

CONFORMED COPY

LOAN NUMBER 3018 BR

(Land Management I Project - Parana)

between

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

and

THE STATE OF PARANA

Dated February 15, 1989

LOAN NUMBER 3018 BR

LOAN AGREEMENT

AGREEMENT, dated February 15, 1989 between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank) and THE STATE OF PARANA (the Borrower).

WHEREAS (A) The Federative Republic of Brazil (the Guarantor) and the Borrower, having been satisfied as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, have requested the Bank to assist in the financing of the Project;

(B) by an agreement (the Guarantee Agreement) of even date herewith between the Guarantor and the Bank, the Guarantor has agreed to guarantee the obligations of the Borrower in respect of the Loan and to undertake such other obligations as set forth in the Guarantee Agreement;

(C) The Project shall be carried out by the Borrower through the Secretaria de Estado da Agricultura e do Abastecimento, the Borrower's secretariat of agriculture

and supply (SEAB); and

WHEREAS the Bank has agreed, on the basis, inter alia, of the foregoing, to extend the Loan to the Borrower upon the terms and conditions set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Loan and Guarantee Agreements" of the Bank, dated January 1, 1985, with the last sentence of Section 3.02 deleted (the General Conditions) constitute an integral part of this Agreement.

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "Special Account" means the account referred to in Section 2.02 (b) of this Agreement;

(b) "Central Bank" means the Banco Central do Brasil, the Guarantor's Central Bank established by Lei No. 4595 of December 31, 1964 of the Guarantor;

(c) "SEAB" means Secretaria de Estado da Agricultura e do Abastecimento, the Borrower's secretariat of agriculture and supply;

(d) "SETR" means Secretaria de Estado dos Transportes, the Borrower's secretariat of transport;

(e) "APEPA" means Associacao Paranaense de Empresas de Planejamento Agropecuario, the association of agricultural planning enterprises operating in Parana;

(f) "CAFE do PR" means Companhia Agropecuaria de Fomento Economico do Parana, the Borrower's agricultural company for economic promotion;

(g) "DEFIS" means Departamento de Fiscalizacao da SEAB, a department within SEAB responsible for the monitoring and quality control of seeds and planting materials;

(h) "DER-PR" means Departamento de Estradas de Rodagem do Estado do Parana, the Borrower's road construction and maintenance agency;

(i) "EMATER-PR" means Empresa de Assistencia Tecnica e Extensao Rural do Parana, the Borrower's technical assistance and rural extension company;

(j) "IAPAR" means Instituto Agronomico do Parana, the Borrower's agricultural research institute;

(k) "IPARDES" means Instituto Paranaense de Desenvolvimento Economico e Social, the Borrower's economic and social development institute;

(l) "ITCF-PR" means Instituto de Terras, Cartografia e Florestas do Estado do Parana, the Borrower's land, cartography and forest institute;

(m) "OCEPAR" means Organizacao de Cooperativas do Estado do Parana, the entity that gathers the cooperatives operating in Parana;

(n) "RFFSA" means Rede Ferroviaria Federal, S.A., the Guarantor's rail network company;

(o) "SUREHMA" means Superintendencia de Recursos Hidricos e Meio Ambiente, the Borrower's superintendency for water resources and the environment;

(p) "UFPR" means Universidade Federal do Parana, the Guarantor's university in Parana;

(q) "Executing Agencies" means collectively APEPA, CAFE do PR, DEFIS, DER-PR, EMATER-PR, IAPAR, IPARDES, ITCF-PR, OCEPAR, RFFSA, SUREHMA and UFPR and "Executing Agency" means any one of such Executing Agencies;

(r) "Contractual Arrangements" means, collectively, all the arrangements to be entered into between SEAB and the Executing Agencies pursuant to Section 3.01 (c) of this Agreement and "Contractual Arrangement" means any one of such Arrangements;

(s) "Parana Rural" means the multi-year rural development program referred to in the Borrower's Decree No. 4056 published in the Borrower's Diario Oficial dated October 28, 1988 (the Decree);

(t) "PMISA" means the Borrower's on-going Programa de Manejo Integrado dos Solos e ãgua, an integrated soil and water management program to be expanded under the Project as part of Parana Rural;

(u) "Serra do Mar" means a region covering partly the Project Area, as an environmental reserve, and partly areas in other States of the Guarantor;

(v) "Administrative Unit" or "AU" means Assessoria de Articulacao Setorial, the unit established within SEAB under the Decree for purposes of, inter alia, administering, monitoring and coordinating the implementation of the Project and to be maintained by the Borrower pursuant to paragraph (b) of Section 3.01 of this Agreement;

(w) "Deliberative Commission" means the commission established by the Borrower under the Decree to monitor Parana Rural and to coordinate activities under the Project with other activities under Parana Rural in the terms of the Decree;

(x) "Coordinating Committee" means Camara Tecnica, the committee to be established under Section 3.02 (a) of this Agreement;

(y) "Project Beneficiary" means a farmer resident in a Microcatchment within the Project Area;

(z) "Microcatchment" means microbacia hidrografica, a small watershed or small area bounded peripherally by a water parting and draining ultimately to a particular small watercourse;

(aa) "Project Area" means an area of approximately five million hectares in the State of Parana composed of 2100 Microcatchments;

(bb) "Microcatchment Subproject" means a specific collective or individual land management and soil and water conservation and pollution control plan for a particular Microcatchment, prepared by the applicable SCT (as the term is defined in (gg) below) in accordance with the Technical Manual, agreed upon among the Administrative Unit, the Microcatchment Association in question and the Project Beneficiary or Beneficiaries belonging thereto and affected by the plan in question, and to be implemented by such Association or Project Beneficiaries, or both;

(cc) "Microcatchment Association" means an association of Project Beneficiaries formed under PMISA or to be formed under Part B.2(a) of the Project, for the purpose of planning, preparing in agreement with its affected members and the applicable SCT, and executing, one or more Microcatchment Subprojects;

