



LOAN NUMBER 8580-BR

# Loan Agreement

(Bahia Road Rehabilitation and Maintenance Project – 2nd phase -  
*Programa de Restauração e Manutenção de Rodovias Estaduais da Bahia –  
PREMAR -2ª Etapa*)

between

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

and

STATE OF BAHIA

Dated *May 31*, 2016

A handwritten signature in black ink, written over a circular stamp. The stamp contains the text "ESTADO DA BAHIA" around its perimeter.

**LOAN AGREEMENT**

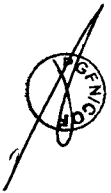
AGREEMENT dated May 31, 2016, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) and STATE OF BAHIA (“Borrower”). The Borrower and the Bank hereby agree as follows:

**ARTICLE I — GENERAL CONDITIONS; DEFINITIONS**

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

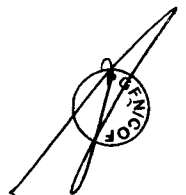
**ARTICLE II — LOAN**

- 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of two hundred million Dollars (\$200,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.09 of this Agreement (“Loan”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement. The Borrower’s Representative for purposes of taking any action required or permitted to be taken pursuant to this Section is the Secretary of Infrastructure.
- 2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The Commitment Charge payable by the Borrower shall be equal to one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.05. The interest payable by the Borrower for each Interest Period shall be at a rate equal to the Reference Rate for the Loan Currency plus the Variable Spread; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of



Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (e) of the General Conditions.

- 2.06. (a) If on any given day, the Total Exposure exceeds the Standard Exposure Limit (as said terms are defined in sub-paragraphs (b)(ii) and (b)(iii) of this Section), the Borrower shall pay to the Bank a surcharge at the rate of one half of one percent (0.5%) per annum of the Allocated Excess Exposure Amount (as defined in sub-paragraph (b)(i) of this Section) for each said day ("Exposure Surcharge"). The Exposure Surcharge (if any) shall be payable semi-annually in arrears on each Payment Date.
- (b) For purposes of this Section the following terms have the meanings set forth below:
- (i) "Allocated Excess Exposure Amount" means for each day during which the Total Exposure exceeds the Standard Exposure Limit, the product of: (A) the total amount of said excess; and (B) the ratio of all (or, if the Bank so determines, a portion) of the Loan to the aggregate amount of all (or the equivalent portions) of the loans made by the Bank to the Borrower, the Guarantor and to other borrowers guaranteed by the Guarantor that are also subject to an exposure surcharge, as said excess and ratio are reasonably determined from time to time by the Bank.
- (ii) "Standard Exposure Limit" means the standard limit on the Bank's financial exposure to the Guarantor which, if exceeded, would subject the Loan to the Exposure Surcharge, as determined from time to time by the Bank.
- (iii) "Total Exposure" means for any given day, the Bank's total financial exposure to the Guarantor, as reasonably determined by the Bank.
- 2.07. The Payment Dates are March 15 and September 15 in each year.
- 2.08. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.
- 2.09. (a) The Borrower may at any time, in each case with the prior no objection of the Guarantor through the Secretariat of National Treasury of the Guarantor's Ministry of Finance, request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management:



(i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to: (A) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa; or (B) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Reference Rate and the Variable Spread to a Variable Rate based on a Fixed Reference Rate and the Variable Spread, or vice versa; or (C) all of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread; and (iii) the setting of limits on the Variable Rate or the Reference Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate or the Reference Rate.

(b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a "Conversion", as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

### ARTICLE III — PROJECT

3.01. The Borrower declares its commitment to the objective of the Project. To this end, the Borrower shall carry out the Project through SEINFRA, with the assistance of the following Participating Entities, as described below:

- (a) SEFAZ and AGERBA for Part 2.2 of the Project;
- (b) SEPLAN for Part 3 of the Project; and
- (c) DETRAN, the Borrower's Public Security Secretariat and the Borrower's Secretariat of Health for Part 4 of the Project, all in accordance with the provisions of Article V of the General Conditions.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.



