

# Panorama

of the private sector's participation in sanitation

2020

A TIME TO ADVANCE



# Panorama

of the private sector's participation in sanitation

———— 2020 ————

## A TIME TO ADVANCE

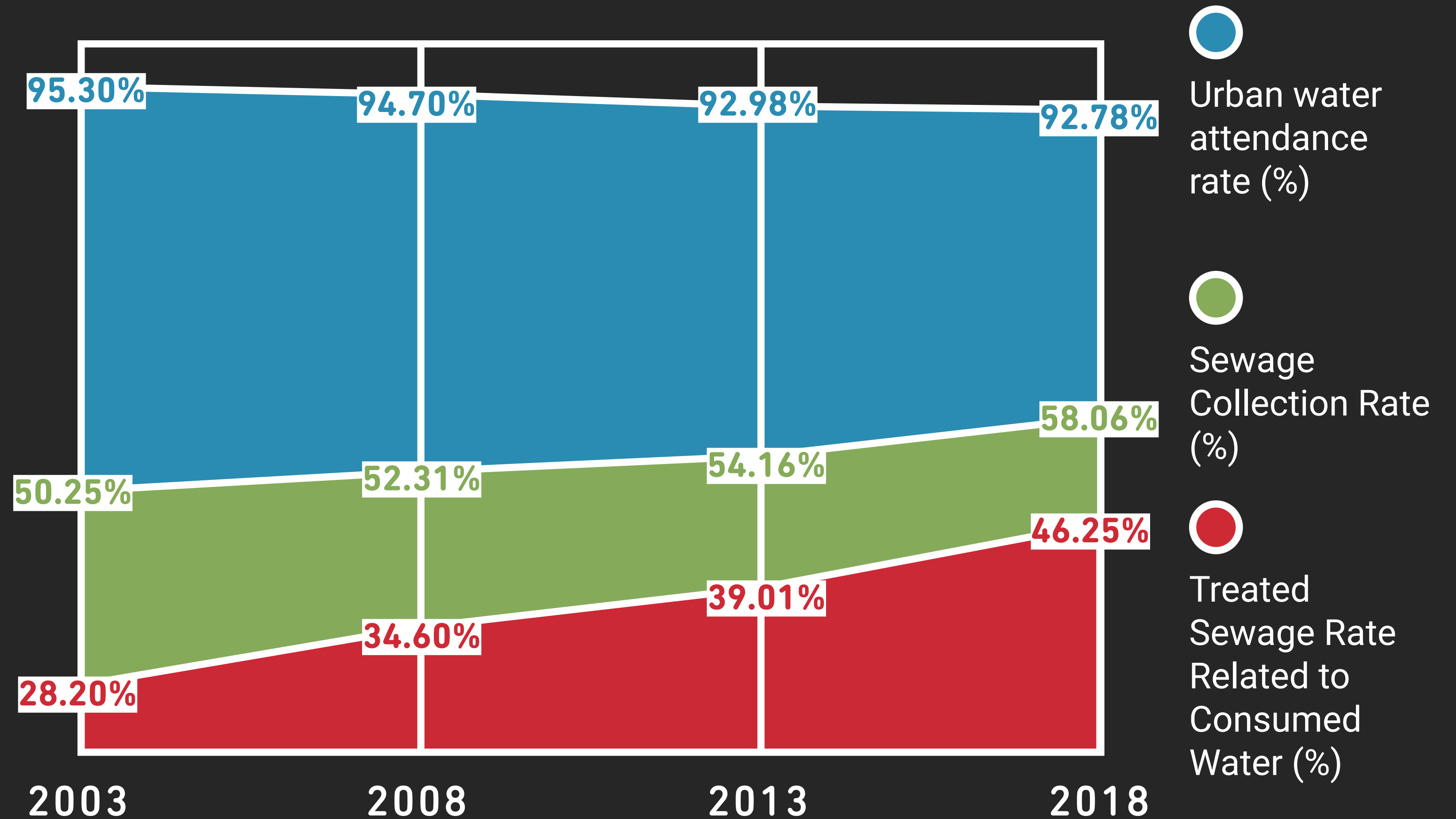
### **BASELINE**

This Panorama is a benchmark to evaluate the evolution of the participation of the private sector in sanitation from the New Framework.

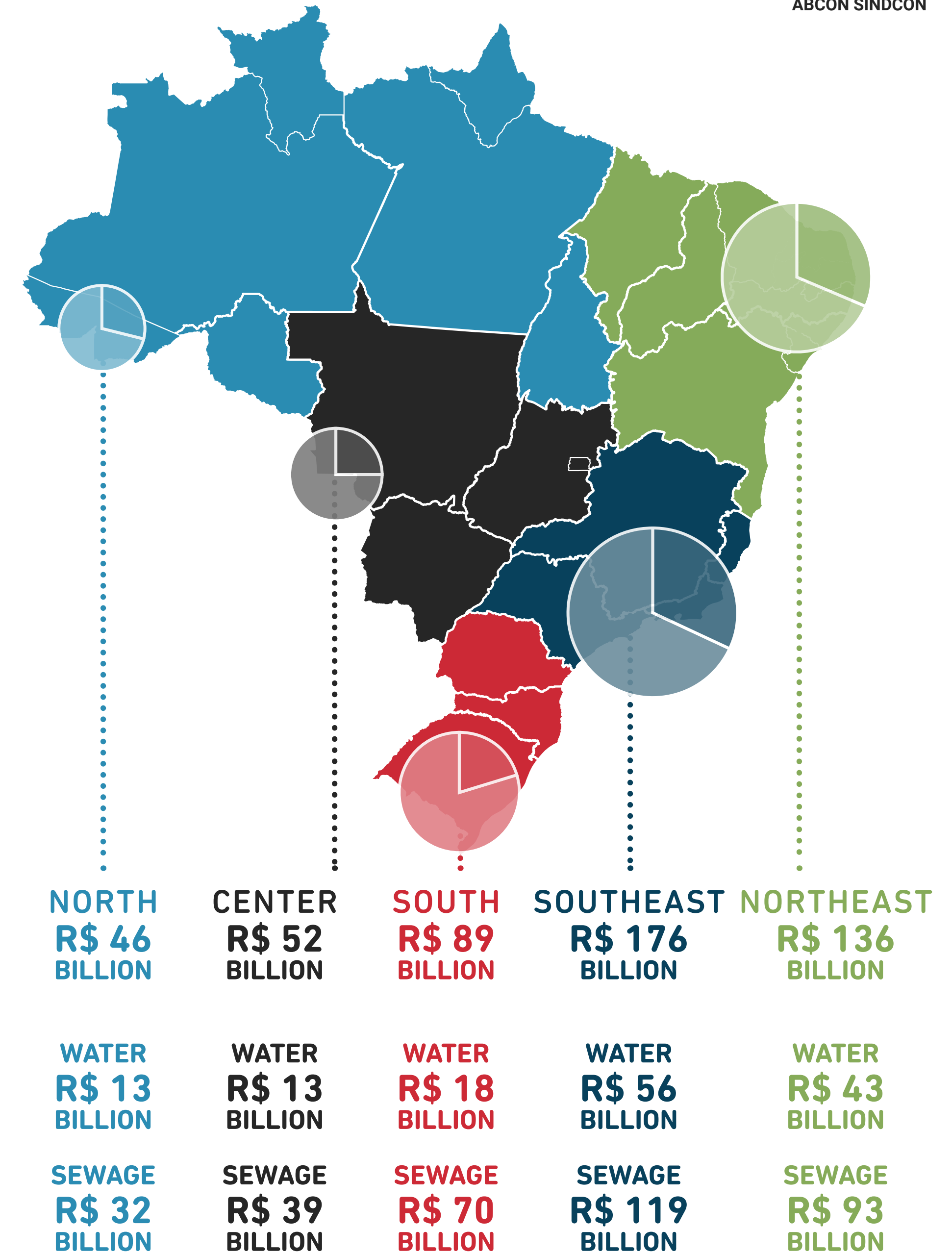
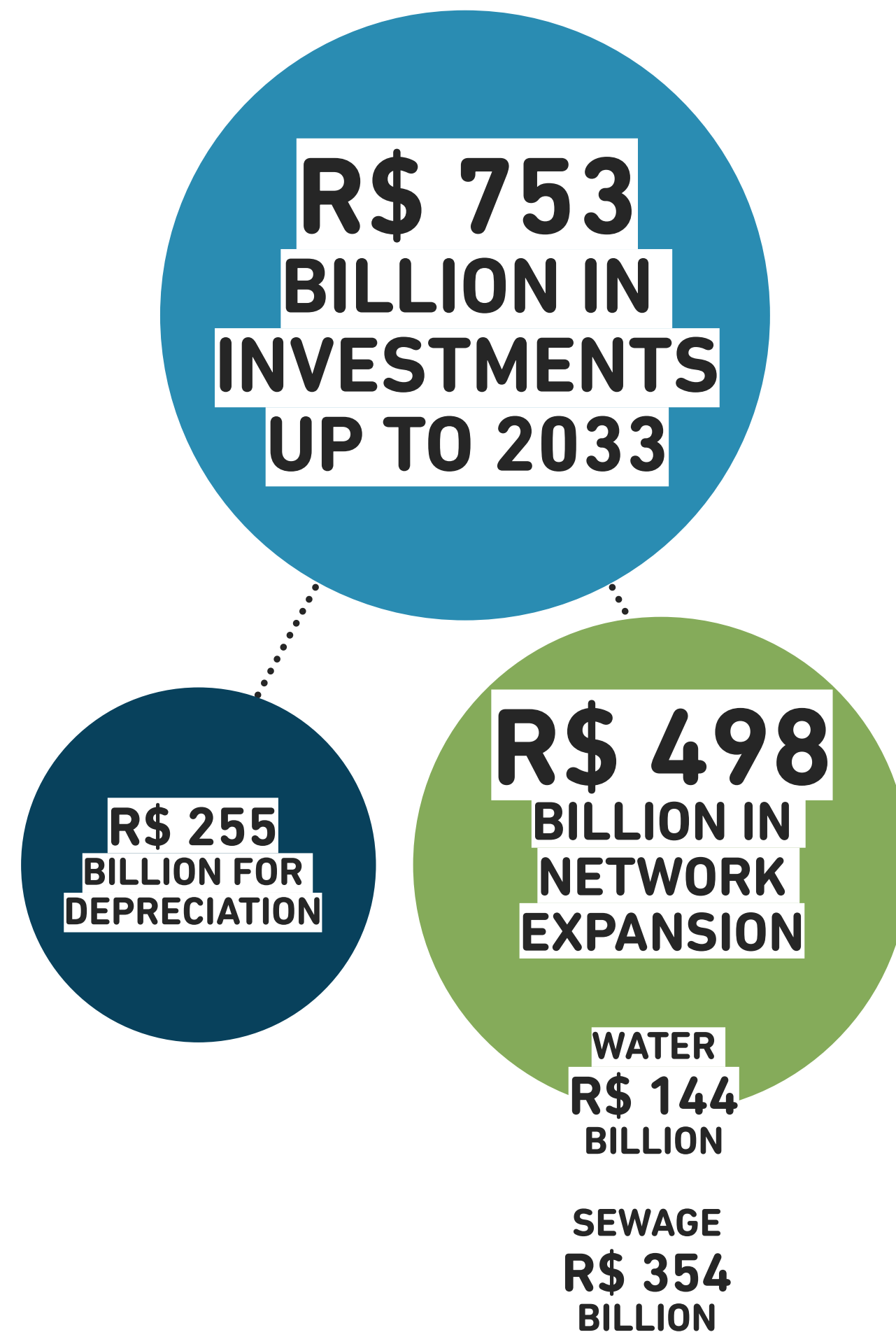
# THE SANITATION SECTOR IN BRAZIL: Stagnation...