(dd) "Approved Microcatchment Subproject" means a Microcatchment Subproject with a firm financing plan approved by the Administrative Unit and in respect of which a Grant (as the term is defined in (ii) below) under Part C of the Project has been approved under the procedures set forth in the Operational Manual;

(ee) "Operational Manual" means the manual for the implementation of Part C of the Project approved by the Borrower and furnished to the Bank on October 24, 1988 under cover letter from SEAB;

(ff) "Technical Manual" means the manual referred to in Section 3.02 (b) of this Agreement published pursuant to paragraph (b) (ii) of such Section;

(gg) "SCT" means each soil conservation extension team within EMATER-PR, already established under PMISA or to be established under Part B.I of the Project, and that will provide agricultural extension services to the Project Beneficiaries;

(hh) "Cruzado" means the currency of the Guarantor;

(ii) "Grant" means any subsidy allowed under the Operational Manual for a given Microcatchment Subproject, the proceeds of which have been or will be disbursed from the Soil Conservation Fund under Part C.1 of the Project by the Administrative Unit in partial payment of works, goods or services for the implementation of such Subproject; and

(jj) "FSRMM" means Adicional ao Frete Para a Renovacao da Marinha Mercante - AFRMM, the Borrower's Freight Surcharge for the Renewal of the Merchant Marine established by Decree Law 1.142 of December 30, 1970, as amended to December 31, 1987, or any other tax, levy or charge that, in the reasonable opinion of the Bank, may substitute it, in whole or part, after January 1, 1988.

ARTICLE II

The Loan

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, an amount in various currencies equivalent to sixty-three million dollars (\$63,000,000).

Section 2.02. (a) The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made or, if the Bank shall so agree, to be made in respect of the reasonable cost of goods and services required for the Project described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Loan.

(b) The Borrower shall, for the purposes of the Project, open and maintain in dollars a special account in the Central Bank on terms and conditions satisfactory to the Bank. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 5 to this Agreement.

Section 2.03. The Closing Date shall be March 31, 1997 or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower and the Guarantor of such later date.

Section 2.04. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ($3/4$ of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.

Section 2.05. (a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time at a rate per annum for each Interest Period equal to one-half of one percent per annum above the Cost of Qualified Borrowings for the last Semester ending prior to the commencement of such Interest Period.

(b) As soon as practicable after the end of each Semester, the Bank shall notify the Guarantor and the Borrower of the Cost of Qualified Borrowings for such Semester.

(c) For purposes of this Section:

(i) "Interest Period" means the six-month period commencing on each date specified in Section 2.06 of this Agreement, including the Interest Period in which this Agreement is signed.

(ii) "Cost of Qualified Borrowings" means the cost of the outstanding borrowings of the Bank drawn down after June 30, 1982, expressed as

a percentage per annum, as reasonably determined by the Bank.

(iii) "Semester" means the first six months or the second six months of a calendar year.

Section 2.06. Interest and other charges shall be payable semiannually on April 15 and October 15 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Loan in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

ARTICLE III

Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end, shall carry out the Project through the Administrative Unit, with the participation of each Executing Agency pursuant to the terms of the respective Contractual Arrangements to be entered into therewith, with due diligence and efficiency and in conformity with appropriate administrative, financial, agricultural and land management practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation or restriction upon its other obligations under this Section 3.01, the Borrower shall maintain the Administrative Unit for the purposes of administering, monitoring and coordinating the implementation of the Project as set out in Part A of Schedule 7 to this Agreement and furnish, promptly as needed, the funds, facilities, services and other resources required for that purpose and for purposes of paragraph (a) of Section 3.02 of this Agreement and, furthermore, shall, for the purposes of Parts A, B, F, G and H of the Project, cause its Treasury to provide the resources necessary, including funds, to enable each of the Executing Agencies specified in Schedule 8 to this Agreement to acquire in a timely manner the vehicles, electronic and computer equipment specified in such Schedule.

(c) For the purposes of carrying out the undermentioned Parts of the Project, the Borrower, through SEAB, shall enter into contractual arrangements (the Contractual Arrangements) satisfactory to the Bank, which shall contain, inter alia, the provisions set forth in Schedule 6 to this Agreement with each of the Executing Agencies as follows:

- (i) with IAPAR for the carrying out of Parts A.1, A.3, A.4 and A.5 of the Project;
- (ii) with IAPAR, EMATER-PR, SUREHMA and UFPR for the carrying out of Part A.2 of the Project;
- (iii) with EMATER-PR, OCEPAR and APEPA for the carrying out of Part B of the Project;
- (iv) with DER-PR, through SETR, for the carrying out of Part D of the Project;
- (v) with CAFE do PR, RFFSA and DER-PR for the carrying out of Part E.1 of the Project;
- (vi) with CAFE do PR for the carrying out of Part E.2 of the Project;
- (vii) with ITCF-PR for the carrying out of Part F of the Project;
- (viii) with ITCF-PR and IPARDES for the carrying out of Parts G.1 and G.2 of the Project, respectively, and with said Executing Agencies and EMATER-PR for the carrying out of Part G.4 of the Project;
- (ix) through DEFIS, with EMATER-PR for the carrying out of Part G.3 of the Project; and

(x) with IPARDES for the carrying out of Part H.2 of the Project.

(d) The Borrower shall exercise its rights under each of the Contractual Arrangements in such a manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan, and except as the Bank shall otherwise agree, shall not assign, amend, abrogate, waive or fail to enforce any of the Contractual Arrangements or any provision thereof.

