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**Folder ID:** 1774588

**Series:** Country Files

**Dates:** 11/22/1982 - 09/30/1986

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THE WORLD BANK

Washington, D.C.

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The World Bank

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Washington DC 20433

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CLAUSEN'S - Country Files: Bolivia



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## OFFICE MEMORANDUM

**DATE:** September 30, 1986

**TO:** FILES

**FROM:** Katherine Marshall, Division Chief, LC2PB

**EXT.:** 76282

**SUBJECT:** BOLIVIA - 1986 Annual Meetings -- Meeting with Mr. Conable

1. The Bolivian delegation met with Mr. Conable for about a half hour on September 28. The meeting was arranged the previous day at the request of the Finance Minister. Attending were Juan Cariaga, Minister of Finance, Fernando Illanes, Ambassador to the US, and Luis Paz, Counsellor Bolivian Embassy; Bank representatives were Messrs. Conable, Gue, Sam and Ms. Marshall.

2. The Minister of Finance emphasized Bolivia's desperate plight, noting its severe economic crisis, worsened by the collapse of prices of Bolivia's main exports. Bolivia needs \$500 million a year financing for ten years to become what it was 10 years ago. The challenge is to reinvent Bolivia. To do this the Government has taken very strong stands. The major elements of the program are free prices and fiscal reform. Mr. Conable stressed his awareness of the heroic efforts the Government was made and the harsh international environment. The Minister and Mr. Conable emphasized the role of the Consultative Group meeting as a vehicle for mobilizing international support.

3. The Minister stated that, although such effort had been made, Bank assistance after 14 months (that is, since the Government took office) has not materialized in tangible terms. The discussion turned to the Reconstruction Import Credit, approved in May but not yet effective, to which the Minister was essentially alluding. We noted that obstacles to credit effectiveness were administrative and legal requirements which both the Government and Bank staff hoped could be met within a week. Thereafter speed of implementation would depend on progress by the various Bolivian agencies involved. Mr. Conable said he could make no promises on future IDA funds given the many demands; he said that we recognize that Bolivia's claim for more resources is a strong one. Mr. Gue emphasized that progress in implementing the ongoing Reconstruction Import Credit (RIC) will have a major bearing on how quickly we can advance with the next operation. The concluding comment was that the delegation had no complaint on Bank assistance but that Bolivia's situation is a true emergency and requires strong and rapid support.

4. The US bridge loan of \$100 million to Bolivia was discussed. This loan agreement sets a deadline of October 31 for the IMF to recommend to their Board approval of a CFF and an SAF. The delegation said that CFF had been negotiated and would go to the Fund Board on November 14. Approval of a SAF, however, is less advanced as it requires prior Bank Board discussion of the Policy Framework Paper. Since we have not yet

launched the formal process of discussing this paper, the deadline cannot be met. Mr. Gue emphasized the need to advance quickly with preparation of a medium-term framework, which will also provide the basis for the Consultative Group discussions. We indicated that we hoped to be able to discuss the Policy Framework Paper with the Government in late October. Mr. Conable said he would be willing to talk with Secretary Baker, seeking a postponement of the deadline. The delegation agreed that this would be helpful.

cc: Messrs. Stern, SVPOP; Sam, EXC; Knox, Pfeffermann, Quijano, LCNVP;  
Gue, Nankani, Carter, LC2DR; Picciotto, LCPDR; Mendoza, Res. Rep.;  
Lysy, PBDCP; Zea, Ms. Javier, LC2PB

KMarshall:vv

1379  
Orig. to J. Thabane  
1015

La Paz, 16 de septiembre de 1983

Señor  
A. W. Clausen  
Presidente  
Banco Mundial  
Washington D.C. 20433  
U.S.A.

Señor Presidente:

Me es grato dar respuesta a su atenta nota de fecha 7 de septiembre de 1983, por la cual me hace llegar sus congratulaciones por mi designación de Gobernador de Bolivia ante la Junta de Gobernadores del Banco Mundial.

Expresiones que en esta oportunidad agradezco en alto grado y que espero reiterarlas personalmente a usted señor Presidente, así como a sus Directores Ejecutivos, durante mi próxima visita a Washington a fin de estrechar aún mas las cordiales relaciones entre mi país y la entidad a su cargo.

Cordialmente,



Fernando Piñola Guzmán  
MINISTRO DE FINANZAS

September 7, 1983

Dear Mr. Minister:

It is indeed good to know that you have been appointed Governor for Bolivia on the Board of Governors of The World Bank. Congratulations!

The Executive Directors, Officers and Staff join me in extending to you a warm welcome. We look forward to your participation in the affairs of the Bank.

On a personal note, I hope to have the opportunity of greeting you here in Washington at the time of the Annual Meetings.


