TO: The President, International Bank for Reconstruction and Development

Report of the Committee under Section 4 (iii) of Article III of the Articles of Agreement on the Proposed Operation, which consists of a Program for Results portion (the Program) and an Investment Project Financing portion (the Project) (Operation to Strengthen Service Delivery for Growth, Poverty Reduction, and Environmental Sustainability in the State of Ceará - Projeto de Apoio ao Crescimento Econômico com Redução das Desigualdades e Sustentabilidade Ambiental do Estado do Ceará – PforR Ceará) to the State of Ceará to be guaranteed by the Federative Republic of Brazil.

The undersigned Committee constituted under Section 7 of Article V of the Articles of Agreement of International Bank for Reconstruction and Development (the Bank) hereby submits its report pursuant to Section 4 (iii) of Article III of said Articles in respect of the proposal that the Bank grant to the State of Ceará (the Borrower) the amount of three hundred fifty million Dollars ($350,000,000), out of which: (a) three hundred fifteen million Dollars ($315,000,000) will support the financing of the Program (the Program Loan); and (b) thirty five million Dollars will support the financing of the Project (the Project Loan), all of which loans are to be guaranteed by the Federative Republic of Brazil. The purpose of said loans is to support the Borrower to improve public service delivery, particularly in the areas of skills development, family assistance and water quality.

1. The Committee has carefully studied the merits of the proposal to grant such loans, and of the purpose to which the proceeds of the loans is to be applied.

2. The Committee is of the opinion that the Operation toward the financing of which the proceeds of such loans are to be applied comes within the purposes of the Bank as set forth in Article I of said Articles of Agreement, and that said Operation is designed to promote the development of the productive facilities and resources of the Federative Republic of Brazil and is in the interest of the Federative Republic of Brazil and of the members of the Bank as a whole.
Federative Republic of Brazil  Operation to Strengthen Service Delivery for Growth, Poverty Reduction, and Environmental Sustainability in the State of Ceará - Projeto de Apoio ao Crescimento Econômico com Redução das Desigualdades e Sustentabilidade Ambiental do Estado do Ceará – PforR Ceará

3. Accordingly, the Committee finds that said Operation merits financial assistance from the Bank, and hereby recommends said Operation for such assistance.

COMMITTEE

[Signature]
Senior Vice President and Group General Counsel

[Signature]
Expert Selected by Governor for Federative Republic of Brazil

[Signature]
Regional Vice President Latin America and the Caribbean

Dated at Washington, D. C.

October 31, 2013