

REPUBLIC OF PANAMA
MINISTRY OF ECONOMY AND FINANCE
EXECUTIVE DECREE No. 356

(dated August 4th, 2015)

Whereby the Public Credit and International Technical Cooperation Directorates are merged, the Public Financing Directorate is created and the organizational structure of the Ministry of Economy and Finance is modified.

THE PRESIDENT OF THE REPUBLIC,

in exercise of his constitutional and legal powers,

CONSIDERING:

That by Article 3 of Law No. 97 of December 21st, 1998, the Ministry of Economy and Finance is created, functions are assigned to it and it is given the power to create the necessary directorates or administrative units to ensure optimal performance of its functions;

The organizational structure of the Ministry of Economy and Finance is adopted through Executive Decree No. 189 of October 5th, 2007, as amended by Executive Decree No. 110 of August 4th, 2009; Executive Decree No. 9 of January 24th, 2011; Executive Decree No. 277 of September 23rd, 2011; Executive Decree No. 246 of March 16th, 2012; Executive Decree No. 1052 of October 3rd, 2013; Executive Decree No. 10 of September 18th, 2014 and Executive Decree No. 24 of March 3rd, 2015;

That by Executive Decree No. 70 of June 21st, 2002, the Public Credit Directorate of the Ministry of Economy and Finance was reorganized;

That Executive Decree No. 71 of June 24th, 2002 designated the Public Credit Directorate of the Ministry of Economy and Finance as the administrative body responsible for preparing and implementing the issuance of government debt securities;

That by Executive Decree No. 113 of November 28th, 2003, the Public Credit Directorate of the Ministry of Economy and Finance is reorganized and a single text is adopted with the Public Credit Directorate's functions and powers;

That by Executive Decree No. 4 of January 19th, 2015, Cabinet Resolution No. 180 of December 10th, 2014 is complemented, authorizing the Ministry of Economy and Finance, through the Public Credit Directorate, to take measures related to debt service management;

That Article 8 of Executive Decree No. 277 of September 23rd, 2011, amends the second Article of Executive Decree No. 189 of October 5th, 2007; amended by

Executive Decree No. 110 of 4 of August 4th, 2009 and Executive Decree No. 9 of January 24th, 2011, and is incorporated within the Operational (substantive) Level of the International Technical Cooperation Directorate;

That effective management and use of the International Cooperation for Development is vital for achieving the political, economic and social development objectives of the country;

That based on the powers described in Articles 2 and 3 of Law No. 97 of December 21, 1998, the Directorates of Public Credit and International Technical Cooperation will be merged, creating one Directorate that will be responsible for public funding;

DECREES:

Article 1. To include the Public Financing Directorate within the organizational structure of the Ministry of Economy and Finance, that resulted from merging the Directorates of Public Credit and International Technical Cooperation. It will be under the jurisdiction of the Vice Ministry of Economy.

Article 2. The second article of Executive Decree No. 189 of October 5th, 2007, reads as follows,

Second Article: The administrative units within the levels established in the first article of this Executive Decree will have the following order:

Political and Managerial level: Minister, Deputy Minister of Economy, Deputy Minister of Finance.

Coordinating Level: General Secretariat

Advisory Level: Office of Legal Counsel, Office of Public Relations, Tariff Commission.

Oversight Level: Office of Internal Audit.

Auxiliary Support Level: Administration and Finance Directorate, Human Resources Institutional Office, Information Technology Directorate.

Operational Level (substantive): Executive Secretariat of the Gaming Control Board; Technical Secretariat of the National Economic Council; Executive Secretariat of the Pre-investment Fund; Administrative Unit of Reverted Assets; Coordinating Unit for Central America; State Acquisition and Procurement Unit; Directorate for Government Capital Assets; Public Financing Directorate; Investment Directorate; Government Investments, Concessions and Risks Directorate; Regional Planning Directorate; Public Policy Directorate; National Budget Directorate; Investment Programming Directorate; Treasury Directorate; National Accounting Directorate; Economic and Social Analysis Directorate; Unit for Policies on Money Laundering Prevention and Financing of Terrorism; General

Revenue Directorate (DGI); Directorate for the Administration of Seized Properties; Project Management Directorate.

