

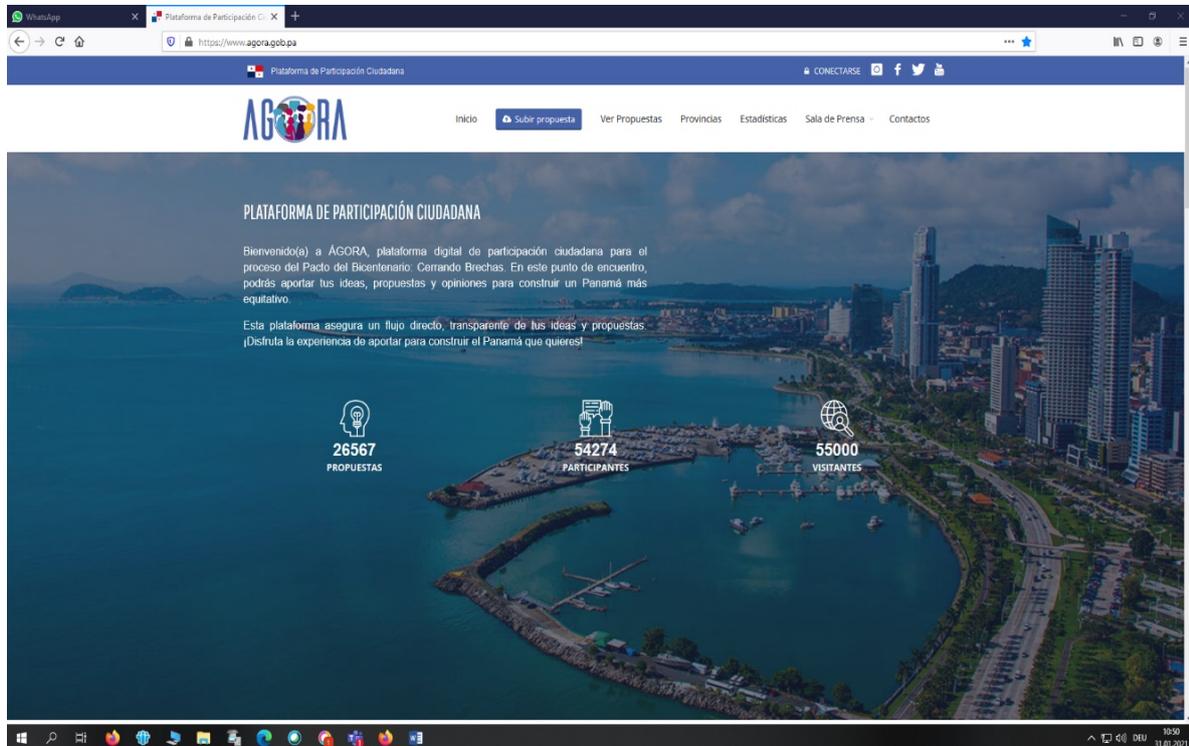
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Country Program



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Alliances for Democracy and Development with Latin America ADELA



Panama's "Pacto del Bicentenario"

A serious way of designing the future or a new deception?

Winfried Weck

The covid-19 pandemic has hit Panama hard. By the end of 2020, it was the country in the world with the highest daily number of new infections relative to its population. The complete lockdown, reimplemented since Christmas, this time provoked protests from the urban poor. The tense economic and social situation motivated the center-left government of President Laurentino Nito Cortizo to initiate a comprehensive national development program aimed at effectively counteracting Panama's severe inequality. Therefore, the creation and implementation of the "Bicentennial Pact" program should not be implemented by the government alone. Rather, all political, economic and social forces, down to every citizen, are called upon to contribute.

As early as October of last year, the Panamanian government announced its intention to launch a comprehensive national reform and reconstruction plan. In the weeks that followed, members of the government met with representatives of all political parties, businesses, professional associations and organized civil society to convince them to join forces across party lines and particular interests. Then, on November 26, 2020, President Cortizo officially announced the beginning of the process to create the Bicentennial Pact.

By the end of November 2021, the Pact should be filled with content and completed as a program of action in terms of content. The historical background of the *Pacto del Bicentenario* is the bicentennial of the independence of the present-day states of Colombia, Venezuela, Ecuador and Panama, as well as parts of Peru and Guyana, from the colonial power Spain in 1819/1821, which at that time had united to form Gran Colombia (*Republic of Colombia*) under President Simón Bolívar ¹

Why a program of action is urgently needed

Compared to most countries in the region, Panama fared well. Both the Panama Canal and the banking sector ensure a steady flow of income, even in pandemic conditions. Anyone first approaching Panama City from the air to land at Tocumen International Airport will be struck by a backdrop of skyscrapers reminiscent of Singapore. In the country's capital, money and prosperity are in sight. And that is exactly what has made Panama one of the most unequal countries in the world today ². Even today, the daily lives of many people in Panama are marked by poverty. In the capital itself, poor neighborhoods are found right next to the residential towers of the rich. A completely inefficient public school system and a health and social security system in dire need of reform contribute to the fact that the poorest classes, both rural and urban, continue to lag behind the middle classes and, above all, the wealthy. The pandemic threatens Panamanian society with further deepening inequalities in living conditions. After a five-month total lockdown from late March to early September 2020 and the new quarantine from Christmas 2020 - following a phase of opening and normalization of public life between September and December - many Panamanians face economic ruin. Many families who, despite belonging to the poorest strata of the population, managed to make ends meet, no longer know how to pay for food or even rent. Government subsidies of \$100 per month for the unemployed are not at all sufficient to finance their minimum needs.

