

# Helping Santaneros Increase Welfare by Formalizing their Microbusinesses



Santa Ana, Panama

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# **Helping Santaneros Increase Welfare by Formalizing their Microbusinesses**

An Interactive Qualifying Project submitted to the faculty of Worcester Polytechnic Institute in partial fulfillment of the requirements for the degree of Bachelor of Science

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14 October 2021

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This report represents the work of one or more WPI undergraduate students submitted to the faculty as evidence of completion of a degree requirement. WPI routinely publishes these reports on the web without editorial or peer review.

## **ABSTRACT**

Due largely to the socioeconomic isolation in the community of Santa Ana, Panama City, organizations Ciudad del Saber and El Conservatorio are seeking to innovate and drive social change in the area through entrepreneurship. One way to achieve this goal is by providing resources for microenterprises around the area on how to formalize their businesses. By using the design thinking method, our project team designed and distributed a pamphlet for the community of Santa Ana. This pamphlet included different resources and programs available for the community members to advance their businesses and described the benefits and drawbacks of formalization, saving and budgeting.

## **ACKNOWLEDGEMENTS**

We would like to thank our sponsors, Ciudad del Saber and El Conservatorio, for giving us this opportunity to work with them. We would specifically like to acknowledge Harneet Singh of El Conservatorio as well as Daniel Billingslea and Alejandro Carbonell from Ciudad del Saber for their assistance and guidance on this project. Thank you for providing us with abundant resources including a workshop, pictures, and contacts in order to conduct this project. We would also like to extend our thanks to our advisors, Professor James Chiarelli and Professor Alex Sphar. We appreciate their constant guidance and assistance through ID 2050 and IQP. We also want to thank them for the support and resources provided throughout the terms leading up to the completion of this project.



## **EXECUTIVE SUMMARY**

### **Introduction**

Currently, Panama has one of the world's largest wealth distributions (World Bank, 2021). As many areas of the country are developing, poverty still remains in the small communities surrounding Panama City; Santa Ana is one of those communities. One reason for the large wealth distribution is the lack of formalization within these communities. In Santa Ana, many Santaneros are living paycheck-to-paycheck. You will see many street vendors in the area selling goods and services to the community because they need to make money. Majority of the street vendors are informal microbusinesses. The informality of the businesses prevents their owners from accessing bank loans, social protection, seed money from the government, and more (Medina and Deléchat, 2021). In order to improve the economic status of the community, our project group worked with sponsors from El Conservatorio and Ciudad del Saber in creating and distributing a pamphlet for Santaneros. This pamphlet is intended to help formalize these microenterprises in order to be recognized by the government as well as receive abundant resources and access to programs that will help increase their profits.

### **Goals, Objectives, and Methods**

The goal of this project was to design and distribute a pamphlet that informs Santaneros of the benefits and drawbacks of formalizing their microbusinesses. To achieve this goal, we decided on the following objectives:

1. Research: Gather information on society, economy, and entrepreneurship in and near Santa Ana.
2. Loosely Define Problem: Work with our sponsors to understand the needs of Santaneros.
3. Refine Problem: Work with Santaneros and other experts to better understand the needs of the Community.
4. Ideate: Brainstorm solutions to our working problem.
5. Prototype: Create a medium aimed to help decrease adverse effects of our refined problem.
6. Test: Submit prototype to advisors and sponsors
7. Distribute: Distribute the final product to Santaneros

Our first objective was to gather as much information as possible about society, economy, and entrepreneurship in and around Santa Ana in order to learn about and identify problems in the community of Santa Ana. We gathered this information from literature, mainly scholarly reports, as well as news articles and authoritative websites. This research was continued throughout the project. After researching, we then worked with our sponsors, Ciudad del Saber and El Conservatorio, to identify the needs of Santaneros. Our sponsors then directed us to other members of the community and experts to conduct more research through interviews, six in total. Through thorough research and the gathering of information from the interviews, we brainstormed solutions to the problems addressed by the community members. We believe the most efficient way to help the community with formalization was through a pamphlet that contained information and resources based on these interviews.

## Findings

By investigating the information collected during literature review, interviews, and online correspondence, we deduced the following regarding resources for Santaneros to formalize their microbusinesses, and the importance of doing so. One of the most significant things we learned about Santa Ana is how isolated it is from the rest of society. Because of this separation from the rest of Panama City as a whole, this has led to Santa Ana and its people being given less attention and aid from the government. Adding to this isolation is the presence of gangs in the Santa Ana area. According to many of our interviewees, some areas of the community are so dangerous that individuals refuse to go there. We also found that there is gentrification surrounding the area due to the real estate opportunities presented in Panama City. According to one of our sponsors, these developers are not acting sustainably; in a way that allows the culture and community to be preserved. This also causes many members of the communities to get displaced due to the increasing prices of the land that is affordable to foreigners but not to the low-income residents who are there currently.

While talking to our interviewees, we have learned that there are a number of groups who are working on helping solve the problems plaguing Santa Ana. Below, we talk about a number of these groups, and what they have been doing to help the Santa Ana community. While working closely with El Conservatorio, a Real Estate development company in Panama City, we gathered much insight on what they have been working on to solve the issues in the surrounding areas of Panama City and Santa Ana in particular. Recently there have been three successful projects, Fashion Week Panama, La Quince, and La Manzana. Ciudad del Saber, one of our sponsors, is a second group attempting to help solve these problems in this community and others. Other groups looking to help solve the issues pertaining to the Santa Ana community are AMPYME, reURBE, Mi Barrio 507, and the Enlances program.

As we talked about earlier in this paper, informal businesses in Santa Ana are a problem because they are isolated from the rest of society and the economy. Informal businesses do not have a paper trail, and as such it is incredibly difficult for them to have credibility in the eyes of banks or other large organizations. In addition to this, we learned that most Santaneros with informal businesses do not know it may be advantageous to save money or invest in their future through actions such as buying their storefront or their apartment. This makes it nearly impossible for these individuals to grow or expand their businesses, because they lack the money to front for these changes.

As we discussed, we decided upon creating a pamphlet for Santaneros as our final deliverable, focusing on providing information about budgeting and formalization, as well as resources for entrepreneurs. Throughout this pamphlet, there is a lot of information focused on motivating entrepreneurs to take advantage of programs, formalize, or save. The information on the benefits of formalization is community-focused, where it talks about creating new jobs for your community, but also emphasizes business growth and success. In the Finance section of the pamphlet, there is a focus on resources for individuals to access both seed money and loans for themselves and their business. We also have a Money Management section of the pamphlet which focuses on explaining the benefits of saving and budgeting. Lastly, is the resources section which references resources not previously discussed that we found relevant for the intended audience.

## **Recommendations**

Although our project gathered a lot of information about Santa Ana and has taken the first steps towards helping Santaneros grow and formalize their businesses, there is still much that can and should be done to help them more in the future. We recommend that the first step that should be taken following our project is making workshops and programs more visible. Through our pamphlet, we aim to have our project help spread awareness about these existing programs. However, more could be done to help spread awareness of these programs for the people who most need them. We also recommend that Ciudad del Saber, el Conservatorio, or other foundations create a workshop of classes focused on educating the Santa Ana community on saving and budgeting. According to a number of our interviewees, saving and budgeting are the keys to growth and success for entrepreneurs with microbusinesses.

## **Conclusion**

Through our research, we have learned that Santa Ana is an isolated, struggling community, but with much potential to grow. From numerous accounts, Santa Ana is a lovable community with some of the most grateful people to work alongside with. We hope that through action upon our recommendations and other ideas, the Santa Ana community can grow stronger and become steadfast in the face of gentrification moving into the area. With enough effort and energy, these individuals will not be forced to leave their homes, and their culture will not be wiped away. Our recommendations are that this work will be a first step towards a stronger, safer, and happier Santa Ana community.

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## CHAPTER 1: Introduction

In 2019, the GDP of Panama grew 2% more than Latin America's, but the percentage of the population living under the poverty line was 5% more than that of the United States (World Bank, 2021; Rodríguez-Vargas, 2021; Semega et. al, 2020). These comparisons have aligned with trends since the government started incentivizing foreign assistance, trade, and investment. Since this incentivizing has been perhaps the most significant policy change during this period, it makes sense that it has contributed significantly to the country's economic growth (Jackiewicz and Craine, 2010). Scholars such as economist Dabla-Norris agree that the Government is the main contributor to the country's poverty rate, through resource misallocation (Dabla-Norris et. al, 2015, p. 4). The Government spends too much on incentivizing foreign participation and too little on programs that benefit individuals under the poverty line; healthcare, education, and more (Jackiewicz and Craine, 2010). In this way, the government has facilitated the growth of Panama's economy to disproportionately benefit higher-income Panamanians.

In the country's most densely populated city, Panama City, there is a borough called Santa Ana. It is home to a community whose ties have nearly all been broken within the last two decades, reports the Impact Manager of a sustainable real estate company, Harneet Singh. Two main causes of this community damage are socially exclusive gentrification and lack of government resources for education and infrastructure. Firstly, to sell expensive properties, developers are shifting their customer-bases to the wealthy. The resulting rising property prices force many residents of the borough, or Santaneros, out, along with their culture and community relationships. Moreover, some Santaneros are evicted because they never obtained formal property rights (Hollmann, 2016, pp. 16). Similarly to real estate developers, many local service companies owned by non-Santaneros cater to customers wealthier than Santaneros. This decreases the accessibility of Santaneros to commodities, further decreasing the town's value as a home for Santaneros (Singh).

The second main driver of community damage in Santa Ana is the lack of government resources for infrastructure and education. This lack of resources results in fewer public places for children to play as well as a decrease in the competitiveness of Santaneros for jobs and their entrepreneurial potential (Dabla-Norris, 2015). These factors have increased their susceptibility to gang activity, which further decreases the amount of safe gathering places. Largely to avoid up-front costs, such as purchase price, associated with formalizing a business, Santaneros do not complete this process, according to the Director of Innovation at the nonprofit Ciudad del Saber (CdS), Alejandro Carbonell.

Many Santaneros with microbusinesses do not have temporal, educational, or other resources to formalize. The informality of the businesses prevents their owners from accessing bank loans, social protection, seed money from the government, and more (Medina and Deléchat, 2021). This element of informal businesses and lack of budget usage are the main limitations to their profits, and thus also to the income of the majority of self-employed residents and employees of informal businesses (Medina and Deléchat, 2021). One way for the welfare of these entrepreneurs to increase is for them to formalize their microbusinesses (Singh).

The goal of our project was to design and distribute a pamphlet that informs Santaneros of the benefits and drawbacks of formalizing their microbusinesses. These were our objectives:

1. Research: Gather information on society, economy, and entrepreneurship in and near Santa Ana

2. Loosely Define Problem: Work with sponsors to better understand the needs of Santaneros
3. Refine Problem: Work with Santaneros and other experts to better understand the needs of the Community
4. Ideate: Brainstorm solutions to working problem
5. Prototype: Create a medium aimed to help decrease adverse effects of our refined problem.
6. Test: Submit prototype to advisors and sponsors.
7. Distribute: Distribute the final product to Santaneros

We utilized one of the main sources of data about society, economy, and entrepreneurship worldwide, in Panama and Panama City: literature. Other data about these topics came from interviews and email correspondence with experts such as employees at CdS and a Panamanian expert in policy and economy. Although more relevant information may be obtained from such interviewees from Santa Ana, there are few such people. Santa Ana has not received much attention, especially because it is not very wealthy. Thus, data about the borough's society, economy, and entrepreneurship was collected not through literature but interviews and email correspondence with Singh, AMPYME employees, owners and employees of businesses and nonprofits in and near Santa Ana.

We concluded that Santa Ana's socioeconomic isolation prevents its community from receiving much attention or aid, especially from the government, and limits its economic success. Moreover, we found that its success is further limited by the low percentage of formalized businesses in the area, due to low resources. We developed a pamphlet to increase resources for formalization. For the next step of this project, we recommend incorporating in the pamphlet contact information for individuals willing to help with formalization and money-management. Additionally, in-person interviews conducted with users of the pamphlet would likely uncover missing elements.

## CHAPTER 2: Research

In this chapter, we will discuss the current problem of gentrification and the need for formalized microenterprises within the Santa Ana community. We will use the information and advice given by experts in the community on how to create successful microbusinesses and lessen gentrification in the area. We conclude by introducing our partners, El Conservatorio and Ciudad del Saber, in our mission to increase resources available to Panamanians with residential history in Santa Ana to formalize microbusinesses.

### 2.1: Panama City History

Panama City was founded in 1519 by Spanish colonizers, and flourished as a trading port until pirates and privateers became ubiquitous (Britannica, 2020). In 1903, it was declared independent from Colombia, but was under significant control of the United States Government for many decades after (Britannica, 2020). During this time, the Panama Canal was created, which connects the Pacific and Atlantic Oceans, and is a major trade route. Notably, Panama did not officially own the canal until December 31, 1999, when the United States officially handed it over (History.com, 2020).

Currently, the city and its outskirts account for approximately two fifths of Panama's total population, making it the largest in the country (Britannica, 2020). Over the past 60 years, this city's population has grown significantly, as the economy and quality of life in the area have both increased (Panama commerce, 2019). In fact, within the past decade, the population of the country increased by almost 1,000,000, largely due to the urbanization of Panama City (History.com, 2020).

Panama's President Laurentino Cortizo was elected in 2019 and will be serving for a five year long term. President Cortizo inherited a very corrupt government and vowed to make the economy better and close the wealth gap in the country (Cortizo, 2020). A year into his term, the Covid pandemic started to take over the world, putting a stop to his goals for the economy.

Economic growth is defined as the increase of value of goods in a specific time period (Amadeo, 2021). A great economy means having positive economic growth. Economic growth is usually measured by gross domestic product, GDP, which takes a country's economic output into account (Amadeo, 2021). As shown in Table 1, the GDP growth in Panama had decreased from 3% in 2019 to -18% in 2020 (World Bank, 2021). It is to be assumed the economic growth would decrease due to the global pandemic, however Panama's economy had suffered greatly compared to the rest of Latin America. The GDP growth of Latin America has decreased from 1% in 2019 to -6% in 2020. However, Panama's trend in percentage of citizens below the poverty line is not decreasing substantially compared to that of other countries (World Bank, 2021).

Table 2.1: Economic Growth in GDP of Panama Versus Latin America, from 2010-20 (%)

	GDP Growth (%)				
Year	2010	2011	2015	2019	2020
Panama	5.828	11.314	5.733	3.04	-17.949
Latin America	5.828	4.369	0.09	0.952	-6.307

(World Bank, 2021)

The Covid-19 outbreak had a huge impact on all economies, especially the economy in Panama. According to The World Bank, Panama had the most amount of Covid cases per 100,000 people. In order to handle this outbreak, Panama had to open more hospitals and ICUs for Covid patients. President Cortizo states in an interview that Panama went from having 175 intensive care units to 1000 (Cortizo, 2021). In the interview, President Cortizo and two directors of the non-partisan, nonprofit Latin American Program Wilson Center conclude that Panama's economy has a bright future. It is predicted that there will be an economic growth of 12% for Panama in 2021 and 5% in 2022, while the rest of Latin America is projected to have an economic growth of 4% in 2021 and 3% in 2022.

## 2.2: Gentrification in Panama City

Gentrification widely denotes the infiltration of poor urban areas by wealthier foreigners (Hollmann, 2010). In order to stop the spread of gentrification, we must acknowledge that it is happening currently in the *corregimientos* surrounding Panama City. In the past decade, many US citizens have taken the opportunities presented in areas of Panama City to relocate there. According to Destination Panama, Panama has become the "World's best place for Americans to live abroad". This is mainly because of Panamanian real estate. On average, it costs about \$289,000 to afford a new condo and exclusive neighborhoods can now reach up to \$500,000. One of the largest contributors to the influx in real estate investments is the company "International Living" which encourages followers to retire and invest overseas with their motto: "Living better, for less, overseas" (International Living).

