
Re: IBRD Loan 8168-BR (Brazil, Recife Education and Public Management Project—Programa de Desenvolvimento da Educação e da Gestão Pública no Município do Recife)

Additional Instructions: AMENDED Disbursement Letter

Excellency,

I refer to the Loan Agreement between the International Bank for Reconstruction and Development (the "World Bank") and Municipality of Recife (the "Borrower" with the Guarantee from the Federative Republic of Brazil) for the above-referenced project, dated October 31, 2012. The Loan Agreement provides that the World Bank may issue additional instructions regarding the withdrawal of the proceeds of Loan IBRD 8168-BR ("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 October 31, 2012 for the above referenced project. This letter restates Section II (iii) and (iv) with the new "SIDC" terms for the use of Electronic Delivery of Applications, Section III updating Reporting Requirements for the Project and IV with updated disbursement instructions for withdrawals under Category 1 in accordance with the First Amendment of the Loan Agreement dated April 10, 2017. All other provisions and attachments of the Disbursement Letter dated October 31, 2012 shall remain in force and effect.
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.

**I. Disbursement Arrangements**

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

- Category (1) for Part 1 of the Project: Reimbursement; and
- Category (2) for Part 2 of the Project: Advance and Reimbursement.

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

(iii) **Disbursement Conditions (subsection 3.8).** Please refer to the Disbursement Conditions in the Loan Agreement.

**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 World Bank at the address indicated below providing the name(s) and specimen signature(s) of the official(s) authorized to sign Applications:

*Banco Mundial*
Setor Comercial Norte,
Quadra 02, Lote A
Edificio Corporate Financial Center
7º Andar
70712-900 Brasilia, D.F.
Brazil
Attention: **Mr. Martin Raiser**, Director, Brazil Country Management Unit

(ii) **Applications (subsections 3.2 - 3.3).** Please provide completed and signed Applications for withdrawal together with supporting documents required, to the address indicated below:
(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 and may, in its sole discretion, temporarily or permanently disallow the electronic delivery of Applications by the Borrower.

(iv) Terms and Conditions of Use of Tokens 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 is Brazilian Reais (BRL) R$3,500,000 (the World Bank established this minimum value for applications only for Reimbursements).

(vi) Advances (sections 5 and 6) for Category 2 (Part 2 of the Project)

- **Type of Designated Account (subsection 5.3):** Segregated
- **Currency of Designated Account (subsection 5.4):** Brazilian Real (BRL)
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 claimed under Category 1 (Part 1 of the Project):
  
  - Applications accompanied with: (i) Interim Financial Report [IFRs] in the form attached (Attachment 4), prepared in accordance with the provisions of the Operational Manual documenting the eligible expenditures under the Eligible Expenditure Programs [EEPs] for each semester and (ii) evidence satisfactory to the World Bank, that: (A) expenditures have been incurred in accordance with the schedule in Section IV below, and (B) compliance with the Disbursement Linked Indicators [DLIs] corresponding to each Application (detailed in Section IV below); and
  
  - List of payments against contracts that are subject to the World Bank’s prior review, in the form attached (Attachment 5).

- For requests for Reimbursement and for reporting eligible expenditures paid from the Designated Account under Category 2 (Part 2 of the Project):
  
  
  - List of payments against contracts that are subject to the World Bank’s prior review, in the form attached (Attachment 5); and

  - Designated Account Bank Statement(s) and Reconciliation (Attachment 7) applicable only when reporting eligible expenditures paid from the Designated Accounts.

IV. Other Disbursement Instructions

Part 1 of the Project (Category 1)

(i) Each IFR and annexes (including the EEPs report), submitted as supporting documentation for Applications for withdrawal claimed under Category 1 will need to have been reviewed and certified as indicated in the section II above as acceptable in format
and content in accordance with Section IV.B. of Schedule 2 to the Loan Agreement and the Operational Manual.

(ii) Each IFR will require the following information:

(a) Calculation and demonstration of expenditures eligible for World Bank financing (World Bank financing percentage of actual EEP expenditures is less than or equal to 70 percent) with respect to all disbursements (as referred to in Section IV (v) below).

