

TFET- FUNDED

GRANT NO. 8185-ETM

**WATER SUPPLY AND SANITATION REHABILITATION PROJECT
PHASE I**

Implementation Status

Grant No. 8185-ETM(TF): Water Supply and Sanitation Rehabilitation Project (Phase I)

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A. Project Objective

An amount of \$4.5 million was made available by the TFET for FY2000/01. The ongoing Project's overall strategic objective is to provide the people of East Timor with sustainable water supply and sanitation services (WS&S) using appropriate technology and good management systems. As a means of working towards this objective, the Project aims

- (i) to provide urgent assistance to rehabilitate and restore damaged and inadequate WS&S infrastructure throughout East Timor and concurrently
- (ii) to re-establish the human and institutional capacity needed to manage, operate, and maintain the WS&S infrastructure.

B. Physical and Financial Progress

Project implementation began in September 2000 and is progressing within schedule and budget. Overall, the physical progress is satisfactory and is expected to be completed between June and August 2001. An estimated disbursement profile is shown next page.

C. Status of Project Implementation

Component 1: WS&S Sector Management and Investment Program

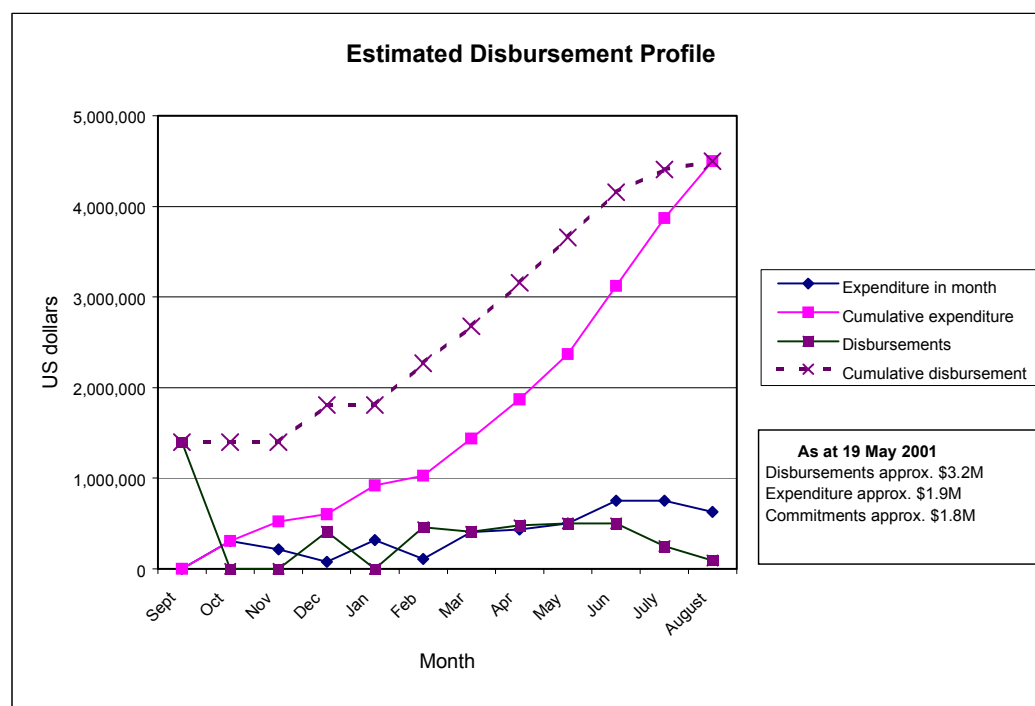
This component comprises two parts. The first was to establish a Project Management Unit (PMU) under ETTA's Water & Sanitation Services (WSS) to assist with program implementation. The second was to prepare a detailed work program to guide the PMU over the next year and beyond. The outputs were the establishment of a Project Management Unit (the WSS/PMU) and the preparation of a detailed budgeted Program Implementation Document (PID) for the coordinated improvement of East Timor's WS&S sector, including a Sector Management and Investment Framework (SMIF).

Component 2: Capacity Building and Institutional Development Program

In coordination with WSS and relevant bilateral donors, the Project has identified priority capacity and institutional development activities. In particular, assistance is being

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given to prepare a policy, legislative and regulatory framework as well as WS&S standards and guidelines for application nationally. Customer focus training is also being provided for key staff. This component includes timely assistance to evolving and longer term needs including support for the Quick Response Facility described under project subcomponent 3.1 below.



Component 3: Water Supply and Sanitation Implementation Program

This component provides physical rehabilitation and development assistance to beneficiaries.

3.1: WS&S Quick Response Facility

The Quick Response Facility has been utilized to support WSS in undertaking urgent, substantial repairs to and rehabilitation of WS&S systems across all 13 districts of East Timor.

3.2: Dili Water Supply Repair and Rehabilitation Program

This subcomponent has provided supplementary and complementary rehabilitation work such as small local contracts, construction contracts for deepwell drilling, as

well as urban and peri-urban low-income works such as repairs and rehabilitation of public taps and other water points, in order to maximize the benefit of major works being implemented by other donors, in particular the Government of Japan.