Article 3. The Public Financing Directorate will be established in order to ensure efficient programming, collection, use, recording and control of funding and cooperation resources obtained through public credit operations and foreign technical cooperation sources, international organizations and non-governmental cooperation agencies. Its general functions are as follows:

1. To issue and place short, medium and long-term securities in the domestic and international capital markets, both in local and foreign currency.
2. To assess, coordinate and monitor projects whose funding is provided by government contractors.
3. To consolidate, convert and negotiate or restructure other debts.
4. To grant guarantees, bonds and collateral that serve as contingent liabilities for the State.
5. To provide technical and administrative support and guidance to other institutions of the State that benefit from public credit operations and/or actions.
6. To evaluate financial structures for reducing the financial costs of commitments acquired in foreign currency or variable interest rates.
7. To contract loans with financial, multilateral and bilateral institutions or donations related to public credit operations.
8. To coordinate, plan, manage, monitor and evaluate the use of international reimbursable and non-reimbursable technical cooperation resources, provided by multilateral, regional and bilateral international organizations, by implementing cooperation for development programs and projects.

Article 4. The Public Financing Directorate is divided as follows:

1. Directorate,
2. Sub-directorate
3. Department of Negotiation and Investor Relations, which in turn consists of the following sections:
 - a. Non-reimbursable Technical Cooperation
 - b. Reimbursable Financing
 - c. Capital Markets
4. Department of Credit Resources Management
5. Department of Registration and Statistics of Public Financing.

Article 5. The Director of Public Financing is the highest authority of the Public Financing Directorate, reporting directly to the Minister of Finance and Deputy Minister of Economy. In that capacity, he has authority and jurisdiction throughout the Republic of Panama, and performs the following functions:

1. Recommend the national credit policy to the Minister for his subsequent recommendation to the National Economic Council, the Cabinet Council and the President of the Republic through proper compliance with the laws and regulations that govern public credit. Once the policy is adopted, to coordinate and monitor its implementation.
2. Assist the Minister of Economy and Finance by representing him vis-à-vis Credit Agencies, National and International Private Banking and International Cooperation Agencies and to sign all contracts, agreements, securities and documentation entrusted to him by power of representation.
3. Analyze, evaluate and coordinate financing alternatives of international or domestic capital markets when applying for funds and/or receiving financing offers for the public sector at large.
4. Process and evaluate applications for authorization to initiate public credit operations under the Social Fiscal Responsibility Law and its amendments.
5. Prepare, develop and standardize procedures for issuance, placement and redemption of bonds and other securities representing short, medium and long term obligations resulting from one or more loans, across the Public Sector as well as negotiating, contracting and repaying loans with financial institutions.
6. Prepare and execute the issuance of government securities in international and domestic markets, once they have received a favorable opinion or endorsement from the National Economic Council (CENA) and after being approved by the Cabinet Council, as well as to recover them.
7. Dictate procedures and arrange the system for placing public offerings of national securities in the domestic capital market.
8. Ensure compliance with the debt limits established in the Social Fiscal Responsibility Law and its amendments.
9. Prepare all legal instruments related to public credit operations of entities of the Non-financial Public Sector.
10. Request from all public institutions that require public credit operations, complete information on the objectives, specific allocation of resources, feasibility of the operation and mechanisms to ensure repayment.
11. Develop a system for measuring the Government's financial risk of public credit liabilities that can assess the sustainability of debt.
12. Carry out timely and effective liability management operations.

13. Monitor the performance of the secondary market for public credit instruments, both in the domestic as well as in external markets.
14. Ensure proper recording of public debt in the Non-financial Public Sector (internal and external debt) as well as contingent liabilities.
15. Ensure proper recording of issuances and monitoring of guarantees granted by the Cabinet Council and oversee that they are in effect.
16. Ensure an efficient use of the public debt information and management system duly integrated with the Financial Information System implemented through the Debt Management and Analysis System (DMFAS) and its interface with the accounting and management platforms of the Ministry of Economy and Finance.
17. Verify the estimates and budgetary projections of public debt service and disbursements and evaluate their implementation.
18. Intervene in aspects related to public credit and international technical cooperation both reimbursable and non-reimbursable in the formulation of the Draft Bill of the State's General Budget in coordination with the different agencies of the Ministry of Economy and Finance, as well as public institutions to fulfill commitments with international organizations, regarding payment of membership fees, voluntary contributions, international agreements, shared cost and others, subscribed by the Republic of Panama.
19. Coordinate with the Directorate of Treasury of the Ministry of Economy and Finance, revenues generated through public debt and the management of payments for public debt services and ensure strict compliance with the obligations assumed by the Republic of Panama.
20. Ensure timely payments of principal and interest on loans contracted by other Public Institutions as well as credits with a guarantee given by the Cabinet Council.
21. Permanently monitor the progress of approved financing programs as well as the adequate financial structure of accredited entities.
22. Establish internal controls, procedures and mechanisms to obtain reasonable assurance in the compliance of operational and financial objectives of the Directorate.
23. Determine, in coordination with Central Government entities, contracts requiring factoring and assignment of credits as an alternative a financing scheme, in order to ensure the implementation and continuity of the works in compliance with the Social Fiscal Responsibility Law and the State's General Budget Law for each fiscal year.
24. Analyze, manage and negotiate the financial terms and conditions associated with factorings and assignment of credits authorized by the different contracting entities of the Central Government, as well as the deferral and advance payments on loans, when based on the public interest, said financial commitments and their

associated financial costs are covered by the State through the Ministry of Economy and Finance, subject to a previous non objection; and to take the necessary steps to bear the aforementioned financial costs.

