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THE WORLD BANK

Washington, D.C.

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The World Bank

1818 H Street NW

Washington DC 20433

Telephone: 202-473-1000

Internet: www.worldbank.org

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CLAUSEN'S - Country Files! Brazil

Vol 4



1774606

A1990-013 Other #: 4

209487B

Brazil - Clausen Country Files - Correspondence - Volume 4

DECLASSIFIED
WBG Archives

BANCO CENTRAL DO BRASIL, BRASILIA, BRAZIL
ATTENTION: MR. AFFONSO CELSO PASTORE, GOVERNOR
THANK YOU VERY MUCH FOR YOUR TELEX OF DECEMBER 1, 1983 TO
MR. CLAUSEN, WHO IS ABROAD, REGARDING BRAZIL'S PHASE TWO FINANCING
PLAN. AS YOU PERHAPS KNOW, WE HAVE HAD DISCUSSIONS DURING THE
PAST YEAR WITH MR. LANGONI AND MR. KAFKA REGARDING OUR US DOLLAR
DEPOSITS WITH BRAZILIAN BANKS. AS A RESULT OF THESE DISCUSSIONS
THE WORLD BANK HAS MAINTAINED ITS DEPOSITS WITH BANCO DO BRASIL
SINCE THE BEGINNING OF THIS YEAR AT ABOUT THE SAME LEVEL, IN
SUPPORT OF BRAZIL'S NEGOTIATIONS WITH COMMERCIAL BANKS AND OTHER
LENDERS. ANY FURTHER FORMAL COMMITMENT ON OUR PART REGARDING
THESE DEPOSITS WOULD IMPOSE RESTRICTIONS WHICH WOULD VIOLATE THE
BANK'S INTERNAL POLICIES, THEREBY JEOPARDIZING THE POSSIBILITY OF
OUR MAINTAINING DEPOSITS WITH BANCO DO BRASIL. THIS IS PRIMARILY
BECAUSE THE WORLD BANK'S DEPOSITS WITH COMMERCIAL BANKS ARE
SUBJECT TO THE BANK'S INVESTMENT POLICY AND GUIDELINES ENUNCIATED
BY THE BOARD OF DIRECTORS. THIS POLICY EMPHASIZES LIQUIDITY AS A
PRIMARY OBJECTIVE, AND DISTINGUISHES IBRD LIQUID INVESTMENTS
FROM ITS LENDING PROGRAM TO MEMBER COUNTRIES. AS SUCH, THE BANK'S
INVESTMENT POLICY STIPULATES GUIDELINES BY WHICH WE PLACE DEPOSITS

END
OF
TEXT

PINK AREA TO BE LEFT BLANK AT ALL TIMES

INFORMATION BELOW NOT TO BE TRANSMITTED

CLASS OF SERVICE:

TELEX NO.:

DATE:

SUBJECT:

DRAFTED BY:

EXTENSION:

CLEARANCES AND COPY DISTRIBUTION:

AUTHORIZED BY (Name and Signature):

DEPARTMENT:

SECTION BELOW FOR USE OF CABLE SECTION

CHECKED FOR DISPATCH

DISTRIBUTION: WHITE—File Copy

CANARY—Bill Copy

WHITE—Transmittal Copy

BLUE—Originator to Keep

Typewritten
Character
Must Fill
Completely in
Box!

PAGE
OF
2

OFFICIAL DEPT/DIV
ABBREVIATION

SVPFI

MESSAGE NUMBER

TEST NUMBER
(FOR CASHIER'S USE ONLY)

START
HERE

IN COMMERCIAL BANKS, INCLUDING BRAZILIAN BANKS, IN RELATION TO THE
RELATIVE SIZE OF THEIR DEPOSITS AND CREDIT STANDING, AS WELL AS
IBRD'S DESIRED MATURITY PROFILE AND LIQUIDITY NEEDS TO PROVIDE
FUNDS FOR LENDING AND OTHER COMMITMENTS. IT IS IN THIS CONTEXT
THAT WE HAVE CONTINUED TO PLACE US DOLLAR DEPOSITS WITH BANCO DO
BRASIL IN NEW YORK, AS WE DO WITH OTHER COMMERCIAL BANKS.
WE REGRET THAT THE TERMS AND CONDITIONS SPECIFIED IN YOUR TELEX
APPLY TO COMMERCIAL BANK LENDERS AND ARE NOT APPROPRIATE FOR THE
WORLD BANK. NEVERTHELESS, WE WOULD HOPE THAT BANCO DO BRASIL WILL
CONTINUE TO MEET OUR INVESTMENT POLICY REQUIREMENTS, AND WE WISH
YOU EVERY SUCCESS IN YOUR ENDEAVORS TO MEET YOUR FINANCING PLANS.
WITH BEST REGARDS.
MOEEN A. QURESHI, SENIOR VICE PRESIDENT, FINANCE. THE WORLD BANK.

END
OF
TEXT

PINK AREA TO BE LEFT BLANK AT ALL TIMES

INFORMATION BELOW NOT TO BE TRANSMITTED

CLASS OF SERVICE: **TELEX**

TELEX NO.:

DATE: **12/6/83**

SUBJECT:

DRAFTED BY:
HKFindakly:rc *HF*

EXTENSION:
78077

CLEARANCES AND COPY DISTRIBUTION:

cc: Messrs. Clausen (o/r)
Stern (o/r)
Rotberg
Ardito-Barletta

AUTHORIZED BY (Name and Signature):

Moeen A. Qureshi
DEPARTMENT: Office of the Senior Vice
President, Finance

SECTION BELOW FOR USE OF CABLE SECTION
CHECKED FOR DISPATCH

Mr. Kafka - IMF Exec Director

THE WORLD BANK

12/2

ROUTING SLIP		Date Dec. 2	
OFFICE OF THE PRESIDENT			
Name		Room No.	
✓ Mr. Qureshi			
cc: Mr. Stern		E1227	
Mr. Ardito-Barletta		A907	
XX	To Handle		Note and File
	Appropriate Disposition		Prepare Reply
	Approval		Per Our Conversation
	Information		Recommendation
Remarks			
<p style="text-align: right;">Roy Southworth</p>			
From			

10757 ①
12/2

ZCZC DIST8633 JWS8923

DIST

WHEN REPLYING TO THIS MESSAGE REFER TO : TCP D.S.
MR CLAUSEN

1703

Original: Mr. Wood
(Acting SVPFI)

cc: Mr. Qureshi o/r
Mr. Rotberg

ZC JWS0105 JGY240 IN 01/13:20 OUT 01/13:43

612113BCBR BR

FROM: CENTRAL BANK OF BRAZIL - BRASILIA
TO: WORLD BANK - WASHINGTON

DEC 1ST, 1983

DIREX 83/366

ATTN: MR. A. W. CLAUSEN - PRESIDENT

RE: FEDERATIVE REPUBLIC OF BRAZIL
PHASE TWO FINANCING PLAN

AS YOU KNOW BRAZIL IS CURRENTLY IMPLEMENTING ITS 1983/84 FINANCING PROGRAM WITH ALL COMMERCIAL BANKS AND OFFICIAL LENDERS. AS PART OF THIS PROGRAM WE HAVE ASKED ALL FOREIGN COMMERCIAL BANKS THAT HAVE DEPOSITS WITH THE OFFSHORE AGENCIES AND BRANCHES OF BRAZILIAN BANKS TO MAINTAIN SUCH DEPOSITS, ON A FULLY COMMITTED BASIS, WITH SUCH BANKS AT JUNE 30, 1983 LEVELS.

A SUBSTANTIAL PORTION OF THE FUNDING OF BRAZILIAN FOREIGN BRANCHES CONSISTS OF DEPOSITS FROM OFFICIAL SOURCES (CENTRAL BANKS AND MULTILATERAL AGENCIES). WE ARE ASKING ALL SUCH DEPOSITORS (WHICH ACCORDING TO OUR RECORDS INCLUDES YOUR INSTITUTION) TO MAINTAIN THEIR OUTSTANDINGS IN A MANNER EQUAL TO COMMERCIAL BANKS AND ON THE BASIS OF THE TERMS AND CONDITIONS OUTLINED BELOW:

INTERBANK FACILITY:

BORROWERS: FOREIGN BRANCHES AND AGENCIES OF BRAZILIAN PUBLIC OR PRIVATE SECTOR BANKS AND BANCO CENTRAL DO BRASIL.

AMOUNT: AGGREGATE OF EACH LENDING INSTITUTION'S INTERBANK OUTSTANDINGS AS OF JUNE 30, 1983 (THE "INTERBANK BASE DATE"). ALTHOUGH JUNE 30, 1983 IS BEING USED AS THE INTERBANK BASE DATE, BANCO CENTRAL DO BRASIL WILL USE ITS BEST EFFORTS ON A CONTINUING BASIS TO CAUSE THE BRAZILIAN BANKS WHICH SUFFERED A DECREASE IN INTERBANK OUTSTANDINGS AFTER DECEMBER 31, 1982 TO ATTEMPT TO CAUSE SUCH OUTSTANDINGS TO BE RESTORED.

CURRENCY OF COMMITMENT: U.S. DOLLARS AND IN THE CASE OF OUTSTANDINGS IN OTHER CURRENCIES, THE U.S. DOLLAR EQUIVALENTE THEREOF.

FACILITY: EACH LENDING INSTITUTION WILL MAINTAIN INTERBANK OUTSTANDINGS, WHICH SHALL INCLUDE, WITHOUT LIMITATION, OVERNIGHT OR CALL MONEY, SPECIAL DEPOSITS, CERTIFICATES OF DEPOSIT, SHORT-TERM (NON-TRADE-RELATED) ADVANCES, INELIGIBLE (NON-TRADE-RELATED) ACCEPTANCES AND REPURCHASE OBLIGATIONS, IN AN AMOUNT IN DOLLARS (OR THE DOLLAR EQUIVALENT IN THE CASE OF NON-DOLLAR OUTSTANDINGS) AT LEAST EQUAL TO ITS INTERBANK OUTSTANDINGS AS OF THE INTERBANK BASE DATE AS FOLLOWS:

OUTSTANDINGS TO INDIVIDUAL BORROWERS SHALL BE MAINTAINED FOR A MINIMUM OF 30 DAYS AND ANY REALLOCATION OF ALL OR ANY PORTION THEREOF SHALL REQUIRE 10 DAYS' NOTICE. SUCH NOTICE OF REALLOCATION SHALL SET FORTH THE AMOUNT OF THE DEPOSIT, THE NAME OF THE BORROWER HOLDING THE OUTSTANDINGS TO BE REALLOCATED AND THE BORROWER TO WHICH SUCH OUTSTANDINGS SHALL BE REALLOCATED (WHICH SHALL BE BANCO CENTRAL DO BRASIL IF NO OTHER BORROWER IS SPECIFIED) AND SHALL BE DELIVERED TO SUCH PERSONS AND THE COORDINATOR. IN THE EVENT THAT SUCH 10 DAYS' NOTICE OF REALLOCATION IS NOT GIVEN BY ANY LENDING BANK, THE DEPOSIT SHALL BE RENEWED FOR A MINIMUM OF 30 DAYS WITH THE EXISTING BORROWER.

TO THE EXTENT THAT ANY LENDING BANK ELECTS TO UTILIZE ANY PORTION OF THE FACILITY FOR THE NON-RECOURSE PURCHASE OF A LAW 4131, RESOLUTION 63 OR OTHER BRAZILIAN RISK ASSET OF ANY BORROWER HAVING A MATURITY ON OR AFTER THE DATE 360 DAYS AFTER THE EFFECTIVE DATE, THE AMOUNT OF SUCH PURCHASE SHALL BE COUNTED TOWARDS SUCH LENDING BANK'S OUTSTANDINGS UNDER THE FACILITY. INTERBANK OUTSTANDINGS SHALL NOT INCLUDE TRADE CREDIT UNDER THE TRADE CREDIT FACILITY (INCLUDING DEPOSITS THEREUNDER) EXTENDED BY CERTAIN FINANCIAL INSTITUTIONS TO BANCO CENTRAL DO BRASIL.

LENDING INSTITUTIONS: ALL NON-BRAZILIAN FINANCIAL INSTITUTIONS WITH INTERBANK OUTSTANDINGS TO A FOREIGN BRANCH OR AGENCY OF BRAZILIAN PUBLIC OR PRIVATE SECTOR BANKS OR BANCO CENTRAL DO BRASIL ON THE INTERBANK BASE DATE.

AVAILABILITY PERIOD: 360 DAYS FROM THE EFFECTIVE DATE (AS DEFINED UNDER THE CREDIT AND GUARANTY AGREEMENT DATED AS OF-----, 1983 AMONG THE FEDERATIVE REPUBLIC OF BRAZIL, THE FINANCIAL INSTITUTIONS PARTY THERETO AND BANCO CENTRAL DO BRASIL) OR SUCH LONGER PERIOD AS MAY BE AGREED UPON BY THE PARTIES CONCERNED.

INTEREST RATES: IN THE CASE OF DEPOSITS WITH BANCO CENTRAL DO BRASIL, 5/8 PCT OVER LIBOR OF SUCH LENDING BANK OR OVER SUCH LENDING BANK'S DOMESTIC RATE FOR COMPARABLE DEPOSITS, EACH LENDING BANK SHALL SELECT, TO THE EXTENT AVAILABLE, IN THE CASE OF SUCH DEPOSITS WITH BANCO CENTRAL DO BRASIL, THE INTEREST RATE BASE (IF LIBOR OR A DOMESTIC RATE) WHICH WAS APPLICABLE ON JUNE 30, 1983. IN THE CASE OF DEPOSITS WITH BORROWERS OTHER THAN BANCO CENTRAL DO BRASIL, AT A MARGIN OVER SUCH LENDING BANK'S LIBOR OR DOMESTIC RATE AS AGREED BY SUCH LENDING BANK AND THE BORROWER, INTEREST SHALL ACCRUE FROM THE DATE THE DEPOSIT IS MADE UNTIL THE DATE OF PAYMENT IN FULL.

FACILITY FEE: PAYABLE BY BANCO CENTRAL DO BRASIL UPON THE EFFECTIVE DATE, IN U.S. DOLLARS, IN THE AMOUNT OF 1/8 PCT OF THE FACILITY TO ALL BORROWERS IN RESPECT OF THE AVAILABILITY PERIOD ENDING 360 DAYS AFTER THE EFFECTIVE DATE.

USE OF PROCEEDS: ADVANCES UNDER THE FACILITY SHALL BE USED TO FUND THE EXISTING ASSET PORTFOLIO OF THE BORROWER OR TO INCREASE THE SHORT-TERM ASSET PORTFOLIO OF SUCH BORROWER. DEPOSITS WITH BANCO CENTRAL DO BRASIL SHALL BE MADE TO ITS ACCOUNT OR ACCOUNTS AT SUCH BANK OR FINANCIAL INSTITUTION OUTSIDE OF BRAZIL AS REQUESTED BY BANCO CENTRAL DO BRASIL.

COORDINATOR: BANKERS TRUST COMPANY, THE COORDINATOR SHALL PERFORM COORDINATING, INFORMATIONAL AND MONITORING FUNCTIONS FOR BANCO CENTRAL DO BRASIL PURSUANT TO AN AGREEMENT TO BE NEGOTIATED BETWEEN SUCH PARTIES. ALL NOTICES TO THE COORDINATOR SHALL BE BY TELEX (TELEX NO.-----).

DOCUMENTATION: INTERBANK FACILITY COMMITMENT LETTER (EXECUTED BY EACH LENDING INSTITUTION), TO INCLUDE APPROPRIATE EVENTS OF TERMINATION AND SUCH OTHER TERMS AS THE PARTIES SHALL AGREE.

PLEASE CONFIRM TO ME BY RETURN TELEX YOUR COMMITMENT TO MAINTAIN THE OUTSTANDINGS TO BRAZILIAN BANKS AS OUTLINED ABOVE. SHOULD YOU WANT TO DISCUSS ANY OF THE ABOVE, PLEASE DO NOT HESITATE TO CALL ME IN BRASILIA (061) 214-2000.

