

High Level Panel

Financing for Development: Innovative Financial
Mechanisms for the 2030 Agenda

March 20, 2018

D20-T1430-R34--1

Jerson Kelman

CEO of Sabesp



WASH targets of SDG 6 are estimated to cost USD1.7 trillion (close to the Brazilian GNP)

What innovative financing mechanisms must be developed to achieve the water-related SDG?

What are the existing strategies already addressing this issue?

What innovative financing mechanisms must be developed to achieve the water-related SDG?

There are several mechanisms that were successful in the developed countries (polluter pays, clean water state revolving fund - U\$126 billion...)

Regardless of the financing mechanism, it is necessary to have economic feasibility: the cost of the service must be payed by the consumer or by the taxpayer

There is no magic: goals should be consistent with the ability to pay of the population

What are the existing strategies already addressing this issue?

Taxpayer money should be used to pay for infrastructure that provides the common good, such as sewage treatment plants, or to pay the cost of servicing the poorest

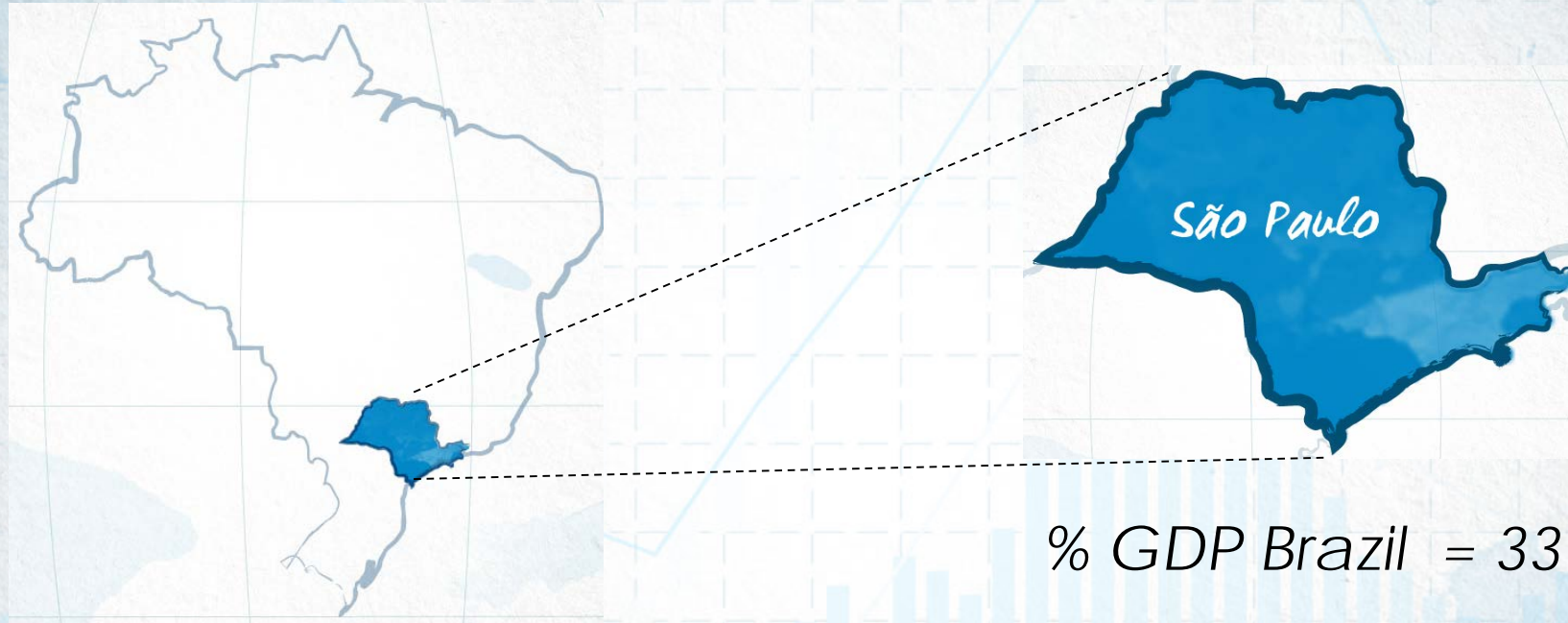
Performance contracts (or output-based aid):

