



THE WORLD BANK
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October 24, 2019

Mr. Vijay Rangarajan
Ambassador
British Embassy
SES Qd 801, Conjunto K – Lote 08
Brasilia, DF, 70408-900
Brazil

Amendment to the Arrangement by the Foreign and Commonwealth Office FCO to Reimburse the International Bank for Reconstruction and Development for the Smart Urban Water Externally Financed Output (the EFO)

Dear Mr. Rangarajan:

1. We refer to the Arrangement by the Foreign and Commonwealth Office FCO (Contributor) to provide as a grant the sum of Six Hundred Twenty Thousand Pounds Sterling (GBP 620,000.00) to the International Bank for Reconstruction and Development (the Bank) to finance the Smart Urban Water Externally Financed Output executed October 5, 2018 (EFO 1395).
2. Pursuant to recent discussions between the Bank and the Contributor, and in accordance with paragraph 16 of the Arrangement, the World Bank proposes to amend paragraph one (1), paragraph seven (7) and the Annexes of the Arrangement as follows:
 - (a) **Paragraph 1:** delete paragraph one (1) and replace it with the following words:

“1. We are pleased to acknowledge on behalf of the International Bank for Reconstruction and Development (the Bank) the intention of Foreign and Commonwealth Office FCO (the Contributor) to provide as a grant the sum of Three Hundred Ten Thousand Pounds Sterling (GBP 310,000.00) (the Funds) to finance the United Kingdom Prosperity Fund – Smart Urban Water Externally Financed Output (the EFO), which forms part of the Bank’s Federative Republic of Brazil work program. The Contributor may subsequently contribute additional funding support for the EFO, which will be governed in all respects by the present EFO Arrangement (this Arrangement). The initial contribution and any subsequent funding from the Contributor will be referred to as the EFO Funds in this Arrangement.”
 - (b) **Paragraph 7:** delete paragraph seven (7) and replace it with the following words:

“7. It is expected that the EFO will be completed by November 30, 2019 or by such later date as the Bank and the Contributor may decide upon in writing”.
 - (c) **Annex I:** delete Annex I in its entirety and replace it with the new “Revised Annex” attached to this letter.
 - (d) **Annex II:** delete Annex II in its entirety.

(e) **Annex III:** delete Annex III in its entirety.

3. For the avoidance of doubt, all other terms of the Arrangement remain unchanged.
4. The Bank and the Contributor may disclose the EFO Arrangement and related information, including this Amendment (once effective), in accordance with their respective Access to Information Policies.
5. Please confirm acceptance of the foregoing, on behalf of the Contributor, by signing, dating and returning to the Bank the enclosed copy of this Amendment. Upon receipt by the Bank of the countersigned copy, the Amendment will become effective as of the date of countersignature.

Sincerely,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT



Paloma Anós Casero
Country Director

Accepted:

Foreign and Commonwealth Office (FCO)
British Embassy

By: 
Name: Mr. Vijay Rangarajan
Title: Ambassador

Date 25/10/19

LIZ DAVIDSON, CHARGE
D'AFFAIRES ON BEHALF OF
UK

REVISED ANNEX
Description of EFO 1395
(United Kingdom Prosperity Fund - Smart Urban Water)

Responsible Bank Unit: SLCWA, Water GP
New Planned Completion Date of the EFO: November 30, 2019

A. Summary

Responsible Bank Unit	: Brazil Country Management Unit - LCC5C
Planned Completion Date of the EFO	: November 30, 2019
Contributed Amount	: Three Hundred and Ten Thousand Pounds Sterling (GBP 310,000.00) (already contributed)

B. Outputs and Activities

1. Objectives:

The objective of the Bank's work under this EFO is to facilitate innovations in efficient water management in Brazil through a smart city approach.

2. Description of Activities and Outputs:

Technical assistance regarding innovative Smart Urban Water technologies and processes to facilitate improved efficiency of water management and services and increased access of the poorest to sustainable water services with integrated urban planning. The Bank's work under this EFO focuses on water losses in the Recife Metropolitan Region (RMR), State of Pernambuco, Brazil on two levels: (i) to build Government capacity to implement improvements in water loss management in the RMR; and (ii) to help enhance knowledge on customer behavior regarding water services to, amongst other things, facilitate policy improvements.

Output 1: Technical assistance regarding non-revenue water (NRW) program in the RMR based on international and domestic experiences and best practices (£180,000):

Task 1: Technical assistance (£40,000; November 2018-November 2019).

Objective: Provide technical assistance to the government and to the beneficiary institutions, including monitoring, reporting and assessment.

Status: *Ongoing*.

Task 2: Assessment of COMPESA NRW in the RMR and propose potential adjustments (£35,000; February 2019-August 2019).

Objective: Assess the current NRW program implemented by COMPESA in the RMR and propose potential adjustments for COMPESA to consider expanding and modernizing the program.

Status: *Completed*.

Task 3: Capacity building on NRW and potential innovative solutions (£40,000; February 2019-October 2019).

Objective: To present potential methodological and technological innovations in NRW applicable to the RMR including training.

Status: *Completed.*

Task 4: Technical assistance to facilitate a second area for NRW management program in the RMR (£40,000; February 2019-October 2019).

Objective: To provide technical assistance to build local capacity for the second area to implement a performance-based water losses management contract in the RMR, including training and knowledge sharing regarding potential options for technical specifications and financing mechanisms, training on performance-based contracting, and further technical assistance regarding competitive bidding processes.

Status: *Ongoing.*

Task 5: COMPESA financial assessment and technical assistance (£25,000; expected time period: March 2019-October 2019)

Objective: To assess COMPESA's financial capacity to implement its investment plan and provide potential high-level financial projection and investment plan scenarios for COMPESA to consider.

Status: *Ongoing.*

Output 2: Applied Behavioral Science # water and sanitation customers (£130,000) based on international and domestic experiences and best practices

Task 1: Develop applied research on water and sanitation customer behavior (£15,000; expected time period: November 2018-January 2019).

Objective: To develop and launch the terms of reference and selection process for the Bank's work regarding case studies on water and sanitation customer behavior in the RMR.

Status: *Completed.*

Task 2: Workshop with key stakeholders in the target cities (£35,000; expected time period: December 2018-May 2019).

Objective: To develop a workshop for identifying key issues related to water and sanitation customer behavior.

Status: *Completed.*

Task 3: Research on water and sanitation customer behavior (£80,000; expected time period: November 2018-October 2019).

Objective: To carry out Bank research and analytical work on water and sanitation customer behavior in the city of Recife including testing of behavior science informed text messages.

Status: *Ongoing.*

3. Reporting:

- (i) Annual EFO Progress Report (Applicable only if EFO duration exceeds 12 months)
- (ii) EFO Completion Report attaching major outputs under the EFO.

C. Payment Schedule

The Contributor has already paid the Bank a total amount of Three Hundred and Ten Thousand Pounds Sterling (GBP 310,000.00), which is the total amount of the Contributor's contribution under this EFO Arrangement (as amended herein).

Accepted:

International Bank for Reconstruction and Development

By:



Name: Paloma Anós Casero
Title: Country Director

Date: October 24, 2019

**Foreign and Commonwealth Office (FCO)
British Embassy**

By:



Name: Vijay Rangarajan
Title: Ambassador

Date: 25/10/19

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ON BEHALF OF
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