

## Signing of Japanese ODA Loan with Federative Republic of Brazil

–Supporting efficient water resource use in São Paulo State with the largest water and sanitation company in Latin America–

1. Today, the Japan International Cooperation Agency (JICA) signed a Japanese ODA loan agreement with Companhia de Saneamento Básico do Estado de São Paulo (SABESP or the Basic Sanitation Company of the State of São Paulo) of Brazil to provide a loan of up to 33.584 billion yen for the Non Revenue Water Control Project in São Paulo State.

2. This loan will provide the funding necessary for improvements to water infrastructure and consulting services with the aim of meeting the water demand in a stable manner through the efficient use of existing water resources over the entire state of São Paulo in Brazil. The funds from this Japanese ODA loan will be allocated to the replacement of water pipes and measures for leaks in the target region, as well as to consulting services.

3. Although the water service rate has reached about 90 percent in urban areas of Brazil, the rate at which the water produced is lost and does not reach beneficiaries due to leaks, theft and water meter failure (hereinafter referred to as "non-revenue water ratio") is an average of 37 percent for the country overall, making the efficient use of existing water resources an issue to be addressed.

4. São Paulo State is a metropolitan region with an economic scale equivalent to more than one-third of the nation's gross domestic product, and the size of its economy and population is increasing each year accompanying the steady economic growth of Brazil, leading to an increase in water demand. The amount of existing water resources in São Paulo State is limited to a mere 1.6 percent of the country overall, and the non-revenue water ratio is approximately 32 percent, meaning that one-third of the water being supplied is lost.

5. By decreasing this large non-revenue water ratio and using existing water resources more efficiently in response to increasing water demand, no new water resources will need to be developed, reducing the undesirable impact on the natural environment that such development entails. It is also expected that decrease in the non-revenue water ratio will contribute to increasing water revenue, providing administrative stability for public water projects.

6. Under this project, JICA will provide assistance for a project to support measures implemented by SABESP from 2012 to 2016 to address the non-revenue water ratio as a part of the Water Loss Reduction Corporate Program, aiming for a stable water supply in São Paulo State, where water resources are scarce, through more efficient water supply projects in the region.

7. SABESP is the largest water company in Latin America, providing water and sewer services to approximately 27 million people, two-thirds of the population of São Paulo State, which holds approximately 22 percent of the entire population of Brazil. JICA has provided technical cooperation to SABESP over a period of many years in fields such as residential wastewater treatment and non-revenue water measures. Given the great success in improving the non-revenue water management techniques of Brazilian specialists seen through the Project for Capacity Development on Non Revenue Water Control for SABESP (2006-2010), in which a transfer of technology was made in management techniques and human resource training in relation to unaccounted water measures, it is expected that continued development will result from this Japanese ODA project. Using non-revenue water management techniques transferred from Japan, JICA and SABESP have jointly provided technical cooperation (triangular cooperation) to nearby South American countries, and SABESP has become an international cooperation partner in a various types of international cooperation: technical cooperation, Japanese ODA loans and triangular cooperation. Given these contributions to international cooperation projects, SABESP was awarded the seventh JICA Recognition Award for International Cooperation in 2011, which was presented with the signing of this agreement.

8. More than a century has already passed since the first emigrants left from Japan for Brazil aboard the Kasato Maru in 1908. Today, a large number of talented individuals descended from those people are contributing to Brazil's development. Home to more than half of the 1.5 million people that make up the ethnic Japanese community in Brazil, São Paulo State has an established history of Japanese immigration, and has always had a deep and intimate connection with Japan. The work to be done in this area is also expected to serve to further strengthen the bond of friendship between Japan and Brazil.



Signing ceremony

## Reference

### 1. Terms and Amounts of Loan

Project title	Amount (million yen)	Annual interest rate (%)		Repayment (years)	Deferment period (years)	Procurement
		Project	Consulting services			
Non Revenue Water Control Project in São Paulo State	33,584	1.7	0.01	25	7	General untied

### 2. Project Summaries

#### Non Revenue Water Control Project in São Paulo State

##### Executing Agency

Companhia de Saneamento Básico do Estado de São Paulo (SABESP)  
Address: Rua Costa Carvalho, 300, São Paulo/SP CEP 05429-000, Brazil  
Phone/fax: +55 (11) 3388-8247

##### Planned Implementation Schedule

- (i) Completion of project: July 2016 – when the facilities go into service
- (ii) Issuing of letters of invitation for consulting services (including detailed design work): March 2012
- (iii) Tender announcement of initial procurement package for international competitive bidding on project construction:  
National competitive tendering is planned to be used.