- Paying for treated sewage rather than for the construction (ANA-PRODES)

- Paying for water connections in slums (SABESP - “Água Legal”)

Continuity: the developed countries took decades to implement fully their services; and haven't gone through the type of urbanization that occurred in Latin America

Sabesp



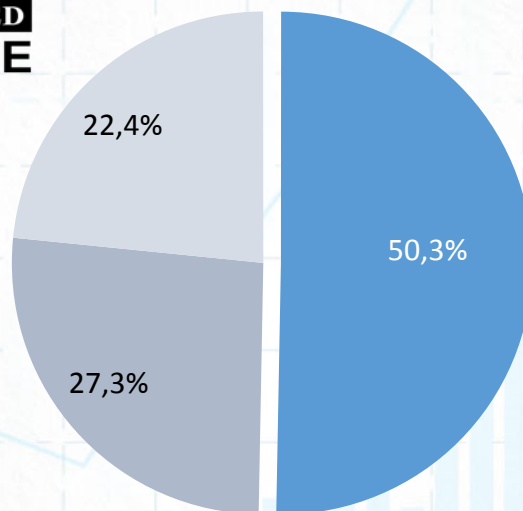
% GDP Brazil = 33%

- 28 million people
- 368 municipalities
- 5th largest company in the world in number of clients

Corporate Governance

NYSE – Level III ADR

**SBS
LISTED
NYSE**



BM&FBOVESPA



INVESTMENTS

Higher than US\$ 1 billion/year

HALF FINANCED + PPPs

GOVERNAMENTAL SUBSIDIES?

NO

CROSS SUBSIDIES AMONG

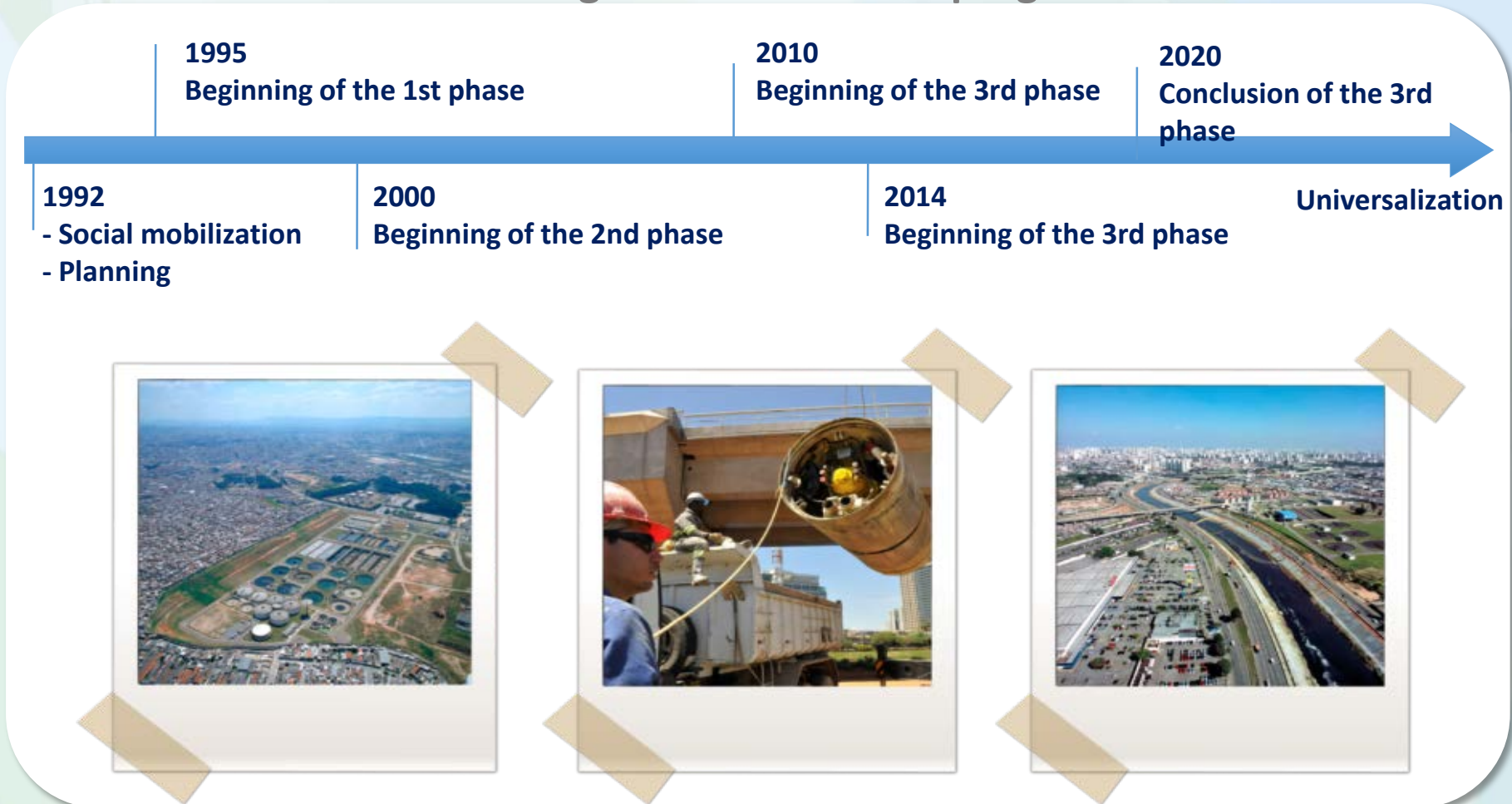
CONSUMERS?

