September 29, 2015

His Excellency
Geraldo Alckmin
Governor of the State of São Paulo
Av. Morumbi, 4500 - Palácio dos Bandeirantes
São Paulo – SP, 05650-905
Brazil
Facsimile: (55-11) 2193-8738

Re: São Paulo Sustainable Rural Development and Access to Markets Project (Projeto Desenvolvimento Rural Sustentável – Microbacias II)
Loan No. 7908-BR
First Amendment to the Loan Agreement

Dear Excellency:

We refer to the Loan Agreement (the “Loan Agreement”) entered into between the State of São Paulo (the “Borrower”) and the International Bank for Reconstruction and Development (the “Bank”), dated September 27, 2010, for the above-captioned Project (the “Project”). Please note that capitalized terms used in this letter (the “Amendment Letter”) not defined herein have the meaning ascribed to them in the Loan Agreement.

We also refer to your letter dated June 19, 2014, wherein a request is made to: (i) adjust the Project Development Objective; (ii) adjust activities under Component 2; and (iii) extend the Closing Date for 24 months.

We are pleased to inform you that the Bank agrees with the proposed modifications as endorsed by the Guarantor’s faxes dated April 1, 2015 and June 26, 2015, and COFIEX Recommendations No. 01/0259 dated March 18, 2015, and 01/262 dated June 24, 2015. Consequently, the Loan Agreement is hereby amended as follows:

1. The first paragraph of Schedule 1 to the Loan Agreement (Project objective) is hereby amended to read in its entirety as follows:

“The objective of the Project is to support the Borrower in improving access to markets for rural producers’ organizations in its territory and in improving its instruments and policies that contribute to environmental sustainability of family agriculture.”

2. Component 2 of the Project in Schedule 1 to the Loan Agreement is hereby amended to read in its entirety as follows:

“Component 2. Strengthening Institutional and Physical Infrastructure..."
Provide support to the Borrower’s functions that are critical to the competitiveness and sustainability of family farming in its territory through investments in:

(a) monitoring policy frameworks, markets and rural extension through studies and workshops to improve regulation and incentive systems for family farming competitiveness (labeling systems, and analysis of specific supply-chains, *inter alia*), and the strengthening of the capacity of CATI to advise Small Farmers on production technologies, marketing and management at central, regional and municipal levels through the provision of training and equipment;

(b) rehabilitating and maintaining municipal rural roads in the Borrower’s territory to help facilitate Small Farmers’ physical access to markets through assistance to the Borrower’s municipalities to prepare simple rural road management programs, financing of grants (when minimum levels of technical, institutional and financial sustainability are met) for infrastructure subprojects (Infrastructure Subprojects) to support rehabilitation and maintenance of priority sections of rural roads as identified in the rural road management programs so as to ensure all-year usability; and

(c) promoting environmental sustainability through the mainstreaming of improved environmental practices in rural production systems to ensure the sustainability of the productive resource-base (land and water) by supporting pilot subprojects at farm-level (Environmental Subprojects), implementation of the Borrower’s environmental compliance system in rural areas combined with environmental awareness-raising, and the carrying out of the new program of payments for environmental services to rural areas.”

3. Section IV.B.2. of Schedule 2 to the Loan Agreement is hereby amended to read in its entirety as follows:

“The Closing Date is September 30, 2017. The Bank shall 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.”

Please confirm your agreement with the foregoing amendment by signing and dating the two originals of this Amendment Letter in the spaces provided below. Henceforward, all the provisions of the Loan Agreement except as amended through this Amendment Letter shall remain in full force and effect.

Upon confirmation, please return one fully executed original to us. The provisions set forth in this Amendment Letter shall become effective as of the date of the
countersignature upon receipt by the Bank of one fully executed original of this Amendment Letter. Please also note that the attached Restructuring Paper as approved by the Bank on September 29, 2015 will be disclosed on the Bank’s external website.

Sincerely,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By: [Signature]

Martin Raiser
Director
Brazil
Latin America and the Caribbean Region

AGREED:
STATE OF SÃO PAULO

By: [Signature]

Authorized Representative

Name: RENATO AUGUSTO MAGALHÃES VILHELA DOS SANTOS

Title: SECRETARY FINANCE

Date: 30 SETEMBRO 2015

By: [Signature]
cc: Mr. Antonio Henrique Pinheiro Silveira, Executive Director for Brazil, The World Bank
Ms. Rosalia V. de Leon, Alternate Executive Director for Brazil, The World Bank
Mr. Claudio Puty, Secretary of International Affairs, SEAIN/MP – Fax: 2020-5047, seain@planejamento.gov.br
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Mr. Marcelo Barbosa Saintive, Secretary, National Treasury, STN/MF – Fax: 3412-1717, gab.df.stn@fazenda.gov.br
Mr. Luís Antonio Balduino Carneiro, Secretary, SAIN/MF – Fax: 3412-1722, gabinete.df.sain@fazenda.gov.br
Mr. Dyogo Henrique de Oliveira, Executive Secretary, MP – Fax: 2020-5003, se@planejamento.gov.br
Sra. Andrea Sandro Calabi, State Secretary, Treasury Secretariat, SP State Government –Fax: (11) 3104-590, gabsec@fazenda.sp.gov.br
Sr. José Carlos Rossetti, Gerente do Projeto PDRS, CATI, coordenadoria@cati.sp.gov.br
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