

Roundtable Executive Summary

Water in Brazil: Implications for Project Development and Technologies

**Rio de Janeiro, Brazil
August 30 and 31, 2001**

Introduction

Sixty people attended the Institute of the Americas' Water Roundtable held in Rio de Janeiro, Brazil, on August 30 and 31, 2001. Attendees included representatives from public and federal governmental agencies responsible for water policies and sanitation and for public services of water supply and sewage treatment. Representatives from engineering and law firms, equipment suppliers, construction companies, and investment banks were also in attendance.

The roundtable assessed five major topics: water resources policies, water supply and sewage treatment, water reuse in industries, and the implementation of sewage treatment concessions (its regulatory and financing aspects and the availability of new technologies).

Conclusions

The major conclusions are as follows:

- In the past, water resources and sewage treatment in Brazil were discussed separately. Today, however, water resources and sewage treatment are discussed together since there is a direct correlation between water resources, sewage treatment, and public health and the environment.
- The recently amended "Water Law" emphasized that water is a limited natural resource with a high economic value and must be regulated.
- The water resources management should allow multiple uses of water.
- Basins should be treated as a territorial unity of development, independent of geographic borders and politics.

The following challenges were identified at the roundtable:

- The reduction of water pollution and water scarcity.
- The efficiency of sewage treatment and collection systems (only an estimated 20% of the urban population benefit from sewage treatment and collection).

The federal government has many concerns regarding the scarcity of water, including the massive water losses through treatment with the average national water loss as high as 40%.

- A water conservation program can be complemented with a program of reclaimed and reused water.
- Different industries already reduce costs by reusing water, by efficient water management, and by the implementation of new technologies. Aracruz Celulose and Petrobras are two such companies.

The financial necessities for sewage treatment are expected to reach R\$40 billion. Consequently, international investments will be needed. The major conclusions are:

- The water industry is continuing to grow and can provide an excellent opportunity for international investors.
- Latin American countries are willing and open to international investments, especially Brazil.
- Implementing sewage treatment in Brazil was discussed, including the possibilities of operational contracts and maintenance, BOT (Build, Operate, and Transfer), and private concessions.
- Meetings and forums held by representatives from law offices and investment banks (including Banco Nacional de Desenvolvimento Econômico e Social-BNDES) have shown that the relationship between clients, banks, stakeholders, operators, and consultants could be achieved harmonically. A clear and defined regulatory scenario is necessary.

It was concluded that the lack of sewage treatment policy in Brazil and the political complexities are obstacles for direct private participation at any level.

- Along with the concession of sewage treatment, regulatory aspects should be privatized. The regulatory agency must be strong both at state and local levels.
- The relationship between sewage treatment policies, public health, water resources, and the environment must be improved.