

LOAN NUMBER 9380-BR

Loan Agreement

(BR State of Goiás Sustainable Recovery Development Policy Loan)
(Programa de Sustentabilidade Fiscal, Econômica e Ambiental do Estado de Goiás)

between

STATE OF GOIÁS

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

LOAN AGREEMENT

AGREEMENT dated as of the Signature Date between STATE OF GOIÁS (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement).

WHEREAS (A) the Bank has decided to provide this financing on the basis, inter alia, of (a) the actions which the Borrower has already taken under the Program and which are described in Section I of Schedule 1 to this Agreement; (b) the Guarantor’s maintenance of an adequate macroeconomic policy framework; and (c) the Borrower’s maintenance of: (i) an adequate expenditure program; (ii) sustainable debt; and (iii) adequate fiscal arrangements with the Guarantor.

WHEREAS (B) the Borrower has informed the Bank that, upon deposit by the Bank of the proceeds of the Loan (on the terms set forth in Section II of Schedule 1 to this Agreement, for purposes of supporting the Program and in compliance with Article 1 of its Law n° 21175, dated November 24, 2021) into an account to be designated by the Borrower, the Borrower will improve fiscal sustainability and increase institutional capacity for climate-smart, resilient and inclusive policies for its agricultural sector.

The Borrower and the Bank therefore hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form 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 the amount of five hundred million Dollars (USD 500,000,000), as such amount may be converted from time to time through a Currency Conversion (“Loan”).
- 2.02. The Front-end Fee is one quarter of one percent (0.25%) of the Loan amount.
- 2.03. The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.04. The interest rate is the Reference Rate plus the Variable Spread or such rate as may apply following a Conversion, subject to Section 3.02(e) of the General Conditions.
- 2.05. The Payment Dates are June 15 and December 15 in each year.

- 2.06. The principal amount of the Loan shall be repaid in accordance with Schedule 2 to this Agreement.
- 2.07. Without limitation upon the provisions of Section 5.05 of the General Conditions, the Borrower shall promptly furnish to the Bank such information relating to the provisions of this Article II as the Bank may, from time to time, reasonably request.

ARTICLE III — PROGRAM

- 3.01. The Borrower declares its commitment to the Program and its implementation. To this end, and further to Section 5.05 of the General Conditions:
- (a) the Borrower and the Bank shall from time to time, at the request of either party, exchange views on: (i) the Guarantor's macroeconomic policy framework; (ii) the Borrower's maintenance of an adequate expenditure program, sustainable debt, and adequate fiscal arrangements with the Guarantor; and (iii) the progress achieved in carrying out the Program;
 - (b) prior to each such exchange of views, the Borrower shall furnish to the Bank for its review and comment a report on the progress achieved in carrying out the Program, in such detail as the Bank shall reasonably request; and
 - (c) without limitation upon paragraph (a) and (b) of this Section, the Borrower shall promptly inform the Bank of any situation that would have the effect of materially reversing the objectives of the Program or any action taken under the Program including any action specified in Section I of Schedule 1 to this Agreement.

ARTICLE IV — REMEDIES OF THE BANK

- 4.01. The Additional Event of Suspension consists of the following, namely that an action has been taken or a policy has been adopted by the Borrower to reverse any action or policy under the Program including any action listed in Section I of Schedule 1 to this Agreement.
- 4.02. The Additional Event of Acceleration consists of the following, namely that any event specified in Section 4.01 of this Agreement occurs and is continuing for a period of 60 days after notice of the event has been given by the Bank to the Borrower.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) The Bank is satisfied with the progress achieved by the Borrower in carrying out the Program and with the adequacy of the Guarantor's macroeconomic policy framework.
 - (b) The Bank is satisfied with the Borrower's maintenance of an adequate expenditure program, sustainable debt and adequate fiscal arrangements with the Guarantor.

