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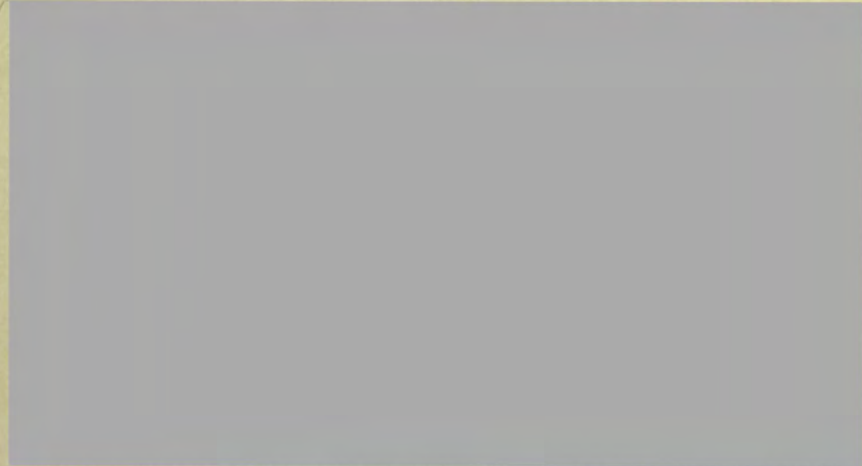
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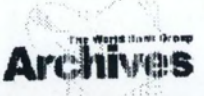
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Mrs. CLAUSEN: Briefing Brazil Visit - Vol. II. Visits + Meetings - March 9-13, 1982

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February 26, 1982

MR. CLAUSEN'S VISIT TO BRAZIL

March 9 - 13, 1982

VOL. II

Field Visits and Meetings

February 26, 1982

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D

February 16, 1982

Note on State of Amazonas and Bank Group Activities in Amazonas

State of Amazonas

The State of Amazonas covers an area of about 1.6 million km² or 18.5% of the Brazilian territory (three times the size of France). It represents about 45% of Brazil's 3.5 million km² Amazon region. The climate is warm and humid, with an average temperature of 25° C, an average humidity of 83%, and an annual rainfall of between 2,000 and 3,000 mm. The Amazon river is at its highest level around mid-June. The variation in river waterlevel between high and low season is about 10 meters. The month of March has an average rainfall of 300 mm with about 18 rainy days

According to the 1980 Census, the state has a population of 1.45 million, nearly half of which is concentrated in Manaus, the state capital. Migration to the state's few urban centers has accelerated over the last 20 years, fueled by worsening economic and social conditions in the rural areas, and by the high expectations created by the Manaus free-trade zone established in 1967.

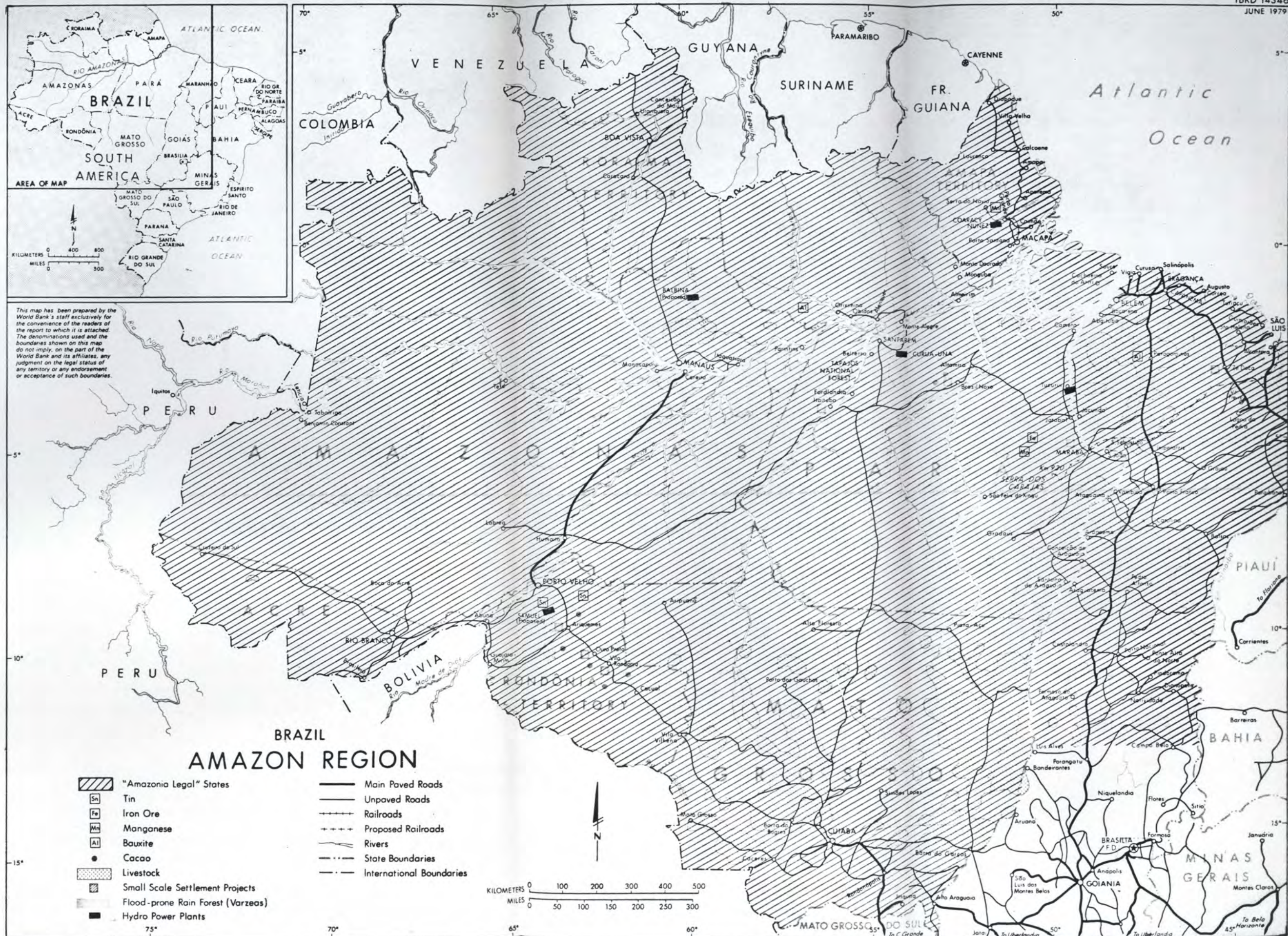
Because of this zone, the share of the service sector in the state's GDP increased from 54% to 63% between 1970 and 1980, while the share of agriculture declined from 23% to 21% and that of industry from 23% to 16%. It has been estimated that the free-trade zone alone contributes more to the state's GDP than does agriculture. It is, however, considered an "enclave-type" of development which has created difficult social problems (uncontrolled urbanization of Manaus) but has not led to the expected development of ancillary industries or agricultural activities. Some 52% of the active population is engaged in agricultural activities (1980 data) which remain largely extractive (timber, wild rubber, fish and nuts). The state largely depends on food imports from other states in Brazil. Overall, physical and social infrastructure and services are poor and ill-distributed. Although the State of Amazonas is the largest in Brazil in terms of land area, it ranks among the poorest in terms of economic development and per capita income.

Bank Group activities in State of Amazonas

4. In addition to the proposed Agricultural Development Project (See Tab F.3), the Bank Group is involved in the following activities in Amazonas:

- Secondary school facilities in the city of Humaita, in the south of Amazonas, as part of the Second Education Project (Loan No. 1067-BR).
- Office facilities and a training center in Manaus for the State's extension service (Loan No. 1568-BR).
- Rubber and oil palm research activities under the First and Second Agricultural Research Projects (Loans Nos. 1249 and 2015-BR).

Attachment: IBRD Map No. _____ (State of Amazonas)



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February 19, 1982

Instituto Nacional de Pesquisas da Amazonia (INPA)
National Institute for Amazon Research

1. The National Institute for Amazon Research (INPA) was founded in 1952, subordinate to the National Scientific Research Council (CNPq). It conducts specialized scientific research, both basic and applied, on resource constraints and use in the Amazon region of Brazil. It maintains a number of forest reserves in the region, as well as to Museo Goeldi in Belem.
2. INPA is divided into a number of departments, the major ones being entymology, zoology, ecology, biology and chemistry. Research now underway includes projects on wood technology, biomass, disease vectors, water resources and the relationship between species diversification and forest size. In addition, INPA is carrying out the environmental work related to the Tucuruí hydroelectric project.
3. INPA maintains an international staff of researchers, and is sometimes criticized in Brazil for its openness to the international scientific community. However, researchers with the specialization needed for such research are not easily found in Brazil.
4. INPA will receive some funds to conduct research related to the Northwest region (POLONOROESTE) Development Program in which the Bank participates. Research projects related to the Bank loan are, however, directly coordinated by CNPq.

