June 12, 2015

His Excellency
Mr. Camilo Sobreira de Santana
Governor of the State of Ceará
Av. Barão de Studart, 505, Meireles
60.120-013 - Fortaleza - Ceará
Brazil
Fax: (85) 3466-4009
Email: camilo.santana@ceara.gov.br

Excellency,

Loan N° 7654-BR (Ceará Regional Economic Development Project: Cidades do Ceará-Cariri Central)
Amendment and Restatement of the Loan Agreement

We refer to the Loan Agreement for the above-captioned Project between the International Bank for Reconstruction and Development (the Bank), and the State of Ceará (the Borrower), dated December 22, 2009 ("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 the following correspondences: (i) the Borrower’s letter Oficio GG No. 176/13 dated May 30, 2014 (ii) the National Treasury Secretariat’s faxes dated July 29, 2014, and April 1, 2015; and (iii) the Committee for External Financing’s (COFIEX) Recommendation No. 07/250 dated July 9, 2014, and No. 06/0259 dated March 18, 2015. In this correspondence a request was made to amend the Loan Agreement in order to: (1) exclude the construction of a regional landfill; (2) exclude the construction of a regional convention center; (3) exclude the improvements of the area to host the proposed Tupinambá Sugar Mill museum; (4) exclude the provision of technical assistance to Key Clusters development; (5) exclude the development of a transportation and logistics plan to improve heavy freight traffic patterns, identify strategic points in the footwear industry within the Central Cariri Region, and facilitate the mobility of tourists in such region; and (6) reallocate loan proceeds among the disbursement Categories and increase the percentage of financing of Categories 3 and 4 to 100% in the table of Section IV A 2 of Schedule 2 to the Loan Agreement.
Consequently, the Loan Agreement is hereby amended to read as set forth in the Attachment to this letter (the “Amended and Restated Loan Agreement”).

Please confirm your agreement with the foregoing amendment by signing, dating and returning this Amendment Letter and its attachments to the Bank. This Amendment Letter shall become effective on the date of its countersignature, upon receipt by the Bank of the original countersigned Amendment Letter.

In addition, please note that the attached Restructuring Paper dated June 11, 2015, will be disclosed on the Bank’s external website.

Sincerely,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Deborah L. Wetzel
Director
Brazil
Latin America and the Caribbean Region

AGREED:
STATE OF CEARA

By [Signature]
Authorized Representative

Name [Camilo Sobreira de Santana]
Title Governor of the State of Ceará
Date: June 29, 2015

Attachments:
1. Amended and Restated Loan Agreement
2. Restructuring Paper
cc: Mr. Antonio H. Pinheiro Silveira, Executive Director for Brazil, The World Bank
Ms. Rosalia V. De Leon, Alternate Executive Director for Brazil, The World Bank
Mr. João Guilherme Machado, Secretary of International Affairs, SEAIN/MP – Fax: 2020-5047, seain@planejamento.gov.br
Mr. Paulo Caffarelli, Executive Secretary, MF – Fax: 3412-1824, gabinete.se.df@fazenda.gov.br
Mr. Marcelo Estrela Fiche, Chief of Staff, MF - Fax: 3412-2525, sec.chgabin.gmf@fazenda.gov.br
Ms. Adriana Queiroz de Carvalho, Attorney General, PGFN/MF – Fax: 3412-1740, adriana.carvalho@pgfn.gov.br
Mr. Arno Augustin Filho, Secretary, National Treasury, STN/MF – Fax: 3412-1717, gab.df.stn@fazenda.gov.br
Mr. Carlos Márcio Bicalho Cozendey, Secretary, SAIN/MF – Fax: 3412-1722, gabinete.df.sain@fazenda.gov.br
Ms. Eva Maria Cella Dal Chiavon, Executive Secretary, MP – Fax: 2020-5003, se@planejamento.gov.br
Loan Agreement

(Ceará Regional Economic Development Project: Cidades do Ceará-Cariri Central)

between

STATE OF CEARÁ

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated December 22, 2009, Amended and Restated on June 11, 2015
LOAN AGREEMENT

Agreement dated December 22, 2009, between STATE OF CEARÁ ("Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank"). The Borrower and the Bank hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral 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, on the terms and conditions set forth or referred to in this Agreement, the amount of forty six million Dollars ($46,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.07 of this Agreement ("Loan"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement. The Borrower's Representative for purposes of taking any action required or permitted to be taken pursuant to this Section is the Secretary of the Secretariat of Cities.

