

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

BRAZIL

FEDERAL UNIVERSITIES DEVELOPMENT PROGRAM

(BR-0184)

LOAN PROPOSAL

REVISED VERSION OF APPENDIX B AND INVESTMENTS SCHEDULE

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C. Manpower Training Unit

- 4.03 The manpower training aspect of the program will be executed by CAPES, through its office of Director of Programming, which would use the units of: (a) coordination of foreign fellowships; (b) coordination of domestic fellowships; and (c) coordination of studies and promotion, and will have the support of the Office of the Director for Management.

D. Basic Executing Unit

- 4.04 The executing units are already working within the various universities, on preparation of the project. However, they would be formally established prior to the first disbursement for each participating university. These units would report directly to the rector of the university and would be under the technical supervision of CEDATE in general and of CAPES for manpower training.
- 4.05 The basic executing unit would have 18 staff members, 12 of whom would be upper-echelon personnel. The remaining 6 would be middle-level staff. However, the number of staff members and their distribution would vary from university to university, depending upon the needs of the project. What follows is a table, with a summary classification of staff.

<u>Basic Executing Unit</u>			
	<u>Staff</u>		
	<u>Upper-echelon</u>	<u>Middle-level</u>	<u>Total</u>
Administration of the project	2	1	3
Management of engineering works	4	2	6
Management of equipment	2	1	3
Management of technical assistance and manpower training	2	1	3
Management of bidding, procure- ments and administration	<u>2</u>	<u>1</u>	<u>3</u>
Total	<u>12</u>	<u>6</u>	<u>18</u>
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E. Period of Execution and Schedule of Disbursements

1. Period of execution and material start of works

- 4.06 The period of execution of the program will be 4 years and the material start of all the works will require 2 years.

2. Schedule of investments

- 4.07 Based on the program of execution prepared, the investments to be made therein are shown below by source of financing.

Schedule of Investments

Source of Financing
(US\$ thousands)

<u>Source</u>	<u>Y e a r</u>				<u>TOTAL</u>	<u>%</u>
	<u>I</u>	<u>II</u>	<u>III</u>	<u>IV</u>		
<u>IDB - IC</u>	10,800	32,200	18,300	13,700	75,000	37.5
- FSO	2,900	8,600	4,850	3,650	20,000	10.0
Total IDB	13,700	40,800	23,150	17,350	95,000	47.5
Local contribution	25,850	32,250	24,850	22,050	105,000	52.5
Total	39,550 =====	73,050 =====	48,000 =====	39,400 =====	200,000 =====	100.0 =====
Percentage	19.8	36.5	24.0	19.7	100.0	

F. Procedures for Execution

1. Bidding

4.08 To procure equipment, materials and furnishings, as well as the other goods related to the program, and in awarding contracts for engineering works and facilities, the international public bidding procedure must be used when the acquisitions and awards are in excess of the equivalent of US\$100,000 and provided that resources from the Bank's financing in foreign exchange are used. When those acquisitions and awards are made with resources exclusively from the local counterpart or from the Bank's financing in local currency, the respective biddings shall be restricted to the national sphere. However, all bids shall be governed by the bidding procedure agreed upon between the Bank and the Government of Brazil, which shall also be that of the present program and shall appear as an annex to the loan contract.

4.09 Nevertheless, special laboratory equipment would not be procured by invitation for bids because of its special nature; but with prior IDB authorization, other procedures in conformity with the standard provisions of the loan contracts could be used. These procedures will be submitted to the IDB if any purchase of more than US\$25,000 equivalent is involved, along with the supporting reasons. Only a few such cases are expected in equipment purchases under the program.

a) Engineering works and installations

4.10 Plans are that during execution of the program bids will be taken for engineering works and facilities for a total of the equivalent of US\$104 million. A breakdown of that amount by participating university and by year appear in Table 7-5.

Rev.