Figure 2.1: “International Living” Home Webpage

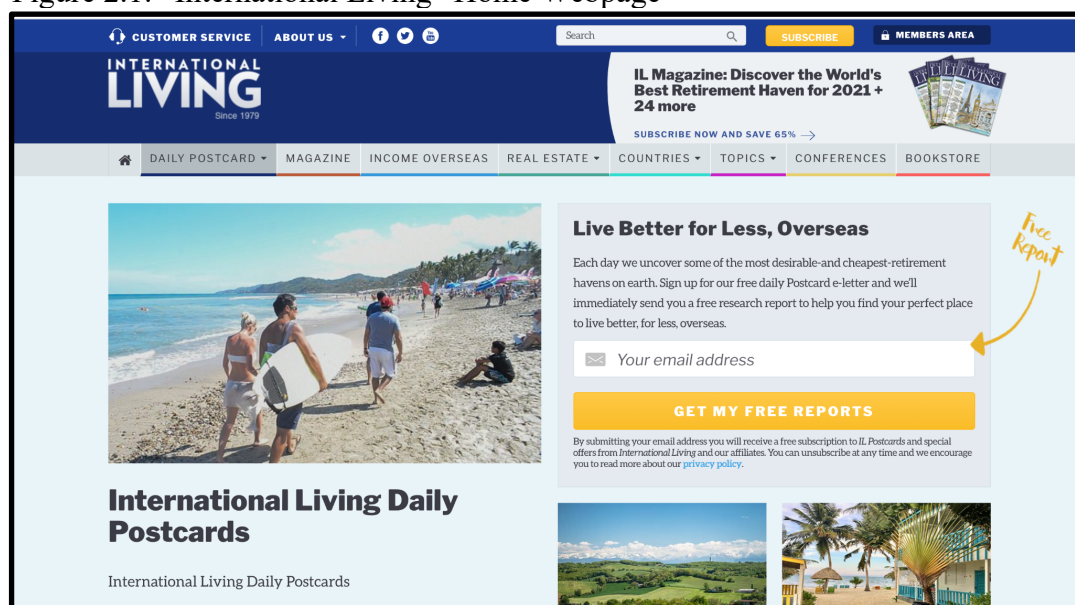


Image retrieved from <https://internationalliving.com/>, October 8, 2020

The influx of Americans and other foreigners has led to an increase of non-native culture, depriving Panamanians of their culture and voice in the community. In Panama, foreigners are offered nearly the same property ownership rights as Panamanian citizens, making it an area that many have been moving into in recent years (Jackiewicz and Craine, 2010). This gives Americans more of an incentive to invest in real estate because they can buy cheap in amenity-rich areas, which gives them more influence over the native Panamanians in the areas (Jackiewicz and Craine, 2010). Panamanians are now viewed as vulnerable and this American occupation represents a struggling community. Although the urbanized areas of Panama are thriving economically and socially, there are still many areas of the city that are mainly comprised of the struggling, lower-class citizens. Panama has one of the worst wealth distribution gaps globally, with a huge separation of classes (Jackiewicz and Craine, 2010). While the wealthy grow wealthier, the lower class is living paycheck to paycheck.

Just 15 minutes outside of Santa Ana, you will see many fancy buildings, hotels, tourist attractions, and the like in Casco Viejo. This *corregimiento* was filled with culture and history until modernization and gentrification turned it into an international hotspot (Hollmann, 2010). Towards the end of the 20th century, Casco Viejo had begun its urbanization. While trying to maintain many historic sites, companies began to modernize buildings and create more tourist areas. Casco Viejo now has a wide variety of hotels and other services and commodities for travelers and has become one of Panama's most popular areas to visit. Because of Casco Viejo's proximity to Santa Ana, as shown in Figure 2, Singh believes gentrification will proceed through Santa Ana within the next ten to thirty years. In the figure, Casco Viejo is highlighted in green, and Santa Ana is highlighted in yellow.

Figure 2.2: Santa Ana and Casco Viejo



Image retrieved from maps.google.com, Sept 27, 2021

### 2.3: Community and Culture in Santa Ana

Santa Ana is a corregimiento surrounding Panama City, Panama. In the past, Santa Ana was referred to as a close-knit community. However, that sense of community seemed to disappear in recent years. According to Singh, there is significant gang activity in the area, causing residents to stay in their homes and keep to themselves for their safety. There are now few community activities and social events for Santaneros to connect with each other, because everyone is now worried about their safety.

Since the pandemic, there also has been a build up of trash throughout the streets. Living and working around the Santa Ana area, Singh had provided us with updates of the city since the pandemic. He had noticed that there had been an overflow of trash causing the garbage to build up in the sewage systems. This imposes a great issue for Santaneros because the blockage in the sewage systems has been causing the streets to flood. The streets of Santa Ana are constantly filled with mothers walking with their children and taxi cabs driving employees to their jobs. The flooding in the streets makes their commute much more difficult, diminishing motivation.

Santa Ana is becoming an increasingly impractical home for current residents, predominantly due to dangerous streets and unaffordable commodities. Since commodity stores can usually profit more from high-end products and services, many of those of Santa Ana are orienting their stores to the high-end market. The resulting lack of affordable commodities in the area decreases the ability of residents to purchase in the city, Singh observes. Therefore, it is impractical for residents to spend time in the area other than at work or home. Due to this, it is also less likely for residents, even those of the same neighborhood, to spend time with one another.

One of the greatest barriers in the way of the original community is the lack of financial success of its citizens. In turn, this is largely due to the majority of them either being employed by others, owning an informal business, or working for an informal business (Singh, Billingslea, 2021). Thus, overcoming barriers both to workers starting their own businesses and to businesses becoming formal could increase the community's chances of revival. On top of this, because of the recent Covid-19 pandemic Santa Ana has seen a dramatic increase in unemployment, which has led to a further increase in informal businesses. These businesses are not run through formal contracts, thus do not have social protection, nor do they contribute taxes. Therefore, they are not recognized by the government or by nearly as many sources of finance as formal businesses are. This makes it virtually impossible for them to receive government aid to improve their businesses. This element of informal businesses, their lack of protection, and lack of budget usage are the main limitations to their profits, as well as to the income of the majority of self-employed residents and employees of informal businesses of Santa Ana (Medina and Deléchat, 2020).

In addition to these many limitations, several Santaneros are also single mothers working informal jobs in order to support their families. Because of the many struggles these individuals face, including caring for and financially supporting their children, it is even harder for their informal businesses to thrive.

#### 2.4: The Differences Between Informal and Formal Microenterprises

Microenterprises are increasingly beneficial to not only workers and business owners, but they also improve the economy of countries, creating more jobs for lower income families struggling to live above the poverty line (Singh and Billingslea, 2021). These microentrepreneurs sell goods for more affordable prices therefore making their goods more accessible to the community (Billingslea, 2021). Although these small businesses are very beneficial, it is difficult for them to grow and increase their profits. That is because it is very difficult to find loans and they lack access to many beneficial resources and programs.

In Santa Ana, many owners of small businesses receive loans from “family, friends, and fools” (Billingslea, 2021). Meaning that the owners frequently go to family and friends, and if this fails, they go to others who blindly put faith in their businesses. If they cannot access funds from any of these sources, they sometimes go to gangs or other dangerous lenders. Going to these lenders is also problematic, as they frequently use predatory lending practices, including high interest rates, as well as threats (Billingslea, 2021). For these reasons, going to banks and other more reliable sources is the best option, if possible.

Since these informal business owners usually run cash only businesses, many do not have bank accounts and the government does not accurately know how much money they are collecting, making their business informal. Our goal is to help the microentrepreneurs in the Santa Ana area learn about the benefits of creating a formal business and give them the resources on how to do it.

Informal businesses are businesses that are not registered or recognized by the government. Therefore, they do not need to report taxes, nor follow the same regulations a formal business would need to follow. Many informal businesses are run on a need-based schedule. Those who are self-employed in the lower-income areas are usually living paycheck-to-paycheck, solely working to survive and support their families. In Santa Ana, most informal businesses you will see in the area are street vendors.



Figure 2.3: Street Vendor in Panama City

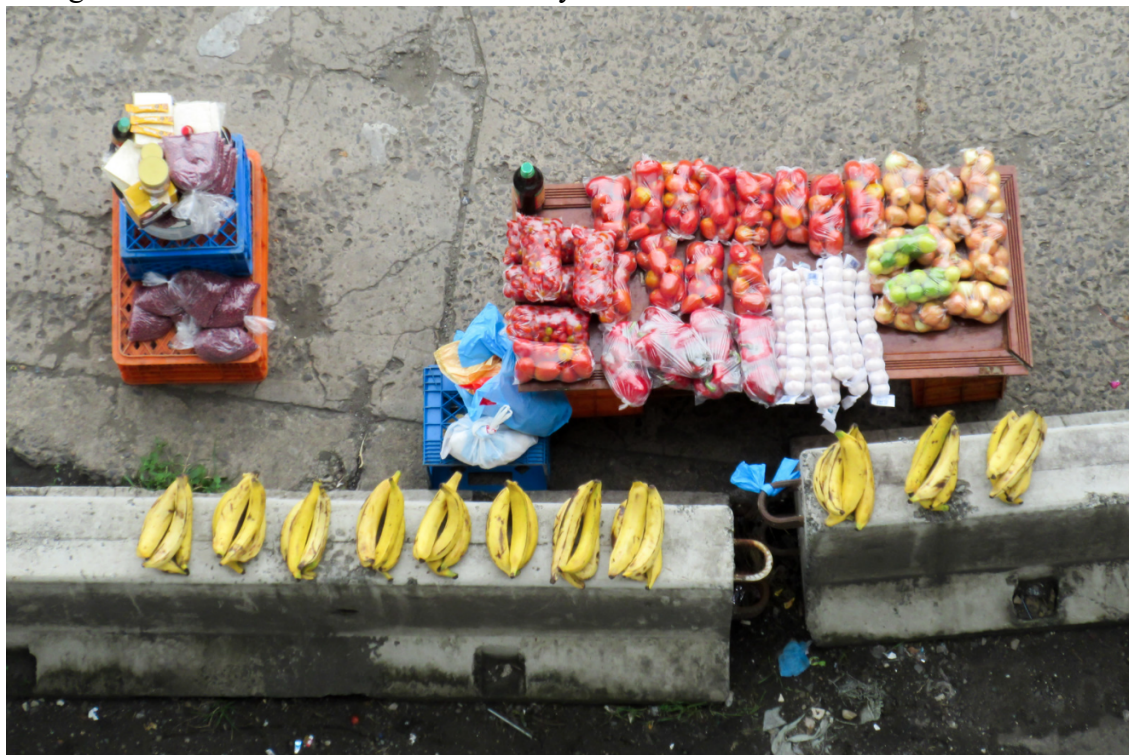


Image retrieved from <https://www.flickr.com/photos/mabelinsantos/37187368580/>, October 12, 2020

Although informal businesses are simpler to start and run, there are many more benefits from owning a formal business, according to Singh. While being recognized by the government, you may need to follow more regulations, however you receive abundant resources. By becoming a formal microenterprise you will have access to microenterprise programs such as the Industrial Linkage Program, Global Supplier Program, and Vendor Development Program (Munoz, 2014). Many street vendors or small business owners in Santa Ana are very experienced in their trade, however they do not always have the knowledge required to expand their business and increase profits. Many Santaneros are focusing on living day to day rather than building up their profits to benefit the future generations and their community. With the help from the government, these local businesses will also have better access to loans and workers (Munoz, 2014). With more formal businesses within the Santa Ana community, the economy will grow and it would be difficult for larger businesses to take over and diminish the beautiful culture within the streets.

#### 2.4: Saving and Budgeting

It is known that formalization requires money. Many of the informal business owners we are focusing on are living paycheck-to-paycheck, meaning they do not regard expenses other than the basic necessities. Many should consider a savings account as a basic necessity; however people do not want to worry about unexpected or future expenses that they would need to save



for (Singh). In order to afford a lawyer and the permits required for formalization, entrepreneurs must save and budget their expenses to increase revenue.

The first step of budgeting requires one writing down the revenue they expect to make (Epstein, 2012). When beginning to budget, one may not automatically know how much they make. Budgeting first begins as trial and error. After finding trends in their income, one can gain a general sense of how much they earn each week, adjusting their budget from there.

Following the first step, one must then determine their expenses (Epstein, 2012). They need to know how much money they spend on food, clothes, toiletries and the like which will then reveal how much money they have left over to save. When starting a business one must take into consideration the cost of a lawyer which is needed in formalization. According to an economist we interviewed, the expense of a lawyer can start at at least \$300.

Another valuable step in budgeting is recognizing the importance of each specific expense. A question to ask yourself is: “How am I going to benefit from this expense?” or “What do I get in return?”. In regard to formalizing a business, it requires money. However, the money that is put forth is an investment. Many of the microbusinesses we are focusing on are street vendors that are selling goods. When selling purchased goods, you must find a reasonable balance when determining how much product to buy and how much you will sell it for (Epstein, 2012). On the contrary, when selling manufactured goods, you must consider how much raw material is used and how much labor is put into creating the product (Epstein, 2012). This will help guide a business owner into developing a budget that is based off of the “gross profit projections” (Epstein, 2012). As a business continues to grow, the budget will continue to adjust.

## 2.5: Ciudad del Saber and El Conservatorio

As the city continues to rapidly grow, organizations such as the City of Knowledge are working together with the community to help improve the city. This foundation was established in 1995 on land from the Panamanian Government, upon a contract with the Government of Panama and a group of Panamanian businessmen (Ciudadelsaber.org, 2020). At the site of a former U.S. military base, the City of Knowledge was created as a center for education, business, and more. With this land, its aim is to provide a place for residents to work and learn, as well as enjoy the recreational and green areas on their campus (Ciudadelsaber.org, 2020). The Foundation has over 200 buildings with multiple classrooms, offices, laboratories, as well as other areas for members of the community. One of its main methods of initiating and supporting social change is by providing entrepreneurship programs. Its hope is that its support for individuals will cause each to create positive change in the community (Ciudadelsaber.org, 2020).

Recently, Ciudad del Saber has frequently partnered with El Conservatorio, a real estate development company in the area which also works towards improving the lives of inner-city residents (History.com, 2020). In 2020, they collaborated to develop La Parada Sana, a bus stop that allows for social distancing during the pandemic and draws tourists (Conservatorio, 2020).

## CHAPTER 3: Methodology

The goal of this project was to design and distribute a pamphlet that informs Santaneros of the benefits and drawbacks of formalizing their microbusinesses. To achieve this goal, we decided on the following objectives:

1. Research: Gather information on society, economy, and entrepreneurship in and near Santa Ana.
2. Loosely Define Problem: Work with our sponsors to understand the needs of Santaneros.
3. Refine Problem: Work with Santaneros and other experts to better understand the needs of the Community.
4. Ideate: Brainstorm solutions to our working problem.
5. Prototype: Create a medium aimed to help decrease adverse effects of our refined problem.
6. Test: Submit prototype to advisors and sponsors
7. Distribute: Distribute the final product to Santaneros

In this chapter, we will elaborate on these objectives, detailing the steps we took to learn about and find solutions to help Santaneros. This includes analysis of the ways we used this information to develop our deliverable. Our methodology is graphically represented in Appendix A.

### 3.1 Objective 1: Research: Gather information on society, economy, and entrepreneurship in and near Santa Ana.

Our first objective was to gather as much information as possible about society, economy, and entrepreneurship in and around Santa Ana in order to learn about and identify problems in the community of Santa Ana. We gathered this information from literature, mainly scholarly reports, as well as news articles and authoritative websites. This research was continued throughout the project.

Based on our literary research and conversations with our sponsors, we concluded that some of the main harms to the community are gentrification and gang violence (Singh). For this reason, we focused our efforts on gathering information related to these issues and possible solutions to them. The main possible solution we deduced was the lack of businesses in Santa Ana that are formalized, so we focused our data-gathering on this.