2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount.

2.04. The interest payable by the Borrower for each Interest Period shall be at a rate equal to LIBOR for the Loan Currency plus the Fixed Spread; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (d) of the General Conditions.

2.05. The Payment Dates are April 15 and October 15 in each year.
2.06. The principal amount of the Loan shall be repaid in accordance with the provisions of Schedule 3 to this Agreement.

2.07. (a) The Borrower may at any time, in each case with the prior non-objection of the Guarantor, through the Secretariat of the National Treasury of the Guarantor's Ministry of Finance, request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwound, to an Approved Currency; (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa; and (iii) the setting of limits on the Variable Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate.

(b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a "Conversion", as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

(c) Promptly following the Execution Date for an Interest Rate Cap or Interest Rate Collar for which the Borrower has requested that the premium be paid out of the proceeds of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amounts required to pay any premium payable in accordance with Section 4.05 (c) of the General Conditions up to the amount allocated from time to time for the purpose in the table in Section IV of Schedule 2 to this Agreement.

ARTICLE III — PROJECT

3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall carry out the Project through the Secretariat of Cities, the guidance of the Consultative Committee, and the assistance of:

(a) DER in respect of Part I of the Project;

(b) the Technical Cooperation Entities in respect of the technology innovation and design center under Part II.1 of the Project; and

(c) the Project Municipalities in respect of all Parts of the Project,

all in accordance with the provisions of Article V of the General Conditions.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

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ARTICLE IV — REMEDIES OF THE BANK

4.01. The Additional Events of Suspension consist of the following:

(a) DER or any of the Project Municipalities shall have failed to perform any of their respective obligations under the DER Agreement or the Implementation Agreements.

(b) The DER Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of DER to perform any of its obligations under the DER Agreement.

(c) Notwithstanding the rights contained in Section 6.02 of the General Conditions, it is understood that, if any of the events specified in paragraphs (a) or (b) of this Section shall have occurred, the Bank may, by notice to the Borrower, suspend in whole or in part the right of the Borrower to make withdrawals from the Loan Account for expenditures under the concerned DER Agreement or Implementation Agreement.

4.02. The Additional Events of Acceleration consist of the following:

(a) The suspension based on the events specified in paragraph (a) of Section 4.01 of this Agreement shall have been in effect for all Project Municipalities and is continuing for a period of 90 days after notice of the event has been given by the Bank to the Borrower.

(b) Any event specified in paragraph (b) of Section 4.01 of this Agreement occurs.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Condition of Effectiveness consists of the following, namely, that the Operational Manual has been adopted by the Borrower.

5.02. The Additional Legal Matter consists of the following, namely, that Loan has been registered by the Guarantor’s Central Bank.

5.03. Without prejudice to the provisions of the General Conditions, the Effectiveness Deadline is the date ninety (90) days after the date of this Agreement, but in no case later than the eighteen (18) months after the Bank’s approval of the Loan which expire on August 24, 2010.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. Except as provided in Section 2.02 of this Agreement, the Borrower’s Representative is its Governor.