Section 3.02. The Borrower shall, for the purpose of carrying out Part B of the Project:

(a) through the Contractual Arrangement with EMATER-PR, OCEPAR and APEPA, establish and maintain a committee (the Coordinating Committee) for the purpose of defining and coordinating the respective roles of EMATER-PR, OCEPAR and APEPA in the carrying out of such Part of the Project and of establishing annual work programs for the same as set out in Part B of Schedule 7 to this Agreement;

(b) (i) cause IAPAR and EMATER-PR jointly to prepare and furnish to the Bank for comments, not later than July 31, 1989 a technical manual for land management and soil conservation for use by the SCTs; (ii) publish the Technical Manual through SEAB promptly after receiving Bank's notice of its acquiescence thereto; and (iii) cause IAPAR and EMATER-PR to ensure that the Technical Manual, including the provisions of Part C of Schedule 7 to this Agreement, are followed in the execution of the said Part B of the Project.

Section 3.03. (a) The Borrower shall, through the Administrative Unit, carry out Part C of the Project in accordance with the procedures set forth in the Operational Manual, including the timetable therein for the phasing out of the Grants to be awarded under such Part of the Project, and shall not make any change to said Manual or any provision thereof without prior agreement between the Bank and the Borrower.

(b) The Borrower, through the Administrative Unit shall, in order to ensure the adequate implementation of each Approved Microcatchment Subproject, enter into contracts, before making any disbursement in respect or such Subproject, with the corresponding Microcatchment Association or the Project Beneficiaries affected by the Subproject in question, or both, in the terms and conditions prescribed by the Operational Manual, and shall exercise its rights under such contract in such a manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan, and except as the Bank shall otherwise agree, shall not assign, amend, abrogate, waive or fail to enforce any of the said arrangements or any provision thereof except in a manner consistent with the applicable provisions of the Operational Manual.

Section 3.04. (a) The Borrower shall, through SETR, prior to commencing works under Part D of the Project on any section of a rural road, enter into a written agreement satisfactory to the Bank with the municipality having jurisdiction over such road section requiring such municipality to maintain such improved road section and outlining the administrative and financial arrangements for such maintenance.

(b) The Borrower shall furnish to the Bank: draft models of the contracts to be entered into by the Borrower through the Administrative Unit pursuant to Section 3.05 of this Agreement, and through DER-PR for the procurement of erosion control works under Part D of the Project and shall not use them for purposes of the Project unless the Bank has given notice to the Borrower of its acquiescence thereto.

Section 3.05. The Borrower shall cause CAFE do PR: (i) to furnish to the Bank, without limitation or restriction upon the Borrower's respective obligations under Sections 9.09 and 9.06 of the General Conditions: (A) evidence, satisfactory to the Bank, of ownership of the land required for the establishment of the facilities described in Part E of the Project and of all rights thereto; and (B) detailed engineering designs for the works to be carried out thereunder, prior to submitting any documentation to the Bank under Schedule 4 to this Agreement or issuing any invitations to bid in respect of the said Part of Project; and (ii) to enter, not later than December 31, 1989, into a contract, satisfactory to the Bank, with RFFSA setting out, inter alia, the annual tonnages of lime to be transported using the facilities described in Part E of the Project and the charges for such transportation.

Section 3.06. Without limitation or restriction upon its obligations under Section II of Schedule 4 to this Agreement, the Borrower shall furnish to the Bank terms of reference, satisfactory to the Bank, for the studies and inventories described in: (i) Part F.6 (a) of the Project not later than July 31, 1989, and (ii) Part F.6 (b) of the Project not later than June 30, 1990.

Section 3.07. (a) Without limitation or restrictions upon the Bank's rights under Section 9.07 of the General Conditions, the Borrower shall furnish to the Bank for its review and comments:

(i) not later than July 31, 1989 a socio-economic evaluation of the Project Area (the Base-Line Evaluation) of such scope and in such detail as the Bank shall reasonably request;

(ii) not later than two months after the end of each quarter, a report of such scope and in such detail as the Bank shall reasonably request on the progress achieved by the Borrower in general and by each Executing Agency in particular in carrying out the Project during such quarter;

(iii) not later than August 15 in each year, a draft Project work program to be carried out by the Borrower in general and by each Executing Agency in particular during the following year including:

(1) a statement of the objectives to be achieved and of the activities to be undertaken to achieve such objectives;

(2) detailed investment and operating budgets including the Budget proposal submitted to the Borrower's legislative assembly for that year;

(3) detailed staffing, training and other technical assistance plans; and

(4) a procurement plan detailing the goods and services to be procured;

(iv) not later than March 31 in each year:

(1) starting in 1991, an evaluation by the Administrative Unit of CAFE do PR's financial performance in the previous calendar year in respect of the operation of each of the terminals described in Part E of the Project and of the adequacy of the pricing policies of lime by CAFE do PR at its delivery points; and

(2) starting in 1990, an evaluation of the progress achieved in the carrying out of Part C of the Project in the previous calendar year;

(v) not later than July 31, 1993, a mid-term evaluation report of such scope and in such detail as the Bank shall reasonably request, of the progress achieved in carrying out the Project, including assessments of:

(1) the feasibility of accelerating the phasing out of the incentives in the form of grants awarded to Project Beneficiaries to finance Approved Microcatchment Subprojects under Part C of the Project, using for the assessment specific criteria satisfactory to the Bank that shall include the degree of farmer participation and responsiveness in the program under Part C.2 of the Project and the number and amounts of Grants awarded to, and amounts of credits contracted by, the Project Beneficiaries;

(2) the feasibility of private sector involvement in the operation of the terminals described in part E of the Project, including the leasing or selling of one or more of such terminals; and

(3) socio-economic impact of the Project; and

(vi) except as otherwise agreed by the Bank, the report referred to in paragraph (c) of Section 9.07 of the General Conditions shall be presented to the Bank not later than March 31, 1997 (the Ex-post Evaluation) and will include an evaluation of the socio-economic impact of the Project;

(b) without limitation or restriction upon the Bank's rights under Section 9.01 (a) of the General Conditions, the Borrower shall exchange views with the Bank on any remedial or consequential action that may be required by any of the aforesaid reports, promptly upon request from the Bank.

Section 3.08. Except as the Bank shall otherwise agree, procurement of goods, works and consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be governed by the provisions of Schedule 4 to this Agreement.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower shall maintain and cause each Executing Agency to maintain separate records and accounts adequate to reflect in accordance with sound accounting practices the resources and expenditures in respect of the Project.

