His Excellency
Dulcidio De La Guardia
Ministro de Economía y Finanzas
Ministerio de Economía y Finanzas
Dirección de Crédito Público
Via España, Calle 52
Edificio OGAWA, 3er Piso
Panamá, República de Panamá

Re: PANAMA: Sustainable Production Systems and Conservation of Biodiversity Project
GEF Grant No. TF018972
Project Additional Instructions: Disbursement Letter

I refer to the Grant Agreement between the Republic of Panama (the “Recipient”) and the International Bank for Reconstruction and Development (the “World Bank”), acting as administrator of the Global Environment Facility (“GEF”), dated July 9, 2015. The Agreement provides that the World Bank may issue additional instructions regarding the withdrawal of the proceeds of Grant No. TF 18972 (“Grant”). This letter (“Disbursement Letter”), as revised from time to time, constitutes the additional instructions.

This letter is the First Restatement of the Disbursement Letter dated July 9, 2015 for the above-referenced project, restating Section II, paragraph (v) to update the information on Advances, and Section III, paragraph (i) to eliminate SOE limits. All other provisions and attachments of the Disbursement Letter dated July 9, 2015, except as amended, shall remain in force and effect.

The World Bank Disbursement Guidelines for Projects, dated May 1, 2006, (“Disbursement Guidelines”) (Attachment 1), are an integral part of the Disbursement Letter. The manner in which the provisions in the Disbursement Guidelines apply to the Financing 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 Grant:
• 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 Grant Agreement. Any changes to this date will be notified by the World Bank.

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

II. Withdrawal of Grant Proceeds

(i) Authorized Signatures (subsection 3.1). An authorized signatory letter in the Form attached (Attachment 2) should be furnished to the World 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: J. Humberto Lopez, Director, Central America, Latin America and the Caribbean Region

(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 Financial Center
7º Andar
70712-900, Brasília, DF
Brazil
Attention: Loan Operations

(iii) Electronic Delivery (subsection 3.4) The World Bank may permit the Recipient to electronically deliver to the World Bank Applications (with supporting documents) through the World Bank’s Client Connection, web-based portal. The option to deliver Applications to the World Bank 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 credentials (“SIDC”) from the World Bank 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 World Bank agrees, the World Bank will provide the Recipient with SIDC 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 World Bank 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 SIDC to Process Applications. By designating officials to use SIDC 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 Credentials in connection with Use of Electronic Means to Process Applications and Supporting Documentation ("Terms and Conditions of Use of Secure Identification Credentials") provided in Attachment (3); and (b) to cause such official to abide by those terms and conditions.

(v) Minimum Value of Applications (subsection 3.5). The Minimum Value of Applications of Direct Payment and Reimbursement is US$100,000.

(vi) Advances (sections 5 and 6) to FIDUCIARIA LAFISE S.A.
- Type of Designated Account (subsection 5.3): Segregated Account
- Currency of Designated Account (subsection 5.4): United States Dollar (USD)
- Financial Institution at which the Designated Account will be opened (subsection 5.5): Financial institution acceptable to the Bank
- Ceiling (subsection 6.1): US$1,500,000

III. Reporting on Use of Grant Proceeds

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

- For requests for reimbursement and for reporting eligible expenditures paid from the Designated Account:
  - Statement of Expenditure (SOE) for payments made for goods, works, non-consulting services, consultants’ services, training and operating costs;
  - Custom Statement of Expenditure for payments made under Subprojects;
  - List of payments for contracts that are subject to the Bank’s prior review.
- Designated Account Activity Statement with a copy of the Designated Account Bank Statement applicable only when reporting eligible expenditures paid from the Designated Accounts.

- **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 Accounts (subsection 6.3):** Quarterly

IV. Other Disbursement Information

**Endowment Fund Financing** - Under project subcomponent 1(c) the amount of US$1,500,000 will be disbursed by the Bank as a direct payment to an endowment fund account upon MIAMBIENTE providing evidence of the establishment of the endowment fund account in a manner satisfactory to the Bank.

V. Other Important Information


If you have not already done so, the World 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 prepare and deliver Applications, monitor the near real-time status of the Financing, and retrieve related policy, financial, and procurement information. All Recipient officials authorized to sign and deliver Applications by electronic means are required to register with Client Connection before electronic delivery can be effected. For more information about the website and registration arrangements, please contact the World Bank by email at <clientconnection@worldbank.org>.
If you have any queries in relation to the above, please contact Tatiana de Abreu, Finance Officer at tdeabreu@worldbank.org using the above reference.

Yours sincerely,

[Signature]

Tatiana de Abreu
Finance Officer
WFALN - Loan Operations

Cc with copies: Ms. Mirei Endara
General Administrator
National Environment Authority (ANAM)
Panamá, Republic of Panamá

Ms. Aida Maria Arias
Director
International Technical Cooperation
Ministry of Economy and Finance