

Directorate of Economic and Social Analysis

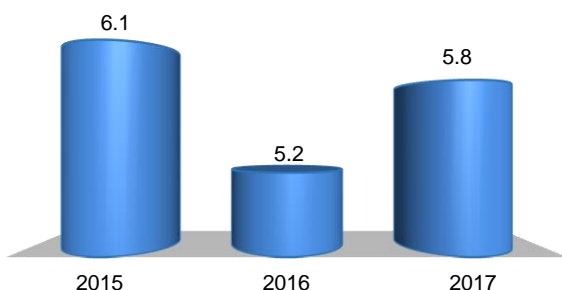
Preliminary report of economic and social activities
First half of 2017^a

Summary. The Panamanian economy grew 5.8%, mainly driven by activities in the field of Transportation, storage and communications, Construction and Exploitation of mines and quarries. Activities such as non-market production, Education and Fishery Services, also stood out by the growth of its value added contribution to the economy. Current revenues from the Central Government amounted to B/.3,519.9 million; both tax revenues (B/.25.3 million or 0.9%) and non-tax revenues and other revenues (B/.9.0 million or 1.4%) increased. The national inflation rate remained below 1%, standing at 0.89%.

I. Economic performance

The Gross Domestic Product (GDP) of the Republic of Panama grew 5.8% in the first half of 2017, compared to the same period of 2016, when growth was lower (5.2%).

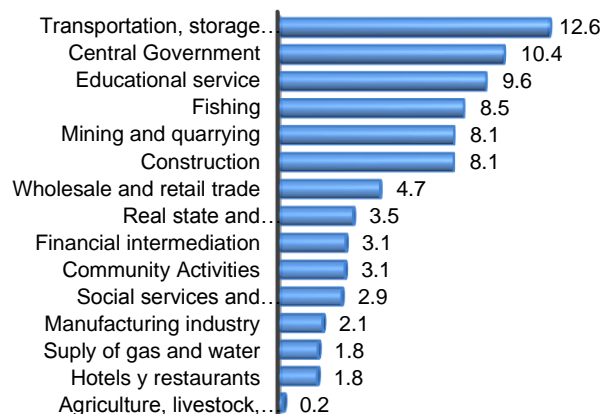
Percentage change of Panama's Gross Domestic Product: First half of 2015 - 2017



Source: National Statistics and Census Institute.

This improvement in economic performance, in particular, is attributed to the activities of: Transport, storage and communications, General government (non-market production), Teaching services, Fishing, Construction and Exploitation of mines and quarries.

Percentage change of the Gross Domestic Product according to economic activity: First half of 2017



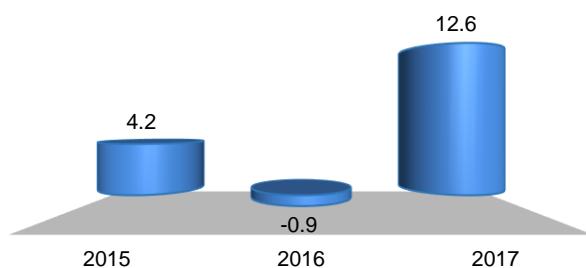
Source: National Statistics and Census Institute.

1.1 Transportation, storage, and communications

The activity grew by 12.6% in the first half of the year, as a result of the dynamism and recovery of maritime transport indicators (Panama Canal and the ports), after a fall caused by low oil prices, which allowed the shipping companies to lower their transportation cost on longer journeys without incurring additional costs, thus impacting the Panama Canal.

^a Unless otherwise stated the variations indicated in this report are estimated in relation to the same period of the previous year.

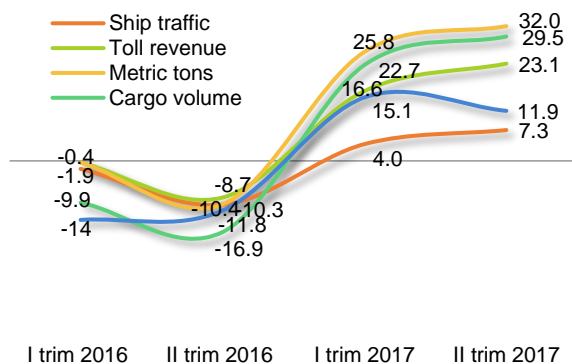
Percentage change in Gross Domestic Product of Transport, storage and communications: First half of 2015 - 2017



Source: National Statistics and Census Institute.

According to the Main Economic Indicators, published by the National Statistics and Census Institute, 7,068 vessels crossed the Panama Canal, 5.5% more than in 2016.

Percent variation of transport, storage and communication indicators: first and second quarter of 2016 and 2017



Source: National Statistics and Census Institute.

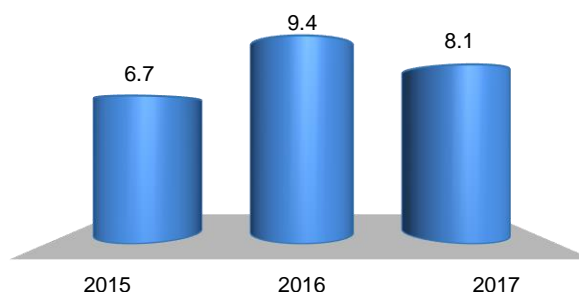
Meanwhile, toll revenues totaled B/.1,119.5 million, 19.7% more; the movement of net tons grew 28.8% and cargo volume grew 25.9%. These increases are associated with the opening of the new set of locks at the Panama Canal. The expansion of the Canal has redefined routes in world trade and has allowed the use of bigger vessels (Neopanamax) therefore making possible to take advantage of economies of scale. Ports in Asia and the East Coast of the United States are now easily reachable by making the transportation of products, such as liquefied natural gas, easier, shorter and at competitive prices.

