

A model of resilience: Brazil's leading private sanitation provider

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Thanks to its business model - aligned with ESG principles - Aegea has become the leading private sanitation company in Brazil, servicing 154 cities in 2022 (up from 6 in 2010). Providing sanitary sewage service, it brings treated water to the population and is contributing to guaranteeing the legacy of the sanitation ecosystem by mitigating the effects of climate change and reducing water loss rates.

Severe droughts and floods are becoming more intense and frequent in Brazil. Are you witnessing the impacts of these on the concessions you operate?

Radamés Andrade Casseb: Aegea invests in initiatives that guarantee - in the face of lower rainfall - the continuity of its services and respects the natural environment in its different regional operating environments (154 cities in 13 states). With this huge responsibility, the daily monitoring of the country's water systems and the volume of water stored in the hydrographic basins where its units are located is a strategic issue. Investment in protecting water sources and guaranteeing supply includes searching for new sources, expanding surface water infrastructure, drilling aquifers, building wells and ensuring water quality. The company has programs for preserving springs and water security; one entails producing and planting seedlings in springs, deforested and conservation areas - actions that increase awareness and environmental preservation. Its new

projects aside, Águas Guariroba has planted around 40,000 seedlings and maintains a nursery inside the Los Angeles Sewage Treatment Station and the Revivendo Águas Claras Program, at the Prolagos unit. We aim to reforest 10 hectares of the Juturnaíba spring, which supplies several cities in the interior of Rio de Janeiro.

Climate change is creating a range of potential impacts against which infrastructure will need to be resilient. What is the priority strategy for the sector in Brazil?

When we talk about water resilience, several factors are involved, such as climate change, urbanization of cities, the construction of dams, and human intervention in supply systems. Thus, water security is a set of good practices developed by society to ensure that water is available regardless of its related factors. It is a joint effort involving public authorities, private companies and the population. The model proposed in the sanitation regulatory framework in 2020 - which seeks universal service by 2033 - opens the door to the involvement of the private sector, and it is beneficial for the public sector. In this model of complementarity and integrated action, we understand and believe it is essential to reverse the current situation in the sector.

To what extent can the private sector lead investment in resilient and sustainable facilities?

The new regulatory framework for sanitation shows how concerned Brazil is with changing its basic sanitation conditions. The legislation establishes a daring goal, while improving and modernizing the sector, bringing the necessary legal certainty to attract more investment and attain national coverage of water services and sewage. Notably, the new environment has already seen increased interest from potential investors. Low service rates are challenges that, if solved properly, generate positive social impacts and financial results.

In terms of infrastructure, how do you account for the impacts of climate change in your planning?

Aegea has been increasing investments to improve water security and the resilience of water bodies in the cities and regions where it operates. To minimize the impacts of climate change, it has partnered with Climatempo (a Brazilian meteorology company) to provide short- and long-term meteorological information to aid in risk inspections of hydrographic stations in basins where the company collects water. In 2021, based on a study by Climatempo, Aegea identified possible droughts and scarcities in 14 of the 25 concessions located in Mato Grosso. Since then, approximately R\$50 million (around 10 million euros) has been invested in preventive engineering works, such as expanding reservation capacity, reducing water loss, drilling wells, and identifying new capture points.

What barriers - for example, regulations, financial resources, access to data, capacity - do you face?

Brazil has different demographic, social and cultural realities. Our business model works to serve populations ranging from 3,000 to 6.8 million inhabitants, respecting the environment and people's

rights, with initiatives that promote dignified and healthy lives. Aegea treats each locality according to its needs and characteristics. Management of the 'social license to operate', especially in its relationships with communities, is one of the pillars of the company's legacy of social and environmental development. We know that in providing sanitation, we act directly and indirectly in the lives of communities and cities, generating jobs and promoting the local economy. As we increase our understanding of their specificities and demands, we also act to raise awareness of the importance of the sector.

Increasing water stress and reducing the loss rate have become increasingly important. How do you deal with these in your operations?

The water supply system in Brazil loses around 40% of its product to leaks and clandestine connections, according to a study by Instituto Trata Brasil, based on data from the SNIS (National Sanitation Information System). This is equivalent to 7,500 Olympic swimming pools of treated water wasted daily. Aegea has an extensive Energy Efficiency and Water Loss Reduction Program to face this challenge and optimize water resources, which helps maintain the sustainability of its operations. Last year, the reduced loss rate represented around 39 billion liters of water saved (supply of 970 000 people/year). Bringing treated water to the population should not be the only priority of the sanitation sector. Reducing the loss rates of this essential input for life will guarantee the legacy of an entire ecosystem.