

Dili City Upgrading Strategy



Community Action Plan Guidelines



Cities Alliance
Cities Without Slums

Dili City Upgrading Strategy

Developing a Strategy for improving low-income settlements in Dili, Timor Leste

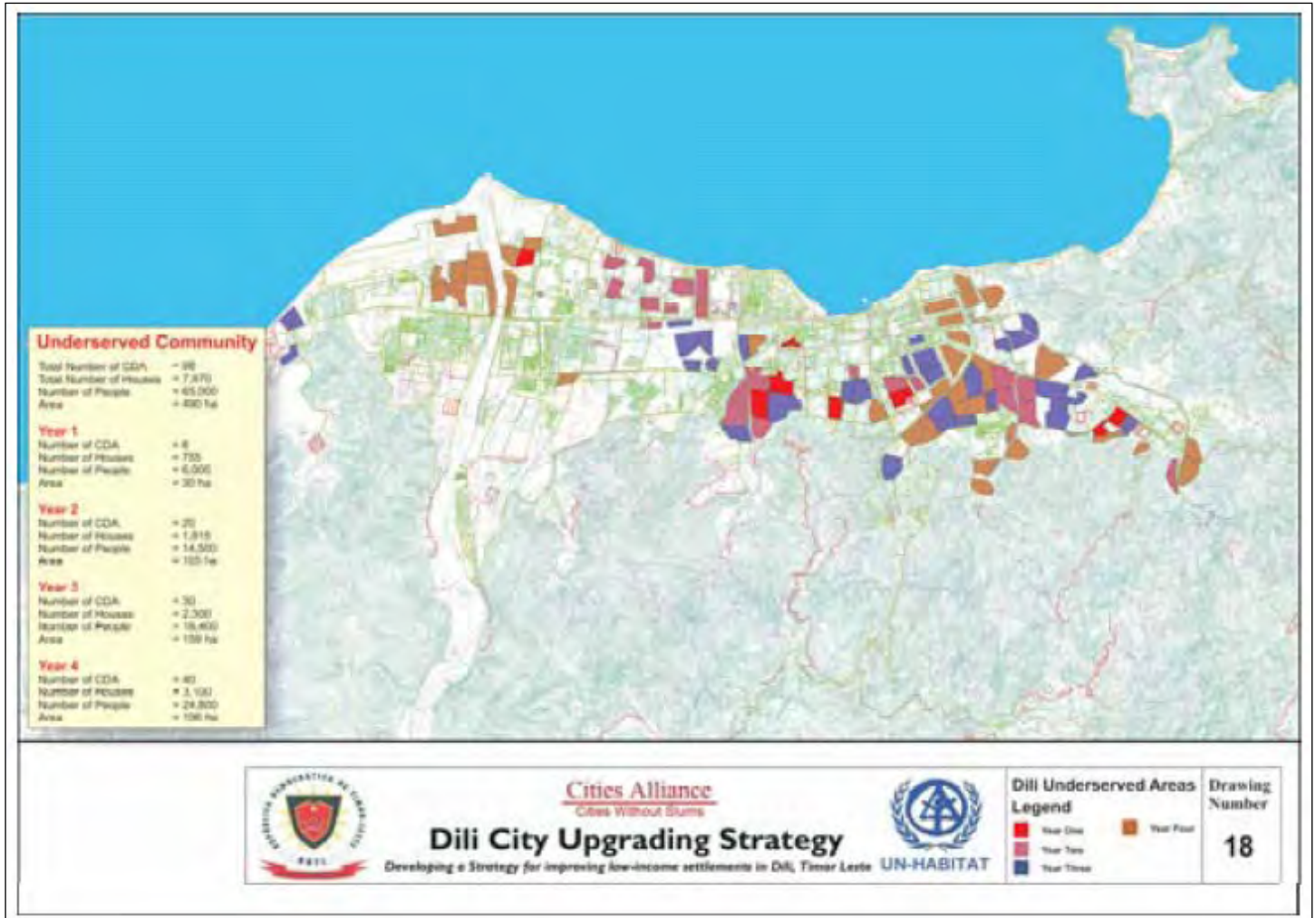


UN-HABITAT

The Dili City Upgrading Strategy

A Strategy for Realizing Urban Upgrading

In the Democratic Republic of Timor-Leste



Provided as the Main Report of The Dili City Upgrading Strategy

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1. 1. The Project Terms of Reference

The Government of the Democratic Republic of Timor-Leste (RDTL) in collaboration with UN-HABITAT as the implementing agency received a grant from the Cities Alliance to undertake a City Upgrading Strategy (CUS) for the capital city of Dili over the 12 month period from October 2004 to September 2005. This was later extended with assistance from UN-HABITAT to late October 2005.

The Grant Agreement (grant agreement number 04-26-P083599) attached an approved Project Proposal or Terms of Reference (ToR). The ToR prescribes a series of activities and outputs, and objectives. The ToR as approved by Cities Alliance provides for:

“City Upgrading Strategy for Dili primarily seeks to achieve two key objectives to enable the economically, socially and environmentally sustainable development of Dili and in so doing having general implications for National Development. These are:

a) *Provide a city upgrading strategy for the future development of Urban Dili that meets the needs and aspirations of Dili’s residents. The strategy would have as a key objective the identification of areas in high need of assistance, these being poorest and most disadvantaged areas of the city. The CUS will include:*

- *A strategic plan for city slum upgrading;*
- *Policy and regulatory framework for the institutionalization of the plan;*
- *A systematic approach to slum upgrading through community participation;*
- *A framework for infrastructure investment in under-served settlements as a model for replication throughout Timor-Leste;*
- *A detailed investment plan for slum upgrading of Dili;*
- *Identification of investment partners for the various components of the plan.*

b) *Provide a model for overall sustainable finance through the selected pilot projects for replication through-out the city and the other urban centers of the country. This would be a multifaceted model that could be readily adopted in other locations where small-scale community infrastructure and small-scale economic development are priorities for community development. This will include:*

- *Budget requirements;*
- *Investment partners;*
- *Cost recovery models.”*

These various components have been resorted and grouped into six components for the purposes of best meeting the needs of the project as it has progressed. These components form the basis for each of the five chapters of this report as outlined in the following section.

The second document produced at this time by the project team entitled “Community Action Planning Guidelines” should be read in conjunction with this document. The guidelines provide a detailed and comprehensive account of what has been learnt and a guide to future initiatives for engaging communities in the development of the city. These documents form the final two outputs of the project

1. 2. Chapter Summaries

Chapter 1. INTRODUCTION and SITUATION ANALYSIS

This chapter incorporates the following items from the DCUS project documents: city-wide housing inventory, assessment based on indicators (physical infrastructure, housing condition, land tenure, socio-economic attributes), areas of high, medium and low priority, key issues and neighbourhood priorities, city upgrading issues document, technical needs determination, specialist examination of technical trunk and distribution infrastructure, financing, institutional, land tenure, maps of basic service delivery and upgrading need across each neighbourhood and across the city.

There is limited information existing in many of these areas so the project need to generate its own research information. In the first three months of 2005 a citywide assessment of underserved settlements across the city was undertaken by the project team and was presented in a report and final presentation entitled “Dili City Wide Housing Inventory and Assessment” in early 2005. A total of 38 areas of a few hectares each were surveyed across the city comprising 125.8 hectares and a total of 2,769 dwelling units (around 15% of the total urban population). A further 220 dwelling units were interviewed in more detail to provide further clarity to key issues and conditions. A review of 28 small scale community infrastructure projects as undertaken by past donor assisted projects were also assessed in detail based on such criteria as total cost, level of community involvement and subsequent maintenance of infrastructure.

These assessments were matched with technical reports prepared for each sector by the relevant Departments and are thereby providing the city’s first integrated and comprehensive assessment of the level and location of its under-served settlements. Additional data was obtained from the preliminary counts of the first National Census for Timor Leste (2004) and dwelling unit counts from detailed aerial photography supplied by the Australian army. Broad categorizations of land use were made and key statistics presented to government counterparts. In broad terms the research of the project team revealed to Government for the first time, that there are some 20,000 dwelling units in urban Dili with just over three quarters (15,500 dwelling units) of which are informal housing (i.e. unplanned/spontaneous housing) with limited access to basic services.

Chapter 2 PILOT COMMUNITY UPGRADING

This chapter incorporates the following items from the DCUS project documents: specific neighbourhood improvement plans; local area improvement plans; selected pilot projects; workshops at neighbourhood level; local area implementation and action plans; community local area plans; upgrading methodology tested in small-scale pilot projects.

An upgrading methodology was prepared by the senior UN-HABITAT technical staff and successfully tested by the project team in four small-scale pilot project locations around urban Dili. The methodology was constantly refined as new issues were faced in dealings with the community to form community councils and to undertake community

contracts. Under the community contracting process some thirty community contracts were issued across all four communities.

A community-contracting manual was produced providing a detailed and comprehensive account of what has been learnt and a guide to future initiatives of this kind. The manual is easy to read, visual and thereby “community friendly”. This manual draws up the extensive community action planning experience of UN-HABITAT senior staff, Cities Alliance and other practices in Asia including the work of similar community projects initiated in the region. Community local area plans called “Community Action Plans” (CAP’s) were prepared focusing on the small-scale community infrastructure projects of the four target pilot project areas. A detailed community action planning process has been undertaken in each of these locations with community members taking the lead; over 200 community members have attended these meetings over the seven months of the process.

Chapter 3. CITY WIDE SCALING UP and COUNTRY WIDE SCALING UP

This chapter incorporates the following items from the DCUS project documents: implementation strategies for some of the poorer neighbourhoods; potential investment partners; sustainable financing strategy; detailed investment plan for slum upgrading; framework for infrastructure investment; detailed investment plan; model for overall sustainable finance; budget requirements, investment partners, cost recovery models; community savings and credit schemes, tenure security, institutional arrangements, construction standards and permits.

At the more local level, the pilot projects in four communities provided assistance to over 3,000 persons allowed detailed costing associated with upgrading to be identified. These costing can be broadly adopted with some clarifications as a cost basis for scaling up in urban Dili and replication in other urban centres. This is the first time this has been attempted in Timor Leste. The lessons learnt from these pilots have been documented so as to ensure the most cost effective means for upgrading using a combination of community contributions, government resources, hiring of private contractors and financial and technical support from external donor assistance. Contracts have been formulated and issued for example for the contracting of community labour at an agreed

and consistent daily rate, the use of private contractors for the provision of services such as removal by truck of drain sediment material at an agreed rate, and the cost of Government heavy equipment where budget allocation has been made for fuel and associated costs at an agreed daily rate. This project has pioneered the use of such contracts, which had not been used prior to this project in East Timor

These costs provided inputs into a simple model developed by project staff for calculating the various costs associated with upgrading and the various possible sources of funds and other resources to meet these needs. It is predicted that nearly 100 underserved areas representing some 40,000 persons (approximately 25% of the total urban population) across the city will require upgrading in the short to medium term. This number may increase significantly if on the demand side rural to urban migration and natural birth rates remain high and on the supply side if the ability of the private housing estate developers and government housing markets remains very weak.

The costs for upgrading, have formed the basis for assessing the level of financing required and the capacity and capabilities of government, community, private sector, donors and other investment partners to undertake the necessary upgrading. These costings have now formed the basis for a budget submission to Government for the 2006/2007 financial year of US \$3.5 million required over the next four years.

The framework that emerged integrates the efforts of government service providers with individual community councils and includes the Dili District Administration. Integration between these agencies has significantly improved through this process. All of these groups were brought together in a workshop entitled “Dili City Upgrading Strategy – Achievements and on going activities” held early August 2005 and again at the final Dili CUS presentation held late October 2005 to discuss and agree this further. Various draft frameworks for infrastructure resource allocation were put forward and were refined by the project team in consultation with Government agencies. Indicative of this, government departments are now cooperating in a meaningful way through the provision of technical assessments and design, and heavy equipment and materials (such as cement, water pipes and culverts) as required for the pilot small-scale community infrastructure improvement projects, as outlined in Chapter 2.

Chapter 4 POLICY, PROGRAMMING, REGULATORY AND DEVELOPMENT PLANNING FRAMEWORK

This Chapter incorporates the following items from the DCUS project documents: upgrading policy framework; city upgrading policy framework, policy and regulatory framework for access to basic infrastructure; slum upgrading policy; and city-specific policy framework.

The provision of a “slum upgrading policy and plan” has also been slightly renamed and refocused to reflect the operational realities of Timor Leste. A draft “Policy and Regulatory Framework Paper” has been produced which outlines how the DCUS is proposed to fit within the emerging policy and regulatory framework of the national Government. The SIP for the sector (2004 – 2008) under “key policies and programs for the medium term” acknowledges the policy direction of this project and the National Housing Policy which precedes it as undertaken by the same DCUS consultant team. As a result, the three documents are highly consistent. The Policy and Regulatory Framework Paper serves to further integrate these documents. This was presented to the Government through an easily understood relationship diagram with supporting documentation. This was also presented to the National Council of Ministers on August 3rd 2005 and at the project’s workshop entitled “Dili City Upgrading Strategy - Achievements and ongoing activities” held 1st August 2005 and attended by the Prime Minister, key Ministers and relevant Department heads.

This chapter also incorporates the following items from the DCUS project documents: strategic plan, vision, goals, objectives, and improvements in the quality of life in the poorer areas of the city.

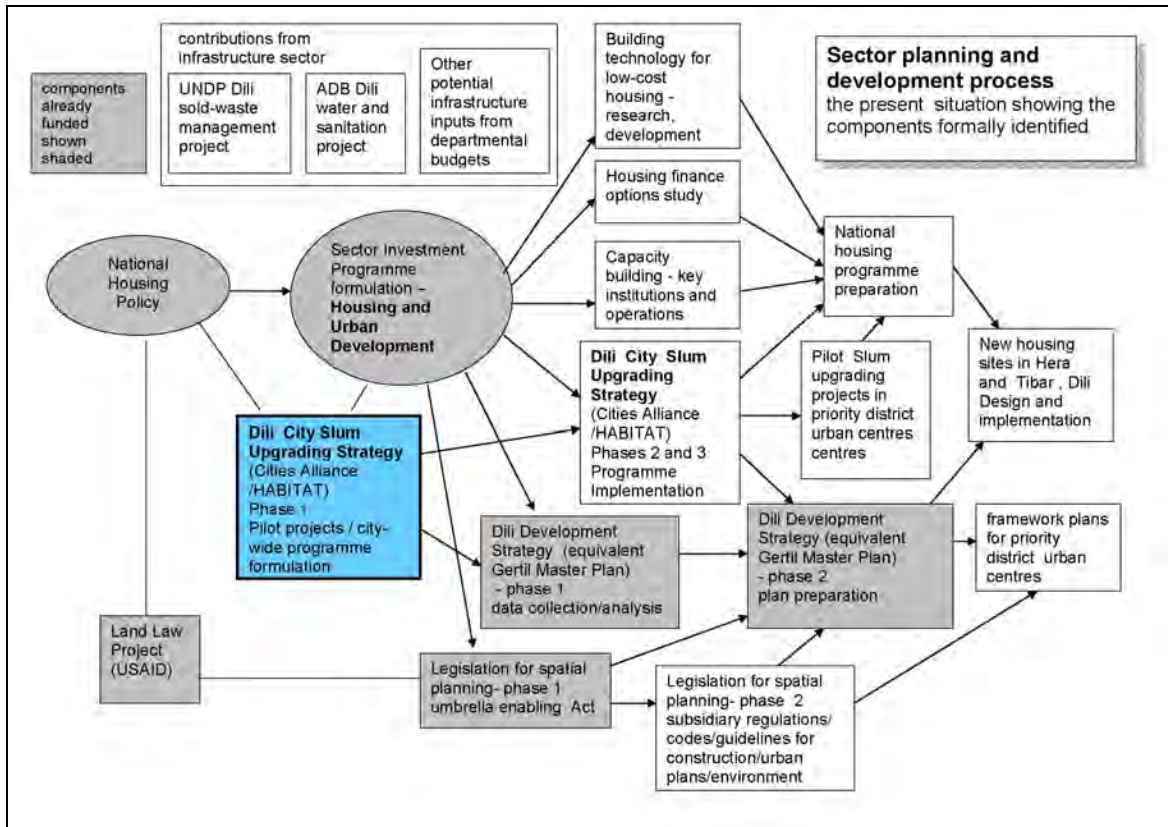
A discussion paper entitled “The Development Planning Framework” has been prepared outlining these elements. A development planning framework discussion paper is preferred over the term “strategic plan” as this may present some confusion in the use of terms for counterparts and reference groups as the broader “city wide upgrading strategy” took shape and has been discussed in wider forums throughout the later stages of the project. This terminology is also preferred, as it is consistent with existing

related documents of the government. The discussion paper serves to meet the need for the production of a “strategic plan” by addressing these elements of vision, goals, objectives, policies and programs for the future development of Dili.

This chapter builds upon the work of key technical inputs to the project. 1) the first mission report of the UN-HABITAT “Senior Technical Advisor” as provided in early June 2005 following the senior consultants first input 2) the “People Centred Approach to Upgrading of Informal Settlements” as drafted by the senior UN-HABITAT consultant in April 2005 employed as the “Strategic Planning and Upgrading Specialist” and as refined by the project team.

The guiding document for the planning framework is the National Development Plan (2002) which articulates the vision, goals and objectives for development of the country in securing the two fundamental principals enshrined within it of economic development and poverty reduction. The development planning framework also incorporates directions provided by the National Housing Policy, The Sector Investment Program (SIP) for Housing and Urban Development, The World Bank “Towards a Strategic Plan for Dili” document of 2002, and the emerging Spatial Planning Act, all of which members of the DCUS team have provided direct assistance in formulating. The planning framework is of course also guided by best practises in upgrading as learnt from many years of practise by UN-HABITAT and Cities Alliance.

The Dili CUS is also viewed in the broader Government framework of a range of housing and urban planning initiatives. This relationship is outlined in the following diagram. This project is highlighted in blue, the grey boxes and ellipses are existing projects and programs with the remainder (uncolored) being projects yet to commence.



The DCUS within the broader agenda for the Housing and Urban Development Sector

1.3 The Evolution of Dili as The National Capital

In developing a sustainable development strategy for urban Dili it is important to first understand the forces that have historically shaped its development. There is little written on this and as yet there is no urban development plan to provide this context.

It is considered important that this report commence with a brief overview of how the city developed, particularly as the evolution of the development of the city is somewhat unique and somewhat fractured under the various regimes that governed its development. Many of these themes are mentioned in subsequent chapters but it is of value to gain an overview of the unique history of the “world’s newest nation”.

Portuguese Rule 1769 - 1974

The Portuguese occupied the eastern portion of the island of Timor in 1561 in an attempt to gain control of the spice trade and to develop strategic influence in the region. They were not able to repel the more powerful Dutch forces that eventually exerted rule over what is now Indonesia. As a result, this small colonial outpost was never the centre of sustained colonization or investment in physical or social infrastructure under Portuguese rule. It is cited by many East Timorese, for example, that there was no more than 40 kilometres of paved road in the country through out the 400 years of Portuguese rule and all of this was in urban Dili where they resided.

In general it can be said that over the four centuries of colonial rule there was a dichotomy between the colonial port town of Dili and to a lesser degree other port towns such as Baucau controlled predominantly by the Portuguese and a general continuation of traditional life in more remote communities where the vast majority of Timorese lived.

Dili became the centre of Portuguese Timor in 1769, the Portuguese settling upon it as a capital after being pushed eastwards from present day Oecussi and Batugade by resistance organized by Timorese kings. Dili, or more specifically the areas now known as Motael and Farol, provided a measure of protection from attacks being largely surrounded by the sea and with a lake to the south providing yet another buffer. Historian Peter Hastings observes that while Dili was somewhat safer from attack than Oecussi it was ‘...amidst squalor, deprivation and death that the administrative foundations of Portuguese Timor slowly took shape.’ Even in the mid 19th century Dili remained, in the eyes of Alfred Russell Wallace, ‘...a most miserable place’ⁱ

The Portuguese settlers concentrated on the extraction of sandalwood and in 1815 introduced coffee, which remains the largest cash crop of the country. The much larger neighbour, Indonesia, evolved under Dutch colonial rule of the Dutch East Indies with a more extensive exploitation of its natural resources and a more developed economy.

Little has been published about Dili during this Portuguese colonial period. Dili was generally seen as largely insignificant small “sleepy little port town” far removed from the major centers of Asia. When mentioned at all, Dili is invariably described as a dusty,

neglected colonial outpost of Portuguese colonialism: a relic from a time when Portugal was a major maritime power.

The small settlement of Dili was fortified and walled but eventually outgrew this small area. As it grew and expanded and the Portuguese asserted their authority, Timorese kings were forced to provide labor which was used to construct much of Dili's physical infrastructure: churches, government residences, a prison, a hospital, the port, schools and ammunition storage buildings. Resistance to Portuguese rule was not completely quelled and it manifested in occasional rebellion with Dili being burned in 1799 and again in 1866.

Between the world wars, Portuguese Timor stagnated although its administration was strengthened and regularized: in 1928 200 Portuguese civilian nationals and 300 soldiers resided there.ⁱⁱ East Timor was occupied by Japanese forces during the middle years of World War 2.ⁱⁱⁱ

One personal account of life in East Timor in the 1950s, suggested that the total population of East Timor was about 500,000, overwhelmingly dominated by the indigenous population but also a small number of Indonesians and Malays, 8,000-12,000 Chinese, some 60,000 people of mixed ethnicity, perhaps 200 Arabs and a handful of foreign nationals concentrated in Dili and the few other urban center of the country. Then as now approximately 80% of the population lived in rural areas.^{iv} Few Timorese occupied Dili throughout the four hundred year Portuguese period. Only East Timorese who worked in Dili or who spoke Portuguese (i.e. those that were at least partly assimilated) were allowed into Dili and other towns. At Dili's outskirts, the Portuguese maintained agricultural land under their own control to serve as a buffer between the city and the countryside.^v Dili was also surrounded by a large storm water drain which also served as a kind of boundary between urban living and a variety of traditional Timorese forms of housing, languages and cultural traits associated with life in the hinterland.

Industry was and indeed still is, limited overall and overwhelmingly concentrated in Dili producing almost exclusively for the domestic market, primarily coffee, soft drinks, biscuits, cigarettes, ice-cream, clothing, detergents, and was largely a product of a spurt in development during the 1960s. The same is true of Dili's infrastructure, including

sealed roads, electricity supply, its port complex, concrete storm water canals and basic communications.^{vi} In the early 1970s, business activity was largely in the hands of the colony's 14,000 Chinese and much smaller numbers of Portuguese. East Timor's 1973 budget amounted to expenditures of not much more than US \$4.0 million made up of local revenue, import revenues, and a variety of imposts on economic activity. At the time of its separation from Portugal, the East Timorese economy was crude and primarily reliant on coffee and copra for export earnings (total export earnings USD\$3.0m in 1973).^{vii}



Urban Dili circa 1970

The above map is of Dili in the years prior to Indonesian occupation. While the basic structure of the city of today is visible, many of the modern facilities are not, for example,

the airport to the east is not yet built, the road infrastructure is rudimentary and development of major residential areas such as Comoro and Becora to the east and west of the core area are yet to develop.