The National Port System moved 41.8 million metric tons, 13.2% more cargo: in bulk (10.2%) and containerized (16.3%), as the overall decreased 4.7%. In regards to the movement of TEUs totaled 3.4 million (13.4% more).

1.2 Construction

Gross Domestic Product totaled B/.3,253.2 million (including final production for own consumption) accumulated in the first half, an increase of B/.243.5 million or 8.1% compared to 2016, when the highest growth was mainly due to the boost of public investment in projects such as Line 2 of the metro-train, Urban Renewal of Colon and a housing development project called "Ceilings of Hope".

Percent change in Gross Domestic Product of Construction: First half of 2015 - 2017



Fuente: Instituto Nacional de Estadística y Censo.

Up to June, construction permits amounted to B/.1,160.4 millions, that is 21.4% or B/.204.3 million more. Residential loans rose 26.5% and commercial loans increased 14.9%. By district, the main increases were in: Colon (62.0%), for residential permits, and Arraiján (35.4%) for non-residential. In the district of Panama the increase was (24.6%) due to more housing permits.

Number of projects, investment in construction and area: First half of 2013 - 2017^{a/}

Year	Number of projects	Investment (million of balboas)	Area (thousand square meters)
2013	5,855	749.8	1,535.7
2014	6,794	1,040.8	2,163.4
2015	6,284	1,075.8	1,897.9
2016	4,902	956.1	2,324.8
2017	7,156	1,160.4	2,464.3

^{a/}Corresponds to solicitations for construction permits in the following districts: Aguadulce, Arraiján, Colón, Chitré, David, La Chorrera, Panamá, San Miguelito y Santiago.

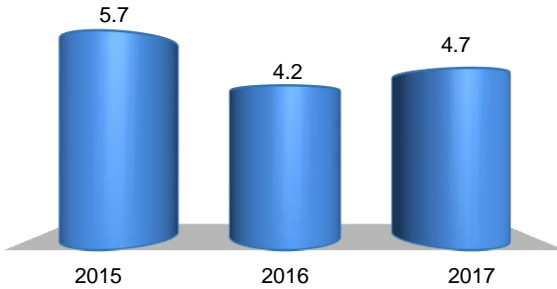
Source: National Statistics and Census Institute.

1.3 Wholesale and retail trade

Gross Domestic Product of Wholesale and Retail trade grew 4.7% in the first half of the year, higher than the increase registered in the same period of the previous year (4.2%). The activity was driven by

the performance of the Colón Free Zone and the local wholesale trade.

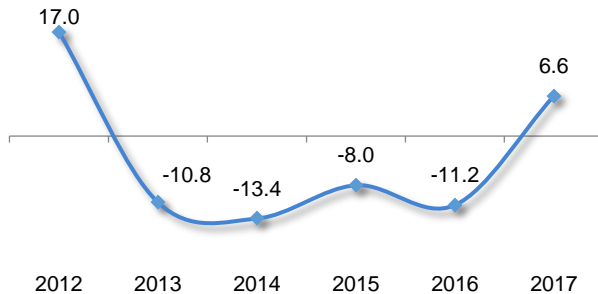
Percent change in Gross Domestic Product of wholesale and retail trade: First half of 2015 - 2017



Source: National Statistics and Census Institute.

In this regard, sales or re-exports of the Colon Free Zone accumulated to the end of the first half of this year a growth of B/.324.6 million or 6.6%, thus showing a recovery, compared to the last four consecutive years that fell (2013 to 2016). This growth is due to an increase in the sale of medicines, mechanical machines and sound equipment. As a result, sales increases shipped mainly to Puerto Rico, Nicaragua and Chile.

Percentage change in the value of re-exports at the Colon Free Zone: First half of 2012 - 2017



Source: National Statistics and Census Institute.

Local wholesale trade increased its purchases abroad by B/.429.9 million or 7.7%. The goods with the highest growth were consumer products (14.1% additional): fuels in 30.3% mainly diesel and gasoline; non-durable, durable and domestic utensils in 7% each, such as food, clothing, and electronics.

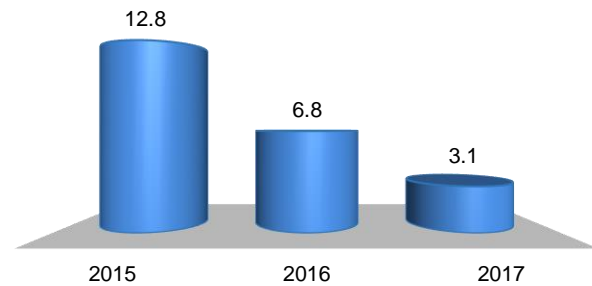
Regarding retail trade the sale of gasoline (6.3%), diesel (5.6%) and liquefied petroleum gas (4.8%) increased. Sales of brand new cars continued with a negative trend. A drop on the last six consecutive months, so the accumulated sales to June fell by 3,876 units or 11.7%. Perhaps due to a more conservative household approach for consumption, also a moderate policy in the appraisal of auto loans, as well as the increase in the effective cost of financing

are factors that could have influenced the purchasing behavior.

1.4 Banking

Financial intermediation grew 3.1%. In the National Banking System, total deposits in June decreased (0.3% less), while domestic deposits grew (2.3% more) due to an increase in private deposits, while external deposits decreased (6.0%) as a result of the downward performance of bank and private deposits

Percentage change in Gross Domestic Product of Financial Intermediation: First half of 2015 - 2017

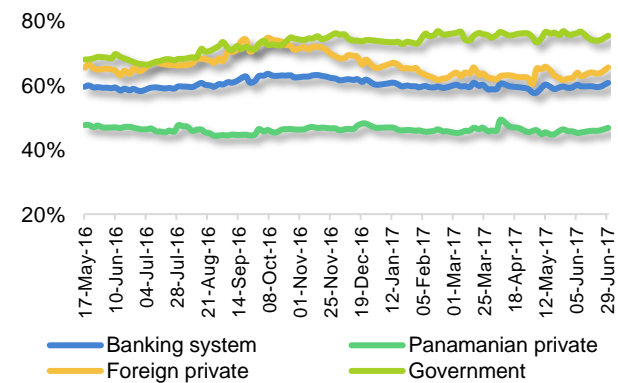


Source: National Statistics and Census Institute.