Gathering information about formalizing businesses helped us understand the process that entrepreneurs and business owners have to go through, and the challenges they have to face, if they choose to formalize. Formalization has many benefits, such as allowing businesses to have a paper trail so that banks are willing to lend them money, which is essential for growth (Singh). However, most Santaneros that own microbusinesses do not formalize. By learning more about formalization, we hoped to learn why so many of these entrepreneurs choose not to formalize their businesses, to best figure out how to help them with this.

We suspected that gathering information about entrepreneurship in Panama, Panama City, and Santa Ana would help depict the situation that small business owners and entrepreneurs in Panama City are in. This includes the economic challenges these individuals face, as well as political challenges.

We anticipated that gathering information on Panama's economy would also help us understand the situation these small business owners and entrepreneurs are in. For example, we gathered information about banks and non-governmental organizations that are willing to provide loans to microbusinesses. In addition to this, we gathered information on small businesses and nonprofits that provide classes and workshops for these microbusinesses to help them start, expand, and formalize.

In addition to conducting this research, we interviewed individuals with relevant insight through convenience sampling. Our first group of interviewees included our sponsors; Daniel Billingslea, Harneet Singh, and Alejandro Carbonell. We also had weekly meetings with our sponsors, to keep them posted on our project and gather more information throughout it.

We were connected with experts and individuals with insight into our project through our sponsors, who entered their names and contact information into a shared spreadsheet on our request.

### 3.1.1 Initial Interview Plans

For the purpose of gathering as much information as possible about society, economy, and entrepreneurship in Panama and Santa Ana, we interviewed a number of individuals familiar with our project.

When we planned our interviews, we created a number of interview groups which we intended to interview so as to gain the maximum amount of information from each interviewee. Figure 1 shows these groups graphically.

Figure 3.1: Initial Interview Groups



First, we intended to interview our sponsors. This was to gain more information about their understanding of the issue, as well as to receive contact information for our other interviewees through them.

After this group, we intended to interview workers in Santa Ana, as you can see above in Group 2. We had hoped to ground our understanding of the community in Santa Ana with them early in the project, since they would likely be most familiar with Santa Ana of our interviewees. This is because they are part of the community and work in it. Thus, they would be able to give us a solid understanding of how Santaneros perceive the issues we were looking into, and hopefully help direct our project towards what they perceive to be the most significant issues for microenterprises in the area.

After this, we were hoping to interview a third group, including experts on policy and the economy in Santa Ana. After learning about Santa Ana, we were looking to learn more about the forces behind it. This plan would hopefully lead us to understand the economic challenges facing Santaneros from the economists and learn more about policies around microenterprises from the expert in policy, including how they are intended to function, as well as how they function in reality.

Finally, we wanted to interview a last group of interviewees, including individuals who work for businesses functioning slightly further from the isolated Santa Ana community, and an individual from the creative industry, such as someone in advertising. We were hoping that these individuals would help fill in any last gaps that were left from our previous interviews.

Despite our plans for the order in which the interviews would take place, because of not only obtaining contact information for these individuals, but also scheduling issues, our interviews did not occur in the order that we intended.

One significant difference was in the individuals we were able to interview. In order to obtain our interviewees, we used convenience sampling (Edgar & Manz, 2017). This is because, as we were not in Panama and have limited access to the community of Santa Ana, we relied mainly on interviewing those we were connected with through our sponsors.

The main benefit of convenience sampling is that it provides interviewees from a number of different backgrounds with a number of different experiences. This allowed us to get a much larger picture of Santa Ana and Santaneros' microenterprises than we would otherwise obtain. For example, suppose we used simple random sampling. By this method's definition, we would choose interviewees from the entire population of Santa Ana ("Methods of Sampling from a Population," 2019). We would not get into contact with the desired interviewees as well, and thus end up with less valuable data.

### 3.1.2 The Current Economy of Panama

Over the past half-century, Panama City's population has grown significantly; by almost a million people over the past decade alone (Panama commerce, 2019). Also, Panama's quality of life has increased. In 1989, the poverty rate in Panama reached a high of 52.2%, but has since decreased in 2018 to 12.6%, and increased only 5.9% during the Coronavirus pandemic (Macrotrends.net, 2021; Worldbank, 2021). Their current poverty rate is only slightly higher than that of the United States in 2019, about 10.5% (United States Census Bureau, 2021).

This data is from Panama as a whole, rather than Santa Ana, specifically. According to Singh and Carbonell, the poverty rate in Santa Ana is likely higher than the average in the country as a whole. However, this data provides a good sense of the current state of the economy

in Panama, and we were able to use it to gain a limited understanding of the current state of the economy of Santa Ana.

For example, from this data gathered that many of the people in Santa Ana are below the poverty level, and there is a good chance that many others are not far above this. This indicates that gathering funds for starting small businesses could be an issue for the population of Santa Ana. As such, this became one of our major focuses for our interviews and surveys.

### 3.1.3 Microbusinesses

When gathering information about the microbusinesses that we would focus on, we looked into two types of businesses, tradable and non-tradable.

Upon thinking of entrepreneurship, many people picture businesses of the tradable sector. These companies are more innovative, creating new ideas that encourage competition and innovation in the area they are mainly established in, as well as beyond it (Clare). These companies require more money and time to start, as well as more specialization in multiple fields (Clare).

Businesses in non-tradable sectors, unlike those in tradable sectors, do not require a significant amount of time and money to start (Clare). These are small businesses like restaurants or child-care businesses.

We decided to focus on businesses in non-tradable sectors. According to our sponsors, these are the businesses that residents of Santa Ana usually run. These individuals usually already know what product or service they are trying to sell, and usually manage to create the business by themselves or with a small group of others they know. These businesses are not very specialized, but instead focus on what the entrepreneurs enjoy or have experience in, such as sewing or childcare (Singh).

### 3.1.4 Gentrification in Santa Ana and Casco Viejo

Casco Viejo, directly adjacent to Santa Ana, used to be a significant cultural center before it became gentrified in recent history (Singh). For years, Casco Viejo resisted gentrification, but it became less appealing to travelers as other areas gentrified. Eventually, large companies were allowed to move into the area, turning it into a tourism hotspot and forcing out many of the locals. Restaurants and hotels became marketed towards tourists and far too expensive for the local populations, and real estate was bought out by large, international companies, outcompeting the local residents (Singh).

Gentrification is now spreading towards Santa Ana, and Singh estimates that it will reach through the community within the next ten to thirty years. If nothing is done, this will continue deteriorating the local community and culture, forcing the local population away from their homes and businesses (Singh).

Part of the reason for this is the local population's lack of resources compared to those of the international companies. However, this is also due to these individuals' informal businesses. Because their businesses are not formalized, they do not have any reliable paper trails proving their history and success (Billingslea). Because of this, banks are not willing to loan them

money, making it difficult for them to invest in things such as a storefront and expand and grow their businesses (Billingslea).

Moreover, these informal business owners are usually very inexperienced with saving, budgeting, and keeping track of their finances (Singh). In addition to limiting the paper trail of their businesses, this also means that many do not have savings to invest in their businesses, further making growing their businesses more difficult. This also makes their business unstable, as they do not have reserves to fall back on in the case of unexpected challenges, such as damage to their storefront or the pandemic (Singh).

Primarily because of these individuals' lack of financial experience, they also do not feel comfortable going to banks or other financial institutions for aid (Singh). All of these issues combined make these businesses' owners more financially insecure in the face of gentrification.

### 3.2 Objective 2: Loosely Define Problem: Work with our sponsors to understand the needs of Santaneros.

As discussed in our Interviews Section, after researching, our first step was to work with our sponsors to understand the needs of Santaneros.

First, we interviewed Daniel Billingslea. Shortly after, we interviewed Harneet Singh, followed by Alejandro Carbonell.

These interviews were mainly focused on gaining a first level of understanding of our project and gathering advice from our sponsors on next steps. A list of the topics we focused on in these interviews is presented below.

**Data and Contacts:** One of our primary focuses in these initial interviews was taking steps towards advancing our project forward. We asked each of our sponsors for any contacts they might have with information relevant to our project, as well as any data they might have.

**Microbusinesses in Santa Ana:** Although we gathered a lot of information about microbusiness in our initial research, there are unfortunately a limited number of sources with information on Santa Ana specifically. For this reason, we resorted to our sponsors for each of their insights on microbusinesses in Santa Ana.

**Conservatorio and Ciudad del Saber Programs:** Our sponsors were the first people we talked to who work with the community of Santa Ana. For this reason, we wanted to learn more about some of their programs and how they help the community. This would give us a sense of what areas we should get more information in and how to design a solution to address our working goal.

**Santa Ana Community:** As was later clarified extensively for us, Santa Ana is a very isolated community. As such, our Sponsors were the first individuals we talked to who were able to help us to understand what the community is like. We used our initial interviews with them to learn more about it, which we intended to help direct us towards what we could do that would best help the community.

### 3.3 Objective 3: Refine Problem: Work with Santaneros and other experts to better understand the needs of Santaneros.

After meeting with our sponsors, we reached out to Santaneros and other experts through the online mediums suggested for them, respectively, by our sponsors. As mentioned in our Interviews Section, our interviews did not end up going exactly as planned. Nonetheless, they were invaluable in helping us understand Santa Ana and thus in producing our deliverables.

In the end, we managed to conduct six interviews with individuals with valuable insight into our project. These interviews included:

Three employees of businesses and nonprofits in and around Santa Ana. These individuals all worked in, or were closely associated with, programs designed to help Santaneros and others. These programs focused on creating and growing businesses, learning new skills, and increasing community ties.

Two individuals working for AMPYME, a governmental organization with programs designed to guide entrepreneurs in creating and formalizing their businesses. This organization also has programs that provide loans or seed money to these entrepreneurs to assist them in this.

One working mother from Santa Ana who has run multiple successful businesses in the area. She has experience being an entrepreneur, formalizing her business, and balancing running multiple businesses with caring for her family and children.

We created interview questions for each category of individual or group of individuals (see Appendices C.1-C.8). We made changes to each set of questions to suit each specific interviewee.

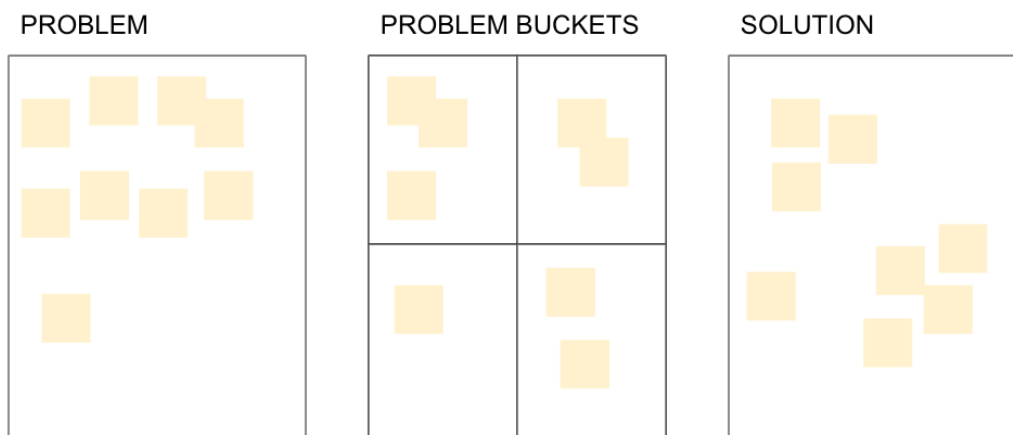
### 3.4 Objective 4: Ideate: Brainstorm solutions to our working problem.

Before starting to work on our final deliverable, the pamphlet, we met with our sponsors to brainstorm about what to include. As can be seen in the figure below, we first collected all of our thoughts and data on the problems facing Santaneros. This included issues such as cultural barriers, lacking public educational systems, and lack of accessibility to loans.

We then grouped these problems into “buckets,” larger problems that we could focus on, such as “low access to capital” and “lack of confidence in monetary system.” We decided to address the issue of Santaneros lacking information on resources available for them.

Finally, we listed and grouped a number of current and potential solutions to this problem, including programs run by Ciudad del Saber and Enlaces, and provided descriptions of why taking out loans and saving money are beneficial in the long-run. You can see this process graphically represented in Figure 3.1, below.

Figure 3.2: Brainstorming Methods



In the end, we decided to focus on a two-pronged solution of providing information about programs available to help Santaneros with informal businesses, as well as providing information intended to educate these individuals on the benefits and drawbacks of saving, budgeting, and formalizing their microbusinesses.

### 3.5 Objective 5: Prototype: Create a medium aimed to help decrease adverse effects of our refined problem.

After determining what information we wanted to distribute, we drafted a pamphlet with information and data, based on our research and interviews.

### 3.6 Objective 6: Test: Submit prototype to advisors and sponsors

We shared the pamphlet with our advisors, our sponsors, and one of our contacts, who was able to share it with a number of small business owners in Santa Ana. After this submission, we received feedback from them on their thoughts on the pamphlet and what needed to be improved and finalized it accordingly.

### 3.7 Objective 7: Distribute: Distribute the final product to Santaneros.

After finalizing the pamphlet, our final step in our project was to distribute it to make it accessible to the Santaneros it is intended to help. We sent both printed copies and a virtual copy of our pamphlet to the local municipality and the Community Room of El Conservatorio, in Santa Ana. We chose these locations because of their accessibility to the public and our target audience.

The local municipality is open to the public in Santa Ana and is a place where many would presumably go for one reason or another. Similarly, El Conservatorio's community room is open to the public as well, albeit in a slightly more limited way. Additionally, because El Conservatorio runs some programs geared towards entrepreneurs and small business owners, this would be a good location to access our audience.

In addition to distributing physical copies of the pamphlet to these two locations, we also sent virtual copies of our pamphlet to our sponsors and contacts in Santa Ana. Through a link,



these copies are shareable through Whatsapp, Santaneros' usual choice of online communication, and we are hoping that distributing these virtual copies will help them spread to the individuals who could benefit from them.

## **CHAPTER 4: Findings About the Community in Santa Ana and Programs Available to Santaneros**

By investigating the information collected during literature review, interviews, and online correspondence, we deduced the following regarding resources for Santaneros to formalize their microbusinesses, and the importance of doing so.

### 4.1 Isolation in the Santa Ana Community

One of the most significant things we learned about Santa Ana is how isolated it is from the rest of society. In the 17th Century, Panama City was destroyed by Captain Morgan and then rebuilt, however, divided into two sections by a wall. Inside the wall lived the rich, while the poor resided outside the wall. Santa Ana was a district outside of the wall along with the other poor communities of Panama City. Despite the financial troubles Santa Ana faced, it was filled with culture. People from different parts of the world came to live in Panama City and many settled in Santa Ana. Santa Ana's population is also of mostly African descent, according to one of our interviewees. This has only increased the discrimination and isolation experienced by Santaneros.

Because of this separation from the rest of Panama City as a whole, this has led to Santa Ana and its people receiving less attention and aid. This is most clear through their inadequate utilities. For example, the community's internet connection is lacking. This is frequently because individuals choose to purchase deals from their internet companies, often involving a very small amount of data as well as unlimited access to select social media sites, such as Facebook or Whatsapp.

In addition, according to some of our interviewees, their water systems as well as housing are in need of repair. However, little attention is paid to these needs, and so these problems are left untreated. This is partially because the government is very disconnected from the community of Santa Ana itself. According to one source, getting the government to collaborate with groups looking to help the community is very difficult, and getting the mayor to sign off on things is equally as challenging. Additionally, the government in the area is very stagnant; according to one of our interviewees, one director has even had the same position for 25 years. As such, individuals in the government are very resistant to change, further contributing to the isolation in this community.

Adding to this isolation is the presence of gangs in the Santa Ana area. According to many of our interviewees, some areas of the community are so dangerous that individuals refuse to go there. One of these areas is right outside a community where several single mothers and their children live. Due to this, these mothers refuse to let their children outside to play because of concern for their safety.