The Indonesian Occupation 1974 - 1999

Following the “carnation” revolution, in April 25 1974, Portugal announced that her colonies, including East Timor would be given the right to self-determination. The ensuing power vacuum resulted in a brief but violent struggle for political power among various local political groups, the most prominent being Fretilin who announced independence for the “Democratic Republic of Timor Leste” on 28 November 1975.

The Indonesian military invaded almost immediately annexing the territory and introducing Indonesian laws and regulations. The Republic of Indonesia laws on land, housing and property remain partially in place today. The years 1975-1979 were devastating for the East Timorese as reported by the Indonesia focused human rights group TAPOL^{viii}: Armed resistance by The East Timorese prevented the Indonesian armed forces from gaining control over the country until 1979. Indonesia's campaign of encirclement and annihilation (1977-1979) achieved its goal to devastate areas where the armed resistance and most of the population were holding out. There were huge casualties (an estimated 200,000 deaths in a population of 700,000), cause by heavy bombing and war-related famine and disease. This was followed by the enforced re-settlement of most surviving Timorese in strategic settlements under army control.^{ix} Settlements and towns were developed in and close to the military strong hold of Dili.

The Indonesians regime, however, also sought to improve the overall level of economic development in East Timor as a way of winning the minds if not the hearts of the indigenous population. By 1990 per capita GDP was five times higher than it was at the end of Portuguese colonial rule (though still only US\$200 and half the Indonesian average) and infrastructure in terms of schools, hospitals, churches and paved roads was infinitely improved.^x Dili, the capital city, was a focus of Indonesian efforts during the 25 year occupation and grew from a population of perhaps 40,000 at the end of Portuguese rule in 1974-75 to around 100,000 at the end of the Indonesian occupation.

The Indonesian Government sort to absorb East Timor and in particular Dili into the landscape of Indonesia by implementing many of the urbanization policies it had introduced in outlying areas of the other 26 Provinces of the country. This included major housing programs such as *rumah dinas* (government housing) and *rumah kredit* (government employee pension funded housing credit schemes) and by a rapid expansion of urban services such as airports and ports, electrical power, roads and bridges, water supply and drainage a many other urban improvements.

Many Timorese made the transition to urbanization and were readily absorbed into Dili which paralleled life in other small urban centres of Indonesia. Many others from rural areas simply became low income *kampung* (village) dwellers on the periphery of Dili which was accepted as a normal form of housing entailing limited planning and regulation and tolerated by the authorities. East Timor had the highest percentage of government housing per head of population among Indonesian provinces. With Dili having a substantial portion of this Indonesian Government built housing to accommodate the concentration of the Indonesian bureaucracy there.

Urban services were heavily subsidized by the Indonesian government in both their provision and operation. The Indonesian government introduced a highly structured system of utility supply and social service provision as operates through out the nation of Indonesia. To extend these services to East Timor presented no significant challenge to the Indonesian government well experienced in similar remote island conditions. East Timor was viewed simply as one half of a small island, one of about 13,000 in Indonesia, with a population of less than a million in a nation of over 220 million and a bureaucracy in Dili that represented less than 1% of the total bureaucracy of the country. Some estimates were that the Republic of Indonesia invested over \$US 1 billion into East Timor in the 25 years of its occupation. This meant among other services in urban Dili and elsewhere subsidized water, electrical power, roads, garbage collection, building materials, basic food stuffs including cooking oil, fuel, medical and schooling.

Dili was not a safe place to live for many Timorese. Intimidation and arrests would often happen at night and the early and mid 1990s in Dili was characterised by the activities of undercover operatives, many of whom may have been East Timorese, known as clowns or ninjas terrorising pro-independence figures and the population at large. They were

part of the psychological operations of the Indonesian military designed to silence dissent among the East Timorese.^{xi} . The manifestations of this intimidation are still felt today as dwelling units of blood related relatives are built very close together and with small external windows as this is believed to provided protection from prying eyes of the military and their many informants.

The population of East Timor grew quite rapidly over the 25 years of occupation. Through the 1980's the population grew from 555,350 to 747,557 (34.6%) as the area was integrated into Indonesia as its 27th province. Population was boosted by in migration of Indonesian nationals such as Government officials, military and the Indonesian transmigration program. It is not known exactly how much of this growth was in urban Dili but clearly much of it was as can be seen from the significant numbers of housing estates and other infrastructures built in urban Dili during this period.

After fighting against the East Timor resistance for almost twenty five years, Indonesia, weakened by political and economic problems, and under extreme pressure from the international community, accepted the organization of a referendum allowing the people of East Timor to accept or reject a special autonomy model put forward by the Republic of Indonesia. This model was overwhelmingly rejected with 78.5 percent of the votes cast against the model at the UN administered ballot of August 30, 1999. The announcement of the results was followed by a campaign of orchestrated violence and destruction. The destruction saw around two thirds of the population being displaced, villages and towns looted and burnt, and infrastructure systematically destroyed. This violence compounded the loss of life during the period of the Resistance, estimated to be in the order of 200,000 deaths or approximately one-quarter of the total population. It is estimated that up to 70% of the buildings in Dili were burnt and looted.

The United Nations Transitional Administration 1999 - 2002

The activities of UNTEAT have been well examined in many reviews. The intention here is to assess the administration's activities in the context of urban development in Dili. In this regard, there is no doubt that the concentration of UNTAET in urban Dili had a major and lasting impact on the spatial development pattern of the city and indeed the country in the only two years of its operation.

The arrival of a range of the UN and other foreign aid organizations encouraged large scale immigration to Dili. This was further enhanced by the fact that so much of the population was uprooted and because for many returnees (from West Timor and those sheltering in the rugged hinterland estimated at more than 140,000) there was no housing, food or even community structures to which to return. During the “boom years” of 2001 and 2002 there were over 8,000 foreign nationals residing in the country and over 50% of these people lived in urban Dili. These foreign nationals administered the estimated \$1.5 billion in foreign assistance to East Timor, making East Timor the third most expensive mission per head of population in the history of the United Nations. The combination of this major resources coming into Dili and the corresponding lack of resources in the rural and regional areas saw a major influx of people into Dili. Housing, while much of it looted and burnt, was also readily available from that abandoned by fleeing Indonesians, this housing was in much greater supply and more readily available than else where in the country.

The demographic or socio-economic mix of Dili has therefore changed dramatically. The mass exodus of the upper and middle classes such as skilled bureaucrats, business people and mid and upper level managers has not only left the city and the country with severe skill shortages but they have been replaced by large numbers of unskilled unemployed. Different parts of the city tend to attract different ethnic groups from around the country and these groups often bring with them strongly held views and values. This diversity of outlook sometimes results in conflict particularly in areas where land availability is limited. This often requires application of traditional reconciliation methods between different groups and also between these groups and the city and national governments which must administer formal systems of the urban environmental management (e.g. land tenure regulations, building regulations, payment for utility usage, garbage disposal, and controls on the keeping of livestock on residential properties).

Rebuilding Dili has been a major focus of international efforts in the years since its destruction not least because it is the capital city of the world’s newest nation. This investment and upgrading served to consolidate the position of Dili in the context of other urban and regional centers in Timor Leste.^{xii} This disparity is exacerbated by the

fact that other centers across the country such as Baucau, Los Palos, Suai, Maliana and Liquicia received only a fraction of the investment in physical infrastructure and rebuilding that Dili received despite their being at least as badly damaged during September 1999.

The unevenness of rebuilding investment remains clearly evident when traveling around the country. For example, during the Indonesian period Dili was a small port town receiving wooden fishing boats from the neighboring islands while the provincial capital of Kupang in West Timor served as the major freight and passenger linkage with other significant centers of Indonesia. However, as the only port in the newly independent country, Dili's has now been upgraded to international standards enabling it to receive container ships. This entailed major dredging of the entrance channel and construction of shipping container truck set down areas and customs and immigration facilities. Similarly, Dili's airport, government offices and other infrastructure such as the market have been subject to significant investment.

The rebuilding of urban Dili has almost without exception been focused on reconstruction of the same facilities in the same locations. Clearly the key objective in the two years immediately following the humanitarian crisis created by city wide destruction was getting Dili functioning again and the quickest, cheapest and easiest way to do this was to rehabilitate or rebuild what was destroyed. As a result the overall urban pattern established under the Indonesian regime remains largely unchanged.

Key urban planning systems such as the central business district and the government precinct, the road pattern and hierarchy, the location of major infrastructure and the location of housing areas remain almost unchanged. The international community in some respects had little choice but to follow the established urban form as it was limited by the absence of an integrated city wide plan and the significant finances to realize it. Moreover, during the two years of UNTAET sovereignty there was no department charged with responsibility for coordination of donor activities in planning and housing, and there was no Department of Urban Planning and Housing although The Land and Property Unit did attempt to provide some direction. As a result there has not been a coherent vision for Dili as the national capital and its role relative to the rest of the country.

The work of the international community largely centered on rehabilitation of major infrastructure in urban Dili. Of necessity this included, for example, bulk town water treatment, storage and trunk main distribution. Individual dwelling unit connection was not a focus as it was determined that dwelling units would pay for a connection and be billed for water usage as the system evolved under the independent government. The lag time which still exists in this and many other services between macro infrastructure provision and micro implementation and management has meant many dwelling units and whole communities are yet to be connected to a range of urban services. Some communities were provided services and others were assisted by NGO activities e.g. shallow wells and dwelling unit roof top plastic water tanks. Cost recovery models have been developed for all forms of basic infrastructure, however, the price sensitivity of the vast majority of the city's residents and the lack of effective enforcement has limited their efforts. All basic infrastructure services in Dili run at deficit and are supported by national government budget.

These problems notwithstanding in the period leading up to independence on May 20th 2002, reconstruction efforts in Dili were impressive. Significant problems, however, remain. At their core is the continued rapid population growth of urban Dili and the failure to meaningfully tackle this issue. UNTAET assumed that once the districts centers began to recover the rural poor who flocked to Dili driven there by poverty (most of the crops, livestock and machinery had been stolen or destroyed) and security (many feared the return of militia) would return to their home lands. This has not eventuated.

The problem of this population shift was masked in the first few years of the 21st century by the fact that Dili could by and large accommodate it because of the volume of property (housing and land) left abandoned by the Indonesians who fled in September 1999. During this period the availability of housing roughly matched the demand for housing and with the redevelopment of infrastructure often using improved technologies the city could meet the basic needs of the population. The ability of the existing housing stock to absorb the new migrants means that poverty tends to be 'hidden': there is no large slum settlement in urban Dili unlike many other cities in developing nations where the poorest live in makeshift housing, under bridges, along railway tracks, on rubbish tips or the like. However, when large pockets of visible slum communities have developed

such as the central market in 2000 which reportedly swelled to around a population of 10,000 people and the fish markets along the bay in front of the Parliament building the government has acted swiftly sending in the police to remove these communities.

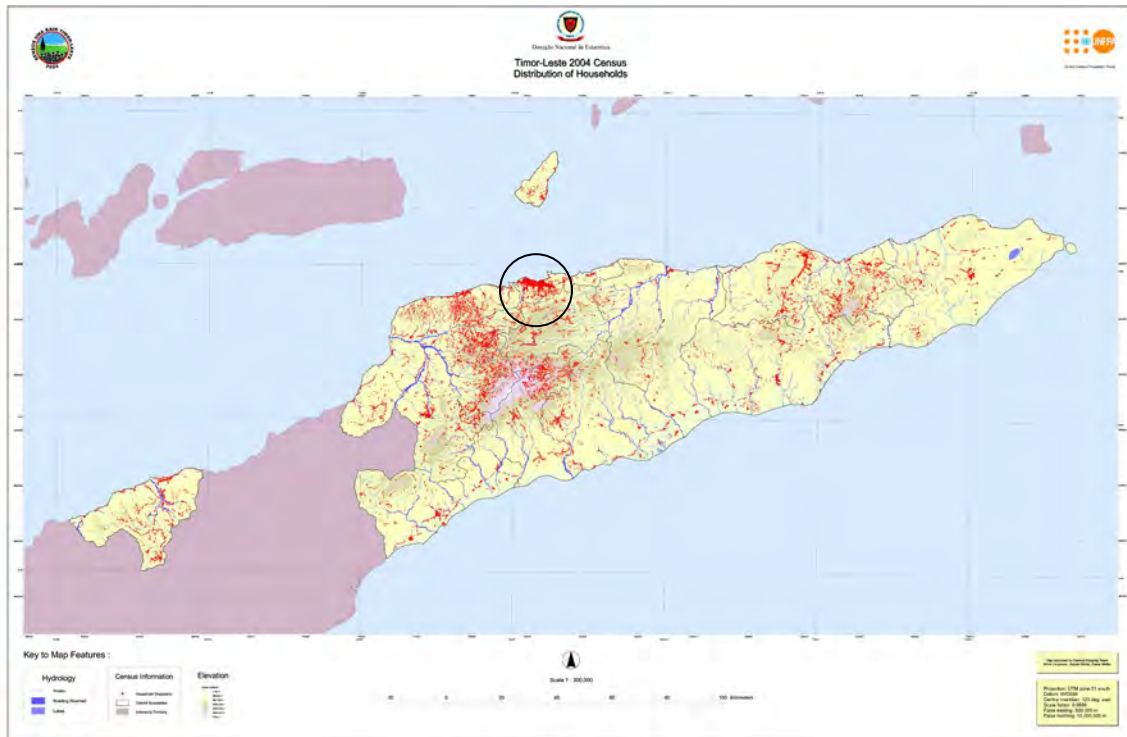
A key planning issue yet to be addressed will be what to do with this large stock of Indonesian housing estates. These have been attractive to new residents of the city for several reasons. Firstly, they were abandoned and therefore available to new migrants to the city. Secondly, being concrete structures and although extensively burnt and looted they could be readily lived in where as housing in other areas made of more traditional materials were most often burnt to the ground. Thirdly, as these areas were abandoned there was less resistance to 'strangers' moving into the neighborhood than would have been the case had migrants attempted to establish *kampungs* at the fringes of inhabited areas. Nonetheless, these were and many remain highly degraded dwelling units.

Residents and migrants attempting to slowly rebuild their homes are severely restricted by low income and the high price of building materials, insecure or non existent land tenure status, almost non existent housing credit and the absence of government provided infrastructure. Basic services such as electrical wiring, plumbing, and sewerage disposal remain in most cases damaged or absent. Overcrowding is also a major problem as many of these estates were built to Indonesian civil servant prototype designs for much smaller dwelling unit units. A typical Indonesia dwelling unit of parents and two children has been replaced with parents and up to eight children with extended dwelling unit visiting periodically or for extended periods of time. Many of these dwelling units which are often as small as a 5m x 5m one bedroom dwelling unit on land 8m x 12m have been extended to accommodate additional dwelling unit members, relatives, kiosks and livestock. Chronic overcrowding is occurring and the general consensus among the residents of urban Dili is that these areas represent one of the least desirable places to live.

The Current Situation

This situation shows now sign of abating. Preliminary results from the first National Census of Timor Leste (June 2004) reveal some significant findings for urban Dili. The

census was the first attempt to define what can be described as 'urban' and 'rural' by *Suco* (village). It was found that just over 206,000 people or 22.3% of the population lived in urban areas. Urban Dili^{xiii} with a population of 150,000 persons makes up approximately 75% of all people considered to be living in urban areas and nearly 20% of the total population of Timor Leste. Urban Dili also has by far the highest population densities of the country which is not surprising given that total land area of urban Dili is less than 40km² or .25 % of the 15,000 km² that comprises the country.



Location of all dwelling units in East Timor (Urban Dili is Circled)

Source: The National Census: <http://dne.mopf.gov.tp/census/results.html>

The provisional figures of the National Census have been compared with the only other significant post September 1999 national figures, the Survey of *Sucos* (2002). The *Suco* survey while not as comprehensive as the detailed door by door questionnaire approach of the national census still provides a valuable reference point. Comparison of the two reveals that urban Dili has grown by a massive 40% in just three years from 110,000 to 156,000 reflecting high natural growth and significant immigration. This figure is also significant in comparison to other district centers of the country which generally grew at rates of less than half to a quarter or lower than that of urban Dili.

Estimated future growth in urban populations is set at between 5.0 to 5.2 % per annum to around 357,000 in 2015.^{xiv} This sustained high growth must reflect the fact that almost 50% of the population is currently under 15 years age and in a country where the population generally marries before 20 years of age and families sizes are large; East Timor has closes to the world's highest fertility rate at 6.7%.



District	Number of Dwelling units	Population		Totals 2004 Census	2001 Suco Survey	Percent Difference +/-
		Male	Female			
Aileu	8,177	19,049	17,840	36,889	31,826	15.9
Ainaro	12,128	26,964	26,665	53,629	45,092	18.9
Baucau	23,815	52,483	52,088	104,571	101,517	3.0
Bobonaro	18,575	40,955	41,430	82,385	69,932	17.8
Covalima	10,546	28,018	27,923	55,941	49,234	13.6
Dili	30,400	88,373	79,404	167,777	120,474	39.3
Ermera	21,028	51,960	51,209	103,169	88,415	16.7
Lautem	13,382	28,174	29,279	57,453	53,466	7.5
Liquiça	11,099	27,786	27,272	55,058	45,575	20.8
Manufahi	8,704	22,564	21,671	44,235	38,616	14.6
Manatuto	8,797	19,363	19,217	38,580	35,445	8.8
Oecussi	13,016	29,119	29,402	58,521	45,042	29.9
Viqueque	15,276	32,949	33,485	66,434	62,704	5.9
Total	194,943	467,757	456,885	924,642	787,338	17.4

Population growth in East Timor by District
Source: The National Census: <http://dne.mopf.gov.tp/census/results.html>

One of the key issue for urban planners and policy makers is to predict how much of the future growth in urban populations will need to be absorbed by Dili. Hypothetically, if Dili were to remain at 85% of the urban population over the next ten year period this would equate to 85% of the additional 151,000 urban population increase. This additional 127,000 population would give a total population of urban Dili of 277,000, an almost doubling of the population in the next 10 years. The rate of urban growth in urban Dili is unlikely to be quite this high (there are no Government sanctioned population growth figures). Population growth will be dependent on many factors, many of which are beyond the influence of the city itself such as the growth in the agricultural job sector and regional development initiatives. Even if the actual growth is much lower than this hypothetical proposition there will still be significant social, economic, environmental and political ramifications to the inevitable continued growth of the city.

Some of these are already evident. Of increasing concern to the government is the pressure ongoing population growth is putting on basic infrastructure such as garbage collection. For example, at present solid waste is piled up along main roads and floating in rivers from where it enters the sea only to be later washed up on the city's beaches. Similarly, air quality is diminishing as rubbish is burnt in the street or in open back yard pits. The government's response is predictable and entails active discouragement of further movement of the rural poor to Dili and making life uncomfortable for those already there in the hope they will leave.

For example, when the UNHCR distributed 55,000 shelter kits in 2000-2002 to those most in need of a simple roof over their heads, none was initially made available in Dili. However, once it became clear that the majority of the rural poor who had migrated to Dili proposed to stay regardless of the difficulties Timorese authorities relented and allowed 2,000 such kits to be built in Dili but only at its mountainous outskirts.^{xv} At a more drastic and interventionist level, the government is also considering forcibly removing and relocating at least some of the urban poor to districts outside of Dili. However, it is clear from experience in many other developing countries that making squatters sufficiently uncomfortable that they voluntarily leave or forcibly removing them

to the countryside are seldom successful strategies and contravene the basic human rights of the most vulnerable. Moreover, such strategies are further undermined without positive investment and development in rural areas and go against a trend of steady urbanization in the developing world over the last fifty years.

The government of Timor Leste is gradually attempting to work more closely with the population of Dili to identify, respond to and resolve problems. A degree of community participation in decision making has more or less been forced upon the government because of the lack of bureaucratic expertise in the wake of the Indonesian withdrawal and because of its lack of financial resources. Moreover, many communities have been the recipients of or at least engaged in discussions with international assistance programs. For a relatively small city there have been a very high number of consultations, programs, projects and workshops but generally it can be said that few have resulted in real changes to the impoverished conditions in which people live. Unsurprisingly this has been the cause of frustration and resentment, and has encouraged ordinary Timorese to manipulate the ignorance of donors for financial and political gain.

Thus, while urban Dili remains a reasonably homogeneous centre in that it is overwhelmingly comprised of indigenous, Catholic Timorese, it is more heterogeneous within that homogeneity than any other part of Timor Leste.

Dili also provides the national government with its greatest challenge in material and symbolic terms. There are as yet no monuments or other edifices to the new nation and the new capital. Dili is still emerging an image to the world and to its nation, the physical manifestation of this national image to its people and the outside world will no doubt be seen, as it is in many countries, in how its people live and the quality of life enjoyed by all. Unplanned slum areas will need to be sensitively upgraded to ensure all its citizenry can enjoy living in the capital of the world's newest country.

1.4 Key Characteristic of Dili effecting Urban Development

The following key characteristics have been identified through observations by the project team, discussions and workshops with key Government and technical agencies, and through reviews of relevant technical reports. A brief summary of these issue was felt relevant here as there is limited other available summaries of these issues and this understanding is important for providing background for the later development of Strategy and a departure point for other urban planning initiatives.

○ PHYSICAL ISSUES

The single biggest natural factor affecting the development issues of urban Dili is its topography as indeed it is for much of the country. This topography¹ affects and interconnects such diverse issues as:

Scarcity of Developable Land - the high mountain ranges surrounding urban Dili on all sides matched with the coastline to the north serves to box in Dili, limiting its potential for urban growth expansion and increasing its population density.

High Temperature – Dili is one of the hottest and driest parts of the country located in a wind and rain shadow created by the high mountain ranges encircling the city. The average daily temperatures vary only marginally year round from the summer months of 32c to the winter of 30c. This high temperature affects such diverse matters as agriculture, architecture and even temperament.

Low Rainfall – the rainy season in urban Dili where the prevailing wind is on shore from the NW thereby avoiding the mountain ranges (January through April) is at around

1

The main portion of the country ie. eastern half of Timor island can be divided into four relief zones:

- the north coast– where the mountains meet the sea and there is very few flat areas.
- the central mountainous spine with Mount Ramelau the highest point of the country at 2,960 metres above sea level.
- The south coast – the generally far more gentle relief of the alluvial planes
- The eastern tip where the three above zones come together producing a large flatter area and the country's only significant lake.

100mm. Dili receives only one third of rainfall of centers on the south and central areas during the same period with the dry seas of the other two thirds of the year receiving on average less than 50mm per month.