(b) Documentation of actual eligible expenditures paid, with the Borrower’s funds, for all disbursements (as referred to in Section IV (v) below).

(c) Calculation of the value of each DLI. Each DLI has a value of the planned disbursement amount divided by the number of DLI for the period plus any amounts rolled over from previous semester(s).

(d) Compliance with each relevant DLI with respect to all disbursements (as referred to in Section IV (v) below).

(iii) If the World Bank has not received evidence of full compliance with the 60% Rule Indicator (DLI #1) or with DLI #8 and DLI#13 through DLI#18 as referred to in Schedule 5 of the Loan Agreement, with respect to all disbursements under Category (1) (as referred to in the Project Operational Manual and Section IV (v) below), then the World Bank shall: (i) disburse the amount of the corresponding withdrawal attributable to each DLI, in proportion to the respective degree of execution of each DLI; (ii) request the Borrower to prepare a time-bound action plan to achieve such DLI or DLIs in a manner satisfactory to the World Bank; and (iii) when satisfied that the DLI or DLIs have been complied with authorize that the unwithdrawn amount by which the corresponding disbursement had been reduced, to be disbursed in the next withdrawal period.

(iv) If the World Bank has not received evidence of full compliance with the DLI #12 and DLI#19 as referred to in Schedule 5 of the Loan Agreement, with respect to all disbursements under Category (1) (as referred to in the Project Operational Manual and Section IV (v) below), then the World Bank shall: (i) withhold the amount of the corresponding withdrawal attributable to each DLI; (ii) request the Borrower to prepare a time-bound action plan to achieve such DLI or DLIs in a manner satisfactory to the World Bank; and (iii) when satisfied that the DLI or DLIs have been complied with authorize that the unwithdrawn amount by which the corresponding disbursement had been reduced, to be disbursed in the next withdrawal period.

(v) Withdrawal Application Schedule Each Withdrawal Application for reimbursement claimed under Category (1) shall be presented using the following schedule:

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1 DLIs Nos. 2, 3, 4, 5, 6, 7, 9, 10 and 11 were dropped and new DLIs Nos. 13, 14, 15, 16, 17, 18 and 19 were incorporated as per Schedule 5 of the First Amendment to the Loan Agreement dated April 10, 2017.
(a) the first reimbursement on or about the Effective Date up to an aggregate amount not exceeding USD 18,460,618.83 in respect of payments for Eligible Expenditures in the period up to 12 months before the Loan signing date (retroactive financing);

(b) the second reimbursement on or about March 2013 up to an aggregate amount not exceeding USD 10,364,961.13 in respect of payments for Eligible Expenditures in the period from Loan signing date to December 2012;

(c) the third reimbursement on or about September 2013 up to an aggregate amount not exceeding USD 3,741,500.00 (not including delayed disbursements) in respect of payments for Eligible Expenditures made from January 2013 to June 2013;

(d) the fourth reimbursement on or about March 2014 up to an aggregate amount not exceeding USD 7,266,256.41 (not including delayed disbursements) in respect of payments for Eligible Expenditures made from July 2013 to December 2013;

(e) the fifth reimbursement on or about September 2014 up to an aggregate amount not exceeding USD 2,498,219.58 (not including delayed disbursements) in respect of payments for Eligible Expenditures made from January 2014 to June 2014;

(f) the sixth reimbursement on or about March 2015 up to an aggregate amount not exceeding USD 6,400,000.00 (not including delayed disbursements) in respect of payments for Eligible Expenditures made from July 2014 to December 2014;

(g) the seventh reimbursement on or about September 2015 up to an aggregate amount not exceeding USD 2,446,670.89 (not including delayed disbursements) in respect of payments for Eligible Expenditures made from January 2015 to June 2015;

(h) the eighth reimbursement on or about March 2016 up to an aggregate amount not exceeding USD 20,000,000.00 in respect of payments for Eligible Expenditures made from July 2015 to December 2015;

(i) the ninth reimbursement on or about September 2016 up to an aggregate amount not exceeding USD 10,000,000.00 in respect of payments for Eligible Expenditures made from January 2016 to June 2016;

(j) the tenth reimbursement on or about March 2017 up to an aggregate amount not exceeding USD 20,000,000.00 in respect of payments for Eligible Expenditures made from July 2016 to December 2016; and

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2 The withdrawal period occurred before the First Amendment to the Loan Agreement and reflects the actual disbursements for the period.
(k) the eleventh reimbursement on or about September 2017 up to an aggregate amount not exceeding USD 10,000,000.00 in respect of payments for Eligible Expenditures made from January 2017 to June 2017.