3.3: District Water Supply Repair and Rehabilitation Program

This subcomponent is providing a range of assistance to address the needs of smaller urban and rural communities throughout the 13 districts of East Timor. Processes of environmental health, gender awareness, and community participation and planning are being used during implementation to ensure sustainability and equity. A major portion of the assistance has been delivered through local and international nongovernment organizations (NGOs) working with local community-based organizations (CBOs).

With the exception of sanitation, drainage, and solid waste disposal activities that are still being developed, most of the outputs for all of the above components have been achieved within the set time frame and budget.

D. Other External Assistance in the Water Sector

Donor coordination in the water sector proves to be working well and is efficient. Since the destruction of September 1999 there has been significant progress with both emergency system repairs and with the planning for more substantial rehabilitation and augmentation. The major external assistance activities provided by multilateral agencies, bilateral donors, and NGOs in this area include the following:

- (i) Japan (JICA) has completed the Study on Urgent Improvement for Water Supply Systems in East Timor. This study covers 15 towns including Dili. The towns include 12 district capitals (excluding Oecusse) plus the townships of Ermera (Ermera), Maubisse (Ainaro) and Vila/Beloi on Atauro Island. Indications are that JICA will fund the implementation of projects in a number of towns to be selected from Liquica, Los Palos, Ainaro, Suai and Maliana.
- (ii) The Government of Japan has also committed some \$11.28 million to the planning, design and implementation of improvements to the urban water supply for Dili. The planning for this phase has been completed and implementation commenced in March 2001. The implementation of this activity is being managed by the United Nations Office of Project Services (UNOPS). WSS and the Government of Japan are currently discussing a refocusing of some aspects of the ongoing project. A proposal was made by WSS to look more closely at the distribution system to fully realize benefits of the headworks currently planned by the project. The proposed change in scope would increase access to safe drinking water supply and reduce system leakage.
- (iii) Australia has provided significant funding for emergency rehabilitation activities undertaken through NGOs. In addition Australia is planning to

- provide \$8 million towards a community/rural WS&S program that will focus on the districts of Covalima, Bobonaro, and Viqueque over a period of three years commencing around September 2001.
- (iv) Portugal is funding a range of activities covering water, sanitation, and solid waste. IPE-Aguas de Portugal (Aquapor) is undertaking a range of water supply system rehabilitation measures in Aileu and Baucau. The total commitment from Portugal to date is approximately \$2.5 million (including some studies for solid waste and sewerage), of which \$1 million is for activities planned for rehabilitation implementation in 2001 primarily in Baucau.
 - (v) Germany is funding water supply system rehabilitation in the districts of Baucau and Viqueque. GTZ is the primary funding and implementing agency with some additional funding in other areas from KfW. This work is focused on the district capital of Viqueque and in seven subdistrict centers. The GTZ budget is \$1.6 million over two years with a further extension of two years planned. KfW is understood to be contributing \$0.5 million (DM1.0 million) to this work.
 - (vi) The Canadian International Development Agency (CIDA) has recently committed \$2 million over three years to the implementation of rural WSS programs in Aileu, Ainaro, and Lautem. Implementation will be undertaken by CARE Canada commencing in the second quarter of 2001.
 - (vii) The United Nations Children's Fund (UNICEF) is implementing a program for WS&S for schools, which will cover some 200 schools by December 2001. In implementing this work UNICEF is working with former Health Department sanitarians of the Government of Indonesia who have established a local NGO (ETSA) for WS&S sector activities. The UNICEF activities include WS&S and health promotion education for teachers. UNICEF is also promoting the local manufacture of components (pour flush toilets, well rings) for rural WS&S systems through technical assistance and training of village entrepreneurs.
 - (viii) Extensive works have been undertaken in several districts by international NGOs working in association with local NGOs or CBOs. The most significant participants include Oxfam, ACF, CARE and ICRC. ECHO is planning to fund WS&S for schools in coordination with UNICEF to be implemented by a number of international NGOs.
 - (ix) The Community Empowerment and Local Governance Project (CEP) is providing funds for local development projects at the village level. Approximately 50 percent of the project funding is allocated to social infrastructure (including water supply). Based on a small sample of second round proposals received to date, water could account for some 10–20 percent of total CEP funding.
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Sector coordination is undertaken by WSS through regular (bi-monthly) WatSan coordination meetings involving all relevant donors, NGOs, implementing agencies, and UNTAET departments. These arrangements are working well.

E. Future Sector Development Constraints

Future budget and consequent staffing constraints: The current WSS will be responsible for seven key areas: (i) policy and planning, (ii) water resources, (iii) public water supply, (iv) community water supply, (v) sewage and wastewater, (vi) urban drainage, and (vii) solid waste. Capacity building is expected to be required for several years during which there will be a great deal of development work to be undertaken. The engagement of NGOs and other donors is critical to extend WS&S services to subdistrict and rural areas.

East Timorization/transition plans: Transition plans are currently prepared by the WSS. There is a widely shared view among WSS, donors, and other stakeholders that the East Timorization may be a challenging task for the sustained provision of services in East Timor's WS&S sector.

Policy, legislation, and tariff structure: Two consultants under the project were fielded in March 2001 to prepare a stable, long-term, legal and fiscal structure under which WSS can operate.