HENRIQUE BERGAMIN FILHO
(Director of INPA)

Dr. Henrique Bergamin Filho, 50, who recently became Director of INPA, holds degrees in both agronomy and chemistry. He joined the faculty of the Escola Superior de Agricultura "Luiz de Queiroz" of the University of Sao Paulo in 1956, rising to the rank of full professor in 1977. During his distinguished academic career, Dr. Bergamin has published widely in professional journals on both chemistry and agriculture, and in 1962-63 and 1973 pursued studies in the U. S. (University of Illinois) and Europe (Technical University of Denmark), respectively. In addition to his academic duties, he served as Chief of the Basic Sciences Department of the Centro de Energia Nuclear na Agricultura (CENA) in Sao Paulo, and as Coordinator of the Ministry of Education's Commission on Agricultural Education.

February 19, 1982

Note on Proposed Agricultural Development Project
and Meeting with Governor Jose Lindoso

Design and Concept

The possibility of an agricultural development project in the state was first raised by Governor Lindoso during Mr. McNamara's visit to Manaus in September 1979. The Governor's close involvement has helped generate strong support for the proposed project at the federal level and accelerated its preparation.

The original project proposal submitted by the state was considered extremely ambitious by the Bank because of the state's limited capabilities, absorptive capacity, and the lack of information about the more remote areas. The proposal subsequently focussed on the development of food crop production on selected floodlands (varzeas) with the best production potential, and on selected accessible uplands, the so-called "Medio-Amazonas" region, and the rational cultivation of tree crops in the upper-Amazon (including the introduction of smallholder oil palm cultivation). These areas have a higher population density and the minimum basic administrative infrastructure required for a broader development effort.

Project Objectives

- Raise the income and living standards of some 9,500 small-scale farm families.
- Improve the food supply of the rapidly growing metropolitan area of Manaus and help slow migration from rural areas.
- Promote a sustainable and rational development of agricultural production.
- Improve agricultural and communication infrastructure and services, and improve the Government's capacity to plan and execute similar projects in other parts of the state.

Main Activities to be Financed under the Project

- Studies of natural resources and agroecological zoning;
- strengthening and expansion of adaptive agricultural research, rural extension, improved seed supply and marketing services;

- improvement of physical infrastructure including expansion of the rural telephone network, crop storage and transport facilities and improvement of feeder and farm access roads and floating mooring sites, as well as establishment of a road maintenance capability in the project area;
- implementation of the first time-slice (1800 ha) of a oil palm cultivation program for small farmers;
- strengthening of community development, education and health services and construction of rural schools; and
- establishment of project management and coordination, including monitoring, on-going evaluation and special studies.

Estimated Project Cost: US\$ 76.8 million excluding agricultural credit, which will be financed entirely by the Federal Government.

Proposed Bank Loan: US\$26 million (35% of net-of-tax project cost).

Other Financing: Federal Government will finance the remainder.

Implementation Period: Mid-1982 through mid-1987. The State Government is eager to capitalize on the existing momentum and to initiate project activities well ahead of the coming general elections scheduled for November. The state has initiated land tenure regularization since 1980 and continuous staff training since June 1981. The Appraisal team is proposing retroactive financing of up to US\$700,000 to help finance the Bank's share of these activities.

Next Steps in Processing of the Proposed Project: A post-appraisal mission visited the State of Amazonas in mid-February to clarify outstanding project issues (channelling of federal counterpart funding, arrangements for ensuring the adequate funding of project recurrent costs at the state and municipal levels, review of detailed operating agreements to be entered into among the various project implementation agencies). Loan negotiations are scheduled for April and presentation to the Bank's Executive Directors for June 1982. However, this schedule may be overly optimistic.

Topics that may be Raised During the Meeting with Governor Lindoso

Governor Lindoso is a strong advocate of a faster, more balanced and grass-roots-oriented development of his state. Bitter about the disappointing impact of the free-trade zone on the state's economy, Governor Lindoso developed the concept of "interiorização do desenvolvimento" which aims at:

- bringing basic services (education, health) to the rural communities and making these services, especially education, more responsive to the communities' felt needs.
- expanding the state's productive base through the improved use of its natural assets (forestry and fishery resources); restoring the state's rubber industry; increasing its self-sufficiency in food; and improving the linkage between industrial development in the state and the use of state-produced raw materials.
- improving river and inland communications in support of the above objectives.

The proposed agricultural development project is in line with these objectives, although smaller in scope than the first state-proposed project which included a disproportionately large road and river transportation infrastructure component which was neither technically nor economically justifiable.

Governor Lindoso may wish to discuss the scope of the proposed project again. It could be stressed to him that this proposed first project has been designed in an attempt to ensure its replicability elsewhere in the state, if successfully implemented.

With regard to larger investments in road and river transportation, it may be stressed that additional requirements could be addressed as part of the Bank's future lending for the transport sector. Possible Bank support for river transportation activities in Brazil is under consideration but no firm plan has been made yet.

February 22, 1982

Notes on EMBRAPA/Agricultural Research Projects
(for Meeting with EMBRAPA President, Eliseu Alves --
Manaus Boat trip)

Background Data on Agriculture Research I Project

Total Project Cost: US\$189.4.

Bank Loan (1249-BR): US\$40 million (the foreign exchange component, 21% of project costs), US\$26.6 million disbursed as of December 31, 1981.

Other Financing: Federal Government.

Executing Agency: EMBRAPA, the national agricultural research company.

Execution Period: July 1976 - June 1981 (since extended to enable disbursements through December 1982).

Project Area: Mainly the Northeast, North and Center-West of Brazil.

Main Project Activities: Civil works as necessary, laboratory and farm equipment, libraries and documentation services, and research plot development at: 8 national commodity research centers (rice, corn/sorghum, cassava, cotton, beans, rubber, dairy/beef, and sheep/goats); 3 regional agricultural research centers (focussing on farming systems typical of the 3 project regions); and various other state of sub-regional adaptive research centers;

technical assistance and consulting services for the research programs;

a fellowship and training program;

incremental operating costs at the research stations.

Background Data on Agriculture Research II Project

Total Project Cost: US\$150.1 million.

Bank loan (2016-BR): US\$60 million (the foreign exchange component, 40% of project costs), disbursements not yet initiated as loan only recently made effective (December 1981).

Other Financing: Federal Government.

Executing Agency: EMBRAPA, the national agricultural research company.

Execution Period: Over a six-year period, beginning in late 1981.

Project Area: See attached Map No. 15234R.

Main Project Activities: Similar to Agricultural Research I Project (see above); reinforcement of previous support for the 3 regional centers and for research on rice, beans and rubber; support of new or expanded EMBRAPA research on vegetables, fruit, coconuts, oil palm, babassu, agroforestry, basic seeds, animal health, bioenergy, food technology and agricultural engineering; development of improved research planning and programming, information and documentation services, and research monitoring and evaluation, with a view to making research more responsive to national priorities and to the needs of small-scale farmers, and ensuring that research results reach these farmers promptly.

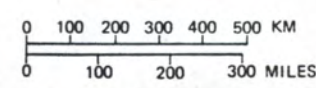
BRAZIL

AGRICULTURAL RESEARCH II PROJECT

Location of Research Stations



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- ⊙ EMBRAPA HEADQUARTERS - NATIONAL CAPITAL
- AREA AGRICULTURAL RESEARCH CENTERS
- ▲ NATIONAL COMMODITY CENTERS
- UEPAE OR SATELLITE STATIONS
- STATE AND TERRITORY CAPITALS
- TOWNS
- STATE AND TERRITORY BOUNDARIES
- INTERNATIONAL BOUNDARIES
- RIVERS

February 22, 1982

BIOGRAPHIES

JOSE LINDOSO

(Governor of Amazonas)

Mr. Lindoso, who became Governor of Amazonas in the Figueiredo Government, has a doctor's degree in Law. Early in his career, Mr. Lindoso was a professor of Law, and Social and Political Economy in the Law School of Amazonas. His political career started in 1966, being elected successively Representative in the Federal Congress (where he became Vice-Leader of the Government's party) and Senator (1970). He was appointed Vice-President of the Senate in 1977-78. He has published works on constitutional law in Brazil and on political economy. His brother, Dr. Bernardes Lindoso, is currently Amazonas State Secretary for Rural Production, who has been leading the preparation efforts for the proposed Amazonas Agricultural Development Project.

