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Y. SEYNABOU SAKHO
Director, Central America
Latin America and the Caribbean Region

OFFICIAL DOCUMENTS

September 10, 2019

Her Excellency
Mr. Héctor Alexander
Minister of Economy and Finance
Ministry of Economy and Finance
Edificio OGAWA, Vía España y Calle 52E
Republic of Panama 0816-02886

Re: Burunga Wastewater Management Project – Loan No. 8708-PA
– Amendment Letter

Dear Mr. Minister,

We refer to the Loan Agreement between the Ministry of Economy and Finance of the Republic of Panama (the "Borrower") and the International Bank for Reconstruction and Development (the "Bank") (jointly referred to as the "Parties") dated July 14, 2017 (the "Agreement"). Please note that the capitalized terms used in this letter ("Amendment Letter") and not defined herein have the meaning ascribed to them in the Agreement.

We also refer to a letter from the Viceministry of Economy dated March 28, 2019 (Ref: MEF-2019-19380) requesting certain amendments to the Agreement that were previously discussed with the Bank. We are pleased to inform that the Bank has agreed to the request, and proposes to hereby amend Part 2 of the Project Description in Schedule 1 to the Agreement to read as follows:

"Part 2. Institutional Strengthening for Sustainable Wastewater Management

2.1. Carrying out of technical capacity building activities for the PCU and provision of management tools to control water pollution in the Panama Bay, including: (a) the carrying out of a water quality baseline study, including an assessment of the expected environmental and economic impacts of the PSP and a methodological framework; (b) the carrying out of a technical audit of the sewer and drainage system in Panama City; and (c) the provision of technical support for the development of integrated urban water management plan for an urban river basin in Panama City's metropolitan area.

2.2. Strengthening of the PCU's and IDAAN's technical capacity to supervise the operation, maintenance and management of wastewater infrastructure in the Panama Bay area, through the provision of technical training, short courses, workshops, technical assistance, and carrying out of study tours to exchange technical knowledge with experienced operators from other geographical regions.

2.3. Strengthening of PSP's social interventions by raising awareness, training and encouraging commitment to the Project's investments among the community-based organizations in the township of Burunga, including: (a) the creation and strengthening of socio-environmental community management committees; (b) the development of monitoring exercises to evaluate the sanitary conditions of the population; (c) other community initiatives such as sweeping campaigns and

cultural and sport events and (d) consulting services and purchase of equipment to support the implementation of an interactive center for environmental education"

In light of the scaled down activities in Part 2.1 and the new activity under Part 2.3(d), the Operational Manual has been updated to reflect the revised: (i) monitoring indicators as set forth in Section II.A.1 of Schedule 2 to the Agreement; and (ii) disbursement schedule.

All other terms and conditions of the Agreement, except as amended herein, shall remain unchanged and in full force and effect.

Please confirm your agreement with the foregoing amendment by signing and dating two originals of this Amendment Letter and returning one fully signed original to us. The provisions of this Amendment Letter shall become effective as of the date of your countersignature, upon receipt by the Bank of one original copy of this Amendment Letter: (i) duly countersigned by you; and (ii) duly ratified by the Comptroller General of the Republic of Panama.

Sincerely,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELPOMENT

Seynabou Sakho

Y. Seynabou Sakho
Director
Central America
Latin America and the Caribbean Region

AGREED:

MINISTRY OF ECONOMY AND FINANCE

By:

Authorized Representative

Name: ENELDA MEDRANO DE GONZÁLEZ

Title: VICEMINISTRA DE ECONOMÍA

Date: 21 NOVIEMBRE 2019

REPÚBLICA DE PANAMÁ
DESPACHO DEL CONTRALOR
CONTRALORÍA GENERAL DE LA REPÚBLICA

REFRENDO:

GENERAL COMPTROLLER OF THE REPUBLIC OF PANAMA

By:

Authorized Representative

Name: Federico A. Humbert.

Title: Contralor General.

Date: 13/12/19

cc: Ms. Enelda Medrano, Vice Minister of Economy
Mr. Fabio Kanczuk, Executive Director for Panama, World Bank