
Amendment of the Loan Agreement

We refer to the Loan Agreement entered into between the International Bank for Reconstruction and Development (the Bank) and the State of Bahia (the Borrower) dated December 9, 2010 (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.

We are pleased to inform you that pursuant to COFIEX’s communication to the Bank dated April 11, 2012 and our recent discussions, the Bank hereby agrees to amend the Loan Agreement so as to reallocate funds from Category 6 to Category 2 and to include “goods” as an expenditure to be financed by the Bank under Category 2. Consequently, the Loan Agreement is amended to read as follows:

1. The table set forth in Section IV A.2 of Schedule 2 to the Loan Agreement is replaced to read in its entirety as set forth in the Attachment to this Amendment Letter.

All other provisions of the Loan Agreement, except as amended herein, shall remain in full force and effect.

Please confirm your agreement to the foregoing amendment by signing and dating all the originals of this Amendment Letter in the space provided below, and returning one fully signed original to us. This Amendment Letter shall become effective as of the date of its countersignature upon receipt by the Bank of one duly executed original.
Please also note that the restructuring paper which reflects the Bank’s approved Project modifications dated July 24, 2012 will be disclosed on its external website.

Sincerely yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By: [Signature]

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

AGREED:

STATE OF BAHIA

By: [Signature]

Authorized Representative

Name: JACQUES WAGNER

Title: GOVERNADOR

Date: 08/08/2012

cc: Mr. Rogério Studart, Executive Director for Brazil, The World Bank
Mr. Vishnu Dhanpaul, Alternate Executive Director for Brazil, The World Bank
Mr. Carlos Vidotto, Secretary of International Affairs, SEAIN/MP – Fax: 2020-5047
Mr. Benvindo Belluco, Deputy Secretary, SEAIN/MP – Fax: 2020-5006
Mr. Nelson Henrique Barbosa Filho, Executive Secretary, MF – Fax: 3412-1824
Mr. Marcelo Estrela Fische, Chief of Staff, MF – Fax: 3412-2525
Ms. Adriana Queiroz de Carvalho, Attorney General, PGFN/MF – Fax: 3412-1740
Mr. Arno Augustin Filho, Secretary, National Treasury, STN/MF – Fax: 3412-1717
Mr. Carlos Márcio Bicalho Cozendey, Secretary, SAIN/MF – Fax: 3412-1722
Ms. Eva Maria Cella Dal Chiavon, Executive Secretary, MP – Fax: 2020-5003
Mr. José Sergio Gabrielli, Secretary, SEPLAN/Bahia - Fax: (71) 3115-3945
Mr. Luiz Alberto Bastos Petitinga, Secretary, SEFAZ/Bahia – Fax: (71) 3115-8722
Mr. Otto Alencar, Secretary, SEINFRA/Bahia – Fax: (71) 3115-2355Mr. José Vivaldo Souza de Mendonça Filho, Executive Director, CAR /Bahia – Fax: (71)3371-0015
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Loan Allocated (Expressed in Dollars)</th>
<th>% of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works and services required for Community Subprojects supported by:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Area 1 Grants</td>
<td>10,400,000</td>
<td>75%</td>
</tr>
<tr>
<td>(b) Area 2 Grants</td>
<td>15,600,000</td>
<td></td>
</tr>
<tr>
<td>(2) Consultants’ services, training and goods for Parts 2 and 3 of the Project</td>
<td>3,375,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Administrative Costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) incremental operational costs</td>
<td>220,000</td>
<td>20%</td>
</tr>
<tr>
<td>(b) Project supervision and monitoring costs</td>
<td>330,000</td>
<td>50%</td>
</tr>
<tr>
<td>(4) Front-end Fee</td>
<td>75,000</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>(5) Premium for Interest Rate Caps and Collars</td>
<td>0</td>
<td>Amount payable pursuant to Section 2.07 (c) of this Agreement in accordance with Section 4.04 of the General Conditions</td>
</tr>
<tr>
<td>(6) Unallocated</td>
<td>0</td>
<td></td>
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<tr>
<td>TOTAL</td>
<td>30,000,000</td>
<td></td>
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</tbody>
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