#### **ARTICLE IV — EFFECTIVENESS; TERMINATION**

- 4.01. The Additional Legal Matters consist of the following, namely that the Loan has been validly registered by the Guarantor's Central Bank.
- 4.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

#### **ARTICLE V — REPRESENTATIVE; ADDRESSES**

- 5.01. The Borrower's Representative is its Governor.
- 5.02. The Borrower's Address is:

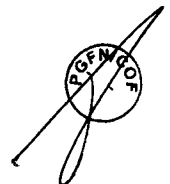
3ª Avenida, 390, Centro Administrativo da Bahia,  
Cep 41745-005  
Salvador, Bahia  
Brazil  
Phone: 55-71- 31156307

With copies to:

Secretaria da Fazenda - SEFAZ  
Avenida Luiz Viana Filho, 2 Avenida, no. 260, CAB  
Salvador – BA, 41.745-003  
Brazil  
Phone: (55-71) 3118.1330

Secretaria de Infraestrutura - SEINFRA  
4 Avenida , 440 CAB  
Salvador – BA, 41.745000  
Brazil  
Phone: (55-71) 3115 85 05

Ministério do Planejamento, Orçamento e Gestão  
Secretaria de Assuntos Internacionais  
Esplanada dos Ministérios, Bloco “K” - 5º andar  
Brasília – DF, 70040-906,  
Brazil  
Facsimile: (55-61) 2020-5006



5.03. The Bank's Address is:

International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable address:	Telex:	Facsimile:
INTBAFRAD Washington, D.C.	248423(MCI) or 64145(MCI)	1-202-477-6391

AGREED at Brasilia, Federative Republic of Brazil as of the  
day and year first above written.

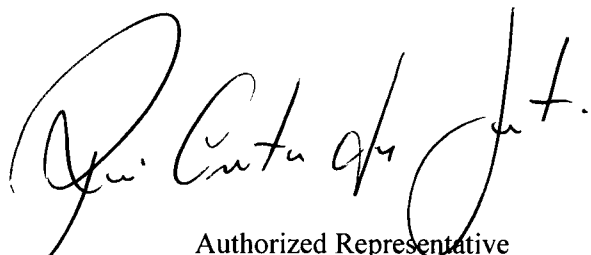
INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

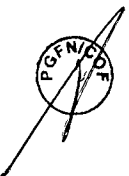
By

  
Authorized Representative

STATE OF BAHIA

By

  
Authorized Representative



## SCHEDULE 1

### Project Description

The objective of the Project is to enhance, in a sustainable fashion, road accessibility and safety in selected regions of the Borrower's territory.

The Project consists of the following parts:

#### Part 1 – Institutional strengthening

##### 1.1. New options for road financing

Provision of support to SEINFRA to explore new options for road sector financing, including the carrying out of studies on, *inter alia*: (i) setting-up a self-standing road maintenance fund in the Borrower's territory; (ii) exploring possibilities for private sector financing of transport infrastructure; and (iii) exploring opportunities of land-value capture stemming from the valorization of transport infrastructure public right-of-way.

##### 1.2. Road Asset Management

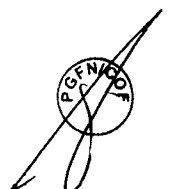
Provision of support to improve the Borrower's road asset management, including, *inter alia*: (i) operationalizing the SEINFRA/SIT's Pavement Management System, including carrying out surveys of the Borrower's highway pavement condition and traffic; (ii) designing and operationalizing automatic traffic counting stations; (iii) designing and operationalizing a state-wide automatic weighing system for heavy vehicles; (iv) implanting a state-wide kilometeric mark-points system, for more precise location of traffic crashes and other events; (v) geo-referencing the Borrower's right-of-way asset; and (vi) setting up a database of the Borrower's geological conditions and potential quarries for road construction and rehabilitation.

##### 1.3. Road administration efficiency

Provision of support for the setting-up and operationalization of SEINFRA/SIT, including, *inter alia*: (i) defining its mission, monitoring framework, processes and required resources; (ii) training and capacity building for SEINFRA/SIT technical and administrative staff; and (iii) support Project implementation in specific areas, namely on road safety, socio-environmental management and engineering.

##### 1.4. Logistics planning

Provision of support for carrying out studies and surveys to, *inter alia*: (i) update the Borrower's transport and logistics master plan; (ii) promote railway transport in the Borrower's territory; (iii) identify maritime ports development opportunities in the



Borrower's territory; (iv) analyze the Borrower's waterway development; and (v) plan urban logistics and mobility in the Itabuna-Ilheus conurbation.

1.5. Transport investment impact assessment

Provision of support to carry out surveys and studies to assess the impact of transport infrastructure investment in the Borrower's territory, including, *inter alia*: (i) establishing a tool to inform the decision-making process for transport infrastructure investment; (ii) setting up an appraisal model aiming at quantifying the wider impact of transport investments and policies in the Borrower's territory; (iii) defining the methodology and undertaking the impact evaluation of local roads improvement on rural communities focused on the rural areas addressed through Part 3 of the Project; and (iv) carrying out yearly road users surveys to reach citizen feedback on the Borrower's highways condition and services.

