

PANAMA

1. Socio-economic and perceived impacts of the coronavirus (COVID-19) pandemic

The crisis hit Panama's economy hard. In 2020, gross domestic product (GDP) contracted by almost 18% annually, due especially to the disruption in global trade and tourism. The poorest in society are the most affected. After years of improvement, in 2020, the poverty rate reached 17.8% based on latest international comparable estimations, an increase of more than three percentage points, compared to a year earlier. This figure is lower than in the Latin America and the Caribbean (LAC) region (30.9%). Extreme poverty was stable in 2020 at 6.4%, compared to a LAC average of 10.0%. Similarly to other LAC countries, the pandemic hit Panama's health sector hard. Before the crisis, Panama's public expenditures on health stood at 7.3% of GDP, slightly higher than the LAC average (6.8%). They have remained stable in the last decade, compared to an increase of 0.3 percentage points in LAC. Nonetheless, people's perceptions of the quality of health care deteriorated. In 2020, 50.8% of people declared being satisfied with health care, higher than the LAC average (48.2%) but considerably lower than the average across the Organisation for Economic Co-operation and Development (OECD) (70.7%). This proportion is almost 18 percentage points lower than ten years earlier. The pandemic had a harsh effect on education as well. Between March 2020 and May 2021, schools were fully closed for 55 weeks, one of the highest figures in LAC (26 weeks) and much higher than in the OECD (15 weeks). Effective online learning did not help much in cushioning the drawbacks for students, as it was available in only 23.9% of schools, compared to 32.5% in LAC and 54.1% in the OECD. Concerning perceptions of government transparency, 86.6% of Panamanians thought that the government was corrupt in 2020, considerably higher than in LAC (72.4%) and the OECD (58.8%).

2. National and international co-operation initiatives aimed to build forward better

Faced with the COVID-19 crisis, Panama's priority has been the protection of the most vulnerable households, workers and enterprises. The government's interventions were mostly focused on job-retention/creation schemes to protect workers' livelihoods. Regarding households, Panama launched a cash transfer initiative (*Panamá Solidario*) to distribute funds and resources to those most affected by the pandemic. Regarding workers and enterprises, Panama established programmes dedicated to new credit lines, loans and guarantees for micro, small and medium-sized enterprises and the most affected economic sectors, such as agriculture and hospitality, including tourism, to promote their economic activity and job creation. Additionally, Panama started the *Plan Recuperando Mi Barrio* programme to generate temporary employment through investments in local infrastructure projects.

Going forward, Panama introduced an economic recovery plan that prioritises the preservation of jobs and the generation of new employment opportunities. In the long term, the government aims to tackle poverty and vulnerability, structural challenges that have been exacerbated by the crisis. Using quality public expenditure as a catalyst for economic recovery, Panama aims to address long-standing needs in public infrastructure. Some projects that stand out are those concerning education, transport and public service infrastructure. These quality investments are intended to create jobs, boost productivity and reinforce supply chains. Likewise, the attraction of foreign direct investment and the implementation of reforms to improve competitiveness and productivity remain central pillars of the recovery plan.

Panama's international co-operation projects *within* and *beyond* the region were focused on both immediate and medium-term challenges arising from the COVID-19 pandemic. Concerning co-operation *within* LAC, Panama collaborated with the Pan American Health Organisation in the distribution of more than 35 tons of supplies, medicines and protective equipment to fight against the pandemic in 26 LAC countries through the Regional Distribution Centre for Humanitarian Health Aid. Regarding co-operation *beyond* LAC, within the EUROSociAL+ co-operation programme with the European Union, assistance has been provided to ensure the bio-psycho-social well-being of the elderly population. In addition, Panama has co-operated with the United Nations on projects regarding education post-COVID-19, the proper disposal of COVID-19-related biohazards, and the development of a study codifying good practices in managing prison systems during the pandemic.

