

# Panama

Western Hemisphere / **Central America**

<b>CAPITAL</b> Panama City	<b>TERRITORY</b> 74,177 km <sup>2</sup>	<b>POPULATION (2020)</b> 4,314,768.00	<b>GDP TOTAL (2020)</b> \$52.94B USD	<b>GDP PER CAPITA (2020)</b> \$12,269.04 USD	<b>INCOME GROUP</b> Upper middle income
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## Convention Implementation



In progress

17<sup>th</sup> of 31 western hemisphere  
6<sup>th</sup> of 8 Central American countries

### Prevention



Core-deficient

### Criminalization and law enforcement

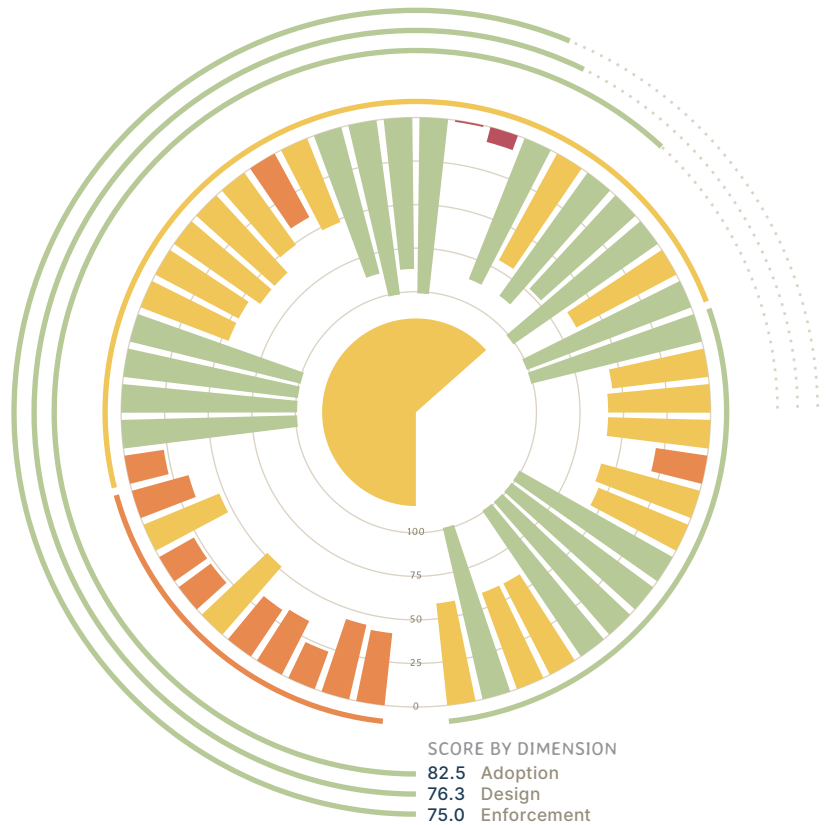


In progress

### International cooperation



Implemented



## Anti-corruption conventions timeline



**CONVENTIONS**

- IACAC - Inter-American Convention Against Corruption
- UNCAC - United Nations Convention against Corruption
- OECD Anti-Bribery Convention

**KEY EVENTS**

- Signed
- Ratified/acceded
- Review rounds

## Prevention

Core-deficient

# 34.4

✓ Adoption 62.5   ✎ Design 51.7   ⌚ Enforcement 58.3

Standards of Conduct Core-deficient <b>40.6</b> ✓ 75.0 ✎ 50.0 ⌚ 66.7	Enforcement of Standards of Conduct Core-deficient <b>43.0</b> ✓ 50.0 ✎ 83.3 ⌚ 50.0	Training of Public Officials Core-deficient <b>21.9</b> ✓ 50.0 ✎ 33.3 ⌚ 50.0	Asset and Conflicts of Interests Declarations Core-deficient <b>33.6</b> ✓ 75.0 ✎ 50.0 ⌚ 50.0	Transparency in Government Contracting Core-deficient <b>31.3</b> ✓ 75.0 ✎ 33.3 ⌚ 66.7
Elimination of Favorable Tax Treatment In progress <b>50.8</b> ✓ 100.0 ✎ 83.3 ⌚ 50.0	Oversight Bodies Core-deficient <b>21.9</b> ✓ 50.0 ✎ 33.3 ⌚ 50.0	Measures to Deter Domestic and Foreign Bribery Core-deficient <b>21.9</b> ✓ 50.0 ✎ 33.3 ⌚ 50.0	Encouraging Participation by Civil Society In progress <b>46.1</b> ✓ 75.0 ✎ 83.3 ⌚ 50.0	Study of Other Preventive Measures Core-deficient <b>32.8</b> ✓ 25.0 ✎ 33.3 ⌚ 100.0

