

001-0264/92
R 65 80M 198
F 00000010569-48
M 11/12/92

001-0264/92

CAMARA MUNICIPAL DE SÃO PAULO

ASSESSORIA TECNICA DA MESA - A.T.M.
SISTEMA DE APOIO AO PROCESSO LEGISLATIVO

PROJETO DE LEI : 001026492 DE 1992

NATUREZA : PL 01-0264/92-2 DE 12/08/92

PROMOVENTE: EXECUTIVO DRA LUIZA ERUNDINA DE SOUZA

OFICIO ATL : 344 / 92

EMENTA :

Autoriza o Poder Executivo a celebrar convênio e a contrair em-
préstimo junto ao Governo do Estado de São Paulo, objetivando im-
plementação do Programa de Recuperação Urbana e Saneamento Ambi-
ental da Bacia do Guarapiranga, e dá outras providências.

INDICE :

BACIA DO GUARAPIRANGA
CONVENIO
EMPRESTIMO
GOVERNO ESTADUAL, SP
PROGRAMA DE SANEAMENTO AMBIENTAL DO GUARAPIRANGA

OBSERVAÇÕES :

Lei n.º 11.324, de 28/12/92

CNC Solutions
Tipo. Processo Legislativo
21/10/2010 15:00:35

00000010569-48



ARQUIVADO EM 08/01/93

CHEFE DA SEÇÃO
LUIZA TATIANA ALANIS
Chefe de Seção



Prefeitura do Município de São Paulo

Folha n.º	1	de proc.
n.º	264	do 19 92
Concluída		

GABINETE DO PREFEITO

São Paulo, 12 de agosto de 1992

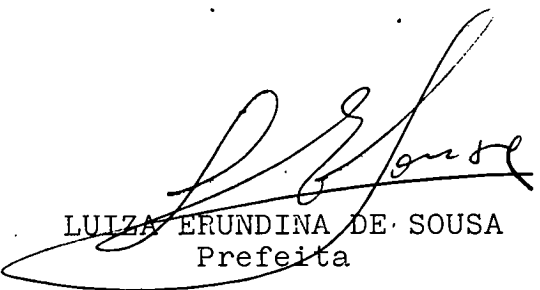
Ofício A. J. L. n.º 344 /92
Ofício no. 198/SEHAB-G/92

RECEBIDO NA A. T. M.		
Em	12	8 / 92
13:45 horas		

Senhor Presidente

Tenho a honra de encaminhar a Vossa Excelência, acompanhado da respectiva exposição de motivos, a fim de ser submetido ao estudo e deliberação dessa Egrégia Câmara, o incluso projeto de lei, que autoriza o Poder Executivo a celebrar convênio e a contrair empréstimo junto ao Governo do Estado de São Paulo, objetivando implementação do "Programa de Recuperação Urbana e Saneamento Ambiental da Bacia do Guarapiranga", e dá outras providências..

Aproveito a oportunidade para reiterar a Vossa Excelência os protestos de minha alta consideração.


LUIZA ERUNDINA DE SOUSA
Prefeita

Anexos: projeto de lei, exposição de motivos, Anexos I, II e III, cópias xerográficas de fls. 1/5, 6, 16/23, 24/27, 28/33, 34/35, 36, 37, 39/45, 46/165 e 168 do ofício no. 198/SEHAB-G/92 e da legislação citada no texto.

A Sua Excelência o Senhor Doutor Paulo Seiti Kobayashi
Digníssimo Presidente da Câmara Municipal de São Paulo
LMBN/rmn



PROJETO DE LEI Nº. 01-0264/92-2

01 - PL
No. 01-0264/92-2

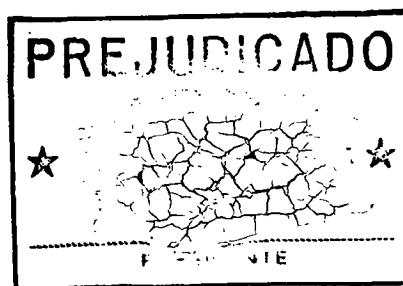
12 AGO 1992

LIDO HOJE
AS COMISSÕES DE:
COMISSÃO DE JUSTIÇA
POLÍCIA URBANA, METR. M. M. M.
ADMINISTRAÇÃO PÚBLICA
FINANÇAS E ORÇAMENTO

Autoriza o Poder Executivo a celebrar convênio e a contrair empréstimo junto ao Governo do Estado de São Paulo, objetivando implementação do "Programa de Recuperação Urbana e Saneamento Ambiental da Bacia do Guarapiranga", e dá outras providências.

A Câmara Municipal de São Paulo

DECRETA:



Art. 10. - O Poder Executivo fica autorizado a celebrar convênio com o Governo do Estado de São Paulo, objetivando a realização conjunta do "Programa de



Folha n.º	3	da proc.
n.º	264	do 19.92
Condide		

2

Recuperação Urbana e Saneamento Ambiental da Bacia do Guarapiranga", nos termos e nas condições estabelecidos no Anexo I, integrante desta lei.

Art. 2º. - O Poder Executivo fica autorizado a contrair empréstimo junto ao Governo do Estado de São Paulo, até o valor equivalente a US\$ 32.000.000,00 (trinta e dois milhões de dólares), correspondentes, em 28 de julho de 1992, a Cr\$ 129.979.200.000,00, nos termos e nas condições estabelecidos no Anexo II, integrante desta lei.

§ 1º. - Os recursos resultantes da operação de crédito mencionada no "caput" deste artigo serão aplicados exclusivamente no "Programa de Recuperação Urbana e Saneamento Ambiental da Bacia do Guarapiranga".

§ 2º. - Para garantia do empréstimo de que cuida o "caput" deste artigo fica autorizada a caução dos direitos e créditos relativos a cotas ou parcelas do Fundo de Participação dos Municípios de que trata a alínea "b" do inciso I do artigo 159 da Constituição Federal.

Art. 3º. - O Poder Executivo fica autorizado, para 1992, a abrir crédito adicional especial até o montante de US\$ 3.500.000,00 (três milhões e quinhentos mil dólares) equivalentes, em 28 de julho de 1992, a Cr\$ 14.216.475.000,00, com inclusão no orçamento vigente do projeto "Programa de Recuperação Urbana e Saneamento Ambiental da Bacia do Guarapiranga", conforme dados constantes dos Anexos integrantes desta lei.

§ 1º. - O crédito adicional especial



Folha n.º	4	de proc.
n.º	264	do 19 92
Concluída		

3

mencionado no "caput" deste artigo será coberto com recursos provenientes dos empréstimos tratados nos artigos 1o. e 2o. desta lei, cabendo à Secretaria da Habitação e Desenvolvimento Urbano - SEHAB o gerenciamento desses recursos.

§ 2o. - O Poder Executivo incluirá no Plano Plurianual de Investimentos e nos Orçamentos Anuais as despesas e as receitas oriundas do convênio a ser celebrado com o Governo do Estado de São Paulo para a implantação do "Programa de Recuperação e Saneamento Ambiental da Bacia do Guarapiranga".

Art. 4o. - As despesas com a execução desta lei correrão por conta das dotações orçamentárias próprias, suplementadas se necessário.

Art. 5o. - Esta lei entrará em vigor na data de sua publicação, revogadas as disposições em contrário.


LMBN/fsc



Folha n.º	5	de proc.
n.º	264	do 19 92
Comissão		

ANEXO I À LEI No. DE DE DE 1992

Condições do convênio a ser celebrado entre a Prefeitura do Município de São Paulo e o Governo do Estado de São Paulo.

OBJETO

Realização conjunta de obras e serviços componentes do "Programa de Recuperação Urbana e Saneamento Ambiental da Bacia do Guarapiranga".

VALOR FINANCIADO

US\$ 27,7 milhões de dólares, equivalentes, em 28 de julho de 1992, a Cr\$ 112.513.245.000,00.

DISPONIBILIZAÇÃO

No dia seguinte à colocação pelo BIRD/BACEN dos recursos à disposição do Estado, serão os mesmos transferidos à Prefeitura do Município de São Paulo.

COMISSÃO DE COMPROMISSO

0,75% ao ano, sobre a parte não desembolsada do crédito (principal) incidente a partir do 61o. dia da assinatura do contrato com o BIRD.



Folha n.º	6	de proc.
n.º	264	do 19 92
Condição		

JUROS

Parcelas semestrais, de 0,5% além da taxa de captação de recursos do BIRD, pagáveis, semestralmente, e incidente sobre o saldo devedor.

AMORTIZAÇÃO

Parcelas semestrais, em 10 (dez) anos, sendo a primeira após 5 (cinco) anos da assinatura do contrato com o BIRD.

COMISSÃO DE ADMINISTRAÇÃO

0,2% ao ano sobre o saldo devedor.

DESEMBOLSOS

Segundo cronograma a ser definido em conjunto na contratação do empréstimo.

UTILIZAÇÃO

Em 5 (cinco) anos da data de assinatura do contrato de empréstimo com o BIRD, exclusivamente dentro do "Programa de Recuperação Urbana e Saneamento Ambiental da Bacia do Guarapiranga".

VALORES A FUNDO PERDIDO

Originários do Estado ou de Empresas Estaduais (Anexo III) serão colocados à disposição da Prefeitura do Município de São Paulo, no dia seguinte ao de sua disponibilização. Nenhuma taxa ou comissão incide ou incidirá sobre estes



Folha n.º	7	de proc.
n.º	264	do 19 92
Condição		

3

valores.

GARANTIA

Cotas do Fundo de Participação dos Municípios - FPM.



Folha n.º	8	de proc.
n.º	264	do 19 92
Condição		

1

ANEXO II À LEI No. DE DE DE 1992

Descrição do empréstimo a ser tomado pela Prefeitura do Município de São Paulo junto ao Governo do Estado de São Paulo.

VALOR DO PRINCIPAL

US\$ 27,7 milhões de dólares, equivalentes, em 28 de julho de 1992, a Cr\$ 112.513.245.000,00.

COMISSÃO DE COMPROMISSO

0,75% ao ano sobre a parte não desembolsada do crédito (principal), incidente a partir do 61o. dia da assinatura do contrato com o BIRD.

JUROS

0,5% acima da taxa de captação paga pelo BIRD sobre o saldo devedor do empréstimo, pagáveis semestralmente.

AMORTIZAÇÃO

Em parcelas semestrais, vencível a primeira 5 (cinco) anos após a assinatura do contrato junto ao BIRD.

COMISSÃO DE ADMINISTRAÇÃO

0,2% ao ano sobre o saldo devedor, pagáveis semestralmente.



Folha n.º	9	de proc.
n.º	264	do 19.92
Ondide		

PRAZO DE UTILIZAÇÃO

5 (cinco) anos a partir da assinatura do contrato com o BIRD.

APLICAÇÃO

Exclusivamente em ações relativas ao "Programa de Recuperação Urbana e Saneamento Ambiental da Bacia do Guarapiranga".

GARANTIA

Cotas do Fundo de Participação dos Municípios - FPM.

CONTRAPARTIDA

Será de US\$ 28,1 milhões de dólares, equivalentes, em 28 de julho de 1992, a Cr\$ 114.137.985.000,00.



Folha n.º	10	de proc.
n.º	264	do 19 92
Enclide		

1

ANEXO III À LEI No. DE DE DE 1992

Participação da Prefeitura do Município de São Paulo no
"Programa de Recuperação Urbana e Saneamento Ambiental da
Bacia do Guarapiranga".

FONTES DE RECURSOS	US\$ milhões
Total do Programa	261,932
Financiamento BIRD	119,000
Governo do Estado	68,061.
Sabesp	39,801
Eletropaulo	6,997
PMSP	28,074

ATRIBUIÇÕES DA PREFEITURA DO MUNICÍPIO DE SÃO PAULO

FONTES	US\$ milhões
Recursos próprios - PMSP	28,074
Recursos financiados BIRD/Estado	27,678
Governo do Estado	3,514
Sabesp	412
Total	59,678



Folha n.º	11	de proc.
n.º	264	do 19
Concluída		

2

USOS	US\$ milhões
Canalização de córregos	1,104
Urbanização de favelas	17,704
Adequação de infraestrutura	31,339
Habitação, remoção e reassentamento de população	7,295
Apoio técnico às atividades agrícolas, silvicultura e implantação de estação de piscicultura	0,214
Educação sanitária e ambiental	0,809
Fiscalização integrada	0,330



Folha n.º	12	de proc.
n.º	264	do 19 72
Comissão		

EXPOSIÇÃO DE MOTIVOS

O presente projeto de lei busca conseguir a indispensável autorização legislativa para que o Executivo Municipal possa celebrar convênio e contratar empréstimo junto ao Governo do Estado de São Paulo, objetivando a execução do "Programa de Recuperação Urbana e Saneamento Ambiental da Bacia do Guarapiranga.

O problema das áreas de mananciais situadas ao Sul do Município de São Paulo é altamente complexo envolvendo as condições de moradia de um milhão e abastecimento de água de 3 milhões de habitantes e tem sido, nos últimos anos, preocupação da Administração Municipal.

A Bacia do Guarapiranga tem importância fundamental para a cidade de São Paulo, posto que dos seus 620 km² de superfície advém a água que abastece 25% da população. Sucede, porém, que a água desse manancial - apresenta um grau de comprometimento extremamente sério, e, se não forem adotadas medidas drásticas para reverter esse processo, no prazo de 4 anos, essa água estará totalmente imprópria para consumo humano.

Nesse sentido, a recente proliferação de



Folha n.º	13	de proc.
n.º	264	do 19 92
Condida		

algas nessa bacia, a provocar odor desagradável e sabor característico na água, dá conta da extensão do problema.

A questão tem merecido estudos dedicados, sendo certo que já foram dados alguns passos visando à recuperação e à preservação da Bacia do Guarapiranga.

Em princípio, foi editado o Decreto Estadual no. 33.266, de 15 de maio de 1991, que criou Grupo de Trabalho para estudar e propor forma de atuação integrada na implantação do Programa de Saneamento Ambiental na Região Metropolitana de São Paulo. Dentre as incumbências atribuídas ao Grupo de Trabalho em causa, avultam as seguintes:

I - Coordenar as negociações com o Banco Internacional para Reconstrução e Desenvolvimento (BIRD) e a Secretaria Nacional de Saneamento até a contratação do financiamento para o Programa de Saneamento Ambiental na Região Metropolitana de São Paulo, de comum acordo com o Comitê de Gestão de Financiamentos Externos da Assessoria Especial de Assuntos Internacionais, presidido pelo Governador;

II - Propor formas de atuação dos vários órgãos estaduais envolvidos e convênios entre o Estado e as Prefeituras Municipais beneficiadas pelo Programa de Saneamento Ambiental, na Região Metropolitana de São Paulo.

De outra parte, em 8 de abril de 1992, celebraram Protocolo de Intenções o Estado de São Paulo, e



Folha n.º	14	de proc.
n.º	264	do 19 92
Condição		

os Municípios de São Paulo, Embu, Embu-Guaçu e Itapequerica da Serra, "para desenvolvimento de ações conjuntas, de forma integrada, que têm por objeto estudos e trabalhos para a execução do Programa de Saneamento Ambiental da Bacia do Guarapiranga, na Região Metropolitana de São Paulo, que servirá de base para a celebração dos instrumentos legais necessários".

Para financiar o empreendimento em pauta, o governo do Estado de São Paulo contratará financiamento junto ao Banco Mundial - BIRD, repassando ao Município US\$ 28,0 milhões dessa operação, em idênticas condições, respeitadas as mesmas taxas de juros e a mesma comissão, e US\$ 4 milhões a fundo perdido.

Os recursos anteriormente mencionados, acrescidos de US\$ 28,0 milhões de recursos próprios da Prefeitura de São Paulo, totalizarão a importância de US\$ 59,0 milhões que serão destinados à execução, por esta, das seguintes intervenções: canalização dos Córregos Rio Bonito e Rio das Pedras, recuperação da infraestrutura de loteamentos precários, urbanização de favelas, remoção e reassentamento da população moradora em áreas de risco, programa de educação ambiental, coleta seletiva de lixo, manutenção de fiscalização intensiva e integrada com o Governo do Estado e cadastramento das propriedades rurais da Bacia. Tais ações serão desenvolvidas de forma articulada e em conjunto com ações a cargo do Governo do Estado, e implantadas pela Companhia de Saneamento Básico do Estado de



Folha n.º	15	de proc.
n.º	264	do 19.92
Condição		

4

São Paulo - SABESP, ELETROPAULO Eletricidade de São Paulo S/A, Companhia de Desenvolvimento Habitacional - CDH e Secretaria do Meio Ambiente, constituindo um Programa orçado em US\$ 262 milhões.

O programa como um todo foi aprovado pelo Conselho Estadual do Meio Ambiente - CONSEMA, em Deliberação 011/92, de 27 de março de 1992, e devidamente autorizado pela Lei Estadual no. 7.863, de 3 de junho de 1992.

De todo o exposto resulta o real significado da mensagem, que, a par de ensejar enfrentamento de problema premente, propiciará, por certo, melhores condições de vida a tantos quantos habitam nesta cidade.

Acompanham cópias xerográficas ilustrativas do assunto.

LMBN/fsc



Folha n.º	16	de proc.
n.º	264	do 19 92
Condição		

CONSTITUIÇÃO FEDERAL

.....

Art. 159. A União entregará:

I — do produto da arrecadação dos impostos sobre renda e proventos de qualquer natureza e sobre produtos industrializados, quarenta e sete por cento na seguinte forma:

a) vinte e um inteiros e cinco décimos por cento ao Fundo de Participação dos Estados e do Distrito Federal;

b) vinte e dois inteiros e cinco décimos por cento ao Fundo de Participação dos Municípios;

c) três por cento, para aplicação em programas de financiamento ao setor produtivo das Regiões Norte, Nordeste e Centro-Oeste, através de suas instituições financeiras de caráter regional, de acordo com os planos regionais de desenvolvimento, ficando assegurada ao semi-árido do Nordeste a metade dos recursos destinados à Região, na forma que a lei estabelecer;

II — do produto da arrecadação do imposto sobre produtos industrializados, dez por cento aos Estados e ao Distrito Federal, proporcionalmente ao valor das respectivas exportações de produtos industrializados.

§ 1º Para efeito de cálculo da entrega a ser efetuada de acordo com o previsto no inciso I, excluir-se-á a parcela da arrecadação do imposto de renda e proventos de qualquer natureza pertencente aos Estados, ao Distrito Federal e aos Municípios, nos termos do disposto nos arts. 157, I, e 158, I.

§ 2º A nenhuma unidade federada poderá ser destinada parcela superior a vinte por cento do montante a que se refere o inciso II, devendo o eventual excedente ser distribuído entre os demais participantes, mantido, em relação a esses, o critério de partilha nele estabelecido.

§ 3º Os Estados entregarão aos respectivos Municípios vinte e cinco por cento dos recursos que receberem nos termos do inciso II, observados os critérios estabelecidos no art. 158, parágrafo único, I e II.

.....

.....


LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.



PREFEITURA DO MUNICÍPIO DE SÃO PAULO
SECRETARIA DA HABITAÇÃO E DESENVOLVIMENTO URBANO - SEHAB

Folha n.º	17	de proc.	SEM-043282/92-9
n.º	264	do 19	92
Condição			ATL

São Paulo, 07 de JULHO de 1992

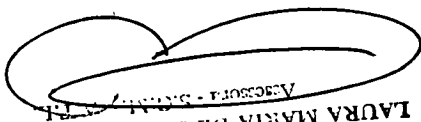
Ofício n.º 198/SEHAB-G/92

Senhora Prefeita

Conforme entendimentos mantidos com V.Exa., na reunião de 02 de julho do corrente, a qual contou com a presença dos Secretários de Habitação, Planejamento, Finanças, Vias Públicas, Serviços e Obras, Administrações Regionais e Governo, estamos encaminhando Projeto de Lei autorizando o Poder Executivo Municipal a celebrar convênio e contrair em préstito junto ao Estado de São Paulo, visando a execução do Programa de Recuperação Urbana e Saneamento Ambiental da Bacia do Guarapiranga.

O referido projeto foi oficialmente elaborado em conjunto com o Governo do Estado de São Paulo, desde de maio de 1991, através do Grupo de Trabalho criado pelo Decreto Estadual nº 33.266 de 15 de maio de 1991, constituindo um conjunto integrado de obras, estudos e ações administrativas tendo por objetivo central garantir a preservação da água da Guarapiranga para abastecimento, reverter o quadro de degradação da bacia e melhorar a qualidade de vida de seus habitantes.

A problemática das áreas de mananciais situadas ao Sul do Município de São Paulo é altamente complexa e foi objeto de preocupação de V.Exa. desde o início da gestão demandando um posicionamento político-institucional que atendesse aos conflitos sobre o uso e ocupação do solo na área.


LAURA MARIA DE BARROS NASCIMENTO



Folha n.º 18 de proc.
n.º 264 do 19 72
Condição

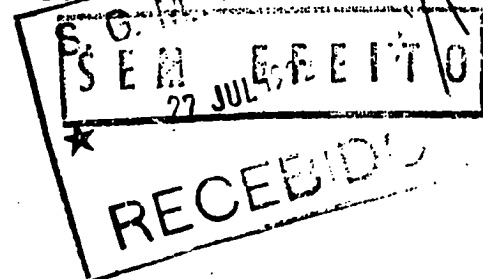
Folha n.º 02 do 146
n.º 198/92 FEHAB

PREFEITURA DO MUNICÍPIO DE SÃO PAULO
SECRETARIA DA HABITAÇÃO E DESENVOLVIMENTO URBANO - SEHAB

São Paulo, 07 de

JULHO de 1992

Ofício n.º 198/SEHAB-G/92 - (continuação)

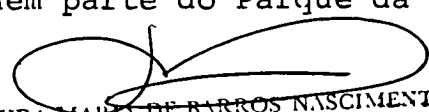


O primeiro passo da administração nesse senti do foi a constituição de um grupo de trabalho intersecretarial através da Portaria 282/de julho/89, visando o estabelecimento de um plano de preservação e manejo, da porção do Município inserida em área de proteção dos mananciais.

Através dos subsídios fornecidos pelo Grupo de Trabalho e do envolvimento direto dos Administradores Regionais de Capela do Socorro e Campo Limpo, o Governo assumiu uma posição e uma estratégia para o enfrentamento da questão que envolve, de imediato, as condições de moradia de 1 milhão de habitantes, e o abastecimento de água de 3 milhões, além do potencial para suportar as necessidades do incremento de água que deverão prover o acréscimo demográfico nos próximos 20 anos.

Uma posição de preservar os recursos hídricos preciosos para São Paulo, e uma estratégia de administrar a ocupação caótica da região segundo as seguintes diretrizes:

1. Recuperação urbana e ambiental, e ordenamento da ocupação dos setores integrados à mancha urbana contínua, onde se concentra cerca de 90% da população moradora e que correspondem a 70km² ou 13% das áreas de mananciais do Município.
2. Fiscalização intensiva e restrição à expansão urbana sobre a zona rural sul, delimitada pela Lei Municipal 9.412/81.
3. Preservação absoluta da Bacia dos Rios Capivari Monos que compreendem parte do Parque da Serra do Mar.


LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.



PREFEITURA DO MUNICÍPIO DE SÃO PAULO
SECRETARIA DA HABITAÇÃO E DESENVOLVIMENTO URBANO - SEHAB

São Paulo, 07 de JULHO de 1992

Ofício n.º 198/SEHAB-G/92 - (continuação)

Folha n.º	19	de proc.
n.º	264	do 19 92
Assinado		

Paralelamente foi equacionada e implementada por SEHAB uma política habitacional produtiva e participativa que atendeu e direcionou a demanda para as regiões do Município mais favoráveis e adequadas à ocupação.

Esses pontos integram o quadro de uma política urbana realista e responsável, desenvolvida desde 1989 e que, apesar de perfeitamente coerente com os fundamentos da Legislação de Proteção aos Mananciais, não se adequa aos parâmetros restritos das Leis Estaduais nº 898 e 1.172, aprovadas pelo Governo do Estado em 1975 e 1976 mas jamais assumidas por qualquer governo anterior ao de V.Exa.

Polemizada pela mídia e desconsiderada pelo Governo do Estado ao longo de 1990, a posição da Prefeitura começou a ser apropriada a partir de janeiro de 1991, quando evidenciou-se para a sociedade a situação emergencial e o nível de degradação da Represa Guarapiranga.

Diante das ameaças de colapso do sistema de abastecimento de água e mobilizado pela opinião pública, o Governo do Estado teve então de assumir providências e o fez buscando a parceria da Prefeitura e aceitando sua estratégia de ação.

O programa de fiscalização integrada - SOS Mananciais e o projeto de recuperação ambiental da Bacia do Guarapiranga, cujo contrato de financiamento acaba de ser acordado entre o Governo do Estado, o Banco Mundial e Prefeitura de São Paulo, são resultados quase que diretos de uma política para os Mananciais proposta e viabilizada pela Prefeitura de São Paulo, e consolida as seguintes medidas e ações, anteriormente propostas pela Prefeitura:


LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.



PREFEITURA DO MUNICÍPIO DE SÃO PAULO
SECRETARIA DA HABITAÇÃO E DESENVOLVIMENTO URBANO - SEHAB

São Paulo, 07 de

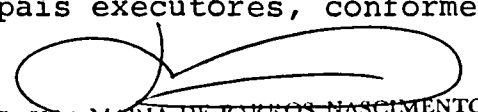
Folha n.º	04	do Proc.	198/92 SEHAB
Folha n.º	20	de proc.	
n.º	264	do 19	92
Condição			

Ofício n.º 198/SEHAB-G/92 - (continuação)

1. Urbanização de favelas, recuperação urbana e regularização de loteamentos na área de mananciais.
2. Projeto habitacional da Chácara do Conde.
3. Campanha pública visando esclarecer a população moradora da região sobre a problemática dos mananciais (projeto por um fio; a linha de proteção aos mananciais e cartilhas A Vida de Todos Nós Depende Dessa Água e Vamos Defender Nossa Água).
4. Produção de subsídios para o processo de revisão da legislação estadual de proteção aos mananciais, contemplando maior autonomia municipal e orientando as atividades econômicas compatíveis com a preservação e um sistema de gestão por bacia hidrográfica.
5. Desenvolvimento de política específica para a zona rural.
6. Fiscalização integrada das bacias hidrográficas preservadas, que já vem ocorrendo em conjunto pela Prefeitura e Estado, através do S.O.S. Mananciais.

Trata-se por outro lado de projeto que, se lograr uma condução positiva e integrada por parte de seus executores, poderá ganhar maior visibilidade para a opinião pública num prazo que ultrapassa a gestão de V.Exa.

O detalhamento do projeto de Recuperação Urbana e Saneamento Ambiental, no montante de US\$ 262 milhões a ser financiado pelo Banco Mundial no montante de US\$ 119 milhões ao Governo do Estado de São Paulo, tem na Prefeitura de São Paulo um dos seus principais executores, conforme quadros em anexo.


LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.



PREFEITURA DO MUNICÍPIO DE SÃO PAULO
SECRETARIA DA HABITAÇÃO E DESENVOLVIMENTO URBANO - SEHAB

São Paulo, 07 de JULHO de 1992

Ofício n.º 198/SEHAB-G/92 - (continuação)

Folha n.º	21	de proc.
n.º	264	do 19 92
Candida		

O projeto ① será executado no período de cinco anos, com início no segundo semestre de 1992, sendo que a Prefeitura executará obras no montante de US\$ 59 milhões, dos quais US\$ 28 milhões correspondem a recursos próprios, US\$ 28 milhões serão financiados pelo BIRD, através de repasse do Governo do Estado e US\$ 4 milhões serão repassados pelo Estado a fundo perdido, conforme detalhado nos anexos.

Tais investimentos serão dirigidos a uma das áreas mais carentes de infra estrutura do Município de São Paulo.

Para viabilização deste empreendimento, faz-se necessário a aprovação pela Câmara Municipal da autorização objeto do Projeto de Lei que estamos remetendo em anexo.

Sem mais para o momento, apresentamos nossos protestos de estima e consideração.

ERMINIA TERESINHA MENON MARICATO
Secretária da Habitação e
Desenvolvimento Urbano

AMIR ANTONIO KHAIR
Secretário das Finanças

PAUL ISRAEL SINGER
Secretário Municipal de
Planejamento

Excelentíssima Sra.
Dra LUIZA ERUNDINA DE SOUZA
DD. Prefeita do Município de São Paulo
IBIRAPUERA

LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. : A.T.L.



Folha n.º <u>22</u>	do pro.º <u>06</u>
n.º <u>264</u>	do 19.º <u>R</u>
Candida	

Folha n.º <u>06</u>	do 19.º <u>R</u>
n.º <u>198/2</u> de <u>1983</u>	

RECIBO GERAL
SCT 137

PREFEITURA DO MUNICÍPIO DE SÃO PAULO

PROGRAMA DE RECUPERAÇÃO URBANA E SANEAMENTO AMBIENTAL
DA BACIA DO GUARAPIRANGA

FONTES DE RECURSOS

US\$ milhões

Total do Programa	261,932
Financiamento BIRD	119,000
Governo do Estado	68,061
Sabesp	39,801
Eletropaulo	6,997
PMSP	28,074

ATRIBUIÇÕES DA PREFEITURA DO MUNICÍPIO DE SÃO PAULO

FONTES

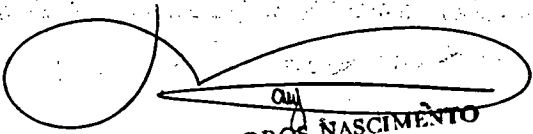
US\$ milhões

Recursos próprios PMSP	28,074
Recursos financiados BIRD/Estado	27,678
Governo do Estado	3,514
Sabesp	412
Total	59,678

USOS

US\$ milhões

Canalização de córregos	1,104
Urbanização de favelas	17,704
Adequação de infraestrutura	31,339
Habituação, remoção e reassentamento de população	7,295
Apoio técnico às atividades agrícolas, silvicultura e implantação de estação de piscicultura	0,214
Educação sanitária e ambiental	0,809
Fiscalização integrada	0,330


LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.



SECRETARIA DE ENERGIA E SANEAMENTO

Folha n.º 16 do Proo.
n.º 198/92 SEHAB
Folha n.º 23
n.º 264 do 19 92
Concluído SCH/AT

São Paulo, 26 de junho de 1992

OF. AS/001/92

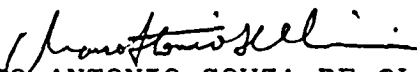
Doutora MARILDA

Como é do conhecimento de Vossa Senhoria, o Programa de Saneamento Ambiental da Bacia do Guarapiranga está em fase final de contratação do financiamento com o BIRD - Banco Internacional para Reconstrução e Desenvolvimento, conforme negociações de contrato que contaram com a participação dessa Prefeitura.

Em vista disso, e em continuidade ao Protocolo de Intenções assinado entre Governo do Estado e Prefeitura em 08/4/92, solicitamos as providências de Vossas Senhorias no sentido de obter as devidas aprovações, para a formalização dos termos de convênio e contrato de repasse de recursos, entre os dois níveis de governo.

Para isso enviamos, anexo, quadro demonstrativo de fontes e aplicações de recursos, para aquelas atividades que deverão ser implementadas pela Prefeitura, no Programa.

Sem outro particular, valemo-nos da oportunidade para expressar-lhe nossas respeitadas saudações.


MARCO ANTONIO SOUZA DE OLIVEIRA

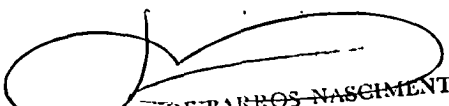
Coordenador do Programa Guarapiranga

Dra. MARILDA MAZZINI MARCONDES

Secretaria da Habitação e Desenvolvimento Urbano

Prefeitura Municipal de São Paulo

CAPITAL - SP


LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - ATIL

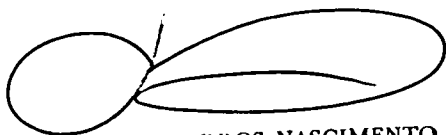
Folha n.º 24 da proc.
n.º 264 do 19 92

Condição
Folha n.º 17 do Proc.
n.º 198/72 SEHAB

RECINA SENDA
SGM/AT

PROGRAMA DE SANEAMENTO AMBIENTAL DA BACIA DO GUARAPIRANGA
EXECUTORES POR FONTE-PHSP

COMPONENTES	TOTAL	FONTES				
	US\$ MIL	BIRD	GESP	PHSP	SABESP	ELETRO
2.1. Adequação e controle ambiental do sistema de coleta, tratamento e disposição final de resíduos sólidos	882	441		441		
3.1.1. Canalização de córregos	1104	453		651		
3.1.2. Urbanização de favelas	17704	9383	3514	4807		
3.1.3. Adequação de infra-estrutura	31339	12636		18704		
3.5.1. Remoção e reassentamento da população	4505	3726		367	412	
3.5.2. Habitações	2790			2790		
4.3. Apoio técnico às atividades agrícolas, silvicultura e implantação de estação de piscicultura	214			214		
5.2.3. Educação sanitária e ambiental	809	809				
5.3.2. Fiscalização integrada	330	230		100		
TOTAL GERAL	59677	27678	3514	28074	412	


LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

PROGRAMA DE SANEAMENTO AMBIENTAL DA BACIA DO GUARAPIRANGA
Executores por Fontes

UGP Folha n.º 25 d. 25 de 1992
n.º 264 do 1992
Folha n.º 18 do Proc. 92/198/92
n.º 50/1992

COMPONENTES	FONTE S				
	US\$1000	BIRD	GESP	PMSP	SABESP ELETRO-PAULO
4.3. Apoio tecnico as atividades agricolas, silvicultura e implantacao de estacao de piscicultura	1206		1206		
15.1.1. Plano de desenvolvimento e protecao ambiental	1568	1255	314		
15.1.2. Estudo de atividades economicas compatíveis com a	915	732	183		
15.1.3. Modelo institucional para gestao da bacia	509	407	102		
15.1.6. Plano de residuos solidos	489	391	98		
15.2.1. Capacitacao tecnica para gestao da bacia	1277	1277			
15.2.2. Capacitacao tecnica das ONGs	505	505			
15.2.3. Educacao sanitaria e ambiental	809	809			
15.3.1. Implantacao/operacao da unidade de gestao da bacia	2841	2184	657		
15.3.3. Sistema de informacoes p/ monit. cond. ambientais	2822	2170	653		
15.3.5. Operacao de areas urbanas	832	639	192		
15.3.6. Sistema de Avaliacao	2236	1118			1118
15.4. Aparelhamento e Equipamentos para Gestao	1242	745	497		
GERENCIAMENTO	8870	4035	4035		
TOTAL GERAL	25322	16267	7937		1118
X		64.24	31.34		4.41

RECINHA GENDA
SCH/ATL


LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

COMPONENTES

TOTAL FONTES

US\$1000 BIRD GESP PMSF

Folha n.º 26 do 92
SABESP ELETRO do 19
n.º PAULO SGM/ATL

1.1. Ampliação dos serviços de interceptação, tratamento e disposição final de esgotos	24402	12201	12201
1.2. Melhorias e ampliação sistema de coleta de esgotos	40660	20330	20330
1.3. Desvio das cargas poluidoras afluentes a represa correios Guavirutuba e Itupu	1731		1731
1.4. Aquisição de sistema de supervisão e comando centralizado das estações elevatórias de esgoto	978	587	391
1.5. Aprimoramento no processo de tratamento de água na ETA Teodoro Augusto Raros	3232	1939	1293
15.1.5. Plano de esgotos e drenagem	403		403
15.1.8. Sistema de controle da qualidade de água	648	240	408
15.4. Melhoria operacional do sistema de esgotos	416		416
15.4. Aparelhamento e Equipamentos para Gestão	758	267	491
TOTAL GERAL	73230	35564	37666
2		48.56	51.43

LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

COMPONENTES	TOTAL				
	US\$1000	BIRD	GESP	PMSP	ISABESP
2.1. Adequacao e controle ambiental do sistema de coleta, tratamento e disposicao final de residuos solidos	882	441		441	
3.1.1. Canalizacao de correios	1104	453		651	
3.1.2. Urbanizacao de favelas	17704	9383	3514	4807	
3.1.3. Adequacao de infra-estrutura	31339	12536		16804	
3.5.1. Remocao e reassentamento de populacao	4565	3726		367	412
3.5.2. Habitacoes	2790			2790	
4.3. Apoio tecnico as atividades agricolas, silvicultura e implantacao de estacao de piscicultura	214			214	
5. Educacao sanitaria e ambiental	809	809			
TOTAL GERAL	59347	27346	3514	28074	412
%		46.08	5.92	47.30	0.69

LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

COMPONENTES	TOTAL	FONTES				
	US\$1000	BIRD	GESP	PMSP	SABESP	ELETRO-
2.1. Adequação e controle ambiental do sistema de coleta, tratamento e disposição final de resíduos sólidos	7192	5529	1663			
2.2. Aquisição equipamentos p/ limpeza de áreas públicas	1396	751	646			
3.2.1. Canalização de córregos	1181	527	655			
3.2.2. Urbanização de favelas	1519	1133	386			
3.2.3. Adequação de infra-estrutura	4935	3035	1900			
3.3.1. Canalização de córregos	600	306	374			
3.3.2. Urbanização de favelas	1022	762	260			
3.3.3. Adequação de infra-estrutura	5998	3596	2401			
3.4.1. Canalização de córregos	1769	781	987			
3.4.2. Adequação de infra-estrutura	1977	1295	682			
3.5.1. Reação e reassentamento de população	7331	5459	1266		606	
3.5.2. Habitações	30090		30090			
5.1.4. Programa habitacional	436	344	86			
TOTAL GERAL	65520	23517	41397		606	
X		35.89	63.18		6.93	

RECINHA CRODA
SGM/ATL

IPAULO 28 de 1992
Folha n.º 264 do 19.º
Concluída


LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

PROGRAMA DE SANEAMENTO AMBIEN
Executores por Fontes a Preços Correntes
ELETROPAULO

Folha n.º 22 do Proc.
n.º 198/92 de 13.

COMPONENTES	TOTAL						FONTES	
	US\$1000	BIRD	GESP	PHSP	SABESP	ELETRO-PAULO	SGM/ATA	de proc.
4.1.1. Repovoamento das margens da represa	550	220				330		
4.2.2. Parque Nove de Julho	12122	5455				6667		
TOTAL GERAL	12672	5675				6997		
Σ		44.78				55.22		

REGINA CENDA
SGM/ATA
de proc.
do 19.92
Condição



LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

GEND
SGE/ATL

COMPONENTES	TOTAL				
	US\$1000	BIRD	GESP	PMSP	SABESP
4.1.2. Recomposicao da mata ciliar	1754	998	756		
4.1.3. Repovoamento de faixas de dominio	1432	778	654		
4.1.4. Arborizacao urbana	2113	432	1681		
4.1.5. Projeto piloto de micro-propagacao	288	144	144		
4.2.1. Parque Ecologico do Guarapiranga	10857	4777	6680		
4.2.3. Parque da Varzea do Embu Guacu	1665	421	1244		
4.2.4. Parque Ilha dos Eucaliptos	476	120	356		
4.2.5. Mineracao Baroneza	324	82	243		
4.2.6. Mineracao Embu	890	225	665		
4.3. Apoio tecnico as atividades agricolas, silvicultura e implantacao de estacao de piscicultura	2966	262	2704		
5.1.7. Programa de adequacao e controle de mineracao	144	115	29		
5.1.8. Sistema de controle da qualidade de agua	168	84	84		
5.2.3. Educacao sanitaria e ambiental	809	809			
5.3.2. Fiscaliz. integrada e controle fontes poluidoras	1610	1237	372		
5.4. Aparelhamento e Equipamentos para Gestao	348	144	204		
TOTAL GERAL	25842	10627	15214		
%		41.12	58.87		



LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.



SECRETARIA DE ESTADO DO MEIO AMBIENTE

São Paulo, 30 de março de 1992.

Folha n.º 24 do Proc.
n.º 198/92 SE HAB

Folha n.º 31 de pro. REGINA CERDA
n.º 264 do 19 72
Candida
SGM/ATL

Of. CONSEMA/113/92

Exma. Sra.

Luisa Erundina de Sousa

DD. Prefeita do Município

Pavilhão Padre Manoel da Nóbrega, s/n

04098, São Paulo, SP.

Digníssima senhora,

Estamos encaminhando, anexo a este, cópia da Deliberação, Parecer Técnico e respectiva Súmula referentes ao empreendimento "Programa de Saneamento Ambiental da Bacia de Guarápiranga", cuja implantação abrangerá esse município.

Colocando-nos à sua inteira disposição para quaisquer esclarecimentos, subscrevemo-nos,

Atenciosamente,

DR. GERMANO SEARA FILHO
SECRETÁRIO EXECUTIVO SUBSTITUTO DO CONSEMA

LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

1596
SGM - ASSESSORIA TÉCNICA
Entrada: 10-4-92
Saída: 180592



SECRETARIA DE ESTADO DO MEIO AMBIENTE

Folha n.º 32 de proc. n.º 264 do 19 Condição

Tratado n.º 2 de 19 25 de 19 25
S. G. M. - A. T.

DELIBERAÇÃO CONSEMA 011/92

de 27 de março de 1.992.

15ª REUNIÃO EXTRAORDINÁRIA DO CONSEMA

Folha n.º 25 de proc. n.º 98/92 do 19 SEHAB
REGINA CERDA
SGM/ATL

O Conselho Estadual de Meio Ambiente - CONSEMA -, reunido em sua 15ª Reunião Extraordinária, deliberou favoravelmente, baseado em Parecer Técnico elaborado pelo Departamento de Avaliação de Impacto Ambiental da Secretaria Estadual de Meio Ambiente, em relação ao "Programa de Saneamento Ambiental da Bacia do Guarapiranga", Processo SMA 7007/92, obrigando-se o empreendedor a cumprir, além das medidas mitigadoras e exigências constantes do referido documento e respectivo EIA/RIMA, as exigências (1) e as recomendações (2) a seguir descritas:

- (1) - o que se segue da alteração feita no item 9.4.2.2., página 59 do Parecer Técnico, cuja redação passa a ser a seguinte: "A SMA deverá exigir, para aprovação, proposta de recuperação das áreas mineradas, abandonadas ou ativas, envolvendo o Estado, os mineradores e proprietários dessas áreas, caracterizando, através do Parecer da Consultoria Jurídica do órgão responsável, a correta destinação de recursos públicos para este fim, em prazos compatíveis com os demais programas";
- que seja incluída a Secretaria de Estado da Saúde, através de seus Serviços de Vigilância Sanitária e Epidemiológica, no Plano Emergencial de Fiscalização da Ocupação Indevida da Bacia, no Plano de Monitoramento da Qualidade das Águas, na realização dos estudos sobre a situação atual dos planos de transporte (Metrô, FEPASA) para a região no Plano de Monitoramento das Ações e Resultados dos Programas propostos nos itens 9.5.2., 9.5.3., 9.5.4. e 9.5.5., página 61 do Parecer Técnico;
- que a coordenação do Plano Emergencial de Fiscalização da ocupação Indevida da Bacia, a que se refere o item 9.5.2., página 61 do Parecer Técnico, seja feita pela Secretaria

LAURA MAISA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

Folha n.º 33 de proc.
n.º 264 do 19 92
Anexo

Folha n.º 26 do 19 92
n.º 198/92
SEHAB.

RECIBO GEND.
SCH/ATL

de Meio Ambiente;

- que, entre as exigências colocadas para o Sub-Programa de Gestão Ambiental, item 9.5., páginas 60 e 61 do Parecer Técnico, seja acrescentada a implantação, de preferência na região da Bacia do Guarapiranga, de laboratório de monitoramento de qualidade de água (bio-físico-químico), incluindo indicadores biológicos;
- que o Programa de Educação Ambiental e de Capacitação Técnica das ONGs - Organizações não Governamentais proporcione oportunidade para participação de todas aquelas que atendam a um dos seguintes requisitos: a) tenham sede na Bacia do Guarapiranga e atuação comprovada; b) atuem na Bacia ou possuam projeto para ser nela implantado, mesmo que sua sede se localize em outra região;
- que as águas revertidas de outros mananciais para a Bacia do Guarapiranga possuam índice de qualidade que não comprometam a qualidade das águas desse reservatório;
- que seja criado um Centro de Referência, com banco de dados e uma infra-estrutura tal que lhe permita cumprir as seguintes funções: centralizar todas as atividades ligadas ao Programa; fazer a divulgação periódica dessas atividades e dos eventos realizados não só para a comunidade como também para o público em geral; servir de base para todas as entidades envolvidas com o programa e para a implantação dos sub-programas ligados às ONGs - Organizações não Governamentais, como, por exemplo, o de Educação Ambiental, Saúde e Capacitação Técnica, e fornecer subsídios para o Conselho Consultivo desse Programa;
- (2) - que seja apresentado, no prazo de 18 (dezoito) meses, o Programa de Recuperação e Conservação da Ictiofauna local;


LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

4



SECRETARIA DE ESTADO DO MEIO AMBIENTE

Folha N. 3 do Proc. N.º S.G.M./GAB. N.º 34 de proc. n.º 264 do 19.ª Região Firmeza Amapá S.G.M./GAB. N.º 198/92 S.G.M./GAB. REGISTRO GERAL SGM/ATL.

- que a Estação de Tratamento de Esgoto Branca Flor, localizada nos bairros Branca Flor e Jardim Campestre em Itapezica da Serra, referida na página 26 do Parecer Técnico, contemple também a remoção de nutrientes, especialmente do fósforo;
- que sejam realizados estudos e tomadas as medidas governamentais necessárias para se obterem as condições de assentamento apropriado, ou de reassentamento, da população, em conformidade com a legislação em vigor, dada a existência, na Bacia do Guarapiranga, de assentamento irregular.

ALAOR CAFFE ALVES
SECRETÁRIO DE MEIO AMBIENTE
PRESIDENTE DO CONSEMA

LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.



Folha 28 do Livro
n.º 198/92 80446
Folha n.º 35
n.º 264 do Livro
RECEBIDA
GCM/ATL
Carida

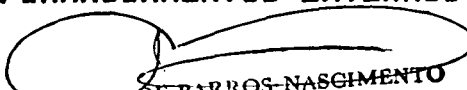
ESTADO DE SÃO PAULO

"PROTOCOLO DE INTENÇÕES QUE ENTRE SI CELEBRAM, O ESTADO DE SÃO PAULO E OS MUNICÍPIOS DE SÃO PAULO, EMBU, EMBU-GUAÇU E ITAPECERICA DA SERRA".

Aos 08 dias do mês de abril de 1992, no Palácio dos Bandeirantes o ESTADO DE SÃO PAULO pelo Governador LUIZ ANTONIO FLEURY FILHO e os MUNICÍPIOS DE SÃO PAULO, EMBU, EMBU-GUAÇU e ITAPECERICA DA SERRA, por suas Prefeituras neste ato representadas por seus respectivos Prefeitos celebram o presente "PROTOCOLO DE INTENÇÕES" no sentido de desenvolver ações conjuntas, de forma integrada, que tem por objeto estudos e trabalhos para a execução do Programa de Saneamento Ambiental da Bacia do Guarapiranga, na Região Metropolitana de São Paulo, que servirá de base para a celebração dos instrumentos legais necessários, de conformidade com as seguintes cláusulas e condições:

CLÁUSULA PRIMEIRA

O Programa de Saneamento Ambiental da Bacia do Guarapiranga é o constante do anexo "A" e integra-se ao "Programa de Qualidade das Águas e Controle da Poluição Hídrica em Áreas Metropolitanas" do Ministério da Ação Social/Secretaria Nacional de Saneamento, aprovado na 15ª Reunião da COMISSÃO DE FINANCIAMENTOS EXTERNOS-COFIEX da


LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.



Folha n.º 29 do Proc. n.º 198/92 SEFAB

Folha n.º 36 do Proc. n.º 204 do 1992

SECRETARIA GERAL

AGM/ATL

Carvalho

ESTADO DE SÃO PAULO

Secretaria Nacional de Planejamento do Ministério da Economia, Fazenda e Planejamento, realizada em 25.9.91.

CLÁUSULA SEGUNDA

O Programa tem como objetivo prioritário a melhoria da qualidade das águas do manancial, através de ações voltadas para a recuperação sanitária e ambiental da Bacia do Guarapiranga, bem como, também, a melhoria das condições de vida da população residente e o desenvolvimento de mecanismos institucionais relacionados ao controle ambiental e gestão da Bacia.

Para concretizar este objetivo, os participantes desenvolverão gestões no sentido de promover as seguintes atividades:

a) executar obras de melhoria e ampliação da rede coletora de esgotos sanitários existentes, através da integração de novas redes e ligações domiciliares ao sistema de reversão em operação, da ampliação deste pela construção de interceptadores, estações elevatórias e linhas de recalque da implantação de estações de tratamento;

b) equacionar os problemas originados pela disposição inadequada de resíduos sólidos na área de abrangência da Bacia do Guarapiranga;

c) reordenar o expressivo processo de urbanização na


LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.



Folha n.º 37 de proc.
n.º 264 do 19 223
Gndiao

Folha n.º 30 do Proc.
n.º 198/92
RECEBIDA
SGM/ATL

ESTADO DE SÃO PAULO

área programa, na qual predominam as ocupações irregulares promovidas por famílias de baixa renda, geralmente constituindo favelas desprovidas de qualquer equipamento de infraestrutura;

d) Instalar os parques para preservação e controle sanitário da represa, segundo plano de uso, elaborado pela Secretaria de Estado do Meio Ambiente e

e) Institucionalizar os mecanismos de gestão ambiental, adequados à manutenção e perenização dos resultados obtidos com a recuperação sanitária da Bacia do Guarapiranga.

CLÁUSULA TERCEIRA

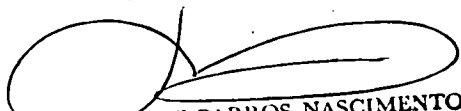
O Programa, em sua estrutura será composto de projetos setoriais que serão desenvolvidos em conjunto ou separadamente pelas entidades participantes, de acordo com o anexo "B".

CLÁUSULA QUARTA

O Programa prevê investimentos da ordem de US\$ 228,000,000.00 (duzentos e vinte e oito milhões de dólares norte americanos) que deverão ser obtidos por intermédio das fontes de recursos constantes do anexo "C".

CLÁUSULA QUINTA

O financiamento junto ao Banco Mundial - BIRD será contratado pelo Governo do Estado de São


LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.TiLi



Folha n.º	38	de proc.
n.º	Ind	do 19 76
Andrade		

Folha n.º	31	do Proc.
n.º	PR/92	SE/113

RECIBO GENDI
10/11/76

ESTADO DE SÃO PAULO

Paulo sendo a operação garantida pelo Tesouro Nacional.

CLÁUSULA SEXTA

O ESTADO DE SÃO PAULO, as empresas de sua administração descentralizada que vierem a participar do programa e a PREFEITURA MUNICIPAL DE SÃO PAULO, comprometem-se a promover gestões no sentido de alocar recursos orçamentários para a execução do Programa e suas obrigações decorrentes, conforme estabelecido no anexo "C".

CLÁUSULA SÉTIMA

O montante e a distribuição dos recursos, mencionados na CLÁUSULA SEXTA e constantes do anexo "C", tem, ainda, um caráter preliminar devendo assumir condição definitiva quando da assinatura do contrato de financiamento.

CLÁUSULA OITAVA

Caberá ao ESTADO DE SÃO PAULO gerenciar a execução do Programa, por meio de uma Unidade de Gerenciamento subordinada à Secretaria de Energia e Saneamento, firmando oportunamente os instrumentos legais necessários entre os celebrantes deste protocolo, tendo como finalidade a execução do Programa e o adimplemento do financiamento tomado junto ao BIRD.


LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.



Folha n.º 39 do proc.
n.º 264 do 19 562
Concluída

Folha n.º 32 do Proc.
n.º 196/92 SEHAB

REGINA GENDA
SGH/ATL

ESTADO DE SÃO PAULO

PARÁGRAFO ÚNICO

Nos contratos de repasse do Estado para as entidades executoras, atuará como interveniente depositário o BANCO DO ESTADO DE SÃO PAULO S.A. - BANESPA.

CLÁUSULA NONA

Os celebrantes comprometem-se a envidar os esforços necessários para prover os recursos materiais, humanos e administrativos em tempo adequado para a viabilização do financiamento do Banco Mundial e para a execução do Programa, nos termos das normas legais aplicáveis.

CLÁUSULA DÉCIMA

Em qualquer ação promocional relacionada com o Programa, será, obrigatoriamente, destacada a participação conjunta dos signatários deste PROTOCOLO.

CLÁUSULA DÉCIMA PRIMEIRA

Este protocolo terá vigência a partir da data de sua assinatura, e término previsto no efetivo cumprimento do Programa.

CLÁUSULA DÉCIMA SEGUNDA

As propostas de aditamento visando adaptar o objetivo deste Protocolo às situações superve-


LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.



Folha n.º 40 de proc.
n.º 264 do 19 92
Candida 6

Folha n.º 33 do Proc.
n.º 198/92 827/92

RECINHA GENDA
SGH/ATL

ESTADO DE SÃO PAULO

nientes, não deverão, em qualquer hipótese, modificar a finalidade ou enquadramento programático, que importarem na descaracterização dos resultados pretendidos quando da celebração do presente.

E por assim acharem ajustados, firmam o presente em 6 (seis) vias de igual teor e forma, dando-se ciência às demais entidades participantes e executoras do Programa e constantes do Anexo "B".

GOVERNADOR DO ESTADO DE SÃO PAULO

PREFEITA MUNICIPAL DE SÃO PAULO

PREFEITO MUNICIPAL DE EMBU

PREFEITO MUNICIPAL DE EMBU-GUAÇU

PREFEITO MUNICIPAL DE ITAPECERICA DA SERRA.

ATG/OSJ/cgv/rs
(3-Prot1)

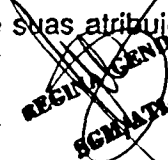
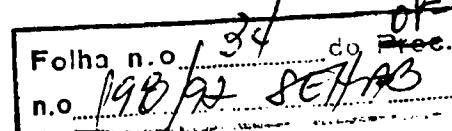
LAURA MARIA DE BARROS NASCIMENTO
Assessora : S.G.M. : AITL

DECRETO Nº 33.266, DE 15 DE MAIO DE 1991

Cria Grupo de Trabalho para estudar e propor forma de atuação integrada na implantação do Programa de Saneamento Ambiental na Região Metropolitana de São Paulo e dá outras providências.

LUIZ ANTÔNIO FLEURY FILHO, Governador do Estado de São Paulo, no uso de suas atribuições legais,

Decreta:



Artigo 1º - Fica constituído Grupo de Trabalho para estudar e propor forma de atuação integrada na implantação do Programa de Saneamento Ambiental na Região Metropolitana de São Paulo.

Parágrafo único - O Grupo de Trabalho terá, também, a atribuição de coordenar as negociações com o Banco Internacional para Reconstrução e Desenvolvimento (BIRD) e a Secretaria Nacional de Saneamento, objetivando a obtenção de financiamento para implantação do Programa de Saneamento Ambiental na Região Metropolitana de São Paulo-bacias do Guarapiranga e do Cantareira.

Artigo 2º - O Grupo de Trabalho criado no artigo anterior será integrado por representantes das Secretarias de Energia e Saneamento, do Meio Ambiente, de Planejamento e Gestão, da Fazenda, da Assessoria Especial de Assuntos Internacionais e das empresas Companhia de Saneamento Básico do Estado de São Paulo - SABESP, CETESB - Companhia de Tecnologia de Saneamento Ambiental, Empresa Metropolitana de Planejamento da Grande São Paulo S.A. - Emplasa e ELETROPAULO - Eletricidade de São Paulo S.A.

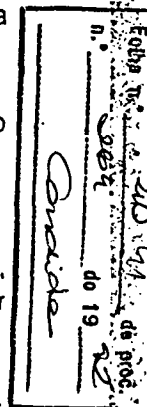
Parágrafo 1º - A Coordenação do Grupo de Trabalho caberá ao representante da Secretaria de Energia e Saneamento e a coordenação adjunta ao representante da Secretaria do Meio Ambiente.

Parágrafo 2º - Poderão compor o Grupo de Trabalho representantes das Prefeituras Municipais de São Paulo, de Embu, Embu-Guaçu e de Itapeverica da Serra.

Artigo 3º - Os órgãos e entidades mencionados no artigo 2º deste decreto deverão indicar, oficialmente, seus representantes no Grupo de Trabalho, à Secretaria de Saneamento, no prazo de 10 dias, a contar da publicação deste decreto.

Parágrafo único - O Coordenador do Grupo de Trabalho poderá solicitar a colaboração de outros órgãos e entidades da Administração Pública Estadual e dos setores da sociedade civil, visando o desenvolvimento dos trabalhos.

LAURA MARIA DE BYRROS NASCIMENTO
Assessora - S. G. A. - A. T. L.



Artigo 4º - O Grupo de Trabalho a que se refere este decreto terá as seguintes incumbências:

- I - Coordenar as negociações com o Banco Internacional para Reconstrução e Desenvolvimento (BIRD) e a Secretaria Nacional de Saneamento até a contratação do financiamento para o Programa de Saneamento Ambiental na Região Metropolitana de São Paulo, de comum acordo com o Comitê de Gestão de Financiamentos Externos da Assessoria Especial de Assuntos Internacionais, presidido pelo Governador;
- II - Propor formas de atuação dos vários órgãos estaduais envolvidos e convênios entre o Estado e as Prefeituras Municipais beneficiadas pelo Programa de Saneamento Ambiental na Região Metropolitana de São Paulo;
- III - Definir normas e procedimentos para operacionalização do Programa referido no inciso anterior.

Artigo 5º - Este decreto entrará em vigor na data de sua publicação.

Palácio dos Bandeirantes, 15 de maio de 1991.