February 22, 1982

LIST OF PEOPLE FOR INPA VISIT AND BOAT/TOUR LUNCH

1. Dr. Jose Lindoso, State Governor
2. Dr. Paulo Pinto Nery, Deputy State Governor
3. Dr. Sergio Alfredo Pessoa Figueiredo, State Secretary for Planning Coordination
4. Dr. Manuel Felipe de Moraes Rego, Coordinator, State Commission for Agricultural Planning
5. Dr. Roberto Virira, President, Center for Development, Research and Technology, Planning Secretariat
6. Dr. Hamilton Cordeiro, Technical Director, Center for Development, Research and Technology
7. Dr. Rafael Pinzon Rueda, Executive Secretary, EMATER
8. Dr. Eliseu Alves, President, EMBRAPA (Federal Agricultural Research Agency)
9. Dr. Luis Antelno da Silva, Director, EMBRAPA/UEPAE (Agricultural Research Agency)
10. Dr. Bernardes Lindoso, (Governor's brother) State Secretary for Rural Production
11. Dr. Maury de Maceno Bringel, President, State Development Bank
12. Dr. Armando Claudio Dias dos Santos, State Secretary of Finance
13. Dr. Antonio Petrucelli, Director, State Water Supply and Sanitation Company
14. Dr. Vinicius Camera, State Secretary of Energy, Housing and Sanitation
15. Dr. Henrique Benjamin Filho, Director, INPA
16. Dr. Jose Ribanao Benetes Siqueira, State Secretary of Communications
17. Dr. Jose Filho, State Deputy, candidate for State Governor
- 18.*Dr. Samuel Benchinol, Director, BEMOL GROUP (Durable goods, distribution of Liquified gas, Professor on "Introduction to the Amazone" at the Amazonas State University)

19.*Dr. Waldonuro P. Lustoza, Entrepreneur

20.*Dr. Pedro Sanpaio de Queiroz, Entrepreneur

21.*Dr. Jose de Oliveira Fernandes, Mayor of Manaus

*Only for the boat ride/lunch

E

February 22, 1982

Briefing Note for Visit to Carajas Project

1. On February 12, 1982 you met in Washington with CVRD's President, Dr. Eliezer Batista and Financial Director, Dr. Samir Zraick. They briefed you on the importance of the project for the Brazilian economy, and for the future development of the region, which will be made possible by the project infrastructure. They referred in particular to a future manganese project which would improve the rate of return on the investment. They also referred to the ample availability of hydro-power from the Tucuruí hydro-electric project (initial installed capacity of around 4,000 Mw and eventual capacity of around 8,000 MW) and on the river Xingu (15,000 MW potential). Attached is a CVRD publication entitled "Grande Carajas Program" giving some details on the plans for future development of the region.

2. The Carajas project consists of a 35 mtpy open pit integrated mining development in the "Serra dos Carajas" (in the southern part of the State of Para, in the northern Amazon region of the country), a deep water port at Ponta da Madeira (near Sao Luis in the State of Maranhao) with capacity to handle vessels up to 280,000 dwt, and an 890 km railway line connecting the mine with the port. The project is expected to be commissioned by 1985, with an initial production of 15 mtpy, increasing to 25 mtpy in 1986 and 35 mtpy in 1987. The project is expected to generate net foreign exchange earnings averaging about US\$0.6 billion p.a. in 1981 terms at a level of 35 mtpy and US\$0.8 billion p.a. at 50 mtpy (production level expected to be reached by 1993).

3. Total financing requirements for the project are around US\$4.7 billion, of which US\$1.57 billion would be from external sources. The financing plan looks as follows:

<u>Equity</u>	<u>US\$ Million</u>
CVRD Internal Cash Generation	1,409.7
New Capital Subscriptions	382.2
Total Equity	<u>1,791.9</u>
<u>Debt</u>	
Local	<u>1,338.8</u>
Foreign	
(a) IBRD	300.0
(b) IFC	50.0
(c) EEC	400.0
(d) Japanese Loans	500.0
(e) KfW	150.0
(f) Other	175.0
Total Foreign	<u>1,575.6</u>
Total Debt	<u>2,914.4</u>
<u>Total Financing</u>	<u>4,706.3</u>

The Japanese have already announced their willingness to participate in the financing to the extent of US\$500 million. The other prospective loans are well advanced in consideration, and CVRD hopes to finalize all of the financing commitments, including our own, by around the middle of 1982.

4. CVRD has made good progress in obtaining long term commitments for the purchase of iron ore from Carajas, with signed contracts, mainly with Japanese and European steel mills, totalling about 25 mtpy. This is considered a remarkable achievement in view of the current slump in the worldwide steel industry, and is a reflection of the confidence which the steel producers have in CVRD as a company and in the Carajas project.

5. The Bank has appraised this project in October/November 1981, and the Appraisal Report is currently under preparation. The Transportation Department has raised some technical questions regarding the designs for the railway and port components, and accordingly, a post-appraisal mission was recently in the field to review these components. In addition, we are reviewing the capital cost estimates. The economic rate of return on the project was calculated at 14%. While this rate of return is relatively low, it is quite firm and is within the range of most mining projects. The true economic rate is probably considerably higher than the estimated one which excludes all non iron ore benefits (other mining, regional development, etc.) which are difficult to quantify for now.

6. The Bank's participation in the project is regarded as critical in terms of mobilizing the other external financing commitments for the project. At a recent meeting of prospective lenders in Paris, it was decided that the financing plan above would be amended to include US\$200 to US\$250 million in private co-financing for the project. The precise distribution of this is not yet certain; some of it is likely to replace part of the scheduled local borrowing from the Government's development bank (BNDE) which is short of funds.

7. We have made two loans to CVRD subsidiaries: Loan No. 1411-BR for the VALEFERTIL phosphate fertilizer project (US\$82 million approved in April 1977); and Loan No. 1660-BR for the VALESUL aluminum project (US\$98 million approved in March 1979). The VALEFERTIL project has been successfully completed, and was recently transferred to a PETROBRAS subsidiary. After initial implementation delays, the VALESUL project is now proceeding with no major problems. A delay of six months and a cost overrun of 10% is expected. In addition, a US\$15 million IFC participation has supported the Trombetas (MRN) bauxite development (also in the Amazon region) in which CVRD has a 46% interest. The latter project was successfully completed.

February 18, 1982

COMPANHIA VALE DO RIO DOCE

BIOGRAPHICAL SKETCHES

ELIEZER BATISTA DA SILVA

Position: President
Date of Birth: 4 May, 1924
Place of Birth: Nova Era, Minas Gerais
Profession: Electrical Engineer
Marital Status: Married
Name of wife: Jutta Batista da Silva

LUIZ AMARAL DE FRANCA PEREIRA

Position: Director-Vice President
Date of Birth: 19 January, 1936
Place of Birth: Sao Paulo
Profession: Engineer
Marital Status: Married
Name of wife: Anamaria Goncalves da Trindade

SAMIR ZRAICK

Position: Financial Director
Date of Birth: 5 March, 1941
Place of Birth: Rio de Janeiro
Profession: Electrical Engineer
Marital Status: Married
Name of wife: Vera Cristina Pucheu Zraick

RENATO MORETZSOHN

Position: Superintendent, Carajas Project
(Project Manager)
Date of Birth: 28 June, 1931
Place of Birth: Minas Gerais
Profession: Civil Engineer
Marital Status: Married
Name of wife: Maria Julia de Araujo Moretzsohn

MARIA LOURDES DAVIES DE FREITAS

Position: Manager of Project Department (responsible
for urban, environmental and ecological
components, Carajas Project)
Date of Birth: 18 November, 1938
Place of Birth: Rio de Janeiro
Profession: Architect
Marital status: Single

GUSTAVO JORGE DA CUNHA DORIA

Position: Manager, External Relations Department
Date of Birth: 23 April, 1938
Place of Birth: Rio de Janeiro
Profession: Engineer
Marital Status: Married
Name of wife: Lucia Maria de Mattos Doria