In order to get a sense of the community in Santa Ana, we needed to look at the lives of the Santanero children. In our interview with an individual from El Conservatorio, we learned that many habits, such as alcohol abuse and violence, get passed on from the parents to the children. This is heavily reflected in the schools. Events happening at home greatly affect the kids' performance in many classes. Another interviewee mentioned that many children are kicked out of school after the ninth grade because they are not performing well academically. Part of this is also due to the fact that the Santa Ana school system receives less attention and aid

than those in other areas, according to our interviewee, further causing problems for the children there.

More and more people that are wealthier than Santaneros are spending time or developing in Santa Ana. For the most part, these are people from outside of the country, who we will call foreigners (Jackiewicz and Craine, 2016). Almost all developers do not operate sustainably; in a way that allows Santa Ana's culture and community to be preserved, according to Singh. On the other hand, many Santaneros were once refugees, for example, from Nicaragua. Since they arrived illegally, most of them do not have documentation, and it is hard for them to get it. Partly because it is difficult for them to acquire property, they tend to be some of the poorest Santaneros. More and more foreigners legally obtain land in the area, moving onto land Santaneros were essentially squatting on. Other Santaneros also get displaced because the price of their land is pushed higher as foreigners purchase and develop land near them.

## 4.2 Solutions for Microbusinesses' Informality

While talking to our interviewees, we have learned that there are a number of groups who are working on helping solve the problems plaguing Santa Ana. Below, we talk about a number of these groups, and what they have been doing to help the Santa Ana community.

### 4.2.1 El Conservatorio

While working closely with El Conservatorio, a real estate development company in Panama City, we gathered much insight on what they have been working on to solve the issues in the surrounding areas of Panama City and Santa Ana in particular. We have held many meetings as well as interviews with Singh and other representatives from different departments of El Conservatorio to understand the specific problems around the area and how they have overcome certain challenges during their efforts to solve these problems. Our main contact from El Conservatorio has been our sponsor Harneet Singh. Singh is El Conservatorio's Impact Manager and has been working on many projects with other organizations in and around Panama City to promote community engagement. We have also met with another representative from El Conservatorio, an individual who works in community relations with Santa Ana.

Due to the Covid-19 pandemic, we were unable to visit the Santa Ana community ourselves, therefore, we had to receive insight from our interviewees, especially those from El Conservatorio, on what the community looks like and what they may need. In our interviews, our contacts impressed upon us the importance of listening to the community and working together with them to help best meet their needs. By doing this, El Conservatorio has been able to put on multiple different programs and events that have significantly helped the community. Recently there have been three successful projects, Fashion Week Panama, La Quince, and La Manzana. During Fashion Week, local seamstresses and designers were able to promote their small businesses while also promoting community involvement.

#### 4.2.3.1 Liderazgo

The Liderazgo Program given by El Conservatorio is focused on increasing the leadership skills of Santaneros. We have included it specifically because according to several interviewees, this is one of the most successful programs that El Conservatorio runs for its community. This program identifies community leaders and trains them to

better help the community, helping the community significantly through this. In addition to this, the program is reasonably accessible to Santaneros because it is an 8-hour program given over two days, taking little time away from these individuals' families and jobs.

#### 4.2.2 Ciudad del Saber

Ciudad del Saber, one of our sponsors, is a second group attempting to help this community and others in Panama City. As was mentioned in the introduction, CdS is a center for education, business, and more. The main way Ciudad del Saber helps Panamanians is through workshops, entrepreneurship programs, and other classes, many of which are free for individuals in the community. According to our sponsors from CdS, Billingslea and Carbonell, Ciudad del Saber also provides seed money to a limited number of organizations per year.

Ciudad del Saber also rents out office and desk space to entrepreneurs and business owners. This allows them to have a location with available internet to work on their business and allows them to easily access the other resources Ciudad del Saber provides, such as their workshops.

#### 4.2.3 reURBE

reURBE is an exploratory and design company that transforms spaces in disadvantaged communities, according to a few of our interviewees we talked to (reURBE, 2021). They incorporate the community in order to reach goals more quickly. They also offer the community safe and productive activities, opportunities to work on teamwork, as well as teach them skills, among other benefits (reURBE, 2021).

#### 4.2.4 Banks

Singh perceives the banks most likely to provide loans to entrepreneurs running informal, small businesses to be Banco la Hipotecaria, Banco General, Banco Aliado, Banistmo, Banesco, Metro Bank, and Canal Bank. Based on our research and what our interviewees have told us, none of these banks seem to be likely to offer microloans. However, we did not contact these banks directly to confirm this during our project.

#### 4.2.5 AMPYME

AMPYME, Authority of Micro, Small, and Medium Enterprises, is a government organization dedicated to helping micro, small, and medium enterprises, is another group with programs to help microbusinesses. They have a program that can help both native Panamanians and immigrants formalize their business, and they have a number of programs that, since the Coronavirus pandemic, are now almost all online. The one exception to this rule is an online loan program for \$2000-\$5000, which both helps people create and formalize businesses, as well as loans them money to help them get off the ground and succeed. Also, AMPYME exempts a business from income taxes for two years upon completion of an application.

According to some individuals we talked to, the programs AMPYME has are very simple to attend. However, according to others they can take a significant amount of time and money, sometimes even requiring resources such as a lawyer to access. An upside to using them is that they do not have strict criteria for which bank the business uses, according to Carbonell.

#### 4.2.6 Enlaces and Fundación Calicanto

The Enlaces program, part of Foundation Creative Space, is another program with a goal to help the Santa Ana community. In particular, one of Enlaces' focuses is helping children in the Santa Ana Community through their dance program. In this program, they focus on three pillars: artistic, psychosocial, and academic development.

Although it is a dance program, less than ten percent of the children that go through this program go on to become professional dancers. Rather, this program works to help the children in the community learn new skills and advance academically, as well as learn peaceful conflict resolution. Because of the structural deficiencies and normalized violence in their communities, these individuals often don't learn how to peacefully manage their emotions and conflicts, contributing to the cycle of violence within the community.

In addition to this program, Enlaces also runs a number of other programs, including the Sandbox program. This is a workshop that trains women for employment. This program sets itself apart from some others, however, by allowing women to take their kids. This makes it easier for single mothers who lack the support system needed to take care of their kids while they attend the workshop and is one of the reasons for this program's success.

In 2013, the Enlaces program and Foundation Creative Space left Fundación Calicanto, an umbrella organization that works with women in inclusion in leadership and the economy. It also works to eliminate violence against women (Fundación Calicanto, 2019).

#### 4.2.7 Mi Barrio 507

In our interview with a contact from Mi Barrio 507, we learned about their collaboration with El Conservatorio and the Local Municipality of Santa Ana. Many Santaneros are hesitant when working with the government. However, this individual mentions they needed government involvement in order to continue to move forward in their projects around the community. Our interviewee both receives help from the Municipality of Santa Ana, as well as educates them on opportunities for innovation and change for the benefit of the Santa Ana community. Additionally, many small businesses need different permits and authorization, and by being involved in both the community and local municipality, our contact is able to help these entrepreneurs.

Mi Barrio 507 works with other community members to help them make their business ideas a reality. Our contact uses their experience and connections to plan different projects and events to help build up the community. Currently, there has been a market every weekend in Santa Ana to help promote the vendors in the area and sell their products. They plan on expanding this market to other communities around the area as well. Since becoming a consultant for the local municipality of Santa Ana earlier this year, our interviewee and Mi Barrio 507 have made significant strides in helping the community.

#### 4.2.8 Other organizations

There are several other organizations that help informal businesses and disadvantaged communities, both in Panama City and Santa Ana. However, those listed above are the ones that our interviewees emphasized the most, and that happen to be doing the most significant change in the Santa Ana community currently.

### 4.3 Problems caused by informal businesses

As we talked about earlier in this paper, informal businesses in Santa Ana are a problem because they are isolated from the rest of society and the economy. Informal businesses do not have a paper trail, and as such it is incredibly difficult for them to have credibility in the eyes of banks or other large organizations. Additionally, because those who run informal businesses often do not do any accounting for their businesses, such as record keeping of sales or spending, they do not have records of their business's success or history.

According to one of our interviewees very familiar with microentrepreneurs, an individual "will never get a loan if [they] don't have assets or credit history." The majority of those we talked with were in agreement with this sentiment, and that these informal microbusinesses would not be able to receive loans, grow, or expand because of this.

In addition to this, we learned that most Santaneros with informal businesses do not save money or invest in their future through actions such as buying their storefront or their apartment. This makes it nearly impossible for these individuals to grow or expand their businesses, because they don't have the money to front for these changes.

In terms of the challenges caused by informal businesses, our interviewees didn't provide much contradictory information from what we learned talking with our sponsors at the beginning. Rather, they increased and deepened our understanding of these issues.

In particular, our interviewees provided more detailed information on the problems that not being able to receive loans causes. One individual we talked to, a successful working mother who runs multiple formalized businesses in Santa Ana, especially emphasized that not being formalized greatly limits how successful a business can be. She credits much of her success to being able to invest and grow her businesses and emphasized how much of a difference this made for her.

### 4.4 Problems with Solutions to Microbusinesses' Informality

Currently, there are a number of groups working on helping solve this problem, as we listed above. However, there are a number of barriers in the way of them making a more significant difference for the Santa Ana community.

The most significant barrier that our interviewees brought to our attention was lack of information about resources available to help business owners formalize.

According to many of our interviewees from businesses and programs aimed to help Santaneros, their programs are incredibly successful. The vast majority of those who we talked with stressed the difference the aforementioned programs made for those who have attended them. However, a number of the individuals that we worked with from the community seemed to be unfamiliar with other programs that they do not work with or are not a part of. For example, the working mother who we talked with had not taken advantage of or considered any of the programs available to her, even though they would have benefited her as she started her businesses.

The one group that most individuals seem to be familiar with is AMPYME. However, according to many of our interviewees, taking advantage of AMPYME's programs takes a lot of effort and resources. Additionally, according to our interviewees, a number of their resources are either very difficult to access or only available to individuals of Panama nationality. According

to data shared with us by AMPYME representatives, the percentage of microenterprises that were informal in 2019 was estimated to be 73.3% (AMPYME, 2019).. As many Santaneros are immigrants to Panama from other countries, this further limits access to these resources.

## CHAPTER 5: Final Deliverable - Pamphlet for Santaneros

As we discussed in our Methodology, we decided upon creating a pamphlet for Santaneros as our final deliverable, with a focus on information about budgeting and formalization, as well as resources for entrepreneurs. In this section, we will describe each section of our pamphlet and the reasoning for it. Pictures of both sides of our tri-fold pamphlet are shown in Figures 5.1 and 5.2 below. We also have versions of our pamphlet with links to the resources to be shared online, as well as copies of both of these versions in Spanish, as most if not all of our intended audience does not speak English. For these versions, see Appendices F.1-F.2 and G.1-G.4, respectively.

Figure 5.1: Outer sides of the final pamphlet: English version

Are you Venezuelan, and would like to get funding as quickly as possible?

- Banesco

Looking for other options?

- Banco Delta
- Banco Nacional
- Caja de Ahorros

### MONEY-MANAGEMENT

Are you tired of living day-to-day?

- ⌂ Long term investment
- ✓ Legitimacy
- ✓ Having records of finances makes it easier to access loans
- ⌂ If you invest the time and money to formalize, you are likely to make more money in the long-run
- ⌂ Purchasing a storefront or apartment rather than renting allows for spending less money in the long-run
- ⌂ If you have a solid business plan, you won't have to worry as much if the economy fluctuates

By starting to budget and save money now, you can create a better future for yourself and your family.

Budgeting is as easy as you want it to be! It can be listing profits, adding them, and subtracting costs. Or, more complicated:

- 📱 Virtual course Finance for Non-Financial Executives by CdS
- 📱 Programa Gestión Empresarial en Línea by AMPYME

### OTHER RESOURCES

Do you have kids?

Programa Enlaces by Foundation Creative Space 📱 [programaenlaces](#)

⇒ Has programs for children that may provide you time to focus on your business

📱 \*ask for a scholarship

Do you need more than B/.5000 but don't want to deal with a separate establishment?

⇒ PROFIMYPE is a loan program by AMPYME

📱 Be on the lookout for new programs by Ciudad del Saber, especially free ones

Link to printable pamphlet:  
<https://tinyurl.com/m7h54sue>


Images courtesy of Conservatorio S.A.

### Should You Formalize Your Microbusiness?


WPI Students Sidney Goldinger, Ellie Burress, Dreyra Martin  
El Conservatorio  
The City of Knowledge  
October 2021

Are you tired every day?

Formalization is a worthwhile process that can help you increase profits and plan your future



An informal business in SA




A formalized business in SA



Figure 5.2: Inner sides of the final pamphlet: English version

### FORMALIZATION

Do you want a loan? To overcome the possibility of being evicted?  
Do you have a copy of a personal identity card?

- ✓ Legitimacy
- ✓ Growth
- ✎ Free Programs and Assistance
- ✎ Access to loans and other financial services
- ✓ ✓ Eligibility for programs to improve and grow your business
- ⇒ Supporting your community by providing more opportunities, such as jobs, for others
- ✎ If have a question during any pathway to formalization, contact  
La Junta Comunal XF34+9X4, 506-8061  
AMPYME Technical Assistance to ask a question 500-5742 or Via Israel, Building 96 - In front of the Richard Neumann School
- What programs are there to help you formalize?  
✎ Mujeres Emprendedoras by Voces Vitales  vocesvitalesspy
- AMPYME tried to imagine the different obstacles in boroughs similar to Santa Ana, and created this program:  
✎ La Programa Gestión Empresarial en Línea by AMPYME  
⇒ for formal or informal business owners, natural or legal persons  
⇒ Do you want a cohesive online

job.pa/agenda/consulta-ciudadana-santa-ana/

program to help you increase profits and/or connect you with more customers? You can work on this during your free time  
⇒ learn enough to do some tasks, minimizing billable hours of lawyer

- Incubation Program by Ciudad del Saber  
- Helps 4 businesses/yr

Other resources to help you formalize?  
✎ Free wifi at a local cafe

\*be on the lookout for new opportunities by Ciudad del Saber

What is the process of formalization?

1. Look at requirements listed by AMPYME
2. Make a business plan
3. Get a good lawyer (~B/.300)

Make sure you or the lawyer:


4. Get a bank account (not necessarily as the fourth step)
5. Register with A. La Caja del Seguro Social Agencia Parque Lefevre, Av. José Agustín Arango, +507 503-4020

B. Ministerio Público C. Registro Público  
D. Ministerio de Comercio e Industrias (MICI) Plaza Edison, Vía Ricardo J. Alfaro, 560-0600

Selling edibles? Also register with E. MINSA 512-9100 F. Alcaldía de Panamá, Ave. Justo Arosemena and Cuba and between streets 35 and 36 East. Corregimiento of Calidonia

⇒ total cost of registration may be as little as \$15 (excluding cost of lawyer)

6. Pay taxes



### FINANCE

Will you complete La Programa Gestión Empresarial en Línea - AMPYME?  
⇒ earn option to easily take a loan of up to B/.5000

Are you of Panamanian nationality?  
Looking for funds to use after formalizing, but don't want the hassle of paying back loans?  
✎ La Capital Semilla from AMPYME can provide up to B/.2000

Will you take Incubation Program by Ciudad del Saber?  
⇒ easy access to loans

Banks most accommodating to small businesses are likely

- Canal Bank
- Banco General
- Banistmo
- Banco la Hipotecaria
- Banco Aliado
- Metro Bank

## 5.1: Motivation

Throughout this pamphlet, there is a lot of information focused on motivating entrepreneurs to take advantage of programs, formalize, or save. This information is community-oriented, as the majority of Santaneros have a strong focus on family and community, according to many of our interviewees. For example, there is an emphasis that saving money can help create “a better future for yourself and your family,” as can be seen under the Money Management section in Figure 5.1.

