His Excellency  
Mr. Frank George De Lima Gercich  
Minister  
Ministry of Economy and Finance  
Via España, Edificio Ogawa  
Panamá, República de Panamá

Re: Panama Social Protection Project (Loan No. 7479-PA)  
Third Amendment to the Loan Agreement

Excellency:

We refer to the Loan Agreement for the above-referenced entered into between the Republic of Panama (the Borrower) and the International Bank for Reconstruction and Development (the Bank), dated December 12, 2007, as amended, (the Loan Agreement). Capitalized terms used in this letter (Amendment Letter) and not defined herein have the meaning ascribed to them in the Loan Agreement.

Pursuant to your letters dated June 7, 2013 and September 23, 2013 to the Bank, and to our discussions on the subject during our recent supervision mission, we are pleased to inform you that the Bank agrees to amend the Loan Agreement in order to: (a) reallocate the proceeds of the Loan among the Categories; and (b) include additional procurement methods of consultants’ services to facilitate the contracting of local facilitators and social workers. Consequently, the Loan Agreement is hereby amended to read as follows:

1. New procurement methods of Consultants’ Services are added under Section III C.2 of Schedule 2 to the Loan Agreement to read as follows:

    “(e) Single-source Selection of consulting firms; and

    (f) Single-source procedures for the Selection of Individual Consultants.”
2. The table under Section IV A.2 of Schedule 2 to the Loan Agreement is amended to read as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Loan Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) (a) Goods, works, Non-consultant services, Training and consultants' services for Part 1 of the Project</td>
<td>2,300,000</td>
<td>100%</td>
</tr>
<tr>
<td>(b) Operating costs for Part 1 of the Project</td>
<td>2,300,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, works, Non-consultant services, Training, consultants' services and Operating Costs for Part 2 of the Project.</td>
<td>2,700,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Goods, works, Non-consultant services, Training and consultants' services for Part 3 of the Project.</td>
<td>15,700,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Goods, works, Non-consultant services, Training, consultants' services and Operating Costs for Part 4 of the Project.</td>
<td>1,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>24,000,000</td>
<td></td>
</tr>
</tbody>
</table>

All the terms and conditions of the Loan Agreement that have not been amended hereby shall remain unchanged and in full force and effect.

Please be advised that the Bank has established May 31, 2014 as the later date for purposes of Section IV B.2 of Schedule 2 to the Loan Agreement.

Please confirm your agreement with the foregoing by signing and dating the confirmation on the enclosed copy of this Amendment Letter and returning it to us. This Amendment Letter shall be executed in two counterparts, each of which shall be an original. The provisions of this Amendment Letter shall become effective as of the date of its countersignature upon receipt by the Bank of one fully executed original of this Amendment Letter.
Please also note that the restructuring paper which reflects the Bank’s approved Project modifications dated December 12, 2013 will be disclosed on its external website.

Sincerely,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By [Signature]

C. Felipe Laramillo
Director
Central America
Latin America and the Caribbean Region

AGREED:

REPUBLIC OF PANAMA

By: [Signature]

Authorized Representative

Name: Frank de Lima
Title: [Signature]

Date: December 20, 2013
cc: Mr. Jorge Torregroza, Coordinator PIU MIDES
Mr. Roberto Tan, Executive Director, World Bank
Mr. Rogerio Studart, Alternate Executive Director, World Bank
Mrs. Ludmilla Butenko, Country Manager, World Bank