

Brazil Water Learning Series

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Presentation 2/2

The World Bank
Water



Water Issues and Challenges

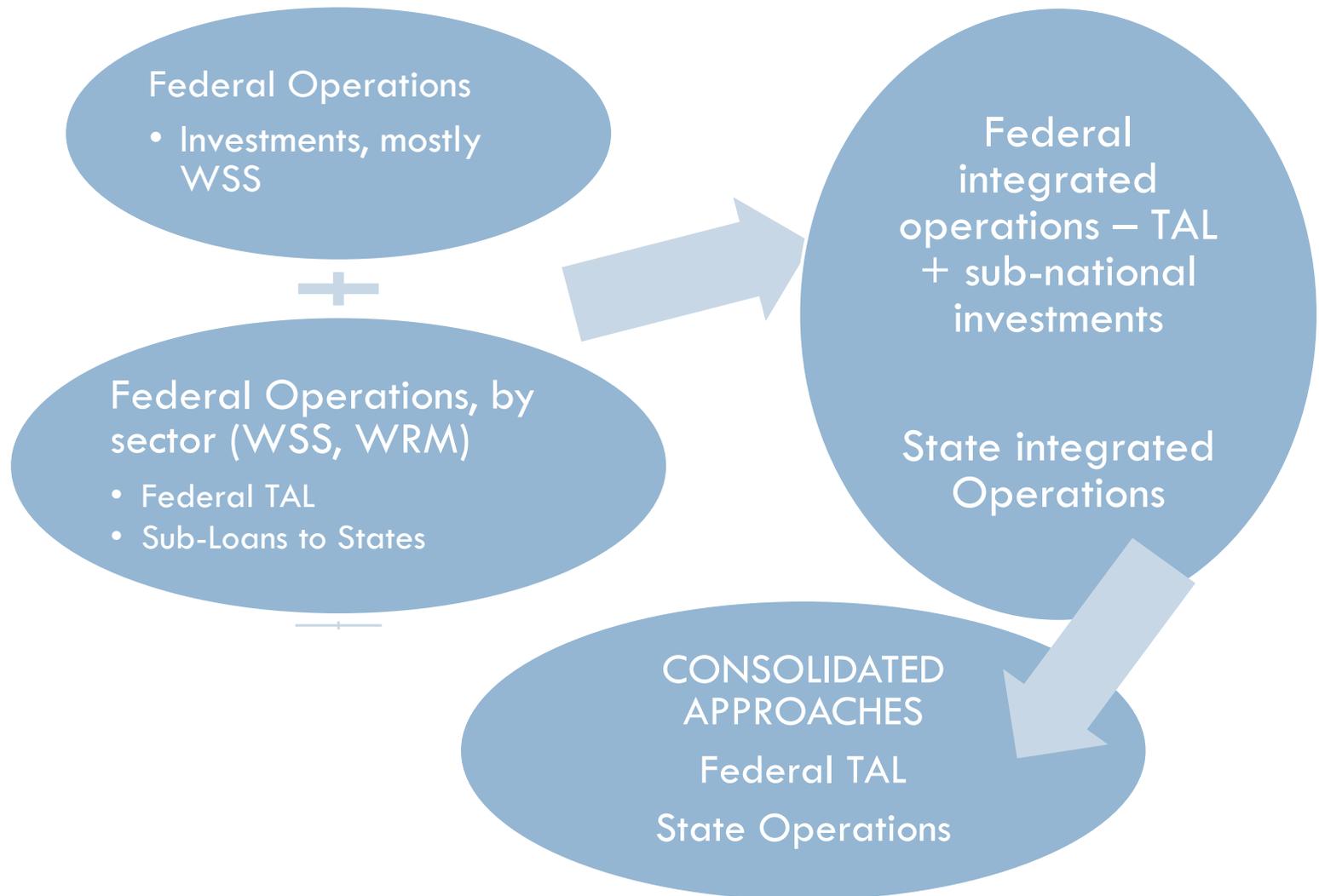
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- ✓ Primary water issues
 - ✓ Scarcity: Northeast and large metropolitan areas
 - ✓ Pollution: Southeast and most urban centers
 - ✓ Extreme events: droughts and floods (increasing variability?)
- ✓ Sector challenges:
 - ✓ WSS: universal access and improved efficiency
 - ✓ Irrigation: improving efficiency and sustainability
 - ✓ Hydropower: meeting increasing demand
 - ✓ Navigation: promoting multi-modal transport
 - ✓ Environmental services: conservation of key assets