Sincerely,

A handwritten signature, possibly 'A', consisting of a large, stylized letter 'A' with a horizontal line extending to the right.

Su Excelencia  
Senor Lic. Fernando Baptista Gumucio  
Ministro de Finanzas  
Calle Bolivar  
La Paz  
Bolivia

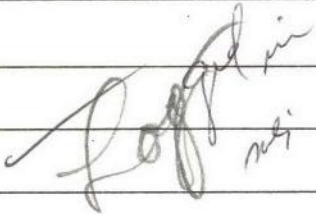
cc: Mr. Zalduendo  
Mr. Lerdau  
Mr. D. Adams

HM Fleming:raa

Handwritten initials, possibly 'J.J.', written in a cursive style.



*Bol*

<b>ROUTING SLIP</b>		DATE: May 3, 1983	
NAME		ROOM NO.	
Mr. Southworth		E1227	
			
APPROPRIATE DISPOSITION		NOTE AND RETURN	
APPROVAL		NOTE AND SEND ON	
CLEARANCE		PER OUR CONVERSATION	
COMMENT		PER YOUR REQUEST	
FOR ACTION		PREPARE REPLY	
INFORMATION		RECOMMENDATION	
INITIAL		SIGNATURE	
NOTE AND FILE		URGENT	
REMARKS:			
<p>The attached is in response to Mr. Hardy's telex to Mr. Clausen of April 25, 1983. Mr. Ayub, our Resident Representative in Bolivia, had already written a letter to Mr. Hardy in which he addressed the issues mentioned in Mr. Hardy's first telex to Mr. Clausen of March 31, 1983.</p>			
cc: Messrs. Barletta, Lerdau			
FROM:		ROOM NO.:	EXTENSION:
Peter R. Scherer		F-925	76251

Typewritten Character Must Fall Completely in Box!

PAGE 1 OF 2 EXTENSION 76256 MESSAGE NUMBER TEST NUMBER (FOR CASHIER'S USE ONLY)

START HERE

TO REGINALD HARDY, BOLIVIAN WILDLIFE SOCIETY, THE VEDDW FARM, GWENT NP6 6PH, UNITED KINGDOM REURTLXS OF 25 APRIL 83 AND 31 MARCH 83 TO MR. CLAUSEN. A BANK MISSION TO SUPERVISE THE ULLA ULLA PROJECT VISITED BOLIVIA APRIL 18 TO 27, 1983. THE MISSION TRAVELLED TO THE ULLA ULLA PROJECT SITE AND OBSERVED FIRST HAND THE VICUNA SITUATION. BASED ON THE MISSION'S FINDINGS AS WELL AS THE INVESTIGATIONS OF OUR RESIDENT OFFICE IN LA PAZ, I CAN REPORT THAT COLON (A) INFOL IS IN CONTROL OF THE ULLA ULLA PROJECT SEMICOLON (B) THE VICUNA CONSERVATION COMPONENT OF THE PROJECT IS BEING IMPLEMENTED ACCORDING TO THE GUIDELINES IN THE PROJECT APPRAISAL REPORT SEMICOLON (C) THE VICUNA POPULATION IN THE ULLA ULLA PROJECT AREA HAS INCREASED FROM 600 IN 1977, WHEN THE PROJECT BEGAN, TO ABOUT 2,200 TODAY, WITH NO EVIDENCE OF ANY DEATHS, EXCEPT BY NATURAL CAUSES, IN THE LAST SEVERAL MONTHS. WHILE I CANNOT COMMENT OF THE FATE OF THE VICUNA IN OTHER PARTS OF BOLIVIA, I BELIEVE THE POPULATION IN THE ULLA ULLA PROJECT AREA IS RECEIVING ADEQUATE PROTECTION. THE ILLEGAL OCCUPATION OF THE INGAVI AND ULLA ULLA PROJECTS, TOOK PLACE IN JANUARY 1983 AND WAS FOR A BRIEF PERIOD ONLY SEMICOLON THERE HAS BEEN NO INCIDENT SINCE THEN. BOTH PROJECTS ARE UNDER

END OF TEXT

NOT TO BE TRANSMITTED

CLASS OF SERVICE:	TELEX NO.:	DATE:
SUBJECT:	DRAFTED BY:	
CLEARANCES AND COPY DISTRIBUTION:	AUTHORIZED BY (Name and Signature):	
	DEPARTMENT:	
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HERE

THE CONTROL OF THEIR RESPECTIVE PROJECT MANagements. I HAVE  
 ASKED MR. SULLIVAN, SENIOR LOAN OFFICER RESPONSIBLE FOR BOLIVIA  
 PROGRAMS, TO RESPOND IN MORE DETAIL TO YOUR TELEXES. LET ME  
 ASSURE YOU THAT WE REMAIN COMMITTED TO THE CONSERVATION OF THE  
 VICUNA IN THE ULLA ULLA AREA AS PROVIDED FOR IN THE AGREEMENTS  
 BETWEEN THE WORLD BANK AND BOLIVIA. REGARDS, PETER R. SCHERER,  
 DIVISION CHIEF, COUNTRY PROGRAMS DEPARTMENT, LATIN AMERICA AND  
 THE CARIBBEAN, REGIONAL OFFICE, INTBAFRAD.

