
LOAN NUMBER 9659-PA

Loan Agreement

(Panama Second Climate Resilience and Green Growth Development Policy Loan)

between

REPUBLIC OF PANAMA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

LOAN AGREEMENT

AGREEMENT dated as of the Signature Date between REPUBLIC OF PANAMA (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement). The Bank has decided to provide this financing on the basis, *inter alia*, of: (i) the actions which the Borrower has already taken or supported under the Program, and which are described in Section I.A of Schedule 1 to this Agreement; and (ii) the Borrower’s maintenance of an adequate macroeconomic policy framework. The Borrower and the Bank therefore hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — LOAN

- 2.01. The Bank agrees to lend to the Borrower the amount of three hundred fifty million Dollars (\$350,000,000), as such amount may be converted from time to time through a Currency Conversion (“Loan”).
- 2.02. The Front-end Fee is one quarter of one percent (0.25%) of the Loan amount.
- 2.03. The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.04. The interest rate is the Reference Rate plus the Variable Spread or such rate as may apply following a Conversion; subject to Section 3.02(e) of the General Conditions.
- 2.05. The Payment Dates are February 15 and August 15 in each year.
- 2.06. The principal amount of the Loan shall be repaid in accordance with Schedule 2 to this Agreement.
- 2.07. Without limitation upon the provisions of Section 5.05 of the General Conditions, the Borrower shall promptly furnish to the Bank such information relating to the provisions of this Article II as the Bank may, from time to time, reasonably request.

ARTICLE III — PROGRAM

- 3.01. The Borrower declares its commitment to the Program and its implementation. To this end, and further to Section 5.05 of the General Conditions:
- (a) the Borrower and the Bank shall from time to time, at the request of either party, exchange views on the Borrower's macroeconomic policy framework and the progress achieved in carrying out the Program;
 - (b) prior to each such exchange of views, the Borrower shall furnish to the Bank for its review and comment a report on the progress achieved in carrying out the Program, in such detail as the Bank shall reasonably request; and
 - (c) without limitation upon paragraphs (a) and (b) of this Section, the Borrower shall promptly inform the Bank of any situation that would have the effect of materially reversing the objectives of the Program or any action taken under the Program including any action specified in Section I of Schedule 1 to this Agreement.

ARTICLE IV — REMEDIES OF THE BANK

- 4.01. The Additional Event of Suspension consists of the following, namely, that a situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.
- 4.02. The Additional Event of Acceleration consists of the following, namely, that any event specified in Section 4.01 of this Agreement occurs and is continuing for a period of thirty (30) days after notice of the event has been given by the Bank to the Borrower.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Condition of Effectiveness consists of the following, namely, that the Bank is satisfied with the progress achieved by the Borrower in carrying out the Program and with the adequacy of the Borrower's macroeconomic policy framework.
- 5.02. The Effectiveness Deadline is the date one hundred twenty (120) days after the Signature Date.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Borrower's Representative is its Minister of Economy and Finance, its Vice-Minister of Finance or its Vice-Minister of Economy.

6.02. For purposes of Section 10.01 of the General Conditions:

(a) the Borrower's address is:

Ministry of Economy and Finance
Vice-ministry of Economy
Directorate of Public Finance
Edificio Ogawa, Vía España y Calle 52E
Corregimiento de Bella Vista
0816-02886
Panama City
Republic of Panama; and

(b) the Borrower's Electronic Address is:

E-mail:

ridcp@mef.gob.pa

6.03. For purposes of Section 10.01 of the General Conditions:

(a) the Bank's address is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America; and

(b) the Bank's Electronic Address is:

Telex:

Facsimile:

E-mail:

248423(MCI) or
64145(MCI)

1-202-477-6391

mkerf@worldbank.org

AGREED as of the Signature Date.

REPUBLIC OF PANAMA

By



Authorized Representative

Name: Héctor Ernesto Alexander Hansell

Title: Ministry of Economy and Finance

Date: 17-Apr-2024

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By



Authorized Representative

Name: Michel Kerf

Title: Country Director

Date: 16-Apr-2024

SCHEDULE 1**Program Actions; Availability of Loan Proceeds****Section I. Actions under the Program**

- A. Actions Taken Under the Program.** The actions taken or supported by the Borrower under the Program include the following:
1. The Borrower's Regulatory Authority of Public Services has regulated e-mobility infrastructure standards by approving the requirements for the installation and operation of electric vehicles charging stations, as evidenced by ASEP's Resolution AN No. 18465-Elec, published in the Official Gazette on June 22, 2023.
 2. The Borrower has taken measures to promote energy efficiency by adopting and publishing the Central American Technical Regulations ("RTCA") technical standards and energy efficiency specifications for refrigerators and freezers, as evidenced by the Ministry of Industry and Commerce's Resolution No. 59 and its annexes, Resolution No. 475-2023 (COMIECO-EX) and RTCA 97.01.81:22, published in the Official Gazette on October 3, 2023.
 3. The Borrower has provided additional fiscal incentives for the construction, operation and maintenance of solar plants or installations to increase renewable generation and accelerate energy access, as evidenced by Law No. 417, published in the Official Gazette on December 27, 2023.
 4. The Borrower's Regulatory Authority of Public Services has updated the legal framework that regulates satellite operations, including the costs of the radio spectrum, to increase the coverage of telecommunications services in rural areas, as evidenced by ASEP's Resolution AN No. 19022-Telco, published in the Official Gazette on February 26, 2024.
 5. The Borrower has mandated the Climate Change Directorate to develop climate change scenarios every two years to inform the population, economic sectors, and decision makers about future impacts caused by climate change and facilitate the implementation of essential mitigation and adaptation measures, as evidenced by the Ministry of Environment's Resolution No. DM-0151-2023, published in the Official Gazette on September 27, 2023.
 6. The Borrower has approved a national climate change policy to promote climate-change adaptation and mitigation actions and established it as a mandatory strategic management instrument for the Borrower's

authorities, including the Ministry of Economy and Finance’s mandate to mainstream climate change in public investments across all sectors, as evidenced by Executive Decree No. 3, published in the Official Gazette on June 12, 2023.