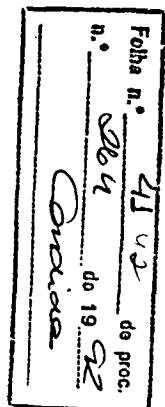
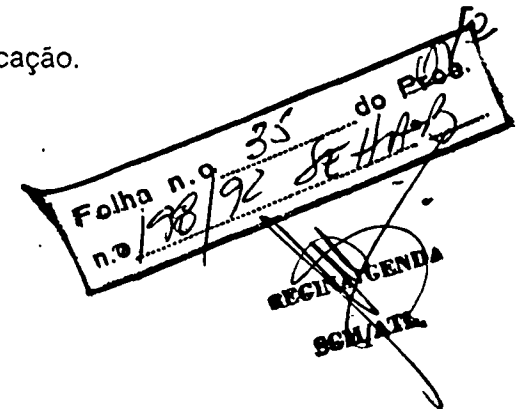
LUIZ ANTÔNIO FLEURY FILHO

José Fernando da Costa Boucinhas,
Secretário de Energia e Saneamento

Cláudio Ferraz de Alvarenga,
Secretário do Governo

Publicado na Secretaria de Estado do Governo, aos 15 de maio de 1991.

LAURA MARIA DE MOURA NASCIMENTO
Assessora - GAB. ATILA



quinta-feira, 4 de junho de 1992

LEI Nº 7.618, DE 3 DE JUNHO DE 1992

Autoriza o Poder Executivo a contratar financiamento junto ao Banco Internacional para Reconstrução e Desenvolvimento - BIRD, e de outras províncias

O GOVERNADOR DO ESTADO DE SÃO PAULO:

Faço saber que a Assembleia Legislativa decretou e eu promulgo a seguinte lei:

Artigo 1º — Fica o Poder Executivo autorizado a contratar financiamento junto ao Banco Internacional para Reconstrução e Desenvolvimento — BIRD, até o valor equivalente a US\$ 100.000.000,00 (cento e cinco milhões de dólares norte-americanos) e taxa de juros, prazos, comissões e demais encargos vigentes na época da contratação de empréstimo, que sejam admitidos pelo Banco Central do Brasil para regime de operações de crédito, precedidas de formal prévia do BCB legal.

Parágrafo único — O produto da operação de crédito será obrigatoriamente aplicado no "Programa de Desenvolvimento Ambiental da Bacia do Guapiranga".

Artigo 2º — A operação de crédito é garantida pela República Federativa do Brasil.

§ 1º — Para obter o aval da União com vistas à operação de crédito de que trata esta lei, fica autorizado o Poder Executivo a apresentar requisição ao Tesouro Nacional.

§ 2º — A contraguarantia de que trata o parágrafo anterior poderá ser feita de valores e condições relativas a notas ou parcelas da participação do Estado no saneamento da União, na forma do disposto no artigo 193, inciso I, letra "a", e II da Constituição Federal ou equivalentes de tal natureza e parcelas, manifestadas de acordo com o procedimento na mesma Constituição, expedidas em vinculação e aplicação especial, quando for o caso.

Artigo 3º — O Poder Executivo enviará ao Legislativo, trimestralmente, relatório da aplicação dos recursos provenientes da operação de que trata esta lei.

Artigo 4º — Os recursos provenientes da operação de crédito serão obrigados como receita no orçamento do Estado.

Artigo 5º — Fica o Poder Executivo autorizado a criar, no presente anoletivo, créditos especiais até o limite de Cr\$ 84.000.000.000,00 (oitenta e quatro bilhões de cruzeiros), sendo Cr\$ 30.000.000.000,00 (trinta bilhões de cruzeiros) referentes à contrapartida do Tesouro do Estado ao financiamento de que trata esta lei e Cr\$ 54.000.000.000,00 (cinquenta e quatro bilhões de cruzeiros) provenientes dos recursos de operação de crédito desta lei, com a inclusão das categorias de programação 13.76.468.1.003 — "Programa de Desenvolvimento Ambiental da Bacia do Guapiranga", na Secretaria de Meio Ambiente e de Zonagem e Saneamento e 13.76.035.7.005 — Subordinação de Apoio — "Programa de Saneamento Ambiental da Bacia do Guapiranga", na Secretaria de Meio Ambiente.

§ 1º — Os créditos especiais de que trata este artigo serão cobertos na forma prevista pelo § 12, do artigo 48, da Lei Federal nº 4.349, de 17 de março de 1964.

§ 2º — Fica autorizada a criação do sistema econômico 4.1.1.9 — Obras e Instalações na Economia do Meio Ambiente — Unidade Organizacional 25.01 — Coordenação de Planejamento Ambiental.

Artigo 6º — Os orçamentos do Estado consignarão, anualmente, os recursos necessários ao atendimento das despesas relativas à contratação, juros e demais encargos decorrentes da operação de crédito autorizada por esta lei.

Artigo 7º — Esta lei entrará em vigor na data de sua publicação.

Palácio dos Bandeirantes, 3 de junho de 1992.

LUIZ ANTONIO FLEURY FILHO

Frederico Matheus Moura

Secretaria de Meio Ambiente

Folha 26 do F. 264/92 DEHAS

REGISTRO
SGM/ATL

LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

Folha n.º 37 do Proc. n.º 198/92 SETHAB

Folha n.º 243 de proc. n.º 264 do 19

Condida

SGM/ATL

DECRETO Nº 34.682, DE 4 DE MARÇO DE 1992

Cria Unidade de Gerenciamento do "Programa de Saneamento Ambiental da Bacia do Guarapiranga" e dá outras providências

LUIZ ANTONIO FLEURY FILHO, Governador do Estado de São Paulo, no uso de suas atribuições legais,

Considerando a prioridade definida pelo Governo do Estado para os setores de saneamento e meio ambiente;

Considerando o contrato de financiamento a ser firmado entre o Governo do Estado e o Banco Internacional para Reconstrução e Desenvolvimento — BIRD, visando a implantação do "Programa de Saneamento Ambiental da Bacia do Guarapiranga";

Considerando o resultado dos estudos realizados pelo Grupo de Trabalho constituído pelo Decreto nº 33.266, de 15 de maio de 1991;

Considerando a necessidade de gerenciamento centralizado para implantação do mencionado "Programa";

Decreta:

Artigo 1º — Fica criada, com subordinação direta ao Secretário de Energia e Saneamento, a Unidade de Gerenciamento do "Programa de Saneamento Ambiental da Bacia do Guarapiranga."

Artigo 2º — A Unidade de Gerenciamento, criada pelo artigo anterior, será responsável pela consecução das metas e objetivos gerais do "Programa", tendo como atribuições:

I — estabelecer as diretrizes gerais orientadoras da implementação setorial do "Programa";

II — elaborar o planejamento da implantação do "Programa" em todas as suas etapas;

III — acompanhar os procedimentos licitatórios e de contratação, assegurando sua adequação às normas dispostas no Acordo de Empréstimo, aos cronogramas e aos objetivos gerais do "Programa", bem como às disposições legais e regulamentares pertinentes;

IV — manifestar-se sobre a liberação de recursos financeiros, do Banco Internacional para Reconstrução e Desenvolvimento — BIRD e da União Federal, para as unidades executoras do "Programa", mediante comprovação de execução física e financeira das atividades;

V — acompanhar, direta ou indiretamente, a execução de todas as atividades previstas no "Programa";

VI — assegurar a disponibilidade de informações necessárias às auditorias do "Programa";

VII — promover as revisões periódicas necessárias à implementação do "Programa", compatibilizando os cronogramas de inversões a cargo das unidades executoras;

VIII — elaborar relatórios periódicos exigidos pelos financiadores e órgãos governamentais, a partir de informações das unidades executoras;

IX — subsidiar, com informações, o Grupo Técnico criado pelo Decreto nº , de de de 1992, no desempenho de suas incumbências;

X — mobilizar e adequar os recursos humanos e materiais necessários ao gerenciamento da implantação do "Programa";

XI — realizar todas as demais tarefas de gerenciamento do "Programa", conforme previsto no contrato com o Banco Internacional para Reconstrução e Desenvolvimento — BIRD.

Parágrafo único — A contratação de serviços de consultoria dependerá de expressa e prévia autorização do Governador, nos termos do artigo 26, inciso I, do Decreto nº 34.537, de 8 de janeiro de 1992.

Artigo 3º — Cada entidade executora do Programa designará um coordenador responsável pela implantação das atividades setoriais.

Parágrafo único — As entidades executoras comunicarão os nomes de coordenadores ao Secretário de Energia e Saneamento, no prazo de 10 (dez) dias a contar da data da publicação deste decreto.

Artigo 4º — O Secretário de Energia e Saneamento designará os integrantes da Unidade de Gerenciamento criada no artigo 1º deste decreto.

Artigo 5º — Considera-se entidades executoras, para os fins deste decreto, os órgãos públicos e empresas estatais diretamente envolvidos na execução das obras e serviços do "Programa", aos quais é atribuída a responsabilidade pela gestão parcial dos projetos.

Artigo 6º — Este decreto entrará em vigor na data de sua publicação.

Palácio dos Bandeirantes, 4 de março de 1992.

LUIZ ANTONIO FLEURY FILHO

José Fernando da Costa Boucinhas

Secretário de Energia e Saneamento

Cláudio Ferraz de Alvarenga

Secretário do Governo

Publicado na Secretaria de Estado do Governo aos 4 de março de 1992.


LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.



GABINETE DO SECRETÁRIO

SECRETARIA DE ESTADO DO MEIO AMBIENTE

Folha n.º 69
PROCESSO 05.001.412.91/20

Folha n.º 39 do
n.º 19892
SECRETARIA DE ESTADO DO MEIO AMBIENTE

LARA MACHADO
Eno.º de Setor II

RESOLUÇÃO 44 de proc.
Folha n.º 264 do 19 72
Anide

TERMO DE COOPERAÇÃO TÉCNICO-ADMINISTRATIVO QUE ENTRE SI FAZEM O ESTADO DE SÃO PAULO, ATRAVÉS DE SUAS SECRETARIAS DO MEIO AMBIENTE, DE ENERGIA E SANEAMENTO E DA SEGURANÇA PÚBLICA, E DA SUA POLÍCIA MILITAR, A CETESB, A SABESP E A ELETROPAULO, E OS MUNICÍPIOS DE SÃO PAULO, EMBU, EMBU-GUAÇU, ITAPECERICA DA SERRA, COITIA E JUQUITIBA, OBJETIVANDO A INTEGRAÇÃO DE ATIVIDADES PARA A FISCALIZAÇÃO E PROTEÇÃO AMBIENTAL DAS BACIAS HIDROGRÁFICAS DO GUARAPIRANGA E DO CAPIVARI-MONOS (PROCESSO SMA Nº 0007103/91)

LAURA MACHADO DE NASCIMENTO
Assessoria - SGM - A.T.L.

Pelo presente termo de cooperação técnico-administrativo, o Estado de São Paulo, através de suas Secretarias do Meio Ambiente, de Energia e Saneamento e da Segurança Pública, neste ato representada por seus titulares, a Polícia Militar do Estado de São Paulo, neste ato representada por seu Comandante Geral, subordinada à Pasta por último mencionada, a Companhia de Tecnologia de Saneamento Ambiental - CETESB, a Companhia de Saneamento Básico do Estado de São Paulo - SABESP e da ELETROPAULO - Eletricidade de São Paulo S/A, vinculadas às duas Pastas por primeiro indicadas, respectivamente, neste ato representadas na forma de seus estatutos sociais, e os Municípios de São Paulo, Coitía, Embu, Embu-Guaçu, Itapequerica da Serra e Juquitiba, neste ato representados por seus Prefeitos, resolvem estabelecer as bases para a interação de seus serviços, nos seguintes Termos:



SECRETARIA DE ESTADO DO MEIO AMBIENTE

GABINETE DO SECRETÁRIO

Folha n.º 40 do processo 05.001/12.914
n.º 190/92
IARA MACHADO
Ena.º de Setor II
RESOLUÇÃO
da proc. 264 de 19 92
Concluída

CLÁUSULA PRIMEIRA - OBJETO

Constitui objeto do presente termo a interação dos serviços e atividades que em nível constitucional e infra-constitucional são carreadas aos signatários e que possibilitam assegurar a efetiva proteção e recuperação ambiental das Bacias Hidrográficas do Guarapiranga e do Capivari-Monos localizadas na Região Metropolitana da Grande São Paulo

CLÁUSULA SEGUNDA - OPERACIONALIZAÇÃO

1. Para a consecução do objeto do presente termo é neste ato instituído o SISTEMA INTEGRADO DE FISCALIZAÇÃO E PROTEÇÃO AMBIENTAL DAS BACIAS HIDROGRÁFICAS DO GUARAPIRANGA E DO CAPIVARI-MONOS, através do qual os signatários procurarão, de forma conjunta e ordenada, e mediante o estabelecimento de rotinas e procedimentos técnicos, e de caráter repressivo, aplicar a legislação que lhes são próprias.

2. O Sistema referido no item anterior, cuja coordenação estará a cargo da Secretaria do Meio Ambiente, será composto na seguinte conformidade:

- representantes da Coordenadoria de Proteção dos Recursos Naturais do Departamento Estadual de Proteção de Recursos Naturais e da Coordenadoria de Planejamento Ambiental da Secretaria do Meio Ambiente e da CETESB;
- representantes da SABESP e da ELETROPAULO;
- representantes da Polícia Florestal e de Mananciais da Polícia Militar do Estado de São Paulo;
- representantes dos órgãos municipais que tenham por competência serviços e atividades relacionadas com o objeto deste termo.

LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.



LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.F.I.L.

SECRETARIA DE ESTADO DO MEIO AMBIENTE

GABINETE DO SECRETÁRIO

Folha n.º 41 do Proc. n.º 198/92

Folha n.º 41
Processo OSCOL 12.91x20
LARA MACHADO
Eno.º de Sotor II
RESOLUÇÃO
264 de proc.
do 19 902
Condição

CLÁUSULA TERCEIRA - PRAZO

O presente tem vigência de quatro anos, podendo ser denunciado por qualquer dos seus signatários mediante comunicação escrita dada com trinta dias de antecedência.

CLÁUSULA QUARTA - ENCARGOS

O pessoal técnico, administrativo e de fiscalização, bem como os recursos necessários a execução do presente termo serão designados pelos signatários dentro de suas estruturas e recursos orçamentários disponíveis.

E, por estarem de acordo, firmam o presente em 14(quatorze) vias, na presença de duas testemunhas instrumentais.

São Paulo, 03 de junho de 1991.

ALAÔR CAFFÉ ALVES
Secretário do Meio Ambiente

WALTER LAZZARINI FILHO
Presidente da CETESB

JOSÉ FERNANDO DA COSTA BOUCINHAS
Secretário de Energia e Saneamento

ALFREDO DE ALMEIDA JÚNIOR
Presidente da SABESP

PEDRO FRANCO DE CAMPOS
Secretário da Segurança Pública

JEANDEREI LUIZ RIBEIRO
Presidente da ELETROPAULO

Folha n.º 47 de proc.
A.º 264 de 19 72

Folha n.º 42
PROCESSO 25.001/1291x20



SECRETARIA DE ESTADO DO MEIO AMBIENTE

Folha n.º 42 do P.º de S.º II
n.º 198/92
RESOLUÇÃO

REGINA CENDA
SECRET.

GABINETE DO SECRETÁRIO

LUÍZA ERUNDINA DE SOUZA
Prefeita do Município de São Paulo

MÁRIO DIAS RIBEIRO
Prefeito do Município de Cotia

ADHEMAR JOÃO ESTEVAM
Prefeito do Município de Embu-Guaçu

JOAQUIM MATHIAS DE MORAES
Prefeito do Município de Embu

JORGE JOSÉ DA COSTA
Prefeito do Município de Itapeverica da Serra

JOSÉ VÍCTOR VIEIRA
Prefeito do Município de Juquitiba

EDUARDO ASSUMPTÃO
Coronel da Polícia Militar
Comandante Geral

LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

1ª Testemunha

2ª Testemunha



Folha n.º 48
n.º 264 do 1º 92
Condição

Folha n.º 43 do 1º 92
n.º 198/92
REGINA GEND
SGM/ATL

LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A. Fil.

Prefeitura do Município de São Paulo

Portaria N.º 237 , de 22 de julho de 1991

LUIZA ERUNDINA DE SOUSA, *Prefeita do*
Município de São Paulo, usando das atribuições que lhe são
conferidas por lei,

CONSIDERANDO a degradação ambiental que vem sofrendo a
Zona de Proteção aos Mananciais incluída
no território do Município,

CONSIDERANDO o Termo de Cooperação Técnico-Administra-
tivo estabelecido entre esta Prefeitura
e o Governo do Estado, o qual instituiu o
Sistema Integrado de Fiscalização e Prote-
ção Ambiental das Bacias Hidrográficas do
Guarapiranga e do Capivari-Monos,

RESOLVE:

I. Constituir, no âmbito municipal, Gru-
po de Trabalho designado "SOS Manancial", vinculado ao
Sistema Integrado de Fiscalização e Proteção Ambiental
das Bacias Hidrográficas do Guarapiranga e do Capiva-
ri-Monos.

a) representando a Secretaria da Habitação e Desenvolvimento Urbano, a Arqª IZILDINHA DA CONCEIÇÃO A. A. MARQUES ARAÚJO, RF. 575.296, e o Engº JOSÉ ANTONIO VAZ SAMPAIO, RF. 514.677;

b) representando a Secretaria Municipal do Planejamento, a Arqª LÓIDE CRUZ V. PARLATO, RF. 137.687, e a Assistente Social TAÍS TEREZINHA BENICIO RESEK, RF. 308.205;

c) representando a Secretaria das Administrações Regionais, o Arqº JOSÉ ÁLVARO T. COELHO, RF. 116.239, e a Agente Vistora PÉROLA LOMASBI, RF. 547.991, da AR-CL, e o Agente Vistor FRANCISCO FLORIO, RF. 601.315, da AR-CS e mais dois Agentes Vistores da AR-CL, AR-CS e AR-SA diariamente, em sistema de rodízio.

III. Os representantes da Municipalidade, visando a reprimir e prevenir o dano e a degradação ambiental nas bacias hidrográficas do Guarapiranga e do Capivari-Monos, na Zona de Proteção aos Mananciais, atuarão conjuntamente com os representantes do Estado, tanto nas atividades fiscalizatórias quanto no estabelecimento de rotinas e procedimentos técnicos a eles relacionados.

IV. As Secretarias envolvidas deverão manter, no que tange às respectivas competências e atribuições, suas rotinas de trabalho, sem transferi-las ao Grupo ora criado.

V. O local designado para sediar o "SOS Manancial" é a Estação Elevatória da SABESP, na represa Guarapiranga, situada à ~~Rua José Rafaeli~~, 284.

LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

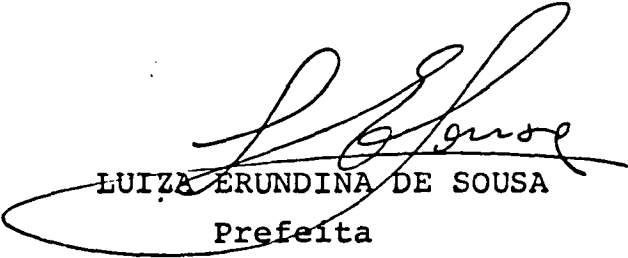
Folha n.º 03 da Portaria n.º 237 de 22

n.º 05-0017112-71-22
Moria de [assinatura] Guerrero
S.G.M. - [assinatura] ATL
da n.º julho 50 de 1991
n.º 264 do 19 92
Concede

VI. O Grupo de representantes da Municipalidade será coordenado por MARILDA MAZZINI MARCONDES, RF. 598.046, da Secretaria da Habitação e Desenvolvimento Urbano.

VII. A Coordenadora do "SOS Manancial" poderá solicitar aos Secretários Municipais a colaboração necessária à consecução do objetivo do Grupo de Trabalho.

PREFEITURA DO MUNICÍPIO DE SÃO PAULO, aos 22 de julho de 1991, 4389 da fundação de São Paulo.


LUIZA ERUNDINA DE SOUSA
Prefeita

MTB/BO/tmt

Folha n.º 45 do Proc.
n.º 198/91
REG. GERAL
S.G.M. - ATL


LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - ATL

1. Negotiations of the loans for the Water Quality and Pollution Control Project were held in Washington on May 26 - June 3, 1992. The Brazilian delegation included representatives of the Federal Government, and the States of Parana and Sao Paulo. The members of the Brazilian and World Bank delegations are shown in Annex 1.

2. These Minutes summarize the main issues discussed and changes the Brazilian (BD) and Bank delegations agreed to introduce into the draft Loan and Guarantee Agreements, dated May 27, 1992. The final agreements are reflected in the draft legal documents dated June 3, 1992.

3. These Minutes constitute a partial record of the discussions held during negotiations and reflect the agreements reached and most important points discussed during negotiations, but do not amend the obligations and agreements set forth or refer to in the legal documents.

4. Typographical and other minor changes were made throughout.

Loan Agreements for:

The Federative Republic of Brazil and the States of Parana and Sao Paulo

ARTICLE I: General Conditions; Definitions

Section 1.02 (dd) for Parana (Water Resources Protection Subproject):

The following agreements were reached to reflect the changes resulting from the incorporation of a housing component to the project as part of the Subprojects and to be incorporated as part of the resettlement plan referred to in Section 3.08 of the Loan Agreement:

(a) the Bank and the BD agreed that, in order to comply with the Bank policies required for the implementation of the Resettlement Component, the Borrower will offer auto-construction of housing as an option within the resettlement plan; and

(b) the Bank and the BD agreed that, for the financing of the houses, two options will be offered: (i) for those who live in their own house, an exchange of the old house for a new one at no cost to the affected family; and (ii) for those who rent houses, a negotiation between the Borrower and the landlord will take place to agree that the tenants will occupy new houses provided to the landlord under the same terms of the contract on the old house, these terms would remain for same period of time originally agreed in the lease.

(c) the Borrower agreed to create a yearly monitoring evaluation system, acceptable to the Bank, to provide timely feedback on the program of the resettlement operation. This monitoring system will include information on public health and urban infrastructure aspects.

Section 1.02 (hh) for Sao Paulo (Urban Rehabilitation Subproject):

LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

Folha n.º	521	de proc.
n.º	264	do 19 92
reflect the changes		

The following agreements were reached to reflect the changes resulting from the incorporation of a housing component to the project as part of the Subprojects and to be incorporated as part of the resettlement plan referred to in Section 3.08 of the Loan Agreement:

(a) The Bank and the BD agreed that, in order to comply with the Bank policies required for the implementation of the Resettlement Component, the Borrower will offer financing for auto-construction of housing as an option within the resettlement plan. The utilization of specific areas for these purposes will be subject to authorization--on land use-- from the Secretary of Environment of the State of Sao Paulo. The Borrower agreed to provide a feasibility study on the legal, physical and environmental aspects of the land to be used for the execution of the resettlement component. Based on the results of this study, the Borrower will identify the areas feasible for the auto-construction option. The Borrower will submit such study to the Bank for review no later than June 1993, and together with an action plan based on the findings of such study;

(b) the Bank and the BD agreed that the participation in the resettlement plan will be voluntary on the part of the affected families and/or participants, but for those who are not willing to resettle, replacement housing in the same area will be provided at no cost to the affected family;

(c) the Borrower agreed to create a yearly monitoring evaluation system, acceptable to the Bank, to provide timely feedback on the program of the resettlement operation. This monitoring system will include information on public health and urban infrastructure aspects.

ARTICLE II: The Loan

Section 2.01. To reflect the change in the original financing plans, the amounts of the loans to the States were increased accordingly as follows: for the Parana loan, from one hundred six million dollars (\$106,000,000) to seventeen million dollars (\$117,000,000), and for Sao Paulo, from one hundred eight million dollars (\$108,000,000) to nineteen million dollars (\$119,000,000).

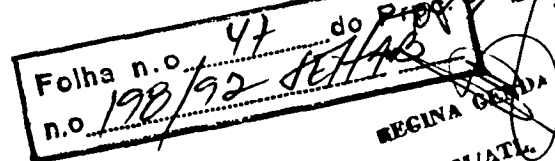
Section 2.03. Consistent with the established practice on this matter, it was agreed that matters related to extension of the Closing Date shall be previously discussed with DEAIN before the Bank takes any formal action on their extension.

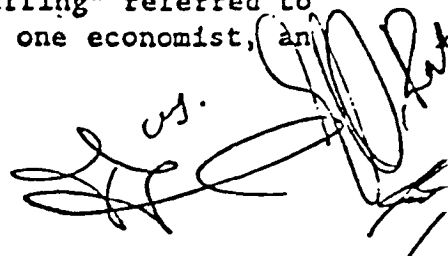
ARTICLE III: Execution of the Project

The BD requested the Bank to provide replies, within no more than 30 days, to any request by the Borrower related to amendments to the Subsidiary Agreements, Operational Manual, or any other applicable document and for approval of Subprojects.

Section 3.03 for the Federative Republic The PMU "staffing" referred to in this clause refers to an initial team comprised by one economist, an


LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.




us.

Folha n.º	53	do proc.
n.º	264	do 1992
Candido		

environmental engineer, and a lawyer.

Section 3.03 (a) for the States. The PMU initial "staffing" referred to in these clauses refers to in the case of (i) Sao Paulo, the nomination of the general coordinator, and of four technical assistants: procurement, financial, engineering, and a sociologist; and (ii) Parana, the nomination (which has already taken place through a Borrower's Decree) of a general coordinator, a financial manager, a technical manager, an administration manager and a sociologist advisor.

Section 3.05 (a) for the States. The "team of technical consultants in number and with qualifications, experience" referred to in this clause means, in the case of Parana, the agreement (convenio) between the Borrower and the Federal University to assist PMU in the coordination; and in both cases--Parana and Sao, Paulo-- to the number of technical consultants required to meet the targets set forth in the Implementation Program in Schedule 7 to the Loan Agreement.

Section 3.06 for the States. In order to obtain the formal approval of the Subprojects, it was agreed that the States will submit to the Bank a letter including the Subprojects presented and informally approved during negotiations.

Section 3.09 (a) for the States. The "studies" referred to in this clause refers to any of the studies to be undertaken under the project.

Section 3.10 (a) for the States. The BD State representatives agreed that copies of the semi-annual reports will be sent to MAS in order to transfer the experiences learned and apply them in future projects.

ARTICLE IV: Financial Covenants

Section 4.01. At the request of the BD it was agreed that a supplemental letter would be signed regarding the auditing of the project accounts. The standard text for such letter, as agreed between the Bank and the Brazilian Government on September 29, 1989, will be used for these projects.

Folha n.º	48	do Proc.
n.º	198/92	SE/AB
SGM/ATL		

ARTICLE V: Remedies of the Bank

Section 5.01 (c). Remedies on the dissolution or disestablishment of an Executing Entity or the Financial Agent. The BD requested that the wording of this remedy be amended to indicate that it will only be applicable if no other alternative or substituting entity satisfactory to the Bank is indicated by the Borrower. The Bank stated that it cannot agree to such proposal since the evaluation of such new alternative or agency may take time or need the fulfillment of certain conditions prior to being fully acceptable to both parties. Although the language will remain unchanged, it was agreed that both parties will consult each other on any impending change, dissolution or disestablishment of any Executing Entity or the financial agent and that the remedy will be exercised only after due consideration is given to any proposed alternatives suggested by

LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - AT/L

ms. Pal

the Borrower at the time of the dissolution or change

ARTICLE VI: Effective Date; Termination

Section 6.01. The BD stressed that as a condition for loan signature, the Federal Government requires the Borrowers to submit evidence of compliance with the conditions of effectiveness stated in this clause, which should include a preliminary Bank opinion.

SCHEDULE 1: Withdrawal of the Proceeds of the Loan

Paragraph 1. In order to adjust for the change in the financial plan, the percentages and amounts had to be revised as follows:

(a) Parana: The total amount of the Loan Allocated was increased from "106,000,000" to "117,000,000", and the following changes made:

Category (1). The amount and percentage were changed to "81,000,000" and "47%" respectively.

Category (2). The amount was changed to "16,400,000; and percentage of local expenditures for other items procured locally was increased to "47%".

Category (?). The amount was changed to "19,600,000"

Unallocated. Was removed.

(b) Sao Paulo: The total amount of the Loan Allocated was increased from "108,000,000" to "119,000,000", and the following changes made:

Category (1). The amount and percentage were changed to "87,000,000" and "47%" respectively.

Category (2). The amount was changed to "14,000,000; and percentage of local expenditures for other items procured locally was increased to "47%".

Category (3). The amount was changed to "18,000,000"

Unallocated. Was removed.

(c) Federative Republic of Brazil: The request of the BD to increase the disbursement percentage for local consultants from 85% to 100% was not agreed to, because that would include the payment of taxes, which is against Bank policies as stated in the General Conditions. Then, the BD agreed to maintain the percentage, since there are minimum counterpart funds required from the States pursuant to the Borrower's Decree No. 20 of February 1, 1991. Such counterpart funds include resources which are sufficient to cover any applicable taxes on Consulting Services.

LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - ATIL

SCHEDULE 3: Amortization Schedule

Folha n.º 55 de proc. n.º 264 do 19 92
Ondido

Folha n.º 50 do 19 92
n.º 198/92 22/10 7

The dates provided are based on Board Approval in June 1992. Such dates would be revised if the loans are approved at a later date.

SCHEDULE 4: Procurement and Consultant's Services

Section II. Employment of Consultants

The Bank and the BD agreed that those contracts for Consultants which amount to less or equal than US\$100,000 equivalent will not be submitted to the Bank for prior review.

SCHEDULE 5: Terms and Conditions of the Subsidiary Loan Agreements and Subsidiary Agreement.

Paragraph II. (16) (a). It was requested by the BD to be recorded, in the Minutes, that the quote "satisfactory to the Bank" refers to the financial plan already reviewed by the Bank at Appraisal.

SCHEDULE 5: Special Account: CESA and FESA

The Bank informed that direct payments should amount to at least US\$500,000 equivalent.

SCHEDULE 6: Terms and Conditions of the Subsidiary Agreements

Part I. Loan Allocation

Paragraph (1). Was restructured in order to create an unallocated amount of US\$1,800,000 equivalent, so that MAS may allocate funds for projects before the review schedule for the second year of implementation. This section was then amended to read as follows:

<u>"State</u>	<u>Dollar Equivalent</u>
Alagoas	1,200,000
Amazonas	1,200,000
Pernambuco	1,600,000
Sao Paulo	1,600,000
Santa Catarina	1,600,000
Unallocated	1,800,000
	9,000,000"


LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.



Folha n.º 56 do proc.
n.º 264 do 19 92
Candida ANNEX 1

List of Participants

Brazilian Delegation:

I. Federal Government:

1. Patricia Goes Bakaj, DEAIN/MEFP
2. Regina Curgel de Saboya, DEAIN/MEFP
3. Celmy Pinheiro de Souza, PCFN/MEFP
4. Eduardo Coutinho Guerra, DTN/MEFP
5. Tobias Jerozolinski, SNS/MAS

Folha n.º 51 do Proc.
n.º 198/92 SE/AB

RECEN GEND
SGM/ATL

II. State of Parana:

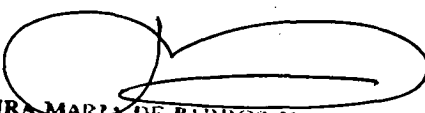
6. Carlos Arthur Kruger Passos, Secretariat of Planing
7. Celso Fernando Gomes Carneiro, Secretariat of Planing
8. Alceu Carnieri, Municipality of Curitiba
9. Roberto Santoro, Municipality of Curitiba
10. Fernando Caldeira, Secretariat of Planing

III. State of Sao Paulo:

11. Jose Rubens Gozzo Pereira, Secretariat of Finance
12. Eduardo Soares, Secretariat of Finance
13. Marco Antonio Souza de Oliveira, Secretariat of Energy and Sanitation
14. Decio Jose de Almeida Melo Freire, Secretariat of Environment
15. Leonardo Levy, SABESP
16. Herminia Manon Maricato, Municipality of Sao Paulo
17. Maria Jose de Azevedo Marcondes, Secretariat of Environment
18. Nelson Machado, Municipality of Sao Paulo

IV. The World Bank:

19. Emilio H. Rodriguez, LALIN
20. Eduardo G. Abbott, LECLA
21. Beatriz Martinez, LALIN
22. Carmen Brinckhaus, LOA
23. Marcos Sugar, LOA
24. William Partridge, LATEN


LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.



Folha n.º	57	de proc.
n.º	264	do 19-12
Condição		
Folha n.º	52	do 19-12
n.º	122	do 19-12

I. For the Brazilian Delegation:

1. For the Federal Government:

Patricia Goes Bakaj, DEAIN/MEFP

Tobias Jerozolinski, SNS/MAS

2. For the State of Parana/Secretary of Planning:

Carlos Arthur Kruger Passos

/ Celso Fernando Gomes Carneiro

3. For the State of Sao Paulo:

Jose Rubens Gozzo Pereira
Secretariat of Finance

Marco Antonio Souza de Oliveira,
Secretariat of Energy and Sanitation

4. For the Bank Delegation:

Emilio H. Rodriguez, LAIIN

LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

WP#218-A/cg/mas
Legal Department
CONFIDENTIAL DRAFT
(Subject to Change)
E.Abbott
April 22, 1992
C:\DAISY\DRAPTS\BRAZPOLLI

Folha n.º	58	de proc.
n.º	264	do 1992
Ondine		

Folha n.º	198/92	do Proc.
n.º	198/92	SEI 198

REGINA GONDA
ACM/ATL

LOAN NUMBER

BR

LOAN AGREEMENT

(São Paulo Water Quality and Pollution Control Project)

Paula Guaypurenge

between

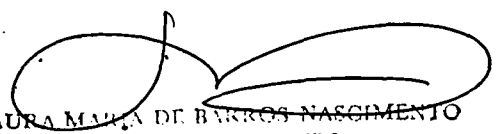
INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

and

STATE OF SÃO PAULO

Dated

, 1992


LAURA MARIA DE BARROS NASCIMENTO
Assessora - SGM - ATL

Folha n.º 59	de proc.
n.º 264	do 1º 92
Condicio	Folha n.º 54
n.º 198/92	do Elec. DE 113

LOAN AGREEMENT

REGINA CENDA
SGM/ATL

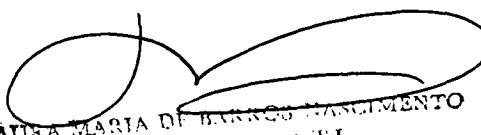
AGREEMENT, dated _____, 1992, between
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank)
and STATE OF SÃO PAULO (the Borrower).

WHEREAS: (A) Federative Republic of Brazil (the Guarantor) ~
and the Borrower, having been satisfied as to the feasibility and
priority of the Project described in Schedule 2 to this Agreement,
have requested the Bank to assist in the financing of the Project;

(B) by an agreement (the Guarantee Agreement) of even date
herewith between the Guarantor and the Bank, the Guarantor has
agreed to guarantee the obligations of the Borrower in respect of
the Loan and to undertake such other obligations as set forth in
the Guarantee Agreement; and

WHEREAS the Bank has agreed, on the basis, inter alia, of
the foregoing, to extend the Loan to the Borrower upon the terms
and conditions set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:


LAURA MARIA DE BARROS NASCIMENTO
Assessora - SGM - ATL

Folha n.º 60 de proc.
n.º 264 do 19 72
Condida

Folha n.º 55 do Proc.
n.º 198/92 SET/73

REGINA FENIA
SGM/ATL

- 2 -

ARTICLE 1

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Loan and Guarantee Agreements" of the Bank, dated January 1, 1985, with the modifications set forth below (the General Conditions) constitute an integral part of this Agreement:

(a) The last sentence of Section 3.02 is deleted.

(b) In Section 6.02, subparagraph (k) is relettered as subparagraph (l) and a new subparagraph (k) is added to read:

"(k) An extraordinary situation shall have arisen under which any further withdrawals under the Loan would be inconsistent with the provisions of Article III, Section 3 of the Bank's Articles of Agreement."

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "Account Bank" means the Bank referred to in paragraph (c) of Section 2.02 of this Agreement;

(b) "CDHU" means Companhia de Desenvolvimento Habitacional e Urbano;


LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

Folha n.º 61 de proc.
n.º 264 do 19 92
Condição

Folha n.º 56 do Proc.
198/92 SE/AB
n.º

- 3 -

~~REC. GEND.~~
~~SGM/ATL.~~

(c) "Central Bank" means the Central Bank of Brazil, Banco Central do Brasil, established by Lei No. 4.595, dated December 31, 1964;

(d) "CESA" means the account referred to in Section 2.02 (b) of this Agreement;

(e) "Cruzeiro" means a unit of the currency of the Guarantor;

(f) "ELETROPAULO" means Eleticidade de São Paulo, S.A.;

(g) "Eligible Subproject" means an Environmental Protection Subproject, a Solid Waste Subproject, an Urban Rehabilitation Subproject or a Water and Sewerage Subproject which has been approved by the Bank for financing under the Project, after reviewing the information referred to in Section 3.06 of this Agreement;

(h) "EMBU" means Prefeitura Municipal de Embu, the Municipality of EMBU;

(i) "Environmental Protection Subproject" means a Subproject consisting of one or more of the following activities (including technical assistance required for such purposes): replanting around reservoir areas, restoring river bank vegetation, maintenance of right-of-way areas, planting ornamental trees, native vegetation, and grasses in recreation and public areas around reservoir, provision of technical assistance for


LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - AT/Li

Folha n.º 62 de proc.
n.º 264 do 1972
Ondice

Folha n.º 57 do Proc.
n.º 198/92
REGINA CENDA
SGM/ATL

- 4 -

agricultural and silvicultural activities in reservoir areas (including the establishment of fish hatcheries), and investments, programs and other activities related to the foregoing;

(j) "Executing Entity" means any one of the following: the Borrower, through SMA, a Municipality, ELETROPAULO, PMSP, CDHU and SABESP;

(k) "FESA" means the account referred to in Section 2.02

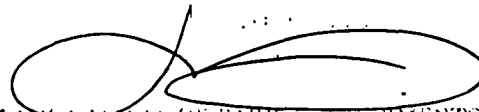
(c) of this Agreement;

(l) "Financial Agency Agreement" means the Agreement between the Borrower and the Financial Agent referred to in Section 3.12 of this Agreement;

(m) "Financial Agent" means a financial institution operating in the territories of the Borrower, acceptable to the Bank, selected by the Borrower to participate in the execution of the Project;

(n) "Financial Agreement" means the agreement to be entered into between the Guarantor and the Borrower pursuant to Section 3.01 (e) of this Agreement;

(o) "FSRMM" means Adicional ao Frete Para a Renovação da Marinha Mercante - AFRMM, the Guarantor's Freight Surcharge for the Renewal of the Merchant Marine established by Decree Law 1,142 of December 30, 1970, as amended to December 31, 1987, or any


LAURA MARIA DE BARROS NASCIMENTO
Assessora: S.G.M. : ATL

Sewer
Sewer
Sewer
Rese
Urba
Infra
Drain
Pipe
Refo

V

Intat
Ca
Maxi

Intat

Intat
Con
Max

Intat
Con
Max

Sew
Sew
Soli
Soli

NTL
Acc
G

For
(d)

Folha n.º 63	de 19	Folha n.º 58	do Proc. 58
n.º 064	do 19	n.º 198/62	do 19
Condição		S.º 198/62	

- 5 -

RECINA
SGM/ATI

other tax, levy or charge that, in the reasonable opinion of the Bank, may substitute it, in whole or part, after January 1, 1988;

(p) "IGUAÇU" means Prefeitura Municipal de Embu Iguacu, the Municipality of Embu-Iguacu;

(q) "Implementation Program" means the Project execution program set forth in Schedule 7 to this Agreement;

(r) "Itapecirica" means Prefeitura Municipal de Itapecirica, the Municipality of Itapecirica;

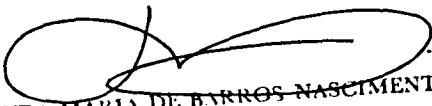
(s) "Letter of Agreement" means each of the agreements, satisfactory to the Bank, entered into between the Borrower and each Executing Entity for purposes of the Project and referred to in Section 3.01 (d) of this Agreement

(t) "Municipality" means any one of the following Municipalities: EMBU, Iguacu or Itapecirica; and "Municipalities" means two or more of them referred to collectively;

(u) "Operational Manual" means the Manual referred to in Section 3.04 of this Agreement;

(v) "PMSP" means Prefeitura Municipal de São Paulo, the Municipality of São Paulo;

(w) "PMU" means Project Management Unit, the technical unit established in SES by [Portaria] _____ dated _____, of the Borrower, for purposes of the Project and referred to in Section 3.03 of this Agreement;


LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.I.

Folha n.º 64 da proc. n.º 204 do 19 92
Candida

Folha n.º 59 do 19 92
n.º 198/92
RECIN GEND
ATL

- 6 -

(x) "Project Area" means the Guarapiranga Waterbasin, an area of about 500 square kilometers located within the territories of the four Municipalities;

(y) "Sectoral Project Coordinator" means the coordinator to be appointed by each Executing Entity to liaise with the PMU and represent such Executing Entity in all Project execution and coordination meetings and in any working groups established for purposes of the Project;

(z) "SABESP" means Companhia de Saneamento Ambiental do Estado de São Paulo;

(aa) "SES" means Secretaria de Energia Saneamento, the Borrower's Energy and Sanitation Secretariat;

(bb) "SMA" means Secretaria do Meio Ambiente, the Borrower's Environmental Secretariat;

(cc) "Solid Waste Subproject" means a Subproject consisting of one or more the following (including technical assistance required for engineering, supervision and operation): construction and/or installation and utilization of storage and incineration facilities, hauling and compress equipment required for domestic and hospital waste collection, separation and disposal, construction of a sanitary landfill in EMBU, construction of a solid waste separation and recycling facility for PMSP, and general clean-up of areas deteriorated by haphazard waste dumping,


LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

- 7 -

and investments, programs and other activities related to the foregoing;

(dd) "Subproject" means a specific program or investment project (that meets the eligibility criteria set forth in the Operation Manual) to be carried out in the Project Area by an Executing Entity;

(ee) "Subsidiary Agreement" means agreement to be entered into between the Borrower and the Financial Agent and each of the Municipalities pursuant to Section 3.01 (c) of this Agreement;

(ff) "Subsidiary Loan Agreements" means the agreements to be entered into between the Borrower, the Financial Agent and each of PMSP, SABESP and ELETROPAULO pursuant to Section 3.01 (b) of this Agreement, as the same may be amended from time to time, and such term includes all schedules to the Subsidiary Loan Agreements; "Subsidiary Loan Agreement" means one of the Subsidiary Loan Agreements; and "Subsidiary Loan" means a loan provided for in a Subsidiary Loan Agreement;

(gg) "Technical Consultants" means the team of consultants to be employed by the Borrower pursuant to Section 3.05 of this Agreement;

(hh) "Urban Rehabilitation Subproject" means a Subproject consisting of one or more of the following activities (including technical assistance required for engineering, supervision and


LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - ATIL

operation): urban drainage construction and rehabilitation, construction of basic sanitary infrastructure in marginal areas (including slope stabilization, drainage and sewer networks, street paving and walkways), and land development and resettlement of families living in high-risk water basin areas, and investments, programs and other activities related to the foregoing; and

(ii) "Water and Sewerage Subproject" means a Subproject consisting of one or more of the following activities (including technical assistance required for engineering, supervision and operation): construction and/or installation of sewer interceptors, pressure mains and sewage pumping stations, sewer network expansion, maintenance and/or rehabilitation, installation of electronic supervisory and control equipment and related software, and water plant improvements.



LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

Folha n.º 66 de proc.
n.º 264 do 19 92
Arquivos

Folha n.º 61 do Proc.
n.º 198/92 de 19 92

- 9 -

ARTICLE II

The Loan

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Loan Agreement, various currencies that shall have an aggregate value equivalent to the amount of one hundred and eight million dollars (\$108,000,000), being the sum of withdrawals of the proceeds of the Loan, with each withdrawal valued by the Bank as of the date of such withdrawal.

Section 2.02. (a) The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Bank shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Loan.

(b) The Borrower shall, for the purposes of the Project, open and maintain in dollars an account in its Central Bank on terms and conditions satisfactory to the Bank. Deposits into, and payments out of, this account (hereinafter called the CESA) shall be made exclusively to meet expenditures in Cruzeiros incurred in respect of the reasonable cost of goods and services required to



LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

REGINA SENDA
SGM/ATL

carry out the Project and to be financed by the Bank pursuant to paragraph (a) above.

(c) The Borrower shall, for the purposes of the Project, open and maintain thereafter in a bank, acceptable to the Bank, (the Account Bank) an account in dollars on terms and conditions satisfactory to the Bank. Disbursements out of this Account (hereinafter called the FESA) shall be made exclusively to meet expenditures in currencies other than Cruzeiros incurred in respect of the reasonable cost of goods and services required to carry out the Project and to be financed by the Bank pursuant to paragraph (a) above.

(d) Deposits into, and payments out of, the CESA and the FESA shall be made in accordance with the provisions of Schedule 6 to this Agreement. The Borrower, through the Central Bank, shall furnish to the Bank each month certified statements of the CESA and the FESA, collectively.

Section 2.03. The Closing Date shall be September 30, 1997 or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower and the Guarantor of such later date.

Section 2.04. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one percent (3/4 of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.


LAURA MARIA DE BARROS NASCIMENTO
Assessora - C. G. A. - A. T. L.

Folha n.º 67	do proc. 62
n.º 264	do 15842/98/92
Comissão	n.º 55443

- 11 -

~~REGINA GENDA~~
SGM/ATL

Section 2.05. (a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time, at a rate for each Interest Period equal to the Cost of Qualified Borrowings determined in respect of the preceding Semester, plus one-half of one percent (1/2 of 1%). On each of the dates specified in Section 2.06 of this Agreement, the Borrower shall pay interest accrued on the principal amount outstanding during the preceding Interest Period, calculated at the rate applicable during such Interest Period.

(b) As soon as practicable after the end of each Semester, the Bank shall notify the Borrower and the Guarantor of the Cost of Qualified Borrowings determined in respect of such Semester.

(c) For the purposes of this Section:

(i) "Interest Period" means a six-month period ending on the date immediately preceding each date specified in Section 2.06 of this Agreement, beginning with the Interest Period in which this Agreement is signed.

(ii) "Cost of Qualified Borrowings" means the cost, as reasonably determined by the Bank and expressed as a percentage per annum, of the outstanding borrowings of the Bank drawn down after June 30, 1982, excluding such borrowings


LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

or portions thereof as the Bank has allocated to fund: (A) the Bank's investments; and (B) loans which may be made by the Bank after July 1, 1989 bearing interest rates determined otherwise than as provided in paragraph (a) of this Section.

(iii) "Semester" means the first six months or the second six months of a calendar year.

(d) On such date as the Bank may specify by no less than six months' notice to the Borrower, paragraphs (a), (b) and (c) (iii) of this Section shall be amended to read as follows:

"(a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time, at a rate for each Quarter equal to the Cost of Qualified Borrowings determined in respect of the preceding Quarter, plus one-half of one percent (1/2 of 1%). On each of the dates specified in Section 2.05 of this Agreement, the Borrower shall pay interest accrued on the principal amount outstanding during the preceding Interest Period, calculated at the rates applicable during such Interest Period."

"(b) As soon as practicable after the end of each Quarter, the Bank shall notify the Borrower and


LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

Folha n.º 68 de proc.
n.º 264
Folha n.º 63 de proc.
n.º 198/92 SGM/ATL

- 13 -

the Guarantor of the Cost of Qualified Borrowings determined in respect of such Quarter."

"(c) (iii) 'Quarter' means a three-month period commencing on January 1, April 1, July 1 or October 1 in a calendar year."

DRAFTING NOTE (to be deleted after negotiations):

The amendments made under paragraph (d) are as follows:

- (i) in paragraph (a), the term "Interest Period" in the first sentence is replaced by the term "Quarter" and the word "rate" in the second sentence is replaced by the word "rates";
- (ii) the term "Semester", whenever it appears in paragraphs (a) and (b), is replaced by the term "Quarter"; and
- (iii) sub-paragraph (c) (iii) replaces the definition of "Semester" in its entirety.

Section 2.06. Interest and other charges shall be payable semiannually on _____ and _____ in each year.

Section 2.07. The Borrower shall repay the principal amount of the Loan in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.



LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

ARTICLE III

Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end: (i) shall carry out Eligible Subprojects and Parts B and C of the Project with due diligence and efficiency and in conformity with appropriate environmental, engineering, administrative and financial practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project, and all resettlement activities referred thereto; and (ii) shall cause the Executing Entities (through the Subsidiary Agreements, the Subsidiary Loan Agreements and the Letters of Agreement), to carry out their respective Subprojects with due diligence and efficiency and in conformity with appropriate environmental, engineering, administrative and financial practices and to provide, promptly as needed, the funds, facilities, services and other resources required for such purposes.

(b) The Borrower shall relend portions of the proceeds of the Loan, as required to carry out each Eligible Subproject, to PMSP, ELETROPAULO and SABESP, pursuant to subsidiary loan agreements to be entered into between the Borrower, the Financial Agent and each of such Executing Entities, under terms and



LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

Folha n.º 69 de proc.
n.º 264 do 19 92
Condição

Folha n.º 64 de Proc.
n.º 198/92 SGM/ATL

- 15 -

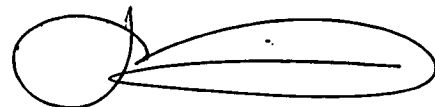
conditions which shall have been approved by the Bank and including those set forth in Schedule 5 to this Agreement.

(c) The Borrower shall have available as grants portions of the proceeds of the Loan, as required to carry out each Eligible Subproject, to EMBU, Iguaçu and Itraparica, pursuant to subsidiary agreements to be entered into between the Borrower, the Financial Agent, and each of such Executing Entities, under terms and conditions which shall have been approved by the Bank and including, where applicable, those set forth in Schedule 5 to this Agreement.

(d) The Borrower shall enter into an agreement with each of the Executing Entities (the Letter of Agreement), satisfactory to the Bank, which shall include the overall rights and obligations with regard to the execution of the Project of the Borrower and each such Executing Entity and a description of the activities to be carried out by such Entity under the Project.

(e) The Borrower shall enter into an agreement with the Guarantor (the Financing Agreement), satisfactory to the Bank, providing for a grant to be made by the Guarantor to the Borrower and the Executing Entity for purposes of the Project in aggregate amounts equivalent to not less than \$28,200,000.

(f) The Borrower shall exercise its rights under the Subsidiary Loan Agreements, the Subsidiary Agreements, the Letters



LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. : A.T.L.

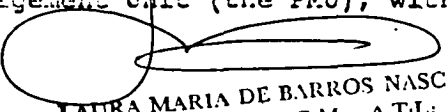
of Agreement and the Financing Agreement, in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan, and, except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive any of the Subsidiary Loan Agreements, the Subsidiary Agreements, the Letters of Agreement and the Financing Agreement or any provision thereof.

(g) Without limitation upon the provisions of paragraph (a) of this Section and except as the Bank and the Borrower shall otherwise agree, the Borrower shall carry out the Project in accordance with the Implementation Program set forth in Schedule 7 to this Agreement.

Section 3.02. (a) Except as the Bank shall otherwise agree, procurement of the goods, works and consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be governed by the provisions of Schedule 4 to this Agreement.

(b) Standard bidding documents and letters of invitation satisfactory to the Bank shall be utilized in the procurement of goods, works and services required for the Project and to be financed out of the proceeds of the Loan.

Section 3.03. The Borrower shall: (a) maintain the Project Management Unit (the PMU), with staffing, responsibilities and


LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

Folha n.º 10
n.º 264
Folha n.º 65
n.º 198/92
Proc. 52/798

- 17 -

RECINA GEMDA
SGM/A.T.

functions (including the qualifications and experience of its manager), satisfactory to the Bank;

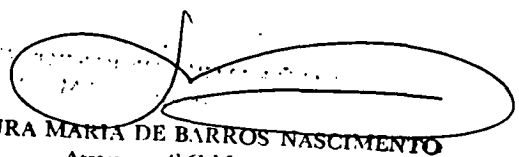
(b) provide, promptly as needed all the funds, facilities, staff and resources required by the PMU to carry out its functions and responsibilities in a timely and efficient manner.

Section 3.04. (a) The Borrower shall and cause the Executing Entities to, select, design, carry out and monitor each of the Subprojects in accordance with the provisions of a manual satisfactory to the Bank (the Operational Manual) which shall contain the technical, environmental, financial and economic requirements and selection and design criteria applicable to investments and programs to be carried out under the Project.

(b) Unless the Bank shall otherwise agree, the Borrower shall not abrogate or amend the Operational Manual or any provision thereof.

Section 3.05. In order to assist the PMU in the coordination and monitoring of the execution of the Project, the Borrower shall employ a team of consultants (the Technical Consultants) in number and with qualifications, experience, terms of reference and conditions of employment satisfactory to the Bank.

Section 3.06. When presenting a Subproject to the Bank for approval, the Borrower, through PMU, shall furnish to the Bank an application, in form and substance satisfactory to the Bank,


LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

together with: (i) an appraisal of the Subproject, and a description of the expenditures proposed to be financed out of the proceeds of the Loan; (ii) a detailed description of how such Subproject meets the Eligibility Criteria set forth in the Operational Manual; and (iii) such other information as the Bank shall reasonably request in respect of such Subproject.

Section 3.07. (a) Not later than December 31, 1993, the Borrower shall prepare a plan, satisfactory to the Bank, to *the waterbasin management unit referred to in Part B of the Project and* establish a water use surcharge in the Project Area which will
X provide the Borrower not later than June 30, 1994, with additional revenues equivalent to at least the cost of operation of the waterbasin management agency referred to in Part B of the Project.

(b) The Borrower shall carry out such plan in a manner and according to a timetable satisfactory to the Bank.

Section 3.08. (a) ~~Not later than December 31, 1992,~~ ^{carry out} the Borrower shall ~~prepare~~ a plan of action, satisfactory to the Bank, (consisting of expropriation and construction programs and timely funding therefor including an allocation of at least \$18,000,000 X equivalent for land expropriation and \$52,400,000 equivalent for X new or replacement houses), to ^{complete} ~~carry out~~ the resettlement activities related to the Subprojects to be carried out under the Project.


LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

Folha n.º 71 de proc.
n.º 264 do 19 92
concluída

Folha n.º 66 do Proc.
n.º 198 de 1993

RECINA GENDA
SGM/ATL

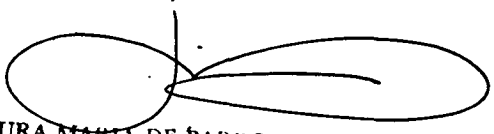
- 19 -

(b) The Borrower shall carry out such plan in a manner and according to timetable satisfactory to the Bank.

Section 3.09. The Borrower shall: (a) carry out, or cause to be carried out, the studies included in the Project under terms of reference satisfactory to the Bank, which shall include, where appropriate, the preparation of draft plans of action or programs to meet the objectives of the Project; (b) promptly upon the completion of each such study, furnish to the Bank a copy of its findings and recommendations, including any programs or plans of action to put them into effect; (c) afford the Bank a reasonable opportunity to comment on such findings, recommendations and programs or plans of action; and (d) taking into account the Bank's comments thereon, prepare or cause to be prepared programs or plans of action, based on such recommendations, and carry out or cause to be carried out such programs or plans of action as required to meet the objectives of the Project as set forth in Schedule 2 of this Agreement.

Section 3.10. Without limitation to the provisions of Sections 9.01 and 9.07 of the General Conditions, the Borrower shall:

(a) prepare and furnish to the Bank not later than March 31 and September 30 of each year, a report of such scope and in such detail as the Bank shall reasonably request (including

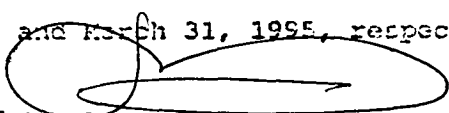

LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

monitoring indicators, satisfactory to the Bank, related to the Implementation Program), on the execution of the Project and the compliance by the Guarantor, the Borrower and the Executing Entities of their obligations, under this Agreement, the Guarantee Agreement, the Subsidiary Loan Agreements, the Subsidiary Agreements and the Letters of Agreement, and by the Guarantor and the Borrower, under the Financing Agreement.

(b) Not later than March 30, 1994, exchange views with the Bank, the Guarantor and the Executing Entities with regard to the progress of the execution of the Project and the attainment of its objectives and on the performance of their respective obligations by the Guarantor, the Borrower and the Executing Entities under the agreements referred to in paragraph (a) of this Section.

(c) At least 30 days prior to the exchange of view referred to in paragraph (b) of this Section, prepare and furnish to the Bank a report, of such scope and detail as the Bank shall reasonably request, on the execution of the Project, funding of Project and related activities and the performance of their respective obligations by the Guarantor, the Borrower and the Executing Entities under the agreements referred to in paragraph (a) of this Section.

Section 3.11. Not later than two months after the Effective Date and March 31, 1995, respectively, the Borrower shall conduct


LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A/T/L

Folha n.º 72 de proc. 22
n.º 204 do 22
Condição

Folha n.º 67 do Proc. 188/92 SET/93

- 21 -

RECIBO GENL.
SGM/ATL

Project workshops, under terms of reference satisfactory to the Bank, to train the Borrower's and Executing Entities' staff on the Bank's procurement, monitoring and auditing requirements.

Section 3.12. (a) The Borrower shall enter into an agreement, with the Financial Agent, satisfactory to the Bank, providing for the participation of such Agent in the execution of the Project, the transfer of the proceeds of the Loan to the Financial Agent and the Executing Entities under Subsidiary Loan Agreements and Subsidiary Agreements, the servicing of the debt of the Borrower under this Agreement and of the applicable Executing Entities under the Subsidiary Loan Agreements.

(b) Unless the Bank shall otherwise agree, the Borrower shall not take or concur in any action which would have the effect of amending, abrogating, assigning, suspending or waiving the Financial Agency Agreement or any provision thereof.

Section 3.13. To diminish the pollution loads being discharged in the Project Area's water basin, the Borrower shall take all action required to cause the following industries to be connected to the existing sewerage network not later than December 31, 1992: RIPASA S.A. and Frigorífico de Itapecirica S.A..


LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower shall maintain or cause to be maintained records and separate accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures in respect of the Project of the Executing Entities and departments or agencies of the Borrower responsible for carrying out the Project or any part thereof.

(b) The Borrower shall:

- (i) have the records and accounts referred to in paragraph (a) of this Section and the records and accounts for CUSA and FESA for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Bank;
- (ii) furnish to the Bank as soon as available, but in any case not later than six months after the end of each such year, the report of such audit by said auditors, of such scope and in such detail as the Bank shall have reasonably requested; and
- (iii) furnish to the Bank such other information concerning said records and accounts and the audit


LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.U.