## Evolution of water and sewage service coverage (%)

Source: SNIS



... with high demand for investments



# MUNICIPALITIES

# INVESTMENTS

THE REALITY OF THE PRIVATE SANITATION SECTOR IN BRAZIL:

**Low participation with proportionally higher investment...**

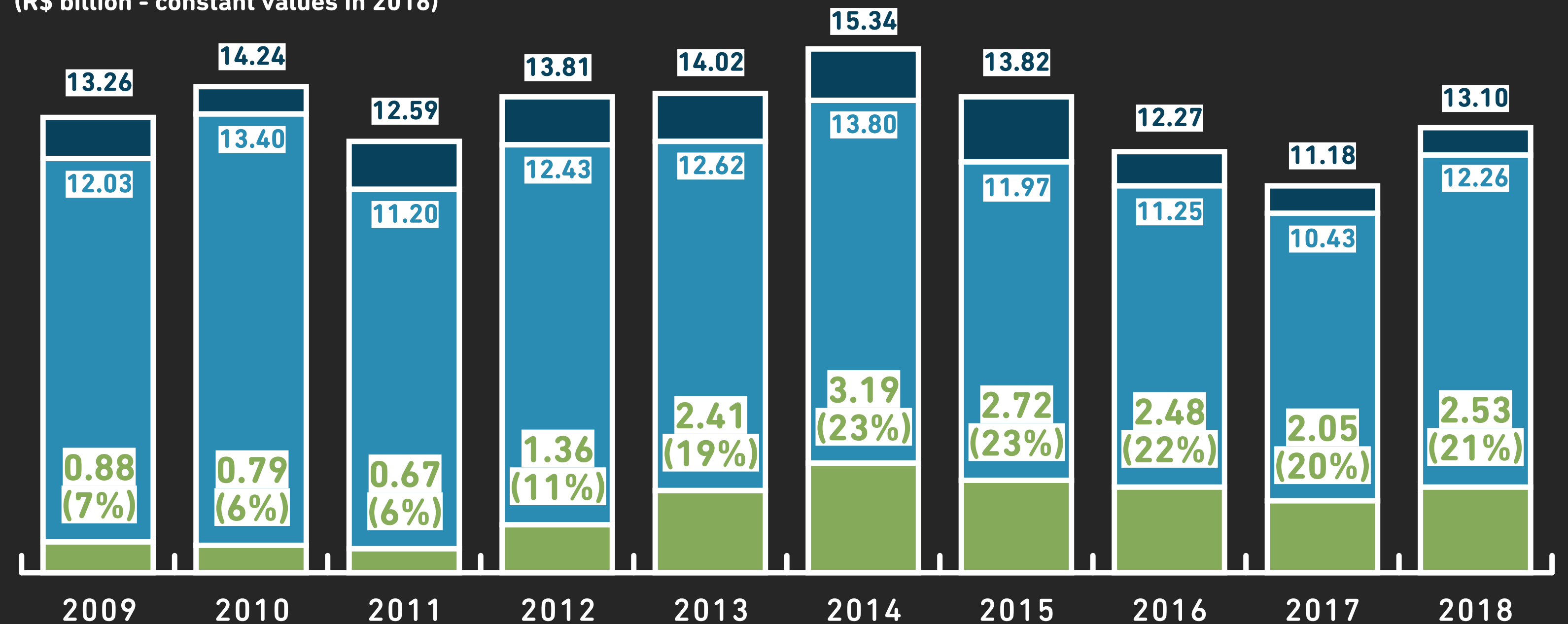


**Investments made in the sector**  
(R\$ billion - constant values in 2018)

- Total invested in the sector
- Total investments of operators in the sector
- Investment of private enterprise in the sector