Because Panama's economy is also suffering from the pandemic. The Economic Commission for Latin America and the Caribbean (ECLAC) forecasts a fall in Panama's gross national product of 11 % in 2020. To finance the budget deficit and coronavirus measures, the government has issued government bonds totaling USD 8.2 billion (equivalent to USD 1,823 per capita) on the international financial markets and has received loans from the IMF, the Inter-American Development Bank and the World Bank. Due to the months-long lockdown and numerous company closures, the unemployment rate in the formal sector increased to 18.5% in 2020, while the share of the informal sector increased from 44.9% in 2019 to 52.8% in 2021³. The national debt increased by another US\$6 billion to US\$37 billion⁴. These are clear signs of worsening economic and social crisis. Added to this is the fact that several members of the government, including the vice president, as well as senior representatives of the ministerial bureaucracy, have been under suspicion of corruption since April last year for personal enrichment through overpricing in purchases of medical devices for the treatment of coronavirus patients.

In addition, social media repeatedly reports of members of the government or their family members not feeling obliged to comply with quarantine rules in any way, most recently over the New Year's weekend, which all residents had to spend at home in quarantine. Public confidence in the government is at rock bottom

¹ However, La Gran Colombia had a short life. Already in 1830, after the death of Simón Bolívar, the State was divided into individual parts, from which the current republics of Colombia, Ecuador and Venezuela developed. Present-day Panama continued to be part of Colombia. It was not until 1903 that Panama separated and became a state. For this reason, Panama celebrates both an Independence Day and a Separation Day until today.

² According to the Gini index of the World Bank that measures inequality, Panama is in 15th place worldwide. Compared to the countries of Latin America and the Caribbean, it ranks 4th.

³ Panama closes the year with an unemployment rate of 18.5%, La Estrella de Panamá, December 23, 2020, S. 4ª.

⁴ Public debt increased \$ 5.941 billion in one year, La Prensa, January 21, 2021, S. 1B.

What the *Bicentennial Pact* is intended to achieve

In this context, it is not surprising that President Cortizo and his government are launching a great project that seeks to be not only beneficial for the nation, but also prestigious. And with the ambitious, if not grandiloquent, denomination of "Bicentennial Pact", the project is doomed to success in advance, and the government does not want to completely lose the confidence of all Panamanians.

For this reason, a completely new methodology has been devised to give content to the pact: on the one hand, all citizens can participate directly and make suggestions through an Internet platform created by the United Nations Development Program (UNDP), called Agora⁵. This platform was designed in a highly transparent manner and can be used not only in Spanish, but also in the three most important indigenous languages of the country. On the other hand, the pact aims to address the country's regional particularities rather than just national solutions. And finally, independent expert commissions have been convened at the national and regional levels to review and evaluate all proposals and develop a strategy. However, there have already been 19 national or sectoral reform projects since the end of the dictatorship in 1989, but all of them have failed mainly because politicians and interest groups have not focused on the good of the country and its population, but mainly on personal material well-being.

Initial skepticism, especially among opposition parties and political analysts, was not unfounded, but the use of the Agora platform so far seems to refute this pessimism: already in the first 24 hours after activation 165 proposals were received, and in the following two days 256 and 332 respectively⁶. By January 31, an unexpected 26,567 suggestions had been received, 55,000 people had visited the website, of whom 54,274 had made comments or proposals. The site attaches particular importance to transparency in the communication of information. Thus, it is possible to know how many citizens, institutions or parties submitted proposals and on which thematic areas. The contents of the proposals are entirely user-dependent and range from the demand for soccer fields in remote areas to detailed proposals for reforming the education sector.

It is surprising the extremely high participation of individual contributions, expressed in 25,345 proposals as of January 31, 2020, while 85 had been submitted by civil society organizations, 103 by political organizations, 1,000 by State and business institutions and, far behind, only 34 proposals by academics.⁷

⁵ Siehe Titelbild, <https://www.agora.gob.pa>, Aufruf am 31.01.2021

⁶ La Estrella de Panamá, Escepticismo por resultados del Pacto del Bicentenario, 30.11.2020, S.4^a