BEST REGARDS,
AFFONSO CELSO PASTORE
GOVERNOR - BANCO CENTRAL DO BRASIL
BACENTRAL
YW
612113BCBR BR

GGGG

=12011417

NNNN

AWC

Saw

this and
wondered it
to me
W out his
initial
Please
Roy
174/18

Tom;

In the past few months the Bank has become a target of a letter writing campaign on the treatment of Indians in Bank-Financed Projects in NW Brazil. Enrique Herdau has been answering the letters. Attached is a background note outlining the issues and examples of the letters to us and our replies.

Roy

1-3-84

7-2130

OFFICE MEMORANDUM

R1

3052

DATE: December 28, 1983

h-

TO: Mr. A. W. Clausen

(through Mr. S. Husain, Acting Senior Vice President, Operations)

FROM: Suibertus van der Meer, Acting Regional Vice-President

Meer

EXTENSION: 75901

SUBJECT: BRAZIL - Northwest Region Integrated Development Program - Briefing on Amerindians

1. The Northwest Integrated Development Program was designed to support the development of regional agricultural potential, while providing for measures to reduce the risk to the region's vulnerable Amerindian population and to prevent harmful ecological impact. The program was first identified in mid-1979, and the first phase loans approved in December, 1981. The Bank has made five loans totalling US\$411.6 million to support the Program, which total cost is estimated at US\$1.2 billion, for a highway project, two rural development projects, a new settlements project, and a health project.

2. A sensitive issue during the negotiations was to agree specific measures to be taken to protect the region's Amerindian population, which is widely dispersed and in varying degrees of contact with modern society. Simple and essential measures, consistent with Brazilian legislation, were made an integral part of the Program. The Special Project for Protection of Amerindian Communities provides for these measures, including demarcation of Amerindian reserve areas, provision of adequate and necessary health care to Amerindian populations, and monitoring of reserve borders to prevent squatting or other illegal invasion of Amerindian lands. These measures are being implemented by the Brazilian National Indian Foundation (FUNAI), and are financed entirely by the government. The Bank maintains the right to supervise the Special Project and no obstacles in this respect have been encountered. Bank staff contact with FUNAI is easy, and there have been positive responses by FUNAI to recommendations of supervision missions.

3. Implementation of the Special Project is now satisfactory. In 1982 and until mid-1983 there were substantial delays, especially in the completion of demarcation of reserves in the Guapore Valley of Mato Grosso, which have been a focus of controversy since the late 1960's. During discussions with the Government in May and June, 1983 specific actions were agreed to speed the implementation of the Special Project. Demarcation of the reserves in the Guapore Valley of Mato Grosso is now nearing completion (the work is being carried out by the army geographic services), and FUNAI was given authority to contract about 60 additional staff to provide more adequate medical assistance.

4. A number of international interest groups have been monitoring these developments. We have taken the position that the negotiations between the Bank and the Government are a confidential matter, and have therefore not provided specific detail on our agreements with the Government. But we have on a number of occasions met with representatives of these groups to inform them of developments. In Brazil, the anthropological community is supportive of our strategy. We have, and will continue to monitor the Special Project closely given its sensitivity and visibility in the international scene.

cc: Messrs. Lerdau, LC2
van Gigch, LCP
Martinusen, LCP
van der Heijden, LC2
Asseo, LCP
Mrs. Koch-Weser, AGR
von Pogrell, LCP

193 DEC 30 10 40 AM

ROUTING SLIP		DATE: 12/6/83	
NAME		ROOM NO.	
Mr. Southworth		E-1227	
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	
<p>REMARKS:</p> <p>Replies to letters concerning</p> <p>POLONOROESTE program.</p> <p>12/19/83 Susan! Hotel this please I expect a note from herdaw.</p> <p>12/19/83 background note</p>			
FROM:		ROOM NO.:	EXTENSION:
Gayle Zanini		E-928	72130

12/19/83 Susan! Hotel this please I expect a note from herdaw.

12/19/83 background note

12 nothing comes by end of week let me know, my

November 30, 1983

Mr. R. E. Thorne
28 Commonfield Road
Banstead, Surrey SM7 2JZ
England

Dear Mr. Thorne:

Thank you for your letter of November 8, to Mr. Clausen regarding the POLONOROESTE program.

The Bank shares your concern that the interests of indigenous peoples be safeguarded in the execution of development projects that we help to finance. Under the special project prepared by the federal authorities and financed entirely by the government, the Fundação Nacional do Índio (FUNAI) is upgrading its organization and operations in the region, and is giving priority to protection and demarcation of Amerindian lands, removal of illegal settlers, and to continued improvement and expansion of health services.

The Bank will continue to closely monitor the implementation of all agreements provided for in the loans. Thank you for your attention.

Yours Sincerely,

Enrique Lerdau
Director
Country Programs II Department
Latin America and Caribbean
Region

cc: Mr. Southworth, EXC
Mr. Martinusen, LCP

NOTcheyan:gZ

1035

28 Commonfield Road
Banstead

Surrey SM7 2JZ

England

8th November, 1983

Dear Mr Clausen,

I am writing to you
because the World Bank is providing loans
for the Polonoroeste colonisation project
in Brazil.

From a recent publication I am
encouraged to read that some progress has
been made to the Indians situation,
especially the Nambiquara people.
However, there are many other urgent
outstanding problems and I urge you to
take the following action before the
situation worsens for the original
inhabitants.

- A) Press for the removal of all intruders on Indian lands.
- B) Deal quickly with the demarcation of Indian areas before proceeding with further development.
- C) Request FUNAI to demarcate lands for the Uru-eu-wau-wau and Uru-Pain people and prevent all exploration until they have done so.
- D) Increase the land base of the Massaca and Tubaroos people, if it is inadequate for their survival.

The World Bank, which finances the various projects, presumably has the power to delay payments until the correct humanitarian actions have been taken.

Yours sincerely

R. E. Thorne

November 30, 1983

Ms. Catherine E. Brown
530 Richelieu
Beloeil, P. Que.,
J3G 4P4
Canada

Dear Ms. Brown:

Thank you for your letter of November 14, to Mr. Clausen regarding the POLONOROESTE program.

The Bank shares your concern that the interests of indigenous peoples be safeguarded in the execution of development projects that we help to finance. Under the special project prepared by the federal authorities and financed entirely by the government, the Fundação Nacional do Índio (FUNAI) is upgrading its organization and operations in the region, and is giving priority to protection and demarcation of Amerindian lands, removal of illegal settlers, and to continued improvement and expansion of health services.

The Bank will continue to closely monitor the implementation of all agreements provided for in the loans. Thank you for your attention.

Yours Sincerely,

Enrique Lerdau
Director
Country Programs II Department
Latin America and Caribbean
Region

cc: Mr. Southworth, EXC
Mr. Martinusen, LCP
NOTcheyan:gz

1650

530 Richelieu
Beloeil, P. Qué.,
J3G 4P4
Canada

Nov. 14/83

Dear Mr. Clausen,

I take the liberty of writing to appeal to you on behalf of the indigenous people who are affected as a result of the \$330,000,00.00 loan from the World Bank for road building, colonisation and land use in the Polonoroeste region of Brazil. The protection of local Indians appears to rely solely on the federal Indian agency, FUNAI, and although happily some tribes have benefitted, many others have not. I beg of you your help in assuring that all boundary demarcations are completed with areas of adequate size for cultural and economic survival of the people affected, that squatters and invaders be removed, and that new exploration, colonisation and road building projects, (all of which affect the native population mercilessly by exposure to disease as well as social and economic problems) be halted until such area determinations have been completed.

I thank you for your attention to this appeal and for the assistance you can provide.

Yours sincerely,

103 NOV 15 1983

Catherine E.
Brown
(Mrs. E.C.)

November 30, 1983

Barbara Bently
Director
Survival International
36 Craven St. London WC2N 5NG
England

Dear Ms. Bently:

Thank you for your letter of October 31, to Mr. Clausen regarding the POLONOROESTE program.

The Bank shares your concern that the interests of indigenous peoples be safeguarded in the execution of development projects that we help to finance. Under the special project prepared by the federal authorities and financed entirely by the government, the Fundação Nacional do Índio (FUNAI) is upgrading its organization and operations in the region, and is giving priority to protection and demarcation of Amerindian lands, removal of illegal settlers, and to continued improvement and expansion of health services.

The Bank will continue to closely monitor the implementation of all agreements provided for in the loans. Thank you for your attention.

Yours Sincerely,

Enrique Lerdau
Director
Country Programs II Department
Latin America and Caribbean
Region

cc: Mr. Southworth, EXC
Mr. Martinusen

NOTcheyan:gz

SURVIVAL INTERNATIONAL

FOR THE RIGHTS OF THREATENED TRIBAL PEOPLES

A REGISTERED CHARITY No. 267444

36 CRAVEN STREET, LONDON WC2N 5NG, ENGLAND

Telephone: 01-839 3267

Director: Barbara Bentley

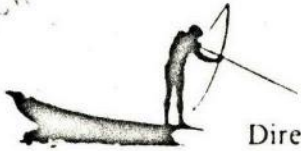
President: Robin Hanbury-Tenison, O.B.E.

Company Registration No. 1056317

Girobank No. 5664454

U. N. (ECOSOC) - N. G. O.

EEC - NGO



Mr T. Clausen
President
World Bank
1818 H Street NW
Washington DC 20433
U.S.A.

31 October 1983

Dear Mr Clausen,

You will remember our earlier correspondence concerning the situation of the Indians affected by the Polonoroeste regional development program.

We note with satisfaction that since 1981 some progress has been made, especially in the demarcation of land and the provision of services for the Nambiquara. We are disappointed and disturbed, however, that there has been no effective action on a number of crucial issues, and we strongly urge you to take the following steps before the situation deteriorates further:

- 1 - Ensure the immediate removal of all invaders from Indian lands;
- 2 - Complete the demarcation of Indian areas without delay;
- 3 - Halt all new colonisation projects while demarcation is going on;
- 4 - Prevent all exploration and colonisation in the interdicted area until appropriate areas have been delimited and demarcated for the Uru-eu-wau-wau and the Uru-pain;
- 5 - Carry out research into the land area of the Massaca and the Tubaroes and, if it is found to be inadequate for their needs, enlarge it immediately.

We are publishing copies of this letter at an international level and will publish any replies we may receive to it.

Yours sincerely,

Barbara Bentley
Director

November 30, 1983

Diana M. Smalley
5 Leamington Road Villas
London W11
England

Dear Ms. Smalley:

Thank you for your letter of November 8, to Mr. Clausen regarding the POLONOROESTE program.

The Bank shares your concern that the interests of indigenous peoples be safeguarded in the execution of development projects that we help to finance. Under the special project prepared by the federal authorities and financed entirely by the government, the Fundação Nacional do Índio (FUNAI) is upgrading its organization and operations in the region, and is giving priority to protection and demarcation of Amerindian lands, removal of illegal settlers, and to continued improvement and expansion of health services.

The Bank will continue to closely monitor the implementation of all agreements provided for in the loans. Thank you for your attention.

Yours Sincerely,

Enrique Lerda
Director
Country Programs II Department
Latin America and Caribbean
Region

Cc: Mr. Southworth, EXC
Mr. Martinusen, LCP

NOTcheyan:gz

~~12 FA~~
2) Nils

Reply by
Dec. 1
~~12 FA~~

5 Leamington Road Villas
London W11

Mr T Clausen, President
The World Bank
1818H Street, N.W.
Washington DC
20433 U S A

8 November

Dear Mr Clausen,

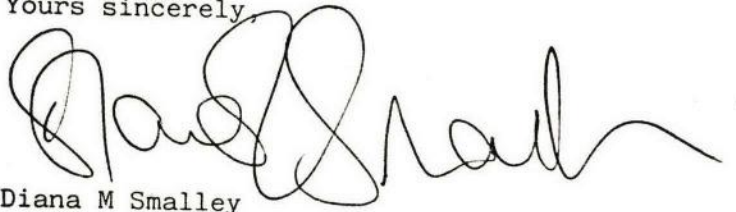
POLONOROESTE PROJECT

You recently received a letter from Barbara Bentley of Survial International concerning the plight of the Indians affected by Polonoreste regional development programme. I am now writing to you to endorse all Ms Bentley said and to urge you to take action on behalf of these peoples before it is too late. A civilisation is at stake and the following action is imperative:

- all invaders on Indian lands must be removed immediately
- demarcations of Indian areas must be completed
- until it has been possible to delimit and demarcate areas for the Uru-eu-wau-wau and the Uru-Pain colonization projects and mining prospecting must not be permitted
- research should be undertaken by experts to see whether adequate provision has really been made for these peoples

Please use your position to save unique cultures.

Yours sincerely,


Diana M Smalley

November 30, 1983

Julio Gaiger
ANAI
RS Caixa Postal 2857
CEP 90.000, Porto Alegre
Brasil

Dear Mr. Gaiger:

Thank you for your letter of November 11, to Mr. Clausen regarding the POLONOROESTE program.

The Bank shares your concern that the interests of indigenous peoples be safeguarded in the execution of development projects that we help to finance. Under the special project prepared by the federal authorities and financed entirely by the government, the Fundacao Nacional do Indio (FUNAI) is upgrading its organization and operations in the region, and is giving priority to protection and demarcation of Amerindian lands, removal of illegal settlers, and to continued improvement and expansion of health services.

The Bank will continue to closely monitor the implementation of all agreements provided for in the loans. Thank you for your attention.

Yours Sincerely,

Enrique Lerda
Director
Country Programs II Department
Latin America and Caribbean
Region

cc: Mr. Southworth, EXC
Mr. Martinusen, LCP

NOTcheyan:gz

ANAI

ASSOCIAÇÃO
NACIONAL DE
APOIO AO ÍNDIO

Porto Alegre, 11 November, 1983.

1641
Mr. T. CLAUSEN, President
The WORLD BANK
1818 H Street, N.W.
Washington, D.C.
20433 U.S.A.

Dear Sir,

The National (Brazilian) Association for the Indian (ANAI) is a private organization founded in 13 May, 1977, aiming at defending the Indian Peoples' rights, both in Brazil and in other countries.

We find that indigenous cultures are the result of centuries of integration with nature, and that they have grown under pure social systems, free from misery and other serious problems which solution our own civilization has not found yet. Thus, the preservation of these cultures, beside being an imperative of conscience, imposes itself as an alternative of life for all mankind.

With these facts in mind, we write to you to express our concerns with the situation of all tribal peoples affected by the Polonoroeste regional development program, in our country, financed by The World Bank. There are a number of important issues demanding urgent action, and we vehemently urge you to take the following steps before the situation deteriorates further: (1) ensure the immediate removal of all invaders from Indian lands; (2) complete the demarcation of Indian areas without delay; (3) halt all new colonisation projects while demarcation is going on; (4) prevent all exploration and colonisation in the interdicted area until appropriate areas have been delimited and demarcated for the Uru-Eu-Wau-Wau and the Uru-Pain groups; and (5) carry out research into the land area of the Massaca and the Tubarões and, if it is found to be inadequate for their needs, enlarge it immediately.

3
Sure of your attention, we remain, truly
yours,

November 30, 1983

Sondra Wentzel
Luxemburger Str. 152
5000 Koln 41
W. Germany

Dear Ms. Wentzel:

Thank you for your letter of November 12, to Mr. Clausen regarding the POLONOROESTE program.

The Bank shares your concern that the interests of indigenous peoples be safeguarded in the execution of development projects that we help to finance. Under the special project prepared by the federal authorities and financed entirely by the government, the Fundação Nacional do Índio (FUNAI) is upgrading its organization and operations in the region, and is giving priority to protection and demarcation of Amerindian lands, removal of illegal settlers, and to continued improvement and expansion of health services.

The Bank will continue to closely monitor the implementation of all agreements provided for in the loans. Thank you for your attention.

