

First Yen Loan of Calendar 1998 Extended to State of Parana, Federative Republic of Brazil - Furthering cooperation in the environmental sector -

OECF (President, Chairman of the Board, Akira Nishigaki) is providing Brazil with a loan for the Parana State Environmental Improvement Project amounting to 23,686 million yen. The Loan Agreement was signed today, in the presence of H.E. Mr. Fernando Gimaraes Reis, Ambassador Extraordinary and Plenipotentiary of the Federative Republic of Brazil, by Mr. Jaime Lerner, H.E., the Honorable Governor of the State of Parana, and Mr. Akira Nishigaki, OECF's President, Chairman of the Board. As a result, the cumulative total for OECF loan commitments to Brazil now stands at 216,581 million yen (13 commitments). The amount and conditions of the Loan are as follows.

1. Loan Amount and Conditions

Project	Amount (Mil. Yen)	Interest Rate (% p.a.)	Repayment Period /Grace Period (years)	Tying Status
Parana State Environmental Improvement Project	23,686	24.0 (2.3)*	25/7	General-Untied

* Consulting Services

2. Project Description

(1) Need for the Project

In the Curitiba metropolitan area of Parana State, situated on the Atlantic Coast in southern Brazil, rapid urbanization has resulted in a shortage of water and sewerage treatment services, with, for example, the gap between water supply and demand reaching 25% and the percentage of households served by the sewerage system being under 40%. This has serious adverse effects on the sanitary environment of the area's inhabitants. In addition, in Parana State, where the key industry is agriculture, serious environmental pollution has been caused because of the lack of an agrototoxic waste management system to deal with the problems associated with technical developments in the agricultural sector. The objectives of this project are: (1) to improve the sanitary environment in the Curitiba metropolitan area, the adjacent coastal area and the surrounding areas, by constructing water supply and sewerage systems in accordance with Parana State's master plan, and (2) to prevent water pollution and soil pollution caused by agrototoxic waste, by constructing a agrototoxic waste management system.

(2) Content of the Project

The content of the Project is as follows:

a. Water supply system construction;

1. i) in the Curitiba metropolitan area
2. ii) in the coastal area
3. iii) in areas around i) and ii)

b. Sewerage system construction;;

1. i) in the Curitiba metropolitan area
2. ii) in the coastal area
3. iii) in areas around i) and ii)

c. Agrototoxic waste management system construction;

d. Consulting services.

(3) Purpose of the Project

The purpose of this environmental project is to improve the sanitary environment for the inhabitants by improving the ratios of households served by the water supply and sewerage treatment systems, and to prevent environmental pollution by collection and treatment of agrototoxic wastes. Especially, in the area around the metropolitan and coastal areas, as the poor depend on water from wells, the project will improve the sanitary conditions for the poor and reduce women and children's burden drawing water. The loan is for civil works, procurement of materials and equipment, and consulting services.

The Borrower is the State of Parana, Federative Republic of Brazil. The Executing Agency is the Companhia de Saneamento do Parana (SANEPAR) (Address: Rua Engenheiros Reboucas, 1376 Curitiba-Parana-Brasil, TEL 55-41-322-2626, FAX 55-41-225-7878).