(l) the twelfth reimbursement on or about March 2018 up to an aggregate amount not exceeding USD 8,821,773.16 in respect of payments for Eligible Expenditures made from January 2017 to June 2017.

(vi) Undisbursed amount. In the event that the World Bank has not approved a full withdrawal by the Borrower of the Loan Proceeds, the World Bank may, by notice to the Borrower, cancel the corresponding amount of the Loan after the last Loan withdrawal.

V. Other Important Information


From the Client Connection website, you will be able to download Applications, monitor the near real-time status of the Loan, and retrieve related policy, financial, and procurement information. All Borrower officials authorized to sign and deliver Applications 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 World Bank by email at <clientconnection@worldbank.org>.

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

Sincerely,

[Signature]

Martin Raiser
Country Director
Brazil Country Management Unit
Attachments

1. *World Bank Disbursement Guidelines for Projects*, dated May 1, 2006 - **Not included as there is no change from previous Disbursement Letter**

2. Authorized Signature Letter


4. Interim Financial Report

5. Form of Payments Against Contracts Subject to the World Bank’s Prior Review - **Not included as there is no change from previous Disbursement Letter**

6. 6B - Statements of Expenditure (SOE) - **Not included as there is no change from previous Disbursement Letter**

7. Designated Account reconciliation - **Not included as there is no change from previous Disbursement Letter**

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Cc with copies: Secretaria Municipal de Planejamento e Gestão de Recife  
Cais do Apolo, 925 - Recife  
Recife - PE  
CEP: 50030-903

A Sua Excelência o Senhor  
Jorge Vieira  
Secretário Municipal de Planejamento, Administração e Gestão de Pessoas

À Senhora  
Virginia Maria Almeida Lacerda  
Gerente Geral de Captação de Recursos

Ao Senhor  
Gilvan Paulino dos Santos Sobrinho  
Gerência Geral de Captação de Recursos
Form of Authorized Signatory Letter

Banco Mundial
Setor Comercial Norte,
Quadra 02, Lote A
Edificio Corporate Financial Center
7º Andar
70712-900 Brasília, DF
Brazil

Attention: [Country Director]

IBRD Loan 8168-BR (Brazil, Recife Education and Public Management Project- Programa de Desenvolvimento da Educação e da Gestão Pública no Município do Recife)

I refer to the Loan Agreement ("Agreement") between the International Bank for Reconstruction and Development (the "Bank") and Municipality of Recife (the "Borrower"), dated October 31, 2012, providing the above Loan. For the purposes of Section 2.03 of the General Conditions as defined in the Agreement, any [one] of the persons whose authenticated specimen signatures appear below is authorized on behalf of the Borrower to sign applications for withdrawal [and applications for a special commitment] under this Loan.

For the purpose of delivering Applications to the Bank, [each] of the persons whose authenticated specimen signatures appears below is authorized on behalf of the Borrower, acting [individually] [jointly], to deliver Applications, and evidence in support thereof on the terms and conditions specified by the Bank.

[This confirms that the Borrower is authorizing such persons to accept Secure Identification Credentials (SIDC) and to deliver the Applications and supporting

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3 Instruction to the Borrower: Stipulate if more than one person needs to sign Applications, and how many or which positions, and if any thresholds apply. Please delete this footnote in final letter that is sent to the Bank.

4 Instruction to the Borrower: Stipulate if more than one person needs to jointly sign Applications, if so, please indicate the actual number. Please delete this footnote in final letter that is sent to the Bank.

5 Instruction to the Borrower: Use this bracket if any one of the authorized persons may sign; if this is not applicable, please delete. Please delete this footnote in final letter that is sent to the Bank.

