



# Initial Poverty and Social Analysis

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## Timor-Leste: Dili Urban Water Supply Project

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## **CURRENCY EQUIVALENTS**

The currency unit of Timor-Leste is the United States dollar.

## **NOTE**

In this report, "\$" refers to United States dollars.

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## INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Timor-Leste	Project Title:	Dili Urban Water Supply Project
Lending/Financing Modality:	Project	Department/Division:	SERD/SEUW

### I. POVERTY IMPACT AND SOCIAL DIMENSION

#### A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy

The Dili Urban Water Supply Project directly supports the Timor-Leste Strategic Development Plan, 2011–2030 (SDP) with its focus on water and sanitation improvement. The Timor-Leste Country Operations Business Plan, 2021–2023 prioritizes water infrastructure investments, which address risks from continued urban migration and climate vulnerability and support for women and girls. The project addresses the SDP goals, including (i) reducing child mortality, (ii) social inclusion, (iii) gender equality, and (iv) eradication of extreme poverty through access to water services and job opportunities.

The project will reduce the systemic exclusion of women and poor/vulnerable groups by improving access to safe water sources. It will reduce child mortality and reduce women's drudgery and time poverty associated with care of ill family members and the responsibility for household water collection and management.

#### B. Poverty Targeting

General intervention  Individual or household (TI-H)  Geographic (TI-G)  Non-income MDGs (TI-M1, M2, etc.)

The project will contribute to poverty reduction indirectly through developing urban areas, improving environmental sustainability, climate resilience, developing human capital, and improving public governance of water assets and revenue collection.

#### C. Poverty and Social Analysis

1. Key issues and potential beneficiaries. Primary beneficiaries are residents of Dili who do not have access to reliable and safe water at a reasonable cost. Women and children will benefit from reduced illness in the family and, as women are primary care givers in Timor-Leste, they will benefit from reduced time poverty. Diarrhoeal diseases account for 4% of all deaths in Timor-Leste and are the leading cause of death of infants under 5 years.<sup>a</sup> Women's drudgery will be alleviated through provision of piped, clean, and safe water to dwellings, alleviating the need for collecting household water and boiling/sterilizing drinking water supplies. The 2014/15 living standards survey estimated up to 30% of the population lives on less than \$1.90 per day. A poverty sensitive tariff scheme will be developed and implemented.

2. Impact channels and expected systemic changes. The project will increase existing water service coverage, and households will be provided with reliable and safe water for drinking and household purposes 24 hours per day, 7 days a week. The provision of reliable water to the household is anticipated, together with community consultation and participation in the project, to support behavior change relating to consumption of clean water, water management, protection of water assets and payment of water tariffs. The social contract is weak in Timor-Leste as a post-conflict fragile state, and government services are still developing capacity for responsiveness and reliability. Pro-poor tariff design will ensure low-income households can access basic water supply. The project includes institutional support for operations and maintenance, as well as revenue collection and will change household expectations around government managed water sources and services. While jobs during the construction phase are one focus, the development of water utilities (Bee Timor-Leste) workforce is also a focus of this project to encourage recruitment of women, including in technical roles and lesser skilled maintenance roles. An assessment of cultural obligations of both men and women in relation to water sources (noting these may be different) will also be undertaken and the consultation and community participation plan will sustain connections to traditional land and water traditions and support greater women's involvement in community management

3. Focus of (and resources allocated in) the transaction TA or due diligence. Project due diligence will include a poverty and social impact assessment, including gender. The project will explore possible alternatives to a household survey and use digital technology where necessary, due to coronavirus disease (COVID-19) restrictions, to engage with communities on gender, poverty, and social issues including inclusion, capacity to pay, use of water assets, and conflict resolution.

### II. GENDER AND DEVELOPMENT

1. What are the key gender issues in the sector and/or subsector that are likely to be relevant to this project or program?

Women bear the burden of water collection and water management in Timor-Leste society. Cultural norms relegate women to home duties, caring for children and the elderly as well as sick family members, and managing the household. Water shortages or water service interruption increases women's time poverty and limit women's freedom and agency. Water borne illnesses are prevalent in Timor-Leste. While women are involved in water management committees in rural areas, they are not involved in community leadership or represented in significant numbers in institutional water management.