**Part 2 – Performance-based State Highway Rehabilitation and Maintenance**

2.1. CREMA Contracts

Carrying out of rehabilitation and maintenance works through CREMA Contracts on about 1,685 kilometers of identified sections of the Borrower's paved highways, including, *inter alia*, road rehabilitation and maintenance.

2.2. CREMA-PPP Contracts

Carrying out of rehabilitation and maintenance works through CREMA-PPP Contracts or CREMA Contracts on about 685 km of identified sections of the Borrower's paved highways including, *inter alia*, road rehabilitation and maintenance.

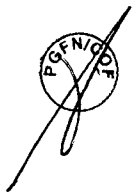
**Part 3 – Feeder Road Improvement**

Provision of support to improve road accessibility in the Borrower's territory, through the carrying out of works for the elimination of about 900 critical spots on selected municipal rural roads in 62 Selected Municipalities (the Municipal Road Subprojects) including, *inter alia*: (i) improving the drainage of the platform, including the replacement of existing unsafe wood bridges by concrete standardized bridges; (ii) the construction and/or reconstruction of culverts and longitudinal drainage; and (iii) the construction of fords and the elimination of quagmires.

**Part 4 – Road Safety**

4.1. Institutional Strengthening

Provision of support to improve road safety in the Borrower's territory, through institutional strengthening, including, *inter alia*: (i) defining the Borrower's road safety





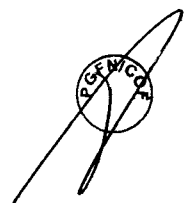
strategy; (ii) providing training and capacity building to SEINFRA/SIT on road safety; (iii) creating a traffic accident database for the Borrower's territory; and (iv) supporting the creation of the Borrower's Road Safety Lead Committee.

#### 4.2. Road Safety Corridors

Provision of support to establish two Road Safety Corridors, and carry out the following interventions on those corridors: (i) carrying out small-scale works and goods for road safety infrastructure improvement; (ii) provision and maintenance of equipment for traffic laws enforcement, including non-lethal equipment for crash reporting, speed and drink-driving enforcement; (iii) carrying out communication campaigns for road safety; and (iv) provision of training of road police officers for monitoring, reporting and disseminating road safety results on the Road Safety Corridors.

### **Part 5 – Project Management**

Provision of support to the Borrower for Project monitoring, supervision and evaluation, including audits.



## SCHEDULE 2

### Project Execution

#### Section I. Implementation Arrangements

##### A. Institutional Arrangements

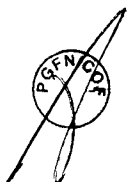
1. The Borrower shall maintain, throughout the implementation of the Project, a Project coordination unit within SEINFRA (the PCU), headed by a Project coordinator, with a structure, functions and responsibilities acceptable to the Bank, including, *inter alia*: (i) the responsibility of the overall implementation and coordination of the Project, including the fiduciary activities; and (ii) the provision of technical cooperation and support to each Participating Entity during the carrying out of the activities under the Project.
2. No later than three (3) months from the Effective Date, the Borrower shall have SIT fully staffed with personnel with experience and qualifications satisfactory to the Bank, as described in Operational Manual.

##### B. Cooperation Agreements

1. No later than six (6) months from the Effective Date, the Borrower, through SEINFRA, shall enter into a cooperation agreement (the Cooperation Agreement), satisfactory to the Bank, for the implementation of Part 4 of the Project, with DETRAN, the Borrower's Public Security Secretariat and the Borrower's Health Secretariat, setting forth the manner in which said entities will participate in the implementation of the respective Part of the Project.
2. The Borrower, through SEINFRA, shall exercise its rights and carry out its obligations under the Cooperation 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 amend, assign, terminate, waive or fail to enforce any provision of the Cooperation Agreement. In case of any conflict between the terms of the Cooperation Agreement and those of this Agreement, the terms of this Agreement shall prevail.