Yours Sincerely,

Enrique Lerdau
Director
Country Programs II Department
Latin America and Caribbean
Region

cc: Mr. Southworth, EXC
Mr. Martinusen, LCP
NOTcheyah:gz

1613
Mr. P. Clausen, President
The World Bank
1818 H Street, N.W.
Washington, D.C. 20433
USA

REC. 11-21-83 a.m.
Sandra Wentzel
Luxemburger Str. 152
5000 Köln 41
Germany

Dear Mr. Clausen,

Cologne, 12 November 1983

I am writing to you in the name of the "Latin America Coordination" of the "Gesellschaft für bedrohte Völker" (Göttingen), because we are concerned with the situation of the Indians affected by the Polonoroeste regional development program.

We were happy to learn that since 1981 some progress has been made, especially in the demarcation of land and the provision of services for the Nambiquara. Nevertheless effective action in a number of other cases seems still to be lacking, and we strongly urge you to take the following steps before the situation deteriorates further:

1. Ensure the immediate removal of all invaders from Indian lands.
2. Complete the demarcation of Indian areas without delay.
3. Halt all new colonisation projects while demarcation is going on.
4. Prevent all exploration and colonisation in the interdicted area until appropriate areas have been delimited and demarcated for the Uru-eu-wau-wau and the Uru-Pain.
5. Carry out research into the land area of the Nassaca and the Tubaroe and, if it is found to be inadequate for their needs, enlarge it immediately.

Maybe it is worth reminding you, that all our demands are completely in line with the principles set out in World Bank Document "Tribal Peoples and Economic Development", which according to our information contains the official bank policy in such cases since 1982.

Yours sincerely


S. Wentzel

November 30, 1983

M. L. Weston
Livingston House
11 Carteret Street
London SW1H 9DJ
England

Dear Mr. Weston:

Thank you for your letter of November 4, to Mr. Clausen regarding the POLONOROESTE program.

The Bank shares your concern that the interests of indigenous peoples be safeguarded in the execution of development projects that we help to finance. Under the special project prepared by the federal authorities and financed entirely by the government, the Fundação Nacional do Índio (FUNAI) is upgrading its organization and operations in the region, and is giving priority to protection and demarcation of Amerindian lands, removal of illegal settlers, and to continued improvement and expansion of health services.

The Bank will continue to closely monitor the implementation of all agreements provided for in the loans. Thank you for your attention.

Yours Sincerely,

Enrique Lerda
Director
Country Programs II Department
Latin America and Caribbean
Region

cc: Mr. Southworth, EXC
Mr. Martinusen, LCP
NOTcheyan:gz

**LIVINGSTONE HOUSE
11 CARTERET STREET
LONDON SW1H 9DJ**

TELEPHONE: 01-222 3373

TELEX: 27402

4th November 1983

1596
Mr. T. Clausen,
President,
The World Bank,
1818H Street NW,
Washington DC,
20433,
UNITED STATES OF AMERICA.

Dear Mr. Clausen,

THE POLONOROESTE REGIONAL DEVELOPMENT PROGRAMME

Although I am aware that considerable progress has been made since 1981 in protecting the rights of indigenous Indians living in the areas covered by this Programme, there still seems much to be done.

I strongly support the proposals of Survival International to:-

(i) ensure the immediate removal of all intruders into land occupied by Indians;

(ii) complete the clear demarcation of lands to be reserved for Indian use;

(iii) stop all new colonisation projects until such demarcation is complete;

(iv) stop all exploration and colonisation in these areas until Indian land has been demarcated for the Uru-Eu-Wau-Wau and the Uru-Pain;

(v) carry out research into the land area of the Masca and the Tubaroës and, should it be found to be inadequate for their needs, enlarge it without delay.

These Indian tribes are unique civilisations and in my view much more precious than the rewards derived from an obsession for economic growth and advancement.

Yours sincerely,


M. W. L. WESTON

MWLW/VE

December 6, 1983

Juliet Green
Latin America Committee
10, Cross St.
Oxford, England O865

Dear Ms. Green:

Thank you for your letter of November 18, to Mr. Clausen which will receive due consideration.

The Bank shares your concern that the interests of indigenous people be safeguarded in the execution of development projects that we help to finance. We are confident that the measures agreed upon by the Government of Brazil at the time when the Bank loans for the POLONOROESTE program were made will help ensure this result.

Sincerely yours,

Enrique Lerdau
Director
Country Programs II Department
Latin America and Caribbean
Region

1664
OXFORD LATIN AMERICA COMMITTEE
10, CROSS ST., OXFORD, (0865) 726422

18 November 1983

Mr. T. Clausen, President
The World Bank
1818 H Street, N.W.
Washington, D.C.
20433 U.S.A.

Dear Mr. Clausen,

In 1981, despite the international protest, the World Bank approved loans of \$330 million for the Polonoroeste program. At that time, the international bodies made it clear that such a project would affect drastically the 25 Indian groups who live in the area, with a total population of 8.000 Indians. The World Bank approved the loan without including in its terms any provision for the care and protection of the local Indians. This was done in spite of the accusation that the Bank would be participating in an act of genocide.

The World Bank apparently believed that FUNAI would be able to guarantee the Indian rights in the region, despite all the evidence to the contrary, and the history of total negligence of this body. We have seen that FUNAI's role is in fact to ensure that the Indians are not an obstacle to the development projects inside their lands.

We recognize that there have been some improvements in the situation of the Nambiquara of the Guapore Valley, who were the focus of the international campaign two years ago. However, there are a number of crucial problems which remain. They have been neglected by the authorities in Brazil and do not allow us to be optimistic about the future.

OXFORD LATIN AMERICA COMMITTEE

10, CROSS ST., OXFORD, (0865) 726422

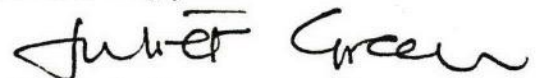
We are especially concerned over the situation of the Uru-eu-wau-wau and the Uru-Pain, who have still not come into regular contact with Brazilian society. Their case urgently demands delimitation and demarcation of their land.

The situation of the Tubaroos and the Massaca, who were relocated to an area which is inadequate for their needs is also urgent. A solution must be found immediately in order to give them a larger area that can satisfy their needs.

We feel it is of the utmost importance to have invaders of all Indian areas removed. Furthermore their lands must be demarcated prior to any development. We urge you to stop all new colonization projects until these demarcations are complete.

As an association very concerned about justice and human rights in Latin America, we are strongly opposed to the kind of economic policy which has been carried out in Amazonia at the expense of the indigenous population. Assuming that the World Bank does not want to be seen internationally as an accomplice to genocide in Brazil, we ask you to take all the measures within your power to guarantee that the rights of the Indians in that area will be respected.

Yours sincerely,



Juliet Green
Oxford Latin America Committee

December 1, 1983

Mr. R. Evans
Trom/Flat C
Rear of 132 Sandwell St.
Walsall, Staff.
England

Dear Mr. Evans:

Thank you for your letter of November 15, to Mr. Clausen which will receive due consideration.

The Bank shares your concern that the interests of indigenous people be safeguarded in the execution of development projects that we help to finance. We are confident that the measures agreed upon by the Government of Brazil at the time when the Bank loans for the POLONOROESTE program were made will help ensure this result.

Sincerely yours,

Enrique Lerdau
Director
Country Programs II Department
Latin America and Caribbean
Region

cc: Mr. Southworth, EXC
Mr. Martinusen, LCP

NOTcheyan:gz

1633

flat C. Rear of
132 Sandwell St
Walsall, Staffs.
England.
(letter box in entry)

Dear Mr. Clavren

Concerning the Polonoroeste
development project in Brazil, which the world
bank is funding, and its effect on the indians
of that area.

I understand that some land has been set-
aside for the Nambiquara indians together with
some welfare services provided by F.U.W.A.
This is good news, but it seems that other
indian groups in the area have not been allocated
an area to live where they can follow their
lifestyle, and be protected from interference
and intrusion from outsiders.

The Uru-eu-wau-wau and the Uru-Pum
indians in particular have not yet had an
area identified and set aside for them
because they have not yet come into regular
contact with non indians, and yet exploration

for minerals and some colonization is taking place in the area where they are now.

Also other indian groups in the Polonezoch project area have still not had their lands fully earmarked and set out.

In addition we have the Tubaroes and Manaca indians who have been moved from their original homeland to an area further east which has poor soil and is unable to support them adequately.

I ask you therefore to urge the appropriate Brazilian authorities to quickly set out and earmark adequate land areas for all indian groups concerned, and to stop all exploration and colonization in the Uru-eu-wau-wau and Uru-Pai areas until this is done, also to examine the new land areas of the Tubaroes and Manaca indians to make sure this land

can support them fully.

I look forward to hearing from you.

yours Sincerely, Mr. R. Evans

1963 NOV 21 PM 2:04

ROUTING SLIP		DATE: 12/15	
NAME		ROOM NO.	
Mr. Southworth		E-1227	
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	
<p>REMARKS:</p> <p>Letters and replies pertaining to Amerindian issue.</p>			
FROM: Gayle		ROOM NO.: E-928	EXTENSION: 72130

84 Nightingale Lane
London SW12 8NR

30.11.83

1723
Dear Mr Clausen,

We are writing about the Indians affected by the Polonoroeste regional development programme.

We very much welcome the number of improvements that have been made in the situation of these Indians over the last couple of years. However, there are still a number of crucial and urgent problems in the area. In particular the following steps need to be taken:

- all invaders on Indian lands must be removed immediately;
- remaining demarcations of Indian areas should be completed immediately and work on all new colonisation projects halted in the meantime;
- no work should be permitted on colonisation projects, mineral prospecting etc. within the interdicted area until it has been possible to delimit and demarcate areas of land for the Uru-eu-wau-wau and the Uru-pain;
- research should be carried out to verify the adequacy of the Tubaroos and Massaca land area, and this area, if found inadequate, should be enlarged immediately.

We do of course recognise the importance of development projects and the splendid work which the World Bank does in this connection. But it is surely axiomatic in a civilised and responsible society to ensure that the planning and carrying out of these projects fully takes account of and protects the rights of tribal people. Moreover, this is a responsibility which must lie not only with the government of the country in which the project is located but also with the supporting organisation.

We therefore urge you to do all you can, in conjunction with FUNAI, to see that the steps set out above are achieved.

Yours sincerely,



Dr and Mrs D.J.W. Lumley

11/13,
Penstangishens, Ont. LOKIPO
Nov. 10, 1983 Canada

Mr. T. Clausen, President,
The World Bank,
818 H Street, N.W.
Washington, D.C.
20433 U.S.A.

Dear Mr. Clausen,

I am deeply concerned about the effect on the local Indians of the Colonoreste regional development program.

I have been informed that some progress has been made in the demarcation of land and the provision of services. However, there are a number of crucial issues, as outlined by Survival International, which I would urge you to take action on:

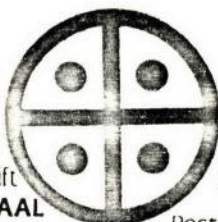
1. Ensure the immediate removal of all invaders from Indian lands.
2. Complete the demarcation of Indian areas without delay.
3. Halt all new colonisation projects while demarcation is going on.
4. Prevent all exploration and colonisation in the interdicted areas until appropriate areas have been delimited and demarcated for the Uru-ur-wa-wa and the Uru-Pain.
5. Carry out research into the land area of the Macsaca and the Tubaroes and, if it is found to be inadequate for their needs, enlarge it immediately.

You are in a position of great power and influence. Please use your position to help see that these people are guaranteed the same rights and freedoms to live in the way that they choose that you would wish for yourself. Thank you.

Patricia J. Hartman

1710

WERKGROEP
INHEEMSE
VOLKEN
en tijdschrift
TRIBAAL



tel. 020-938625

Bezoekadres:

Minahassastraat 1
Amsterdam

Postbus 4098
1009 AB Amsterdam
Nederland

Postgiro 4057800

Mr. T. Clausen, President
The World Bank
1818 H Street, N.W.
Washington, D.C.
20433 U.S.A.

Amsterdam, 22 november 1983

Dear Mr. Clausen,

You will remember our earlier correspondence concerning the situation of the Indians affected by the Polonoroeste regional development program.

We note with satisfaction that since 1981 some progress has been made, especially in the demarcation of land and the provision of services for the Nambiquara. We are disappointed and disturbed, however, that there has been no effective action on a number of crucial issues, and we strongly urge you to take the following steps before the situation deteriorates further:

1. Ensure the immediate removal of all invaders from Indian lands.
2. Complete demarcation of Indian areas without delay.
3. Halt all new colonisation projects while demarcation is going on.
4. Prevent all exploration and colonisation in the interdicted area until appropriate areas have been delimited and demarcated for the Uru-eu-wau-wau and the Uru-Pain.
5. Carry out research into the land area of the Massaca and the Turbaroes and, if it is found to be inadequate for their needs, enlarge it immediately.

We are publishing copies of this letter at an international level and will publish any replies we may receive to it.

Yours sincerely,

Ben Vermeer, coördinator
Workgroup Indigenous Peoples
Amsterdam, Holland

1729
Mr.T.Clausen,President
The World Bank
1818 H Street, N.W.
Washington,D.C.
20433 U.S.A.

Centre for Latin American
Linguistic Studies,
University of St.Andrews,
St.Andrews,
Fife,
Scotland.

23.November 1983.

Dear Mr.Clausen,

It has been brought to my attention that in December 1981, the World Bank approved loans totalling \$330 million for the Polonoroeste project in west-central Brazil, but that to date, very serious problems remain concerning the welfare of some 25 Indian groups-with a total of about 8,000 individuals who are directly affected by this plan.

Despite assurances which it seems that you have had from the Brazilian government, that the federal Indian agency FUNAI would provide adequate safeguards for the Indians, it appears that this has not effectively been done.

Improvements such as those carried out by FUNAI in the Guapore valley among the Nambiquara are very welcome. These include the installation of an office and infirmary at Vilhena, the operation of a new Mobile Health Team (EVS) in the area, the demarcation of two land areas and the announcement that a further 5 areas are to be allocated for Indian use, and that the number of Indian posts is to be increased to 8. The installation of a new EVS in the Aripuana area and one in Porto Velho are of course welcome and positive steps.

A number of serious problems remain in the area of the BR 364 and its 'variante', directed through some 170 kms. of Nambiquara territory, however. It seems to me essential that urgent action should be taken by you with respect to the major involvement that the World Bank has in this project, and since it seems that FUNAI alone is either unwilling or unable to safeguard Indian health, social and economic welfare and Indian rights to ancestral lands.

I note that :

- 1) 10 of the 27 Indian areas of the region have still not been demarcated.
- 2) both serious official and unofficial intrusions into Indian lands are still being perpetrated a) in that the 'variante' of the BR 364 not only passes through 170 kms. of Nambiquara territory, but through 2 areas currently being demarcated in the Guapore valley, and b) illegal squatters still remain on at least 9 Indian areas (Saluma; Tubaroes; northern Cinta Larga; Aripuana Park; Rocosvelt; Sarare; Kaxarari; Uru-eu-wau-wau; and Pacaa Nova.

- 3) there appears to be a serious overlapping of Indian areas and areas designated for colonization by non-Indians, for example amongst the Makurup of the Rio Branco and the Uru-eu-wau-wau, whose interdicted area overlaps with the Padre Adolpho colonization project.

Related to this question is the lamentable situation of the Tubaroos and the Massaca who have been relocated in an area known for its poor soils and which is unlikely to provide them with an adequate livelihood, and the Uru-eu-wau-wau and Uru-Pain groups, whose lands have not been demarcated for them since they haven't yet come into regular contact with Brazilian society, but who may, despite this, be given an area in which the state government of Rondonia is reported to be interested for the prospecting of oil and minerals.


- 4) new colonization projects^{are}/planned by the Brazilian government which will put pressure on Indian lands. Of particular concern are Bom Principio which will affect the Rio Branco Indians and the Guapore Biological Reserve; Samauna, near the Pacaas Novas and Guapore Indian areas; Marmelo, close to the Kaxarari Indian area and Capitao Silvio near the Panorama Indian area.

