

**Project Summary for Public Disclosure**  
**(after approval of NDB financing)**

Project Name	Pernambuco Water and Sanitation Efficiency and Expansion Project
Country	The Federative Republic of Brazil
Type	Sovereign
Area of Operation	Water & Sanitation
Concept Approval Date	1 June 2022
Financing Approval Date	21 February 2023
Total Project Cost	BRL 1.35 billion
Initial Limit of NDB Financing	USD 202 million
Current Limit of NDB Financing	USD 202 million
Borrower	Water and Sanitation Company of the State of Pernambuco
Project Entity	Water and Sanitation Company of the State of Pernambuco
Project Context	The State of Pernambuco (the State) has the lowest rate of water availability per capita equivalent to 3.2% of the national average among 27 federative units of Brazil. About half of the State's households face irregular water supply, compared to around 10% at the national level. Further, out of 185 municipalities in the State, only less than one-third have up to standard sewerage systems, well below the national and most of the regional averages. Water and Sanitation Company of the State of Pernambuco (COMPESA), the State's main water supply and sanitation service provider covering 93% of all municipalities, has embarked on the Project to cope with frequent water rationing, reduce water losses and expand service coverage.
Project Description	The Project consists of the following components: (i) Recife Metropolitan Region (RMR): This component aims to enhance efficiency of water supply facilities and expand sewerage services in the municipalities of the RMR to cope with frequent water rationing, high water losses and insufficient network coverage. This will be done through construction of new and rehabilitation of existing infrastructure consisting of distribution networks (including water treatment and storage facilities), sewage collection and treatment systems, as well as associated monitoring and control equipment. (ii) Interior: This component will optimize operational efficiency and augment water supply

	<p>network in the municipalities of the Interior, where low water availability and intermittent water supply is the most acute problem. Infrastructure intervention envisioned in this component includes development and rehabilitation of distribution networks (including water treatment and storage facilities), as well as associated monitoring and control systems.</p>	
Project Objective	<p>The Project aims to enhance and expand water supply and sanitation services in 14 participating municipalities through construction of new and rehabilitation of existing infrastructure. The Project will be enhancing water security and environmental protection of the State through the development of efficient and universal water supply and sanitation infrastructure. The Project contributes to the accomplishment of the targets set in the Federal Law No. 14,026/2020 and is expected to benefit over 2 million people. The Project is in line with NDB General Strategy: 2022-2026 that identifies water and sanitation as one of the Bank's areas of operations. The Project seeks to contribute towards achieving United Nations Sustainable Development Goal 6, which aims at ensuring availability and sustainable management of water and sanitation for all.</p>	
Implementation Arrangements	<p>The Project will be implemented by COMPESA, which will be responsible for implementing the Project, ensuring compliance with applicable regulations, and achieving its results. The Project will be implemented over a five-year period starting from 2023.</p>	
Environmental and Social Information	<p>The Project has been classified as "Category B" in accordance with the NDB Environment and Social Framework (ESF). Its main environmental and social impacts and risks include permanent acquisition of public and private land potentially triggering physical displacement of persons, loss and disturbance of natural habitats, sludge generation and disposal from sewage treatment process, general pollution emissions and discharges during construction, and occupational health and safety risks. These impacts will be addressed and mitigated by adherence to country system requirements and management plans developed for the Project's components and associated subcomponents, including the Environmental and Social Impact Management Plan (ESIMP). Upon fulfilment of the country system requirements and the ESIMP, the Project will be in compliance with the NDB ESF.</p>	
Financing	<p>The Project will be financed through the loan from NDB and counterpart funding from COMPESA.</p>	
	<b>Source of Fund</b>	<b>Amount (USD/BRL million)</b>

	NDB Loan		USD 202 million
	Counterpart funding		COMPESA will provide the balance in BRL
Contacts	<b>NDB</b>	<b>Borrower and Project Entity</b>	
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