PROPOSED RESOLUTION^{1/}

BRAZIL. LOAN /SF-BR TO THE FEDERATIVE REPUBLIC OF BRAZIL
(Federal Universities Development Program)

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the Federative Republic of Brazil, as borrower, for the purpose of granting it financing to cooperate in the execution of a federal universities development program. This financing shall be subject substantially to the following conditions:

1. Amount and Currencies: Up to the equivalent of US\$20,000,000 in cruzeiros which are part of the Bank's Fund for Special Operations, to cover local expenses and for such other purposes as may be specified in the loan contract. Payments of amortization and interest shall be made in cruzeiros.
2. Source of Funds: The Fund for Special Operations.
3. Guarantee: The general responsibility of the borrower.
4. Amortization: The borrower shall amortize the loan in a period of 25 years from the date of the contract, by means of consecutive, semi-annual, and insofar as possible, equal installments. The first installment shall be paid 6 months after the date scheduled for the last disbursement of the financing.
5. Interest: 3% per annum, payable semiannually on principal amounts outstanding. The first payment shall be made 6 months after the date of the contract. At the request of the borrower, resources of the financing may be used to pay interest on the financing during the disbursement period thereof.
6. Physical Initiation and Disbursement: The term for physical initiation of all the projects shall expire 2 years after the effective date of the contract, and the term for disbursement of the financing shall expire 4 years after the same date.

^{1/} The provisions contained in this appendix and in Appendices A, B and C will only be final when the Board of Executive Directors has approved the loan proposal.

7. Special Conditions:

- (a) The resources of the loan shall be utilized in their entirety by the executing agency, the Ministry of Education and Culture (MEC). If modifications in the legal provisions or the basic regulations concerning the executing agency are approved which, in the opinion of the Bank, may substantially affect the program, the Bank may take such measures as it deems appropriate in accordance with provisions to be set forth in the loan contract.
- (b) The resources of the loan, together with those of Loan /IC-BR, shall be used to participate in the execution of a program the cost of which is estimated at the equivalent of US\$200,000,000. Consequently, the loan contract shall contain appropriate provisions to ensure that such resources as may be necessary, in addition to the loans, for the complete execution of the program shall be duly provided, in an amount estimated at the equivalent of US\$105,000,000, in accordance with a schedule of investments satisfactory to the Bank.
- (c) Prior to the first disbursement of resources of the financing, the executing agency shall present to the Bank, in a satisfactory manner, evidence that the Central Executing Unit for the Program has been established within the MEC, in the Centro de Desenvolvimento e Apoio Técnico a Educação (CEDATE).
- (d) In the acquisition of machinery, equipment and other materials for the project, and in the awarding of construction contracts, the Borrower shall follow the system of public bids in each case in which the value of such acquisitions or contracts exceeds the equivalent of US\$100,000. The bidding shall be subject to the procedures to be appended as an annex to the loan contract.
- (e) The Bank may waive the public bidding requirement for acquisition of specialized laboratory instruments, books and other publications, provided that the borrower so requests, stating the reasons for the request and indicating the procedures it plans to follow, consistent with the purposes of the financing. In every case, the procurement procedure, as well as each purchase or contract award individually exceeding the sum of US\$25,000 or its equivalent, shall be subject to prior approval by the Bank.
- (f) The Bank shall establish such inspection procedures as it deems necessary to assure the satisfactory execution of the program, and the borrower and the executing agency shall extend all cooperation which is required for the most effective accomplishment of this purpose. From the amount of the financing the equivalent of US\$200,000 in cruzeiros shall be allocated for credit to the general income accounts of the Bank to meet expenses of general inspection and supervision.

8. Conditional Provision. This resolution will enter into force only when the Board of Executive Directors has determined by means of a resolution that the Bank has sufficient resources available in the inter-regional capital to cover the loan authorized by Resolution /IC-BR.