In view of these facts I urge you to ensure that the above-mentioned problems receive your attention and that immediate action is taken to :

- a) demarcate all Indian areas awaiting attention
- b) stop colonisation projects until demarcation has been completed
- c) remove all invaders from Indian land
- d) provide adequate and appropriate land for the Uru-eu-wau-wau and the Uru-Pain, on which there will be no threat of prospecting or colonisation
- e) provide land adequate for the needs of all other groups relocated (such as the Massaco and Tubaroos) or those under threat of relocation, such that their health and livelihood is not impaired.

As I am sure you are aware, past experience has shown that where roads have been built through Indian land grave problems of disease (mortality) and social and economic disruption have invariably resulted. I trust therefore, that the World Bank will take the necessary measures (as suggested above) to prevent such disastrous consequences occurring to the innocent Indians of west-central Brazil directly affected by the Polonoroeste project.

yours sincerely


Anna Lewington.

December 15, 1983

Mr. D. Lumley
84 Nightingale Lane
London, SW12 8NR

Dear Mr. Lumley:

Thank you for your letter of November 30, to Mr. Clausen which will receive due consideration.

The Bank shares your concern that the interests of indigenous people be safeguarded in the execution of development projects that we help to finance. We are confident that the measures agreed upon by the Government of Brazil at the time when the Bank loans for the POLONOROESTE program were made will help ensure this result.

Sincerely yours,

ELP
Enrique Lerdau
Director

Country Programs II Department
Latin America and Caribbean
Region

cc: Mr. Southworth, EXD
Mr. Martinusen, LCP

NT *cc*
NOTcheyan:gz

OFFICIAL FILE COPY

December 15, 1983

Ms. Patricia Hartman
RR #3
Penetanguishens, Ontario
LOKIPO, Canada

Dear Ms. Hartman:

Thank you for your letter of November 10, to Mr. Clausen which will receive due consideration.

The Bank shares your concern that the interests of indigenous people be safeguarded in the execution of development projects that we help to finance. We are confident that the measures agreed upon by the Government of Brazil at the time when the Bank loans for the POLONOROESTE program were made will help ensure this result.

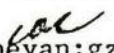
Sincerely yours,



Enrique Lerda
Director

Country Programs II Department
Latin America and Caribbean
Region

cc: Mr. Southworth, EXD
Mr. Martinusen, LCP


NOTcheyan:gz

December 15, 1983

Ms. Anna Lewington
Centre for Latin American Linguistic Studies
University of St. Andrews,
St. Andrews, Fife, Scotland

Dear Ms. Lewington:

Thank you for your letter of November 23, to Mr. Clausen
which will receive due consideration.

The Bank shares your concern that the interests of indigenous
people be safeguarded in the execution of development projects that we help
to finance. We are confident that the measures agreed upon by the
Government of Brazil at the time when the Bank loans for the POLONOROESTE
program were made will help ensure this result.


Sincerely yours,



Enrique Lerda
Director

Country Programs II Department
Latin America and Caribbean
Region

cc: Mr. Southworth, EXD
Mr. Martinusen, LCP


NOTcheyan:gz

December 15, 1983


Mr. Ben Vermeer
Coordinator
Workgroup Indigenous Peoples
Amsterdam, Holland

Dear Mr. Vermeer:

Thank you for your letter of November 22, to Mr. Clausen
which will receive due consideration.

The Bank shares your concern that the interests of indigenous
people be safeguarded in the execution of development projects that we help
to finance. We are confident that the measures agreed upon by the
Government of Brazil at the time when the Bank loans for the POLONOROESTE
program were made will help ensure this result.

Sincerely yours,


Enrique Lerda
Director
Country Programs II Department
Latin America and Caribbean
Region

cc: Mr. Southworth, EXD
Mr. Martinusen, LCP


NOTcheyan:gz

OFFICIAL FILE COPY

OFFICE MEMORANDUM

DATE: December 28, 1983

TO: Mr. A. W. Clausen

(through Mr. S. Husain, Acting Senior Vice President, Operations)

FROM: Suitbertus van der Meer, Acting Regional Vice-President

EXTENSION: 75901

SUBJECT: BRAZIL - Northwest Region Integrated Development Program - Briefing on Amerindians

1. The Northwest Integrated Development Program was designed to support the development of regional agricultural potential, while providing for measures to reduce the risk to the region's vulnerable Amerindian population and to prevent harmful ecological impact. The program was first identified in mid-1979, and the first phase loans approved in December, 1981. The Bank has made five loans totalling US\$411.6 million to support the Program, which total cost is estimated at US\$1.2 billion, for a highway project, two rural development projects, a new settlements project, and a health project.

2. A sensitive issue during the negotiations was to agree specific measures to be taken to protect the region's Amerindian population, which is widely dispersed and in varying degrees of contact with modern society. Simple and essential measures, consistent with Brazilian legislation, were made an integral part of the Program. The Special Project for Protection of Amerindian Communities provides for these measures, including demarcation of Amerindian reserve areas, provision of adequate and necessary health care to Amerindian populations, and monitoring of reserve borders to prevent squatting or other illegal invasion of Amerindian lands. These measures are being implemented by the Brazilian National Indian Foundation (FUNAI), and are financed entirely by the government. The Bank maintains the right to supervise the Special Project and no obstacles in this respect have been encountered. Bank staff contact with FUNAI is easy, and there have been positive responses by FUNAI to recommendations of supervision missions.

3. Implementation of the Special Project is now satisfactory. In 1982 and until mid-1983 there were substantial delays, especially in the completion of demarcation of reserves in the Guapore Valley of Mato Grosso, which have been a focus of controversy since the late 1960's. During discussions with the Government in May and June, 1983 specific actions were agreed to speed the implementation of the Special Project. Demarcation of the reserves in the Guapore Valley of Mato Grosso is now nearing completion (the work is being carried out by the army geographic services), and FUNAI was given authority to contract about 60 additional staff to provide more adequate medical assistance.

4. A number of international interest groups have been monitoring these developments. We have taken the position that the negotiations between the Bank and the Government are a confidential matter, and have therefore not provided specific detail on our agreements with the Government. But we have on a number of occasions met with representatives of these groups to inform them of developments. In Brazil, the anthropological community is supportive of our strategy. We have, and will continue to monitor the Special Project closely given its sensitivity and visibility in the international scene.

cc: Messrs. Lerdau, LC2
van Gigch, LCP
Martinusen, LCP
van der Heijden, LC2
Asseo, LCP
Mrs. Koch-Weser, AGR
von Pogrell, LCP

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80-4 JAN 30 1968

100-100000

RECEIVED

1983 DEC 30 PM 4: 08

OFFICE OF THE PRESIDENT

THE WORLD BANK

ROUTING SLIP		Date Nov. 4, 1983	
OFFICE OF THE PRESIDENT			
Name		Room No.	
Mr. Ardito-Barletta		A-907	
Mr. Lerdau			
Mr. R. Southworth			
To Handle		Note and File	
Appropriate Disposition	xx	Prepare Reply	
Approval		Per Our Conversation	
Information		Recommendation	
<p>Remarks</p> <p>Would you please prepare a reply (if it's required) for Mr. Clausen's signature, if possible, by Nov. 11. Also, please let us know what the incoming says.</p> <p>OK Susan Please note Roy Southworth</p> <p>No answer required. This is a routine matter certifying that the NE Colonization Project has high priority in the eyes of the government. We are supposed to get these statements before a loan goes to the Board; this loan was approved 10.25.83</p> <p>Calendar 11.7.83</p>			

RECEIVED

1983 NOV -7 AM 9:59

LC/2 DR

1543
Exmº Sr.

Doutor ALDEN WINSHIP CLAUSEN

DD. Presidente do Banco Internacional para Reconstrução e Desenvolvimento - BIRD

Senhor Presidente

Tenho a honra de referir-me à solicitação do Ministério do Interior relacionada com os aspectos de prioridade do Programa Integrado de Desenvolvimento do Noroeste do Brasil - POLONOROESTE - III Fase, com vistas à contratação, pela República Federativa do Brasil, de operação de crédito externo junto a esse Banco, no montante de US\$ 65,2 milhões, a serem aplicados no Projeto de Colonização de Novas Áreas no Estado de Rondônia, dentro da zona de influência da Rodovia Cuiabá - Porto Velho.

Os recursos provenientes da mencionada operação destinam-se a complementar os investimentos previstos para o citado projeto, que é parte integrante do Programa Polonoroeste e que objetiva promover o assentamento de 15.000 famílias de novos colonos no Estado de Rondônia, bem como a construção e operação da respectiva infra-estrutura de apoio à produção e ao desenvolvimento social.

A propósito, apraz-me comunicar a V.Exa. que esta Secretaria de Planejamento, nos termos da legislação em vigor, reconhece a prioridade do Programa para fins de contratação da referida operação de crédito.

Aproveito a oportunidade para renovar a V.Exa. protestos de elevada estima e consideração.



Antonio Delfim Netto
Ministro

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OFFICE OF THE PRESIDENT

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HTLOTANI J24719

WASHINGTON DC 24 OCT 83

PAGE 1 OF 1

TO:

NEW OTANI HOTEL, TOKYO, JAPAN

FOR WORLD BANK GUEST MR. A. W. CLAUSEN. FOR YOUR INFORMATION.
BRAZILIAN SITUATION CONTINUES TO SLIDE. GALVAEZ DEPARTURE HAS
BEEN DISCUSSED BUT NOW SEEMS POSTPONED. REVISED WAGE BILL IN
SERIOUS DIFFICULTY AND PASSAGE NOT CERTAIN. REGARDS, STERN

*

HTLOTANI J24719MMMMM

OFFICE MEMORANDUM

DATE: November 2, 1983

TO: Mr. A. W. Clausen
(Through Mr. E. Stern) *ed*FROM: Nicolas Ardito Barletta *AB*

EXTENSION: 75901

SUBJECT: BRAZIL - Briefing Note for your Luncheon with the Brazilian Delegation
to the Negotiations for the Rural Electrification and Power
Distribution Projects - November 3, 1983

1. On Thursday, November 3, 1983, at 1:00 p.m. in "E" Building, Dining Room #6, you will attend a luncheon being given by Mr. Romualdez, Executive Director for Brazil, in honor of the new Brazilian Ambassador to the U.S.A., H.E. Sergio Correa da Costa, and the Brazilian delegation to the negotiations for the proposed rural electrification loan (US\$243.3 million) and the proposed second power distribution loan (US\$250.6 million). Also present will be:

General José Costa Cavalcanti, President of Centrais Eletricas Brasileiras (ELETROBRAS), and of the Itaipu binational company responsible for the construction and operation of the Itaipu hydroelectric power dam. A former Minister of Interior (1969-74) Minister of Mines and Energy (1967-69), General Cavalcanti is considered to be one of the five leading candidates for President of Brazil in 1985. He paid you a visit on June 15, 1983 to exchange views on the relationship between ELETROBRAS and the Bank and the financial problems of the power sector being dealt with as part of the current loan negotiations;

the Ministry of Planning will be represented by three of Minister Delfim's closest aides, namely, Ambassador José Botafogo Gonçalves, Secretary for International Economic and Technical Cooperation, Mr. Nelson Mortada, Special Secretary for the Control of State Enterprises, and Mr. José Milton Dallari, Special Secretary for Supply and Prices; and

Mr. Masato Yokota, Financial Director of ELETROBRAS, will also be present.

The Bank's Role in the Power Sector

2. The Bank has provided extensive support to the sector, with 35 loans totalling about US\$1.9 billion. They have been for hydroelectric plants, associated transmission facilities and distribution systems in the southern, southeastern, and northeastern regions. Bank participation has contributed to improved sector organization and planning and has facilitated foreign commercial financing for the sector. As evidenced by the two loans being negotiated, the Bank has shifted its strategy of support from power generation (of which there is overcapacity) to power distribution and rural electrification. Our future lending will continue to emphasize rural electrification in support of the Government's objective

a) I hope you don't get into the lunch-for-negotiating-teams circuit too deep. There are a lot and are not very good uses of time.

b) You should stress that the agreement we have reached on tariffs is less than we had hoped for and comes after many years of failure to live up to covenants. The rate of return is important to Brazil which must increasingly finance its own investments through higher savings. Tariff increases are never easy but they are essential. Failure to live up to the revised schedule now agreed will lead to suspension of the disbursements.

ed
11/2/83

of improving production and living conditions among rural communities in the interior. Another project which would allow industry to substitute considerable amounts of oil for electricity is also under consideration by the Bank (the so-called "Eletrotermia" project).

3. The definition and implementation of a tariff policy which would enable the sector to generate a sufficient portion of the funds required for sector investment and for reversing the deterioration of sector finances which occurred in the past ten years is a central sectoral issue being addressed as part of the current loan negotiations. We are reaching agreement with the Government on the necessary steps to achieve a 10% rate of return on remunerable investment provided for by law and reflected in loan agreements with the Bank by 1989. In order to ensure that this target will be met, specific tariff increases will be implemented in 1984 and 1985, and a joint review in ~~early 1986~~ ^{late 1985} of the adequacy of the power tariff policy will be undertaken, leading to a definition of tariff policy for 1986 and beyond consistent with the achievement of the financial rehabilitation objective.

Other Operational Matters

4. Implementation of our FY84 lending program is proceeding satisfactorily. Four loans for a total of US\$772.9 million have been approved so far in FY84, including a US\$65.2 million loan for the third phase of the Northwest region development program which will be signed in the morning of November 3 by Ambassador Sergio Correa da Costa. In addition to the current negotiations for the rural electrification and power distribution loans, negotiations for a fifth education project (US\$22 million) and for supplemental financing for ongoing agricultural projects (S\$30.5 million) are expected to be completed shortly. We expect the FY84 lending target of about US\$1.4 billion to be met.

5. Similarly, we are making good progress with the level of disbursements this year. So far, disbursements in Calendar Year 1983 have exceeded US\$1 billion against a target level of US\$850 million for the year as a whole. We now expect 1983 disbursements to reach about US\$1.2 billion as compared to US\$623 million in 1982.

Relationship Between Brazil and the IMF

6. We have been advised by Minister Galveas that the new draft Decree Law providing for wage adjustments (Decree Law 2065) which has been prepared in consultation with the PDS leadership stands a good chance of being approved by the Brazilian Congress, prior to November 18 when the IMF Executive Directors are scheduled to consider the revised EFF agreement with Brazil. This congressional approval, if materialized as expected, would help dispel some of the current grave concerns over Brazil.

June 14, 1983

Briefing Note for the Meeting of Mr. Clausen with General
Jose Costa Cavalcanti, President of Eletrobras

1. On Wednesday, June 15 at 11:00 a.m., you will be meeting with General Jose Costa Cavalcanti, President of Centrais Electricas Brasileiras (ELETROBRAS). Most recently you met with General Cavalcanti during your visit to Brazil last year. General Calvacanti has had a long and distinguished career of public service and is considered to be one of 5 leading candidates for President of Brazil in 1985. Since 1974 he has also served as President of the Itaipu Binational Company, responsible for the construction and operation of the Itaipu Hydroelectric Power Dam. He is a member of the National Energy Council, and was Minister of Interior (1969-1974), Minister of Mines and Energy (1967-69); he has held elected office, representing the state of Pernambuco in the Northeast.

The Electric Power Sector

2. Though complex and one of the largest in the world, the sector is generally well organized and policies are well formulated and applied. ELETROBRAS is a holding company for the utilities owned by the Federal Government. ELETROBRAS administers public funds for use by its subsidiaries and state-owned utilities, coordinates external borrowings, expansion plans for major generating and transmission facilities, and operation of interconnected systems in the country's network. The National Department for Water and Electrical Energy (DNAEE) performs all regulatory functions, including the setting of tariff levels.

The Bank's Role in the Sector

3. The Bank has provided extensive support to the sector, with 35 loans totalling about US\$1.9 billion. They have been for hydroelectric plants, associated transmission facilities, and distribution systems in the southern, southeastern and northeastern regions. Bank participation has contributed to improved sector organization and planning, and has facilitated foreign commercial financing for the sector. The bank has shifted its strategy of support from power generation (of which there is currently a projected overcapacity) to expanding power distribution and rural electrification. Two additional projects have been appraised, but the loans totalling US\$500.0 million have been delayed until we reach agreement with the Government on major issues now confronting the sector (and a basic objective of our policy dialogue): the implementation of a tariff policy which would enable the sector to generate a sufficient portion of the funds required for sector investment, as well as the resolution of other financial problems in the sector caused by difficulties in access to external financial markets, and by the most recent maxi-devaluation.

