

**PROPOSED TFET-FUNDED
WATER SUPPLY AND SANITATION REHABILITATION PROJECT
PHASE II**

Project Summary

Proposed Water Supply and Sanitation Rehabilitation Project, Phase II

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A. Rationale

The rehabilitation of water supply and sanitation (WS&S) facilities damaged during the September 1999 crisis is now well under way. The challenge, however, is not just a matter of restoring the facilities to their pre-crisis status, but to make sure sustainability and cost recovery can be achieved in the postcrisis environment. The ongoing Project (Phase I) has been providing substantial assistance to strengthen the institutional capacity of the Water and Sanitation Services (WSS) as well as to rehabilitate priority public and community water supply works in Dili and the districts. The Project Management Unit (PMU) advisers have also assisted WSS with overall sector development as well as donor coordination.

This support should continue under the proposed \$4.5 million Project (Phase II) funded by the Trust Fund for East Timor (TFET) which is expected to be implemented over 15 months commencing 1 August 2001.

The remaining challenges are significant. The capacity of WSS to plan, develop, operate and maintain WS&S systems still requires strengthening through further support for policy and systems development and training. While assistance and support under the existing Project has enabled the repair and rehabilitation of water supply systems in Dili and the district capital towns, WS&S coverage remains below developing country targets and service coverage improvement will require additional sector investment over the coming years.

B. Objectives

The objectives of the proposed Project (Phase II) are to

- (i) assist WSS in implementing the TFET-funded WS&S Rehabilitation Project (Phase II) and to plan for future development of the WS&S sector;
 - (ii) improve the capacity of WSS through support for policy development, management and financial information systems, human resources development and training, and donor coordination; and
 - (iii) assist with implementation of priority WS&S projects in Dili, districts, subdistricts, and communities in cooperation with other donors through appropriate community participatory involvement in implementation and associated WS&S health promotion, education, and training. The works under (ii) and (iii) will complement activities already planned or under way by other donors.
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C. Scope of Project (Phase II) Activities

Component 1: Project Management Unit

Subcomponent 1.1: Project Management Unit

PMU advisers, support staff, and operational expenses will be funded. The long-term advisers will include an East Timorese Project Manager and two international advisers—a Community Development Adviser and a Chief Technical Adviser. One of the two international advisers will be appointed as the PMU Team Leader. This team will be supported by an East Timorese Community Development Specialist and a number of local support staff. A Chief Financial Adviser will also be appointed.

Component 2: WSS Capacity Building and Institutional Development

Subcomponent 2.1: Capacity Building Technical Assistance

Technical assistance will be provided to WSS for a range of activities covering policy development, human resources development, and institutional support including (i) training programs for WSS staff in identified priority areas; (ii) assistance with the development of management and financial information systems; (iii) a water resources study to assist in the development of water resource management plans and institutional arrangements; (iv) support for the implementation of a tariff system initially in Dili and selected district capital towns focusing initially on major water uses; (v) support for the development of asset management systems focusing initially on urban water supply systems; (vi) support to the Head of WSS in major projects and donor coordination; and (vii) environmental monitoring, evaluation, and capacity building.

Subcomponent 2.2: Information Technology and Communications Equipment

Upgrading of essential computer and communication systems will be undertaken including the establishment of a local area network for the Central/Dili office of WSS including the PMU, and improving Internet and e-mail facilities. This is an essential prerequisite to the development of management and financial information systems and efficient day-to-day operation of WSS.

Component 3: WS&S System Implementation

Subcomponent 3.1: WS&S Quick Response Facility

Funding will be provided for quick response activities to support repair and rehabilitation needs that will arise during the period of the Project (Phase II). This will include design, procurement, and construction activities. Examples could include restoration of transmission or distribution pipelines damaged during wet season flooding or through other natural disasters that are common in East Timor.

Subcomponent 3.2: Dili Water Supply Rehabilitation and Improvement

Equipment will be procured and construction contracts implemented for priority Dili water supply system rehabilitation and improvement. The selection of priority activities will be undertaken in conjunction with WSS and will focus on essential distribution rehabilitation and reinforcement to complement the work under the Dili Water Supply Project funded by the Government of Japan that focuses on headworks augmentation. An NGO will be engaged to support WSS activities including implementation of information, education, and communication (IEC) programs, community mapping, and problem solving/conflict resolution associated with WSS programs. The scope of the NGO activities will not only be limited to TFET-funded activities but will also support the programs of other donors. Gauging stations will be installed on surface water sources to improve the data available for reliable yield estimates and future water resource planning of Dili. The meteorology station in Dili will be restored. A budget allocation will be provided for minor design, documentation, supervision, and civil works to support priority activities.

Subcomponent 3.3: District Town (Public) WS&S Rehabilitation and Improvement

Equipment will be procured and construction contracts implemented for priority district capital water supply system rehabilitation and improvement. The selection of priority activities will be undertaken in conjunction with WSS and will be coordinated with the recommendations of the Japan International Cooperation Agency (JICA) master plans and the proposed JICA implementation activities in the towns. NGOs will be contracted to assist with essential rehabilitation activities in selected districts, including related IEC and hygiene promotion programs. Gauging stations will be installed on surface water sources for some district capital towns to improve the data available for reliable yield estimates and future water resource planning. A budget allocation will be provided for minor design, documentation, supervision, and civil works to support priority activities.

Subcomponent 3.4: Community WS&S Rehabilitation and Improvement

Assistance will be provided to rehabilitate and improve community-based WS&S systems. Because of the limited capability within WSS, particularly in the districts, appropriate mechanisms need to be selected to implement the proposed investments effectively and sustainably. Two approaches are proposed: (i) supporting other donor programs by extending their scope or geographic coverage; and (ii) contracting NGOs to undertake further implementation activities in priority areas within districts where they are currently active.

Subcomponent 3.5: Urban Sanitation Improvement

Assistance will be provided to support key urban sanitation initiatives particularly in Dili. This will include investments in solid waste collection, septic tank desludging, and septage treatment. Proposals will be developed to encourage the involvement of private sector resources in the provision of these services. Rehabilitation of drainage systems will be undertaken by force account focusing on drain cleaning, structural repair, and asset mapping of priority drainage catchments.

D. Summary of Proposed Project (Phase II) Costs

The total cost of the proposed Project (Phase II) is estimated at US\$4.50 million equivalent and includes all costs from August 2001 to October 2002 as shown in Table 4.

Table 4: Proposed Project (Phase II) Costs
(\$ million)

Item	Total Cost
A. Base Costs	
1. Project Management Unit (15 months)	0.486
2. WSS Capacity Building and Institutional Development	0.585
3. WS&S Implementation	
3.1 WS&S Quick Response Facility	0.300
3.2 Dili Water Supply Repair & Rehabilitation and Improvement	0.625
3.3 District WS&S Repair and Rehabilitation	0.650
3.4 Community WS&S Rehabilitation & Improvement	0.700
3.5 Urban Sanitation Improvement	0.500
Subtotal A	3.846
B. Contingencies	
1. Physical contingencies	0.562
2. Price contingencies	0.092
Subtotal B	0.654
Total	4.500