DANILO DE GADE NEGOCIO

Position: External Relations Department
Date of Birth: 25 March, 1938
Place of Birth: Mossoro, Rio Grande do Norte
Profession: Lawyer
Marital Status: Married
Name of wife: Solange Eulalia T. Negocio

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February 17, 1982

Notes on State of Piaui

(for meeting with Governor Lucidio Portella
at Teresina airport)

1. The state of Piaui is the third largest state in Northeast Brazil, with a population of about 2.1 million (1980), 60% of which is rural. Agriculture is the predominant economic activity, employing 70% of the economically active population, and average per capita income for the state is about US\$300, below the rural poverty level for Brazil as a whole (US\$330).
2. The Bank is supporting a rural development project in the state, located in the western portion along the middle and lower Parnaiba river, for which our loan of US\$29 million became effective on February 5, 1982. Project objectives include the improvement of the standard of living and socio-economic conditions for the largest group of low-income small farmers and to increase the capacity of state and local institutions to provide adequate services, particularly production related, to the rural population. A major emphasis is placed on improvement of small farmer access to land and security of tenure, through a land acquisition and redistribution program. A state land institute, INTERPI, has been set up for this purpose. Other project related activities include support for marketing and technical assistance in agriculture, fisheries development, construction of rural water supply facilities and rural access roads, and support for monitoring and evaluation activities.
3. The land redistribution feature of the project is progressing well, and the first 300 plots were given to beneficiaries at the beginning of 1982. Research, marketing, and extension programs are also progressing with pre-service training completed for extensionists and marketing consultants in place. Small scale irrigation, fishing activities, and water supply components are experiencing some delays due to start-up difficulties.
4. The current Governor, Lucidio Portella, and his political allies are facing one of the toughest electoral battles in Northeast Brazil. Both the Governor, and the former Secretary of Planning, Dr. Felipe Mendes de Oliveira (now running for state delegate to the Federal Assembly) have been strong project supporters. The project may be an important part of their campaign, particularly in rural areas.
5. Attached is a more detailed background note on Piaui and the project.

Attachment

NORTHEAST BRAZIL
Piauí Rural Development Project

I . General Background Information on the
State of Piauí

1. The State of Piauí is the third largest state in Northeast Brazil. It has a total population of about 2.1 million (1980), of which about 60% is estimated to be rural. Average population density is 8/km², the lowest of any Northeastern state. Teresina, located within the project area, is the state capital and largest city with a population of about 300,000. Agriculture is the predominant economic activity, employing an estimated 70% of the economically active population and contributing over 40% of the total state GDP (1977). Average per capita income for the state as a whole is about US\$300. Income distribution is highly skewed, with the bottom forty percent receiving about seven percent of total income, while the top five percent accounts for more than sixty percent of the total. Similar to other areas of Northeast Brazil, malnutrition and illiteracy rates are high, particularly in the rural areas.

2. Much of the state is characterized by low-lying semi-arid plains and tablelands and is highly sensitive to drought. Although agriculture continues to be the state's most important economic sector, its relative importance has been declining in recent years. Principal products include livestock, babaçu nuts, carnauba wax, beans, rice, cotton, corn, and manioc. With the exception of manioc, total production and average yields for the state's main crops dropped significantly from 1977 to 1979. While recurring drought conditions are a major contributing factor, poor soil and water management, coupled with low technology levels, continue to hamper the state's agricultural development. One of the most important constraints on increasing agricultural production and productivity, particularly among small farmers, has been the state's land tenure situation. Some 88% of the state's farmers, mainly tenants and sharecroppers, own no land and have no tenure security. Some 72% (151,000) of farms are under 10 ha and account for only 3% of the state's privately held lands. At the same time, less than 1% (1,350) of farms exceed 1,000 ha and occupy 42% of the state's total agricultural area.

3. The POLONORDESTE program represents the largest single source of federal funds for the state, and POLONORDESTE funds account for over 60% of all public resources going to rural areas. There are currently six on-going POLONORDESTE projects in Piauí, including the Bank-financed project.

4. The project area, located in the western portion of the state along the middle and lower Parnaíba River, has a total area of some 24,300 km² or about 10% of total state area. While the project area currently encompasses 26 municipalities, its limits should be regarded as provisional. Land acquisition prospects may warrant expansion or the substitution of some municipalities by adjacent municipalities. The principal crops grown in the area are rice, corn, beans, and manioc. Livestock is also an important agricultural activity. Although the project

is located in the most promising agricultural area of the state, the land tenure situation and low levels of technology have hampered agricultural development.

II . Project Objectives and Strategy

5. Within the general framework for the POLONORDESTE rural development program, the specific objectives of the Piaui project are: (a) to improve the standard of living and socio-economic conditions, including certain nutritional aspects, of a target group of low-income, small farmers and fishermen; and (b) to increase the capacity of state and local institutions to provide adequate services, particularly those which are production-related, to the rural population. A special objective of the project is the development of a simple, relatively low-cost, participatory, and technically sound approach to land redistribution and other land-related actions. This aspect could have important consequences for rural development efforts throughout Northeast Brazil.

6. In line with these objectives, project strategy during the five-year investment period focuses on the elimination of specific development constraints. The central element is the improvement of small farmer access to land and security of tenure, chiefly through a land acquisition and redistribution program. This is accompanied by a range of activities aimed at increasing agricultural production and productivity and providing certain basic physical and social infrastructure works. At the same time, similar actions are to take place involving low-income fishermen in the project's coastal areas.

7. In order to reach intended beneficiaries, the project also focuses upon increasing local and state institutional capabilities for rural development. This institution-building strategy implies: (a) the creation of new capabilities where none presently exist; (b) the strengthening of existing capabilities with their specific channeling toward low-income farmers and fishermen; (c) the promotion of new mechanisms for inter-institutional coordination and program compatibility; and (d) the involvement of organized groups of beneficiaries in project planning and implementation.

8. While based on previous experiences, the project is the first in Northeast Brazil to deal with land-related issues in a comprehensive manner and on a significant scale. The basic elements of the land-related strategy include:

- (a) The implementation of a diverse set of activities, including land redistribution, discrimination^{1/}, and titling, to increase small farmer access to land;

^{1/} The detailed determination of current land claims, and the identification and demarcation of lands not legally claimed by private parties which could be subsequently redistributed.

- (b) the utilization of a variety of methods, including purchase, grants and expropriation, to acquire public and private lands for subsequent redistribution;
- (c) the close linkage of land-related activities to agricultural development activities and services; and
- (d) the establishment of a State Land Institute to deal effectively with a range of land-related matters.

Additional principles guiding the project's land strategy, and land redistribution in particular, include:

- (e) The minimization of population relocation; and
- (f) the adaptation of the land allotment process and land repayment schemes to specific local conditions and beneficiary needs.

III . Project Activities and Beneficiaries

9. The project includes the following activities:

- (a) Land-related activities, including acquisition of public and private lands through a state-level land fund; land redistribution; land discrimination; land titling services; and assistance for the newly created State Land Institute.
- (b) Agricultural development, including applied research, extension, seed production, marketing, and small-scale irrigation.
- (c) Fisheries development, including provision of equipment, marketing facilities, and infrastructure; research; technical assistance; and training.
- (d) Physical and social infrastructure, including rehabilitation and upgrading of existing rural roads, construction of new rural access roads and tracks to properties, provision of water supply facilities for selected communities, and improvements in educational services and facilities.
- (e) Project administration, including management, monitoring and evaluation.

10. Some 11,300 families are expected to directly benefit from the productive investments over the project's five-year investment period. This includes (a) 5,000 farmers, the majority landless, to benefit from land redistribution; (b) 3,000 small owner-operators; (c) 1,500 landless farmers

not involved in the initial land distribution program; and (d) 1,800 fishermen. It is possible, however, that project land redistribution would benefit a significantly larger number of beneficiaries due to the availability of additional public land generated by discrimination activities. Similarly, improved marketing and cooperative services, rural road improvements, and water supply are expected to directly benefit a much larger percentage of the target group population and of the rural population as a whole. Indirect project benefits, derived from potential agricultural research results, fishing and agricultural extension demonstration effects, and the staff training and institution-building aspects of the project, could reach a significant portion of the state's rural population.

