Excellency Eduardo Henrique Accioly Campos  
Governor of the State of Pernambuco  
Palácio do Campo das Princesas  
Praça da República, s/n  
50010-928 – Recife  
Pernambuco  
Brasil

Re: IBRD Loan 8135-BR (Brazil-Pernambuco-Rural Economic Inclusion Project  
“Projeto Pernambuco Rural Sustentável”)  
Additional Instructions: Revised Disbursement Letter

Excellency,

I refer to the Loan Agreement between the International Bank for Reconstruction and Development (the “Bank”) and the State of Pernambuco (the “Borrower”) for the above-referenced project, dated June 18, 2012. The Loan Agreement provides that the Bank may issue instructions regarding the withdrawal of the proceeds of Loan 8135-BR (“Loan”). This letter (“Disbursement Letter”), as revised from time to time, constitutes the additional instructions and replaces the previous version dated June 18, 2012.

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 Loan 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 Loan:

- Reimbursement
- Advances
- Direct Payment

(ii) Disbursement Deadline Date (subsection 3.7). The Disbursement Deadline Date is four months after the Closing Date specified in the Loan Agreement. Any changes to this date will be notified by the Bank.
II. Withdrawal of Loan Proceeds

(i) Authorized Signatures (subsection 3.1). Applications for this Loan will be signed by the official(s) authorized to sign Applications as indicated in the letter dated July 10, 2012 (Attachment 2) signed by Mr. Ranilson Ramos, Secretary of Agriculture and Agrarian Reform.

(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
Edificio Corporate Finance Center
7º Andar
70712-900 Brasilia, D.F.
Brazil
Attention: Loan Department

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

(iv) Terms and Conditions of Use of Tokens to Process Applications. By designating officials to accept Tokens and by choosing to deliver the Applications electronically, the Borrower confirms through the authorized signatory letter its agreement to: (a) abide by the Terms and Conditions of Use of Secure Identification Devices in connection with Use of Electronic Means to Process Applications and Supporting Documentation (“Terms and Conditions of Use of Tokens”) provided in Attachment 3; and (b) to deliver the Terms and Conditions of Use of Tokens to each such official and to cause such official to abide by those terms and conditions.
(v) Minimum Value of Applications (subsection 3.5). The Minimum Value of Applications for Direct Payment and Reimbursement is United States Dollars (USD) 500,000 equivalent.

(vi) Advances (sections 5 and 6).

- Type of Designated Account (subsection 5.3): Segregated
- Currency of Designated Account (subsection 5.4): Reais (BRL)
- Financial Institution at which the Designated Account Will Be Opened (subsection 5.5): Banco do Brasil
- Ceiling (subsection 6.1): BRL 20,000,000

III. Reporting on Use of Loan Proceeds

(i) Supporting Documentation (section 4). Supporting documentation should be provided with each Application for withdrawal as set out below:

- For requests for Reimbursement for Categories (1) and (2):
  o Customized Statement of Expenditure in the form attached (Attachment 4) for transfers to subprojects; and
  o List of payments against contracts that are subject to the Bank's prior review, in the form attached (Attachment 5).

- For requests for Reimbursement for Categories (3) and (4):
  o Summary Sheet in the form attached (Attachment 6) with Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments made:
    ➢ Under contracts for Goods and Non-consultant Services costing USD 150,000 equivalent per contract or more;
    ➢ Under contracts with Consulting Firms costing USD 100,000 equivalent per contract or more;
    ➢ Under contracts with Individual Consultants costing USD 50,000 equivalent per contract or more; and
  o Statement of Expenditure in the form attached (Attachment 7) for payments that do not exceed the thresholds established above.

- For reporting eligible expenditures paid from the Designated Account for Categories (1) and (2):
  o Reconciliation of the Designated Account with a copy of the Designated Account Bank Statement(s);
  o Customized Statement of Expenditure in the form attached (Attachment 4) for transfers to subprojects; and
- List of payments against contracts that are subject to the Bank's prior review, in the form attached (Attachment 5).