## Criminalization and law enforcement

In progress

# 69.8

✓ Adoption 85.0   ✎ Design 75.3   ⌚ Enforcement 83.3

Protection of Those who Report Acts of Corruption Core-deficient <b>21.9</b> ✓ 50.0 ✎ 33.3 ⌚ 50.0	Scope Implemented <b>100.0</b> ✓ 100.0 ✎ 100.0 ⌚ 100.0	Jurisdiction: Offense-in-Territory Implemented <b>100.0</b> ✓ 100.0 ✎ 100.0 ⌚ 100.0	Jurisdiction: Offense-by-National Implemented <b>100.0</b> ✓ 100.0 ✎ 100.0 ⌚ 100.0	Jurisdiction: Offender-in-Territory Implemented <b>100.0</b> ✓ 100.0 ✎ 100.0 ⌚ 100.0
Passive Public Bribery In progress <b>53.1</b> ✓ 100.0 ✎ 66.7 ⌚ 66.7	Active Public Bribery In progress <b>53.1</b> ✓ 100.0 ✎ 66.7 ⌚ 66.7	Abuse of Functions In progress <b>59.4</b> ✓ 75.0 ✎ 83.3 ⌚ 66.7	Money Laundering In progress <b>59.4</b> ✓ 75.0 ✎ 83.3 ⌚ 66.7	Participation and Attempt In progress <b>50.0</b> ✓ 75.0 ✎ 66.7 ⌚ 66.7
Active Foreign Bribery Core-deficient <b>40.6</b> ✓ 75.0 ✎ 66.7 ⌚ 50.0	Illicit Enrichment In progress <b>50.8</b> ✓ 100.0 ✎ 83.3 ⌚ 50.0	Use of State Property Implemented <b>85.9</b> ✓ 100.0 ✎ 83.3 ⌚ 100.0	Illicit Acquisition of a Benefit Implemented <b>100.0</b> ✓ 100.0 ✎ 100.0 ⌚ 100.0	Public Embezzlement Implemented <b>85.9</b> ✓ 100.0 ✎ 83.3 ⌚ 100.0
Passive Foreign Bribery Implemented <b>100.0</b> ✓ 100.0 ✎ 100.0 ⌚ 100.0	Private Bribery No implementation <b>0.0</b> ✓ 0.0 ✎ 0.0 ⌚ 0.0	Private Embezzlement No implementation <b>7.8</b> ✓ 50.0 ✎ 0.0 ⌚ 100.0	Obstruction of Justice Implemented <b>85.9</b> ✓ 100.0 ✎ 83.3 ⌚ 100.0	Liability of Legal Persons In progress <b>68.8</b> ✓ 75.0 ✎ 66.7 ⌚ 100.0
Statute of Limitations Implemented <b>85.9</b> ✓ 100.0 ✎ 83.3 ⌚ 100.0	Prosecution, Adjudication and Sanctions In progress <b>71.9</b> ✓ 100.0 ✎ 66.7 ⌚ 100.0	Consequences and Compensation Implemented <b>100.0</b> ✓ 100.0 ✎ 100.0 ⌚ 100.0	Cooperation With Law Enforcement In progress <b>64.1</b> ✓ 50.0 ✎ 66.7 ⌚ 100.0	Asset Recovery Implemented <b>100.0</b> ✓ 100.0 ✎ 100.0 ⌚ 100.0