##### C. Operational Manual

1. The Borrower shall carry out the Project, and cause the Project to be carried out, in accordance with the provisions of a manual, satisfactory to the Bank (the Operational Manual), which shall include, *inter alia*:



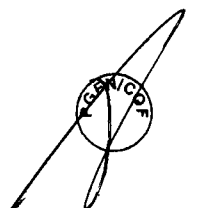
- (a) the procedures for the carrying out, monitoring and evaluation of the Project (including the technical, procurement, disbursement, financial management, social and environmental requirements thereof);
  - (b) the eligibility criteria for the selection of Selected Municipalities and the Municipal Road Subprojects;
  - (c) the indicators to be used for Project monitoring and evaluation;
  - (d) the functions, responsibilities, structure and key staff composition of the PCU and SIT; and
  - (e) the Environmental and Social Management Framework (including the Environmental Management Plan and the Pest Management Framework), the Resettlement Policy Framework and the Indigenous Peoples Planning Framework.
2. Except as the Bank shall otherwise agree, the Borrower shall not amend, waive or fail to enforce any provision of the Operational Manual without the Bank's prior written approval. In case of any conflict between the terms of the Operational Manual and those of this Agreement, the terms of this Agreement shall prevail.

**D. Anti-Corruption**

The Borrower shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

**E. Municipal Road Subprojects under Part 3 of the Project**

1. The Borrower shall: (a) select Municipal Road Subprojects eligible for financing under Part 3 of the Project in accordance with criteria and procedures set forth in the Operational Manual; and (b) submit selected Municipal Road Subprojects for the Bank's review and approval.
2. Prior to the approval by the Bank of any given Municipal Road Subproject under Part 3 of the Project, the Borrower, through SEINFRA, shall furnish to the Bank, an application containing the following information and documentation with respect to such Municipal Road Subproject:
- (a) the priority list of the municipal road sections to be included in such Municipal Road Subproject, including the minutes of the public discussions held for its preparation, signed by the participants or their representatives;
  - (b) a copy of the Municipal Technical Cooperation Agreement; and



(c) such other information as the Bank shall reasonably request.

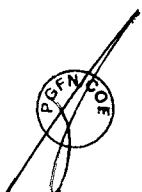
**F. Safeguards**

1. The Borrower shall, with the assistance of the pertinent Participating Entity, implement, in a manner acceptable to the Bank, the Project in accordance with the provisions of the Environmental and Social Management Framework, the Environmental Management Plan, the Pest Management Framework, the Resettlement Policy Framework, and the Indigenous Peoples Planning Framework. The Borrower shall not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated or waived any of the Safeguards Documents or provision thereof, without the prior approval of the Bank.
2. If any activities to be financed under the Project require land acquisition or Resettlement, the Borrower, prior to carrying out any works, through SEINFRA, shall prepare a resettlement and/or land acquisition action plan in accordance with the RPF, disclose said plan in accordance with the procedures set forth in the RPF, and shall implement all necessary measures under said plan.
3. The Borrower shall ensure, and/or cause the Participating Entities to ensure, that the terms of reference for any consultancy in respect of any Project activity shall be satisfactory to the Bank following its review thereof and, to that end, such terms of reference shall duly incorporate the requirements of the applicable Bank Safeguards Policies, as applied to the advice conveyed through such technical assistance.
4. The Borrower shall ensure that the contractors for civil works under the Project include the obligation of the relevant contractor to comply with and implement the relevant ESMF, RPF, environmental management plan or land acquisition plan, as applicable to such civil works commissioned or carried out pursuant to said contract.

**Section II. Project Monitoring Reporting and Evaluation**

**A. Project Reports**

The Borrower shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of the performance indicators set forth in the Operational Manual. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Bank not later than one month after the end of the period covered by such report.



**B. Financial Management, Financial Reports and Audits**

1. The Borrower shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.
2. Without limitation on the provisions of Part A of this Section, the Borrower shall prepare and furnish to the Bank not later than forty-five (45) days after the end of each calendar semester, interim unaudited financial reports for the Project covering the semester, in form and substance satisfactory to the Bank.
3. The Borrower shall have its Financial Statements audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than six (6) months after the end of such period.

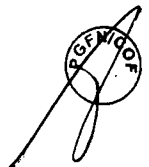
**Section III. Procurement**

**A. General**

1. **Goods, Works and Non-consulting Services.** All goods, works and Non-consulting services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Bank of particular contracts refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

**B. Particular Methods of Procurement of Goods, Works and Non-consulting Services**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and Non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.