6 Instruction to the Borrower: Use this bracket only if several individuals must jointly sign each Application; if this is not applicable, please delete. Please delete this footnote in final letter that is sent to the Bank.
documents to the Bank by electronic means. In full recognition that the Bank shall rely upon such representations and warranties, including without limitation, the representations and warranties contained in 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 SIDC"), the Borrower represents and warrants to the Bank that it will cause such persons to abide by these terms and conditions.

This Authorization replaces and supersedes any Authorization currently in the Bank records with respect to this Agreement.

[Name], [position] Specimen Signature: ________________

[Name], [position] Specimen Signature: ________________

[Name], [position] Specimen Signature: ________________

Yours truly,

/ signed /

[ Borrower's representative ]

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Instruction to the Borrower: Add this paragraph if the Borrower wishes to authorize the listed persons to accept Secure Identification Credentials and to deliver Applications by electronic means; if this is not applicable, please delete the paragraph. Please delete this footnote in final letter that is sent to the Bank.
Termos e condições de uso de dispositivos seguros de identificação em conexão com o uso de meios eletrônicos para processar pedidos de saque e documentação de apoio

1° de março de 2013

O Banco Mundial\(^8\) fornecerá credenciais de identificação seguras (SIDC-sigla em inglês) para permitir que o Mutuário\(^9\) entregue pedidos de saque e pedidos de compromissos especiais nos termos do(s) Contrato(s) de Empréstimo, bem como documentação de apoio (tais pedidos e documentação de apoio conjuntamente denominados nestes Termos e Condições de Uso como Pedidos de Saque) ao Banco Mundial por meio eletrônico, nos termos e condições de uso especificados neste documento.

O SIDC pode ser: a) baseado em hardware (Token Físico) ou baseado em software (Token Virtual). O Banco Mundial reserva-se o direito de determinar o tipo de SIDC mais apropriado.

A. Identificação de Usuários.

1. Será pedido ao Mutuário que identifique em uma Carta de Assinatura Autorizada (ASL-sigla em inglês), devidamente entregue ao Banco Mundial e por ele recebida, cada pessoa que estará autorizada a entregar Pedidos de Saque. O Banco Mundial fornecerá o SIDC a cada pessoa identificada na ASL (Signatário), conforme disposto abaixo. O Mutuário deverá também notificar imediatamente o Banco Mundial se um Signatário não estiver mais autorizado pelo Mutuário a atuar como Signatário.

2. Cada Signatário deverá cadastrar-se como usuário no website do Banco Mundial Client Connection (CC) (https://clientconnection.worldbank.org) antes da entrega de seu SIDC. Para cadastrar-se na CC o Signatário deverá criar uma senha na CC (Senha CC). O Signatário não revelará sua Senha da CC a ninguém nem a armazenará ou a registrará por escrito ou de qualquer outra forma. Ao cadastrar-se como usuário da CC, o Signatário receberá um nome de conta de identificação exclusivo.

B. Inicialização do SIDC.

1. O Signatário, antes de começar a inicialização do SIDC, deverá confirmar que leu, compreendeu e acordou estar obrigado por estes Termos e Condições de Uso.

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\(^8\) O “Banco Mundial” inclui o BIRD e a AID.
\(^9\) O “mutuário” inclui o mutuário de um empréstimo do BIRD, crédito da AID ou adiantamento do Mecanismo de Preparação de Projetos e o beneficiário de um doação.
2. Caso se use um Token Físico, imediatamente após o recebimento do Token Físico, o Signatário acessará a CC utilizando seu nome de conta e Senha da CC, registrará seu Token Físico, bem como criará um número de identificação pessoal (PIN) a ser usado juntamente com o seu Token Físico, após o que o Token Físico estará inicializado para ser usado pelo Signatário exclusivamente para entregar Pedidos de Saque. Caso se use um Token Virtual, o Signatário acessará a CC utilizando seu nome de conta e Senha da CC e criará um número de identificação pessoal (PIN) a ser usado juntamente com o seu Token Virtual, após o que o Token Virtual estará inicializado para ser usado pelo Signatário exclusivamente para entregar Pedidos de Saque. Após a inicialização do SIDC, o Signatário será um “Usuário do SIDC”. O Banco Mundial manterá em seu banco de dados uma conta de usuário (Conta) para cada Usuário do SIDC a fim de administrar o SIDC do Usuário de SIDC. Nem o Mutuário nem o Usuário do SIDC terão qualquer acesso à Conta.

