



Rio de Janeiro City Hall  
Conservation and Environmental Municipal Secretary  
RIO ÁGUAS Foundation

## CONNECTIVE CITIES

SEPTEMBRE 2017

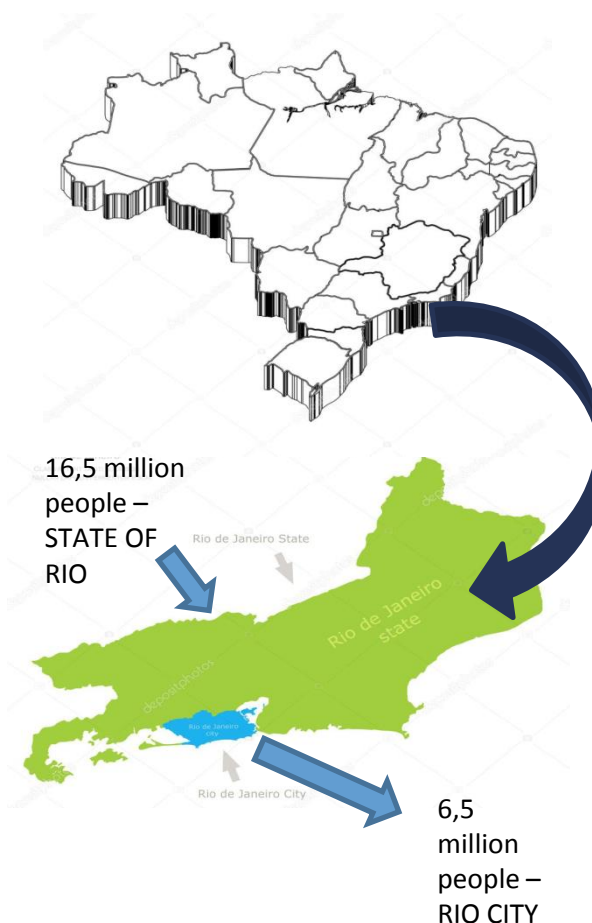
### Project Title

Model of Municipal Wastewater Management through the concession of part of the area of Rio de Janeiro City (AP-5 - 1,8 million people). The investments were brought to this area by the private initiative implying in the direct relation with the users of the system.

### Three-line project description

Replace wastewater management model from the State to Municipality.

Strengthening Municipality to replace the State in part of the wastewater management of the City of Rio. As a result, investments were brought to the sewage services improving the sanitation of the city and the citizens quality of life.





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### Institutional setting:

In 2007, the Federal law 11.445/2007, regulated by decree 7.217/2010 – allowed agreements between state (metropolitan region) and municipal entities for the provision of sewage services.

In 2007 – Another agreement established between State and Municipality defined that:

CEDAE - the State Water and Sewage Company, was still responsible for the services of: (1) collection, treatment, adduction and distribution of drinking water; (2) collection, transportation and adequate treatment of sewage services; and (3) the billing services, in the City of Rio, for 50 years.

Rio's Municipality would be responsible for (1) transport and adequate treatment of sanitary sewers, and the billing services for both sewage and drinking water services, in AP5 and Favela's Area (slums).

### Foundation Rio-Aguas timeline





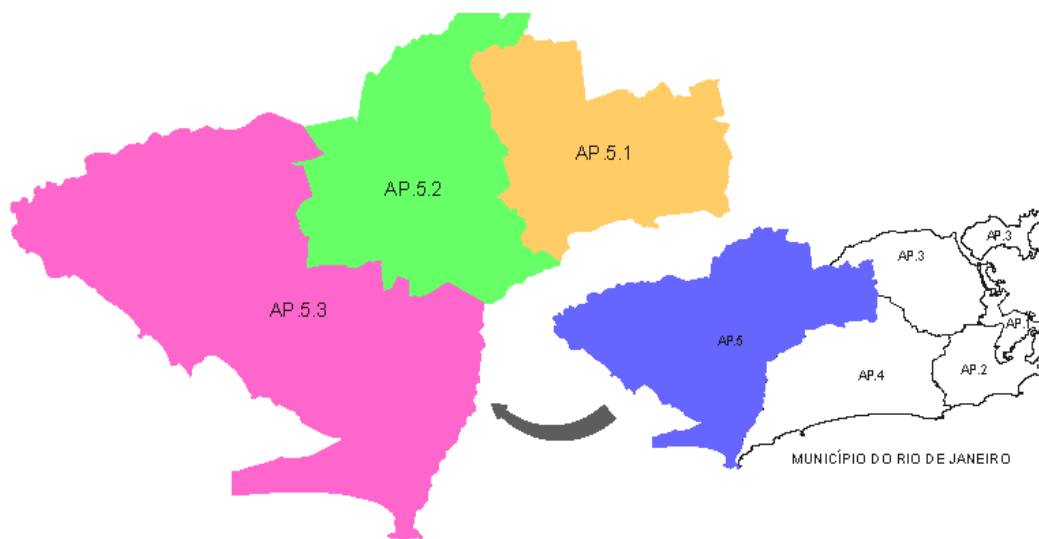
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### Starting point / Challenges

The main challenge was related to political aspects. Specifically in structuring local formal agreements with the State and CEDAE (responsible for the management of water and wastewater in the majority of the city) to allow the management of these services in the whole city by the municipality. Nowadays, it is still restricted to AP5.

Another relevant challenge was related to structuring and training the local regulator agent.





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### Approach: Instruments

As the main challenge were in the political sphere, our work was focused on developing instruments for regulations and formal agreements allowing the new management model to be implemented.

#### Memory of the concession of the sewage services



- The contract establishes goals to be done, like treatment percentage and collection system cover. It does not establish investments to be made, nor direct them. That is free for them since they keep the metrics from the contract.
- The concession is for 30 years, so it is fundamental financing the investments. The concessionaire used credits offered by Caixa Economica Federal for the first five years of the contract. The first years will bring the largest investments.
- The concession contract was made on an onerous grant.
- Monthly with the billing rates, the concessionaire must pay 2% for Rio-Águas and 4% for the municipality.



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### Outputs

This is the 5<sup>th</sup> year of the contract and besides many challenges we were able to implement the Sanitary Sewage System in AP5.

- The Deodoro ETE was reformed and expanded, and nowadays treats an average of 300l/s (project for 750l/s) – Type of treatment - dutch patent anaerobic granular lodge
- 200km of sewage system implemented
- Operation and maintenance of the existing system
- Customer service improved
- Commercial management implemented in partnership with CEDAE (formal agreement)
- Financial sustainability through own revenue through the rate charged to the user.







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### Lessons

The establishment of a sanitary sewage services concession model, brought improvements in service delivery in AP5. This improvement shows that the applied model of concession was successful.

After almost 40 years, the municipal public entity reassumed the management of part of the sanitation in Rio.

It was a great victory as it resulted in benefits for the local citizens as it improves the sewage system, without overtaxing the users (now the AP5 sewage rates are about 1,5% less than the other part of the City).

### Follow up

There are a number of questions to be addressed.

In fact, CEDAE (the state company) acted in the municipality without any municipal regulation. CEDAE have been regulated on a State level since 2015.

Our work still in an initial stage and need to be improved by structuring the regulatory entity. We are working to achieve technical improvement, administrative and financial autonomy.

Our goal is to have the municipality managing the wastewater for all the city and also the distribution of the water, that today belongs to CEDAE.