lands” titling law.
At the international level, the 2030 Agenda, the declaration of the International Decade for People of African Descent and the Durban Action Plan provide strategic lines to promote public policies with an ethnically differential approach and intercultural guidelines. In other words, a process of public policy change began at the end of the 20th century to support, increase the visibility, provide reparations and call for the inclusion of people of African descent. Public policies, in general, do not fully recognize or incorporate the characteristics of the cultures that make up a country. Thus, the design of interventions limits the population’s potential to recover knowledge, know-how and technologies of their natural, cultural, social and institutional environment that shape their identity and collective imagination.

For this reason, it is important that public policies are comprehensive and promote citizen participation to adapt interventions to the reality of their target populations.

The social organizations ask to increase the visibility of the aspirations of the Afro-Panamanian population in political, economic, educational and social matters, within the framework of a multi-ethnic and multicultural reality, and in all areas of human activity. These organizations also call for the official participation of representatives of the country’s diverse groups in the dialogues and consultations promoted by the State, national civil society organizations, and regional and global entities. They also aspire to have their own institutional framework for cultural promotion, policy formulation and resource allocation. The demands of many social groups are consistent with the approach of this report, which states that achieving social inclusion requires the recognition of identities, redistribution of resources and effective political representation.

**Recommendations**

The report concludes with concrete recommendations related to three main lines of work:

- **Developing institutions and deepening justice reform:** As stated at the beginning of this document, the challenges of the 2030 Agenda require new quality, coordinated and integrated work methods that must be promoted and incorporated in all institutions, while completing the process of legal reform already underway.

- **Strengthening the Civil Service and proposal of a Merit-based Senior Management Programme:** The role of the public service in development is recognized, however, so are the challenges that it faces. A continuous training and update programme for personnel must be promoted, which establishes new leadership in key positions through merit-based and results-oriented selection.

- **Resume results-based planning with a local-to-national approach, including academia and civil society.** It must ensure rigorous evidence-based planning and monitoring for decision-making, together with development of integrated but decentralized information systems for timely updating.

These recommendations seek to promote the modernization of institutions so that they may assume their role in Human Development and the fulfilment of the 2030 Agenda, while achieving their real implementation in everyday practices and a change in civic culture.