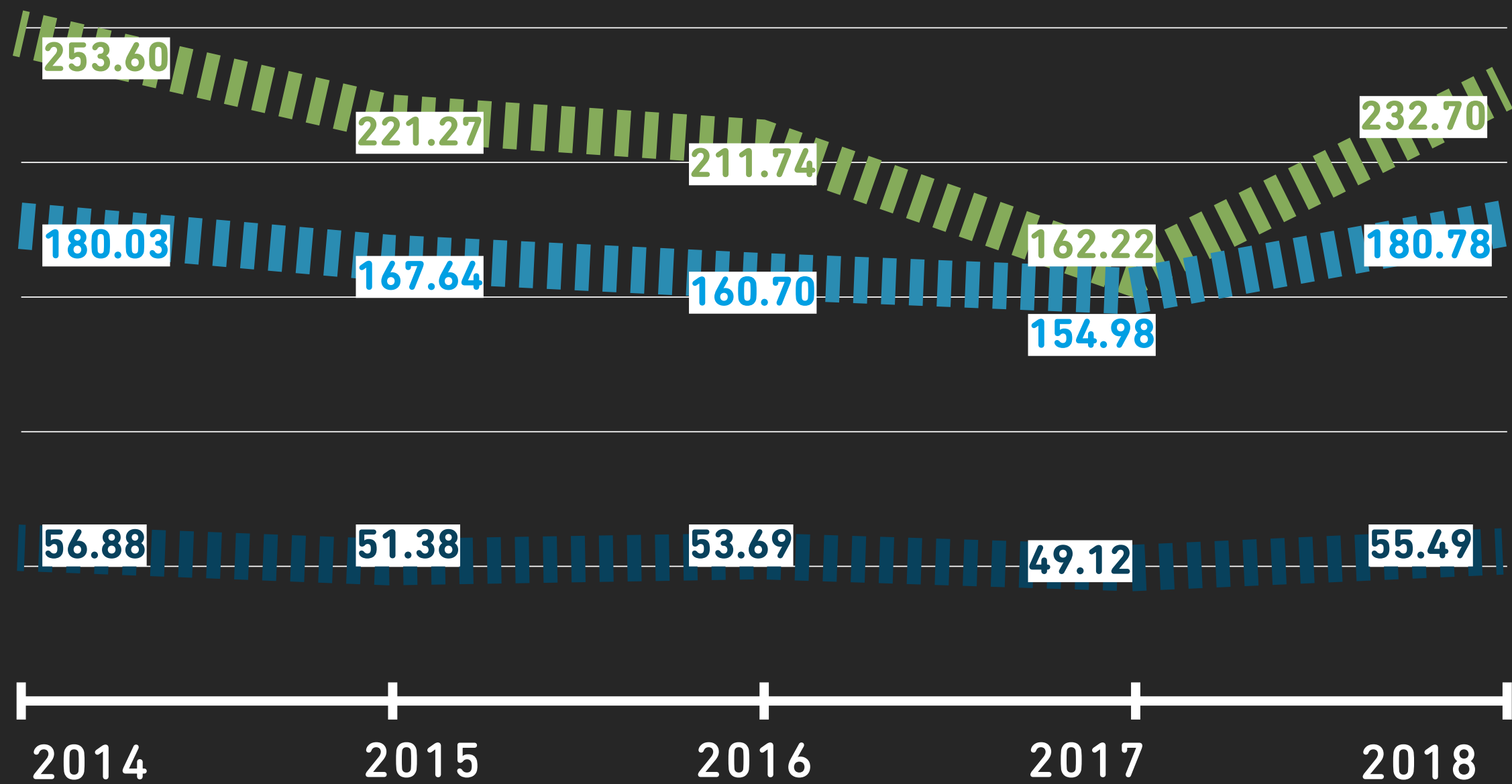
Source: SPRIS 2009-2018 and SNIS 2009-2018

\* The total investment per contracting party, according to SNIS subcategories, includes investments made by service providers, municipalities and states. \*\* The percentage of private sector investment herein presented refers to the total invested by operators in the sector.

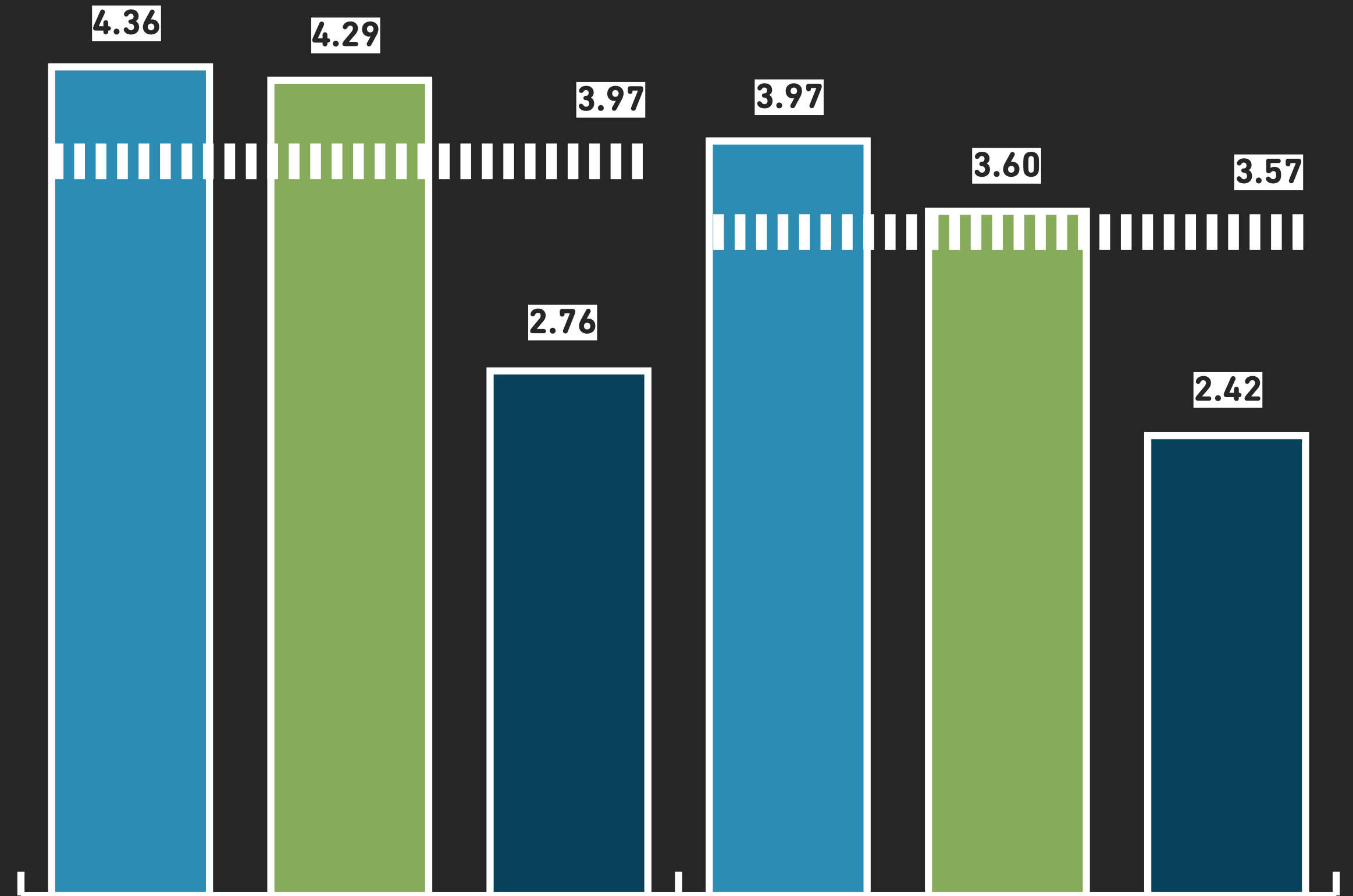


# ... And competitive tariffs

Average investment per water and sewage connection, by operator type (R\$/connection)



Average tariff practiced x Total expenditure on services per m<sup>3</sup> billed (R\$) in 2018



