Secretaria do Planejamento e Gestão do Estado do Ceará
Centro Administrativo Gov. Virgilio Távora
Av. General Afonso Albuquerque Lima, s/n
Ed. SEPLAN, 3º. Andar
Cambeba
60830-900 Fortaleza, CE
Brazil

Re: IBRD Loan 83020-001-BR (Program Loan) and IBRD Loan 83020-002-BR (Project Loan) (Strengthening Service Delivery for Growth, Poverty Reduction and Environmental Sustainability in the State of Ceará)
Additional Instructions: AMENDED Disbursement Letter

Excellency:

I refer to the Loan Agreement between the International Bank for Reconstruction and Development ("Bank") and the State of Ceará ("Borrower") for the above-referenced Operation, dated December 19, 2013. The Loan Agreement provides that the Bank may issue additional instructions regarding the withdrawal of the proceeds of Loan 83020-001-BR ("Program Loan") and Loan 83020-002-BR ("Project Loan"). This letter ("Disbursement Letter"), as revised from time to time, constitutes the additional instructions.

This is the first amendment of the Disbursement Letter dated December 19, 2013 for the above referenced project. This letter restates Section III (ii) in order to include Direct Payment as a Disbursement Method for the Loan and Section III (vi) updating Reporting Requirements for the Project. All other provisions and attachments of the Disbursement Letter dated December 19, 2013 shall remain in force and effect.

1. Withdrawal of Program and Project Loan Proceeds

(i) Authorized Signatures. An authorized signatory letter in the Form attached (Attachment 1) 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
Edifico Corporate Financial Center
7º Andar
70712-900 Brasilia, DF
Brazil
Attention: Mr. Martin Raiser, Director Brazil-Country Management Unit

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(ii) **Applications.** Please provide completed and signed Applications for withdrawal, together with supporting documents, as applicable, to the address indicated below:

Banco Mundial  
Setor Comercial Norte,  
Quadra 02, Lote A  
Edificio Corporate Finance Center  
7th 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 for withdrawal (with supporting documents, as applicable) through the Bank’s Client Connection, web-based portal. The option to deliver Applications for withdrawal 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 for withdrawal and to receive secure identification credentials ("SIDC") from the Bank for the purpose of delivering such Applications for withdrawal 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 for withdrawal 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 for withdrawal in paper form. The Bank reserves the right and may, in its sole discretion, temporarily or permanently disallow the electronic delivery of Applications for withdrawal 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 for withdrawal 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 2; and (b) to cause such official to abide by those terms and conditions.

(v) **Withdrawal Conditions.** Please refer to the Withdrawal Condition(s) in the Loan Agreement as follows: (a) for the Program Loan, refer to the Loan Agreement, Schedule 2, Section IV.B; and (b) for the Project Loan, refer to the Loan Agreement, Schedule 3, Section IV.B.
II. Disbursement Arrangements-Program Loan-IBRD 83020-001

(i) Applications for withdrawal. Applications for withdrawal from the Program Loan, of amounts of the Program Loan allocated to individual Disbursement Linked Results (“DLR”) may, pursuant to the provisions of Section IV of Schedule 2 to the Loan Agreement, be sent to the Bank at any time after the Bank has notified the Borrower in writing that it has accepted evidence of achievement of the specific DLR.

(ii) Withdrawal Amount. Applications for withdrawal may be for an amount not to exceed the amount of the Program Loan confirmed by the Bank for the specific DLR in respect of which the withdrawal is requested, as specified in the Bank’s notice to the Borrower.

(iii) Prior Results. The Bank confirms that it has received evidence satisfactory to it, that the DLRs referred to in Categories for the Program (1)(a) and (7)(a), set forth in the Table under Section IV.A.2 of Schedule 2 to the Loan Agreement, have been achieved. Consequently, the Borrower may withdraw the amount of the Program Loan allocated to said categories in the amount of United States Dollars (USD) 78,750,000 equivalent, after the Loan Agreement has been declared effective.