2. **Other Methods of Procurement of Goods, Works and Non-Consulting Services.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods, works and Non-consulting services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<b>Procurement Method</b>
(a) National Competitive Bidding (including the method known as “ <i>pregão eletrônico</i> ”, as provided in the Guarantor’s Law No. 10520, of July 17, 2002, under an e-procurement system approved by the Bank), subject to the following additional procedure, namely, that the bidding documents shall be acceptable to the Bank
(b) Shopping
(c) Framework Agreements
(d) Direct Contracting

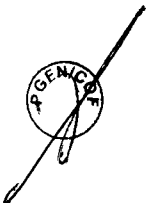
**C. Particular Methods of Procurement of Consultants’ Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.
2. **Other Methods of Procurement of Consultants’ Services.** The following table specifies the methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<b>Procurement Method</b>
(a) Selection based on Consultant’s Qualifications
(b) Quality-based Selection
(c) Least Cost Selection
(d) Fixed Budget Selection
(e) Procedures set forth in Section V of the Consultants Guidelines for the Selection of Individual Consultants
(f) Single Source Selection of consulting firms
(g) Single Source Selection of Individual Consultants set forth in paragraph 5.6 of the Consultant Guidelines

**D. Review by the Bank of Procurement Decisions**

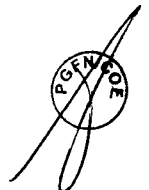
The Procurement Plan shall set forth those contracts which shall be subject to the Bank’s Prior Review. All other contracts shall be subject to Post Review by the Bank.



**Section IV. Withdrawal of Loan Proceeds**

**A. General**

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan (“Category”), the allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.



<b>Category</b>	<b>Amount of the Loan Allocated (US Dollars)</b>	<b>Percentage of Expenditures to be financed (inclusive of Taxes)</b>
(1) Works, goods, consulting and Non-consulting services, and Training for Part 1 of the Project	18,000,000	100%
(2) Works and consulting services for Part 2.1 of the Project	99,500,000	100%
(3) Works, goods, consulting and Non-consulting services for Part 3 of the Project	50,000,000	100%
(4) Works, goods, consulting and Non-consulting services, and Training for Part 4 of the Project	15,000,000	100%
(5) Consulting services, Training and Operating Costs for Part 5 of the Project	4,000,000	100%
(6) Unallocated	13,000,000	
(7) Front-end Fee	500,000	Amount payable pursuant to Section 2.03 of the Loan Agreement in accordance with Section 2.07 (b) of the General Conditions
<b>TOTAL AMOUNT</b>	<b>200,000,000</b>	

3. For the purposes of this table:

- (a) the term "Training" means reasonable expenditures (other than those for consultants' services) incurred by the Borrower in connection with the carrying out of workshops and training preparation and administration



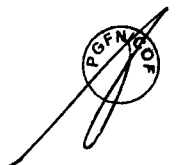


under the Project, including, *inter alia*, travel costs, and *per diem* of trainees, course fees, rental of training facilities and purchase of training materials.

- (b) the term “Operating Costs” means the reasonable cost of recurrent expenditures incurred by SEINFRA for the implementation and management of the Project (excluding civil servants’ salaries) which would not have been incurred absent the Project, including, *inter alia*, travel costs and *per diem*, maintenance of equipment, office supplies and materials, costs related to strengthening communication and disseminating results (events, communication plans, publications), which expenditures would not have been incurred absent the Project.

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed USD 40,000,000 (forty million dollars) equivalent may be made for payments made within one year prior to the date of this Agreement for Eligible Expenditures.
2. The Closing Date is June 30, 2020. The Bank shall only grant an extension of the Closing Date after the Borrower’s Ministry of Finance has informed the Bank that it agrees with such extension.

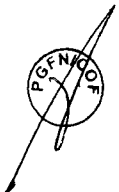


### SCHEDULE 3

#### Amortization Schedule

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (“Installment Share”). If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) Withdrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

Principal Payment Date	Installment Share (Expressed as a Percentage)
September 15, 2020	1.2000%
March 15, 2021	1.2000%
September 15, 2021	1.2000%
March 15, 2022	1.2000%
September 15, 2022	1.2000%
March 15, 2023	1.2000%
September 15, 2023	1.8000%
March 15, 2024	1.8000%
September 15, 2024	1.8000%
March 15, 2025	1.8000%
September 15, 2025	1.8000%
March 15, 2026	1.8000%
September 15, 2026	2.2000%
March 15, 2027	2.2000%
September 15, 2027	2.2000%
March 15, 2028	2.2000%
September 15, 2028	2.2000%
March 15, 2029	2.2000%
September 15, 2029	2.4000%
March 15, 2030	2.4000%
September 15, 2030	2.4000%
March 15, 2031	2.4000%
September 15, 2031	2.4000%
March 15, 2032	2.4000%
September 15, 2032	2.6000%
March 15, 2033	2.6000%
September 15, 2033	2.6000%
March 15, 2034	2.6000%