## 5.2: Formalization

In the Formalization section of the pamphlet, seen in Figure 5.2, there is information about the benefits of formalization, as well as free programs and assistance. As emphasized previously, the information on the benefits of formalization is community-focused, where it talks about creating new jobs for your community, but also emphasizes business growth and success.

It also talks about some problems that formalization can help indirectly solve, such as the risk of being evicted (see Figure 5.2).

In this section, a number of programs and sources of help are also listed. These resources are listed with a brief description and a number of the benefits they provide, to give the reader a sense of where he or she can look for assistance with their particular needs.

Finally, there is also a brief list of the steps required to formalize in this section. This gives the reader a sense of the process in order to better help them understand it.

### 5.3: Finance

In the Finance section of the pamphlet, there is a focus on resources for individuals to access both seed money and loans for themselves and their businesses. In this section, there is not a heavy focus on why one would want to access seed money, as there are explanations of the benefits of investing in your business in other sections of the pamphlet. Instead, this section provides a number of resources, including AMPYME programs, a Ciudad del Saber program that helps entrepreneurs gain access to loans, and a list of banks that are likely to give small loans to microbusinesses.

### 5.4: Money Management

In the Money Management section of this pamphlet, there is a focus on explaining the benefits of saving and budgeting to Santaneros, who may not be familiar with this. This focuses both on family, by referencing a “better future” by budgeting and saving now, and business growth, by talking about spending less money by purchasing rather than renting. This section also includes a few free programs that focus on giving individuals money-management skills, such as a virtual finance course by Ciudad del Saber, and another course by AMPYME.

### 5.5: Other Resources

The last section in this pamphlet focuses on providing resources not previously mentioned in the pamphlet, and some that do not fit in the previous sections. For example, this section mentions Enlaces, a program for children run by Foundation Creative Space, which could provide time for parents to take time to focus on their business rather than multitask with childcare. It also references another loan program, as well as directs readers to look for programs by Ciudad del Saber, which are frequently free. This section rounds out the pamphlet to include all the resources that could be relevant to the readers, as well as provides more places to look for more classes or workshops.

## **CHAPTER 6: Next Steps for Santa Ana**

### 6.1 Summary of Findings

Through our research, we determined what problems most plague Santanero entrepreneurs, what is currently being done to help remedy these problems, and potential next steps to further help this community.

As we talked about in our Results, Santa Ana is incredibly isolated. A few hundred years ago when the city was rebuilt, it was created with an inner city and an outer city, separated by a wall. The inner city has since grown to contain the most wealthy and successful parts of Panama City, while the outer city, in which Santa Ana is located, has been isolated and disadvantaged. Among some of the challenges Santa Ana faces are gangs in the area, a poor educational system, and decaying infrastructure.

There are a number of groups with programs for this community, including our sponsors, Ciudad del Saber and El Conservatorio, along with Enlaces, ReURBE, and others. However, through our research we have noticed a number of ways in which more could be done to further help this community.

### 6.2 Recommendations

Although our project gathered a lot of information about Santa Ana and has taken the first steps towards helping Santaneros grow and formalize their businesses, there is still much that can and should be done to help them more in the future. Below, we have listed and detailed a number of next steps that, based on our research, would be incredibly beneficial for entrepreneurs in Santa Ana and the community as a whole.

#### 6.2.1 Increasing visibility of existing programs

We recommend that the first step that should be taken following our project is making workshops and programs more visible. As we went into depth in our Results section, there are an incredible number of very successful programs that help Santaneros. However, these programs only work when those they are intended to help know about them and have access to them.

Through our pamphlet, we aim to have our project help spread awareness about these existing programs. However, more could be done to help spread awareness of these programs for the people who most need them. We have listed a few potential ways this could be implemented below, although there are many ways this could be accomplished.

**Social Media:** From our interviews, we have come to understand that many Santaneros' phone plans give them unlimited access to a number of social media sites, including Facebook, Whatsapp, and others. Through social media, therefore, information about programs to help Santaneros could presumably be spread successfully. Additionally, as social media can be accessed from anywhere, and by any number of people, this could be a very efficient way to spread information about these programs (Brookins, 2021).

**Incorporation into Other Programs:** One other possible way to inform individuals about the programs available to them is to include information about all the programs during other programs. For example, a number of our interviewees have talked about large, community-centric programs that they have run and involved many people in. By spreading the word about workshops and classes through these events, they would likely be able to reach more people than they would otherwise.

We recommend that much more work be done about potential ways to increase awareness about classes, workshops, and programs available to Santaneros, as this was not one of the focuses of our project. However, these are a few options that could potentially help in this endeavor.

### 6.2.2 Programs for saving and budgeting

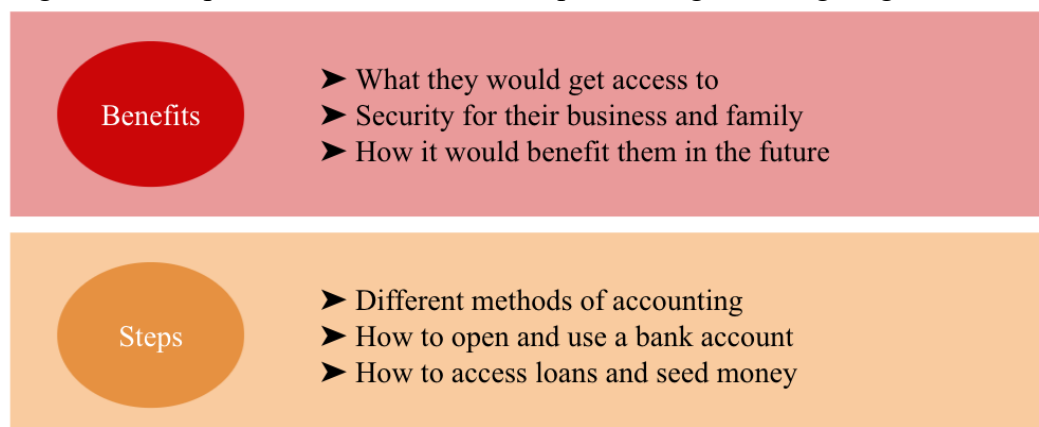
We recommend that Ciudad del Saber, el Conservatorio, or other foundations create a workshop of classes focused on educating the Santa Ana community on saving and budgeting. In our interviews, we found that a number of the barriers getting in Santaneros' way of formalizing and joining the greater economy are directly related to them lacking funds to formalize and grow their businesses.

According to a number of our interviewees, saving and budgeting are the keys to growth and success for entrepreneurs with microbusinesses. Saving and budgeting allow entrepreneurs to invest in their businesses, through purchasing storefronts or hiring more employees. Through saving and budgeting, these individuals can also create a paper trail and prove their businesses' success to banks and investors, allowing them to open accounts or take out loans, further creating opportunities to improve and grow their businesses. Finally, saving and budgeting are also necessary to formalize, as they allow entrepreneurs to have the monetary resources required to navigate the process, which can be expensive, time-consuming, and confusing. Formalization, in turn, allows access to more loans and resources for entrepreneurs. However, this all starts with the individuals learning to manage their money and put it towards improving their business.

Unfortunately, according to many of our interviewees there is not much knowledge about money management in Santa Ana. Individuals frequently do not have bank accounts, according to our interviewees from AMPYME, nor do they either save money or keep records of their expenses and sales for their businesses. Educating these individuals about saving and budgeting and their benefits, therefore, would likely do a lot of good in helping these people grow their businesses and help them succeed.

We recommend that further research be done to determine exactly what information should be included in these proposed workshops or classes. However, based on our research, we conclude that these classes should focus on the benefits and steps for one to start saving and budgeting, as shown in Figure 6.1 below.

Figure 6.1: Proposed focuses of a workshop on saving and budgeting



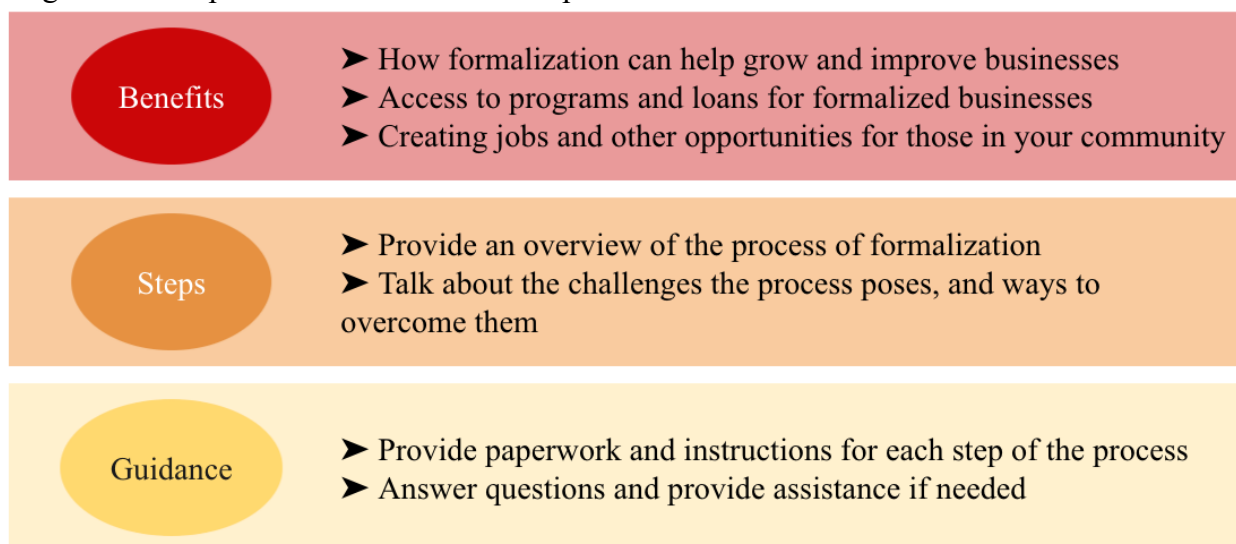
### 6.2.3 Programs for formalizing microbusinesses

We recommend that Ciudad del Saber, el Conservatorio, or other foundations create a workshop or classes helping individuals learn how to formalize their businesses. This would be even more helpful if they were helped through the process over the course of this program.

According to many of our interviewees, formalizing one's microbusiness allows entrepreneurs to gain access to a number of resources that they can use to improve and grow their business and allow it to succeed. Formalized business owners find it easier to gain access to loans and other financial support from the government and other organizations, as well as have the ability to go to workshops and other programs to help them improve their businesses. Additionally, as these businesses have a paper trail and evidence of their success, banks are more likely to allow them to open accounts and take out loans, which further helps them succeed.

We propose that a workshop or class be created that teaches microbusiness owners about the benefits of formalization, informs them about the steps needed to take to formalize their business, and walks them through this process. Our proposed focuses of this workshop are shown in Figure 6.2 below.

Figure 6.2: Proposed focuses of a workshop on formalization



We recommend further research be done into the process of formalization for microbusiness owners. This process is long and confusing, which may complicate the ability of a workshop or program to walk individuals through the process, as going through the process will take different amounts of time for each person. There could also be other differences in how the process works for each individual and their business. However, we have not done extensive research into the process itself, so we cannot provide recommendations on how a workshop or program would deal with these differences.

#### 6.2.4 Improving the process of formalization

Our final recommendation is far harder to achieve than the others but would make the most lasting difference for Santaneros and others facing similar challenges. This recommendation is to, through petitioning the government and a lot of time and energy, change the processes of formalization to make them easier to go through. This would likely have to be worked on over an extended period of time by multiple groups, possibly including Ciudad del Saber, El Conservatorio, or other foundations and organizations.

Over the course of our research and interviews, we learned that the system that helps entrepreneurs formalize their businesses is not set up for those individuals to succeed. According to many of our interviewees, the process is expensive, time-consuming, and impossible to go through without a lawyer. These individuals have to go through many governmental branches to get their business approved, and each of these steps can take months to complete. Alongside the costs of creating a business, paying to formalize it, and hiring a lawyer, individuals frequently need to pay money to speed up the processes to get their business approved. For many of the individuals we hoped to help when we worked on this project, these barriers are so significant that formalizing their business may seem impossible.

Our project did not focus on the government of Panama and Panama City, and as such, we do not have very concrete recommendations for this section. However, a future project could

look into how the government could improve their approval process and make formalization more accessible for individuals in disadvantaged communities.

### 6.3 Conclusion: The meaning of this project

Through our research, we have learned that Santa Ana is an isolated, struggling community, but with much potential to grow. From numerous accounts, Santa Ana is a lovable community with some of the most grateful people to work alongside with.

In order to stay and thrive, while gentrification moves into Santa Ana, this community needs to join the greater economy, growing their businesses and stepping out of this isolation. This is not a simple task, and as such, will not have a simple solution. This project is the first, small step to help these people help themselves, but there will need to be more.

We hope that through action upon our recommendations and other ideas, the Santa Ana community can grow stronger and become steadfast in the face of gentrification moving into the area. With enough effort and energy, these individuals will not be forced to leave their homes, and their culture will not be wiped away. Our recommendations are that this work will be a first step towards a stronger, safer, and happier Santa Ana community.

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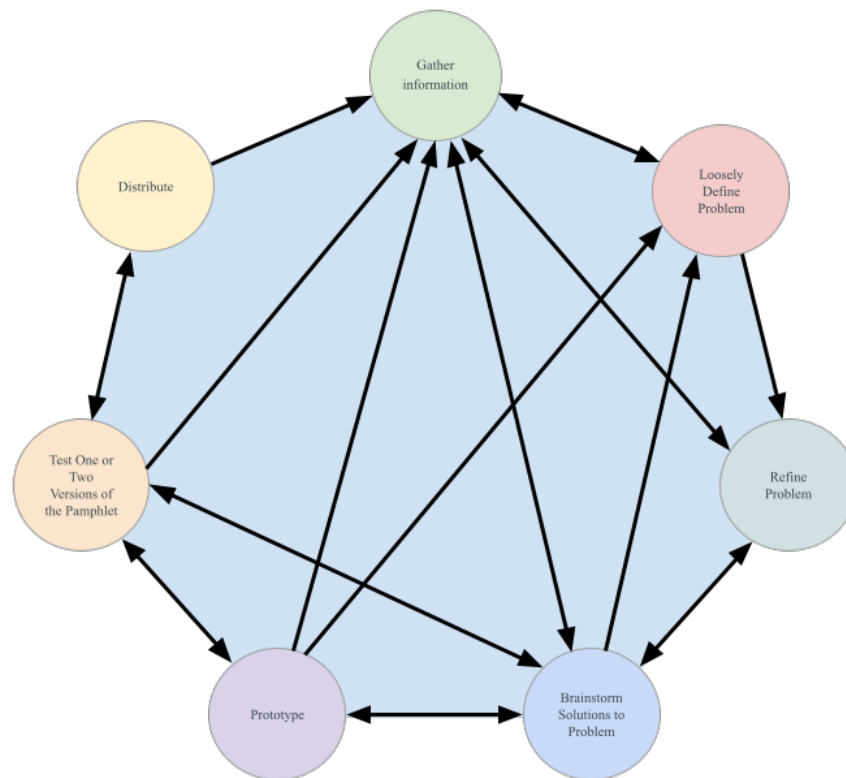
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## APPENDICES

### APPENDIX A: Graphical Representation of Methodology

Graphical representation of the methodology, including the process we used to go between gathering information, defining the problem, brainstorming solutions to the problem, and other steps. This is not a linear process, largely because multiple iterations of certain steps were taken, as in any process that uses design thinking.



## APPENDIX B: Reasoning for Interview Groups

A list of the groups we initially intended to interview and our reasoning for wanting to interview each group. Provided to our sponsors to help them connect us with interviewees who would be able to help us with our projects.