6.02. The Borrower’s Address is:
Governo do Estado do Ceará
Palácio de Iracema
Av. Professor José Martins Rodrigues, 150
Edson Queiroz, Fortaleza-CE, Brasil, CEP 60.811-520
Fax: (55 85) 3101 6200 / 3101 1700

With copies to:

Secretaria das Cidades do Estado do Ceará
Centro Administrativo Governador Virgílio Távora, Edificio SEPLAG, 1º Andar
Cambeba, Fortaleza-CE, Brasil, CEP 60.830-120
Fax: (55 85) 3101 4450

Secretaria do Planejamento e Gestão do Estado do Ceará
Centro Administrativo Governador Virgílio Távora, Edificio SEPLAG, 3º Andar
Cambeba, Fortaleza-CE, Brasil, CEP 60.830-120
Fax: (55 85) 3101 4514 / 3101 4517

Secretaria da Fazenda do Estado do Ceará
Av. Alberto Nepomuceno, 2
Centro, Fortaleza-CE, Brasil, CEP 60055-500
Fax: (55 85) 3101 9110

SEAIN – Secretaria de Assuntos Internacionais
Ministério do Planejamento, Orçamento e Gestão
Esplanada dos Ministérios, Bloco K, 5.º andar
70040-906 – Brasília, DF, Brazil
Fax: (55 61) 2020 5006

6.03. The Bank’s Address is:

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

Cable address: Telex: Facsimile:
INTBAFRAD 248423(MCI) or 1-202-477-6391
Washington, D.C. 64145(MCI)

AGREED at Brasilia, Federal Republic of Brazil, as of the day and year first above written.

STATE OF CEARÁ
By/s/ Cid Gomes
Authorized Representative

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By/s/ Makhtar Diop
Authorized Representative
SCHEDULE 1

Project Description

The objectives of the Project are: (a) to promote economic development; (b) to improve urban infrastructure; and (c) to enhance regional management capacity, all in the Borrower's Central Cariri Region.

The Project consists of the following parts:

Part I. Infrastructure Improvements

1. Regional Infrastructure:
   (a) Construction and upgrading of roads and transit systems, including traffic management improvements.

2. Municipal Infrastructure:
   (a) Municipality of Juazeiro do Norte:

       Improvement and/or construction in the central area of Juazeiro do Norte of infrastructure and urban facilities most utilized by the Pilgrims or city residents among others:

       (i) the connection between the main religious sites in central Juazeiro do Norte;

       (ii) roads, drainage, plazas, museums and other attractions; and

       (iii) other urban improvements such as installation of public facilities, landscaping, leisure areas, commercial areas for small market vendors, lighting, parking, traffic improvements, pedestrian walkways and signage enhancements to support tourism development.

   (b) Municipality of Crato:

       Improvement and/or construction of infrastructure and urban facilities among others:

       (i) environmental rehabilitation of the São José Seminary hillside and city park integration, including, inter alia, works to contain severe soil erosion on the hillside and restore and rehabilitate the drain system for proper storm water diversion, resettlement of families residing in the endangered erosion areas, and restoration of the hillside area into urban parks; and
(ii) improvement of the interconnections of city parks through works including the enhancement of pavements, parking access, pedestrian walkways, traffic control systems, visual signs, lighting, and landscaping.

(c) Municipality of Barbalha:

(i) Construction and upgrading of roads and transit systems, including traffic management improvements.

(ii) Improvements and/or construction of infrastructure and urban facilities such as landscaping, leisure areas, commercial areas for small market vendors, lighting, parking, transport facilities, pedestrian walkways and signage enhancements to support tourism development.

(d) Other Project Municipalities:

Carrying out of investments included in the investment plans of the Project Municipalities (other than those listed in (a) through (c) above), such as construction and/or improvements of the Macaúbas Park in Caririaçu, city entrance and bus terminal improvements in the central area of Farias Brito, sprint water access improvements and central area upgrading in Jardim, road and other urban improvements in Missão Velha, Nova Olinda, and Santana do Cariri (the Municipal Improvements).

Part II: Cluster-based Local Economic Development

Carrying out of activities to facilitate and provide incentives for private sector collaboration and social capital enhancement in the Key Clusters including inter alia:

1. (a) construction of a multiuse center; and

   (b) operation (including technical assistance and training) and equipping of:

      (i) a public-private technology innovation and design center; and

      (ii) other facilities to be proposed by the Borrower and approved by the Bank that could be hosted in the multiuse center included in 1(a) above.

