



Palau: Water and Sanitation Sector Management

Project Name	Water and Sanitation Sector Management				
Project Number	48486-001				
Country / Economy	Palau				
Project Status	Closed				
Project Type / Modality of Assistance	Technical Assistance				
Source of Funding / Amount	<table><tr><td>TA 9020-PAL: Water and Sanitation Sector Management</td><td></td></tr><tr><td>Technical Assistance Special Fund</td><td>US\$ 500,000.00</td></tr></table>	TA 9020-PAL: Water and Sanitation Sector Management		Technical Assistance Special Fund	US\$ 500,000.00
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Strategic Agendas	Environmentally sustainable growth Inclusive economic growth				
Drivers of Change	Private sector development				
Sector / Subsector	Water and other urban infrastructure and services / Urban sanitation - Urban water supply				
Gender	No gender elements				
Description	<p>The TA will strengthen the PPUC's capacity to (i) plan, deliver, manage, and operate the upgraded water supply and sewerage services, and (ii) provide strategic oversight on both specific and general sector issues through the provision of a highly experienced water and wastewater advisor over a period of 24 months. The Water and Wastewater Advisor will assist PPUC strengthen its water and wastewater operations through the provision of strategic oversight, guidance, and quality assurance for: (i) The KASP and KAWIP Project Steering Committee, and (ii) the PPUC's project management unit Project Manager. The Water and Sewerage Advisor assist the government and PPUC to strengthen the delivery of public water and wastewater services in Palau. At the strategic level, the Water and Sewerage Advisor will provide policy and planning advice the development and operation of Palau's public water supplies and wastewater systems. At the operational level, the Water and Sewerage Advisor will provide technical advice for the sustainable operation and maintenance of PPUC's water supply and wastewater systems as well as providing technical oversight and quality review (on behalf of the Government and PPUC) of PPUC's investment projects.</p>				
Project Rationale and Linkage to Country/Regional Strategy	<p>In 2010, the government began a program to reform Palau's water and sanitation sector in order to address issues effecting public and environmental health as well as constraining tourism development, Palau's major economic driver. Palau has made substantial progress in the reform, as well as in addressing the drivers for the reforms. Prior to the reform, Palau's water and sanitation sector was characterized by (i) an inadequate legal and regulatory framework, (ii) low water tariffs and high water consumption, (iii) fragmented management and service delivery responsibilities within the sector, (iv) inefficient operations and management, (v) insecure water supply systems with projected water shortage in Koror, where more than 60% of Palau's population resides, resulting from excessive demand growth and high system losses; and (vi) frequent uncontrolled overflows from the dilapidated Koror sewer system and unsuitable soils in Arai for on-site wastewater treatment and disposal which are causing environmental and health issues with serious impacts on the economy. The limited capacity of the Koror sewer network also discourages tourism investments, particularly proposed hotels in Malakal as Palau's Environmental Quality Protection Board requires all new hotel developments in Koror to treat wastewater on site until Koror's sewerage system is rehabilitated and augmented.</p> <p>The legal and regulatory frameworks to create an independent and autonomous water and sewerage authority operating on commercial principles and targeting full cost recovery have been established. Following the adoption of the Water and Sewer Corporation Act of 2010, the Palau Water and Sewer Corporation (PWSC) was established in September 2011 and started operating in August 2012. In June 2013, PWSC and the Palau Public Utilities Corporation (PPUC), Palau's electricity utility, were consolidated under the Utilities Consolidation Act (RRPL No. 9-4, 2013) to form an independent and autonomous electricity, water, and sewerage corporation to improve cost efficiencies in the delivery of such services. Within the PPUC, the Water and Wastewater Operations division (WWO) was established to deliver public water and sanitation services. PPUC is governed by a Board of Directors comprising 7 members who are appointed by President of Palau with the advice and consent of the Palau Senate.</p> <p>A new water and sewerage tariff structure was introduced on 7 February 2011. Water and sewerage tariffs have been incrementally increased annually and PPUC is on track to achieve full recovery of its water supply and sewerage operations and maintenance, debt servicing and depreciation costs by the FY2017.</p> <p>Palau has embarked on an ambitious investment program to address inadequate sanitation infrastructure in Koror and Airai and to improve the security and reliability of the water supply systems servicing Koror and Airai. ADB approved loans in the amount of \$28.8 million equivalent for the Koror-Arai Sanitation Project (KASP) on 19 November 2013. The target impact of KASP is improved environmental and public health in Koror and Airai and the target outcome is improved delivery of sanitation services by the Palau Public Utilities Corporation (PPUC). KASP will implement high priority components of the Koror Airai Sanitation Master Plan including (a) rehabilitation of the sewerage network in Koror, (b) provision of new sewage treatment facilities in Koror and Airai, and (c) construction of a sewer network to service Kesabelau in Airai. The Japan International Cooperation Agency (JICA), on 28 May 2015, signed a grant agreement to the Government of Palau in the amount of up to 1.843 billion yen (\$15.3 million equivalent) for the Koror-Airai Water Supply Improvement Project (KAWIP) which will improve the water transmission mains, reform water distribution zones, and replace water distribution pipelines in Koror and Airai.</p> <p>PPUC Water and Wastewater Capacity. Until the consolidati</p>				
Impact	<p>The impact of the TA will be improved water supply and sanitation services in Palau through the delivery of robust and well-planned infrastructure and is aligned with Palau's Medium Term Development Strategy, 2009 2014 and the Management Action Plan goal to _continue to upgrade and develop Palau's infrastructure to act as a catalyst for a strong private sector growth and foreign direct investment._</p>				