The Power Tariff Issue

4. Since the late 1970's there has been a deteriorating trend in the financial condition of the electric power sector. In September, 1981, after long discussions on the question of power tariffs, the Bank agreed with the Government on measures to reverse this trend, and to start the sector on a slow but steady path towards improved financial performance. The agreement called for real increases in power tariffs at a minimum of 3% in 1982 and 5% per year thereafter, until the sector reaches an overall rate of return of 10% per year, a target established in Brazilian law and in many of our loan agreements with the Government. As inflation exceeded forecast levels, the agreement was not fully implemented in 1982, due to delays in making expected quarterly tariff adjustments. These delays resulted in foregone revenues of about US\$280 million, and an overall tariff increase at the end of the year of about 2.5%. We have reviewed the sector's financial situation and have taken the view that the financial capability of the sector was eroded in 1982, as shown by the following key indicators:

	1981	1982
Rate of remuneration (%)	7.9	6.3
Expenses/Revenues (%)	54.8	56.4
Average fiscal tariff (Jan. 77 Cr\$/MWh)	440.0	390.0

5. Particularly in light of conditions in the Brazilian economy and financial markets, it is now even more important that the power sector contribute to public savings by generating a greater proportion of the funds needed for the sector investment program from its own sources. It has been our opinion that this would be relatively easy to accomplish by regular but small real tariff increases, which should neither add significantly to inflationary pressures nor damage the competitive position of Brazilian industry.

6. The Government has indicated its willingness to comply with the agreement for 1983, and has prepared a new financial plan for the sector, a draft of which we received yesterday from Dr. Masato Yokota, Financial Director of ELETROBRAS. Dr. Yokota indicated that the plan assumes real tariff increases of 5% per year, consistent with our agreement. However, he also noted that the forecast for average demand growth through 1987 of 10% per annum may be somewhat high. The Minister of Mines and Energy will review the sector plan this week, and may revise these forecasts downward. If so, and depending on the level of the reduction, the impact on sector revenues would have to be reviewed. In any case, the final version of the plan, which will incorporate any of these changes, will be submitted to us in the near future. We will be reviewing the draft plan in detail over the next week or so and make our comments to ELETROBRAS. On the basis of the final plan we expect to receive, we will reach a judgment as to the further processing of the loans in our FY84 lending program.

Cleared with and cc: Mr. Moscote, LCP

NOTcheyan:gz

October 12, 1983

Dear Mr. Minister:

Thank you for your letter of September 23 requesting World Bank assistance for Brazil's Science Technology Education Project.

We currently have a mission in Brazil looking into this proposal. After the mission returns next week, we will study its findings carefully and will contact you shortly.

Thank you for writing.

Sincerely,

A handwritten signature in black ink, consisting of a stylized 'A' followed by a horizontal line extending to the right.

A. W. Clausen

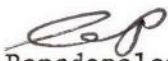
Exmo. Senhor
Antonio Delfim Netto
Ministro de Estado Chefe da
Secretaria de Planejamento
Esplanada dos Ministerios
Bloco K, 7º Andar
70063 Brasilia, DF
Brasil

GPapadopolous/--:MH

10/11/83

NOTE:

In his letter of September 23, 1983, attached, Minister Netto is requesting Bank support for a technical education project. The Bank is preparing at this time, the first phase of this project. A project preparation mission is at this time in the field and expected back in Washington next Monday. At that time we would know more about the scope, size, structure and processing time schedule of the project. We plan then to prepare an answer to the Minister, under Mr. Lerdau's signature, on our views about the project.


G. Papadopolous
Acting Chief, Brazil Division
#72034

ROUTING SLIP		Date Oct. 5	
OFFICE OF THE PRESIDENT			
Name		Room No.	
Mr. Ardito-Barletta		A 907	
	To Handle		Note and File
	Appropriate Disposition	XX	Prepare Reply
	Approval		Per Our Conversation
	Information	XX	Recommendation

Remarks

If this is something Mr. Clausen should answer himself, would you please prepare a reply for his signature? If not, please let me know how it is being handled.

Thanks.

Roy Southworth

From

Brasília, DF, 23 de setembro de 1983.

1380

Exmo. Sr.
Dr. ALDEN W. CLAUSEN
Presidente do Banco Mundial
WASHINGTON, DC

Senhor Presidente,

Conforme entendimentos que vêm sendo mantidos com essa Instituição, o Governo Brasileiro, pela presente, vem ratificar seu interesse em negociar um empréstimo setorial, a ser aplicado como parcela complementar aos recursos nacionais do Programa de Apoio ao Desenvolvimento Científico e Tecnológico - PADCT.

2. O PADCT foi aprovado pelo Conselho Científico e Tecnológico (CCT), como um dos principais mecanismos de implementação da política nacional de Ciência e Tecnologia, visando uma ação coordenada das principais agências financiadoras em áreas de concentração. O CCT aprovou também que a ação do PADCT se concentrará inicialmente, nas seguintes áreas: Geociências e Tecnologia Mineral, Química e Engenharia Química, Tecnologia Industrial Básica, Biotecnologia, Instrumentação, Educação para Ciência, e infraestrutura para Informação em Ciência e Tecnologia.

3. O valor total do PADCT é de US\$ 540,000,000.00 (quinhentos e quarenta milhões de dólares), sendo US\$..... 357,000,000.00 (trezentos e cinquenta e sete milhões de dólares) correspondentes à programação básica e US\$..... 183,000,000.00 (cento oitenta e três milhões de dólares) cor

respondentes à programação complementar, que será negociada em uma segunda etapa a ter início em 1986. O valor do empréstimo solicitado para a primeira etapa é de US\$ 125,000,000.00 (cento e vinte e cinco milhões de dólares) e de US\$..... 75,000,000.00 (setenta e cinco milhões) para a etapa complementar.

4. Em conformidade com a política econômico-financeira vigente, e tendo em vista que no atual momento não é desejável estabelecer um compromisso para todo o período, principalmente por não ser possível fixar efetivamente os valores da programação adicional, o primeiro contrato que se propõe a esse Banco cobrirá os dois primeiros anos de execução do PADCT, devendo, entretanto, ficar patente o propósito do do Governo brasileiro em executar esse Programa, em toda sua extensão, caso permitam as condições econômico-financeiras. Os dispêndios anuais estimados para a execução completa do Programa são sumarizados em tabela anexa.

5. A contrapartida nacional inclui três parcelas: dotações orçamentárias das agências financiadoras, participação das instituições executoras dos projetos e dotação federal adicional para o PADCT. Esta última parcela visa, primordialmente, proporcionar recursos adequados ao PADCT, de modo que sua execução não seja efetuada em detrimento de outros esforços, no âmbito do desenvolvimento científico e tecnológico.

6. A estimativa da parcela referente às instituições executoras foi feita segundo o princípio de que os recursos alocados são considerados investimentos no setor e conforme parâmetros acordados preliminarmente com a Missão de avaliação, já enviada por esse Banco. ✓

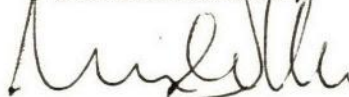
7. A orientação geral do PADCT é da responsabilidade do Conselho Científico e Tecnológico (CCT) tendo, inclusive, esse Colegiado estabelecido uma Comissão Transitória específica para o PADCT.

8. A operacionalização do PADCT é feita através de quatro agências, em conformidade com suas atribuições no contexto do Sistema Nacional de Desenvolvimento Científico e Tecnológico (SNDCT): Conselho Nacional de Desenvolvimento Científico e Tecnológico (CNPq), Financiadora de Estudos e Projetos (FINEP), Secretaria de Tecnologia Industrial (STI) e a Coordenação de Aperfeiçoamento de Pessoal de Nível Superior (CAPES).

9. A coordenação geral do PADCT cabe ao CNPq, em sua qualidade de entidade central do SNDCT, sendo o agente financeiro a FINEP, em função de sua capacidade como Secretaria Executiva do FNDCT.

10. A proposta formal do segmento de "Educação para Ciência" foi anteriormente enviada a esse Banco, as referentes aos segmentos de "Geociências e Tecnologia Mineral", "Quí mica e Engenharia Química" e "Biotecnologia" serão enviadas até trinta de outubro e as demais até trinta de novembro próximos.

Cordialmente,



Antonio Delfim Netto

Ministro-Chefe da Secretaria de Planejamento
da Presidência da República

PADCT

DISTRIBUIÇÃO DOS RECURSOS

Em milhões de dólares

EXERCÍCIO	TOTAL		CONTRAPARTIDA		BIRD	
	B	A	B	A	B	A
1984	62.2	-	40.4	-	21.8	-
1985	73.7	-	47.9	-	25.8	-
1986	73.7	61.0	47.9	36.0	25.8	25.0
1987	73.7	61.0	47.9	36.0	25.8	25.0
1988	73.7	61.0	47.9	36.0	25.8	25.0
	357.0	183.0	232.0	108.0	125.0	75.0
	540.0		340.0		200.0	

B - Programa Básico

A - Programa Adicional

PRESIDÊNCIA DA REPÚBLICA
SECRETARIA DE PLANEJAMENTO
GABINETE DO MINISTRO

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THE WORLD BANK

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Date

Oct. 7/83

OFFICE OF THE PRESIDENT

Name

Room No.

Mr. Ardito Barletta

To Handle

Note and File

Appropriate Disposition

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Approval

Per Our Conversation

Information

Recommendation

Remarks

For your information.

Roy Southworth



From

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TO ALDEN WINSHIP CLAUSEN

PRESIDENT OF THE WORLD BANK

WASHINGTON, D.C., U.S.A.

ON BEHALF OF THE BRAZILIAN GOVERNMENT I THANK YOU PERSONAL
EFFORT AIMING AT THE APPROVAL BY THE WOLD BANK OF THE
FINANCING TO THE BRAZILIAN AGRICULTURE AND EXPORTATION VG
IN THE AMOUNT OF US\$ 655 MILLION PT AS YOU ARE AWARE VG
SUCH FINANCING IS AT THIS MOMENT MOST IMPORTANT FOR BRAZIL VG
AND CONFIRMS THE POSITIVE ATTITUDE OF THE WORLD BANK AT THE
DIFFICULT WORLD CONDITIONS THAT PREVAIL NOWADAYS PT ANTONIO
DELFIM NETTO - MINISTER VG SECRETARY OF PLANNING PT

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RECB

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GAB/MINISTRO/SEPLAN TNR 3836/83

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TO ALDEN WINSHIP CLAUSEN

PRESIDENT OF THE WORLD BANK

WASHINGTON, D.C., U.S.A.

ON BEHALF OF THE BRAZILIAN GOVERNMENT I THANK YOU PERSONAL
EFFORT AIMING AT THE APPROVAL BY THE WOLD BANK OF THE
FINANCING TO THE BRAZILIAN AGRICULTURE AND EXPORTATION VG
IN THE AMOUNT OF US\$ 655 MILLION PT AS YOU ARE AWARE VG
SUCH FINANCING IS AT THIS MOMENT MOST IMPORTANT FOR BRAZIL VG
AND CONFIRMS THE POSITIVE ATTITUDE OF THE WORLD BANK AT THE
DIFFICULT WORLD CONDITIONS THAT PREVAIL NOWADAYS PT ANTONIO
DELFIM NETTO - MINISTER VG SECRETARY OF PLANNING PT

Wutthe

T/BENE 0710

RECB

MMMM

OFFICE MEMORANDUM

DATE: September 16, 1983

TO: Memorandum for the Record

FROM: Hendrick van der Heijden, Chief, Brazil Division, LC2

EXTENSION: 72031

SUBJECT: BRAZIL - Visit to Mr. Clausen by Finance Minister Ernane Galveas

1. On September 12, 1983 Finance Minister Ernane Galveas of Brazil visited Mr. Clausen. He was, inter alia, accompanied by:

Dr. Affonso Celso Pastore	- President, Central Bank
Mr. A. Kafka	- Executive Director for Brazil in the IMF
Dr. Sergio Correa da Costa	- Ambassador in Washington
Dr. J. C. Madeira Serrano	- Director, External Credit, Central Bank

On the Bank side, Messrs. Stern, Lerdau and van der Heijden participated, as well as Ms. Barbara Insel.

2. Minister Galveas opened the meeting by expressing the Government's appreciation for the efforts which the Bank was making in helping Brazil through the current financial difficulties. Mr. Clausen assured the Minister that the Bank would be continuing its efforts, and invited Minister Galveas to outline the current status of Brazil's negotiations with the IMF and the commercial banking community. As to the IMF, Minister Galveas stated that he expected to complete discussions with the Managing Director that very day on the Letter of Intent which should be submitted to Brazil's Monetary Council on Wednesday September 14. Meanwhile, the Minister would meet with the Advisory Committee of the commercial banks on Tuesday, with the particular purpose of informing the committee on the intentions of the so called "official financial community" (i.e., the IMF, IBRD, IDB and U.S. Export-Import Bank) to provide financing in the 1983-84 period. Furthermore, on Thursday September 15 the Paris Club would meet and consider Brazil's case whereas, upon approval by the Monetary Council of Brazil's Letter of Intent to the IMF, towards the end of the week (probably still Thursday) the Managing Director would issue the "green light", thus permitting the Advisory Committee of the commercial banks to finalize on Friday its work on the commitments needed for the remainder of 1983 and for 1984.

3. A discussion followed on the subject of the additional amounts which the commercial banks would provide, and estimates of between US\$7 billion and US\$8.6 billion were mentioned. Apparently the commercial banks had been given the impression that a substantial amount (about US\$2 billion) could be forthcoming from the IBRD, IDB and U.S. Export-Import Bank, an amount subsequently agreed to be unrealistically high (see prara. 4), particularly with regard to the IBRD.

4. Mr. Clausen finalized the discussion by stating that Brazil and the Bank should agree on a realistic estimate of disbursements from the Bank in 1983 and 1984, and there was agreement that a realistic estimate for 1983 would be about US\$800 million in 1983, and US\$1,050 million in 1984. It was agreed that a realistic estimate for the two years together would be about US\$2 billion with Messrs. Clausen and Stern indicating that this was not a ceiling. If project execution improved, this amount could be higher. It was also agreed that there was urgency in initiating quickly preparatory work on two further policy-based operations in agriculture and industry which could have a substantial disbursement impact in 1984.

5. There was also a discussion on the conditionality relative to the proposed agricultural credit and export development project. Mr. Clausen expressed his disappointment that it had not now been possible to reach agreement on a precise timetable for the full elimination of the subsidies on official agriculture credit lines for North/Northeast producers. So did Mr. Stern. Minister Galveas referred to the agreement just reached under which the Government would make these subsidies "transparent" by including their amount in the fiscal budget, and to the Government's commitment to the Bank to come forward, before June 30, 1984, with proposals for replacing the remaining subsidies with other incentives for increasing agriculture investment and production in the North/Northeast. This was accepted as an adequate approach for moving ahead with the project.

cc: Mr. Clausen's Office

Messrs. Stern

Ardito Barletta

Pfeffermann, LCNVP

Lerdau, LC2

van der Meer, LCP

Levy, LC2

van Gigch, LCP

van der Heijden, LC2

Renger, LCP

Martinusen, LCP

Ms. Insel, LCP

Brazil Division

HvdHeijden:cgm/nev

OFFICE MEMORANDUM

DATE: September 13, 1983

TO: Mr. A. W. Clausen

FROM: Florent Agueh, Loan Officer, LC2 (ext. 72713)

SUBJECT: BRAZIL - Your Meeting with Ambassador Leite Ribeiro on Sept. 14, 1983 at 11 a.m.

