

Itajaí, February, 18 2019

Fabício José Sátiro de Oliveira  
AMFRI (Associação dos Municípios da Foz do Rio Itajaí)  
Rua Luíz Lopes Gonzaga, 1655 - São Vicente, Itajaí - SC- Brazil

Mr Jason Lu  
The Global Infrastructure Facility (GIF)  
1818 H Street NW  
Washington  
DC USA 20433


**RE: GIF Assistance to Foz do Rio Itajai BRT**

**Dear Mr Lu,**

I am writing to express the support of the Associated Municipalities of AMFRI for the proposed GIF Project Definition Activity (PDA) grant to undertake prefeasibility support to establish options for leveraging private finance for the development of the Foz do Rio Itajai BRT. In parallel to technical work currently in procurement, this grant will allow the CIM-AMFRI Multi-purpose Intermunicipal Consortium to assess potential business models for the Project, including procurement, financing and funding options.

CIM-AMFRI is a public authority that represents 11 municipalities of the State of Santa Catarina, namely Balneário Camboriú, Balneário Piçarras, Bombinhas, Camboriú, Ilhota, Itajaí, Itapema, Luiz Alves, Navegantes, Penha and Porto Belo. While CIM-AMFRI has been granted the right to manage and implement transport projects on behalf of the municipalities. Although there is currently no legal authority granted to CIM-AMFRI from the state, it has a strong mandate with each of the municipalities to act on their behalf. This granting process with the state government is under negotiation.

I understand that this grant would be executed by a combination of the World Bank task team and CIM-AMFRI in cooperation with the State Government of Santa Catarina. Should the Project move forward to transaction, CIM-AMFRI is aware of the resources available through the GIF Project Preparation & Structuring Activity (PPSA). These PPSA resources would be offered on a reimbursable basis as explained in Annex 1.



This project is of strategic importance to the cities in the Itajaí River Mouth, in the State of Santa Catarina. With GIF support, we will support the implementation of 5 BRT lines and 6 bus priority lines which are expected to transport 525 thousand passengers per day by 2045 using private participation during the design and build phase of the project.

I am at your disposal to answer any questions regarding the application and I look forward to hearing of its outcome.

Yours Sincerely,



Fabrício José Sátiro de Oliveira  
President

AMFRI - Associação dos Municípios da Foz do Rio Itajaí  
Mayor of Balneário Camboriú

## Annex 1: Reimbursement-related clauses in the GIF PPSA Grant Agreement

The GIF PPSA Grant Agreement outlines the following principles:

- **Reimbursement on Contractual/Financial Close** - a reimbursement amount up to 100% (defined by GIF Operating Guidelines) of the (withdrawn) amount of the grant is due to the World Bank/IFC (for further transfer to the GIF) if the PPP project reaches Contractual/Financial Close (defined by stage to which World Bank/IFC is engaged to support the project in question).
- **Payment of Contractual/Financial Close Reimbursement** – under the GIF Grant Agreement, the amount of reimbursement is due from the Recipient Government. However, if so requested by the Recipient Government and accepted by the World Bank/IFC, the Recipient Government can have the private sector investor/party in the PPP project make the payment directly to the World Bank/IFC on behalf of the government as part of the closing procedures on the project in question, provided that the government makes payment if the investor fails to do so. This would normally involve inclusion of a back-to-back clause in the project contract with the private party passing through this reimbursement obligation as a requirement for successful close.
- **Reimbursement on unilateral Government Withdrawal** – 100% of the (withdrawn) amount of the grant is also due if the Recipient Government withdraws unilaterally from the project (for example, if the government has ceased work on the PPP project or cancelled the grant without previously agreeing said action with the World Bank/IFC) or fails to carry out activities in accordance with the terms of the Grant Agreement.
- **No Reimbursement on Project Failure** – no reimbursement will be required if it is mutually determined that cancellation of the grant or withdrawal from the project is due to a situation where the project is shown to no longer be viable: either (i) based on project preparation, appraisal and structuring work, or (ii) because of failure to attract bids, or (iii) because of the preferred bidder not being able to secure necessary financing.