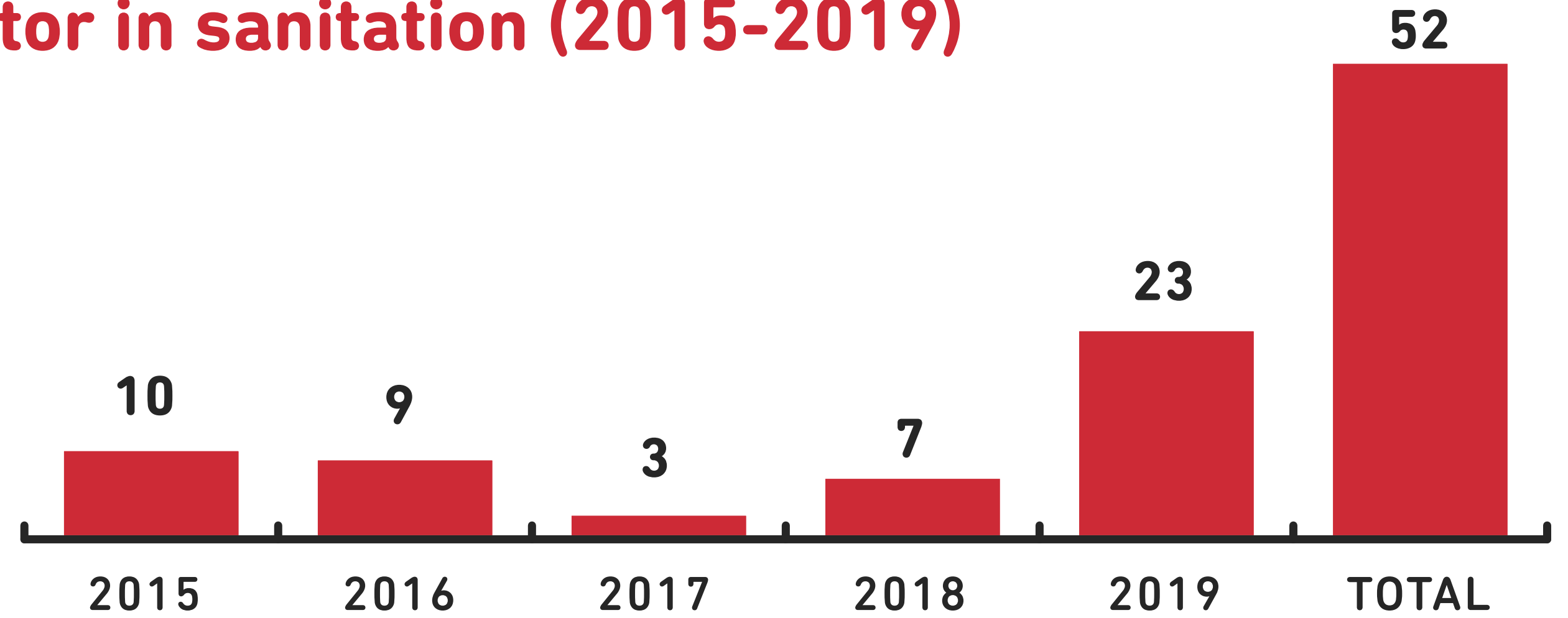
- Private companies
- State companies
- Municipal services
- ▬▬▬ National average

# MARKET'S MOVEMENT

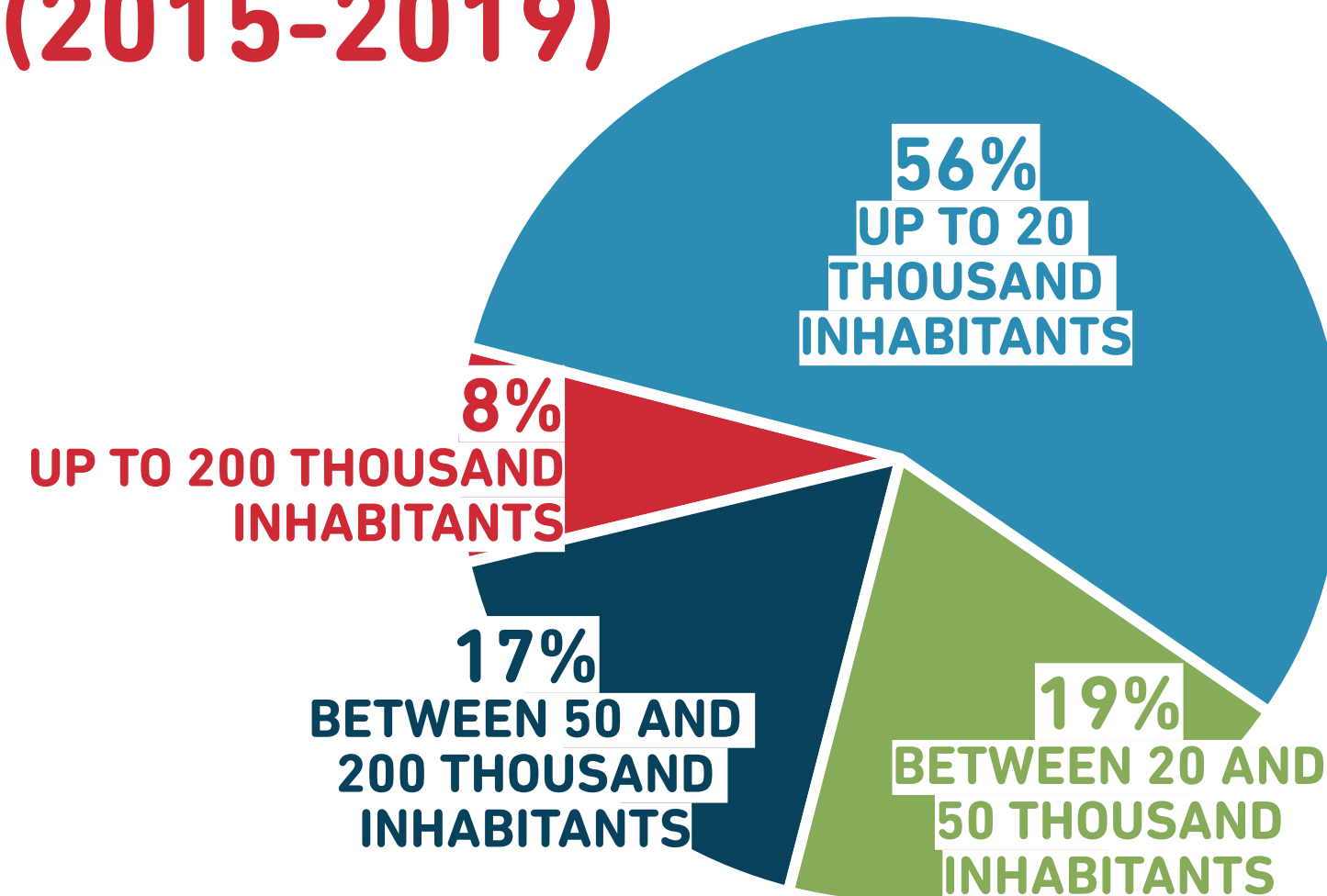
In 2019, there was a significant increase in the number of contracts signed with the private sector. This movement occurred due to the expectation created by the approval of the new legal framework for sanitation, which will significantly increase regulatory quality.