YES



Tietê Project – Timeline

Brazilian greatest sanitation program



Continuous investments over time

1992 to 2008

US\$ 1,6 billion investment

sewage collection:

70% to 84%

sewage treatment of collected:

24% to 70%

Population with treated sewage:

8,5 million

Expansion of the sewage collection system

- 550 km of interceptors and collectors
- 2,900 km of collection network
- 540 thousand household connections

Double existing sewage treatment capacity (from **8,5** to **18** m³/s)

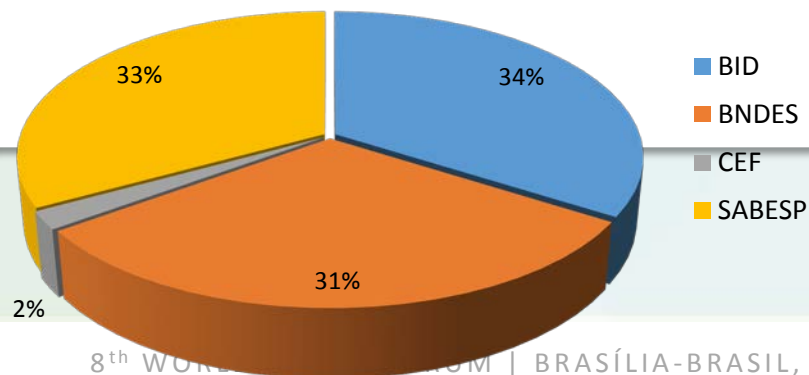


1992 to 2008

US\$ 1,6 billion investment

- Sewage collection: 87%
- Sewage treatment of collected: 84%

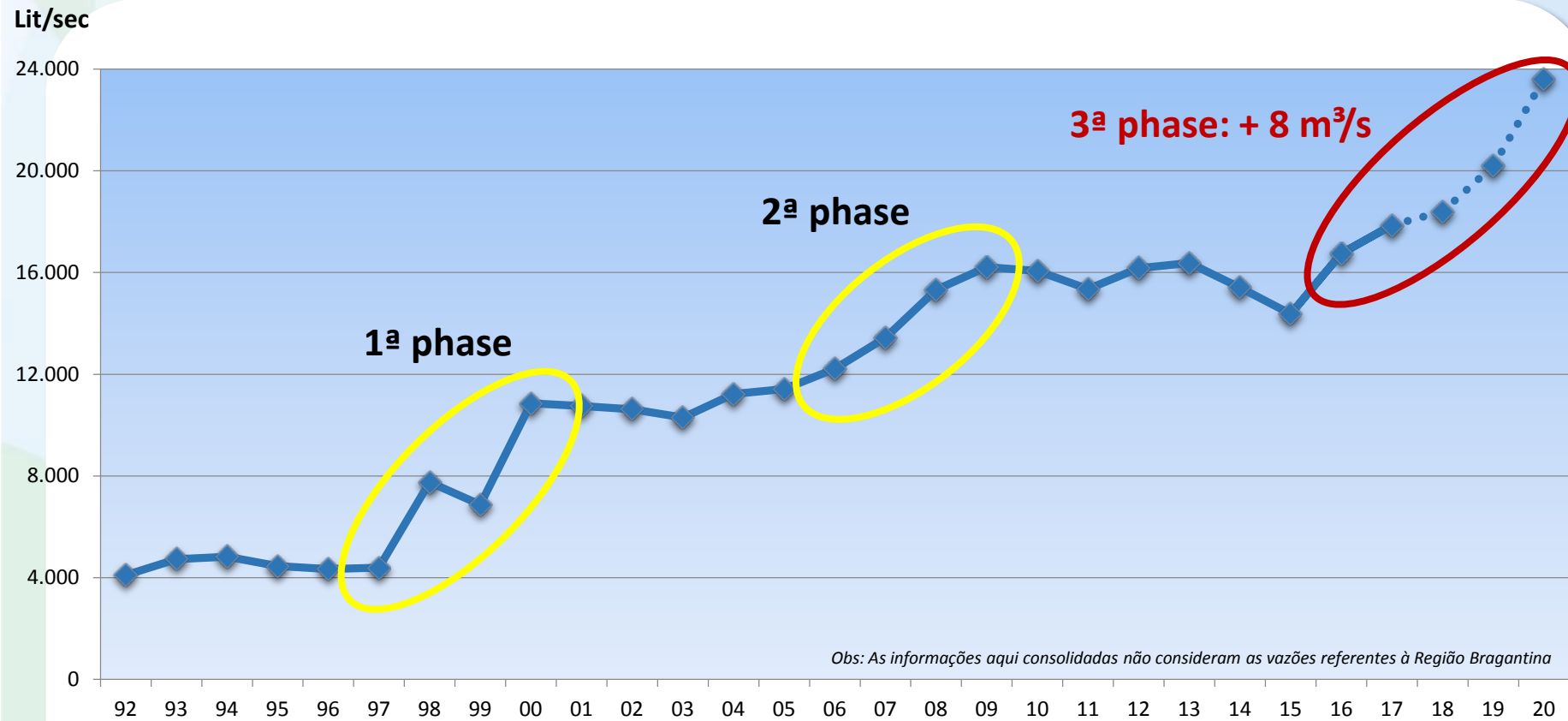
Financing composition



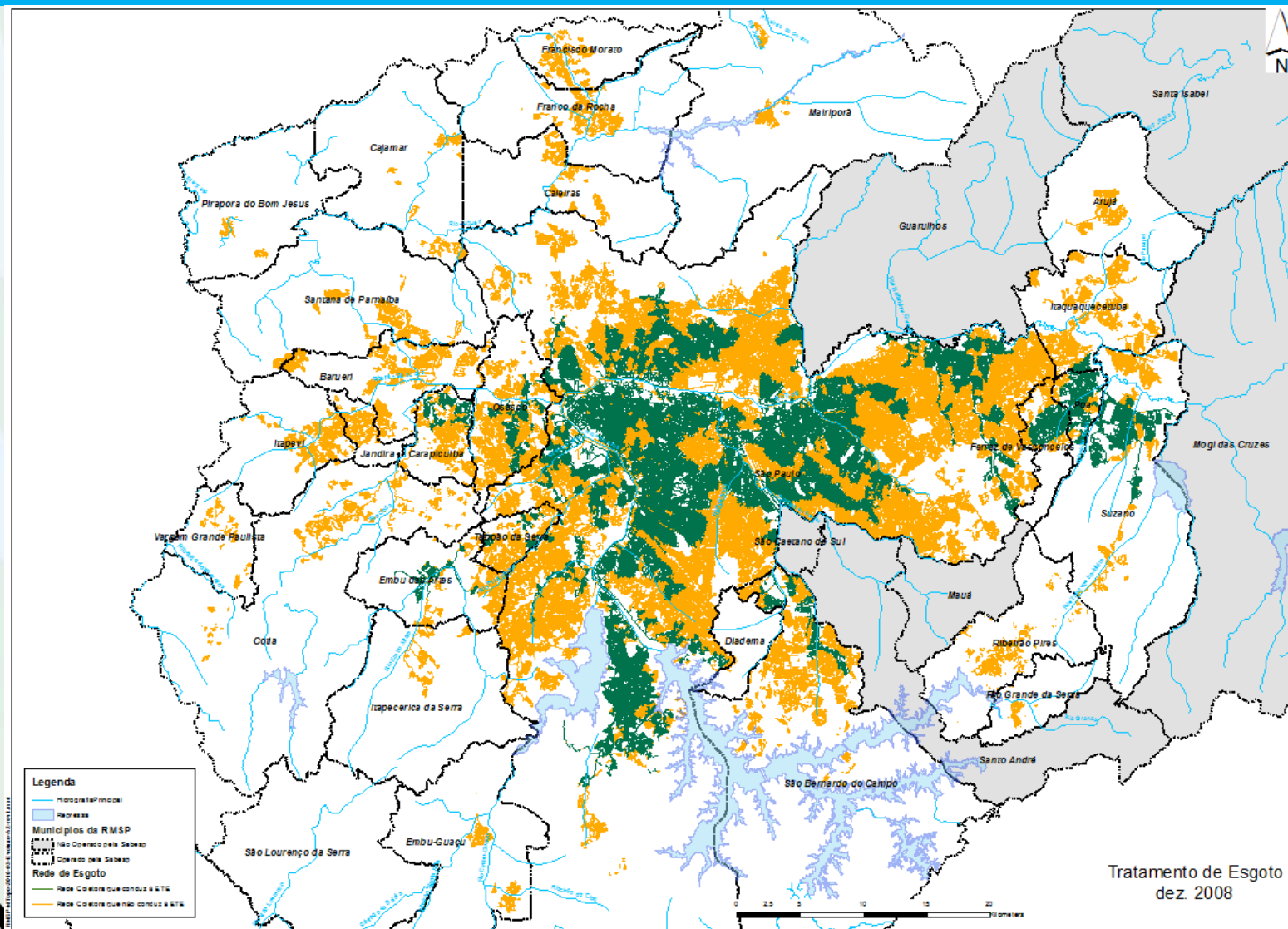
STP Barueri – Expansion of treatment capacity

$Q = 9,5 \text{ m}^3/\text{s}$ to $16 \text{ m}^3/\text{s}$ – liquid phase (in conclusion)

