His Excellency  
Mr. Marcelo Bezerra Crivella  
Mayor of the Municipality of Rio de Janeiro  
Government of the Municipality of Rio de Janeiro  
Rua Afonso Cavalcanti, 455, 13º And. - Cidade Nova  
20211-110, Rio de Janeiro, RJ  
Brazil  

His Excellency  
Mr. Henrique Meirelles  
Minister of Finance  
Procuradoria Geral da Fazenda Nacional - PGFN  
Esplanada dos Ministérios, Bloco P – 8º Andar  
70048-900, Brasília, DF  
Brazil  

BRAZIL: Loan No 8271-BR (Strengthening Public Sector Management Technical Assistance Project - Projeto de Promoção da Excelência na Gestão Pública do Município do Rio de Janeiro - Projeto Rio de Excelência)  
Amendment to the Loan Agreement  

Excellencies,  

We refer to the Loan Agreement for the above-captioned Project between the Municipality of Rio de Janeiro (the Borrower) and the International Bank for Reconstruction and Development (the Bank), dated August 26, 2014 (the Loan Agreement). Please note that capitalized terms used in this letter (the Amendment Letter) and not defined herein have the meaning ascribed to them in the Loan Agreement.  

We also refer to your letter Ofício SMF No. 447, dated June 20, 2017, to the COFIEX (Comissão de Financiamentos Externos) recommendation GTEC/COFIEX 02/2017, dated October 4, 2017, and the legal opinion issued by PGFN (Procuradoria Geral da Fazenda Nacional) PGFN/COF/No. 2026/2017, dated December 18, 2017, in which requests are made to: (a) remove activities under Parts 1, 2 and 4; (b) extend the closing date by two months and (c) cancel US$ 2,025,000 from the Loan. Consequently, we are pleased to inform you that the Bank agrees to amend the Loan Agreement as follows:  

1. Part 1 of Schedule 1 to the Loan Agreement is amended to read in its entirety as follows:
“Part 1.  **Improving Fiscal Management**

Improving the Borrower’s fiscal management process through the carrying out of diagnostic evaluations and the implementation of the recommended actions resulting from said evaluations, as prioritized by the Borrower.”

2. Part 2 of Schedule 1 to the Loan Agreement is amended to read in its entirety as follows:

“Part 2.  **Innovating in Service Provision**

(a) Improving the Borrower’s health services through the provision of support to the FHC.

(b) Improving the quality of the Borrower’s education through, *inter alia*: (i) the provision of capacity building activities for learning assessment including, *inter alia*, expansion of SME’s testing tools and provision of training for teachers on consistent writing test grading; (ii) the provision of support for the establishment of a new office for strategic information management (*Gerência de Informação Estratégica*), with the objective of tracking, analyzing and using data generated from SME’s comprehensive student assessments; (iii) the design and implementation of an integrated quality assurance system for early childhood education; and (iv) the development of a new teacher training school (*Escola de Formação*) through, *inter alia*, the design and implementation of a systematic new program of training based on the curriculum and the provision of information technology and video-conferencing equipment required to deliver distance education.”

3. Part 3 of Schedule 1 to the Loan Agreement is amended to read in its entirety as follows:

“Part 3.  **Strengthening Social Governance and Monitoring and Evaluation**

(a) Strengthening the UPP Program management and operational system through, *inter alia*: (i) the piloting of a new tool to promote effective community engagement, improvement of information collection and monitoring in selected Pacified Favelas and contribute to match the supply and demand for services and jobs in the communities; and (ii) the provision of capacity building activities in these same areas.

(b) Strengthening IPP’s monitoring and impact evaluation capacity through, *inter alia*: (i) the modernization of Rio’s data warehouse; (ii) the design of an integrated monitoring and evaluation system on the quality of service delivery under the UPP Social Program; (iii) strengthening IPP’s technical skills for the carrying out of impact evaluations for evidence-based policy-making; and (iv) enhancing IPP’s capabilities in designing instruments to measure quality of service delivery within the Borrower’s territory.”

4. Part 4 of Schedule 1 to the Loan Agreement (**Innovating in Environmental Management**) is deleted in its entirety.
5. Reference to “Part 2(a)(v)” in the Loan Agreement is replaced by a reference to “Part 2(a)”, in particular in Section I D. (Safeguards) and Section IV A.2 (disbursement table) of Schedule 2 to the Loan Agreement.

6. The table on Section IV A.2. of Schedule 2 to the Loan Agreement is amended to read in its entirety as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Loan Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, Non-consulting services, and consultants’ services for the Project (except for those required under Part 2 (a) of the Project)</td>
<td>14,175,000</td>
<td>100%</td>
</tr>
<tr>
<td>Cancellation as of December 18, 2017</td>
<td>2,025,000</td>
<td></td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>16,200,000</td>
<td></td>
</tr>
</tbody>
</table>

7. Section IV B.2. of Schedule 2 to the Loan Agreement is amended to read in its entirety as follows:

"2. The Closing Date is June 30, 2018. The Bank will only grant an extension of the Closing Date after the Guarantor’s Ministry of Finance has informed the Bank that it agrees with such extension."

Please confirm your agreement with the foregoing amendment by signing and dating this Amendment Letter in the spaces provided below. Thenceforward, all the provisions of the Loan Agreement except as amended through this Amendment Letter shall remain in full force and effect. This Amendment Letter shall be executed in three (3) counterparts each of which shall be an original.

This Amendment Letter shall become effective on the date of its latest countersignature, upon receipt by the Bank of one original countersigned Amendment Letter. Please also note that the approved Restructuring Paper will be disclosed at the Bank’s external website.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

[Signature]

Martin Raiser
Director
Brazil
Latin American and the Caribbean Region

- 3 -
AGREED:
MUNICIPALITY OF RIO DE JANEIRO

By:  
Authorized Representative

Name: MARCELO BEZERRA CRIVELLA
Title: PREFEITO OR CIDADE DO RJ
Date: 01/11/2018
Attachments: Restructuring Paper

AGREED:
FEDERATIVE REPUBLIC OF BRAZIL

By:  
Authorized Representative

Name: Ana Rachel Pontes de Silveira
Title: Procuradora do Fisco Nacional
Date: 16/01/2018

cc: Mr. Otaviano Canuto, Executive Director for Brazil, The World Bank
Ms. Diana Margarita Quintero Cuello, Alternate Executive Director for Brazil, The World Bank
Mr. Eduardo Guardia, Executive Secretary, Ministry of Finance, gabinete.se.df@fazenda.gov.br
Mr. Rogério Antonio Lucca, Chief of Staff, MF, gabinete.ministro@fazenda.gov.br
Mr. Marcello Estevão, Secretary, SAIN/MF, gabinete.df.sain@fazenda.gov.br
Mr. Fabrício da Soller, Attorney General, PGFN/MF, apoiocof.df.pgfn@pgfn.gov.br
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