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Raul Graça Couto Pinho Executive director

Sanitation is one of the worst public services in Brazil. While 92.7% of homes have electricity and 75.2% have access to the water network, only 47% of households have sewage collection services.

Moreover, only one in three Brazilians have sewage collection and treatment services simultaneously.

Only 20% of sewage produced is treated, meaning the other 80% ends up in rivers, lakes, fountains and the ocean.

The statistics are from a study carried out by the Getúlio Vargas Foundation (FGV) at the request of the Intituto Trata Brasil (ITB), an NGO set up at the end of last year by companies interested in developing this sector.

To learn more about the sector, the consequences of low service coverage and possible solutions, BNamericas spoke with ITB executive director Raul Graça Couto Pinho.

BNamericas: Why is the Brazilian sanitation sector in such a poor state?

Graça Couto Pinho: Since the dissolution of the national housing bank and until the creation of the cities ministry, the sanitation sector had nobody directly responsible for its development. There were decades of neglect and lack of investments, while cities continued to grow fast.

BNamericas: What are the consequences of a lack of sanitation on public health?

Graça Couto Pinho: Studies conducted by various national and international entities such as the World Health Organization and national health foundation Funasa, among others - show a direct link between a lack of sewage collection and treatment, and water related illness. These illnesses are responsible for 65% of hospital admissions in children less than 10 years old.

In child mortality rates, which consider children from 1-5 years old, lack of sanitation causes 2,500 deaths a year. About 200 children die every month in Brazil due to lack of sanitation.

BNamericas: The FGV study indicates that the precariousness of sanitation services also has negative impacts on the performance of school children. Can you give examples of this problem?

Graça Couto Pinho: The Instituto Trata Brasil hired FGV to carry out research to show the impact a lack of sanitation can have on health, education, work and income.

The study showed that education suffers a major negative impact. If they live and study in environments without adequate health conditions, children perform 18% lower at school and failure levels are 46% higher.

This means a lack of sanitation negatively impacts the performance of school children who fail to learn right at the most important stage for their intellectual development. Children with low school attendance will probably become adults with difficulties climbing the social ladder.

BNamericas: Do you think privatizations in the sector were successful?

Graça Couto Pinho: We believe the main reason for the traditionally low participation of private companies in the sanitation sector happened because of a lack of rules and regulatory framework. However the private sector has shown growing interest in the past two years, since the passing of new laws to regulate the sector, namely the PPP [public-private partnership] law and consortium law. Today, the industry has a fairly comprehensive legislation setting out rules for the provision of sanitation services.

Among the few private concessions in Brazil, there are successful cases. For example, São Paulo state Limeira city's Água de Limeira and Rio de Janeiro state Niteroi city's Empresa Municipal de Moradia Urbanização e Saneamento have sanitation management indicators equivalent to operators of the first world. In these cities, sewage collection and treatment have advanced in a sustainable way.

Bad examples also exist but in most cases these arose from BOT [build, operate and transfer] contracts in which the responsibilities of the parties - public and private - were not clearly established. In the provision of any service, problems and failures are often due to poorly formulated contracts.

BNamericas: Are there any private firms interested in the sector now or do you think it is a service that should only be operated by state companies?

Graça Couto Pinho: The participation of private companies as sanitation operators, not as suppliers of goods and services, began in 1995 with the concessions law. Today, they serve about 7% of the Brazilian population. With the new regulatory framework for the sanitation sector, private initiative is showing interest again in investing in this sector.

To make sanitation services universal in Brazil, investments of around 220bn reais (US\$140bn) are needed. The growth acceleration plan PAC and the public sector alone will have great difficulty meeting this requirement.

BNamericas: São Paulo state water utility Sabesp president Gesner Oliveira said in a recent interview that the utility has plans to expand to other states and even countries. What is your opinion of this?

Graça Couto Pinho: I have nothing against the goal of expanding business, but I just

hope they do not forget the priority of providing universal sewerage services in São Paulo. Today, Sabesp only treats 40% of sewage collected.

BNamericas: A law was passed last year establishing new regulations for the sanitation sector. To be entitled to receive public resources, city governments must draw up municipal sanitation plans with service goals for the population until 2010.

Do you think this is possible? Given the political culture that prevails in Brazil, do you think an administration will really be worried about leaving positive results for a successor?

Graça Couto Pinho: We will only achieve universal services when political leaders make it part of their agenda. For them to do this, society must demand the right to live in cities without sewage in the streets, rivers, lakes and beaches. Our work in the institute is to show people the enormous problems caused by the lack of such services.

To ensure that all Brazilians have sewage collected and treated, we would need five PACs or five terms of office. This shows the need to address this issue as a national policy, not a different program every four years as the government changes.

BNamericas: The FGV study shows that with the current pace of investments, it will take until 2122 for Brazil to have 100% sanitation coverage. What can we do to shorten that timeframe?

Graça Couto Pinho: The study considered the growth rate for sanitation services, which was 1.59% for the period 1992-2006. By maintaining the level of PAC investments in the sector, it would be possible to achieve universal sanitation in the country in 20 years.

This could be shortened with more participation from the private sector through PPPs and also by improving sector efficiency, which today reports losses of around 40%.

By Crislaine Coscarelli



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