# International cooperation

Implemented

## 72.3

✓ Adoption 91.7   ✎ Design 94.4   ⚙ Enforcement 72.2

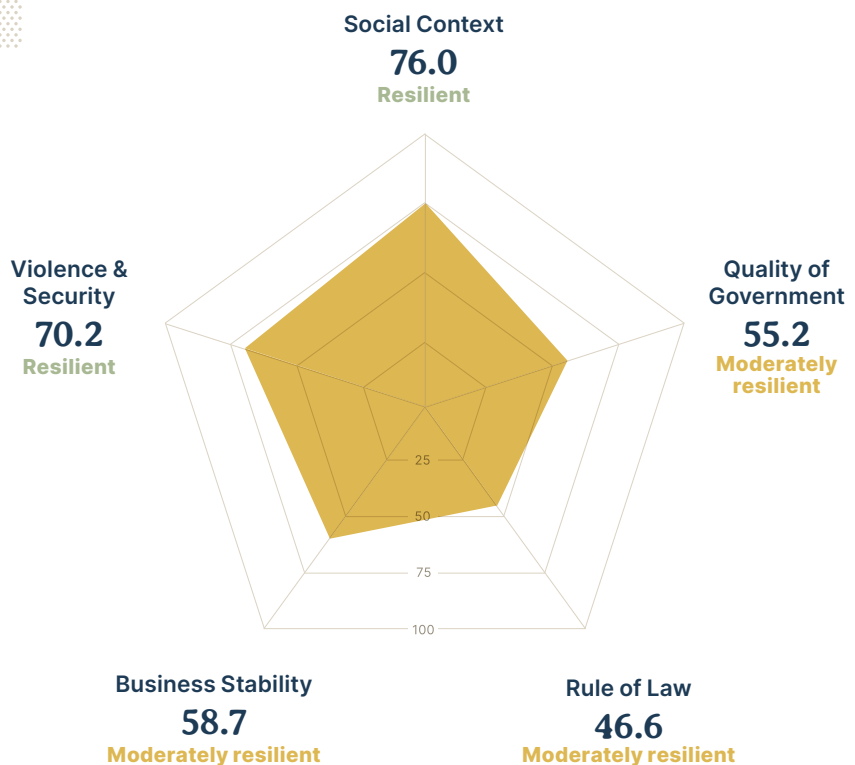


# Corruption Resilience

## 61.3

Moderately resilient

10<sup>th</sup> of 31 western hemisphere  
2<sup>nd</sup> of 8 Central American countries



# Analysis

## Convention Implementation

Panama signed the Inter-American Convention Against Corruption (IACAC) on March 29, 1996, and ratified it on July 20, 1998. It is a State Party to the Follow-Up Mechanism for the Implementation of the Inter-American Convention against Corruption (MESICIC) since June 4, 2001. The country also signed the United Nations Convention Against Corruption (UNCAC) on December 10, 2003, and subsequently ratified it on September 23, 2005. Accordingly, Panama has undergone five rounds of review under MESICIC, and one round of review under the UNCAC review mechanism (of which, for comparability purposes, only the first one was considered here).

Panama's record in implementing its commitments to IACAC and UNCAC exhibits a number of successes but also a modicum of failures. With an overall score of 63.5, the measures adopted place the country at the middle point of compliance with international norms, surrounded by Venezuela (61.0), Bolivia (62.7), Jamaica (65.1), Ecuador (65.1). However, progress in implementation is unequally distributed. Roughly two thirds of all failing measures concern the prevention of corruption, while the average section scores for criminalization and international cooperation double that of prevention.

The prevention of corruption is significantly deficient, classified as “core-deficient” and with all but two measures receiving a failing score, including the training of public officials (21.9), the state of oversight bodies (21.9), transparency in government contracting (31.3), the systems for registering asset and conflict of interests' declarations (33.6), and the standards of conduct (40.6) and their enforcement (43.0), among others. Concerning the state of oversight bodies, the report of the fourth round of MESICIC (adopted in 2013) finds that, among other problems, “barely 15 of the 2,725 officials in the Office of the Attorney General are career civil servants” and that “the total budget of the four Anti-Corruption Prosecutor's Offices in the past three years has amounted to less than 1% of the [Public Prosecution Service's] overall budget.” Moreover, the reports find that “Panama's regulatory framework does not clearly establish a national internal audit system, nor does it determine that the [Office of the Comptroller General of the Republic] is the central organ or technical governing body for that system.” The country only shows progress in regard to the initiatives to encourage the participation of civil society (46.1) and the elimination of favorable tax treatment for corrupt expenditure (50.8). Otherwise, no preventive measure within this section is classified as either implemented or unimplemented.

In terms of criminalization and law enforcement, Panama shows strong results. The country is found

to have successfully implemented roughly half of its commitments, criminalizing embezzlement in the public sector, the illicit acquisition of a benefit (i.e., influence trading), the obstruction of justice, and the passive bribery of foreign officials (as required by UNCAC), among other actions. However, key measures remain in progress, such as those pertaining to illicit enrichment (50.8), active and passive bribery in the public sector (53.1), the abuse of functions (59.4), and money laundering (59.4). Two measures are considered to be deficient (although to different degrees): the protection of those who report acts of corruption (i.e., whistleblower protection) (21.9) and the criminalization of active bribery of foreign officials (40.6).

Panama is found fully compliant in its commitments to establish jurisdiction over the offenses covered by the conventions, including those that have been committed inside its territory, committed by a national, or when the offender is present in its territory, among other required forms. The country is also generally compliant with its commitments regarding international cooperation, with an average section score of 72.3 denoting mild implementation and only one measure assessed to be deficient at core—the possibility of prosecuting corrupt offenses when an extradition request has been denied (28.9).

Finally, the review of implementation and/or enforcement activities pertaining to several measures contained in this report could not be elaborated on due to the lack of information. Panama is frequently cited during MESICIC rounds as providing insufficient statistical information to assess the level of implementation of legally adopted measures. While lack of monitoring and data collection mechanisms is not solely found in Panama, the issue is worth emphasizing in order to support a more detailed and effective assessment.