Folha n.º	73	de proc.	
n.º	264	do 19.	92
Cndia			

Folha	n.º	68	do Proc.
n.º	158/92	SEHAB	

- 23 -

thereof as the Bank shall from time to time reasonably request.

REGINA GONDA
SGM/ATL

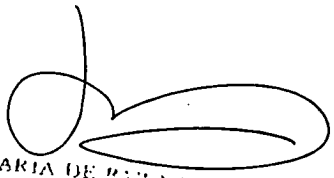
(c) For all expenditures with respect to which withdrawals from the Loan Account were made on the basis of statements of expenditure, the Borrower shall:

- (i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;
- (ii) retain, until at least one year after the Bank has received the audit report for the fiscal year in which the last withdrawal from the Loan Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (iii) enable the Bank's representatives to examine such records; and
- (iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year,



LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.



LAURA MARIA DE BARROS NASCIMENTO
Assessoria - S.G.M. - A.T.U.

Folha n.º 72 da proc.
n.º 264 do 19.º 92
Comissão

Folha n.º 69 do Proc.
n.º 198/92 SE/AB

- 25 -

ARTICLE V

Remedies of the Bank

Section 5.01. Pursuant to Section 6.02 (k) of the General Conditions, the following additional events are specified, provided, however, that if the events specified in paragraph (a) or paragraph (b) or paragraph (c), shall have occurred or be continuing, the suspension by the Bank of the Borrower's right to make withdrawals from the Loan Account in respect of Project expenditures may be limited by the Bank to withdrawals related to the relevant Executing Entity or Entities:

(a) Any of the Executing Entities shall have failed to perform any of its obligations under a Subsidiary Loan Agreement or a Subsidiary Agreement or a Letter of Agreement.

(b) As a result of events which have occurred after the date of the Loan Agreement, an extraordinary situation shall have arisen which shall make it improbable that any of the Executing Entities will be able to perform its obligations under the respective Subsidiary Loan Agreement or Subsidiary Agreement or Letter of Agreement.

(c) The Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of an Executing Entity or the Financial Agent or for the suspension of its operations.


LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

(d) That the Financial Agent shall have failed to comply any of its obligations under the Financial Agency Agreement.

Section 5.02. Pursuant to Section 7.01 (h) of the General Conditions, the following additional event is specified, namely, that any event specified in paragraphs (a) or (c) or (d) of Section 5.02 of this Agreement shall occur and shall continue for a period of 60 days after notice thereof shall have been given by the Bank to the Borrower.



LAURA MARIA DE BARROS NASCIMENTO,
Assessora - S.G.M. - A.T.L.

Folha n.º 75 de proc.
n.º 264 de 19 92
Ondade

- 27 -

Folha n.º 70 de Proc.
n.º 98/2 de 19 92

RECINA GONDA
SGM/ATI

ARTICLE VI

Effective Date; Termination

Section 6.01. The following events are specified as additional conditions to the effectiveness of the Loan Agreement within the meaning of Section 12.01 (c) of the General Conditions:

- (a) that the Borrower has entered into Subsidiary Loan Agreements, satisfactory to the Bank, with PMSP, ELETROPAULO and SABESP;
- (b) that the Loan Agreement shall have been duly registered by the Central Bank;
- (c) that Letters of Agreement between the Borrower and all Executing Entities shall have been executed in terms satisfactory to the Bank;
- (d) the Borrower and the Financial Agent shall have entered into the Financial Agency Agreement;
- (e) that the Borrower has entered into a Subsidiary Agreement, satisfactory to the Bank, with the Municipalities;
- (f) that the Technical Consultants shall have been employed by the Borrower;
- (g) that the Guarantor and the Borrower shall have entered into the Financing Agreement in terms satisfactory to the Bank.


LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

Section 6.02. The following are specified as additional matters, within the meaning of Section 12.02 (c) of the General Conditions, to be included in the opinion or opinions to be furnished to the Bank:

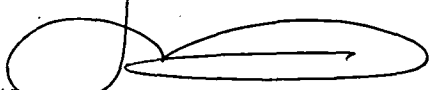
(a) that the Subsidiary Agreement has been duly authorized or ratified by the Borrower's respective Executing Entity and is legally binding upon the Borrower and such Executing Entity in accordance with its terms;

(b) from the Borrower and each of the respective Executing Entities referred to in paragraph (a) of Section 6.01 of this Agreement, that the Subsidiary Loan Agreement and has been duly authorized or ratified by the Borrower and such Executing Entity and is legally binding upon the Borrower and the Executing Entity in accordance with its terms;

(c) from the Guarantor, that the Loan Agreement has been duly registered by the Central Bank;

(d) from the Borrower and the respective Executing Entities, that the Letters of Agreement referred to in paragraph (c) of Section 6.01 of this Agreement have been duly executed and are legally binding upon the parties thereto;

(e) from the Borrower and the Financial Agent, that the Financial Agency Agreement has been duly authorized or ratified by the Borrower and the Financial Agent and is legally binding upon


LAURA MARIA DE BARROS NASCIMENTO
Assessoria - S.G.M. - A.T.L.

Folha n.º 76 de proc.
n.º 264 do 19 92
Condição

Folha n.º 71 do Proc.
n.º 198/92 SEFAS

- 29 -

the Borrower and the Financial Agent in accordance with its terms;
and

(f) from the Guarantor and the Borrower, that the
Financing Agreement has been duly authorized or ratified by the
Guarantor and the Borrower and is legally binding upon the
Guarantor and the Borrower in accordance with its terms.

Section 6.03. The date ¹ is hereby
specified for the purposes of Section 12.04 of the General Condi-
tions.

¹ A date approximately 90 days after the date of this
Agreement will be inserted here.


LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

ARTICLE VII

Representative of the Borrower; Addresses

Section 7.01. The Governor of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Bank:

International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address:

INTBANRAD
Washington, D.C.

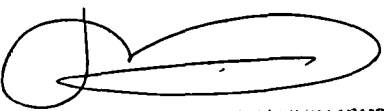
Telex:

197638 (TRT),
248423 (RCA)
64145 (WUI) or
82937 (PRCC)

For the Borrower:

Cable address:

Telex:


LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.C.M. - A/TL

Folha n.º 77 de proc.
n.º 264 de 13 92
Cordão

Folha n.º 72 de proc.
n.º 198/92
TERESA GENDA
SGM/ATL

- 31 -

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By

Regional Vice President
Latin America and the Caribbean

STATE OF SAO PAULO

By

Authorized Representative

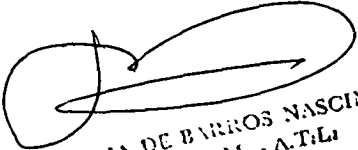

LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

SCHEDULE 1

Withdrawal of the Proceeds of the Loan

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Loan, the allocation of the amounts of the Loan to each Category and the percentage of expenditures for items so to be financed in each Category:

<u>Category</u>	<u>Amount of the Loan Allocated (Expressed in Dollar Equivalents)</u>	<u>% of Expenditures to be Financed</u>
(1) Civil Works	62,000,000	41%
(2) Goods	19,000,000	100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 41% of local expenditures for other items procured locally


LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

- 33 -

<u>Category</u>	<u>Amount of the Loan Allocated (Expressed in Dollar Equivalent)</u>	<u>% of Expenditures to be Financed</u>
(3) Consultants Services	27,000,000	85% of local expenditures for services of consultants domiciled within the territory of the Guarantor and 100% of foreign expenditures for services of other consultants
(4) Unallocated	<u> </u>	
TOTAL	<u>108,000,000</u>	


LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.TiL

2. For the purposes of this Schedule:

(a) the term "foreign expenditures" means expenditures in the currency of any country other than that of the Guarantor for goods or services supplied from the territory of any country other than that of the Guarantor; and

(b) the term "local expenditures" means expenditures in the currency of the Guarantor or for goods or services supplied from the territory of the Guarantor.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for: (a) expenditures prior to the date of this Agreement, except that withdrawals, in an aggregate amount not to exceed \$10,000,000 may be made for payments made for expenditures before that date but after March 1, 1982, provided that prior to the date on which such expenditures were incurred: (i) the PMU shall have been fully staffed in terms satisfactory to the Bank; (ii) the respective Executing Entity shall have signed a Letter of Agreement satisfactory to the Bank; (b) a Subproject, unless is an Eligible Subproject approved by the Bank for financing under the Project; and (c) expenditures incurred by ELETROPAULO, until ELETROPAULO has transferred to the Borrower, on terms and conditions satisfactory to the Bank, the use and management of the Guarapiranga Park for at least 20 years.


LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.C.M. - A.T.L.

Folha n.º 79 de proc.
n.º 264 do 19 92
Sondade

Folha n.º 79 do 19 92
n.º 98/92
do 19 92
Sondade

REGINA CENDA
SGM/ATL

- 35 -

SCHEDULE 2

Description of the Project

The objectives of the Project are to develop a cost effective approach to water pollution control, reduce current water pollution levels and improve and maintain water supply quality in the Project Area, and establish water basin management authorities with adequate financial and administrative autonomy.

The Project consists of the following parts, subject to such modifications thereof as the Borrower and the Bank may agree upon from time to time to achieve such objectives:

Part A: Investment Program

Execution of Eligible Subprojects.

Part B: Waterbasin Management

A Program consisting of studies, provision of technical assistance and training aimed at: (a) establishing a waterbasin management agency for the Project Area; (b) preparing an environmental master plan covering land use, sewerage and solid waste collection and disposal, mining development and drinking water treatment and supply; and (c) developing waterbasin environmental management and planning capabilities of municipal and non-governmental entities staff.



LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

Part C: Project Management and Coordination

Provision of technical assistance and acquisition and utilization of equipment and materials to manage and coordinate the overall execution of the Project, including monitoring and auditing activities.

* * *

The Project is expected to be completed by March 31, 1997.



LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

Folha n.º	80	da proc.
n.º	264	do 19 92
Candida		

Folha n.º	15	da Proc.
n.º	198/92	SEHAB

- 37 -

SCHEDULE 3

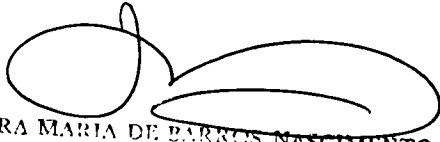
Amortization Schedule

REGINA GENDA
SGM/ATL

Date Payment Due

Payment of Principal
(Expressed in dollars)*

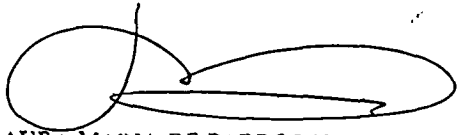
* The figures in this column represent dollar equivalents determined as of the respective dates of withdrawal. See General Conditions, Sections 3.04 and 4.03.


LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

Premiums on Prepayment

Pursuant to Section 3.04 (b) of the General Conditions, the premium payable on the principal amount of any maturity of the Loan to be prepaid shall be the percentage specified for the applicable time of prepayment below:

<u>Time of Prepayment</u>	<u>Premium</u>
	The interest rate (expressed as a percentage per annum) applicable to the Loan on the day of prepayment multiplied by:
Not more than three years before maturity	0.20
More than three years but not more than six years before maturity	0.40
More than six years but not more than 11 years before maturity	0.73
More than 11 years but not more than 13 years before maturity	0.87
More than 13 years before maturity	1.00


LAURA MARIA DE BARROS NASCIMENTO
Assessor - D.G.M. - A.T.L.

Folha n.º 81 de proc.
n.º 264 do 19 92
Caudiao

Folha n.º 76 do Proc.
n.º 158/92 SC/92

- 39 -

SCHEDULE 4

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

Part A: International Competitive Bidding

1. Except as provided in Part C hereof, goods and works shall be procured under contracts awarded in accordance with procedures consistent with those set forth in Sections I and II of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1985 (the Guidelines).

2. To the extent practicable, contracts for goods and civil work shall be grouped into bid packages estimated to cost the equivalent of \$250,000 and \$5,000,000 or more respectively.

Part B: Preference for Domestic Manufacturers

In the procurement of goods in accordance with the procedures described in Part A hereof, goods manufactured in Brazil may be granted a margin of preference in accordance with, and subject to, the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraphs 2 through 4 of Appendix 2 thereto, provided, however, that:

(a) All bidding documents for the procurement of goods shall clearly indicate any preference which would be granted, the information required to establish the eligibility of a bid for


LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

such preference and the following methods and stages that will be followed in the evaluation and comparison of bids.

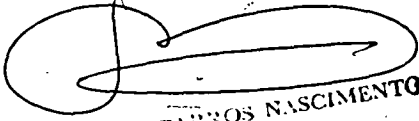
(b) After evaluation, responsive bids will be classified in one of the following two groups:

(i) Group A: bids offering goods manufactured in Brazil if the bidder shall have established to the satisfaction of the Borrower and the Bank that such goods contain components manufactured in Brazil equal to at least 50% of the value of the completed goods.

(ii) Group B: bids offering any other goods.

(c) In order to determine the lowest evaluated bid of each group, all evaluated bids in each group shall first be compared among themselves, without taking into account customs duties and other import taxes levied in connection with the importation, or the sales and similar taxes levied in connection with the sale or delivery of the goods pursuant to the bids. Such lowest evaluated bids shall then be compared with each other, and if, as a result of this comparison, a bid from group A is the lowest, it shall be selected for the award.

(d) If, as a result of the comparison under paragraph (c) above, the lowest evaluated bid is a bid from group B, all group B bids shall be further compared with the lowest evaluated bid from


LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

Folha n.º 82 de proc.
n.º 264 do 19 92
Candidate

Folha n.º 37 do Proc.
n.º 198/92 SET/AB

- 41 -

RECIBO GEND
SGM/ATL

group A after adding: (i) to the evaluated bid price of goods to be imported in each group B bid an amount equal to the smaller of: (A) the amount of customs duties and other import taxes which a non-exempt importer would have to pay for the importation of the goods offered in such group B bid; or (B) 15% of the c.i.f. bid price of such goods; and (ii) to the ex-factory bid price of goods supplied domestically offered in each group B bid an amount equal to the smaller of: (A) the amount of customs duties and other import taxes which would be levied on the goods offered in such group B if they originated from the same foreign country as the bid included in group B which enjoys the lowest customs duties and other import taxes; or (B) 15% of the ex-factory bid price of such goods. If, as a result of this comparison, the bid from group A is the lowest, it shall be selected for the award; if not, the lowest evaluated bid from group B, as determined under paragraph (c) above, shall be selected for the award.

Part C: Other Procurement Procedures

Goods and civil works estimated to cost the equivalent of less than \$250,000 or \$5,000,000, respectively, per contract, up to an aggregate amount equivalent to \$1,000,000 for goods and \$73,000,000 for civil works, may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Bank.

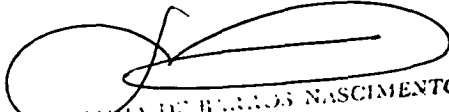

LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

Part D: Review by the Bank of Procurement Decisions

1. Review of invitations to bid and of proposed awards and final contracts:

(a) With respect to each contract for goods estimated to cost the equivalent of \$250,000 or more and each contract for civil works estimated to cost \$5,000,000 or more, and on each calendar year, the first two contracts for goods and works procured by each Executing Entity pursuant to Part C of this Section, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of CESA or FESA, such procedures shall be modified to ensure that the two conformed copies of the contract required to be furnished to the Bank pursuant to said paragraph 2 (d) shall be furnished to the Bank prior to the making of the first payment out of CESA or FESA in respect of such contract.

(b) With respect to each contract not governed by the preceding paragraph, the procedures set forth in paragraphs 3 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of CESA or FESA, said procedures shall be modified to ensure that the two conformed copies of the contract together with the other information required to be furnished to the Bank pursuant to said paragraph 3 shall be


LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

Folha n.º	83	de proc.
n.º	264	do 19 92
Condição		

Folha n.º	198/78	de proc.
n.º	198/78	do 19 92
REGISTRO		
SGM/ATL		

- 43 -

furnished to the Bank as part of the evidence to be furnished pursuant to paragraph 4 of Schedule 6 to this Agreement.

2. The figure of 10% is hereby specified for purposes of paragraph 4 of Appendix 1 to the Guidelines.

Section II. Employment of Consultants

In order to assist the Borrower and the Executing Entities in the carrying out of the Project, the Borrower shall employ and cause to be employed, consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Bank. Such consultants shall be selected in accordance with principles and procedures satisfactory to the Bank on the basis of the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency" published by the Bank in August 1981.


LAURA MARIA DE BARROS NASCIMENTO
Assessora - SGM/ATL

SCHEDULE 5

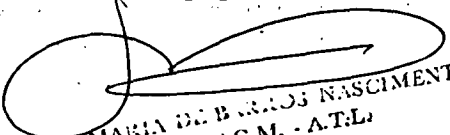
Terms and Conditions of the Subsidiary Loan Agreements
and Subsidiary Agents

I. The Subsidiary Loan Agreements shall include terms and conditions satisfactory to the Bank, including:

- (1) Repayment period of 15 years, including 5 years of grace.
- (2) (The Subsidiary Loans shall be denominated in dollars and payable in Cruzeiros.)
- (3) The interest rate applicable to the Subsidiary Loans shall be the interest rate applicable to the Loan pursuant to Section 2.05 of this Agreement plus a service charge equal to 1/5 of 1% per annum of the amounts withdrawn on behalf of such Executing Entity, payable to the Financial Intermediary.
- (4) The Executing Entities shall pay a commitment charge on the principal amount of the Subsidiary Loan not withdrawn from time to time at the rate of 3/4 of 1% per annum.

II. General Obligations of Executing Entities under the Subsidiary Loan Agreements and the Subsidiary Agreements

- (1) The Executing Entities shall carry out the subprojects with due diligence and efficiency and in conformity with appropriate technical, administrative, financial, environmental and public utility practices.


LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

Folha n.º 84 de proc.
n.º 264 do 19 92
Candida

Folha n.º 19 do Proc.
n.º 198/92 SGM/ATL

- 45 -

REGINA GENDA
SGM/ATL

(2) In order to assist in the carrying out of Eligible Subprojects, each Executing Entity shall employ qualified and experienced consultants, such consultants to be selected in accordance with the provisions of Schedule 4 to this Agreement; the terms and conditions of each contract with such consultants, to be financed out of the proceeds of the Loan, shall be satisfactory to the Bank.

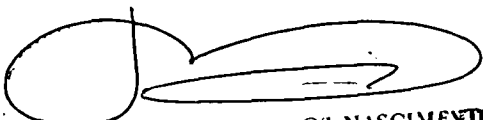
(3) (a) Each Executing Entity shall undertake to insure, or make adequate provision for the insurance of, the imported goods to be financed out of the proceeds of the Loan against hazards incident to the acquisition, transportation and delivery thereof to the place of use or installation, and for such insurance any indemnity shall be payable in a currency freely usable by such Executing Entity to replace or repair such goods; and (b) except as the Borrower shall otherwise agree, each Executing Entity shall cause all goods and services financed out of the proceeds of the Loan to be used exclusively for Eligible Subprojects being carried out by each such Executing Entity.

(4) (a) With respect to each Eligible Subproject being carried out by each Executing Entity, each such Executing Entity shall furnish to the Borrower, through PMU, and, if so requested, make available to the Bank, promptly upon their preparation, the plan, specifications, reports, contract documents and construction and


LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

procurement schedules for each such Eligible Subproject, and any material modifications thereof or additions thereto; (b) each Executing Entity shall, with respect to each Eligible Subproject being carried out by each such Executing Entity, maintain records and procedures adequate to record and monitor the progress of each such Eligible Subproject (including the cost and the benefits to be derived from each such Eligible Subproject), to identify the goods and services financed out of the proceeds of the Loan, and to disclose their use in each Eligible Subproject; and (c) each Executing Entity shall enable the authorized representatives of the Bank and the Borrower to visit the facilities and construction sites included in each Eligible Subproject and to examine the goods financed out of the proceeds of the Loan and any relevant records and documents in respect of each Eligible Subproject.

(5) Each Executing Entity shall furnish to the Borrower, two months after each semester, a progress report (containing all such information as the Bank shall reasonably request through the Borrower) concerning each Eligible Subproject carried out or being carried out by it, its cost and, where appropriate, the benefits and results to be derived from it, the expenditure of the proceeds of the Loan, the goods and services financed out of such proceeds, and Project execution and financial monitoring indicators.



LAURA MARIA DE BARROS NASCIMENTO
Assessoria - S.G.M. - A.T.L.

Folha n.º 85 de proc.
n.º 264 do 19 92
Condide

Folha n.º 80 do Proc.
n.º 198/92 SET/93

- 47 -

REGINA REND,
SGM/ATL

- (6) Promptly after completion of the Project, but in any event not later than three months after the Closing Date or such later date as may be agreed for this purpose between the Borrower and the Bank, each Executing Entity shall prepare a report satisfactory to the Bank and the Borrower on the execution of the Subprojects carried out by each Executing Entity.
- (7) Each Executing Entity shall maintain a system of monitoring indicators satisfactory to the Borrower and the Bank.
- (8) Each Executing Entity shall select each Subproject in a manner consistent with the criteria set forth in the Operational Manual and shall ensure that such criteria are being consistently applied by each such Executing Entity in the carrying out of each Eligible Subproject under the Project.
- (9) Each Executing Entity shall at all times manage its affairs, maintain its financial position, plan its future expansion and conduct its business and undertaking, all in accordance with appropriate business, financial and public utility practices, and under the supervision of experienced and competent management assisted by adequate and competent staff.
- (10) Where applicable, each Executing Entity shall: (a) at all times take necessary steps to maintain its existence and its right to carry on operations, and to acquire and retain all rights, powers, privileges and franchises which are necessary or useful

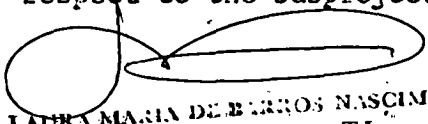

LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A/T/L

for the purpose of complying with its obligations under this Schedule or for the efficient conduct of its business and undertaking; (b) at all times operate and maintain the plants, machinery, equipment and other property owned or operated by it and promptly make all necessary repairs and renewals thereof, all in accordance with appropriate engineering and public utility practices; and (c) not sell, lease, transfer or otherwise dispose of any of the property or assets owned or operated by it, if such sale, lease, transfer or disposition would materially and adversely affect the efficient carrying out of the Project.

(11) Each Executing Entity shall make provisions satisfactory to the Bank and the Borrower for insurance against such risks and in such amounts as shall be consistent with sound public utility practices.

(12) Each Executing Entity shall maintain records adequate to reflect, in accordance with appropriate accounting practices consistently applied, its operations and financial condition, including separate records and accounts in respect of the Subprojects.

(13) Each Executing Entity shall, (i) have its accounts and financial statements (balance sheets, statements of income and expenses and related statements) and the separate accounts with respect to the Subproject for each fiscal year audited, in


LAURA MARIA DE BARROS NASCIMENTO
Assessor - S.G.M. - A.T.L.

Folha n.º 86 de proc. 264
n.º Condição do 19 92

Folha n.º 81 de proc. 198/92
n.º Sete

- 49 -

RECIBO DE
SGM/ATL

accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Borrower and the Bank; (ii) furnish through the Borrower to the Bank as soon as available, but in any case not later than five months after the end of each such year, (A) certified copies of such financial statements for such year as so audited, and (B) the report of such audit by said auditors, of such scope and in such detail as the Bank shall have reasonably requested. The report shall include such other information concerning the accounts and financial statements of each such Executing Entity and the audit thereof as the Bank shall from time to time reasonably request.

(14) Each Executing Entity shall appoint, and retain until the completion of the Project, a Sectoral Project Coordinator with terms of reference satisfactory to the Bank and the Borrower.

(15) The Borrower shall have the right to suspend disbursements under the Subsidiary Loan Agreement or the Subsidiary Agreement if the respective Executing Entity fails to comply any of its obligations under such Agreement.

(16) The Subsidiary Loan Agreement for SABESP shall include a financial plan, satisfactory to the Bank, providing for specific obligations on water and sewerage rate adjustments, bill adjustment for inflation and reduction of receivables.



LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

SCHEDULE 6

Special Account: CESA and FESA

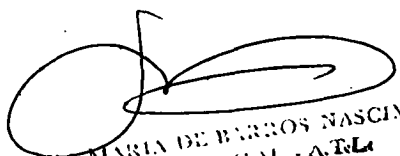
1. For the purposes of this Schedule:

(a) the term "Eligible Categories" means Categories (1) through (3) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

(b) the term "Eligible Expenditures" means expenditures in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Loan allocated from time to time to the corresponding Eligible Categories in accordance with the provisions of Section 2.02 of, and of Schedule 1 to, this Agreement; and

(c) the term "Authorized Allocation" means an amount equivalent to \$10,000,000 to be withdrawn from the Loan Account and deposited in the CESA and the FESA (\$3,000,000 equivalent in the CESA and \$2,000,000 equivalent in the FESA respectively) pursuant to paragraph 3 (a) of this Schedule.

2. Except as the Bank shall otherwise agree, payments out of the CESA and FESA, as the case may be, shall be made exclusively for Eligible Expenditures in accordance with the provisions of Section 2.02 of this Agreement and of this Schedule. The Central Bank, or the Account Bank, as the case may be, shall authorize withdrawals from the CESA or the FESA, as the case may be, on the


LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

Folha n.º 87 do proc.
n.º 264 do 19 92
Condição

Folha n.º 82 do Proc.
n.º 198/92 FEM
SECRETARIA
SGM/STL

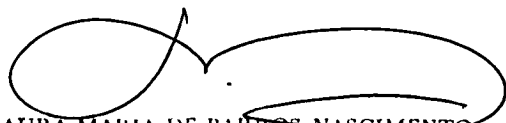
- 51 -

basis of evidence that the Bank shall have reasonably determined. For each such withdrawal so authorized, the Central Bank, or the Account Bank, as the case may be, shall debit or cause to be debited, the CESA or the FESA, as appropriate, with the dollar equivalent of the amount of the Eligible Expenditures in question in Cruzeiros, in the case of the CESA, or the actual dollar amount, or the dollar equivalent, of the Eligible Expenditures in currencies other than dollars or Cruzeiros, in the case of the FESA.

3. After the Bank has received evidence satisfactory to it that the CESA and the FESA have been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the CESA or the FESA shall be made as follows:

(a) For withdrawals of the corresponding amount of the Authorized Allocation, the Borrower shall furnish to the Bank a request or requests for a deposit or deposits which do not exceed the corresponding amount of the Authorized Allocation. On the basis of such request or requests, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the CESA or FESA, as the case may be, such amount or amounts as the Borrower shall have requested.

(b) (1) For replenishment of the CESA or FESA, the Borrower shall furnish to the Bank requests for

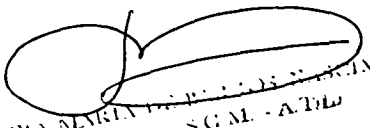

LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.C.M. - A.T.L.

deposits into the CESA or FESA at such intervals as the Bank shall specify.

- (ii) Prior to or at the time of each such request, the Borrower shall furnish to the Bank the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the CESA or FESA, as the case may be, such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been made out of the CESA or FESA, as the case may be, for Eligible Expenditures.

All such deposits shall be withdrawn by the Bank from the Loan Account under the respective Eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Borrower out of the CESA or the FESA, as the case may be, the Borrower shall, at such time as the Bank shall reasonably request, furnish to the Bank such documents


LAURA MENA DE PEREZ
Asesora - S.C.M. - A.T.E.

Folha n.º 88 de proc.
n.º 264 do 19 92
Candida

Folha n.º 83
n.º 198/92
Folha n.º 83
n.º 198/92

- 53 -

REGINA GENDA
SGM/ATL

and other evidence showing that such payment was made exclusively for Eligible Expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Bank shall not be required to make further deposits into either the CESA or the FESA:

(a) if, at any time, the Bank shall have determined that all further withdrawals should be made by the Borrower directly from the Loan Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement; or

(b) once the total unwithdrawn amount of the Loan allocated to the aggregate of the Eligible Categories, less the amount of any outstanding special commitment entered into by the Bank pursuant to Section 5.02 of the General Conditions with respect to the Project, shall be equal to the equivalent of twice the amount of the Authorized Allocation. Thereafter, withdrawal from the Loan Account of the remaining unwithdrawn amount of the Loan allocated to the corresponding Eligible Categories shall follow such procedures as the Bank shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Bank shall have been satisfied that all such amounts remaining on deposit in the CESA or the FESA, as the case

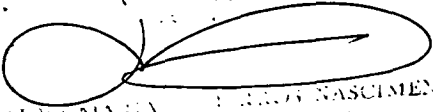

LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. : AtT₁L₁

may be, as of the date of such notice will be utilized in making payments for Eligible Expenditures.

6. (a) If the Bank shall have determined at any time that any payment out of either the CESA or the FESA: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 6 of this Schedule; or (ii) was not justified by the evidence furnished to the Bank, the Borrower shall, promptly upon notice from the Bank: (A) provide such additional evidence as the Bank may request; or (B) deposit into the CESA or the FESA, as the case may be, (or, if the Bank shall so request, refund to the Bank) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Bank shall otherwise agree, no further deposit by the Bank into the CESA or the FESA, as the case may be, shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Bank shall have determined at any time that any amount outstanding in either the CESA or the FESA will not be required to cover further payments for the corresponding Eligible Expenditures, the Borrower shall, promptly upon notice from the Bank, refund to the Bank such outstanding amount.

(c) The Borrower may, upon notice to the Bank, refund to the Bank all or any portion of the funds on deposit in the CESA or the FESA.


LAURA MARIA F. DE NASCIMENTO
Associação - 3.000 - A. F. L.

Folha n.º	89	de proc.
n.º	2264	do 19 92
Candida		

Folha n.º	84	do Proc.
n.º	112/92	SE/AS

- 55 -

(d) Refunds to the Bank made pursuant to paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the Loan Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

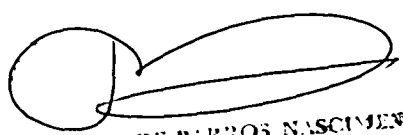

REGINA GENDA
SGM/ATL


LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

**SCHEDULE 7
IMPLEMENTATION PROGRAM**

COMPONENTS	Executing Agency	Unit	Y E A R						TOTAL
			92	93	94	95	96	97	
Subprojects									
Sewer Network Expansion	SABESP	Kms							45
Sewer Connections/Existing NW	SABESP	Q							45000
Sewer Connections/ New NW	SABESP	Q							13500
Resettlement	MUNIC	Families							3700
Urban Rehabilitation	MUNIC	Families							15000
Infrastructure Improvement	MUNIC	Families							62000
Drainage Works	MUNIC	Kms							25
Pipe Rehabilitation	SABESP	Repairs							18000
Reforestry	MUNIC	Ha.							
Water Quality Improvement	BORROWER								
Phosphorus Total									
Intake (Stat. 21)		mg/l							
Control (Stat. 16)		mg/l							
Maximum (Stat. 11)		mg/l							
Suspend Sediment									
Intake (Stat. 21)		mg/l							
Control (Stat. 16)		mg/l							
Maximum (Stat. 11)		mg/l							
Water Quality (IQA)		Index							
Intake (Stat. 21)		Index							
Control (Stat. 16)		Index							
Maximum (Stat. 20)		Index							
BOD									
Intake (Stat. 21)		mg/l							
Control (Stat. 16)		mg/l							
Maximum (Stat. 20)		mg/l							
Expansion & Operational Improvements									
Sewer Coverage	SABESP	%							
Storage Expansion	SABESP	mill M3/yr							
Solid Waste Collection	MUNIC	ton/yr							
Solid Waste Coverage	MUNIC	%							
Financial Performance									
ITL Compliance Ratio	SABESP								
Accounts Receivable	SABESP	days							
Garbage Collection Revenue	MUNIC	\$/yr							
Municipal Tax Collection	MUNIC	\$/yr							

For purposes of this Schedule: (a) "MUNIC" means the Municipalities; (b) "Q" means quantity; (c) "Ha." means hectares; (d) "mg/l" means milligrams/liter; (e) "mill M3/yr" means millions of cubic meters/year; and (f) "yr" means year.


LAURA MARIA DE BARROS NASCIMENTO
 Assessora - S.G.M. - A.T.L.

Document of
The World Bank

FOR OFFICIAL USE ONLY

Folha n.º 70 de proc.
n.º 264 do 19 92
Condição

Folha n.º 83 de Proc.
n.º 148/92 5/11/93

REGINA LENDA
SGM/ATL

DRAFT
CONFIDENTIAL
Report No. 10523-BR

STAFF APPRAISAL REPORT

BRAZIL

WATER QUALITY AND POLLUTION CONTROL PROJECT

April 24, 1992

Volume I

Infrastructure Division
Country Department I
Latin American and the Caribbean Regional Office

This document has a restricted distribution and may be used by recipients only in the performance of their official duties. Its contents may not otherwise be disclosed without World Bank authorization.

LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

Folha n.º 91 de proc.
n.º 2264 do 19 92
Folha n.º 86 do Proc.
n.º 198/92
REGINA GENDI
SGM/ATL

CURRENCY EQUIVALENTS

December 1991 (average)

Currency Unit = Cruzeiro (Cr\$)
US\$1 00 = Cr\$1033.85

FISCAL YEAR

January 1 - December 31

ABBREVIATIONS AND ACRONYMS

BNH	- National Housing Bank (Banco Nacional da Habitacao)
CBA	- Cost-Benefit Analysis
CDHU	- Sao Paulo State Housing Agency (Companhia de Desenvolvimento Habitacional e Urbano)
CEF	- National Savings Bank (Caixa Economica Federal)
CETESB	- Sao Paulo State Environmental Agency (Companhia de Tecnologia e Saneamento Ambiental)
COMEC	- Curitiba Metropolitan Agency (Coordinacao da Regiao Metropolitana de Curitiba)
CONAMA	- National Environmental Council (Comite Nacional do Meio Ambiente)
DAEE	- Sao Paulo Department of Water and Electric Energy (Departamento de Agua e Energia Eletrica)
DNAEE	- National Department of Water and Electric Energy (Departamento Nacional de Agua e Energia Eletrica)
DER-PR	- Parana State Highways Department (Departamento de Estradas de Rodagem)
EMATER-PR	- Parana State Agricultural Agency (Empresa Paranaense de Assistencia Tecnica e Extensao Rural)
ELETPAULO	- Sao Paulo State Electric Power Agency (Electricidade de Sao Paulo S. A.)
ENPLASA	- Sao Paulo Metropolitan Planning Agency (Empresa de Planejamento de Sao Paulo)
FGTS	- Retirement Fund (Fundo de Garantia de Tempo de Servico)
IBAMA	- National Environmental Agency (Instituto Brasileiro do Meio Ambiente)
ICM	- Sales Tax (Imposto de Circulacao de Mercadorias)
IDB	- Inter-American Development Bank
IPARDES	- Parana Institute for Economic and Social Development (Instituto Paranaense de Desenvolvimento Economico e Social)
IPTU	- Property Tax (Imposto a la Propiedad Territorial Urbana)
IRR	- Internal Rate of return
ITCF	- State of Parana Land Institute (Instituto de Terras e Florestas do Estado de Parana)
IQA	- Water Quality Index
MAS	- Ministry of Social Welfare (Ministerio de Accion Social)
NGO	- Non-government Organization
PERH	- Sao Paulo State Water Resources Plan (Plano Estadual de Recursos Hidricos)
PLANASA	- National Sanitation Plan (Plano Nacional de Saneamento)
PNMA	- National Environmental Plan (Plano Nacional do Meio Ambiente)
PM EMBU	- Embu Municipality (Prefeitura Municipal de Embu)
PM EMBU-IGUACU	- Embu-Iguacu Municipality (Prefeitura Municipal de Embu Iguacu)

LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

Folha n.º 92 da proc. n.º 264 do 19.º 92
Condição

Folha n.º 198/92 do Proc. 87 de FEV/93
 n.º 198/92

RECINA RENDA
BGM/ATI

PM ITAPECIRICA - Itapecirica Municipality (Prefeitura Municipal de Itapecirica)

PMSP - Sao Paulo Municipality (Prefeitura Municipal de Sao Paulo)

PMC - Curitiba Municipality (Prefeitura Municipal de Curitiba)

PCR - Project Completion Report

PROSAM - Curitiba Component

RIMA - Environmental Assessment Report (Relatorio de Impacto do Meio Ambiente)

RMC - Curitiba Metropolitan

RMSP - Sao Paulo Metropolitan

SABESP - Sao Paulo Water Utility (Companhia de Saneamento Ambiental do Estado de Sao Paulo)

SANEPAR - Paraná Water Utility (Companhia de Saneamento do Paraná)

SENAM - National Secretariat for Environment (Secretaria Nacional do Meio Ambiente)

SEPA - State Environmental Agency

SISNAMA - National Environmental System

SFS - Sanitation Financing System (Sistema Financeiro de Saneamento)

SNS - National Sanitation Secretariat (Secretaria Nacional de Saneamento)

SMA-SP - Sao Paulo Environment Secretariat (Secretaria do Meio Ambiente)

SMA-PR - Parana Environment Secretariat (Secretaria de Meio Ambiente)

SES - Sao Paulo Water and Energy Secretariat (Secretaria de Energia e Saneamento)

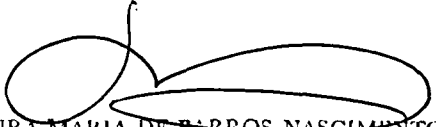
SEPL - Parana Planning Secretariat (Secretaria de Planejamento e Coordenacao Geral)

SUCEAM - State of Parana Erosion Control Agency (Superintendencia de Controle da Erosao e Saneamento Ambiental)

SUREHMA - Parana Environment Agency (Superintendencia dos Recursos Hidricos e do Meio Ambiente)

UGP-PR - Parana Project Unit (Unidade de Gerenciamento do Projeto)

UGP-SP - Sao Paulo Project Unit


 LAURA MARIA DE BARROS NASCIMENTO
 Assessora - S.G.M. - A.T.I.

Folha n.º 93 de proc. 164 do 13
 n.º 88 do 13
 1985/2
 REGINA SENDA
 REGM/ATL

BRAZIL Condição
 WATER QUALITY AND POLLUTION CONTROL PROJECT
 STAFF APPRAISAL REPORT

Table of Contents

Loan and Project Summary	1
Chapter 1: Introduction	1
1.1 Background	1
1.2 Project Objectives	2
1.3 Methodological Approach	2
1.4 Report Content	2
Chapter 2: The Control of Water Pollution in Brazil	3
2.1 Causes and Consequences of Water Pollution Problems in Brazil	3
2.2 The Institutional Setup.	4
2.3 Regulatory Measures.	7
2.4 The Implementation of the Regulatory Measures.	9
2.5 Assessing Brazil's Water Pollution Policies	9
2.6 The Perspective of Watershed Management	10
2.7 Strategies for Water Pollution Control	13
2.7.1 Government Strategy.	13
2.7.2 Rationale for Bank Involvement.	13
2.7.3 Past Bank Involvement.	13
Chapter 3: The Project	14
3.1 Background	14
3.2 Project Objectives	15
3.3 The Economics and Policy Aspects of the Project	15
3.3.1 The Approach	15
3.3.2 Who are the Polluters.	16
3.3.3 Who Will Benefit from a Cleaner Environment	16
3.3.4 The Financial Cost-Benefit Analysis.	16
3.3.5 The Economic Cost-Benefit Analysis	17
3.3.6 The Cost Recovery/Policy Analysis	17
3.4 Summary Project Description and Main Features	18
Chapter 4: The Guarapiranga Component	19
4.1 The Component Framework	19
4.2 Financial and Economic Aspects of the Project	21
4.2.1 Economic Evaluation	29
4.2.2 Financial Situation of the Borrowers and the Beneficiaries	21
4.2.3 The Poverty Aspects	32
4.2.4 The Environmental Impact	38
4.2.5 Policy Implications	39

This report is based on the findings of an appraisal mission which visited Brazil from February 17 to 21, 1992. The report was prepared by Messrs. Emilio H. Rodriguez, Antonio Estache and Abel Mejia. Messrs./Mmes. Carl Bartone (INURD), Eduardo Abbato (LEGLA), Beatriz Martinez (LALIN), Ronaldo Seroa da Motta, Adrian de Maio, Leon Taylor, Victor Coelho, Vera Pazzanella and Leopoldo Bartolome (Consultants) have participated in project preparation. Mr. Francisco Lobato (Consultant) of the Ministry of Social Welfare of Brazil coordinated project preparation by the Brazilian participants.

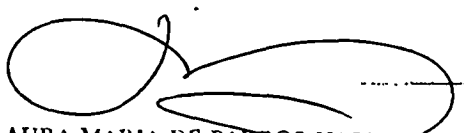

 LAURA MARIA DE BARROS NASCIMENTO
 Assessora - S.G.M. : A.T.L.

Table of Contents (continued)

	<u>Page</u>
4.3 Implementation of the Guarapiranga Component	39
4.3.1 Main Implementation Features	39
4.3.2 Supervision	40
4.3.3 Reporting and Monitoring	40
4.3.4 Procurement	41
4.3.5 Disbursements	42
4.3.6 Advanced Contracting and Retroactive Financing	43
4.3.7 Auditing	43
4.3.8 Management of the Waterbasin	43
4.4 Risks	43
Chapter 5: The Curitiba Metropolitan Component	44
5.1 The Component Framework	44
5.1.1 Water Pollution Control in the State of Paraná	44
5.1.2 Objectives and Rationale	45
5.1.3 Description of the Component	49
5.1.4 Costs and Financing	50
5.1.5 The Borrower and Executing Agencies	51
5.1.6 Status of Component Preparation	52
5.2 Financial and Economic Aspects of the Project	52
5.2.1 Economic Evaluation	52
5.2.2 Financial Situation of the Borrower and the Beneficiaries	59
5.2.3 The Poverty Aspect	60
5.2.4 The Environmental Impact	60
5.2.5 Policy Implications	61
5.3 Implementation of the Curitiba Metropolitan Component	61
5.3.1 Main Implementation Features	61
5.3.2 Supervision	62
5.3.3 Reporting and Monitoring	63
5.3.4 Procurement	63
5.3.5 Disbursements	64
5.3.6 Advanced Contracting and Retroactive Financing	64
5.3.7 Auditing	65
5.3.8 Management of the Waterbasin	65
5.4 Component Risks	65
Chapter 6: The National Component	66
6.1 Objectives	66
6.2 Component Description	66
6.3 Main Features of the National Component	66
6.4 Component Implementation	67
Chapter 7: Agreements and Recommendations	67

LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.C.M. - A.T.L.

Folha n.º 75 do proc. 264 do 1º 72
 Condição Folha n.º 90 do P.º 198/92
 n.º 198/92

List of Tables

- 4.1 Guarapiranga Component - Pollution Loads Without the Project
- 4.2 Pollutions Loads With the Project
- 4.3 General and Specific Objectives of the Component
- 4.4 Component Cost Summary
- 4.5 Benefits and Beneficiaries
- 4.6 Benefitted Population
- 4.7 Financial CBA
- 4.8 Economic CBA
- 4.9 Willingness to Pay
- 4.10 Economic Rate of Return
- 4.11 Project Cost by Procurement Method
- 5.1 Curitiba Component - Pollutions Loads Without the Project
- 5.2 Pollution Loads With the Project
- 5.3 General and Specific Objectives of the Component
- 5.4 Component Cost Summary
- 5.5 Benefitted Population
- 5.6 Financial CBA
- 5.7 Economic CBA
- 5.8 Project Impact on the Population
- 5.9 Project Cost by Procurement Method

~~RECEBIDO GEND.~~
~~SGM/ATL~~

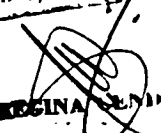
List of Annexes (in Volume II)

- Annex
- 1- Federal Water Pollution Law
 - 2- Bank Loans to Brazil for Water Supply and Sewerage
 - 3- Guarapiranga Component- Industries Located in the Waterbasin
 - 4- Guarapiranga Component- Description
 - 5- Guarapiranga Component- Resettlement
 - 6- Guarapiranga Component- Summary of Project Costs
 - 7- Guarapiranga Component- Annual Investments
 - 8- Guarapiranga Component- Investment Distribution by Source
 - 9- Guarapiranga Component- Structure of Project Costs
 - 10- Guarapiranga Component- Organizational Structure
 - 11- Guarapiranga Component- Documents and Financial Flows
 - 12- Guarapiranga Component- Cost-Benefit Analysis of the Component
 - 13- Notes and Assumptions for Financial Forecast
 - 14- Guarapiranga Component- EIA Summary
 - 15- Obligations of the Executing Agencies
 - 16- Guarapiranga Component- Quarterly Project Execution
 - 17- Guarapiranga Component- Monitoring Indicators
 - 18- Guarapiranga Component- Bidding Package
 - 19- Guarapiranga Component- Loan Disbursement Schedule
 - 20- Guarapiranga Component- Waterbasin Management Subcomponent
 - 21- Selection Criteria for Subproject
 - 22- Curitiba Component- Additional Information on Pollution Sources, Project Benefits and Beneficiaries
 - 23- Curitiba Component- Description
 - 24- Curitiba Component- Resettlement
 - 25- Curitiba Component- Summary of Project Costs
 - 26- Curitiba Component- Annual Investments
 - 27- Curitiba Component- Investment Distribution by Source
 - 28- Curitiba Component- Structure of Project Costs
 - 29- Curitiba Component- Organizational Structure
 - 30- Curitiba Component- Documents and Financial Flows
 - 31- Curitiba Component- Methodologies to Evaluate Economic Benefits
 - 32- Curitiba Component- EIA Summary
 - 33- Curitiba Component- Quarterly Project Execution
 - 34- Curitiba Component- Monitoring Indicators
 - 35- Curitiba Component- Bidding Package
 - 36- Curitiba Component- Loan Disbursement Schedule


 LAURA MARIA DE BARROS NASCIMENTO
 Assessora - S.G.M. - A.T.L.

Folha n.º 96 de proc.
n.º 0264 do 19.º 52
condiçao

Folha n.º 91 do Proc.
n.º 198/92 REHAS


REGINA SENNA
SGM/ATL

List of Annexes (continued)

Annex 37- Curitiba Component- Waterbasin Management Subcomponent
38- National Component- Description
39- Project File

Map 23751-Water Quality and Pollution Control Project


LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. : A/T/L

BRAZIL
WATER QUALITY AND POLLUTION CONTROL PROJECT
STAFF APPRAISAL REPORT

LOANS AND PROJECT SUMMARY

RECINHA SENDA
SGM/ATI

Borrowers (Amounts): (i) State of São Paulo (US\$108 million equivalent) for the Guarapiranga Component;
(ii) State of Paraná (US\$106 million equivalent) for the Curitiba Component; and
(iii) the Federative Republic of Brazil (US\$9 million equivalent) for the National Component.

Guarantor: The Federative Republic of Brazil will guarantee the loans to the States of São Paulo and Paraná.

Terms: Repayment in 15 years, including five years of grace, with interest at the Bank's standard variable rate.

Project Objectives. The general project objective is to assist Brazil in developing a cost effective approach to water pollution control. The project also proposes policy and institutional reforms that minimize allocative distortions. The specific objectives are: (i) to coordinate local level initiatives leading to the creation of the urban water basin authorities for the Guarapiranga reservoir, close to São Paulo, and the Upper Iguazu river in Curitiba, to reduce current water pollution levels, improve and maintain water quality from then on, and achieve financial independence and administrative autonomy; (ii) to help develop the sustained financial capacity to provide services within the target river basin under the jurisdiction of the basin authority; and (iii) to set up project preparation facilities to initiate water pollution control projects in the most congested areas of Brazil and for designing coherent and economically sound approaches to water pollution control policies in Brazil.

The Project defines a benchmark that could set the standard for similar future operations and presents the methodology to ensure consistency in the processing of financial and economic data across sectoral investments. This methodology, that has been developed during a careful project preparation by the Bank and the Borrowers, provides an integrated approach to generate information required to conduct the financial and economic cost-benefit analysis and to simultaneously identify the potential sources of cost recovery instruments to ensure both cost recovery/financing of the Project and the internalization of pollution cost by polluters. Additionally, the methodology systematically identifies the agents that need to be involved in the institutional arrangement expected to ensure the sustainability of the project's objectives. The Project is also innovative as it addresses water pollution control using a waterbasin as a management unit rather than a political or administrative unit as traditionally used.

Project Benefits. The project would directly benefit a substantial portion of the population of the metropolitan areas of São Paulo and Curitiba which in the aggregate represents 14 million people. In São Paulo, the water basin to be protected, Guarapiranga, supplies 25% of the total water consumed in the metropolitan area. In addition, the project will help demonstrate how state/municipal/NGOs initiatives for the preservation of water quality may be carried out. Finally, the project will promote the establishment of a conceptual and analytical framework to be used for a national program to abate water pollution and the preservation of the quality of the scarce water resources in congested urban areas.

LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.I.

Folha n.º 58 da proc.
n.º 264 do 19 92
Candide

Folha n.º 93 do Proc.
n.º 198/92 SEHAD

REGINA GEND.
SGM/ATI

- ii -

Project Risks. The risks which could affect the project are associated with the innovation of setting up water basin authorities to integrate multi-institutional environmental efforts and responsibilities, and the social and political complexities associated to population resettlement. However, since the two beneficiary states are among the leaders in environmental actions in Brazil and have a group of very qualified technicians who are experienced in dealing with the Bank, these risks will be substantially minimized. Moreover, resettlement will be managed directly for experienced municipalities with the social and political skills to successfully conduct the process. In addition careful and detailed preparation with strong emphasis on its institutional development design and intense supervision by qualified technical agents is being considered as a basic condition for project success.

Project Costs.

1. Guarapiranga Component

(US\$ million)

Water and sewerage works	61.3
Solid wastes collection and disposal	8.3
Urban rehabilitation	69.3
Environmental protection	31.3
Waterbasin management	20.5
Project management	7.2
Total base cost	<u>197.9</u>

Physical contingencies	8.4
Price contingencies	22.8
Total component cost	<u>229.1</u>

2. Curitiba Component

Water Resources protection and development	58.2
Alto Iguaçu Waterbasin environmental rehabilitation	113.3
Waterbasin management	19.5
Project management	2.0
Total base cost	<u>193.0</u>

Physical contingencies	8.6
Price Contingencies	<u>21.5</u>
Total component cost	<u>223.1</u>

3. National Component

Project preparation	<u>9.0</u>
Total project cost	461.2

LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

Folha n.º 99 da proc.
n.º 264 do 19 92
Condição

Folha n.º 94 do Proc.
n.º 198/92 SET/92

REGINA LENDA
SGM/ATL

Financing Plan:

1. Guarapiranga Component

(US\$ million)

Bank	108.0
Federal Government	28.2
State of São Paulo	24.5
Municipality of São Paulo	21.7
SABESP	39.7
ELETROPAULO	7.0
	<u>229.1</u>

2. Curitiba Component

Bank	106.0
Federal Government	28.2
State of Paraná	29.8
SANEPAR	37.2
Municipality of Curitiba	20.6
Other municipalities	1.3
	<u>223.1</u>

3. National Component

Bank	9.0
Total	<u>\$ 461.2</u>

Estimated Bank Disbursements

(US\$ million)

1. São Paulo Component

Bank fiscal year	1993	1994	1995	1996	1997
Annual	17.9	29.3	29.3	21.0	10.5
Cumulative	17.9	47.2	76.5	97.5	108.0

2. Paraná Component

Bank fiscal year	1993	1994	1995	1996	1997
Annual	19.6	19.0	32.0	18.0	6.4
Cumulative	19.6	49.6	81.6	99.6	106.0

3. National Component

Bank fiscal year	1993	1994	1995	1996	1997
Annual	2.0	2.0	3.0	2.0	--
Cumulative	2.0	4.0	7.0	9.0	--

Rate of Return: for the São Paulo Component, 15 percent; and for the Paraná Component, 59 percent.


LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

CHAPTER 1: INTRODUCTION

1.1 Background

1.1.1 Explosive growth of population in the cities and rapid industrialization occurring over the past decades has been accompanied by escalating urban environmental degradation. The degradation of water quality in rivers and reservoirs close to rapidly expanding metropolitan areas is one of the most severe problems faced. This problem is aggravated by insufficient sectoral investment and unrealistic zoning, and has resulted in unmet demand, at current prices, for environmental infrastructure, and especially for the collection and treatment of waste. Pollution is further aggravated by poverty in conflict with its environment. Specially growing favelas begin a destructive process by invading those hazard-prone lands on river banks and steep slopes which are generally not viable for the provision of even basic infrastructure. Adverse by-products are uncontrolled dumping of solid wastes, untreated municipal and industrial sewage, storm water drainage, flooding, land erosion and mudslides, and the pollution associated with the use of agrochemicals.

1.1.2 The current level of inadequate environmental infrastructure reflects the equally inadequate establishment of balanced priorities and selection of effective instruments for implementation, which has led to policy failure. Not until the early Seventies did Brazil first begin to set its priorities and formally address the need for sanitation infrastructure as part of a national basic sanitation program to cover water supply, sewerage, sewage treatment and solid waste. However, a higher priority was given to urban water supply, and progress in sewerage coverage lagged - reaching only 35 percent of the urban population with a mere 10 percent of the collected sewage or 3.5 percent of total sewage produced being treated. Even though some industrial pollution control programs were initiated to reduce air and water pollution in selected urban areas, they were insufficient to accommodate the pace of industrial growth and the resulting increases in pollution. Only recently have the municipal authorities become aware of land use planning as a means of protecting environmentally important river basins, but action taken towards that end have been insufficient. Many of the policies adopted in Brazil failed to institute sound pricing practices for providing services and consuming resources, and thus contributed to the poor performance in environmental management and provision of infrastructure. In general, pollution control has been seriously constrained by inadequate levels of investment, a lack of appropriate cost recovery, reliance on limited means of controlling pollution (e.g., water quality criteria) rather than incentive-based instruments, insufficient coordination between different levels of Government, inadequate capacity to enforce control, and the limited involvement of the users and NGOs.

1.2 Project Objectives

1.2.1 The project objective is to assist Brazil in developing a cost-effective approach to water pollution control, accompanied by policy and institutional reforms to minimize allocative distortions. The attainment of these objectives requires that all externalities be internalized, and that decisions on water-related matters encompass all those who bear the costs for, as well as attain the benefits from, the control of water pollution. Both principles are embodied in the waterbasin management approach taken by the project, and is based on a waterbasin unit rather than on other geographic or political units. This approach is consistent with the recommendations emerging from both the economic and engineering literature on efficient pollution control policies.

1.2.2 The project has three specific objectives. First, it aims to coordinate local initiatives leading to the establishment of waterbasin management for the Guarapiranga Reservoir in the São Paulo Metropolitan Area, and for the Alto Iguazu River in the city of Curitiba. These authorities would manage an integrated effort to reduce current water pollution levels, and improve and maintain water quality under a system characterized by financial independence and administrative autonomy. Second, the project endeavors to assist the


LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

Folha n.º 101 de proc.
n.º 264 do 19 52
Comissão

Folha n.º 96 do Proc.
n.º 148/92 SEHAB

RECIBO
SGM/ATI

- 2 -

LAURA MARIA DE BARROS NASCIMENTO
Assessora - SGM - ATIL

development of a sustained financial capacity to provide services within the target riverbasins, including establishing a combination of standards and market-based instruments such as user fees and tax instruments. The use of these instruments, based on either "the polluter pays" principle, or the benefit principle, reflects the view that a single instrument would probably be insufficient to alter behavior and ensure a balanced budget. Unavoidable resulting deficits would be internalized through general revenues. Third, project preparation facilities will be set up to initiate water pollution control projects in other congested areas of Brazil through the design of coherent and economically sound approaches to water pollution control policies.

1.2.3 The project will also identify the transitional role which the federal government will assume. The necessary period of transition will enable the federal government to provide technical assistance in designing both the technical measures, such as the choice of monitoring procedures or treatment levels, and policy procedures such as choice of policy instruments, assignment of responsibilities, coordination of needs across municipalities, financing and cost recovery, which will be required to achieve successful water pollution control in the most cost-effective and equitable manner. After this period of transition and the identification of specific strengths within each state or region, well-equipped state institutions will plan and coordinate the activities of regional or multi-state water basin authorities.

1.3 Methodological Approach

1.3.1 For this project, environmentally sustainable development, or "optimal" resource and environmental management, requires maximizing the net benefits of such projects, subject to maintaining the capacity and quality of natural resources. These requirements cannot be achieved without an integrated approach to investment decision-making and institutional strengthening for cost-effective pollution control, taking into consideration the multi-level, cross-sectoral and cross-governmental nature of the pollution problem. Such an approach would identify: (i) critical investments; (ii) required policy changes, including increased reliance on market-based approaches and the need to ensure cost recovery, and (iii) institutional needs, including the strategy of cooperation across municipalities and government levels which would be required to better manage pollution of highly urbanized water basins.

1.4 Report Content

1.4.1 The remainder of this report is structured as follows. Chapter 2 summarizes the current state of the water pollution control effort in Brazil. The water pollution control law is detailed indicating constraints to its implementation. Policy and market failures in this sector are also discussed along with desirable water pollution control management achievements projected over the medium term. The chapter concludes with a discussion of the Government's and the Bank's strategy for water pollution control. Chapter 3 describes the project concept, its objectives, and components--all in the context of the overall policy issues raised in Chapter 2. The details of the two regional components are provided, respectively, in Chapter 4 for the Guarapiranga Project Component in São Paulo State, and in Chapter 5 for the Curitiba Metropolitan Project Component in Paraná State. Chapter 6 deals with the National Component which was designed to assist, both financially and technically, other regional groups to undertake the preparation of similar water pollution control projects. Finally, Chapter 7 includes the main agreements to be reached with Brazilian authorities and makes recommendations.

Folha n.º 102 de proc.
n.º 264 do 19 92
Condição

Folha n.º 97 do Proc.
n.º 198/92 SETH

~~REGINA LENDA~~
~~SGM/ATL~~

CHAPTER 2: THE CONTROL OF WATER POLLUTION IN BRAZIL

2.1 Causes and Consequences of Water Pollution Problems in Brazil

2.1.1 Unmanaged Growth as a Source of Pollution

2.1.1.1 During the period from 1940-1985, the urban population of Brazil grew by 83 million, increasing the urban tax base from 30 to 73 percent. The majority of this population growth and the industrialization which is the main factor for this growth, has been concentrated at nine development poles. Industrial growth was sustained at 10.4 percent per annum during the Seventies and early Eighties. The most important poles, which have attracted huge populations, are located in the Southern part of the country. As a result, the share of urban population attributable to metropolitan areas increased from 15 to 30 percent between 1940 and 1985. This accelerated development of metropolitan areas has also resulted in over-exploitation of limited natural resources. This, in turn, resulted in the deterioration of quality of life and further constrained development.

