1. The level of access to water supply and sanitation services

The current situation of water supply and sanitation in Brazil is demonstrated by the following access indicators:

- the water supply index in urban areas reaches 95.4%;
- the sewage collection index in urban areas reaches 50.3%;
- regional contrast:
  - i. in the south, the water supply index in urban areas is 98.9%, while in the north it is only 69%;
  - ii. the sewage collection index in the southeast is 70.7%, while in the north it reaches only 8.5%;
- the treatment index of sewage produced in the whole country is 31.3%;
- the treatment index of sewage collected in the whole country is 61.2%.

These numbers lead us to some reflections. The first is that the residents of the north and northeast areas are the ones with the lowest coverage of water supply services in the country. As far as sewage concerns, there is still a lot to be done, since half of the Brazilian population does not have any solution for the collection of their sewage. Sewage treatment in particular is a national shame.

2. Overview of sanitation services supply in the country

According to the PNSB/IBGE census of 2000, water supply and sewage services in Brazil are provided directly by the municipalities through municipal autonomous services, departments and municipal companies; by state companies (public or of public/private partnerships); and a minority of private concessions. The participation of each model in services supply is detailed as follows:

I - Water supply

- Approximately 71% of the municipalities have sanitation services passed in a regular or irregular manner and without any control and regulation system, to State Companies;

- approximately 28% of the Municipalities provide the services directly through municipal services;

- less than 1% of the Municipalities have passed the services completely or partially to private companies.

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II - Sanitary sewage

- around 84.5% of the Municipalities have services, mainly only collection, provided directly by municipal services or they do not provide these services regularly;

- approximately 14.5% of the Municipalities have the services passed in a regular or irregular manner and without any control and regulation system, to State Companies;

- less than 1% of the Municipalities have passed the services on private companies

3. Financing situation of the sector

In Brazil there is a certain inconstancy regarding the investment of resources in the sanitation sector. Since the beginning of the current administration in 2002, the country made available its main investment source - the FGTS pension fund - to the public sector. As can be seen in the following chart, the previous Government whose economic policy was ruled by the International Monetary Fund, followed a strategy of suffocation of the public sector while privileging the private sector. As a result, the average amount of resources liberated through loans to the public sector between 1998 and 2002 (last phase of the Government of Fernando Henrique Cardoso), was of R$ 68 million, summing up to R$ 273 million for this period. Since the beginning of the Lula Administration the public sector started receiving resources from FGTS and the total value released to the sector reached R$ 5,2 billion, approximately 19 times more than its predecessor.

The current government, according to data from the Ministry of Cities and the National Secretariat of Environmental Sanitation, negotiated for the period January 2003 to July 2006, R$ 10,5 billion, considering onerous and non onerous resources. We acknowledge that the released resources are far more than the ones released from previous governments, however we are fighting so that we have resources liberated in a permanent way for investment in the sector. The National Secretariat of Environmental Sanitation, linked to the Ministry of Cities, estimates that 0.45% of the Brazilian GDP is necessary in order to universalize access to water supply and sanitary sewage services for the following 20 years. We in ASSEMAE, believe that it is possible to universalize sanitation
services for the following 20 years if the rates of resources allocation stay in the levels set by the current Federal Government and providing there is an improvement in the administration of our public services.

4. Government policy

Currently, the Bill no. 7361/2006 is processed in the National Congress, which will institute the Regulatory Framework of Sanitation in the Country. This Bill which was elaborated with the participation and excellent performance of the National Front for Environmental Sanitation (NFES) - Brazilian Branch of the VIDA Network, has already been approved by the Senate and is about to be processed in the House of Representatives. The Bill 7361/2006 details the guidelines for the provision of basic sanitation services (water supply, sanitary sewage, pluvial waters and solid residues management) within the requirements of a wider, proper service administration which will include planning, monitoring, implementation, regulation, participation and social control. ASSEMAE and the other entities composing NFES, expect that the Bill 7361/2006 will be approved this year by the House of Representatives and signed into law by the President.