His Excellency
Mr. Firmino da Silveira Soares Filho
Mayor
Prefeitura Municipal de Teresina
Praça Marechal Deodoro da Fonseca, 860
Palácio da Cidade, Térrreo - Centro
64000-160 – Teresina, PI
Brazil

Re: Loan No. 7523-BR (Teresina Enhancing Municipal Governance and Quality of Life Project – Programa Lagoas do Norte)
Amendment to Loan Agreement

Excellency:

I refer to the Loan Agreement entered into between the International Bank for Reconstruction and Development (the Bank) and the Municipality of Teresina (the Borrower) dated July 24, 2008 (the Loan Agreement) for the above-captioned Project. Capitalized terms used in this letter (Amendment Letter) and not defined herein have the meaning ascribed to them in the Loan Agreement.

I am pleased to inform you that pursuant to the communication from the Secretaria do Tesouro Nacional to the Bank dated March 1, 2013, the Ministério da Fazenda has agreed to COFIEX’s recommendation to have the Loan Agreement amended to extend the closing date to December 31, 2014, and partially restructure the Project. The Bank hereby agrees to amend the Loan Agreement to extend the closing date and partially restructure the Project. Accordingly:

1. Part 1 of Schedule 1 to the Loan Agreement is amended to delete subparagraphs (iii) and (v) and revise subparagraph (iv), all to read as follows:

Part 1: Municipal Management Modernization, City Development, and Project Management

Strengthening the Borrower’s management and technical capacity, through the provision of technical assistance and equipment for, inter alia:

(i) consolidating and improving the efficiency of the Borrower’s financial and budget management and planning capacity;

(ii) modernizing the water supply and sanitation service delivery to comply with the WSS Law, including, inter alia: (a) the preparation and dissemination of a municipal integrated water supply and sanitation plan; (b) the creation and strengthening of a municipal water supply and sanitation regulating body; and (c) the formalization of the water supply and sanitation service delivery mechanism for the Borrower’s territory consistent with the WSS Law;
(iii) deleted and left intentionally blank;

(iv) modernizing the Borrower’s urban and environmental management, including the preparation of the Borrower’s municipal urban and transport management master plans and the elaboration of new or updated laws to accompany the finalization of these plans;

(v) deleted and left intentionally blank; and

(vi) carrying out Project management, monitoring and evaluation, to support the PMU to carry out the procurement, financial management, environmental, social and other requirements of the Project.

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

The Closing Date is December 31, 2014. 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.

If you agree with the foregoing amendment, please countersign and date the two copies of this Amendment Letter in the space provided below, and return one countersigned copy to us. Upon the Bank’s receipt of the countersigned copy of this Amendment Letter, this Amendment Letter will become effective as of the date of your countersignature.

Sincerely yours,

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By

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

AGREED:

MUNICIPALITY OF TERESINA

By

Firmino da Silveira Soares Filho
Authorized Representative

Date: 30 of June, 2013