Table 7-3

Investment Timetable

Source of Financing

<u>Source of Financing</u>	<u>Y e a r s</u>				<u>TOTAL</u>	<u>%</u>
	<u>I</u>	<u>II</u>	<u>III</u>	<u>IV</u>		
IDB - IC	10,800	32,200	18,300	13,700	75,000	37.5
- FSO	<u>2,900</u>	<u>8,600</u>	<u>4,850</u>	<u>3,650</u>	<u>20,000</u>	<u>10.0</u>
Total IDB	13,700	40,800	23,150	17,350	95,000	47.5
Local contribution	<u>25,850</u>	<u>32,250</u>	<u>24,850</u>	<u>22,050</u>	<u>105,000</u>	<u>52.5</u>
Total	<u>39,550</u> =====	<u>73,050</u> =====	<u>48,000</u> =====	<u>39,400</u> =====	<u>200,000</u> =====	<u>100.0</u> =====
Percentage	19.8	36.5	24.0	19.7	100.0	

Table 7-4

Investment Timetable
(In US\$000)

Investment Category	YEAR ONE			YEAR TWO			YEAR THREE			YEAR FOUR			GRAND TOTAL
	IDB	LOCAL	TOTAL	IDB	LOCAL	TOTAL	IDB	LOCAL	TOTAL	IDB	LOCAL	TOTAL	
1. <u>Engineering and administration</u>	-	6,300	6,300	-	4,100	4,100	-	4,100	4,100	-	4,100	4,100	18,500
1.1 Designs	-	800	800	-	-	-	-	-	-	-	-	-	-
1.2 Administration and supervision	-	5,500	5,500	-	4,100	4,100	-	4,100	4,100	-	4,100	4,100	17,700
1.2.1 Central	-	1,600	1,600	-	1,600	1,600	-	1,600	1,600	-	1,600	1,600	6,400
1.2.2 Agents	-	3,900	3,900	-	2,500	2,500	-	2,500	2,500	-	2,500	2,500	11,300
2. <u>Direct Costs</u>	9,450	17,000	26,450	32,200	27,100	59,300	16,600	15,000	31,600	12,300	11,400	23,700	141,050
2.1 Physical Works	7,600	11,400	19,000	28,900	18,500	47,400	15,400	7,300	22,700	10,100	4,800	14,900	104,600
2.2 Equipment	1,850	5,600	7,450	3,300	8,600	11,900	1,200	7,700	8,900	2,200	6,600	8,600	37,450
3. <u>Associated Costs</u>	500	5,000	5,500	1,000	5,700	6,700	1,000	6,100	7,100	500	4,800	5,300	24,400
3.1 Personnel Training	500	4,800	5,300	1,000	5,400	6,400	1,000	5,900	6,900	500	4,700	5,200	23,600
3.1.1 Fellowship students in country	-	4,200	4,200	-	4,500	4,500	-	5,300	5,300	-	4,200	4,200	18,500
3.1.2 Fellowship students abroad	500	-	500	1,000	-	1,000	1,000	-	1,000	500	-	500	3,500
3.1.3 Technical/Administration	-	600	600	-	900	900	-	600	600	-	500	500	2,500
3.2 Technical Assistance	-	200	200	-	300	300	-	200	200	-	100	100	700
4. <u>Financial Expenses</u>	250	1,050	1,300	250	2,600	2,950	400	4,800	5,200	450	5,850	6,300	15,700
4.1 Interests	50	450	450	150	2,250	2,350	200	4,500	4,650	300	5,800	6,000	13,350
4.2 Credit Commission	-	600	600	-	350	350	-	300	300	-	50	50	1,300
4.3 Inspection and Supervision	200	-	200	200	-	200	200	-	200	150	-	150	750
T O T A L	10,100	29,450	39,550	33,550	39,500	73,050	18,000	30,000	48,000	13,350	26,050	39,400	200,000
PERCENTAGE	5.1	14.7	19.8	16.8	19.7	36.5	9.0	15.0	24.0	6.7	13.0	19.7	100