IV . Potential Project Risks

11. Various risks associated with the project were identified and carefully analysed during project preparation and appraisal. Given the important structural changes which may take place, particularly those associated with the project's land activities, social, political and technical difficulties could arise. On the technical side, provisions were made to ensure the availability of expert advice and adequate training for project staff. The strong support demonstrated for the project at the federal, state, and local levels of government would contribute to the effective handling of difficulties should they arise. In addition, beneficiary participation in project planning considerably lessens potential impediments to project success. Other risks are associated with the need for close inter-institutional coordination. These risks have been reduced by the establishment of a special project management unit and the designation of a project coordinator within each executing agency; the regular scheduling of inter-institutional project meetings at the state, regional, and local levels; the implementation of a comprehensive and continuous monitoring system of key indicators; plans for ongoing evaluation; and detailed annual planning based on local participation and information received from the monitoring and evaluation efforts. All of these elements would also allow for the continuous refinement of the technical recommendations proposed for agricultural and fisheries development, thereby reducing the risks associated with the adaptation and dissemination of improved technology and managerial practices. The uncertain availability of public and private lands for project use and the emergence of land speculation also represent potential project risks. Initial results of the land acquisition program have been encouraging, because of both the number of properties offered for sale and the lack of significant price increases as a result. It is expected that the land redistribution program could continue with public lands should land prices rise too sharply. The monitoring system thus far has kept project management well informed about land-related developments in the project area. Finally, an institutional problem which may contribute to delays in project implementation is the present situation of the POLONORDESTE program through which project funds are channeled.

V . Current Implementation Status

12. The US\$29 million World Bank loan for the project, covering about 35% of total project costs, became effective on February 5, 1982. The project officially commenced on April 1, 1981. Although project start-up was somewhat delayed due to the late arrival of counterpart funds, implementation is thus far proceeding satisfactorily. In particular, the major feature of the project, land redistribution, is progressing well, and the first 300 plots were given to beneficiaries at the beginning of 1982. Research and extension are beginning their first year programs, and extensionists have gone through pre-service training. The first year program for marketing is off to a good start, with all of the consultants in place. Organization and management of the project are proceeding smoothly.

13. Several project activities are experiencing start-up difficulties. Implementation procedures are still at the early planning stage for small scale irrigation. Fishing activities have been hampered by credit shortages. Several wells are being perforated, but institutional arrangements for the water supply component are incomplete. Some 63 km of rural roads have been designed and construction has begun, but some modifications in design and construction standards and procedures will be necessary to bring them in line with Bank-Government agreements. Finally, INTERPI, the new state land institute, has been created and is functioning, but will need significant reinforcement and restructuring in the coming months. Land redistribution activities continue to be implemented by a special Land Group within the project technical unit. It is expected that the Land Group and its responsibilities will be transferred to INTERPI sometime during calendar year 1982.

14. The current governor, Lucidio Portella, and his political allies are facing one of the toughest electoral battles in Northeast Brazil. The former Secretary of Planning, Felipe Mendes de Oliveira, who was instrumental in the formulation of the Piaui Rural Development Project, left office in mid-February to run for State Delegate to the Federal Assembly (Deputado Federal). Both the Governor and Dr. Mendes have been strong project supporters and the project may be an important factor in their respective campaigns, particularly in the rural areas. As a consequence, media coverage of the project has been significant, but generally positive, including several strong endorsements from the President of FETAG, the State Federation of Rural Workers, a sometimes critic of the present government.

G

February 19, 1982

CEARA

Bank Participation in the Electric Power and Water and Sewerage Sectors

Electric Power

1. In 1976 Companhia de Eletricidade do Ceara (COELCE) was the beneficiary of a subloan of US\$10.0 million equivalent from our Loan 1300-BR to ELETROBRAS to finance expansion of its distribution system. Another subloan of US\$39.0 million is expected to go to COELCE from a proposed FY82 Bank loan to ELETROBRAS. The new loan will also finance the expansion of COELCE's power distribution system.

Water and Sewerage Sector

2. In 1979 Companhia de Agua e Escoto do Ceara (CAGECE) was the beneficiary of a subloan of US\$16.0 million equivalent from our Loan 1656-BR to the Housing Bank of Brazil (BNH) to expand water distribution in the city of Fortaleza and other small communities.

February 10, 1982

BRIEFING NOTES FOR MR. CLAUSEN FOR VISIT ON MARCH 10, 1982
TO IBIAPABA (CEARA I) RURAL DEVELOPMENT PROJECT

Background Data on Ibiapaba Project

Total Project Cost: \$55.75 million.

Bank Loan (1488-BR) \$17 million (30% of total cost), \$4.7 million disbursed as of December 31, 1981.

Other Financing: Federal Government POLONORDESTE Program, State of Ceara

Execution Period: April 1977-March 1982 an extension of the execution period by another 2-3 years is about to be formally requested by the state to help offset time lost during project start-up and as a result of some early counterpart funding delays.

Project Area: 4,800 km², including 7 municipalities (counties) in the Northwestern part of Ceara (see Map No. 12316 attached); mainly a high plateau ("serra") including a rapid transition down the dip slope of the topography, with a humid zone close to the scarf, passing through subhumid zone to the drier western part of the area ("carrasco") to 1,900 mm per year in the eastern highland; soils are of moderate to low quality; population in 1976 estimated to be 194,000, approximately 80% rural; an estimated 9,300 farm families in the area, of which some 24% are non-owners operators; around 75% of all farms in the area are of less than 25 ha; main production is of manioc, beans, corn, sugarcane, vegetables, bananas and other tropical fruits, coffee and livestock.

Main Project Targets: Agricultural extension and credit to increase production and incomes of some 6,000 small-scale farmers;

strengthening of production support services (agricultural research, seed production, input supply, mechanization services, marketing and cooperative support);

provision of land purchase credit to some 450 current non-owners or very small owners;

social and physical infrastructure development (370 km of access roads, rural electrification, health posts and water supply in about 62 villages, 8 multipurpose community learning centers and 50 primary schools);

project administration, monitoring, evaluation and special soil and water resource development studies.

Main Achievements through 1981:

Training and staffing for intensified field extension program: extensionists now numbering some 85 over pre-project level; some 6,250 small-scale farmers organized into 300 groups are now covered by a programmed system of extension;

adaptive agricultural research underway for various crops;

credit contracts (mainly working capital) to as many as 900 producers annually;

notable upturn in economic activity, especially in production and marketing of fruits and vegetables;

increased use of improved seeds (tomato, beans, corn) and fertilizer and yield improvements near or above appraisal estimates;

650 ha of land purchased and some 30 farmers settled;

construction of 435 km of access roads;

some 30 health posts in operation; and

about half the planned schools completed.

Main Problems:

Initial funding delays;

slow progress in several components (land purchase credit, rural electrification, health and village water supply and education) as a result both of funding delays and weak institutional arrangements;

general rural credit cut-backs, reflecting national credit squeeze.

Follow-up Projects:

Largely reflecting the generally positive experience of the Ibiapaba project, the state of Ceara prepared a broader rural development program covering other parts of Ceara and intended to assist some 60,000 small farmers through various physical and social infrastructure investments and improved agricultural support services. That project (Ceara Second Rural Development Project), with total costs of some US\$163 million, is being partly financed by Bank loan 1924-BR (US\$56 million) of January 14, 1981 and IFAD co-financing of SDR 19,450,000.

