

abt/79

Nolan

PD-AAA-345-G1

5120311 4e

USAID/BRAZILLOAN COMPLETION REVIEW AND REPORTLOAN Nos.: 512-L-083 - NE Agricultural Marketing - Construction

512-L-084 - NE Agricultural Marketing - Technical Assistance

Borrower: 512-L-083 - Banco Nacional do Desenvolvimento Econômico.

512-L-084 - Government of Brazil (CORAL)

Guarantor: Government of BrazilDate Loans authorized: February 26, 1971Date signed: November 8, 1971Amount of loans: authorized: 512-L-083 - \$ 14,000,000

512-L-084 - \$ 1,000,000

Terminal Disbursement date: December 31, 1976Disbursement status: 512-L-083 - \$ 12,727,848

512-L-084 - \$ 891,749

AID/W has deobligated the difference between the Loan amount and Disbursed amount on Loan 083. In May 1977, the Mission requested AID/W to deobligate the undisbursed balance for Loan 084.

#### I. PURPOSE OF LOAN.

This project, in two parts, assisted in financing the \$ 40 million North and Northeast portion of the Government of Brazil's (GOB) \$ 100 million National Program of constructing, equipping, and operating wholesale food markets, mixed wholesale/retail food markets in urban centers, and produce assembly markets in major interior food collection points. The first part of the project was financed with BNDE funds (3 14 million cruzeiro equivalent), and AID Loan 512-L-083 proceeds, which were to be sub-lent by BNDE to the mixed economy companies who were responsible for constructing and operating the Wholesale, Mixed and Assembly Markets. The Brazilian Food Supply Company (COFAL) made financial contribution through equity investments in each mixed economy company. The second part of the project consisted of financing training, technical assistance and purchase of equipment, through AID Loan 512-L-084, related to the creation of an appropriately structured and efficiently managed and operated agricultural distribution system.

#### II. COVENANTS

Both borrowers have complied with all covenants.

#### III. REPORTS

All reporting requirements, as set forth in the Loan Agreements and Implementation Letters, have been complied with. The BNDE will continue to submit progress reports on construction until the markets described in Part IV are completed.

#### IV. MONITORING RESPONSIBILITIES

It will be necessary to ensure that the Mixed Market in Teresina, Piauí, and the assembly markets in Belém de São Francisco (PE), Urebueta (CE), and Tianguá (CE), are completed

and placed in operation; this should be accomplished before 6/30/77. Annual audited financial statements, for both Borrowers, will continue to be submitted until the Loans are fully repaid. No additional monitoring will be required.

#### V. RECOMMENDED ACTION

It is recommended that AID/W determine the final disbursement amount for the USDA/PASA (See Disbursement status) and deobligate the balance.

#### VI. PROJECT EVALUATION

The Project Description, annex to the loan agreement, specifically identified seven wholesale or mixed markets to be constructed under the project. Of the seven, Salvador, Fortaleza, Belém, Aracaju and Manaus, were loan financed, but Recife and Maceio were not; the first, because construction was completed prior to the signing of the loan agreement, and the second because construction problems made it necessary to remove the market from the loan program (the Maceio market is now in operation, however). In addition, loan financed markets were constructed in Teresina, João Pessoa and Natal, for a total of eight wholesale or mixed markets.

Construction of assembly markets is completed in Jaguaruaré (BA), Boquim (SE), Bezerros (PE) and Baturité (CE), and is being terminated in Tianguá (CE), Uruburetama (CE) and Belém de São Francisco (PE). In addition, BNDE and COBAL have committed themselves to the construction of an eighth assembly market, which was not initiated in time to be eligible for loan financing; COBAL also has plans for eight other assembly markets in the North/Northeast of Brazil, as part of its overall national marketing program.

The following is a summary of AID loan proceeds disbursed for each market:

<u>MARKET</u>	<u>US\$ AMOUNT</u>
Salvador .....	2,963,372
Aracajú .....	430,665
Fortaleza .....	1,661,106
João Pessoa .....	1,171,554
Manáus .....	2,282,659
Natal .....	806,754
Belém .....	1,564,945
Teresina .....	539,730
Rural assembly markets .....	1,257,073
	<u>12,727,848</u>

The technical assistance, training and equipment elements of Loan 084 were carried out in compliance with loan agreement terms. These elements were used to support development of programs in market information, produce grades and standards, marketing operations and rural/urban market integration. It should be noted that although the construction of the Recife and Macaé markets was not loan-financed, these markets benefitted from programs of Loan 084. See Borrower's final report, Appendix A, to this report.

  
 PROG: FRCampbell:gbg

Clearances:

CONT: JRDavison (in draft)  
 CONT: CKnowlan (in draft)  
 AID/R: WFGelabert (in draft)