His Excellency
Mr. Genival Nunes Silva
Secretário
Secretaria de Estado de Meio ambiente e dos Recursos Hídricos
Av. Heráclito Rollemberg, 4444
Distrito Industrial de Aracaju
Aracajú - SE, 49030-640

Re: IBRD Loan 8113-BR (Brazil- Sergipe Water Project)
Additional Instructions: Disbursement Letter

Excellency,

I refer to the Loan Agreement between the International Bank for Reconstruction and Development (the “Bank”) and the State of Sergipe (the “Borrower”) for the above-referenced project, dated September 13, 2012. The Loan Agreement provides that the Bank may issue instructions regarding the withdrawal of the proceeds of Loan 8113-BR (“Loan”). This letter (“Disbursement Letter”), as revised from time to time, constitutes the additional instructions.

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). A letter in the Form attached (Attachment 2) should be furnished to the Bank at the address indicated below providing the name(s) and specimen signature(s) of the official(s) authorized to sign Applications for withdrawal:

Banco Mundial
Setor Comercial Norte,
Quadra 02, Lote A
Edificio Corporate Finance Center
7º Andar
70712-900 Brasilia, DF
Brazil
Attention: Mr. Deborah L. Wetzel, Director Brazil-Country Management Unit

(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
Edifico 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) 1,000,000 equivalent.

(vi) Advances (sections 5 and 6).

- Type of Designated Account (subsection 5.3): Segregated
- Currency of Designated Account (subsection 5.4): Brazilian Reais
- Financial Institution at which the Designated Account Will Be Opened (subsection 5.5): Banco do Brasil
- Ceiling (subsection 6.1): BRL 15,000,000

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:
  - Summary Sheet in the form attached (Attachment 4) with Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments made:
    - Under contract for Works costing USD 5,000,000 equivalent per contract or more;
    - Under contracts for Goods and Non-consulting Services costing USD 1,000,000 equivalent per contract or more; and
    - 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
- **For reporting eligible expenditures paid from the Designated Account:**
  - Statement of Expenditure in the form attached (Attachment 5) for payments that do not exceed the thresholds established above.
  - Summary Sheet in the form attached (Attachment 4) with Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments made:
    - Under contract for Works costing USD 5,000,000 equivalent per contract or more;
    - Under contracts for Goods and Non-consulting Services costing USD 1,000,000 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 5) 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 Payment:**
  - 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,

[Signature]

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

Attachments
1. World Bank Disbursement Guidelines for Projects, dated May 1, 2006
2. Form for Authorized Signatures
4. Summary of Expenditures
5. Statement of Expenditures

Prepared by: Miguel-Santiago Oliveira, CTRFC

Cleared with and cc: Catarina Porelo, LEGLA
Thadeu Abicalil, LCSUW
[DATE]

Banco Mundial  
Setor Comercial Norte,  
Quadra 02, Lote A  
Edifício Corporate Financial Center  
7º Andar  
70712-900 Brasilia, DF  
Brazil

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

Re: IBRD Loan 8113 - BR (Brazil-Sergipe Water Project)

Dear Ms. Wetzel:

I refer to the Loan Agreement between the International Bank for Reconstruction and Development (the “Bank”) and the State of Sergipe (the “Borrower”), dated [DATE], providing the above Loan. For the purposes of Section 2.03 of the General Conditions as defined in the Loan Agreement, any 1 [one] of the persons whose authenticated specimen signatures appear below is authorized on behalf of the Borrower to sign Applications for withdrawal under this Loan.

For the purpose of delivering Applications to the Bank, 2 [each] of the persons whose authenticated specimen signatures appears below is authorized on behalf of the Borrower, acting 3 [individually] 4 [jointly], to deliver Applications, and evidence in support thereof on the terms and conditions specified by the Bank.

1 Instruction to the Borrower: Stipulate if more than one person needs to sign Applications, and how many or which positions, and if any thresholds apply. Please delete this footnote in final letter that is sent to the Bank.