	Key indicators – Panama ¹					
	Panama		LAC ²		OECD ³	
	2019	2020	2019	2020	2019	2020
Socio-environmental						
Extreme poverty ⁴	6.6	6.4	8.1	10.0	N/A	N/A
Poverty ⁵	14.6	17.8	26.8	30.9	N/A	N/A
Gini index ⁶	0.50	0.47	0.50	0.46	0.31	0.31
Total population in informal households by quintile, 2018 ⁷	Bottom 20%	Top 20%	Bottom 20%	Top 20%	Bottom 20%	Top 20%
Health expenditures ⁸	7.2	7.3	6.5	6.8	8.1	8.8
Out-of-pocket health expenditures ⁹	28.4	33.3	35.6	34.1	20.2	20.6
Weeks of full school closure ¹⁰	03/2020-05/2021					
Effective online learning ¹¹	55		26		15	
Effective online learning in disadvantaged schools ¹¹	23.9		32.5		54.1	
Share of Internet users ¹²	11.2		21.5		48.8	
Number of students per computer ¹³	2009	2019	2009	2019	2009	2019
Exposure to PM 2.5 ¹⁴	39.1	63.6	29.3	67.8	68.3	85.8
% change in intact forest landscape ¹⁵	-	2018	2015	2018	2015	2018
	-	1.6	2.4	1.6	1.8	1.1
	2010	2019	2010	2019	2010	2019
	15.5	13.2	18.1	18.0	15.7	13.9
	2000-16					
	-20.1		-8.8		-6.3	
Competitiveness and innovation						
Labour productivity ¹⁶	2009	2019	2009	2019	2009	2019
High-tech exports ¹⁷	N/A	N/A	N/A	N/A	N/A	N/A
R&D expenditures ¹⁸	2009	2019	2009	2019	2009	2019
ICT patents ¹⁹	1.4	13.7	8.7	8.3	19.5	17.9
	2009	2017	2009	2017	2009	2017
	0.1	0.1	0.4	0.4	2.4	2.5
	2009	2017	2009	2017	2009	2017
	1	2	726	521	173 440	141 358
Citizens' perceptions and institutions						
Citizens' perceptions of corruption in government ²⁰	2009	2020	2009	2020	2009	2020
Citizens' perceptions of country governed in the interests of few ²¹	87.8	86.6	72.0	72.4	67.5	58.8
Satisfaction with health care ²²	2009	2018	2009	2018	N/A	N/A
Satisfaction with water quality ²³	44.8	84.9	64.8	82.0	N/A	N/A
% of people victim of criminality ²⁴	2009	2020	2009	2020	2009	2020
Rank in the Press Freedom Index ²⁵	68.1	50.8	56.9	48.2	69.2	70.7
Change in political polarisation ²⁶	2009	2020	2009	2020	2009	2020
SIGI index ²⁷	82.3	84.3	74.8	76.0	77.9	79.4
	2010	2016	2010	2016	N/A	N/A
	11.3	16.0	19.6	23.8	N/A	N/A
	2021					
	77		82		36	
	2009-18					
	10.1		9.6		N/A	
	2019					
	N/A		N/A		N/A	
Fiscal position						
Total tax revenues ²⁸	2009	2019	2009	2019	2009	2019
Share of VAT in total revenues ²⁹	16.0	14.1	20.6	22.9	31.6	33.8
Social expenditures ³⁰	2009	2019	2009	2019	2009	2019
	12.8	15.5	25.3	27.7	19.8	20.7
	2009	2018	2009	2018	2009	2018
	9.2	8.8	11.3	11.4	21.0	19.7

Sources, footnotes and technical details can be found at the end of the country notes.