### Interview Groups and Why We Want to Interview Them

#### Working mothers from Santa Ana

We want to interview this group because we feel that this group would have a number of unique challenges in starting a small business, such as having limited time to start a business, alongside caring for their family and working jobs they already have to support them.

#### Employee from Santa Ana

We want to interview this group because we feel that they would have a lot of knowledge about what running and working in a small business is like. Hopefully, this will give us more information about the types and significance of challenges that these businesses face.

#### Owner of a startup

We want to interview this group because we feel that they would have a lot of knowledge on the challenges of starting (presumably) and running a small business.

#### Constitute of a larger business based in Santa Ana

We want to interview this group because we feel that even though they aren't running a small business, running any business in the area would presumably give them a good sense of the challenges facing small businesses in the area.

#### Local expert in policy

Presumably, a number of the challenges facing small businesses in this area are economic or political in nature. We want to interview this group because we feel that they will likely be able to shed light on why the policies on small businesses are in place, how they affect small businesses, and how they are intended to affect them. Hopefully they will also help us understand the way they intend entrepreneurs to start small businesses.

#### Economist

Presumably, a number of the challenges facing small businesses in this area are economic or political in nature. We want to interview this group because we feel they will likely be able to shed light on the economical challenges that small business owners are facing, and the best ways to overcome them.



Expert in the creative industry (for example, marketing consultant or engineer)

We want to interview this group because we feel they likely will be able to shed light on some of the challenges facing businesses starting up in Santa Ana, including creating a customer base and coming up with a functional business plan.

#### APPENDIX C.1: Preliminary Interview Questions for a Working Mother

Our initial set of interview questions for a working mother. These questions were tailored to the individual after we were put into contact with them.

How long have you lived in Santa Ana?

Can you tell us about how your daily routine looks, with family and work and other obligations?

Do you use a daycare business?

Do you know anyone who uses some form of daycare business, or is in a group that helps each other taking care of their children?

Would you use daycare if it were accessible? How would this change your quality of life?

How does your work affect your daily life?

What are some of the challenges you face at work? What do you think could be done to help make these easier? (aside from daycare, perhaps)

#### APPENDIX C.2: Preliminary Interview Questions for an Owner of a Business in or near Santa Ana

Our initial set of interview questions for an owner of a business in or near Santa Ana. These questions were tailored to the individual after we were put into contact with them.

Do you have any questions or comments before we get started?

Can you tell us about the business you run?

How did you get started in this business?

- If they started it themselves:
  - What were some of the challenges you faced in starting this business?

What are some of the challenges you face in running this business? What do you think could be done to make these easier to face?

Have you ever needed to borrow money for this business?

- If so, if you don't mind sharing:
  - Who did you borrow money from?
  - How much money did you borrow?
  - How much money would you have liked to borrow?

Is your business formalized?

- Have you ever considered formalizing your business?
- Why haven't you yet formalized your business?

### APPENDIX C.3: Preliminary Interview Questions for a Constituite of a Small to Large Business based in or near Santa Ana

Our initial set of interview questions for a constituite of a small to large business based in or near Santa Ana. These questions were tailored to the individual after we were put into contact with them.

Can you tell us a little bit about your business?

Can you share any challenges you have faced in your position in this business? Any that are specific to this area?

How do you think being formalized has made it easier for you to succeed in this area?

More specifics based on the business:

- If they have connections throughout the area
- Why they came into the area in the first place given the context of the type of business

### APPENDIX C.4: Preliminary Interview Questions for a Local Expert in Policy

Our initial set of interview questions for a local expert in policy. These questions were tailored to the individual after we were put into contact with them.

Can you tell us a little bit about the prevalence of informal businesses in the Santa Ana area if you're familiar with it?

The majority of the businesses in Santa Ana and even in Panama City are informal. In your opinion, why do you think this is?

In your opinion, what are the greatest benefits of a microbusiness becoming formalized?

What is the intended pathway for business to become formalized by a Panamanian? From our understanding, an aspiring or current owner picks an area in a zone that allows that type of business, obtains the zoning certificate of the site, obtains a Notice of Operation at [www.panamaemprende.gob.pa](http://www.panamaemprende.gob.pa), pays for the rights, and pays necessary taxes. Additionally, we believe it is best, and common, for the entrepreneur to register to APYME, request income tax exemption for the company's first 2 years, and request any other applicable benefits.

Is it worthwhile for Sant 'Anéros aspiring to or are currently in charge of a formal business to know of and/or act to benefit from

- The Trade Promotion Agreement?
- The World Trade Organization Information Technology Agreement?
- Which 55 professions are reserved for Panamanians? Is it economically favorable for a Panamanian to be one of these? Is this list known and/or paid attention to among Panamanians?
- The Bilateral Investment Treaties it has with other countries?
- Protection of Property Rights in Panama? For example, is it worthwhile for Sant 'Anéros aspiring to be or are currently in charge of a formal business to be informed that the organization that adjudicates is relatively slow and corrupt?

Do you see many Panamanians formalizing their businesses in the future?

#### APPENDIX C.5: Preliminary Interview Questions for an Economist

Our initial set of interview questions for an economist familiar with Santa Ana. These questions were tailored to the individual after we were put into contact with them.

Where did you go to school, and can you share a little about where you have worked?

- How long have you worked in the area (if they haven't mentioned it)?

The panamanian government banks with El banco nacional de Panamá and Caja de Ahorros de Panamá exclusively, right? The same applies to AMPYME, correct?

Would you advise potential or current entrepreneurs of Santa Ana, of formal businesses, of course, to take advantage of Special Economic Zones? Other subsidies, governmental or not?

Do you know of and/or have worked with other grants, governmental or nongovernmental?

Do you think there are any challenges other than the ones we've talked about so far that we should look into?

Do you have any experience with informal businesses?

Do you have any more information you think we should know of?

#### APPENDIX C.6: Preliminary Interview Questions for a Santanero Employed at a Small, Medium, or Large Business

Our initial set of interview questions for a Santanero employed at a small, medium, or large business. These questions were tailored to the individual after we were put into contact with them.

Did you attend a university?

- Where did you go to school, and can you share a little about where you have worked?

When did you move to or start working in Santa Ana?

Would you advise potential or current entrepreneurs of Santa Ana, of formal businesses, of course, to take advantage of Special Economic Zones? Other subsidies, governmental or not?

Do you know if your business has received any grants, governmental or nongovernmental?

- Do you have any comments on the effect it has had on the business?

Do you think there are any challenges other than the ones we've talked about so far that we should look into?

Do you have any more information you think we should know of?

#### APPENDIX C.7: Preliminary Interview Questions for a Santanero Employed at a Microbusiness in or near Santa Ana

Our initial set of interview questions for a Santanero employed at a microbusiness in or near Santa Ana. These questions were tailored to the individual after we were put into contact with them.

How long have you lived in this area?

Can you tell us a little bit about how you came to work at this business?

In your opinion, what are some of the greatest challenges this business is facing?

To the best of your knowledge, could this business ever have benefited from borrowing or receiving a loan?

If this business has ever received a loan:

- From whom?
- For how much?
- How large a loan were you looking for? If applicable: Why couldn't you receive a loan this large?

Do you know if the business you work at ever considered formalizing itself?

Why do you think the business you work at has not yet formalized itself?

#### APPENDIX C.8: Preliminary Interview Questions for an Expert in the Creative Industry

Our initial set of interview questions for an expert in the creative industry. These questions were tailored to the individual after we were put into contact with them. The questions for this interviewee were not very specific because they would heavily depend on the occupation of the interviewee.

How long have you lived in this area?

Can you tell us a little bit about your career?

\*Tailored questions towards the individual\*

- Why are you working in this area?
- Experience with the area unique to your career?

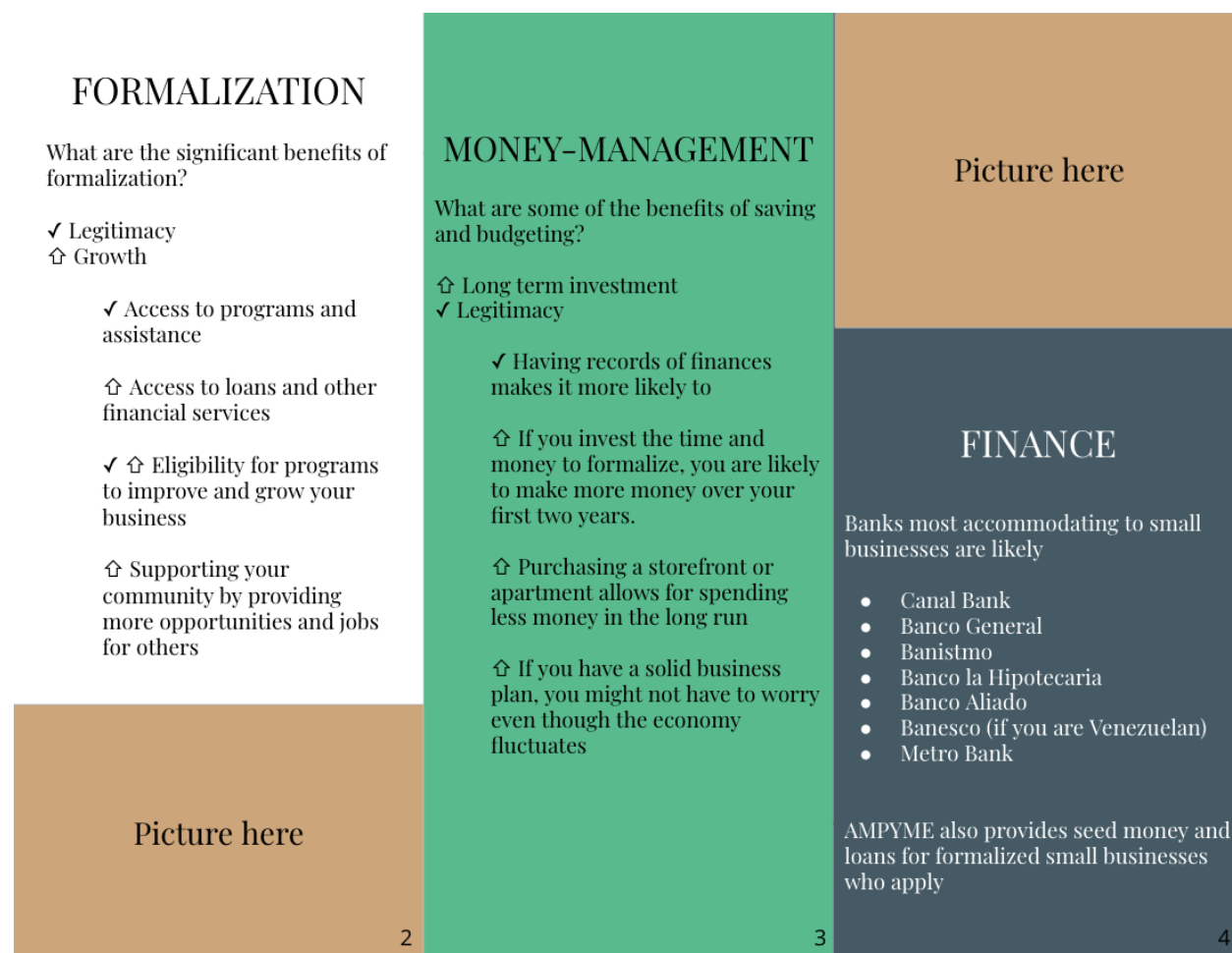
## APPENDIX D.1: Pamphlet Prototype 1 Outer Side

The outer side of our first prototype of the pamphlet, before we received feedback from our sponsors and advisors. It is the online version.



## APPENDIX D.2: Pamphlet Prototype 1 Inner Side

The inner side of our first prototype of the pamphlet, before we received feedback from our sponsors and advisors. It is the online version.



## APPENDIX E.1: Pamphlet Prototype 2 Outer Side

The outer side of our second prototype of the pamphlet, after our first round of feedback from our sponsors and advisors. It is the online version.

### FORMALIZATION

Do you want a loan? To overcome the possibility of being evicted?  
Do you have a copy of a personal identity card?

✓ Legitimacy

↑ Growth

✂ Free Programs and Assistance

✂ Access to loans and other financial services

✓ ↑ Eligibility for programs to improve and grow your business

⇒ Supporting your community by providing more opportunities, such as jobs, for others

✂ If have a question during any pathway to formalization, contact

La Junta Comunal XF34+9X4, 506-8061

AMPYME Technical Assistance to ask a question 500-5742 or Via Israel, Building 96 - In front of the Richard Neumann School

What programs are there to help you formalize?

F Mujeres Emprendedoras by Voces Vitales  vocesvitalesspt

AMPYME tried to imagine the different obstacles in boroughs similar to Santa Ana, and created this program:

✂ La Programa Gestión Empresarial en Línea by AMPYME

⇒ for formal or informal business owners, natural or legal persons

⇒ Do you want a cohesive, online

2

program to help you increase profits and/or connect you with more customers? You can work on this during your free time  
⇒ learn enough to do some tasks, minimizing billable hours of lawyer

- Incubation Program by Ciudad del Saber  
- Helps 4 businesses/yr

Other resources to help you formalize?

✂ Free wifi at a local cafe

\*be on the lookout for new opportunities by Ciudad del Saber

What is the process of formalization?

1. Look at requirements listed by AMPYME
2. Make a business plan
3. Get a good lawyer (~B/.300)
4. Get a bank account (not necessarily as the fourth step)
5. Register with A. La Caja del Seguro Social Agencia Parque Lefevre, Av. José Agustín Arango, +507 503-4020

B. Ministerio Público C. Registro Público

D. Ministerio de Comercio e Industrias (MICI) Plaza Edison, Vía Ricardo J. Alfaro, 560-0600

Selling edibles? Also register with E. MINSA 512-9100 F. Alcaldía de Panamá,

Ave. Justo Arosemena and Cuba and between streets 35 and 36 East. Corregimiento of Calidonia

⇒ total cost of registration may be as little as \$15 (excluding cost of lawyer)

6. Pay taxes

3



### FINANCE

Will you complete La Programa Gestión Empresarial en Línea - AMPYME?

⇒ earn option to easily take a loan of up to B/.5000

Are you of Panamanian nationality?

Looking for funds to use after formalizing, but don't want the hassle of paying back loans?

✂ La Capital Semilla from AMPYME can provide up to B/.2000

Will you take Incubation Program by Ciudad del Saber?

⇒ easy access to loans

Banks most accommodating to small businesses are likely

- Canal Bank
- Banco General
- Banistmo
- Banco la Hipotecaria
- Banco Aliado
- Metro Bank

4

Link to printable pamphlet: <https://tinyurl.com/msjv5dvy>

Link to online pamphlet: <https://tinyurl.com/m7h54sue>



## APPENDIX E.2: Pamphlet Prototype 2 Inner Side

The inner side of our second prototype of the pamphlet, after our first round of feedback from our sponsors and advisors. It is the online version.

Are you Venezuelan, and would like to get funding as quickly as possible?

- [Banesco](#)

Looking for other options?

- [Banco Delta](#)
- [Banco Nacional](#)
- [Caja de Ahorros](#)

### MONEY-MANAGEMENT

Are you tired of living day-to-day?

⬆ Long term investment  
✓ Legitimacy

✓ Having records of finances makes it easier to access loans

⬆ If you invest the time and money to formalize, you are likely to make more money in the long-run

⬆ Purchasing a storefront or apartment rather than renting allows for spending less money in the long-run

⬆ If you have a solid business plan, you won't have to worry as much if the economy fluctuates

By starting to budget and save money now, you can create a better future for yourself and your family.

5


Budgeting is as easy as you want it to be! It can be listing profits, adding them, and subtracting costs. Or, more complicated:

🚩 [Virtual course Finance for Non-Financial Executives](#) by Cds

🚩 [Programa Gestión Empresarial en Línea](#) by AMPYME

### OTHER RESOURCES

Do you have kids?