On the other hand, the system accumulated B/.740.5 million in net profits, 18.9% more than last year, as a result of lower expenses (5.2% less) and higher revenues (3.7% more).

The average liquidity index of the National Banking System from January to June was 61.2%, maintaining a high liquidity index, above the minimum established by the Executive Decree 52 of April 2008 of liquid assets. The government banking sector stands out with a liquidity of 74.4%, followed by foreign private banks with 67.8% and Panamanian private banks 46.3%.

National Banking System Liquidity Index, according to month and day of information and by origin of the bank: Years 2016 and 2017



Source: Superintendencia de Banks.

Measures that have strengthened the regulatory framework, for the prevention of money laundering and the introduction of Basilea III standards on capital adequacy and liquidity (next to be adopted), have allowed Standard and Poor's Global Ratings to improve to "stable" the risk trend of the banking industry in Panama and recognizing the strength of the system during risk periods.

1.5 Stock Exchange

Accumulated to June B/.2,398.2 million were traded in securities, B/.1,530.4 million less than last year.

Primary market instruments were traded for a value of B/.1,325.6 million, (B/.1,080.8 million less). This decline was mainly reflected in private sector bond market transactions. In addition, accumulated to June of last year, the Tocumen International Airport, S.A. traded bonds for B/.575.0 million, which represented 47.0% of the total value traded in bonds at that date.

Other securities, such as shares, fiduciary certificates, corporate notes and marketable securities of the private sector totaled B/.480.9 million, B/.79.8 million more than the quantity traded last year. In the public sector, the value of transactions in Bonds, Letters and Treasury notes, totaled B/.443.8 million, in effect, B/.322.0 million less, especially because up to June, unlike this year, transactions on Treasury Notes had been recorded in the amount of B/.168.4 million.

Transactions carried out at the Stock Exchange, according to market and financial instrumente:
First half of 2015 - 2017

Type of transactions	2015	2016	2017
Transactions carried out by market type, in millions of balboas			
Primary	2,418.7	3,928.6	2,398.2
Secondary	1,507.7	2,406.4	1,325.6
Buybacks	856.3	792.5	690.6
Number of transactions	54.7	729.7	382.0
Stocks	3,181.0	3,453.0	3,719.0
Value of transactions, millions of balboas			
Number of shares, thousands of units	97.6	41.2	73.9
	2,977.8	1,486.5	3,556.0

Source: Stock Exchange of Panama.

In the secondary market instruments were traded for a value of B/.690.6 million. Corporate securities and corporate marketable securities of the private sector (B/.163.7 million) increased B/.34.8 million, while the

bond transaction (B/.171.6 million) decreased B/.67.6 million. The value traded of public sector securities in the secondary market amounted to B/.355.4 million, B/.69.4 million less, the greatest decline was in Treasury Bonds.

Buybacks amounted to B/.382.0 million.

The index of stock market activity for the month of June was 422.82; last year up to June was 398.04, reflecting an increase in both value and number of traded shares.

1.6 Insurance

Average number of policies subscribed, premium income and claims payment: First half of 2016 and 2017

Year	Average of subscribed policies	Millions of balboas	
		Premium Income	Claims Payments
2016	1,429,728	693.6	271.4
2017	1,490,490	716.4	339.8

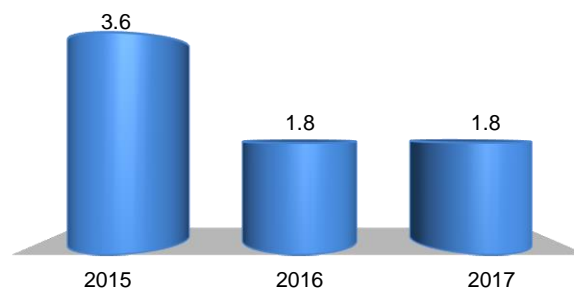
Source: Superintendence of Insurance.

Insurance companies issued a greater number of policies (4.2%) than in the same period of the previous year, totaling 1,490,490 and generating a higher premium income of B/.716.4 million (3.3% more). Claims payments increased B/.339.8 million compared to B/.271.4 million accumulated to June 2016.

1.7 Tourism

The Hotel and restaurant business generated an aggregate value of B/.494.3 million, growing B/.8.7 million compared to the previous year, mainly attributed to the increase in sales of restaurants and, to a lesser extent, to the hotel sector, due to a low hotel occupancy, a decrease of incoming tourists and the slow growth of visitor expenditure.

Percentage change in Gross Domestic Product for Hotels and restaurants: First half of 2015 - 2017



Source: National Statistics and Census Institute.

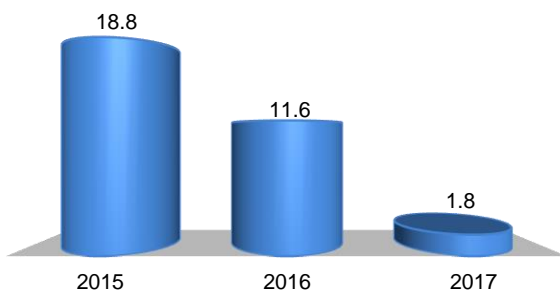
4.0 million passengers (6.4% more) got into Panama, 1.3 million were visitors (2.3% more) and 2.7 million in direct transit status and crew. The expenses incurred by tourists were 1.9% more, in contrast to the growth rates of the last 3 years, which ranged from 10.5% to 18.5%.

