Mr. Rui Costa  
Governor of the State of Bahia  
3ª Avenida, Nº 390, Plataforma IV, Prédio da Governadoria, 3º Andar, Centro Administrativo da Bahia-CAB, Paralela, Salvador, BA  
41745-005  
Brazil

Re: IBRD Loan 8415-BR (Brazil- Bahia Sustainable Rural Development Project)  
Additional Instructions: Disbursement Letter

Excellency,

I refer to the Loan Agreement between the International Bank for Reconstruction and Development ("Bank") and the State of Bahia ("Borrower") for the above-referenced project, dated August 29, 2014. The Loan Agreement provides that the Bank may issue additional instructions regarding the withdrawal of the proceeds of Loan 8415-BR ("Loan"). This letter ("Disbursement Letter"), as revised from time to time, constitutes the additional instructions and replaces the previous version dated August 29, 2012.

The attached *World Bank Disbursement Guidelines for Projects*, dated May 1, 2006, ("Disbursement Guidelines") (Attachment 1), are an integral part of the Disbursement Letter. The manner in which the provisions in the Disbursement Guidelines apply to the Loan is specified below. Sections and subsections in parentheses below refer to the relevant sections and subsections in the Disbursement Guidelines and, unless otherwise defined in this letter, the capitalized terms used have the meanings ascribed to them in the Disbursement Guidelines.

1. Disbursement Arrangements

(i) Disbursement Methods (section 2). The following Disbursement Methods may be used under the Loan:

- Reimbursement
- Advance
- Direct Payment

(ii) Disbursement Deadline Date (subsection 3.7). The Disbursement Deadline Date is four months after the Closing Date specified in the Loan Agreement. Any changes to this date will be notified by the Bank.
II. Withdrawal of Loan Proceeds

(i) Authorized Signatures (subsection 3.1). An authorized signatory letter in the Form attached (Attachment 2) should be furnished to the Bank at the address indicated below providing the name(s) and specimen signature(s) of the official(s) authorized to sign Applications for withdrawal:

Banco Mundial  
Setor Comercial Norte,  
Quadra 02, Lote A  
Edificio Corporate Finance Center  
7º Andar  
70712-900 Brasilia, DF  
Brazil  
Attention: Ms. Deborah Wetzel, Director Brazil-Country Management Unit

(ii) Applications (subsections 3.2 - 3.3). Please provide completed and signed Applications for withdrawal, together with supporting documents, to the address indicated below:

Banco Mundial  
Setor Comercial Norte,  
Quadra 02, Lote A  
Edificio Corporate Finance Center  
7º Andar  
70712-900 Brasilia, D.F.  
Brazil  
Attention: Loan Department

(iii) Electronic Delivery (subsection 3.4) The Bank may permit the Borrower to electronically deliver to the Bank Applications (with supporting documents) through the Bank’s Client Connection, web-based portal. The option to deliver Applications to the Bank by electronic means may be effected if: (a) the Borrower has designated in writing, pursuant to the terms of subparagraph (i) of this Section, its officials who are authorized to sign and deliver Applications and to receive secure identification credentials (“SIDC”) from the Bank for the purpose of delivering such Applications by electronic means; and (b) all such officials designated by the Borrower have registered as users of Client Connection. If the Bank agrees, the Bank will provide the Borrower with SIDC for the designated officials. Following which, the designated officials may deliver Applications electronically by completing Form 2380, which is accessible through Client Connection (https://clientconnection.worldbank.org). The Borrower may continue to exercise the option of preparing and delivering Applications in paper form. The Bank reserves the right to disallow the electronic delivery of Applications by the Borrower.
(iv) **Terms and Conditions of Use of SIDC to Process Applications.** By designating officials to use SIDC and by choosing to deliver the Applications electronically, the Borrower confirms through the authorized signatory letter its agreement to: (a) abide by the Terms and Conditions of Use of Secure Identification Credentials in connection with Use of Electronic Means to Process Applications and Supporting Documentation ("Terms and Conditions of Use of Secure Identification Credentials") provided in Attachment 3; and (b) to cause such official to abide by those terms and conditions.

(v) **Minimum Value of Applications (subsection 3.5).** The Minimum Value of Applications for Reimbursement and Direct Payment is United States Dollars (USD) 6,000,000 equivalent.

