Early Warning System

IFC-47451

SABESP UCL II

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Quick Facts

Countries	Brazil
Specific Location	State of São Paulo
Financial Institutions	International Finance Corporation (IFC)
Status	Proposed
Bank Risk Rating	B
Voting Date	2023-05-31
Borrower	COMPANHIA DE SANEAMENTO BASICO DO ESTADO DE SAO PAULO.
Sectors	Water and Sanitation
Investment Type(s)	Loan
Investment Amount (USD)	$ 200.00 million
Project Cost (USD)	$ 200.00 million

Project Description

Companhia de Saneamento Basico do Estado de São Paulo (“SABESP” or the “Company”) is the largest water and sanitation service provider in Brazil and among the largest worldwide. The company, founded in 1973, is controlled by the State of São Paulo and provides services to 28.0 million people in 375 municipalities in that State. The proposed transaction consists of an unsecured, 10-year A Loan (up to 8-year average life) for up to BRL1.0 billion to SABESP to finance a selected number of subprojects with limited environmental and social (E&S) risks and impacts in water and sanitation infrastructure related to the Pinheiros River Clean Up Program capital expenditures during the 2021-2025 period. The Program entails collecting sewage waters and sending them to a centralized wastewater treatment plant before discharge to preserve water quality in one of the most important urban rivers in São Paulo City. Eight subprojects have been identified for the use of IFC proceeds under this new investment and each one has a defined area of scope, which encompasses a whole or partial basin of a tributary of Pinheiros River. They are: (i) Pirajussara Stream (PI-03 basin), ME 01 area; (ii) Pirajussara Stream (PI-03 basin), ME 02 area; (iii) Cachoeira Stream (PI-09 basin), MS 01 area; (iv) Cordeiro Stream (PI-24 basin), MS 06 area; (v) Moenda Velha Stream (PI-09 basin); (vi) Jaguaré Stream (PI-01 basin); (vii) Cidade Jardim and Morumbi (PI-05 and PI-07 basins); (viii) Águas Espraiadas Stream (PI-22 basin). The selected subprojects were subject to Performance-Based Contracts (PBC), tied to two performance goals: (i) number of connections (households) to the sewage system; and (ii) Biochemical Oxygen Demand (BOD) measured at the tributary river mouth inferior to 30 mg/L. The contracts are divided into three phases: (i) implementation phase, consisting of the civil works involved building the infrastructure (18-24 months); (ii) the verification phase, starting upon completion of the construction, which aims at determine on monthly basis the achievement of the water quality goals (12 months); and (iii) contractor payment phase (24 months). All subprojects are at the verification phase, meaning construction was completed between November 2021 and June 2022. The IFC proceeds will be used to finance the contractor payment phase. IFC financed a similar project with SABESP in 2022 (see https://disclosures.ifc.org/project-detail/ESRS/46253/SABESP-ucl).

Investment Description

- International Finance Corporation (IFC)

Contact Information

IFC

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ACCOUNTABILITY MECHANISM OF IFC/MIGA

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org. You can learn more about the CAO and how to file a complaint at http://www.cao-ombudsman.org/