2 Instruction to the Borrower: Stipulate if more than one person needs to jointly sign Applications, if so, please indicate the actual number. Please delete this footnote in final letter that is sent to the Bank.

3 Instruction to the Borrower: Use this bracket if any one of the authorized persons may sign; if this is not applicable, please delete. Please delete this footnote in final letter that is sent to the Bank.
5 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.

[Name], [position] Specimen Signature: ____________________

[Name], [position] Specimen Signature: ____________________

[Name], [position] Specimen Signature: ____________________

Yours truly,

/ signed /

Secretary of Environment and Water Resources

4 Instruction to the Borrower: Use this bracket only if several individuals must jointly sign each Application; if this is not applicable, please delete. Please delete this footnote in final letter that is sent to the Bank.

5 Instruction to the Borrower: Add this paragraph if the Borrower wishes to authorize the listed persons to accept Tokens and to deliver Applications by electronic means; if this is not applicable, please delete the paragraph. Please delete this footnote in final letter that is sent to the Bank.
Attachment 3

Terms and Conditions of Use of Secure Identification Devices
in connection with Use of Electronic Means
to Process Applications
and Supporting Documentation

January 20, 2010

The World Bank (Bank)\(^1\) will provide secure identification devices (Tokens) to permit the Borrower\(^2\) to deliver applications for withdrawal and applications for special commitments under the Agreement(s) and supporting documentation (such applications and supporting documentation together referred to in these Terms and Conditions of Use as Applications) to the Bank electronically, on the terms and conditions of use specified herein.

A. Identification of Users.
   1. The Borrower will be required to identify in a completed Authorized Signatory Letter (ASL) duly delivered to and received by the Bank each person who will be authorized to deliver Applications. The Bank will provide Tokens to each person identified in the ASL (Signatory), as provided below. The Borrower shall also immediately notify the Bank if a Signatory is no longer authorized by the Borrower to act as a Signatory.
   2. Each Signatory must register as a user on the Bank’s Client Connection (CC) website (https://clientconnection.worldbank.org) prior to delivery of Tokens. Registration on CC will require that the Signatory establish a CC password (CC Password). The Signatory shall not reveal his/her CC Password to anyone or store or record the CC Password in written or other form. Upon registration as a CC user, the Signatory will be assigned a unique identifying account name.

B. Distribution, Initialization and Return of Tokens.
   1. The Bank will physically deliver a Token to each Signatory in a manner to be determined by and satisfactory to the Bank.
   2. At the time of delivery of a Token to a Signatory, the Signatory will receive a copy of these Terms and Conditions of Use for purposes of initializing the Token.

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\(^1\) “Bank” includes IBRD and IDA.
\(^2\) “Borrower” includes the borrower of an IBRD loan, IDA credit, or Project Preparation Facility advance and the recipient of a grant.
3. The Bank will verify that the Token, Temporary Password and Terms and Conditions of Use have been duly delivered to and received by the CC User.

4. Promptly upon receipt of the Token and Terms and Conditions of Use, the Signatory will access CC using his/her account name and CC Password and register his/her Token and set a personal identification number (PIN) to be used in connection with the use of his/her Token, after which the Token will be initialized for use by the Signatory exclusively for purposes of delivering Applications. Upon initialization of the Token, the Signatory will be a "Token User". The Bank will maintain in its database a user account (Account) for each Token User for purposes of managing the Token of the Token User. Neither the Borrower nor the Token User will have any access to the Account.

5. Prior to first use of the Token by the Token User for delivering Applications, the Borrower shall ensure that the Token User has received training materials provided by the Bank in use of the Token.

6. Tokens shall be promptly returned to the Bank upon request of the Bank.

C. Management of Tokens.

1. Tokens will remain the property of the Bank.

2. Use of the Token is strictly limited to use in the delivery of Applications by the Token User in the manner prescribed by the Bank in the Agreement(s) and these Terms and Conditions. Any other use of the Token is prohibited.