2. (a) construction and equipping of visiting and learning facilities in nine geotopes of the Araripe Geopark, including observatory sites, reception facilities, information kiosks, resting areas and vehicular paths; and

   (b) development and implementation of the required educational, management, environmental, monitoring and local economic development strategies for the Araripe Geopark.
3. Provision of assistance and carrying out of selected activities for the promotion of the Key Clusters including joint marketing by private enterprises through organizing trade fairs and other measures, participation in trade fairs and similar events, study tours by Key Cluster members in groups, introduction of technical innovations to the region through guest technical experts, seminars, and other activities (Cluster Promotion Activities).

Part III. Regional Management and Institutional Strengthening

1. Strengthening of municipal management of the Project Municipalities including, inter alia, project design, appraisal and implementation, management of public services, environmental management, and creation of consortia.

2. Strengthening of the Secretariat of Cities in the development and implementation of its overall municipal capacity building program and provision of technical assistance to the Secretariat of Cities to support the implementation and monitoring and evaluation of the Project.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Borrower shall no later than two months from the Effective Date establish and thereafter maintain:

   (a) a Project Implementation Unit (UGP) with powers and responsibilities set forth in the Operational Manual and have the UGP fully staffed with personnel with experience and qualifications satisfactory to the Bank, including the following key staff: a coordinator and experts to handle the technical, procurement, financial management and safeguard aspects of the Project; and

   (b) a committee composed by the Secretariat of the Cities and the mayors of the Project Municipalities (the Consultative Committee) with powers and responsibilities as set forth in the Operational Manual.

B. Agreements and other Implementation Arrangements

1. To facilitate the carrying out of the Project, the Borrower shall through the Secretariat of Cities:

   (a) prior to initiating the bidding process for any works under Part I of the Project, enter into an agreement with DER under terms and conditions approved by the Bank, which shall include, inter alia, the financial, procurement, technical, institutional, and environmental and social safeguard arrangements and procedures for implementing Part I of the Project ("the DER Agreement");

   (b) and/or SECITECE enter into one or more agreements with Technical Cooperation Entities, under terms and conditions approved by the Bank, for the provision of technical assistance in the implementation of the technology innovation and design center under Part II.1 of the Project ("the Technical Cooperation Entities Agreement"); and

   (c) prior to initiating the bidding process for the benefit of any Project Municipality and not later than three months after the Effective Date, enter into an agreement with each Project Municipality, under terms and conditions approved by the Bank, which shall include, inter alia, the financial, procurement, technical, institutional, and environmental and social safeguard arrangements and procedures for implementing the Project (the "Implementation Agreement").

2. The Borrower shall exercise its rights under the DER Agreement and the Implementation Agreements in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan. Except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive the DER Agreement or Implementation Agreement or any of their provisions.

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3. The Borrower shall furnish to the Bank for its review the business plan for the Araripe Geopark referred to in Part II.2 of the Project.

C. Anti-Corruption

The Borrower shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

D. Operational Manual

Without limitation to the provisions of Article V of the General Conditions, the Borrower shall carry out the Project in accordance with a manual, satisfactory to the Bank, containing, *inter alia*:

(a) the functions, responsibilities and training requirements for the personnel responsible for the coordination, monitoring and evaluation of the Project, including the UGP;

(b) procedures for procurement of goods, works and services, as well as for financial management, disbursement and audits of the Project and respective forms, reports and guidelines;

(c) the indicators to be used in the monitoring and evaluation of the Project;

(d) the EMP (including its Framework for Involuntary Resettlement) and the environmental manual for works;

(e) the criteria for selection and approval of Municipal Improvements;

(f) the criteria for eligibility of Cluster Promotion Activities and Beneficiaries; and

(g) the financing requirements of the Project, including the counterpart funding contributions.

In case of any conflict between the provisions of this Agreement and those of the Operational Manual, the provisions of this Agreement shall prevail.

E. Safeguards

1. The Borrower shall, in respect of Parts I and II of the Project:

   (a) furnish to the Bank for its approval, in accordance with the Framework for Involuntary Resettlement and prior to the signature of any contract for construction works that call for resettlement, any needed Resettlement Plan; and

   (b) carry out such Resettlement Plans, in accordance with their terms.

