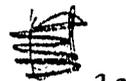


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USAID/BRAZIL

LOAN COMPLETION REVIEW AND REPORT

(Per M.O. 1264.1, Section IV)

Loan N°: 512-L-075 - Passo Real

Date: April, 1977

Borrower: Companhia Estadual de Energia Elétrica (CEEE)

Guarantor: Federative Republic of Brazil

Date Loan Authorized: June 26, 1968

Date Signed: June 30, 1969

Amount of Loan: \$26,486,138

Terminal Disbursement Date: December 15, 1976

Disbursement Status: As of December 15, 1976 \$26,156,522 had been disbursed and no further disbursements are anticipated.

I. Purpose of Loan

The loan financed a hydroelectric plant to furnish power to one of Brazil's southern states, Rio Grande do Sul. The project included the construction of a dam and earthen dike, permitting water storage of 2,300 million cubic meters. The ultimate plan provides for installation of four units of 62.5 MW each of which two units have been installed as part of this loan project for a total of 125 MW. The project also includes two transmission lines of 220KV to link this plant with the substation serving Porto Alegre as well as expansion and improvement of transmission and distribution facilities associated with the project.

Expansion and improvement of the underground distribution systems for the city

of Porto Alegre were later included under the loan as were necessary engineering services.

II. Covenants

The Borrower has complied with all covenants.

III. Reports

All reporting requirements as set forth in the Loan Agreement and Implementation Letters have been complied with except for the ^{Final Report} Final Report which is overdue but which probably will not be received prior to June 30, 1977 due to the unexpected early departure of the resident consulting engineer and higher priority requirements of Borrower's other projects in process.

IV. Monitoring Responsibilities

No further monitoring will be required except to follow up on submission of the final report and to receive and analyze the annual audited financial statements.

V. Recommended Action

It is recommended that the undisbursed balance of the Loan as of December 15, 1976 in the amount of \$329,616 be deobligated. Mission previously requested such action in early January 1977.

VI. Project Evaluation

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The professional caliber of both the Borrower's personnel and those of the Consulting Engineering firm was very high and it has been one of the outstanding loans in this respect. Delays in project implementation (three extensions of the TDD - two of one year each and one of six months - were granted) were mainly the result of the GOB's financial policies which made it very time consuming and difficult to import the required equipment and supplies in accordance with the Borrower's well planned time schedule.

In spite of the problems imposed by the GOB import policies, the project has been successfully completed except for a few minor items and the importation of one major item (an IBM Computer). The Mission believes that the lack of the Computer has not and will not prejudice the successful implementation of the project since a computer has been and will continue to be leased as required.

CONT: CJKnowlan: sm
4-20-77

Clearances: CONT: JRDavison (in draft)
 PROG: FCampbell (in draft)
 AID/R: WFGelabert (in draft)