(vi) **Advances (sections 5 and 6).**

- **Type of Designated Account (subsection 5.3):** Segregated
- **Currency of Designated Account (subsection 5.4):** USD
- **Financial Institution at which the Designated Account Will Be Opened (subsection 5.5):** Banco do Brasil
- **Ceiling (subsection 6.1):** USD 30,000,000

### III. Reporting on Use of Loan Proceeds

(i) **Supporting Documentation (section 4).** Supporting documentation should be provided with each Application for withdrawal as set out below:

- **For requests for Reimbursement:**
  - Summary Sheet in the form attached (Attachment 4) with Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments made:
    - Under contracts for Works costing USD 1,000,000 equivalent per contract or more;
    - Under contracts for Goods costing USD 1,000,000 equivalent per contract or more;
    - Under contracts for Non-consulting Services costing USD 1,000,000 equivalent per contract or more;
    - Under contracts with Consulting Firms costing USD 100,000 equivalent per contract or more;
    - Under contracts with Individual Consultants costing USD 50,000 equivalent per contract or more;
• For reporting eligible expenditures paid from the Designated Account:

  o Summary Sheet in the form attached (Attachment 4) with Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments made:

    ➢ Under contracts for Works costing USD 1,000,000 equivalent per contract or more;
    ➢ Under contracts for Goods costing USD 1,000,000 equivalent per contract or more;
    ➢ Under contracts for Non-consulting Services costing USD 1,000,000 equivalent per contract or more;
    ➢ Under contracts with Consulting Firms costing USD 100,000 equivalent per contract or more;
    ➢ Under contracts with Individual Consultants costing USD 50,000 equivalent per contract or more;

  o Statement of Expenditure in the form attached (Attachment 5) for payments that do not exceed the thresholds established above; and

  o Designated Account Reconciliation Statement in the form attached (Attachment 6) and bank statements.

• For requests for Direct Payment:

  o Records evidencing eligible expenditures, e.g., copies of receipts, supplier invoices

(ii) Frequency of Reporting Eligible Expenditures Paid from the Designated Account (subsection 6.3): Quarterly

IV. Other Important Information


If you have not already done so, the Bank recommends that you register as a user of the Client Connection website (https://clientconnection.worldbank.org). From this website you will be able to prepare and deliver Applications, monitor the near real-time status of the Loan, and retrieve related policy, financial, and procurement information. For
more information about the website and registration arrangements, please contact the Bank by email at <clientconnection@worldbank.org>.

If you have any queries in relation to the above, please contact Tatiana de Abreu at tdeabreu@worldbank.org using the above Project name and Loan number as a reference in the subject line.

Yours sincerely,

Ms. Tatiana de Abreu Souza
Finance Officer
WBG Finance and Accounting Department
Attachments

1. *World Bank Disbursement Guidelines for Projects*, dated May 1, 2006 - Not included as there is no change from previous Disbursement Letter
2. Form for Authorized Signatory Letter - Not included as there is no change from previous Disbursement Letter
3. *Terms and Conditions of Use of Secure Identification Credentials in connection with Use of Electronic Means to Process Applications and Supporting Documentation*, dated March 1, 2013 - Not included as there is no change from previous Disbursement Letter
4. Summary of Expenditures - Not included as there is no change from previous Disbursement Letter
5. Statement of Expenditures - Not included as there is no change from previous Disbursement Letter
6. Designated Account Reconciliation Statement - Not included as there is no change from previous Disbursement Letter

Cc with copies:

Mr. João Felipe de Souza Leão  
Secretário de Estado de Planejamento e Gestão, SEPLAN  
Fax: (71) 3115-3944, spf.seplan@seplan.ba.gov.br gasec.seplan@seplan.ba.gov.br

Mr. Manoel Vitório da Silva Filho  
Secretário de Estado da Fazenda  
Fax: (71) 3115-8802, manoel.vitorio@sefaz.ba.gov.br

Mr. Jerônimo Rodrigues  
Secretário de Estado de Desenvolvimento Rural  
Fax: (71) 3371-0015

Mr. José Wilson Vasconcelos Dias, Diretor  
CAR/SDR, Fax: (71) 3371-0015, wilsondias@car.ba.gov.br

Mr. Fernando Cabral, CAR/SEDIR  
Fax: (71) – 3115-6720, fernandocabral@car.ba.gov.br