

**IDB MANAGEMENT'S RESPONSE TO REQUEST MICI-BR-2015-0093 PRESENTED TO THE
ICIM IN RELATION TO THE OPERATION "BLUMENAU SUSTAINABLE MOBILITY PROGRAM"
(BR-1272)**

MEMORANDUM

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Date: 24 September 2015

To: Victoria Márquez-Mees, ICIM Director

From: Néstor Roa, INE/TSP Division Chief

CC: Vice President for Countries, Vice President for Sectors and Knowledge, Infrastructure Manager, Representative in Brazil, Chief of the Environmental and Social Safeguards Unit

Subject: Case MICI-BR-2015-0093 "Blumenau Sustainable Mobility Program" (BR-L1272). Management Response upon registration of the Request and comments on the ineligibility of the case for the Consultation Phase and for the Compliance Review Phase

1. Objective

The objective of this document is to respond to the ICIM request, dated 26 August 2015, which seeks an opinion from the Bank's Management on Request MICI-BR-2015-0093; and to provide the ICIM with arguments that Management considers relevant for demonstrating the ineligibility of the case, for both the Consultation Phase and the Compliance Review Phase.

2. Background

The objective of the program in question is to rehabilitate and improve urban and transportation infrastructure in the city of Blumenau, thereby helping to raise the living standards and socio-environmental conditions of its inhabitants.

The program was approved by the Bank's Board of Executive Directors on 25 June 2012, through Resolution DE-072/12 (loan proposal PR-3878), and consists of an investment loan for a multiple works program, in which the borrower is the Município of Blumenau and the guarantor is the Federative Republic of Brazil.

This operation is being financed by a loan from the Bank amounting to US\$59 million and matching local counterpart funding. The loan contract (2746/OC-BR) and the respective guarantee contract were signed by the parties and entered into force on 22 August 2012.

3. Management's response and comments

a. The bridge that is the subject of the requesters' complaint does not form part of the program financed by the Bank

Management considers it necessary to stress that the program in question was approved by the Bank's Board of Executive Directors, pursuant to the Bank's rules on loan operations for multiple works programs (Operations Processing Manual PR-202).

Loan contract 2746/OC-BR describes the works to be financed as part of the representative sample, in Component 2 of the program (which was presented to the Board of Executive Directors when the operation was approved, as required by the aforementioned PR-202). These works include the adaptation of the Aterro-Fonte corridor, construction of the northern terminal (*Terminal Itoupava Central*) and the western terminal (*Terminal Água Verde*), and the Bahia Street - BR470 highway link (*Complexo do Badenfurt*).

According to the rules applicable to loans for multiple works programs, once the program has been approved by the Bank, the borrower may seek the Bank's authorization to execute other works that are physically similar to those in the aforementioned representative sample, and to finance them from program funds. Nonetheless, the incorporation of these new works into the respective program, and the possibility for the borrower to commit resources from that program to execute them, require the Bank's prior approval, through the Bank's respective Country Office.

In this regard, Management hereby informs the ICIM that the Bank received a communication from the Municipality of Blumenau in February 2015, containing a summary of a project involving the bridge addressed in the requesters' complaint. The Municipality was seeking the incorporation of the special engineering work for the new road connection between Rua Alwin Schrader / Rua Itajaí and Rua Paraguai / Rua Porto Rico over the Itajaí-Açu River in program 2746/OC-BR, at a different location from that analyzed during missions to prepare the program approved by the Bank's Board of Executive Directors. **In response to this request, in March 2015, the Bank informed the Municipality of Blumenau, through its Country Office in Brazil, that, having reviewed the documents presented, it considered that they did not fulfill the minimum technical requirements for eligibility for the financing of works under program 2746/OC-BR and that, therefore, the Bank did not accept the inclusion of that project under the program financed by the Bank.**

b. The complaint filed by the requesters concerns an issue that has previously been reviewed by the ICIM, without new evidence or circumstances being presented

Management considers it important to state that the complaint filed by the Requesters is similar in content to other requests that have been the subject of two ICIM cases ([REDACTED]).

4. Conclusion

In view of the above, the Bank's Management stresses to the ICIM that the Bank strictly complied with its Access to Information Policy, not having made public the communications containing information about deliberations between the Bank and the Municipality of Blumenau, and it reiterates that the Bank is not financing the road link over the Itajaí-Açu River, which is subject of complaint MICI-BR-2015-0093.