<p>2. Does the proposed project or program have the potential to contribute to the promotion of gender equity and/or empowerment of women by providing women access to and use of opportunities, services, resources, assets, and participation in decision-making? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>The project has the potential to relieve women's time poverty and drudgery. This provides women with time for leisure, study or income earning. . Increased participation of women in formal employment in the water sector, and in community leadership could also positively influence gender norms. A gender action plan will be developed during project preparation.</p> <p>3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality?  <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>4. Indicate the intender gender mainstreaming category:  <input type="checkbox"/> GEN (gender equity) <input checked="" type="checkbox"/> EGM (effective gender mainstreaming)  <input type="checkbox"/> SGE (some gender elements) <input type="checkbox"/> NGE (no gender elements)</p>
<b>III. PARTICIPATION AND EMPOWERING THE POOR</b>
<p>1. Who are the main stakeholders of the project, including beneficiaries and affected people? Explain how they will each participate in the project's design.</p> <p>Beneficiaries and affected people include households in Dili west zone, businesses and residents, residents in close proximity to reservoirs and other water sources, national government and new state-owned enterprise for water, Bee Timor-Leste.</p> <p>Consultations will occur with chambers of commerce, larger commercial water users, church leaders, local government leaders and cultural leaders. Where movement restrictions are lifted or modified, consultations with small groups of beneficiaries and affected people will occur.</p> <p>2. Who are the key, active, and relevant CSOs in the project area? Belun TL, Catholic Church</p> <p>3. Are there issues during project design for which participation of the poor and vulnerable is important?  <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If yes, what are these issues?</p> <p>The issues relate ability to pay (or access to financial support) for water connection and water consumption fees and alternatives for the poor and vulnerable.</p> <p>4. How will the project ensure the participation of beneficiaries and affected people, particularly the poor and vulnerable and/or CSOs, during project design to address these issues?</p> <p>COVID-19 restrictions will impact unfavorably on project processing. Consultation with civil society will be undertaken bilaterally or in larger groups as in accordance with government regulations. An international social development and gender consultant will support local consultants to collect data and information on issues related to income, demographic features of the project area and current poverty reduction and alleviation programs.</p> <p>5. What level of CSO participation is planned during the project design?  <u>M</u> Information generation and sharing <u>M</u> Consultation <u>L</u> Collaboration <u>N/A</u> Partnership</p>
<b>IV. SOCIAL SAFEGUARDS</b>
<p><b>A. Involuntary Resettlement Category</b> <input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI</p> <p>1. Does the project have the potential to involve involuntary land acquisition resulting in physical and economic displacement? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>The project will involve the construction of infrastructure, including water service reservoirs and three water treatment plants. There will be a need to address temporary and permanent resettlement impacts, as well as land acquisition. The extent of the impacts on resettlement and land acquisition will be determined and confirmed during the project preparation stage and the categorization will be reviewed once the subproject requirements have been confirmed.</p> <p>2. What action plan is required to address involuntary resettlement as part of the transaction TA or due diligence process?</p> <p><input checked="" type="checkbox"/> Resettlement plan <input type="checkbox"/> Resettlement framework <input type="checkbox"/> Social impact matrix  <input type="checkbox"/> Environmental and social management system arrangement <input type="checkbox"/> None</p>
<p><b>B. Indigenous Peoples Category</b> <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI</p> <p>1. Does the proposed project have the potential to directly or indirectly affect the dignity, human rights, livelihood systems, or culture of indigenous peoples? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>3. Will the project require broad community support of affected indigenous communities? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>

<p>4. What action plan is required to address risks to indigenous peoples as part of the transaction TA or due diligence process?</p> <p><input type="checkbox"/> Indigenous peoples plan    <input type="checkbox"/> Indigenous peoples planning framework    <input type="checkbox"/> Social impact matrix  <input type="checkbox"/> Environmental and social management system arrangement    <input checked="" type="checkbox"/> None</p>
<p><b>V. OTHER SOCIAL ISSUES AND RISKS</b></p>
<p>1. What other social issues and risks should be considered in the project design?</p> <p><input checked="" type="checkbox"/> Creating decent jobs and employment (M)    <input checked="" type="checkbox"/> Adhering to core labor standards (M)    <input type="checkbox"/> Labor retrenchment  <input checked="" type="checkbox"/> Spread of communicable diseases, including HIV/AIDS (M)    <input type="checkbox"/> Increase in human trafficking    <input checked="" type="checkbox"/> Affordability (M)  <input type="checkbox"/> Increase in unplanned migration    <input type="checkbox"/> Increase in vulnerability to natural disasters    <input type="checkbox"/> Creating political instability  <input checked="" type="checkbox"/> Creating internal social conflicts (M)    <input type="checkbox"/> Others, please specify _____</p> <p>Risks are medium due to (i) high unemployment and competition for jobs; (ii) enforcement of core labor standards will require monitoring to ensure foreign and local contractors comply; (iii) COVID-19 is likely to remain a disease risk during construction works; (iv) affordability of metered water will depend on pro-poor tariff design; and (v) Timor-Leste is in a fragile and conflict-affected society.</p>
<p>2. How are these additional social issues and risks going to be addressed in the project design?</p> <p>Local employment targets will be set for works contracts, and adherence to core labor standards will be included as will occupational health and safety measures, which will cover COVID-19. Tariff design will be pro-poor, and a participation and consultation plan will support inclusion of vulnerable groups, consensus building, and conflict resolution.</p>
<p><b>VI. TRANSACTION TA OR DUE DILIGENCE RESOURCE REQUIREMENT</b></p>
<p>1. Do the terms of reference for the transaction TA (or other due diligence) contain key information needed to be gathered during transaction TA or due diligence process to better analyze (i) poverty and social impact, (ii) gender impact, (iii) participation dimensions, (iv) social safeguards, and (v) other social risks. Are the relevant specialists identified?</p> <p><input checked="" type="checkbox"/> Yes                      <input type="checkbox"/> No</p>
<p>2. What resources (e.g., consultants, survey budget, and workshop) are allocated for conducting poverty, social, and/or gender analysis, and participation plan during the transaction TA or due diligence?</p> <p>Under the Southeast Asia Facility for Resilient Cities, a consulting team will be mobilized to (i) review detailed engineering designs; (ii) conduct public consultations, workshops, environment and social safeguards assessments, economic and financial analyses, gender analysis, participation analysis, climate and risk vulnerability assessment, and procurement strategy assessment, and capacity building activities; and (iii) prepare climate and safeguards documents, due diligence reports, and other linked documents.</p>

<sup>a</sup> World Health Organization. [Country Cooperation Strategy: Timor-Leste, 2015–2019](#). Dili.