(b) The Borrower shall:

(i) have such separate records and accounts, and, where appropriate, financial statements (balance sheets, statements of income and expenses and related statements) and the records and accounts for the Special Account for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Bank;

(ii) furnish to the Bank as soon as available, but in any case not later than six months after the end of each such year: (A) certified copies of the aforesaid accounts and financial statements for such year as so audited, and (B) the report of such audit by said auditors, of such scope and in such detail as the Bank shall have reasonably requested; and

(iii) furnish to the Bank such other information concerning said records, accounts and financial statements as well as the audit thereof as the Bank shall from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Loan Account were made on the basis of statements of expenditure, the Borrower shall:

(i) maintain, or cause each Executing Agency to maintain, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;

(ii) retain, or cause each Executing Agency to retain, until at least one year after the Bank has received the audit report for the fiscal year in which the last withdrawal from the Loan Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;

(iii) enable, or cause each Executing Agency to enable, the Bank's representatives to examine such records; and

(iv) ensure, or cause each Executing Agency to ensure, that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

ARTICLE V

Remedies of the Bank

Section 5.01. Pursuant to Section 6.02 (k) of the General Conditions, the following additional events are specified, provided, however, that, if any of the events specified in the following paragraph (c) shall have occurred and be continuing in respect of a Microcatchment Association, the suspension of the Borrower's right to make withdrawals from the Loan Account may be limited to withdrawals in respect of expenditures related to the applicable Approved Microcatchment Sub-project or Sub-projects:

(a) any party to any of the Contractual Arrangements or to the other contracts referred to in paragraph (b) of Section 3.03 or in Section 3.05 (ii) of this Agreement, shall have failed to perform any obligation under the relevant Contractual Arrangement;

(b) the Decree shall have been amended, modified, suspended or repealed so as to materially and adversely affect the implementation of the Project;

(c) the Borrower, or any other authority having jurisdiction, shall have taken any action for the dissolution, disestablishment or suspension of the operations of the Deliberative Commission or of any Executing Agency or Microcatchment Association; and

(d) the Borrower shall have failed or refused to approve the annual Project work program and budget agreed upon by the Bank for any year by December 31 of the preceding year.

Section 5.02. Pursuant to Section 7.01 (h) of the General Conditions, the following additional events are specified:

(a) any of the events specified in paragraph (a), (b) or (d) of Section 5.01 of this Agreement shall occur and shall continue for a period of 60 days after notice thereof shall have been given by the Bank to the Borrower; and

(b) the event specified in paragraph (c) of Section 6.01 of this Agreement shall occur.

ARTICLE VI

Effective Date; Termination

Section 6.01. The following events are specified as additional conditions to the effectiveness of the Loan Agreement within the meaning of Section 12.01 (c) of the General Conditions, namely, that:

(a) this Agreement has been registered by the Central Bank;

(b) the Borrower has entered into a Contractual Arrangement with each of the Executing Agencies in compliance with Section 3.01 (c) of, and Schedule 6 to, this Agreement; and

(c) that all necessary acts, consents and approval to be performed or given by the Guarantor, its agencies or political subdivisions, including the Borrower, by any agency thereof, or otherwise to be performed or given in order to authorize the carrying out of the Project and to enable the Guarantor, the Borrower and each Executing Agency to perform their obligations pursuant to the Guarantee Agreement, the Loan Agreement and the applicable Contractual

Arrangement or Arrangements, respectively, together with all necessary powers and rights in connection therewith, have been performed or given.

Section 6.02. The following are specified as additional matters, within the meaning of Section 12.02 (c) of the General Conditions, to be included in the opinion or opinions to be furnished to the Bank, namely, that:

(a) this Agreement has been duly registered with the Central Bank; and

(b) all the Contractual Arrangements have been duly authorized or ratified by, and executed and delivered on behalf of the relevant Executing Agencies and the Borrower and are legally binding upon the Borrower and the Executing Agencies in accordance with their terms; and

(c) that all necessary acts, consents and approval to be performed or given by the Guarantor, the Borrower, their political subdivisions or agencies, or by any agencies thereof or otherwise to be performed or given in order to authorize the carrying out of the Project and to enable the Guarantor, the Borrower and each Executing Agency to perform their respective obligations pursuant to the Guarantee Agreement, this Agreement and the applicable Contractual Arrangement or Arrangements, together with all necessary powers and rights in connection therewith, have been performed or given.

Section 6.03. The date May 16, 1989 is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VII

Representative of the Borrower; Addresses

Section 7.01. The Secretary of Agriculture and Supply of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Bank:

International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address:

INTBAFRAD
Washington, D.C.

Telex:

440098 (ITT)
248423 (RCA) or
64145 (WUI)

For the Borrower:

Secretaria de Estado da Agricultura
e do Abastecimento
Rua dos Funcionarios, 1559
JUVEVE
80030, Curitiba, Parana, Brasil

Telex:

415226

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ Shahid Husain

Regional Vice President
Latin America and the Caribbean

STATE OF PARANA

By /s/ Alvaro Fernandes Dias

Authorized Representative

SCHEDULE 1

Withdrawal of the Proceeds of the Loan

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Loan, the allocation of the amounts of the Loan to each Category and the percentage of expenditures for items so to be financed in each Category:

Category	Amount of the Loan Allocated (Expressed in Dollar Equivalent)	% of Expenditures to be Financed
(1) Under Part A of the Project:		
(a) Imported laboratory equipment	1,100,000	100% of foreign expenditures
(b) Other goods (not including vehi- cles or electro- nic or computer equipment), works and Incremental Operating Costs of IAPAR	4,300,000	50% until such time as the equivalent of \$2,300,000 has been disbursed from the Loan Account under this sub- category; there- after 30% until such time as the equivalent of \$3,900,000 has been disbursed from the Loan Account under this sub- category; there- after 10%
(2) Under Part B of the Project:		
Goods (not including vehicles or electro- nic or computer equip-	6,700,000	50% until such time as the equivalent of

	ment), works and Incremental Operating Costs of EMATER-PR under Part B of the Project		\$3,600,000 has been disbursed from the Loan Account under this category; thereafter 30% until such time as the equivalent of \$6,100,000 has been disbursed from the Loan Account under this category; thereafter 10%
(3)	Under Part C of the Project:		
	Grants	15,300,000	80%
(4)	Under Part D of the Project:		
	Works and Incremental Operating Costs of DER-PR for the supervision thereof	14,500,000	50%
(5)	Under Part E of the Project:		
	Works and start-up operating expenditures under Part E of the Project	3,200,000	80%
(6)	Under Part F of the Project:		
	Goods (not including vehicles or electronic or computer equipment), materials consultants services and studies and Incremental Operating Costs of ITCF-PR	5,400,000	50%
(7)	Under Part G of the Project:		
(a)	Electronic equipment	200,000	100% of foreign expenditures
(b)	Other goods (not including vehicles, or computer or electronic equipment), Incremental Operating Costs of ITCF-PR, IPARDES and DEFIS and consultants'	2,000,000	50%

services

(8) Under Part H
of the Project:

Goods (not including vehicles, or electronic or computer equipment), services, and Incremental Operating Cost of the Administrative Unit	1,200,000	50% until such time as the equivalent of \$600,000 has been disbursed from the Loan Account under this category; thereafter 30% until such time as the equivalent of \$1,000,000 has been disbursed from the Loan Account under this category; thereafter 10%
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(9) Under Part I
of the Project:

(a) Consultants' services and training abroad	800,000	100% of local expenditures for services of consultants residing within the territory of the Guarantor and 100% of foreign expenditures, including services of consultants other than the aforesaid
(b) Works, materials and other goods (not including vehicles, or electronic or computer equipment)	2,000,000	50%

(10) Unallocated 6,300,000

TOTAL 63,000,000

2. For the purposes of this Schedule:

(a) the term "foreign expenditures" means expenditures in the currency of any country other than that of the Guarantor for goods or services supplied from the territory of any country other than that of the Guarantor;

(b) the term "local expenditures" means expenditures in the currency of the Guarantor or for goods or services supplied from the territory of the Guarantor; provided, however, that if the currency of the Guarantor is also that of another country from the territory of which goods or services are supplied, expenditures in such currency for such goods or services shall be deemed to be "foreign expenditures";

and

(c) "Incremental Operating Costs" means any expenditures made for salaries of staff employed under the Project and for their bona fide employment-related expenses and for the operation and maintenance of vehicles and offices used in the implementation of the Project.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures:

(a) prior to the date of this Agreement, except that withdrawals, in an aggregate amount not exceeding the equivalent of \$2,500,000, may be made on account of payments made for expenditures before that date but after July 7, 1988;

(b) on account of Part D of the Project unless the Borrower has furnished to the Bank the draft models referred to in Section 3.04 (b) of this Agreement; and

(c) for goods the importation of which has been prohibited by the Guarantor.

SCHEDULE 2

Description of the Project

The objectives of the Project are to increase the adoption of sustainable modern forms of land management and soil and water conservation by farmers in the Project Area in order to: (a) improve farm profitability through cost effective and sustainable productivity gains and better land use; (b) halt the depletion of natural resources; and (c) assist SEAB to improve the implementation of and expand PMISA.

The Project shall be carried out in the Project Area and consists of the following parts, subject to such modifications thereof as the Bank and the Borrower may agree upon from time to time to achieve such objectives:

Part A: Adaptive Research

Executing Agencies: IAPAR, EMATER-PR, SUREHMA and UFPR

Strengthening IAPAR's adaptive research capacity including:

1. About 470 field research trials on crop nutrition, alternative cultivation practices, small-scale mechanization, weed and pest control, and fruit and forest husbandry;
2. Detailed resource and socio-economic monitoring of five selected Microcatchments in the Project Area;
3. Production of green manure seeds on about 100 hectares annually;
4. Construction and equipping of a 200 hectare research station in the vicinity of Umuarama; and
5. Rehabilitation of existing IAPAR research stations including replacement of obsolete machinery and equipment.

Part B: Extension Services

Executing Agencies: EMATER-PR, OCEPAR, APEPA

Expansion of extension services commenced under PMISA through:

1. Establishment of additional 167 SCTs and provision of field equipment to same and to existing SCTs, and construction or rehabilitation and equipping of 8 regional and 67 local offices for said additional SCTs in locations where existing work space therefor is inadequate; and
2. Extension services either from EMATER-PR or other sources such as OCEPAR and APEPA to about 165,500 Project Beneficiaries to assist them to:

(a) organize and formalize new Microcatchment Associations;

(b) prepare, with the participation of the corresponding Microcatchment Association, land management, soil and water conservation and pollution control plans (Microcatchment Subprojects) for each microcatchment;

(c) apply for collective (through a Microcatchment Association) or individual Grants under Part C of the Project and for on-farm investment credit from public or commercial financial institutions where necessary, all in connection with the implementation of Microcatchment Subproject; and

(d) implement each Approved Microcatchment Subproject.

Part C: Incentives Program for Collective Land Management Soil Conservation and Pollution Control Works

To be executed by: SEAB/AU

1. Establishment and administration through annual adequate allocations in, and appropriations from, the Borrower's budget, of a Soil Conservation Fund that will provide financial assistance in the form of Grants to Microcatchment Associations, or Project Beneficiaries or groups thereof, or both, to be disbursed directly by the Administrative Unit in accordance with the Operational Manual and for purposes of each Approved Microcatchment Subproject.

2. Implementation of a seven-year program of Approved Microcatchment Subprojects of any one or more of the following types in as many Microcatchments in the Project Area as feasible:

(a) Investments undertaken by groups of Project Beneficiaries:

(i) purchase and utilization of specific farm equipment to undertake reduced tillage and green manuring, and

(ii) construction of cattle water supply systems or Agro-chemicals mixing points, both to avoid river pollution.