2.1.1.2 The development poles are also pollution focal points, largely because necessary infrastructure hindered both population and industrial growth. Generally, water pollution stems primarily from untreated municipal and industrial sewage, uncontrolled storm water drainage, and dumping of solid wastes, land erosion, and mudslides. In some of the development poles, including the two covered by the project, industrial sources of pollution have been managed more systematically than domestic sources of pollution, but in most cities the situation is far from satisfactory. The public sewerage, which is not provided for almost 35 percent of the urban population, has helped collect and drive off sewage from downtown areas of cities, but the available treatment installations are still only able of treating an average of 4 percent of the sewage produced in the country, or about 10 percent of the sewage which is actually discharged into public systems.

2.1.1.3 Insufficient solid waste collection aggravates pollution even more. In addition to contributing to land and air pollution, deficit in solid waste services play a major role in water pollution in several ways. Dumping solid wastes haphazardly contaminates surface water through pollution runoff. Dumping in lowlands and streams also blocks natural, as well as man-made, drainage pathways. Landfills which are improperly lined or maintained actually concentrate pollution by producing leachates which contaminate groundwater.

2.1.1.4 Economic development and related pollution have also caused physical changes to the environment which adversely affect the ability to manage pollution. Two factors, in particular, are important. First, soils have become impermeable because of compaction which accompanies urbanization through extended land use. Second, natural drainage patterns have been disrupted because of chaotic occupation of land, as well as the absence of effective land use planning. Both factors result in: (i) a decrease in retention time for runoff; (ii) an increase of biological pollution load; and (iii) the sedimentation of materials in the receiving water bodies. Together, these effectively reduce the size and capacity of the drainage systems to handle waste in increased volumes over shorter periods.

2.1.1.5 In Brazil, investment in drainage is the responsibility of municipalities, but it has been unable to keep pace with the expansion of cities. Moreover, financing of drainage has been marginal and erratic. Coverage of drainage in urban areas is estimated today to be about 40 percent, or slightly above that of sewerage.


LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

Folha n.º 98 do Proc. 198/92
n.º 198/92

Folha n.º 103 de proc. 104 do 19 92
Cmde

RECIBO GENDIA
SGM/ATL

- 4 -

LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

2.1.1.6 Lack of appropriate drainage also results in flooding and run-off, including nutrient and agrochemical run-off. The shanty town settlements on river banks and shorelines create direct discharge into the water of multiple forms of wastes. These additional sources tend to be underestimated by national decision-makers, but rank at the top of issues to be dealt with by many State Environmental Protection Agencies (SEPA's).

2.1.2 Consequences of Pollution for the Water Sector

2.1.2.1 One of Brazil's most significant environmental problems stems from the pollution of rivers and reservoirs close to the nine development poles, which affects both production and consumption, and limits recreational activities. Most pollution problems stem from unmet demand for environmental infrastructure, at current prices, and especially for the collection and treatment of waste. This unmet demand, in turn, reflects various policy failures, which will be addressed locally by this project. Regardless of the source of water pollution, there are always severe financial consequences.

2.1.2.2 First, traditional water sources for human and industrial consumption are now too scarce to accommodate the constantly increasing demand for water. In many regions, it has become necessary to look for other sources which usually require more costly investment because of their distance from the point of consumption. The continued deterioration of these traditional sources would accelerate the need for the above investments. Thus, investing in good maintenance represents a solution for the least-cost solution to ensure adequate water supply.

2.1.2.3 Second, deterioration of water quality increases the costs associated with treatment to make water suitable for human and industrial consumption. Eliminating algal growth and toxins, for example, is expensive and is an unavoidable treatment. Indeed, it is widely recognized that poor water quality constitutes the main health hazard, confirmed by accumulated evidence linking water quality to infant mortality and life expectancy. In fact, the effect of contaminated drinking water on public health is currently the most alarming aspect of pollution in Brazil, as demonstrated by the spread of cholera.

2.1.2.4 There are many additional economic effects that need to be considered. The two regional components of the project provide ample evidence on the diversity of the forms the economic costs of pollution can take. Two forms of particular importance in Brazil are worth highlighting here: First, pollution can cause a drop in the value of property in the affected areas. This, in turn, tends to decrease revenues from property taxes. This can further squeeze the resources available for sectoral investment to address the largely unmet demand for sewerage and other forms of wastewater management. Second, pollution can also lead to deterioration of water bodies close to urban centers, hindering their use for recreational purposes, especially by the poor who usually do not have alternative opportunities for recreation.

2.2 The Institutional Setup

2.2.1 The Lasting Impact of DNAEE on Water Sector Policies

2.2.1.1 The National Department of Water and Energy (DNAEE) under the Ministry of Energy began dealing with water issues at the beginning of this century because water is an input in producing hydroelectricity. The most detailed legislation on water use is found in the Water Code (Código de Aguas) of 1934, which was created principally for regulating the use of water for electricity purposes. The Code is the benchmark for water legislation concerning the norms and rights for water use. The regulatory framework sets the basis for the

sectoral policy on water use in terms of coverage and implementation, and continues to serve as the main regulatory framework which guides the control and management of water services.

2.2.1.2 Whereas this situation has not posed serious constraints on non-electricity-related water policy initiatives, it has inadvertently introduced a bias in setting priorities by allowing DNAEE to become the major voice of integrating water policies. The interests of hydroelectric companies are thus effectively ensured and they are consistently represented as priority. Consequently, hydroelectricity production in Brazil, which has increased at a rapid pace, has been facilitated by regulatory measures in its favor. Promulgation of regulations for other water uses, however, did not receive the same backing.

2.2.2 Origins of Current Institutional Weaknesses in Sanitation Services

2.2.2.1 By comparison, sanitation services are less systematically organized, but reflect an urban bias. Historically, the water and sanitation sector has been set up to favor provision of water supply over sanitation and drainage services, and to favor urban areas over rural. Prior to the Water Code, individual concessions were authorized by the government. The first water and sewerage systems were built by foreign companies between the turn of the century and World War I. Following that, with the decline of foreign investments and the increased demand for sanitation services due to urbanization, the Federal Government began to transfer financial resources to the states and municipalities allowing them to provide sanitation services directly. This attempt only succeeded in the major, richer cities.

2.2.2.2 Over time, continuing urbanization required an increasing and ongoing flow of resources which were not available. Moreover, the lack of coordination, caused by the ad hoc management of services, contributed to inefficiency and waste of resources. Thus, financial constraints for investments and total disregard of tariff policy limited services only to the richer cities. Consequently, the institutional capabilities in other cities deteriorated, resulting in further funding difficulties. The expansion of water supply services under direct control of states and municipalities did not successfully extend water supply coverage to over half of the urban population, and sewer systems coverage was extended to only a quarter of the urban population.

2.2.3 The Impact of PLANASA on Water and Sanitation Services

2.2.3.1 The framework for managing water and sanitation services was completely reformulated in 1968 with the creation of the Sanitary Financing System (SFS) and again later, in 1971, with the launching of PLANASA, the National Water Supply and Sanitation Plan, a program in which any municipality could participate. Sector policy thereafter officially favored urbanization, under the aegis of the National Housing Bank (BNH), which was the apex institution for PLANASA until its abolition in 1986. Following the establishment of PLANASA, the water sector underwent a period of rapid infrastructure investment and achieved impressive results. Urban water supply coverage, which was assigned top priority within PLANASA, increased from 45 percent in 1970 to 85 percent in 1990. However, these gains were not matched by a complementary performance in other services. Sewerage lagged behind, increasing from 24 percent in 1970 to just about 42 percent by 1990. This has exacerbated current pollution problems, since PLANASA activities fell short of providing collection and treatment facilities to accommodate the added and concentrated volumes of wastewater.

2.2.3.2 Moreover, PLANASA did not establish, within the tariff law of 1978, any incentive to facilitate the installation of sewage treatment by the local


LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

Folha n.º	165	de proc.º	
n.º	264	do 19	92
Condicionada		Folha n.º	100
		n.º	9892
		do Proc.º	
		PEHAB	

~~REGINA GENDIA~~
SCM/ATL

- 6 -

LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

agencies. A similar situation still exists in those municipalities that have not joined PLANASA. Total investment in water supply, sewerage and sewage treatment for the period 1977-1985 amounted to about US\$11 billion, with 70 percent invested in water supply, and 30 percent in sewerage, including a small amount for sewage treatment. PLANASA's share of this investment during the period equalled about US\$9 billion, or 80 percent of the total, and reflected the urban water bias of their policy. Likewise, in the same period, BNH placed low emphasis on drainage, financing works up to US\$800 million in about 60 municipalities. Even though PLANASA has been a sophisticated and ambitious program for addressing urgent needs for urban water and sewerage services, the program has disregarded the integration of these services into a more complex environment where water is expected to provide a variety of uses to the society.

2.2.4 Recent Sectoral Developments

2.2.4.1 During the 1980s, and particularly after 1983, the sector encountered a financial and institutional crisis that has left its agencies with large debts. The crisis also reduced the investment rate to levels lower than those attributed to natural decline following a major expansion. Besides Brazil's macroeconomic crisis and its accompanying high inflation, the sector's performance deteriorated because of excessive reliance on Federal Government financing and subsidies, coupled with inadequate tariff adjustments. Financial deterioration at the state level was accompanied by BNH's own financial problems coping with the macroeconomic crisis. A Federal Government decision to subsidize mortgages further eroded BNH finances. In November of 1986, BNH was abolished and its main operational portfolios were transferred to the Caixa Econômica Federal (CEF). Recently, the responsibilities for the water and sanitation sector at the federal level were given to the Sanitation Secretariat (SWS) under the Ministry of Social Welfare (MAS). CEF continues to be the federal water sector financial agent and the administrator of the retirement fund (FGTS) which constitutes the PLANASA's source of financing. The federal setup for the sector continues to have serious institutional limitations.

2.2.5 The Birth of Environmental Policies

2.2.5.1 The first attempt at a coordinated design of environmental policy in Brazil dates from 1973. After the United Nations Conference on The Human Environment, held in Stockholm in 1972, the Brazilian Government tried to integrate its environmental legislation under a single entity, the special secretariat of the environment (SEMA) operated within the Ministry of Interior. Its terms of reference included the design of policies to rationalize the use of natural resources, the coordination of federal environmental activities, the assistance of the state environmental agencies, and educating the public. State agencies were created and pollution control laws adopted. In fact, the overall framework was essentially modeled on United States law. As a result, within that framework, the Brazilian law relied largely on standards and zoning, but without the necessary institutional and physical infrastructure to monitor and enforce these regulatory measures.

2.2.5.2 The next major change took place in 1981 and provided the core of Brazil's current environmental strategy. It led to the creation of the National Environmental Plan (PNMA) and its implementing agency, the National Environmental System (SISNAMA). SEMA remained the operational agency of SISNAMA with the responsibility of strengthening counterparts at the state level, i.e., the State Environmental Protection Agencies (SEPA's). The leadership of SISNAMA was assigned to the National Environmental Council (CONAMA), which began only in 1984 and was formed by state representatives, unions, non-governmental organizations (NGOs), and experts. While the 1973 policies ranked growth over environment, the 1981 changes led to the explicit recognition of the need to address, jointly, the

Folha n.º	106	de proc.
n.º	264	do 19 92
- 7 -	Candidato	

Folha	n.º 101	do Proc.
n.º	198/92	SEM/ATL

social and economic costs of pollution. In 1988, all federal executive agencies were integrated into the Brazilian Institute of the Environment and Renewable Natural Resources (IBAMA) which replaced SEMA. The system was still controlled by the Ministry of the Interior, a ministry in which environment was only one of many responsibilities. Remaining a subordinate slowed the development of guidelines for the harmonization of environmental policies across ministries and government levels.

2.2.5.3 The current institutional setup reflects changes implemented in 1989 (Annex 1). SISNAMA is now composed of the following bodies: (i) a government council formed by representatives of all ministries; (ii) an advisory and deliberating council, CONAMA; (iii) a central agency, the Secretary for the Environment (SEMAM) linked to the Presidency and chairing CONAMA; (iv) an executive agency, IBAMA, linked to SEMAM; and, (v) the state environmental agencies (SEPA's). The resources allocated to the PNMA are financed by the Environmental National Fund and administered by SEMAM.

2.2.5.4 The overall distribution of responsibilities across government levels is reasonably simple. Policy guidelines and basic laws, e.g., minimum emissions, ambient standards, licensing requirements for new projects and budgetary decisions are controlled by the Federal Government. Water pollution management is essentially under the control of state governments. The role of municipalities focuses on drainage and solid waste management. Those municipalities which are not granting concession to State Water Companies are also involved in the provision of water and sewerage services. Municipal governments also control noise pollution. The trend reflecting the choices made in the new Constitution of 1988 is to increase the role of local governments in the provision of these services. The institutional setup adopted by municipalities to address environmental problems varies widely. Some are very structured and have a special secretary designated to handle these issues. Others have specific units allocated to this task, but not as independently as a special secretary would. In many smaller municipalities, the institutional setup is not yet in place.

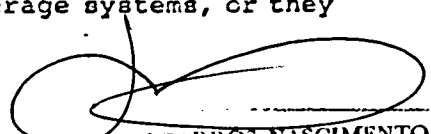
2.2.5.5 The latest change was implemented in 1990 with the reorganization and reduction of ministries from 27 to 12. The restructuring, finally, provides environmental policy in Brazil with an autonomous structure in the SEMAM. Some elements are still missing, however. The guidelines for harmonization of policies across ministries and across government levels, which is a major missing part of the strategy, have not yet been issued but are under preparation at SEMAM. Also missing is an evaluation of the eventual need to reassess cost-sharing and revenue-matching through the reallocation of the environmental responsibilities to the three government levels including the aggregation of municipalities under metropolitan areas and waterbasins that followed the new Constitution.

2.3 Regulatory Measures

2.3.1 The environmental policies of Brazil rely on four major instruments:

- (i) Environmental standards
- (ii) Environmental zoning
- (iii) Licensing
- (iv) Fines

2.3.2 Environmental standards: The Brazilian Federal Government sets water standards which generally correspond to U.S. standards. Accordingly, to safeguard public health and to reduce pollution, industries must eliminate the toxins in effluents before discharging them into public sewerage systems, or they


 LAURA MARIA DE BARROS NASCIMENTO
 Assessora - S.G.M. - A.T.L.

Folha n.º 107 de proc.
n.º 264 do 19 92
Condição

Folha n.º 102 do Proc.
n.º 198/92 de 143

RECEBIDA
SGM/ATL

- 8 -

LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

must, alternatively, provide their own treatment. However, such pretreatment is unusual in most states. Toxic wastes are often discharged directly into water bodies or sewers, or transported to land sites for disposal. Indeed, most industries are not even connected to public sewage systems because either sewers have not been extended to the industry's location, or because industries are reluctant to pay sewage disposal tariffs at all.

2.3.3 The environmental standards adopted across states tend to be uniform and do not deviate much from federal standards. Federal standards are applied very stringently in some states, but only the states of São Paulo and Rio de Janeiro have actually attempted to adjust standards to reflect the economic costs of pollution. While regulation includes water quality criteria and monitoring equipment, emission standards seem to be the most frequently used.

2.3.4 Federal law categorizes fresh, salt, and brackish waters separately. It then defines nine classes of water based on their major use. (See Annex 1 for summary information on federal water pollution law.) For each class of water, the federal law defines specific criteria, and authorizes or prohibits emissions. It also provides a more general limitation by prohibiting any discharge that would cause a change in the classification of a body of water. Public enterprises in charge of sewage treatment provide a notable exception to these standards. They are not required to achieve any particular level of BOD¹ reduction or to provide sewage treatment.

2.3.5 Environmental zoning: Zoning can be used by local, state or the Federal Government, but is very unevenly used in Brazil. At the local level, especially in metropolitan areas, land occupation and growth have generally occurred more rapidly than policy makers' ability to respond. At the state level, some states use zoning laws to control locating polluting firms. At the federal level, zoning has been principally focused on the creation of ecological reserves. All states must zone their territory for industrial use and identify specifically the industries which can operate in each zone. In the urban context, the zoning exercise facilitates the identification of the areas in which infrastructural services are insufficient. In practice, industrial zoning is only actively implemented in a very few states, namely São Paulo, Santa Catarina, and Rio de Janeiro.

2.3.6 Licensing requirement: Permits and environmental impact assessments (RIMA) are instruments which were created in 1985 and utilized by states to impose a combination of technological and emission standards. They do not rely, however, on economic criteria. Licensing based on the RIMA is required for all new investment projects which could potentially cause environmental damage. This should include, according to the law, housing projects and similar infrastructure investments, for which the waste and sewer requirements should be assessed systematically. In practice, however, only industrial pollution is targeted for routine scrutiny.

2.3.7 Fines: Fines and threats of fines are widely used to alter the behavior of polluters. Although not constituting a regular source of revenue, increases in the number of fines and their amounts are occasionally used as a means to provide funds for unanticipated expenditures.

1 BOD, biological oxygen demand, is a measure of the oxygen needed for the normal breakdown of organic substances by microorganisms. When the quantity of organic substances is high, it can consume sufficiently high amounts of oxygen so as to place it in short supply for normal life functions of aquatic flora and fauna and eventually cause their death and anaerobic conditions in the body of water.

Folha n.º 108 de proc. n.º 264 do 19 92
Concisa

Folha n.º 103 do Proc.
n.º 158/92 FEHAB
REG. AGENDA

2.4 The Implementation of Regulatory Measures

2.4.1 At the local level, environmental policy is enforced mainly through the use of zoning and licensing instruments to permit zoning and to establish water quality criteria. While the design of the instruments is appropriate, their implementation raises some important questions for a country with severe budgetary constraints. The use of these instruments is labor-intensive and requires considerable skill and equipment: (i) Issuing licenses requires skilled workers to review the environmental impact of any investment proposal; (ii) Monitoring compliance requires agents as well as equipment to measure pollution. In most states, however, citizen complaints are a major source of information and are a means of reducing enforcement costs; (iii) Enforcing the law requires that both legal and technical staff conduct informal negotiations with polluters; then administrative and legal measures are adopted and put into place. Finally, prohibition of the polluting activity is effected. Whereas most of these activities fall under the jurisdiction of the states, the consequences resulting from the failure to fulfill these responsibilities falls on the municipalities. Local governments are unable or unwilling to share the responsibility for the implementation of federal and state laws because they are barely able to cope with the costs associated with their own responsibilities regarding the provision of municipal services. The insufficient provision of supporting infrastructure gives ample evidence of the financial constraints faced by local governments.

2.4.2 Financial constraints stem from a failure to recognize a linkage between a fiscal problem and the causes of infrastructure pollution. Many municipalities, and at all government levels, implicitly adapt environmental policies and programs to limits set by budget allocations from general revenue. The provision of environmental protection as a service which can be charged for, and the failure to implement "the polluter pays principle (PPP)", are unnecessarily limiting the scope and coverage of environmental policies and missing out on potential revenue.

2.4.3 While it is clear that financial constraints have curtailed investment for some states and municipalities, it is important to recognize that pricing policies have been lenient for the provision of many services. This is particularly important at the municipal level where full cost recovery for services, most notably the collection and disposal of solid waste, is never an objective. In many cities, municipal services are viewed as public goods and local governments view it as normal to finance these services from general revenue. In the long run, a good housing and zoning policy based on full cost recovery would result in a more desirable organization of basic infrastructure. In the short run, however, improved health as well as other benefits justify the subsidy and any distortion it creates.

2.5 Assessing Brazil's Water Pollution Policies

2.5.1 From the previous discussion, it is concluded that the current form of government intervention has five major problems, as described below.

2.5.2 First, the regulator's capacity to enforce the law is limited as it has limited human and physical capital to ensure respect of the law. The process of imposing fines leaves room for arbitration on the part of monitoring agents, as well as for corruption, in the process of determining the severity of the fine. Any solution to this problem should start with the development of a uniform, and systematically updated, data base which should provide policy makers with adequate information on environmental control priorities as well as information on the social costs of pollution.


LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

Folha n.º	509	de	Folha n.º	104	do	Processo
n.º	264	do	1992	n.º	198/92	RELA
Assinado						

REGISTRADO
SGM/ATL



LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

- 10 -

2.5.3 Second, the complexity of the current environmental law creates a major problem. This imposes very high compliance and monitoring costs on the administrative agency. There are many legal complexities, and many state agencies must first interpret the law to establish whether it even has standing in court. The creation of state courts to address environment issues could conceivably help to remove many discrepancies, as it is being shown in the State of Ceará.

2.5.4 Third, the choice of regulatory instruments is very limited. The government has decided to favor regulations over other economic instruments. As the government does not have sufficient resources for monitoring and enforcement, many polluters are likely to slip through the monitoring net. Such budget limitations actually indirectly impose high costs on the government and the population. Many other instruments are available which rely directly on the market to alter behavior, or which result in price-based forms of government intervention. Pricing of water at marginal cost, for example, should be an immediate objective.

2.5.5 Fourth, the environmental activity is entirely subsidized by general revenue at all government levels. The provision of services aimed at protecting the environment is seldom viewed as a service that needs to be paid for, i.e., the provision of municipal waste collection services. Currently, pricing policies fail in three ways. First, as mentioned above, they rarely follow the usual marginal cost pricing rules (or average cost pricing, when economies of scale exist). Second, even when proper cost accounting is attempted, for example, by subcontracting to private or semi-private firms, the pricing formula focuses on private costs rather than social costs of the environmental effects, and often excludes them entirely. Third, when services are subcontracted to private suppliers, cartels appear to be organized. In the case of solid waste collection, for instance, only a few corporations function in every state.

2.5.6 Fifth, overall existing policies lack coordination. Policies are not always well coordinated between the various levels of government. In many cases, it would be more efficient and cheaper for local governments to enforce policy, but lack of coordination often transfers the burden of this function onto a state agency. Policies are not often well coordinated across municipalities and states. Often the undesirable effects of actions taken within one state are felt by a neighboring state. The unwillingness to negotiate the sharing of clean-up costs with the victims is not unusual. Also, competition for investments and jobs among municipalities and states reduces the incentive of the local governments to alter their environmental laws or their implementation. In some regions, groups of municipalities affected by a specific problem, are being set up and are jointly analyzing the issues and identifying possible joint solutions. Finally, policies are generally not well coordinated across those various ministries or secretariats, such as Health, Industry, Transport and Environment, which deal with various aspects of municipal pollution.

2.6 The Perspective of Watershed Management

2.6.1 For effective management and control of pollution, water resources must be perceived within the larger perspective of their waterbasin, which reflects overall drainage patterns. Water pollution externalities are often relatively localized. The immediately affected water bodies tend to be downstream rivers, lakes or reservoirs, nearby coastal areas, or underlying groundwater resources. In the case of rivers, downstream effects are often confined to stretches of 50 to 100 km. Given the relative importance of surface waters in Brazil, both for supply and waste disposal, the water bodies of primary concern are rivers and reservoirs and their waterbasins. The geographic, biological, and climatic

Folha n.º 310	de proc
n.º 264	do 19 92
Condição	

Folha n.º 105	do 19 92
n.º 198/92	do 19 92

REGINA LÊNIA
SGM/ATL

features of a waterbasin form a relatively coherent ecological system which makes them the basic natural unit for water resource management.

2.6.2 For water quality management, given its often localized nature, a sub-basin, a division of a waterbasin, can function as an adequate unit for planning and management, as long as it is viewed as part of the entire waterbasin. In some instances, both upstream and downstream basin management is required for water quality control (that is, the upstream releases of water to dilute pollution sufficient to ensure compliance with downstream water quality). Water quality management, however, also includes a management or administrative element with well defined geographic boundaries but which may or may not coincide with those of the natural system involved. In fact, political and administrative boundaries usually do not coincide with the physical boundaries of a waterbasin.

2.6.3 Multiple jurisdiction and sector institutions frequently intervene in a single waterbasin. Three important cases are distinguished in Brazil: (i) a waterbasin or river basin lying primarily within a state (e.g., the Guarapiranga waterbasin in São Paulo); (ii) a waterbasin or sub-basin which crosses several states, such as the Paraíba do Sul waterbasin in São Paulo, Rio de Janeiro, and Minas Gerais; and (iii) international rivers such as the greater La Plata waterbasin flowing through Brazil, Paraguay, Uruguay and Argentina. Each case requires increasingly complicated levels of cooperation at the state, regional, and even international levels, often having no agencies with appropriate authority or jurisdiction. Fortunately, because of the localized nature of water pollution in Brazil, problems often can be dealt with at a waterbasin level lying wholly within a state but affecting several municipalities. At times, coordination of pollution control efforts across several states will be required, as with the Paraíba do Sul River, for which an interstate commission has been formed.

2.6.4 Effective water quality management must be integrated, including the coordination and harmonious posture toward sectoral users based on hierarchy jurisdiction. In principle, the water quality management authority should be sufficiently large so as to have: (i) jurisdiction over the direct and indirect causes of environmental degradation, and (ii) responsibility for remediating the environmental damage to ecosystems or human populations. To avoid conflict of interest, authority for water pollution control should not be vested in any agency which is a user of the water resource, such as agriculture, hydropower, or water supply utility.

2.6.5 In Brazil, there are three jurisdictional levels: national, state and municipal. But there are no regional authorities with decision-making power that govern watersheds or metropolitan areas. Although some metropolitan-level planning agencies have been established by the states (e.g., EMLASA in São Paulo), they do not have the power to implement or enforce the implementation of their recommendations upon constituents' municipalities. Similarly, the Paraíba do Sul Commission has little vested authority and relies on the good will of the participating states, sector agencies, and municipalities to join in a collaborative effort.

2.6.6 For practical applications, it will be useful to separate the direct and indirect causes of water pollution that are within the authority of state or municipal government from those which fall outside their authority. This mapping of pollution problems is the first step in organizing the economic analyses which are needed to support planning for water quality management at the waterbasin level. It should deal with their causes, the domains of influence of institutions and policies both within and outside the environmental sector, as well as within and outside the state or municipal government authority.

LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - ATL

Folha n.º	111	de proc.
n.º	264	do 19 92
Condição		

Folha n.º	106	do Proc.
n.º	198	de 1992
JEFAS		

REGINA GEND
SGM/ATL

- 12 -

2.6.7 Water pollution control policies should be designed to maximize the net benefits from pollution control activities. In practical terms, this requires a two-step analytic process. The first part involves the establishment of a set of water quality standards for each water body based on marginal benefit-cost analysis. The second step is to determine specific effluent controls necessary to meet the water quality standards for each water body based on cost-effectiveness criteria. Thus the waterbasin or sub-basin must be the fundamental unit of analysis.

2.6.8 The adoption of a waterbasin focus enables a strategic and comprehensive planning approach which is desirable for four reasons.

2.6.8.1 First, all activities in the region--whether domestic, commercial, industrial, recreational, and agricultural--exert an impact on water quality and are thus interconnected, and a multi-sectoral approach to water quality management is required.

2.6.8.2 Second, because of the interconnection within waste management systems and the linkages among environmental media, a cross-media approach to water pollution control is usually needed. For example, the inadequate disposal of solid wastes can result in surface or groundwater contamination; land application of wastewater or sludge can lead to soil contamination; or the use of scrubbers on smokestacks results in liquid and solid wastes that might each require special handling.

2.6.8.3 Third, urban, economic, and infrastructure planning can have important implications for water quality management. Land use planning and controls are especially important policy instruments, e.g., to protect tributary waterbasins upstream water supply reservoirs. Coordination of urban and infrastructure planning can take advantage of economies of scale associated with collective wastewater treatment or solid waste disposal facilities.

2.6.8.4 Fourth, water quality is strongly linked to water resource planning and water pricing policies. Water development costs are dependent upon waterbasin characteristics so that national water development policies need to be interpreted at the waterbasin or sub-basin level.

2.6.9 The waterbasin approach provides an appropriate framework for Brazil to plan and manage water pollution problems in heavily urbanized areas, such as the two waterbasins, Guarapiranga and Alto Iguacu, which are included as project components and described in detail in Chapters 4 and 5, respectively. This waterbasin approach to environmental management is useful in dealing with multi-media pollution sources and the limited government capacity to enforce existing legislation. During project preparation, it was agreed that market mechanisms would be introduced as important tools to help control land use by introducing adequate pricing policies compatible with natural resource utilization and provision of public services.

2.6.10 Long term waterbasin management stability is closely linked to administrative independence and financial autonomy, both of which should be given critical consideration in project implementation to guarantee project success. This concern is also shared by government officials, since different revenue mechanisms to internalized environmental waterbasin management costs are currently under consideration.

LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

Folha n.º 150 do proc. n.º 264 do 19 92
Candidato

1107 do Proc. n.º 198/92
REG. GEN. SGM/ATL

2.7 Strategies for Water Pollution Control

2.7.1 Government Strategy. The strategy developed by the Federal Government to address water pollution problems under the proposed Project takes into account four points:

- First, the Federal Government recognizes that the critical water pollution problems in Brazil are related to intense urbanization processes concentrated in and around the major metropolitan areas within defined waterbasins.
- Second, the Government identifies the need for the implementation of multi-sectoral investment programs as an appropriate instrument to address the pollution problems.
- Third, it recognizes the need to place project implementation responsibility on sub-national entities with high institutional capacity, rather than relying on the Federal Government whose capabilities are presently limited.
- Finally, it acknowledges the need for cost recovery--mostly through the use of existing taxes and tariffs--or through the use of new mechanisms to be developed and based on different levels of natural resource use.

2.7.2 Rationale for Bank Involvement. The Bank's strategy in Brazil is to support policies and investments which will encourage economic growth and social development in the context of macroeconomic stability. The emphasis is on efficient allocation of resources, increased efficiency in the public sector, and the appropriate targeting and delivery of support systems to the poor. The project's concern with environmentally sustainable development regarding "optimal" resource and environmental management over time, requires maximizing the net benefits of such projects, which are subject to maintaining those services and the quality of natural resources. These requirements cannot be achieved without an integrated approach to investment, decision making, and strengthening of institutions for cost-effective pollution control. The Bank's objective is to assist Brazil to identify and design: (i) Critical investments; (ii) Required policy changes, including an increased reliance on market-based approaches and cost-recovery; and (iii) Institutional needs, including cooperation across government levels.

All of these elements are required to more effectively manage the pollution of highly urbanized waterbasins. To accomplish this, the Bank will assist the Brazilian authorities in designing an appropriate analytical framework for evaluating the corresponding environmental costs and benefit: needed to guide decisions. This analytical framework will rely on recent developments in the theory of measurement of environmental cost and benefit, such as the contingent valuation approach, which covers health, aesthetics, etc., or the travel cost approach, which assesses the recreational value of the project.

2.7.3 Past Bank Involvement

2.7.3.1 The Bank has actively participated in the development of the Brazilian water sector. Since 1971, thirteen water and sanitation loans (US\$1.4 billion) have been approved to support the national sanitation plan (PLANASA) objectives. (See Annex 2 for a list of those projects as well as others described in this paragraph.) Although priority was given to water supply, substantial investments have been made for sewage collection, treatment and disposal, and for drainage. These operations have helped achieve inter alia: (i) decentralization of most

LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A/T/L

Folha n.º 113 de proc.
n.º 264 de 19 92
Candida

Folha n.º 108 de Proc.
n.º 198/92 SE/90

RECIBO GEN.
RECIBO ATL.

- 14 -

LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

responsibilities to the states where strong state water companies (SWCs) were created; (ii) establishment of sound economic principles for project investment; (iii) drafting of appropriate water tariff legislation which permitted a satisfactory degree of financial viability of the sector at the state level; and (iv) formulation of modern financial and operational mechanisms at the SWCs.

2.7.3.2 The Bank has recently approved a Loan to assist Brazil in the reformulation of the sector's organization and objectives, with primary emphasis on improved efficiency through the use of commercial practices and regulatory arrangements to foster competition. Additionally, the Bank has financed two industrial pollution control projects with major beneficial impacts on urban areas and is now processing a nation-wide program. Recent municipal development projects also include solid waste, sewerage and drainage components.

2.7.3.3 The Bank has only limited project experience in water pollution control, as compared with other subsectors. Although there have been many pollution control components and related studies within projects, there are no water pollution control projects per se that have been completed. Currently, ongoing pollution control efforts exist in only seven countries: China, Chile, Cote d'Ivoire, India, Mexico, Poland, and Turkey.

2.7.3.4 The experiences from Brazil are summarized as follows: (a) the Bank has employed only a limited selection of cost recovery instruments, relying almost entirely on tariffs; (b) the Bank overestimated industrial demand, basing needs on estimated pollution loads; when high tariff levels were announced, consumer demand diminished considerably, and industries relied, instead, on less costly solutions; (c) pollution control projects require the integration of cross-sectoral issues to accommodate the varying municipal, agricultural, and industrial sources; (d) past project approaches to pollution control have relied on political, administrative or managerial units, rather than dealing with the waterbasin--the natural environmental unit. The Project is addressing issues in (a), (b) and (d), and will help establish sound policies which will include carefully designed charges for services.

CHAPTER 3: THE PROJECT

3.1 Background

3.1.1 The decentralization of responsibilities for infrastructure services decreed in Brazil by the new Constitution brought about local initiatives to put together regional projects. In this context, groups of municipalities started to develop associations or consortia to prepare proposals, seek financing and execute water resource management and pollution control projects. This process of clustering municipalities under consortia has been slow, since municipalities in Brazil are used to approaching problems in a very individualistic way.

3.1.2 During 1990, the state governments and MAS started to discuss with the Bank the possibilities of the Bank's support to some of the above regional initiatives. Since then, a process of screening and prioritizing water pollution problems has taken place. Three main characteristics have been taken into consideration: (i) the economic and social costs involved, (ii) the local willingness to act and (iii) the degree of project preparation. The Federal Government is convinced of its critical role in assisting regional authorities to develop water pollution control policies and projects. To this end, MAS agreed with the Bank on basic lines for a national program where this project will start intervention in water pollution issues through two urgently needed investment and assistance subprojects and by assisting local authorities in developing other needed regional initiatives in the country.

3.1.3 The Project was identified in February, 1991. At that point, the proposed project was to include activities at the national level (assistance for regional initiatives mentioned above) and in three states (São Paulo, Paraná, and Minas Gerais). Two Bank missions, in June and September, 1991, assisted MAS and concerned institutions at the States on project preparation. During this preparation period, two meetings with the participating state teams and two workshops (one for procurement and other for resettlement of populations) took place. In addition, there have been hearings with Brazilian NGOs in the three states. The Project was pre-appraised from October 14 to November 13, 1991. During this mission it was agreed that the activities for Minas Gerais would be moved into a separate project. The Project has been appraised from February 22 to 28, 1992.

3.2 Project Objectives

3.2.1 The general project objective is to assist Brazil in developing a cost-effective approach to water pollution control, through cost recovery mechanisms to ensure the collection of enough revenues to finance the required investment subprojects. The Project promotes policy and institutional reforms that minimize allocative distortions. To obtain an efficient allocation of resources the project emphasizes the internalization of externalities and on that the decision-making unit on water-related matters will encompass all those who bear the costs and benefits of decisions on water pollution within the waterbasin. These general concerns are built into the Project's specific objectives, which are to:

- (i) abate current water pollution levels, and preserve water quality in the cities of São Paulo (São Paulo State) and Curitiba (Paraná State);
- (ii) help establish sound policy for water pollution control in the two project states which will include the creation of waterbasin management units;
- (iii) help develop financing capacity for the provision of services under the jurisdiction of the waterbasin unit, based as much as possible on the polluter-pays principle; and
- (iv) set up project preparation financing and assistance to help start water pollution control projects in some of the most congested areas of Brazil.

3.3 The Economics and Policy Aspects of the Project

3.3.1 The Approach

3.3.1.1 Since the Project is a pilot for the federal government, it defines a benchmark that should set the standard for similar future operations and presents the methodology to ensure consistency in the processing of financial and economic data across the subcomponents. The methodology provides an integrated approach to generate the information required to conduct the financial and economic cost-benefit analysis (CBA) and to simultaneously identify the potential sources and instruments of cost recovery to ensure both the financing of the project and the internalization of pollution costs by polluters. Additionally, this methodology systematically identifies the agents that need to be involved in the institutional arrangement expected to ensure the sustainability of the projects' objectives.

3.3.1.2 The overall approach consists of a sequence of four steps: (i) the identification of polluters and of the beneficiaries of the Project; (ii) the

LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

Folha n.º 115 de proc.
n.º 204 do 19 92
Condição

Folha n.º 110 de proc.
n.º 198/92 do 19 92
REGINA GONDA
RGM/ATC

- 16 -

LAURA MARIA DE BERNOS NASCIMENTO
Assessora - S.C.M. : A.T.L.

financial cost-benefit analysis (CBA); (iii) the economic cost-benefit analysis (CBA); and (iv) the cost recovery analysis. Each step starts with a matrix summarizing the information needs.

3.3.2 Who Are the Polluters

3.3.2.1 The design starts by identifying the types, sources, and quantities of pollution. This allows a small data base to establish priorities in targetting polluters for monitoring when resources are scarce and to identify potential contrutors to the financing of the project. Polluters should internalize the costs now imposed on the community, either by adopting cleaner technology or assuming their share of abatement costs. For each sub-basin and for the main types of pollutant, viz., domestic, industrial, agricultural and urban, are identified. The pollutants covered by the local data bases include BOD, heavy metals, nutrients and agricultural chemicals. The actual measurement of emission loads is not common in Brazil and, in general, emissions are computed, rather than measured. These computations are based on standard characteristics of the polluters output or of their inputs--notably in agriculture. The details on the approach are given within the discussion of the specific regional components, in chapters 5 and 6.

3.3.2.2 The matrixes in Tables 4.1 and 5.1 show current levels of pollution from every meaningful source for the Guarapiranga and Curitiba components respectively. Matrixes in Tables 4.2 and 5.2 show levels expected to prevail after the implementation of the project. The comparison of the tables clearly shows the pollution abatements benefits. It also provides basic information of the main agents that will need to be targeted if policies based on the polluter-pays principle, as required by many State Constitutions, are to be implemented.

3.3.3 Who Will Benefit from a Cleaner Environment

3.3.3.1 Since improvement in environmental quality follows the principle of a public good, cost recovery of the investment can also be based on the benefit principle. For instance, land around a cleaner river could appreciate because the recreational value of the site would improve. This suggest that the beneficiaries of the project could also contribute to the financing of the project if the polluter's contribution is insufficient.

3.3.3.2 Additional matrixes in Tables 4.5 and 5.5 aim at identifying potential use of the waterbasin. Some uses can be identified from analyzing the activity that has taken place in each individual sub-basin before the environmental degradation of such sub-basin. Such a benefit could include commercial or recreational activities as fishing. Other benefits may be associated to the changes in the overall infrastructure surrounding the waterbasin as a result of the improved environment. A typical example would be the creation of a natural reserve or recreational park. Tables 4.5 and 5.5 list the actual beneficiaries of the project for each component/subcomponent of the project and for each potential use of the waterbasin. The matrixes provide the core information to identify additional sources of revenue--to be based on the benefit principle--for the recovery of investment costs of the project and for its operation and maintenance. The valuation of these benefits is carried under the CBA.

3.3.4 The Financial Cost-Benefit Analysis

3.3.4.1 The financial costs and benefits of the project are used to determine the internal rate of return of investments made for components that generate a flow of market priced goods and services. For the remaining components that do not generate commercial profits--such as investment in environmental education--the financial rate of return is zero. For both the Guarapiranga and the Curitiba

components, the main services generated by the project are sewage collection and treatment. The net present value of the return of the Project is the difference between the long term marginal cost of providing those services and the tariff. The number of beneficiaries of the project is determined by the number of new sewerage connections and payments calculated in the basis of full sewerage tariffs. Households already connected to public sewerages pay full tariff, in spite of not benefiting from treatment services. The rate of discount used in the analysis is 12 percent. (Tables 4.7 and 5.7 for the Guarapiranga and the Curitiba component summarizes dated of the financial CBA).

3.3.5 The Economic Cost-Benefit Analysis

3.3.5.1 Since many of the benefit of the projects do not have a market value directly associated with the costs involved, the financial CBA only gives a lower bound of the economic return of the project. In the economic CBA, the benefits of each component are determined either by assessing their opportunity costs or by estimating the willingness-to-pay (WTP). Costs are considered at market prices, net of taxes and subsidies. Tables 4.8 and 5.8 summarize data of the economic CBA for the Guarapiranga and Curitiba, respectively.

3.3.5.2 In Paraná, the willingness to pay is estimated by assessing the impact of the project on property value. This approach is a crude approximation of the standard hedonic pricing method which, however, not only meets the needs for calculating the economic CBA but also of the cost recovery analysis, and indicates the need for reassessing the value of their property tax bases. The property value assessment approach allows municipal authorities to easily identify a potential revenue gain from the project.

3.3.5.3 In Sao Paulo, the approach relies on contingent valuation. The Companhia de Saneamento Basico do Estado de São Paulo (SABESP) assisted by the Bank designed and carried out surveys for the main subcomponents of the project. Again, the results contributed to the cost recovery analysis by pointing to a much larger willingness to pay for some services than that usually assumed by the Bank or Brazil. In particular, it justifies increases in current tariff policies to achieve marginal cost pricing.

3.3.6 The Cost Recovery/Policy Analysis

3.3.6.1 Cost recovery includes all financial resources accruing to the agencies responsible for implementing the project. In principle, a large share of the cost recovery for a water pollution project improving sewerage infrastructure relies on tariffs. Non-tariff cost recovery may be enlarged, however, by using additional cost recovery instruments as, for instance, those shown in matrixes 4.5 and 5.5. If agricultural runoffs are difficult to monitor, it may be important instead to monitor the use of pesticides. If the use of pesticides can be reduced by changing relative prices, a tax can be considered. Also, if tariff policies do not allow marginal cost pricing for the cost imposed on the environment, a water use charge could be levied on industrial water users or on state water companies. Additional sources of revenue may be such as park entry fees or increased revenue from property taxes or various forms of betterment fees. Finally, some revenue may arise from reducing expenditures. If flooding is controlled, for example, the damages avoided, the costs of cleaning, and the production and the health costs may be significantly reduced.

3.3.6.2 To make sure that the project states use the information of the analysis fully, it was designed a careful listing of all possible instruments of cost recovery. The instruments have been defined according to institutional or legal impediments to short, medium or long term implementation. For instance, if differential taxation is the first choice to internalize costs, it may not be


 LAURA MARIA DE BARROS NASCIMENTO
 Assessora - S.G.M. - A/T/L

Folha n.º 117 de proc.
n.º 264 do 19 72
Condida

Folha n.º 112 do proc.
n.º 10852 de 1972

REGINA GEND

S.G.M./A.T.L.

- 18 -

LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

implemented immediately because it requires changing the rate of the ICM outside limits not allowed by the Constitution. Short term instruments are those that simply require adjustments, such as tariffs, property taxes and trash collection fees. Potential medium term instruments are considered those which do not require major institutional or legal changes. These include entry fees in parks and rental revenue for use of public land or equipment. The longer term instruments require institutional or legal changes, such as a new pollution tax. (It has already been considered in São Paulo, but its implementation requires investment in monitoring and human capital that prevents its immediate implementation.)

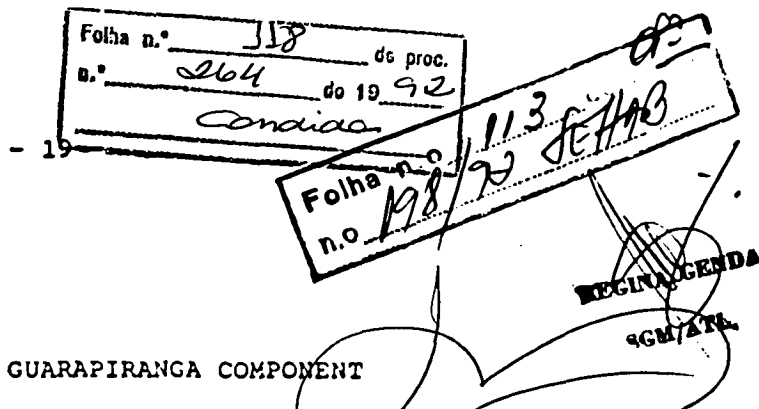
3.4 Summary Project Description and Main Features

3.4.1 The Project consists of two water pollution control components in waterbasins encompassing two of the most congested and polluted metropolitan areas (Guarapiranga in São Paulo and Alto Iguaçu in Curitiba), and a component to set up project preparation facilities for water pollution control projects in other congested areas of Brazil. The two investment components in metropolitan areas include river regularization and flood control drainage; basic sanitation; solid waste collection and disposal; and enhancement of areas surrounding the water bodies by upgrading land use and building recreational areas. All three components will include, inter-alia: institutional development; policy and regulation design; studies; and project preparation financing and technical assistance to states, regional or local institutions. The three components are explained in detail in Chapters 4, 5, and 6 respectively.

3.4.2 The Project would be structured through three loans, i.e. one each directly to the states of São Paulo and Paraná under the guarantee of the Federal Government and one to the Federal Government. Because of the integrated character of each component in the states, various institutions will have responsibilities in its execution and future management. The good coordination which has already taken place during project preparation represents a valuable project feature. Management of each sub-component has been designed to provide the most, by relying on existing managerial capacity during project implementation and on efficient integrated management under a waterbasin authority during future operation. For the latter, the Project contains extensive studies and institutional development which will be carried out in parallel to project execution. The Ministry of Social Welfare (MAS), through the Sanitation Secretariat (SWS), has coordinated project preparation in the states and will be the executing agency for the project preparation facilities component (National Component), in coordination with the Secretariat of Environment (SMA). In São Paulo, project execution will be the responsibility of the *Secretaria de Água e Energia* and in Paraná, of the *Secretaria do Planejamento e Coordenação Geral*.

3.4.3 The Project, during preparation, has been an effective vehicle to integrate sectoral agencies in the states which traditionally have worked in isolation. This not only will permit smooth project execution but also is very promising for the attainment of integrated future waterbasin management. Project execution will be instrumental in consolidating the above integration and in detailing policies for future management. These policies will not only be used in the Project area, but also will serve as a framework of future projects on water pollution control in other areas of the country.

3.4.4 The Project would be implemented during 1992-1995. The total Project cost has been estimated at US\$462 million, including US\$229 million for the Guarapiranga component, US\$223 million for the Curitiba component, and US\$9 million for the National component. Other data on these components are presented in Chapters 4, 5 and 6 of this report.



CHAPTER 4: THE GUARAPIRANGA COMPONENT

LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

4.1 THE COMPONENT FRAMEWORK

4.1.1 Water Pollution Control in São Paulo State

4.1.1.1 The area of this component, the Guarapiranga waterbasin, covers some 500 sq. km., and is a sub-basin of the Tietê River waterbasin of 32,000 sq. km. which crosses the São Paulo Metropolitan Area and receives most of the city storm runoff and wastewater. The Metropolitan Region do São Paulo (RMSP) represents 52 percent of the state's population and concentrates 60 percent of its industrial production. RMSP is responsible for 57 percent of final pollution discharges of the state, corresponding to 53 percent of the industrial loads of the state, and 68 percent of domestic loads. (Detailed information is available in the Project Files.)

4.1.1.2 Monitoring of water quality in São Paulo is the responsibility of the Companhia de Tecnologia de Saneamento Ambiental (CETESB), an autarchic institution under the State's environment secretariat (SMA-SP). Since 1973, CETESB has been collecting water quality information in the eight hydrographic regions of the state, and updating water quality indexes (IQAs). It also supervises and monitors all polluting activities in the state. The Departamento de Água e Energia Elétrica do Estado de São Paulo (DAEE) is responsible for licensing water users and for preparing river control projects. The Secretaria do Meio Ambiente (SMA) approves environmental impact studies and their reports (RIMA), and also issues pollution licenses. The Secretaria de Agricultura assists farmers with soil management and the use of agrotocics. These institutions' capabilities are adequate to discharge their responsibilities professionally.

4.1.1.3 State environmental laws are designed to regulate and enforce federal law (Law 6938/81), which is the basis of the national environmental policy (PNMA) and the updated policy objectives of the 1988 Constitution. São Paulo State has ample legislation regarding the use of land and water in protected areas, particularly those of the RMSP (State Laws 898/75 and 1172/76). A revision of these laws (proposed State Law 39/91) is under Congressional consideration. The establishment of water use tax and a system for state management of water resources are also included in the proposal. (Copies of these laws are available in the Project File).

4.1.1.4 The Alto Tietê, Piracicaba and Baixada Santista water-basins are the top priorities of the state's water management plan (PERH, available in Project File). As population in these waterbasins is estimated to constitute 76 percent of the state population, or 38 million by the year 2010, water sources will become scarce. By that time, the flow of the Juquia River will have to be reversed to the Guarapiranga Reservoir to help furnish the estimated demand in the RMSP of 70 m³/sec (as compared with 42 m³/sec in 1990).

4.1.1.5 Despite a US\$2.5 billion investment in the period from 1975-1988 for water and sewerage, by 1991 only 8 percent of RMSP sewage flow of 685,000 m³/day is treated. In addition, CETESB has spent about US\$15 million per year monitoring water quality. The Companhia de Saneamento Básico do Estado de São Paulo (SAEESP) is negotiating with the Inter-American Development Bank (IDB) for financing of a US\$0.9 billion project to expand sewerage and sewage treatment in

Folha n.º 119	de 114
n.º 264	Folha n.º 114
Candida	

REGINA LENDA
SGM/ATL

- 20 -

LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

RMSF and thus abate the pollution load of the Tieté River. An estimated additional US\$1.7 billion would be required to complete such an effort.

4.1.1.6 The Guarapiranga Reservoir is one of the main water supply sources in the RMSF, accounting for almost 25 percent of total area consumption. Moreover, the reservoir is a recreational site. The Guarapiranga Reservoir draining area comprises 13 sub-basins with pollution discharges affecting the reservoir's water quality. Tables 4.1 and 4.2 contain estimated pollution loads, of the project and outside of the project, from the most significant sources. It is expected that component investments will drastically abate pollution and recover the reservoir's water supply and recreation functions. Tables 4.1 and 4.2 show that domestic waste, including urban run-off, is largely the main source of water pollution. Agricultural run-off is significant in some sub-basins, while industrial pollution only affects one sub-basin (Embu-Mirim). Additional information can be found in Annex 3 and Project File.

4.1.1.7 The protection of the Guarapiranga reservoir requires an integrated pollution control approach in many tributaries running through urbanized areas and draining directly into the reservoir. Presently, SABESP, the Municipality of São Paulo (PMSP), and other municipalities share responsibilities for this control. The project component covers a broad range of activities to enhance this control such as: land use rationalization and control; slum improvements and housing relocation; access roads and infrastructure; provision of water supply, sanitation, drainage, and solid waste collection; and elimination of direct waste discharges into the reservoir (Annex 6). The component would also address water quality management activity in the upper waterbasin of the reservoir by other municipalities and state agencies. These also span a broad range of activities such as: facilities for wastewater treatment and solid waste disposal; land use management and development of recreational parks; control of erosion and of nutrients from agricultural runoff; and restrictions on mining and industrial activities.

4.1.2 Objectives and Rationale

4.1.2.1 The main objective of the component is to guarantee the Guarapiranga Reservoir as a reliable water source that can supply the metropolitan area. Specific objectives include: (i) the development of institutional capabilities to manage the waterbasin in an environmentally sustainable way through the introduction of modern land use incentives, cost recovery mechanisms, and an efficient legal and regulatory framework; and (ii) the improvement of the quality of life of the 550,000 inhabitants of the waterbasin through the rehabilitation and expansion of basic sanitation infrastructure, i.e., sewers, solid waste collection, and disposal and drainage in four municipalities. Table 4.3 summarizes the general and specific objectives of the component and the contribution of each subcomponent to the achievement of these objectives.

4.1.2.2 Development of institutional capabilities. To develop the institutional capabilities for waterbasin management, the component will address some key needs, namely: (i) clarifying state and municipal responsibilities to apply laws and regulations regarding environmental protection at a waterbasin scale; (ii) setting up an institutional model to integrate state and municipal participation in the cross-sectoral management of the waterbasin; (iii) developing market mechanisms to control environmentally inadequate land occupation; (iv) introducing innovative cost recovery instruments; (v) resettling favelas and low-income housing located in risk-prone and geologically unstable areas; (vi) promoting the participation of NGOs for project efficiency and environmental education; and (vii) introducing adequate water quality monitoring programs and the corresponding operations and maintenance practices.

SUB-BASIN	CODE	AREA (km2)	RURAL RUN-OFF							URBAN RUN-OFF							INDUSTRY			TOTAL						
			BOULETS (mm)				CHANGES (mm)			BOULETS (mm)			CHANGES (mm)				BOULETS (mm)			CHANGES (mm)						
			1	2	3	4	M	P	DRO	11	12	14	M	P	DRO	7	9	M	P	DRO	CNO	13	14	DRO		
GUAYRUTUBA	GU-20	9.13							2702.00			61.12	15.15	1314.00	3.71	1.42	18.64	1	80.34			75.78	18.27	1568.73		
ITUPE	GU-19	3.09							2133.00			4168.01	35.00	8.64	4168.01	1.52	1.57	8.28	0.56	40.03			44.24	8.24	4220.04	
CD-ME		20.11				10.09	3.93	0.28	23.18	1922.00	1518.00		28.74	7	701.04	2.56	7.47	21.08	1.42	102.17			53.78	9.68	828.36	
EMBU-MIRIM	GU-18	207.73	4.08	0.85	18.34	142.45	73.09	4.88	389.87	18.00	265.75.01		203.84	40.43	46.11.12	10.80	31.22	89.54	5.97	429.91	797.93			385.27	80.28	8568.81
MOMBACA	GU-17	11.09			2.31	8.17	4.18	0.28	22.00		1036.00		8.83	1.64	155.76	0.81		2.39	0.18	11.53			13.40	2.10	109.31	
SANTA RITA	GU-15	101.20	3.33	2.12	36.53	59.70	48.10	3.2	272.64		3156.00		24.15	5.81	584.04	1.04	1.48	6.27	0.42	30.31			78.50	9.49	837.95	
EMBU-GUACU	GU-16	136.07	14.62	1.98	25.62	86.22	78.47	5.78	561.64		2656.00		17.53	4.25	424.06	1.74	0.91	8.17	0.55	39.34	1.70		104.17	19.06	827.88	
CD-SUL		58.27	4.33	9.75	7.04	35.29	34.51	2.31	157.19	80.00	2542.00		17.54	4.25	425.76	1.00	0.86	5.19	0.35	25.00			57.26	6.92	808.64	
PARELHEIROS	GU-13	38.41	1.40	0.61	1.28	22.67	13.09	0.08	68.11	28.00	3145.00		23.64	5.74	573.64	3.00	1.46	13.92	0.54	67.21			50.87	7.56	708.86	
TANQUINHO	GU-12	3.35				0.66	0.26	0.02	1.52	1925.00		3389.00	30.08	7.47	747.49	2.69		10.54	0.71	50.84			41.70	8.20	798.85	
SAO JOSE	GU-11	3.81				0.27	0.06	0.01	0.31	1658.00		10275.00	58.87	13.81	1360.83	3.30		13.29	0.80	84.07			70.25	14.51	1425.41	
BONITO/PEDRAS	GU-10	5.40								2688.00		14726.01	81.21	19.43	1943.12	5		21.17	1.43	102.06			102.38	20.88	2045.18	
CE-MD	GU-9	11.34				4.40	1.72	0.11	10.12	2570.00		11156.00	84.84	15.97	1527.21	6.64		27.20	1.83	131.16			85.56	17.81	1758.49	
TOTAL		604.80	27.74	15.31	91.10	370.17	257.44	17.23	1258.64	19080.00	41525.00	158.00	658.85	158.51	19170.79	44.40	48.35	242.66	18.35	1173.06	798.63			1156.08	192.08	22.51

- 21 -

LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.TL

Folha n. 320 da proc.
n. 264 de 19 92
Conclusa

Folha P.º 198/115
n.º 26/198
115 de 198

~~SECRET~~
SGM/ATL

Folia n. 121 da proc. 264 do 1992
n. Candida

121

1982 116 do 1200. J. A. C.

REGINA CENDA
SGM/ATL.

[illegible]

100-443887-100

BRAZIL
WATER QUALITY AND POLLUTION CONTROL PROJECT
GUARAPUNGA BASIN

Folha n.º 222 Tabela nº 40403
n.º 264 do 19 92
Condição

USES	ACTIONS	BENEFITING/CONTRIBUTORS	INSTRUMENTS OF COMPLETION		
			ACTUAL	TO IMPLEMENT	TO DEVELOP
1. WATER SUPPLY	ALL THE PROGRAMS	PRESERVATION OF A WATER RESERVOIR FOR A SOURCE FOR 3 MILLION PEOPLE SAVINGS IN COST OF WATER TREATMENT	A1, A2, A3	B7	
2. RECREATION	4.2	PROVISIONS OF PUBLIC PARKS, CLUBS AND RESTAURANTS FISHERY, SAILING, NAUTIC, SMALL FARMS	A4, A15, A19	B1, B2, B3, B4, B5	C1
3. FOOD CONTROL	3.1.1 3.2.1 3.3.1	FLOOD CONTROL DISEASES' CONTROL URBAN REHABILITATION; SECURITY SYSTEM	A3, A5, A6 A7, A8, A16		
4. USE OF RESOURCES	4.3; 5.3.1 5.3.2 5.3.3	MINING INDUSTRIES IRRIGATION	A9		C1, C2
5. PRESERVATION OF THE ENVIRONMENT	4.1 5.3.1 5.3.2 5.3.3	MATA ATLANTICA RAINFOREST REFORESTATION OF RIVERS' BANKS URBAN REFORESTATION UPGRADING OF WATER QUALITY	A10		C3
6. URBAN IMPROVEMENT	2.1 2.2 3.1 3.2 3.3 3.5	PAVING SLOPE STABILIZATION GARBAGE COLLECTION MICRO-DRAINAGE PUBLIC HEALTH ENVIRONMENTAL EDUCATION, PUBLIC PARKS WASTE TREATMENT; LAND USE; IMPROVEMENT IN LIFE CONDITIONS IN SLUMS	A5, A6, A8 A11, A12, A13		C4
7. FISHERY	4.3	FISH HATCHERY FOR CONSUMPTION, FISH RE-POPULATION OF RESERVOIRS	A3, A16	B4	
8. SILVICULTURE/	4.3	CONTROL OF ACROTOXICS AND PESTICIDES DRAINAGE OF THE AREA; INCREASE OF PUBLIC REVENUES	A3, A4, A14		C3

OSs:

Ex 1978

A1 - Water Fee

A2 - Sewage Fee

A3 - Water Treatment Cost Reduction

A4 - Rural Land Tax

A5 - Urban Land Tax (PTU)

A6 - Public Health Defect Reduction

A7 - Urban Transport Operations Cost Reduction

A8 - Reduction of the cost of ELETROPAULO flood Control

A9 - Non-Comestic Sewage Fee

A10 - Control

A11 - Maintenance Fee

A12 - Public Garbage Collection Fee

A13 - Results of Integrated Financial Operations

A14 - Increase in Tax Revenue (PCMS)

A15 - Public Parks Fees Revenue

A16 - Rehabilitation of Flood Areas

A17 - Private Sector Participation in Environmental Education

A18 - Reduction in the Costs of Public School Food Service

A19 - Public Parks Fees

To be Implemented:

B1 - Revenue for the Utilization of ELETROPAULO Areas

B2 - PTU - Clubs, Marinas, ...

