

AIRGRAM

*abt
2/79*

DEPARTMENT OF STATE

512-294

UNCLASSIFIED
CLASSIFICATION

5120294-5

11w

PD-AAB-679-C1

For each address check one ACTION | INFO

DATE REC'D.

4p.

TO - AID/W

TOAID A-106 X

1975 NOV 11 PM 3 10

10/11/75

DATE SENT
11/06/75

LA-8
INFO

FROM - BRASILIA
E.O. 11652 H/A

SUBJECT - A.I.D. Loan 512-L-082 - Rural Road Construction
Annual Status Review of Capital Loans

REFERENCE -

ATTENTION LA/DR

Six copies of the Annual Status Review for subject loan are transmitted herewith for AID/W information and distribution to appropriate offices, including LA/DP/ES.

CREMIS

BS	----
BG	----
GW	----
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ACTION	----
FILE	----

Encls. a/o sent LA, 11-12

PAGE 1 OF 1

DRAFTED BY RFDavison: rpd	OFFICE CDO	PHONE NO 210	DATE 11/5/75	APPROVED BY CDO: Daniel J. McKell
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AID AND OTHER CLEARANCES

UNCLASSIFIED
CLASSIFICATION



USAID/ BRAZIL

ANNUAL STATUS REVIEW OF CAPITAL LOANS

1. Loan No.: 512-L-082 - Rural Road Construction Date of Review: Sept. 1975

Amount of Loan: \$25,000,000

2. Basis for Review and Period Covered:

Borrower's quarterly and annual reports and technicians reports cover from June 1974, the date of last annual status review, to present.

3. Date Loan Signed: November 3, 1971

4. Conditions Precedent to:

- (a) First Disbursement: Met.
- (b) Additional Disbursements: Met.

5. Implementation Letters Issued:

No. 17 issued July 17, 1975, changing USAID's address from Rio to Brasilia.

6. Loan Utilization:

- (a) Percent loan funds committed: 84% (as of 9/30/75)*
- (b) Percent loan disbursed: 72% (as of 9/30/75).

7. Field Visits and Audits:

- (a) Last field visit: August 14, 1975.
- (b) Next visit planned: Oct. 1975.
- (c) Last AAG audit: July 1974.
- (d) Next audit scheduled: None currently scheduled.

8. Physical Progress:

- (a) Current date scheduled completion: June 30, 1976.
- (b) Percent of physical completion: 75%
- (c) Percent of procurement completed: N/A
- (d) Percent of project time elapsed: 84% (from date of Loan Agreement)
- (e) Remarks and summary:

During the early part of 1975, work progressed slowly because of the rains which resulted in extensive floods making it virtually impossible to do any earth work in several states. On March 15, new Governors for all states were installed resulting in a reassessment of priorities

* Typing error in last year's Annual Review Report showed 91% and it should have been 71%.

for allocation of state funds for all programs including this one. In spite of these limiting conditions, work has progressed to the point that in most states construction is almost completed (see following percentage completion summary).

<u>State</u>	<u>- Kms.</u>	<u>AID US\$ Commitment</u>	<u>% AID Commitment Disbursed</u> ^{4/}	<u>% Physical Completion</u>
Mato Grosso	1747	6,055,150	100	99
Goiás	1262	3,316,224	100	95
Maranhão	533	1,599,992 ^{1/}	100	75
Maranhão	456	1,859,720	100	86
Pernambuco	234	1,729,892	100	90
Ceará	-	788,332 ^{2/}	Deleted	-
Piauí	242	374,472	71	3/
Rio G. do Norte	257	1,024,484	100	70
Bahia	777	3,668,915	48	3/
Local Consultants	-	410,240	41	70

^{1/} Includes \$165,128 for flood damage recuperation.

^{2/} BNDE plans to apply this amount to the Santa Catarina sub-loan.

^{3/} No meaningful percentage of physical completion can be calculated until BNDE approves the reduction of the number of roads in these states.

^{4/} Although original AID commitments fully disbursed, physical completion has been delayed due to increased costs of construction.

Due to inflation, the costs of construction of the roads have increased considerably. Mato Grosso, Goiás, Pernambuco and Maranhão have requested and received supplementary loans from the BNDE (the BNDE has not requested Mission participation in the supplementary loans) to finish their original programs. Piauí, Bahia and Rio Grande do Norte have reduced their programs to cope with the increased costs. BNDE has officially notified the Mission that Ceará will be deleted from the program. Negotiations are nearing completion between the State of Santa Catarina and the BNDE for a sub-loan to that state. According to the BNDE, when this is finalized, the balance of the loan will be committed. This action is expected in November.

9. Current Financial Plan (\$000)

<u>Source</u>	<u>US\$</u>	<u>Original US\$ Equiv.</u>	<u>Current & Future Supplemental Inputs</u>
AID	25,000	-	-
GOB (BNDE)	-	25,000	22,711
States	-	33,300	18,578
	25,000	58,300	41,289

* USAID has not participated in any supplemental loan. Exchange rate used for all supplemental loans calculated at US\$1.00=Cr\$8.00.

10. Financial Analysis:

Date of last financial report: December 31, 1974 (ENDE)

11. Covenants:

All covenants being complied with by Borrower.

12. Shipping, Excess Property and Miscellaneous Requirements: N/A

13. Actions Required:

- (a) Monitor ENDE administration and control of project.
- (b) Spot-check sub-loan construction projects and the sub-borrower's control of these projects.
- (c) Review additional proposed projects.

14. Project Committee:

- (a) CDO: DJMackell *[Signature]*
- (b) CONT: JRDavison *[Signature]*
- (c) ENRO: WShimasaki *[Signature]*

Info: A/D/AID: WFGelabert *[Signature]*
A/DD/AID: CKnowlan

ENRO: WShimasaki: rpd
October, 1975