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### **Murky prospects for Brazilian sanitation**

By Jonathan Wheatley

Cautious visitors to Brazil's magnificent beaches may wish to consult a survey carried out by Inmetro, the government standards office. It measures the level of faecal coliform bacteria found in seawater.

In a recent survey, most resorts were found safe. But in places along Rio de Janeiro's glamorous seafront, the level of bacteria was more than eight times the safe limit. At some beaches on São Paulo state's crowded coast, the level was more than 16 times the limit.

However, the situation is far worse for the poor living in Brazil's overcrowded cities. Just one in four Brazilian households is connected to any kind of sewage system. The rest goes untreated into rivers, lakes or the sea.

"The population knows that sanitation is a priority and they voted for the candidate who said clearly he would do something about it," says Wilson Passeto of Agua e Cidade (Water and City), a non-government organisation that campaigns on sanitation.

Luis Inácio Lula da Silva of the leftwing Workers party (PT), winner of October's presidential election, made sanitation a central issue of his campaign. Many in the sector now hope Mr Lula da Silva will promote not only investment but also a far-reaching overhaul of Brazil's water and sewage industries.

Limited progress was made under the administration of president Fernando Henrique Cardoso. About 40 private concessions were granted amid much political indecision. And a National Waters Agency (ANA) was established, responsible for overseeing water

quality in rivers.

Jerson Kelman, ANA president, says one fundamental change concerns the way money is invested in sewage treatment to avoid corruption and waste.

"We don't do contracts with construction companies," he says, "only with service providers. The only thing that interests me is paying x amount of money for each cubic meter of treated sewage."

Seventeen treatment plants have been contracted in this way, involving investments of R\$140m (US\$40m). But Brazil's sanitation needs are far greater. Mr Kelman says at least R\$30bn must be spent on sewage treatment alone.

One reason for the shortfall is the chaotic state of Brazil's water industry. The current model was introduced in 1970, when responsibility for water and sewage was handed to the country's 5,500 municipal governments. Twenty-seven public water companies, one for each state in the federation, were established and most municipalities awarded contracts to them. About 1,500 local councils decided to provide services themselves, or to create local public companies. All contracts, by law, were to last 30 years.

Due to the scant respect paid to the law by Brazilian local government at the time, many companies have been providing water services since without signing a contract. With a few notable exceptions, the companies suffer from chronic mismanagement, are heavily indebted and operate at a loss.

Mr Lula da Silva has made much of his intention to solve policy problems by negotiation between all interested parties. He can therefore be expected to promote another fledgling initiative, the River Basin Committees. Formed by local government, water companies and NGOs, these set charges for water use and fines for pollution, and decide how the resulting funds should be spent. Only one or two committees are operational, though many more are in preparation.

While some in the industry are enthusiastic about the committees, others hold out less hope. "They are crippled by political rivalries. And the funds they will raise won't be enough to solve the problem,"

says one senior executive.

Fernando Mangabeira, president of Águas de Limeira, a private concession holder in Limeira, São Paulo state, says that neither the committees nor the fact that many concessions granted in the 1970s are now coming due are central to the problem. "It's a question of political will," he says. "There has to be one body responsible for all sanitation issues nationwide and it has to find new sources of funding."

Money will indeed be the problem. Mr Lula da Silva has promised to stick to the outgoing government's tight fiscal targets. And most of the state companies are in no condition to raise money on their own.

But many take heart from the PT's track record. In local government, it has shown a clear commitment to innovative, low-cost sanitation programs. And its mayors - including the incoming finance minister, Antônio Palocci - were among the first to grant water and sewage treatment concessions to the private sector.