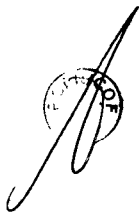


<b>September 15, 2034</b>	<b>2.6000%</b>
<b>March 15, 2035</b>	<b>2.6000%</b>
<b>September 15, 2035</b>	<b>2.0000%</b>
<b>March 15, 2036</b>	<b>2.0000%</b>
<b>September 15, 2036</b>	<b>2.0000%</b>
<b>March 15, 2037</b>	<b>2.0000%</b>
<b>September 15, 2037</b>	<b>2.0000%</b>
<b>March 15, 2038</b>	<b>2.0000%</b>
<b>September 15, 2038</b>	<b>1.6000%</b>
<b>March 15, 2039</b>	<b>1.6000%</b>
<b>September 15, 2039</b>	<b>1.6000%</b>
<b>March 15, 2040</b>	<b>1.6000%</b>
<b>September 15, 2040</b>	<b>1.6000%</b>
<b>March 15, 2041</b>	<b>1.6000%</b>
<b>September 15, 2041</b>	<b>1.0000%</b>
<b>March 15, 2042</b>	<b>1.0000%</b>
<b>September 15, 2042</b>	<b>1.0000%</b>
<b>March 15, 2043</b>	<b>1.0000%</b>
<b>September 15, 2043</b>	<b>1.0000%</b>
<b>March 15, 2044</b>	<b>1.0000%</b>
<b>September 15, 2044</b>	<b>1.0000%</b>
<b>March 15, 2045</b>	<b>1.0000%</b>
<b>September 15, 2045</b>	<b>0.83636%</b>
<b>March 15, 2046</b>	<b>0.83636%</b>
<b>September 15, 2046</b>	<b>0.83636%</b>
<b>March 15, 2047</b>	<b>0.83636%</b>
<b>September 15, 2047</b>	<b>0.83636%</b>
<b>March 15, 2048</b>	<b>0.83636%</b>
<b>September 15, 2048</b>	<b>0.83636%</b>
<b>March 15, 2049</b>	<b>0.83636%</b>
<b>September 15, 2049</b>	<b>0.83636%</b>
<b>March 15, 2050</b>	<b>0.83636%</b>
<b>September 15, 2050</b>	<b>0.83640%</b>
<b>Total</b>	<b>100.00%</b>

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:
- (a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.



- (b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (“Original Installment Share”) and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.
3. (a) Amounts of the Loan withdrawn within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.
- (b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.
4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.
5. If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.



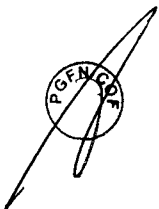
## APPENDIX

### Section I. Definitions

1. “AGERBA” means *Agência Estadual de Regulação dos Serviços Públicos de Energia, Transportes e Comunicações da Bahia*, the Borrower’s energy, transport and communications regulating agency created through the Borrower’s Law No. 7.314 of May 19, 1998 and regulated by the Borrower’s Decree No. 7.426 of August 31, 1998 or any successor thereto satisfactory to the Bank.
2. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011.
3. “Bank Safeguards Policies” means the Bank’s operational policies and procedures set forth in the Bank’s Operational Manual under OP/BPs 4.01, 4.04, 4.09, 4.10, 4.11, 4.12, 4.36, 4.37, 7.50 and 7.60 as said manual is published under.
4. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
5. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 and revised July 2014.
6. “Cooperation Agreement” means the agreement referred to in Section I.B. of Schedule 2 to this Agreement.
7. “CREMA Contracts” means a five-year contract under Part 2.1 of the Project, entered into by the Borrower with a private sector contractor, which obligates the private sector contractor to undertake all phases of road rehabilitation and maintenance work as a single package, from design to the execution of such works, with respect to an identified portion of the corresponding Borrower-managed paved road network and whose remuneration is partially linked to road performance criteria.
8. “CREMA-PPP Contracts” means a six-year or more contract under Part 2.2 of the Project, entered into by the Borrower with a private sector contractor, which obligates the private sector contractor to undertake all phases of road rehabilitation and maintenance work as a single package, from design to the execution of such works, with respect to an identified portion of the corresponding Borrower-managed paved road network, and whose remuneration is substantially linked to road performance criteria.

