

JBIC Signs ODA Loan with Water Utility in Brazil

--Supporting the Largest Water Utility in Latin America to Improve Sanitary Situation in the Coastal Region of São Paulo--

1. Japan Bank for International Cooperation (JBIC; Governor: Kyosuke Shinozawa) signed today an ODA loan totaling 21.32 billion yen with Companhia de Saneamento Básico do Estado de São Paulo (SABESP), the water and sanitation utility owned by São Paulo State, for the Sanitation Improvement Project for the Baixada Santista Metropolitan Region.
2. This loan will finance the improvement and expansion of the sewage system and the development of an environmental monitoring system, which is indispensable for water quality management, as well as consulting services in order to upgrade the living environment of the local population through improved water quality in the fast-developing coastal region of Baixada Santista in the State of São Paulo, Brazil.
3. Although Brazil is endowed with the most abundant water resources in the world (in terms of water flow), the country's river and sea water is plagued by increasing pollution. Especially in the coastal region of the State of São Paulo, which is the center of the Latin American economy, the population has been growing sharply in recent years and wastewater is discharged untreated into the river and sea. As a result, the deteriorating water quality has been affecting the living environment of the local population ever more seriously year on year. It is against this backdrop that the Project will be undertaken. It will enable SABESP to treat domestic wastewater from 120,000 households, thereby helping to improve sanitation in the coastal region of São Paulo.
4. At the World Summit on Sustainable Development (WSSD) held in Johannesburg in September 2002, the Governments of Japan and the United States jointly launched the Clean Water for People Initiative. Under this Initiative, the Government of Japan adopted the policy of supporting the development of sewage systems in urban areas where the population is concentrated and the proportion of households with access to sewerage is low. The provision of an ODA loan for this Project is based on this policy. The United Nations designated the period from 2005 to 2015 the International Decade for Action, "Water for Life", thereby recognizing the resolution of increasingly serious water problems across the world as the most important issue in the 21st century. In this context, continued efforts are called for to resolve global water problems.
5. The coastal region of São Paulo includes the Port of Santos where in 1908 Japanese immigrants aboard the Kasato Maru first landed. Today there is a total of 1.4 million Japanese-Brazilian descendants, forming the largest community of foreign nationals of Japanese descendants in the world. Thus this region encapsulates a rich piece of history connecting Japan with Brazil.

(See Reference for details.)

1. Loan Amount and Terms

Project Name	Amount (Mil. Yen)	Interest Rate (% per annum)		Repayment Period/Grace Period (Year)	Procurement
		Project	Consulting Service		
Sanitation Improvement Project for Baixada Santista Metropolitan Region	21,320	2.5(1.8*)	1.8*	25/7	General Untied

* The preferential interest rate for environmental projects is applied to part of the physical project component and consulting services.

2. Project Description

Sanitation Improvement Project for Baixada Santista Metropolitan Region

(1) Project Background and Necessity

The coastal region of Baixada Santista in the State of São Paulo is rapidly developing basic infrastructure such as roads and power grids in line with its growing population in recent years. However, the region is lagging considerably in the development of sewerage because its geographic circumstances necessitate large-scale investment. Untreated wastewater discharged into the river and sea is seriously affecting the water quality. A study in 2003 monitoring the quality of water at 242 points in the coastal region found that the quantity of colitis bacteria exceeded São Paulo's water quality standards at 202 points, or more than 80% of all the points covered in the study. Water pollution is thus causing deterioration in the living environment of the local population.

The water supply system's existing water intake, transmission and treatment facilities have also reached capacity, requiring additional investments to meet the needs arising from a further increase in population.

(2) Project Purpose and Description

The purpose of this Project is to improve the sanitary situation in the coastal region of Baixada Santista by constructing an environmental monitoring system thereby rehabilitating the sewage system. The Project's components are: improvement of sewage facilities and development of an environmental monitoring system, which is indispensable for the management of water quality (both financed by this ODA loan); and development of the potable water supply system financed by the project executing agency. Specifically, the ODA loan will support the improvement of nine wastewater treatment plants, the construction of 78 pumping stations, the laying of major sewer pipes for a total of about 100 kilometers, the laying of the network of sewage collection pipes for a total of around 992 kilometers, and the installation of automatic water quality monitoring devices at about 30 points in the coastal region for the central monitoring center to keep an eye on the water quality in the entire region.

The executing agency is Companhia de Saneamento Básico do Estado de São Paulo (SABESP).

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