

## Yen Loan to Improve Living Conditions - For a Clean Sea -

OECF (President, Chairman of the Board, Akira Nishigaki) is providing Brazil with a Loan for the Todos Os Santos Bay Environmental Sanitation Project amounting to 7,895 million yen. The Loan Agreement was signed today, in the presence of H.E. Mr. Antonio Kandir, Minister of Planning and Budget of Brazil, by H.E. Mr. Paulo Ganem Souto, Governor of the State of Bahia, 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 186,875 million yen (11 commitments).

The amount and conditions of the Loan are as follows.

### 1. Loan amount and conditions

Project	Amount (Million Yen)	Interest Rate (% p.a.)	Repayment Period (years)	Tying Status
Todos Os Santos Bay Environmental Sanitation Project	7,895	4.0 (2.3)*	25/7	General-Untied

\*consulting services

### 2. Project Description

Todos Os Santos Bay Environmental Sanitation Project

#### (1) Need for the Project

Salvador City, the capital of the State of Bahia (state population: 11.8 million) in the east-north of Brazil, is located in the Todos Os Santos Bay area. The population of metropolitan Salvador (10 cities, including Salvador City) grew rapidly from the middle of the 1960s to the mid-1970s. Rapid urbanization and industrialization seriously worsened conditions in and around metropolitan Salvador. Especially, waste water from houses and factories currently flows untreated into the Todos Os Santos Bay, and as a result, living conditions in what is also a tourist area, are getting worse. This project is urgently needed to improve the sanitary level of the Todos Os Santos Bay, a closed bay, by construction of sewage treatment plants, intensified monitoring of pollution, improved education about hygiene and sanitation conditions, and development of model water quality management.

This project is co-financed with the Inter America Development Bank (IDB), with the OECF portion being located in two areas of Salvador City itself in which conditions are particularly bad because of the dramatic increase in the population.

#### (2) Content of the Project

The contents of the OECF portion of the **Bahia Azul Program (\*)** are construction of the Salvador Sewage System (Comercio and Jaguaribe sub-systems) and consulting services for project supervision.

The project consists of the following:

1. Construction of trunk lines (38km)
2. Construction of pumping stations (21units)
3. Construction of conventional collecting sewerage lines (322km)
4. Construction of house connections (39,600units)
5. Construction of a non-conventional sewerage system: neighborhood-type (87km)
6. Construction of neighborhood system house connections (38km)

(\*) "**Bahia Azul Program**" is an integrated program to improve sanitary conditions in metropolitan Salvador. The objectives of this Program are: to raise the percentage of houses, factories, etc., in metropolitan Salvador served by the sewerage system, to improve water quality in the rivers and along the coast in the city and to solve the environmental problem in metropolitan Salvador, by construction of the potable water and sewerage water systems, sanitary disposal of waste and improvement of the related organizations. The total cost of this Program is 600 million dollars. The other donors are the World Bank and the IDB. The Todos Os Santos Bay Environmental Sanitation Project, which is jointly financed by the OECF and the IDB (total project cost: 440 million US\$), is part of the Bahia Azul Program.

#### (3) Purpose of the Project

The purpose of this project is to improve the environment and to preserve tourism resources by improving water quality in Todos Os Santos Bay.

On completion of this project, it is expected that sewerage system diffusion in Salvador (currently 26%) will be 82%, and the beach area sanitary safe for swimming will be expanded, with reduction of the risk of epidemics and improved water quality. These improvements are an essential part of maintenance of the area's tourism resources and the preservation of water quality. In addition, expansion of the sewerage system will result in improved sanitary conditions and welfare generally. This project will also promote women's participation in solving the problem of sanitary conditions by improved education on these matters.

The loan is for civil works, procurement of materials and equipment, and consulting services.

The Executing Agency is the Secretaria de Recursos Hidricos, Saneamento e Habitacao (SRHSH) (address : Centro Administrativo da Bahia-CAB CEP-41.146-800, TEL 55-71-371-0634,55-71-370-1570, FAX 55-71-371-0598).