END  
OF  
TEXT

NOT TO BE TRANSMITTED

CLASS OF SERVICE: <b>TELEX</b>		TELEX NO.: <b>497497</b>	DATE: <b>5-3-83</b>
SUBJECT: <b>Bolivia - Ulla Ulla Project</b>		DRAFT <b>RCSullivan:vv</b>	
CLEARANCES AND COPY DISTRIBUTION: <b>Cleared with and cc: Messrs. Haasjes, Ferrer, LCP cc: Messrs. Barletta, LCNVP; Lerdau, LC2; van der Meer, LCP; Ayub, Res. Rep. Mr. Southworth, EXC</b>		AUTHORIZED BY (Name and Signature) <b>Peter R. Scherer</b>	
		DEPARTMENT <b>LC2</b>	
SECTION BELOW FOR USE OF CABLE SECTION			
CHECKED FOR DISPATCH			

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2. Align First Characters at Line Number 1
3. DO NOT exceed right hand margin marked 10 with 10 Pitch Type (Pica). DO NOT exceed right hand margin marked 12 with 12 Pitch Type (Elite)

THE WORLD BANK

ROUTING SLIP

Date

April 25/83

OFFICE OF THE PRESIDENT

Name

Room No.

Mr. Ardito-Barletta

cc: Mr. J.A. Lee

*8/2/83 7625*

To Handle

Note and File

Appropriate Disposition

Prepare Reply

Approval

Per Our Conversation

Information

Recommendation

Remarks

We have no record of March 31/83 Telex.

How do you recommend this be handled?

Should Mr. Clausen respond ?

Please let us know.