3. Antes da primeira utilização do SIDC pelo Usuário do SIDC, o Mutuário deverá assegurar-se de que o Usuário do SIDC tenha recebido os materiais de treinamento fornecidos pelo Banco Mundial acerca do uso do SIDC.

C. Uso do SIDC.

1. O uso do SIDC é estritamente limitado à entrega de Pedidos de Saque pelo Usuário do SIDC na forma prescrita pelo Banco Mundial no(s) Contrato(s) de Empréstimo e nestes Termos e Condições. É vedado qualquer outro uso do SIDC.

2. O Banco Mundial não assume qualquer responsabilidade pelo uso inadequado do SIDC pelo Usuário do SIDC, outros representantes do Mutuário ou terceiros.

3. O Mutuário é responsável por assegurar e declarar e garantir para o Banco Mundial (o Banco Mundial confia inteiramente em tal declaração e garantia na entrega de um SIDC a cada usuário do SIDC) que todo usuário do SIDC compreende estes Termos e Condições de Uso e agirá em conformidade com os mesmos, incluindo o seguinte, embora não de forma exclusiva:

4. Segurança

3.1. O Usuário do SIDC não revelará seu PIN a ninguém nem o armazenará ou o registrará por escrito ou de qualquer outra forma.

3.2. O Usuário do SIDC não permitirá que nenhuma outra pessoa utilize um SIDC para entregar uma Pedido de Saque ao Banco Mundial.

3.3. O Usuário do SIDC sempre efetuará o logout da CC quando não estiver utilizando o sistema. Se o logout não for efetuado adequadamente, poderá ser criada uma rota desprotegida para o sistema.
3.4. Se o Usuário do SIDC acreditar que um terceiro tenha tomado conhecimento de seu PIN ou caso tenha perdido seu Token Físico, deverá notificar imediatamente a clientconnection@worldbank.org.

3.5. O Mutuário notificará imediatamente o Banco Mundial pelo e-mail clientconnection@worldbank.org a respeito de qualquer perda, roubo ou comprometimento do SIDC e tomará outras medidas razoáveis para assegurar que tal SIDC seja desativado imediatamente.

5. **Reserva de direito de desativar o SIDC**

5.1. O Mutuário reservar-se-á o direito de revogar, por qualquer motivo, a autorização de um Usuário do SIDC para usar o SIDC.

5.2. O Banco Mundial reserva-se o direito de, a seu critério exclusivo, desativar temporária ou permanentemente um SIDC, desativar uma Conta de Usuário de SIDC ou ambos.

6. **Cuidado dos Tokens Físicos**

6.1. Os Tokens Físicos continuarão a ser propriedade do Banco Mundial.

6.2. O Banco Mundial manualmente entregará um Token Físico a cada Signatário designado a recebê-lo de uma forma a ser determinada e que seja satisfatória para o Banco Mundial.

6.3. Os Tokens Físicos contêm instrumentação delicada e sofisticada e, portanto, devem ser manuseados com o devido cuidado e não devem ser imersos em líquidos, expostos a temperaturas extremas, comprimidos ou curvados. Além disso, os Tokens Físicos devem ser mantidos a uma distância superior a cinco (5) centímetros de dispositivos que produzam radiação eletromagnética (REM), como telefones celulares, PDAs ativados por telefone, smart phones e outros dispositivos semelhantes. Os Tokens Físicos devem ser transportados e armazenados separadamente de qualquer dispositivo REM. À curta distância (menos de 5 cm), esses dispositivos podem liberar altos níveis de REM capazes de interferir na operação apropriada de equipamentos eletrônicos, inclusive do Token Físico.


7. **Substituição**
7.1. Os Tokens Físicos perdidos, danificados, comprometidos (nos termos do item 4.5, acima) ou destruídos serão substituídos às custas do Mutuário.

7.2. O Banco Mundial reserva-se o direito de, a seu critério exclusivo, não substituir qualquer Token Físico no caso de uso inadequado ou de não reativar a Conta do Usuário do SIDC.