On the other hand, 121 thousand people were excursionists, who, although not representing a high proportion of the total number of visitors, showed the greatest growth (31.3%).

1.8 Power Supply

Electricity, gas and water supply grew by 1.8% in the first half of the year, given the low growth in total electricity supply in the first half of the year (0.8%). Last year, power supply had grown 11.6%, thanks to oil low prices and higher growth in wind power generation (182.7%), which boosted total electricity supply by 7.7%.

Percentage change in Gross Domestic Product of Power supply, gas and water: First half of 2015 - 2017



Source: National Statistics and Census Institute.

The growth on consumption largely explains the electricity power generation. In the first half of the year, total electricity billings grew by 1.1% compared to 7.0% in the same period in 2016. This drop is explained by the lower demand of power for households (1.6%) and trade (0.9%); in particular, the largest number of consumers is concentrated in the residential category (88.8% average), but it is commerce and trade the one with highest consumption per kWh.

Among the factors that affected the demand for electric power in the first half of the year there may be mentioned the following: a decrease in temperature, which caused less intensive use of air conditioners; lower growth the economy compared to previous years, which led companies to reduce their electricity costs, particularly those dedicated to commercial and industrial activities that are electricity intensive and, finally, the elimination of the Energy Compensation program (FACE) in the second half of 2015 and the reduction of the Tariff Stabilization Fund

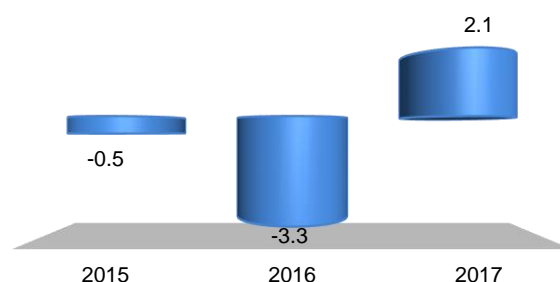
(FET) to those consuming less than 300 kWh per month.

1.9 Manufacturing industries

It continued to show an improved performance as its Gross Domestic Product grew by 2.1%, in contrast to the losses suffered during the same period of previous years.

The production of pasteurized milk (3.5%), natural milk (2.7%) and evaporated milk (0.1%) increased. Alcoholic beverages improved production in the aggregate (13.2%), with special emphasis on beer (13.6%) and spirits: seco (6.1%) rum (4.3%) and gin (10.6%).

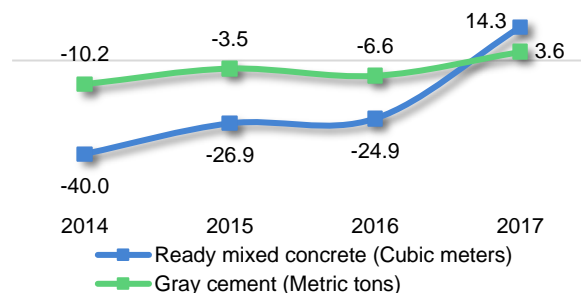
Percentage variance of Gross National Product for Manufacturing Industry: First half of 2015 – 2017



Source: National Statistics and Census Institute.

It should be noted the growth of pre-mixed concrete (14.3%) and gray cement (3.6%); in the previous three years both had declined during the first six months of the year. Some other exports such as flour and fish oil (119.5%), coffee (73.1%) and beef (25.1%) also grew.

Percentage change in the production of concrete and gray cement: First half of 2014 - 2017

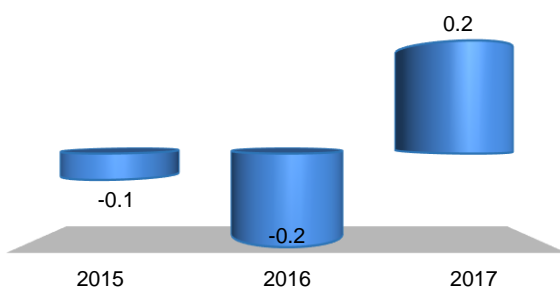


Source: National Statistics and Census Institute.

1.10 Agriculture and livestock

Agricultural production grew by 0.2%, supported by the production of rice, vegetables and palm oil, measured by the harvested area. Forestry activity also increased (0.7%), associated with the behavior of the timber industry.

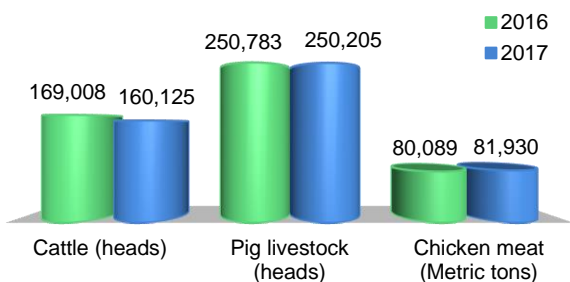
Percentage change in Gross Domestic Product of Agriculture, Livestock, Hunting and Forestry: First half of 2015 - 2017



Source: National Statistics and Census Institute.

The livestock sector increased (0.5%) this semester, compared to the same period of previous year, due to higher slaughter of poultry and the production of poultry eggs and meat (2.3%), on the other hand, both the slaughter of cattle and pigs fell in the first half of the year 5.3% and 0.2%, respectively.

Slaughter of beef and pork, and the production of chicken meat: First half of 2016 and 2017



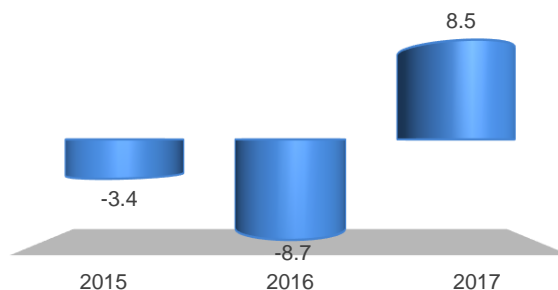
Source: National Statistics and Census Institute.

