October 13, 2015

His Excellency
Mr. Camilo Sobreira de Santana
Governor of the State of Ceará
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Excellency,

Loan No. 8124-BR (Ceará Rural Sustainable Development and Competitiveness Project
Projeto de Desenvolvimento Rural Sustentável – Projeto São José III)
Amendment to the Loan Agreement

We refer to the Loan Agreement for the above-captioned Project between the International
Bank for Reconstruction and Development (the Bank), and the State of Ceará (the Borrower), dated
October 3, 2012 (“Loan Agreement”). Please note that capitalized terms used in this letter (the
“Amendment Letter”) and not defined herein have the meaning ascribed to them in the Loan
Agreement.

We also refer to: (i) the Borrower’s letter Oficio SEC No. 1122/2015 dated May 18, 2015 (ii)
the National Treasury Secretariat’s fax dated August 25, 2015; and (iii) the Committee for External
Financing’s (COFIEX) Recommendation No. 06/0263 dated July 22, 2015. In this correspondence
a request was made to amend the Loan Agreement in order to: (1) exclude CENTEC as one of the
entities assisting SDA to carry out the project; (2) include TCE/CE as a project implementing entity
and the obligation for SDA to enter into a cooperation agreement with TCE/CE to carry out
activities included in Part 3 (e) of the Project; (3) modify certain activities, eliminate the
Environmental Services Subprojects and include Structuring Subprojects and pilot subprojects under
Part 1 of the Project; and (4) reallocate loan proceeds among the disbursement categories and
increase the percentage of financing of the Loan under certain categories, with retroactive effect.

We are pleased to inform you that the Bank agrees to amend the Loan Agreement as
follows:

1. Article III, Paragraph 3.01 is amended to read in its entirety as follows:

“3.01. The Borrower declares its commitment to the objectives of the Project. To this
end, the Borrower shall carry out the Project, through SDA, with the assistance of:

(a) the POs and EMATERCE with respect to Part 1(a), (b) and (c) of the
Project;
(b) CAGECE and SOHIDRA with respect to Part 2(a) and (b) of the Project:

/Signature/
(c) the Community Associations and EMATERCE with respect to Part 2(c) of the Project;

(d) IICA with respect to Parts 1, 2 and 3 of the Project; and

(e) TCE/CE with respect to Part 3 (e) of the Project.

all in accordance with the provisions of Article V of the General Conditions."

2. Part I of Schedule 1 to the Loan Agreement is amended to read in its entirety as follows:

"Part 1: Economic Inclusion"

Promote investments in rural economic inclusion in the Borrower's territory, through:

(a) the provision of support to SDA for: (i) the preparation of Business Plans, implementation and supervision; (ii) the carrying out of Structuring Subprojects; and (iii) the carrying out of pilot subprojects for agriculture technology adoption for drought management;

(b) the provision of support to POs for the carrying out of Productive Subprojects; and

(c) the provision of support for the development of a state-wide early warning system for the prevention of natural disasters."

3. Section I.A.2.(b) of Schedule 2 to the Loan Agreement is amended to read in its entirety as follows:

"(b) cause the units mentioned in (a) above to maintain, until completion of the Project, a structure, responsibilities, and key staff with functions, experience, responsibilities and qualifications acceptable to the Bank as described in the Operational Manual, including for the UGP, a Project coordinator, technical advisor for planning, legal advisor, social management advisor, environmental management advisor and information technology advisor as well as specialists in the following areas: procurement, financial management, monitoring and control, water resources use, economic inclusion and institutional strengthening."

4. Section I.A.5. of Schedule 2 to the Loan Agreement is amended to read in its entirety as follows:

"5. The Borrower, through SDA, shall:
(a) for the purposes of assisting in the carrying out of Parts 2(a) and (b) of the Project and to formalize their respective responsibilities under the Project, enter into a tri-partite agreement (Convênio Tripartite) with both CAGECE and SOHIDRA under terms and conditions satisfactory to the Bank ("CAGECE-SOHIDRA Agreement");

(b) for the purposes of assisting in the carrying out of Parts 1 and 2(c) of the Project, and to formalize their respective responsibilities under the Project, enter into a tri-partite agreement (Convênio Tripartite) with EMATERCE and CENTEC, under terms and conditions satisfactory to the Bank ("EMATERCE-CENTEC Agreement");

(c) for purposes of assisting in the carrying out of Parts 1, 2 and 3 of the Project, transfer a portion of the proceeds of the Loan to IICA under a subsidiary agreement (the IICA Agreement) to be entered into between the Borrower and IICA, under terms and conditions acceptable to the Bank, setting forth their respective roles and responsibilities regarding the implementation of said Parts of the Project; and

(d) for the purpose of assisting in carrying out Part 3 (e) of the Project, enter into a cooperation agreement with TCE/CE (the TCE/CE Agreement) under terms and conditions satisfactory to the Bank ("TCE/CE Agreement");

(e) exercise its rights and carry out its obligations under the CAGECE-SOHIDRA Agreement, the EMATERCE-CENTEC Agreement, the TCE/CE Agreement, and the IICA Agreement, in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan. Except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate, waive or fail to enforce the CAGECE-SOHIDRA Agreement, the EMATERCE-CENTEC Agreement, the TCE/CE Agreement and/or the IICA Agreement, or any of their provisions."

