Jones de Oliveira Carvalho  
Superintendent  
Fundação Luís Eduardo Magalhães  
Superintendência Geral  
Rua Rio São Francisco, nº 1 – Monte Serrat  
CEP: 40.425-060, Salvador, BA.  
Brazil

Dear Mr. Carvalho:

Re: Grant No. TF015228 Rural Environment Cadastre and Fire Prevention in Bahia State Project
Additional Instructions: Second Restatement Disbursement Letter

I refer to the Letter Agreement ("Agreement") between the International Bank for Reconstruction and Development ("World Bank"), acting as administrator of grant funds provided by the Department of Environment, Food and Rural Affairs United Kingdom of Great Britain and Northern Ireland ("Donor") under the Brazil Cerrado Climate Change Mitigation Trust Fund, and Fundação Luís Eduardo Magalhães – FLEM ("Recipient") for the above-referenced project, dated September 12, 2014. The Agreement provides that the World Bank may issue additional instructions regarding the withdrawal of the proceeds of Grant No. TF015228 ("Grant"). This letter ("Disbursement Letter"), as revised from time to time, constitutes the additional instructions.

This Disbursement Letter is a second restatement of the Disbursement Letter dated September 12, 2014 and amended on September 25, 2014 for the above referenced project restating Section II (iv) to change the financial institution at which the designated account will be opened to "CAIXA" and Section III (i) to eliminate the Records as supporting documentation. All other provisions of the Disbursement Letter dated September 25, 2014, except as amended, 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 Grant 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 Grant:

- Reimbursement
- Advance

(ii) Disbursement Deadline Date (subsection 3.7). The Disbursement Deadline Date is 4 months after the Closing Date specified in the Grant Agreement. Any changes to this date will be notified by the World Bank.

(iii) Disbursement Conditions (subsection 3.8). Please refer to the Withdrawal Condition(s) in the Grant Agreement.

II. Withdrawal of Grant Proceeds

(i) Authorized Signatures (subsection 3.1). A 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
Edifício Corporate Financial Center
7º Andar
70712-900, Brasília, DF
Brazil
Attention: Mr. Martin Reiser, Director, Brazil Country Management Unit

(ii) Applications (subsections 3.2 - 3.3). Please provide completed and signed applications for withdrawal, together with supporting documents, to the address indicated below:

Banco Mundial
Setor Comercial Norte
Quadra 02, Lote A
Edifício Corporate Financial Center
7º Andar
70712-900, Brasília, DF
Brazil
Attention: Loan Department

(iii) Electronic Delivery (subsection 3.4) The World Bank may permit the Recipient to electronically deliver to the World Bank Applications (with supporting documents) through the World Bank’s Client Connection, web-based portal. The option to deliver Applications to the World Bank by electronic means may be effected if: (a) the Recipient 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 World Bank for the purpose of delivering such Applications by electronic means; and (b) all such officials designated by the Recipient have registered as users of Client Connection. If the World Bank agrees, the World Bank will provide the Recipient 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 Recipient may continue to exercise the option of preparing and delivering Applications in paper form. The World Bank reserves the right and may, in its sole discretion, temporarily or permanently disallow the electronic delivery of Applications by the Recipient.

(iv) Terms and Conditions of Use of SIDC to Process Applications. By designating officials to use SIDC and by choosing to deliver the Applications electronically, the Recipient 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 SIDC") 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 USD 50,000 equivalent.

(vi) Advances (sections 5 and 6).

- **Type of Designated Account (subsection 5.3):** Segregated
- **Currency of Designated Account (subsection 5.4):** Brazilian Real
- **Financial Institution at which the Designated Account Will Be Opened (subsection 5.5):** CAIXA
- **Ceiling (subsection 6.1):** BRL 1,000,000

III. Reporting on Use of Grant Proceeds

(i) 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 4) for all expenditures;
  - List of Payments against contracts that are subject to the World Bank’s prior review in the form attached (Attachment 5);
- A reconciliation of the Designated Account, in the form attached (Attachment 6), with a copy of the bank statement, applicable only when reporting eligible expenditures paid from the Designated Account.

(ii) 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 World Bank recommends that you register as a user of the Client Connection website (https://clientconnection.worldbank.org). From this website you will be able to download Applications, monitor the near real-time status of the Grant, and retrieve related policy, financial, and procurement information. All Recipient 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, Finance Officer at tdeabreu@worldbank.org using the above reference.

Yours sincerely,

[Signature]

Tatiana de Abreu Souza
Finance Officer
World Bank Group Finance and Accounting
Loan Operations, LCR
Attachments (as previously provided in the original letter):

2. Form for Authorized Signatures
4. Form of Statement of Expenditure
5. Form of Payments Against Contracts Subject to the World Bank’s Prior Review
6. Designated Account Reconciliation Statement
FOR OFFICIAL USE ONLY:

DL Prepared by: Tatiana de Abreu, WFALN

Cleared with and cc: Waleska Pedrosa, LEGLE
Bernadete Lange, GENDR