- 5.02. The Effectiveness Deadline is the date one hundred and twenty (120) days after the Signature Date.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Borrower's Representative is its Governor.
- 6.02. For purposes of Section 10.01 of the General Conditions: (a) the Borrower's address is:

Secretaria da Economia do Estado de Goiás
Avenida Vereador José Monteiro, 2233
Nova Vila, Goiânia - GO, 74653-900, Brazil; and

(b) the Borrower's Electronic Address is:

E-mail:
gabinete.economia@goias.gov.br

- 6.03. For purposes of Section 10.01 of the General Conditions: (a) the Bank's address is:

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

(b) the Bank's Electronic Address is:

Telex:	Facsimile:	E-mail:
248423(MCI) or 64145(MCI)	1-202-477-6391	jzutt@worldbank.org

AGREED as of the Signature Date.

STATE OF GOIÁS

By



Authorized Representative

Name: Ronaldo Caiado

Title: Governador do Estado de Goiás

Date: 22-Sep-2022

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By



Authorized Representative

Name: Johannes Zutt

Title: Country Director

Date: 22-Sep-2022

SCHEDULE 1

Program Actions; Availability of Loan Proceeds

Section I. Actions under the Program

The actions taken by the Borrower under the Program include the following:

Pillar I – Supporting the Borrower in Improving Fiscal Sustainability

1. The Borrower has amended its Constitution to adopt an expenditure rule, under the Federal Fiscal Recovery Regime (*Regime de Recuperação Fiscal*), that limits growth of the primary expenditures to inflation as a medium-term fiscal anchor for the Borrower's public finances, as evidenced by the Constitutional Amendment No. 70 modifying articles 40 and 41 of the transitory provisions of the Borrower's Constitution, dated December 7, 2021, published on the Borrower's official gazette on December 8, 2021.
2. The Borrower has enacted a law to reduce the pension deficit for civil servants by: (i) increasing the minimum retirement age, (ii) broadening the contribution base, and (iii) mandating a unified management of the Borrower's pension system under the responsibility of a single agency (*Goiás Previdência – GOIASPREV*), as evidenced by articles 4, 18 and 68 of Law (*Lei Complementar*) No. 161, dated December 30, 2020, published on the Borrower's official gazette on December 30, 2020.
3. The Borrower has issued a decree establishing a fiscal adjustment plan ("*Plano de Recuperação Fiscal do Estado de Goiás*") that sets medium-term targets to increase the primary balance and reduce arrears, as evidenced by Decree No. 10013, dated December 27, 2021, published on the Borrower's official gazette on December 27, 2021, and rectified (*Errata*) on the Borrower's official gazette on December 29, 2021.

Pillar II – Supporting the Borrower in Adopting Climate-Smart, Resilient, and Inclusive Policies for its Agricultural Sector

4. The Borrower has issued a decree establishing a plan for climate change mitigation and adaptation and sustainability in agriculture (*Plano Estadual de Mitigação/Adaptação às Mudanças Climáticas e Sustentabilidade na Agropecuária*) to foster a low-carbon economy in the agricultural sector, as evidenced by Decree 9891, dated June 22, 2021, published on the Borrower's official gazette on June 23, 2021.
5. The Borrower has enacted a law establishing a program on bio-inputs (*Programa Estadual de Bioinsumos*) to enhance the adoption of climate-smart agricultural practices, as evidenced by State Law No. 21005, dated May 14, 2021, published on the Borrower's official gazette on May 17, 2021.
6. The Borrower has issued a decree to reduce compensation fees for environmental licenses to carbon-neutral farms and firms, as evidenced Decree No. 9821, dated March 1, 2021, published on the Borrower's official gazette on March 2, 2021.

7. The Borrower has approved regulation establishing criteria to facilitate the access to regularized land tenure for small-scale farmers, which strengthen the inclusiveness, environmental protection, and gender balance of its land regularization program, as evidenced by Portaria SEAPA No. 153/2022, dated March 21, 2022, as published on the Borrower's official gazette on March 22, 2022.

