

Program to Strengthen the Basic Sanitation Sector

PERU

SECTOR: Sanitation

PROJECT NAME: Program to Strengthen the Basic Sanitation Sector
(847/OC-PE)

TOTAL COST: \$200 million

FINANCING:

IDB	\$140 million
LOCAL	\$ 60 million

DATE OF APPROVAL: December 7, 1994

GENERAL DESCRIPTION: The objectives of this program are: (a) consolidation and strengthening of the sanitation sector's legal, regulatory, and institutional framework; (b) institutional strengthening and operational enhancement of the country's water and sewer utilities (other than in Metropolitan Lima); (c) reconditioning of the existing infrastructure; and (d) preparation of least-cost plans to expand and upgrade sanitation infrastructure and final designs for the first phase of those plans, on the basis of which a future investment program will be developed.

The program has three components:

(a) institutional strengthening in the sector at the central level: under this component studies will be conducted and technical provided to set in place or modify legislation, regulations, standards and the structure of the sanitation sector.

(b) institutional and operational strengthening of the

sanitation utility companies: this component calls for the institutional strengthening of approximately 35 water and sewer companies (UCs) and improvements in their business functions and operations, as well as priority rehabilitation works on water and sewer systems. The rehabilitation projects will be selected and ranked according to their potential to do the most to strengthen the UCs financially. The program includes: (i) diagnostic studies, preparation and implementation of institutional development and commercial and operational improvement projects in the UCs; (ii) preparation of approximately 140 priority projects to recondition existing infrastructure and execution of the corresponding works; and (iii) maintenance, water quality control and other types of equipment for the UCs.

(c) preinvestment: under this component, long-range technical, environmental and economic viability studies will be conducted on how to expand and improve the water supply and sanitation systems of about 61 communities, and final designs will be prepared for the first phase of investment established by those studies.

CONSULTANTS:

Consultants will be hired to: (a) conduct studies relating to the laws and regulations governing the sanitation sector, standards, policies, rates, human resources, technological development, a subsidization system, and demand; (b) provide training and courses on rates; (c) prepare diagnostic studies and help with the preparation and implementation of the institutional, business and operational improvement projects (accounting systems, short- and long-range financial planning, personnel policies, etc.); (d) prepare designs for and carry out 140 priority projects; (e) develop standardized systems that all the UCs will use for user registers, metering, billing and collection, accounting, short- and long-range financial planning, personnel management, internal auditing and management information, and operation and maintenance; (f) conduct long-range technical, environmental and economic feasibility studies to expand and improve the water supply and sanitation systems of 61 communities, as well as prepare final designs for the first phase of the investments that those studies call for; and (g) oversee the program's execution.

GOODS AND EQUIPMENT: Equipment will be purchased for administrative activities (data processing, office and audiovisual equipment and vehicles). In addition, equipment will be procured for the UCs for maintenance work, water quality control, and other related activities.

CIVIL WORKS: Rehabilitation and reconditioning works (approximately 120 projects at a total cost of \$69.4 million) will be undertaken involving filtration plants, sewage treatment plants, intakes, wells, pumping equipment and stations, electrical installations, water mains and distribution lines, surge tanks and intercepting sewers.

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