## Increase in the number of contracts with the private sector in sanitation (2015-2019)

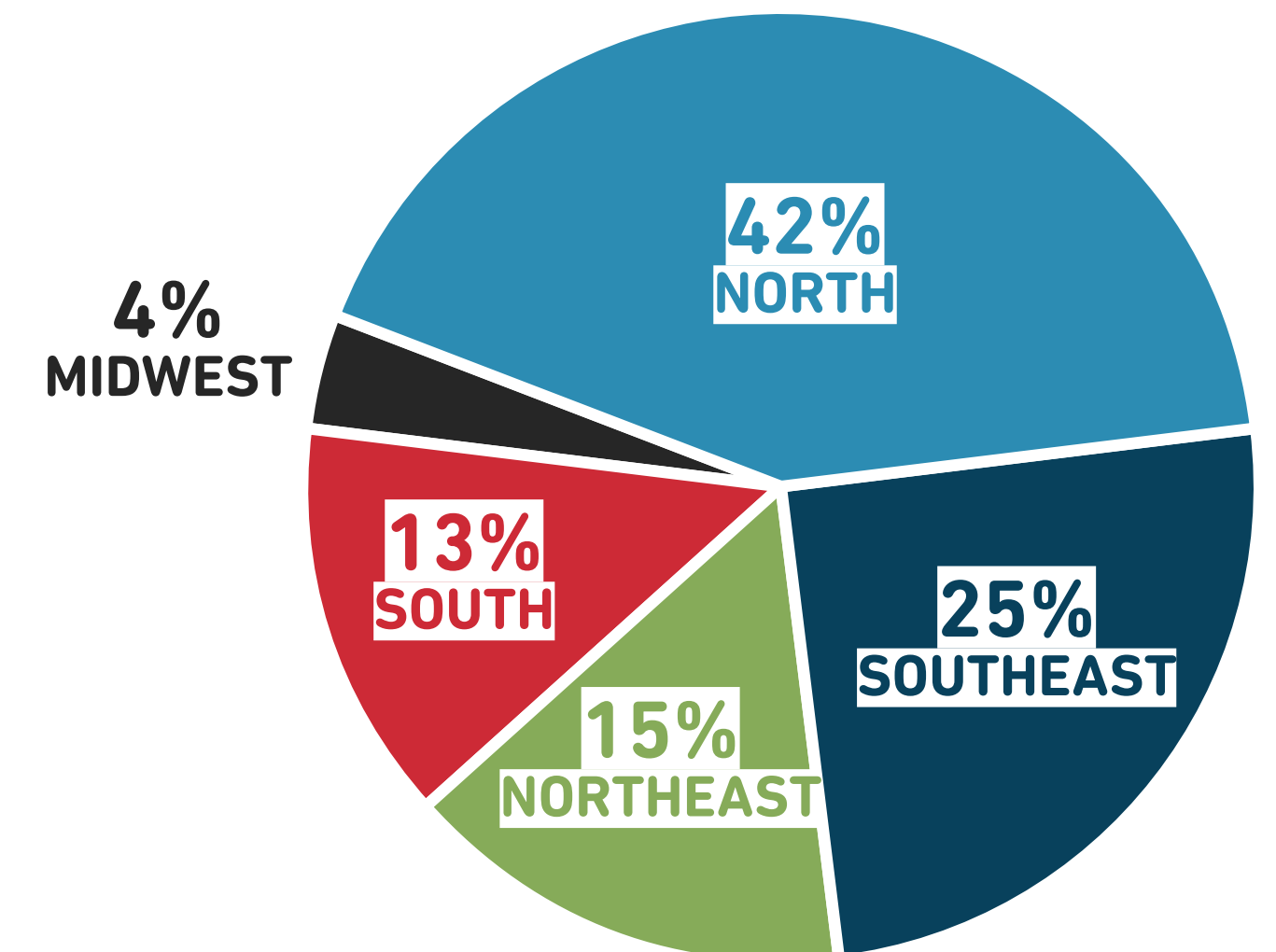
Source: ABCON SINDCON



## Contracts in effect by population group (2015-2019)



## Contracts in effect by Region (2015-2019)



# COMPLIANCE

The private sector prepared for ethical and transparent market opening.

Research conducted by ABCON SINDCON shows that

- Of **110** concessionaires (Holdings and SPEs)
- **82** have code of ethics
- **74** have some compliance program
- **82** concessionaires provide reporting channels
- **74** companies carry out internal training on the subject

The sector already has:

- **ISO 37001:2017** (anti-bribery management)
- **ISO 19600:2014** (compliance management)

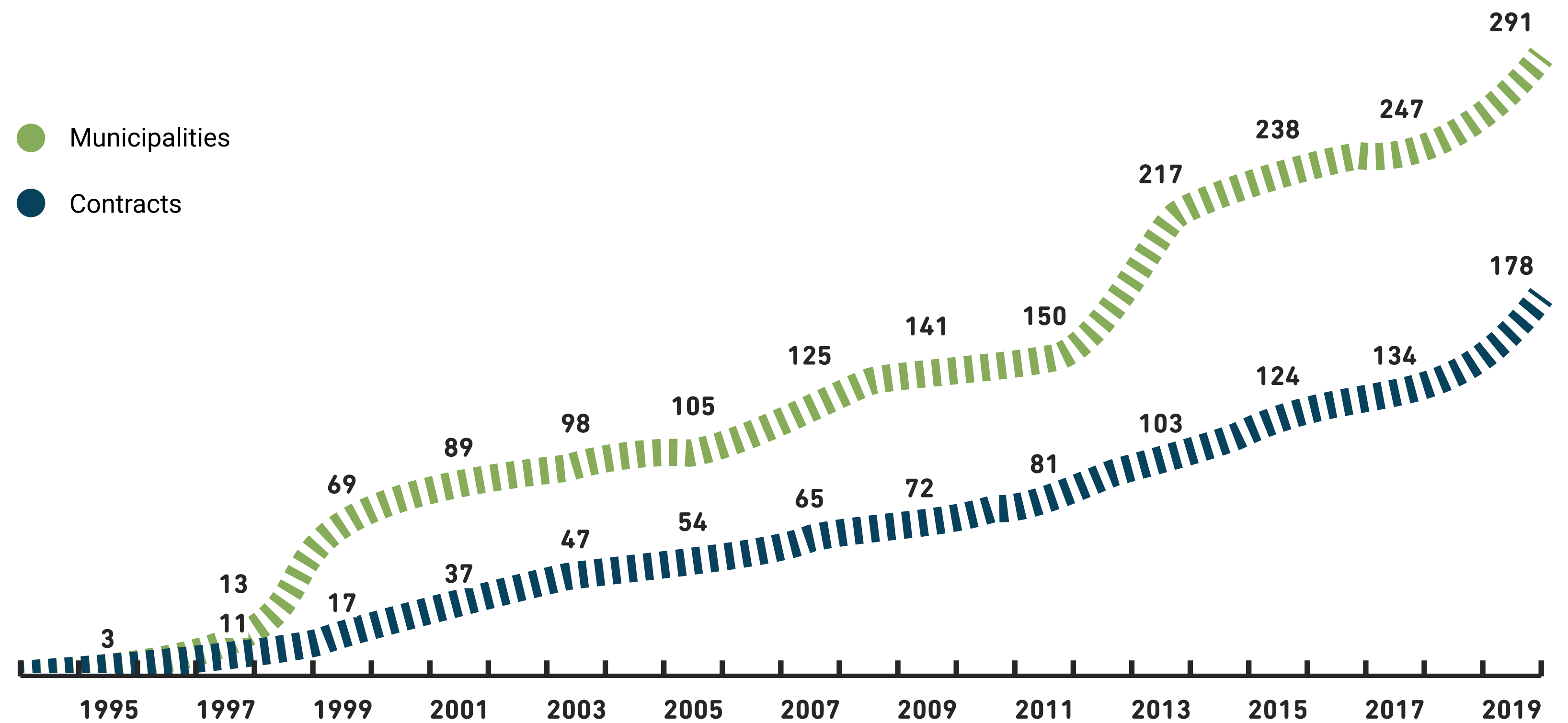
Such actions reinforce the commitment of companies to a transparent, ethical and quality public service provision.



