

# Timor Leste Urban Water Supply and Sanitation Enhancement Sector Project



Allison Woodruff

Urban Development Specialist, PAUS

This is not an ADB material. The views expressed in this document are the views of the author/s and/or their organizations and do not necessarily reflect the views or policies of the Asian Development Bank, or its Board of Governors, or the governments they represent. ADB does not guarantee the accuracy and/or completeness of the material's contents, and accepts no responsibility for any direct or indirect consequence of their use or reliance, whether wholly or partially. Please feel free to contact the authors directly should you have queries.

# Country Background



- Regained independence in 2002
- Annual average growth 10.5% growth driven by petroleum sector
- HDI ranking of 134 out of 186 countries
- Poverty rate of 39-43%
- Under-5 child mortality 55 per 1,000 live births

# Rationale



- Access to improved water supply 93%, improved sanitation 68%
- Statistics hide actual levels of service
- In Dili 36% of households have access to piped water, of which 50% receive on average less than 6 hours/day.
- Onsite sanitation systems poorly constructed and/or maintained

# Rationale

2010 Urban Population	
Dili	192,652
Ailau	3,576
Ainaro	6,937
Baucau	20,852
Bobonaro	16,688
Cove Lima	8,123
Ermera	7,780
Lautem	12,946
Liquia	5,081
Manatuto	9,096
Manufahi	11,504
Oecussi	8,638
Viqueque	6,029

- Urban population of 309,902 in 2010 (62% in Dili)
- Population 70% rural/30% urban
- Rapidly urbanizing with annual average growth of 5% in Dili





# Rationale



- High centralized state with weak institutional capacity
- NDWSS and NDBSS within the Ministry of Public Works are responsible for sector policy, regulation and service delivery
- All budget, staffing, infrastructure development and procurement decisions require prior approval from the Ministry of Public Works
- Following 2006 crisis, no charging for water until August 2013

# Proposed Project

- **Impact:** improved wellbeing of Timor Leste's urban population
- **Outcome:** sustainable water supply and sanitation services in urban centers



# Proposed Project



- **Output 1:** Sustained improvements to water and sanitation infrastructure.
- **Output 2:** Enhanced access to basic services among poor households.
- **Output 3:** Urban service delivery management is improved.
- **Output 4:** Efficient management of the project by the Ministry of Public Works.



# Output 1: Sustained Improvements to Water Supply and Sanitation Infrastructure

- Upgraded infrastructure capable of providing safe and reliable water supply in Dili and/or target district centers
- Design-build-operate-maintain model
- Subproject selection guided by sector investment plans
- Unlike better-off households, poor household more likely to rely on unimproved water sources when piped water is unavailable





# Output 2: Enhanced Access to Basic Services among Poor Households



- In collaboration with Global Partnership for Output Based Aid
- Proposed grant \$3 million to pilot OBA approach
- Subsidized piped water connections
- Development of eligibility criteria and targeting mechanisms e.g. link to existing social protection programs, e.g. CCTs

# Output 3: Urban service delivery management is improved



- Targeting training based on capacity needs assessment, e.g. infrastructure planning, asset management practices, financial management, customer service
- On-the-job training to be included under O&M contract

# Output 4: Efficient Project Management by the Ministry of Public Works

- Establishment of project implementation unit
- Expert support to address capacity gaps e.g. procurement, financial management, engineering



# Project Financing

Source	Amount (\$ million)	Share of Total (%)
ADB		
ADF	17.0	17
OCR	30.0	30
GPOBA	3.0	3
Government	50.0	50
<b>Total</b>	<b>100.0</b>	<b>100.0</b>



# Project Processing Schedule

<b>Milestones</b>	<b>Expected Completion Date</b>
PPTA inception	April 2014
Loan fact finding	September 2014
Staff review meeting	December 2014
Loan negotiations	January 2015
Board consideration	February 2015
Loan effectiveness	March 2015

# Implementation Arrangements

- Executing agency: Ministry of Public Works
- Implementing agencies: NDWSS and NDBSS
- Implementation period of 8 years (candidate subproject identification and feasibility, design, construction, O&M)

# Project Reconnaissance Mission

- **Stakeholder analysis:**
  - Government agencies
  - Private sector
  - Civil society e.g. NGOs, suco administration
- **Problem/objectives analysis** through project design workshop with stakeholders



# Project Preparation

- PPTA \$500,000 (TASF)
- GPOBA \$350,000 (to be confirmed)  
implemented on a parallel basis
- Current CDTA \$750,000 will prepare feasibility and due diligence assessments for high priority water supply and sanitation in 4 district centers
- TA 7981 providing support for sector reforms to support improved service delivery



# Project Preparation

- **Technical analysis:** confirm the technical viability of affordable water supply and sanitation options
- **Social analysis:** social surveys on community needs and preferences , development of consultation and participation plan
- **Gender analysis:** development of GAP
- **Economic and financial** analysis of sample subprojects will confirm that project outputs are least cost options, and economically and financially viable, including affordability and willingness to pay analysis

# Project Preparation

- **Procurement** analysis will assesses the feasibility of using turnkey contracts that cover design, installation, operations and maintenance.
- **Safeguards.** environment and resettlement; climate risk assessment and identification of 'climate-proofing' options
- **Sub-project eligibility criteria:** inclusion of 'pro-poor' criteria
- **OBA design:** poverty and vulnerability analysis

# Project Design Discussion