7. The Borrower has approved a restoration monitoring system to enhance transparency and track the progress of forest landscape restoration actions in the Borrower’s territory, as evidenced by the Ministry of Environment’s Resolution DM-0226-2023, published in the Official Gazette on December 12, 2023.
8. The Borrower’s Aquatic Resources Authority has mandated the use of the e-Catch Platform for the validation and issuance of catch certificates to establish an adequate and comprehensive control and traceability system for aquatic products exported from the Borrower’s territory in alignment with EU Regulation (EC) No. 1005/2008, as evidenced by ARAP’s Resolution ADM/ARAP No. 050, published in the Official Gazette on September 13, 2023.

Section II. Availability of Loan Proceeds

- A. General.** The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of this Section and such additional instructions as the Bank may specify by notice to the Borrower.
- B. Allocation of Loan Amounts.** The Loan is allocated in a Single Withdrawal Tranche, from which the Borrower may make withdrawals of the Loan proceeds; and the amounts requested by the Borrower to pay the Front-end Fee. The allocation of the amounts of the Loan to this end is set out in the table below:

Allocations	Amount of the Loan Allocated (expressed in USD)
(1) Single Withdrawal Tranche	349,125,000
(2) Front-end Fee	875,000
TOTAL AMOUNT	350,000,000

- C. Withdrawal Tranche Release Conditions.** No withdrawal shall be made of the Single Withdrawal Tranche unless the Bank is satisfied: (a) with the Program being carried out by the Borrower; and (b) with the adequacy of the Borrower’s macroeconomic policy framework.
- D. Deposit of Loan Amounts.** The Borrower, within thirty (30) days after the withdrawal of the Loan from the Loan Account, shall report to the Bank: (a) the

exact sum received into the account referred to in Section 2.03(a) of the General Conditions; (b) the details of the account to which the US Dollar equivalent of the Loan proceeds will be credited; and (c) the record that an equivalent amount has been accounted for in the Borrower's budget management systems.

E. Closing Date. The Closing Date is December 31, 2025.

SCHEDULE 2**Commitment-Linked Amortization Repayment Schedule**

The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (“Installment Share”).

Level Principal Repayments

Principal Payment Date	Installment Share
On each February 15 and August 15 Beginning August 15, 2026 through August 15, 2043	2.78%
On February 15, 2044	2.70%

APPENDIX**Definitions**

1. “ARAP” or “Borrower’s Aquatic Resources Authority” means *Autoridad de los Recursos Acuáticos de Panamá*.
2. “ASEP” or “Borrower’s Regulatory Authority of Public Services” means *Autoridad Nacional de los Servicios Públicos*.
3. “e-Catch Platform” means an electronic platform for the submission of the requirements and validation of catch certificates of aquatic products.
4. “EU Regulation (EC) No. 1005/2008” means the European Commission’s regulation No. 1005/2008, dated September 29, 2008, establishing a community system to prevent, deter and eliminate illegal, unreported and unregulated fishing.
5. “Central American Technical Regulations” or “RTCA” means *Reglamento Técnico Centroamericano*.
6. “Climate Change Directorate” means the Ministry of Environment’s directorate for climate change.
7. “COMIECO” means Council of Ministers of Economic Integration of the Central American Economic Integration Subsystem.
8. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for IBRD Financing, Development Policy Financing”, dated December 14, 2018 (last revised on July 15, 2023).
9. “Ministry of Economy and Finance” means *Ministerio de Economía y Finanzas*, the Borrower’s ministry responsible for economy and finance, or any successor thereto.
10. “Ministry of Environment” means *Ministerio de Ambiente*, the Borrower’s ministry responsible for the environment, or any successor thereto.
11. “Ministry of Industry and Commerce” means *Ministerio de Comercio e Industria*, the Borrower’s ministry responsible for industry and commerce, or any successor thereto.
12. “Official Gazette” means *Gaceta -Diario Oficial*, the Borrower’s official journal.
13. “Program” means: the program of objectives, policies, and actions set forth or referred to in the letter dated February 8, 2024 from the Borrower to the Bank

declaring the Borrower's commitment to the execution of the Program, and requesting assistance from the Bank in support of the Program during its execution and comprising actions taken or supported by the Borrower, including those set forth in Section I of Schedule 1 to this Agreement, and actions to be taken consistent with the program's objectives.

14. "Signature Date" means the later of the two dates on which the Borrower and the Bank signed this Agreement and such definition applies to all references to "the date of the Loan Agreement" in the General Conditions.
15. "Single Withdrawal Tranche" means the amount of the Loan allocated to the category entitled "Single Withdrawal Tranche" in the table set forth in Part B of Section II of Schedule 1 to this Agreement.