# PRIVATE SECTOR PROFILE: Quantitative development in recent years

## Increase in the number of contracts with the private enterprise in sanitation

Source: SPRIS 2018

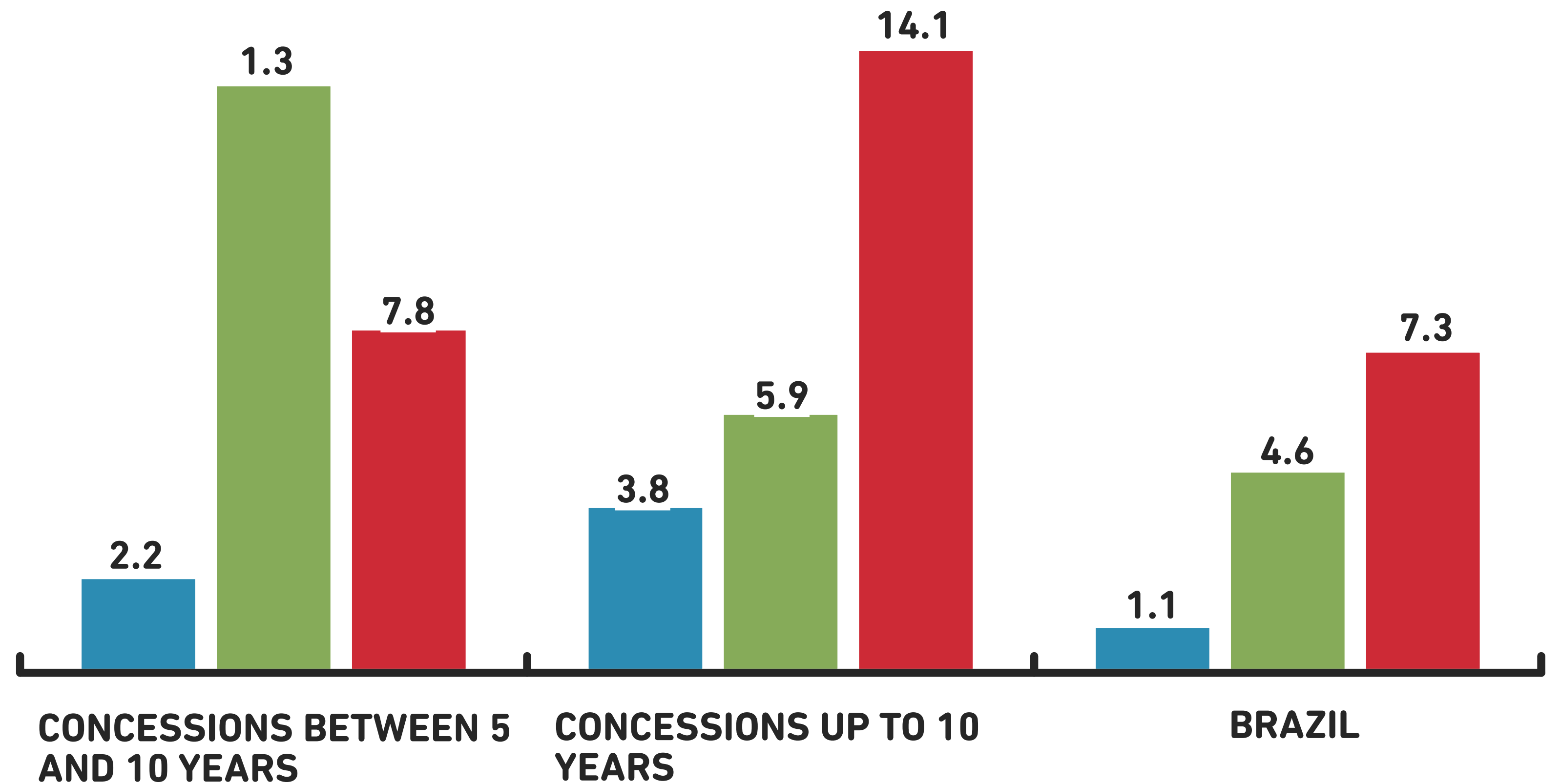


PRIVATE SECTOR PROFILE:  
**Qualitative development - we have developed more than the national average**

- Increase of the urban water attendance rate (%)
- Increase of the total sewage service rate related to municipalities assisted with water (p.p.)
- Increase of the treated sewage rate related to consumed water (%)

## Increase of concessions older than 5 years between 2013 and 2018 (p.p.)

Source: SNIS 2018

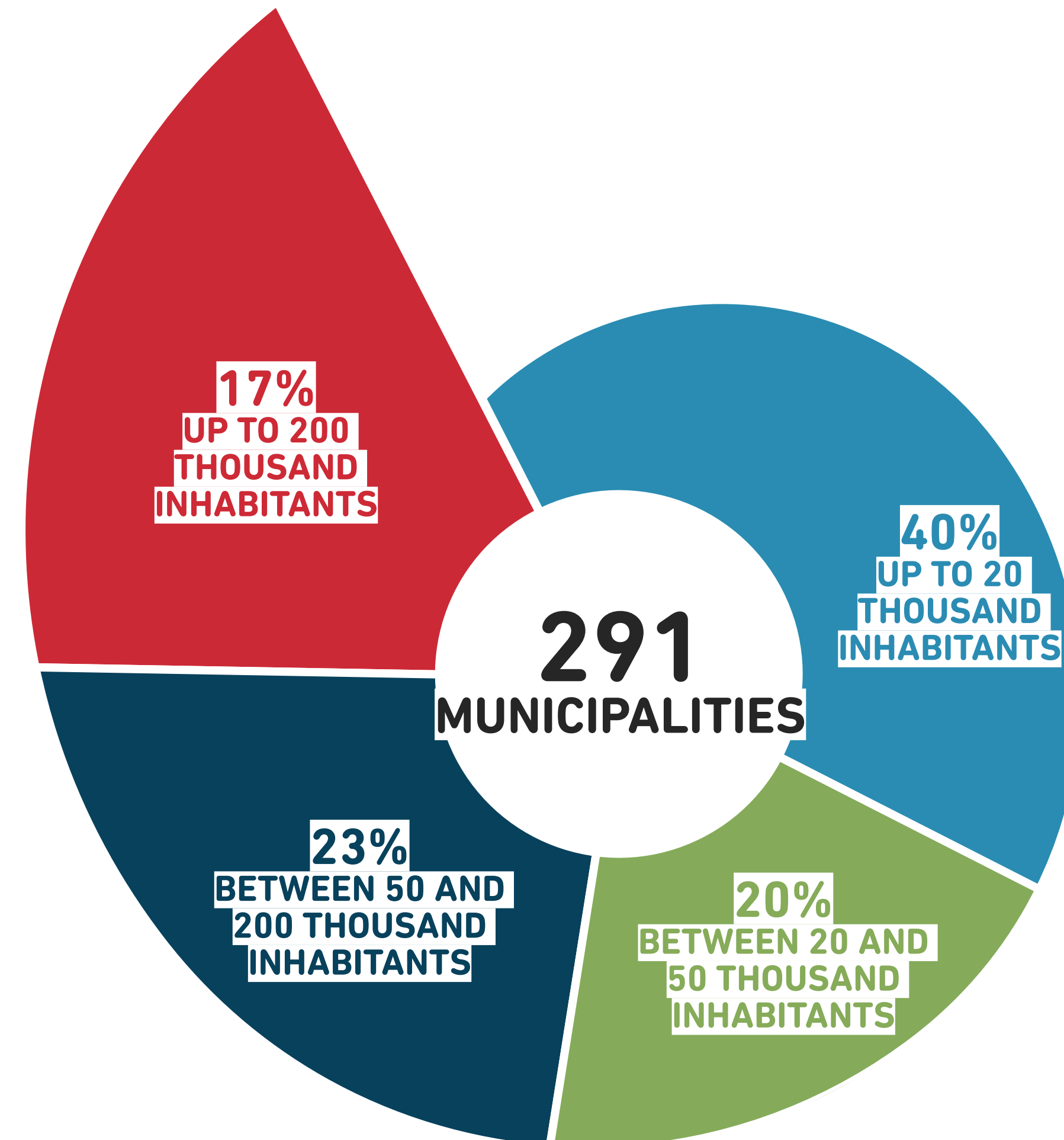


PRIVATE SECTOR PROFILE BY MUNICIPALITIES SIZE:

**Mostly present in municipalities of up to 20,000 inhabitants.**

## Municipalities with private sector participation by population size

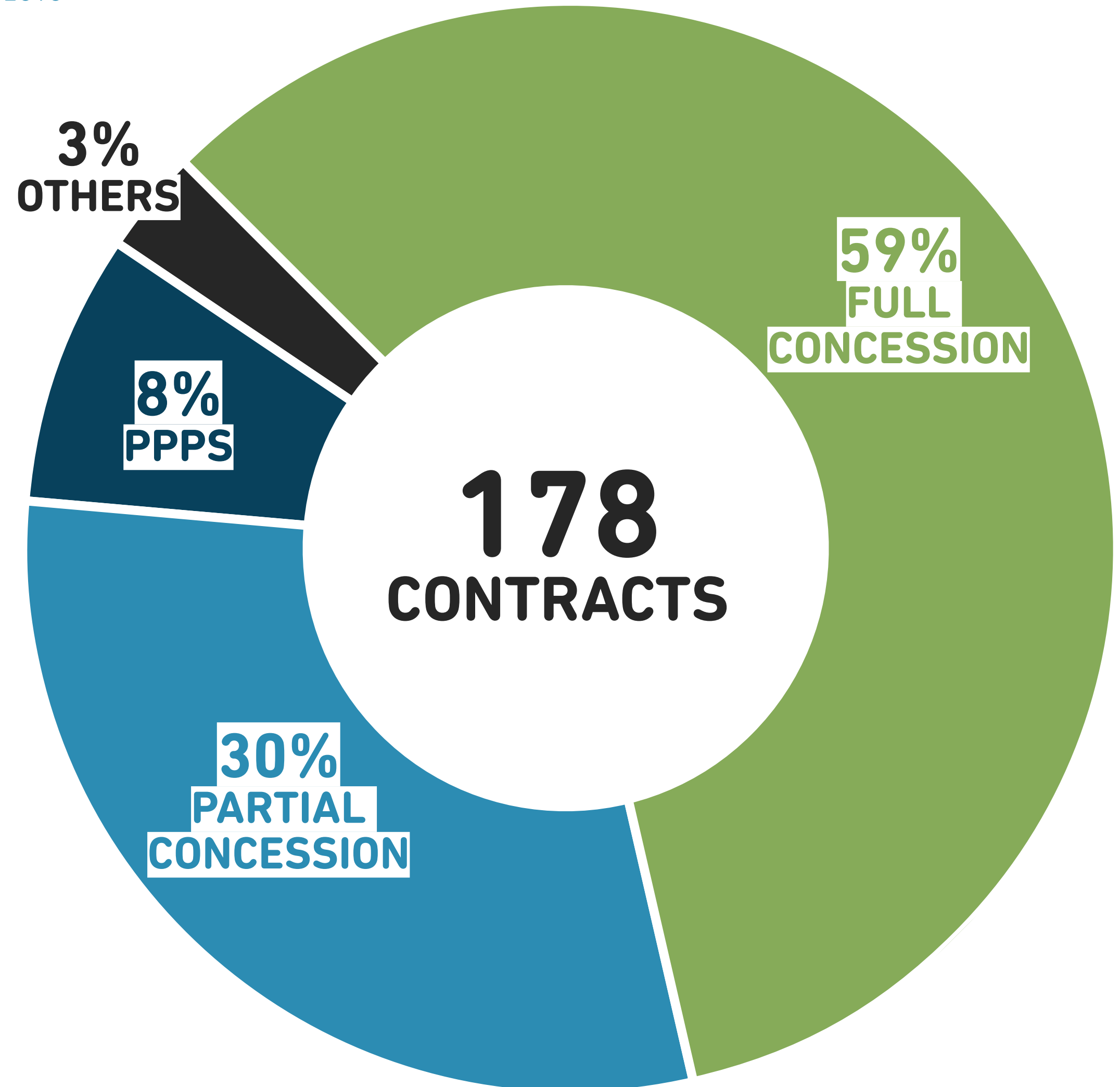
Source: SNIS 2018 / SPRIS 2018



# PRIVATE SECTOR PROFILE BY CONTRACT TYPE:

## Contract modalities with the private sector

Source: SPRIS 2018



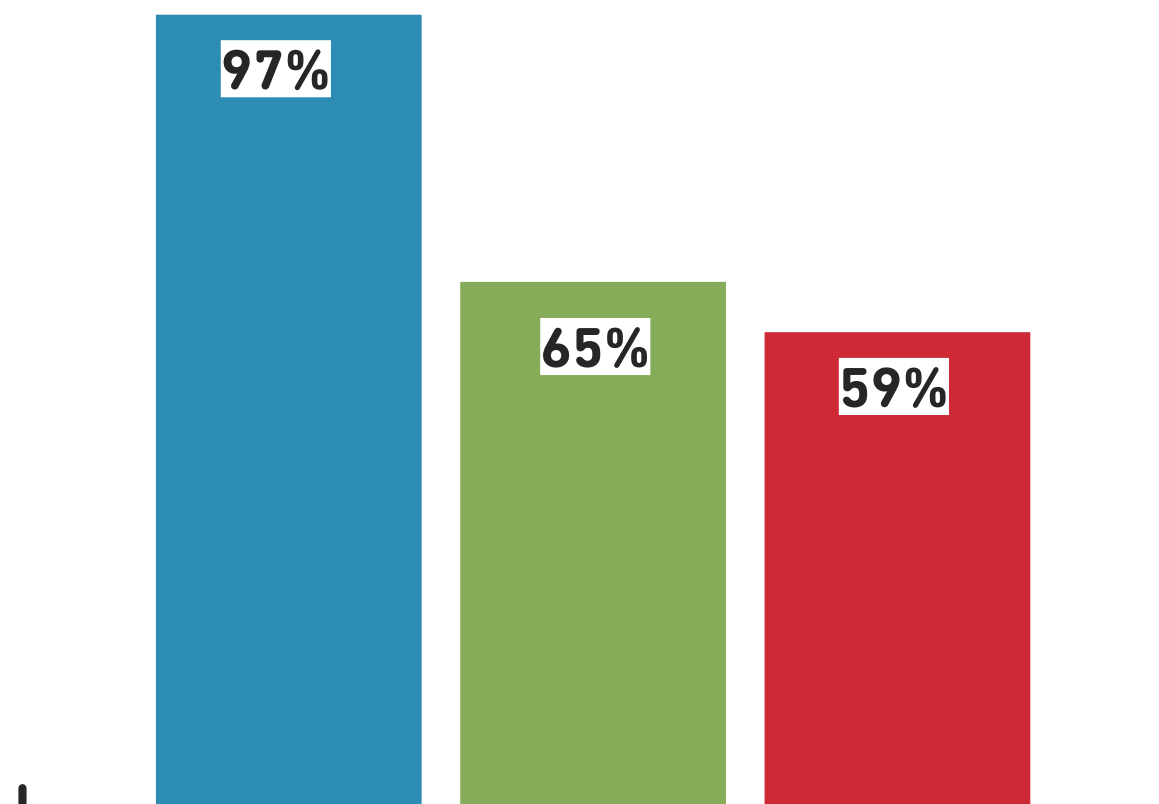
# MUNICIPAL CONCESSIONS

Total Assisted Population	Planned Investment Total of the Contract	Investment materialized in 2018
14 million	R\$ 24.8 billion	R\$ 1.1 billion

## Type of contract with the private operator



## Coverage rates of full concessions (%)



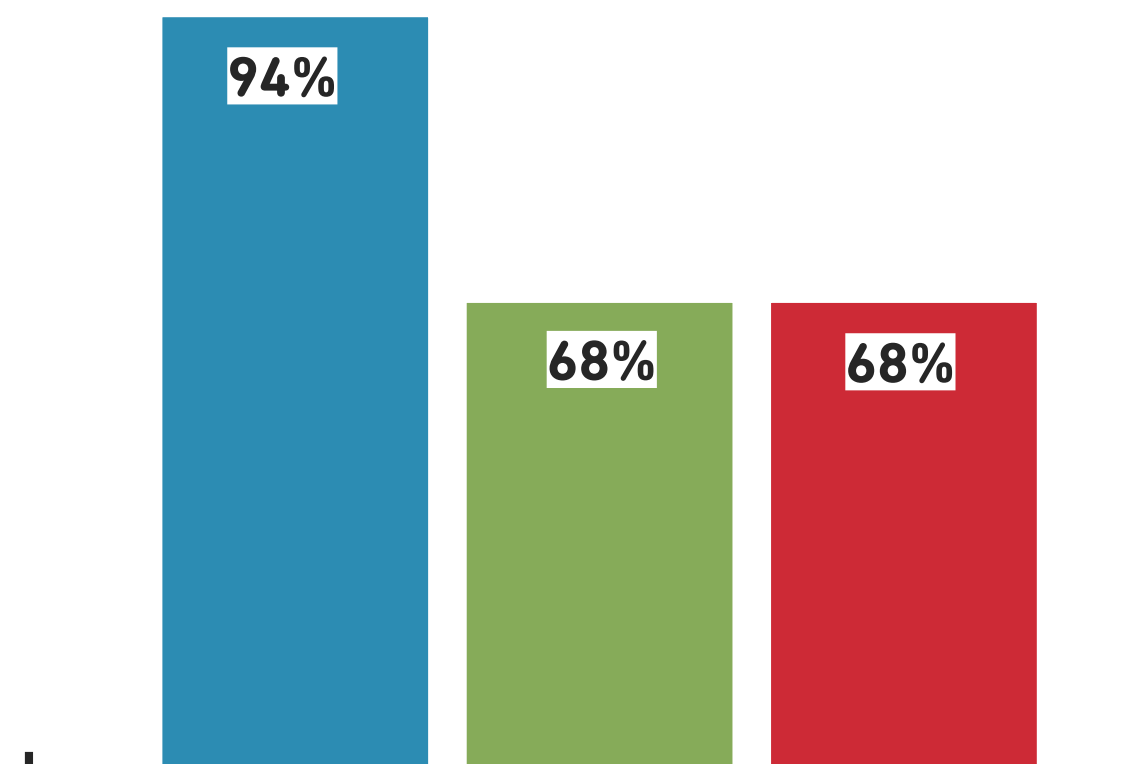
# REGIONAL OR MICRO-REGIONAL CONCESSIONS

Total Assisted Population	Planned Investment Total of the Contract	Investment materialized in 2018
2 million	R\$ 4.1 billion	R\$ 285 million

## Type of contract with the private operator



## Coverage rates of full concessions (%)



# PPPs

Total Assisted Population	Planned Investment Total of the Contract	Investment materialized in 2018
13.7 million	R\$ 10.6 billion	R\$ 934 million