Towards a More Integrated Approach

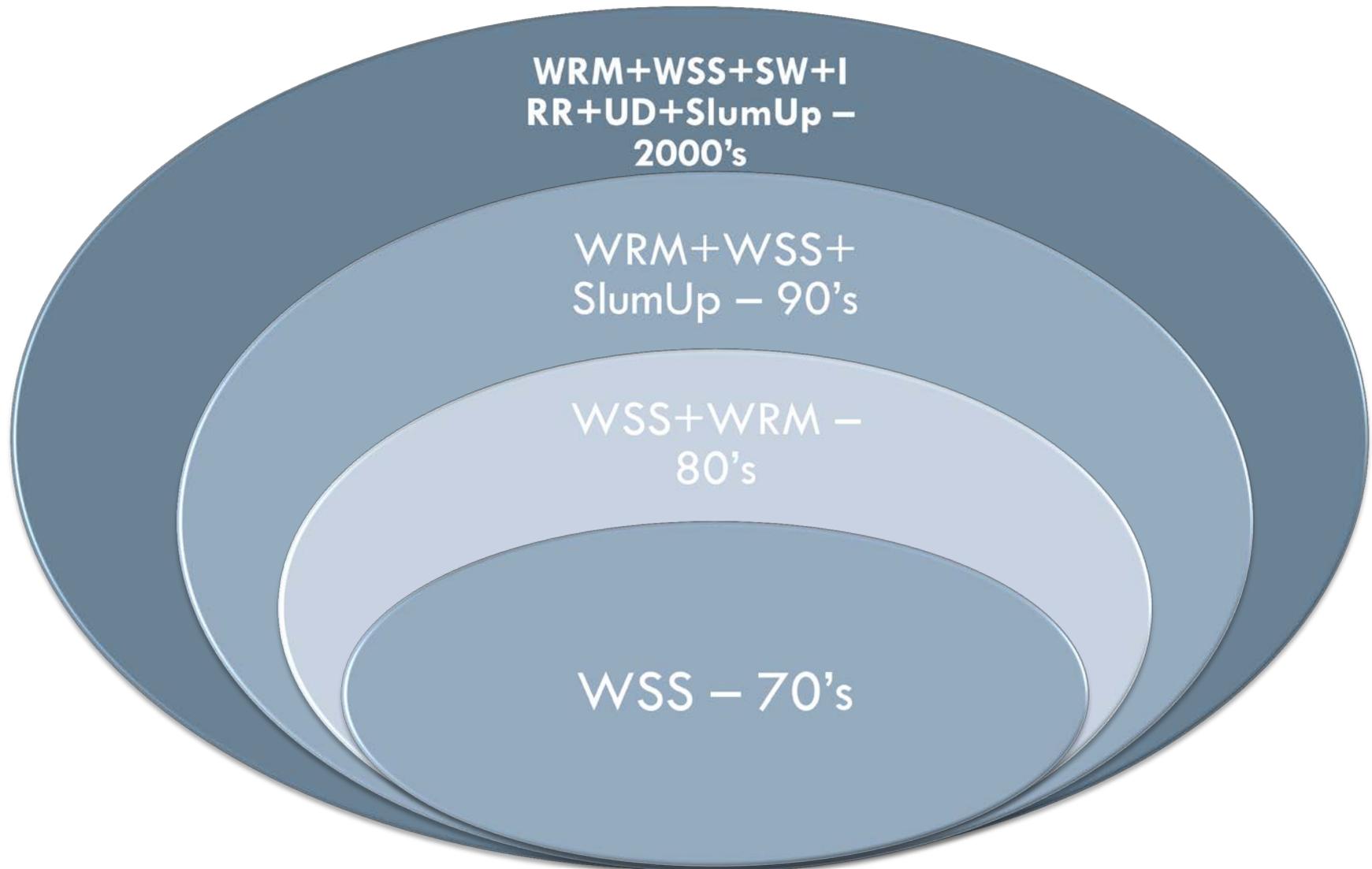
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Bank's Approach