Low Agricultural Production – this low rainfall results in only one growing season when compared with the two seasons of the south and limits the types and amounts of food production, for example almost no rice is grown in the urban Dili area.

High Flooding – the steep slopes, low elevation of urban Dili and high intensity of rainfall when matched with the increasing problem of land clearance on the surrounding hills and poor drainage practices is increasingly contributing to flash flooding and mud slides across the city. These mud slides and sedimentation causing destruction of dwelling units and deterioration of road and other infrastructures. The removal of large amounts of top soil due to mud slides serves to silt up the cities major drains which require but do not often received periodic removal of large amounts of silt material. Due to the rapid velocity of the intense rain fall events large amounts of soil move quickly through the city and out into the bay of Dili causing the depositing of significant levels of soil into the bay which blankets and kills the coral reefs.

Soil Protection - The removal of significant vegetation such as large eucalypt trees on the surrounding hills of urban Dili has occurred over many decades This clearing began in earnest during the Indonesian occupation where large areas of forested land was cleared to limit clandestine movements into the city. This defoliation has increased significantly in recent years as the limits on the removal of trees during the later years of the Indonesian regime is no longer enforced and many urban poor of Dili seek an income through collecting wood for cooking fires. This practice is made all the more attractive by the loss of cooking oil (kerosene) subsidies introduced during the Indonesia period such that timber has become a much cheaper alternative.

Soil slippage - The result is the surrounding hills of Dili have become dotted with stunted eucalypts of only a fraction of their full size as branches are constantly removed. As result this nutrient rich soil of the mountain slopes of urban Dili is fast being lost and this is of real concern as the soil profile is very shallow being only a few centimeters in most areas with a hard bed rock bellow. Once this thin layer of soil is lost it can not be

replaced and the land will be fallow and such lost to agricultural production to further susceptible to water and wind erosion

Low Quality Soil - the alluvial soils of Urban Dili are the result of material gradually deposited from the mountains to form new land from the sea. As a result Dili is generally very flat, low lying with clay based soils. These soils are poor in nutrients and generally unsuitable for growing a variety of crop types. The better quality of soil of the mountains surrounding urban Dili are more attractive for crop production but this is limited by their very steep slopes. As a result where good quality soil has been washed down into the main drains of urban Dili becomes the favored location for intensive crop cultivation. In the main drains of Dili can be found significant areas of kankung and other crops which benefit from the nutrients of the deposited soil and the more regular water flow, particularly during the eight months of the dry season where there is almost no rain across urban Dili.

Health Problems - the combination of flat coastal areas, flash flooding during the wet season and poor drainage has played a large part in recent years for the major outbreaks of dengue fever and malaria by providing mosquito breeding grounds. Other bacterial diseases are highly prevalent in low lying areas where flood waters pool and mix with animal and human waste.

Limits to Urban Service Delivery - The steep slopes surrounding the flat coastal areas of urban Dili severely limit the economic supply of urban services to these more mountainous areas, as a result there is very limited water, road, housing or other services in the surrounding areas. Similarly major land uses of the city need to be located in the flat area where land preparation costs are not cost prohibitive such as the airport and port, main Government buildings, and industrial and warehousing activities.

Variety of Socio-Economic Characteristics – the difficulty of travel between regions due to topography, even over very short distances, has traditionally been a major factor in the wide cultural and linguistic diversity of the country. In urban Dili there are differences between the types of housing of the flat land and those of the hilly slopes with newer and poorer settlers increasingly looking to any available flatter land on the more elevated land overlooking the city.

- **ECONOMIC ISSUES**

The single biggest factor affecting the rate of urban growth of Dili is the economic dominance of Dili. This is not to suggest that there is major economic activity in urban Dili but that relative to its largely impoverished hinterland it is perhaps currently the only real centre of economic activity in the country outside of the major coffee growing areas to the south west of Dili. The economic dominance of Dili is manifested in many ways that have major implications for the development of the city and indeed the country.

The Economic Hinterland of Dili is the whole Country

The small size of the country and the developed road pattern radiating out from Dili makes urban Dili relatively easily accessible by all regions of the country, e.g. no district is more than a day's travel away from Dili. Given also that East Timor has a very low population of less than a million which is generally sparsely populated into small hamlets or towns of no greater than 30,000 people and that the vast majority are very poor (less than \$1 a day) their consumer purchasing power is weak, therefore the ability of these small towns to provide a range of higher order goods and services is very limited. The economic catchments of urban Dili as a result becomes the whole country. This position is consolidating as investment in higher order goods and service such as motor cars, building materials, furniture, medical services etc. continues to come to urban Dili at the expense of other centers.

Concentration of Government Services

Similar resource allocation decisions are effecting the investment in Government services. The Government with a restricted national budget of only around \$100 million per annum has sort to consolidate much of its limited resources in urban Dili. Key infrastructure such as the nation's only international port and airport, only national hospital, key universities and technical colleges, and head officers of all Government Ministries are located in urban Dili. The improved provision of a range of urban services in the city is a major attractor of rural to urban migration and urban to urban migration particularly among the youth who come to Dili in search of employment and a quality of better life.

A failure to understand how these powerful forces work together to attract increasing numbers to the city will result in poorly formulated and ineffectively implemented policies aimed at encouraging decentralization and regional development.

Access to Urban Services

Private investors with a lack of any real Government policy and incentives to encourage decentralization to regional centers overwhelmingly choose to locate in urban Dili. This decision is in a large part due to their ability to access these urban services that only urban Dili has. Largely uninterrupted electrical power, for example, is only available in Dili, as is bulk treated water supply and a reasonably large pool of semi-skilled and skilled labor (of critical importance where there are many skill shortages some half the population are functionally illiterate).

Benefits of Agglomeration and Market Access

East Timor is almost entirely a consumption driven economy. Even in urban Dili there is almost no manufacturing or other production for local consumption or export. Per capita gross domestic product in East Timor is the lowest in Asia and one of the lowest in the world with a paltry \$32 million dollars of coffee being the single largest export earner of the country and employing up to 70% of the nations work force. In urban Dili this is particularly evident by the fact there is a lack of any real manufacturing base other than very small scale, low tech home businesses such as sewing, carpentry and brick making.

Given this unique situation cost minimization by being located as close to access to materials (i.e. largely imports) and the major market (i.e. urban Dili which accounts for 20% of the nation's population) thereby among other benefits serves to reduce prohibitive transport costs. (from observations and interviews the price differential from urban Dili to rural and regional centers can be as much as 50%). Urban Dili is the only location in the country where there is a nexus of raw materials, up stream and down stream suppliers, reasonable market demand, semi and skilled workers and access to infrastructure services. Urban Dili as a city of 150,000 provides for many economic activities a critical mass of consumers that the next largest city of only 40,000 simply can

not realistically provide. If this situation continues unabated then urban Dili will continue to consolidate its growing role as a primate city thereby reinforcing this trend and becoming and more and more attractive at the expense of other centers.

Access to Government Services

Typically Government thinking has put great emphasis on the importance of access to urban services as a primary reason for the rapid growth of urban Dili. The thinking is that as urban services improve in the rural areas to levels comparable to the pre September 1999 violence that large numbers will be encouraged to relocate back to their home villages and town. Even if this nationwide significantly improved services delivery were to be achieved in the short term, a doubtful proposition give the many factors working against this such as politically and financially weak local Government structures, then this factor by itself is highly unlikely to be the determining factor in relocation. Improved infrastructure as a force for relocation is no real match for the economic attraction of jobs and income of the city, as experience throughout the developing world has well demonstrated.

None the less access to urban services is still a significant location factor for the urban classes. In surveys undertaken throughout the country, rural populations when asked if they believed their current access to basic services was better/same/worse than before the violence and destruction of September 1999 generally felt it was about the same or slightly worse. In contrast urban populations when asked the same question almost unanimously felt that their access to basic services was significantly worse than before September 1999 complaining of expensive electrical power (electrical power in East Timor is in fact one of the highest cost per kwh in the world), poor drainage, broken footpaths etc. For urban populations typically the emerging middle class of senior civil servants, business managers and other skilled labor relocation to the District centers may mean losing many urban services such as rationed or no electrical power, no television or even radio coverage, poor housing, limited or no telephone or internet access and limited schooling, medical and other social services.

Dili as a Dormitory City

The improved economic conditions of urban Dili while significantly better than the rest of the country present limited real opportunities for the poor migrants moving to the city. There are limited jobs in the formal economy as there is limited production and rapidly decreasing retail and service sector employment as the artificial buoyancy created by the last five years of United Nations and international community presence significantly diminishes. When the average income is \$1 per day in the rural economy, however, even small opportunities in the urban centre of Dili become attractive to escape the poverty and tyranny of rural life. Largely as a result of the strong need to generate cash income in the urban economy and their limited finances, business accretion and opportunity urban Dili has seen a proliferation of small stalls (“kiosks”) within the three city markets, along major roads and throughout residential areas. These kiosks generally selling a very limited variety of small amounts of agricultural produce, basic food stuffs, cooking timber and basic production and services such as carpentry shops and mechanical repairs.

This lack of real economic opportunity when matched with the high cost of living in urban Dili (by Asian standards Dili is an expensive city – the sixth most expensive city in fact - in real terms and relative to income) results in many urban dwellers looking to minimize expenditure where ever possible. One key area is in food production at the home largely for dwelling unit consumption. Almost without exception the informal housing areas surveyed (informal housing accounts for some three quarters of all housing in urban Dili) grow crops on site or nearby (corn, maize, kankung – water spinach) and keep livestock (pigs, chickens, goats and occasionally cows or buffalos).

This was also found to be the case in much of the formal housing as well where much of this housing had been taken over post September 1999 by poor illegal squatters often from rural areas. Large numbers of rural people moving to urban areas also brings with it problems of living a rural lifestyle in an urban area. Many of the abandoned Indonesian public servant housing for example are now occupied by rural peasant farmers who keep live stock in the front yards and grow corn on the communal pocket parks. Livestock roaming around the cities main thoroughfares and even the small central business

district is not an uncommon sight which is in stark contrast to the tight limitations placed on such activities during the proceeding Indonesian and Portuguese periods.

Dili, therefore, rather than becoming the engine for national economic growth supplying goods and services for the rural areas and for export is becoming more of a dormitory centre, i.e. simply a place to live, for an ever increasing urban population. Approximately 85% of the total land area of urban Dili is occupied by housing with no industrial nodes in the city or indeed in the country. Unemployment among youth is report as being as high as 80%. Various proposals have been put forward for industrial development and income generation and feasibilities studies undertaken. None of these plans have lead to any significant development on the ground with foreign investors still cautious of investing in East Timor for a number of reasons, none the least of which is perceived risk of political instability and a “wait and see” approach.

A Master Plan to develop the City.

There is still much talk, however, within the Government of the need for an urban Dili “Master Plan.” This master plan is proposed to provide the grand vision for the propulsion of urban Dili into a city of the 21st century. Singapore is seen as good model of a small island nation with its urban areas well ordered, efficient and attractive and as it has grown from an impoverished situation in a relatively short period of time. While setting the standard high is admirable the current reality of urban Dili and the nation is far removed from the Singapore situation. A Master Plan for urban Dili, or more appropriately a framework plan that gives broad parameters and direction for urban growth, to be effective in the short to medium term must address the housing issues as its primary focus. Housing as discussed throughout this report is growing at rate far exceeding the ability for the city Government to manage and plan for it and is by far the major land use of the city.

It is this growth in the urban population and their need for housing therefore needs to be the currently focus of the Government for options for intervention. The large numbers of people moving to urban Dili is putting a strain on already limited urban services and with a very limited tax bases such as income tax and with no real property taxes or local government rate base there is very limited recurrent income to fund upgrading of urban

services. Consequently the Government is voicing concerns of the city's image as the capital of the new nation is being tarnished by the large numbers of poorly built unplanned housing and the associated problems of solid waste piling up in the streets with pigs and other animals picking through it. It is all too evident to many that Dili has gone from the cleanest city of Indonesia before September 1999 to what could now be compare to its dirtiest.

While well beyond the scope of this project it is hoped that the Agriculture, Forestry and Fisheries SIP and the associated implementing Departments will be able to make significant inroads in the coming years into the rural poverty. East Timor has one of the lowest rates of urbanization in the world with just 20% of the population living in urban areas so the success of managing the urban environment and reducing rural to urban migration will depend in a large part to improving living standards in rural areas. Some significant inroads have been made in this area; however, rural poverty remains very high even by world standards. Production is hampered by poor access to farm tools and equipment, technology, capital and markets. The reasonably efficient Indonesian system of production quotas, agricultural collectives and assured markets in the urban centers has become defunct but has not been replaced adding to the difficulties of the rural economy. Food shortages are regularly reported in more remote areas with the Suco Survey of 2001 revealing that some regions have regular food shortages for up to 40% of the year. Export is also hampered by poor and expensive internal and shipping transportation, strong competition from Indonesia and other countries in the region producing similar products and limited quality and reliability.

Land ownership

Land ownership has been and continues to be one of the most vexing issues effecting the development of urban Dili. The problem of determining ownership of land and the fixed property on it (i.e. buildings) is of most concern in urban Dili than in any other part of the country. This is predominantly because 1) urban Dili had more leases issued under both the Portuguese and Indonesian regimes than the rest of the country put together (most rural land remains in traditional customary titles systems) 2) the pressure for land is most acute in urban Dili so land disputes are greatest 3) land value is increasing most significantly in urban Dili with a reasonably well functioning land market

meaning the potential for increasing income through sale or rent and 4) the largest numbers of squatters and the proliferation of the illegal sub division of land. and 5) the destruction of Government property records makes identification of property rights very difficult.

The inability to define property rights restricts investment as individual families in urban Dili will not invest in that which they do not own for fear of eviction as a result many have lived in a state of “limbo” over for the past five years. This also severely limits the ability to attract credit from commercial lending sources such as banks, none of the three banks in Dili lend money or mortgage properties as it can not be secured against assets.

This concern for attempting to deal with property ownership issues was evident from the earliest days of the UN administration of the country. Under UNTEAT the very first regulation issued “UNTEAT Regulation 1/1999” provided for the control of public and abandoned property. The Land and Property Unit within the Ministry of Justice is continuing to deal with such matters as illegal occupation and eviction, issuing of ownership and temporary use agreement documents, and the administration of Government land and property assets including allocation and rental agreements. While much has been achieved there is still much to be done with urban Dili the primary focus of much of their efforts.

One key initiative of the Land and Property Unit (LPU) is the current program to formalize the widespread illegal use of Government controlled housing property. The program has in the past twelve months issued some 2200 one year temporary use agreements to illegal occupants of known government buildings in urban Dili i.e. buildings which were either previously Indonesian Government buildings or known to have been abandoned by Indonesian citizens and thus reverted to the state. Another 4,000-5000 leases are expected to be lodged and processed in the coming 12 months. This would effectively mean that around one third of all dwelling units in urban Dili would be renting from the Government. Rent is currently set at a flat \$10 per month per property until such time as a more detailed assessment of individual property values can be determined and urban Dili rental rates can be formulated. Both these tasks are currently underway with a broad rental zone map consisting of five zones based on proximity to the coast, main roads and the central city area currently being tested. It is

expected that under this proposal rents will double to an average of \$20 per property per month. Additionally, the LPU is attempting to accurately delineate individual property boundaries (i.e. property cadastres) so as to reduce land disputes and further identify property that is to be administered by the Government and rent collected.

The system is still in the early stages of what is a time consuming and difficult task so it is not without limitation and problems. In terms of limitations the primary focus of the LPU is on identifying government assets rather than individual property ownership Land disputes between two private parties that can not be settled through local arbitration (i.e. traditional means with the Suco Chief consulted) are the domain of the District Court and the court is clearly overloaded with its primary focus of criminal rather civil matters. As a result court decisions on private land ownership matters can take more than two years to go before a judge for deliberation. Enforcement on government owned land while less problematic in legal process as the Ministry of Justice can simply by written order bring the full force of the law to bear to remove an illegal occupant (i.e. armed police) still has problems in implementation of the law.

To date less than 10 forced evictions have occurred in urban Dili. The number of illegally occupied properties, however, while not quantified as yet is believed to be the additional 4,000 who have not come forward to sign leases with the Government as mentioned above plus potentially up to 80% of the 2,200 dwelling units who have signed leases but are in chronic rental arrears. Many 2,200 renters escape payment due largely to the regular effort required of the LPU to chase monthly rental payments and the impoverished conditions of many renters where they argue they simply can not pay the \$10 at this time.

For the purposes of discussion of urban planning issues in urban Dili there needs to be a general distinction drawn between informal and formal occupation of housing and informal and informal styles of housing. In most developing countries it is expected that "informal housing" equates to both informal ownership (i.e. illegal occupation) and informal styles of housing (i.e. unplanned and below minimum building standards). In urban Dili this is not necessarily the case and often is not. Most (possibly as much as 80%) of the formal housing built during the Indonesian period (approximately 25% of the total housing stock) is illegally occupied. To a large degree the converse applies in the

informal housing areas where many residents who have owned land either through a formal land title or through traditional inheritance have subdivided their land to allow relatives and village relationships to gain “formal” rights to occupy the land. In contrast to the normal experience in many developing countries it is predicted that it will be the formal housing areas to which the most land claims to the court by the State or private individual will relate.

GOVERNANCE AND ADMINISTRATION

As very briefly outlined in the preceding section there has been major changes in the political structure of the governance of the country in the past 30 years from Portuguese, Japanese, clandestine East Timorese, Indonesian, United Nations and now the Independent Government. These significant changes in the political regimes of the governance of the country have not surprisingly been accompanied by significant changes in the local governance systems within the country. New systems have been imposed on top of the old and no more so is this the case than in urban Dili due largely to its political importance and relative size.

Traditionally, across the country local leaders have been chosen by local communities along traditional dwelling unit lines. This system of *Chefe de sucos* (village chiefs) and *Chefe de Aldeias* (sub village chiefs) still remains largely intact in non urban communities with some dating back hundreds of years. This system although modified by success regimes (e.g. Indonesia regime this roughly equated to *Chefe de Suco* - *Kepala Desa* and in the Portuguese period was back to *Chefe de Suco*. *Chefe de Aldeia* was *Rukun Tetanga* during the Indonesian period and *Povação* during the Portuguese. This system is still being modified today with the upcoming Suco elections later this year in Dili and reviews of local boundaries.

This systems is still functions to some degree in urban Dili, this is evident by the choice of Suco and Aldeia names many of which reflect traditional Timorese names and places. Suco and Aldeia positions have traditionally been honorary positions (i.e. non paid) reflecting the high position of the person in the local community. Most recently these were appointed positions by the CNRT structure (National Council of Timorese Resistance) These chiefs have traditionally been given authority by the local community

to administer traditional justice in such areas land and property disputes and punishment for criminal activity. While many remote rural areas in particular are heavily reliant on these chiefs for dealing with local issues particularly in the absence of strong local police forces and judiciary their influence in urban Dili is much less but still to be considered. Their influence in urban Dili is further diminished by the high influx of “strangers” into their communities, these are people who have moved to the area from other regions and do not know well or recognize the traditional authority of the local chiefs causing conflict and lack of social cohesion.

Sitting above these more traditional structures has been the use of the *Chefe de Zona* (Zone chiefs). This level of authority was not recognized by the Indonesian regime as it originated from and was used by the Falintil resistance movement to organize the population for clandestine activities against the Indonesian regime.² The *Chefe de Zona* was appointed by the local Dili Falintil commander. Urban Dili was divided into four zones roughly equating to the east, central east, central west and west. This division of urban Dili was roughly of equal geographic size dividing the city into four sections from the mountains in the south to the coasts in the north. The *Chefe de Zona* boundaries have been recognized in the current Sub-District boundaries of Dili District which roughly follow these delineations. These are appointed political positions with Dili District administration allocating a paid Sub-District Co-coordinator to liaise between the Suco and Aldeia chiefs below and the District administration above.

The north/south division of urban Dili into four sub-districts means there is a high degree of variation between the Sucos and Aldeias that comprise the sub-district.; i.e. coastal Sucos are on flat land, well serviced, highly populated and considered urban then stepping back from the coast are more undulating less serviced, less populated Sucos considered peri-urban while the high mountain communities further south are very sparsely populated with almost no urban services and are considered rural.

The roles and responsibilities as well as the boundaries of these various levels of political structures have, however, changed over successive administrations. Comparing the current situation with the Indonesian system that most people in urban Dili would

² The Indonesian political system provided for a more general administrative zone called a *Kecamatan* as a Government appointed position, two zones covered urban Dili: Dili Barat (West Dili) and Dili Timor (East Dili)

have grown up under we see some key difference. The most significant concern for the officer bearers themselves is that the Chefe de Suco are currently not formally part of the administrative structure of the local Government of Dili District as they were during the Indonesian period, that is to say they are politicians not bureaucrats, traditional leaders not appointed administrators and voluntary not paid positions. The difference in the nature of their appointment results in some key differences in the way they undertake their respective roles. Suco chiefs, for example, can not be directly instructed to undertake specific tasks by the District Administration nor are they likely to support decisions which will not have political benefits for them with their constituents.

1.5 Urban planning Initiatives to Date

Urban planning initiatives to guide the development of urban Dili have generally been limited and very few have been focused specifically on this topic. There have, however, been a number of studies, reports, policies and regulations, organizations and workshops that have important implications for the urban planning of urban Dili and improvement of slum conditions while others have simply raised the level of discussion on these issues.

These reports are briefly outlined in this section but are referred to throughout this report to add further context to the discussion of urban planning issues. The order of discussion is based on the basic chronology of activities such that an evolution of activities can be seen and this project can be placed within this context.

The Dili Master Plan

GERtiL – roughly translated from Portuguese as “The Group for Studies for Reconstructing East Timor” - was formed on September 17th 1999 at the Technical University of Lisboa, Portugal. Through the Architectural faculty it brought together various faculties of the university focusing on “Territorial planning, Urbanism, Architecture, Design and in various fields of Engineering, Economics, Management, Social and Political Sciences, Veterinary Medicine and Agronomics. Funding is from the Portuguese Government administrated through the Portuguese Mission in East Timor.

In May 2001 GERTiL released a Strategic Plan of Reconstruction and Development for East Timor (PETiL). This document outlines a broad strategy for the physical development of the country with a number of broad policy ideas for discussion, particularly in the areas of Infrastructure, social and economic structures and public administration structures. The PETiL made a contribution to the discussion of national territorial planning issues but there is limited specific detail on the proposed development of urban Dili.

GERTiL continue to be active in East Timor as one of the very few groups engaged in discussion and study on urban planning issue. Currently GERTiL is providing technical support for the development of an urban plan for Dili which is due to be completed by April 2006 and therefore provides an important link with the Dili CUS project.