B3 - Public Parks Fees

B4 - Non-Comestic Fishery Fees

B5 - Commercial Boatings Fees

B6 - Improvements Fees

B7 - Urban Tickets

To be Developed:

C1 - Licenses Fees for Commercial Activities

C2 - Pollut. Pay

C3 - Environmental Control Management Advisory

C4 - Special Fee for Utilization of Reserved Water Supply Area

Folha n.º 117 do Proc. nº 198/92 SETAS

REGISTRO GERAL
SEN/ATI

LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

Folha n.º	223	de proc.
n.º	264	do 19 92
Candido		

LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

Folha n.º	9118	do Proc.
n.º	9118	de 1992

- 24 -

REGINA CENDA
S.G.M./A.T.L.

4.1.2.3 New schemes for waterbasin management. In keeping with the Project's main goal, the component will generate new schemes for waterbasin management in Guarapiranga, based on well designed integration among the sectoral institutions. This integration would feature the Municipality of São Paulo (RMSP) as leader in community work, SABESP as a model water and sewer company, and CETESB as leader in water quality monitoring. During preparatory meetings, the need for cross-sectoral and cross-governmental integration was heavily emphasized as a precondition for component success. The local authorities were responsive and, for the first time, all of these institutions decided to integrate a single state-wide executing unit to initiate coordination. In the first two years of the project, the executing unit will prepare supporting studies and obtain approval to create a Guarapiranga waterbasin management agency. A mid-term review is planned for March 1994 which will include a final review of relevant studies and actions mentioned in para. 4.1.3.6. The Borrower should submit to the Bank, in that event, a proposal for the waterbasin management agency which should include a provision to commence operation not later than June 30, 1994. Annex 20 summarizes the studies to be carried out under the waterbasin management subcomponent.

4.1.2.4 Improvement in the quality of life. To improve the quality of life of the principally low-income and favela population living in the four municipalities of the waterbasin, the component will: (i) support the SABESP investment program to rehabilitate and expand sewer networks in the area, increasing coverage from 43 to 90 percent in 1997, and complete the interconnections with the São Paulo sewer system for final disposal. These investment components are part of a larger SABESP program that has been carefully prepared to address the urgently needed recuperation of Guarapiranga Reservoir; (ii) improve solid waste collection and final disposal and street cleaning in the four municipalities; (iii) rehabilitate the basic drainage infrastructure at the waterbasin and urban levels; (iv) implement a resettlement program for favelas and low-income houses located in risky areas which are unfeasible for basic infrastructure provision; (v) reforest heavily eroded areas affecting river flow and slope stabilization; (vi) develop recreational parks enhancing living environment of waterbasin populations and control land occupation.

4.1.2.5 Long-term waterbasin management sustainability is closely linked to administrative independence and financial autonomy. These two conditions, shared by government officials, are critical elements in defining the waterbasin management agency. Accordingly, a surcharge for Guarapiranga water use is currently under consideration, among other revenue mechanisms, to internalize environmental waterbasin management costs. The borrower should agree during Loan Negotiations to establish a water use surcharge, which will be enough to cover the operating expenses of the waterbasin agency, not later than the end of April 1994.

4.1.2.6 Traditional approaches to land use management, solely based on legislation, are insufficient to handle the complex dichotomy of urban expansion and environmental degradation. The component is aimed at presenting practical solutions to one of the most critically polluted waterbasins in Brazil, relying on existing and well-performing sectoral agencies and municipalities, and on their recent willingness to integrate efforts at the waterbasin level. Among the specific proposals envisaged to change distortions in land use pricing are: (i) adequate pricing policies for resources and services; (ii) the promotion of environmentally safe activities; and (iii) the development of recreational parks in the most critical and damaged areas to protect them from further occupation by favelas.

Folha n.º	124	de proc.
n.º	264	do 19 92
Concisa		

Folha n.º	119	do Proc.
n.º	198/92	SEHAO
REGINA CRISTINA		

4.1.3 Description of the Component

4.1.3.1 The proposed component to be implemented between 1992 and 1996 consists of five main subcomponents: (i) water and sewerage works; (ii) municipal solid waste collection and disposal; (iii) urban rehabilitation; (iv) environmental protection; and (v) waterbasin management. A detailed component description is given in Annex 4 and in the Project File. A summary description follows below.

4.1.3.2 The water and sewerage works subcomponent includes: (i) 45 kms of sewer interceptors and pressure mains; (ii) 13 pumping stations to export 840 liters per second of sewage from Guarapiranga waterbasin to the RMSP system for downstream treatment (The São Paulo sewage treatment plants which include activated sludge secondary treatment, will be completed with IDB financing.); (iii) 264 kms. of sewer network expansion, including 13,500 new connections; (iv) 15,000 sewer connections added to the existing sewer network; (v) general maintenance and rehabilitation of the sewer network, including about 12,000 repairs, pipe cleaning and unclogging; (vi) electronic supervisory and control equipment and software to assure sound sewer pumping operation; and (vii) improvement of the "Teodoro Ramos" drinking water plant, introducing new technologies and expertise utilizing ozone. This rather sophisticated sewerage system is basically safe and will not represent any risk, either for the project area or for other areas of São Paulo.

4.1.3.3 The municipal solid waste collection and disposal subcomponent is designed to cover 100 percent of urban solid waste produced and includes: (i) in the municipalities of Embu, Itaperica da Serra and Embu-Guacu, selective collection of domestic waste and separation of hospital waste, including storage, hauling and compress equipment; (ii) incineration of hospital waste in Embu municipality and air pollution control equipment 200 kg/hour capacity, and incineration of the combined wastes of Itaperica da Serra and Embu-Guacu municipalities 1,500 kg/hour capacity, and air pollution control equipment (iii) a sanitary landfill for Embu municipality; (iv) building a solid waste separation and recycling facility for São Paulo municipality with a processing capacity of 100 tons daily to serve a population of 400,000 inhabitants; and (v) general clean-up of areas deteriorated by haphazard waste dumping. The above list of subcomponents is based on pre-feasibility studies prepared by PMSP and assisted by the metropolitan planning agency (EMPLASA). EMLASA is now preparing feasibility studies which include all possible technological alternative and an ample discussion of the political feasibility of the solution with special emphasis on weighting exportation of wastes against incineration. It is important to make clear that the wastes to be treated or disposed of inside the waterbasin are those produced in three towns and do not include the São Paulo municipality, which will be treated outside of the project area in centralized installations.

4.1.3.4 The urban rehabilitation subcomponent is designed to include: (i) drainage construction and rehabilitation of 25 kms. of drains, including 2.5 kms. of closed concrete channel at Rio Bonito in São Paulo municipality, 11.5 kms. of concrete pipe drainage systems, and 10.8 kms. of sand removal in rivers and streams in the other three municipalities; (ii) construction of basic favela sanitary infrastructure, including slope stabilization, drainage and sewer network, paving and walkways for 17,200 families located in 130 favelas; (iii) drainage construction and restoration of 13 square kms. of urban areas deteriorated due to insufficient drainage; and (iv) land development and resettlement of 3,730 families living in high-risk areas of 93 different favelas in the four municipalities (para. 4.1.3.7).

4.1.3.5 The environmental protection subcomponent includes: (i) replanting of 200 ha. around the reservoir margins, restoring 300 ha. of river bank vegetation,


LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

Folha n.º 325
n.º 264 do proc.
do 19 92
Condide

Folha n.º 120
n.º 198/52 do 19 92
15

~~RECIBO~~
~~RECEBIDA~~
SEM/ATL

- 26 -

LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

maintenance of 500 ha. of right-of-way areas, planting 800 ha. of ornamental trees and grasses in recreation and public areas, and 26 ha. of native vegetation in a carefully designed propagation pilot project; (ii) complete development of 430 ha. of two recreational and ecological parks, as well as landscape restoration in two other parks and in two degraded mining areas, and (iii) technical assistance to agricultural and silvicultural activities, including the update of cadastre. A fish hatchery and a technical assistance unit is included in the component to restock the Reservoir and rivers in the waterbasin.

4.1.3.6 The waterbasin management subcomponent contains: (i) preparation of studies and organization of the public and government consultation process needed to develop and establish the Guarapiranga waterbasin management agency; (ii) preparation of an environmental master plan for the Guarapiranga waterbasin which integrates sectoral plans for land use, sewerage, solid waste, mining development and water quality; (iii) training programs for waterbasin environmental management, providing technical and financial support to NGOs and technical assistance to the four municipalities to meet their own environmental planning and management needs; (iv) environmentally oriented management information system; (v) monitoring and technical auditing of independent auditors; and (vi) supply of equipment and materials required to support the coordinating unit.

4.1.3.7 The families mentioned in para. 4.1.3.4 above would be resettled in state-built housing projects. These houses to be financed by the State to the relocated families would consist of a new construction of a private dwelling of 50 m² and including two bedrooms and the basic infrastructure. Paragraph 4.1.6.2 summarizes the status of the preparation of this project subcomponent. The project provides a complete planning for all actions related to the resettlement, including the physical moving and the construction of the infrastructure in the housing projects. Annex 5 contains basic information on the resettlement subcomponent. During Loan Negotiations assurances should be obtained from the State of São Paulo on the timely availability of funding, estimated at US\$18 million for expropriation of land required for the housing projects and for public areas in the vacated favelas, and US\$52.4 million for constructing the housing project, which are not included in the component cost. Infrastructure works included in the Project are estimated at US\$10.7 million. These resettlements are not in the critical path of other subcomponents.

4.1.3.8 The areas required to receive the resettled population have already been identified by PMSP and the *Companhia de Desenvolvimento Habitacional e Urbano (CDHU)* and required legal action for the State expropriation of property has not begun. Expropriation for the first contingent of the population is completed, and the 1992 state budget includes appropriations for the remainder.

4.1.4 Costs and Financing

4.1.4.1 The total cost of the Guarapiranga component is estimated at about US\$229.0 million equivalent. Component costs are summarized in Table 4.4 and detailed in Annex 6. Annex 7 shows annual investments, Annex 8, distribution by source of financing and Annex 9 the structure of project costs. The foreign exchange requirement is estimated to be about US\$50.0 million (22 percent of total). Costs are based on December 31, 1991 prices, and include five percent for physical contingencies for equipment, works and services amounting to US\$8.4 million. Price contingencies of US\$22.8 million, or 11 percent of the December, 1991 component cost, are based on an estimated international inflation rate of 3.9 percent per annum during the component implementation period. Due to high inflation rates, cost estimates were prepared in Cr\$ and then translated into US\$. Costs include indirect taxes (about US\$19). Even though exemption from import duties for materials under international financing has been cancelled,

Folha n.º 126 de proc. 264 do 9.º Conciliação
Folha n.º 121 do 9.º Conciliação
n.º 91/92 50/45

REGINA GONDA

SGM/ATM

such duties are not considered, based on the assumption that the executing agency will be able to obtain a waiver. Interest during construction is not included.

Table 4.4
Component Cost Summary
(1,000 US\$)

Subcomponent	Base Cost
Water and sewerage works	61,326
Solid wastes collection and disposal	8,281
Urban rehabilitation	69,335
Environmental protection	31,240
Waterbasin management	20,493
Project management	7,220
Total Base Cost	197,854
Physical Contingencies	8,407
Total Cost at December, 1991 prices	206,301
Price Contingencies	22,751
Total Component Cost	229,052

4.1.4.2 Cost estimates for equipment, materials and works of the water and sewerage subcomponent are based on existing engineering designs and unit prices of similar recent works and acquisitions being carried out by SABESP. Similar costs for the other subcomponents are estimated on basic designs, bills of quantity and unit prices. About 953 man months of consulting services are included for studies and technical assistance; 955 for completing field and desk preparation and supervision; and 644 for project management. The consultants' average cost is estimated to be about US\$12,500 per man-month, and represents rates as currently billed to include salaries, social costs, and the firms' overhead and profits. Local consultants in Brazil, who are qualified in these areas, are expected to be awarded about 70% of the contracts.

4.1.4.3 A Bank loan amounting to US\$108.0 million equivalent will help to finance the foreign exchange costs plus local costs, amounting in total to about 47.2 percent of the estimated component cost. The loan will have a term of 15 years, including five years of grace at the Bank's standard variable interest rate. The balance would be provided as follows: (i) US\$24.5 million (10.7 percent of total component cost) by the State of São Paulo; (ii) US\$39.7 million (17.3 percent) by SABESP; (iii) US\$21.3 million (9.3 percent) by the municipality of São Paulo; (iv) US\$7.0 million (3.1 percent) by ELETROPAULO; and (v) US\$28.2 million (12.4 percent) by the MAS/SNS. The guarantor will be the Government of Brazil. In turn, the State of São Paulo will guarantee the full amount of counterpart financing needed.

4.1.5 The Borrower and Executing Agencies.

4.1.5.1 The Borrower of this component is the State of São Paulo, which will execute the component through a unit (Unidad Gerenciamiento do Programa - São

LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

Folha n.º 127 de proc.
n.º 264 do 19 92
Candide

Folha n.º 122 do 1992
n.º 198/92 de 1992

REGISTRO
SGM/ATI

- 28 -

LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.I.

Paulo/UGP-SP) in the *Secretaria de Energia e Saneamento (SES)*. SES is one of important branches of government in São Paulo as it controls the biggest state public companies, the *SABESP*, *Eletricidade de São Paulo S.A. (ELETROPAULO)*, and the *Departamento de Água e Energia Elétrica (DAEE)*. UGP-SP will have the full responsibility for the implementation of the Guarapiranga component and will be composed, at a minimum, of a component coordinator, a financial analyst, an environmental engineer, a procurement officer and a sociologist. The component coordinator has already been appointed during project preparation. Agreement should be reached with the State of São Paulo during Loan Negotiations on terms of reference for the above unit. In addition, no eligible expenditure should be made to the State until the above-mentioned unit is fully staffed.

4.1.5.2 UGP will carry out the component in the State through five sectoral agencies. The executing agencies will be: *SABESP*, *PNSP*, the State *SHA*, the *Companhia de Desenvolvimento Habitacional e Urbano (CDHU)*, and *ELETROPAULO*. UGP will be the executing agency, for all project studies and technical assistance. The executing agencies which all have experience in carrying out similar projects and have qualified staff in sufficient number, will execute the project works assisted by consultants and under the supervision and control of UGP. Each agency will appoint a coordinator to channel all component matters to and from UGP. UGP should submit at negotiations the list of coordinators for each executing agency. After project execution is completed, the waterbasin would be managed by a unit to be designed during the project (para. 4.1.2.3). It is foreseen that this unit will serve as embryo for the Tieté River water authority for the whole *RMSP*. Annex 10 contains an institutional organization chart of the project.

4.1.6 Status of Preparation

4.1.6.1 Component preparation conforms to the processing of the Loan and to the implementation schedule. A preparation coordinating unit, created at *SES*, assisted by qualified consultants, conceived and designed the project. A five-volume evaluation of the component is in the Project File. Some major sub-components have advanced or completed engineering designs. Terms of reference for most studies and technical assistance are at an advanced stage of preparation. Draft agreements between the component institutions have been discussed with the Bank mission. In order to assure an early component start and disbursements of Loan funds after signature, it was agreed that the state will submit to the Bank, during Loan Negotiations, the final designs for subprojects amounting to 20% of total value, satisfactory terms of reference for all studies and technical assistance, and on final draft for the project institutional arrangements (para 4.3.1.3). The Project area, which parks are going to be built, is owned by *ELETROPAULO*. During project preparation it was agreed that during Loan Negotiations the State of São Paulo will submit evidence of the formalization of a concession for the use of this land to the *SMA-SP* for twenty years.

4.1.6.2 Preferential attention has been given during project preparation to institutional integration, to the assessment of the environmental impact, to resettlement, and to procurement. In addition to the carefully designed involvement of all parties, including representative Brazilian NGO groups, three workshops have taken place. The *EIR/RIMA* has been approved by the environmental committee of the state (*CONSAMA*) and submitted to the Bank. The approval was formalized after the project was thoroughly reviewed in a public hearing. A summary of the *EIR/RIMA* has been distributed to the Board. The *EIR/RIMA* are available in the Project File. Since early and efficient resettlement would be critical for obtaining project objectives, the definition and design of this component have been advanced rather quickly. The families to be resettled have been identified and have benefitted from intense community preparation work by

Folha n.º	128	de proc.
n.º	264	do 19.º
Condição		
Folha n.º	123	do Proc.
n.º	1989	de 1988

REGINA

PHSP. Expropriations for the first 500 families are completed and final ~~benefit~~ for the remainder should be submitted at Loan Negotiations. Annex 5 summarizes the resettlement subcomponent. The evaluation of the resettlement, made by a specialized consultant, is attached to Annex 5. Provisions for monitoring resettlement and environmental impact are in para. 4.3.3 and Annex 17. MAS has been heavily involved in the preparation of standard bidding documents for (ICB) and (LCB) and letters of invitation for consultants. Three procurement workshops with state teams, have taken place during component preparation. Agreement was reached that final draft standard procurement documents and standard letters for invitations of consultants should be presented at Loan Negotiations.

4.2 Financial and Economic Aspects of the Project

4.2.1 Economic Evaluation

4.2.1.1 The analysis presented in this section follows the approach described in Chapter 3. It begins with the identification of major polluters and beneficiaries of the component, followed by discussion of financial and economic rates of return. Finally, there is an analysis of alternatives for cost recovery.

4.2.1.2 Sources of Pollution. Matrices showing the principal sources of water pollution detailed for each of the sub-basins of Guarapiranga and prevailing without and with the execution of the component are presented in Tables 4.1 and 4.2. These matrices show that domestic sewage is by far the most prevalent source of pollution and, as a result, priority should be given to control discharges resulting from sewage in the reservoir as well as domestic and urban runoff. Agricultural runoff is significant in some sub-basins, while industrial pollution only affects one sub-basin (Embu-Mirim). This suggests that domestic water and sewerage tariffs could provide a large share of the cost recovery while industries and farmers are unlikely to contribute significantly to the Project. Annex 3 lists the industries located in the water basin and the characteristics of their discharges. The only relevant industries in relation to pollution loads discharging in the water basin are RIPASA S.A. (papermill) and Frigorífico de Itapevicirica S.A. (frigorífico). The State of São Paulo should give assurances during Loan Negotiations of the connection of the above industries to the sewerage network prior to December 31, 1992.

4.2.1.3 Benefits and beneficiaries of the component. The main project benefits are the recovery of the reservoir as a water supply source and as a recreational site, both reaching a large share of the population of metropolitan São Paulo. In addition, the area around the reservoir will benefit from improved pavement, flood control, and water and solid waste collection, which will enhance property values and provide an increase in tax revenue and user fees for the region. The state water company will also benefit in the short-term from a decrease in its operational costs and in the medium to long-term by the cut in investment costs because of its access to nearer, cleaner water reserves. Finally, there will be increased water supply to industrial and agricultural consumers, as well as increased commercial fishing. A list of benefits and beneficiaries is presented in Table 4.5.

4.2.1.4 Table 4.6 below summarizes the population data as benefitted by the component.

LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

- 30 -

BRAZIL
WATER QUALITY AND POLLUTION CONTROL PROJECT
GUARAPIRANCA BASIN

TABLE 4.3

USES	ACTIONS	BENEFITS/BENEFICIARIES	MECHANISMS COST RECOVER		
			ACTUAL	TO IMPLEMENT	TO DEVELOP
1. WATER SUPPLY	ALL THE PROGRAMS	PRESERVATION OF A WATER RESERVOIR FOR 3 MILLION PEOPLE AT A2; A3 RESERVE FOR THE COST OF WATER TREATMENT GLOBAL PLANNING SYSTEM	A1, A2, A3	B7	
2. LEISURE	4.2	ENLARGEMENT OF PUBLIC PARKS, CLUBS AND RESTAURANTS FISHERY, SAILING, NAUTIC, SMALL FARMS USE	A4; A15; A19	B1, B2, B3, B4, B5	C1
3. FOOD CONTROL	3.1.1 3.2.1 3.3.1	FLOOD CONTROL DISEASES' CONTROL URBAN REHABILITATION: SECURITY, SYSTEM MAINTENANCE; PUBLIC TRANSPORTATION COST REDUCTION	A3; A5; A6 A7; A8; A18		
4. WITHDRAW	4.3; 5.3.1 5.3.2 5.3.3	MINING INDUSTRIES IRRIGATION	A9		C1 C2
5. PRESERVATION OF THE ENVIRONMENT	4.1 5.3.1 5.3.2 5.3.3	MATA ATLANTICA RAINFOREST REFORESTATION OF RIVERS' BANKS URBAN REFORESTATION REHABILITATION OF WATER QUALITY	A10		C3
6. URBAN IMPROVEMENT	2.1 2.2 3.1 3.2 3.4 3.5	PAVING SLOPE STABILIZATION GARBAGE COLLECTING MICRO-DRAINAGE PUBLIC HEALTH CONDITIONS ENVIRONMENTAL EDUCATION: ENLARGING PUBLIC PARKS WASTE TREATMENT; LAND USE; SLUMS POPULATION	A5; A6; A8 A11; A12; A13		C4
7. FISHERY	4.3	FISH HATCHERY FOR CONSUMPTION; FISH RE-POPULATION OF RESERVOIRS	A3; A18	B4	
8. SILVICULTURE/	4.3	CONTROL OF AGROTOXICS AND PESTICIDES DRAINAGE OF THE AREA; INCREASE OF PUBLIC REVENUES	A3; A4; A14		C3


LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.I.

Folha n.º 130 de proc.
n.º 264 de 19 92
Candida

Folha n.º 125 de 19 92
n.º 125 de 19 92
do 125 de 19 92

REC'D DE NISA
SGE/ATI

Table 4.6
Population Refitted by the Guarapiranga Component

Income	0 to	3 to	more than	
Sector	3 ms	5 ms	5 ms	Total
Sewerage	48.3%	26.9%	24.8%	504,625 hab.
Urban Rehabilitation	48.3%	26.9%	24.8%	61,181 fam.
Slum Upgrading	76.0%	20.2%	3.8%	15,259 fam.
Resettlement	76.0%	20.2%	3.8%	3,720 fam.
Parks	8.0%	10.6%	81.4%	1,770,000 persons/yr
Water Supply	42.6%	24.2%	33.2%	3,000,000 hab
Total population of the waterbasin	48.3%	26.9%	24.8%	580,000 hab.

Note: Sm: Minimum monthly salary equivalent to US\$80.

4.2.1.5 Financial cost-benefit analysis. The analysis was carried out under both pessimistic and optimistic assumptions. For the pessimistic, cost recovery (B/C ratio) is about 59 percent which is equivalent to an internal rate of return (IRR) of 2.1 percent. Under the optimistic assumption, recovery reaches 85 percent with an IRR of 8.3 percent. This variation is explained by the addition of revenues from extra property taxes in the urban rehabilitation subcomponent, which increased the recovery rate from 58 to 88 percent, and, also, by the introduction of water surcharges in the environmental protection subcomponent, which increased the recovery rate from 58 to 98 percent. Table 4.7 summarizes the results of the Financial Cost-Benefit Analysis. Detailed data of these calculations is in Project File.

4.2.1.6 Economic benefit cost analysis (CBA). The analysis is made on the basis of costs which reflect market prices net of taxes and subsidies, and includes investment as well as maintenance and administration. For the sewerage system, two other complementary costs are taken into account: (a) those required for installing treatment; and (b) those for connecting houses to the system. On the benefit side, the willingness-to-pay approach (contingent valuation method) is used. The estimated benefits represent direct user value for domestic and industrial water supply, sewerage, recreational facilities, flood control, irrigation and urban development. They do not include other benefits such as the preservation of natural ecosystems. This limitation tends then to underestimate the total economic benefit of the component. The results from the analysis are presented as benefit cost ratios and IRR for each major type of investment recurring in the subcomponents and for the component as a whole, at a 12% discount rate.


LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

Folha n.º 331 de proc.
n.º 264 de 19 92
Endicse

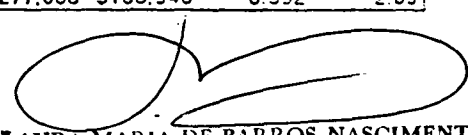
Folha n.º 126 de Proc.
n.º 198/92
RECINA SENDA
SGM/TL

- 32 -

BRAZIL
WATER QUALITY AND POLLUTION CONTROL PROJECT
GUARAPIRANGA COMPONENT
COST/BENEFIT ANALYSIS (FINACIAL)
PESSIMISTIC HIPOTESIS
(In US\$ 1,000)

TABLE 4.7 - A

DISCRIMINATION	COST	BENEFIT	B/C	IRR %
1. - WATER AND SEWERAGE SERVICES	\$64,178	\$74,217	1.156	14.38.
1.1 - Sewage Interception, treatment and final disposal				
1.2 - Rehabilitation of existing sewerage system				
1.3 - Interception and pumping of the Guavirutuba and Itupu flows				
1.4 - Automatization and control of sewerage pumping				
1.5 - Reh. and improv. of the "T. Ramos" water treatment plant				
2. - URBAN RECOVERY	\$99,020	\$57,094	0.577	
2.1 - Sao Paulo Municipality	\$47,373	\$53,721	1.134	14.62.
2.2 - Embu Municipality	\$12,691	\$1,881	0.148	
2.2 - Embu-Guacu Municipality	\$15,755	\$152	0.010	
2.4 - Itapeverica da Serra Municipality	\$11,592	\$1,330	0.115	
2.5 - Slum resettlement	\$11,609	\$0	0.000	
3. - ENVIRONMENTAL PROTECTION	\$68,086	\$26,384	0.388	
3.1 - Revegetation	\$7,879	\$0	0.000	
3.2 - Parks and recov. of mining areas	\$24,021	\$19,068	0.794	8.76.
3.3 - Technical Assistance for Agri/Silvic/Fish Activities	\$4,262	\$0	0.000	
3.4 - Waste and water treatment and environmental recovery	\$9,228			
4. - BASIN MANAGEMENT	\$33,902	\$6,246	0.184	
4.1 - Studies & Basic Data Collection	\$5,733	\$0	0.000	
4.2 - Training & Technical Assistance	\$3,806	\$1,052	0.276	
4.3 - Basin Operation	\$22,335	\$5,194	0.233	
4.4 - Setting of the Management Agency	\$2,029	\$0	0.000	
EXPROPRIATION	\$7,262	\$0	0.000	
MANAGEMENT	\$4,585	\$0	0.000	
TOTAL	\$277,033	\$163,940	0.592	2.09


LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

BRAZIL
WATER QUALITY AND POLLUTION CONTROL PROJECT
GUARAPIRANGA COMPONENT
COST/BENEFIT ANALYSIS (FINANCIAL)
OPTIMISTIC HIPOTESIS
(In US\$ 1,000)

TABLE 4.7-B

133
de proc. 130
do 19 92
Folha n.º 127
n.º 148/92
do Proc. 112

REGINA

4CM/ATK

DISCRIMINATION	COST	BENEFIT	B/C	IRR
1. - WATER AND SEWERAGE SERVICES	\$64,178	\$74,217	1.156	14.38
1.1 - Sewage Interception, treatment and final disposal				
1.2 - Rehabilitation of existing sewerage system				
1.3 - Interception and pumping of the Guavirutuba and Itupu flows				
1.4 - Automatization and control of sewerage pumping				
1.5 - Reh. and improv. of the "T. Ramos" water treatment plant				
2. - URBAN RECOVERY	\$99,020	\$87,801	0.887	8.43
2.1 - Sao Paulo Municipality	\$47,373	\$76,123	1.607	26.18
2.2 - Embu Municipality	\$12,691	\$5,118	0.482	
2.2 - Embu-Guacu Municipality	\$15,755	\$1,489	0.095	
2.4 - Itapeccica da Serra Municipality	\$11,592	\$4,070	0.351	
2.5 - Slum resettlement	\$11,609	\$0	0.000	
3. - ENVIRONMENTAL PROTECTION	\$28,025	\$65,374	0.975	11.22
3.1 - Revegetation	\$7,879	\$0	0.000	
3.2 - Parks and recov. of mining areas	\$24,021	\$19,058	0.794	8.70
3.3 - Technical Assistance for Agri/Silvic/Fish Activities	\$4,262	\$0	0.000	
3.4 - Waste and water treatment and environmental recovery	\$9,228	\$0	0.000	
4. - BASIN MANAGEMENT	\$33,902	\$5,240	0.164	
4.1 - Studies & Basic Data Collection	\$5,733	\$0	0.000	
4.2 - Training & Technical Assistance	\$3,606	\$1,052	0.276	
4.3 - Basin Operation	\$22,335	\$5,194	0.233	
4.4 - Setting of the Management Agency	\$2,029	\$0	0.000	
EXPROPRIATION	\$7,262	\$0	0.000	
MANAGEMENT	\$4,525	\$0	0.000	
TOTAL	\$455,344	\$347,751	0.764	8.34

LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

Folha n.º 133 de pr. 264 do 19 92
Condição

Folha n.º 138 do P. 198/92
7.0

REGINA GONDA
SGM/ATL

- 34 -

The following table (Table 4.8) contains the results of the Economic Benefit Cost Analysis.

Table 4.8
Economic Benefit Cost Analysis
(US\$ 1,000)

Type of Investment	Benefit	Cost	B, C Ratio
Sewer System	127,869	101,500	1.26
Drainage	10,966	29,959	0.37
Parks	20,721	20,147	1.03
Urban Rehabilitation	160,906	143,046	1.18
TOTAL	328,432	294,721	1.11

An explanation of the contingent valuation method is provided in Annex 12. Table 4.9 presents the WTP estimates for each service and their share of expenses for a family of average income. WTP for sewerage services is the highest, US\$26.79/month, which represents 6.3 percent of the average income in the sample. WTP for drainage and parks is 7.23 and US\$9.87/month respectively, representing, together, less than 1.5 percent of average income. Urban rehabilitation is the lowest WTP at US\$2.97/month, corresponding to 0.41 percent of average income.

Table 4.9
Willingness to Pay

Subcomponent	Sample	Population	Price Range Min. Max.	Average Income	Willingness to Pay	Income Share
Sewerage	1,500	521,889	1.16 81.21	729.44	2.97	0.41
Drainage	500	13,990	2.32 81.21	551.86	7.21	1.31
Environmental Protection	500	109,956	2.32 127.61	422.83	26.79	6.34
Parks	500	-	1.18 30.16	850.74	9.87	1.18

4.2.1.7 Except for drainage, the estimated WTP values permit a high economic rate of return (Table 4.10). The consolidated IRR was of 14.65 percent showing a high social return for the whole component while considering the negative return of the drainage subcomponent. IRR estimates reveal that the highest social return is from sewage services. Parks and environmental protection subcomponents, though less profitable, show high IRR values while drainage service costs exceed social benefits.

LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

Folha n.º 134 do proc.
n.º 264 de 13 92
Candida

Folha n.º 129 do Proc.
n.º 98/92
REGINA RENDA
SGM/ATL

Table 4.10
Economic Rate of Return

Type of Investment	IRR (%)
Sewer	39.10
Drainage	0
Parks	12.53
Environment Recuperation	16.24
Total Guarapiranga Component	14.65

The reason for the low level of IRR for drainage is due, on one hand, to high maintenance costs and, on the other, to the fact that drainage improvements and flood control mostly benefit the poorest population, whose ability to pay is low. However, parks and environmental protection benefit the population at large, where very high income groups are included.

4.2.1.8 Cost Recovery Analysis (CRA). The major instruments relied upon to recover the costs are described below.

- Sewerage: The new connections will yield immediate revenues based on current tariffs. Individual water and sewerage connections in the newly urbanized favelas should also contribute to improve cost recovery;

- Urban rehabilitation: Betterment levies, increases in the base tax and rates for urban property taxes (IPTU) and fees for street cleaning and trash collection have to be implemented. The surveys undertaken during preparation suggest that at least half of the population is willing to pay for improvement in these services. Even if the WTP indicated by the survey is an approximation, it does provide some guarantee that urban improvements will lead to revenue increases, not only from property taxes but also from various types of user fees. A progressive approach for these increases should be implemented to avoid an unfair or inequitable burden on the population.

- Environmental protection: Commercial rental of parks, entry fees, reductions in the cost of chemicals needed to clean the water will all contribute to cost recovery. Most important, the water company would be responsible for a new water surcharge as the main user of the reservoir. This surcharge is considered an essential instrument to ensure success. In the short run, the purpose of the tax is to close the gap between marginal cost and tariff and to ensure that consumers are charged a final price which actually reflects the costs imposed on the natural environment. In the long run, as tariffs are reformed to fully reflect marginal cost, this source of revenue should be considered as a prime means of financing the Guarapiranga environmental management agency. To this end, agreement should be reached during Loan Negotiations on a satisfactory proposal for the implementation of the above water surcharge including an implementation schedule starting by end of April of 1994. Extra property tax instruments must be utilized with caution as they will increase only gradually under a carefully designed system to prevent unaffordable burden on low income households could result in expelling them to other environmentally sensible areas.

LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - AT/L

Folha n.º	136	de proc.
n.º	264	do 19 92
Candias		

Folha n.º	130	de proc.
n.º	98	do 19 92
REGINA GENDA		
SGM/ATL		

- 36 -


LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

- Waterbasin Agency: Fines and financing educational activities through corporate gifts or fees will contribute, if only marginally, to the recovery of some of the cost of maintaining the agency.

4.2.1.9 Affordability. To analyze the component's beneficiaries' ability to pay, the population surveyed was classified according to their income levels vis-à-vis their WTP and the current tariff and tax values. For each level, average expenditures created by the component were compared to income levels. The results, which are available in the Project File, show, for each level, the percentage of their income spent on each service. Assuming that each service expenditure must not exceed 5 percent of income, it is shown that almost 57 percent of the households benefitting from the sewage system can afford a higher tariff bill whereas this percentage is only 33 percent for drainage services. For parks and environmental recuperation, this increases to 92 and 97 percent, respectively. These figures indicate that, considering only the ability to pay aspects, the use of economic instruments with more a progressive approach is feasible.

4.2.2 Financial Situation of the Borrowers and the Beneficiaries

4.2.2.1 A Bank loan of US\$108 million will help finance the foreign costs plus the local costs amounting in total, to about 47.2 percent of the estimated Guarapiranga component cost (Annex 8). The local counterpart funds are to be provided by: SABESP, 17.3 percent; the State of São Paulo, 10.7 percent, the Federal Government 12.4 percent; the city of São Paulo, 9.3 percent, and SAEETROPAULO, 3.1 percent.

4.2.2.2 The financial evaluation of the key component institutions reveals that the component will not require financial capabilities beyond those needed by these institutions in their existing investment plans. Annex 13 details the financial situation of the Borrower and the beneficiaries, and include historic and projected financial data. The executing agencies of this component financing give top priority to the component objectives, which include environmental rehabilitation and sustainable institutional building and improvement of living conditions of low income and favela population. For the above reason, a portion of federal, state and municipal investment is not recuperated directly from users. SABESP investment is fully recovered through tariffs, as shown below.

4.2.2.3 Between 1983 and 1992, the financial strength of the Brazilian state water companies (SWCs) was seriously eroded by several economic factors: high inflation (more than 1,000 percent in 1983, 1989, and 1990, periodic differentials between domestic inflation and the currency's devaluation against the US dollar, and the quasi annual macroeconomic adjustment plans (1986, 1987, 1989, 1990, and 1991). Similarly, aside from Brazil's macroeconomic crisis, SWCs performance has further deteriorated due to various managerial factors: the debt service burden related to huge investments made under PLANASA, excessive reliance on government financing and subsidies, and a lack of appropriate asset valuation. Governmental policy attempted to curb inflation by frequently allowing inadequate adjustments and instituting tariff freezes--the first tariff freeze was in 1985--exacerbated the situation. Although Brazilian corporate law (Federal Law 640/78) provides for inflation to help account for the magnitude of the macroeconomic shocks, the variation within the increase of the adjustments index have made it extremely difficult to compare financial statements historically line-by-line or to calculate company profitability precisely.

4.2.2.4 Despite the problems mentioned above, the financial performance of SABESP began to improve in 1987, with the de facto delegating to the state government the power to set tariffs. At the time, SABESP started to readjust their tariff rates in accordance with a financial recovery plan which had been

Folha n.º 136 de proc.
n.º 264 do 19 92
Condição

Folha n.º 131 do Proc.
n.º 198/92 SGM/ATL

RECEBUEM DA
SGM/ATL

- 37 -

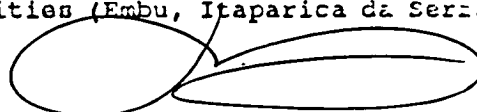
agreed with the Bank and CEF. As a consequence, SABESP's financial performance improve progressively from 1986 to 1990 showing an operational margin change from 0.70 in 1987 to 0.45 for 1990. For this same period, and in compliance with the National Tariff Law, cost recovery for nearly all services improved considerably to 1.59 in 1990. However, by the end of 1991, the indicators reflected a minor downturn in real values in the tariff level, which should need additional correction as it had been already been incorporated into financial projections.

4.2.2.5 SABESP did, however, attempt to maintain a minimum sanitation investment plan and to counterbalance the deterioration of internal cash flow generation, because of the reasons mentioned in para. 4.2.2.3. SABESP thus sought and received approvals from the State to increase tariff levels in real terms of 266.1 percent since 1986. These have risen from an average tariff of 0.19 US\$/m³ in that year, to 0.69 US\$/m³ in 1990. Moreover, to meet the financial requirements of the component, two additional tariff increases are presently under consideration for the period from 1992-1997. These aim to maintain a cash flow ratio relative to investment of 40.8 percent, including interest during construction. SABESP participation in its target programs is expected to be 54.4 percent, and either of the two tariff adjustments is considered adequate to meet SABESP's ambitious investment plan.

4.2.2.6 Moreover, SABESP's inability in the past to make inflationary corrections on consumer bills has been partly responsible for the lack of liquidity. There is currently no adjustment to account for inflation for the period between billing and due date, nor for policies which impose penalties for delays beyond the due date. Their average collection period is estimated at 55 days. During Negotiations, assurances would be sought from the State of São Paulo: (a) to lower the accounts receivable indicator as scheduled in the component's financial projections, (b) to adjust tariffs as shown in Annex 12, and (c) to take all administrative and legal actions necessary to incorporate cumulative inflation adjustment of consumers bills.

4.2.2.7 The SABESP financial forecast for the period from 1992-1997 is based on two factors: (i) its investment program together with its goals for operations and level of service and, (ii) CEF funding equivalent to annual SABESP debt service with CEF. The ambitious SABESP investment plan of US\$7,245 millions, of which 47.7 percent goes to sewer systems, including US\$2,100 millions for the Upper Tietê waterbasin sewage treatment plan, is currently considered for partial financing with IDB funds and counterpart funds from the state government and internal cash flow generation. Target financial and operating ratios developed during appraisal are summarized as monitoring indicators for the component (see Annex 17) and constitute the basis for annual component reviews. Agreement on these indexes should be obtained during Loan Negotiations.

4.2.2.8 Budget forecasts for 1992-1997 for the State of São Paulo were based on a conservative yearly revenue rate of increase, where the value-added tax (imposto de circulação de mercadorias, ICM), the tax collected by the state, is the most important source of income (more than 14 times the Federal funds transference). Nonetheless, state financial results for 1990 and projections to the end of 1991 still show as a deficit. There is, however, a clear trend towards improving state government efficiency and expense reduction. Moreover, given that the São Paulo State counterpart funds to the Guarapiranga component are relatively small in comparison to the state's projected budget and, that it has assigned priority to the component, there appears to be no foreseeable problem for them to meet their commitment. In addition, these state funds are designed to target the most critical social problems of the component and are to be given as grants to the three poorest municipalities (Embu, Itaparica da Serra and Embu-Guaçu).


LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

Folha n.º 137 de proc.
n.º 264 do 19 92
Candido

Folha n.º 132 do 19 92
n.º 56740

REGINA GONDA
SGM/ATL

- 38 -

LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

4.2.2.9 Similarly, present administration of the city of São Paulo is endeavoring to improve its finances and move towards budget equilibrium by promoting administrative efficiency and updating its cadastra and tax collection. Municipal contribution to the component is considered small in comparison to its budget and a foreseeable problem is envisaged to meet their commitment.

4.2.2.10 The Federal government guaranty is backed with real guarantees by the São Paulo state government. SABESP, ELETROPAULO and PMSP will borrow Loan proceeds under the same conditions of the Loan. Funding to other participants will be granted by the state and the Federal Government. As the percentage of disbursement varies by executing agencies and subprojects, the State will establish a compensation fund to deal with disbursement fluctuations. Monetary exchange rate risks are taken by the involved executing entities in the cases of loan repayment.

4.2.3 The Poverty Aspects

4.2.3.1 The poverty group living in the area, measured as those families earning 3 minimum salaries² or less, constitutes about 48 percent of the total local population as shown in Table 4.6. Such a percentage compares unfavorably with the total poor population for the whole RMSP which is about 21 percent.

4.2.4 The Environmental Impact

4.2.4.1 The component will significantly improve environmental conditions in the area. All-subcomponents are designed to upgrade existing deteriorated water resources conditions, especially in the Guarapiranga area, and to permit better environmental management for the future. Quality of water in the Reservoir itself will be improved and its uses will be both enhanced and expanded. Quality of living will also be improved by extending sewerage to the mostly low-income and favela population living in four municipalities, increasing coverage from 43 to 90 percent. By improving solid waste collection and disposal, street cleaning, and urban drainage, the component puts special emphasis on water and soil conservation practices including natural vegetation. To further enhance the living environment and help control unplanned land occupation, the component will help develop recreational parks. Finally, the component aims to generate a modern scheme of waterbasin management, which, in the medium term, would be expanded on a larger scale to the Tietê River waterbasin.

4.2.4.2 The project is carefully designed to prevent negative impacts on the environment which may result from: (a) the resettlement of about 3,730 families living in favelas or in uninhabitable flood plains, and (b) the shifting of sewage flows from the area to another waterbasin. Careful preparation has taken place for the required resettlement. The families to be resettled have been identified and contacted to learn their preferences. The land for the required housing projects has been also identified and one parcel to accommodate the first 500 families has already been expropriated. This first housing project, Chacra do Conde, already has engineering designs. Review of these design shows that the houses and surrounding areas are highly satisfactory for improving the living conditions of the resettled populations. The housing projects will all be located at less than one mile from their current site, which reduces the hardship of changing neighborhoods. Please see para. 4.1.6.2 and Annex 5. Sewage collected in the Guarapiranga waterbasin will be pumped and conveyed to the São Paulo sewage treatment plants.

² In Brazil, a minimum is used as a measure of basic income, and functions as a determinant of poverty level. Three minimum salaries are currently equivalent to about US\$.

4.2.4.3 To assess the projects' environmental impact, the companies are required by Federal Law (Resolution 001, January 23, 1986) to prepare environmental impact reports (RIMAs) which follow state guidelines and are approved by the environmental state agency, CETESB. The RIMA and EIA for the component have already been approved by the state authorities (please see para. 4.1.6.2 and the Project File). The RIMA, prepared on the basis of these guidelines, are quite elaborate for diagnostic purposes. The EIA is complemented by information in accordance with Bank guidelines which are more detailed in view of developing and evaluating options, and making recommendations.

4.2.5 Policy Implications

4.2.5.1 The component is designed to have major implications on both institutions and policy instruments. The component addresses institutional shortcomings resulting from confronting water pollution issues from the perspective of a single sector, viz., water. The component changes this single sector orientation, and provides for institutional integration based on the boundaries of a waterbasin. With respect to policy, the component provides for extensive studies, equipment and other facilities to strengthen the water pollution monitoring and control in the Guarapiranga waterbasin. In addition, the component is promoting studies on cost-recovery in order to broaden the narrowly designed options existing in Brazil. Even though some new instruments were identified during component preparation, the component's cost recovery burden falls only on the component beneficiaries, through existing tariffs and taxes, except for park revenues. No attempt has yet been made to introduce changes on other type of beneficiaries, such as the population outside the waterbasin who will also largely benefit from the improved environmental conditions stemming from the component. Moreover, industrial and agricultural producers are not contributing to the recovery of component financing. Municipalities usually are slow in revising legal property prices and, therefore, IPTU revenues may be monetarily depreciated. The Constitution provides for other instruments, mainly water surcharge and a betterment levy for improvements in urban infrastructure (Contribuição de Melhoria), but these were never used. Another instrument to be analyzed is a municipal charge for solid waste collection and disposal services. Table 4.5 lists and comments on existing and foreseeable recovery instruments. Agreement on the establishment of a water surcharge tax should be obtained at Loan Negotiations (para. 4.1.2.5).

4.3 Implementation of the Guarapiranga Component

4.3.1 Main Implementation Features

4.3.1.1 The component will be implemented during 1992-1997 and is expected to be completed by March 31, 1997. Annex 16 shows project execution by quarters. The component includes a variety of subcomponents that have been appraised on the basis of feasibility studies and basic engineering designs and found satisfactory. Individual subcomponents will be approved by the Bank during Project implementation. Agreement should be sought during Loan Negotiations that, prior to any Loan disbursement for a subproject, such subproject should meet the eligibility criteria requirements listed in Annex 21.

4.3.1.2 In March 1994 a mid-term review should take place to examine progress made, assess the relevance of all component objectives and actions and, if necessary, recommend necessary revisions. In addition, two workshops will be held for purposes of orientation and explanation of Bank procedures, the first not later than two months after loan signature and the second during 1994. During Loan Negotiations, agreement should be sought on the above mid-term review and the workshops. The component contains studies and data collection, training and technical assistance, and the design of policies which would publicize the

LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

Folha n.º	139	do Proc.	134
n.º	204	do 19	Folha n.º 92
Candida		n.º	134

REGISTRO
SGM/ATL

- 40 -

LAURA MARIA DE BARROS NASCIMENTO
Assessoria : S.G.M. : ATL

creation of a waterbasin management unit. All of these studies are to be carried out by consultants under the supervision of the UCP-SP. As most of these studies lie within the preview and capability of waterbasin operation and management, which is critical for the achievement of component objectives, these actions are scheduled to take place in the first two years of component implementation and the recommendations are to be discussed during the mid-term review. Please see para. 4.1.2.3 and Annex 20.

4.3.1.3 As the Loan Agreement would be signed between São Paulo State and the Bank, each subsidiary agreement between the State and each executing agency will contain signed copies of a schedule of the Loan Agreement which spells out rights and obligations of each party under the component (see Annex 15). This signing of the subsidiary agreements, as well as the contract between the State and the financial agent, the contracts between the financial agents and the executing agencies, and the state-federal government agreement referring to the component's federal funding, should be signed prior to Loan Effectiveness. As it would be necessary to use advanced contracting or retroactive financing during a period in 1992 when the Loan would not yet be effective, the executing agency using component facilities should sign, prior to use, a letter of intent, *Protocolo de Intenções*, which will include rights and obligations and a description of the subcomponents subject to the agreement, as a preliminary version of the subsidiary agreement state-executing agency. Prior missions have already discussed preliminary draft documents with the Borrower. During Loan Negotiations, agreement should be sought on draft versions of all above documents. A diagram showing project institutional agreements is in Annex 10; the project documents are explained in Annex 11.

4.3.1.4 Bank resources will flow from the Brazil Central Bank to the São Paulo State Bank, *SAVESP*, which will also receive counterpart funds from the federal government and the state. All counterpart funds will be in turn transferred to executing agencies upon formal requests from UCP-SP (please see para. 4.2.2.10). Annex 11 shows the Project's flow of funds.

4.3.2 Supervision

4.3.2.1 Supervision of each subcomponent will be carried out by the executing agencies, assisted by consultants, and under the overall supervision and control of the component unit. The unit will be assisted by management consultants which would be financed under the Loan. During Loan Negotiations, agreement should be sought on the terms of reference for the management consultants and that those consultants will be hired prior to Loan Effectiveness. In addition, during component preparation, the Borrower prepared Implementation Guidelines (*Manual de Operações*). A final version of the above guidelines should be agreed upon during Loan Negotiations. As the above arrangements would permit reasonable efficiency of component supervision, Bank supervision may be maintained at a reasonable level and concentrated on the development of studies related to the waterbasin management, and on critical and innovative subcomponents such as urban rehabilitation and slum resettlement. Despite the above, the component, because of its innovative character and complex integration of activities, will require more than customary supervision by the Bank.

4.3.3 Reporting and Monitoring

4.3.3.1 Progress reports, with the format described in the Implementation Guidelines, will describe and compare past achievements to appraisal projections, review the compliance with the monitoring indicators detailed in Annex 17, and provide a critical assessment of problems and issues arising during component execution. The guidelines will also propose adjustments and remedial actions in case of unsatisfactory progress. During Loan Negotiations, agreement will be

Folha n.º	340	de proc.
n.º	264 - 41 -	de 19 92
Candida		

Folha n.º	135	de proc.
n.º	198/92	867778

REGINA CENSA
SGM/ATA

reached with the borrower to ensure that: (i) progress reports will be submitted to the Bank by March 31 and September 30 of each year; and (ii) a final report analyzing the component's key issues and containing a retrospective assessment of the component's implementation from the borrower's own perspective, will be submitted to the Bank not later than six months after the loan closing date. A set of operational and financial monitoring indicators developed during appraisal will constitute the basis for project reviews and supervision, including the mid-term review. The monitors which are listed in Annex 17 are divided into three categories: (i) physical advance of the project; (ii) institutional and financial goals of SABESP; and (iii) environmental impacts. During Loan Negotiations, agreement will be sought with the Borrower on the monitoring indicators shown in Annex 17.

4.3.4 Procurement

4.3.4.1 Civil works would represent about 76 percent of the total component cost; equipment and materials, about 8 percent; and consultant services, including (a) studies, (b) technical assistance, (c) completion of engineering designs, (d) supervision and management, about 16 percent. All contracts for equipment and materials estimated to cost less than the equivalent of US\$250,000, and for civil works estimated to cost less than the equivalent of US\$5 million, will be procured on the basis of local competitive bidding procedures and nationally advertised, which ensure adequate competition and have been found satisfactory to the bank. The project agencies have the capabilities to handle adequately the procurement processes required by the project. In addition, the UGP-SP has been staffed with a procurement officer. Foreign firms will be allowed to participate in the bidding. Above these limits, procurement will be carried out following Bank guidelines on the basis of ICB. Under these assumptions, 63 percent of works and materials will be procured under ICB. Component costs by procurement method are presented in Table 4.11. Annex 18 details a preliminary packaging for bidding purposes. Draft bidding documents and contracts for civil works and services under ICB and LCB are under preparation. A final agreement on such documents should be obtained during Loan Negotiations. Engineering, supervision and technical studies will be procured in accordance with the Bank's guidelines for the use of consultants (August 1981). Foreign, as well as local consultants will be requested to submit proposals. A draft letter of invitation and contract for consultant services is under preparation and will be agreed upon during Loan Negotiations. Under terms of reference previously reviewed by the Bank, local procedures will be used for


LAURA MARIA DE BARROS NASCIMENTO
Assessora: S.G.M.: ATIL

Folha n.º 241 do proc.
n.º 264 de 19 92
Candida

Folha n.º 136 do proc.
n.º 198/92 de 19 92
SEGUNDA FOLHA
SGM/ATL

- 42 -

LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - ATIL

hiring consultants for engineering designs and supervision for assignments amounting to less than US\$100,000 equivalent.

Table 4.11
Project Cost by Procurement Method
Guarapiranga Component
(US\$ million)

Project Elements	ICB	LCB	TOTAL
Civil Works	\$ 20.00 (33)	\$ 71.30 (29)	\$151.30 (62)
Goods	\$ 41.60 (19)	\$ 0.80 --	\$ 42.40 (19)
Consultant	\$ 22.30 (19)	\$ 9.60 (8)	\$ 31.90 (27)
Other	--	\$ 2.40	\$ 2.40
Total	\$143.90 (71)	\$ 84.10 (37)	\$228.00 (108)

() Bank Loan.

4.3.4.2 All procurement under ICB will be subject to the Bank's prior review of advertising, bidding documents, bid evaluation, and contract awards. In the interest of expediting component execution, all procurement under LCB will be subject to ex-post review by sampling. However, in order to ensure that adequate procurement procedures are followed, the Bank will review and approve, irrespective of the amount, the first two contracts under LCB for goods and for works. If the Bank determines in the review that procurement is inconsistent with agreed procedures, no expenditures for such items will be financed out of the proceeds of the loan and the Bank may cancel an equivalent amount of the loan.

4.3.5 Disbursements

4.3.5.1 The loan would be disbursed as follows: (i) 100 percent of foreign expenditures for imported equipment and materials; (ii) 41 percent of local expenditures for civil works, equipment and materials; (iii) 100 percent of expenditures for services of foreign consultants; and (iv) 85 percent of expenditures for services of consultants with offices in Brazil. In order to expedite component execution, two Special Accounts in the amount of US\$8 million and US\$2 million respectively, will be established in the Banco Central do Brasil and in a commercial bank abroad, acceptable to the Bank, to cover local and foreign currency expenditures, respectively. Local disbursements against civil works contracts below the equivalent of US\$5 million and for goods equivalent to US\$250,000 will be made under the Statements of Expenditure procedure prepared and certified by the component unit. SOE's procedures will not be used for the first two contracts under LCB regardless of the amounts. Detailed documentation will be retained by the component unit for inspection during supervision missions and for audit by the external auditors. No force account works are envisaged. The estimated schedule of disbursement (Annex 19) provides for Loan disbursement in six years. The closing date will be September 30, 1997.

4.3.6 Advanced Contracting and Retroactive Financing

4.3.6.1 The loan will finance works to be carried out during the period 1992-1997. Investments in urban rehabilitation and resettlement and expenditures for consultants services will need to start in mid-1992 to permit full implementation in late 1993. In view of these needs, the component would provide for the following: (i) advanced contracting as of March 1, 1992, and amounting to US\$5030 million, and (ii) retroactive financing as of the same date, and amounting to US\$10 million. Advance contracting and retroactive financing will be subject to the following: (i) the UGP-SP fully staffed, and Letter of Intent between UGP-SP and the executing agencies signed; and (ii) the Bank procurement guidelines should have been followed. Assurances on (i) and (ii) above should be obtained during Loan Negotiations.

4.3.7 Auditing

4.3.7.1 During Loan Negotiations, agreement should be obtained that external audit of component accounts and statement of expenses of the UGP-SP and the Special Account should be audited by external auditors. In addition, all executing agencies should submit audited financial statements to UGP-SP to be forwarded to the Bank. Assurances should also be obtained that the audit reports of the previous year will be submitted to the Bank every year by June 30 at the latest.

4.3.8 Management of the Waterbasin

4.3.8.1 Efficient management of the waterbasin will be built around two elements: (i) a set of policy instruments to make feasible sustainable development in the area; and (ii) an autonomous and modern water management unit to implement the policies. For the preparation of the above management system, the component includes extensive data gathering and preparation of sector plans for the area, which would be followed by the design of alternatives for the area's development. During the component's mid-term review, scheduled for March 1994, there would be agreement on the selected alternative. When designing and establishing the management unit, special attention should be given to the following: legal arrangements to ensure the needed autonomy and enforcement power, provisions for the generation of adequate resources and modern management system, and carefully agreed-upon sectoral support with emphasis on environmental sanitation and land use. A listing for the studies and stages of this preparation exercise is shown in Annex 20. Terms of reference for all studies should be agreed upon during Loan Negotiations.

4.4 Risks

4.4.1 The main component risk is associated with its innovative character which requires a well-tuned institutional integration at the state and local levels. Recognizing this risk, since the beginning of component preparation, all actions and elements of the sub-components exhibited during component preparation have been designed to minimize this risk. The high technical qualifications of the institutions involved and their recognition of the critical importance of the Guarapiranga Reservoir as an irreplaceable water source for RMSP will contribute to further minimize this risk.

4.4.2 Resettlement always represents a complex operation which is surrounded by many social and political hazards. Early preparation of detailed plans by the MSP and CDHU, both highly qualified and experienced in these tasks, and

LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

Folha n.º	143	de proc.	
n.º	264	do 1º	92
Candido		Folha n.º	138
		n.º	198/92

Folha n.º	138	de proc.	
n.º	198/92	do 1º	92

REGINA CENDA

SGM/ATL

- 44 -

LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

implementation in the first two years of component execution, when it is still possible to make remedial changes, will help minimize the related risks. No other component would be affected by a delayed resettlement.

4.4.3 Time consuming efforts are being undertaken in the component to help introduce modern policy instruments for water pollution control in Brazil. Though the need for these policy changes is broadly recognized at the technical level, their implementation might encounter political difficulties. Even implementation of needed changes is delayed, the component will be instrumental in helping Brazilian authorities in developing appropriate technologies for overcoming existing sector problems.