- **For reporting eligible expenditures paid from the Designated Account for Categories (3) and (4):**
  - Summary Sheet in the form attached (Attachment 6) with Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments made:
    - Under contracts for Goods and Non-consultant Services costing USD 150,000 equivalent per contract or more;
    - Under contracts with Consulting Firms costing USD 100,000 equivalent per contract or more;
    - Under contracts with Individual Consultants costing USD 50,000 equivalent per contract or more;
  - Statement of Expenditure in the form attached (Attachment 7) for payments that do not exceed the thresholds established above; and
  - Reconciliation of the Designated Account with a copy of the Designated Account Bank Statement(s).

- **For requests for Direct Payments:**
  - Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices).

(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 Bank recommends that you register as a user of the Client Connection website ([https://clientconnection.worldbank.org](https://clientconnection.worldbank.org)). From this website you will be able to prepare and deliver Applications, monitor the near real-time status of the Loan, and retrieve related policy, financial, and procurement information. All Borrower 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 Bank by email at <clientconnection@worldbank.org>.

If you have any queries in relation to the above, please contact us at loalcr@worldbank.org using the above Project name and Loan number as a reference in the subject line.
Yours sincerely,

Miguel-Santiago Oliveira
Senior Finance Officer
Loan Fiduciary & Controls Division (CTRLN)
Attachments
1. *World Bank Disbursement Guidelines for Projects*, dated May 1, 2006 - Not included as there is no change from previous Disbursement Letter
2. Authorized Signatures Letter Received
3. *Terms and Conditions of Use of Secure Identification Devices in connection with Use of Electronic Means to Process Applications and Supporting Documentation*, dated January 20, 2010 - Not included as there is no change from previous Disbursement Letter
4. Customized Statement of Expenditures- Not included as there is no change from previous Disbursement Letter
5. List of payments against contracts that are subject to the Bank's prior review- Not included as there is no change from previous Disbursement Letter
6. Summary of Expenditures- Not included as there is no change from previous Disbursement Letter
7. Statement of Expenditures- Not included as there is no change from previous Disbursement Letter

Prepared by: Miguel-Santiago Oliveira, CTRLN, v2

Cleared with and cc: Mariana Montiel, LEGLA
Edward Bresnyan, LCSAR
Recife 07/10/2012
Banco Mundial
Setor Comercial Norte,
Quadr. 02, Lote A
Edificio Corporate Financial Center
7º Andar
70712-900 Brasilia, DF
Brazil

Attention: Mrs. Deborah L. Wetzel, Director Brazil-Country Management Unit

Re: IBRD Loan 8135-BR - Brazil- Pernambuco-Rural Economic Inclusion Project

Dear Mrs. Wetzel:

I refer to the Loan Agreement between the International Bank for Reconstruction and Development (the “Bank”) and the State of Pernambuco (the “Borrower”), dated 06/18/2012, providing the above Loan.

For the purpose of delivering Applications to the Bank, each of the persons whose authenticated specimen signatures appears below is authorized on behalf of the Borrower, acting individually, to deliver Applications, and evidence in support thereof on the terms and conditions specified by the Bank.

This confirms that the Borrower is authorizing such persons to accept Tokens and to deliver the Applications and supporting documents to the Bank by electronic means. In full recognition that the Bank shall rely upon such representations and warranties, including without limitation, the representations and warranties contained in the Terms and Conditions of Use of Secure Identification Devices in connection with Use of Electronic Means to Process Applications and Supporting Documentation (“Terms and Conditions of Use of Tokens”), the Borrower represents and warrants to the Bank that it will deliver to each such person a copy of the Terms and Conditions of Use of Tokens and will cause such persons to abide by those terms and conditions.

This Authorization replaces and supersedes any Authorization currently in the Bank records with respect to this Agreement.

José Aldo dos Santos, Gerente Geral - assinatura: 

Walmer Isacksson Jucá, Superintendente Técnico - assinatura: 

Eduardo Alves Gonçalves, Diretor Administrativo - assinatura: 

Yours truly,

RANILSON RAMOS
Secretary for Agriculture and Agrarian Reform

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