Towards a Strategic Plan for Dili

Under the Australian Consultants Trust Fund for East Timor, as established by the Commonwealth Government of Australia and administrated by the World Bank, an Australian planning consultants HASSELL Pty Ltd prepared this report following a five month period working in Dili during May to September 2001 an released in March 2002.

The report makes a number of general recommendations that have been summarized in the report as “First, Dili lacks a regulatory framework. Second, Dili must build institutional structures to ensure the delivery of efficient services to its population. Third, Dili must begin to address key short term and medium term challenges in various service areas.” As the first and still to date the only report that address urban planning in Dili it serves to flag some issues and provide some ideas. The report acts as a starting point for the Dili CUS but it is well short of a comprehensive city development plan.

Towards a Medium –Term Sector Strategy for Housing in East Timor

Also under the Australian Consultants Trust Fund for East Timor the same consultants together with URS Engineering of Australia also released in March 2002 this report. The report raised a number of broad housing considerations after examining the emerging housing sector of East Timor. At that time, however, the dominant activity in the housing

sector was the UNHCR shelter program, the now fully completed humanitarian crisis response project was the major focus of the report. This short report simply flags a number of issues with limited discussion on the specific issues of urban Dili.

Community Empowerment and Local Governance Project (CEP)

The CEP provides this project with a valuable starting point for discussion on community based organizing activities, and the design and implementation of small community based infrastructure. Although broader in scope (e.g. included micro credit), wider in geographic spread (the whole of East Timor), at a different time phase (during the earlier quick impact emergency response phase – 2000 to 2003) and much larger in overall and implementation budgets (\$18 million total budget) there are some important similarities and lessons to be learnt. CEP projects in urban Dili are discussed in later sections of this chapter.

The report “Lessons Learned: Community Empowerment and Local Governance Project (CEP) produced by the Ministry of Planning and Finance (May 2004) summarizes the CEP project as “an \$18 million project that set up elected Village and sub-District Development Councils throughout Timor-Leste in early 2000. These Councils were tasked with choosing, designing and implementing community proposed projects that best met their development priorities. This new model of aid delivery aimed to provide a transparent and democratic forum by which communities could participate in reducing their own poverty. Through three phases of funding over a 30 month period, the Councils implemented a wide range of projects including community health centers, road repairs, building rehabilitation, water sanitation and micro credit activities.”

National Housing Policy

The National Housing Policy was prepared with assistance from a grant provided by UNDP/UN-Habitat entitled “Support to National Housing Policy (SNHP)”. The SNHP required that a series of policy submissions be made to Government. The first of the policy submissions was in July 2003. Its purpose was to provide background material on the work in progress and to present the key policy issues which would serve as the framework for the National Workshop held in August 2003. Policy Document No.2

provided a set of policy options for assessment by the inter-ministerial housing policy working group. This was reviewed at the second of the national workshops held on 9 December 2003. Building on guidance from the workshop and specific directions received from Government, a final policy submission was then prepared and presented to the Council of Ministers in March 2005 and will be presented again in March 2006.

The National Housing Policy provides a valuable framework for urban and regional development of the country and is in fact the first such document to do so. The Policy provides many comprehensive principles for the Government. This includes many issues pertaining to the Dili CUS. The Policy, for example, provides that the “Government will establish a fully-integrated, equitable and operationally-feasible regulatory framework for the development, control and management of housing and urban development. The framework will be composed of an Enabling Act together with the various subsidiary decrees, directives, codes and regulations.”

National Development Plan

The National Development Plan was released at the independence of the country on May 20th 2002. It attempts to provide a “national vision” for the country outlining goals, objectives, programs and budgets for all sectors of the economy for the medium term (5 years). Various key sectors are identified including “Infrastructure” which broadly parallels with the activities of the Ministry of Transport, Communications and Public Works. Urban development and slum upgrading is treated as a function of infrastructure provision rather than recognizing its multi-sectoral overarching implications. The urban sector more generally is not highlighted when compared to the primary focus of the Plan on “regional development”.

The Infrastructure section of the Plan under the Public Works Division is the only section of the Plan that specifically identifies urban slum upgrading issues and provides suggested programs. Under program 2 “Urban Planning” and program 3 “Slum Improvement” a “Dili Zoning Plan” and slum programs for four sectors of the city are identified. These identified programs formed the basis for future budget proposals of the Department of Public Works, however, to date none of these programs have been funded.

National Development Control and Building Act

The Victorian Building Commission, a Government entity of the Australian State of Victoria was granted a commission by the Victorian Government to develop building standards for East Timor. The Commission adapted its experience in the formulation and regulation of building standards to provide East Timor with a national Building Act, Code and Regulations. The National Building Act for East Timor was later amended to the National Development Control and Building Act of Timor Leste to attempt to provide at least minimum safe guards in urban planning as well as engineering aspects of building location and design, for example, in making a building application the applicant is required to address the likely impact of the development on the amenity of the locality.

This Act while an important step in the evolution of a regulatory environment has been limited in scope and implementation. The Act was intended, at least initially to provide for more sophisticated development projects such as international hotels and embassy and other officers that were being developed in Dili in the first few years post September 1999 when Dili was experiencing a mini boom in development activity. The Act, as a result, does not cover the vast majority housing in urban Dili and indeed the rest of the country which is poorly built and would not meet the minimum provisions of this Act. The Act has not been formally promulgated by the Government but is used in less formal manner by Ministerial Decree.

The Housing and Urban Development Sector Investment Plan

This sector investment plan (SIP) prepared by the Ministry for Transport Communications and Public Works (MTCPW) for the five years beginning financial year July 1 2005 was last revised February 2005 and is to be presented to the Development Partners Conference to be held on 25-26 April 2005 for discussion and possible further refinement before ratification in the national parliament. This SIP is one of the fifteen SIP's that cover the range of Government related activities provided to assist in the achievement over the medium term of the two core national development goals of the Government – Economic Development and Poverty alleviation.

The SIP outlines a number of programs that the Government, principally under the responsibility of the Ministry of Public Works will attempt to implement in the five years of the plan i.e. from July 2004 to June 2009. The predicted \$11.197 million budget of this SIP represents less than 2% of the total nearly \$600 million budget for all the SIPs. The budget for this SIP while very small in comparison may require a heavy emphasis on international donor assistance through a range of mechanisms.

The budget of the SIP has a strong emphasis, nearly two thirds of the total budget, on the upgrading of living conditions in around urban Dili. Approximately one third of the total budget (\$3,520,000) is allocated to implementation of subsequent phases of the Dili CUS (referred to as Phase 2 and 3) with this project being phase 1) and a similar one third (\$3,315,000) is allocated to the development of new housing areas immediately outside of Dili at Hera and Tibar principally to try to relieve development pressure on urban Dili. Another quarter of the budget (\$2,815,000) is allocated to developing framework plans and upgrading strategies for the key regional centers of the country principally to encourage their growth and thereby reducing migration to urban Dili. The remaining ten percent is allocated for a range of relatively small technical studies and programs including capacity building and training (255,000), the Spatial planning Act (\$37,000), study of housing finance options (\$200,000), and alternative building technologies and local contractor/labor sector development (285,000).

Census Timor Leste 2004

The "Poverty Assessment" report compiled by the National Statistics Office in collaboration with the World Bank, United Nations Development Programme (UNDP), Asia Development Bank (ADB) and the Japan International Cooperation Agency (JICA) was undertaken in 2000. This was the first reasonably detailed assessment of a range of socio-economic conditions since the destruction of September 1999. This countrywide survey of a number of villages (Sucos) across the country provides a broad indication for a number of indicators of direct relevance to identifying urban planning and housing conditions for urban Dili. Indicators such as levels of dwelling unit expenditure and dwelling units destroyed provide important considerations for understanding the situation at that time and in developing urban sector policies.

The figures of this 2002 study are frequently compared with the more detailed and comprehensive figures of “Census of Population and Housing Timor-Leste July 2004” (conducted on July 11th 2004) as these two reports represent the only two broad statistical surveys undertaken by the Government. The National Census is the first national census to be undertaken in this new country. It will provide a high level of relevant detail for the Dili CUS as data will be provided down to the suco level. To date, however, only aggregate provisional figures by District have been released with full figures predicted by July 2005.

RESPECT

RESPECT- Recovery, Employment and Stability Programme for Ex-combatants and Communities in Timor Leste commenced in mid 2002 and is due to be completed in May 2005. This \$4 million program funded almost entirely by the Japanese Government was originally intended to be up to a \$30 million project but is to be replaced with other bilateral assistance programs. This program has three main components: agricultural development and reforestation, infrastructure rehabilitation in urban and rural communities, vocational and micro-enterprise development. RESPECT has undertaken a range of small scale community infrastructure, microcredit and training programs across the country building on the work of CEP but through different mechanisms. The RESPECT experience provides a valuable reference point for the Dili CUS although the project like the CEP before it tends to be more focused on project implementation than developing the types of community development models for self help as to be trialed under the Dili CUS.

RESPECT allocated \$100,000 for Dili District as it did for all 13 Districts of the country.. The program undertook 13 projects in Dili, nine of which were physical projects and the others training. This included a range of projects such as a school rehabilitation, a community brick factory, road rehabilitation, and river bed rehabilitation project and fish storage facility. The basic model was for communities to submit to the District Administration development proposal that would be assessed against project selection criteria (e.g. number of beneficiaries, includes veterans and venerable groups and technical competency of the proposal). A District RESPECT council was established

comprising District Administration staff, community members and RESPECT staff to assess and approve proposals made to it.

Spatial Planning Act

There is currently no legislation governing spatial planning in Timor Leste. The Ministry of Public Works has proposed and has had approved by Treasury the allocation of funds for a consultant to prepare the Spatial Planning Act of Timor Leste. The Spatial Planning Act as provided for in the National Development Plan “will provide a mechanism for the coordinated approach necessary for land use decision-making to achieve economic growth, regional and rural development, and cross sectoral land use development need at national, city and local area levels.”(as provided for in the consultant ToR). The Act will develop the broad provisions for land use planning in the National Development Control and Building Act into more detailed planning provisions. These provisions will include the preparation, approval and enforcement of local area development plans.

Community Development Unit (CDU)

The CDU was established following the completion of the Dili City Upgrading Strategy project in October 2005. The project team for the DCUS has since been incorporated into the Ministry of Public Works, forming a new government unit established specifically for developing slum upgrading initiatives, with a focus on urban Dili.

The CDU is bringing together various government departments required for community upgrading and will act as a conduit between the community and the Government. Priorities identified for upgrading of communities will be matched wherever possible with service delivery capabilities of government line departments. The CDU team, for example, has facilitated Water Department permission and assistance in design of connections to the town water supply on one side, and has managed community contracting to lay water pipe and build community water storage tanks on the other side.

1.6 Big Picture – Key Statistics on National Development

There has only been two key studies undertaken in Dili and indeed the country with relevance to addressing the trends of urban development since 1999. The first is the Survey of Sucos (local Government units) The “Suco Survey” of 2001 and the second is the National Census of 2004 for which only preliminary figures have been released. While these two reports provide a useful understanding of trends in urban development it would be misleading to directly compare the two. This in part due to the nature of the surveys undertaken; the Suco Survey provides generalized and often unsubstantiated figures for a local area through interviews with the local leader of that area (therefore possible bias in over or underestimating) while the Census was a significantly more detailed dwelling unit by dwelling unit survey through a detailed questionnaire. None the less these are a valuable starting point. The following information draws upon information from these two surveys with clarifications where considered appropriate.

National Population

- *The Suco Survey estimated the 2001 population at about 790,000 while the Census of 2004 puts the national population at 925,000*

The 2001 Suco Survey did not include the approximately 120,000 Timorese living in refugee camps outside the country, many of whom have since returned. By April 2002, it was estimated that the number of refugees living in Indonesian West Timor had declined to around 60,000 based on World Bank estimates for the same period.

○ National Population Growth Rate

- *Based on the above the population of East Timor has grown by at least 125,000 between 2001 -2004 indicating a population growth rate of over 15 percent i.e. around 5% per annum*

This figure may well be artificially high due to the return of refugees from West Timor during this period.

- Future Population Growth Rates

- *Projections provided in the Housing and Urban Development Sector Investment Program (HUD SIP) are that between 2004 and 2015 the total population will grow by a further 342,000 (37.0 %) to 1.267 million*

Future population forecasts have not been officially put forward by any agency of the Government. Estimation of future population growth has therefore been difficult to reach consensus on. The figures put forward above appear in the HUD SIP and are provided as a possible guide only to indicate the magnitude of this substantial growth rate.

- The Total Urban Area

- *About 1.3 percent of all land in East Timor-Leste is classified as urban.*

The National Census was the first significant body of work in post September 1999 East Timor to attempt to identify “urban” from “rural” areas. The calculation of urban was somewhat rudimentary being estimated by the census team based on population density alone (not including access to urban services or proximity to an urban center). A Suco with a density of greater than 43 persons per hectare was considered urban. However, as this classification includes not only cities and towns, but all villages in the country, it is likely that the combined built-up area of the 13 district centers constitutes less than one percent of all land.

- Population of Urban Areas

- *In 2004, just over 206,000 people, 22.3 percent of the population, lived in urban areas.*

These figures are derived from the National Census of 2004 and point to an overwhelmingly rural based economy.

- Population Growth of Urban Areas

- *The urban population of the country will grow by an annual average growth rate varying ranging 5.0 to 5.2 percent to around 357,000 by 2015. This will be equivalent to more than 28.0 percent of the total population at that time. About 43.0% of all urban population growth will be due to in-migration.*

This is based on estimates presented in the HUD SIP. It is also predicted that number of dwelling units in urban areas will almost double to more than 65,000 over this period as housing becomes more available and average dwelling unit sizes reduces to 5.5 persons.

Urban growth will no doubt be heavily effected by employment opportunities of both urban areas and rural areas. Labor force participation is expected to rise from almost 290,000 in 2004 to almost 403,000 in 2015. Given the projected growth in the urban population, there will be around 75,000 new entrants into the non-farm work force during the period 2004-2015, or about 7,500 a year. A majority of these will enter the urban work force. This is assuming that the agricultural sector will be able to absorb the remaining 9,000 new entrants each year as a result of sustained strong output growth of 4 percent a year. If, however, The Government's economic development strategy does not succeed in creating sufficient employment opportunities in rural areas, there is likely to be even higher rates of rural-urban migration, especially amongst young people, resulting in increased pressure on urban labor markets, infrastructure and services and local government capacity.

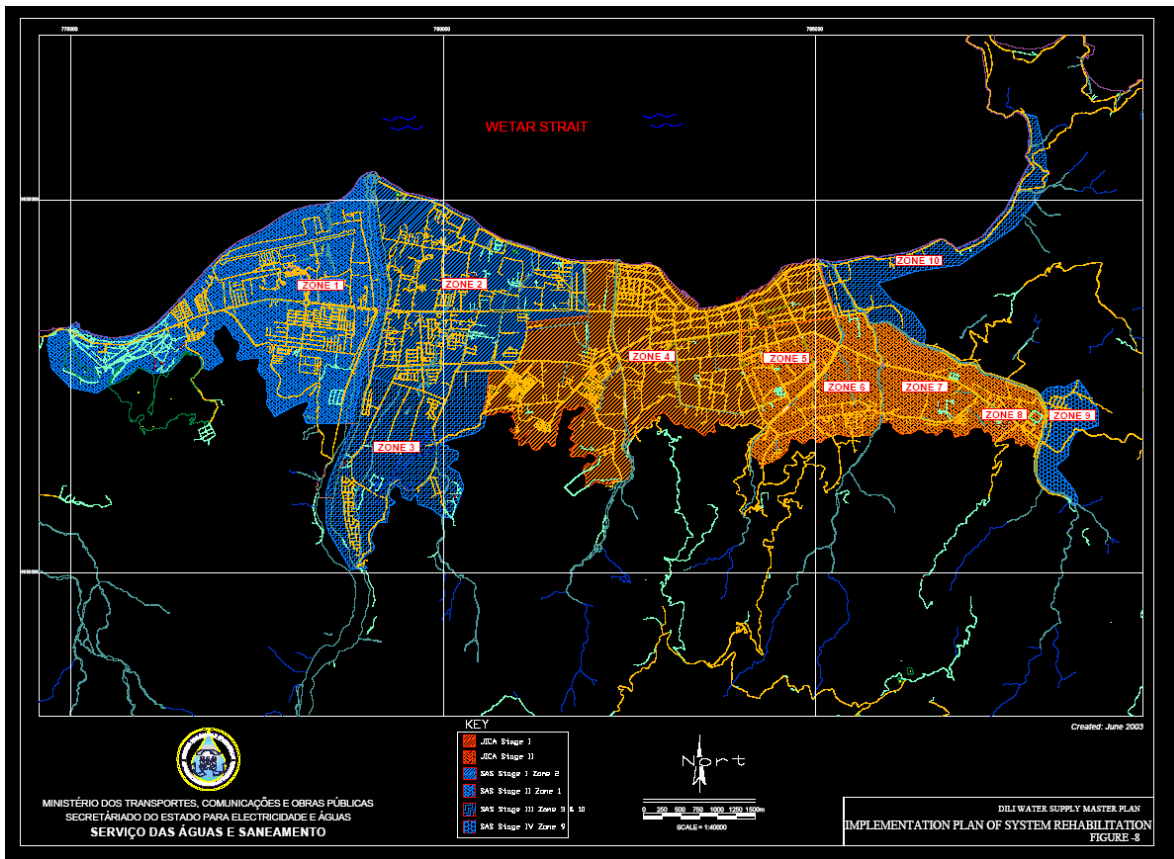
- Population of Urban Dili

- *Urban Dili with a population of approximately 150,000 currently accommodates more than 75 percent of the urban population of the country.*

Urban Dili has been defined for the purposes of the DCUS project as the four sub districts within the area known as urban Dili - . Vera Cruz, Nain Feto, Dom Aleixo and

Cristo Rei. This area is not to be confused with Dili District which is the larger local government administrative area, refer to map on next page.

The delineation of this area as the urban boundary accords with the Water Supply Master Plan for Dili as prepared under the Trust Fund for East Timor Water and Sanitation Rehabilitation Project – phase 2 (WSSRP-II) of 18 June 2003 and approved by the Government. This connection is important as access to water is considered by the vast majority of residents of the city as the most important urban infrastructure (as revealed in the CAP Guidelines) and it is location specific and cost intensive.



The population and area of Urban Dili in the national context



- Population Growth of Urban Dili

- *Urban Dili has reportedly grown by nearly 40% in the period between the Suco Survey of 2001 and the National Census of 2004.*

The six sub-districts of Dili have grown by more than 47,000 in this period, more than 39.0 percent. Aside from Dili, other western districts of the country such as Oecussi (29.9%) and Liquica (20.8%) and Bononaro (17.8%) also recorded high population growth rates. A high proportion of this growth is no doubt due to returning refugees. By contrast, districts in the Eastern Region such as Baucau (3.0%), Viqueque (5.9%) and Lautem (7.5%) recorded the much lower rates of population growth over this three to four year period.

In 2004, the urban population in the four urban districts³ of Dili had risen from 110,000 to 156,000, an increase of more than 40.0% in just 3 years. Dili's urban population therefore is presently equivalent to about 81.0% of the total urban population of East Timor, far higher than initially thought. If this proportional distribution is maintained, the urban population of Dili will reach 300,000 soon after the end of the medium term planning period, around 2016-17.

These figures, however, may be considered somewhat misleading and unlikely to reflect the reality of growth in urban Dili. In short, the population figures of the Suco Survey may well be too low as many observers have pointed out (including the Water Supply Master plan) and the population figures of the National Census artificially high perhaps due mainly to the transient nature of non permanent relatives staying in Dili at the month of the census. A growth rate of over 15% per annum during this three year period simply does not match the observed reality nor is likely to continue at such a high rate.

Perhaps the biggest variable in determining population growth that no projections have yet to adequately determine is the likely ongoing dominants of urban Dili. The primacy of the city will be dependent to some degree on the success of Government strategies to encourage growth in the other urban centers and towns of the country which to date have been very limited.

³ Vera Cruz, Nain Feto, Dom Aleixo and Cristo Rei

The Water Supply Master Plan of 2003 published before the preliminary results of the National Census takes a more cautious growth projection. This study is the only known study to attempt to predict urban Dili population growth and to predict this with in specific locations throughout the urban area. This more detailed information is of course critically needed in order to plan for the specific water needs of the urban area. The city was divided into 10 zones based on water demand areas, for the purposes of this overview the exact locations are less important than the overall figures and population growth rate predictions as presented below. The following tables and text is taken from the Water Supply Master Plan.

Table 7 Population in Distribution Zones

	Zone 1	Zone 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zone 8	Zone 9	Zone 10	Total Service Population
2001	5,527	15,572	4,486	40,064	4,774	2,610	8,733	6,339	4,564	4,857	97,526
2010	7,935	22,356	6,441	50,356	5,581	3,405	11,394	8,271	5,955	6,337	128,033
2020	12,205	34,387	9,907	64,996	6,351	4,402	14,729	10,692	7,698	8,191	173,558

Population Growth Rates

This report adopted the methods of population projection used and agreed to by the SAS for the Drainage & Wastewater Strategy completed in April 2003.

Using 2001 as the base year and applying different rates of growth for Dili Centre, Dili East, and Dili West, the population growth model applied rates, as outlined in Table 8 below, to the relevant sucos.

On average, the average growth rate for both periods is 3%.

Table 8 Population Growth Rates

	Dili Centre	Dili East	Dili West	Average
2001 - 2010	1.5%	3.0%	4.1%	3%
2010 - 2020	1.0%	2.6%	4.4%	3%

Urban Area Access to Urban Services

- Urban services include water, electrical power, roads, communications education and health were extensively destroyed in September 1999

The Suco Survey of 2001 unsurprisingly found that these services were left in a very poor state following the post Referendum violence of 1999. While there has since been significant improvement in most areas, largely as result of United Nations and donor assistance, there remains much to be done to bring repair these services at the local level.

Access to safe water, electricity and sanitation is limited generally but far lower in rural areas. As the below table indicates, three-quarters of urban populations have access to electricity, compared with only 10 percent of the rural population. Almost half the urban population has access to piped water, compared with one-third in rural areas. However, two-thirds of urban dwellers do not have access to safe water supplies.

Table 4: Access to Electricity, Water and Sanitation, 2003
(percent of population)

Service	Urban	Rural	National
Electricity	73.3	10.4	26.1
Water supply			
Piped water on premises	30.8	10.3	15.4
Public piped water	18.8	24.4	23.0
Well water	16.1	13.2	13.9
Hand pump	17.2	2.7	6.3
Springs, rivers, lakes	12.5	47.0	38.4
Other	4.6	2.5	3.0
Sanitation			
Private with septic	44.0	4.6	18.2
Private, no septic	14.3	9.8	10.9
Public toilet	4.6	1.1	2.0
Other	37.1	79.5	68.9

Source: TLDHS 2003.