Project Outcome

Description of Outcome	Improved operational performance of PPUC's water supply and sewerage systems.
Progress Toward Outcome	The technical assistance is now complete. An TA completion report will be prepared in Q4 2018.

Implementation Progress

Description of Project Outputs	1. PPUC's capacity to plan and deliver water supply and sewerage services is strengthened. 2. PPUC capacity to utilize and operationalize current technical planning and management tool is strengthened.
Status of Implementation Progress (Outputs, Activities, and Issues)	The technical assistance is now complete. An TA completion report will be prepared in Q4 2018.
Geographical Location	Nation-wide

Summary of Environmental and Social Aspects

Environmental Aspects

Involuntary Resettlement
Indigenous Peoples
Stakeholder Communication, Participation, and Consultation
During Project Design
During Project Implementation

Business Opportunities	
Consulting Services	An individual international consultant (the water and wastewater advisor) will be engaged to provide 22.5 person-months of inputs over a period of 24 months from March 2016, and will be recruited in accordance with ADB's Guidelines on the Use of Consultants (2013, as amended from time to time).

Responsible ADB Officer	Blaik, Stephen
Responsible ADB Department	Pacific Department
Responsible ADB Division	Urban, Social Development & Public Management Division, PARD
Executing Agencies	Ministry of Finance 3rd Floor, Executive Bldg, ROP Capitol Ngerulmud, Melekeok State, P.O. Box 6011 Koror, PW 96940, Republic of Palau

Timetable		
Concept Clearance		23 Oct 2015
Fact Finding		13 Aug 2015 to 14 Aug 2015
MRM		-
Approval		10 Dec 2015
Last Review Mission		-
Last PDS Update		28 Sep 2018

TA 9020-PAL

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
10 Dec 2015	01 Jan 2016	01 Jan 2016	10 Jun 2018	31 Jul 2018	18 Oct 2018

Financing Plan/TA Utilization							Cumulative Disbursements	
ADB	Cofinancing	Counterpart				Total	Date	Amount
		Gov	Beneficiaries	Project Sponsor	Others			
500,000.00	0.00	0.00	0.00	0.00	0.00	500,000.00	17 Jun 2022	410,177.75

Project Page	https://www.adb.org/projects/48486-001/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=48486-001
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