Total agricultural export production also fell (11.5%), mainly due to lower shipments of live animals (84.5%), pure-bred breeding animals, roosters and hens; vegetables (53.2%), pumpkins and yuca; and roasted coffee (21.9%) with and without decaffeination. Due to the magnitude of the category of fruits and edible fruits, the 13.5% decrease in the quantities exported to international markets represented a strong impact on exports, mainly because of fresh fruits such as bananas (3.9%), watermelons (44.2%), pineapples (16.2%), melons (23.8%) and plantains (47.8%).

1.1 Fishing

Fishing activity grew by 8.5%, with a boom on the second quarter (24.6%) specifically due to the significant amount of export of tuna fish and white shrimp unloaded at Vacamonte port, which resulted in higher exports.

Percentage change in the Gross Domestic Product of Fishing: First half of 2015 - 2017

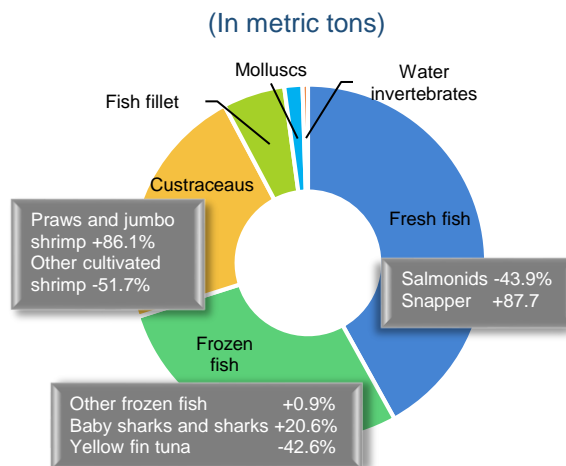


Source: National Statistics and Census Institute.

Although fish exports in quantities decreased by 4.5%, 7.5% more income was generated in the national economy.

Shipments of fresh or chilled snapper increased (87.7 times), frozen sharks (20.6%), and frozen shrimp and prawns (86.1%) also increased, generating a total of B/.13.1 million more.

Main exports of fish products, by import category: First half of 2016 and 2017



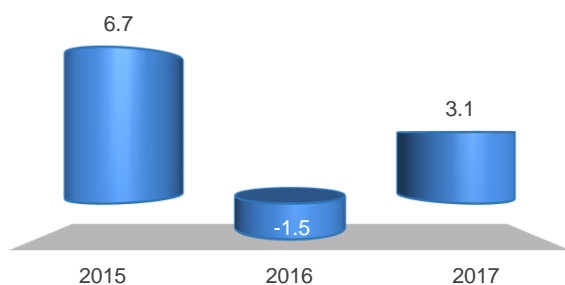
Source: National Statistics and Census Institute.

Among the main export of fish products that declined in gross weight are fresh or chilled salmon (43.9%), frozen yellow fin tuna (42.6%) and other non-smoked farmed shrimp (51.7%).

1.12 Other community, social and personal service activities

Its value added increased by 3.1%, improving its performance, since during the same period of the previous year decreased 1.5%.

Percentage change in Gross Domestic Product of other community activities, social and personal service: First half of 2015 - 2017



Source: National Statistics and Census Institute.

In the first half of the year the gross value of recreation activities grew 0.9% or B/.10.0 million. The growth of bets on slot machines A (1.0% or B/.9.3 million more), betting rooms of sporting events (44.8% or B/.6.9 million more) and bets on the race-track (21.4% or B/.4.8 million additional).

II. International Economic Environment

The prospects for global growth are stronger for this year 2017 as well as for the next, after a weak 2016. In this regard, the World Bank (WB) in its monthly report of June 2017 projected 2.7% of global growth for this year and 2.9% for the next. This is based on a revival of manufacturing activity and international trade, coupled with a stabilization of commodity prices, growing market confidence, and favorable financial conditions.

For the advanced economies WB estimates a growth of 1.9% in 2017 and 1.8% for 2018 and for the United States, 2.1% and 2.2%, respectively, also based on a recovery in manufacturing and trade. For China, meanwhile, it is expected to remain at a growth rate of 6.5% by 2017 but a marginal drop to 6.3% in 2018, although this will be offset by up-swings in other countries in the East Asia region and Pacific countries such as the Philippines (6.9% for 2017 and 2018), Malaysia (4.9% for 2017 and 2018) and Vietnam (6.3% and 6.4% for 2017-2018) as a result of healthy public and private investment.

For Latin America and the Caribbean, the World Bank estimates a growth of 0.8% and 2.1% for the period 2017 and 2018, respectively, as long as Brazil and Argentina overcome their recession period. Panama, meanwhile, is expected to grow 5.2% by 2017 and 5.4% by 2018, benefiting from the strengthening of trade and better expectations of the world economy.

III. Fiscal update

The fiscal balance of the nonfinancial public sector amounted to B/.226 million (B/.104 million or 85.3% more), as expenses increased (B/.57 million) and revenues decreased (B/.47 million). Most of the income corresponds to Central Government (61.6%); (B/.64 million or 1.9%), both taxable (B/.50 million or 1.8%) and non-taxable income (B/.13 million or 2.0%). Non-financial Public Sector debt accumulated in the first half of the year was B/.22,913.0 million (B/.1,246.1 million or 5.8% more than 12 months ago).