The HUD SIP sources the Suco Survey which estimated that only 45 percent of all dwelling units in Dili had access to a piped water system in 2003, with only 30 percent of these having a direct dwelling unit or on plot/yard connection. The remaining dwelling units use boreholes, wells, springs or rivers as a source of their water supply, all with varying degrees of reliability and quality. These are an

increasingly hazardous water source given increasing levels of ground water pollution in urban areas. Approximately three percent of all dwelling units relied on tanker trucks for water supply. Given the level of developmental effort focused on Dili, it can be assumed that these already low levels of provision are even lower in other district centers.

More than half the urban population has access to private toilets, compared with only 14 percent of the rural population. A little over 20 percent of the urban population did not have access to any toilet facility, with another 21 percent using open pits without any form of septic facility. In Dili, 31 percent of the population did not have a septic tank connected to their toilet facility. It can be assumed that this percentage is far higher in other smaller urban centers.

Access to basic social services, including primary and secondary schools is far better in urban areas than in rural areas. Many rural sucos do not have easily accessible health facilities, and the majority of qualified medical personnel are concentrated in urban areas. In the case of health services, there were approximately 200 operating health facilities, 27 mobile clinics and 8 hospitals in 2001, in addition to private health facilities. There are five referral hospitals which function on a regional/sub-regional basis at Baucau (Eastern Region), Maliana (North-west Region), Suai (south West Region), Maubisse/Ainaro (Central Region) and Oecussi. There was approximately 300 health staff, but only 30 qualified doctors.

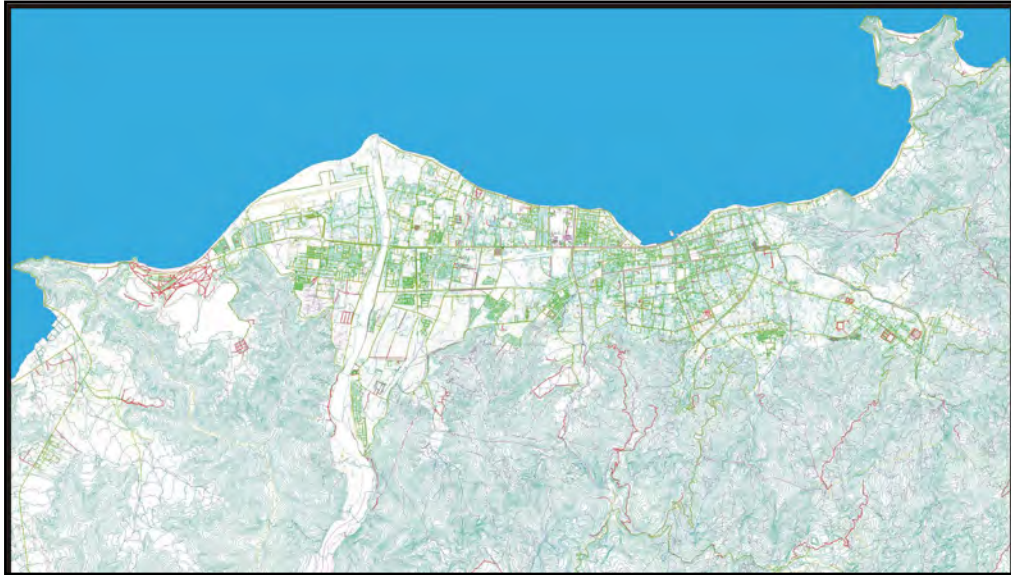
This brief overview provides a broad insight into the big picture of development across the country and across urban Dili. The project team then attempted, in the absence of any more detailed information and often conflicting or incomplete information to undertake their own investigations into the conditions within urban Dili. The following sections represent these results and key trends found. These investigations are by no means as comprehensive as these preceding studies which were undertaken with significantly greater resources and time at their disposal. The work outlined below does, however, make a contribution to the discussion on the growth of urban Dili by presenting up to date primary research from an urban planning perspective.

1.6 Detailed Assessment of Urban Dili

In this preparation of base maps the project team was fortunate to have access to detailed base maps prepared by the Japanese Government under a JICA mapping project. These maps were prepared by JICA in an AutoCAD format in 2000 based on factorized detailed aerial photography provided by the Australian Commonwealth Government (armed force) from low altitude airplane flyovers of early 2000.

The JICA maps are at a very high resolution at a scale of 1:1000 scale and therefore very useful for the type of dwelling unit by dwelling unit counts requirements of this project. These maps provided detailed information about the exact location of each building in the city and were particularly useful in mapping high density irregular settlements where orientation and therefore mapping of dwelling units and services on the ground became almost impossible. Key geographic features in Dili such as rivers are

identified and all maps are fully contoured at 20 metre intervals. These maps, however, have not been updated since 2000 and there has been substantial growth since this time. It is predicted from the project's ground verification activities that this might be in the order of 10-15% increasing in building activity in some parts of the city. This, however, is not sufficient to invalidate the extensive usefulness of these maps.



Various computer packages were trialed so as to be able to prepare detailed presentation maps at the large A1 size using these maps. It was decided that these maps be transferred into a Corel Draw format. This process required significant effort with initial trial and error taking some time. This approach required the use of the latest technical specification computer with a minimum Pentium 4 processor and 768 MHz ram.

Assessment of Previous Programs – CEP and RESPECT

In the initial start up phase of the Dili City Upgrading Strategy (DCUS) of late 2004 it was decided by the project team that much could be learnt from an overview assessment of similar programs that had components of small scale community infrastructure projects and where communities had been engaged to undertake this work. There was no detailed site survey undertaken for each project since their completion by the CEP or RESPECT projects so there was no information on each of the sites available to the project team as a starting point.

Two significant initiatives were identified: the Community Empowerment and Local Governance Project (CEP) and the Recovery, Employment and Stability Programme for Ex-Combatants and Communities in Timor Leste project (RESPECT). These two programs were the most relevant and comprehensive allowing a ready assessment by the project team of on the ground projects. These programs were favored for assessment over other smaller initiatives in urban Dili being undertaken by local and international non government organizations (ngo's) as they provide a much more readily assessable starting point due to their comprehensiveness in geographic area and implementing mechanisms.

CEP provides this project with a valuable starting point for discussion on community based organizing activities, and the design an implementation of small community based infrastructure. Although broader in scope (e.g. included micro credit), wider in geographic spread (the whole of East Timor), at a different time phase (during the earlier quick impact emergency response phase – 2000 to 2003) and much larger in overall and implementation budgets (\$18 million total budget) there are some important similarities and lesson to be learnt.

The report “Lessons Learned: Community Empowerment and Local Governance Project (CEP) produced by the Ministry of Planning and Finance (May 2004) summaries the CEP project as “an \$18 million project that set up elected Village and sub-District Development Councils throughout Timor-Leste in early 2000. These Councils were tasked with choosing, designing and implementing community proposed projects that best met their development priorities. This new model of aid delivery in Timor-Leste aimed to provide a transparent and democratic forum by which communities could participate in reducing their own poverty. Through three phases of funding over a 30 month period, the Councils implemented a wide range of projects including community health centers, road repairs, building rehabilitation, water sanitation and micro credit activities.”

RESPECT commenced in mid 2002 and was completed in May 2005. This \$4 million program funded almost entirely by the Japanese Government was originally intended to be up to a \$30 million project but it was later decided to replace this with other bilateral assistance programs. This program has three main components: agricultural

development and reforestation, infrastructure rehabilitation in urban and rural communities, vocational and micro-enterprise development. RESPECT has undertaken a range of small scale community infrastructure, microcredit and training programs across the country building on the work of CEP but through different mechanisms. The RESPECT experience also provides a valuable reference point for the Dili CUS.

The project identification and implementation mechanisms for these two programs varied significantly and this also provided the project team with some issues to consider. In short, the CEP process favoured the establishment of community based councils (called “Suco Councils”) while the RESPECT model was based on communities submitting to the District Administration development proposal to be assessed by a “District RESPECT Council”. Under both projects these development proposals were assessed against various project selection criteria such as number of beneficiaries including venerable groups and technical competency of the proposal. The assessment undertaken by the project team, as described below, attempted to assess some of these key considerations.

The basic methodology for the assessment of CEP and RESPECT projects by the DCUS team and local ngo’s engaged to assist can be simply summarised as:

a) Meetings with CEP and RESPECT project teams

As a valuable first step members of the CEP (at that time already completed) and RESPECT project teams were approached in January 2005 to better understand the types of projects identified, designed and implemented. This included an appreciation of the exact location, number of projects implemented in urban Dili and the budget of each project. These meetings later included UNDP who had a monitoring role of the RESPECT project. Reports on these projects were collected and reviewed to provide context to the assessment.

c) Evaluation check list

An “Evaluation Check List for all CEP in Dili” was formulated by the project team to allow an independent and easily administered evaluation and then a comparison of each of these 28 small scale community infrastructure projects. The check list was designed in a questionnaire format to allow each of the 28 Aldeia chiefs as the recipients and implementers of the 28 CEP and RESPECT projects to be interviewed by members of the project team. The interview questionnaires were limited to key question on the nature of the project such as type of project, community perception, budget, volume of work and level of community participation. The evaluation questionnaire is provided below.

The evaluation checklist was prepared to crudely assess the benefits of the outcomes of these projects based on broad economic and social indicators. The economic indicators included the allocated budget, the community contribution to the project measured in the number of hours provided at a specific dollar rate , the total volume of work, and the full successful completion of the project (some projects were not fully complete). The social indicators included the number of impacted dwelling units (i.e. the number of beneficiaries), the number of dwelling units involved in the planning stage, the number of dwelling units involved in the implementation stage and the level of observed community maintenance of these facilities

Appendix 1 B – CEP Evaluation Check List



Dili City Upgrading Strategy
Developing a Strategy for improving low-income settlements in Dili, Timor Leste
 Funded by The Cities Alliance



EVALUATION CHECK LIST FOR CEP IN DILI

No:

Name:	Position:	Settlement: Planned <input type="checkbox"/> Unplanned <input type="checkbox"/>
Sub-District:	Suco:	Aldeia:

Project Descriptions:

.....

Budget:	Volume:	Completed : Yes <input type="checkbox"/> Not <input type="checkbox"/>
---------	---------	---

If yes: Community perception Very Good Good Moderate Poor Very Bad

Why?.....

.....

If not, why if not:

.....

Nr of HH affected:	Nr of HH involved in planning:	Nr of HH involved in construction:
--------------------	--------------------------------	------------------------------------

Does the community maintain the project after construction completed? Yes Not

If Yes: Number of HH involved, Frequency on maintenance: every weeks/months

How do they maintain?

.....

.....

What resources do they use for the maintenance?

.....

Women Group exists: Yes <input type="checkbox"/> Not <input type="checkbox"/>	Frequency of meeting: every weeks/months Current activities:
Youth Group exists: Yes <input type="checkbox"/> Not <input type="checkbox"/>	Frequency of meeting: every weeks/months Current activities:
Tim Implementasi Kegiatan Group (community maintenance group) exists: Yes <input type="checkbox"/> Not <input type="checkbox"/>	Frequency of meeting: every weeks/months Current activities:
Other Group exists: Yes <input type="checkbox"/> Not <input type="checkbox"/>	

The evaluation checklist designed by the project team for the 28 past project survey areas

Site Visits

Initial site visits were undertaken to all 24 projects across the city using the project evaluation check list to assess the outcomes of CEP and RESPECT. This assessment was undertaken by interviewing each of the local Aldeia leaders whose community were the recipient of a CEP and RESPECT project.

As can be seen on the matrix on the following page, the 24 projects assessed varied markedly across the three indicators that the project team set out to assess i.e. 1) technical competency of projects (from very low quality to high functionality) 2) cost of the projects (\$1,777 to \$16,281) and 3) general perceptions by and involvement of the community in the project (passive indifference to highly active).

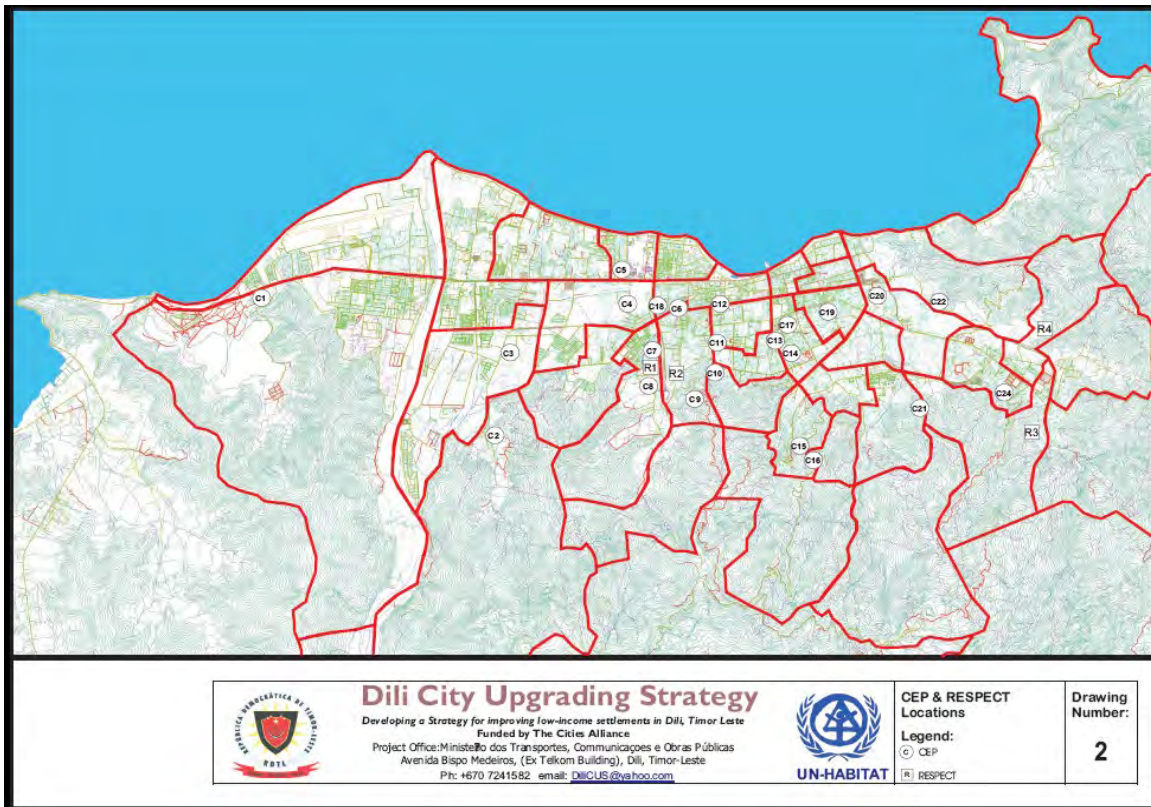
The projects also varied markedly in other key indicators such as 1) the number of beneficiaries (3 to 378), the level of community contributions in cash or kind (\$105 to 4,500) and the geographic location of the projects across the city (13 Dili central and 11 projects on the periphery of the urban area).

The types of small scale community projects varied considerably as well. In total 12 concrete drainage projects (1m wide by up to 600 metres in length) 5 water tank and pipe projects (a single community tank of up to 2,000 liters), 2 dwelling unit projects (6 dwelling units in total for widows of excombatants) 2 retaining walls (up to 300 metres for bank stability) and 2 bridge projects.

Overall the size, type and budget of CEP and RESPECT community based infrastructure projects in urban Dili provides a valuable starting point as they are of a similar nature to the types of projects likely to be attempted in the pilot project phase of the DCUS.

Mapping of Sites

These projects as spread throughout the urban area of Dili were identified, mapped and photographed. The map of all 28 CEP sites and 4 RESPECT sites is provided on the map below. Each community location was provided with number for the purposes of identification for the project and a file prepared for the questionnaires and other details of each site. On the map below circles which also have a “C” are CEP projects and those with an “R” are RESPECT projects. The Suco boundaries (local government areas) are marked in red.



The geographic spread of projects clearly indicates a bias to the central and eastern areas of the city. Need and population growth, as the investigations of this project would later reveal, while still high in many of the project areas is not as significant as growth to the west of the city. The lack of projects in the west may in part be due to the high level of Indonesian built formal housing estates in that part of the city; these formal housing areas are also avoided in the central and eastern areas. This may well have been due to a conscious decision to avoid upgrading projects in areas where land tenure issues are of concern such as formal housing areas where squatting is prevalent.

e) Ranking of Projects

The team then devised a reasonable crude but effective measurement tool for the purposes of the comparative assessment and ranking of each of the projects. A performance indicator of 1 to 5 (5 being very good) for criteria of the evaluation check list was developed. This allowed an assessment of relative (rather than absolute) performance against each of the criteria. It was later decided that only the CEP projects would be ranked as comparison with the four RESPECT projects was proving problematic for the project team. A total score was assigned to each of the 24 CEP projects to allow them to be ranked. These results were presented to the Dili District Administration and the Ministry of Public Works to assist in identifying possible sites for piloting upgrading activities, and for similarly for discussion on the likely issues to be addressed in future upgrading activities. The matrix and scores are provided below

No.	Location (Aldeia Suco)	Dili Central	Dili Periphery	Project Type	External Funding (\$)	Total Project Value (\$)	Community Contribution Rating	No. of Beneficiaries	No. of HH involved in plan	No. of HH involved in constr.	Maintenance after project	Contribution to maintenance	Completion of the project	No. of existing community groups	Total score assigned (points)
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
C-1	4 Decembro		P	Water tank and pipes	12,000.00	12,105.00	1	378	1	1	5	5	5	3	21
C-2	Manleuana Lidun		P	Water tank and pipes	4,198.00	5,062.00	3	346	1	1	5	5	5	5	25
C-3	Terus Namis		P	Water tank and pipes	3,652.00	3,952.00	1	71	1	2	1	1	5	5	16
C-4	Xama Tana	C		Drainage	5,343.00	5,823.00	1	127	1	2	5	5	5	5	24
C-5	Railakan	C		Drainage	4,800.00	4,980.00	1	150	1	1	5	5	5	3	21
C-6	Boa Morena	C		Drainage	4,000.00	4,675.00	2	48	5	5	5	5	5	5	32
C-7	Rio de Janerio (1)	C		Retaining wall	4,080.00	4,230.00	1	200	2	1	1	1	5	3	14
C-8	Rio de Janerio (2)	C		Housing	1,672.00	1,777.00	1	3	5	5	1	1	5	3	21
C-9	Mate Moris		P	Drainage	5,000.00	5,675.00	2	88	5	5	5	5	5	5	32
C-10	Lemorai		P	Drainage	2,200.00	2,275.00	1	175	1	1	5	5	5	3	21
C-11	Nopen	C		Drainage	1,898.64	2,123.64	2	125	5	5	5	5	5	5	32
C-12	Manu Fuik	C		Drainage	4,000.00	4,280.00	1	82	4	5	5	5	5	5	30
C-13	Borohun	C		Drainage	4,264.25	4,504.25	1	80	1	2	1	1	5	3	14
C-14	Alto PM	C		Housing	4,000.00	4,420.00	2	20	5	5	1	1	4	3	21
C-15	Wela		P	Water tank and pipes	5,000.00	5,480.00	1	150	1	1	5	5	5	5	23
C-16	Mota alun		P	Bridge	3,953.00	4,403.00	2	60	4	5	5	5	5	5	31
C-17	Loke Neon	C		Drainage	2,267.00	2,372.00	1	24	5	3	5	5	5	3	27
C-18	Bedalan	C		Drainage	3,297.52	3,417.52	1	200	1	1	5	5	5	5	23
C-19	Bemor Aldeia 4	C		Foot path	3,122.70	3,467.70	2	63	5	5	5	5	5	5	32
C-20	Culuhum Baixo	C		Drainage	3,411.50	3,951.50	2	180	1	1	5	5	5	3	22
C-21	Deposito Penal		P	Retaining wall	4,053.34	4,458.34	1	180	4	1	3	5	5	3	22
C-22	Sagrada Familia		P	Water tank and pipes	3,039.74	3,129.74	1	48	3	1	5	5	5	3	23
C-23	Has Laran		P	Drainage	15,981.41	16,281.41	1	160	3	1	5	5	5	3	23
C-24	Kulau Laletek		P	Bridge	8,811.30	13,311.30	5	120	2	5	5	5	5	5	32

Ranking of CEP Projects by quality

Detailed Dwelling unit Survey and Questionnaires

An excel spread sheet was designed to act as a simple questionnaire to be undertaken by the project team with residents of the eight highest scoring locations. A total of eight communities were chosen as being a reasonable representative sample of the 24 sites (i.e. 25% of the total).

The intention was to widely interview residents of these eight areas asking a series of very simple questions designed to gain base data on, among other indicators, living conditions, economic situation and perception of community. The questionnaire required very simple numeric answers and could therefore be undertaken quite quickly allowing a single operator to undertake over 30 questionnaires a day. Importantly the data could be inputted very quickly into a simple data base that could readily calculate totals, averages and percentages. A total of 200 surveys were undertaken with local residents and the results fully tabulated within the period of one month.

These results also provided a very quick snap shot of slum communities more generally in Dili. This information was found very useful in the absence of any data on these indicators available by any source. This assessment provided a "first glimpse" of specific conditions in low income communities in contemporary urban Dili. The questions were designed where ever possible to mirror questions of the East Timor National Census 2004 such that the more detailed and comprehensive figures of the census could later be cross referenced.

This information greatly assisted in informing the team of the key issues affecting these communities and indirectly provided valuable insights into why these communities were more successful than others in design and implementation of community based projects.

