

Proposed Project Summary for Public Disclosure

Project Name	SABESP Investment Plan Support Project
Country	The Federative Republic of Brazil
Sector	Water Resource Management, Supply and Sanitation
Concept Approval Date	1 September 2020
Total Project Cost	Up to USD 1,969 million
Proposed Loan Amount	Up to USD 300 million
Borrower	The São Paulo State Water and Sanitation Company - SABESP (Companhia de Saneamento Básico do Estado de São Paulo) with Sovereign Guarantee from the Federative Republic of Brazil
Implementing Agency	SABESP
Project Context	In the State of São Paulo (MRSP), water security and water pollution remain to be one of the greatest challenges, with infrastructure gaps still need to be filled. Significant progresses have been made since the 1990s in cleaning up the MRSP's main water sources. Irregular settlements, uncontrolled discharge of wastewater, and untreated wastewater continue to deteriorate water reservoirs that are sources of water supply in the MRSP. Major gaps remain in expanding the sanitation service coverage towards the goal of universal access, reducing pollution in the water bodies, and increasing the resilience of water services and operational efficiency in the State. SABESP, whose major shareholder is the State of São Paulo, is the state's main water and sanitation service provider, responsible for water supply and sewage collection and treatment in 375 municipalities, or 58% of all municipalities in the State of São Paulo. SABESP's main service area is the MRSP. To close the water and sanitation infrastructure gaps mentioned above in the State, SABESP has established a capital expenditure plan with the goal of providing universal and sustainable water and sanitation access in the service area.
Project Objective	The proposed SABESP Investment Plan Support Project (Project) aims at expanding water and sanitation services towards reaching universal and sustainable access, meeting growing demand for services, protecting water resources, and reducing negative environmental impacts associated with SABESP's activities.
Project Description	The proposed Project will be a sovereign-guaranteed Sustainable

Development Loan (SDL) of USD 300 million to support the SABESP's capital expenditure plan. Preliminary indication of activities to be financed by the Project are:

(i) Service Expansion: increase household water supply and sewerage connections to the systems;

(ii) Environmental Sustainability: increase wastewater treatment and households connected to treatment facilities; increase the number of wastewater treatment plants adopting sustainable management practices; increase sustainable energy generation in wastewater treatment facilities; and

(iii) Operational Development: reduce water losses, improve energy efficiency, and improve asset management.