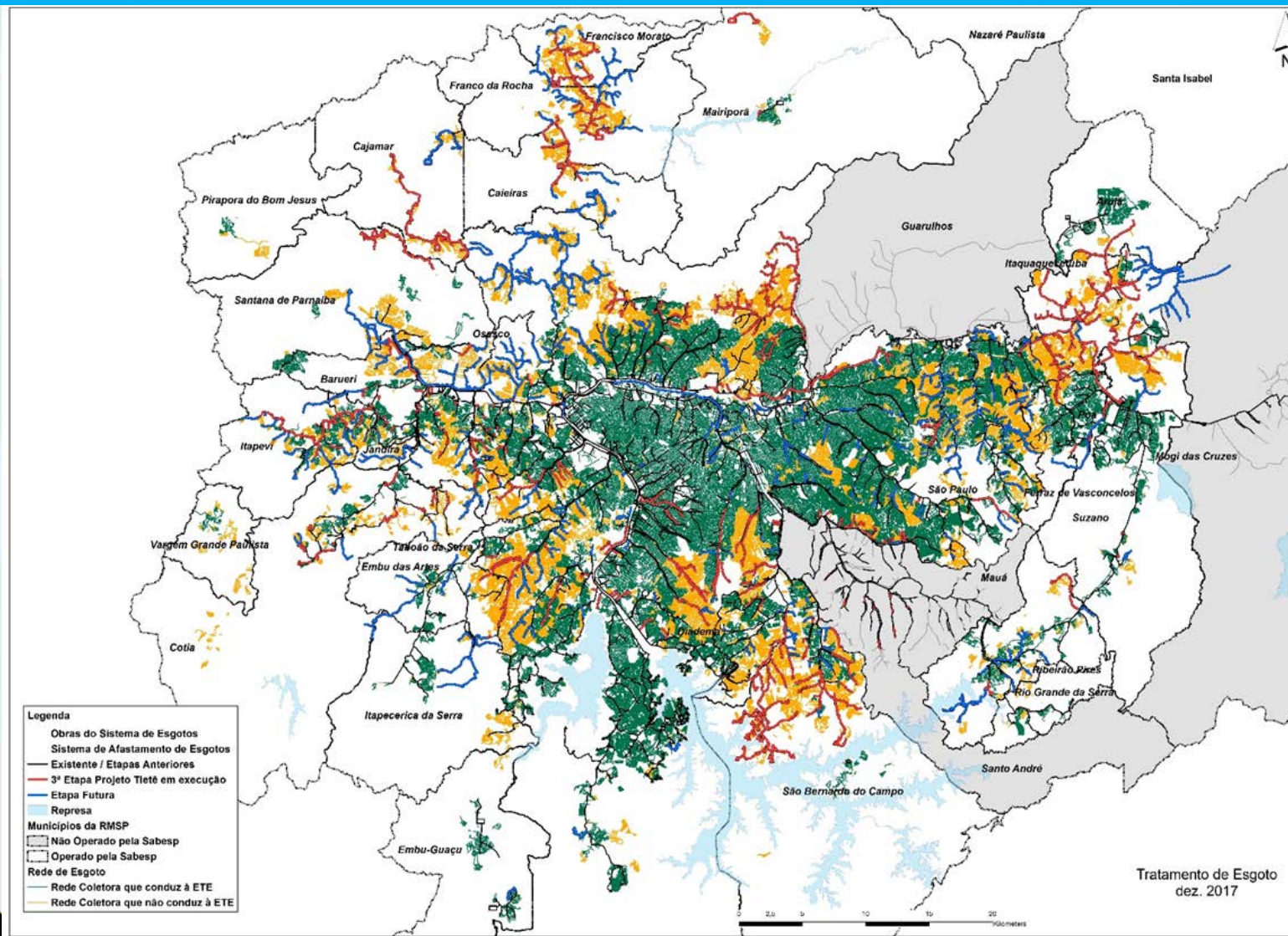


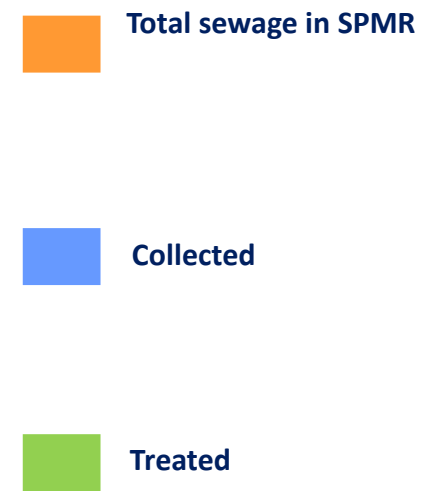
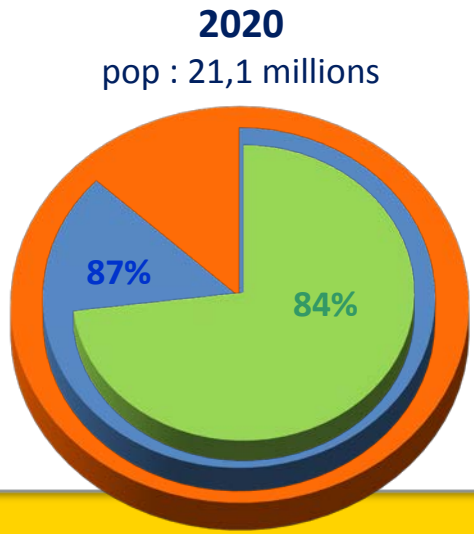
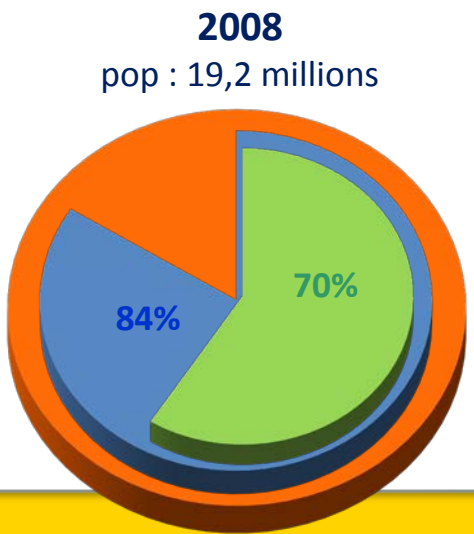
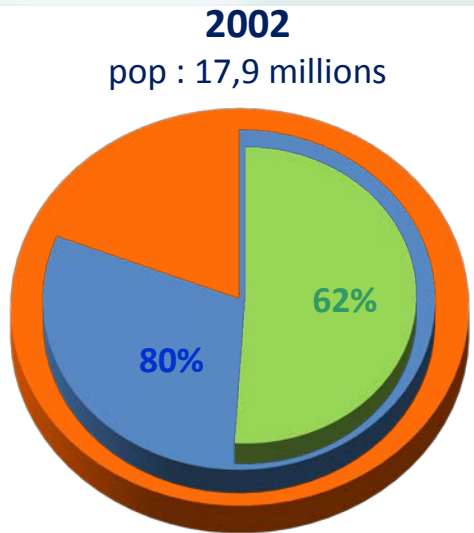
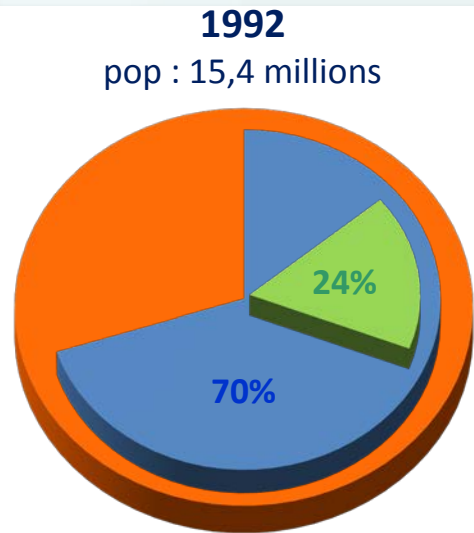


Sewage treatment evolution (status 2008)



Sewage treatment evolution (status 2017)





+ 5,7 million
people (1992-2020)





8th
World Water
FORUM

Brasilia-Brazil
2018

Sharing Water

Organization



MINISTRY OF THE
ENVIRONMENT



Support