CHAPTER 3: THE CURITIBA METROPOLITAN COMPONENT

5.1 The Component Framework

5.1.1 Water Pollution Control in the State of Paraná

5.1.1.1 The Alto Iguaçu Project component deals with the waterbasin which drains the Curitiba Metropolitan Area, and contains a wide range of activities organized in a group of subcomponents. The Curitiba Metropolitan Area (RMC) has 31 percent of the state's urban population, contributes to 50 percent of the state's industrial output, and is responsible for discharging 44 percent of the total pollution loads that go into the Iguazú River, the main river in the state. The Superintendência dos Recursos Hídricos e Meio Ambiente (SUREHMA) is responsible for monitoring water quality and for supervision and control of water polluters in the Alto Iguaçu waterbasin as well as in 13 other waterbasins of the state. SUREHMA, under the State Environment Secretariat (SMA-PR), approves environmental impact studies and reports (RIMA) and licenses industries and public water users. The Coordenação da Região Metropolitana de Curitiba (COMEC) is responsible for planning the use of land in the area. Although the state institution for pollution control is adequate, COMEC and SUREHMA need substantial strengthening (para. 5.1.5.2).

5.1.1.2 Economic development in Paraná has been especially concentrated in three congested areas which are responsible for 74 percent of the industrial output of the state: (i) RMC, (ii) the axis created by the cities of Londrina and Maringá, and (iii) the one created by Cascavel and Foz de Iguaçu. These areas show the most critical limitations on water resources and have the biggest pollution loads. The investment priorities of the state on pollution control are thus concentrated in these three areas, and especially in the RMC, where alternative water sources are distant and would require costly investment.

5.1.1.3 Federal Law 6938/81 and the updated policy contained in the new Brazilian Constitution of 1988 establishes the basic environment legislation in the State of Paraná. At the state level: (i) Law 7109/79 establishes the environmental system in the state; (ii) Laws 6513/73 and 5316/74, which regulate water pollution, and (iii) Decree 2964/80 declares as special interest the protection of water sources in the RMC. Background information of water pollution control in the state of Paraná and related legislation can be found in the Project File.

5.1.1.4 The Alto Iguaçu River is the natural water source for the metropolitan area of Curitiba. In addition, because of its location crossing the city, the river may constitute a national recreation resource, and especially for the poor living in the neighborhood which do not have many recreation alternatives. Water

Folha n.º 544	de proc.
n.º 264	do 19 92
45 - Condicion	Folha n.º 139
	n.º 98/92

REGINA CECILIA

in most stretches of the river is unsuitable for human consumption, and in points of discharge of tributaries and main sewers, aerobic conditions are critical. Pollution results from domestic discharges of wastes, including runoff. Tables 5.1 and 5.2 summarize pollution loads from main sources without and with the project, respectively. As it can be seen from Table 5.2, with the project, the river is substantially upgraded (from category 3 to 2) and, thus, would be suitable for water supply. (Please see legislation in the Project File.)

5.1.2 Objectives and Rationale

5.1.2.1 The main goals of the Curitiba Metropolitan Component are twofold. First, it aims at rehabilitating and maintaining the Alto Iguaçu River waterbasin as a reliable water supply source for the RMC. Second, it promotes flood control and land reclamation which will improve living conditions of the existing population of the city and permit urban expansion. The component has four specific objectives: (i) to develop the institutional capabilities to manage the waterbasin in an environmentally sustainable way by introducing modern land use incentives, cost-recovery mechanisms, and an efficient legal and regulatory framework; (ii) to improve drainage and flood control for the Iguaçu River and urban network; (iii) to rehabilitate and expand basic sewerage and sewage treatment infrastructure, and (iv) to optimize solid waste collection and disposal systems. The eight sewage treatment plants to be built under the project, together with the completion of the existing Belem sewage treatment plant, will cover the demand for sewage treatment of the entire metropolitan area; and (iv) to protect and rehabilitate both environmentally sensitive and damaged areas through park development and reforestation. Table 5.3 summarizes the objectives of the component and the contribution of each subcomponent to the achievement of these objectives.

5.1.2.2 An integrated group of actions is required to develop the institutional capabilities for waterbasin management: (i) clarifying state, municipal and private duties and responsibilities in the application of laws and regulations regarding environmental protection at a waterbasin scale; (ii) setting up an institutional model to integrate state and municipal participation in the cross-sectoral management of the waterbasin; (iii) developing market mechanisms to control current land occupation when is environmentally damaging; (iv) introducing innovative cost-recovery instruments; (v) resettling and dispersing low income populations located in hazard-prone, unstable areas which are unsuitable for provision of public services; (vi) promoting NGO participation to enhance project efficiency and environmental education; (vii) introducing adequate water quality monitoring programs and the corresponding practices for operations and maintenance.


LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

Folha n.º 1215 de proc. 204 do 1992
 Cidade Curitiba

BRAZIL
 WATER QUALITY AND POLLUTION CONTROL PROJECT
 WATER QUALITY READING ORGANIC POLLUTION (1) AT IGUAÇU RIVER
 AT THE MOUTH OF MAIN TRIBUTARIES
 SCENARIO WITH PROSAM

SECTION	Q (2) 5,30 (l/s)	1991 PRESENT SITUATION				2000 WITH PROSAM			
		DBO (kg/dia)	OD (mg/l)	DBO (mg/l)	CLASS	DBO (kg/dia)	OD (mg/l)	DBO (mg/l)	CLASS
IRAI	962	0	6.9	4.2	1E	0	7.8	1.9	1E
PIRAQUARA	896	0	5.2	3.2	1	1706	4.6	2.3	3
PALMITAL	1584	841	2.7	2.9	4	1989	7.0	1.8	1
ATUBA	2674	8987	1.4	23.6	O.C.	2387	6.2	14.8	1
BELEM	2567	2320	0.4	44.1	O.C.	2750	4.3	26.1	3
PADILHA	2960	1795	1.0	39.4	O.C.	2801	4.5	24.0	3
MIRINGUAVA	4981	202	0.7	23.9	O.C.	515	5.4	16.8	2
BARIGUI	8346	12136	0.4	30.1	O.C.	7380	5.8	23.8	2
PASSAUNA	10959	0	0.6	22.5	O.C.	0	5.9	16.2	2
VERDE	13881	0	1.1	18.4	O.C.	0	5.8	14.6	2

Notes:
 (1) Includes Loads from Domestic, Industrial and Urban Run-off sources
 (2) Low flows with 30 days duration and 5 years of recurrence interval

- 95 -

LAURA MARIA DE BARROS NASCIMENTO
 Assessora - S.G.M. - A.T.L.

Folha n.º 140 de proc. 204 do 1992
 Curitiba

BRAZIL
WATER QUALITY AND POLLUTION CONTROL PROJECT
WATER QUALITY READING ORGANIC POLLUTION (1)
AT IGUAÇU IN THE MONTH OF MAIN TRIBUTARIES
SCENARIO WITHOUT PROSAM

SECTION	Q (2) 5.30 (l/s)	1991 PRESENT SITUATION				2000 WITHOUT PROSAM			
		DBO (kg/dia)	OD (mg/l)	DBO (mg/l)	CLASS	DBO (kg/dia)	OD (mg/l)	DBO (mg/l)	CLASS
IRAI	962	0	6.9	4.2	1E	0	6.3	2.7	1
PIRAQUARA	896	0	5.2	3.2	1	1706	4.6	1.9	3
PALMITAL	1584	841	2.7	2.9	4	4201	0.0	188.8	O.C.
ATUBA	2674	6987	1.4	23.6	O.C.	21416	0.5	136.2	O.C.
BELEM	2567	2320	0.4	44.1	O.C.	2750	0.3	57.7	O.C.
PADILHA	2960	1795	1.0	39.4	O.C.	11441	0.6	77.2	O.C.
MIRINGUAVA	4981	202	0.7	23.9	O.C.	400	0.9	54.9	O.C.
BARIGUI	8346	12100	0.4	30.1	O.C.	31356	0.5	73.0	O.C.
PASSAUNA	10959	0	0.6	22.5	O.C.	0	0.0	57.4	O.C.
VERDE	13881	0	1.1	18.4	O.C.	0		43.5	O.C.

Notes:

- (1) Includes Loads from Domestic, Industrial and Urban Run-off sources
- (2) Low flows with 30 days duration and 5 years of recurrence interval

LAURA MARIA DE BERNARDIS NASCIMENTO
Assessoria - S.G.M. - A.T.L.

Folha n.º 12/16 de proc.
de 19 92
Caridade

RECIBO
n.º 1411
do 14/11/92
SGM/ATL

BRAZIL
WATER QUALITY AND POLLUTION CONTROL PROJECT
CURITIBA, ITOQUAIA, PARANÁ - STATE OF PARANÁ
PROJECT COMPLETIVE MATRIX

GENERAL OBJECTIVE

Improve and maintain the Alto Iguaçu River basin as a reliable water supply source within metropolitan area of the city, and flood control and water recreation for urban populations.

SPECIFIC OBJECTIVES => PROGRAMS	TECHNICAL ASSISTANCE TO CONTROL THE USE AND OCCUPATION OF LAND INCLUDING MONITORING, SUPERVISION, URBAN MANAGEMENT & REGIONAL PLANNING	RESETTLEMENT AND ENVIRONMENTAL EDUCATION FOR POPULATION, NGOs, & GOVERNMENT ORGANIZATIONS	RIVER BASIN PROTECTION AND WATER SUPPLY EXPANSION	ENVIRONMENTAL AND SANITARY RECOVERY OF ALTO IGUAÇU
ENVIRONMENTAL PROTECTION				
PEB-01 Technical Assistance	Technical assistance to government for planning, supervision and monitoring.	Technical assistance to NGOs participation.	Essential for the post-investment stage.	Essential for the post-investment stage.
PEB-02 Institutional Support: Alto Iguaçu	Through the institutional proposal to be developed, the the supervisory, monitoring, management and planning activities would be coordinated looking into financial sustainability mechanism.		Essential for allowing the maintenance of the objective in the post-investment stage.	Essential for allowing the maintenance of the objective in the post-investment stage.
PEB-03 Information System	Will assist the monitoring, supervision and management.	Basic for educational activities and NGOs' participation.	Essential for allowing the maintenance of the objective in the post-investment stage.	Essential for allowing the maintenance of the objective in the post-investment stage.
PEB-04 Supervision & Monitoring	Basic for future development of flood control activities in the basin.	Information for the NGOs' participation.	Continuous (future construction) water storage & supply of water.	Assures consistency between actual investments & future works.
PEB-05 Definition of Economic activities in the basin		Through immediate results in the water basin users' behavior.	Assures no additional degradation.	
PEB-06 Land use planning & environmental restoration	Basic regional planning instrument.	Basic for educational and NGOs' participation.	Essential to guarantee the use of Alto Iguaçu basin as a water source.	Provides environmental recovery of degraded areas.
PEB-07 Engineering studies of future water sources	Evaluate water supply demand according to the policies of land use and development.	Information for NGOs' participation.	Water Resources Master Plan.	
PEB-08 Supervision & Monitoring	Essential activities for the achievement of this objective.	Information for NGOs' and general public participation.	Will assure the maintenance of this objective for the post-investment stage.	Measures the effect of recovering degraded environment.
PEB-09 Environmental Education	Basic instrument for carrying out the coordinating unit and the NGOs.	Educational activity, which is the objective's core.	Essential for allowing the maintenance of the objective in the post-investment stage.	Essential for allowing the maintenance of the objective in the post-investment stage.
PEB-10 Eco-Museum Development		Preserve effects of offering environmental education to the Curituba Metropolitan Region population.		
WATER RESOURCES PROTECTION				
PMA-01 Riverine reservoir and channel		Essential alternative technologies adequate for the river basin areas.	Basic instrument to expand the water supply to Curitiba.	Assurance for controlling flood and maintaining the quality of Alto Iguaçu.
PMA-02 Rural Areas		Strengthen the relevance of preserving the river basin.	Basic activity to protect the Alto Iguaçu river basin.	Improvement of Alto Iguaçu's water quality.
PMA-03 Urban Areas			Essential to preserve the Alto Iguaçu basin.	Provides adequate sanitary conditions for the low-income population.
PMA-04 Treatment & disposal of "Lixões Pequenos" disposal site			Improve the quality of the water in the water.	Improvement of leisure conditions.
PMA-05 Heavy duty transport accidents prevention			Reduce risk of toxic material disposal.	Pollution risk reduction.
PMA-06 Degraded River Areas		Strengthen flood preservation measures.	Contributes to reduction of flood damage.	Rejuvenates highly polluted areas.
PMA-07 River channel Areas		Strengthen the relevance of preserving river basin.	Reduction of soil loss.	Recovery Curitiba degraded areas, reduces erosion and expands leisure areas.
PMA-08 "Pantaneiros" park		Establishment of environmental educational unit.	Avoids occupation of river basin area.	Expands supply of leisure areas.
ENVIRONMENTAL REHABILITATION				
PMA-09 River channel		Strengthen laboratory and research work in treatment of water plants.		Protects areas of the Iguaçu flood plain, and increases supply of leisure areas.
PMA-10 Urban drainage			Rejuvenates upper basin areas.	Protects Curitiba's urban areas affected by water floods.
PMA-11 Sanitary sewerage			Improves water collection and treatment. Reduces water pollution.	Alto Iguaçu river is better drained quality Class 2.
PMA-12 Urban water			Reduction of pollution risk and food disposal risk.	Reduces operational costs of water collection and disposal for the Curitiba surrounding municipalities, and makes the process more efficient. Decreases pollution risk.
PMA-13 Urban water				Reduction of pollution risk and food disposal risk.

JAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.M.

Folha n.º 147
n.º 264
de 19 92
SGM/ATM
Concluído

REGINA LANGE S.J.

Folha n.º 147
n.º 264
de 19 92
SGM/ATM
Concluído

REGINA GONDA
SGM/ATL

5.1.3 Description of the Component

5.1.3.1 The proposed Curitiba Component to be implemented between 1992 and 1997 consists of three subcomponents: (i) environmental management (ii) water resource protection and development, and (iii) Alto Iguaçu waterbasin environmental rehabilitation. Annex 23 contains a description of the project component. A summary description follows.

5.1.3.2 The environmental management subcomponent provides water quality and pollution control at the waterbasin scale. It contains: (i) technical assistance and training to government organizations and NGOs; (ii) the preparation of studies and the organization of a public consultation process to strengthen COMEC strengthen its capability to manage the entire Alto Iguaçu waterbasin; (iii) the creation of a data base system containing environment parameters, geographic data, and public service information on the extent of coverage; (iv) preparation of a drainage and land use master plan; (v) engineering studies for long term water resource development, and; (vi) consultants, equipment, and materials to support the component coordinating unit.

5.1.3.3 The water resources protection and development subcomponent includes: (i) works which encompass a small earthen dam on the Irai River to control flood waters and also guarantee 2m³/s for the Curitiba water supply system, plus a channel and pipe system to conduct the Irai Reservoir water to the existing downstream treatment plant; (ii) a program to introduce environmentally safe practices for handling toxic chemicals used in agriculture and to build sediment catchment dams for erosion control; (iii) a program to promote environmentally sustainable urban settlement through construction of infrastructure for approximately 76,000 inhabitants, relocation and resettlement of 1,400 houses dispersed in areas (unsafe or unsuitable for infrastructure construction (i.e., the upper waterbasin and flood plains) expropriation of 7,000 plots of private land and establishment of legal rights needed for environment protection along the rivers and environmentally sensitive areas; (iv) improvement of the drainage system of the Lamenha Pequena sanitary landfill; (v) improvement of toxic material transportation by heavy trucks through better traffic signals and construction of protective barriers on roads and bridges; (vi) landscape restoration and planting of 50,000 trees for reforestation of recreational areas and complete development of 26 has. in the ecologically important Passauna River Park.

5.1.3.4 The Alto Iguaçu waterbasin environmental rehabilitation subcomponent includes: (i) flood control, by constructing 15 kms of channel parallel to the Iguaçu River to drain the left bank rivers, landscape restoration, and park development of the river bank area; (ii) erosion and flood control by expanding 16 kms of urban drainage, stabilizing 100 kms of slopes, cleaning 250 kms of drains, rehabilitating 16 bridges; (iii) extension of coverage of the sewer network for the RMC from 40 to 65 percent, and of final sewage treatment from 17 to 65 percent, by providing 1,290 kms of sewers and 8 fluidized bed anaerobic reactors; (iv) extension of coverage of the solid waste collection system for RMC (which incorporates all surrounding municipalities) from 40 to 90 percent, by constructing one additional sanitary landfill, new solid waste transfer stations and by providing equipment supply. Hospital waste will be disposed of separately in an incinerator with capacity for 16 tons per day.

5.1.3.5 A description of the urbanization and resettlement subcomponent is given in Annex 24. Resettlement would involve an estimated 1,400 families which represent a combination of illegals and peopled settled before the area was designated for special protection of water sources. Most people are living in wood-frame houses which would be saved and moved to new areas, where they will be upgraded and repaired as necessary. The required decree to expropriate land needed to move the first 700 families to the close-by Guarituba area has been


LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - ATL

Folha n.º 249 150 de proc.
n.º 264 do 13 92
Candida

Folha n.º 148 149 de proc.
n.º 198 92 do 13 92

RECIBO CENDA
SGM/ATL

- 50 -

prepared and suitable funds for land purchase have been allocated in the 1992 state budget. The estimated total cost of resettlement, including infrastructure, is estimated at US\$13.3 million. Notwithstanding the arrangements for salvaging the existing houses, the state should give assurances during Loan Negotiations for adequate and timely funding for the required expropriations and for the construction of the required 1,400 houses, in case all existing houses could not be salvaged. Because some resettlement is needed to clear work areas for component construction, timing is critical. Accordingly, it is also necessary that the resettlement designs are completed as soon as possible. The State of Paraná has agreed to submit final designs for the initial group of 700 families at Loan Negotiations. In addition, the State of Paraná should submit at negotiations evidence of the completion of necessary legal action for the remaining expropriations. Annex 24 summarizes resettlement. Attachment to Annex 24 contains a copy of the Aide Memoire prepared during the appraisal mission of the resettlement subcomponent. Monitoring for resettlement is in Annex 34.

5.1.3.6 The expropriations needed to carry out the Curitiba component are estimated at US\$23.2 million. Assurances should be obtained from the State of Paraná during Loan Negotiations on the timely funding of the above expropriations as well as the availability of US\$3.5 million for the potentially required housing projects.

5.1.4 Costs and Financing

5.1.4.1 The total cost of the Curitiba Metropolitan Area component is estimated at US\$223.2 million equivalent. Component costs are summarized in Table 5.4 and detailed in Annex 25. Annex 26 shows annual investments, Annex 27 the distribution of investments by source of financing, and Annex 28 contains the structure of project costs. The foreign exchange requirement is estimated at about US\$51 (23 percent of total). Costs are based on December 31, 1991 prices, and include 5 percent for physical contingencies for equipment, works and services amounting to US\$8.6 million. Price contingencies of US\$21.5 million, or 10.6 percent of the December 1991 component costs, are based on estimated international inflation rates of 3.9 percent per annum during the implementation period. Due to high inflation rates, cost estimates were prepared in Cr\$ and then translated into US\$. Costs include indirect taxes (about US\$24 million). Even though exemption from import for materials under international financing has been cancelled, such duties have not been included, based on the assumption that the executing agency will be able to obtain a waiver. Interest during construction is not included.


LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. / AT/L

Folha n.º 150 da proc. n.º 264 do 19 91
 Candidato
 Folha n.º 145 do Proc. n.º 198/92

RECINA
 SGM/ATL

Table 5.4
Component Cost Summary
(1,000 US\$)

Sub-Component	Cost
Component Coordination	2,305.65
Environmental Management	19,451.35
Water Resources Protection and Development	58,235.98
Alto Iguaçu Waterbasin Environmental Rehabilitation	113,321.53
Total Base Cost	193,044.51
	8,629.03
Physical Contingencies	
Price at December 31, 1991 prices	201,673.54
Price Contingencies	21,499.46
Total Project Cost	223,173.00

5.1.4.2 Cost estimates for equipment, materials, and works in the subcomponents containing water and sewerage are based on existing engineering designs and unit prices of similar recent works and acquisitions. The other subcomponents, which do not have engineering designs ready, are estimated on basic designs; bills of quantity are in unit prices as above. About 1,120 man-months of consulting services are included for studies and technical assistance; 1,336 for completing component preparation and supervision; and 144 for component management. The consultants' average cost is estimated at about US\$12,500 per man-month, representative of current rates as billed by consulting firms, and includes salaries, social costs, overhead and profits.

5.1.4.3 A Bank loan amounting to US\$106 million equivalent will help finance the foreign component plus US\$55 in local costs, amounting in total to about 47.5 percent of the estimated component cost. The loan will have a term of 15 years, including five years of grace, at the Bank's standard variable interest rate. The balance would be provided as follows: (i) US\$30.0 million (13.5 percent) by the State of Paraná; (ii) US\$37.2 million (16.7 percent) by SANEPAR; (iii) US\$20.6 million (9.2 percent) by FHC; (iv) US\$1.3 million by other municipalities; and (v) US\$28.2 million (12.7 percent) by the federal government. The Guarantor will be the Government of Brazil. In turn, the State of Paraná will guarantee the full amount of counterpart financing needed, and would provide revenues from exports as counter guarantees to the Federal Government.

5.1.5 The Borrower and Executing Agencies

5.1.5.1 The Borrower of this component is the State of Paraná. Component execution will be carried out by the State through the *Secretaria de Planejamento e Coordenação Geral (SEPL)*, which will execute the component through a component unit (GEP-PR). The unit, in addition to their own staff, will make use of consultants and will at least consist of a component coordinator, a financial analyst, an environmental engineer, a procurement officer and a sociologist. The component coordinator was appointed during project preparation. Agreement would be reached with the State of Paraná during Loan Negotiations on terms of reference for the above unit. In addition, no eligible expenditure would be made to the State until the above-mentioned unit is fully staffed. COMEC will be

LAURA MARIA DE BARRROS NASCIMENTO
 Assessora - S.G.M. - A.T.L.

Folha n.º 146 do E.º 146
 Folha n.º 146 do E.º 146
 n.º 146 do E.º 146
 Candida
 SGT/ATL

- 52 -

LAURA MARIA DE BARROS NASCIMENTO
 Assessora - S.G.M. - A.T.L.

prepared during project implementation to assume the role of waterbasin management unit in the RMC.

5.1.5.2 The executing agencies for this component will be: SANEPAR, PNC and COMEC. The first two agencies have experience with similar Bank projects, and have sufficient qualified staff. The component provides for institutional strengthening of COMEC, which will be in charge of carrying out most studies and technical assistance, and will be transformed into the waterbasin management unit. Terms of Reference for the institutional strengthening of COMEC have been found satisfactory to the Bank appraisal mission. UGP-PR should submit, at Loan Negotiations, the list of coordinators for each executing agency. Annex 29 contains organization charts of the participating agencies.

5.1.5 Status of Component Preparation

5.1.5.1 Component preparation conforms to the processing of the loan and to the implementation schedule. A coordinating unit for project preparation, created at SSPZ, assisted by qualified consultants, conceived and designed the project. A five-volume evaluation of the component is in the Project File. Some major sub-components have advanced or completed engineering designs. Terms of reference for most studies and technical assistance are at an advanced degree of preparation. Draft agreements between the component institutions have been discussed with the Bank mission. In order to assure an early component start and disbursements of loan funds after signature, it was agreed that the State will submit to the Bank, during Loan Negotiations, final designs for subprojects amounting to 20% of total value, satisfactory Terms of Reference for all studies and technical assistance and final draft for the project institutional arrangements (para 5.3.1.4). The State of Paraná should also submit at Loan Negotiations a final draft of standard procurement documents for ICB, LCB, and invitations to consultants.

5.2 Financial and Economic Aspects of the Project

5.2.1 Economic Evaluation

5.2.1.1 Introduction. The economic evaluation of the Curitiba component follows the same overall approach described in Chapter 3. The different feature of the analysis is the technique used to assess the economic benefits of the component. This reflects a difference between Sao Paulo and Parana in the familiarity and experience with techniques available for the evaluation, as well as data availability and processing capability. The methodology adopted by Paraná to assess benefits by determining the component impact on the property value is very creative, if not totally rigorous. Details of this methodology can be found in Annex 31. The analysis made in Curitiba provides a reliable estimate of benefits resulting from the implementation of the component and, in addition, constitutes a valuable tool to identify now and feasible recovery instruments.

5.2.1.2 Sources of Pollution Tables 5.1 and 5.2 show estimated organic pollution loads from domestic, organic and industrial sewage effluents and urban runoff in 21 sub-basins of the Iguazu River and in different sections of the river, without and with the component implementation. The tables summarize the organic pollution loads from domestic sources which are, by far, the main source of degradation. Industrial pollution loads are not significant regarding the effects on the Iguazu river, or its tributaries, although the Barigui river, which is one of the tributaries, shows high values of organic and inorganic contamination from industries. All 72 industries (please see Annex 22) which produce significant organic residuals have pre-treatment to eliminate toxins and treatment facilities with average efficiency in reducing the organic load at 72

percent. The system for managing pollution control and especially industrial pollution, will be substantially strengthened by the implementation of well conceived technical assistance to SUREMA which is included in the Project. The food and beverage, paper, and leather industries comprise the largest portion of these polluters and should be targeted as potential contributors to finance investment.

5.2.1.3 Pollution from agricultural run-off needs to figure prominently in the component since Paraná is the second largest consumer of agrottoxics in Brazil. Furthermore, out of the 450 products available on the market, only 15 percent are actually monitored. Since data on this form of pollution is not available, the impact on water was estimated taking into consideration existing consumption of herbicides, insecticides and fungicides. The various simulations provided in the appraisal documents highlight the large contribution of agrottoxics to pollution of the basin. However, they also suggest that before any policy decision can be implemented, better measurement techniques are needed to be in place in order to rank agricultural pollutants and assess their relative costs and benefits. Preparation for these will be financed under the component. Appropriate rural soil use and reforestation, both financed by the component, shall substantially reduce suspended solid in the Iguazú river to under 1/3 of the total expected without the component.

5.2.1.4 Heavy metal indicators shown in Annex 22, reveal that industrial pollution is not significant in the area. However, graphs 3, 4 and 5 show that Cr, Cu and Cn are high in Belem, Padilha and Barigui sub-basins and in the actual Iguazu waterbasin. The monitoring and fiscalization subproject, included in the component, will help reduce even more the indeces. The institutional strengthening of SUREMA will allow sound law reinforcement policy to be implemented, and effective monitoring. The polluters-pay principle, and water-use tax will provide the financial resources necessary for SUREMA to perform its duties.

5.2.1.5 Component benefits and beneficiaries. The main project benefits are: (i) protection of the water supply sources; (ii) reduction of periodic flooding of heavily urbanized areas; (iii) new alternatives for recreation; and (iv) preservation of ecosystems. In addition, the component will improve water quality for agriculture and industry. Matrices listing the component benefits and beneficiaries are in Annex 22.

5.2.1.6 The main beneficiaries of the component are clearly the people living in the project area. But the population of the RMC will also benefit from the recreational value of the component through access to a cost-effective source of water supply. The ecological benefits are not estimated, even if they are likely to be important in that region which is abundant in fish. The industrial and agricultural benefits are considered to be minor. In sum, while an earlier paragraph suggested that households are the main polluters, it also seem clear that they are the main beneficiaries of the project and that they should actively contribute to the recovery of the investment costs. As discussed later, cost recovery will be limited by distributional considerations, since not all the beneficiaries of the project have the capacity to contribute proportionately to the benefits they will reap. Table 5.5 contains data on the befitted population.

5.2.1.7 Financial Cost-Benefit Analysis The analysis considers pessimistic and optimistic assumptions. Both assumptions are based on existing recovery instruments. The pessimistic case reflects a conservative estimate of the impact on tax revenue from increases in land and property values in the component area. For the pessimistic side, the cost recovery (B/C ratio) is about 79 percent and IRR is 10.2 percent. Under the optimistic assumption, the B/C ratio is 87

LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

- 54 -

BRAZIL
WATER QUALITY AND POLLUTION CONTROL PROJECT
BENEFITS OF PROSAM

TABLE 5.5

PROJECT SUB-COMPONENT	AREA OF INFLUENCE	BENEFITED POPULATION	
		TOTAL	SALARY/MONTH (in minimum wages)
PES-01	It is a benefit for the population all over the Metropolitan Area of Curitiba	2250(2)	787
PES-05	It is a benefit for the whole country It establishes a model for the management of environmental problems and land use and occupation	2250	787
PMA-01	It is a benefit for the Metropolitan Area of Curitiba	1152	436
PMA-02	The technics for land use and occupation of this program will be available for all rural areas of the country	6000	1700
PMA-03	It benefits the Metropolitan Area of Curitiba	50 (3)	14
PMA-04	It is a benefit for all the rural population of the country	576	190
PMA-05	It is benefits the rural population of the country	2382	786
PMA-07	It benefits the rural population of Parana	148	49
PMA-08	It benefits the rural properties along Iguacu river	4.3	0.9
PRA-01	It benefits inhabitants along Iguacu River	98.6	32
PRA-02	It benefits population along Iguacu River	1075	354
PRA-03	It benefits The rural and urban population Of Curitiba	350	110
PRA-04	The Landfill "Morte" will receive 60% of garbage disposal of Curitiba and 80% of cities in RMC	1606	530
PRA-05	It is a benefit for the Metropolitan Area of Curitiba	1606	530


LAURA MARIA DE BARROS NASCIMENTO
Assessora - SGM - ATL

BRA ZIL
WATER QUALITY AND POLLUTION CONTROL PROJECT
COST/BENEFIT ANALYSIS
CONSERVATIVE ASSUMPTION
(US\$ 1,000)

Folha n.º 154 de proc.
n.º 264 do 19 92

Folha n.º 154
n.º 154/92

RECINA GONDA
SGM/ATL

DISCRIMINATION	COSTS				BENEFITS		B/C	
	PARTIAL	DESAPR.	TOTAL	PROSAM	TOTAL	PROSAM	TOTAL	PROSAM
I PROGRAM MANAGEMENT	\$1.80	-	\$1.30	\$1.80	-	-	-	-
II ESTROCTURE FOR ENVIRONMENTAL MANAGEMENT	\$22.38	-	\$22.38	\$22.38	-	-	-	-
III WATERSHED PROTECTION AND USE								
1 WATER SOURCES								
PMA - Jrai Reservoir	\$29.30	\$3.82	\$36.18	\$29.30	\$37.54	\$30.40	1.04	1.04
Production and Distribution System	\$23.01		\$23.01		\$24.10		1.05	
2 SOIL USE REARRANGEMENT								
PMA - Rural Soil Use	\$1.50		\$1.50	\$1.50				
PMA - Urban Infrastructure and Soil Use Rearrangement	\$13.30	\$4.70	\$18.00	\$13.30	\$20.33	\$15.02	1.13	1.13
3 PROTECTION INFRAESTRUCTURE								
PMA - Camenha Pequena Waste	\$0.62		\$0.62	\$0.62				
PMA - Highway Accidents Prevention	\$0.89		\$0.89	\$0.89				
4 FOREST RECOMPOSITION								
PMA - Alto Iguacu Recomposition	\$2.05		\$2.08	\$2.08				
PMA - Ocutiba Reconposition	\$17.40		\$17.40	\$17.40	\$9.92	\$9.92	0.57	0.57
PMA - Passauna Park	\$1.55		\$1.55	\$1.55	\$0.07	\$0.07	0.05	0.05
SUB-TOTAL	\$39.63	\$11.58	\$101.21	\$88.62	\$91.95	\$55.41	0.91	0.93
IV ENVIRONMENTAL RECOVERY								
1 FLOOD CONTROL								
PRA - Oiguacu Park and Flood Control	\$24.14	\$10.20	\$34.34	\$24.14	\$16.53	\$11.62	0.43	0.43
PRA - Urban Drainage	\$24.95		\$24.95	\$24.95	\$7.60	\$7.60	0.30	0.30
2 SEWAGE								
PRA - Sanitary Waste	\$64.30		\$64.30	\$64.30	\$80.87	\$80.87	1.26	1.26
3 SOLID WASTE								
PRA - Urban solid Waste	\$10.30	\$1.42	\$11.72	\$10.30	\$11.72	\$10.30	1.00	1.00
PRA - Hospital Waste Final Disposal	\$3.70		\$3.70	\$3.70	\$10.43	\$10.43	1.20	1.20
SUB-TOTAL	\$132.39	\$11.62	\$144.01	\$132.39	\$127.18	\$120.85	0.88	0.91
TOTAL	\$249.18	\$23.20	\$266.38	\$223.17	\$219.14	\$176.26	0.81	0.79

LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

Folha n.º 155 de proc.
n.º 264 do IS 92
Candidato

Folha n.º 150 do Proc.
n.º 198/92 8/7/92

REGISTRO GERAL
SGM/ATL

- 56 -

LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

percent and the IRR, 11.4 percent. Table 5.6 below summarizes the findings of the Financial CBA. Details of these calculations are in the Project File.

5.2.1.3 Economic Cost-Benefit Analysis Costs reflect market prices net of taxes and subsidies, and include investments as well as maintenance and administration. Four categories of benefits were identified: domestic water consumption, improved environmental conditions, recreational facilities, and waste collection and treatment. The opportunity cost approach was used to evaluate project benefits from additional domestic water consumption and waste collection and treatment, simplified versions of the WTP method were used for benefits resulting from improved environmental conditions and recreational facilities.

5.2.1.9 In the case of water supply sources (Itáí reservoir), costs include necessary non-project investments for treatment and distribution. The analysis assumes that property price internalizes the environmental benefits of the area where the property is located and this is used as the basis on which to measure benefit. The analysis also takes into account expected reductions on potential expenditures, such as medical costs stemming from a decline in diseases related to water pollution. For the water supply sources sub-component, the benefits were obtained from the cost of alternative sources. No attempts have been made to estimate the ecological benefits such as ecosystem preservation. This tends to underestimate the total economic benefit of the component.

5.2.1.10 The analytical procedure adopted to assess the WTP can be summarized as follows. The area of influence of the component is assumed to be 200m, i.e., within walking distance to the component facilities. The metropolitan area is divided into twelve brackets of property prices. For each area, the impacts of 12 different factors on prices were identified for the conditions with and without the component. The difference of property prices corresponding to the two situations measures the economic benefit. Financial benefits were calculated from estimated differences in property taxes resulting from the difference of property prices. Further information on the methodology used can be found in Annex 31.

5.2.1.11 Results from the analysis are presented as economic benefit-cost ratio and internal rate of return for each major type of investment of the subcomponents and for the component as a whole, as shown in Table 5.7.

5.2.1.12 The economic rate of return for the Curitiba component is estimated at 59 percent. The high values, despite the conservative benefit analysis, were expected since the basic infrastructure construction, included in subcomponents will permit a fast appreciation of property values. These evaluations can assure a very sound economic viability for the component that could even be improved upon if other benefits, such as the ecological benefits mentioned above, are included.

5.2.1.13 Cost Recovery Analysis. Five cost recovery instruments have been used for the above analysis: (i) tariffs for the incremental water supply; (ii) sewerage tariffs for the incremental volume, both collected and treated; (iii) solid waste tariffs; (iv) municipal property tax (IPTU); and (v) fees and rent revenues from parks. The various sources of tariff revenue are calculated on the basis of current tariffs. The parks will also bring in revenues through rental and entry fees. Information in Project File provides an overview of the links among benefits, use, and cost recovery instruments, and distinguishes terms for implementation. It also indicates which institution will benefit most from the use of each instrument. COMEC and SURHEMA, for example, with project help, will obtain independent sources of financing which should ensure their independence from the state budget. The sources of revenue from COMEC and SURHEMA will be a

BRA ZIL
WATER QUALITY AND POLLUTION CONTROL PROJECT
COST/BENEFITS ANALYSIS (ECONOMIC)
CONSERVATIVE ASSUMPTION
(US\$ 1,000)

Folha n.º 356 de proc. 264 do 19 92

Folha n.º 151 de proc. 264 do 19 92
n.º 198/92 de 1993

REGINA BENDA

DISCRIMINATION	COSTS			BENEFITS			B.C.A.T.R.	
	PARCIAL	DESAPR.	TOTAL	PROCAM	TOTAL	PROCAM	TOTAL	PROCAM
I PROGRAM MANAGEMENT	\$1.80	-	\$1.80	\$1.80	-	-	-	-
II ESTRUTURE FOR ENVIRONMENTAL MANAGEMENT	\$22.30	-	\$22.30	\$22.30	-	-	-	-
III WATERSHED PROTECTION AND USE								
1 WATER SOURCES								
PMA-Oral Reservoir	\$20.30	\$0.88	\$36.18	\$29.30	\$59.72	\$46.42	1.65	1.65
Production and Distribution System	\$23.01		\$23.01		\$42.09		1.83	
2 SOIL USE REARRANGEMENT								
PMA-Rural Soil Use	\$1.50		\$1.50	\$1.50	\$2.43	\$2.48	1.65	1.65
PMA-Urban Infrastructure and Soil Use Rearrangement	\$13.30	\$4.70	\$18.00	\$13.30	\$75.44	\$55.74	4.19	4.19
3 PROTECTION INFRASTRUCTURE								
PMA-Quemada Prevention Waste	\$0.62		\$0.62	\$0.62	\$1.02	\$1.02	1.65	1.65
PMA-Highway Accident Prevention	\$0.80		\$0.80	\$0.80	\$1.40	\$1.40	1.64	1.64
4 FOREST RECOMPOSITION								
PMA-Cerro Iguaçu Recomposition	\$2.00		\$2.00	\$2.00	\$3.41	\$3.41	1.65	1.65
PMA-Curitiba Recomposition	\$17.40		\$17.40	\$17.40	\$10.90	\$10.90	0.63	0.63
PMA-Passizuna Park	\$1.55		\$1.55	\$1.55	\$0.76	\$0.76	0.46	0.46
SUB-TOTAL	\$80.63	\$11.58	\$101.21	\$89.85	\$167.43	\$124.27	1.65	1.67
IV ENVIRONMENTAL RECOVERY								
1 FLOOD CONTROL								
FRA-Iguaçu Park and Flood Control	\$24.14	\$10.20	\$34.34	\$24.14	\$113.90	\$90.07	3.32	3.32
FRA-Urban Drainage	\$24.65		\$24.65	\$24.65	\$11.60	\$11.60	2.07	2.07
2 SEWAGE								
FRA-Sanitary Waste	\$64.30		\$64.30	\$64.30	\$58.90	\$58.90	0.63	0.63
3 SOLID WASTE								
FRA-Urban Solid Waste	\$10.30	\$1.40	\$11.70	\$10.30	\$35.02	\$31.05	3.01	3.01
FRA-Hospital Waste Final Disposal	\$8.70		\$8.70	\$8.70	\$2.42	\$2.42	0.28	0.28
SUB-TOTAL	\$132.35	\$11.60	\$144.01	\$132.35	\$220.14	\$222.04	1.81	1.83
TOTALS	\$246.18	\$23.20	\$269.38	\$223.17	\$387.57	\$346.31	1.70	1.55


LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

Folha n.º 152 do Proc. n.º 198/92

Folha n.º 157 do proc. n.º 264 do 19 92
Candida

SECRETARIA GERAL
SGM/ATA

- 58 -

surcharge on water use which is not likely to be implemented in the short run. The PMC would also gain considerably by updating the property tax (IPTU) as a result of the property value increases. The state of Paraná should agree at Loan negotiations on the establishment of a surcharge tax on water users starting in April 1994 and which should cover the expenses incurred by COMEC and SURHEMA on the management of the Curitiba waterbasin.

5.2.1.14 An unusual feature of the component is the expected impact on property tax revenues. The metropolitan area of Curitiba does have a very impressive history documented in the project files of significant revenue effects from urban environmental improvements. This suggests that even the optimistic estimate of the tax revenue effect of the revaluation of property may be underestimated. This conservatism is also clear from the assumption that the legal value--for tax purposes--has been assumed at only 60 percent of of past increases in property value in the component area. The risk of accepting a strong role for this source of revenue, however, is that inflation in Brazil, historically, has eroded the base, and the past administrations have been slow in compensating for it.

5.2.1.15 Affordability. Total revenues from the project are estimated at US\$193 million which represent US\$23.9 million per year, equivalent to new tariffs/taxes of about US\$43 per family. Table 5.8 below shows the impact of these new charges on household income. For the vast majority of the population (72 percent) covered by the component, the new charges due to tariffs, user fees and other taxes brought by the component represent less than 1.3% of their income. The poorest segment of the population, with less than three minimum salaries,³ comprise the remaining 28 percent of the total. They, however, face an increase in cost-of-living expenses due to the component over 1.95 percent.

Table 5.8
Project Impact on the RMC Population

Family income US\$ per year	Household of dwellings	New Charges to Income
	Number	%
below 2,210	48.021	8.65
2,210 - 3,310	107.422	19.35
3,315 - 5,525	277.354	49.69
5,525 - 6,630	66.729	12.02
6,630 - 8,840	20.707	3.73
8,840 - 11,050	29.039	5.24
More than 11,050	7.382	1.32
TOTAL	555.150	100.00

LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

³ In Brazil, a minimum is used as a measure of basic income, and functions as a determinant of poverty level. Three minimum salaries are currently equivalent to about US\$

RECIBO CENDA
SCM/ATL

5.2.2 Financial Situation of the Borrower and the Beneficiaries

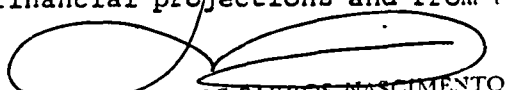
5.2.2.1 A Bank loan in the amount of US\$106.0 million to the State of Paraná will help finance the foreign costs plus local costs amounting to approximately 47.5 percent of the estimated Curitiba component. The local counterpart funds are expected to be provided as follows: SANEPAR, US\$37.2 million or 16.7 percent; PMC, US\$20.6 million or 9.2 percent; the State of Paraná, US\$29.8 million or 13.5 percent; the Federal Government, US\$28.2 million or 12.7 percent; and other municipalities, US\$1.3 million or 0.6 percent. The financial evaluation of the project institutions reveals that the project will not demand financial capabilities beyond those needed by these institutions in their investment plans. The key institutions for project financing which perform well are giving top priority to component objectives. For this reason a major portion of federal, state and municipal investment is not recovered directly from the users. SANEPAR investment is fully financed with internal cash generation and recuperated through tariffs as shown below. The state would unlend the proceeds of the Loan needed to finance the subcomponents in SANEPAR and PMC in the same terms and conditions as the Loan, including the risk of exchange. The other executing agencies will receive the needed funding from the State as grants. As the disbursement percentage from the States varies depending on the executing agency and on each subcomponent, the state should establish a compensation fund.

5.2.2.2 In recent years, the financial situation of Brazilian state water companies has been seriously affected by the country's changing economic environment, as was explained previously in para. 4.2.2.3. Additionally, the magnitude of the macroeconomic shocks, and the variation in the increases of the adjustment index have made it extremely difficult to compare financial statements line-by-line or to calculate company profitability precisely.

5.2.2.3 The financial performance of SANEPAR began to improve in 1987 with the de facto delegating to the state government the power to set tariffs. At the time, SANEPAR began to readjust its tariff rates in accordance with a financial recovery plan which had been agreed with the Bank and CEF. As a consequence, SANEPAR's financial position, improved progressively from 1986 to 1990, showing an operational margin change from 1.15 in 1987 to 0.64 for 1990, and, for this same period, cost service recovery from SANEPAR (NTL compliance) improved considerably to 1.43 in 1990. However, at the end of 1991, the indicators reflected minor downturn changes in real values in the tariff level which need additional corrections in the financial projections.

5.2.2.4 To maintain a minimum investment plan in sanitation and to counterbalance the deterioration of internal cash flow generation, SANEPAR got approvals from the State to increase tariff levels in 338.6 percent in real terms since 1986, from an average tariff of 0.14 US\$/m³ in 1986 to 0.63 in 1990. Moreover, to meet the financial requirements of the component, there are two tariff increases presently under consideration for the period from 1992-1997 to maintain a cash flow to investment ratio of 26.1 percent, including interest during construction. SANEPAR participation in its target programs is expected to be a minimum of 59.7 percent, and either of the two tariff adjustments are considered adequate.

5.2.2.5 Moreover, SANEPAR inability to make inflationary corrections on consumer bills has been partly responsible for liquidity problems, because there is no adjustment for inflation during the period between billing and the due date, or for policies which impose penalties beyond the due date. The average collection period for SANEPAR is estimated at 40 days. During Loan Negotiations, assurances would be sought from SANEPAR to reduce the accounts receivable indicator as scheduled in the component financial projections and from the state


LAURA MARIA DE BARROS NASCIMENTO
Assessora - NTL

Folha n.º 159 de proc.
n.º 204 de 19 92
Condição

Folha n.º 159 do Proc.
n.º 198/92
REGINA CENDA
SGM/ATA

- 60 -

LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

of Paraná to take all administrative and legal actions necessary to incorporate cumulative inflation adjustment to consumers bills.

5.2.2.6 The past and projected financial statements for SANEPAR are presented in Annex 13, along with the most relevant accounting procedures and the notes and assumptions for the forecast. The target financial and operating ratios developed during appraisal are summarized as monitoring indicators for the component and constitute the basis for annual project reviews. Agreement on these indexes should be obtained during Loan Negotiations.

5.2.2.7 The budget forecast for period 1992-1997 for the state of Paraná (Annex 30) is based on a conservative yearly revenue rate of increase, where the ICMS tax collected by the state is the most important source of income (more than 60 percent of State income). The State finances for 1990 and projections to the end of 1991 are balanced and there is a clear tendency to improve State government efficiency and expense reduction. Moreover, since Paraná State counterpart funds to the Curitiba component are relatively small in comparison to the State government projected budget, there is not a foreseeable problem for them to meet their commitment.

5.2.2.8 The finances of the PMC are balanced. Programs to further improve its cadastre and increase tax collection are underway. Municipal contribution to the project is considered small in comparison to its budget and no foreseeable problem is envisaged to meet their commitment.

5.2.2.9 The Federal government guarantee is backed with real guarantees by the Paraná State government. Monetary exchange rate risks are taken for each of the executing entities in cases of Loan repayment.

5.2.3 The Poverty Aspect

5.2.3.1 Table 5.8 shows that about 28 percent of the population living in the project area, including a population of about 155,000 are members of families with earnings lower than the Bank's threshold for poverty of three minimum salaries. This figure is, however, misleading when applied to this project--to the extent that in the project area, as much as 78 percent of the population is poor, earning an average of four minimum salaries.

5.2.4 The Environmental Impact

5.2.4.1 The project will significantly improve environmental conditions in the component area. All subcomponents are designed to upgrade the deteriorated conditions existing in the area, especially in relation to water resources, and to set up efficient environmental management for the future. The project will help extend sewerage and build eight sewage treatment plants, expanding sewerage coverage in RMC from 43 percent to 65 percent of its population, and treatment coverage from 23 percent to 65 percent of total effluents. Solid waste collection and disposal will be substantially improved in the marginal areas of the RMC. Hospital waste will be incinerated. Drainage works will help protect and upgrade flood plains which will become valuable for future urban development. The component puts special emphasis on water and soil conservation practices, including natural vegetation and reforestation. As a consequence of the project, new recreation alternatives will be open in the downtown area of the city. As a compounded result of all of the above sectoral actions, the project will help substantially upgrade water quality in the Iguaçu River, making possible the use of river water for human consumption. (The River passes from category 3 to category 2 in Brazilian standards.) Finally, the component provides for environmental data gathering, community environmental education, community

Folha n.º 160 de proc. 155 do P.P. 155
 n.º 264
 - 61 - Condição Folha n.º 155 do P.P. 155
 n.º 198/92
 155 do P.P. 155
 155 do P.P. 155

participation--specifically prominent NGOs, and the creation of a waterbasin management unit.

5.2.4.2 The component is carefully designed to prevent potentially negative impacts on the environment which may result from: (a) resettlement of 1,400 families living in favelas or flood plains; (b) construction of an impounding reservoir, flooding 15 sq kms; (c) installation of a sanitary landfill; and (d) construction of 15 kms of canal and parks in the city. An engineering design for resettlement, which is now being prepared, will be submitted at Loan Negotiations. In addition, the State of Paraná should provide, during Loan Negotiations, assurances for timely funding for the construction of houses. The required infrastructure of these housing projects will be financed under the component (para. 5.1.3.5 and Annex 24). The environmental consequences of the dam were investigated carefully and detailed studies will be carried out. During component preparation, the Bank reviewed with SANEPAR, the Bank's policies for dam and reservoir projects, as well as the policies and laws of the Federal and State governments. During Loan Negotiations, assurances should be obtained from the State of Paraná that prior to construction of the dam, the component unit should submit to the Bank satisfactory evidence of compliance with the Bank's guidelines on dam safety. Aspects mentioned in (c) and (d) will be thoroughly analyzed in the RIMA.

5.2.4.3 To assess the project's environmental impact, the companies are required by Federal Law (Resolution C01, January 23, 1986) to prepare environmental impact reports (RIMAs) following State guidelines and approved by the State environmental agency, SUREMA. The State guidelines, which are quite elaborate for diagnostic purposes, are complemented by Bank guidelines, which are more detailed in view of developing and evaluating options and making recommendations. The EIA/RIMA--prepared by GEOTECNICA under terms of reference satisfactory to the Bank--has been approved. A summary of the EIA/RIMA has been distributed to the Board (Annex 32). A subcomponent to become eligible for Bank financing should demonstrate the compliance with EIA/RIMA requirements. Furthermore, the monitoring of environmental impact will be carved out with the indicators of Annex 34.

5.2.5 Policy Implications

5.2.5.1 The component is designed to have major implications on both institutions and policy instruments. In relation to institutions, the component addresses the shortcomings resulting from confronting water pollution issues from the perspective of a single sector, viz., water. The component changes this single sector orientation and provides for institutional integration based on waterbasin boundaries. With respect to policy instruments, the project provides for extensive studies, equipment and other facilities to strengthen the water pollution monitoring and control system in the RMC. During component preparation, discussions were held on cost recovery instruments in order to broaden the existing options which are somewhat inflexible. Although some new instruments were identified, the component's cost recovery burden is placed only on the project beneficiaries, through existing tariffs and taxes, except for park revenues. No attempt has been made to introduce changes to other beneficiaries, such as the population outside the component area, who will also largely benefit from the improved environment. Moreover, industrial and agricultural producers are not contributing for these cost recovery effects. Municipalities are usually slow in revising legal property values, and, therefore, potential IPTU revenues may depreciate by the time they are actually implemented.

5.3 Implementation of the Curitiba Metropolitan Component

5.3.1 Main Implementation Features


 LAURA MARIA DE BARROS NASCIMENTO
 Assessora - S.G.M. - A.T.L.

Folha n.º 161	de proc. 522
n.º 264	do 156 do Proc.
Condade	Folha n.º 198/92
	804/93

RECEBIDA GEND
BCH/ATL

- 62 -

LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

5.3.1.1 The component will be implemented during 1992-1997 and is expected to be completed by March 31, 1997. It includes a variety of subcomponents that have been appraised on the basis of feasibility studies and basic engineering designs. These have been found satisfactory. Agreement should be sought during Loan Negotiations that prior to any Loan disbursement for a subproject, such subproject should meet the eligibility criteria listed in Annex 21.

5.3.1.2 The component contains surveys, data collection and studies, training and technical assistance and the design of policies aimed at the creation of a waterbasin management unit. All of these studies are to be carried out by consultants under the supervision of the UGP-PR. As most of the studies lie within the purview of waterbasin operation and management, which is critical for the achievement of Project objectives, these actions are scheduled to take place in the first two years of Project implementation. At the end of two-year period, by March 1994, a mid-term component review should take place to examine progress made, assess the relevance of all component objectives and actions and, if necessary, recommend revisions. In addition, two workshops will be held for the purpose of orientation and explanation of Bank procedures; the first not later than two months after loan signature, and the second during 1995. During Loan Negotiations, agreement should be sought on the above mid-term review and as well as on the workshops. A detailed description and the schedule for the waterbasin management subcomponent, including studies, technical assistance and operation and management of the water system are in Annex 37. Detailed implementation schedules, which are compatible with the performance capabilities of the executing agencies, annual investments and structure of component costs by works, equipment and materials and consultant services are in Annexes 33, 26 and 28, respectively. In order to ensure an efficient and timely implementation, the UGP-PR will enter into contract with consultants.

5.3.1.3 As the Loan Agreement would be signed between the State and the Bank, subsidiary agreements and onlending contracts will be signed by the state and each executing agency and will contain signed copies of a schedule to the Loan Agreement which spells out the rights and obligations of each party under the component. This signing of the subsidiary agreements, as well as the contract between the State and the financial agent, and the agreement of the State-Federal Government in reference with the component's federal funding, should be signed prior to Loan effectiveness. Because it would be necessary to use advanced contracting or retroactive financing during a period in 1992 when the Loan would not be effective, the executing agency user of these Project facilities should sign, prior to use, the corresponding subsidiary agreement. Bank missions have already discussed preliminary draft documents with the borrower. During Loan negotiations, agreement should be sought on draft versions of all the above documents. Annex 29 contains the Project's organizational structure and Annex 30 shows the Project documents.

5.3.1.4 Bank resources will flow from the Central Bank of Brazil to the Paraná State Bank (BANESTADO), which will also receive counterpart funds from the Federal Government and the state. All counterpart funds will be in turn transferred to executing agencies upon formal requests from the UGP-PR. Annex 30 shows the Project's flow of funds.

5.3.2 Supervision

5.3.2.1 Supervision of each subcomponent will be carried out by the executing agencies assisted by consultants and under the overall supervision and control of the UGP-PR. The unit will be assisted by consultants which would be financed under the Loan. During Loan Negotiations, agreement should be sought on the Terms of Reference for the consultants and that those consultants will be hired prior to Loan Effectiveness. In addition, during component preparation, the

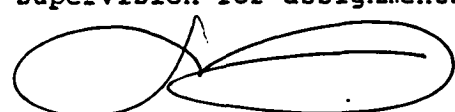
borrower has prepared Component Implementation Guidelines (*Manual de Operações*). A final document of the above guidelines should be agreed upon during Loan Negotiations. As the above arrangements would permit a reasonable efficiency of component supervision, Bank supervision may be maintained at a reasonable level and concentrated on the development of studies related to the waterbasin rehabilitation, and on the critical and innovative components such as urban rehabilitation and slum resettlement. Despite the above idea, the component, because of its innovative character and complex integration of activities, will require more than customary supervision by the Bank.

5.3.3 Reporting and Monitoring

5.3.3.1 Progress reports, with the format described in the Implementation Guidelines, will describe and compare actual achievements to appraisal projections, review the compliance with the monitoring indicators detailed in Annex 34, and provide a critical assessment of problems and issues arising during component execution. They will also propose adjustments and remedial actions in case of unsatisfactory progress. The monitoring indicators cover three aspects of the project: (i) advance of the implementation of selected subcomponents; (ii) financial indicators of SABESP; and (iii) monitoring indicators of the environment. During Loan Negotiations, agreement will be sought with the borrower on the monitoring indicators shown in Annex 34. In addition, at Loan Negotiations, agreement will be reached with the Borrower to ensure that: (i) progress reports will be submitted to the Bank by March 31 and September 30 of each year; and (ii) a final report analyzing the component's key issues and containing a retrospective assessment of component implementation from the borrower's own perspective, will be submitted to the Bank no later than six months after the loan closing date.

5.3.4 Procurement

5.3.4.1 Civil works would represent about 72 percent of the total component cost, equipment and materials about 17.5 percent, and, consultant services, including (a) studies, (b) technical assistance, (c) completion of engineering designs, (d) component supervision and management, about 10.5 percent. All contracts for equipment and materials estimated to cost less than the equivalent of US\$250,000 and for civil works, estimated at less than the equivalent of US\$5.0 million, will be procured on the basis of local competitive bidding procedures and nationally advertized, which ensure adequate competition and have been found satisfactory to the bank. The project agencies have the capabilities to handle adequately the procurement processed required by the project. In addition, the UGP-PR has been staffed with a procurement officer. Foreign firms will be allowed to participate in the bidding. Above these limits, procurement will be carried out following Bank guidelines on the basis of ICB. Under these assumptions, 55 percent of works and materials will be procured under ICB. Component costs by procurement method are presented in Table 5.9. Annex 35 lists a preliminary packaging for bidding purposes. Draft bidding documents and contracts for civil works and services under ICB and LCB are under preparation. A final agreement on such documents should be obtained during Loan Negotiations. Engineering, component supervision and technical studies will be procured in accordance with the Bank's guidelines for the use of consultants (August 1981). Foreign, as well as local consultants will be requested to submit proposals. A draft Letter of Invitation and contract for consultant services is under preparation and will be agreed upon during Loan Negotiations. Local procedures will be used for hiring consultants under terms of reference satisfactory to the Bank for engineering designs and project supervision for assignments amounting to less than US\$100,000 equivalent.



LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.

Folha n.º 158 de Proc. 108/92
 n.º 264 de 1992
 Conciliação
 RECIN
 SCH/ATA

- 64 -

LAURA MARIA DE BARROS NASCIMENTO
 Assessora - S.G.M. - A.T.L.

Table 5.9
Project Cost by Procurement Method
Curitiba
(US\$ million)

Project Elements	ICB	LCB	Other	Total
Civil Works	\$103.20 (37.6)	\$57.50 (36.3)	--	\$160.70 (73.9)
Equipment and Material	\$17.20 (13.4)	\$12.80 (5.8)	--	\$30.00 (19.2)
Engineering Technical Assistance and Training	--	--	\$32.50 (12.9)	\$32.50 (12.9)
Total	\$120.40 (51.0)	\$70.30 (42.1)	\$32.40 (12.9)	\$223.20 (106)

() Bank Loan.

5.3.4.2 All procurement under ICB will be subject to the Bank's prior review of advertising, bidding documents, bid evaluation, and contract awards. In the interest of expediting component execution, all procurement under LCB will be subject to ex-post review by sampling. However, in order to ensure that adequate procurement procedures are followed, the Bank will review and approve, irrespective of the amount, the first two contracts under LCB for goods and for works. If the Bank detects in the review that procurement is inconsistent with agreed procedures, no expenditures for such items will be financed out of the proceeds of the loan and the Bank may cancel an equivalent amount of the loan.