25. Represent the Ministry of Economy and Finance, in coordination with the Ministry of Foreign Affairs, in negotiating International Cooperation Programs and Projects for Development.
26. Monitor the economic and financial status of government institutions.
27. Assist the Minister in all functions and responsibilities as assigned by laws and articles of incorporation governing State institutions.
28. Keep a close, fruitful and uninterrupted relationship with international financial organizations, as well as creditors, investors and rating agencies.
29. Offer support and technical and administrative guidance to other government institutions that might benefit from public credit operations, mechanisms and/or actions and opportunities for access to cooperation resources for development.
30. Manage and negotiate external loans contracts and/or agreements as well as reimbursable and non-reimbursable resources for technical and scientific cooperation available in the Public Sector.
31. Oversee the design, monitoring and effective implementation of social investment programs and projects whose resources come from public financing.
32. Advise and recommend to the Head Office strategic guidelines on the management and processes related to international cooperation, within the framework of the guidelines established by the Executive Branch.
33. Any other functions as may be assigned by law, ministerial or national government provision.

Article 6. The Sub-directorate of Public Financing should manage the information on public debt, so as to assist and support the Directorate in coordinating, monitoring, evaluating and analyzing all matters related to public credit operations.

In addition, it will be tasked with specific functions related to planning, administration, development, coordination, implementation, analysis, management and negotiation of the terms and conditions associated with the programs and projects executed with public resources or funds. The functions of the Sub-directorate are:

1. Assist the Director in planning, directing, coordinating and supervising the implementation, evaluation and monitoring of short, medium and long term public credit studies, programs and projects.
2. Participate with the Director in planning, directing, coordinating and controlling all activities related to the development, evaluation and control of financial activities

in the Public Sector, as per the general policies established by the Ministry of Economy and Finance.

3. Participate in designing credit policies for the public sector, and propose recommendations thereon to the Minister of Economy and Finance.
4. Participate with the Director, and assist him in his functions in close coordination with institutions from the public sector for developing short, medium and long term public credit plans and programs.
5. Periodically review the institutional capacity for the financial execution of Non-financial Public Sector institutions for implementing development programs and projects financed with foreign and domestic resources, granted from public credit operations.
6. Engage with the Director in negotiations and drafting of all instruments relating to public credit actions with Non-Financial Public Sector institutions.
7. Coordinate monitoring and evaluation of financial control measures and the implementation of projects in disbursement processes.
8. Participate with the Director or assist in his functions in close coordination with the National Budget Directorate, the Treasury Directorate, the National Accounting Directorate, the Directorate of Public Policies, and the Comptroller General of the Republic, in executing all activities related to budget formulation and management of revenues generated through public debt and payment of public debt services.
9. Participate with the Director in establishing internal controls procedures and mechanisms aimed at fulfilling the operational and financial objectives of the Directorate.
10. Engage in obtaining reimbursable and non- reimbursable technical cooperation, and give appropriate follow-up in order to achieve the proposed objectives.
11. Direct and implement strategic guidelines within the framework of reimbursable and non-reimbursable International Technical Cooperation, to increase the levels of foreign cooperation, assign resources to comprehensive and sustainable programs, through training and technical assistance provided by cooperating agencies and sources, through experts and reimbursable and non- reimbursable financial contributions.
12. Replace the Director in his absence.
13. All other functions that are assigned according to their specialty.

Article 7. The Department of Negotiation and Investor Relations shall formulate and implement the public debt strategy, establishing the annual schedule for issuances of public debt in the local and international market. In addition, it will be responsible for identifying potential funding sources for developing investment

projects, included in the State's General Budget for each fiscal year and to manage how these funds are obtained.

It will also be responsible for conducting negotiations for foreign technical cooperation Programs and Projects with other countries, international organizations and non-governmental cooperation agencies.

In order to carry out its functions, it will maintain a close relationship with international financial organizations, as well as creditors, investors and rating agencies.

