

Public Schools, Belo Horizonte, Minas Gerais, Brazil

Full Description

Project Summary:

Background

The city of Belo Horizonte, the capital of the Brazilian state of Minas Gerais, is one of the largest cities in Brazil, with a primary population of 2.4 million and a total of 5.4 million people living in the greater metropolitan area. However, Belo Horizonte was facing a critical deficiency in access to education. The school buildings and resources available to the municipality could only meet about 35 percent of the demand for education. Over 11,000 children, many of which were underprivileged, were on a waiting list to enroll in schools. Consequently, the municipality, with the assistance of IFC, decided to leverage private sector finance and expertise to expand and strengthen its early childhood education system within a condensed timeframe.

Project Structure

The municipality designed the project and initiated a competitive bidding process to select a private partner, facilitated by IFC, that began March 2011. In August 2012, the Educar Consortium, led by Odebrecht, a leading Brazilian construction company, won the 20-year concession to finance, build, and equip 32 new preschools and five primary schools. The company also assumed responsibility for non-pedagogical services, such as building maintenance, security, cleaning, surveillance, laundry, utility management, and environmental sustainability. The municipality agreed to give the land required for the facilities and retained responsibility for staffing administrators, teachers, cafeteria workers and performing educational monitoring.

The PPP was structured using an availability based PPP model. The municipality pays the private partner a regular, monthly fee based on a set of performance and availability indicators. The indicators include quality of service, end-user satisfaction, security, and timely delivery of capital works, which are to be assessed by an independent verifier.

The private partner was expected to deliver the new facilities within two years of signing, with the primary schools entering into operation about one year after construction. In constructing the schools, the private partner was obliged to comply with the regulations of the Brazilian Ministry of Education, Brazilian Association of Technical Standards and the Belo Horizonte Municipal Department of Education.

Lessons Learned

The project was completed in 2014 and mobilized USD 95 million in private sector investment. The project allows over 18,000 children from low-income areas of the municipality to attend kindergarten and elementary school. Due to its success, the project was upscaled in August 2014 through an amendment to the PPP contract. Specifically, the scope of the construction works was expanded from 37 to 51 school, with a capacity to serve 25,000 students.¹

The project benefitted from bundling, which made the construction of several schools possible in a short period of time, without comprising the quality of the infrastructure.

Footnote 1: Source(s) <https://www.odebrecht.com/en/new-contract-established-between-inova-bh-and-belohorizonte-city-government-increases-number>

https://www.ifc.org/wps/wcm/connect/b81888004c410f909f12dff12db12449/PPPStories_Brazil_BeloHorizonteSchools.pdf?MOD=AJPERES

<https://www.odebrecht.com/en/communication/releases/public-privatepartnership-educationstarted-belo-horizonteexpanded-another>

<http://blogs.worldbank.org/ppps/ppp-takepride-early-educationbrazil>

https://www.ifc.org/wps/wcm/connect/b81888004c410f909f12dff12db12449/PPPStories_Brazil_BeloHorizonteSchools.pdf?MOD=AJPERES

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