



110 Edgware Road, London W2 1DY, England.
Telephone 01-723 5535

Sent 8.50 a.m.
13/07/88

CTI

Command: send peacenet

*** PEACENET: ENTER THE PEACENET USER'S IDENTIFIER AS THE SUBJECT PLEASE

Enter subject: cdp!edf
Please enter text:

Dear Lori,/Bruce/Steve,

We are still all pushing here on the Power Sector Loan. We have recently been granted access to the Eletrobras Master Plan dated December 1987 by the ODA here and will be engaging them in further lobbying in August before the up-coming vote on Power Sector Loan II which the ODA still expect in Sept-Oct.

So far we have only come to a conclusion on the Indian bit of the Master Plan which is so poor as to be beyond scandalous.

Have you yourselves and or Brazilian contacts/colleagues yet developed a critique of the environmental aspects? (Assuming you have the Master Plan). - if not we'll send you a copy). FOE here are not literate in Portuguese (nor is the ODA!) so they are having a job criticising the environmental side of it, hence your help would be very useful and anyway we should try to achieve a unanimous position.

Dave Treece (SI) will be in Sao Paulo as from the end of this week and will be meeting with the Brazilian NGOs there to ensure that we find common ground in the next phase of this campaign. A present we are following the line we have adopted previously, and which is that of the CPI, to oppose the loan and textpecially to focus on the Xingu dams. Note there is some disagreement over whether Babaquara is off or not - CPI is still treating it as on, though later obviously than Kararao.

An early reply, even if just to say you have received this, would be much appreciated.

luv Marcus (REPLIES TO GEO2:SURVIVAL-PROJEC).

ROUGH MINUTES OF THE FIRST PART OF A MEETING HELD AT SURVIVAL INTERNATIONAL 12 JULY 1988 BY THE AID AND ENVIRONMENT GROUP TO DISCUSS BRAZIL CAMPAIGNS.

Present:

Marcus Colchester, Dave Treece (Survival International)
Pat Stocker, Tony Gross (Oxfam)
Tony Long (WWF)
Koy Thomson (FOE)
Francis McDonagh (CIIR)
Candida Blaker (Christian Aid)
Sue Milner (Greenpeace)
Iara Ferraz (Centro Trabalho Indigenista - Brazil)

Changes in Brazilian Indian situation.

The President of FUNAI has been publicly charged with corrupt dealing in the timber on Indian lands. The institutional capacity of FUNAI to carry out its protective functions is at a lower ebb than ever.

The recent agreed amendments in the Constitution, yet to be finally ratified, are a great improvement on what was expected. The main gain is that access to the resources on Indian lands will in future be controlled by the National Congress. It is unclear how this will affect projects that are already underway. The Constitutional amendments also call into question the legality of previous legislation on mining on Indian lands and on acculturation. In future responsibility for Indian affairs will pass to the Minister of Justice.

11 Logging companies are also publicly charged with illegal operations. Most of this timber goes to India.

It is known that logging companies are worried about their operations which they know are on Indian lands. There was discussion on what institutional capacity existed to enforce the law. There is a need to strengthen the capacity of NGOs to take out legal cases of this sort. A major problem though is simply getting information to make a case. Outside pressure could assist the process. Koy Thomson will circulate the address of the activists in Brazil pushing the logging cases.

Power Sector Loan

The ODA confirms that the vote on the Power Sector Loan will be 'in the autumn', 'probably September or October'. They have seen Eletrobras' Environmental Master Plan and circulated it to the A&E groups. (I didn't mention this at the meeting but Roth (of ODA) said to me that only he in the ODA could read Portuguese but he admitted that he was not qualified to evaluate it - he said that it did look more polished than the previous version!).