## Type of contract with the private operator



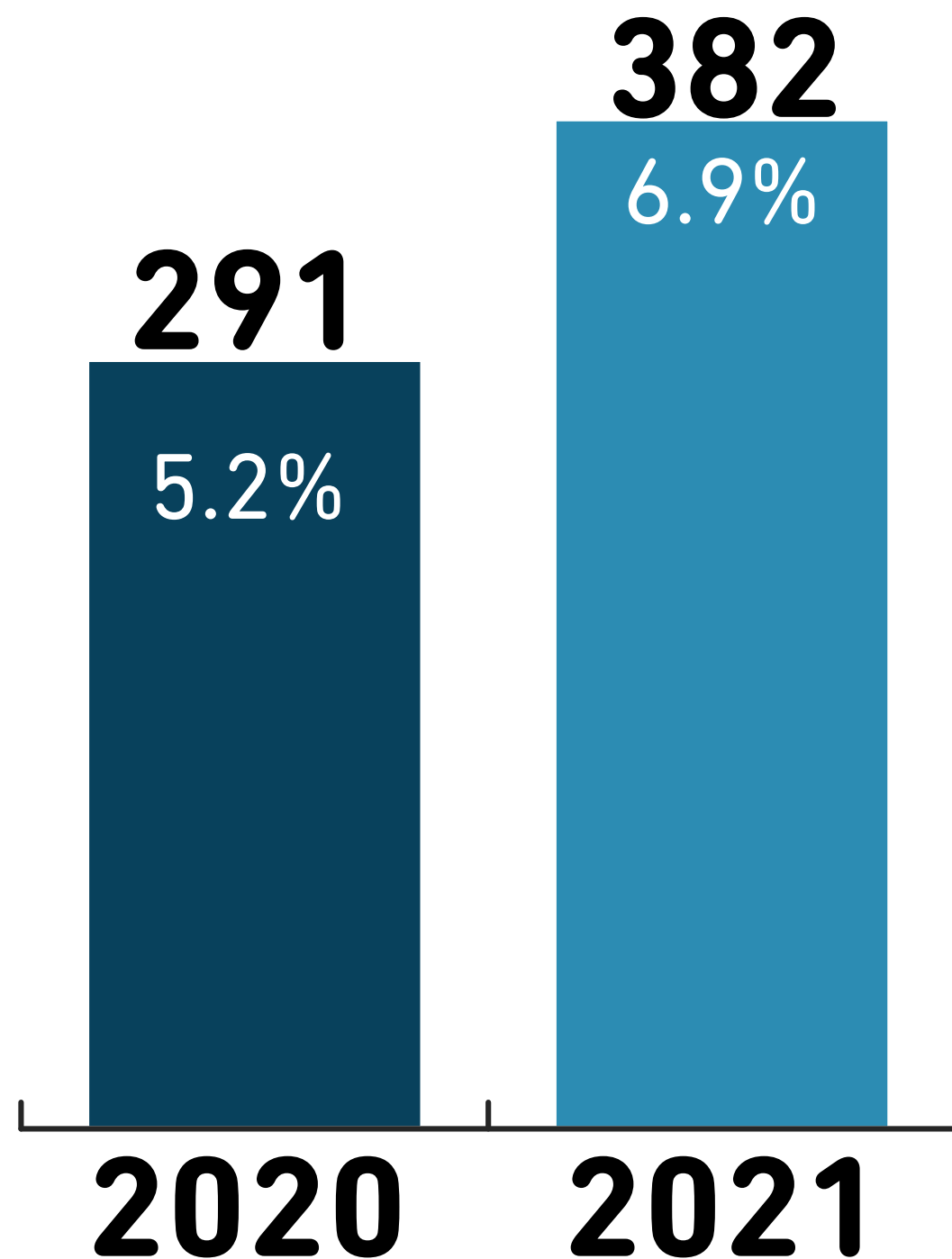
- Urban water attendance rate (%)
- Sewage Collection Rate (%)
- Treated Sewage Rate Related to Consumed Water (%)

PRIVATE SECTOR PROFILE:  
**WHERE ARE WE GOING?**

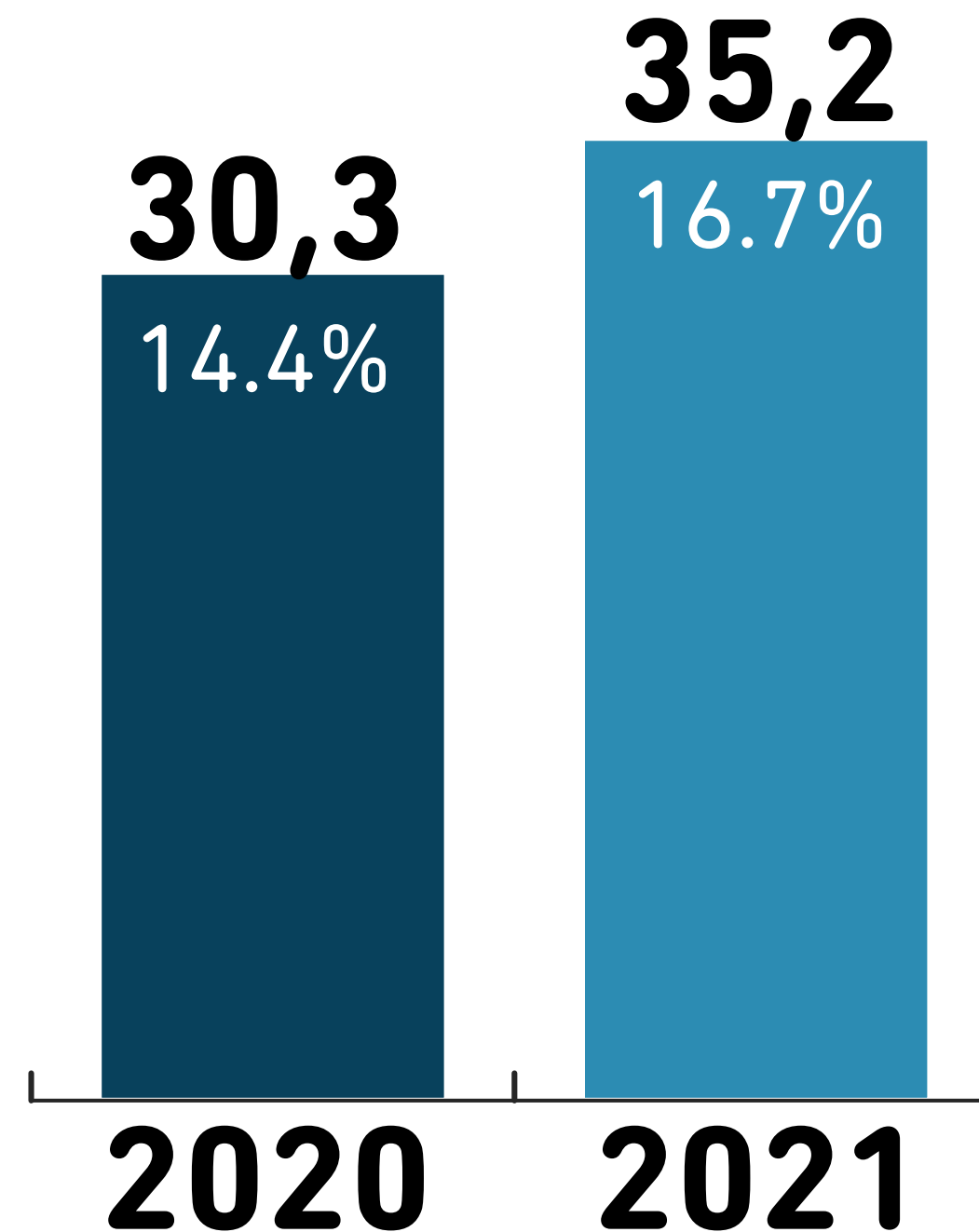
12 ongoing bids totaling investments in excess of R\$ 5.5 billion.

And 6 more public consultations, completed or in progress, with planned investments in excess of R\$ 30 billion.

MUNICIPALITIES



ASSISTED POPULATION (MILLION)



**Considering only the ongoing bids, the private sector will operate in almost 7% of the municipalities and 16.7% of the Brazilian population.**

NEXT STEPS:

**We still have a long way to go**

## **Analysis of vetoes by Congress**

### **Regulations**

- Decree dealing with the Methodology to prove the economic and financial capacity of the contractor (Art. 10-B)
- Decree dealing with the Union's technical and financial support for the adaptation of public sanitation services (Art. 13)

- Regulatory Decree of the new Law 11.445/2007 (Replacement to Decree 7.217/2010)

## **Structuring of the National Agency for Water and Sanitation**

## **Regionalization process**

# Panorama

of the private sector's participation in sanitation

———— 2020 ————

A TIME TO ADVANCE