Article 8. The Non-reimbursable Technical Cooperation Section's functions will be the following:

1. Participate with the Director in negotiating and drafting all instruments concerning non-reimbursable technical cooperation grants to the Non-financial Public Sector institutions.
2. Provide advice to the Directorate and senior authorities on matters related to non-reimbursable technical cooperation projects and relations with stakeholders.
3. Promote, manage and evaluate action plans that lead to obtaining non-reimbursable international cooperation.
4. Coordinate with the Ministry of Foreign Affairs the participation of the Ministry of Economy and Finance in negotiating International Cooperation Programs and Projects for Development.
5. Advise and recommend to the Director on the strategic guidelines relating to the management and processes of international cooperation.
6. Provide assistance to implementers and donors in monitoring the implementation and follow-up of non-reimbursable technical cooperation.
7. Promote and disseminate national guidelines and strategies for international technical cooperation in public and private entities.

Article 9. The Reimbursable Financing Section will have the following functions:

1. Negotiate contracts and/or agreements relating to all public financing operations.
2. Carry out all the necessary steps to formalize loan contracts and reimbursable technical cooperation, including drafting documents required to obtain the favorable opinion or endorsement from the National Economic Council (CENA) and the Cabinet Council's approval.
3. Coordinate the delivery of information required by creditors from State institutions, beneficiaries and / or other institutions authorized to contract financing.
4. Manage the formalization and entry into force of any reimbursable financing.

5. Coordinate monitoring of signed projects and contracts with the Credit Resource Management Department.
6. Prepare the votes the Ministry has to issue as part of country's membership with multilateral organizations.
7. Coordinate with the Directorate of Treasury of the Ministry of Economy and Finance the revenues to be generated through public debt and management of debt services payments ensuring strict compliance with the obligations assumed by the country.
8. Identify and establish mechanisms for placement of public debt instruments.
9. Prepare and review draft contracts and other legal documents required to formalize any reimbursable public credit operation for technical cooperation.
10. Deal with requests for authorization for extensions, addenda and cancellation of public credit operations and reimbursable technical cooperation.
11. Assist and coordinate response to requests for information received through the website.
12. Prepare press releases related to the negotiation and/or execution of any public credit operation.
13. Perform monitoring analysis on bonds, sureties, guarantees or other instruments granted by the State, in order to anticipate future commitments in the event of contingent liabilities.
14. Perform procedures that apply for formalizing loan agreements and reimbursable technical cooperation.
15. Provide assistance to implementers and donors for monitoring actions related to the implementation and monitoring of reimbursable technical cooperation.
16. Promote and disseminate among public and private entities, national guidelines and strategies regarding reimbursable international technical cooperation.
17. Participate in international meetings and forums to strengthen relations according to the guidelines established towards this end with bilateral and multilateral agencies.

Article 10. The Capital Markets Section will have the following functions:

1. Analyze changes in the financial programming of the National Treasury's cashflow and adjust the public debt strategy with respect to debt securities issued in the domestic and international markets.
2. Coordinate, implement and monitor the national Public Debt Market Maker Program.

3. Monitor the performance of the primary and secondary local and international capital markets and the impact of economic and financial indicators in said capital markets.
4. Respond to requests for information from local and international investors and credit entities in general.
5. Create action plans and implement them in order to improve the Ministry's communication strategy with the international financial community.
6. Assist in preparing the issuance of government bonds in international and local capital markets.
7. Follow up assessments carried out by international and national agencies on the Investor Relations Program and identify opportunities for continuous improvement.
8. Collect and prepare report on economic and financial indicators influencing international capital markets.
9. Manage and coordinate the implementation and closing of debt security issuance in the local and international capital markets.
10. Make all the necessary arrangements for government issuance of debt securities in the domestic and international markets, including the preparation of all documentation required to obtain the favorable opinion or endorsement from the National Economic Council (CENA) and approval from the Cabinet Council.
11. Provide the Department of Registration and Statistics of Public Financing the necessary information for registration of international issuances.
12. Coordinate with internal and external advisors all the information required for visits, calls or meetings with different credit rating agencies.

Article 11. The Department of Credit Resource Management shall formulate the public debt strategy, setting the cost and risk management parameters from the liabilities portfolio of the government. It will also be responsible for monitoring the financial implementation of the projects funded through public financing resources. Its functions are:

1. Formulate the public debt strategy.
2. Participate in the evaluation and selection process of proposals for implementing all public credit operations.
3. Perform analysis of borrowers' repayment capacity, financed by credit resources.
4. Monitor financial execution of investment projects assisted by credit resources and/or management trusts.

