June 18, 2012

His Excellency
Frank de Lima
Minister of Economy and Finance
Ministry of Economy and Finance
Panamá City, Panamá

Re: IBRD Loan 8016-PA: PANAMA Enhanced Public Sector Efficiency Technical Assistance Project
Additional Instructions: AMENDED Disbursement Letter

Dear Minister de Lima,

I refer to the Loan Agreement between the International Bank for Reconstruction and Development (the “Bank”) and Republic of Panama (the “Borrower”) for the above-referenced project, dated September 26, 2011. The Agreement provides that the Bank may issue additional instructions regarding the withdrawal of the proceeds of Loan 8016-PA (“Loan”). This letter (“Disbursement Letter”), as revised from time to time, constitutes the additional instructions.

This letter is a First Reinstatement of the Disbursement Letter dated September 26, 2011 for the above referenced project, restating Section I (i), to add the Advance method of disbursement, and Section II (iv), to include the Designated Account requirements for the use of Advances. These changes are consistent with the minutes of negotiations, dated January 13, 2011. All other provisions and attachments of the Disbursement Letter dated September 26, 2011, except as amended, shall remain in force and effect.

The attached World Bank Disbursement Guidelines for Projects, dated May 1, 2006, (“Disbursement Guidelines”) are an integral part of the Disbursement Letter. The manner in which the provisions in the Disbursement Guidelines apply to the Loan is specified below. Sections and subsections in parentheses below refer to the relevant sections and subsections in the Disbursement Guidelines and, unless otherwise defined in this letter, the capitalized terms used have the meanings ascribed to them in the Disbursement Guidelines.

I. Disbursement Arrangements

(i) Disbursement Methods (section 2). The following Disbursement Methods may be used under the Loan:

- Reimbursement
- Advance
- Direct Payment
(ii) **Disbursement Deadline Date (subsection 3.7).** The Disbursement Deadline Date is 4 months after the Closing Date specified in the Loan Agreement. Any changes to this date will be notified by the Bank.

(iii) **Disbursement Conditions (subsection 3.8).** Please refer to the Disbursement Condition(s) in the Loan Agreement.

II. Withdrawal of Loan Proceeds

(i) **Authorized Signatures (subsection 3.1).**
A letter should be furnished to the Bank at the address indicated below providing the name(s) and specimen signature(s) of the official(s) authorized to sign Applications:

The World Bank  
1818 H Street, N.W.  
Washington, DC 20433  
United States of America  
Attention: C. Felipe Jaramillo, Director

(ii) **Applications (subsections 3.2-3.3).** Please provide completed and signed applications for withdrawal, together with supporting documents, to the address indicated below:

Banco Mundial  
Setor Comercial Norte  
Quadra 02, Lote A  
Edificio Corporate Finance Center  
7º andar  
70712-900 Brasilia, D.F  
Brazil  
Attention: Loan Department

(iii) **Electronic Delivery (subsection 3.4)** The Association may permit the Recipient to electronically deliver to the Association Applications (with supporting documents) through the Association's Client Connection, web-based portal. The option to deliver Applications to the Association by electronic means may be effected if: (a) the Recipient has designated in writing, pursuant to the terms of subparagraph (i) of this Section, its officials who are authorized to sign and deliver Applications and to receive secure identification devices ("Tokens") from the Association for the purpose of delivering such Applications by electronic means; and (b) all such officials designated by the Recipient have registered as users of Client Connection. If the Association agrees, the Association will provide the Recipient with Tokens for the designated officials. Following which, the designated officials may deliver Applications electronically by completing Form 2380, which is accessible through Client Connection (https://clientconnection.worldbank.org). The Recipient may continue to exercise the option of preparing and delivering Applications in paper form. The Association reserves the right and may, in its sole discretion, temporarily or permanently disallow the electronic delivery of Applications by the Recipient.
(iv) **Terms and Conditions of Use of Tokens to Process Applications.** By designating officials to accept Tokens and by choosing to deliver the Applications electronically, the Recipient confirms through the authorized signatory letter its agreement to: (a) abide by the **Terms and Conditions of Use of Secure Identification Devices in connection with Use of Electronic Means to Process Applications and Supporting Documentation** ("Terms and Conditions of Use of Tokens"); and (b) to deliver the Terms and Conditions of Use of Tokens to each such official and to cause such official to abide by those terms and conditions.