2. The Borrower shall, in respect of Parts I and II of the Project:
(a) undertake the related activities in accordance with the EMP; and

(b) furnish to the Bank any needed documentation as required by the EMP (including environmental licenses).

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

The Borrower shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of the indicators set forth in the Operational Manual. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Bank not later than 45 days after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Borrower shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Borrower shall prepare and furnish to the Bank not later than 45 days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Bank.

3. The Borrower shall have its Financial Statements audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than six months after the end of such period.

Section III. Procurement

A. General

1. Goods and Works. All goods and works required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. Consultants’ Services. All consultants’ services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines and with the provisions of this Section.

3. Definitions. The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Bank of particular contracts refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.
B. **Particular Methods of Procurement of Goods and Works**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding procedures.

2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used.

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) National Competitive Bidding, subject to the following additional requirement, namely, that the bidding documents shall be acceptable to the Bank.</td>
</tr>
<tr>
<td>(b) Shopping</td>
</tr>
<tr>
<td>(c) Direct Contracting</td>
</tr>
</tbody>
</table>

C. **Particular Methods of Procurement of Consultants’ Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.

2. **Other Methods of Procurement of Consultants’ Services.** The following table specifies the methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Selection Based on Consultants’ Qualifications</td>
</tr>
<tr>
<td>(b) Least-Cost Selection</td>
</tr>
<tr>
<td>(c) Quality-Based Selection</td>
</tr>
<tr>
<td>(d) Individual Consultants Based on Qualifications</td>
</tr>
<tr>
<td>(e) Single Source Selection</td>
</tr>
</tbody>
</table>

D. **Review by the Bank of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the Bank’s Prior Review. All other contracts shall be subject to Post Review by the Bank.

Section IV. **Withdrawal of Loan Proceeds**

A. **General**

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Bank and as
made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan ("Category"), the allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Loan Allocated (expressed in Dollars)</th>
<th>Percentage of Expenditures to be financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Works, goods, consultants' services, Training and Operating Costs of the Project (other than works for Part I.1(a), Part I.2 (a), Part I.2 (b)(ii), and Part II.1(a) of the Project)</td>
<td>29,557,658.67</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods and works for Part I.1(b) of the Project</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>(3) Works for Part I.1(a), Part I.2(b)(ii), and Part II.1(a) of the Project</td>
<td>14,998,813.70</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Works for Part I.2(a) of the Project</td>
<td>1,328,527.63</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Front-end Fee</td>
<td>115,000</td>
<td>Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions</td>
</tr>
<tr>
<td>(6) Premia for Interest Rate Caps and Interest Rate Collars</td>
<td>0</td>
<td>Amount due under Section 2.07 (c) of this Agreement</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>46,000,000</td>
<td></td>
</tr>
</tbody>
</table>

For purposes of this Section:

(a) the term "Operating Costs" means the incremental expenses incurred by the UGP and the Consultative Committee (none of which would have been incurred absent the Project), including those associated with the management and coordination of Project activities, maintenance and supplies, printing services, communication services, and travel and per diem expenses for the UGP and the Consultative Committee; and

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(b) the term "Training" means reasonable expenditures incurred by the UGP and the Consultative Committee for the planning, organization and delivery of seminars, workshops and other Project-related training of municipal, UGP and Consultative Committee staff, including inter alia: tuition costs, travel and per diem and course enrollment charges and publications.

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:

   (a) from the Loan Account until the Bank has received payment in full of the Front-end Fee; and

   (b) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed $4,600,000 equivalent may be made for payments made within twelve months prior to the date of this Agreement (but in no case prior to June 1, 2008) for Eligible Expenditures.

2. The Closing Date is November 30, 2016. 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.
SCHEDULE 3

Amortization Schedule

1. 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"). If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) Withdrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

<table>
<thead>
<tr>
<th>Principal Payment Date</th>
<th>Installment Share (Expressed as a Percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each April 15 and October 15</td>
<td></td>
</tr>
<tr>
<td>Beginning April 15, 2019 through April 15, 2033</td>
<td>3.33%</td>
</tr>
<tr>
<td>On October 15, 2033</td>
<td>3.43%</td>
</tr>
</tbody>
</table>

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:

   (a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.