(iv) Advances and Recovery of Advances. The Borrower may, in accordance with provisions set forth in Section IV.B.2.(a) of Schedule 2 to the Loan Agreement, request advances of amounts of the Program Loan allocated to certain DLRs that have not yet been achieved. The aggregate amount of all such advances made in respect of amounts allocated to DLRs may not exceed the equivalent of USD 15,750,000. The amount of the advance(s) and the specific DLR(s) to which it relates must be clearly indicated in the Application for withdrawal using the Request for Advance letter, in the form attached (Attachment 3).

The Bank records an amount of the advance as disbursed for an achieved DLR (“recovered”) after it has notified the Borrower of its acceptance of the evidence of achievement of the DLR for which the advance was provided. The amount so reclassified becomes available for further advances in accordance with the preceding paragraph.

(v) Disbursement Deadline Date. The period of disbursement of the Program Loan ends six months after the Closing Date specified in Section IV.B.3 of Schedule 2 to the Loan Agreement (“Disbursement Deadline Date”). This is the final date established by the Bank for receipt by the Bank of Applications for withdrawal. Normally, to support orderly closure of the Program (and Project) Loan Account, the Bank does not accept Applications for withdrawal received after the Disbursement Deadline Date. The Borrower should promptly inform the Bank of any expected implementation delays or exceptional administrative issues before these dates. The Bank will notify the Borrower of any exception that the Bank may make to the Disbursement Deadline Date.

(vi) Deposits of Loan Amounts. All withdrawals from the Program Loan shall be deposited by the Bank into an account specified by the Borrower and acceptable to the Bank.

III. Disbursement Arrangements-Project Loan -IBRD 83020-002

(i) Disbursement Guidelines (section 2). The attached World Bank Disbursement Guidelines for Projects, dated May 1, 2006, (“Disbursement Guidelines”) (Attachment 4), are an integral part of the Disbursement Letter. The manner in which the provisions in the Disbursement Guidelines apply to the Project 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 Section III of the Disbursement Letter, the capitalized terms used have the meanings ascribed to them in the Disbursement Guidelines.

(ii) Disbursement Methods (section 2). The following Disbursement Methods may be used under the Project Loan:
- Reimbursement
- Advance
- Direct Payment

(iii) Disbursement Deadline Date (subsection 3.7). The Disbursement Deadline Date is four months after the Closing Date specified in Section IV.B.2 of Schedule 3 to the Loan Agreement. Any changes to this date will be notified by the Bank.

(iv) Minimum Value of Applications (subsection 3.5). The Minimum Value of Applications is USD $500,000 equivalent.

(v) 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): Caixa Econômica Federal
- Ceiling (subsection 6.1): Fixed at USD $7,000,000

(vi) Supporting Documentation (section 4). Supporting documentation should be provided with each Application for withdrawal as set out below:
- For requests for Reimbursement and for reporting eligible expenditures paid from the Designated Account
  - Statement of Expenditure in the form attached (Attachment 5) evidencing eligible expenditures for Consultants and Non-consulting services.

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List of payments against contracts that are subject to the Bank’s prior review, in the form attached (Attachment 6)

**(vii) 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](https://clientconnection.worldbank.org)). From this website you will be able to prepare and deliver Applications, monitor the near real-time status of the Program Loan and Project Loan, and retrieve related policy, financial, and procurement information. All Borrower officials authorized to sign and deliver Applications for withdrawal by electronic means are required to register with Client Connection before electronic delivery can be effected. 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, Finance Officer at tdeabreu@worldbank.org using the above Project name and Loan number as a reference in the subject line.

Sincerely,

Tatiana de Abreu  
Finance Officer  
WFALN - Loan Operations
Attachments

1. Form for Authorized Signatures - Not included as there is no change from previous Disbursement Letter
2. 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
3. Form of Request for Advance - Not included as there is no change from previous Disbursement Letter
4. World Bank Disbursement Guidelines for Projects, dated May 1, 2006 - Not included as there is no change from previous Disbursement Letter
5. Form of Statement of Expenditure - Not included as there is no change from previous Disbursement Letter
6. Form of Payments Against Contracts Subject to the Bank’s Prior Review - Not included as there is no change from previous Disbursement Letter

Cc with copies: His Excellency
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Ministry of Planning, Budget and Management
Secretariat of International Affairs
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