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The World Bank
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

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CONFORMED COPY

September 30, 2010

Mr. Luís Manuel Rebelo Fernandes
President
Financiadora de Estudos e Projetos
Praia do Flamengo, 200, 13º andar
Flamengo
22210-030 Rio de Janeiro – RJ – Brazil

Mr. Eugenius Kaszkurewicz
Director
Diretoria de Desenvolvimento Científico e Tecnológico
Financiadora de Estudos e Projetos
Praia do Flamengo, 200, 13º andar
Flamengo
22210-030 Rio de Janeiro – RJ – Brazil

Re: Brazil: Strengthening Carbon Market Institutions
and Infrastructure Project - PHRD Grant No. TF057812
Second Amendment of the Grant Agreement

Dear Sirs:

We refer to the Grant Agreement entered into between the International Bank for Reconstruction and Development (the World Bank) and the *Financiadora de Estudos e Projetos*-(FINEP) (the Recipient) dated October 8, 2007 for the above-captioned Project (the Project). In this Amendment Letter, all terms defined in the Grant Agreement have the same meaning as set forth below.

We are pleased to inform you that pursuant to your request, dated February 16, 2009 and agreements and understandings reached during Project discussion meetings, the World Bank hereby agrees to amend the Grant Agreement as set forth in its entirety in the attachment to this Amendment Letter.

The paragraph after the table in Article III of the Annex to the Grant Agreement is amended to read as follows:

> "For the purposes of this paragraph, the term "Training, workshops and stakeholder consultations" means reasonable cost of eligible expenditures incurred by the Recipient in connection with the carrying out of workshops, stakeholder consultations and training preparation and administration under the Project, including travel costs, and *per diem* of trainees, rental of training facilities and purchase of training material; and the term "Operating Costs" means reasonable cost of eligible expenditures incurred by the Recipient in connection with the daily operation of the Project Implementing Entity, including national travel costs, and *per diem*, additional office personnel and staff for

coordinating Grant components, maintenance of equipment, office supplies and materials, auditing costs of the Grant Account, which expenditures would not have been incurred absent the Project."

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

Please confirm your agreement to the foregoing amendment by signing all the originals of this Amendment Letter in the space provided below, and return one fully signed original to us. Upon receipt of a copy of this Amendment Letter duly signed by you, the amendments shall become effective as of the date of its countersignature. Please note that, by countersigning this letter, you also hereby ratify all withdrawal applications under the Operating Costs Category that were signed and submitted to the Bank for the above-mentioned Project prior to the date of said countersignature.

Sincerely yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By: /s/ Makhtar Diop
Director
Brazil Country Management Unit
Latin America and the Caribbean Region

AGREED:
FINANCIADORA DE ESTUDOS E PROJETOS

By: /s/ Luis Manuel Rebelo Fernandes
Authorized Representative
Title: President
Date: October 28, 2010

By: /s/ Fernando de Nielander Ribeiro
Authorized Representative

Title: Director of Administration and Finance

Date: October 28, 2010

cc: Mr. Carlos Augusto Vidotto, Secretary of International Affairs, SEAIN/MP – Fax: 2020-5047
Mr. Carlos Lampert, Deputy Secretary, SEAIN/MP – Fax: 2020-5006
Mr. Luiz Eduardo Melin de Carvalho e Silva, Chief of Staff, MF – Fax: 3412-2525
Mr. Nelson Machado, Executive Secretary, MF – Fax: 3412-1824
Ms. Adriana Queiroz de Carvalho, Attorney General, PGFN/MF – Fax: 3412-1784
Mr. Arno Hugo Augustin Filho, Secretary, National Treasury, STN/MF–Fax: 3412-1717
Mr. André Luiz Barreto de Paiva Filho, Deputy Secretary, STN/MF – Fax: 3412-1616
Mr. Marcos Bezerra A. Galvão, Secretary, SAIN/MF – Fax: 3412-1722
Mr. João Bernardo Bringel, Executive Secretary, MP – Fax: 2020-5003
Ms. Carolina Renteria, Executive Director for Brazil, The World Bank
Mr. Rogério Studart, Executive Director for Brazil, The World Bank