Summary of the Balance of the Non-Financial Public Sector: First half of 2016 and 2017

(Million of balboas)

Detail	2016	2017	Variation	
			Absolute	Percentage
INCOME	<u>5,684</u>	<u>5,637</u>	<u>-47</u>	<u>-0.8</u>
Current-Government	5,160	5,364	204	4.0
Other ^{1/}	524	273	-251	-47.9
EXPENDITURE	<u>5,806</u>	<u>5,863</u>	<u>57</u>	<u>1.0</u>
Corrent	4,118	4,326	208	5.1
Capital	1,688	1,537	-151	-8.9
CURRENT SAVINGS	<u>1,543</u>	<u>1,304</u>	<u>-239</u>	<u>-15.5</u>
SURPLUS OR DEFICIT.	<u>-122</u>	<u>-226</u>	<u>-104</u>	<u>85.3</u>

^{1/} Public Sector (balance), Non consolidated agencies and other, capital inflows and donations.

Source: Ministry of Economics and Finance.

IV. Cost of living

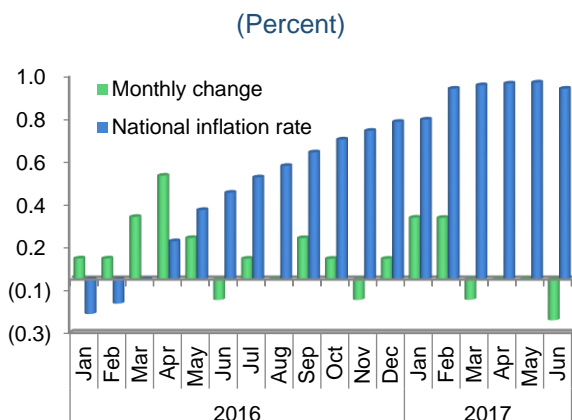
4.1 Inflation

The national inflation rate in the first half of 2017 remained below 1%, standing at 0.89%; for 2016 was 0.41%. In the districts of Panama and San Miguelito it was 0.42% and in the urban Rest of the country, 1.1%, due to the higher incidence of the rise in Transportation costs (4.1%). A year earlier these rates were, in the same level, 0.27% and 0.40%.

Two of the goods and services sections that make up the national consumer price index (CPI) experienced a lower price level, namely: Communications (1.6%), telephone equipment and Food and non-alcoholic beverages (0.03%), mainly due to lower prices for cooking oil, fats and meat. The other groups registered a higher level of prices, in 5 of which the change did not exceed 1% (Recreation and culture, Clothing and footwear, Non-alcoholic beverages and tobacco, Furniture and Restaurants

and hotels); the remaining groups with higher prices were: Education (3.1%), Transport (2.6%), Health (1.9%), Housing, water, electricity and gas (1.6%) and miscellaneous goods and services (1.3%).

Monthly change of the Price index paid by the local consumer and rate of national inflation per month: Years 2016 and 2017



Source: National Statistics and Census Institute and Ministry of Economics and Finance.

In June, the national urban CPI (consumer price index) fell 0.19% from the previous month. Most (7 of 12) of the groups of goods and services cost less, i.e.: Food and non-alcoholic beverages (0.49%), Alcoholic beverages and tobacco (0.46%) and Transportation (0.39%). Only two groups increased (Health 0.75% and Miscellaneous goods and services 0.19%) and the other two did not change (Housing, water, electricity and gas and Furniture).

4.2 Family food basket

The average caloric cost of the basic food basket in the first half of 2017 for the districts of Panama and San Miguelito was B/.307.01 (B/.0.70 or 0.23% more) and in the urban Rest of the country B/.281.26 (B/.1.71 or 0.61% more). In Panama and San Miguelito, of the 59 products that comprise the food basket, 25 were cheaper this semester, emphasizing: sausages (10.9%), yuca (10.0%) and lean pork (7.5%); the rest cost more. While in the urban Rest of the country, 19 of the 50 foods were cheaper, especially: lean pork (9.4%), sausages (8.7%) and vegetable oil (5.4%).

V. Social update

5.1 Employment contracts

In the first half of the year, 219,934 employment contracts were registered, according to preliminary data from the Ministry of Labor and Labor Development

(MITRADEL), 6,446 or 2.8% less than the same period of the previous year.

Number of registered employment contracts, by type: First half 2015 - 2017 (P)

Type	2015	2016	2017 (P)
Total.....	227,424	226,380	219,934
Fixed time	88,547	89,772	90,779
Unlimited time	56,172	54,466	50,118
Fixed project	82,705	82,142	79,037

Fuente: Ministry of Work and Labor Development.

The level of hiring in the City of Panama has remained below the one on 2016 (8,557 or 5.7% less); the drop of this figure was mainly due to contracts for undefined time periods (5,589 or 12.9%) and for fixed time period contracts (3,961 or 8.0%). Less people were hired in activities such as: Transportation, storage and mail (3,779), Construction (2,372) and Wholesale and retail trade - including free zones- (1,841). On the other hand, at the regional offices the number of contracts amounted to 2,111 or 2.7%, with 78,943 contract registrations, mainly recruitments that provided labor stability (1,241 or 11.1%).

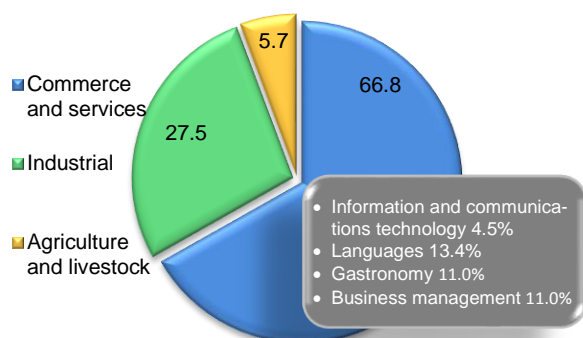
5.2 Education

Job Training

A total of 50,580 people have benefited from the training courses of the National Institute of Vocational Training and Training for Human Development (INADEH). On the first half of 2017 1,268 additional people were trained compared with the previous year. The most popular courses were Commerce and services sector (66.8% of total attendance), mainly information technology and communications (14.5%), languages (13.4%), gastronomy and business management 11.0%). The highest enrollment occurred at Tocumen-Panama, La Chorrera-Panama Oeste, Penonomé-Coclé and David-Chiriquí locations

The Industrial sector received 27.5% and the most popular trainings were handicraft courses (28.2%), civil construction (22.8%) and electricity, electronics and refrigeration (19.1%). There was more enrollment in Tocumen-Panama, Guararé-Los Santos, La Chorrera-Panama West, Puerto Escondido-Colón and Penonomé-Coclé locations. Meanwhile, the Agricultural sector accounted for 5.7% in the areas of Chiriquí Grande-Bocas del Toro, El Bongo-Veraguas and Santa Marta-Chiriquí.