5.3.5 Disbursements

5.3.5.1 The loan will be disbursed as follows: (i) 100 percent of foreign expenditures for imported equipment and materials; (ii) 41 percent of local expenditures for civil works, equipment and materials; (iii) 100 percent of expenditures for services of foreign consultants; and (iv) 85 percent of expenditures for services of consultants with offices in Brazil. In order to expedite component execution, two Special Accounts in the amounts of US\$8 million and US\$2 million, respectively, will be established in the Banco Central do Brazil and in a commercial bank abroad, acceptable to the Bank, to cover local and foreign currency expenditures, respectively. Loan disbursements against civil works contracts below the equivalent of US\$3 million and for goods equivalent to US\$250,000, will be made under the Statements of Expenditure procedure prepared and certified by the component unit. Detailed documentation will be retained by the component unit for inspection during supervision missions and for audit by the external auditors. No force account works are envisaged. The estimated schedule of disbursements (Annex 36) provides for loan disbursement over six years. The closing date will be September 30, 1997.

5.3.6 Advanced Contracting and Retroactive Financing

5.3.6.1 The loan will finance works to be carried out during the period 1992-1997. Investments in water resources development and resettlement, and expenditures for consultants services must commence in the second semester of

Folha n.º 364 de proc. n.º 364 do 1º 92

- 65 -

Folha n.º 159 do 1º 92

n.º 198/92

REGINA FERREIRA

SGH/ATL

1992 to permit full implementation in late 1993. In view of these needs, the component would provide for the following: (i) advanced contracting as of March 1, 1992, and amounting to US\$30 million, and (ii) retroactive financing as of the same date, and amounting to US\$10 million. Advance contracting and retroactive financing will be subject to the following: (i) the UGP-PR fully staffed and Subsidiary Agreements between UGP-PR and the executing agencies signed; and (ii) the Bank procurement guidelines should have been followed. Assurances on (i) and (ii) above should be obtained during Loan Negotiations.

5.3.7 Auditing

5.3.7.1 During Loan Negotiations, agreement should be obtained that an external audit of project accounts and statement of expenses of the UGP-SP and the Special Account should be done. In addition, all executing agencies should submit audited financial statements to UGP-SP to be forwarded to the Bank. Assurances should also be obtained that the audit reports of the previous year will be submitted to the Bank every year by June 30th at the latest.

5.3.8 Management of the Waterbasin

5.3.8.1 The responsibility for managing the Alto Iguaçu waterbasin, which practically coincides with the Curitiba Metropolitan Area, would be of COMEC which is a metropolitan institution in charge of the planning and coordination of all programs in such areas. COMEC is an autarchy supervised by a Board where all the metropolitan municipalities are represented, and under the *Secretaria de Desenvolvimento Urbano (SEDU)*. COMEC, in order to be able to discharge the responsibility to be assigned, needs to have the following elements available: (i) sectoral plans for the area; (ii) updated information systems; and (iii) institutional strengthening, including human resources, equipment and financial resources for operations. The component provides for the preparation of needed plans for drainage, water resources and appropriate use of soil and a comprehensive management information system for COMEC and SUREHMA. COMEC prepared a plan for institutional strengthening and increase of its personnel in the first two years of component implementation, which should be agreed during Loan Negotiations. Studies to be carried out under the component will determine the revenue instruments to support COMEC financially in its task of managing the waterbasin (para. 5.2.1.13). Additionally, the component includes a program for efficient involvement of the most Brazilian prominent NGOs.

5.4 Component Risks

5.4.1 The main project risk is associated with the component's innovative character and the requirement for institutional integration at the state and local level. These risks have been carefully evaluated early during component preparation and the institutions involved decided to create the UGP-PR at the State level, which will be responsible for overall supervision and coordination with the executing agencies. In turn, the executing agencies have highly qualified staff with Bank experience.

5.4.2 The needed resettlement of 1,400 families introduces another component risk. Delays in attaining the needed resettlement may affect the construction of major subcomponents. However, careful preparation has taken place to define the resettlement subcomponent; final designs should be completed by Loan Negotiations.

5.4.3 Time consuming efforts are being undertaken in the component to help introduce modern policy instruments for water pollution control. The need for such policy instruments is broadly recognized at the technical level. Political difficulties, however, could affect their implementation. Moreover, even if the

Laura Maria de Barros Nascimento
Assessor - SGM - ATL

introduction of a new policy instrument is delayed, the component will be helpful in preparing Brazilian authorities to introduce appropriate environmental technologies and cost recovery.

CHAPTER 6: THE NATIONAL COMPONENT

6.1 Objectives

6.1.1 Even though the strategy for this component would be to identify, prepare and carry out water pollution projects at the regional level, giving full responsibility for preparation, execution and management to local authorities, a transition period will be required during which the federal government will have to provide technical assistance in designing the technical and policy, e.g. monitoring, choice of treatment levels, and the required to achieve successful water pollution control in the most cost effective and equitable manner. After the above transition period, and depending on the specific strengths of each state or region, well equipped stated institutions will plan and coordinate regional or multi-state pollution control initiatives.

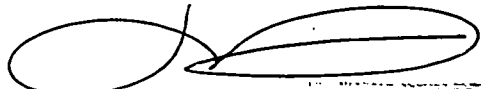
6.1.2 This component will assist the Brazilian government in setting up project preparation facilities to help start water quality and water pollution control projects in the most congested areas of Brazil not addressed by the other two components. These project preparation facilities will include, in addition to the engineering, government assistance on waterbasin management studies. Priorities are given within the component to a group of metropolitan areas and highly urbanized and industrialized areas with pressing environmental problems and where acceptable conditions of implementation and operation exists. The group of components to be financed under the Loan have been selected by MAS during project preparation from a broad list of potential subprojects in the country.

6.2 Component Description

6.2.1 The component is composed of services to carry out surveys and studies, to prepare project designs which shall include engineering and economics considerations, and the financial, institutional, legal and social aspects geared to the preparation of water pollution control projects in Manaus (State of Amazonas) and Recife (Pernambuco) metropolitan areas and in the waterbasins of Piracicaba (São Paulo), Itajai (Santa Catarina) and Mundaú-Paraíba (Alagoas). The Bank should seek agreement during Loan Negotiations on the signature of at least two subsidiary agreements with states prior to Loan Effectiveness.

6.3 Main Features of the National Component

6.3.1 The cost of this component has been estimated at US\$9 million, to be entirely financed by Loan funds. The borrower will be the federal government which would execute the component through the Sanitation Secretariat (SNS) in MAS. The beneficiaries would be the states of the respective subcomponents. The proceeds of the loan would be transferred to the beneficiary states as grants in the following estimated amounts: Piracicaba, US\$2.0 million; Itajai, US\$2.0 million, Mundaú-Paraíba, US\$1.5 million, Recife, US\$2.0 million and Manaus, US\$1.5 million. The Bank should seek agreement during Loan Negotiations on draft standard bidding documents and on standard letters of invitation for consultants. In addition, agreement should be reached (i) on the submission of semi-annual progress reports; (ii) on the preparation of satisfactory terms of


LAURA MARIA DE BARROS NASCIMENTO

reference for the subproject; and (iii) on the use of external independent auditors satisfactory to the Bank. Annex 38 contains data on this component.

6.4 Component Implementation

6.4.1 The subcomponents would be carried out by consultants to be hired by the beneficiary states. In some cases, as in the Piracicaba waterbasin, a consortium of municipalities is already developing subcomponent preparation. In such cases, the state would sign an agreement with the consortium to establish responsibilities of both parties toward the component under specific terms of reference for the tasks. During negotiations, the federal government will officially confirm the beneficiaries interest in the participation through a letter of interest for each state. The letter will indicate the executing agency for the component. This technical assistance and preparation financing component will be executed by state units or association of municipalities with the use of specialized consultants and under the guidance of a unit in the MAS and policy overseeing of the interim ministerial committee represented by MAS, the Secretariat of Environment of the Presidency, and other concerned authorities. To supervise and assist the beneficiaries the national component, the SNS agreed to establish a component unit composed of at least four full-time professionals in the areas of environmental engineering, economics, finances and law. During Loan Negotiations, agreement should be obtained on satisfactory terms of reference for the above component unit. In addition, to oversee component activities and define national policies, the MAS and the Secretaria do Meio Ambiente (SMA) or the Presidency have preliminarily agreed to set up a committee composed of SNS, SMA, IBAMA, the Departamento Nacional de Aguas e Energia Eletrica (DNAEE), Secretaria de Irrigacao do Ministerio de Agricultura and the Departamento Nacional de Planejamento do Ministerio de Economia. Annex 38 provides basic information of this component.

CHAPTER 7: AGREEMENTS AND RECOMMENDATIONS

7.1 With State of São Paulo:

7.1.1 During Loan Negotiations, the Bank should seek agreement on or receive the following documentation:

- (a) that all studies conducive to the creation of a waterbasin management unit will be completed prior to March 1994 together with a plan to start operations not later than June 30, 1994 (para. 4.1.2.3);
- (b) the establishment of a water use surcharge (para. 4.1.2.5);
- (c) timely funding for expropriations and housing projects (para.);
- (d) terms of reference for the project unit (para. 4.1.5.1), and a list of coordinators per each executing agency (para. 4.1.5.2);
- (e) draft terms of reference of all studies to be carried out under the project (paras. 4.1.6.1 and 4.3.8.1);
- (f) final designs representing in the aggregate 20 percent of total project cost (para. 4.1.6.1);


LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - ATL

- 68 -

- (g) final draft documents for the Project institutional agreements (para. 4.1.6.1), and concession agreement between ELETROPAULO and SMA-SP (para. 4.1.6.1);
- (h) designs for resettlement (para. 4.1.6.2);
- (i) final draft standard procurement documents and standard letters of invitation for consultants (paras. 4.2.1.2 and 4.3.4);
- (j) connection of industries to the sewerage system (para. 4.2.1.2);
- (k) plan to lower receivable indicator, adjustments on tariffs and to incorporate inflation adjustment on consumer bills (para. 4.2.2.6);
- (l) monitoring indicators (paras. 4.2.2.7 and 4.3.3);
- (m) eligibility criteria for subprojects (para. 4.3.1.1);
- (n) mid-term review and workshops (para. 4.3.1.2);
- (o) draft Project agreement (para. 4.3.1.3) and (terms of reference for management consultants (para. 4.3.2);
- (p) project operational guidelines (para. 4.3.2);
- (q) progress reports and PCR (para. 4.3.3); and
- (r) audit (para. 4.3.7).

7.1.2 Prior to Loan Effectiveness, the Borrower should:

- (a) have signed all Project institutional agreements (para. 4.3.1.3); and
- (b) have hired the management consultants (para. 4.3.2).

7.1.3 Prior to incurring retroactive expenses, the Borrower should:

- (a) fully staff the project unit (paras. 4.1.5.1 and 4.3.6);
- (b) formalize the *Protocolo de Intenções* should be signed (para. 4.3.1.3); and

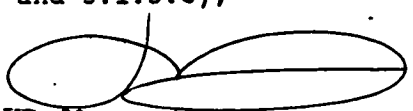
7.1.4 Prior to disbursement against an individual subproject, the Borrower should:

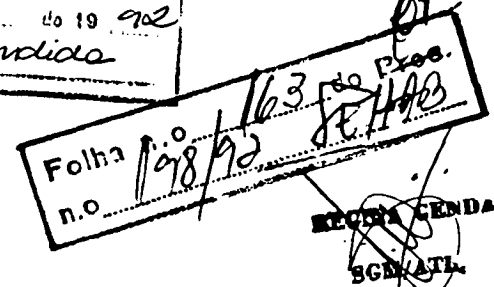
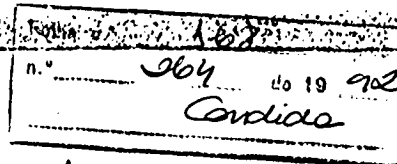
submit evidence to the Bank of the subproject compliance with the eligibility criteria (para. 4.3.1.1)

7.2 With the State of Paraná:

7.2.1 During Loan Negotiations, the Bank should seek agreement on or should receive the following documentation:

- (a) timely funding for the required expropriations and housing projects (paras. 5.1.3.5 and 5.1.3.6);


LAURA MARIA DE BARROS NASCIMENTO
Assessoria - S.G.M. - A.T.L.

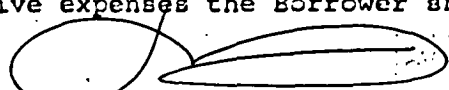


- (b) final designs for resettling the first 700 families (para. 5.1.3.5);
- (c) evidence of completion of legal actions for expropriation (para. 5.1.3.5);
- (d) terms of reference for the project unit (para. 5.1.5.1);
- (e) on the Coordinators for each executing agency (para. 5.1.5.2);
- (d) draft terms of reference of all studies to be carried out under the project (para. 5.1.6);
- (f) final designs representing, in the aggregate, 20 percent of the total project cost (para. 5.1.6.1);
- (g) final draft documents for the Project institutional agreements (paras. 5.1.6 and 5.3.1.3);
- (h) designs for resettlement of 700 families (paras. 5.2.4.2 and 5.1.3.5);
- (i) final draft standard procurement documents and standard letter of invitation for consultants (para. 5.1.6 and 5.3.4.1);
- (j) on the establishment of a water use surcharge (para. 5.2.4.1.13);
- (k) the use of dam safety guidelines for the subproject of Irai dam (para. 5.2.4.2);
- (l) plan to lower receivable indicator, adjustments on tariffs and to incorporate inflation adjustment on consumer bills (para. 5.2.2.5);
- (m) eligibility criteria for subprojects (para. 5.3.1.1);
- (n) mid-term review and workshops (para. 5.3.1.2);
- (o) terms of reference for management consultants (para. 5.3.2);
- (p) project operational guidelines (para. 5.3.2);
- (q) monitoring indicators (para. 5.3.3);
- (r) progress reports and PCR (para. 5.3.3)
- (s) audit (para. 5.3.7); and
- (t) the institutional strengthening of COMEC (para. 5.3.8.1).

7.2.2 Prior to Loan Effectiveness the Borrower should:

- (a) have signed all Project institutional agreements (para. 5.3.1.3);
- (b) have hired the UGP-PR consultants (para. 5.3.2).

7.2.3 Prior to incurring retroactive expenses the Borrower should:


LAURA MARIA DE BARROS NASCIMENTO

Folha n.º 169 1720 proc.
n.º 264 da 19ª
Candida

Folha n.º 169 1720 proc.
n.º 264 da 19ª
Candida

RECIBO

- (a) fully staff the project unit (para. 5.3.6 and 5.1.5.1); and
- (b) formalize the *Protocolo de Intenções* (para. 5.3.1.3 and 5.3.6);

7.2.4 Prior to disbursement of Loan funds to an individual subproject the Borrower should:

submit evidence to the Bank of the subproject compliance with the eligibility criteria (para. 5.3.1.1).

7.2.5 Prior to disbursement of Loan funds to the subproject including the construction of the Irai dam, the Borrower should submit evidence of compliance with Bank's guidelines on dam safety.

7.2.6 The Federative Republic of Brazil should submit at Loan Negotiation:

- (a) letters of interest for the state's participation in the National Component (para. 6.4.1); and
- (b) satisfactory TORs for the project unit at MAS (para. 6.4.2).

7.2.7 Prior to Loan effectiveness the Borrower should fully staff the project unit at MAS (para. 6.4.2).

Subject to the above conditions, the proposed project is suitable for the following Bank loans:

- (a) Loan of US\$108 million equivalent to the State of São Paulo;
- (b) Loan of US\$106 million equivalent to the State of Paraná; and
- (c) Loan of US\$9 million equivalent to the Federative Republic of Brazil.

7.3 With the Federative Republic of Brazil:

7.3.1 During Loan Negotiations, the Bank should seek agreement on or should receive the following documentation:

- (a) bidding documents (para. 6.3.1);
- (b) submission of progress reports (para. 6.3.1);
- (c) terms of reference for the studies (para. 6.3.1); and
- (d) audit (para. 6.3.1).

7.3.2 Prior to Loan Effectiveness the Borrower should sign at least two subsidiary agreements with the states.

All of the above loans to be repaid over a period of 15 years, including a five-year grace period, at the Bank's standard variable rate. Advanced contracting for up to US\$30 million for each (a) and (b) loans and retroactive financing for up to US\$10 million for each (a) and (b) loans for expenditures incurred after March 1, 1992, would also be recommended (paras. 4.3.6 and 5.3.6).

30

LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.



PREFEITURA DO MUNICÍPIO DE SÃO PAULO

Folha n.º 474 de proc.
n.º 264 de 12 92
Candida

Papel para informação, rubricado como folha n.º 168

d.o. ofício n.º 198/SEHAB-D/92 de 19 28 07/ 92 (a)

ATL

DRA. LAURA M. B. NASCIMENTO

Com referência aos valores expressos em dólar que constou na minuta do Projeto de Lei e Anexos, temos a informar o seguinte:

US\$ 1.00 = Cr\$ 4.061,85 (dólar livre em 28/07/92)

Assim nesta data a equivalência é a seguinte:

ARTIGO 2 US\$ 32.000.000 equivale a Cr\$ 129.972.200.000,00

ARTIGO 3 US\$ 3.500.000 equivale a Cr\$ 14.216.475.000,00

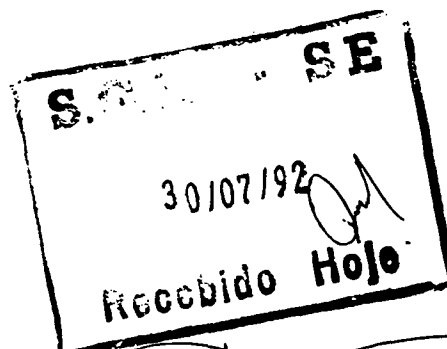
ANEXO I US\$ 27.700.000 equivale a Cr\$ 112.513.245.000,00

ANEXO II US\$ 22.100.000 equivale a Cr\$ 114.137.985.000,00

DECOR.27 de Julho de 1992

Helio C. Rocha Mattos

HELIO ALBERTO ROCHA MATTOS
Diretor Depto DECOR/SEMPLA



LAURA MARIA DE BARROS NASCIMENTO
Assessora - S.G.M. - A.T.L.



CÂMARA MUNICIPAL DE SÃO PAULO

Papel para informação, rubricado como folha nº.....

265

do processo nº 264 de 19 92 14, 08, 92 (a)

Condida

Sobre o assunto, nada consta.
em 14.08.92

MARIA LUIZ AREIAS DE CARVALHO

À Douta Comissão de
Constituição e Justiça;
Em 18/08/92

LUIZ AREIAS DE CARVALHO
Assessor Técnico Leg. Cheta-
A. T. M.

Recebido na Comissão de
Constituição e Justiça
Em 18/08/92 às 16:30 hs.

Ao Nobre Vereador
para relatar.

Valfredo Ferreira

Sala da Comissão de Constituição e Justiça
em 21 de agosto de 1992

[Signature]
Presidente

SEGUE juntado nesta data, documento e papel para informação, rubricado

sob folha nº 266

Em 02, 09, 92

@

(a)



Câmara Municipal de São Paulo

Senhor Presidente da Comissão de Constituição e Justiça

Folha n.º 266 do proc.
N.º 264 de 1992
O funcionário

Tendo em vista a necessidade de maiores estudos da matéria, solicito a V.Exa. a prorrogação de prazo para emissão de parecer desta Comissão, conforme disposto no art. 63, "caput", do Regimento Interno.

Em, 02/09/92.

Ver.

Relator

DEFERIDO

Ver. HENRIQUE PACHECO

Presidente da C.C.J.

CAMARA MUNICIPAL DE SÃO PAULO

SEGUE, Justado nesta data ^{por} para informação _{documento}, rubricado sob

folha n. 27/270 104/08/92 a) @



Câmara Municipal de São Paulo

PARECER
1082/92

Folha n.º 267 do proc
N.º 264 de 1992
O funcionário *E. P.*

DA COMISSÃO DE CONSTITUIÇÃO E
JUSTIÇA SOBRE O PROJETO DE LEI 264/92.

PUBLIQUE-SE EM

14/07/92

A Sra. Prefeita Municipal, no uso de suas atribuições legais, encaminhou a esta Casa o presente projeto de lei nº 264/92, objetivando obter a indispensável autorização legislativa para celebrar convênio e contrair empréstimo junto ao Governo do Estado de São Paulo até o valor equivalente a US\$ 32.000.000,00 (trinta e dois milhões de dólares americanos), visando a realização conjunta do "Programa de Recuperação Urbana e Saneamento Ambiental da Bacia do Guarapiranga".

Conforme informa a Exposição de Motivos, o presente projeto é fruto do Protocolo de Intenções celebrado em 8 de abril p. passado, entre o Governo do Estado de São Paulo, e os Municípios de São Paulo, Embu, Embu-Guaçu e Itapeverica da Serra, "para desenvolvimento de ações conjuntas, de forma integrada, que têm por objeto estudos e trabalhos para a execução do Programa de Saneamento Ambiental da Bacia do Guarapiranga, na Região Metropolitana de São Paulo, que servirá de base para a celebração dos instrumentos legais necessários."

Para financiar a execução do referido Programa, o Governo do Estado de São Paulo contratará financiamento junto ao Banco Mundial - BIRD, repassando ao Município de São Paulo US\$ 28.000.000,00 (vinte e oito milhões de dólares americanos) dessa operação, em idênticas condições, respeitadas as mesmas taxas de juros e a mesma comissão, e US\$ 4.000.000,00 (quatro milhões de dólares americanos) a fundo perdido.

A esses recursos serão acrescidos US\$ 28.000.000,00 (vinte e oito milhões de dólares americanos) de recursos próprios da P.M.S.P..

O programa foi aprovado pelo Conselho Estadual do Meio Ambiente - CONSEMA e devidamente autorizado pela Lei Estadual nº 7.863, de 3 de junho de 1982.

O art. 1º da propositura autoriza o Executivo a celebrar o convênio com o Governo do Estado de São Paulo, e o art. 2º autoriza a contratação do empréstimo junto ao mesmo Governo, sendo que o § 1º desse artigo vincula os recursos da referida operação de crédito à utilização exclusiva no programa de recuperação da bacia do Guarapiranga.

O § 2º do indigitado art. 2º oferece como garantia do empréstimo a caução dos direitos e créditos relativos a cotas ou parcelas do Fundo de Participação dos Municípios de que trata a alínea "b" do inciso I do artigo 159 da Constituição Federal.

Com relação à prestação de garantias dessa espécie, pelo Poder Público, quando da contratação de em-

LA BANC



Câmara Municipal de São Paulo

Folha n.º 268 do proc
N.º 264 de 19 92
o funcionário

préstimos, tem-se questionado a sua constitucionalidade.

Em parecer da lavra do eminente Professor Celso Antonio Bandeira de Mello, publicado na Revista de Direito Público, volume 92 - pag. 62, respondendo a consulta formulada pela P.M.S.P. a respeito da constitucionalidade das Leis 8.634/77 e 9.232/81, que autorizaram a Prefeitura a contratar financiamentos com garantia de valores futuros das parcelas do ICM pertencentes ao Município, conclui o Ilustre parecerista pela inconstitucionalidade de tais vinculações, em garantia de empréstimos, das cotas de participação do Município no ICM.

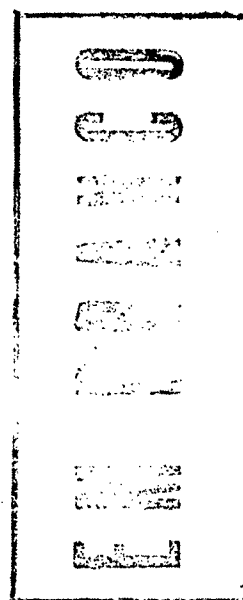
Sustenta o prestigiado administrativista, em síntese, que tais garantias ferem a Constituição porque o Município, assim procedendo, "demite-se de um poder insuscetível de ser transacionado: o poder de assumir aquilo que a Constituição decidiu que teria de pertencer-lhe: cotas parte do ICM" (ou do F.P.M. neste caso). Demonstra, o insigne parecerista, que o Poder Público Municipal, ao prestar garantia através da cessão de direitos relativos a essas cotas, sequer chega a ter tais importâncias ingresando nos cofres municipais, não chega a se investir nelas, configurando-se, assim, verdadeira renúncia de receita, fato esse que ofende a Constituição, uma vez que o Município não pode abrir mão de receita que lhe foi constitucionalmente atribuída.

Entende, ainda, o Prof. Celso Antonio, que tais garantias prestadas pelo Município ferem o art. 100 e parágrafos da C.F., que estabelecem a forma específica de satisfação de créditos contra a Fazenda Pública, através da ordem de apresentação dos precatórios. A prestação de tais garantias constituem outorgar preferência a um credor, em detrimento dos demais, ofendendo o propósito constitucional de garantir tratamento igualitário a todos os credores insatisfeitos.

Sem embargo da excelência dos argumentos alinhados pelo ilustre jurista, entendemos que a questão não deve ser colocada nesses termos.

Com efeito, o Município para a realização de um programa de tal envergadura, como o é o de saneamento ambiental da bacia do Guarapiranga, não dispõe de recursos próprios, necessitando contrair empréstimos que possibilitem a realização das obras.

Como adverte Geraldo Ataliba, citado por Hely Lopes Meirelles no volume VII de seu "Estudos e Pareceres de Direito Público", edição de 1983, pág. 290, "O crédito público tem o mesmo fundamento que o privado. Só empresta ao Poder Público quem nele tem confiança. Só sabendo que o Estado (em sentido amplo: União, Estado-Membro e Município) pode cumprir seus compromissos e quer fazê-lo é que as pessoas lhe emprestam dinheiro. Seu fundamento está, pois, na confiança objetiva e subjetiva que os mutuantes depositam na Administração Pública, só e exclusivamente".





Câmara Municipal de São Paulo

Folha n.º 269 do proc
N.º 264 de 9 92
Funcionário

Realmente, todo aquele que pretender um empréstimo deve prestar alguma garantia de pagamento da dívida contraída, e as pessoas jurídicas de direito público também não fogem a essa regra.

Tanto é assim, que a própria Lei Estadual nº 7.873, de 3 de junho de 1982, que autorizou o Poder Executivo Estadual a contrair financiamento junto ao BIRD, cujos recursos deverão ser repassados ao Município de São Paulo para execução do referido Programa de Saneamento, dispõe em seu art. 2º:

"Art. 2º - A operação de crédito será garantida pela República Federativa do Brasil.

§ 1º - Para obter o aval da União com vistas à operação de crédito de que trata esta lei, fica autorizado o Poder Executivo a prestar contragarantia ao Tesouro Nacional.

§ 2º - A contragarantia de que trata o parágrafo anterior recairá sobre os direitos e créditos relativos a cotas ou parcelas da participação do Estado na arrecadação da União, na forma do disposto no art. 159, inciso I, letra "a", e II da Constituição Federal ou resultantes de tais quotas e parcelas, transferíveis de acordo com o preceituado na mesma Constituição, respeitada sua vinculação a aplicação especial quando for o caso."

Tratando desse tema, no parecer supra referido, o mestre Hely Lopes Meirelles sustenta inexistir óbice constitucional ou legal a essa destinação de cotas do F.P.M. em garantia de empréstimos.

Defende o saudoso jurista que o Município, ao praticar operações desse tipo, está exercendo sua autonomia financeira, dispondo como lhe convém sua receita e, citando Assis Ribeiro, entende que a "fixação de garantia, através de impostos, não significa mais vinculação destes, como se hipoteca existisse, pois apenas expressa que o orçamento terá dotação própria para fazer face à obrigação resultante do empréstimo".

Alie-se a esses argumentos o dado de que, em nosso Município, a participação das transferências referentes ao Fundo de Participação dos Municípios - F.P.M. tem pouca importância na receita municipal, tendo representado no exercício de 1991 a percentagem de 0,37% (trinta e sete décimos por cento) em relação à receita orçamentária total.

Por todo o exposto, não vemos óbice ao parágrafo 2º do art. 2º do projeto, que autoriza a caução dos direitos e créditos relativos a cotas do F.P.M. para garantia do empréstimo a ser contraído junto ao Governo Estadual.

Com relação ao art. 3º da propositura, que autoriza o Poder Executivo a abrir crédito adicional especial, para 1992, com inclusão no orçamento vigente, até o montante de US\$ 3.500.000,00 (três milhões e quinhentos

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED



Câmara Municipal de São Paulo

Folha n.º 270 do proc.
N.º 264 de 19 92
O Sumário

mil dólares americanos), entendemos deua ser dada nova redação ao dispositivo, a fim de que o crédito a ser aberto seja expresso em cruzeiros, uma vez que a peça orçamentária só pode representar valores em moeda nacional, e esteja sujeito às regras de atualização previstas nos arts. 17 e 18 da lei orçamentária do presente exercício. Tal redação em nada prejudicará o objetivado pelo projeto, pois o valor a preços de junho de 1991, seguindo a sistemática orçamentária, equivale aos US\$ 3.500.000,00 (três milhões e quinhentos mil dólares americanos). Nesse sentido apresentaremos emenda modificativa ao art. 32 da propositura.

Cumpra ressaltar, por fim, que o projeto, em razão de sua matéria, depende do voto favorável da maioria absoluta dos membros da Câmara, na forma do disposto no art. 40, § 3º, inciso XIII da L.O.M..

A matéria encontra amparo nos arts. 13, incisos V e XV; 60, I e XIV, e 180, todos da L.O.M.

Pela Constitucionalidade e Legalidade.

EMENDA

~~EMENDA~~ ~~222 AO PROJETO DE LEI 264/92~~

Redija-se assim o art. 32:

"Art. 32 - O Poder Executivo fica autorizado, para 1992, a abrir crédito adicional especial, a preços de junho de 1991, até o montante de Cr\$ 1.041.667.000,00 (um bilhão, quarenta e um milhões e seiscentos e setenta e sete mil cruzeiros), a ser atualizado conforme os artigos 17 e 18 da lei orçamentária, equivalentes naquela data a US\$ 3.500.000,00 (três milhões e quinhentos mil dólares americanos), com a inclusão no Orçamento vigente do projeto "Programa de Recuperação Urbana e Saneamento Ambiental da Bacia do Guarapiranga", conforme dados constantes dos Anexos integrantes desta lei."

Sala da Comissão de Constituição e Justiça, em 04.09.92.

- Presidente

Uniforo Kamy

[Signature]

[Signature]

Publicado no DIÁRIO OFICIAL
 de 15 / 09 / 19 92
 página 48 coluna 1ª/2ª
 conferido: *(assinatura)*

À Douta Comissão de
 Política Urbana, Metropolitana
 e Meio Ambiente
 Em, 15 / 09 / 92

(assinatura)
 ÂNGELA BORDIN ANDREONI
 Secretária

Recebido na Comissão de Pol. Urbana.

Em 16/9/92 às 13:10 hs

(assinatura)
 LUIS FERNANDO B. DE ARAÚJO
 Secretário

AO NOBRE VEREADOR

PARA RELATAR.

Sala da Comissão de Política Urbana, Metropolitana
 e Meio Ambiente.

18 / 09 / 92
(assinatura)
 PRESIDENTE

CÂMARA MUNICIPAL DE SÃO PAULO

GUAR. juntados nesta data para para informação documento rubricados sob

folhas de 27/22 - 13/09/92 *(assinatura)*



Câmara Municipal de São Paulo

Folha n.º 271 do Proc.
N.º 264 de 1992
Funcionário

COMISSÃO DE POLÍTICA URBANA, METROPOLITANA E MEIO AMBIENTE

PARECER
1171/92

PARECER Nº

PROJETO DE LEI Nº 264/92

Encaminhado pelo Executivo, o presente projeto de lei tem o fito de obter a necessária autorização do Legislativo, para que o Poder Executivo possa celebrar convênio e contrair empréstimo junto ao Governo do Estado de São Paulo objetivando implementação do "Programa de Recuperação Urbana e Saneamento Ambiental da Bacia do Guarapiranga".

Este programa é resultado de um trabalho conjunto com o Governo do Estado de São Paulo e Prefeituras de Embu, Embu-Guaçu e de Itapeverica da Serra, desde maio de 1991, constituindo um conjunto integrado de obras, estudo e ações administrativas tendo por objetivo central garantir a preservação da água da Guarapiranga para abastecimento, reverter o grau de degradação da bacia e melhorar a qualidade de vida dos moradores da região.

O valor total de recursos necessários ao programa é da ordem de US\$ 262 milhões, dos quais caberá ao Município de São Paulo a responsabilidade pela importância de US\$ 59,0 milhões. Destes, US\$ 28,0 milhões serão oriundos de financiamento maior em contratação pelo governo do Estado de São Paulo junto ao BIRD - Banco Internacional para Reconstrução e Desenvolvimento, que repassará ao Município o valor citado, em idênticas condições, aí incluídas as relativas às taxas de juros e comissões, do empréstimo original. Outros US\$ 28,0 milhões serão de recursos próprios da Prefeitura de São Paulo, e o restante, US\$ 4 milhões, serão recursos a fundo perdido repassados pelo Estado.

As atividades propostas pelo Programa são:

- a) Execução de obras de melhoria e ampliação da rede coletora de esgotos sanitários existentes, através da integração de novas redes e ligações domiciliares ao sistema de reversão em operação, da ampliação deste pela construção de interceptadores, estações elevatórias e linhas de recalque da implantação de estações de tratamento;
- b) Equacionar os problemas originados pela disposição inadequada de resíduos sólidos na área de abrangência da Bacia de Guarapiranga.
- c) Reordenação do expressivo processo de urbanização na área pro-

M

PUBLIQUE-SE EM

38/10/92 / *duym*



Câmara Municipal de São Paulo

Folha no. 272 do Proc.
No 264 de 1992
Funcionário

. 2 .

grama, na qual predominam as ocupações irregulares promovidas por famílias de baixa renda, geralmente constituindo favelas desprovidas de qualquer equipamento de infra-estrutura;

- d) Instalação de parques para preservação e controle sanitário, segundo plano de uso, elaborado pela Secretaria de Estado do Meio Ambiente, e;
- e) Institucionalização dos mecanismos de gestão ambiental, adequados à manutenção e perenização dos resultados obtidos com a recuperação sanitária da Bacia do Guarapiranga.

No Município de São Paulo, em particular, conforme explicitado na Exposição de Motivos, serão realizadas as seguintes intervenções: canalização dos Córregos Rio Bonito e Rio das Pedras, recuperação da infraestrutura de loteamentos precários, urbanização de favelas, remoção e reassentamento da população moradora em áreas de risco, programa de educação ambiental, coleta seletiva de lixo, manutenção de fiscalização intensiva e integrada com o governo do Estado e cadastramento das propriedades rurais da Bacia.

Face à importância estratégica do programa para o Município de São Paulo, que envolve as condições de moradia de um milhão de nossos habitantes, o abastecimento presente de água de três milhões e potencial para suportar as necessidades de incremento de água para os próximos 20 anos, além dos aspectos positivos relativos a ecologia e o lazer, não poderíamos deixar de apor nosso aval à iniciativa. Já é tempo de se enfrentar com atitudes concretas a problemática extremamente complexa das áreas de mananciais situadas ao sul do Município.

Assim, favorável é nosso parecer.

Sala da Comissão de Política Urbana, Metropolitana e Meio Ambiente, em 28/9/92

28/9

PRESIDENTE

RELATOR

G. Ortega

DC

Em, 13/10/92

o) Institucionalização dos mecanismos de gestão ambiental, adequação dos à manutenção e perpetuação dos resultados obtidos com a recuperação sanitária da Baía de Guanabara.

No Município de São Paulo, em particular, a
 LUIS FERNANDO B. DE ARAUJO

Recebido na Comissão de

Em 14/10 as 15:00h.

Tais situações são de sua competência municipal.
 concretas a problemática extremamente complexa das áreas de man-
 nossa aval a iniciativa. Já o tempo de se enfrentar com atividades
 vos relativos a esportes e o lazer, não poderíamos deixar de apre-
 mento de água para os próximos 20 anos, além dos aspectos econô-
 tres milhões e potencial para suprir as necessidades de infor-
 não de nossos habitantes, o planejamento presente a nível de
 cipio de São Paulo, que envolve as condições de vida de
 MARIA ENZANGA CAMARGO, Secretária

100-443887-100

Ao nobre Vereador

5 anstiftochten para relator Registro nº 456 ab 01/01/2012 67 5122

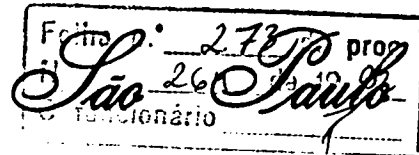
Sala da Comissao de ... Publica

Presidente

RELATOR



Câmara Municipal de



Exmo. Sr. Presidente da Comissão de Administração Pública

Solicito a V.Excia o encaminhamento ao Executivo dos quesitos abaixo, cujas respostas subsidiarão o parecer referente ao PL 264/92, que autoriza o Executivo a celebrar convênio e a contrair empréstimo junto ao Governo do Estado de São Paulo, objetivando implementação do "Programa de Recuperação Urbana e Saneamento Ambiental da Bacia do Guarapiranga."

1. Qual a razão da discrepância entre o valor total dos recursos - 59,678 milhões de dólares - registrado no sub-item "FONTES" do item "ATRIBUIÇÕES DA PREFEITURA DO MUNICÍPIO DE SÃO PAULO" do ANEXO III ao PL 264/92, e a soma dos recursos discriminados no item "USOS" do mesmo item - 58,795 milhões de dólares?

2. Por que motivo não foi incluído, no sub-item "USOS" do item "ATRIBUIÇÕES DA PREFEITURA DO MUNICÍPIO DE SÃO PAULO" do ANEXO III ao PL 264/92, o componente 2.1. "Adequação e controle ambiental do sistema de coleta, tratamento e disposição de resíduos sólidos", discriminado no quadro "PROGRAMA DE SANEAMENTO AMBIENTAL DA BACIA DO GUARAPIRANGA - EXECUTORES POR FONTE - PMSP" com o valor de US\$ 882.000 ? (Esse quadro acompanha o ofício AS/001/92, de 26/6/92, assinado por Marco Antonio Souza de Oliveira, coordenador do Programa Guarapiranga, e endereçado à Dra. Marilda Mazzini Marcondes.)

3. Que categorias de redes de infra-estrutura seriam contempladas no item "Adequação da Infraestrutura", que absorverá mais de 31 milhões de dólares, segundo a discriminação apresentada no supramencionado anexo?

Em 20/10/92

IREDE CARDOSO
Relatora

DE F I R O:

LUIZ CARLOS MOURA

Presidente da Comissão de Administração Pública.

Em 20.10.92.

264/92

À Presidência,

De ordem do Senhor Presidente da Comissão de Administração Pública para as devidas providências.

Em 22.10.92

MARIA ELIZABETH P. CAMARGO
Secretária
Comissão de Administração
Pública

Defuno
SP) 23/10/92

A Leg 3
Sporora Cte p
Por solicitação do Sr. Presidente,
para providências.
SP) 23-10-92
Diferença porcin
NILCE BUENO S. GONZALEZ
Secretaria Parlamentar
RG. 21.247

SPSUE , nesta data
documento a parte da informação
rubricado sob firma 182
Em 07/11/92





CÂMARA MUNICIPAL DE SÃO PAULO

Papel para Informação, rubricado como folha nº.....

182

do processo nº.....264..... de 19.....22, 03/11/92.....(a).....

Paulo Marcos A. de Paula
Assessor da Administração

Sr. Paulo.

Oficiar ao Executivo, solicitando informações para a comissão de Administração Pública.

27.10.92

Sônia ~~Maria~~ ~~Verzola~~
Chefe Seção Técnica IV

Sra. Chefe.

Providenciado conforme o despacho de V.Sa..

27.10.92

Paulo Marcos A. de Paula
Assistente Administrativo

SE G U E juntado nesta data, documento e papel para Informação, rubricado,

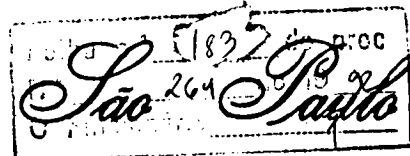
sob folha nº 183-186

Em 03/11/1992

(a)



Câmara Municipal de



São Paulo, 27 de outubro de 1992.

DT7-LEG3
OFICIO N.º 300330/92

Senhora Prefeita.

Em atenção ao requerido pela Douta Comissão de Administração Pública e nos termos do art. 68 do Regimento Interno, encaminho a Vossa Excelência cópia do despacho da referida comissão sobre o Projeto de Lei nº 264/92 de autoria desse Executivo - que autoriza o Poder Executivo a celebrar convênio e a contrair empréstimo junto ao Governo do Estado de São Paulo, objetivando implementação do "Programa de Recuperação Urbana e Saneamento Ambiental da Bacia do Guarapiranga", e dá outras providências, solicitando-lhe se digne determinar providências no sentido de que nos envie subsídios para que a referida comissão possa emitir parecer a respeito.

Valho-me da oportunidade para apresentar a Vossa Excelência os meus protestos de elevado apreço e distinta consideração.

PAULO KOBAYASHI
Presidente

Anexo: cópia xerográfica do despacho da comissão solicitante.

A Sua Excelência a Senhora
Professora Luiza Erundina de Sousa
Digníssima Prefeita do Município de São Paulo.

pmap



Câmara Municipal de São Paulo

Exmo. Sr. Presidente da Comissão de Administração Pública

Solicito a V.Excía o encaminhamento ao Executivo dos quesitos abaixo, cujas respostas subsidiarão o parecer referente ao PL 264/92, que autoriza o Executivo a celebrar convênio e a contrair empréstimo junto ao Governo do Estado de São Paulo, objetivando implementação do "Programa de Recuperação Urbana e Saneamento Ambiental da Bacia do Guarapiranga."

1. Qual a razão da discrepância entre o valor total dos recursos - 59,678 milhões de dólares - registrado no sub-item "FONTES" do item "ATRIBUIÇÕES DA PREFEITURA DO MUNICÍPIO DE SÃO PAULO" do ANEXO III ao PL 264/92, e a soma dos recursos discriminados no item "USOS" do mesmo item - 58,795 milhões de dólares?

2. Por que motivo não foi incluído, no sub-item "USOS" do item "ATRIBUIÇÕES DA PREFEITURA DO MUNICÍPIO DE SÃO PAULO" do ANEXO III ao PL 264/92, o componente 2.1 "Adequação e controle ambiental do sistema de coleta, tratamento e disposição de resíduos sólidos", discriminado no quadro "PROGRAMA DE SANEAMENTO AMBIENTAL DA BACIA DO GUARAPIRANGA - EXECUTORES POR FONTE - PMSP" com o valor de US\$ 882.000 ? (Esse quadro acompanha o ofício AS/001/92, de 26/6/92, assinado por Marco Antonio Souza de Oliveira, coordenador do Programa Guarapiranga, e endereçado à Dra. Marilda Mazzini Marcondes.)

3. Que categorias de redes de infra-estrutura seriam contempladas no item "Adequação da Infraestrutura", que absorverá mais de 31 milhões de dólares, segundo a discriminação apresentada no supramencionado anexo?

Em 20/10/92

IREDE CARDOSO
Relatora

DE F I R O:

LUIZ CARLOS MOURA

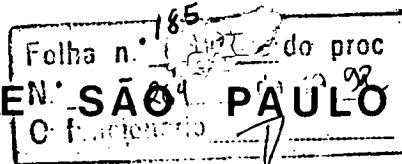
Presidente da Comissão de Administração Pública.

Em 20.10.92.



MEMORANDO

CÂMARA MUNICIPAL DE SÃO PAULO



São Paulo, 27 de outubro de 1992

Recebi ofício DT.7/Leg.3 nº 330/92 de 27.10.92 solicitando ao Executivo subsídios para emissão de Parecer relativo ao P.L. nº 264/92 de autoria da Sra. Prefeita.

Anexo: Cópia xerográfica do despacho da Comissão solicitante.

28 10.92
Elisana Aurichio
Of. Adm. G. 11
SGM - T.L.



CÂMARA MUNICIPAL DE SÃO PAULO

Papel para informação, rubricado como folha nº 186

do processo nº 264 de 19 92, 03/11/92 (a)

Paulo Marcos A. de Paula
Assistente de Administração

À Comissão de
Administração Pública.

Para as devidas providências.

03.11.92

Sônia Maria Verzolla
Chefe Seção Técnica II

S E G U E juntado nesta data, documento e papel para Informação, rubricado

sob folha nº

Em/...../.....

(a)



Prefeitura do Município de São Paulo

Folha n.º 187 do proc
N.º 264 de 1992
C funcionário

São Paulo, 16 de novembro de 1992

GABINETE DO PREFEITO

Ofício A. J. L. n.º 550 /92
Processo no. 10-005.623-92*79

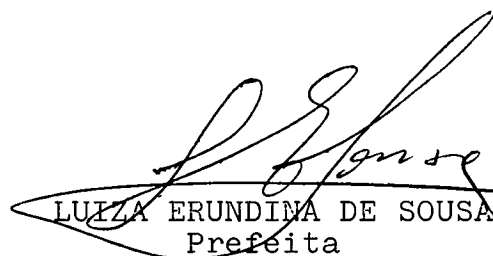
RECEBIDO NA A. T. M.
Em 16/11/92
às 16:10 horas

Senhor Presidente

10 - OFICIO
10-0487/92-0

Em atenção ao requerido pela D. Comissão de Administração Pública, no ofício no. DT.7/Leg.3/300330/92, dessa Egrégia Câmara, tenho a honra de encaminhar a Vossa Excelência, cópias das informações prestadas pelas Unidades competentes desta Prefeitura, relativas ao Projeto de Lei no. 264/92, de autoria deste Executivo, que autoriza o Poder Executivo a celebrar convênio e a contratar empréstimo junto ao Governo do Estado de São Paulo, objetivando implementação do "Programa de Recuperação Urbana e Saneamento Ambiental da Bacia do Guarapiranga", e dá outras providências.

Aproveito a oportunidade para reiterar a Vossa Excelência os protestos de minha alta consideração.


LUIZA ERUNDINA DE SOUSA
Prefeita

Anexos: cópias xerográficas de fls. 193/199 do processo 10-005.623-92*79.

A Sua Excelência o Senhor Doutor Paulo Seiti Kobayashi
Digníssimo Presidente da Câmara Municipal de São Paulo
SPF/mag.

125

A Douta Comissão de
Administração Pública
27/11/52

LUIZ AREIAS DE CARVALHO
Assessor Técnico Leg. Ch'ca
A. T. M.

PROGRAMA DE SANEAMENTO AMBIENTAL DA BACIA DO GUARAPIRANGA
3. RECUPERACAO URBANA
3.1.3. PM DE SAO PAULO - ADEQUACAO DE INFRAESTRUTURA - CUSTOS

No. de Lote	Area (m2)	Custo Total do Lote	Contigencia	Projeto	Obra (Vb)	Obra			
						Material	Mao-de-Obra	Encargos	B.D
1a. Fase									
01	961431	2768920	127015	101612	2540294	1113411	445822	255300	72
02	973979	2862660	131315	105052	2626294	1151105	460915	263943	72
03	1040492	3019653	138516	110813	2770328	1214235	486193	278413	75
04	1013695	2933842	134580	107664	2691598	1177727	472375	270506	76
05	969528	2792241	128084	102468	2561687	1122783	447576	257450	73
06	977736	2815880	129169	103335	2583376	1132294	453382	259627	73
2a. Fase									
07	1137425	3275784	150265	120212	3005306	1317226	527431	302033	85
08	1043447	3005127	137850	110280	2756997	1208392	483853	277070	70
09	1114503	3209769	147237	117790	2944742	1290680	516802	295947	84
10	1185384	3413906	156601	125281	3132024	1372766	549670	314760	89
11	260045	748924	34354	27403	687086	301150	120504	69052	196
Total	10710665	30846710	1414907	1131989	28299734	12403773	4966603	2944123	8005



SECRETARIA DE ENERGIA E SANEAMENTO

Folha n.º 190 do proc
N.º 264 de 19 92
O funcionário DA

Fls. 195 do processo n.º
10.605.623.929
mba

MIRIAN SIMONE GONÇALVES
Oficial de Adm. Geral I

São Paulo, 10 de novembro de 1992

PROGRAMA DE SANEAMENTO AMBIENTAL DA
BACIA DO GUARAPIRANGA

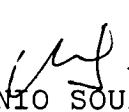
Comunicado de Coordenação nº 033/92

Prezada Senhora

Em anexo, encaminhamos quadro corrigido de fontes/aplicações relativo ao Programa de Saneamento Ambiental da Bacia do Guarapiranga.

Informamos que o quadro anteriormente enviado, continha problemas de arredondamento na quarta linha.

Atenciosamente


MARCO ANTONIO SOUZA DE OLIVEIRA
Coordenador do Programa

À

Dra. MARILDA MAZZINI MARCONDES
Pref. Munic. de São Paulo

Fls. 191 do processo n.º
10.005.62.9273
MARCOS SIMONE GONCALVES
Oficial de Adm. Geral
RESOLO

PROGRAMA DE SANEAMENTO AMBIENTAL DA BACIA DO GUARAPIRANGA
PMSP-US\$ MIL

CODIGO	COMPONENTES	TOTAL	BIRD	CMSP	PMSP	SA
21	ADEQUACAO E CONTROLE AMBIENTAL DO SISTEMA DE COLETA TRATAMENTO E DISPOSICAO FINAL DE RESIDUOS SOLIDOS	882	441	0	441	
311	CANALIZACAO DE CORREGOS	1104	453	0	651	
312	URBANIZACAO DE FAVELAS	17704	9383	3514	4807	
313	ADEQUACAO DE INFRA-ESTRUTURA	31339	12636	0	18703	
351	REMOSSAO E REASSENTAMENTO DA POPULACAO	4505	3726	0	367	
352	HABITACOES	2790	0	0	2790	
	SUPOORTE TECNICO AS ATIVIDADES AGRICOLAS, SILVICULTURA E IMPLANTACAO DE ESTACAO DE PISCICULTURA	214	0	0	214	
523	EDUCACAO SANITARIA E AMBIENTAL	809	809	0	0	
532	FISCALIZACAO INTEGRADA	330	230	0	100	
	TOTAL GERAL	59677	27678	3514	28073	



PREFEITURA DO MUNICÍPIO DE SÃO PAULO

Folha n.º 192 do p.
N.º 264 de 1992
O funcionário

Folha de informação nº

197

O PROCESSO n.º 10.005.623-92 + 49 em 11 / 11 / 92 (a)

MIRIAN SIMONE GONC.
Oficial de Acm. Ger.
R. JULO

SEHAB-G

Sra. Chefe de Gabinete

Interessado: SEHAB. Ref. OFÍCIO 198/
/SEHAB/92

Assunto: Convênio junto ao Governo do
Estado de São Paulo, objeti-
vando implementação do Progra-
ma de Recuperação Urbana e Sa-
neamento Ambiental Bacia da
Guarapiranga.

Atendendo a solicitação de fls. 192, responde-
mos a seguir os quesitos formulados às fls. 189 pela Comissão
de Administração Pública da Câmara Municipal, solicitando a
V.Sa., o encaminhamento do presente p.a., com urgência a Sra.
Assessora Chefe - ATL face ao prazo legal, assinalado as fls.
191.

Resposta aos Quesitos

1. Por um lapso não foi incluído no sub-item
"Fontes" do item "Atribuições da PMSP" do anexo III ao P.L.
264/92 o componente 2.1. "Adequação e contróle ambiental do
sistema de coleta, tratamento e disposição de resíduos soli-
dos, discriminado no documento de fls. 17, cujo valor correto
é de US\$ 882.000,00 conforme documentos de fls. 196. O referi-
do componente acrescido ao sub-item "Usos" totaliza a impor-
tância de US\$ 59.677 milhões.

O valor assinalado as fls. 178 no item fontes no
montante de US\$ 59.678,00 e não 59.677 deu-se em função
de arredondamento, conforme ofício de fls. 195.

2. Este quesito foi respondido em conjunto com o
item 1.

3. O item "Adequação de Infra-estrutura viária e
drenagem", contempla a recuperação urbanística e ambiental
de 10.710.665 m2 na região da Bacia da Guarapiranga, cor-
respondente a loteamentos precários, com deficiências de
infra-estrutura viária e de drenagem.

Serão executadas melhorias no arruamento, o
que incluiu sistema de drenagem adequado, execução de guias
e sarjetas, galerias de águas pluviais, bocas de lobo, po-
ços de vista, regularização, compactação e cascalhamento de
ruas com maior declividade.

A execução dos serviços de infra-estrutura ur-
bana vêm complementar os benefícios provenientes da implan-
tação da rede de esgoto nestes loteamentos.

O objetivo principal deste programa é recuperar
áreas urbanas precárias, densamente ocupadas que apresentam
problemas de erosão, escorregamento de encostas e pontos de
alongamento causados por más condições de drenagem e esgotos
a céu aberto.

Estes problemas são as principais causas da de-
ficiência no sistema de coleta de lixo da região.

Espera-se com estas intervenções melhoradas con-
dições sanitárias dos loteamentos, adequando o sistema de
drenagem, para evitar assim o assoreamento dos corpos d'água
e as enchentes em períodos críticos de chuvas. Espera-se tam-
bém facilitar a coleta de lixo nas áreas de intervenção.

Segue fls. - 198 -
Em 11/11/92

INEZ ZANARDO
Secretária
RESOLUÇÃO



PREFEITURA DO MUNICÍPIO DE SÃO PAULO

Folha n.º 193 do proc
N.º 204 de 1992
Funcionário

Folha de informação nº

198-

d. o processo nº 10.005.623-92*49 em 11/11/92 (a)

INSTRUMENTO
SECRETARIA
RESOLUÇÃO

Esta solução deverá beneficiar diretamente a população dos loteamentos consolidados, densos, de baixa renda localizados na área da bacia.

Serão atendidas neste programa aproximadamente 51.369 famílias, assentadas em loteamentos que necessitam de adequação de infra-estrutura viária e de drenagem.

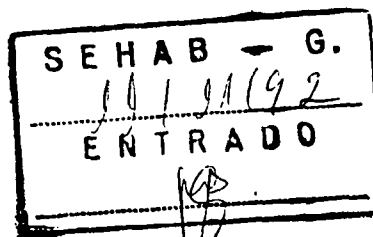
A elaboração dos custos de adequação de infra-estrutura tiveram por base os preços utilizados na recuperação de loteamentos levados a efeito pela Secretaria da Habitação do Município, a partir de obras já executadas, onde se chegou a uma média de US\$ 2,88 por m2 de loteamento para este item, nos termos das tabelas de fls. 193 e 194.

SP. 11/11/92

MARILDA MAZZINI MARCONDES
Diretora Depto. Técnico

RESOLO-G

MMM/iz.





PREFEITURA DO MUNICÍPIO DE SÃO PAULO

Folha n.º 194 do proc
N.º 264 de 1992
O funcionário *[assinatura]*

Folha de informação n.º 199
o PROCESSO 10-005.623-92*79 11 11 92
d. n.º em (a) *[assinatura]*
SEHAB. 01

INTERESSADO: SEHAB.Ref.Ofício 198/SEHAB/92

ASSUNTO : Convênio junto ao Governo do Estado de São Paulo, objetivando implementação do Programa de Recuperação Urbana e Saneamento Ambiental Bacia do Guarapiranga.

SGM/ATL

Sra.Assessora Chefe



Em devolução, com as informações solicitadas.

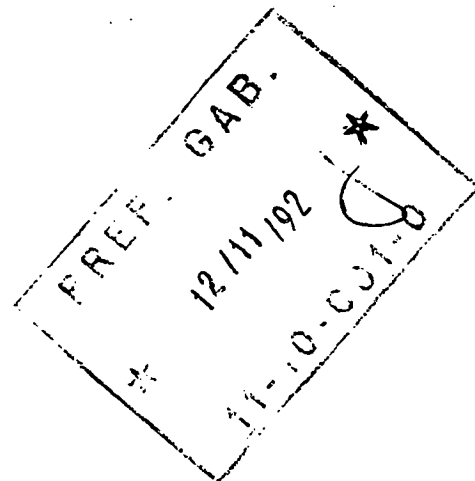
11/ 11 /92

[assinatura]
ADELINA BARONI RENUCCI

Chefe de Gabinete

SEHAB-G

[assinatura]
RMS/afm



S

CÂMARA MUNICIPAL DE SÃO PAULO

Segue em juntado(s) nesta data do(s) _____
cada(s) sob n.º _____ e folhas de _____
n.º 195a 30210 / 12 / 12a ()



Câmara Municipal de São Paulo

Folha n.º 195 do proc
n.º 264 de 1992
o funcionário

PARECER
1392/92

COMISSÃO DE ADMINISTRAÇÃO PÚBLICA SOBRE O PROJETO
DE LEI 264/92

Encaminhado pelo Executivo, o projeto autoriza o Poder Executivo a celebrar convênio e a contrair empréstimo junto ao Governo do Estado de São Paulo, objetivando implementação do "Programa de Recuperação Urbana e Saneamento Ambiental da Bacia do Guarapiranga".

O programa de recuperação da Represa de Guarapiranga - importantíssimo manancial de água potável para a cidade - envolve um sistema complexo de intervenções no território da bacia respectiva. O objetivo é reduzir drasticamente a poluição provocada pelos assentamentos urbanos que ocuparam as margens da represa e de seus afluentes, bem como prevenir a instalação de novas fontes de degradação do meio ambiente.

Os aspectos principais do projeto em exame, de interesse para esta Comissão, são os seguintes:

a) o Município é autorizado a celebrar convênio com o Governo do Estado de São Paulo para a realização conjunta do Programa de Recuperação acima mencionado, bem como a con-



Câmara Municipal de São Paulo

Folha n.º	196	do proc
n.º	264	de 1992
o funcionario	<i>[Signature]</i>	

trair empréstimo junto ao Governo do Estado até o valor equivalente a US\$ 32.000.000,00, para aplicação exclusivamente no programa;

b) a Prefeitura contribuirá com recursos próprios, equivalentes a aproximadamente 28 milhões de dólares;

c) as receitas e despesas oriundas do convênio a ser celebrado com o Governo do Estado de São Paulo serão incluídas no Plano Plurianual de Investimentos;

d) são fontes de recursos para o programa, além da Prefeitura de São Paulo e o Governo do Estado, a SABESP, a Eletropaulo e um financiamento do BIRD;

e) caberá à Prefeitura a aplicação de recursos equivalentes a aproximadamente 60 milhões de dólares em:

- adequação e controle ambiental do sistema de coleta, tratamento e disposição final de resíduos sólidos,
- canalização de córregos,
- adequação da infra-estrutura de loteamentos precários, envolvendo melhorias na rede de drenagem de água pluvial e na rede viária,
- urbanização de favelas,
- remoção e reassentamento da população,
- habitações,



Câmara Municipal de São Paulo

- apoio técnico a atividades agrícolas, silvicultu-
ra e implantação de estação de piscicultura,
- educação sanitária e ambiental,
- fiscalização integrada.