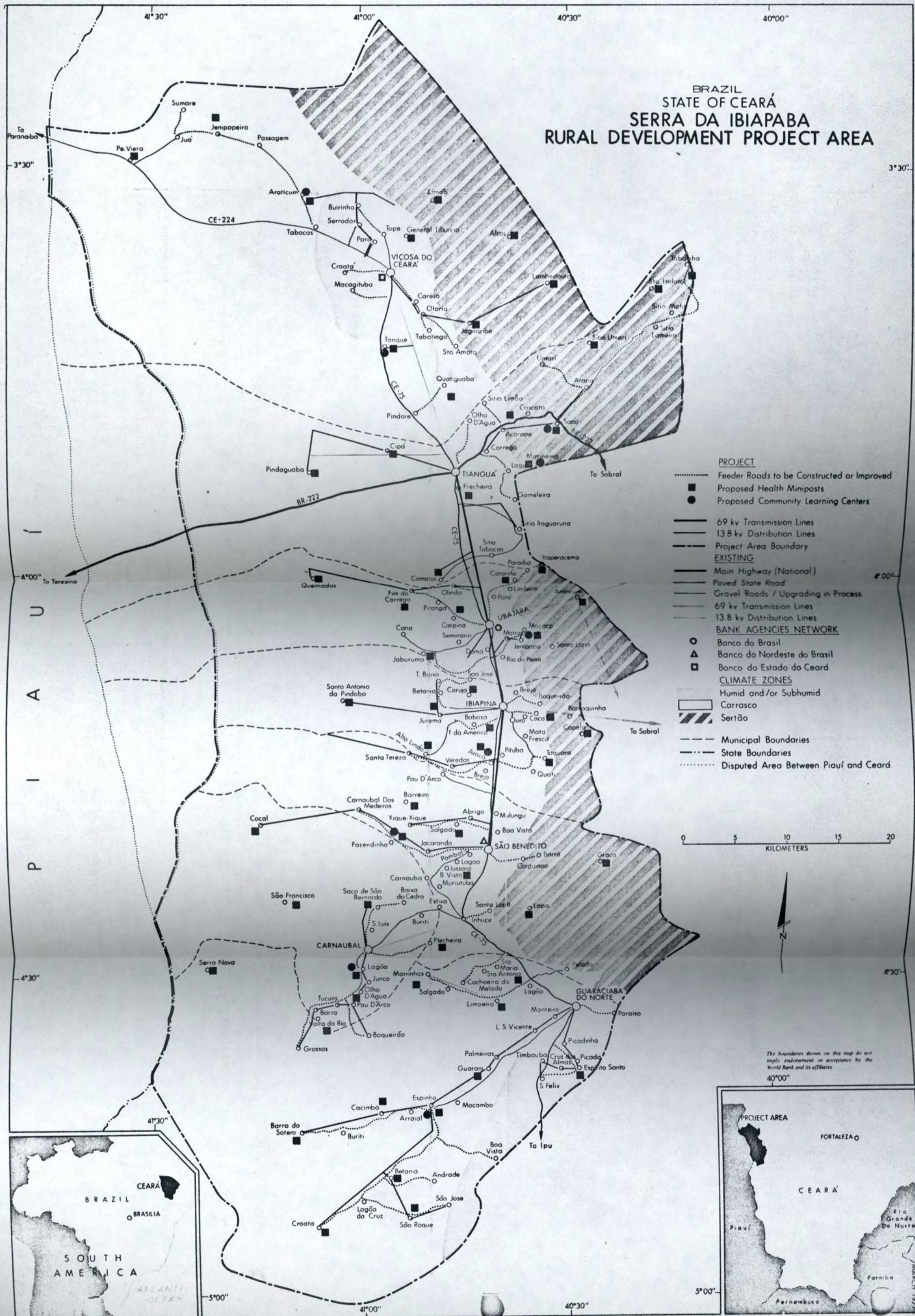
General Briefing for Visit

The Ibiapaba area, favored by relatively better natural conditions than much of Northeast Brazil, is one of the region's more promising "islands" of development potential. The project there has built upon the natural advantages and, through its pilot nature, has helped the state improve its planning and execution of rural development work elsewhere in the state. The project focuses on providing the infrastructural base (in this case, all-weather feeder roads have been particularly important) and services (especially rural extension) to enable the area's numerous small farm operators to use their considerable private initiative to develop production of, and to market, higher value crops.

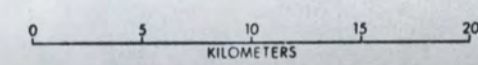
We understand the state plans to take Mr. Clausen to visit several communities and a cross-section of the humid eastern part of this highland and the nearby drier western part. In addition to visiting typical farmer groups assisted by the project's extensionists, Mr. Clausen would probably see feeder roads, schools and health facilities constructed under the project.

The state is about to present to the Bank (by end-April) details of their proposal to extend the execution period of the project and, we understand, slightly modify the project area and components. A supervision mission is planned for May to review these proposals.

BRAZIL
STATE OF CEARÁ
SERRA DA IBIAPABA
RURAL DEVELOPMENT PROJECT AREA



- PROJECT**
- Feeder Roads to be Constructed or Improved
 - Proposed Health Miniposts
 - Proposed Community Learning Centers
 - 69 kv Transmission Lines
 - 13.8 kv Distribution Lines
 - Project Area Boundary
- EXISTING**
- Main Highway (National)
 - Paved State Road
 - Gravel Roads / Upgrading in Process
 - 69 kv Transmission Lines
 - 13.8 kv Distribution Lines
- BANK AGENCIES NETWORK**
- Banco do Brasil
 - △ Banco do Nordeste do Brasil
 - Banco do Estado do Ceará
- CLIMATE ZONES**
- Humid and/or Subhumid
 - Carrasco
 - Sertão
- Municipal Boundaries
- State Boundaries
- Disputed Area Between Piauí and Ceará



The boundaries shown on this map do not imply endorsement or acceptance by the World Bank and its affiliates.



February 11, 1982

Note on Polonordeste (for meeting with Governors of Northeast States)

Background on the Bank's Rural Development
Activities in Northeast Brazil

1. The nine states of northeast Brazil (Maranhao, Piaui, Ceara, Rio Grande do Norte, Paraiba, Pernambuco, Alagoas, Sergipe and Bahia) have a combined population of about 35 million (in 1980), about half of which is rural. Over the 1970-80 period, the regional population grew at a net rate of 2.2% per year and currently accounts for about 45% of Brazil's agricultural labor force. Much of the region has a semi-arid climate with severe periodic droughts, and there are extensive areas of poor soils. The northeast is nonetheless, a significant agricultural region, with a large share of the national production of cocoa, cotton, manioc, beans and sugar. Although some crops are grown predominantly on large farms, basic food crops are produced mainly by small farmers who lack access to adequate production services and inputs. Insecurity of land tenure and lack of access to land have compounded these difficulties and in many areas constitute the basic constraint on increasing production and productivity among small farmers.

2. The Bank has actively participated in the rural development effort in northeast Brazil since 1973, especially through the POLONORDESTE program. This program, initiated in 1974, is designed to improve the productivity of small farmers and to raise the standard of living of the rural poor in the northeast. Bank assistance to the program aims at helping the Government to better focus its efforts on behalf of the rural poor and to better integrate development activities, especially on the productive side. The initial strategy called for concentrating development activities within selected geographical areas while promoting the establishment of an effective administration for the program. This latter expectation, however, has been frustrated by the financial difficulties and administrative shortcomings that have plagued the Superintendency for the Development of the Northeast (SUDENE), the federal agency entrusted with the overall management of the program. While a number of shortcomings in organization and funding mechanisms are being remedied, SUDENE remains a weak, underfunded, and inadequately staffed agency. In contrast, good progress has been made by several of the northeast states in improving their planning and execution capability for rural development projects. Competent technical units have been established in most states and a significant group of experienced managers has been developed.

3. The Bank has to date made eight loans for area development projects in six different northeast states with diverse agricultural, ecological, economic and social characteristics: Rio Grande do Norte (1976), Paraiba and Bahia (1978), Sergipe and Pernambuco (1979), and Ceara (two loans in 1977 and 1980 respectively). A rural development project in the state of Maranhao, which is at an advanced stage of preparation, would

February 23, 1982

LIST OF PARTICIPANTS AT THE LUNCHEON AT
THE SERRA GRANDE HOTEL, TIANGUA

1. Dr. Virgilio Tavora, Ceara State Governor
2. Dr. Luis Gonzaga Mota, Ceara State Secretary of Planning
3. Dr. V. Salmito Filho, Superintendent of SUDENE
4. Dr. Joao Pessoa, Deputy Superintendent of SUDENE
5. Dr. Luis Carlos Pontes, Secretary of the Commission for Agricultural Planning

(Others to be provided)

February 23, 1982

LIST OF PARTICIPANTS AT THE DINNER IN THE
GOVERNOR'S PALACE, FORTALEZA 1/

1. Dr. Virgilio Tavora, Governor, State of Ceara
2. Dr. Guilherme Palmeira, Governor, State of Alagoas
3. Dr. Antonio Carlos Magalhaes, Governor, State of Bahia
4. Dr. Joao Castelo, Governor, State of Maranhao
5. Dr. Tarcisio Burity, Governor, State of Paraiba
6. Dr. Marco Maciel, Governor, State of Pernambuco
7. Dr. Lucidio Portella, Governor, State of Piaui
8. Dr. Lavoisier Maia, Governor, State of Rio Grande do Norte
9. Dr. Augusto Franco, Governor, State of Sergipe
10. Dr. W. Salmito Filho, Superintendent of SUDENE
11. Dr. Joao Pessoa, Deputy Superintendent of SUDENE
12. Dr. Luis Gonzago Mota, Ceara State Secretary of Planning

(Others to be provided)

1/ Governors of nine Northeast States have been invited. Those attending to be confirmed. Those declining will be represented by other senior level state officials.

