June 6, 2012

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

Re: IBRD Loan 7587-PA PANAMA Health Quality and Improvement Project
Amendment Letter to Loan Agreement Schedule 2, Section IV “Withdrawal of Loan Proceeds”

Dear Minister de Lima,

We refer to the Loan Agreement entered into between the International Bank for Reconstruction and Development (“the Bank”) and Republic of Panama (“the Borrower”) for the above-referenced Project, dated September 30, 2008.

In accordance with your letter of request dated February 16th, 2012, the Bank by this letter (the “Amendment Letter”) is pleased to confirm it agrees to your request to make minor adjustments to the provisions relating to withdrawal of proceeds of the loan and to extend the Closing Date.

The following changes are hereby made to Section IV “Withdrawal of Loan Proceeds” of Schedule 2 of the Loan Agreement:

1. The table referred to in Part A, paragraph 2 is hereby deleted and replaced by the new table attached as an Annex to this Amendment Letter.

2. In Part B, Paragraph 2, the date “June 30, 2013” is hereby deleted and substituted by the new date “December 31, 2014”.

All other terms and conditions of the Loan Agreement remain in full force and effect.

Terms used in this Amendment Letter have the same meaning as set forth in the Loan Agreement.
If you agree kindly indicate your confirmation by signing and dating the enclosed duplicate countercopy Amendment Letter, signing and retaining this copy for yourselves.

This Amendment Letter will come into effect on the date the Bank receives the duly signed returned countercopy and Bank will notify you of that date on receipt.

Yours Sincerely,

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

Countersigned,

Minister of Economy and Finance
Panama
Date. 23 de julio de 2012

COUNTERSIGNED

General Comptroller of the Republic of Panama

By Authorized Representative
Annex: Eligible Expenditure Table

<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) Capitation Transfers under Part 1 of the Project</td>
<td>25,795,400</td>
<td>90% until the second year in Project implementation starting from the Effective Date; thereafter cascading downward annually to 85%, 75%; and 60% until reaching 40% of amounts disbursed by the Borrower.</td>
</tr>
<tr>
<td>(2) Goods, works, Non-consultant services, consultants’ services, Training and Operating Costs under Part 2 of the Project</td>
<td>6,205,400</td>
<td>Up to 100%</td>
</tr>
<tr>
<td>(3) Goods, works, Non-consultant services, consultants’ services, Training and Operating Costs under Part 3 of the Project</td>
<td>6,987,950</td>
<td>Up to 100%</td>
</tr>
<tr>
<td>(4) Refund of the Project Preparation Advance</td>
<td>761,250</td>
<td>Amount payable pursuant to Section 2.07 (a) of the General Conditions</td>
</tr>
<tr>
<td>(5) Unallocated</td>
<td>250,000</td>
<td></td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>40,000,000</td>
<td></td>
</tr>
</tbody>
</table>