Appendix 1 D - CEP Projects Household Survey in Urban Dili

Summary of Eight CEP Household Survey Areas

February 2005

Male	117
Female	83
TOTAL	200

	Total	%
HOUSE CONDITIONS		
Walls		
Wood/Bamboo	6	3
Concrete/Brick	122	61
Combination	71	35.5
Roof		
Zincalume	185	92.5
Concrete	11	5.5
Organic	2	1
Floor Materials		
Concrete	120	60
Tiles	45	22.5
Dirt	30	15
Plastic	3	1.5
Wood	0	0
Electricity	185	92.5
Water	76	38
Drainage	Total	%
Government Open Drain	187	93.5
Own Channel	5	2.5

	Total	%
Building Construction		
New (Post)	30	15
Renovated Since 1999	47	23.5
Not Renovated Since 1999	122	61

	Total	%
Land Ownership		
Own and Have Papers	105	52.5
Own but No Papers	87	43.5
Ownership Dispute	0	0
Land is rented	0	0
Land Not owned/Rented	6	3

	Total	%
Flooding Problems in Wet Season		
Big Rain	131	65.5
Small Rain	44	22
Never	24	12

	Total	%
Toilet Facilities		
Inside toilet	34	17
Outside Toilet	158	79
Shared with Another House	7	3.5

	Total	Density
RESIDENT NUMBERS		
People in House		
	Total	1621
Families in House		
	Total	257
Av Ages of Occupants		%
0-6 years	362	22.01
7-16 years	401	24.38
17-50 years	802	48.75
50 + years	80	4.86
Av Age of Occupants	22.3	

Av of Years in House	26
-----------------------------	----

	Total	%
TEMPORARY RESIDENTS		
Never	14	7.00
1 x per week	30	15.00
1 x per 2 weeks	25	12.50
1 x per month	67	33.50
1 x 3 months	17	8.50
1 x 6 months	13	6.50
1 x 12 months	23	11.50
	Total	Average
Temporary Residents	189	0.95

	Total	%
EDUCATION - Head of Household		
Junior School	81	40.50
Junior High	30	15.00
Senior High	50	25.00
Technical	2	1.00
University	10	5.00

	Total	Average (pcs/HH)
LIVESTOCK ON SITE (Average)		
Pigs	213	1.07
Chickens	280	1.40
Goats	34	0.17
Buffalo	1	0.01
Cows	1	0.01

	(m2)	(m2/HH)
CROPS ON SITE (aprox m2) (Average)		
(+off Site) Corn/Maize	34050	170.25
(+off Site) Kankung	3742	18.71
(+off Site) Rice	0	0.00
(+off Site) Vegetables	6415	32.08
(+off Site) Fruits	16204	81.02

Survey results from assessment of Conditions in 8 CEP project areas

Key Observations

Generally it was found by the project team and as can be seen in part in the table above that there is a high variability across a number of factors indicating that a detailed understanding (e.g. more research questioners) and customized solutions will need to be found in formulating upgrading strategies for each specific community of an upgrading strategy.

Housing conditions in these eight locations appeared reasonably stable and did not indicate high levels of poverty associate with make shift housing of squatting. Almost all dwelling units are made of permanent materials – 97% had walls of concrete or bamboo concrete mix, 92 zincalume roofs, 60% concrete floors, most had not been renovated since 1999 (the year of the Indonesian of mass burning and looting of dwelling units of the city).

These communities were found to be reasonably stable and slow in growth. This is indicated by the significant level of 97% of interviewees believing there families had ownership of their property. This would need to be tested by the government to be valid but this perception of ownership is important as it supports decisions to invest in housing and supports community stability. Only 15% of dwelling units were built since 1999 indicating a very limited influx of new residents to these locations. This stability is also evident by the average number of years in these dwelling units given as 26 years. This long term and stable nature of these communities may help in part to explain the willingness for communities to work together on community development projects such as CEP.

The data from these communities, however, still expressed a range of poverty indicators. Education was generally low (55% of respondents had education only to junior high school). Food security was considered of high importance with almost respondents growing or rearing crops and livestock for food and income.

From the survey it became clear that major issues included: drainage (only 12% of respondents never had a drainage problem during rain periods), sanitation (only 17% of

respondents had their own toilet in side their dwelling unit), possible over crowding (an average of over 8 persons per dwelling unit hold with 67% of dwelling units having temporary guests staying at the dwelling unit at least one a month on average). These were the key issues later found more broadly throughout urban Dili as borne out in the wider surveys of the next section and the four community pilot projects.

Other observations of a qualitative rather than a quantitative nature were made by the team on the less tangible perceptions of the community. Of particular importance was how this related to on going maintenance of facilities. The project team consistently found that the willingness of the community to maintain facilities was significantly diminished where the community could not see how the new facility dealt with the existing environmental issues such us erosion, major flooding and waste disposal.

There was a strong correlation observed between the level of community participation and other success factors for the project. Where the community made a strong contribution and the number of beneficiaries were higher the level of maintenance for example was higher. Community involvement during the design and implementation of the project was seen as critical to success of the project.

Identification of Regular and Irregular settlement patterns

The identification of regular (formal housing estates) and irregular settlement patterns (urban villages - kampungs) provided valuable background information for analysis of the location and size of slum areas (called “underserved settlements”.) Informal areas are generally considered to be the poorer areas of the city as they lack formal planning and provision of services and as such should the focus of upgrading activities. Formal areas, however, also have their own upgrading issues that will require a different set of solutions as there are still many poor living in destroyed Indonesian formal housing estates moist often without formal title and in overcrowded conditions.

Simple criteria were adopted in defining individual buildings under the categories of “regular” and “irregular” and other buildings such as commercial and government buildings:

- a. Settlement pattern

Regular housing was identified by its distinctive regular grid road layout bounded while the irregular housing is organic pattern (i.e. winding) often with no roadway access the dwelling units.

b. Size of the building

The size of the building determine whether the building is a dwelling unit or not for the purposes of this exercise. Buildings of a size exceeding 150 m² were considered as non residential buildings which when backed up by field observations and local knowledge were categorized as government or commercial buildings.

Using an A1 print out of the JICA city map (a scale of 1;500) individual buildings were counted by hand to calculate the total number of housing for each building type. These buildings were put into four general categories regular housing, irregular housing, government buildings and commercial buildings.

Each building was also color coded i.e. red representing the irregular housing, blue representing the regular housing, yellow representing the government buildings and green representing the commercial buildings.

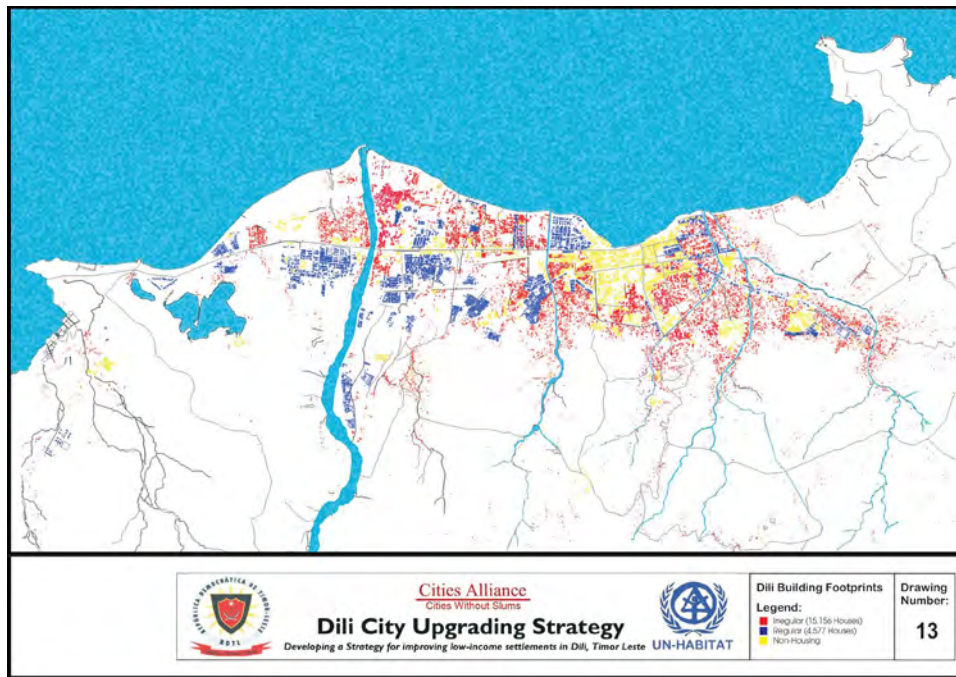
The map below depicts the location of all buildings throughout the urban area of Dili. The yellow area of the commercial heart of the city is clearly evident with adjoining small areas of commercial buildings. Most importantly for the purposes of the Dili City Upgrading Strategy the large areas of informal (red) and formal (blue) housing can be readily seen.

The final building count reveals that: a total of 15,000 dwelling units were found to be irregular dwelling units and 5,000 dwelling units regular. A total of approximately 1,800 government buildings and 1,000 commercial buildings make up the central business area along the main road.

As a crude calculation if the 20,000 dwelling units in urban Dili accommodate the known 150,000 population of urban (extrapolation from the National Census 2004) then the following assumptions can be made:

150,000 urban Dili population divided by 20,000 dwelling units = an average dwelling unit size of 7.5 persons.

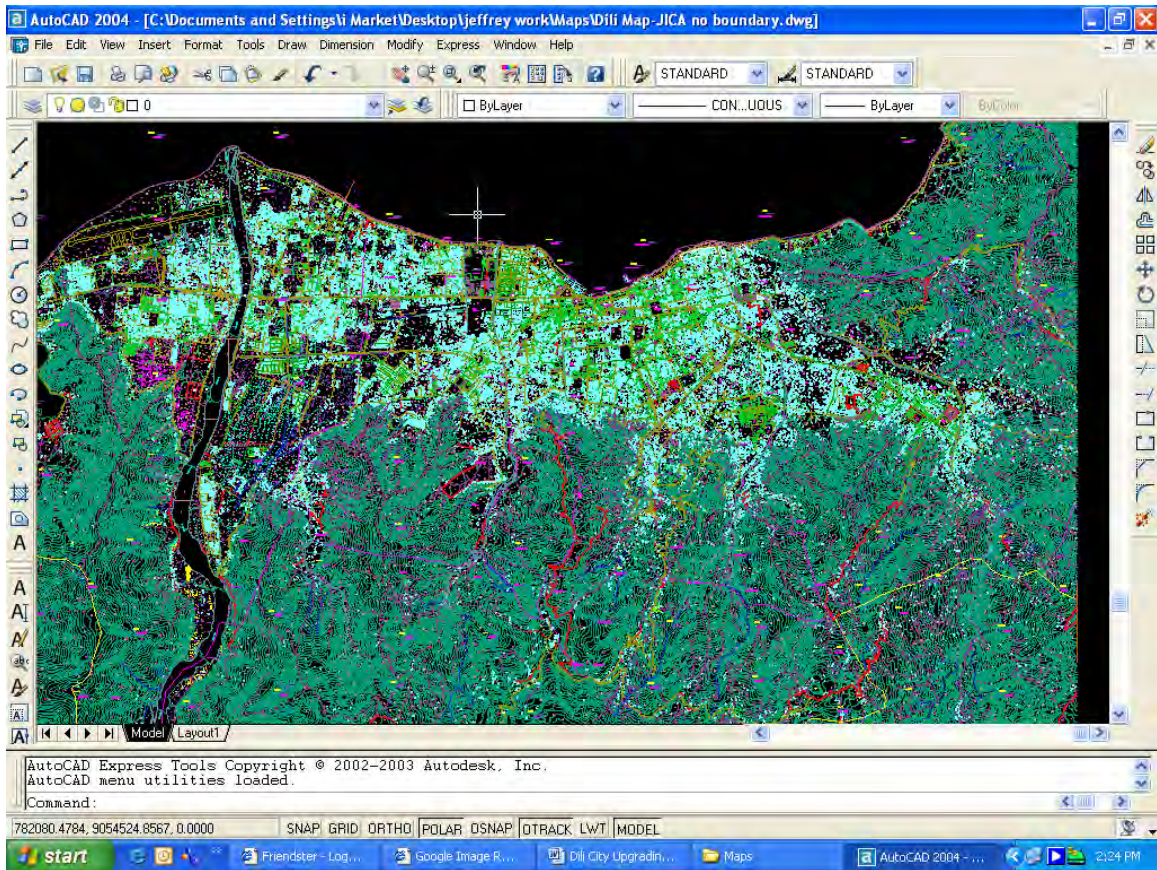
If it is assumed that the dwelling unit size in the two housing types is approximately the same then there would be 15,000 irregular dwelling units x 7.5 per dwelling unit = 112,500 persons residing in irregular dwelling units and the remaining 37,500 persons residing in regular dwelling units.



Measurement of the area of regular and irregular settlement

With the number of buildings now known the project team attempted to identify the area these various building types occupy. This aided in better understanding the dominant role that housing has within in the city.

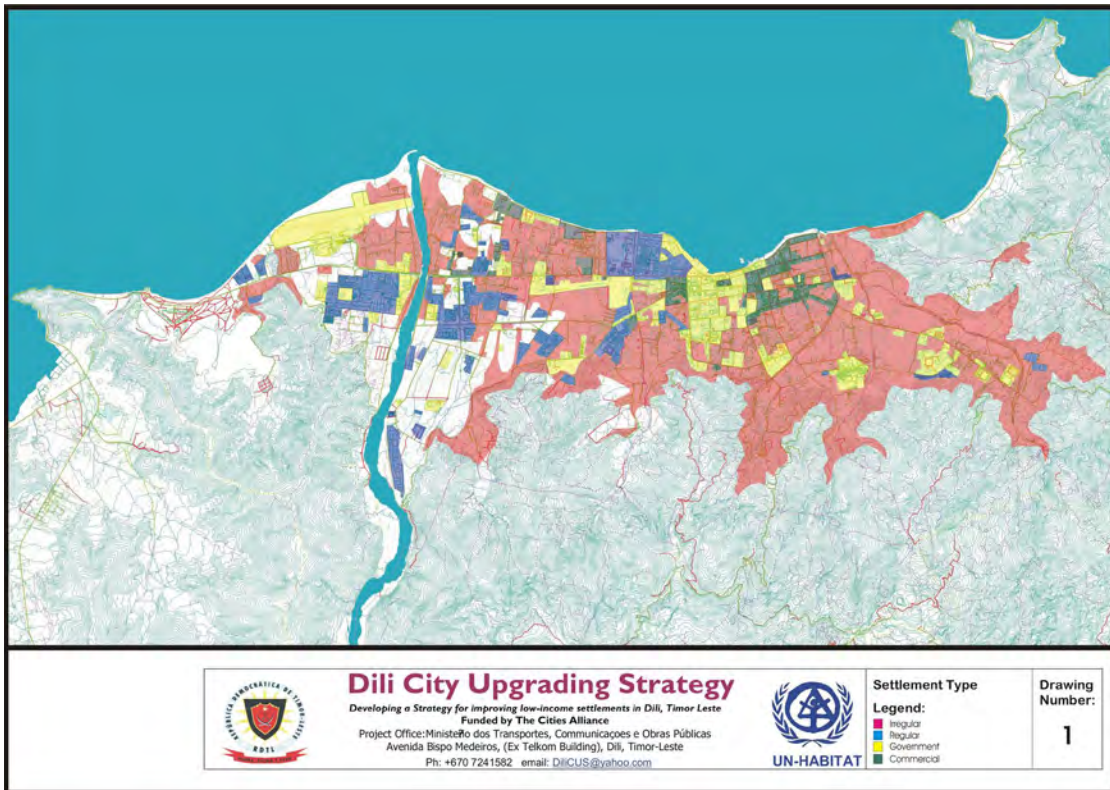
Measuring the many areas required computer processing. This was undertaken using AutoCAD software. The boundary of each housing area was identified manually through a process of point and click to break the entire urban area into a series of interlinked hexagons. Each hexagon was assigned one of the four building types - regular and irregular housing, government buildings or large facilities (such as the central port and the airport) and commercial areas. The AutoCAD program was then able to measure and calculate all areas.



Computer base mapping for urban Dili

The below map was then able to be generated identifying the land area occupied by the four key building types. The following areas were identified across the city excluding land that was occupied by other uses such as agriculture (mainly along the Comoro River) and vacant flood prone land (mainly around the three lakes – Tasi Tolo area)

- 1,400 hectares of irregular housing
- 297 hectares of regular housing
- 280 hectares of government properties
- 100 hectares of commercial area



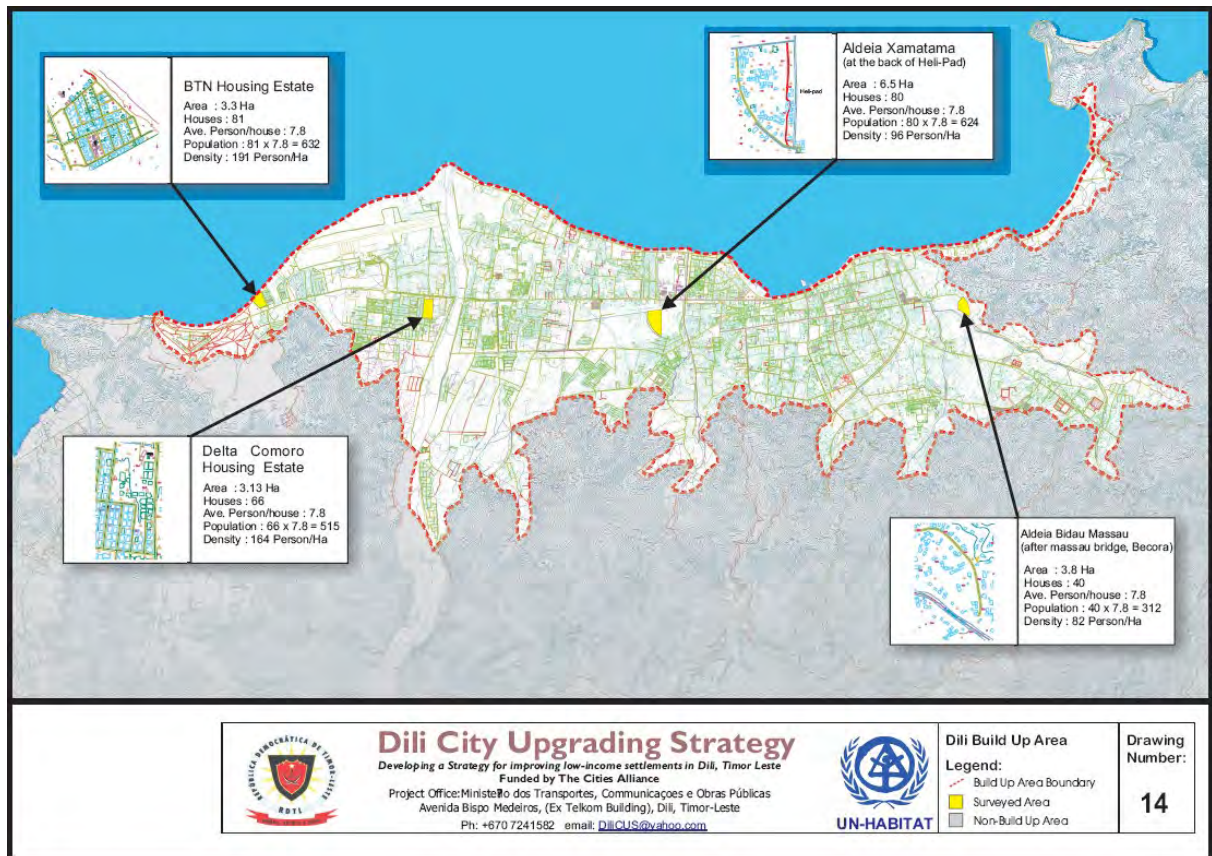
These figures when compared with the figures of the previous page on housing numbers under these four building types revealed some key trends in relation to density of development.

15,000 irregular housing units across the city which represents 75% of the housing stock of the city and occupies 82% of the land area devoted to housing with an average density of 17dwelling units per hectare.

5,000 regular housing units across the city which represents 25% of the housing stock of the city and occupies 18% of the land area devoted to housing with an average density of 11dwelling units per hectare.

Clearly densities are higher in the formal areas as the formal layout of housing allows the more efficient use of land and dwelling units are generally smaller with inside kitchens and toilets with no land for the growing of crops and the rearing of animals.

The map below demonstrated various densities across the city with the two housing areas on the left being regular housing areas and the two on the right being irregular housing. The densities of the two formal housing areas can be calculated at 24 dwelling units and 21 dwelling units per hectare. The densities of the two informal housing areas can be calculated at 12 dwelling units and 11 dwelling units per hectare.



The Suco densities for the areas surveyed were crudely calculated based on average persons per dwelling unit. The results revealed the rough densities of the various areas of the city. The areas of high density, as outlined below, broadly corresponded to the poorest areas and/or most underserved areas of the city. The national census results, however, are expected to provide a very detailed understanding of population density and to support these general findings.