BIOGRAPHICAL SKETCHES

H

SAO PAULO

BIOGRAPHIES

PAULO SALIM MALUF
(Governor of Sao Paulo)

Mr. Paulo Maluf, 50, a member of a successful industrial family, is an engineer by training, who entered public life in 1967 and has been Mayor of Sao Paulo and State Secretary of Transport. In 1978, he was nominated for Governor by the state ARENA party convention (despite the fact that President Geisel backed another candidate) and was elected by an electoral college composed of a hold-over ARENA majority. In subsequent legislative elections, the opposition party, MDB, gained a majority in the legislature, but by skillful maneuvering, Governor Maluf has recently succeeded in attracting part of the opposition to his support and is now believed to command a majority in the legislature.

RUBENS VAZ DA COSTA
(Secretary of Planning of the State of Sao Paulo)

Mr Vaz da Costa, 57, has a degree in economics and did post-graduate work at George Washington University. From 1961-66 Mr. Vaz da Costa worked with IDB, where he became Chief Economist for Chile and Peru and later, Sub-Director of Loans Division for South America. Since 1967 Mr. da Costa has been doing consultancy work for the UN and the World Bank on demographic matters and urban development, respectively. Mr. da Costa has several published works on urban growth, regional development, demography, and energy. In 1968 as President of Banco do Nordeste Mr. da Costa accompanied Mr. McNamara on his visit to Brazil.

AFFONSO CELSO PASTORE
(Secretary of Finance of the State of Sao Paulo)

Mr. Pastore, 42, has a doctor's degree in economics from the University of Sao Paulo. His previous functions include Advisor to the Secretary of Finance of the State of Sao Paulo (1966), and to the Ministry of Finance (1967-73), as well as professor of Econometrics and Statistics at the University of Sao Paulo (1973-78). Mr. Pastore has a long list of published works, particularly on agriculture, in which field he is considered a national expert. He is considered to be Minister Delfim's "man" in the state cabinet.

ADIB DOMINGOS JATENE
(Secretary of Health of Sao Paulo)

Mr. Jatene, 52, a surgeon, participated in the introduction of cardiac surgery in Brazil, and has invented a valve, now being tested, to take the place of a heart pacer. This is his first public office. He continues to practice surgery actively.

February 26, 1982

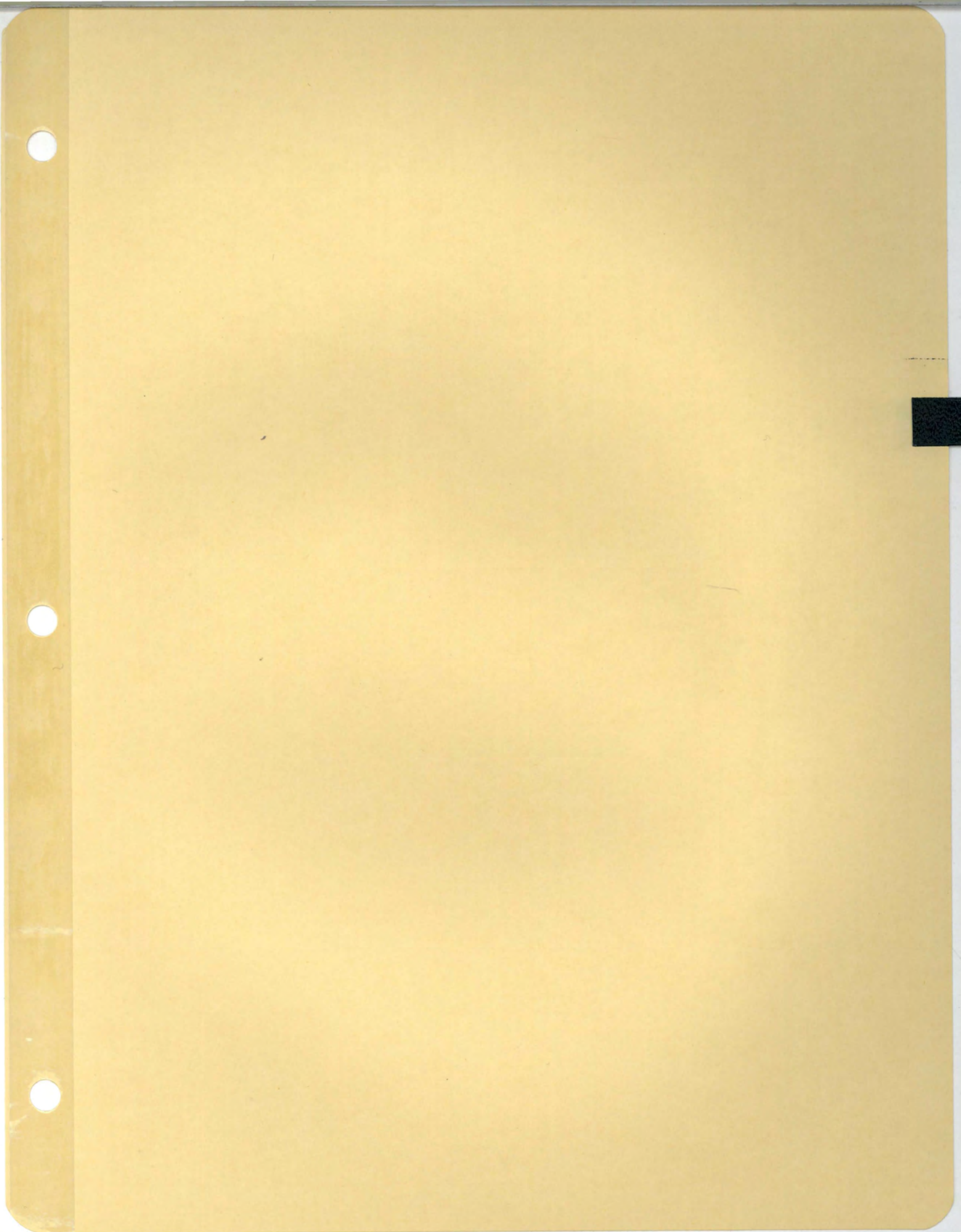
List of Participants in the Diamante Visit,
and/or in the Cocktail and Dinner offered by
the State Government of Sao Paulo *

1. Dr. Jose Maria Marin, Deputy Governor of the State of Sao Paulo
2. Dr. Reynaldo Emigdio de Barros, Mayor of Sao Paulo
3. Dr. Rubens Vaz da Costa, State Secretary for Economy and Planning
4. Dr. Affonso Celso Pastore, State Secretary of Finance
5. Dr. Claudio Braga Ribeiro Ferreira, State Secretary of Agriculture
6. Dr. Oswaldo Palma, State Secretary of Industry, Commerce, Science and Technology
7. Dr. Jose Maria Siqueira de Barros, State Secretary of Transport
8. Dr. Walter Coronado Antunes, State Secretary of Works and Environment
9. Dr. Calim Eid, State Secretary of the "Casa Civil"
10. Dr. Jose Olavo Diniz, State Secretary of Information and Communication
11. Dr. Marco Antonio Michaluate, Personal Secretary to the Governor
12. Ministro Italo Mastrogiovanni, Chief of Protocol of the State Bandeirantes Palace
13. Dr. Eduardo Pereira de Carvalho, President, State Bank of Sao Paulo - BANESPA
14. Dr. Jose Vasconcelos de Alencar, Vice-President, State Bank - BANESPA
15. Dr. Auro Soares de Moura Andrade, President, State Development Bank - BADESP
16. Dr. Nelson Guarnieri de Lara, Vice-President, State Development Bank - BADESP

* The distribution of participants between the Diamante visit, the lunch, cocktail and dinner is yet to be received.

