

No. 6391

**UNITED STATES OF AMERICA
and
BRAZIL**

**Agreement (with exchange of letters) on the cooperation of
the Government of the United States of America for the
promotion of economic and social development in
the Brazilian Northeast. Signed at Washington, on
13 April 1962**

Official texts: English and Portuguese.

Registered by the United States of America on 28 November 1962.

**ÉTATS-UNIS D'AMÉRIQUE
et
BRÉSIL**

**Accord (avec échange de lettres) en vue d'une coopération
du Gouvernement des États-Unis d'Amérique au déve-
loppement économique et social du Nord-Est brésilien.
Signé à Washington, le 13 avril 1962**

Textes officiels anglais et portugais.

Enregistré par les États-Unis d'Amérique le 28 novembre 1962.

No. 6391. AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE UNITED STATES OF BRAZIL ON THE COOPERATION OF THE GOVERNMENT OF THE UNITED STATES OF AMERICA FOR THE PROMOTION OF ECONOMIC AND SOCIAL DEVELOPMENT IN THE BRAZILIAN NORTHEAST. SIGNED AT WASHINGTON, ON 13 APRIL 1962

WHEREAS the Government of the United States of Brazil has recognized the improvement of the critical economic and social conditions in Northeast Brazil as an urgent problem requiring priority attention both through immediate measures and through a long-term development program, and has taken important steps to meet the problem by creating an agency, the Superintendency of the Development of the Northeast SUDENE, which has been empowered to coordinate Brazil's programs for the Northeast, and which has produced a master plan which has been approved by the Brazilian Congress and given initial financial support by the Government of the United States of Brazil ;

WHEREAS the Government of the United States of America shares the view of the Government of the United States of Brazil that the problems of the Northeast require urgent attention, and has sent a survey team to Brazil which has studied the problems of the Northeast and has submitted to the United States Government a report containing its recommendations for financial and technical assistance for the purpose of aiding in their solution, and is prepared to support the efforts of the Government of the United States of Brazil in the Northeast through measures based upon certain of those recommendations ;

WHEREAS such cooperation, by combining the self-help efforts and reform measures of the Government of the United States of Brazil with the economic, technical and related assistance from the Government of the United States of America, will directly further the objectives of the Charter of Punta del Este² and will be an important step in carrying out the Alliance for Progress ;

NOW, THEREFORE, the Government of the United States of America and the Government of the United States of Brazil hereby agree as follows :

¹ Came into force on 13 April 1962, upon signature, in accordance with article VI.

² United States of America : *Department of State Bulletin*, 11 September 1961, p. 462.

Article I

PROGRAMS

In accordance with Articles III and IV hereof the Government of the United States of America will supplement the efforts of the Government of the United States of Brazil :

A. In carrying out a program of immediate action projects intended to achieve speedy results in meeting some of the most urgent needs of the people of Northeast Brazil. These projects, designed to produce immediate benefit, are of the type included in the survey team report or the SUDENE master plan, or which may be mutually agreed to. It is estimated that these projects will require expenditures totalling the equivalent of approximately \$58,000,000 or the equivalent of approximately Cr\$18,400,000,000 from Brazilian and external sources.

B. In undertaking at the same time the financing of the first two years of long-term development projects for the years 1962-1966 intended to improve fundamentally the ability of the Northeast and its residents to provide for themselves a better standard of living and to advance the economic integration of the Northeast with the rest of Brazil. The purpose of these projects, which are to be of the type included in the survey team report or the SUDENE master plan, or which may be mutually agreed to, will be accomplished through measures such as the counteracting of drought conditions through fuller use of available water supplies in the interior, improvement of roads, development of electrical power, expansion of primary and vocational education, health and sanitation, assistance to agricultural production, marketing and distribution, and fisheries, and through studies and research concerning the resource potentials of the area. It is estimated that these projects will require expenditures for the long-term period totalling the equivalent of approximately \$692,000,000 or the equivalent of approximately Cr\$220,000,000,000 from Brazilian and external sources. In addition activities are contemplated to promote the accelerated development of areas adjacent to the Northeast in order to create economic opportunities for people from the Northeast. Expenditures for the first two years (1962-1963) are estimated to total the equivalent of approximately \$216,000,000 or the equivalent of approximately Cr\$68,700,000,000 from Brazilian and external sources.

Article II

ADMINISTRATION

The two Governments recognize that effective cooperation in the administration of these projects requires clear designation of coordinating and operating responsibility on both sides. Accordingly,

A. The Government of the United States of America designates the Agency for International Development (USAID) to carry out its responsibilities under these projects and will establish a special office in the Northeast area for this purpose with the necessary staff and facilities. USAID may sign agreements for individual projects with SUDENE or other appropriate agencies or organizations in accordance with applicable regulations.

B. The Government of the United States of Brazil is represented by SUDENE in accordance with the terms of Law No. 3.692, December 15, 1959, and Law No. 3.996,¹ January 15, 1962, in the coordination of programs in Northeast Brazil. In the terms of this and related legislation, SUDENE is authorized to enter into project and other agreements, including loan agreements, to carry out specific projects. Activities under these projects may be administered by SUDENE or by such other agency or organization as may be mutually agreed. In such cases as may be designated by the Government of the United States of Brazil, other agencies may be authorized to enter into project and other agreements under this Agreement directly with USAID and be authorized to receive loans or grants.

Article III

IMMEDIATE ACTION PROJECTS

In order to put into effect the immediate action projects, and subject to mutual agreement on specific projects which satisfy the requirements of the applicable legislation and regulations of both countries :

A. The Government of the United States of America agrees to provide toward the cost of such projects not to exceed \$33,000,000 in U.S. dollars or the cruzeiro equivalent thereof ; not to exceed \$14,670,000 will be supplied in the form of dollar grants or loans and the balance estimated at the equivalent of \$18,330,000 as grants or loans in cruzeiros derived from Agricultural Commodities Agreements between the two Governments, subject to the availability of funds under such agreements.

B. The Government of the United States of Brazil agrees :

1. To have provided from national, state and municipal sources not less than Cr\$7,950,000,000 toward the cost of such projects plus such additional amounts of funds as shall be necessary to assure their completion.

2. To assure the allocation to SUDENE or other appropriate agencies or organizations of the cruzeiros available for grant and loan purposes under Agri-

¹ According to the information provided by the United States of America this number should read "3995".