

May 20, 1998

## OECF to assist improvement of safety and capacity of urban passenger transportation in South Africa

### -Greatly needed new cars for the commuter passenger rail transport system -

The OECF (Overseas Economic Cooperation Fund, Japan: President, Chairman of the Board, Akira Nishigaki ) will provide the Republic of South Africa with a loan for the Urban Rail Passenger Transport Modernization Project amounting to 6,230 million yen.

The loan agreement was signed today, May 20, 1998, at the OECF's Head Office in Tokyo by Mr. Akira Nishigaki, OECF's President, Chairman of the Board, and Mr. Wynand Burger, Managing Director of the South Africa Rail Commuter Corporation, representing the Republic of South Africa. As a result, the cumulative total of OECF loan commitments to South Africa stands at 14,061 million yen ( 3 commitments ). Following are the amount and conditions of the loan and a summary of the project.

#### 1. Loan Amount and Conditions

Project	Amount (Mil. Yen)	Interest Rate (% p.a.)	Repayment Period /Grace Period (years)	Tying Status
Urban Rail Passenger Transport Modernization Program	6,230	2.7	2.7	General-Untied

#### 2. Project Description

##### Urban Rail Passenger Transport Modernization Project

In the apartheid era, black workers were forced to live in areas far from the cities, and had to commute long distances by public transportation to the towns and cities, where there was work. The suburban railways were even more important than the buses, as a means of suburban transportation. The railway continues to be the most vitally important means of commuting for the low-income groups of the area.

Because public transportation in apartheid South Africa was mainly used by blacks, there was a serious lack of any comprehensive policy for transportation, new investment was seriously deficient, and management and operations inefficient, problems still reflected in the seriously deteriorated condition of passenger cars and the related facilities.

Consequently, provision of adequate public transport is an important focus of the Reconstruction and Development Program (RDP)\*. Because of the rapidly growing need for railway services as a means of commuting to the cities, improvement and expansion of public passenger transportation were given top priority in the public rail transportation part of the urban development plan of the present government, the importance of efficient, and low-cost urban rail transportation having been recognized. South African Rail Commuter Corporation (SARCC), the largest commuter rail corporation in the Republic of South Africa, with 2,228 km of track, 374 stations and 4,540 cars in its operating area, which includes cities such as Pretoria, Johannesburg, Durban and Cape Town, is now implementing a drastic renewal plan in order to improve the efficiency and safety of passenger rail transport.

The project comprises procurement of 60 cars ( 5 trains of 12 cars each, of which 6 cars are motorized) as the first stage of a program for replacing 290 passenger cars (out of the system's 2,461 cars) which have been in service for over 35 years. These cars will carry commuters from the black townships in the area around Soweto, the main black township in Houten State, the country's principal industrial area, to industrial and commercial areas such as Johannesburg or Pretoria. The project will make a significant contribution to expanding urban rail passenger transport capacity for the area and improvement of safety.

The proceeds of the loan are allocated for the procurement of cars. The Executing Agency is the South African Rail Commuter Corporation(SARCC), Address: Private Bag X2, Sunninghill, 2157 South Africa; Tel: 27-11-804-2900; FAX: 27-11-804-3853).

Note:

\*Reconstruction and Development Program(RDP) is the policy introduced by the Mandela Government, originally part of the election platform of the African National Congress (ANC).