393-4700
Rm-
1. Ambassador Raul Fernando Leite Ribeiro will pay you a personal courtesy call on September 14, 1983 at 11:00 a.m. Ambassador Leite Ribeiro, a special adviser to Minister Delfim Netto, was responsible for organizing your March 1983 visit to Brazil and accompanied you throughout the visit. Similarly, his wife, Mrs. Elisabeth Leite Ribeiro, accompanied Mrs. Clausen during that visit. Short biographical notes on Ambassador and Mrs. Leite Ribeiro are included in Attachment.

2. Ambassador Leite Ribeiro is in Washington leading the Brazilian team to the negotiations for the third phase of the Bank's participation in the Northwest Region Integrated Development Program (the so-called POLONOROESTE program). The first two phases of Bank financing for this program (four loans totalling US\$346.6 million) covered the paving of the 1500 km Cuiaba/Porto Velho highway and the productive and social investments required to consolidate existing settlement schemes in the highway's area of influence while protecting the region's Amerindian population and natural environment. The third phase, for which a Bank loan of US\$65.2 million is currently being negotiated, provides for the settlement of about 15,000 migrant farm families in selected unoccupied areas. Ambassador Leite Ribeiro has been associated with the POLONOROESTE program since the program's formulation stage. His diplomatic skills proved extremely useful in negotiations between the Brazilian Government authorities and the Bank on key sensitive issues raised by this program in the areas of Amerindian and environmental protection. Ambassador Leite Ribeiro also strongly backed efforts by the Bank to promote cost-effective settlement methods and investment cost recovery procedures to be implemented as part of the third phase project. Should the opportunity arise, you may wish to compliment Ambassador Leite Ribeiro for his personal efforts regarding these matters. The current negotiations are proceeding smoothly.

3. I understand that Ambassador Leite Ribeiro will deliver a letter and "small gift" from his wife to Mrs. Clausen. I could not learn what this small gift consists of.

4. Finally, I have learned that Ambassador Leite Ribeiro has been selected to become the next Ambassador of Brazil to Algeria. This nomination which entails a promotion, is still to be approved by the Brazilian Senate.

Attachment

Raul Fernando Leite Ribeiro

(Special Adviser to the Minister of Planning)

Ambassador Raul Fernando Leite Ribeiro, 50, was born in Buenos Aires, and began his diplomatic career in 1955. He has served in London and Paris with the Brazilian Embassy, and was Minister-Counsellor to the Embassy in Lisbon for 1974-79. Other activities include service in numerous councils on Brazil's bilateral relations with Japan, West Germany, Spain, East Germany and Italy. Most recently he has been serving as special adviser to Minister Delfim Netto for coordination of preparation and negotiations of the POLONOROESTE program. In this capacity since 1979, he has worked closely with Bank staff in all phases of project preparation, negotiations, and implementation of the projects comprising the Program.

Elizabeth Leite Ribeiro

(Wife of Ambassador Leite Ribeiro)

Mrs. Elizabeth Leite Ribeiro has accompanied Ambassador Leite Ribeiro in his numerous posts. She is fluent in English, and has been certified as a teacher and translator by Cambridge University, England. She also has interests in adolescent psychology, which she has pursued through course work at the University of Brasilia.

DATE: September 9, 1983
TO: Mr. A. W. Clausen
(through Mr. Ernest Stern)
FROM: Nicolas Ardito Barletta, Regional Vice President, IAC

EXTENSION: 75906

SUBJECT: BRAZIL - Visit of Finance Minister Rrmane Galveas

1. Finance Minister Rrmane Galveas of Brazil will be visiting Washington this Monday, September 12, 1983. He will be meeting with the Managing Director of the International Monetary Fund, and he will be meeting with us Monday morning at 11:00 a.m. Your meeting with Minister Galveas is scheduled for Monday at 12:00 p.m. On Tuesday, he will be discussing Brazil's international financial program with the commercial banks in New York.

2. The purpose of Minister Galveas' meeting with us is to finalize the negotiations on the proposed agricultural credit and export development loan. You will recall that we initiated the negotiations for this loan of US\$302 million early last week. We have made substantial progress since then but there is one remaining item which needs to be settled, namely, the phasing out of the agricultural credit subsidies for the so-called normal agricultural credit programs in the Northeast. We expect the Minister to argue that it is at the present time not advisable for him to convoke a meeting of Brazil's National Monetary Council to seek a modification of the credit subsidy proposals already approved by the Council, which is what would be required if the Government were to accept our proposal for applying in 1986-87 monetary correction of 90% to principal repayments, as opposed to 85% as the National Monetary Council has agreed. We are quite sympathetic to that point and have suggested that the Minister agree to provide starting in 1984 for the full cost of the remaining subsidies for the Northeast in the fiscal budget. The objective of this proposal is to make certain that there is an explicit understanding of the cost of the remaining subsidies which could lead, we hope, to a decision to eventually reduce these subsidies further. Incidentally, we expect to resolve this issue in our 11:00 meeting with Minister Galveas, but we will let you know before your meeting with the Minister.

3. Meanwhile, I thought you would be interested in knowing that we have completed the negotiations for the export development loan for US\$352 million, and we have informed the Brazilians that we expect to receive Government approval no later than this coming Wednesday so as to permit presentation to the Board of the two loans on October 4. This requires very expeditious processing on the parts of both the Brazilians and us. We have, of course, also told the Brazilians that these two loans will only be presented to the Board after an understanding has been reached between the Government of Brazil and the IMF. I suggest you ask the Minister if such an understanding has indeed been reached.

September 9, 1983

4. Our understanding is that a new agreement between the Government and the Fund is imminent. While Minister Galveas will discuss some of the final details in the new agreement with the Fund on Monday, he is not expected to sign the Letter of Intent then. Some measures are still expected to be approved by the National Monetary Council on Wednesday before the Letter of Intent will be signed and the green light given on a new agreement by the Fund's management.

5. With the Fund management's approval of the new IMF program, Phase 2 of Brazil's external financing program with the commercial banks will begin. Bank estimates indicate that an additional US\$3-4 billion of new credits will be needed in 1983, despite Brazil's very favorable trade surplus performance. Such new credits will be required to clean up Brazil's growing arrears, which now are reported to be over US\$2 billion. Under Phase 2, covering the remainder of 1983 and 1984, it is estimated that US\$11.2 billion of additional resources will be required. Of this amount, a Paris Club rescheduling is expected to provide about US\$1.9 billion, and official suppliers' credits, such as through the Ex-Im Bank, are expected to generate about US\$2.0-2.5 billion. As Messrs. de Larosiere and Rhodes recently told you, some US\$6-7 billion will fall to the commercial banks to provide in the form of new loans. Once the new Fund agreement is in place, progress on obtaining commitments of these funds is expected to proceed quickly.

cc: Mr. Lerdau, LC2
Brazil Division

HvdHeijden/WGTyler:nev

DATE: August 30, 1983

TO: Mr. A. W. Clausen
(through Mr. Shahid Husain, Acting SVPOP)

FROM: Nicolas Ardito Barletta

EXTENSION: 75901

SUBJECT: BRAZIL - Briefing Notes for Your Meeting with Mr. William Rhodes

1. Tomorrow morning at 10:30, you will meet with Mr. William Rhodes (CITIBANK). The purpose of this visit to you, we understand, is to inform you of the progress made in discussions between commercial banks and Brazil to prepare a financial package for the remainder of 1983 and 1984. Mr. Rhodes will want to be informed of the Bank's current and projected levels of assistance and resource transfer. He may also inquire as to the prospects for increased Bank assistance through 1984.

2. In early 1983, the commercial banks, in conjunction with the IMF program, agreed to (a) make new loans in the aggregate of US\$4.4 billion, (b) rollover for an additional eight years US\$4 billion of medium- and long-term loans falling due in 1983, (c) make available up to US\$9.4 billion in short-term commercial credits, and (d) restore to approximately US\$7.5 billion the bulk of deposits held by foreign banks in overseas branches of Brazilian banks. Significant shortfalls were experienced with the interbank lending component, and by July 1983 interbank credits to Brazil amounted to only about US\$5.8 billion. Because of this shortfall and other contingencies, Brazil will require an additional US\$3-4 billion for 1983. A new external financing package from the commercial banks for the remainder of 1983 and for 1984 is being prepared as part of the renegotiated agreement between the government and the IMF. A meeting of the Paris Club, to discuss the rescheduling of about US\$2.0 billion in official debt has also been requested by the government.

3. Bank lending reached US\$1,425 million in FY83. Under the presently authorized lending program, which is constrained by the objective of bringing down Brazil's share in the Bank's portfolio to 8% (from its present 8.7%), the FY84 lending would only be US\$1.1 billion. However, a proposal in the new CPP -- which will be reviewed on September 13 -- is to raise this amount to US\$1.4 billion. Annual disbursements of Bank loans reached US\$763.8 million in FY83. Net transfers to Brazil reached US\$357.6 million in FY83. Special measures have been taken to increase the flow of resources to Brazil, principally by increasing disbursements. These measures include: (a) the establishment of Special Accounts, totalling about US\$300 million, with the Central Bank of Brazil, to reduce the interval during which the government finances the Bank's share of project costs with its own resources and, (b) provision of working capital finance of US\$100 million through the recently approved agro-industries loan. Planned activities, in the context of the Special Action Program, include two policy-based loans, totalling US\$655 million, for agriculture and industry designed to be quick disbursing, and a Supplemental loan of US\$27 million for agricultural projects. These measures should result in a 23% increase in gross disbursements to Brazil for FY84.

4. Current efforts to increase net resource transfers to Brazil include the extension of the Special Account System to most ongoing projects to speed disbursements, and semi-annual project performance reviews with the government to identify bottlenecks in project implementation.

5. Mr. Rhodes may inquire if the Bank could increase its lending to Brazil for CY1984. With follow-up loans for the agricultural credit and industrial development operations, this would be possible provided, as noted above, that the portfolio constraint -- and/or the Bank's lending program constraint -- were relaxed.

IBRD Resource Transfers to Brazil /1
(US\$ million)

	<u>Disbursements</u>	<u>Amortization</u>	<u>Net Disbursements</u>	<u>Interest, Fees, Charges</u>	<u>Net Transfer</u>
FY81	377.6	111.8	265.8	185.3	80.5
CY81	387.0	137.1	244.9	184.6	65.3
FY82	471.5	179.0	292.5	192.4	100.1
CY82	623.2	208.3	414.9	197.7	217.2
FY83	763.8	214.6	549.2	191.6	357.6
CY83	800.0	290.0	510.0	239.7	270.3
FY84	936.4	326.6	609.8	290.7	319.1
CY84	1,050.0	370.0	680.0		
FY85	1,163.0	412.6	750.4	362.9	387.5

/1 Data to FY83 actual. Following years are estimated.

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ADDRESSED GOVERNADOR JAIR DE OLIVEIRA SOARES, GOVERNADOR DO
ESTADO DO RIO GRANDE DO SUL, AND INFORMATION EMBaixADOR JOSE
BOTAFOGO GONCALVES, SECRETARIO SUBIN. AAA I ACKNOWLEDGE
RECEIPT OF YOUR TELEX DATED JULY 27, 1983, TO MR. CLAUSEN
AND MYSELF, INFORMING US OF THE CRITICAL SITUATION IN THE
STATE OF RIO GRANDE DO SUL CAUSED BY EXCEPTIONALLY HEAVY
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TELEX

TELEX NO.:

DATE: July 28, 1983

SUBJECT:

DRAFTED BY:

HvdHeijden:nev

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AUTHORIZED BY (Name and Signature):

Hendrick van der Heijden

cc: Mr. Southworth, EXC

DEPARTMENT:

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THE THREE ONGOING FEEDER ROADS AS WELL AS TWO AGRO -
INDUSTRIAL PROJECTS. IN ADDITION, DISCUSSIONS HAVE ALSO BEEN
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REGARDING A ROAD MAINTENANCE PROJECT WHICH I UNDERSTAND
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WHICH WE WILL BE PREPARED TO GIVE SPECIAL ATTENTION. WITH
MY BEST WISHES FOR THE PEOPLE OF RIO GRANDE DO SUL. REGARDS,
HENDRICK VAN DER HEIJDEN, CHIEF, BRAZIL DIVISION, INTBAFRAD

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TO:

1) GOVERNADOR JAIR DE OLIVEIRA SOARES
GOVERNADOR DO ESTADO DO RIO GRANDE DO SUL
PALACIO DO GOVERNO
PORTO ALEGRE, RIO GRANDE DO SUL, BRASIL
TELEX: PORTOALEGRERS 365/336

2) EMBAIXADOR JOSE BOTAFOGO GONCALVES
SECRETARIO
SEPLAN/SUBIN
BRASILIA, BRASIL
TELEX: 611146MNPL BR

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ILMO. SR. ALDEN CLAUSEN TELEX 089650

M.D. PRESIDENT BIRD

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DE PORTOALEGRE-RIOGRANDE DO SUL BRASIL NR 2150 260783 10H55MIN

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O GOVERNO DO ESTADO DO RIO GRANDE DO SUL (BRAZIL) DIRIGE-SE A ESSA
AGENCIA INTERNACIONAL SOLICITANDO A CONCESSAO VG EM CARATER URGENTE
VG DE RECURSOS A FUNDO

ZIH195 PAGE 2/52/50

PERDIDO E/OU EMPRESTIMO DE EMERGENCIA A

JUROS SUBSIDIADOS VG NO MONTANTE DE 5 (CINCO) MILHOES DE DOLARES.

TAL PLEITO DECORRE DA SITUAÇÃO DRAMÁTICA VG DE AUTÊNTICA CALAMIDADE PÚBLICA VG GERADA PELAS GRANDES INUNDAÇÕES RECENTEMENTE OCORRIDAS NO SEGMENTO MERIDIONAL DO BRASIL. ESSAS ENCHENTES VG ALÉM DE CAUSAREM A DESTRUIÇÃO VG

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ZIH195 PAGE 3/55/50

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- COM A FALTA DE ABRIGO VG DE VESTUÁRIO VG DE ALIMENTAÇÃO

ZIH195 PAGE 4/57/50

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MEDICAMENTOS PT OS EFEITOS DESASTROSOS DAS CHEIAS SE FIZERAM SENTIR EM TODO O ESTADO VG CONCENTRANDO-SE DE MODO ESPECIAL NAS REGIOES MAIS FORTEMENTE ENGAJADAS NA PRODUÇÃO PRIMARIA PTVG DEVE TAMBEM SER CONSIDERADA VG PORTANTO VG A REPERCUSSAO DESSAS CATASTROFICAS INTERPERIES SOBRE O NIVEL DA DEMANDA VG COM A

ZIH195 PAGE 5/53/50

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VEREFICADA NAS ATIVIDADES ECONOMICAS VG AINDA MAIS AGRAVADA PELO ESTADO LASTIMAVEL EM QUE SE ENCONTRAM AS VIAS DE ESCOAMENTO DAS SAFRAS AGRICOLAS PT AS MEDIDAS ADOTADAS PARA O SOCORRO E A PROTECAO AS POPULAÇÕES PREJUDICADAS MOBILIZARAM RECURSOS ADICIONAIS VG REALOCADOS DE OUTRAS ATIVIDADES GOVERNAMENTAIS VG QUE EXCEDERAM A

ZIH195 PAGE 6/54/50

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ZIH195 PAGE 7/30/28

VG PARA QUE VENHAM A SER
AMENIZADAS AS INGENTES DIFICULDADES ENFRENTADAS PELO ESTADO DO RIO
GRANDE DO SUL PT ATENCIOSAS SAUDAÇÕES PT
JAIR SOARES - GOVERNADOR DO ESTADO

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BOOK OF TWO → TO:

1) GOVERNADOR JOSE RICHA

GOVERNADOR DO ESTADO DE PARANA

CURITIBA, PARANA, BRASIL

TELEX: 415909SECP BR

2) EMBAIXADOR JOSE BOTAFOGO GONCALVES

SECRETARIO

SEPLAN/SUBIN

BRASILIA, BRAZIL

TELEX: 611146MNPL BR

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ADDRESSED GOVERNADOR JOSE RICHÁ, GOVERNADOR DO ESTADO DE
PARANÁ, CURITIBA, PARANÁ, BRASIL AND INFORMATION EMBAIXADOR
JOSE DOTAFOGO GONCALVES, SECRETARIO SUBIN. AAA IN THE
ABSENCE OF MR. CLAUSEN, I ACKNOWLEDGE RECEIPT OF YOUR TELEX
OF JULY 24, 1983, INFORMING US OF THE CRITICAL SITUATION IN
THE STATE OF PARANÁ CAUSED BY EXCEPTIONALLY HEAVY RAINFALLS
AND FLOODINGS AND INVITING THE BANK TO SEND REPRESENTATIVES
TO PARANÁ TO STUDY THE SITUATION AND POSSIBLE BANK
ASSISTANCE. BBB FIRST, PERMIT ME TO EXPRESS THE DEEPEST
SYMPATHY OF THIS INSTITUTION FOR THOSE WHO ARE SUFFERING
FROM THIS CALAMITOUS SITUATION AND MY BEST WISHES OF SUCCESS
FOR EFFORTS BEING DISPLAYED BY YOUR GOVERNMENT TO COPE WITH
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Ernest Stern

DEPARTMENT:

Senior Vice President, Operations

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ROADS AS WELL AS TWO AGRO-INDUSTRIAL PROJECTS. IN ADDITION,
DISCUSSIONS HAVE ALSO BEEN INITIATED WITH REPRESENTATIVES OF
THE FEDERAL GOVERNMENT REGARDING A ROAD MAINTENANCE PROJECT
WHICH I UNDERSTAND COULD INCLUDE ELEMENTS OF MAIN ROADS IN
PARANA TO WHICH WE WILL BE PREPARED TO GIVE SPECIAL
ATTENTION. WITH MY BEST WISHES FOR THE PEOPLE OF PARANA.
REGARDS, ERNEST STERN, SENIOR VICE PRESIDENT OPERATIONS,
INTDAFRAD

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1983 JUL 24 AM 10:10

MR. ALDEN CLAUSEN CABLE SECTION

BANCO INTERNACIONAL DE RECONSTRU&AO E
DESENVOLVIMENTO, WORLD BANK

1818 H STREET, NW, WASHINGTON, DC

USA

Mr. Lerdan
Mr. van der Neijden

1025

CHUVAS INTENSÍSSIMAS OCORRIDAS NO SUL DO BRASIL DURANTE O MES DE JUNHO E INICIO MES JULHO RESULTARAM EM ENCHENTES COM GRAVÍSSIMOS PREJUÍZOS HUMANOS E MATERIAIS PT O ESTADO DO PARANÁ SERIAMENTE ATINGIDO PELAS INUNDA&OES VG APRESENTA UM QUADRO DE DESTRUI&AO : 37 CIDADES INUNDADAS VG 6 CIDADES ISOLADAS PELAS AGUAS VG MAIS DE 60 MIL DESABRIGADOS VG PERDAS AGRÍCOLAS EM MAIS DE 1,4 MILHÃO DE TONELADAS VG CENTENAS DE ESTABELECIMENTOS INDUSTRIAIS ET COMERCIAIS SUBMERSOS CUJA DESATIVA&AO REDUNDARÁ EM INEVITÁVEL DESEMPREGO PT HÁ IMINÊNCIA DE PROBLEMAS DE SAÚDE PÚBLICA E DE EPIDEMIAS PT AOS PROBLEMAS DE ATENDIMENTO IMEDIATO AAS ENCHENTES, SOMAM-SE OS PROBLEMAS DE RECONSTRU&AO DA BASE ECONÔMICA E DA INFRA-ESTRUTURA URBANA E INTERURBANA PT GOVERNO DO ESTADO VG GOVERNO FEDERAL VG GOVERNOS LOCAIS E A COMUNIDADE ENCONTRAM-SE MOBILIZADOS PARA ATENDIMENTO EMERGENCIAL AAS VÍTIMAS DA ENCHENTE , POREM UM ESFOR&O COORDENADO DE RECOMPOSI&AO ECONÔMICA E SOCIAL / DEVE SER EMPREENDIDO NOS PRÓXIMOS MESES PT NESSE SENTIDO VG O EVENTUAL APOIO DESSA AGENCIA INTERNACIONAL É DA MAIOR IMPORTÂNCIA VG PELO QUE CONSULTO DA POSSIBILIDADE DESSA AGENCIA DESTINAR RECURSOS AUXÍLIO A PROJETOS ESPECÍFICOS DE RECONSTRU&AO DA INFRA -

ESTRUTURA ECONOMICA E SOCIAL NAS REGIOES ATINGIDAS PELA ENCHENTE
NO ESTADO DO PARANAH PT ESTAREMOS PRONTOS A PRESTAR AOS REPRE -
SENTANTES DESSA AGENCIA NO BRASIL TODAS AS INFORMA&OES DETALHA -
DAS A RESPEITO DO ASSUNTO ET PARA ISSO ESTOU INSTRUINDO O SECRE-
TARIO DE PLANEJAMENTO DO PARANAH VG BELMIRO CASTOR VG TELEFONE -
041-224-0766 PARA ATENDER AS SOLICITA&OES DE INFORMA&OES FORMU -
LADAS POR VOSSAS SENHORIAS PT

CORDIAIS SAUDA&OES

GOVERNADOR JOSE RICHÁ
ESTADO DO PARANAH, BRASIL

WORLD BANK WSH

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BOOK OF TWO

TO:

1) EXMO. SR.

ESPERIDIAO AMIN

GOVERNADOR DO ESTADO DE SANTA CATARINA

PALACIO DO GOVERNO

FLORIANOPOLIS, SANTA CATARINA, BRAZIL

TELEX: 482171GOSC BR

2) EXBAIXADOR JOSE BOTAFOGO GONCALVES

SECRETARIO

SEPLAN/SUBIN

BRASILIA, BRAZIL

TELEX: 611146MNPL BR

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CLASS OF SERVICE:

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DATE July 22, 1983

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TO:

ADDRESSED EXMO. SR. ESPERIDIAO AMIN, GOVERNADOR DO ESTADO DE
SANTA CATARINA AND INFORMATION EXBAIXADOR JOSE BOTAFOGO
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TO:

ROADS AS WELL AS TWO AGRO-INDUSTRIAL PROJECTS. IN ADDITION,
DISCUSSIONS HAVE ALSO BEEN INITIATED WITH REPRESENTATIVES OF
THE FEDERAL GOVERNMENT REGARDING A ROAD MAINTENANCE PROJECT
WHICH I UNDERSTAND COULD INCLUDE ELEMENTS OF MAIN ROADS IN
SANTA CATARINA TO WHICH WE WILL BE PREPARED TO GIVE SPECIAL
ATTENTION. WITH MY BEST WISHES FOR THE PEOPLE OF SANTA
CATARINA. REGARDS, ERNEST STERN, SENIOR VICE PRESIDENT,
OPERATIONS, INTBAFRAD

END
OF
TEXT

NOT TO BE TRANSMITTED

CLASS OF SERVICE:

TELEX NO. see book

July 22, 1983

SUBJECT:

DRAFTED BY

F.Agueh/H.van der Heijden:nev/et

CLEARANCES AND COPY DISTRIBUTION:

AUTHORIZED BY (Name and Signature):

Ernest Stern

DEPARTMENT:

Senior Vice President, Operations

ABLE SECTION

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WHITE — Transmittal Copy

CANARY — Bill Copy

BLUE — Originator to Keep

1. Use OCR B210 Sphere and set typewriter for DOUBLE SPACING — No other markings acceptable.
2. Align First Characters at Line Number 1.

10 EST

WORLD BANK UD

482171605C BR

PALACIO DO GOVERNO, FLORIANOPOLIS 1503 JUL 16 AM 3:03

TELEX NR 1310/CASA MILITAR

COMMUNICATIONS DIVISION

995 EXMO. SR. DR. ALDEN CLAUSEN

DD. PRESIDENTE DO BIRD

WASHINGTON, D.C. - USA

SENHOR PRESIDENTE NO INICIO DO MES DE JULHO, SUBSTANCIAL PARTE DO ESTADO DE SANTA CATARINA FOI SUBMETIDA AAS MAIORES PRECIPITAÇÕES PLUVIOMETRICAS QUE A HISTORIA JAH REGISTROU. DOS 199 MUNICIPIOS / DO ESTADO, 130 FORAM DURAMENTE CASTIGADOS. COMO CONSEQUENCIA, DUZENTAS MIL PESSOAS FICARAM DESABRIGADAS. DOIS TERÇOS DA ECONOMIA / DO ESTADO ESTAO SERIAMENTE COMPROMETIDOS E OS PREJUIZOS GLOBAIS / ESTAO ESTIMADOS EM DEZ POR CENTO DO PIB, OU SEJA, AO REDOR DE UM BILHAO DE DOLARES. AINDA HOJE, PASSADA UMA SEMANA DA PRECIPITAÇÃO MAIS INTENSA, AS REGIOES MAIS AFETADAS SOH PODEM SER ALCANÇADAS / POR HELICOPTEROS. EM MAIS DE OITENTA CIDADES OS SERVIÇOS PUBLICOS DE AGUA, ENERGIA ELETRICA E COMUNICAÇÕES ENTRERAM EM COLAPSO. O SISTEMA VIARIO ESTAH TOTALMENTE COMPROMETIDO PELA QUEDA DE DEZE- / NAS DE PONTES, DESLIZAMENTO DE BARREIRAS E DESTRUIÇÃO DE PARTE DOS

...ITOS. OS ESQUEMAS SOCIAIS DE ATENÇÃO À SAÚDE, À EDUCAÇÃO E
AO APOIO COMUNITÁRIO FORAM SÉRIAMENTE COMPROMETIDOS, POSTO QUE EM
GRANDE PARTE HÁ MAIS DE UMA SEMANA ESTÃO SUBMERSOS. O PARQUE PRO-
DUTIVO TAMBÉM FOI DURAMENTE AFETADO. HÁ INDÚSTRIAS, QUE EMPREGAM
MAIS DE CINCO MIL PESSOAS, QUE ESTÃO TOTALMENTE SUBMERSAS. NA AGRÍ-
CULTURA, AS PERDAS ESTIMADAS SÃO DE TRINTA POR CENTO, O QUE SIGNI-
FICA ALGO AO REDOR DE UM MILHÃO E MEIO DE TONELADAS DE ALIMENTOS.
ATEM O MOMENTO NÃO SE TEM NOÇÃO RAZOÁVEL DOS DANOS CAUSADOS POR-/
QUE TODOS OS ESFORÇOS ESTÃO CONCENTRADOS NA ASSISTÊNCIA AOS FLODE-
LADOS. TODA A NAÇÃO BRASILEIRA ESTÁ MOBILIZADA PARA GARANTIR A
SÓBREVIVÊNCIA DESSAS PESSOAS. DIANTE DA EXTENSÃO DA CATASTROFE,
APELO A V. EXA. PARA QUE ENVIE REPRESENTANTES DESSE ORGANISMO AO
ESTADO DE SANTA CATARINA, PARA AVALIAÇÃO DA SITUAÇÃO E ESTUDO CON-
JUNTO DE FORMAS DE PARTICIPAÇÃO NA RECONSTRUÇÃO DO ESTADO.

ATENCIOSAMENTE

ESPERIDIAO AMIN

GOVERNADOR DO ESTADO DE SANTA CATARINA

TRANS POR ALCI VG EM 15 JULHO 83 AAS15176RS

REC POR?//

NNNN

13 13

Handwritten:
Hendrik
1983

ROUTING SLIP		Date July 26/83	
OFFICE OF THE PRESIDENT			
Name		Room No.	
Mr. Ardito Barletta			
Mr. Leland			
Mr. Southworth			
The answer sent by Mr. Stern			
to earlier (Portuguese) cable covers this			
one too			
To Handle	<i>Og</i>	Note and File	
Appropriate Disposition		Prepare Reply	
Approval		Per Our Conversation	
Information		Recommendation	
Remarks			
<p>This seems to be English equivalent of telex (Log 995) received in Portuguese-- sent to you on July 19, for recommendation.</p> <p>Roy Southworth</p> <p><i>Second cable on the same subject, first cable dated 7/16.</i> <i>y.</i></p>			
From			

MR. CLAUSEN

482292SSUC BR

1983 JUL 20 AM 5:33

482292SSUC BR

CABLE SECTION

1040

PALACIO DO GOVERNO - FLORIANOPOLIS, 22 DE JULHO DE 1983.

TELEX NR 1442/CASA MILITAR

BIRD

WASHINGTON - DC/USA

ATT. PRESIDENT

1. THIS PAPER IS BEING SIGNED AND SENT BY THE GOVERNOR OF THE STATE OF SANTA CATARINA, PART OF THE FEDERATIVE REPUBLIC OF BRAZIL.

THE STATE OF SANTA CATARINA COMPRISES 199 COUNTIES/CITIES AND ABOUT SIX THOUSAND AND FIVE HUNDRED COMMUNITIES. ONLY TEN COUNTIES HOLD MORE THAN FIFTY THOUSAND PEOPLE., THIRTY SIX OF THEM HOLD BETWEEN TWENTY AND FIFTY THOUSAND PEOPLE., 153 HOLD LESS THAN TWENTY THOUSAND PEOPLE.

2. THE CAPITAL CITY OF MY STATE IS FLORIANOPOLIS, SEAT OF THE STATE ADMINISTRATION.

3. MY FULL ADDRESS BEING:

GOVERNOR ESPERIDIAO AMIN HELOU FILHO

PALACIO CRUZ E SOUZA

88.000 FLORIANOPOLIS - SC

BRAZIL

TELEX NUMBER: (038) 0482-171.

4. THIS PAPER INTENDS TO LAY BARE WHAT HAPPENED TO THE POPULATION OF SANTA CATARINA BETWEEN LAST FEBRUARY AND TODAY, 22TH OF JULY, 1983:

- THREE FLOODS

- ONE WINDSTORM.

5. THE SECOND FLOOD, IN MAY, DESTROYED THE RURAL ECONOMY OF TWO FARMING REGIONS, BRINGING WITH IT DAMAGES ESTIMATED IN US/ 100 MILLION.

6. THE THIRD FLOOD COMPRISED ALL RIVER BASSINS BUT TWO OF THEM.

7. LAND TAKEN OVER BY THE THIRD FLOOD WAS FLOODED BETWEEN JULY 4TH THROUGH/OUT 16TH, 1983.

8. THE THIRD FLOOD PROVED ITSELF TO BE THE MOST INTENSIVE AND OVER-SPREADING BY:

- ADVERSELY AFFECTING 70.%. OF THE STATE POPULATION OR CA. TWO MILLION AND FIVE HUNDRED THOUSAND PEOPLE.
- MADE HOMELESS 250 THOUSAND PEOPLE WHO LOST SHELTER, HOUSEHOLD STUFF AND WORKING PLACE.
- IT UNHOUSED 35 THOUSAND CHILDREN AGED LESS THAN SIX YEARS.
- FOR TWELVE DAYS IT SUBMERGED THE ENTIRETY OF URBAN AND FARMING ECONOMY, REPRESENTED BY:
 - 18 THOUSAND URBAN INDUSTRIAL UNITS, INCLUDED SMALL, MEDIUM AND LARGE PLANTS.,
 - 280 SMALL FARMING ENTERPRISES.,
 - 63 THOUSAND CITY CONCERNS.,
 - 900 THOUSAND LABOURERS., 70.% OF THEM CITY WORKERS.

9. BETWEEN 1971 AND 1982 , SANTA CATARINA ENJOYED A GEOMETRIC RATE GDP YIELD OF 10,48.%. 1982'S GDP REACHED US/ 8BILLION. PER CAPITA INCOME WAS US/ 2,670. SANTA CATARINA EXPORTS TOTAL CA. ONE BILLION US DOLLARS/YEAR.

10. FOR THE SECOND PART OF 83 AND THE WHOLE OF 84, A MEDIUM LOSS OF 30 TO 40 .%. IS BEING ESTIMATED.

IN 83 EXPORTS WERE TO REACH BETWEEN US/ 12 BILLION AND US/ 15 BILLION. THIS GOAL MUST BE REASSESSED.