3. The Bank assumes no responsibility or liability whatsoever for any misuse of the Token by the Token User, other representatives of the Borrower, or third parties.

4. The Borrower undertakes to ensure, and represents and warrants to the Bank (such representation and warranty being expressly relied upon by the Bank in delivery of a Token to each Token User) that each Token User is provided, understands and will abide by, these Terms and Conditions of Use, including without limitation the following:

Security

4.1. The Token User shall not reveal his/her PIN to anyone or store or record the PIN in written or other form.

4.2. The Token User shall not allow anyone else to utilize a Token to deliver an Application to the Bank.

4.3. The Token User shall always logout from CC when not using the system. Failure to logout properly can create a route into the system that is unprotected.
4.4. If the Token User believes a third party has learned his/her PIN or has lost his/her Token he/she shall immediately notify clientconnection@worldbank.org.

4.5. The Borrower shall immediately notify the Bank at clientconnection@worldbank.org of any lost, stolen or compromised Tokens, and take other reasonable steps to ensure such Tokens are disabled immediately.

**Care of Tokens**

4.6. Tokens contain delicate and sophisticated instrumentation and therefore should be handled with due care, and should not be immersed in liquids, exposed to extreme temperatures, crushed or bent. Also, Tokens should be kept more than five (5) cm from devices that generate electromagnetic radiation (EMR), such as mobile phones, phone-enabled PDAs, smart phones and other similar devices. Tokens should be carried and stored separate from any EMR device. At close range (less than 5 cm), these devices can output high levels of EMR that can interfere with the proper operation of electronic equipment, including the Token.

4.7. Without derogating from these Terms and Conditions of Use, other technical instructions on the proper use and care Tokens are available at http://www.rsa.com.

5. **Replacement**

5.1. Lost, damaged, compromised (in terms of 4.5, above) or destroyed Tokens will be replaced at the expense of the Borrower.

5.2. The Bank reserves the right, in its sole discretion, not to replace any Token in the case of misuse, or not to reactivate a Token User’s Account

6. **Reservation of Right to disable Token**

6.1. The Borrower shall reserve the right to revoke the authorization of a Token User to use a Token for any reason.

6.2. The Bank reserves the right, in its sole discretion, to temporarily or permanently disable a Token, de-activate a Token User’s Account or both.
**Folha Resumo - SS**

**-BR**

**Data:**

**Pedido Nº:**

**Emprestimo Nº:**

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**Parágrafo 1:**

Paras despesas realizadas com:

1. Obras com contratos de valor igual ou maior que:

2. Bens e serviços não de consultoria com contratos de valor igual ou maior que:

3. Firmas de Consultoria com contratos de valor igual ou maior que:

4. Consultores individuais com contratos de valor igual ou maior que:

**PARA CONTRATOS QUE NÃO REQUEREM REVISÃO PRÉVIA**

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<th>Número da Fatura</th>
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<th>Valor Financiado pelo Banco Mundial (equivalentes)</th>
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**Obs.:** Comprovantes de despesas em anexo.

Indicar as despesas Retroactivas se for o caso

Preparar uma Folha de Resumo por Categoria
Declaracao de Gastos-SOE

Pagamentos realizados durante o período de:

Para despesas realizadas com:
- Obras com contratos de inferior a: Inferior a USD: 0.000.000 equivalentes
- Bens e serviços não de consultoria com contratos de valor inferior a:
- Firmas de Consultoria com contratos de valor inferior a:
- Consultores individuais com contratos de valor inferior a:
- Formação, Custos Operacionais

PARA CONTRATOS QUE NÃO REQUEREM REVISÃO PRÉVIA

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Obs.: Documentos de Suporte para este SOE recebidos em ______________________________________________________

Preparar uma Declaração de Gasto por categoria

Indicar as despesas Retroactivas se for o caso