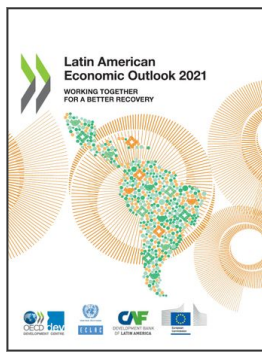
Technical notes

1. As best as possible, the table follows the key areas identified in *Latin American Economic Outlook 2021*: i) socio-environmental aspects; ii) economic competitiveness and innovation; iii) citizens' perceptions and institutions; and iv) fiscal position.
2. Latin America and the Caribbean (LAC) average is a simple average of the largest set of LAC countries for which data are available in the latest year.
3. Organisation for Economic Co-operation and Development (OECD) average is a simple average that includes all OECD member countries as of May 2021.
4. Data refer to the definition of extreme poverty as specified by the United Nations Economic Commission for Latin America and the Caribbean (ECLAC, 2021^[1]), *Social Panorama of Latin America 2020*. www.cepal.org/sites/default/files/publication/files/46688/S2100149_en.pdf. Data for 2020 refer to an estimate based on 2019 data, as specified in Annex I.A2 of (ECLAC, 2021). Projections are based on 2017 data for Chile, 2014 for Guatemala and 2018 for Mexico. Applying the same criteria as in previous LEO editions, data selection prioritizes comparability across LAC countries and shows the latest comparable data available at the report's publication date.
5. Data refer to the definition of poverty as specified by (ECLAC, 2021^[1]), *Social Panorama of Latin America 2020*, www.cepal.org/sites/default/files/publication/files/46688/S2100149_en.pdf. Data for 2020 refer to an estimate based on 2019 data, as specified in Annex I.A2 of ECLAC (2021). Projections are based on 2017 data for Chile, 2014 for Guatemala and 2018 for Mexico. Applying the same criteria as in previous LEO editions, data selection prioritizes comparability across LAC countries and shows the latest comparable data available at the report's publication date.
6. Data for LAC from ECLAC, CEPALSTAT | Databases and Statistical Publications, <https://cepalstat-prod.cepal.org/cepalstat/tabulador/ConsultaIntegrada.asp?idIndicador=3289&idioma=i>. Data for Chile refer to 2017, instead of 2019, data for Guatemala refers to 2014.
7. Data for the OECD from OECD Income Distribution Database, www.oecd.org/social/income-distribution-database.htm.
8. Indicator provides the distribution of the total population living in informal households by quintile. An informal household has all of its workers in informal work. Quintiles are based on monthly total household consumption or income. The source of this indicator is the OECD Key Indicators of Informality based on Individuals and their Households database, https://stats.oecd.org/Index.aspx?DataSetCode=KIIBIH_B5.
9. Health expenditures as % of gross domestic product (GDP). Data from OECD (2020), *Health at a Glance: Latin America and the Caribbean*. Share of current expenditure on health. Data are from OECD (2020), *Health at a Glance: Latin America and the Caribbean*.
10. Data from UNESCO, <https://en.unesco.org/covid19/educationresponse#schoolclosures>.
11. Data from OECD et al. (2020), *Latin American Economic Outlook 2020*, www.oecd.org/publications/latin-american-economic-outlook-20725140.htm.
12. Data from International Telecommunication Union (2020), www.itu.int/en/ITU-D/Statistics/Pages/stat/default.aspx.
13. Data from OECD et al. (2020), *Latin American Economic Outlook 2020*, www.oecd.org/publications/latin-american-economic-outlook-20725140.htm.
14. $\mu\text{g}/\text{m}^3$. Data refer to population exposure to more than 10 micrograms/ m^3 and are expressed as annual averages. Data from OECD, <https://data.oecd.org/air/air-pollution-exposure.htm>.
15. Data from OECD, https://stats.oecd.org/Index.aspx?DataSetCode=INTACT_FOREST_LANDSCAPES.
16. Output per employed person as % of United States 2019 output per person employed. Data from the Conference Board, <https://conference-board.org/data/economydatabase/total-economy-database-productivity>.
17. High-technology exports as % of manufactured exports. Data from The World Bank, <https://data.worldbank.org/indicator/TX.VAL.TECH.MF.ZS>.
18. Research and development expenditure as % of GDP. Data from The World Bank, <https://data.worldbank.org/indicator/GB.XPD.RSDV.GD.ZS>.
19. IP5 Patent families. Data from OECD, https://stats.oecd.org/Index.aspx?DataSetCode=PATS_IPC.
20. Percentage of people who think that the government is corrupt. "Is corruption widespread throughout the government in (this country), or not?" Data from Gallup 2021.
21. Percentage of people who think that the country is governed in the interests of few. "En términos generales ¿diría usted que (país) está gobernado por unos cuantos grupos poderosos en su propio beneficio, o que está gobernado para el bien de todo el pueblo?" Data from Latinobarómetro, 2020.
22. Percentage of people who think that the health care is of good quality. "In your city of area where you live, are you satisfied or dissatisfied with the availability of quality health care?" Data from Gallup 2021.

23. Percentage of people who think that the water is of good quality. “In your city or area where you live, are you satisfied or dissatisfied with the quality of water?” Data from Gallup 2021.
24. Percentage of people who are victim of criminality, “have you been a victim of any type of crime in the past 12 months?” Data from Latin American Public Opinion Project, www.vanderbilt.edu/lapop/data-access.php.
25. Data from RFS, Reporters without Borders, https://rsf.org/en/ranking_table.
26. Percentage of people who declare being left or right on a 1-10 scale (1=left, 10 = right). “In politics, it is normal to refer to left and right. On a scale where 0 is the left and 10 is the right, where would you place yourself?” Data from Latinobarómetro, 2020.
27. Data from OECD, www.genderindex.org/ranking/.
28. Revenues as % of GDP. Data from OECD et al. (2021), *Revenue Statistics in Latin America and the Caribbean* (2021).
29. Value added taxes as % of total revenues. Data from OECD et al. (2021), *Revenue Statistics in Latin America and the Caribbean* (2021).
30. Social protection expenditures as % of GDP. Data from OECD and ECLAC.

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