5. Prepare analysis and control reports on the implementation of projects funded with external financing.
6. Analyze and participate in formulating financial structures necessary for financing projects.
7. Recommend new products or alternatives for financing or managing public debt.
8. Conduct a periodic review of the institutional capacity for financial execution of public sector institutions for implementing programs and projects financed with foreign and national resources available through non-reimbursable technical cooperation.
9. Set parameters for measuring risk of the government's liabilities and monitor the impact of these risk variables (both exogenous and endogenous) in the public debt's trend and average costs, its sustainability and compliance with the country's borrowing strategy.
10. Implement international best practices for managing public debt.
11. Support the Directorate in its duty to formulate the Draft Bill of State's General Budget, to analyze and control the necessary allocations of matching funds from local sources for operations that have external funding and any amendment to the budget, such as extraordinary or additional credit for executing the annual budget.
12. Consolidate the necessary information for updating the official publication sites of the Directorate of Public Financing.
13. Analyze the financial impact of different credit or debt management operations, prior to execution. Provide research and analysis to support the Directorate in managing and drafting debt policies and strategies of the public sector.
14. Prepare statistical reports to support the administration of the public credit system. Coordinate monitoring and evaluation of projects implemented through public financing resources.
15. Monitor compliance indicators and based on their results, evaluate the impact of cooperation programs.
16. Follow up on projects registered in the Integrated Information System on international technical cooperation and generate reports on said projects.

Article 12. The Department of Registration and Statistics of Public Financing must perform the registration of contracts and financial transactions related to public financing; it will also be responsible for compiling statistics on public debt, designing the budget and assisting in managing the Central Government's payments of public debt services, in coordination with the Treasury Directorate, the National Budget Directorate and the Comptroller General of the Republic. Its functions are:

1. Receive support from the Public Debt Information and Management System, duly integrated into the Financial Information System, implemented through SIGADE and its liaison with other government management systems.
2. Keep updated records of reports on public debt (internal and external) and contingent liabilities, and ensure that public institutions respond to requests for information related to such records within the deadlines set by the Public Financing Directorate.
3. Have an updated record of contracts for all public credit operations.
4. Prepare the draft budget in each fiscal year to incorporate any necessary allocations for principal amortizations and interests, commissions and other expenses inherent in any public credit operation.
5. Follow up on budget allocations for servicing public debt.
6. Record, monitor and control financial and budgetary activities of all public credit operations, including disbursements and public debt service payments.
7. Coordinate authorization processes, through the Ministry of Economy and Finance, and monitor programming and receipt of disbursements generated by public credit operations.
8. Manage the schedule and coordinate the payment process of transactions concerning any public credit operation of the Central Government and coordinate with State institutions, whether beneficiaries and/or authorized to contract financing, timely payments of public debt service.
9. Prepare continuous and regular statistical reports and studies reporting on external and internal public debt balances and flows, for periodic publication in the Directorate's web page and meet other requirements.
10. Support the Directorate in coordinating jointly with the Treasury Directorate for programming and managing public debt service payments operations of the Central Government and monitor effective compliance with them.
11. Ensure that payments to creditors are made in compliance with the contractual terms and conditions of the loan.
12. Complete the registration, monitoring and control of financial and budgetary activities of all public credit operation, including disbursements and public debt service payments.
13. Manage the programming and coordinate the procedure for payment operations concerning any public credit operation of the Central Government and coordinate timely payments for public debt service with State institutions, beneficiaries and/or other parties authorized to contract debt.

14. Perform control analysis and reports to validate the integrity, accuracy and consistency of financial and budgetary records of all public credit operations.
15. Monitor the accuracy and reliability of external debt records and other financial information available in SIGADE.
16. Complete the registration, monitoring and control of contracts, financial and budgetary activities of any operation related to international technical cooperation.
17. Maintain an adequate record of international cooperation agreements.

Article 13. This Executive Decree amends Article 8 of Executive Decree No. 24 of March 3rd, 2015, repeals the Executive Decree No. 113 of November 28th, 2003, as further amended by Executive Decree No. 4 of January 19th, 2015 and any other provisions contrary to it.

Article 14. This Executive Decree shall take effect the day after its promulgation.

LEGAL GROUNDS: Paragraph 14 of Article 184 of the Constitution, Law No. 97 of December 21st, 1998, Executive Decree No. 113 of November 28th, 2003 and its amendments and the Executive Decree No. 24 of March 3rd, 2015.

FOR COMMUNICATION AND ENFORCEMENT.

Given in Panama City, the fourth (4) day of the month of August of two thousand fifteen (2015).

JUAN CARLOS RODRIGUEZ VARELA

President of the Republic

DULCIDIO DE LA GUARDIA

Minister of Economy and Finance