Roy Southworth

*Roy*  
*Have you heard on this?*  
*hi 5/2*

*Merna*  
*I haven't heard anything on this. Would you check with N.A.D. & ...*

From



1983 APR 25 PM 1:31

COMMUNICATIONS

RCA APR 25 1318

248423 WORLDBANK

2433 HINNS BD

GABO3 1815 25APR83

FOR: A W (TOM) CLAUSEN

PRESIDENT

WORLD BANK

WASHINGTON

FRM: REGINALD HARDY

BOLIVIAN WILDLIFE SOCIETY

WITH THE BOLIVIAN DELEGATION AT THE

INTERNATIONAL ENDANGERED SPECIES CONFERENCE

GABORONE BOTSWANA

REF: MY TELEX VDW2103 OF 31MAR83 RE ULLA ULLA DEVELOPMENT PROJECT

1. I HAVE JUST VISITED BOLIVIA AGAIN AND FOUND MATTERS WORSE THAN I ORIGINALLY ASSESSED THEM.
2. PRIOR TO MY DEPARTURE FOR BOTSWANA THE PRESIDENT OF THE CHAMBER OF SENATORS, DR JULIO GARRETT, HANDED ME CONFIDENTIAL COPY OF SENATE MINUTE MC195-83 OF 06 APRIL TO THE PRESIDENT OF THE REPUBLIC, DR HERNAN SILES ZUAZO, IN WHICH THE ILLEGAL OCCUPATION OF PROPERTIES 'HUACULLANI', INGAVI PROJECT (WORLD BANK), 'ULLA ULLA' (NATIONAL PARK - WORLD BANK + EEC), 'CAPIRI', 'SAN JORGE DE HILATA', 'HUANCAROMA' (NATIONAL VICUNA REFUGE) AND 'MIRAFLORES' IS DECALRED AS BEING CONTRARY TO ARTICLE 22 OF THE CONSTITUTION.
3. YOU WILL NOTE THAT YOUR INGAVI SHEEP PROJECT ALSO APPEARS TO HAVE BEEN 'TAKEN OVER'.
4. I DISCUSSED 'ULLA ULLA' WITH MAHMOOD AYUB WHO TOLD ME THAT HE HAD BEEN ASSURED BY THE NEW (LA PAZ BASED) GENERAL MANAGER OF INFOL THAT ALL WAS EXAGERRATED AND THAT THERE WOULD BE NO CHANGE OF POLICY. HOWEVER REPORTS FROM THE FIELD INDICATE THAT HE IS NOT IN CONTROL OF THE SITUATION.
5. 'HUANCAROMA', A PRIVATELY OWNED DAIRY AND SHEEP FARM BELONGING TO ONE JORGE RODRIGUEZ BALANZAS, WAS 'TAKEN OVER' BY DISSIDENTS WHO ARRIVED, I AM TOLD ON GOOD AUTHORITY, IN MINISTRY OF AGRICULTURE TRUCKS WITH THEIR CATTLE AND DOGS. THE DOGS KILLED 50 (OF THE 300) VIRTUALLY TAME VICUNA IN THE 'RESERVE' ON THE FIRST DAY. WHAT HAS HAPPENED SINCE IS NOT KNOWN AS THE FARM/REFUGE HAS BEEN SEALED OFF AND NOBODY IS ALLOWED IN LEAST OF ALL THE OWNER AND HIS MANAGER.
6. 'EL DIARIO' OF 18 MARCH 1983 CARRIED A REPORT TO THE EFFECT THAT THE PREFECT OF LADISLAD CABRERO PROVINCE DENOUNCED THE ARMY COMMANDER OF THE 2ND DIVISION FOR THE EXTERMINATION OF 'HUNDREDS' OF VICUNA IN THE AREA WHICH SHOULD INDICATE TO YOU THAT ALL IS NOT UNDER CONTROL.
7. THE 'PATACAMAYA' EXPERIMENTAL STATION, WHICH IS ALSO ADMINISTERED BY INFOL, TO WHICH 32 VICUNA HAD BEEN SENT FROM HUANCAROMA, HAS BEEN ORDERED CLOSED BY THE MINISTER OF AGRICULTURE AND THE FATE OF THE VICUNA IS NOT KNOWN.
8. IT IS (CUBA ORIENTATED) MINISTER, ZENON BARRIENTOS, WHO SEEMS TO BE THE SOURCE OF THE PROBLEM AS HE IS, ACCORDING TO THE PRESS, ENCOURAGING THE DISSIDENT CAMPESINOS TO TAKE OVER DEVELOPED PROPERTIES. HE HAS ALREADY BEEN CENSURED BY THE CHAMBER OF DEPUTIES AND UNDER BOLIVIAN LAW SHOULD HAVE ACCORDINGLY RESIGNED. THIS HE REFUSES TO DO AND THE PRESIDENT OF THE REPUBLIC HAS NOT SEEN FIT TO DISMISS HIM.
9. MANY WILDLIFE CONSERVATION AND ANIMAL WELFARE ORGANISATIONS AT THIS CONFERENCE ARE SHOCKED BY MY REPORT AND HAVE PROMISED THEIR SUPPORT.
10. I RETURN TO BRITAIN THURSDAY AND WILL WRITE TO YOU FULLY FROM THERE. MEANWHILE I TRUST THAT YOU WILL GIVE CONSIDERATION TO WITHHOLDING ALL FORMS OF AID TO BOLIVIA PENDING A FULL REVIEW OF THE POSITION.

SINCERELY

FIN+

2433 HINNS BD

⊙

248423 WORLDBANK



003 APR 25 PM 1:31

RCA APR 25 13180

248423 WORLDBANK

2433 HINNS BD

GAB03 1815 25APR83

FOR: A W (TOM) CLAUSEN

PRESIDENT

WORLD BANK

WASHINGTON

FRM: REGINALD HARDY

BOLIVIAN WILDLIFE SOCIETY

WITH THE BOLIVIAN DELEGATION AT THE

INTERNATIONAL ENDANGERED SPECIES CONFERENCE

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7. THE 'PATACAMAYA' EXPERIMENTAL STATION, WHICH IS ALSO ADMINISTERED BY INFOL, TO WHICH 32 VICUNA HAD BEEN SENT FROM HUANCAROMA, HAS BEEN ORDERED CLOSED BY THE MINISTER OF AGRICULTURE AND THE FATE OF THE VICUNA IS NOT KNOWN.

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SINCERELY

FIN+

2433 HINNS BD

248423 WORLDBANK



7127

November 22, 1982

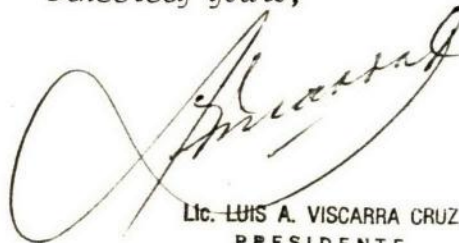
Dear Mr. President:

I am very pleased to answer your letter dated on the 26th of last month, in which you convey your compliance and congratulations for having been appointed to the Board of Governors of the World Bank as alternate Governor for Bolivia.

At the same time, let me express my gratitude to the Executive Directors, Officers and Staff.

Wishing to have the pleasure of meeting you in the near future, I remain.

Sincerely yours,



Lic. LUIS A. VISCARRA CRUZ  
PRESIDENTE

Mr. A. E. Clausen  
President  
World Bank  
Washington, D.C. 20433  
U. S. A.

FM/mom.