USAID FROM THE AMERICAN PEOPLE

DCCP DIGITAL CONNECTIVITY & CYBERSECURITY PARTNERSHIP

PANAMA
COUNTRY SNAPSHOT

APRIL 2024

The Digital Ecosystem Country Assessment (DECA), a flagship initiative of the Digital Strategy, supports USAID Missions to better understand, work with, and support country digital ecosystems. The DECA looks at three pillars of a country's digital ecosystem: (1) Digital Infrastructure and Adoption; (2) Digital Society, Rights, and Governance; and, (3) Digital Economy. The Panama DECA was carried out between May 2023 and November 2023. It included desk research, 81 interviews with a variety of stakeholders, and was guided by USAID Central America's Regional Development Cooperation Strategy (RDCS) and the Department of State's Panama Integrated Country Strategy (ICS).

Panama is positioned to be a regional digital hub, but structural constraints may limit the country's digital transformation. Private sector actors and the Government of Panama (GoP) are modernizing the country's mobile networks, including re-thinking the deployment of 5G. Publicly and privately funded digital literacy initiatives offer upskilling opportunities across the country. Over the past few years, the GoP has unveiled robust regulatory measures for public sector transparency, open government data, and personal data protection. The COVID-19 pandemic also accelerated the growth of digital financial services (DFS) and e-commerce in Panama. Despite these improvements, bottlenecks remain. An outdated legal framework and bureaucratic roadblocks have restricted the evolution of the network. Poor interoperability challenges public sector digital transformation. Civil society and media freedom advocates have raised concerns regarding data protection. Access to finance, an underdeveloped logistics sector, and concentration of entrepreneurship in the capital challenge economic growth.

PANAMA'S DIGITAL ECOSYSTEM AT A GLANCE

INTERNET ACCESS AND USE

Population covered by a mobile network (ASEP 2023)

93%



Population covered by fixed broadband (ASEP 2023)

0.2%

AFFORDABILITY AND ACCESSIBILITY

Cost of 1GB of mobile broadband data as percent of GNI per capita (A4AI 2021)

2.09%

Share of households without access to electricity (CEPAL 2021)

14.8%

INTERNET AND DIGITAL GOVERNANCE

UN E-Government Development Index: (2022)

69.56%
82/193 countries

Global Cybersecurity Index: (2020)

103/182
countries

UN E-Participation Index: (2022)

51.14%
76/193 countries

Inclusive Internet Index: (2022)

54/100
countries

DIGITAL FINANCIAL INCLUSION (Findex 2021)

44.97% Account (% age 15+)

37.38% Account rural (% age 15+)

29.24% Made a digital payment (% age 15+)

RELEVANT DIGITAL POLICIES, REGULATIONS, & LEGISLATION IN PANAMA

- **Key government entities:** Autoridad Nacional de Servicios Públicos (ASEP), Autoridad Nacional Para la Innovación Gubernamental (AIG), Autoridad Nacional de Transparencia y Acceso a la Información (ANTAI)
- **Digital Strategies:** Digital Agenda 2020; Strategic Plan of the Government 2019–2024
- **Telecommunications:** General Telecommunications Law, Law No. 31, 1996; ASEP, Law No. 10, 2006; Universal Services Fund, Law No. 59, 2008; AIG, Law No. 65, 2009
- **E-government and data protection:** Executive Decree No. 511, 2017 of open data transparency; Law No. 81, 2019 of personal data protection; Law no. 83, 2012 of public sector database interoperability; National Cybersecurity Strategy, 2013
- **Digital Economy:** Panama Digital Hub Strategy 2018; Law on the Seat of a Multinational Company, Law No 41, 2007; Telework Law, Law No. 126, 2020; Law on Electronic or Digital Means for Carrying out Government Procedures Online
- **Tech startup environment** E-commerce Law, Law No. 51, 2008; Entrepreneurship Companies Law, Law No. 186

KEY FINDINGS	RECOMMENDATIONS
Cybersecurity: Panama has proactively adopted several cybersecurity policies and established a Panama Computer Emergency Response Team (CERT). However, gaps persist in the country's cybersecurity legal and regulatory framework, law enforcement capacity, and the cyber hygiene awareness of both the public sector and general population.	**Strengthen the country's cybersecurity competencies, capabilities, and resilience.** Panama's national cybersecurity capacity remains nascent due to the lack of a robust cybersecurity governance structure and low awareness and education. This may be an opportunity to support the GoP to identify and regulate critical sectors and assets, integrate cybersecurity into sectoral regulatory frameworks, and organize capacity building activities for law enforcement, judicial, and other public sector actors.
Telecommunications: Public and private sector investments have extended the mobile network to 93% of the population, and the GoP is rethinking 5G deployment and restructuring the country's strategic broadband plan. However, an outdated legal framework, bureaucratic roadblocks, and spectrum pricing have restricted the evolution of the network.	**Support the GoP to modernize the legal, regulatory, and strategic framework governing telecommunications.** As the GoP prepares for the future, decision makers should address remaining bottlenecks that have hampered the expansion of infrastructure and the evolution to 5G. These reforms could include promoting more regulatory autonomy and distinguishing roles and responsibilities among GoP actors. Permitting processes and infrastructure sharing could also be more strongly enforced to streamline deployments, especially in rural areas.
Digital Government Systems: The GoP has made significant strides in establishing a strong digital governance framework aimed at driving digital transformation. The GoP has also implemented robust regulatory measures for public sector transparency, open government data, and personal data protection. However, resource constraints and a lack of interoperable systems present challenges to furthering digital transformation efforts.	**Bolster and maintain better data-driven and interoperable digital systems.** The GoP has laid the legislative groundwork for e-government, but systems and processes lag behind many of Panama's neighbors. Advocating for a mindset shift for both citizens and public sector actors accustomed to more analog processes and promoting interoperability of all GoP systems may improve public service delivery.

* *For more information, please see the Panama DECA report.*