(b) Individual on-farm investments undertaken collectively by Project Beneficiaries:

(i) collective undertaking of land management practices (such as vegetative contours using Vetiver grass, stonewalls, bunding and terracing); and

(ii) purchase and utilization of green manure crop seeds and of Bracatinga seeds and Eucalyptus seedling for commercial reforestation. (See Part F.2 of Project).

Part D: Erosion Control Works along Rural Roads

To be executed by SEAB/AU with DER-PR as Executing Agency

Rehabilitation of about 13,800 kilometers of gravelled or earth-surfaced roads servicing Project Area including realignment with regravelling, in respect of about 1,600 kilometers or simple resurfacing, and other erosion control works in order to reduce soil erosion, in respect of the remainder.

Part E: Lime Distribution Facilities

Executing Agencies: CAFE do PR, DER-PR and RFFSA

Works on rail terminal facilities in order to reduce transport costs of lime through increased use of rail transport including:

1. Installation of a main loading terminal at Araucaria with a yearly capacity of about 1,300,000 tons of lime and of 4 unloading terminals at Apucarana, Cianorte,

Guarapuava and Uniao da Vitoria with yearly capacities of between 150,000 and 330,000 tons of lime and preparation of embankments for the construction of rail tracks from the main line to the terminals, laying down of rail tracks and construction of access roads to terminals;

2. Operation and maintenance of the terminals described in sub-paragraph 1 hereof, including provision of working capital for the start-up operating expenditures of the facility.

Part F: Forestry Development and Environmental Studies

Executing Agency: ITCF-PR

Development and expansion of the Borrower's commercial and conservation forestry programs through:

1. Rehabilitation of ITCF-PR's existing nurseries, construction of a seed laboratory and provision of technical assistance to municipal and private nurseries;

2. Production and collection of about 19 tons of seeds and about 186,000,000 seedlings, and sale thereof to Project Beneficiaries, for commercial use in connection with Microcatchment Subprojects under Part C.2 of the Project, and production of about 33,000,000 seedlings for planting for soil and water conservation in microcatchments or in the Borrower's forest reserves;

3. Acquisition and utilization by ITCF of materials required for the foregoing;

4. Improvement of protection and management of 25 existing state parks and forest reserves;

5. Construction of infrastructure required for the foregoing including 12 park administration centers, 28 guard houses, 5 control towers, 3 fauna breeding centers, fences, and recreational infrastructure; and

6. Environmental protection activities, as follows:

(a) studies on and inventories of the portion of the Project Area in the Parana Section of the Serra do Mar known as the Marumbi Protected Area, and construction of infrastructure required for the foregoing including 3 field posts and one environmental administrative/training center and fencing;

(b) inventories and mapping of areas in the aforesaid section of Serra do Mar outside the Marumbi Protected Area; and

(c) acquisition and utilization of technical assistance services for the above.

Part G: Land Use Monitoring and Control

To be executed by SEAB/AU with ITCF-PR, IPARDES, DEFIS and EMATER-PR as Executing Agencies

1. Establishment by ITCF-PR of a land use monitoring system using remote sensing and field data collection to map changes in land use and condition at regular intervals.

2. Establishment by IPARDES of a thematic mapping system to provide an integrated tool to assist the Borrower in future land use planning and recommendations.

3. Strengthening of DEFIS land use inspection service to improve enforcement of the Borrower's laws for the protection of natural resources, to control the use of grants awarded under Part C of the Project, and to establish quality control of planting materials provided under the Project.

4. Acquisition and utilization of mapping materials and equipment required for above activities and provision of training and technical assistance to ITCF-PR, IPARDES and DEFIS staff.

Part H: Project Administration, Monitoring and Evaluation

To be executed by SEAB/AU with IPARDES as Executing Agency

1. Establishment and operation of the Administrative Unit including:
 - (a) Provision of office equipment; and
 - (b) staffing of the Administrative Unit.
2. Project evaluation activities pursuant to paragraphs (a) (i), (a) (v) and (a) (vi) of Section 3.07 of this Agreement.

Part I: Training

To be executed by SEAB/AU with EMATER-PR, IAPAR, DEFIS, and IPARDES as Executing Agencies

1. Expansion of existing and construction of 2 additional training centers and equipping of said training centers.
2. Production of the Operational Manual and Technical Manual, and updating thereof, if warranted, for use, inter alia, in undermentioned activities.
3. Provision of training to SCTs, staff of Executing Agencies Project Beneficiaries and private extensionists as provided for in the Contractual Arrangements with OCEPAR and APEPA to be entered into pursuant to Section 3.01 (c) (iii) of this Agreement, to facilitate implementation of the Project, through technical assistance, courses, seminars, meetings, field trips and field demonstrations.

* * *

The Project is expected to be completed by September 30, 1996.

SCHEDULE 3

Amortization Schedule

Date Payment Due	Payment of Principal (expressed in dollars)*
On each April 15 and October 15	
beginning October 15, 1994 through April 15, 2004	3,150,000

* The figures in this column represent dollar equivalents determined as of the respective dates of withdrawal. See General Conditions, Sections 3.04 and 4.03.

Premiums on Prepayment

The following premiums are specified for the purposes of Section 3.04 (b) of the General Conditions:

Time of Prepayment	Premium
	The interest rate (expressed as a percentage per annum) applicable to the balance outstanding on the Loan on the day of prepayment multiplied by:
Not more than three years before maturity	0.20
More than three years but not more than six years before maturity	0.40
More than six years but not more than eleven years before maturity	0.73
More than eleven years but not more than thirteen years before maturity	0.87
More than thirteen years before maturity	1.00

SCHEDULE 4

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

Part A: International Competitive Bidding

Except as provided under Part C hereof, works and goods shall be procured under contracts awarded in accordance with procedures consistent with those set forth in Sections I and II of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1985 (the Guidelines) and goods and works in respect of Part E.1 of the Project shall be procured under a single such contract.