   (b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date ("Original Installment Share") and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

3. (a) Amounts of the Loan withdrawn within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall

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be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.

(b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.

4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

5. If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.
APPENDIX

Section I. Definitions


2. “Araripe Geopark” means an area within the Project Municipalities and containing sites (geotopes) of special scientific and tourist interest.

3. “Beneficiary” means any legally established enterprise or association and/or an individual or individuals eligible to carry out a Cluster Promotion Activity in accordance with the provisions of the Operational Manual.

4. “Central Cariri Region” means the area comprising the Project Municipalities.

5. “Cluster Promotion Activity” means any of the activities referred to in Part II.4 of the Project, eligible for financing out of the proceeds of the Loan in accordance with the requirements of the Operational Manual.


7. “Consultative Committee” means the committee referred to in Section I.A.1(b) of Schedule 2 to this Agreement.

8. “DER” means Departamento de Edificações e Rodovias, the Borrower’s Department of Buildings and Roadways established pursuant to the DER Legislation.

9. “DER Agreement” means the agreement referred to in Section I.B.1(a) of Schedule 2 to this Agreement.


11. “EMP” means the Borrower’s Environmental and Social Management Plan dated June 4, 2008, set forth in the Operational Manual and comprising: (a) procedures and criteria for environmental assessment for regional and urban infrastructure investments (the framework environmental assessment); (b) the Framework for Involuntary Resettlement; (c) mitigating activities for the investments to be carried out during the first months of the Project; (d) activities to address issues of child prostitution and drugs (the Youth Assistance Plan); and (e) measures to strengthen environmental management in the Central Cariri Region.

12. “Framework for Involuntary Resettlement” means the framework included in the EMP and set forth in the Operational Manual defining the procedures for the involuntary resettlement of population to be carried out under the Project dated May 30, 2008.

14. "Implementation Agreement" means any of the agreements referred to in Section I.B.1.(d) of Schedule 2 to this Agreement.

15. "Key Clusters" means footwear, tourism and any other sector cluster as the Borrower may propose and the Bank may agree.

16. "Municipal Improvement" means any improvement included in Part I. 2.(d) of the Project, eligible for financing in accordance with the provisions of the Operational Manual.

17. "Operational Manual" means the manual referred to in Section I. D of Schedule 2 to this Agreement.

18. "Pilgrim" means a romeiro, a follower of the late Catholic priest named Father Cicero.


20. "Procurement Plan" means the Borrower’s procurement plan for the Project, dated November 3, 2008 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

21. "Project Municipality" means any of the following municipalities of the Borrower: Barbalha, Caririaçu, Crato, Farias Brito, Jardim, Juazeiro do Norte, Missão Velha, Nova Olinda, and Santana do Cariri and any other municipality as the Borrower may propose and the Bank may agree.

22. "Resettlement Plan" means any plan prepared following the requirements of the Framework for Involuntary Resettlement and approved by the Bank.

23. "SECITECE" means Secretaria da Ciência, Tecnologia e Educação Superior, the Borrower’s Secretariat of Science and, Technology and High Education.

24. "Secretariat of Cities" means Secretaria das Cidades, the Borrower’s Secretariat of Cities.

25. "Technical Cooperation Entity" means an educational or research institution proposed by the Borrower and approved by the Bank for purposes of assisting the Borrower in the implementation of the technology innovation and design center included in Part II.1 of the Project.

26. "Technical Cooperation Entities Agreement" means any of the agreements referred to in Section I.B.1(c) of Schedule 2 to this Agreement.

27. "UGP" means “Unidade de Gestão do Projeto”, the unit to be established by the Borrower, pursuant to the provisions of Section I. A.1 (a) of Schedule 2 to this Agreement.
28. "Youth Assistance Plan" means the Borrower’s *Plano de Assistência ao Menor* included in the EMP to address issues faced by children and minors in particular in the central area of Juazeiro do Norte.