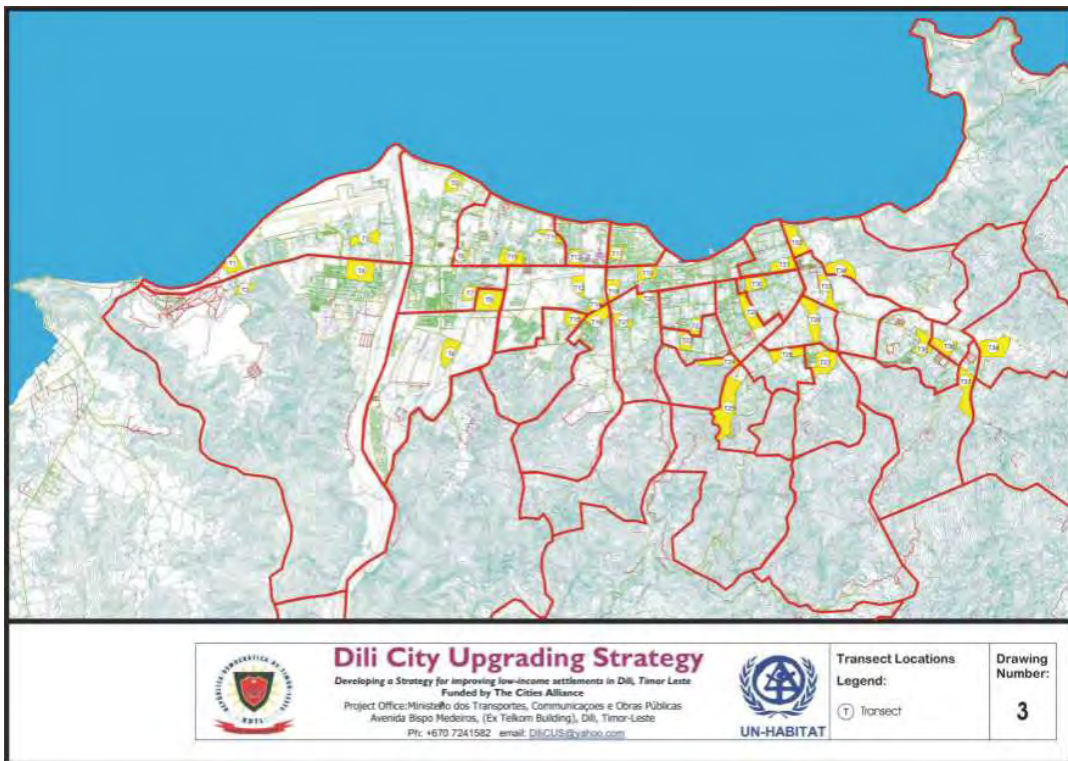
SUCO DENSITIES IN URBAN					
Suco Name	Number of Dwelling unit	Average People/dwelling unit	Number of people/Suco	Suco Area (ha)	Suco Density (people/ha)
Bidau Lecidere&Acadiru Hun	470	8.2	3,854	48	80
Santa Cruz 1	643	8.2	5,273	32	165
Kuluhun	570	8.2	4,674	64	73
Lahane Oriental	463	8.2	3,797	35	108
Mascarenhas	360	8.2	2,952	90	33
Bemori	87	8.2	713	187	4
Becora 2	313	8.2	2,567	347	7
Bidau Santana 1	608	8.2	4,986	240	21
Bidau Santana 2	969	8.2	7,946	120	66
Becora 1	508	8.2	4,166	101	41
Camea 2	497	8.2	4,075	175	23
Motael	317	8.2	2,599	51	51
Colmera & Gricenfor	733	8.2	6,011	94	64
Santa Cruz 2	816	8.2	6,691	62	108
Caicoli 1	345	8.2	2,829	54	52
Caicoli 2	537	8.2	4,403	54	82
Vila Verde	924	8.2	7,577	113	67
Kampung Alor	393	8.2	3,223	46	70
Bairo Pite 1	1,759	8.2	14,424	149	97
Bairo Pite 3	1,271	8.2	10,422	210	50
Bairo Pite 2	889	8.2	7,290	141	52
Fatu Hada	1,097	8.2	8,995	138	65
Comoro 3	1,600	8.2	13,120	244	54
Bairo Pite 4	732	8.2	6,002	303	20
Comoro 1	1,676	8.2	13,743	322	43
Comoro 2	1,138	8.2	9,332	1,228	8
Total	19,715		161,663	4,648	35

Note: *) Majority of land area has steep slope (limited potential for urban development)

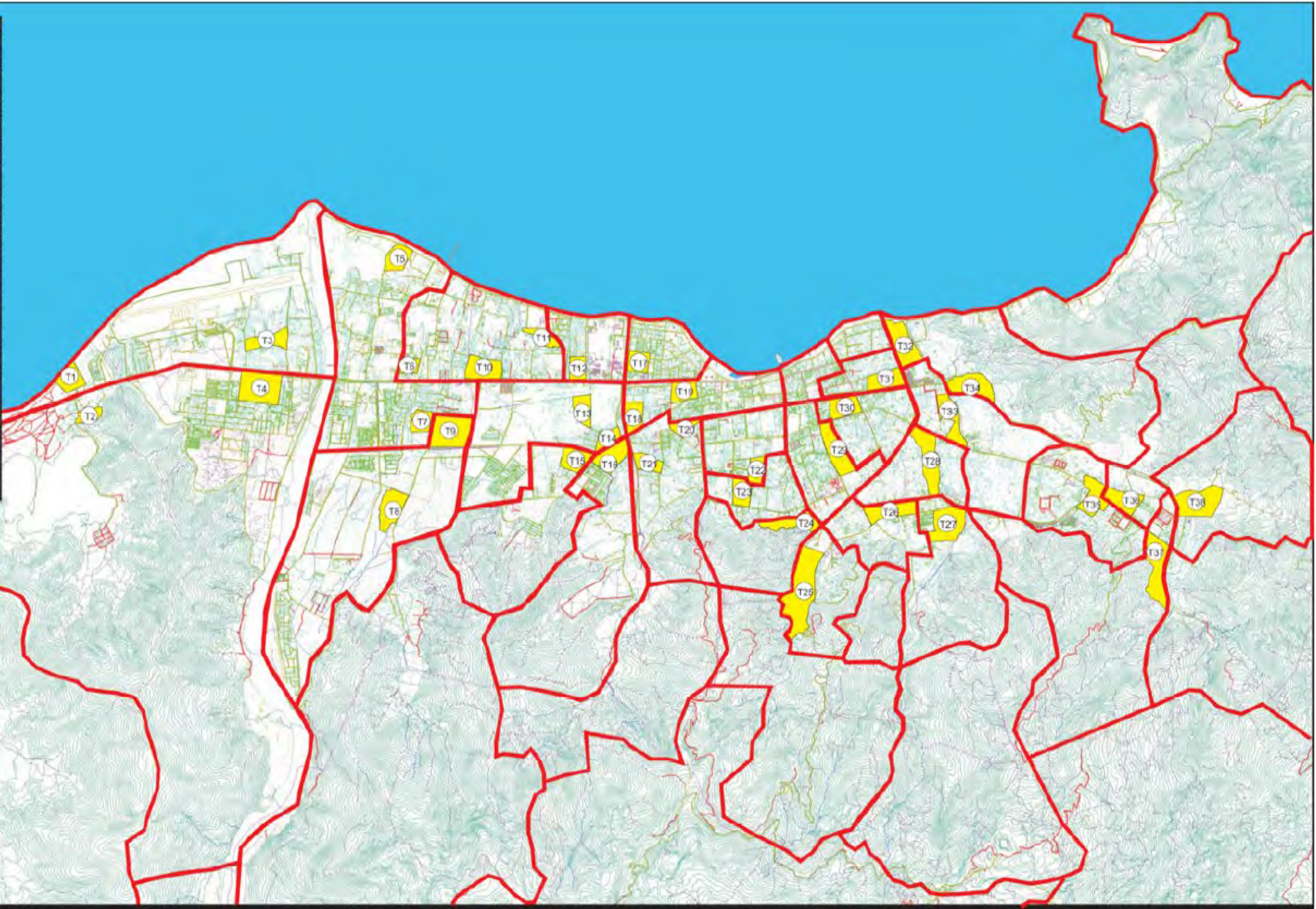
City Wide Survey

A total of 38 areas across the city were selected as representative areas of housing throughout the city. At least one area was selected from each of the 26 Sucos of the Dili urban area and in some cases two areas were selected where there was found a significant variety of housing types. The intention was to generalize the results from these smaller areas of the Suco i.e. each of the 38 areas was a representative sample for that Suco. The total area surveyed was 125.8 hectares accounting for 7% of land area of the city devoted to housing. A total of 2,769 dwelling units were surveyed representing nearly 20% of the housing stock of the city. This survey method provided a quick city wide snap shot of housing and infrastructure conditions in Dili.

The assessment technique was simple and quick based on the time available, the number of staff and their skill level, and most importantly the needs of the project for only an overview of housing conditions. Three small teams were sent to the field to undertake walk by assessment and random interviews. The map of the areas covered is provided below and the survey form used on the following page.



38 Transect Survey Locations		
Area	Alcaldia	Number of Houses
T1	Terasanía	81
T2	12 Oktober Tasitolu	154
T3	7 Septiembre	51
T4	Merisafun B	66
T5	Metin 2	56
T6	Pantai Kelapa	66
T7	Sao Miguel	83
T8	Baileste	94
T9	Posto Final	100
T10	Lurumata	57
T11	Zero Duato	76
T12	7 Diciembre 01	70
T13	Kanuiama	80
T14	Teate	56
T15	Fersat	89
T16	Rio de Janeiro	57
T17	Halbhar	49
T18	Lencral	73
T19	Manu Fuk	90
T20	Gidron	82
T21	Lencral	70
T22	Caccci 02	75
T23	Caccci 05	73
T24	Aitika	153
T25	Mascariñas 05	32
T26	Desposito Final	34
T27	Tabessi Has Laran	57
T28	Funu Hcu	49
T29	02 Murah	67
T30	Rai Moris	37
T31	Talera-Hun 02	52
T32	Bidau Santana	64
T33	Azufal Lorosae	82
T34	Bidau Masoun	40
T35	Clak Fuk	81
T36	Camea Has Laran	79
T37	Benamauk Mota Ulun	98
T38	Bendois	89



Survey areas and numbers of dwelling units


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 UN-HABITAT


No: H -

CHECK LIST FOR HOUSING CONDITION SURVEY

Suco :	Aldeia :	Area :	ha
	Good	Moderate	Bad
Housing Condition			
Permanent			
Total:	Total:	Total:	Total:
Semi-Permanent			
Total:	Total:	Total:	Total:
Temporer			
Total:	Total:	Total:	Total:
Total			
Housing Development since 2000		Issues:	
Abondand			
Renovated			
Reconstructed			
Expanded			
New Built			

Survey Forms as filled out by project team


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 UN-HABITAT

No: J -

CHECK LIST FOR INFRASTRUCTURE CONDITION SURVEY

Suco :	Aldeia :	Area :	sqm
	Good	Moderate	Bad
Service Condition			
Water Pipe Line:			
<i>a. Individual connect.</i>	Water always flowing	Water flow on roster	No water flowing at all
<i>b. communal connect.</i>	Water always flowing	Water flow on roster	No water flowing at all
Water Tank :	Good Tank - with water	Good Tank - no water	Bad Tank - no water
Water Pump :			
<i>a. Individual</i>	Good water quality - year round	Good water - seasonal	Bad water - seasonal
<i>b. Communal</i>	Good water quality - year round	Good water - seasonal	Bad water - seasonal
Garbage bunker :	Always clean	Some time clean	Always dirty
Garbage container :	Always clean	Some time clean	Always dirty
Garbage collection :	Everyday disposed	Disposed weekly	Disposed casually
Community garbage disposal :	Everyday disposed (burned)	Disposed (burned) weekly	Disposed (burned) casually
Internal Drainage :	Flowing smoothly	Flowing hard	Stop flowing
External Drainage :	Flowing smoothly	Flowing hard	Stop flowing
Electricity :	Every house has electricity	Not every house has electricity	No house has electricity
Street Lighting :	Sufficient	Not sufficient	No street lighting at all
Foot Path :	Good condition	Damaged	Not existing
Internal Roads :	Asphalt and good condition	Asphalt and damaged	Dirt road, good condition
External Roads :	Asphalt and good condition	Gravel and good condition	Gravel, bad condition
Public Transport :			
<i>a. Bemo/Angkot</i>	Frequently	Rare	Not existing
<i>b. Taxi</i>	Frequently	Rare	Never pass

There were three simple steps in the implementation of local area surveys:

Design of survey questioners

Simple survey tools were designed by the project team. These comprised of two simple forms as above to 1) assess the housing condition and 2) the quality of services provision in Dili.

The check list of housing condition was designed for a rudimentary assess of housing condition and construction type.

Housing condition is differentiated into three categories;

good - defined simple as housing being solid, well constructed and well finished (e.g. windows, doors and flooring).

moderate – between the two above and below, of reasonable quality for habitation

bad – in impoverished conditions such as makeshift housing made of poor quality materials

Housing construction type is differentiated into;

permanent – defined simple as materials that are durable and intended for long term habitation (e.g. cement housing)

semi-permanent – housing made of mix material such as concrete and wood

Temporary. – poor quality housing materials, often organic materials such as palm leaves (“bebak”) and constructed in areas highly probable for later removal/renovation such as attached to burnt out government buildings.

Check list for infrastructure availability

The infrastructure check list was designed for the assessment of the accessibility of individual dwelling units to infrastructure services and the condition of the services. This was designed in order to gain a basic understanding of the level and quality of services in low income/underserved settlements.

There were 15 types of infrastructure services assessed in each of the survey areas which can be broadly summarized as:

- a. Access to clean water: distribution lines, water tanks and ground water pumps.
- b. Garbage disposal: collection bunkers, containers and disposal services.
- c. Drainage: Internal and external to the dwelling unit site
- d. Accessibility: foot path, internal, driveway and external roads

Identification of survey areas

In each Suco at least one transect area is selected to represent the generic housing condition in the *Suco*. If in one *Suco* there are more than one settlement pattern then two or more housing area was selected to represent the housing condition in subjected Suco.

Preparation of transect survey map

As the survey area is determine most often by physical boundaries (e.g. roads and rovers) and the basic housing density, the size of each transect location varies from one location to other.

All the selected survey areas were marked in red and printed at A4 size with a scale that best fitted the page for visual identification by the project team during the field survey.



To equip the survey team with a clear orientation of survey area a city map with the location is provided. For this purpose, the JICA 2000 maps were used. The surveyed area boundaries were indicated in yellow.

Testing of survey tools

After all detailed surveyed area maps were produced two transect location were selected to test out the survey system for ease and speed. The two trial areas selected were of the two basic housing types - regular and irregular housing pattern.

During the trail survey the start and completion times were recorded in order to determine the likely time required to undertake a survey of an area of a certain size. The survey areas and forms were then reviewed and modified where necessary.

It was decided to include a section at the end of the survey that allowed the project team surveyors to write in their own assessments of surveyed community areas. This was provided to include issues/problems beyond housing and basic infrastructure which were within the scope of the Dili City Upgrading Strategy. This included land tenure, land use and erosion, flooding etc. The outcomes of this part pf the surveyed are outlined in the table after the next page.

A simple Excel spread sheet was designed to tabulate the housing and infrastructure conditions survey results data. A summary of results of the survey data are provided on the following page.

These statistical trends over the past few years are strong and quite revealing as to the poor state of housing and infrastructure in Dili. Typically housing is in a moderate to poor condition (almost 77%) but permanent (74%) has moderate to poor access to basic services (72%), and has been modified in some way since the year 2000 (85%). Overall it can therefore be stated with confidence that there is still much to be done to bring living conditions for the vast majority of urban Dili's residents up to at least basic standards.



Dili City Upgrading Strategy

Developing a Strategy for improving low-income settlements in Dili

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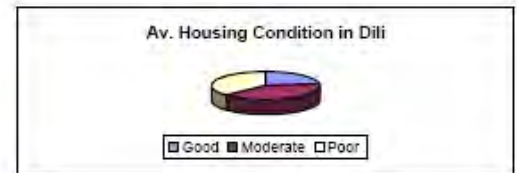
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Summary of 38 Transect Locations

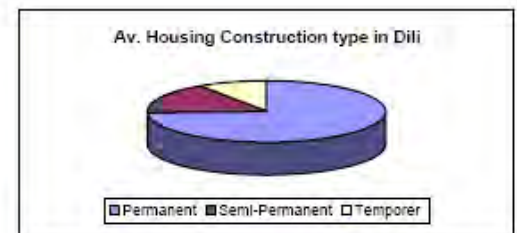
Total Area (hectare)
125.8

February 2005

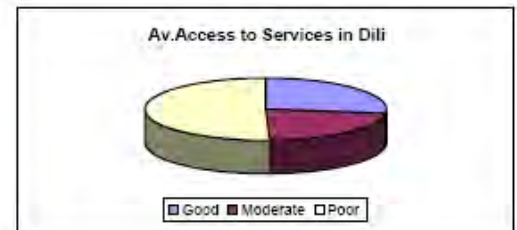
Housing Condition	Total Nr.	%
Good	638	23.0
Moderate	1098	39.7
Poor	1033	37.3
Total	2769	100.0



Housing Construction Type	Total Nr.	%
Permanent	2057	74.3
Semi-Permanent	454	16.4
Temporer	258	9.3
Total	2769	100.0



Access to Services	Total Nr.	%
Good	140	27.2
Moderate	115	22.3
Poor	260	50.5
Total	515	100.0



Housing Development >2000	Total Nr.	%
Abondaned	153	4.48
Renovated	2111	61.85
Reconstructed	337	9.87
New Built	313	9.17
Expanded	499	14.62
Total	3413	100.00



The compilation of issues in survey area (see next page) was designed to summarize all the collected key issues in all of the surveyed areas. Issues found in the surveyed areas can be summarized into eight major issues. This information came from random interviews with residents in these communities and relates to issues common to the wider area than that of the specific residents dwelling unit and conditions.

While these results may not be entirely statistically valid as the survey method was rudimentary and undertaken as part of a broader survey they do however reveal some interesting insights into key issues in these communities.

- a. Land tenure issues – nearly 50% of housing areas surveyed had some significant issues with land tenure.
- b. Land use issues – nearly 50% had significant land use conflicts that could result in detrimental effects to residents
- c. Clean water issues – just over 50% had to travel more than 300 to collect water for dwelling unit consumption
- d. Sanitation issues – over 80% had rubbish collection issues
- e. Flooding issues - over 30% had major flooding problems
- f. Accessibility issues - over 50% had access problems to the property
- g. Erosion issues - nearly 50% had potentially significant erosion problems
- h. Others relevant issues – over 15% and 18% respectively of communities had significant issues with over congestion leading to the possibility for widespread fire concerns and limited access to public transport (private vehicle ownership of any kind is very low in these communities).



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Important issues found in transect areas

No.	Issue	Description	Effected Transect Area	Total Nr. of TA	%
1	Land Tenure	a. Abandoned former private owned houses	T1, T3, T6, T7, T8, T10, T11, T13, T17, T30, T23, T35, T37	14	36.8
		b. Abandoned former government employee houses/dormitories	T4, T22, T27	3	7.9
		c. Abandoned former government offices or commercial properties	T16, T19, T28, T31	4	10.5
2	Land Use	a. Public Park area occupied by shops with accomodation	T1, T19	2	5.3
		b. Community main drain used by residents to grow bananas	T6	1	2.6
		c. Pedestian walkway occupied by shops	T9, T12, T27	3	7.9
		e. Vegetable plantations in the ponds close to residential houses	T13, T17, T23, T27	4	10.5
		f. Animal farming in residential areas	T9, T10, T13, T15, T17, T21, T22, T27 T32, T33	10	26.3
		3	Clean Water	a. No direct access to clean water. (collect water from public reservoir) 300m from nearest settlement (free of charge)	T1, T4, T9, T10, T11 T13, T16, T21, T22, T23, T26, T29, T30 T36
b. Inconsistant clean water supply. (collect water from public tap) 300m from the settlement (free of charge)	T2, T8, T14, T17, T20, T37	6		15.8	
4	Sanitation	a. Poor toilet conditions without proper septic tanks	T23, T27, T32, T35	4	10.5
		b. No rubish disposal system (rubish throughout settlement)	T3, T10, T11, T13 T20, T24, T26, T27 T28, T29, T31, T32 T33, T34, T36, T38	16	42.1
		c. No rubbish collection bunker available	T1, T3, T4, T5, T9 T11, T13, T15, T16 T21, T23, T25, T26 T27, T28, T29, T32 T33, T34	19	50.0
		d. Animal's droppings throughout settlement	T14, T15, T17	3	7.9
		e. Water standing in drainage system and surrounding housing (throughout settlement)	T1, T5, T10, T12 T17, T22, T23, T25 T28, T30, T33, T37	12	31.6
5	Flood	a. Flooding immediate after heavy rain	T3, T10, T12, T15 T16, T18, T22, T33 T35, T37	10	26.3
		b. Flooding remaining for more than three days after heavy rain	T25, T22, T35	3	7.9
c	Accesibility	a. No foot path, no drive way	T3, T9, T10, T11 T12, T13, T15, T16 T17, T18, T21, T22 T23, T26, T34, T36	16	42.1
		b. No drive way	T3, T13, T27, T33	4	10.5
7	Eroñion	a. Housing on steep sloping area	T25, T26, T37, T38	4	10.5
		b. Housing close to river bank	T16, T27, T28, T31, T32 T33, T34, T37	8	21.1
		c. Housing close to the beach side (liquifaction & tsunami prone)	T1, T2, T3, T5, T11, T32	6	15.8
8	Others	a. Over congestion (fire risk)	T9, T10, T12, T17 T32, T33	6	15.8
		b. No access to public transport	T3, T4, T5, T9, T21 T33, T36	7	18.4

Identification of Underserved Settlements

The final survey and the most significant for the formulation of the Dili City Upgrading Strategy has been the development of a map identifying underserved settlements i.e. communities requiring upgrading initiatives. This survey work was undertaken in September – October 2005 nearing the completion of the project such that this survey work would underpin the development of the upgrading strategy.

A significant boundary for the study was the determination by the project team in consultation with the Ministry of Public Works that irregular housing would be the primary focus of the strategy. The unresolved land tenure issues associated with regular housing (i.e. formal Indonesian housing estates) and the high numbers of squatters in these areas would mean that it would be very difficult to implement upgrading activities in these areas, at least in the first four year phase of the program. Once policy direction is provided by the Government and land security assured through land titles, leases etc these areas may be reassessed with a view to extending upgrading initiatives into these areas. Additionally, as a community based approach is to be adopted to upgrading, it became clear from the project survey work and pilot projects that communities of irregular housing areas have a stronger sense of community and therefore more readily amenable to community based initiatives.

The survey area map, as outlined above, was then overlaid to identify those areas of the 28 survey areas with limited infrastructure services. Additional broad brush surveys, some 20 in total, were then undertaken into those areas not surveyed in the original 28 areas. The 48 surveyed areas provide a city wide view of underserved informal housing across urban Dili.

This consolidated information was then incorporated into a map identifying all areas requiring upgrading, a total of some 45% of the housing areas of the city equating to approximately 80,000 persons.

The project team then undertook additional site surveys and mapping to identify individual community areas. A total of 98 areas were identified based on known community boundaries, natural boundaries such as roads and rivers, and appropriate

sizes for community upgrading initiatives (i.e. generally no more than 10 hectares in areas). The size of these areas is considered manageable from the perspective of establishing Community Development Councils of a sufficiently small size such that members of these communities are encouraged to actively participate.

Phasing of Upgrading Activities

The 98 areas identified for upgrading were then programmed into a four year upgrading program. This program was based on the following factors:

- The level of underserved conditions i.e. the least served areas were programmed in the first year so as to bring some immediate relief to those in most need.
- The capacity of the Community Development Unit, as the principal implementing agency, to implement the program while initially more limited would grow over the coming years as skills develop and additional team members trained up in designing and implementing projects.
- The financial resources of the Community Development Unit are expected to increase over time as the operating budget is largely dependent on annual central government budget allocations. As the benefits and proven results of this approach and the strategy become more and more established Government budget support is expected to increase substantially.

The upgrading strategy map on the following page therefore tries to match needs of the community with the capacity of the Community Development Unit.

The upgrading strategy map divides the upgrading areas into four phases which are each colored separately on the map and identified as “years”. In reality, however, implementation may take longer than this and each year may best be thought of as a “phase”.

The 8 areas identified for year/phase one are those areas identified as being the least serviced i.e. most degraded areas of the city through to year/phase four being communities with at least a few of these basic services.

The following map has been distributed widely with the Government and presented at the project final workshop. This map will form the basis for funding submissions to Government and donors, and budgeting for the community development unit charged with implementing the upgrading program.