## Corruption Resilience

Panama's social context indicator score for 2020 declined by 1.3 points from the previous year. Despite the decline in the country's indicator score from 2019, Panama's indicator score exceeds the Western Hemisphere average of 64.9 by 11.1 points. Panama's indicator has remained consistently high, only fluctuating within the 66.9 and 70.6 range. Within the Central America region, Panama has also consistently scored better than its subregional counterparts. Panama's social context indicator score for 2020 is primarily attributed to the successful guarantees of, and respect for, civil liberties and political rights within the country. Nevertheless, concerns over media freedom within the country have emerged, particularly in regard to journalists who face court proceedings while reporting on corruption-related issues

or criticizing government policies. For example, libel and defamation charges have been brought against journalists who have reported on stories that are not favorable by the government, resulting in self-censorship. The wife of the former president Martinelli has sued several media outlets to halt the investigation and report on the Odebrecht scandal.

With regard to the quality of governance and institutions, Panama's score declined in 2020 by 1.5 points from the previous year. Despite the decrease, the country's score remains slightly above the Western Hemisphere country average. Over the last ten years, the country's indicator score has consistently fallen. However, throughout the decade Panama has held an average score that ranged between 53.1 to 57.6, in 2014 to 2018, respectively. Panama's quality of government indicator score is primarily influenced by corruption, challenges with the constraints on the government's power, and impartial administration.

Panama's rule of law indicator for 2020 amounted to a score of 46.6, marking a decrease of 0.4 points from the previous year. Unlike the previous indicators, the rule of law indicator in Panama falls below the Western Hemisphere countries average of 51.1 by 4.5 points. Throughout the decade, the country's indicator score has varied, where the country achieved its highest score in 2012 with 50.1, and its lowest score

in 2015 with 46.1. The drop in the country's score took place around the same time the Odebrecht scandal had come to light. The country's rule of law indicator is large impacted by widespread corruption and inefficiencies with the judicial system.

The country's business stability indicator decreased in 2020 by 1.9 points from the previous year, amounting to a score of 58.7, which exceeds the Western Hemisphere average (50.5) by 8.2 points. Throughout the decade, the country's indicator score has varied, where it achieved its highest score in 2018 with 61.8 and its lowest score in 2013 with 54.8. Panama's 2020 business stability indicator is attributed to an adequate regulatory system which impacts private sector businesses.

In terms of violence and security, Panama's 2020 indicator score declined by 7.6 points from the previous year, resulting in a score of 70.2. Despite the decline in the country's indicator, Panama's score falls well above the Western Hemisphere average of 55.0 and exceeds the average by 15.2 points for 2020. Compared to its counterparts in the Western Hemisphere and particularly, the Central American region, Panama has been consistently a top performer for the violence and security indicator. Panama's indicator score is attributed to lower homicide rates and criminal activities than its counterparts in the region.

# Transparency

MAIN REPORTING NGO

## Fundación para el Desarrollo de la Libertad Ciudadana

REPORT DATE	REVIEW YEAR	DOCUMENT REVIEWED	LANGUAGE
Dec-2012	2011-2012	Executive Summary	Spanish

Did the government make public the contact details for the country focal point? ✔ Yes

Was civil society consulted in preparation for the self-assessment? ✘ No

Was civil society invited to provide information to the official reviewers? ✔ Yes

Was the self-assessment published online or provided to CSOs? ✘ No

*Assessment of the Review Process Civil Society Parallel Reports*

Source: UNCAC CIVIL SOCIETY COALITION

The civil society parallel review report for Panama was written by the Foundation for the Development of Citizen Freedom (la Fundación para el Desarrollo de la Libertad Ciudadana), a non-profit organization which based their findings on information reported during the 2011-2012 period. The report assessed Panama's compliance with articles 15, 16, 17, 23, 26, 32, 33, and 46 of chapters III and IV of UNCAC. In terms of the availability of information, the authors noted that the Attorney General's office was very open to providing statistical data on UNCAC-related crimes. However, these statistics were not readily available or accessible online. Due to existing policies, only the parties to proceedings may access information about their cases during investigations. In terms of Panama's legal framework, the country enacted a new penal code in 2007 which contains regulations that are consistent with UNCAC. Moreover, the country has codified all conduct considered corrupt into its legislation.

However, the country faces obstacles in its implementation and enforcement—namely in obtaining evidence, inter-institutional cooperation and coordination, and in the protection of whistleblowers and witnesses. While these issues have been integrated into the state's legislation, the programs require sufficient

budgets to facilitate their implementation. The report concludes its assessment by highlighting areas for priority action, namely the approval of electoral reforms, the reinforcement of compliance with Article 20 (illicit enrichment), the development of penalties for legal persons who benefit from crimes of corruption, and the establishment of necessary protections for whistleblowers and witnesses in corruption cases.