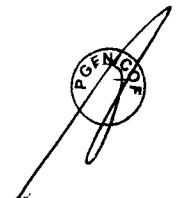


9. “DETRAN” means *Departamento Estadual de Trânsito*, the Borrower’s transport department created through the Borrower’s Law No. 3.650, May 19, 1978 and Decree No. 10.137, of October 27, 2006.
10. “Environmental and Social Management Framework” or “ESMF” means the Borrower’s integrated environmental and social impact assessment dated December 2015, acceptable to the Bank, published on January 5, 2016 and made available to the public on the website [www.seinfra.ba.gov.br](http://www.seinfra.ba.gov.br), which contains, *inter alia*: (a) the guidelines, procedures and criteria to be used for screening Project activities and ensure that such activities will not cause any potential large scale, significant and/or irreversible negative environmental and social impacts; and (b) the Environmental Management Plan.
11. “Environmental Management Plan” or “EMP” means the Borrower’s plan dated December 2015, acceptable to the Bank, which contain the results of the Borrower’s environmental assessment and the mitigation measures to mitigate, prevent and manage environmental and social impacts and risks associated with the Project (including procedures for the safe handling of physical cultural resources), as the same may be amended, supplemented or otherwise modified from time to time with the prior written agreement of the Bank.
12. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated March 12, 2012, with the modifications set forth in Section II of this Appendix.
13. “Indigenous Peoples Planning Framework” or “IPPF” means the Borrower’s framework dated December 2015, acceptable to the Bank, published on January 5, 2016 and available to the public on the website [www.seinfra.ba.gov.br](http://www.seinfra.ba.gov.br), which sets forth the principles and policies that shall apply to the preparation and carrying out of the Project, including of any Indigenous Peoples plan that may be required under the Project, as the same may be amended, supplemented or otherwise modified from time to time with the prior written agreement of the Bank.
14. “Municipal Road Subproject” any of the investments referred to in Part 3 of the Project to take place in any of the Selected Municipalities.
15. “Municipal Technical Cooperation Agreement” means the agreement between the Borrower, through SEINFRA, the relevant intermunicipal consortium, and the relevant Selected Municipality detailing the commitments of each party to carry out the Municipal Road Subprojects, including, *inter alia*: (i) the delegation of responsibilities to the Borrower to carry out the works on roads under the Selected Municipality’s jurisdiction; (ii) the obligation of the Selected Municipality and relevant intermunicipal consortium to comply with the Safeguard Documents; (iii) the Selected Municipality and relevant consortium commitment to undertake road



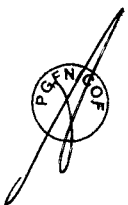
routine maintenance; and (iv) the obligation to provide financing for the Municipal Road Subproject.

16. “Non-consulting services” means surveys and other services of non-intellectual and non-advisory nature that can be procured on the basis of performance or measurable physical outputs.
17. “Operational Manual” means the Borrower’s manual dated December 2, 2015 and referred to in Section I.C.1. of Schedule 2 to this Agreement, as the same may be amended from time to time with the agreement of the Bank.
18. “Participating Entities” means collectively SEFAZ, SEPLAN, AGERBA, DETRAN, the Borrower’s Health Secretariat and the Borrower’s Public Security Secretariat.
19. “Pavement Management System”, means a coordinated set of activities, all directed toward achieving the best value possible for the available public funds in providing and operating smooth, safe, and economical road pavements.
20. “PCU” or “Project Coordination Unit” means *Unidade de Coordenação de Programas de Financiamento Externo - UCP*, the unit referred to in Section I.A of Schedule 2 to this Agreement, established by the Borrower’s *Portaria SEINFRA No. 052*, dated March 2, 2015 or any successor thereto acceptable to the Bank.
21. “Pest Management Framework” means the Borrower’s framework dated May 2015, acceptable to the Bank, included in the ESMF, which sets forth, *inter alia*, the measures to be taken for the safe handling of pesticides/chemical products in the course of Project implementation, as the same may be amended, supplemented or otherwise modified from time to time with the prior written agreement of the Bank.
22. “Procurement Guidelines” means the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 and revised July 2014.
23. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated December 2, 2015 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
24. “Resettlement” means the impact of: (i) an involuntary taking of land under the Project, which taking causes affected persons to have their: (a) income source or means of livelihood adversely affected (whether or not the affected persons must move to another location); or (b) right, title or interest in any house, land (including



premises, agricultural and grazing land) or any other fixed or movable asset acquired or possessed, temporarily or permanently; or (c) access to productive assets adversely affected, temporarily or permanently; or (d) business, occupation, work or place of residence or habitat adversely affected, temporarily or permanently; or (ii) an involuntary restriction of access to natural resources in legally designated parks and protected areas (including reserves) which causes an adverse impact on the livelihoods of the affected persons.