Percentage distribution of enrollment by training sector at the National Institute of Professional Formation and Training for Human Development: First half of 2017



Source: National Institute for Professional Formation and Training for Human Development.

Educational Assistance

In the first half of 2017 a total of 671,948 students benefited from grants offered by the different programs at the Institute for Training of Human Resources (IFARHU). The total disbursement amounted to B/.188.8 million, as a non-refundable investment.

Scholarships awarded by the Institute for Training and Development of Human Resources by type of program: First half of 2016 and 2017

Program	Number		Thousand of balboas	
	2016	2017	2016	2017
Total	<u>650,089</u>	<u>671,948</u>	<u>161,410.9</u>	<u>188,841.1</u>
Scholarships... Educational help	28,600	34,732	18,182.4	20,941.0
Economic aid..	4,724	7,525	3,723.4	6,831.6
Universal aid ..	987	1,641	6,253.9	19,380.8
Other aid	615,487	627,811	130,036.1	128,570.7
	291	239	3,215.1	13,117.0

Source: National Institute for Professional Formation and Training for Human Development.

21,859 more students participated in the program this year compared to the same period of 2016, so the budget increased by B/.27.4 million. In the Universal Scholarship program, 12,324 students were included and required 68.1% of the total scholarship budget, however, the quantity actually paid to the beneficiaries was lower for several reasons: in some cases because the payment method changed to credit card or ACH, so many students have not yet withdrawn the second payment; others, because

some had payments withheld until they met the requirements.

As far as loans or credits for training is concerned, up to the first half of 2017, the disbursement accounted for B/.11.4 million (936 students), 23.5% more than in the previous year. 54.1% of the credits were awarded for undergraduate studies (42.1% of the budget), 16.2% for master's degrees, 15.7% for regular courses and 11.0% for technicians.

Literacy program

Through the program "Muévete por Panamá" 806 people were trained for reading and writing, 71 more than last year in the same period, especially in: Bocas del Toro (111 people), Chiriquí (75), Herrera (27), Darien (7) and the region Ngäbe Buglé (11). This program has the largest participation in Chiriquí (31.5% of the total), Bocas del Toro (23.6%) and Ngäbe Buglé (17.9%).

Number of people that got literate through the "Muévete por Panamá" program, per province and indigenous areas: First half of 2016 and 2017

Provinces and Indigenous areas	2016	2017
Total	<u>735</u>	<u>806</u>
Provinces	<u>704</u>	<u>781</u>
Bocas del Toro	79	190
Coclé	10	1
Colón	24	11
Chiriquí	179	254
Darién	-	7
Herrera	7	34
Los Santos	26	7
Panamá	66	45
Panamá Este		2
Panamá Centro	38	19
San Miguelito	22	24
Chepo	6	-
Panamá Oeste	83	74
Arraiján	-	18
La Chorrera	83	56
Veraguas	81	39
Indigenous areas	<u>180</u>	<u>144</u>
Emberá Wounaan	47	-
Ngäbe Buglé	133	144

Source: Ministry for Social Development.

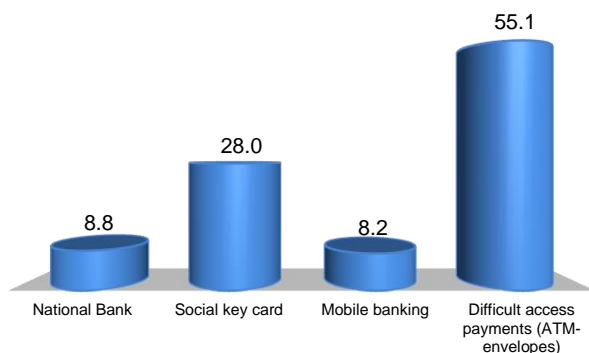
5.3 Opportunities network

This program benefited an average of 59,531 families living in poverty and extreme poverty at national level with an investment higher than B/.17.5 million. They were 10,223 or 14.7% less than the average

reported in 2016 during the same period, due to the continuous audits carried out by the Ministry of Social Development (MIDES) to benefit exclusively families in extreme poverty conditions.

Disbursements are made through branches of the National Bank of Panama (8.8%), social key system (28.0%), mobile banking (59%) and villages with difficult access through ATM (55.1%).

Percentage distribution of payments made from the conditional money transfer from the Opportunities Network, according to the method used:
First half of 2017



Source: Ministry for Social Development.

Money transfers consists of B/.50.00 per month, delivered every two months to female household heads, in exchange for compliance with health, education and productive capacity development.

5.4 Nutrition

The National Secretariat for the Food and Nutrition Security Plan (SENAPAN) made two disbursements of the Nutritional Feed Bonus, equivalent to the six monthly payments, benefiting approximately 9,600 families, most of them in the province of Veraguas (27 % of total) and Ngäbe Buglé (59%). Among the beneficiaries who withdrew the bond, B/.2.7 million were distributed; in 2016 were B/.2.8 million. The families that obtained this aid are in conditions of extreme poverty and to be considered for award they must comply with the following: to vaccinate children, to attend health centers for control and to participate in agricultural production projects

5.5 Economic assistance for the elderly "120 to 65"

The 120 to 65 program (120 balboas to people of 65 years old and above) had 128,373 older adults on average until June, 3,703 or 2.8% fewer beneficiaries.