Esta Comissão entende que a cooperação entre o Mu-
nicípio e o Estado se impõe, num programa desta natureza,
principalmente pela necessidade de ações complementares e ar-
ticuladas em campos de competência de secretarias municipais
, da SABESP e da Secretaria de Meio Ambiente. A escala dos
recursos necessários, por sua vez, torna indispensável recor-
rer a financiamentos.

Nosso parecer é, assim, favorável ao projeto.

Tendo detectado uma discrepância entre o conteúdo
do Anexo III do PL 264/92 e outros documentos que complemen-
tavam a Exposição de Motivos, esta Comissão solicitou escla-
recimentos ao Executivo, que respondeu indicando a versão
correta dos dados a serem explicitados nesse Anexo, isto é, a
inclusão, entre as atividades de responsabilidade da Prefei-
tura, da adequação do sistema de coleta e disposição de lixo.

Visando^a corrigir o lapso ocorrido, apresentamos o
seguinte Substitutivo:



Câmara Municipal de São Paulo

Folha n.º 198 do proc.
n.º 264 de 1992
o funcionário

SUBSTITUTIVO AO PROJETO DE LEI Nº 264/92.

Autoriza o Poder Executivo a celebrar convênio e a contrair empréstimo junto ao Governo do Estado de São Paulo, objetivando implementação do "Programa de Recuperação Urbana e Saneamento Ambiental da Bacia do Guarapiranga", e dá outras providências.

A Câmara Municipal de São Paulo Decreta:

Art. 1º - O Poder Executivo fica autorizado a celebrar convênio com o Governo do Estado de São Paulo, objetivando a realização conjunta do "Programa de Recuperação Urbana e Saneamento Ambiental da Bacia do Guarapiranga", nos termos e nas condições estabelecidos no Anexo I, integrante desta lei.

Art. 2º - O Poder Executivo fica autorizado a contrair empréstimo junto ao Governo do Estado de São Paulo, até o valor equivalente a US\$ 32.000.000,00 (trinta e dois milhões de dólares), correspondentes, em 28 de julho de 1992, a Cr\$ 129.979.200.000,00, nos termos e nas condições estabelecidos no Anexo II, integrante desta lei.

§ 1º - Os recursos resultantes da operação de crédito mencionada no "caput" deste artigo serão aplicados exclusivamente no "Programa de Recuperação Urbana e Saneamento Ambiental da Bacia do Guarapiranga".

§ 2º - Para garantia do empréstimo de que cuida o "caput" deste artigo fica autorizada a caução dos direitos e créditos relativos a cotas ou parcelas do Fundo de Participação dos Municípios de que trata a alínea "b" do inciso I do artigo 159 da Constituição Federal.

Art. 3º - O Poder Executivo fica autorizado, para 1992, a abrir crédito adicional especial até o montante de US\$ 3.500.000,00 (três milhões e quinhentos mil dólares) equivalentes, em 28 de julho de 1992, a Cr\$ 14.216.475.000,00, com inclusão no orçamento vigente do projeto "Programa de Recuperação Urbana e Saneamento Ambiental da Bacia do Guarapiranga", conforme dados constantes dos Anexos integrantes desta lei.

§ 1º - O crédito adicional especial mencionado no "caput" deste artigo será coberto com recursos provenientes dos empréstimos tratados nos artigos 1º e 2º desta lei, cabendo à Secretaria da Habitação e Desenvolvimento Urbano -



Câmara Municipal de São Paulo

Folha n.º 199 do proc
n.º 264 de 1972
o funcionário

SEHAB o gerenciamento desses recursos.

§ 2º - O Poder Executivo incluirá no Plano Plurianual de Investimentos e nos Orçamentos Anuais as despesas e as receitas oriundas do convênio a ser celebrado com o Governo do Estado de São Paulo para a implantação do "Programa de Recuperação e Saneamento Ambiental da Bacia do Guarapiranga".

Art. 4º - As despesas com a execução desta lei correrão por conta das dotações orçamentárias próprias, suplementadas se necessário.

Art. 5º - Esta lei entrará em vigor na data de sua publicação, revogadas as disposições em contrário.

Sala da Comissão de Administração Pública, 23/11/92.

Presidente

Relatora

[Handwritten signatures and initials]



Câmara Municipal de São Paulo

Folha n.º 200 do proc.
n.º 264 de 1992
o funcionário

ANEXO I À LEI Nº

DE

DE

DE 1992.

Condições do convênio a ser celebrado entre a Prefeitura do Município de São Paulo e o Governo do Estado de São Paulo.

OBJETO

Realização conjunta de obras e serviços componentes do "Programa de Recuperação Urbana e Saneamento Ambiental da Bacia do Guarapiranga".

VALOR FINANCIADO

US\$ 27,7 milhões de dólares, equivalentes, em 28 de julho de 1992, a Cr\$ 112.513.245.000,00.

DISPONIBILIZAÇÃO

No dia seguinte à colocação pelo BIRD/BACEN dos recursos à disposição do Estado, serão os mesmos transferidos à Prefeitura do Município de São Paulo.

COMISSÃO DE COMPROMISSO

0,75% ao ano, sobre a parte não desembolsada do crédito (principal) incidente a partir do 61º dia da assinatura do contrato com o BIRD.

JUROS

Parcelas semestrais, de 0,5% além da taxa de captação de recursos do BIRD, pagáveis semestralmente e incidentes sobre o saldo devedor.

AMORTIZAÇÃO

Parcelas semestrais, em 10 (dez) anos, sendo a primeira após 5 (cinco) anos da assinatura do contrato com o BIRD.

COMISSÃO DE ADMINISTRAÇÃO

0,2% ao ano sobre o saldo devedor.

DESEMBOLSOS

Segundo cronograma a ser definido em conjunto na contratação do empréstimo.

UTILIZAÇÃO

Em 5 (cinco) anos da data de assinatura do contrato de empréstimo com o BIRD, exclusivamente dentro do "Programa de Recuperação Urbana e Saneamento Ambiental da Bacia do Guarapiranga".

VALORES A FUNDO PERDIDO

Originários do Estado ou de Empresas Estaduais (Anexo III), serão colocados à disposição da Prefeitura do Município de São Paulo, no dia seguinte ao de sua disponibilização. Nenhuma taxa ou comissão incide ou incidirá sobre estes valores.

GARANTIA

Cotas do Fundo de Participação dos Municípios - FPM.



Câmara Municipal de São Paulo

Folha n.º	201	do proc
n.º	264	de 1992
o funcionário	<i>[assinatura]</i>	

ANEXO II À LEI Nº

DE DE

DE 1992.

Descrição do empréstimo a ser tomado pela Prefeitura do Município de São Paulo junto ao Governo do Estado de São Paulo.

VALOR DO PRINCIPAL

US\$ 27,7 milhões de dólares, equivalentes, em 28 de julho de 1992, a Cr\$ 112.513.245.000,00.

COMISSÃO DE COMPROMISSO

0,75% ao ano sobre a parte não desembolsada do crédito (principal), incidente a partir do 61º dia da assinatura do contrato com o BIRD.

JUROS

0,5% acima da taxa de captação paga pelo BIRD sobre o saldo devedor do empréstimo, pagáveis semestralmente.

AMORTIZAÇÃO

Em parcelas semestrais, vencível a primeira 5 (cinco) anos após a assinatura do contrato junto ao BIRD.

COMISSÃO DE ADMINISTRAÇÃO

0,2% ao ano sobre o saldo devedor, pagáveis semestralmente.

PRAZO DE UTILIZAÇÃO

5 (cinco) anos a partir da assinatura do contrato com o BIRD.

APLICAÇÃO

Exclusivamente em ações relativas ao "Programa de Recuperação Urbana e Saneamento Ambiental da Bacia do Guarapiranga".

GARANTIA

Cotas do Fundo de Participação dos Municípios - FPM.

CONTRAPARTIDA

Será de US\$ 28,1 milhões de dólares, equivalentes, em 28 de julho de 1992, a Cr\$ 114.137.985.000,00.



Câmara Municipal de São Paulo

Folha n.º 202 do proc
n.º 264 de 18 92
o funcionário

ANEXO III À LEI Nº

DE DE

DE 1992.

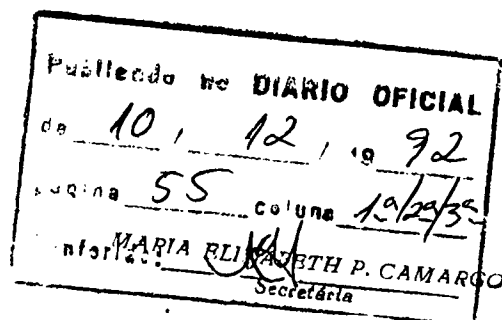
Participação da Prefeitura do Município de São Paulo no "Programa de Recuperação Urbana e Saneamento Ambiental da Bacia do Guarapiranga".

FONTES DE RECURSOS	US\$ milhões
Total do Programa	261,932
Financiamento do BIRD	119,000
Governo do Estado	68,061
SABESP	39,801
Eletropaulo	6,997
PMSP	28,074

ATRIBUIÇÕES DA PREFEITURA DO MUNICÍPIO DE SÃO PAULO

FONTES	US\$ milhões
Recursos próprios - PMSP	28,074
Recursos financiados BIRD/Estado	27,678
Governo do Estado	3,514
SABESP	0,412
Total	59,678

USOS	US\$ milhões
Adequação e controle ambiental do sistema de coleta, tratamento e disposição final dos resíduos sólidos.	0,882
Canalização de córregos	1,104
Urbanização de favelas	17,704
Adequação de infraestrutura	31,339
Habitação, remoção e reassentamento de população	7,295
Apoio técnico às atividades agrícolas, silvicultura e implantação de estação de piscicultura	0,214
Educação sanitária e ambiental	0,809
Fiscalização integrada	0,330



À ATM a pedido em 10.12.92.

MARIA ENZAF P. CAMARGO

५६८८०७

14

461

001 1 11 4. 111 ON 504

[illegible]

096844.1.97 40 2 11600 1

...the

[illegible]

U.S. GOVERNMENT PRINTING OFFICE: 1974

Report on Fall

• 1160 •

1. *Chlorophyll a* and *Chlorophyll b* were determined by the method of Arar and Collins (1971).

[illegible]

1

14. 10. 1941

...and the ...

67424

The first of these is the *Journal of the American Medical Association* (JAMA), which has been the most influential of the medical journals in the United States. It was founded in 1883 and has since then published a wide range of medical research, including clinical trials, laboratory studies, and reviews of the literature. The JAMA has been a leading voice in the medical community, and its publications have been widely cited in the medical literature.

The second of these is the *New England Journal of Medicine* (NEJM), which was founded in 1812 and has since then published a wide range of medical research, including clinical trials, laboratory studies, and reviews of the literature. The NEJM has been a leading voice in the medical community, and its publications have been widely cited in the medical literature.

The third of these is the *Lancet*, which was founded in 1823 and has since then published a wide range of medical research, including clinical trials, laboratory studies, and reviews of the literature. The Lancet has been a leading voice in the medical community, and its publications have been widely cited in the medical literature.

The fourth of these is the *British Medical Journal* (BMJ), which was founded in 1847 and has since then published a wide range of medical research, including clinical trials, laboratory studies, and reviews of the literature. The BMJ has been a leading voice in the medical community, and its publications have been widely cited in the medical literature.

The fifth of these is the *Medical Research Service* (MRS), which was founded in 1946 and has since then published a wide range of medical research, including clinical trials, laboratory studies, and reviews of the literature. The MRS has been a leading voice in the medical community, and its publications have been widely cited in the medical literature.

The sixth of these is the *Journal of the American Society of Nephrology* (JASN), which was founded in 1972 and has since then published a wide range of medical research, including clinical trials, laboratory studies, and reviews of the literature. The JASN has been a leading voice in the medical community, and its publications have been widely cited in the medical literature.

The seventh of these is the *Journal of the American Society of Hypertension* (JASH), which was founded in 1993 and has since then published a wide range of medical research, including clinical trials, laboratory studies, and reviews of the literature. The JASH has been a leading voice in the medical community, and its publications have been widely cited in the medical literature.

The eighth of these is the *Journal of the American Society of Endocrinology* (JASE), which was founded in 1993 and has since then published a wide range of medical research, including clinical trials, laboratory studies, and reviews of the literature. The JASE has been a leading voice in the medical community, and its publications have been widely cited in the medical literature.

The ninth of these is the *Journal of the American Society of Geriatrics* (JAGS), which was founded in 1993 and has since then published a wide range of medical research, including clinical trials, laboratory studies, and reviews of the literature. The JAGS has been a leading voice in the medical community, and its publications have been widely cited in the medical literature.

The tenth of these is the *Journal of the American Society of Internal Medicine* (JGIM), which was founded in 1993 and has since then published a wide range of medical research, including clinical trials, laboratory studies, and reviews of the literature. The JGIM has been a leading voice in the medical community, and its publications have been widely cited in the medical literature.

CAMARA MUNICIPAL DE SÃO PAULO

SEGUIE, juntado ao processo, o relatório pericial sob
fôlha n.º 903a 213, 15, 12/52, 61

folha n.º 2036213 / 15 / 12/92

[Signature]



Câmara Municipal de São Paulo

REQUERIMENTO DE INVERSÃO

Folha n.º	203	de pros.
n.º	267	de 1992
Assinatura	<i>[Signature]</i>	

*aprovado
10/12/92*

SENHOR PRESIDENTE,

REQUEIRO NA FORMA REGIMENTAL, OUVIDO O EGRÉGIO
PLENÁRIO, SEJA INVERTIDA A PAUTA DA ORDEM DO DIA DA
PRESENTE SESSÃO, CONSIDERANDO-SE COMO ÍTEM 2º
O ATUAL ÍTEM Nº 3º.

SALA DAS SESSÕES, 10 DE Dezembro DE 1992.

Luiz Carlos Nascimento



Câmara Municipal de São Paulo

620 *23/12/92*

Folhas n.º *204* do livro
n.º *264* de 10 92
e transcrita *fg*

Parecer No. da Comissão de Finanças e Orçamento sobre o PL
264/92, do Executivo.

A Prefeita do Município de São Paulo encaminhou a esta Casa Legislativa a presente propositura que visa autorizar o Poder Executivo a celebrar convênio e a contrair empréstimo junto ao Governo do Estado de São Paulo, objetivando a implementação do "Programa de Recuperação Urbana e Saneamento Ambiental da Bacia do Guarapiranga".

No tocante aos aspectos financeiros decorrentes de referida proposta, o empreendimento resultará num montante de U\$ 28 milhões a serem repassados pelo Governo do Estado à Prefeitura Municipal de São Paulo em razão do financiamento contraído junto ao Banco Mundial-BIRD, respeitadas as mesmas taxas de juros e a mesma comissão, acrescidos ainda de U\$ 4 milhões a fundo perdido.

Dado os relevantes aspectos méritos que norteiam a presente propositura, esta Comissão nada tem a opor, apresentando no entanto o Substitutivo que se segue, que incorpora a emenda apresentada anteriormente pela Comissão de Constituição e Justiça.

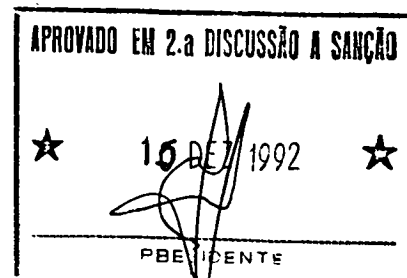
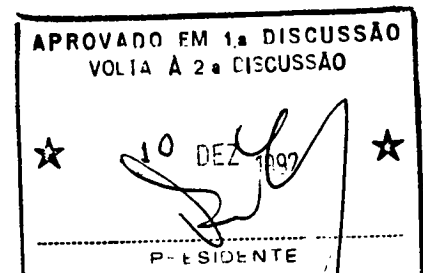
Substitutivo No. ao PL No. 264/92

Autoriza o Poder Executivo a celebrar convênio e a contrair empréstimo junto ao Governo do Estado de São Paulo objetivando implementação do "Programa de Recuperação Urbana e Saneamento Ambiental da Bacia do Guarapiranga", e dá outras providências.

A Câmara Municipal de São Paulo

DECRETA:

Art. 10. - O Poder Executivo fica autorizado a celebrar convênio com o Governo do Estado de São Paulo, objetivando a realização conjunta do "Programa de Recuperação Urbana e Saneamento Ambiental da Bacia do Guarapiranga", nos termos e nas condições estabelecidos no Anexo I, integrante desta lei.





Câmara Municipal de São Paulo

Folha n.º	205	de	proz.
n.º	264	de	12 92
O Secretário	<i>[assinatura]</i>		

Art. 2o. - O Poder Executivo fica autorizado a contrair empréstimo junto ao Governo do Estado de São Paulo, até o valor equivalente a US\$ 32.000.000,00 (trinta e dois milhões de dólares), correspondentes, em 28 de julho de 1992, a CR\$ 129.979.200.000,00, nos termos e nas condições estabelecidos no Anexo II, integrante desta lei.

Parágrafo 1o. - Os recursos resultantes da operação de crédito mencionada no "caput" deste artigo serão aplicados exclusivamente no "Programa de Recuperação Urbana e Sanemaneto Ambiental da Bacia do Guarapiranga".

Parágrafo 2o. - Para garantia do empréstimo de que cuida o "caput" deste artigo fica autorizada a caução dos direitos e créditos relativos a cotas ou parcelas do Fundo de Participação dos Municípios de que trata a alínea "b" do inciso I do artigo 159 da Constituição Federal.

Art. 3o. - O Poder Executivo fica autorizado, para 1992, a abrir crédito adicional especial, a preços de junho de 1991, até o montante de Cr\$ 1.041.667.000,00 (um Bilhão, quarenta e um milhões e seiscentos e setenta e sete mil cruzeiros), a ser atualizado conforme os artigos 17 e 18 da lei orçamentária, equivalentes naquela data a U\$ 3.500.000,00 (três milhões de dólares), com a inclusão no orçamento vigente do projeto "Programa de Recuperação Urbana e Saneamento Ambiental da Bacia do Guarapiranga", conforme dados constantes dos Anexos integrantes desta Lei.

Parágrafo 1o. - O crédito adicional especial mencionado no "caput" deste artigo será coberto com recursos provenientes dos empréstimos tratados nos artigos 1o. e 2o. desta lei, cabendo à Secretaria da Habitação e Desenvolvimento Urbano - SEHAB o gerenciamento desses recursos.

Parágrafo 2o. - O Poder Executivo incluirá no Plano Plurianual de Investimentos e nos Orçamentos Anuais as despesas e as receitas oriundas do convênio a ser celebrado com o Governo do Estado de São Paulo para a implantação do "Programa de Recuperação e Saneamento Ambiental da Bacia do Guarapiranga".

Art. 4o. - As despesas com a execução desta lei correrão por conta das dotações orçamentárias próprias, suplementadas se necessário.



Câmara Municipal de São Paulo

Folha n.º	206	de pros.
n.º	264	de 10 92
6.º	Secretaria	13

Art. 50. - Esta lei entrará em vigor na data de sua publicação, revogadas as disposições em contrário.

Sala da Comissão, em

[Handwritten signatures and initials]



Câmara Municipal de

Folha n.º	200	de pres.
n.º	264	de 1992
Câmara Municipal de São Paulo		
Folha n.º	264	de 1992
DE-1992		

ANEXO I À LEI Nº

DE DE

Condições do convênio a ser celebrado entre a Prefeitura do Município de São Paulo e o Governo do Estado de São Paulo.

OBJETO

Realização conjunta de obras e serviços componentes do "Programa de Recuperação Urbana e Saneamento Ambiental da Bacia do Guarapiranga".

VALOR FINANCIADO

US\$ 27,7 milhões de dólares, equivalentes, em 28 de julho de 1992, a Cr\$ 112.513.245.000,00.

DISPONIBILIZAÇÃO

No dia seguinte à colocação pelo BIRD/BACEN dos recursos à disposição do Estado, serão os mesmos transferidos à Prefeitura do Município de São Paulo.

COMISSÃO DE COMPROMISSO

0,75% ao ano, sobre a parte não desembolsada do crédito (principal) incidente a partir do 61º dia da assinatura do contrato com o BIRD.

JUROS

Parcelas semestrais, de 0,5% além da taxa de captação de recursos do BIRD, pagáveis semestralmente e incidentes sobre o saldo devedor.

AMORTIZAÇÃO

Parcelas semestrais, em 10 (dez) anos, sendo a primeira após 5 (cinco) anos da assinatura do contrato com o BIRD.

COMISSÃO DE ADMINISTRAÇÃO

0,2% ao ano sobre o saldo devedor.

DESEMBOLSOS

Segundo cronograma a ser definido em conjunto na contratação do empréstimo.

UTILIZAÇÃO

Em 5 (cinco) anos da data de assinatura do contrato de empréstimo com o BIRD, exclusivamente dentro do "Programa de Recuperação Urbana e Saneamento Ambiental da Bacia do Guarapiranga".

VALORES A FUNDO PERDIDO

Originários do Estado ou de Empresas Estaduais (Anexo III), serão colocados à disposição da Prefeitura do Município de São Paulo, no dia seguinte ao de sua disponibilização. Nenhuma taxa ou comissão incide ou incidirá sobre estes valores.

GARANTIA

Cotas do Fundo de Participação dos Municípios - FPM.



Câmara Municipal de

264201 92
Folha n.º 206 do pres.
n.º 264 de 10 92
DE 1992. *py*

ANEXO II À LEI Nº

DE DE

Descrição do empréstimo a ser tomado pela Prefeitura do Município de São Paulo junto ao Governo do Estado de São Paulo.

VALOR DO PRINCIPAL

US\$ 27,7 milhões de dólares, equivalentes, em 28 de julho de 1992, a Cr\$ 112.513.245.000,00.

COMISSÃO DE COMPROMISSO

0,75% ao ano sobre a parte não desembolsada do crédito (principal), incidente a partir do 61º dia da assinatura do contrato com o BIRD.

JUROS

0,5% acima da taxa de captação paga pelo BIRD sobre o saldo devedor do empréstimo, pagáveis semestralmente.

AMORTIZAÇÃO

Em parcelas semestrais, vencível a primeira 5 (cinco) anos após a assinatura do contrato junto ao BIRD.

COMISSÃO DE ADMINISTRAÇÃO

0,2% ao ano sobre o saldo devedor, pagáveis semestralmente.

PRAZO DE UTILIZAÇÃO

5 (cinco) anos a partir da assinatura do contrato com o BIRD.

APLICAÇÃO

Exclusivamente em ações relativas ao "Programa de Recuperação Urbana e Saneamento Ambiental da Bacia do Guarapiranga".

GARANTIA

Cotas do Fundo de Participação dos Municípios - FPM.

CONTRAPARTIDA

Será de US\$ 28,1 milhões de dólares, equivalentes, em 28 de julho de 1992, a Cr\$ 114.137.985.000,00.



Câmara Municipal de

Folha n.º 002 do processo
n.º 264 de 1992
o funcionário
São Paulo
D.º 24 de 1992
O Secretário
DE-1992

ANEXO III À LEI Nº

DE

DE

Participação da Prefeitura do Município de São Paulo no "Programa de Recuperação Urbana e Saneamento Ambiental da Bacia do Guarapiranga".

FONTES DE RECURSOS

US\$ milhões

Total do Programa	261,932
Financiamento do BIRD	119,000
Governo do Estado	68,061
SABESP	39,801
Eletropaulo	6,997
PMSP	28,074

ATRIBUIÇÕES DA PREFEITURA DO MUNICÍPIO DE SÃO PAULO

FONTES

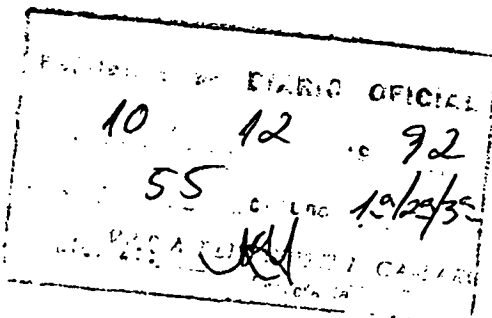
US\$ milhões

Recursos próprios - PMSP	28,074
Recursos financiados BIRD/Estado	27,678
Governo do Estado	3,514
SABESP	0,412
Total	59,678

USOS

US\$ milhões

Adequação e controle ambiental do sistema de coleta, tratamento e disposição final dos resíduos sólidos.	0,882
Canalização de córregos	1,104
Urbanização de favelas	17,704
Adequação de infraestrutura	31,339
Habitação, remoção e reassentamento de população	7,295
Apoio técnico às atividades agrícolas, silvicultura e implantação de estação de piscicultura	0,214
Educação sanitária e ambiental	0,809
Fiscalização integrada	0,330





Câmara Municipal de São Paulo

N.º 264 de 19 52
Sessão Ordinária

ASSESSORIA TÉCNICA DA MESA

VOTAÇÃO NOMINAL REFERENTE AO

No.: 264/52

REQUERIDA PELO SR. VEREADOR:

SUBSTITUTIVO, INCORPORANDO A

☐ ORDINÁRIA

EMENDA DA COM. DE CONSTITUIÇÃO

240º SESSÃO

REALIZADA EM 10 DE dezembro DE 19 52

☒ EXTRAORDINÁRIA

VEREADORES	VOTOU		ABSTENÇÃO	VEREADORES	VOTOU		ABSTENÇÃO
	SIM	NÃO			SIM	NÃO	
1. Adriano Diogo	X			28. Jamil Achôa	X		
2. Albertino Nobre	X			29. João Carlos Alves	X		
3. Alex Freua Netto				30. Jooji Hato	X		
4. Alfredo Martins				31. José F. do Nascimento	X		
5. Almir Guimarães	X			32. José Viviani Ferraz			
6. Andrade Figueira	X			33. Juarez Soares			
7. Antônio Carlos Caruso	X			34. Jucelino Silva Neto	X		
8. Antonio José S. Fo. (BIRÓ-BIRÓ)	X			35. Júlio Cesar Filho			
9. Antônio Sampaio				36. Lídia Correa	X		
10. Arnaldo de Abreu Madeira	X			37. Luiz Carlos Moura			
11. Arselino Tatto	X			38. Marcos Mendonça			
12. Aurelino de Andrade	X			39. Mario Noda			
13. Francisco Santos Batista Fo.	X			40. Mauricio Faria	X		
14. Bruno Féder	X			41. Nelson Guerra	X		
15. Armelindo Passoni	X			42. Osvaldo Giannotti	X		
16. Devanir Ribeiro	X			43. Osvaldo Sanches	X		
17. Eder Jofre	X			44. Paulo Kobayashi	X		
18. Edson Falanga	X			45. Roberto Trípoli	X		
19. Fausto Tomaz de Lina	X			46. Tereza Cristina S. Lajolo	X		
20. Fermino Fechio				47. Terezinha Martins	X		
21. Gabriel Ortega	X			48. Tita Dias	X		
22. Geraldo Blota	X			49. Ushitaro Kamia LICENCIADO			
23. Gilberto Nascimento	X			50. Valfredo Ferreira Silva	X		
24. Guilherme Gianetti	X			51. Vital Molasco	X		
25. Henrique Pacheco	X			52. Walter Abrahão	X		
26. Irede Cardoso	X			53. Gilson Almeida Barreto	X		
27. Ítalo Cardoso	X						

VOTARAM "SIM": 43 Srs. Vereadores

VOTARAM "NÃO": _____ Srs. Vereadores

ABSTENÇÕES: _____ Srs. Vereadores

VISTO:

SECRETÁRIO



Câmara Municipal de São Paulo

Folha n.º	211	do proc.
n.º	284	de 10 22
do legislador	<i>[Signature]</i>	

REQUERIMENTO DE INVERSÃO

*aprovado
15/12/92.*

SENHOR PRESIDENTE,

REQUEIRO NA FORMA REGIMENTAL, OUVIDO O EGRÉGIO
PLENÁRIO, SEJA INVERTIDA A PAUTA DA ORDEM DO DIA DA
PRESENTE SESSÃO, CONSIDERANDO-SE COMO ÍTEM 1º
O ATUAL ÍTEM N.º 2º.

SALA DAS SESSÕES, 15 DE Dezembro DE 1992.

Luís Nogueira



Câmara Municipal de São Paulo

Publicação n.º 264 do Pres. da Câmara Municipal de São Paulo, de 15/12/52

ASSESSORIA TÉCNICA DA MESM
VOTAÇÃO NOMINAL REFERENTE AO

P. L.

No.: 264/52

REQUERIDA PELO SR. VEREADOR:

244º

SESSÃO

☐ ORDINÁRIA

☒ EXTRAORDINÁRIA

REALIZADA EM 15 DE dezembro DE 1952

Subst. da Comissão de Finanças

VEREADORES	VOTOU		ABSTENÇÃO	VEREADORES	VOTOU		ABSTENÇÃO
	SIM	NÃO			SIM	NÃO	
1. Adriano Diogo	—	—	—	28. Jamil Achôa	+	—	—
2. Albertino Nobre	+	—	—	29. João Carlos Alves	+	—	—
3. Alex Freua Netto	+	—	—	30. Jooji Hato	+	—	—
4. Alfredo Martins	+	—	—	31. José F. do Nascimento	+	—	—
5. Almir Guimarães	+	—	—	32. José Viviani Ferraz	+	—	—
6. Andrade Figueira	+	—	—	33. Juarez Soares	—	—	—
7. Antônio Carlos Caruso	+	—	—	34. Jucelino Silva Neto	—	—	—
8. Antonio José S. Fo. (BIRO-BIRO)	+	—	—	35. Júlio Cesar Filho	—	—	—
9. Antônio Sampaio	+	—	—	36. Lídia Correa	—	—	—
10. Arnaldo de Abreu Madeira	+	—	—	37. Luiz Carlos Moura	—	—	—
11. Arselino Tatto	+	—	—	38. Marcos Mendonça	—	—	—
12. Aurelino de Andrade	+	—	—	39. Mario Moda	+	—	—
13. Francisco Santos Batista Fo.	—	—	—	40. Mauricio Faria	—	—	—
14. Bruno Féder	+	—	—	41. Nelson Guerra	—	—	—
15. Armelindo Passoni	+	—	—	42. Osvaldo Giannotti	+	—	—
16. Devanir Ribeiro	+	—	—	43. Osvaldo Sanches	—	—	—
17. Edler Jofre	+	—	—	44. Paulo Kobayashi	+	—	—
18. Edson Falanga	—	—	—	45. Roberto Trípoli	+	—	—
19. Fausto Tomaz de Lima	+	—	—	46. Tereza Cristina S. Lajolo	+	—	—
20. Fermino Fechio	+	—	—	47. Terezinha Martins	+	—	—
21. Gabriel Ortega	+	—	—	48. Tita Dias	+	—	—
22. Geraldo Blota	—	—	—	49. Ushitaro Kamia LICENCIADO	—	—	—
23. Gilberto Nascimento	+	—	—	50. Valfredo Ferreira Silva	+	—	—
24. Guilherme Gianetti	+	—	—	51. Vital Molasco	+	—	—
25. Henrique Pacheco	—	—	—	52. Walter Abrahão	+	—	—
26. Irede Cardoso	+	—	—	53. Gilson Almeida Barreto	+	—	—
27. Ítalo Cardoso	+	—	—				

VOTARAM "SIM": 38 Srs. Vereadores

VOTARAM "NÃO": 0 Srs. Vereadores

ABSTENÇÕES: 0 Srs. Vereadores

VISTO:

SECRETARIO



CÂMARA MUNICIPAL DE SÃO PAULO

Papel para informação, rubricado como folha nº.....

do processo nº.....

264

de 19.....

92 15, 12, 92

(a).....

2137
Assessor

A leg.3-Senhora Chefe:

Na sessão extraordinária hoje realizada(2439), foi APROVADO em segunda discussão o SUBSTITUTIVO de Fls.204/209, ao presente Projeto de Lei, devendo assim ser remetido a sanção.

15/12/92.

11
LUIZ AREIAS DE CARVALHO
Assessor Técnico Reg. Chefe-
A.T.M.

Sra. Soraia,

Preparar ofício encaminhando ao Executivo
cópia autêntica, preparar Carta de Lei e Regis-
tro.

22.12.92

Sônia Maria Verzolla
Chefe Seção Técnica II

Sra. Chefe,

Preparados os documentos conforme despa-
cho de V.Sa.

22.12.92

SORAIA LÚCIA FERREIRA DARBOSA
Ofício Legislativo

SEGUE juntado nesta data, documento e papel para informação, rubricado

sob folha nº 214 a 224

Em 08.01.93

(a)



Câmara Municipal de São Paulo

Folha N.º 214	de proc.
N.º 10264	de 10 92
O Secretário	

São Paulo, 22 de dezembro de 1992.

DT7-LEG3
OFICIO N.300440/92

Senhora Prefeita.

Encaminho a Vossa Excelência cópia autêntica da lei decretada pela Câmara em sessão de 15 de dezembro do corrente relativa ao Projeto de Lei nº 264/92 de autoria do Executivo - autorizando o Poder Executivo a celebrar convênio e a contrair empréstimo junto ao Governo do Estado de São Paulo objetivando implementação do "Programa de Recuperação Urbana e Saneamento Ambiental da Bacia do Guarapiranga", e dando outras providências.

Valho-me da oportunidade para apresentar a Vossa Excelência os meus protestos de elevado apreço e distinta consideração.


PAULO KOBAYASHI
Presidente

Anexo: Anexos I a III

A Sua Excelência a Senhora
Professora Luiza Erundina de Sousa
Digníssima Prefeita do Município de São Paulo.

MAL



DT7-LEG3
OFÍCIO N.300440/92

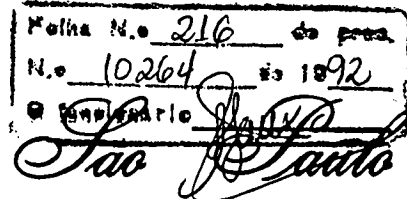
Folha N.º 215	de 215
N.º 10264	de 1992
* Imposto de Renda	

Câmara Municipal de São Paulo

-----Cópia autêntica. LEI DECRETADA NA SESSÃO DE 15 DE DEZEMBRO DE 1992. Cópia extraída de fls. nº / do Processo nº 264/92. (PROJETO DE LEI Nº 264/92). Autoriza o Poder Executivo a celebrar convênio e a contrair empréstimo junto ao Governo do Estado de São Paulo objetivando implementação do "Programa de Recuperação Urbana e Saneamento Ambiental da Bacia do Guarapiranga", e dá outras providências. A CÂMARA MUNICIPAL DE SÃO PAULO decreta: Art. 1º - O Poder Executivo fica autorizado a celebrar convênio com o Governo do Estado de São Paulo, objetivando a realização conjunta do "Programa de Recuperação Urbana e Saneamento Ambiental da Bacia do Guarapiranga", nos termos e nas condições estabelecidos no Anexo I, integrante desta lei. Art. 2º - O Poder Executivo fica autorizado a contrair empréstimo junto ao Governo do Estado de São Paulo, até o valor equivalente a US\$ 32.000.000,00 (trinta e dois milhões de dólares), correspondentes, em 28 de julho de 1992, a Cr\$ 129.979.200.000,00, nos termos e nas condições estabelecidos no Anexo II, integrante desta lei. § 1º - Os recursos resultantes da operação de crédito mencionada no "caput" deste artigo serão aplicados exclusivamente no "Programa de Recuperação Urbana e Saneamento Ambiental da Bacia do Guarapiranga". § 2º - Para garantia do empréstimo de que cuida o "caput" deste artigo fica autorizada a caução dos direitos e créditos relativos a cotas ou parcelas do Fundo de



Câmara Municipal de



Participação dos Municípios de que trata a alínea "b" do inciso I do artigo 159 da Constituição Federal. Art. 3º - O Poder Executivo fica autorizado, para 1992, a abrir crédito adicional especial, a preços de junho de 1991, até o montante de Cr\$ 1.041.667.000,00 (um bilhão, quarenta e um milhões e seiscentos e setenta e sete mil cruzeiros), a ser atualizado conforme os artigos 17 e 18 da lei orçamentária, equivalentes naquela data a US\$ 3.500.000,00 (três milhões e quinhentos mil dólares), com a inclusão no orçamento vigente do projeto "Programa de Recuperação Urbana e Saneamento Ambiental da Bacia do Guarapiranga", conformes dados constantes dos Anexos integrantes desta lei. § 1º - O crédito adicional especial mencionado no "caput" deste artigo será coberto com recursos provenientes dos empréstimos tratados nos artigos 1º e 2º desta lei, cabendo à Secretaria da Habitação e Desenvolvimento Urbano - SEHAB o gerenciamento desses recursos. § 2º - O Poder Executivo incluirá no Plano Plurianual de Investimentos e nos Orçamentos Anuais as despesas e as receitas oriundas do convênio a ser celebrado com o Governo do Estado de São Paulo para a implantação do "Programa de Recuperação e Saneamento Ambiental da Bacia do Guarapiranga". Art. 4º - As despesas com a execução desta lei correrão por conta das dotações orçamentárias próprias, suplementadas se necessário. Art. 5º - Esta lei entrará em vigor na data de sua publicação, revoga-



Câmara Municipal de

Folha N.º	217	de	pres.
N.º	10264	de	18 92
Assessoria			

[Signature]

das as disposições em contrário. Eu,

[Signature]
Marcos Antonio *[Signature]* Oficial Legislativo, padrão " NM-3-B"
Oficial Legislativo

extraí a presente cópia fielmente de fls. do livro competente

nº 44 e datilografei. Eu, Paulo Marcos *[Signature]* de Paula Assistente de
Administração

Administração, padrão "NM-2-B" a conferi. São Paulo, 16 de

dezembro de 1992. Chefe da Seção Técnica de Preparo e Regis-

tro de Documentos Legislativos, *[Signature]* Sônia Maria Verzolla Visto,
Chefe Seção Técnica IV

[Signature]
LEILA XAVIER MACHADO

Diretor Técnico de Dept.º-DT. 7

Diretora do Departamento dos Servi-

ços Legislativos da Câmara Municipal de São Paulo.-

Paulo Kobayashi
Geraldo Blota
José Guilherme Gianetti
Antonio Carlos Caruso
Albertino Nobre

[Signature]

MAL>



Câmara Municipal de São Paulo

200 00 000
264 00 92
218 00 000
10264 00 92
DE 1992

ANEXO I À LEI Nº

DE DE

Condições do convênio a ser celebrado entre a Prefeitura do Município de São Paulo e o Governo do Estado de São Paulo.

OBJETO

Realização conjunta de obras e serviços componentes do "Programa de Recuperação Urbana e Saneamento Ambiental da Bacia do Guarapiranga".

VALOR FINANCIADO

US\$ 27,7 milhões de dólares, equivalentes, em 28 de julho de 1992, a Cr\$ 112.513.245.000,00

DISPONIBILIZAÇÃO

No dia seguinte à colocação pelo BIRD/BACEN dos recursos à disposição do Estado, serão os mesmos transferidos à Prefeitura do Município de São Paulo.

COMISSÃO DE COMPROMISSO

0,75% ao ano, sobre a parte não desembolsada do crédito (principal) incidente a partir do 61º dia da assinatura do contrato com o BIRD.

JUROS

Parcelas semestrais, de 0,5% além da taxa de captação de recursos do BIRD, pagáveis semestralmente e incidentes sobre o saldo devedor.

AMORTIZAÇÃO

Parcelas semestrais, em 10 (dez) anos, sendo a primeira após 5 (cinco) anos da assinatura do contrato com o BIRD.

COMISSÃO DE ADMINISTRAÇÃO

0,2% ao ano sobre o saldo devedor.

DESEMBOLSOS

Segundo cronograma a ser definido em conjunto na contratação do empréstimo.

UTILIZAÇÃO

Em 5 (cinco) anos da data de assinatura do contrato de empréstimo com o BIRD, exclusivamente dentro do "Programa de Recuperação Urbana e Saneamento Ambiental da Bacia do Guarapiranga".

VALORES A FUNDO PERDIDO

Originários do Estado ou de Empresas Estaduais (Anexo III), serão colocados à disposição da Prefeitura do Município de São Paulo, no dia seguinte ao de sua disponibilização. Nenhuma taxa ou comissão incide ou incidirá sobre estes valores.

GARANTIA

Cotas do Fundo de Participação dos Municípios - FPM.

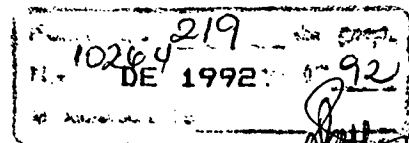


Câmara Municipal de São Paulo

ANEXO II À LEI Nº

DE

DE



Descrição do empréstimo a ser tomado pela Prefeitura do Município de São Paulo junto ao Governo do Estado de São Paulo.

VALOR DO PRINCIPAL

US\$ 27,7 milhões de dólares, equivalentes, em 28 de julho de 1992, a Cr\$ 112.513.245.000,00.

COMISSÃO DE COMPROMISSO

0,75% ao ano sobre a parte não desembolsada do crédito (principal), incidente a partir do 61º dia da assinatura do contrato com o BIRD.

JUROS

0,5% acima da taxa de captação paga pelo BIRD sobre o saldo devedor do empréstimo, pagáveis semestralmente.

AMORTIZAÇÃO

Em parcelas semestrais, vencível a primeira 5 (cinco) anos após a assinatura do contrato junto ao BIRD.

COMISSÃO DE ADMINISTRAÇÃO

0,2% ao ano sobre o saldo devedor, pagáveis semestralmente.

PRAZO DE UTILIZAÇÃO

5 (cinco) anos a partir da assinatura do contrato com o BIRD.

APLICAÇÃO

Exclusivamente em ações relativas ao "Programa de Recuperação Urbana e Saneamento Ambiental da Bacia do Guarapiranga".

GARANTIA

Cotas do Fundo de Participação dos Municípios - FPM.

CONTRAPARTIDA

Será de US\$ 28,1 milhões de dólares, equivalentes, em 28 de julho de 1992, a Cr\$ 114.137.985.000,00.



Câmara Municipal de São Paulo

Folha n.º 204 do P.º
n.º 264 de 1992
o funcionário

Folha N.º 220 do P.º
N.º 10264 de 1992
o funcionário

ANEXO III À LEI Nº

DE DE

Participação da Prefeitura do Município de São Paulo no "Programa de Recuperação Urbana e Saneamento Ambiental da Bacia do Guarapiranga".

FONTES DE RECURSOS

US\$ milhões

Total do Programa	261,938
Financiamento do BIRD	119,000
Governo do Estado	68,061
SABESP	39,801
Eletropaulo	6,997
PMSP	28,074

ATRIBUIÇÕES DA PREFEITURA DO MUNICÍPIO DE SÃO PAULO

FONTES

US\$ milhões

Recursos próprios - PMSP	28,074
Recursos financiados BIRD/Estado	27,678
Governo do Estado	3,514
SABESP	0,412

Total 59,678

USOS

US\$ milhões

Adequação e controle ambiental do sistema de coleta, tratamento e disposição final dos resíduos sólidos.	0,882
Canalização de córregos	1,104
Urbanização de favelas	17,704
Adequação de infraestrutura	31,339
Habitação, remoção e reassentamento de população	7,295
Apoio técnico às atividades agrícolas, silvicultura e implantação de estação de piscicultura	0,214
Educação sanitária e ambiental	0,809
Fiscalização integrada	0,330

10 12 92
55 10/29/92
JH



Câmara Municipal de São Paulo

Folha N.º 221 do proc.
N.º 10264 de 10 92
O Secretário

LEI nº 11.324 DE 28 DE dezembro DE 1992.

Autoriza o Poder Executivo a celebrar convênio e a contrair empréstimo junto ao Governo do Estado de São Paulo objetivando implementação do "Programa de Recuperação Urbana e Saneamento Ambiental da Bacia do Guarapiranga", e dá outras providências.

Faço saber que a Câmara, em sessão de 15 de dezembro de 1992, decretou a seguinte lei:

Art. 1º - O Poder Executivo fica autorizado a celebrar convênio com o Governo do Estado de São Paulo, objetivando a realização conjunta do "Programa de Recuperação Urbana e Saneamento Ambiental da Bacia do Guarapiranga", nos termos e nas condições estabelecidos no Anexo I, integrante desta lei.

Art. 2º - O Poder Executivo fica autorizado a contrair empréstimo junto ao Governo do Estado de São Paulo, até o valor equivalente a US\$ 32.000.000,00 (trinta e dois milhões de dólares), correspondentes, em 28 de julho de 1992, a Cr\$ 129.979.200.000,00, nos termos e nas condições estabelecidos no Anexo II, integrante desta lei.

§ 1º - Os recursos resultantes da operação de crédito mencionada no "caput" deste artigo serão aplicados exclusivamente no "Programa de Recuperação Urbana e Saneamento Ambiental da Bacia do Guarapiranga".

§ 2º - Para garantia do empréstimo de que cuida o "caput" deste artigo fica autorizada a caução dos direitos e créditos relativos a cotas ou parcelas do Fundo de Participação dos Municípios de que trata a alínea "b" do inciso I do artigo 159 da Constituição Federal.



Câmara Municipal de São Paulo

Folha N.º 222	de 222
N.º 10264	de 1092
O Funcionario	

Art. 3º - O Poder Executivo fica autorizado, para 1992, a abrir crédito adicional especial, a preços de junho de 1991, até o montante de Cr\$ 1.041.667.000,00 (um bilhão, quarenta e um milhões e seiscentos e setenta e sete mil cruzeiros), a ser atualizado conforme os artigos 17 e 18 da lei orçamentária, equivalentes naquela data a US\$ 3.500.000,00 (três milhões e quinhentos mil dólares), com a inclusão no orçamento vigente do projeto "Programa de Recuperação Urbana e Saneamento Ambiental da Bacia do Guarapiranga", conformes dados constantes dos Anexos integrantes desta lei.

§ 1º - O crédito adicional especial mencionado no "caput" deste artigo será coberto com recursos provenientes dos empréstimos tratados nos artigos 1º e 2º desta lei, cabendo à Secretaria da Habitação e Desenvolvimento Urbano - SEHAB o gerenciamento desses recursos.

§ 2º - O Poder Executivo incluirá no Plano Plurianual de Investimentos e nos Orçamentos Anuais as despesas e as receitas oriundas do convênio a ser celebrado com o Governo do Estado de São Paulo para a implantação do "Programa de Recuperação e Saneamento Ambiental da Bacia do Guarapiranga".

Art. 4º - As despesas com a execução desta lei correrão por conta das dotações orçamentárias próprias, suplementadas se necessário.

Art. 5º - Esta lei entrará em vigor na data de sua publicação, revogadas as disposições em contrário.

Câmara Municipal de São Paulo, 16 de dezembro de 1992.

O Presidente,

MAL



CÂMARA MUNICIPAL DE SÃO PAULO

São Paulo, 22 de dezembro de 1992

Recebi ofício DT.7/Leg.3 nº 300440 de
22-12-92, encaminhando ao Sr. Prefeito Municipal cópia autên-
tica da lei decretada pela Câmara, relativa ao Projeto de Lei
nº 264/92 de autoria do Executivo.

ANEXO: Anexos I a III.

for Ricardo R.F.
23/12/92



CÂMARA MUNICIPAL DE SÃO PAULO

Papel para Informação, rubricado como folha nº

224

do processo nº

10.104

de 19

92.02.01

93

(a)

LEI Nº 11.324, DE 28 DE DEZEMBRO DE 1992

Autoriza o Poder Executivo a celebrar convênio e a contrair empréstimo junto ao Governo do Estado de São Paulo objetivando a implementação do "Programa de Recuperação Urbana e Saneamento Ambiental da Bacia do Guarapiranga", e dá outras providências.

LUÍZA ERUNDINA DE SOUSA, Prefeita do Município de São Paulo, usando das atribuições que lhe são conferidas por lei. Faz saber que a Câmara Municipal, em sessão de 15 de dezembro de 1992, decretou e eu promulgo a seguinte lei:

Art. 1º - O Poder Executivo fica autorizado a celebrar convênio com o Governo do Estado de São Paulo, objetivando a realização conjunta do "Programa de Recuperação Urbana e Saneamento Ambiental da Bacia do Guarapiranga", nos termos e nas condições estabelecidos no Anexo I, integrante desta lei.

Art. 2º - O Poder Executivo fica autorizado a contrair empréstimo junto ao Governo do Estado de São Paulo, até o valor equivalente a US\$ 32.000.000,00 (trinta e dois milhões de dólares), correspondentes, em 28 de julho de 1992, a Cr\$ 129.979.200.000,00, nos termos e nas condições estabelecidos no Anexo II, integrante desta lei.

§ 1º - Os recursos resultantes da operação de crédito mencionada no "caput" deste artigo serão aplicados exclusivamente no "Programa de Recuperação Urbana e Saneamento Ambiental da Bacia do Guarapiranga".

§ 2º - Para garantia do empréstimo de que cuida o "caput" deste artigo fica autorizada a caução dos direitos e créditos relativos a cotas ou parcelas do Fundo de Participação dos Municípios de que trata a alínea "b" do inciso I do artigo 159 da Constituição Federal.

Art. 3º - O Poder Executivo fica autorizado, para 1992, a abrir crédito adicional especial, a preços de junho de 1991, até o montante de Cr\$ 1.041.667.000,00 (um bilhão, quarenta e um milhões e seiscentos e sessenta e sete mil cruzeiros), a ser atualizado conforme os artigos 17 e 18 da lei orçamentária, equivalentes naquela data a US\$ 3.500.000,00 (três milhões e quinhentos mil dólares), com a inclusão no orçamento vigente do projeto "Programa de Recuperação Urbana e Saneamento Ambiental da Bacia do Guarapiranga", conforme dados constantes dos Anexos integrantes desta lei.

§ 1º - O crédito adicional especial mencionado no "caput" deste artigo será coberto com recursos provenientes dos empréstimos tratados nos artigos 1º e 2º desta lei, cabendo à Secretaria da Habitação e Desenvolvimento Urbano - SEHAB o gerenciamento desses recursos.

§ 2º - O Poder Executivo incluirá no Plano Plurianual de Investimentos e nos Orçamentos Anuais as despesas e as receitas oriundas do convênio a ser celebrado com o Governo do Estado de São Paulo para a implantação do "Programa de Recuperação e Saneamento Ambiental da Bacia do Guarapiranga".

Art. 4º - As despesas com a execução desta lei correrão por conta das dotações orçamentárias próprias, suplementadas se necessário.

Art. 5º - Esta lei entrará em vigor na data de sua publicação, revogadas as disposições em contrário.

PREFEITURA DO MUNICÍPIO DE SÃO PAULO, aos 28 de dezembro de 1992, 4399 da fundação de São Paulo.

LUÍZA ERUNDINA DE SOUSA, PREFEITA
DALMO DE ABREU DALLARI, Secretário dos Negócios Jurídicos
AMIR ANTONIO KHAIR, Secretário das Finanças
ERMINIA TEREZINHA MENON MARICATTO, Secretária da Habitação e Desenvolvimento Urbano
PAUL ISRAEL SINGER, Secretário Municipal do Planejamento
Publicada na Secretaria do Governo Municipal, em 28 de dezembro de 1992.

PEDRO BOHOMOLETZ DE ABREU DALLARI, Secretário do Governo Municipal

ANEXOS à LEI Nº 11.324 DE 28 DE DEZEMBRO DE 1992

ANEXO I

Condições do convênio a ser celebrado entre a Prefeitura do Município de São Paulo e o Governo do Estado de São Paulo.

OBJETO

Realização conjunta de obras e serviços componentes do "Programa de Recuperação Urbana e Saneamento Ambiental da Bacia do Guarapiranga".

VALOR FINANCIADO

US\$ 27,7 milhões de dólares, equivalentes, em 28 de julho de 1992, a Cr\$ 112.513.245.000,00

DISPONIBILIZAÇÃO

No dia seguinte à colocação pelo BIRD/BAIEN dos recursos à disposição do Estado, serão os mesmos transferidos à Prefeitura do Município de São Paulo.

COMISSÃO DE COMPROMISSO

0,75% ao ano, sobre a parte não desembolsada do crédito (principal) incidente a partir do 61º dia da assinatura do contrato com o BIRD.

JUROS

Parcelas semestrais, de 0,5% além da taxa de captação de recursos do BIRD, pagáveis semestralmente e incidentes sobre o saldo devedor.

AMORTIZAÇÃO

Parcelas semestrais, em 10 (dez) anos, sendo a primeira após 5 (cinco) anos da assinatura do contrato com o BIRD.

COMISSÃO DE ADMINISTRAÇÃO

0,5% ao ano sobre o saldo devedor.

DESEMBOLSOS

Segundo cronograma a ser definido em conjunto na contratação do empréstimo.

UTILIZAÇÃO

Em 5 (cinco) anos da data de assinatura do contrato de empréstimo com o BIRD, exclusivamente dentro do "Programa de Recuperação Urbana e Saneamento Ambiental da Bacia do Guarapiranga".

VALORES A FUNDO PERDIDO

Originários do Estado ou de Empresas Estaduais (Anexo III), serão colocados à disposição da Prefeitura do Município de São Paulo, no dia seguinte ao de sua disponibilização. Nenhum taxa ou comissão incide ou incidirá sobre estes valores.

SEGURANÇA

Cotas do Fundo de Participação dos Municípios - FPM.

ANEXO II

Descrição do empréstimo a ser tomado pela Prefeitura do Município de São Paulo junto ao Governo do Estado de São Paulo.

VALOR DO PRINCIPAL

US\$ 27,7 milhões de dólares, equivalentes, em 28 de julho de 1992, a Cr\$ 112.513.245.000,00

COMISSÃO DE COMPROMISSO

0,75% ao ano sobre a parte não desembolsada do crédito (principal), incidente a partir do 61º dia da assinatura do contrato com o BIRD.

JUROS

0,5% acima da taxa de captação paga pelo BIRD sobre o saldo devedor do empréstimo, pagáveis semestralmente.

AMORTIZAÇÃO

Em parcelas semestrais, vencível a primeira 5 (cinco) anos após a assinatura do contrato junto ao BIRD.

COMISSÃO DE ADMINISTRAÇÃO

0,5% ao ano sobre o saldo devedor, pagáveis semestralmente.

PRazo DE UTILIZAÇÃO

5 (cinco) anos a partir da assinatura do contrato com o BIRD.

APLICACAO

Exclusivamente em ações relativas ao "Programa de Recuperação Urbana e Saneamento Ambiental da Bacia do Guarapiranga".

SEGURANCIA

Cotas do Fundo de Participação dos Municípios - FPM.

CONTRAPARTIDA

Será de US\$ 28,1 milhões de dólares, equivalentes, em 28 de julho de 1992, a Cr\$ 114.137.985.000,00

ANEXO III

Participação da Prefeitura do Município de São Paulo no "Programa de Recuperação Urbana e Saneamento Ambiental da Bacia do Guarapiranga"

FONTES DE RECURSOS

US\$ milhões

Total do Programa
Financiamento do BIRD
Governo do Estado
MUNICÍPIO
São Paulo

243,931
119,000
48,061
24,801
6,997
28,074

Publicado no DIÁRIO OFICIAL

de 29 / 12 19 92

pagina 12 coluna 10/23

Conferido:

Ao DT.94 - arquivo,

Para as devidas providências.

08 / 01 / 93

Sônia Maria Perzolla
Chefe Seção Técnica IV

DEPARTAMENTO	
DE DOCUMENTAÇÃO E INFORMÁTICA	
SEÇÃO TÉCNICA DE ARQUIVO	
Proc. encerrado nº	224 fls.
Arquivo em	08.01.93
O Func.º	LOIZA TAKEKO AKAHIM
Chefe da Seção Técnica IV	

obs: - Duas fls 40.
- fl. 171 st-
+ pl 265.
- fl. 273
+ pl 182.

LOIZA TAKEKO AKAHIM
Chefe da Seção Técnica IV

projeto na ATM por
solicitação pl consult. 26/08/99

SEGUE juntado nesta data, e papel para informação, rubricado

sob folha nº

Em

(a)

I - Apresentar altura máxima de 1,00 metro;
II - Estar instalados abaixo da linha das marquises, quando houver;
III - Estar instalados na faixa compreendida entre o pavimento térreo e o primeiro pavimento ou sobreloja, desde que abaixo das aberturas desse pavimento ou sobreloja;
IV - Estar situados a uma altura mínima de 2,20 metros em relação à calçada.
Art. 49 - Os anúncios paralelos na forma de letreiros, aplicados, serão analisados pelo Grupo Executivo do Eixo Sé-Arouche e admitidos, quando compatíveis com a arquitetura dos edifícios.
Art. 59 - O anúncio perpendicular com área até 0,80 m2 por face de exposição, além da obediência ao disposto no Decreto nº 30.002, de 9 de agosto de 1991, deverá:
I - Ter até duas faces laterais de exposição e espessura máxima de 0,25 m;
II - Situar-se a uma altura mínima da calçada de 2,50 m, entre o térreo e o primeiro pavimento, e abaixo da marquise, quando houver.
III - Conservar, no estabelecimento, espaçamento mínimo de 8,00 m entre anúncios deste tipo.
Art. 69 - O anúncio perpendicular com área de exposição maior que 0,80 m2, por face de exposição, deverá:
I - Ser o único, desse tipo, no imóvel podendo os estabelecimentos se consorciar para sua instalação;
II - Estar situado a uma altura mínima de 5,00 m em relação à calçada;
III - Não ultrapassar a linha de cobertura;
IV - Ter comprimento máximo de 6,00 m;
V - Ter área máxima equivalente a 5,00 m2, por face de exposição, e área total de 10,00 m2;
VI - Guardar distância mínima de 2,50 m das divisas do lote.
Parágrafo único - A instalação do anúncio de que cuida o "caput" deste artigo depende de anuência formal do condomínio em que ele se situar.
Art. 79 - Será permitido um único anúncio em cobertura, por imóvel que tenha altura igual ou superior a 25,00 m, obedecido o disposto no artigo 16 do Decreto nº 30.002, de 9 de agosto de 1991.
Parágrafo único - A instalação do anúncio de que cuida o "caput" deste artigo depende de anuência formal do condomínio no qual ele se situar.
Art. 89 - Nas vias de que trata o presente decreto, será permitida nas partes interna ou externa do estabelecimento, pelo prazo máximo de 1 (um) mês, a afiação de faixas ou estandartes que contenham alusões a promoções em curso.
Parágrafo único - As faixas e os estandartes