Part B: Preference for Domestic Manufacturers

In the procurement of goods in accordance with the procedures described in Part A hereof, goods manufactured in Brazil may be granted a margin of preference in accordance with, and subject to, the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraphs 1 through 4 of Appendix 2 thereto, provided however, that:

(a) All bidding documents for the procurement of goods shall clearly indicate any preference which would be granted, the information required to establish the eligibility of a bid for such preference and the following methods and stages that will be followed in the evaluation and comparison of bids.

(b) After evaluation, responsive bids will be classified in one of the following two groups:

(1) Group A: bids offering goods manufactured in Brazil if the bidder shall have established to the satisfaction of the Borrower and the Bank that such goods contain components manufactured in Brazil equal to at least 50% of the value of the complete goods.

(2) Group B: bids offering any other goods.

(c) In order to determine the lowest evaluated bid of each group, all evaluated bids in each group shall first be compared among themselves, without taking into account customs duties and other import taxes levied in connection with the importation, or the sales and similar taxes levied in connection with the sale or delivery of the goods, pursuant to the bids. Such lowest evaluated bids shall then be compared with each other, and if, as a result of this comparison, a bid from group A is the lowest, it shall be selected for the award.

(d) If, as a result of the comparison under paragraph (c) above, the lowest evaluated bid is a bid from group B, all group B bids shall be further compared with the lowest evaluated bid from group A after adding: (i) to the evaluated bid price of goods to be imported in each group B bid an amount equal to the smaller of: (A) the amount of customs duties and other import taxes which a non-exempt importer would have to pay for the importation of the goods offered in such group B bid; or (B) 15% of the c.i.f. bid price of such goods; and (ii) to the ex-factory bid price of goods supplied domestically offered in each group B bid an amount equal to the smaller of: (A) the amount of customs duties and other import taxes which would be levied on the goods offered in such group B if they originated from the same foreign country as the bid included in group B which enjoys the lowest customs duties and other import taxes; or (B) 15% of the ex-factory bid price of such goods. If, as a result of this comparison, the bid from group A is the lowest, it shall be selected for the award; if not, the lowest evaluated bid from group B, as determined under paragraph (c) above, shall be selected for the award.

Part C: Other Procurement Procedures

1. Works estimated to cost less than the equivalent of \$500,000, up to an aggregate amount not to exceed the equivalent of \$45,700,000 and goods estimated to cost less than the equivalent of \$250,000 up to an aggregate amount not to exceed the equivalent of \$10,200,000, may be procured on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Bank.

2. Notwithstanding the provisions of paragraph 1 above, works under Microcatchment Subprojects or under Part D, which are small and scattered throughout the Project Area, and to the extent they do not exceed in the aggregate the equivalent of \$19,400,000 may be executed under force account of SEAB or the Executing Agency in question.

Part D: Review by the Bank of Procurement Decisions

1. Review of invitations to bid and of proposed awards and final contracts:

(a) With respect to each contract for civil works estimated to cost the equivalent of \$250,000 or more, and for goods or services estimated to cost the equivalent of \$150,000 or more, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract required to be furnished to the Bank pursuant to paragraph 2 (d) of the said Appendix shall be furnished to the Bank prior to the making of the first payment out of the Special Account in respect of such contract.

(b) With respect to each contract not governed by the preceding paragraph, the procedures set forth in paragraphs 3 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract together with the other information required to be furnished to the Bank pursuant to said paragraph 3 shall be furnished

to the Bank as part of the evidence to be furnished pursuant to paragraph 4 of Schedule 5 to this Agreement.

(c) The provisions of the preceding subparagraphs (a) and (b) shall not apply to contracts on account of which the Bank has authorized withdrawals from the Loan Account on the basis of statements of expenditure. Such contracts shall be retained in accordance with Section 4.01 (c) (ii) of this Agreement.

2. The figure of 20% is hereby specified for purposes of paragraph 4 of Appendix 1 to the Guidelines.

Section II. Employment of Consultants

In order to assist the Borrower in carrying out the Project, the Borrower shall employ consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Bank. Such consultants shall be selected in accordance with principles and procedures satisfactory to the Bank on the basis of the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency" published by the Bank in August 1981.

Section III. Other Provisions

For purposes of this Schedule and the Guidelines, the term "custom duties and other import taxes" includes FSRMM.

SCHEDULE 5

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories set forth in the table in paragraph 1 of Schedule 1 to this Agreement other than Category 10;

(b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Loan allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term "Authorized Allocation" means an amount equivalent to \$3,000,000 to be withdrawn from the Loan Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule.

2. Payments out of the Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

3. After the Bank has received evidence satisfactory to it that the Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:

(a) For withdrawals of the Authorized Allocation, the Borrower shall furnish to the Bank a request or requests for a deposit or deposits which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit in the Special Account such amount or amounts as the Borrower shall have requested.

(b) (i) For replenishment of the Special Account, the Borrower shall furnish to the Bank requests for deposits into the Special Account at such intervals as the Bank shall specify.

(ii) Prior to or at the time of each such request, the Borrower shall furnish to the Bank the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Special Account such amount as the Borrower shall

have requested and as shall have been shown by said documents and other evidence to have been made out of the Special Account for eligible expenditures. All such deposits shall be withdrawn by the Bank from the Loan Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Borrower out of the Special Account, the Borrower shall, at such time as the Bank shall reasonably request, furnish to the Bank such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Bank shall not be required to make further deposits into the Special Account:

(a) if, at any time, the Bank shall have determined that all further withdrawals should be made by the Borrower directly from the Loan Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement; or

(b) once the total unwithdrawn amount of the Loan allocated to the eligible Categories less the amount of any outstanding special commitment entered into by the Bank pursuant to Section 5.02 of the General Conditions with respect to the Project, shall equal the equivalent of \$6,000,000, twice the amount of the Authorized Allocation.