The drop registered was mainly due to the work of debugging and updating that the MIDES (Ministry for

Social Development) is carrying out through data verification and proof of live from the beneficiaries. The main objective is to strengthen the social inclusion and development system, to optimize the capacity of the programs and to consolidate the integrated functioning of the program.

Number of beneficiaries and money transfers of the program for Economic Assistance to the Elderly "120 to 65": First half 2015 - 2017(P)

Items	2015	2016	2017 ^{a/}
Beneficiaries (number)	111,783	132,076	128,373
Money transfers (millions of balboas).....	68.3	91.7	91.7

^{a/} Money transfers correspond to the plan.

Source: Ministry for Social Development.

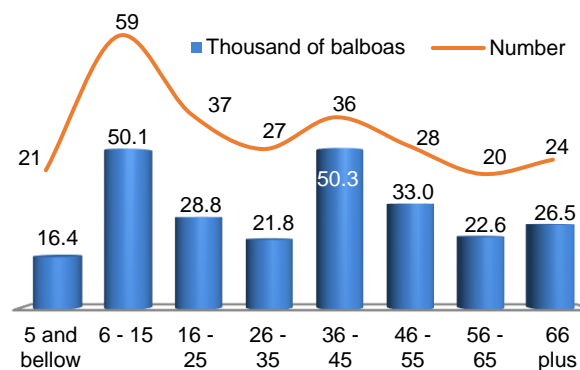
MIDES has disbursed B/.91.7 million, similar amount to the previous year.

According to the payment method 85.4% are made through financial institutions (Banco Nacional de Panamá 62.0% and Caja de Ahorros 23.4%) and 14.6% were made directly to the beneficiaries in places of difficult access.

5.6 Help for people with disabilities

The National Disability Secretariat (SENADIS) allocated B/.249,513 (46.3% less than to June 2016), to satisfy the needs of 252 persons with disabilities in a situation of poverty and social vulnerability. 1,833 persons were granted disability certificates and parking permits, 281 or 18.1% more than the same period of the previous year. There were 1,075 men or 51.6% and 1,010 or 48.4% female beneficiaries.

Number of beneficiaries and awarded amounts by SENADIS according to age groups:
First half of 2017



Source: National Disability Secretariat.

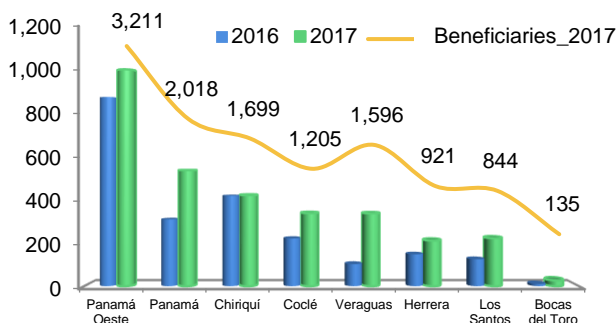
More resources were allocated to people between 36 and 45 years old (B/.50,327) and from 6 to 15 (B/.50,129).

5.7 Fund for Housing

The Government invested B/.29.3 million (accumulated from January to June) to benefit 11,629 people, 1,129 or 10.8% more. The commitment corresponds to housing subsidies of B/.10,000 and B/.5,000 for families that chose for the acquisition of housing from a private company with a maximum sale value of B/.50,000.

The entity issued 3,123 resolutions, 894 or 40.1% more. With these resolutions, the government benefit is approved to the families and the National Bank of Panama issues a "Letter of Payment", to transfer the subsidy (B/.10,000) to the promoter, as partial payment for the housing property.

Number of beneficiaries and resolutions issued by the Housing Fun by province: First half of 2016 and 2017



Source: Ministry of Housing and Territorial Ordering.

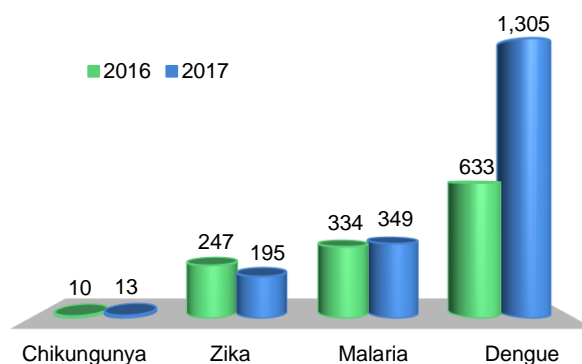
The number of resolutions granted was higher in all provinces, i.e., Veraguas (237), Panama (230), Panama West (128) and Coclé (118) with the highest number of beneficiaries.

To date, there are about 556 developers affiliated to the Solidarity Fund for Housing building more than 47,000 housing solutions.

5.8 Epidemiology of vector diseases

According to epidemiological records of the Ministry of Health (MINSa), 1,862 cases of people infected with Dengue, Zika, Chikungunya and Malaria were detected 52.1% more than in the previous year. Dengue virus (1,305 cases) exceeded in 672 cases those of 2016, with the most affected regions being Panama Metro, West Panama, San Miguelito and Bocas del Toro. The number of infested people by Chikungunya reached 13 people, 4 of them within the Panama Metro area. The Zika virus infected 21.1% fewer people, especially in the Guna Yala region (98.9%), while in West Panama it decreased 45.5%; but in Herrera grew 8 times and 6 times in Los Santos. Malaria cases increased by 4.5%, Guna Yala health region increased by 77.2%, but in Ngäbe Buglé and Panama East (47.2% and 27.7% respectively).

Confirmed cases of Dengue, Chikungunya, Zika and Malaria: First half of 2016 and 2017



Source: Ministry of Health. Epidemiology Department.