⁷ <https://www.agora.gob.pa>, Aufruf am 31.01.2021

Ingresar tus propuestas

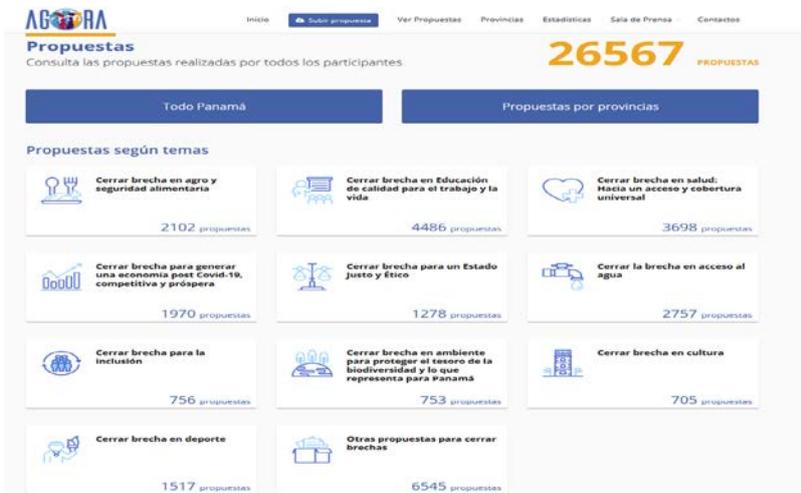
¿Qué país quieres para los niños y niñas de Panamá? Aporta tus ideas para construir el Pacto del Bicentenario: Cerrando Brechas



In addition, the transparent presentation of the selected contents clearly shows which are the burning issues for Panamanians. The education sector, which is in urgent need of reform, is clearly a priority, followed by the health system. Here is a summary of the number of proposals submitted so far, by thematic area:

Applications submitted by January 31, 2021, by subject matter

Education	4.486
Health	3.698
Acces to water	2.757
Food Safety	2.102
Economic Reforms	1.970
Sports	1.348
Ethic, Rule of law	1.278
Inclusion	756
Biodiversity	753
Culture	705
Other topics	6.545 ⁸



Source: <https://www.agora.gob.pa>.

⁸ Edb,

Plan for the formulation of the *Bicentennial Pact*

Phase 1	November 26, 2020 to February 28, 2021. Agora is active for requests and suggestions.
Phase 2	January 2 to April 15, 2021. All proposals will be read, ranked and reviewed for feasibility.
Phase 3	April 16 to June 30, 2021. Regional commissions discuss the respective proposals.
Phase 4	June 15 to November 20, 2021. Compilation and final editing of the final text of the <i>Bicentennial Pact</i> .

This will be followed by the implementation phase, not yet specified in more detail, as it depends on the final text of the pact. It cannot be ruled out that some of the proposals, particularly with regard to the electoral system, will require constitutional reforms. To this end, it would certainly be appropriate to democratically legitimize the pact through a referendum. However, it is doubtful that such a procedure would even be considered by the political side.

The creation of the Pact is accompanied by a detailed and necessary debate on the renewal of the social system, in particular the health insurance (Caja de Seguro Social CSS) and the disability, old age and death insurance system (Programa de Invalidez, Vejez y Muerte IVM) The latter alone, as assessed by a group of experts, has a deficit of US \$ 65 billion, based on 2018 figures⁹.

This deficit is not only structural, but a particularly sad and fatal example of decades of corruption. Proposals submitted on the Agora platform will also be taken into account in this process.

The great challenge: building trust

The central objective of the procedure of elaboration of the pact itself is the generation of trust. The political class has shamelessly enriched itself over the decades. Corruption and collusion are as natural in Panama as the existence of the Canal ¹⁰. The political class has always considered itself untouchable, as the Judiciary has shown no interest in taking action against such accusations. With the corruption investigations against former presidents Ricardo Martinelli and Juan Carlos Varela, as well as the good results of independent candidates in the 2019 presidential elections (Ricardo Lombana achieved third place), the winds seem to have changed. And the long quarantine did the rest to make people more reflective and critical.

The growing anger of the population against the ruling class and its often unethical code of conduct is also fueled by investigative journalists who repeatedly report new cases of corrupt and irresponsible behavior through social networks and also document their accusations. Active citizen participation in political shaping processes beyond party membership is visibly becoming a popular topic in Panama.

⁹La Prensa, Dialogue for the CSS: What's next ?, 20.01.2021, S. 5^a.

¹⁰ According to Transparency International's Corruption Perception Index (CPI) 2020, Panama shares the 111th position (out of 179 states) with Bosnia and Herzegovina, Mongolia and North Macedonia.

The Cortizo government, under heavy pressure from suspicions of corruption, is attempting to extricate itself from this through the Bicentennial Pact. Transparency, inclusiveness and a "leave no one behind" approach should ensure that Panama's citizens can truly engage in the process of political renewal for the first time. And the sharp increase in the number of suggestions submitted on the Ágora platform in recent days shows that Panamanians are on the verge of breaking free from the political passivity they have practiced for decades and becoming active ⁷. If the Bicentennial Pact is truly successful and leads to smoothing the deep structural gaps and deficits in the Panamanian nation, it could become a model of best practices and become an example for similar projects in other countries not only in Latin America.

Screenshots courtesy of UNDP Panamá:

Ágora - Citizen participation platform for the Bicentennial Pact process: Closing Gaps. © Coyright 2021 United Nations Development Programme (UNDP) Developed by GovRight

¹¹By way of comparison, on January 22, 2021, nine days before the Agora data cited in this report, the total number of requests was 13,467, of which 12,627 were from citizens.



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