Programa Enlaces by Foundation Creative Space  programaenlaces  
⇒ Has programs for children that may provide you time to focus on your business

🚩 \*ask for a scholarship

Do you need more than B/.5000 but don't want to deal with a separate establishment?

⇒ [PROFIMYPE](#) is a loan program by AMPYME

🚩 Be on the lookout for new programs by Ciudad del Saber, especially free ones

Link to printable pamphlet:  
<https://tinyurl.com/msjv5dvy>

Images courtesy of Conservatorio S.A.


6

### Should You Formalize Your Microbusiness?


WPI Students Sidney Goldinger, Ellie Burress, Dreyca Martin  
El Conservatorio  
The City of Knowledge  
October 2021

Are you tired every day?

Formalization is a worthwhile process that can help you increase profits and plan your future



An informal business in SA



A formalized business in SA

1

## APPENDIX E.3: Pamphlet Prototype 2 Outer Side - Spanish

The outer side of our second prototype of the pamphlet, translated into Spanish, after our first round of feedback from our sponsors and advisors. It is the online version.

¿Eres extranjero/a y te gustaría conseguir financiación lo antes posible?

- [Banesco](#)

¿Buscas otras opciones?

- [Banco Delta](#)
- [Banco Nacional](#)
- [Caja de Ahorros](#)

### ADMINISTRACIÓN DE DINERO

¿Estás cansado/a de vivir el día a día?

↑ Inversión a largo plazo  
✓ Legitimidad

✓ Tener un registro de tus finanzas facilita el acceso a préstamos

↑ Si inviertes tiempo y dinero en formalizar tu negocio, es probable que generes mas ingresos a largo plazo.

↑ Comprar una tienda o apartamento en vez de alquilar, permite gastar menos dinero a largo plazo

↑ Si tienes un plan de negocios sólido, no tendrás que preocuparte tanto si la economía fluctúa

Al comenzar a tener un presupuesto y ahorrar ahora, puedes brindar un mejor futuro para ti y tu familia.

5

Presupuestar es fácil y es una habilidad que puedes desarrollar a medida que tu negocio crece.  
Puedes comenzar con estos recursos.

📌 Curso virtual de Finanzas para Ejecutivos No Financieros por Cds

📌 Programa Gestión Empresarial en Línea de AMPYME

## ¿Debería formalizar su microempresa?

Estudiantes de WPI Sidney Goldinger, Ellie Burress, Dreya Martin  
El Conservatorio  
Ciudad del Saber  
Octubre de 2021




## APPENDIX E.4: Pamphlet Prototype 2 Inner Side - Spanish

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### FORMALIZACIÓN

Estas cansado de vivir del día a día?  
Quisieras tener un préstamo para  
crecer tu negocio?

✓ Credibilidad      ↑ Crecimiento

F Programas gratuitos de desarrollo  
empresarial

↑ Acceso a servicios de financiamiento y  
préstamos

✓ ↑ Eligibility for programs to improve  
and grow your business

⇒ Estar formalizado no solo te brindará  
oportunidades para tu desarrollo  
comercial, pero también te permitira  
impactar a tu comunidad a través de  
oportunidades de negocios y nuevos  
trabajos.

De tener alguna pregunta no dudes en  
contactar a tu agente local a través de  
La Junta Comunal, 506-8061 o contacta  
a AMPYME 500-5742 para preguntas  
sobre tu emprendimiento.

Programas que te pueden ayudar:

✓ Mujeres Emprendedoras por Voces  
Vitales IG: vocesvitalespty

✓ La Programa Gestión Empresarial en  
Línea by AMPYME

⇒ Para emprendimientos formales  
e informales y personas naturales

⇒ Quieres ser parte de un  
programa que te ayuda a  
incrementar tus ingresos y  
conectar con tus clientes.

Este programa es flexible y se

puede hacer a tu tiempo.  
⇒ Aprende como manejar el día a  
día de tu negocio y minimizar tus  
costos.

Programa de Incubación por Ciudad del  
Saber

- Programa para lanzar tu  
emprendimiento desde idea hasta  
ejecucion. Con posibilidad de  
acceder a financiamiento.

Si tienes problema conectando a internet,  
intenta trabajar en los cafés con internet o  
infoplazas.

El proceso de Formalización

1. Revisa los documentos necesarios  
en AMPYME
2. Arma tu plan de negocio
3. Contrata a un buen abogado/a  
(~B/.300)

Asegúrate de que tú o el abogado/a:

4. Tener una cuenta bancaria (no tiene  
por qué ser el cuarto paso)
5. Regístrate con A. La Caja del Seguro  
Social Agencia Parque Lefevre, Av.  
José Agustín Arango, +507 503-4020

B. Ministerio Público C. Registro Público  
D. Ministerio de Comercio e Industrias  
(MICI) Plaza Edison, Vía Ricardo J. Alfaro,  
560-0600

Si estás vendiendo o manejando  
alimentos: E. MINSA 512-9100

F. Alcaldía de Panamá, Ave. Justo  
Arosemena y Cuba entre de calles 35 and  
36 East. Corregimiento de Calidonia

Tu costo total de registración puede ser  
tan bajo como \$15.00

6. Acuérdate declarar tus impuestos  
anualmente para seguir recibiendo  
los beneficios.

### FINANCE

¿Completaras La Programa Gestión  
Empresarial en Línea - AMPYME?

Opción de ganar para tomar fácilmente un  
préstamo de hasta B / .5000

¿Eres de nacionalidad panameña? ¿Está  
buscando fondos para usar después de la  
formalización, pero no quiere la molestia  
de pagar préstamos?

El Capital Semilla de AMPYME puede  
brindar hasta B / .2000

¿Tomarás el Programa de Incubación de  
Ciudad del Saber?

⇒ fácil acceso a préstamos

Es probable que los bancos que se adapten  
mejor a las condiciones de las pequeñas  
empresas

- Banco del Canal
- Banco General
- Banistmo
- Banco la Hipotecaria
- Banco Aliado
- Metro Bank



Un Negocio  
Formal en  
Santa Ana

## APPENDIX F.1: Final Pamphlet: English Online Version Outer Side

The outside of the online version of our final pamphlet in English.

Are you Venezuelan, and would like to get funding as quickly as possible?

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A formalized business in SA

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✚ Free Programs and Assistance

✚ Access to loans and other financial services

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1. Look at requirements listed by AMPYME
2. Make a business plan
3. Get a good lawyer (~B/.300)

Make sure you or the lawyer:

4. Get a bank account (not necessarily as the fourth step)
5. Register with A. La Caja del Seguro Social Agencia Parque Lefevre, Av. José Agustín Arango, +507 503-4020

B. Ministerio Público C. Registro Público  
D. Ministerio de Comercio e Industrias (MICI) Plaza Edison, Vía Ricardo J. Alfaro, 560-0600

Selling edibles? Also register with E. MINSA 512-9100 F. Alcaldía de Panamá, Ave. Justo Arosemena and Cuba and between streets 35 and 36 East. Corregimiento of Calidonia

⇒ total cost of registration may be as little as \$15 (excluding cost of lawyer)

6. Pay taxes



A formalized business in SA

### FINANCE

Will you complete La Programa Gestión Empresarial en Línea - AMPYME?

⇒ earn option to easily take a loan of up to B/.5000

Are you of Panamanian nationality?

Looking for funds to use after formalizing, but don't want the hassle of paying back loans?

✚ La Capital Semilla from AMPYME can provide up to B/.2000

Will you take Incubation Program by Ciudad del Saber?

⇒ easy access to loans

Banks most accommodating to small businesses are likely

- Canal Bank
- Banco General
- Banistmo
- Banco la Hipotecaria
- Banco Aliado
- Metro Bank



## APPENDIX G.1: Final Pamphlet: Spanish Print Version Outer Side

The outside of the print version of our final pamphlet in Spanish.

¿Eres extranjero/a y te gustaría conseguir financiación lo antes posible?

- Banesco

¿Buscas otras opciones?

- Banco Delta
- Banco Nacional
- Caja de Ahorros

### ADMINISTRACIÓN DE DINERO

¿Estás cansado/a de vivir el día a día?

⇧ Inversión a largo plazo  
✓ Legitimidad

✓ Tener un registro de tus finanzas facilita el acceso a préstamos

⇧ Si inviertes tiempo y dinero en formalizar tu negocio, es probable que generes mas ingresos a largo plazo.

⇧ Comprar una tienda o apartamento en vez de alquilar, permite gastar menos dinero a largo plazo

⇧ Si tienes un plan de negocios sólido, no tendrás que preocuparte tanto si la economía fluctúa

Al comenzar a tener un presupuesto y ahorrar ahora, puedes brindar un mejor futuro para ti y tu familia.

Presupuestar es fácil y es una habilidad que puedes desarrollar a medida que tu negocio crece.  
Puedes comenzar con estos recursos.

- 📄 Curso virtual de Finanzas para Ejecutivos No Financieros por Cds
- 📄 Programa Gestión Empresarial en Línea de AMPYME

### OTROS RECURSOS

¿Tienes hijos?  
Programa Enlaces de la Fundación Espacio Creativo  @programaenlaces  
⇒ Tienen programas para niños y así tendrás más tiempo para concentrarte en tu negocio

📄\* pide una beca

¿Necesita más de B / .5000?  
⇒ PROFIMYPE es una programa de préstamos de AMPYME

📄 Atento/a a los nuevos programas de Ciudad del Saber, especialmente los gratuitos

Enlace al folleto en línea:  
<https://tinyurl.com/49mkwpnk>

Imágenes cortesía de Conservatorio S.A.

## ¿Debería formalizar su microempresa?

Estudiantes de WPI Sidney Goldinger, Ellie Burrell, Drey Martin  
El Conservatorio  
Ciudad del Saber  
Octubre de 2021

¿Estás cansado del día a día sin estructura financiera?

La formalización es un proceso muy valioso que puede ayudarte a aumentar las ganancias y planificar tu futuro.



Un Negocio Informal en Santa Ana



Un Negocio formal en Santa Ana

## APPENDIX G.2: Final Pamphlet: Spanish Print Version Inner Side

The inside of the print version of our final pamphlet in Spanish.

### FORMALIZACIÓN

Estas cansado de vivir del día a día?  
Quisieras tener un préstamo para  
crecer tu negocio?

✓ Credibilidad      ⇧  
Crecimiento

F Programas gratuitos de desarrollo  
empresarial

⇧ Acceso a servicios de financiamiento  
y préstamos

✓ ⇧ Eligibility for programs to improve  
and grow your business

⇒ Estar formalizado no solo te brindará  
oportunidades para tu desarrollo  
comercial, pero también te permitira  
impactar a tu comunidad a través de  
oportunidades de negocios y nuevos  
trabajos.

📍 De tener alguna pregunta no dudes en  
contactar a tu agente local a través de  
La Junta Comunal, 506-8061 o contacta  
a AMPYME 500-5742 para preguntas  
sobre tu emprendimiento.

Programas que te pueden ayudar:

📍 Mujeres Emprendedoras por Voces  
Vitales      📱 @vocesvitalespty

📍 La Programa Gestión Empresarial en  
Línea by AMPYME

⇒ Para emprendimientos  
formales e informales y personas  
naturales

⇒ Este programa es flexible y se

puede hacer a tu tiempo.

⇒ Aprende como manejar el día a  
día de tu negocio y minimizar tus  
costos.

📍 Programa de Incubación por Ciudad del  
Saber

- Programa para lanzar tu  
emprendimiento desde idea hasta  
ejecución. Con posibilidad de  
acceder a financiamiento.

Si tienes problema conectando a internet,  
intenta trabajar en los cafés con internet o  
infoplazas.

El proceso de Formalización

1. Revisa los documentos necesarios  
en AMPYME
2. Arma tu plan de negocio
3. Contrata a un buen abogado/a  
(~B/.300)

Asegúrate de que tú o el abogado/a:

4. Tener una cuenta bancaria (no tiene  
por qué ser el cuarto paso)
5. Regístrate con A. La Caja del Seguro  
Social Agencia Parque Lefevre, Av.  
José Agustín Arango, +507 503-4020

B. Ministerio Público C. Registro Público  
D. Ministerio de Comercio e Industrias  
(MICI) Plaza Edison, Vía Ricardo J. Alfaro,  
560-0600

Si estás vendiendo o manejando  
alimentos: E. MINSA 512-9100

F. Alcaldía de Panamá, Ave. Justo  
Arosemena and Cuba y entre de las calles  
35 y 36 East. Corregimiento de Calidonia

Tu costo total de registración puede ser  
tan bajo como \$15.00

6. Acuérdate declarar tus impuestos  
anualmente para seguir recibiendo  
los beneficios.

### FINANCE

¿Completaras La Programa Gestión  
Empresarial en Línea - AMPYME?

Opción de ganar para tomar fácilmente un  
préstamo de hasta B / .5000

¿Eres de nacionalidad panameña? ¿Está  
buscando fondos para usar después de la  
formalización, pero no quiere la molestia  
de pagar préstamos?

El Capital Semilla de AMPYME puede  
brindar hasta B / .2000

¿Tomarás el Programa de Incubación de  
Ciudad del Saber?

⇒ fácil acceso a préstamos

Es probable que los bancos que se adapten  
mejor a las condiciones de las pequeñas  
empresas

- Banco del Canal
- Banco General
- Banistmo
- Banco la Hipotecaria
- Banco Aliado
- Metro Bank



## APPENDIX G.3: Final Pamphlet: Spanish Online Version Outer Side

The outside of the online version of our final pamphlet in Spanish.

¿Eres extranjero/a y te gustaría conseguir financiación lo antes posible?

- [Banesco](#)

¿Buscas otras opciones?

- [Banco Delta](#)
- [Banco Nacional](#)
- [Caja de Ahorros](#)

### ADMINISTRACIÓN DE DINERO

¿Estás cansado/a de vivir el día a día?

- ⇧ Inversión a largo plazo
- ✓ Legitimidad
- ✓ Tener un registro de tus finanzas facilita el acceso a préstamos
- ⇧ Si inviertes tiempo y dinero en formalizar tu negocio, es probable que generes mas ingresos a largo plazo.
- ⇧ Comprar una tienda o apartamento en vez de alquilar, permite gastar menos dinero a largo plazo
- ⇧ Si tienes un plan de negocios sólido, no tendrás que preocuparte tanto si la economía fluctúa

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- 📺 Programa Gestión Empresarial en Línea de AMPYME

### OTROS RECURSOS

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¿Necesita más de B / .5000?

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Octubre de 2021

¿Estás cansado del día a día sin estructura financiera?

La formalización es un proceso muy valioso que puede ayudarte a aumentar las ganancias y planificar tu futuro.



Un Negocio Informal en Santa Ana



Un Negocio formal en Santa Ana



## APPENDIX G.4: Final Pamphlet: Spanish Online Version Inner Side

The inside of the online version of our final pamphlet in Spanish.

### FORMALIZACIÓN

Estas cansado de vivir del día a día?  
Quisieras tener un préstamo para  
crecer tu negocio?

- ✓ Credibilidad
- ⬆ Crecimiento

F Programas gratuitos de desarrollo  
empresarial

⬆ Acceso a servicios de financiamiento  
y préstamos

✓ ⬆ Eligibility for programs to improve  
and grow your business

⇒ Estar formalizado no solo te brindará  
oportunidades para tu desarrollo  
comercial, pero también te permitira  
impactar a tu comunidad a través de  
oportunidades de negocios y nuevos  
trabajos.

📞 De tener alguna pregunta no dudes en  
contactar a tu agente local a través de  
La Junta Comunal, 506-8061 o contacta  
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sobre tu emprendimiento.

Programas que te pueden ayudar:

- 📞 Mujeres Emprendedoras por Voces  
Vitales 📧 vocesvitalespty
- 📞 La Programa Gestión Empresarial en  
Línea by AMPYME
  - ⇒ Para emprendimientos  
formales e informales y personas  
naturales
  - ⇒ Este programa es flexible y se

puede hacer a tu tiempo.