Thereafter, withdrawal from the Loan Account of the remaining unwithdrawn amount of the Loan allocated to the eligible Categories shall follow such procedures as the Bank shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Bank shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Bank shall have determined at any time that any payment out of the Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; and (ii) was not justified by the evidence furnished to the Bank, the Borrower shall, promptly upon notice from the Bank: (A) provide such additional evidence as the Bank may request; or (B) deposit into the Special Account (or, if the Bank shall so request, refund to the Bank) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Bank shall otherwise agree, no further deposit by the Bank into the Special Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Bank shall have determined at any time that any amount outstanding in the Special Account will not be required to cover further payments for eligible expenditures, the Borrower shall, promptly upon notice from the Bank, refund to the Bank such outstanding amount.

(c) The Borrower may, upon notice to the Bank, refund to the Bank all or any portion of the funds on deposit in the Special Account.

(d) Refunds to the Bank made pursuant to paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the Loan Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

SCHEDULE 6

Terms and Conditions to be included in Contractual Arrangements

The Contractual Arrangements to be entered into between the Borrower, through SEAB and the Executing Agencies shall, inter alia:

(a) set out execution guidelines, targets and procedures, including funding

conditions linked to performance criteria for the implementation of the Part of the Project to be implemented by each Executing Agency and for the coordination of the activities thereof with those of other Executing Agencies in respect of the different Parts of the Project;

(b) provide for the obligations of each Executing Agency to submit periodic progress reports, annual work programs and budgets and a project completion report to the Administrative Unit in accordance with the provisions of this Agreement and of the General Conditions;

(c) provide that procurement procedures shall be consistent with those set forth in Schedule 4 to the Agreement and in the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1985 (the Guidelines);

(d) provide for the obligation of each Executing Agency to comply, where applicable, with the provisions of this Agreement and, particularly, those of Article IV thereof; and

(e) set out a clear and expeditious mechanism for the flow of funds from the Borrower to the Executing Agency and from the Loan Account or Special Account to said Agency or to its contractors or suppliers, or both.

SCHEDULE 7

Provisions relating to the Administrative Unit, the Coordinating Committee and the Soil Conservation Extension Teams

A. The Administrative Unit

1. Composition

The Administrative Unit shall be maintained within SEAB with organization, structure and functions satisfactory to the Bank, including a general coordinator assisted by competent staff in adequate numbers whose qualifications, experience and performance shall be satisfactory to the Bank.

2. Functions

The Administrative Unit shall, inter alia:

(a) review the annual work programs and budgets prepared by each of the Executing Agencies, prepare consolidated annual Project work programs and budgets and submit same to the Deliberative Commission for approval and consolidation with those under Parana Rural and with the applicable Borrower's budget;

(b) implement the decisions of the Deliberative Commission;

(c) administer and manage Parts C (including processing and administering of Grants thereunder), D, G, H and I of the Project;

(d) coordinate the various activities to be carried out under the Project;

(e) monitor and periodically evaluate the progress of the Project;

(f) prepare quarterly progress monitoring reports;

(g) prepare consolidated financial accounts in respect of Project; and

(h) review the Project completion reports to be prepared by each Executing Agency and prepare a consolidated project completion report for submission to the Bank pursuant to Section 9.07 (c) of the General Conditions.

B. The Coordinating Committee

1. Composition

The Coordinating Committee shall be composed of representatives from EMATER-PR, OCEPAR and APEPA.

2. Functions

The Coordinating Committee shall define and coordinate the respective roles of EMATER-PR, OCEPAR and APEPA in carrying out Part B of the Project.

C. SCTs

1. Composition

Each SCT shall be composed of one senior and at least one medium-level technician from EMATER-PR.

2. Functions

The SCTs shall take all necessary steps to induce the formation of a Microcatchment Association in each Microcatchment, and shall:

(a) abiding by the provisions of the Technical Manual and under the supervision and support of the relevant EMATER-PR regional office staff, assist the corresponding Microcatchment Association to:

- (i) formulate Microcatchment Subprojects including:
 - (A) technical targets for each Project Beneficiary who is a member of the Microcatchment Association in question and is affected by the Subproject in question; and
 - (B) written farm plans and credit applications where necessary;
- (ii) submit applications for grants under Part C of the Project in accordance with the procedures set out in the Operational Manual; and
- (iii) implement the Approved Microcatchment Subproject in question; and
- (b) prepare, in respect of Part B of the Project:
 - (i) monthly progress reports for submission to the Administrative Unit;
 - (ii) consolidated annual work programs and budgets; and
 - (iii) a consolidated project completion report.

SCHEDULE 8

Vehicle and Electronic and Computer Equipment Acquisitions

Executing Agency	Type of Vehicle	Number
(As defined in Section 1.02 of this Agreement)		
IAPAR (Part A of the Project)	(Crawler Tractor)	1
	(Wheel Tractor)	15
	(Pickup)	65
	(Minibus)	7
	(Truck)	8
	(Sedan (type 1))	23
	(Sedan (type 2))	55
EMATER-PR (Part B of the Project)	Sedan (type 2)	250

ITCF-PR (Part F of the Project)	(Wheel Tractor	10
	(Pickup	26
	(Minibus	1
	(Truck	19
	(Sedan (type 2)	27
	(Sedan (type 3)	1
ITCF-PR/IPARDES (Parts G.1 G.2 and G.4 of the Project)	(Power Boat	1
	(Sedan (type 2)	15
DEFIS (Parts G.3 and G.4 of the Project)	(Sedan (type 2)	23
SEAB/AU (Part H of the Project)	(Sedan (type 3)	2
IAPAR (Part A of the Project)	Minicomputer with printing accessories	15
ITCF-PR (Part G.1 and G.4 of the Project)	(Electronic Equipment	1 set
	(of 30
	(items
	(Microcomputer	1
SEAB/AU (Part H of the Project)	Microcomputer	1