11. BESIDES ECONOMIC LOSSES, I AM DEEPLY WORRIED BY THE PSYCHO-SOCIAL IMPACT OF THE DISASTER. FAMILIES AND COMMUNITIES HAVE BEEN TORN APART. THE FIRST MOTIVATION WE ARE TRYING TO INSTILL IN THEM IS HOPE TO REBUILD.

12. THE STATE GOVERNMENT, HELPED BY FEDERAL ADMINISTRATION, IS ALREADY ROUGHDRAWING A PROPOSAL FOR DEVELOPMENT REBUILD IN SANTA CATARINA.

13. SUCH A PROPOSAL WILL BE MADE WORKABLE IN A FRAME OF PSYCHO-SOCIAL AND ECONOMIC EMERGENCY SITUATION, ALREADY DECLARED BY THE STATE GOVERNMENT.

13. REBUILDING AND RENEWAL OF DEVELOPMENT IMPLY TWO PROGRAMMES:

14. PROGRAMME ONE COVER PEOPLE'S INDIVIDUAL MATTERS AND REBUILDING OF (A) THE ECONOMY (FARMING, INDUSTRY, FARM INDUSTRY, COMMERCE, TECHNOLOGY)., (B) FAMILIAL AND COMMUNAL PROPRIETORSHIP. THIS PROGRAMME WILL BE CARRIED OUT BY PRIVATE ENTERPRISING CONCURRED TO AND HELPED BY THE STATE'S GOVERNMENT, FEDERAL ADMINISTRATION AND EXTERNAL FINANCING, ASSISTED BY DOMESTIC AND INTERNATIONAL SOLIDARITY.

THE STATE'S GOVERNMENT CONTEMPLATE CALLING INTO LIFE A PERSON-TO-PERSON OR CITY-TO-CITY ASSISTANCE PROGRAMME IN A WIDE-EMBRACING MOVEMENT OF DOMESTIC AND INTERNATIONAL PHILANTROPY.

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LET IT BE HERE SAID, AS AN INSTANCE, THAT ONE THOUSAND AND THREE HUNDRED SCHOOLS HAVE BEEN BADLY DAMAGED, WHEN NOT UTTERLY DESTROYED. TO REBUILD THEM IS AN URGENT TASK.

15. PROGRAMME TWO COVERS REBUILDING LARGE PORTIONS OF UNDERSTRUCTURE AND COMMUNITY SERVICE WORK., IT WILL BE CARRIED OUT BY THE STATE, COUNTIES AND THE FEDERAL ADMINISTRATION, WITH BOTH DOMESTIC AND FOREIGN RESOURCES.

16. BASED ON THIS ABSTRACT, ALLOW ME TO CONSULT WITH YOUR ORGANIZATION ON THE FOLLOWING POINTS:

1ST. - WOULD YOUR ORGANIZATION
SEND A MISSION TO SANTA CATARINA IN ORDER TO CHECK ON
THE WIDTH AND INTENSITY OF THE CALAMITY, SO THAT IT
COULD ASSIST US IN DRAFTING A REBUILD PROGRAMME?

2ND. - IN CASE YOUR RESPONSE IS NOT AFFIRMATIVE, MIGHT THE
STATE OF SANTA CATARINA SEND YOU AN OFFICIAL
EMISSARY TO DEAL ON THIS MATTER WITH YOU? IF SO,
WHEN?

3RD. - IF NEITHER OF YOUR RESPONSE IS AFFIRMATIVE, WOULD
YOU SUGGEST A FEASIBLE WAY, SO THAT SANTA CATARINA'S
PEOPLE AND MYSELF COULD COPE WITH AND OVERCOME
OUR DIRE PRESENT DIFFICULTIES?

17. I REMAIN DEEPLY GRATEFUL FOR YOUR COOPERATION, INFORMATION
ON WAYS AND MEANS AND IN ANY DEMONSTRATION OF YOURS IN BEHALF OF
US.

YOURS VERY SINCERELY,

ESPERIDIAO AMIN HELOU FILHO
GOVERNOR OF THE STATE OF SANTA CATARINA,
BRAZIL
TELEX NUMBER: (038) 0482-171.

JC/
482292SSUC BR

6666
145281 1932 250783 02230057 1912
01890189 124
NNNN

GOVERNOR ESPERIDIO AMIN NETON RIGNO

3. MY FULL ADDRESS BEING:

STATE ADMINISTRATION.

3. THE CAPITAL CITY OF MY STATE IS FLORIANOPOLIS, SEAT OF THE

PEOPLE. 123 HOLD LESS THAN TWENTY THOUSAND PEOPLE.

THIRTY SIX OF THEM HOLD BETWEEN TWENTY AND FIFTY THOUSAND

TEN COUNTIES HOLD MORE THAN FIFTY THOUSAND PEOPLE.

AND ABOUT SIX THOUSAND AND FIVE HUNDRED COMMUNITIES. ONLY

THE STATE OF SANTA CATARINA COMPRIZES 100 COUNTIES/CITIES

BRAZIL.

STATE OF SANTA CATARINA, PART OF THE FEDERAL REPUBLIC OF

1. THIS PAPER IS BEING SIGNED AND SENT BY THE GOVERNOR OF THE

ALL. PRESIDENT

WASHINGTON - DC/USA

END

TELEX NR 1443/CASA MILITAR

PALACIO DO GOVERNO - FLORIANOPOLIS, 23 DE JULHO DE 1983.

1833822200 BY

1833822200 BY

MR. CLAUSEN

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ADDRESSED DR. EL TEZER BATISTA DA SILVA, PRESIDENTE CYRD AND
INFORMATION EMBAIXADOR JOSE SOTAFOGO GONCALVES, SECRETARIO
SEPLAN/SUDIN. ON BEHALF OF MR. CLAUSEN, I WISH TO
ACKNOWLEDGE RECEIPT OF YOUR TELEX DATED JULY 22, 1983
ADVISING THE BANK OF THE POSTPONEMENT OF THE INAUGURAL
CEREMONIES OF THE SAO LUIS-SANTA INES SECTION OF THE
CARAJAS-SAO LUIS RAILROAD. WE WISH HIS EXCELLENCY THE
PRESIDENT OF THE REPUBLIC PROMPT RECOVERY AND LOOK FORWARD
TO THE NEW PROGRAM FOR THIS IMPORTANT CEREMONY. BEST
PERSONAL REGARDS, HENDRICK VAN DER HEIJDEN, CHIEF, BRAZIL
DIVISION, INTBAFRAD

END
OF
TEXT

NOT TO BE TRANSMITTED

CLASS OF SERVICE:

TELEX

TELEX NO.:

DATE:

July 27, 1983

SUBJECT:

DRAFTED BY:

Agush:nev

AUTHORIZED BY (Name and Signature):

Hendrick van der Heijden

DEPARTMENT:

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cc: Mr. Southworth, EXC

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10

BOOK OF TWO

TO:

1) DR. ELIEZER BATISTA DA SILVA

PRESIDENTE

COMPANHIA VALE DO RIO DOCE (CYRD)

RIO DE JANEIRO, BRAZIL TELEX: 2123205

2) EMBAIXADOR JOSE BOTAFOGO GONCALVES

SECRETARIO

SEPLAN/SUDIN

BRASILIA, BRAZIL TELEX: 611146MNPL BR

END
OF
TEXT

NOT TO BE TRANSMITTED

CLASS OF SERVICE

TELEX

TELEX NO.:

DATE:

July 27, 1983

SUBJECT:

DRAFTED BY:

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AUTHORIZED BY (Name and Signature):

DEPARTMENT:

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MR CLAUSEN

Mr. ~~L. Clausen~~ ✓

Mr. ~~van der Heijden~~

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1983 JUL 23 11 12:00

CABLE SECTION

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FA

P/s reply

1024

FROM RIO DOCE AMERICA INC/NEW YORK

TO WORLD BANK

--RETRANSMITTING FOR CVRD/RIO DE JANEIRO/BRAZIL--

QUOTE

MR. A.W. CLAUSEN

PRESIDENT WORLD BANK

U.S.A.

CC: DECD - DESZ - DEREK - SESEP

RJ

RJ

RJ

RJ

TELEX NR.587/83.

IN VIEW OF CHANGES IN THE SCHEDULE OF HIS EXCELLENCY, THE
PRESIDENT OF THE REPUBLIC OF BRAZIL, DUE TO HEALTH REASONS,
WE REGRET TO INFORM YOU THAT THE INAUGURAL CEREMONIES OF THE
SAO LUIS-SANTA INES SECTION OF THE CARAJAS - SAO LUIS RAILROAD,
INITIALLY FORSEEN FOR AUGUST 11TH, 1983, WERE POSTPONED.

AS SOON AS WE RECEIVE THE NEW OFFICIAL PROGRAM FROM THE
PRESIDENCY OF THE REPUBLIC WE WILL IMMEDIATELY FORWARD
IT TO YOU FOR YOUR CONSIDERATION.

APOLOGIZING FOR ANY INCONVENIENCE THIS ALTERATION MAY HAVE
CAUSED, WE KINDLY ASK YOU TO PLEASE ACCEPT OUR BEST PERSONAL
REGARDS AND REMAIN,

YOURS TRULY

FELIZER BATISTA DA SILVA

PRESIDENT

COMPANHIA VALERIO DOCE

SM1333-22JULY83

CVRD 2 -1350-22JUL83

UNQUOTE

RIO DOCE AMERICA

SM1415JUL22

END

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DISTRIBUTION: VR
MR CLAUSEN

Barletta
Handle
7/25

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83.07.22.1434 623 83.07.22.1434

197688 WORLD BK MUT

423073 RDANY

FROM RIO DOCE AMERICA INC/NEW YORK

TO WORLD BANK

--RETRANSMITTING FOR CVRD/RIO DE JANEIRO/BRAZIL--

QUOTE

MR. A.W. CLAUSEN

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U.S.A.

CC: DECD - DESZ - DERE - SESEP

RJ RJ RJ RJ

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PRESIDENT

COMPANHIA VALERIO DOCE

SA1333-22JULY83

CVRD 2 -1350-22JUL83

UNQUOTE

RIO DOCE AMERICA

SM1415JUL22

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RCA JUL 18 2011

248423 WORLDBANK

FROM: BANCO CENTRAL DO BRASIL - BRASILIA

TO: WORLD BANK - WASHINGTON, DC

DIREX-83/250 18.07.83

E1227

ATTN: MR. ROY SOUTHWORTH, ADMINISTRATIVE ASSISTANT

I AM PLEASED TO TRANSMIT HERewith THE MESSAGE SENT TODAY
TO MR. STERN CONFIRMING OUR APPOINTMENT ON WEDNESDAY:

QUOTE

I AM PLEASED TO CONFIRM MY APPOINTMENT WITH YOU ON
WEDNESDAY, JULY 20TH, AT 11:30 AM, AND INFORM YOU
THAT MR. SERRANO, DIRECTOR FOR INTERNATIONAL AFFAIRS, MR.
NOBRE, HEAD OF THE REGISTRATION AND CONTROL OF FOREIGN
CAPITAL DEPARTMENT, AND MR. SOUZA, MY SENIOR ASSISTANT,
WILL ACCOMPANY ME ON THE OCCASION.

THANKING YOU FOR YOUR ATTENTION, I CONVEY TO YOU MY
BEST PERSONAL REGARDS.

CARLOS GERALDO LANGONI

PRESIDENT

248423 WORLDBANK

UNQUOTE

BEST REGARDS,

J.C. MADEIRA SERRANO

DIRECTOR FOR INTERNATIONAL AFFAIRS

6

248423 WORLDBANK

612113BCBR BR

✓ R
7/20/83

June 14, 1983

Dear Mr. Langoni:

Thank you very much for your letter of May 31, 1983, giving us formal notification of your Government's decision to release the balance of Brazil's contribution to the Sixth Replenishment of the International Development Association. We deeply appreciate your action.

We hope that the Government of Brazil will soon be in a position to participate in the special arrangements for FY84 through either the FY84 Account or the Special Fund. An early notification of such a participation would be welcomed by IDA as it would provide the much needed commitment authority in the initial months of FY84.

I should like to take this opportunity to express, once again, my appreciation to you and your Government for your support to the Association.

Sincerely,



A. W. Clausen
President

Sr. Carlos Geraldo Langoni
Presidente
Banco Central do Brasil
Caixa Postal 1102/11
70.000 Brasilia (DF), Brasil

bcc: Mr. Antonio V. Romualdez
Executive Director

copies to: Messrs. Qureshi, Mistry, Ikram, Van Puymbroeck
Mrs. De Santis

P.Hamidian:dm



BANCO CENTRAL DO BRASIL

PRESIDÊNCIA

PRESI-044/83-C

Brasília (DF), 31th May, 1983

Copy to Mrs. L. Santos 6/7
6/9 cc: Mr. McIntyre OR


847
Mr. A. W. Clausen
President
International Development Association
Washington, D.C.

Dear Mr. Clausen:

I refer to Resolution Nº 117 of the Board of Governors of the Association authorizing the Sixth Replenishment of the Association's resources.

By letter of March 4, 1982, the Government of Brazil has waived, in respect of part of its subscription and contribution under the Sixth Replenishment, the limitations which are set forth in paragraph 11 (a) and (b) of said Resolution as regards the use by the Association of such subscription and contribution for purposes of credit commitments.

The Government of Brazil hereby notifies the Association that it waives these commitment authority limitations under Resolution Nº 117 in respect of its total subscription and contribution to the Sixth Replenishment, thus releasing the entire balance not yet made available for purposes of credit commitments.


Carlos Geraldo Langoni
Alternate Governor



BANCO CENTRAL DO BRASIL

PRESIDÊNCIA

PRESI-044/83-C

Brasília (DF), 31th May, 1983

*Original to Mr. Qureshi 6/17
Copy to Mrs. de Santis 6/19*

*Reply to be prepared
by Jureki's
off. by 6/17.*

847

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President
International Development Association
Washington, D.C.

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Carlos Geraldo Langoni
Alternate Governor

INTERNATIONAL FINANCE CORPORATION

Office of the Executive Vice President

May 19, 1983

Mr. A.W. Clausen

Re: Visit of Mr. Paulo Villares
10:00 a.m., May 20, 1983

- Briefing note attached.
- I will meet Mr. Villares at 9:30 a.m.
and will accompany him to your
office.



Hans A. Wuttke

Note on

BRAZIL: Visit of Mr. Paulo D. Villares to Mr. Clausen

(May 20, 10 a.m.)

1. Mr. Villares is the Chairman of Grupo Villares, a leading private sector group in Brazil and a client of IFC since 1966. He is also the President of the Latin American Institute of Iron and Steel (ILAFA). Mr. Villares intends to personally invite Mr. Clausen to address ILAFA's annual meeting in Rio de Janeiro next August 30.
2. The Villares Group comprises several Sao Paulo-based companies producing mainly elevators and escalators, industrial equipment and special steels. Employment is over 20,000. Group companies have about 8,000 shareholders, all Brazilian, with control resting in the Villares family.
3. IFC's exposure in Villares Group companies was US\$5.5 million at March 31, 1983. Of this, US\$5 million are in subordinated convertible debentures of Vibasa, a Group company which has constructed a new special steel and iron complex at Pindamonhangaba, State of Sao Paulo, capable of manufacturing non-flat special steels, heavy steel castings and forgings, and cast/forged rolls for rolling mills. BNDES (Brazil's National Development Bank) is a large lender and investor in Vibasa, which partly explains IFC's relatively small investment. The project was completed in late 1980, at a cost of US\$608 million.
4. The Villares Group had losses in 1982 due to the start-up costs of recent major additions to capacity (including Vibasa) and to the recession in Brazil. Management has been implementing a program to increase efficiency, reduce costs, refinance part of existing debts and redesign the product line with a view to export. IFC has been requested recently to provide loan and equity financing for this program. This presents the Corporation with an excellent opportunity to collaborate with BNDES in the restructuring/strengthening of a major private Brazilian project and industrial group. Vibasa is currently preparing the necessary studies.

May 19, 1983