

PD AAB-306-B1

LOAN COMPLETION REVIEW AND REPORT  
(In accordance with Manual Order 1264.1, Section IV)

Loan No. and Title : 526-L-015 - Brazil Road Rehabilitation and Improvement

Borrower : Government of the Republic of Paraguay (GOP)

Administering Agency : Ministry of Public Works and Communications (MOPC)

Date Loan Authorized : 22 November 1966

Date Loan Agreement : 6 January 1967

Amount of Loan : US\$4,680,000

Terminal Disbursement Date : 31 December 1975

Disbursement Status : US\$4,667,564 disbursed; remainder deobligated

I. PURPOSE OF LOAN

The purpose of the loan was to assist in financing the engineering and construction costs for the necessary rehabilitation of Paraguay's main arterial highway, the 327 kilometer "Brazil Road", extending from Asunción to Puerto Presidente Stroessner on the Brazilian border. The importance of this highway to the economic, political, and social development of Paraguay was demonstrated not only by the \$20 plus million already invested in its construction but also by the centering upon it of much of the planned growth of the country's economy. On 22 September 1969, the scope of the project was narrowed to include only the 109 km. stretch from Eusebio Ayala to Caaguazú.

The project has partially fulfilled its purpose, in that work was successfully completed on 73 Km., but delays (see Section IV below) have caused the remainder of the work to be substantially behind schedule.

II. COVENANTS

The Loan contained the standard clauses pertaining to General Covenants and Warranties (Article IV). The Borrower complied with all, except that in spite of numerous requests, both before and after the terminal date of disbursement, the Borrower has not submitted the quarterly shipping reports nor the final report (Implementation Letter No. 1, Attachment K).

BEST AVAILABLE

III. REPORTS

(See letter to MOPC dated 8-27-76, hereto attached).

Mission receives regular progress reports from the Consulting Engineers. Latest report sent to AID/W, SER/ENGR, 24 August 1976.

IV. MONITORING

The work has fallen behind the Contractor's Progress Schedule, though the quality of the work is very satisfactory. Thirty-six kilometers remain to be rehabilitated and improved. The critical item in the delay is the production of aggregate, which comes from a quarry which is difficult to work and not feasibly expanded. The Consultant's estimate is that all work will not be completed before the end of April 1978. Prospects for completing the work are, however, good, and a new contract for consulting engineering services was signed on 1 August 1976.

The terminal date for disbursement of funds was December 31, 1975. The remaining funds were deobligated and the Borrower was advised of this action.

V. RECOMMENDED ACTION

The Capital Development Office will continue to review the progress reports of the Consulting Engineers and will endeavor to obtain the missing shipping and final reports from the Borrower.

Encl.a/s

cc: PPC/DPRE  
SER/ENGR

Cleared by: CDO: HLMiles

DIR: AMPeña

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ACDO: MHHirsh: ima

27 de Agosto de 1976

Ingeniero Juan H. Pettengill  
Director General de Vialidad  
Ministerio de Obras Públicas  
y Comunicaciones  
Asunción, Paraguay

Préstamo AID 526-L-015

Estimado Ingeniero Pettengill:

Tengo el agrado de dirigirme a Ud. a fin de recordarle que esta Oficina no ha recibido aún hasta la fecha ningún informe sobre embarques, los cuales, según las estipulaciones del Convenio de Préstamo de referencia, deben ser suministrados a la Oficina teleestrógraficamente.

Mucho le agradeceré tenga a bien dar las instrucciones pertinentes para que se cumpla con el requisito.

Sin otro particular, aprovecho esta oportunidad para saludar a Ud. muy atentamente.

Henry L. Miles, Jefe  
Oficina de Préstamos  
para el Desarrollo

CDO:ima

cc: CON  
CDO  
R.File(2)