17. Dr. Francisco Roberto, President, State Caixa Economica
18. Dr. Eulalio Bueno Vidigal, President, State Federation of Industries
19. Dr. Fabio de Salles Meirelles, President, State Federation of Agriculture - FAESP
20. Dr. Jose Papa Junior, President, State Federation of Commerce - FECESP
21. Dr. Guilherme Afif Domingos, President, Commerce Association
22. Dr. Renato Ticoulat Filho, President, Brazilian Rural Society
23. Dr. Americo Oswaldo Campiglia, President, Association of Finance and Investment Enterprises - ACREFI
24. Dr. Pedro Conde, President, Association of Banks
25. Dr. Lazaro de Mello Brandao, President, Sindicato of Banks
26. Dr. Gastao Vidigal, Banco Mercantil
27. Dr. Jose Carlos Moraes Abreu, Banco Itau
28. Dr. Jorge W. Simonsen, Banco Noroeste
29. Dr. Antonio Padua da Rocha Dinis, Banco Nacional
30. Dr. Roberto Konder Bornhausen, Unibanco
31. Dr. Carlos Eduardo Quartim Barbosa, COMIND
32. Dr. Eduardo da Rocha Azevedo, President, State Stock Exchange
33. Dr. Chafic Jacob, President, State Railway Company - FEPASA
34. Dr. Oscar Souza Telles, President, State Water and Sanitation Company - SABESP
35. Gen. Enio dos Santos Pinheiro, Director, Railway Development Corporation - DERSA
36. Ten. Brig. Victor Didrich Leig, Director, President, Environmental Sanitation Technology Co. - CETESB
37. Dr. Pedro Cipollari, City Secretary of Finance
38. Dr. Jose Mindlin, President, METAL-LEVE

39. Dr. Hilberto Mascarenhas Silva, Director, Housing Department, State Caixa Economica
40. Dr. Octavio Frias de Oliveira, Superintendent of the Newspaper "A Folha de Sao Paulo"
41. Dr. Osires Silva, President-Director, Group Osires Silva
42. Dr. Sebastiao Ferraz de Camargo Penteado, President, Group Camargo Correa
43. Dr. Henry Maksoud, President, Hidroservice Engineering and Projects Ltd.
44. Dr. Eduardo Celestino Rodrigues, Executive Secretary, National Energy Commission
45. Dr. Mario Pimenta Cargo, Board Member, Brazilian Company for Projects and Works
46. Dr. Abilo dos Santos Diniz, Director-Superintendent-Group "Pao de Açucar"
47. Dr. Carlos Antonio Rocca, Director-Manager, Casa Anglo-Brasileira-MAPPIN
48. Gen. Jose Costa Cavalcanti, President, ELETROBRAS
49. Dr. Mario Garnero, President, BRASILINVEST
50. Dr. Afonso Armando de Lima Vitule, Managing Director, BRASILINVEST
51. Dr. Sergio Andrade, Financial Director, Civil Works Co. ANDRADE GUTIERREZ
52. Dr. Antonio Ermirio de Moraes, Director, Group VOTORANTIM
53. Dr. Paulo Diederichsen Villares, President, Villares Industries S/A
54. Dr. Marcos Xavier da Silveira, Vice President, COBRASMA-FORNASA-BRASPRENSAS
55. Dr. Roberto Civita, Vice President, Director of the Journal ABRIL



February 26, 1982

SUGGESTED LIST OF PARTICIPANTS FOR THE COCKTAIL
TO BE GIVEN BY MR. AND MRS. CLAUSEN

Rio de Janeiro, March 13, 1982, 6:30-8:30 p.m.

State/City
Government

Dr. and Sra. Chagas Freitas, Governor of the State of Rio de Janeiro and his wife ^{1/}

Dr. and Sra. Amilton Xavier, Deputy Governor and his wife

Dr. and Sra. Julio Coutinho, Mayor of Rio

Dr. and Sra. Waldir Moreira Garcia, State Secretary of Planning

Dr. and Sra. Reynaldo Mesquita, State Secretary of Industry, Commerce and Tourism

State
Bankers and
Industrialists

Dr. and Sra. Israel Klabin, President, BANERJ

Dr. and Sra. Mario Henrique Simonsen, Director, Bozano-Simonsen (Former Minister of Planning)

Dr. Augusto T. de Azevedo Antunes, Chairman, CAEMI Group

Dr. Daniel G. Sydenstricker, President CAEMI Group

Mr. Roger and Mrs. Vera Hipskind, Director, Banco Lar Brasileira S.A. (Chase Manhattan)

Dr. Joao B. de Carvalho Athayde, Director, MBR

Dr. Joaquim Monteiro de Carvalho, President, Monteiro Aranha, S. A.

Dr. Roberto Lima Netto, Director, Monteiro Aranha S.A.

Dr. Joao Alamira Braga, Director, Atlantica-Boavista Insurance Company

Dr. Marcos Vianna, President, TECNICORP (Investment Bank) (former President, BNDE)

Dr. Adolph Mayer, Vice-President/Diretor, UNIPAR (Uniao de Industrias Petroquimicas S.A.)

Dr. Luis Jose Fabiani, Financial Director, Grupo VOTORANTIM

^{1/} Already declined.

Dr. George Johannpeter, President, COSIGUA and Group Gerdau

Dr. George P. Lehman, President, GARANTIA (Investment Banking)

Dr. Joao Pedro Gouvea Vieira, Director-Superintendent, Ipiranga (only private petroleum company)

Dr. Pratini de Moraes, President OLVEBRA- (soybean industrialization and trading) (Dr. de Moraes is a former Minister of Industry and Commerce)

Bankers and Industrialists from Minas Gerais

Dr. Luiz Annibal de Lima Fernandes, President, State Development Bank of Minas Gerais

Dr. Diaz, President-Director, CAUE Cement Co., Belo Horizonte

Dr. Francisco Noronha, President, CEMIG

Industrialists from Southern States

Dr. Ivo Hering, Director, Companhia Hering, Blumenau (textiles)

Dr. Karlos Rischbieter, President, VOLVO of Brasil S.A. (former Minister of Finance)

Dr. Hugo Luchsinger, President, I.L.M. Porto Alegre (largest fertilizer producer in the South)

Industrialists Bankers from Sao Paulo not Met in Sao Paulo

Dr. Paulo Cunha, President-Director, OXITENO S.A.; President, Brazilian Chemical Association

Dr. Rolf Weinberg, President, CODEMIN (private mining company)

Dr. Luis Campello Sr., President, ELUMA. Member of the Board, Morgan Guarantee Trust Co.

Dr. Luis Campello Jr., Director, ELUMA

Dr. Esmeril Stocco Vieira, President, SANTISTA Textiles

Dr. Wolfgang Sauer, President, Volkswagen do Brasil S.A.

Dr. Paulo Britto, President, COTIA (large trading company)

Dr. Roberto Texeira, President, BRASILPAR

Dr. Joel Korn, Vice-President and Representative for Brazil, Bank of America

Dr. Amador Aguiar, President, BRADESCO

Dr. Claudio Bardella, President, Bardella, S. A.

Federal
Government/
Federal
Agencies with
HQ in Rio

Embaixador and Sra. Leite Ribeiro, SEPLAN

Gen. Jose Costa Cavalcanti, President, ELETROBRAS

Dr. Masato Yokota, Financial Director, ELETROBRAS

Dr. Luiz Antonio Sande de Oliveira, President, BNDE

Dr. Aloysio de Assis, Director, BNDE

Dr. Telmo Blauth, Financial Director, BNDE

Dr. Shigeaki Ueki, President, PETROBRAS

Dr. Paulo Vieira Belotti, Vice-President and Financial Director, PETROBRAS

Dr. Jose Augusto Angrisani, Director, PETROQUISA

Cor. Carlos Aloysio Weber, President, RFFSA

Dr. and Sra. Eliezer Batista, President, CVRD

Dr. and Sra. Samir Zraick, Financial Director, CVRD

With Bank Group = 60

February 22, 1982

Rio de Janeiro

Biography

MARIO HENRIQUE SIMONSEN
Minister of Planning (March 1979 to August 1979)

Mr. Mario Henrique Simonsen, age 46, was the only Minister from the Geisel Government to serve in the Figueiredo Government which took office in March 1979. He served as Minister of Planning until August 1979 when he was succeeded by Antonio Delfim Netto. He is presently professor of Economics at the Getulio Vargas Foundation. Mr. Simonsen has graduate degrees in engineering and economics. At the age of 23, Mr. Simonsen was appointed professor at the Institute of Pure and Applied Mathematics at the National Engineering School. In 1964, he assisted the then Minister of Planning, Roberto Campos, in drawing up the new Government's Economic Plan of Action. Before becoming Minister of Finance in the Geisel Government in March 1974, he was Director of the Movimento Brasileiro de Alfabetizacao (MOBRAL), the nationwide adult literacy organization. He was also on the Board of Directors of about ten other organizations, including Mercedes Benz and the National Housing Bank. Mr. Simonsen is the author of about 25 books or articles on political economy, most famous of which is probably "Brazil 2001", based on a series of articles Mr. Simonsen wrote in answer to Herman Kahn's futurology projections.