25. “Resettlement Policy Framework” or “RPF” means the Borrower’s framework dated December 2015, acceptable to the Bank, published on January 5, 2016 and available to the public on the website [www.seinfra.ba.gov.br](http://www.seinfra.ba.gov.br), specifying the population resettlement policies, planning principles, institutional arrangements, procurement arrangements and design criteria that shall apply to the preparation and carrying out of any resettlement plans that may be required under the Project, as the same may be amended, supplemented or otherwise modified from time to time with the prior written agreement of the Bank.
26. “Road Safety Corridors” means the Borrower’s highway sections that will benefit from specific infrastructure improvement, enhanced traffic law enforcement and communications campaign aiming at decreasing the number on crash-related fatalities and injuries.
27. “Road Safety Lead Committee” means the Borrower’s public entity to be in charge of defining and coordinating the road safety policy and related activities in the Borrower’s territory.
28. “Safeguard Documents” means the ESMF (including the Pest Management Framework and the EMP), the IPPF (including any IPP) and the RPF (including any resettlement action plan), as the same may be amended, supplemented or otherwise modified from time to time with the prior written agreement of the Bank.
29. “SEINFRA” means *Secretaria de Infraestrutura*, the Borrower’s Secretariat of Infrastructure, or any successor thereto acceptable to the Bank.
30. “SEFAZ” means *Secretaria de Fazenda*, the Borrower’s Secretariat of Finance, or any successor thereto acceptable to the Bank.
31. “SIT” means *Superintendência de Infraestrutura de Transportes*, the Borrower’s infrastructure department created on March 1, 2015 within SEINFRA pursuant to Law No. z13.204, of December 11, 2014 or any successor thereto acceptable to the Bank.
32. “Selected Municipality” means any of the 62 Borrower’s municipalities selected to participate in Part 3 of the Project according to the criteria established in the Operational Manual.





33. "SEPLAN" means *Secretaria de Planejamento*, the Borrower's Planning Secretariat, or any successor thereto acceptable to the Bank.

**Section II. Modifications to the General Conditions**

The General Conditions are hereby modified as follows:

1. In the **Table of Contents**, the references to Sections, Section names and Section numbers are modified to reflect the modifications set forth in the paragraphs below.

2. Section 3.01. (*Front-end Fee*) is modified to read as follows:

"Section 3.01. *Front-end Fee; Commitment Charge*

(a) The Borrower shall pay the Bank a front-end fee on the Loan amount at the rate specified in the Loan Agreement (the "Front-end Fee").

(b) The Borrower shall pay the Bank a commitment charge on the Unwithdrawn Loan Balance at the rate specified in the Loan Agreement (the "Commitment Charge"). The Commitment Charge shall accrue from a date sixty days after the date of the Loan Agreement to the respective dates on which amounts are withdrawn by the Borrower from the Loan Account or cancelled. The Commitment Charge shall be payable semi-annually in arrears on each Payment Date."

3. In the Appendix, **Definitions**, all relevant references to Section numbers and paragraphs are modified, as necessary, to reflect the modification set forth in paragraph 2 above.

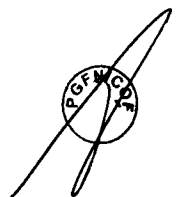
4. The Appendix is modified by inserting a new paragraph 19 with the following definition of "Commitment Charge", and renumbering the subsequent paragraphs accordingly:

"19. "Commitment Charge" means the commitment charge specified in the Loan Agreement for the purpose of Section 3.01(b)."

5. In the renumbered paragraph 49 (originally paragraph 48) of the Appendix, the definition of "Front-end Fee" is modified by replacing the reference to Section 3.01 with Section 3.01 (a).

6. In the renumbered paragraph 68 (originally paragraph 67) of the Appendix, the definition of the term "Loan Payment" is modified to read as follows:

"68. "Loan Payment" means any amount payable by the Loan Parties to the Bank pursuant to the Legal Agreements or these General Conditions,



including (but not limited to) any amount of the Withdrawn Loan Balance, interest, the Front-end Fee, the Commitment Charge, interest at the Default Interest Rate (if any), any surcharge, any prepayment premium, any transaction fee for a Conversion or early termination of a Conversion, the Variable Spread Fixing Charge (if any), any premium payable upon the establishment of an Interest Rate Cap or Interest Rate Collar, and any Unwinding Amount payable by the Borrower.”

7. In the renumbered paragraph 73 (originally paragraph 72) of the Appendix, the definition of “Payment Date” is modified by deleting the word “is” and inserting the words “and Commitment Charge are” after the word “interest”.