5. The table in Section IV.A.2. of Schedule 2 to the Loan Agreement is amended to read in its entirety as set forth below:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Loan Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, Non-consulting services, and consultants' services required for Subprojects</td>
<td>26,463,892</td>
<td>Up to 100% of the amount disbursed under a Matching Grant.</td>
</tr>
<tr>
<td>(2) Goods, works, consultants’ services, and non-consulting services</td>
<td>57,578,108</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Training</td>
<td>1,334,000</td>
<td>100%</td>
</tr>
</tbody>
</table>

-3-
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Loan Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(4) Operating Costs</td>
<td>14,374,000</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Front-end Fee</td>
<td>250,000</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>(6) Interest Rate Cap or Interest Rate Collar Premium</td>
<td>0</td>
<td>Amount due pursuant to Section 2.07(c) of this Agreement</td>
</tr>
<tr>
<td>(7) Unallocated</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>100,000,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

The percentage of Expenditures to be financed (100%) under Categories (2), (3) and (4) will be deemed effective retroactively as of October 3, 2012.

6. Section IV.A.2.(a) of Schedule 2 to the Loan Agreement is amended to read in its entirety as follows:

"(a) the term “Operating Costs” means the reasonable incremental operational costs (which would not have been incurred absent the Project), related to Project technical and administrative management monitoring and supervision required under the Project, including *inter alia*, updates to SDA's and TCE/CE's Management Information System, administrative and operational support staff, office equipment, supplies, travel costs (including accommodations, transportation costs and *per diem*), printing services, communication costs, utilities, maintenance of office equipment and facilities, vehicle operation and maintenance costs, and logistics services; and"

7. Section I. Definitions, of the Appendix to the Loan Agreement is amended and the following definitions are deleted, added or modified, and placed in alphabetical order (and existing definitions are consequently renumbered to keep the alphabetical order), as applicable:

a. The definition of “Environmental Services Subprojects” is deleted;

b. The following definitions are added:

"‘Structuring Subprojects” means a group of Productive Subprojects that are presented under a joint proposal."
""TCE-CE Agreement" means the cooperation agreement (Termo de Cooperação) entered into between SDA and TCE-CE on November 4, 2013, as amended on August 27, 2014."

c. The following definitions are amended and replaced to read in their entirety as follows:

""EMATERCE-CENTEC Agreement" means the tri-partite agreement dated March 1, 2012 and referred to in Section I.5 (b) of Schedule 2 to this Agreement, as amended on August 17, 2015."

""Matching Grants" means a grant made out of the proceeds of the Loan from the Borrower to a selected PO (for Productive Subprojects or Community Association (for Greywater Reuse Subprojects), for the partial financing of an eligible Subproject, subject to the specific terms and conditions set forth in the Operational Manual and in the relevant Subproject Agreement."

""Subproject" means any Productive Subproject, pilot subprojects for drought management and/or Greywater Reuse Pilot Subproject."

""Subproject Agreement" means each agreement to be entered into between the Borrower and an eligible PO (for Productive Subprojects, pilot subprojects for drought management) or a Community Association (for Greywater Reuse Pilot Subprojects), as the case may be, as specified in Section C of Schedule 2 to this Agreement."

Please confirm your agreement with the foregoing amendment by signing, dating and returning this Amendment Letter to the Bank. This Amendment Letter shall become effective on the date of its countersignature, upon receipt by the Bank of the original countersigned Amendment Letter.

In addition, please note that the attached Restructuring Paper dated October 11, 2015, will be disclosed on the Bank’s external website.

Sincerely,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

[Signature]

Martin Raiser
Director
Brazil
Latin America and the Caribbean Region

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AGREED:

STATE OF CEARA

By ____________________________

Authorized Representative

Name CAMILO SORREIRA DE SANTANA

Title GOVERNADOR

Date: 20/10/2015

Attachment: Restructuring Paper

cc: Mr. Antonio H. Pinheiro Silveira, Executive Director for Brazil, The World Bank
Ms. Rosalia V. De Leon, Alternate Executive Director for Brazil, The World Bank
Mr. João Guilherme Machado, Secretary of International Affairs, SEAIN/MP – Fax: 2020-5047, seain@planejamento.gov.br
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Cleared w&bcc: Laurent Msellati, Practice Manager (GFADR); Catarina Portelo, Senior Counsel (LEGLE); Tatiana de Abreu, Finance Officer (WFALN); V. Moura (GGODR); and LC5Clearance.

Bcc: B. Utria, T. Lettieri; F. Vasconcelos, W. Pedrosa (LCC5C); Diego Arias (GFADR); M. Tambucho, P. Melo, J. Conter (WFALN); Brazil Extended team, Project files; WBDocs

Drafter: W. Pedrosa (LCC5)