(v) **Minimum Value of Applications (subsection 3.5).** The Minimum Value of Applications for direct payments and reimbursements is USD $200,000.

(vi) **Advances (sections 5 and 6) to Ministry of Economy and Finance**

- **Type of Designated Account (subsection 5.3):** Segregated
- **Currency of Designated Account (subsection 5.4):** US Dollars
- **Financial Institution at which the Designated Account Will Be Opened (subsection 5.5):** Banco Nacional de Panama
- **Ceiling (subsection 6.1):** USD 2,000,000

(vii) **Advances (sections 5 and 6) to DGCP.**

- **Type of Designated Account (subsection 5.3):** Segregated
- **Currency of Designated Account (subsection 5.4):** US Dollars
- **Financial Institution at which the Designated Account Will Be Opened (subsection 5.5):** Banco Nacional de Panama
- **Ceiling (subsection 6.1):** USD 1,200,000

(viii) **Advances (sections 5 and 6) to CGR.**

- **Type of Designated Account (subsection 5.3):** Segregated
- **Currency of Designated Account (subsection 5.4):** US Dollars
- **Financial Institution at which the Designated Account Will Be Opened (subsection 5.5):** Banco Nacional de Panama
- **Ceiling (subsection 6.1):** USD 1,500,000
III. Reporting on Use of Loan Proceeds

(i) Supporting Documentation (section 4). Supporting documentation should be provided with each application for withdrawal as set out below:

- **For requests for Reimbursement:**
  - Summary Statement with records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments made under contracts for:
    - Goods valued at US$100,000 equivalent per contract or more;
    - Consultant firms costing US$75,000 equivalent per contract or more;
    - Individual consultants and Non-Consultant services costing US$40,000 equivalent or more;
    - Operating Costs and Training costing US$20,000 equivalent or more;
  - Statement of Expenditure for payments that do not exceed the thresholds established above.

- **For reporting eligible expenditures paid from the Designated Account:**
  - Summary Statement with records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments made under contracts for:
    - Goods valued at US$100,000 equivalent per contract or more;
    - Consultant firms costing US$75,000 equivalent per contract or more;
    - Individual consultants and Non-Consultant services costing US$40,000 equivalent or more;
    - Operating Costs and Training costing US$20,000 equivalent or more;
  - Statement of Expenditure for payments that do not exceed the thresholds established above; and,
  - Designated Account Activity Statement in with a copy of the Designated Account Bank Statement.

- **For requests for Direct Payment:** records evidencing eligible expenditures. e.g., copies of receipts, supplier invoices.

(ii) Frequency of Reporting Eligible Expenditures Paid from the Designated Account (subsection 6.3): Quarterly

IV. Other Disbursement Information

Retroactive Financing: The loan proceeds will be available to finance Eligible Expenditures up to an aggregate amount not to exceed $1 million (one million Dollars) for payments made twelve months prior to the date of the Loan Agreement but on or after January 24, 2011.
V. Other Important Information


If you have not already done so, the Bank recommends that you register as a user of the Client Connection website (https://clientconnection.worldbank.org). From this website you will be able to download Applications, monitor the near real-time status of the Loan, and retrieve related policy, financial, and procurement information. For more information about the website and registration arrangements, please contact the Bank by email at <clientconnection@worldbank.org>.

If you have any queries in relation to the above, please contact the World Bank Loan Department by sending an email to loa-lcr@worldbank.org and naming the project and loan number in the subject line.

Yours sincerely,

Patricia Hoyes
Sr. Finance Officer
World Bank Loan Department
Attachments
(same attachments as original Disbursement Letter signed September 26, 2011)

Cc with copies: Lic. Mahesh C. Khemlani, Viceministro de Finanzas, MEF
Lic. Omar V. Castillo R., Viceministro de Economia, MEF
Dario Espinosa, Director de Crédito Público, MEF
Lic. Gionconda Torres de Bianchini, Contralora General, CGR
Lic. Eldis Sánchez, Director General, DGCP