⇒ Aprende como manejar el día a  
día de tu negocio y minimizar tus  
costos.

📞 Programa de Incubación por Ciudad del  
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- Programa para lanzar tu  
emprendimiento desde idea hasta  
ejecución. Con posibilidad de  
acceder a financiamiento.

Si tienes problema conectando a internet,  
intenta trabajar en los cafés con internet o  
infoplazas.

El proceso de Formalización

1. Revisa los documentos necesarios  
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(~B/.300)

Asegúrate de que tú o el abogado/a:

4. Tener una cuenta bancaria (no tiene  
por qué ser el cuarto paso)
5. Regístrate con A. La Caja del Seguro  
Social Agencia Parque Lefevre, Av.  
José Agustín Arango, +507 503-4020

B. Ministerio Público C. Registro Público  
D. Ministerio de Comercio e Industrias  
(MICI) Plaza Edison, Vía Ricardo J. Alfaro,  
560-0600

Si estás vendiendo o manejando  
alimentos: E. MINSA 512-9100

F. Alcaldía de Panamá, Ave. Justo  
Arosemena y Cuba entre de calles 35 and  
36 East. Corregimiento de Calidonia

Tu costo total de registración puede ser  
tan bajo como \$15.00

6. Acuérdate declarar tus impuestos  
anualmente para seguir recibiendo  
los beneficios.

### FINANCE

¿Completaras La Programa Gestión  
Empresarial en Línea - AMPYME?

Opción de ganar para tomar fácilmente un  
préstamo de hasta B / .5000

¿Eres de nacionalidad panameña? ¿Está  
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formalización, pero no quiere la molestia  
de pagar préstamos?

El Capital Semilla de AMPYME puede  
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¿Tomarás el Programa de Incubación de  
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Es probable que los bancos que se adapten  
mejor a las condiciones de las pequeñas  
empresas

- Banco del Canal
- Banco General
- Banistmo
- Banco la Hipotecaria
- Banco Aliado
- Metro Bank



Un Negocio  
Formal en  
Santa Ana

## TABLE OF FIGURES

Figure 2.1: “International Living” Home Webpage

A website encouraging wealthy individuals to move to Panama and other locations overseas.

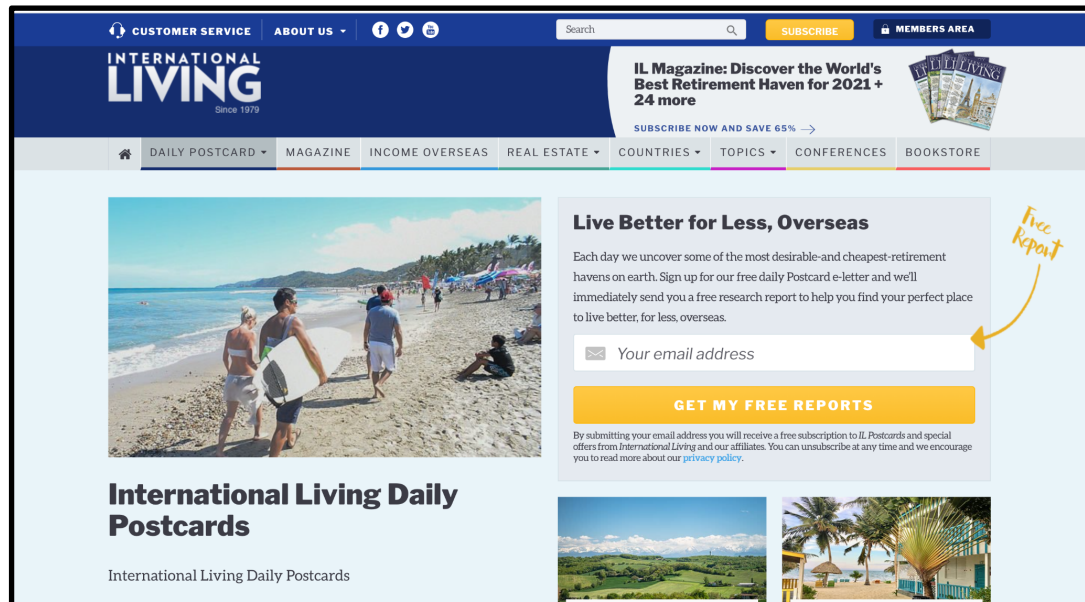


Image retrieved from <https://internationalliving.com/>, October 8, 2020

Figure 2.2: Santa Ana and Casco Viejo

Map of Santa Ana and Casco Viejo, with Santa Ana highlighted in yellow and Casco Viejo highlighted in green.

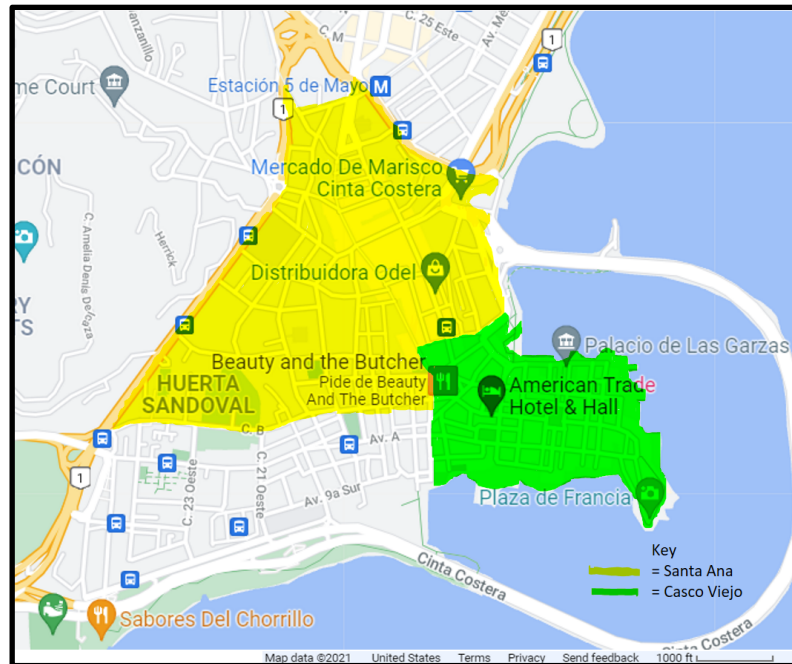


Image retrieved from maps.google.com, Sept 27, 2021

Figure 2.3: Street Vendors in Panama City

Photograph of street vendor stand in Panama City.



Image retrieved from <https://www.flickr.com/photos/mabelinsantos/37187368580/>,  
October 12, 2020





Figure 5.1: Outer Sides of the Final Pamphlet: English version

The outer sides of our final pamphlet. See Chapter 5 for a more in-depth description of the pamphlet.

Are you Venezuelan, and would like to get funding as quickly as possible?

- Banesco

Looking for other options?

- Banco Delta
- Banco Nacional
- Caja de Ahorros

## MONEY-MANAGEMENT

Are you tired of living day-to-day?

- ⇧ Long term investment
- ✓ Legitimacy
- ✓ Having records of finances makes it easier to access loans
- ⇧ If you invest the time and money to formalize, you are likely to make more money in the long-run
- ⇧ Purchasing a storefront or apartment rather than renting allows for spending less money in the long-run
- ⇧ If you have a solid business plan, you won't have to worry as much if the economy fluctuates


By starting to budget and save money now, you can create a better future for yourself and your family.

Budgeting is as easy as you want it to be! It can be listing profits, adding them, and subtracting costs. Or, more complicated:

- 🚩 Virtual course Finance for Non-Financial Executives by CdS
- 🚩 Programa Gestión Empresarial en Línea by AMPYME

## OTHER RESOURCES

Do you have kids?

Programa Enlaces by Foundation Creative Space  programaenlaces

⇨ Has programs for children that may provide you time to focus on your business

🚩 \*ask for a scholarship

Do you need more than B/.5000 but don't want to deal with a separate establishment?

⇨ PROFIMYPE is a loan program by AMPYME

🚩 Be on the lookout for new programs by Ciudad del Saber, especially free ones

Link to printable pamphlet:  
<https://tinyurl.com/m7h54sue>


Images courtesy of Conservatorio S.A.

## Should You Formalize Your Microbusiness?

WPI Students Sidney Goldinger, Ellie Burress, Dreya Martin  
El Conservatorio  
The City of Knowledge  
October 2021

Are you tired every day?

Formalization is a worthwhile process that can help you increase profits and plan your future



An informal business in SA

A formalized business in SA




Figure 5.2: Inner Sides of the Final Pamphlet: English Version

The inner sides of our final pamphlet. See Chapter 5 for a more in-depth description of the pamphlet.

## FORMALIZATION

Do you want a loan? To overcome the possibility of being evicted?  
Do you have a copy of a personal identity card?

✓ Legitimacy

✚ Growth

✚ Free Programs and Assistance

✚ Access to loans and other financial services

✓ ✚ Eligibility for programs to improve and grow your business

⇒ Supporting your community by providing more opportunities, such as jobs, for others

✚ If have a question during any pathway to formalization, contact

[La Junta Comunal](#) XF34+9X4, 506-8061

AMPYME Technical Assistance to ask a question 500-5742 or Via Israel, Building 96 - In front of the Richard Neumann School

What programs are there to help you formalize?

✚ [Mujeres Emprendedoras](#) by Voces Vitales [vocesvitalespy](#)

AMPYME tried to imagine the different obstacles in boroughs similar to Santa Ana, and created this program:

✚ [La Programa Gestión Empresarial en Línea](#) by AMPYME

⇒ for formal or informal business owners, natural or legal persons

⇒ Do you want a job? online

[job.pa/agenda/consulta-ciudadana-santa-ana/](#)

program to help you increase profits and/or connect you with more customers? You can work on this during your free time

⇒ learn enough to do some tasks, minimizing billable hours of lawyer

- [Incubation Program by Ciudad del Saber](#)  
- Helps 4 businesses/yr

Other resources to help you formalize?

✚ Free wifi at a local cafe

\*be on the lookout for new opportunities by Ciudad del Saber

What is the process of formalization?

1. Look at requirements listed by AMPYME
2. Make a business plan
3. Get a good lawyer (~B/.300)
4. Get a bank account (not necessarily as the fourth step)
5. Register with A. La Caja del Seguro Social Agencia Parque Lefevre, Av. José Agustín Arango, +507 503-4020

B. [Ministerio Público](#) C. [Registro Público](#)

D. [Ministerio de Comercio e Industrias \(MICI\)](#) Plaza Edison, Vía Ricardo J. Alfaro, 560-0600

Selling edibles? Also register with E.

[Minsa](#) 512-9100 F. [Alcaldía de Panamá](#),

Ave. Justo Arosemena and Cuba and

between streets 35 and 36 East.

Corregimiento of Calidonia

⇒ total cost of registration may be as little as \$15 (excluding cost of lawyer)

6. Pay taxes



## FINANCE

Will you complete La Programa Gestión Empresarial en Línea - AMPYME?

⇒ earn option to easily take a [loan](#) of up to B/.5000

Are you of Panamanian nationality?

Looking for funds to use after formalizing, but don't want the hassle of paying back loans?

✚ [La Capital Semilla](#) from AMPYME can provide up to B/.2000

Will you take Incubation Program by Ciudad del Saber?

⇒ easy access to loans

Banks most accommodating to small businesses are likely

- [Canal Bank](#)
- [Banco General](#)
- [Banistmo](#)
- [Banco la Hipotecaria](#)
- [Banco Aliado](#)
- [Metro Bank](#)

Figure 6.1: Proposed Focuses of a Workshop on Saving and Budgeting

A graphic showing our proposed focuses of a workshop intended to teach Santaneros about saving and budgeting.

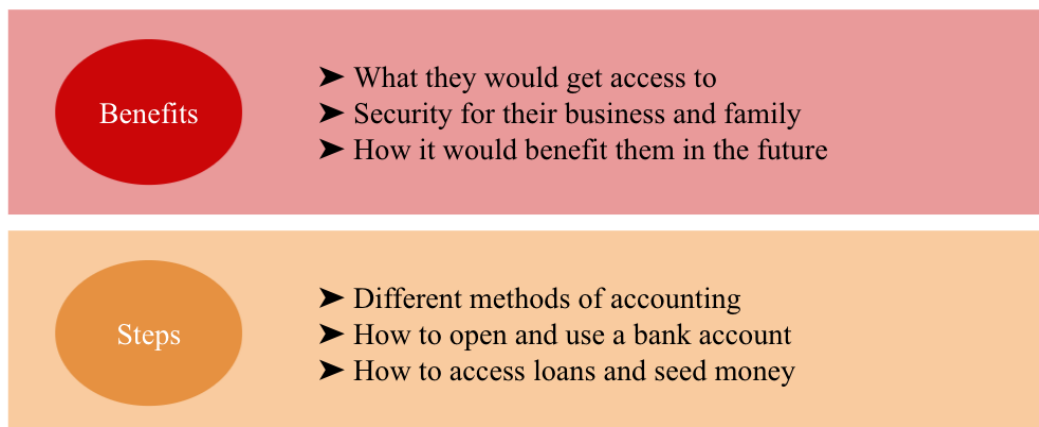
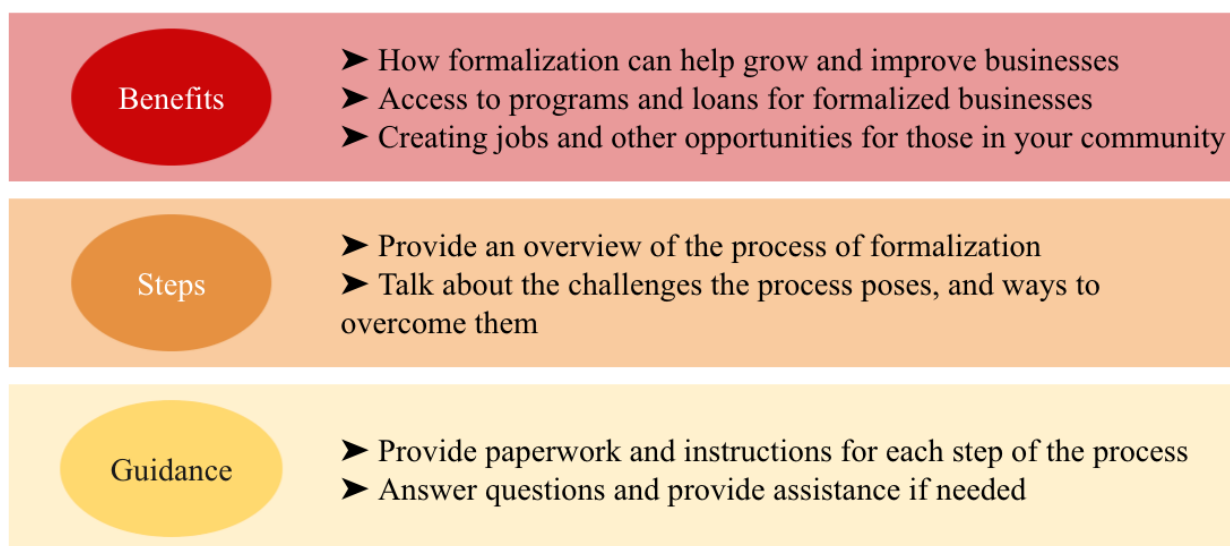


Figure 6.2: Proposed Focus of a Workshop on Formalization

A graphic showing our proposed focuses of a workshop intended to teach Santaneros about formalization.





## TABLE OF TABLES

Table 2.1: Economic Growth in GDP of Panama Versus Latin America, from 2010-20 (%)

Data on the GDP Growth in Panama and other countries in Latin America over the past 11 years.

	GDP Growth (%)				
	2010	2011	2015	2019	2020
Year					
Panama	5.828	11.314	5.733	3.04	-17.949
Latin America	5.828	4.369	0.09	0.952	-6.307

(World Bank, 2021)