Section II. Availability of Loan Proceeds

- A. General.** The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of this Section and such additional instructions as the Bank may specify by notice to the Borrower.
- B. Allocation of Loan Amounts.** The Loan is allocated in a single withdrawal tranche, from which the Borrower may make withdrawals of the Loan proceeds. The allocation of the amounts of the Loan to this end is set out in the table below:

Allocations	Amount of the Loan Allocated (expressed in USD)
(1) Single Withdrawal Tranche	500,000,000
TOTAL AMOUNT	500,000,000

C. Withdrawal Tranche Release Conditions.

1. No withdrawal shall be made of the Single Withdrawal Tranche unless the Bank is satisfied:
- (a) with the Program being carried out by the Borrower;
 - (b) with the adequacy of the Guarantor's macroeconomic policy framework; and
 - (c) that the Borrower is maintaining an adequate expenditure program, sustainable debt, and adequate fiscal arrangements with the Guarantor.

D. Deposit of Loan Amounts.

1. Notwithstanding the provisions of Section 2.03 of the General Conditions:
- (a) the Borrower shall open, prior to furnishing to the Bank the first request for withdrawal from the Loan Account, and thereafter maintain a dedicated account on terms and conditions satisfactory to the Bank; and
 - (b) all withdrawals from the Loan Account shall be deposited by the Bank into said dedicated account.
2. The Borrower, within thirty (30) days after the withdrawal of the Loan from the Loan Account, shall report to the Bank: (i) the exact sum received into the account referred to in Section 2.03 (a) of the General Conditions; (ii) the details of the account to which the Loan proceeds will be credited; (iii) the record that an equivalent amount has been accounted for

in the Borrower's budget management systems; and (iv) the statement of receipts and disbursement of the account referred to in Section 2.03 (a) of the General Conditions.

- E. Closing Date.** The Closing Date is December 31, 2024. The Bank may grant an extension of the Closing Date only after the Guarantor's Ministry of Economy has informed the Bank that it agrees with such extension.

SCHEDULE 2

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”).

Principal Payment Date	Installment Share
On each June 15 and December 15 Beginning June 15, 2025 through June 15, 2038	3.57%
On December 15, 2038	3.61%

APPENDIX

Section I. Definitions

1. “Federal Fiscal Recovery Regime” means *Regime de Recuperação Fiscal*, approved by the Guarantor to support the fiscal recovery of states, as established under Law (*Lei Complementar*) No. 159, dated May 19, 2017, as published in the Guarantor’s official gazette on May 22, 2017.
2. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for IBRD Financing, Development Policy Financing”, dated December 14, 2018 (revised on August 1, 2020, December 21, 2020, April 1, 2021, and January 1, 2022).
3. “GOIASPREV” means *Goiás Previdência*, the Borrower’s pension administration, as established and operating under the Borrower’s Law (*Lei Complementar*) No. 66, dated January 27, 2009.
4. “Guarantor” means the Federative Republic of Brazil.
5. “Program” means the program of objectives, policies, and actions set forth or referred to in the letter dated March 23, 2022 from the Borrower to the Bank declaring the Borrower’s commitment to the execution of the Program, and requesting assistance from the Bank in support of the Program during its execution and comprising actions taken, including those set forth in Section I of Schedule 1 to this Agreement, and actions to be taken consistent with the program’s objectives.
6. “SEAPA” means the Borrower’s Secretary of State for Agriculture, Livestock and Supply (*Secretaria de Estado de Agricultura, Pecuária e Abastecimento*), or any successor thereto acceptable to the Bank.
7. “Signature Date” means the later of the two dates on which the Borrower and the Bank signed this Agreement and such definition applies to all references to “the date of the Loan Agreement” in the General Conditions.
8. “Single Withdrawal Tranche” means the amount of the Loan allocated to the category entitled “Single Withdrawal Tranche” in the table set forth in Part B of Section II of Schedule 1 to this Agreement.