Towards a More Integrated Approach

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	1980s	1990s	2000s	2010s	2020s
Main sector issues	Explosive urban population growth	Urban poverty broadens and deepens	Urban water pollution and water scarcity; unequal efficiency & technical expertise of service providers	Worsening water supply scarcity; need for more extensive use of water demand management	Water use markets
Background themes	Federal PLANASA institutional/financing plan; hyperinflation	PLANASA crisis (policy/financing vacuum; regulatory uncertainty); fiscal crisis	WSS regulatory uncertainty; new legal & institutional reality & actors	WSS sector development into capital market; need for more developed & cooperative WRM/land-use management	Self sufficient WSS sector; ongoing water disputes
Government strategy	Aggressive expansion in the provision of water supply services	Horizontal (multi-sector) and vertical (state & municipal) integrated approach to urban WSS, urban upgrading and land-use management	Universal access to water & significant increase in sanitation; reliable, efficient & sustainable WSS providers; better protected watersheds; more integrated & efficient WRM, WSS, land-use & urban upgrading; operational regulatory framework	Consolidated approaches to metropolitan governance and water demand and land-use management	Improve WRM and WSS regulation and competition; promoted efficient water use markets
Bank involvement	Technical and financial support to the expansion of access to water supply services	Guarapiranga PQA Project; PMSS activities (WSS regulatory reform analysis)	Mananciais Program; Reagua Project	Technical assistance and output-based investment financing (WRM and WSS)	Technical assistance and support to market operations
Bank exit strategy	Universal urban water supply coverage largely achieved	Integrated approach developed; initial legal/institutional instruments developed	Integrated approach and instruments consolidated; Bank no longer playing catalytic/ convening role	State of the art water demand management programs in place; water supply and demand balanced	Consolidation of mechanisms for resolving water disputes, of water-use

Water Issues and Challenges

The Bank's Response

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- ✓ 2010 →→→
- ✓ More integrated approaches involves more complex institutional arrangements and requires better coordination mechanisms
 - ✓ Exacerbated by the federative environment
 - ✓ Challenged by the recent Bank's strategy for multi-sectoral projects
- ✓ Continued need to bridge existing gaps
 - ✓ Results-based approaches
- ✓ Advancement on emerging issues:
 - ✓ Climate change
 - ✓ Water use conflict
 - ✓ Economic tool improvement

Water Issues and Challenges

The Bank's Response

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- ✓ Urban-Water and Water Resources-Services integrated approaches are consolidated – customized project designs to address relevant state/client water issues, using all of the Bank's instruments:
 - ✓ Specific Investments Loans (SIL)
 - ✓ Multi-sector investments loans
 - ✓ Multi-sector SWAps (Sector-Wide Approaches)
 - ✓ Sector Technical Assistance Loans (TAL)
 - ✓ Development Policy Loans (DPL)
 - ✓ Project For Results (P4R Loans)
 - ✓ Technical Assistance
 - ✓ Reimbursable
 - ✓ Non-reimbursable
 - ✓ Analytical and Advisory Works

Water Issues and Challenges

The Bank's Response

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- ✓ The water program has a unique characteristic of vertical integration within the water practice and horizontal integration with other practices: urban development, rural and urban water; water resources management; DRM and climate change-related activities
 - ✓ 22 projects, lending amount: US\$1.55 billion:
 - ✓ Municipal-level integrated urban development projects
 - ✓ State-level water projects: Rio Grande do Norte, São Paulo, Pernambuco, Sergipe and Espírito Santo
 - ✓ Federal-level multi-sector technical assistance INTERAGUAS
 - ✓ Rural WSS and WRM activities in projects mapped to other sectors in the States of Amazonas, Acre, Bahia, Ceará, Pernambuco, Santa Catarina, Acre, Bahia and Paraíba
 - ✓ Water components under multi-sector development policy projects.

Water Issues and Challenges

The Bank's Response

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Summary of the Bank Water Lending Program in Brazil

Supervision	US\$ M	%	%	Water Lead	US\$ M	%
SPN Water Lead	884.6	81.8	56.9	SPN	884.6	
SPN Other Lead	197.5	18.2	12.7	LEN	80.0	
Sub Total SPN	1,082.1	100.0	69.6	Sub Total	964.6	62.0
Preparation				Other Lead		
LEN Water Lead	80.0	16.9	5.1	SPN	197.5	
LEN Other Lead	392.9	83.1	25.3	LEN	392.9	
Sub Total LEN	472.9	100.0	30.4	Sub Total	590.4	38.0
TOTAL WATER PROGRAM	1,555.0			TOTAL WATER PROGRAM	1,555.0	

Water Issues and Challenges

The Bank's Response

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- ✓ Involvement in sector dialogue at government, financial and non-governmental institutions: Increasing demand for analytical and advisory services:
- ✓ Drought Preparedness and Climate Change Resilience
- ✓ Reimbursable Advisory Services (RAS) activities: dam safety, navigation in the São Francisco river, support for irrigation services concession via PPP
- ✓ Knowledge exchange programs
- ✓ Studies: subsidies to the poor, regulatory capacity of utilities, rural water supply

Thank You!

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