A first reading of the Indian component of the Master Plan (6.55) showed it to be platitudinous and vague and makes absolutely NO CONCRETE PROVISIONS FOR THE INDIANS either in general terms or in relation to specific projects. Owing to the lack of Portuguese speakers in the Environment groups, even a



CTI02096

first reaction to the environmental adequacy of the Master Plan has not been possible. Apparently the Master Plan does not take into account the needs of other affected social groups.

It was agreed that develop a sound critique of the Master Plan was crucial to further lobbying work. It was agreed that Survival International would develop the critique of the Indian component. It was agreed that Oxfam would put together a critique on the environmental aspects and the impact on other social groups. This would be done by the END OF JULY. (We, evidently, are still not considering trying to elaborate an economic critique - this point was not even raised). It was agreed that Marcus would contact the EDF via email to see if they could help us in developing this critique (done - see annex). It was agreed that Dave Treece would liaise with the Brazilian NGOs to up-date and try to secure a unanimous position.

It was agreed that we would focus on the Xingu dams in making project specific critiques. There is no clear agreement in Brazil as to whether the Bahaquara project is on or off. The confusion is probably being generated by local Eletronorte staff who are trying to placate local opposition with hogwash about its cancellation. Once Kararao is built, Babahquara becomes the logical next investment from infrastructural and economic points of view. CPI's preliminary critique was circulated to interested parties. CPI's final report is due in August. Local initiatives in Brazil include a national campaign in which the demand for popular participation is central. Mobilisation of the local peoples is also being tackled. A potentially good chain of communications exists between local church groups, national ngos and international groups. This needs to be developed. It was agreed that CPI is the lead agency for coordinating this campaign as they had a long experience in dealing with Eletrobras and had well developed staff and research capacity.

Eletrobras has created a staff who are meant to be competent in social and environmental matters. A problem in the campaign may be that the links between the sectoral loan and the specific projects are not clear. The group was not familiar with the procedures by which sectoral loans are disbursed or the way in which the loans are monitored (ie it may not be like in project loans where the executing agency has to actually prove it is spending money to secure the disbursements and its activities are monitored by regular 'supervision missions' which are meant to ensure that loan conditions are adhered to etc).

There were unconfirmed hints that the Xingu dams may be receiving part funding from Japanese Banks, private banks and even the soviet bloc. After much discussion going over old ground, it was agreed (was it ?) that it was sound tactics to stick to criticising specific projects in our critique of the loan. The new Bank policy on Wildlands should be invoked in the Xingu case.

The institutional capacity for environmental matters in Brazil was discussed. It is very poor. A World Bank loan of US\$ 150m

for environmental management training had been sitting in the Monthly Operational Summary for months without progressing. An effective Ministry of the Environment was a future dream but could not be considered a present possibility.

There was discussion of whether it was correct strategy to oppose the loan and the dams or whether we should just push for more conditionality and for sound mitigating measures (a la Bank). The consensus seemed to be that we should stick to the position already adopted vis a vis te ODA. The loan cannot go ahead as the present institutional situation in Brazil means that, whatever the rhetoric, the Bank's policies on tribals, environment and wildlands will NOT be adhered to. The examples of Polonor, Acre, Carajas etc. make clear that, at present, conditionality is virtually meaningless. A fall-back campaign for mitigating measures was discussed as a future option.

The record of the Itaparica resettlement was discussed briefly. It was a partial victory. Certainly the resettled peoples were pleased to have got land and houses but the livelihoods of others on the flood plain had been impaired. Even the resettlement was far from perfect. Services were inadequate in terms of roads, schools, health facilities, land titling, communications, irrigation, clearance of scrub, agricultural extension. Bank score 3/10. This point should be made to the ODA. A project that looks good on paper does not necessarily turn out well. There is a need to develop new and stronger mechanisms of enforcement.

It was that Marcus Colchester would contact the ODA to try to set up a meeting. Obviously the meeting would have to be before the vote on the loan, but August was everyone's silly season. MC would try to work something out with the ODA.

Ends. Marcus Colchester. (Koy - over to you for last part).