Underserved Community

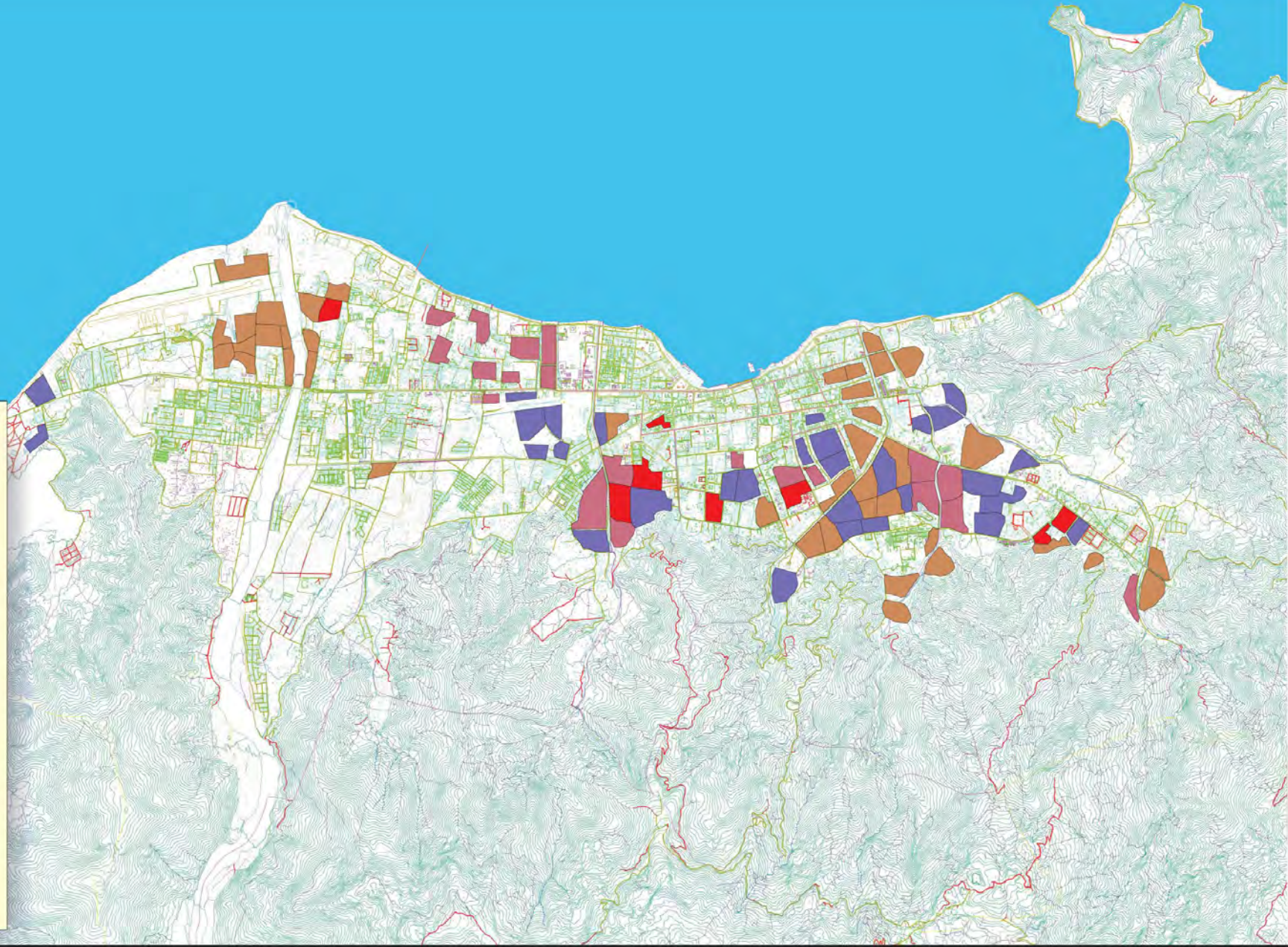
Total Number of CDA = 98
 Total Number of Houses = 7,970
 Number of People = 65,000
 Area = 490 ha

Year 1
 Number of CDA = 8
 Number of Houses = 755
 Number of People = 6,000
 Area = 30 ha

Year 2
 Number of CDA = 20
 Number of Houses = 1,815
 Number of People = 14,500
 Area = 105 ha

Year 3
 Number of CDA = 30
 Number of Houses = 2,300
 Number of People = 18,400
 Area = 159 ha

Year 4
 Number of CDA = 40
 Number of Houses = 3,100
 Number of People = 24,800
 Area = 196 ha



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 Cities Without Slums



Dili City Upgrading Strategy

Dili Underserved Areas Legend

■ Year One ■ Year Four
■ Year Two

Drawing Number

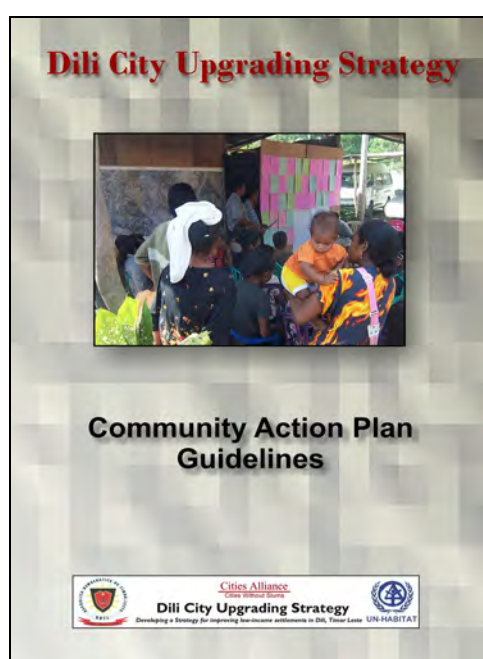
18

Chapter 2 PILOT COMMUNITY UPGRADING

2.1 Introduction

This chapter incorporates the following items from the DCUS project documents: specific neighbourhood improvement plans; local area improvement plans; selected pilot projects; workshops at neighbourhood level; local area implementation and action plans; community local area plans; upgrading methodology tested in small-scale pilot projects. This is discussed in more detail in the CAP Guidelines which form the companion document to this report. This chapter serves only to highlight a few of the key points from this more comprehensive document.

As outlined in the introduction, the Community Action Planning (CAP) Guidelines formed the basis for developing and testing Pilot Upgrading Initiatives. The CAP guidelines were first prepared in May 2005 with the assistance of, and training by, UN-HABITAT senior expert Mr. Lalith Lankatilleke. These draft CAP guidelines were based on UN-HABITAT experience throughout the developing world adopting tools for meaningfully engaging communities in the development of their local areas and thereby leading poverty reduction. CAP is predicated on the belief that local communities can bring considerable resources and enthusiasm to improving their living conditions if empowered and given the right tools to do so.



The Community Action planning Guidelines which accompanies this document outlines in detail the pilot community upgrading process and outputs

The CAP guidelines allowed the project team to pilot upgrading activities with four local communities in urban Dili. By following the step-by-step process laid out in the CAP, the team was able to partner with the newly formed Community Development Associations to implement a range of small-scale community infrastructure projects. CAP forms part of an integrated approach to the establishing of a comprehensive housing and urban development program for East Timor. The below diagram outlines the many interlinked components.

This process was an important phase in testing out the applicability of the Dili City Upgrading Strategy. The CAP process demonstrated to all key stakeholders that by following this process significant quick impacts in upgrading areas could be achieved with only small inputs of capital. The CAP tangibly demonstrates that with a dedicated skilled-up team in CAP the extensive upgrading identified under the Dili City Upgrading Strategy (98 communities representing 45% of the population of the city) can realistically be achieved.

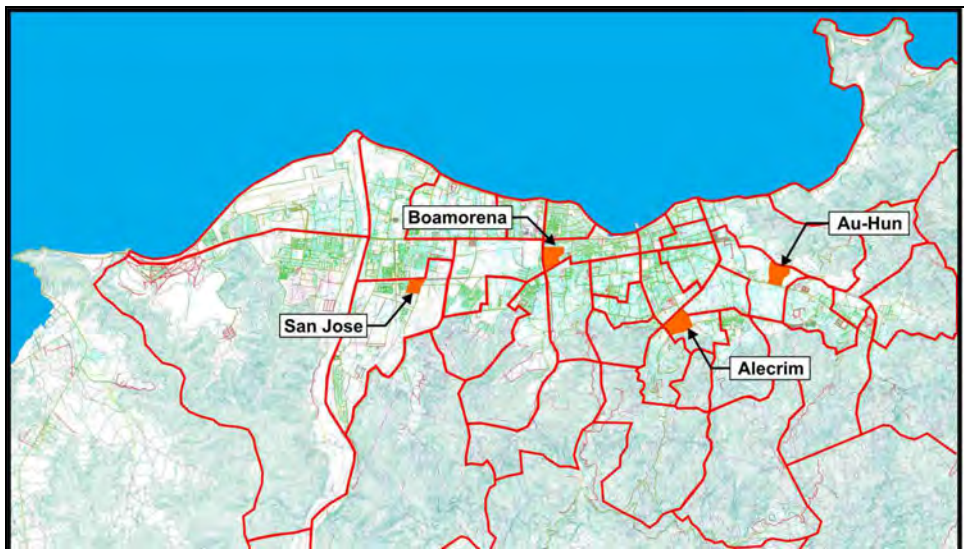
2.2. The Community Contracting Process

The initial CAP workshops were carried out in late May within each of the four pilot communities. The CAP process was a primary focus of the project team from June through September 2005. The first draft of the CAP guidelines was refined by the DCUS in-country team as the process was worked through in the field with each of the four communities. The UN-HABITAT senior expert returned in mid-September 2005 to review progress and assist the project team in further refining the CAP guidelines. This first phase of upgrading was fully complete for all four community's projects by early October 2005.

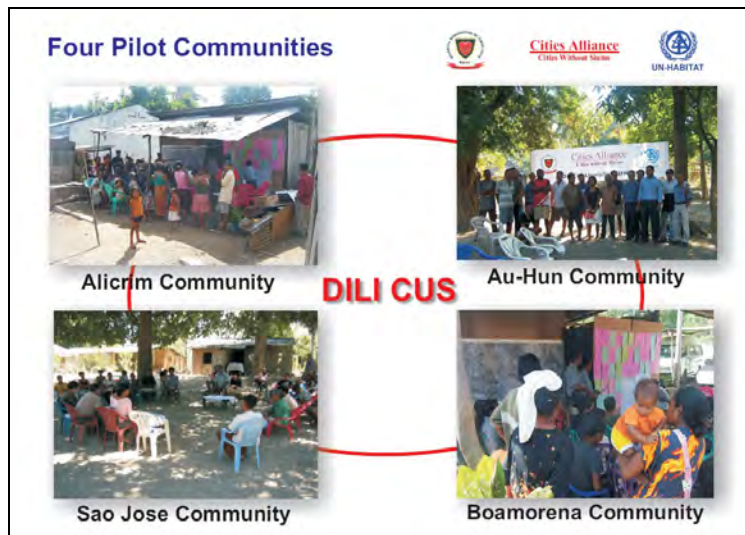
By following this CAP process the team of six East Timorese was able to achieve a great deal in a very short period of time. In four months of intensive activity on CAP the team was skilled up in the process, assisted the four pilot communities in establishing Communities Development Associations (CDA's being community based groups elected by the community), conducted workshops and meetings to assist the CDA's to identify priority small scale community infrastructure projects, assisted the CDAs to design and cost these projects, and to supervise the full construction of these projects. In total, with the comparatively small sum of USD 30,000 spread over four communities, a total of 12 projects of varying complexities were fully completed

by early October 2005. These projects included, local roads, rehabilitation and construction of drainage systems, rubbish collection “waste bunkers”, a community hall, water supply piping and tanks, as well as community toilets and washing facilities.

While much was achieved in a very short timeframe, the project team was only able to complete the first phase of CAP, small-scale community infrastructure, with the first four pilot communities. A second phase of CAP, focusing on lane tenure issues, was trialed in October 2005 with one of the pilot communities. This work is on-going and showing promise as the local community maps out land occupation and is developing a strategy to engage with the Government to have their occupation acknowledged. The locations of the four communities are outlined on the map and diagram below.



Dili CUS Pilot Project locations



The community contracting process is outlined in full in the CAP Guidelines. During the pilot phase of the project the project team evolved a simplified process that is likely to be the preferred process for at least the next few stages of community contracting. This is expected until such time as communities are better equipped to take on more of the contract administration role.

From the budget worked out in the CAP process the project team would prepare a draft contract for a specific work package based on discussions with the relevant CDA. This is a simple contract presented in Tetum (the local language) first as a draft for discussion. Once reviewed by the CDA and any modifications made it is presented to the community for signing. The contract is signed in triplicate by a number of people to ensure transparency and that no collusion has taken place. Signatories are 1) the CDA chairperson, 2) the CDU project manager, 3) the CDA organizing secretary or the CDA treasurer and 4 and 5) are two witnesses. Where the contract is for works by a contractor outside of the community e.g. government or private contractors they are 6) signatory. Once all signatures are on the document a copy of the contract is placed on the signed community noticed board.

Upon completion of all works associated with the contract, the work of the contractor is assessed by the CDA and the project team. If agreed that it has all been completed to the satisfaction of all parties then the contract is passed on to the funding agency with a cover note from the project team requesting payment. All original receipts for all components of the contract are to be included. This must include labor costs with signatures and amounts payable to all individuals employed under the contract.



An on site community Meeting

Community Action Plan Process



Cities Alliance
Cities Without Slums



1. Problem Identification



2. Problem Prioritisation



3. Developing Solutions



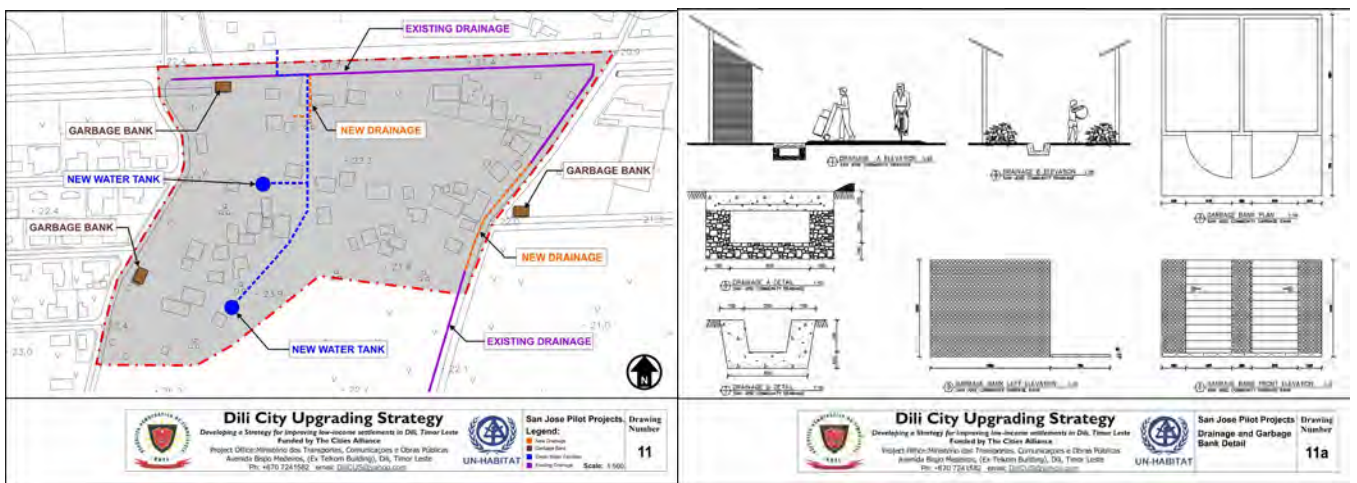
4. Community Plan

The piloting phase provided the project team with a valuable insight into the process of community contracting. In the space of just three and half months community councils were established in four locations, a CAP process undertaken, and community contracts for a range of small scale community infrastructure projects were formulated, issued and fully implemented. This has provided all the key stakeholders with the confidence of the merits of this approach of actively engaging the community and some insight into how best to achieve this.

CAP piloting has also been important for the DCUS in providing some ballpark figures on the duration and cost of various forms of infrastructure that have been fed into the budgets for city wide upgrading. It was clear that communities were empowered enough to feel confident to undertake the works they did, proud to speak of their achievements in public forums including those attended by the Prime Minister and the local media, and were keen to develop their Community Actions Plans further and undertake more community contracts.

While this a valuable starting point, there is still much to be done to truly empower local communities with the bulk of the responsibility for upgrading projects in their communities. Without much more responsibility being taken on by the communities

the ability to undertake large scale upgrading across the 98 communities identified as in need of upgrading is severely limited by their access to support by the government's CDU team. Put simply, with the limited technical and financial resources of the government and the immediacy of the needs for upgrading, community contacting can only be a really effective tool if communities are empowered considerably more and the level of the CDA assistance for each community reduced. There are encouraging signs that this will happen as outline din the next chapter but there is still much to be done.



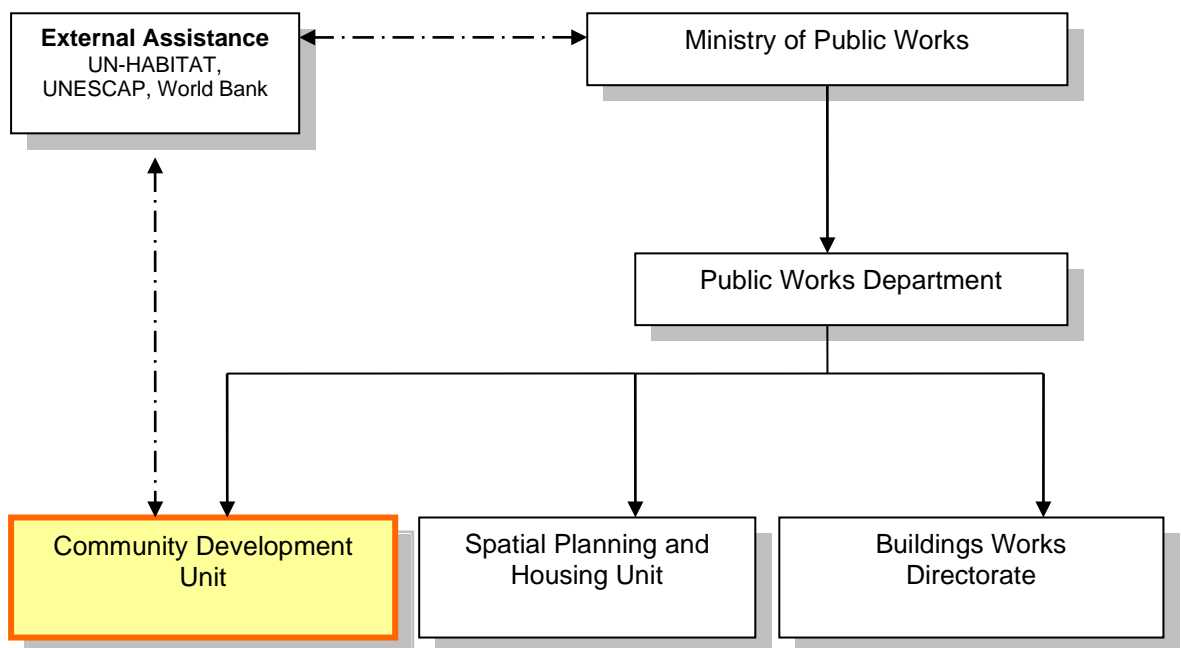
Top photos are of a community development plan and technical drawings as prepared by the project team with the community

Below these are examples of the realization of the above plans.

2.3 The Community Development Unit

The Community Development Unit (CDU) was established immediately following the completion of the DCUS project in October 2005. The DCUS was a 12-month program funded by the Cities Alliance Slum Upgrading Program and executed by UN-HABITAT. The project team for the DCUS has since been incorporated into the Ministry of Public Works, forming a new government unit established specifically for developing the DCUS and the principles of CAP.

The CDU is bringing together various government departments required for community upgrading and acts as a conduit between the community and the Government. CAP priorities identified by the community will be matched wherever possible with service delivery capabilities of government line departments. The CDU team, for example, has facilitated Water Department permission and assistance in design of connections to the town water supply on one side, and has managed community contracting to lay water pipe and build community water storage tanks on the other side.





The Deputy Director of the Community Development Unit who has been principally responsible for over seeing the CAP process is interviewed by the local television station at the final presentation of the Dili CUS (October 2005).

Chapter 3 CITY AND COUNTRY WIDE SCALING UP

3.1 Introduction

This chapter incorporates the following items from the DCUS project documents: implementation strategies for some of the poorer neighbourhoods; potential investment partners; sustainable financing strategy; detailed investment plan for slum upgrading; framework for infrastructure investment; detailed investment plan; model for overall sustainable finance; budget requirements, investment partners, cost recovery models; community savings and credit schemes, tenure security, institutional arrangements, construction standards and permits.

In attempting to address these issues, this chapter relies heavily on two key sources for investment budgets and programming – 1) the Housing and Urban Development (HUD) Sector Investment Program (SIP) of the Government and 2) average costs calculations from the pilot project activities of the DCUS. Additionally, the assessment of the needs for upgrading draw heavily on the research undertaken by the project team as presented in Chapter 2 of this report.

The HUD/SIP provides the medium term investment strategy (5 years) for the Government and as such is intended to guide expenditure by the Government and donors in this sector. The HUD/SIP was last revised in late October 2005 (released early November 2005) at the very time the DCUS was being finalized and so was able to benefit from the outcomes of the DCUS and visa versa. The two documents as a result are very closely interlinked.

A strong linkage of the DCUS with the HUD/SIP is considered critical for the investment follow up of the DCUS as 1) The HUD/SIP is the investment strategy of the Government for the medium term and as such has the full endorsement of the Prime Minister and the Council of Ministers 2) The HUD/SIP has been prepared in collaboration with and has the endorsed of major donor organizations such as The World Bank, The Asia Development Bank and The United Nations Development Programme and 3) Both the Government, and donor institutions and countries have committed to only supporting investment programs that have been identified in the 15 SIP's of the Government.

Upgrading initiatives for Dili and around the country are a major focus of the HUD/SIP with a significant portion of the total USD13 million budget allocated to upgrading activities, over USD 4.5 million, as will be outlined in this chapter. The project team played an active role in the formulation of the HUD/SIP and has ensured that upgrading activities programmed in the SIP are fully in line with the principles, approach and recommendations of the Dili City Upgrading Strategy.

The preparation of the HUD/SIP directly benefited from the calculation of average costs for upgrading infrastructure as were formulated in through the community piloting activities. Through the community action planning and community contracting processes, as described in the associated document “Community Action Planning Guidelines”, accurate costs for building small scale community infrastructure were calculated for the first time in post September 1999 Dili. These costs are presented in this chapter to also allow more accurate budgeting for specific small scale community infrastructure projects at the time of formulating specific community development plans.

The DCUS team has played, and will continue to play through the Community Development Unit, a key role in promoting the HUD/SIP as the key means of attracting investment to this sector and the implementation of the DCUS in particular. UN-HABITAT have been very active in supporting the HUD/SIP through among other activities preparation of upgrading submissions to donors based on the HUD/SIP and through promotion of these initiatives at the annual Development Partners Meeting where the SIP’s are discussed and invest programs agreed.

3.2 Program and Budget for Scaling up

The HUD/SIP, as last released November 2005, provides a total budget of USD 13,083,000 for this sector. Of this budget for the next five years over a third, USD 4,490,000, is allocated for the “Implementation of the Dili City Upgrading Strategy”. Initiative “# 4 Implementation of the Dili City Upgrading Strategy (DCUS) (Four Phases), refer to the yellow highlighted area on the table on the following page.

This investment is scheduled to be undertaken over four years (July 2006 - June 2007) being exactly in line with the four year program prepared by the project team. The upgrading map and the budget allocation of the SIP should therefore be read together to best comprehend the strategy for upgrading, both are provided on the following page.

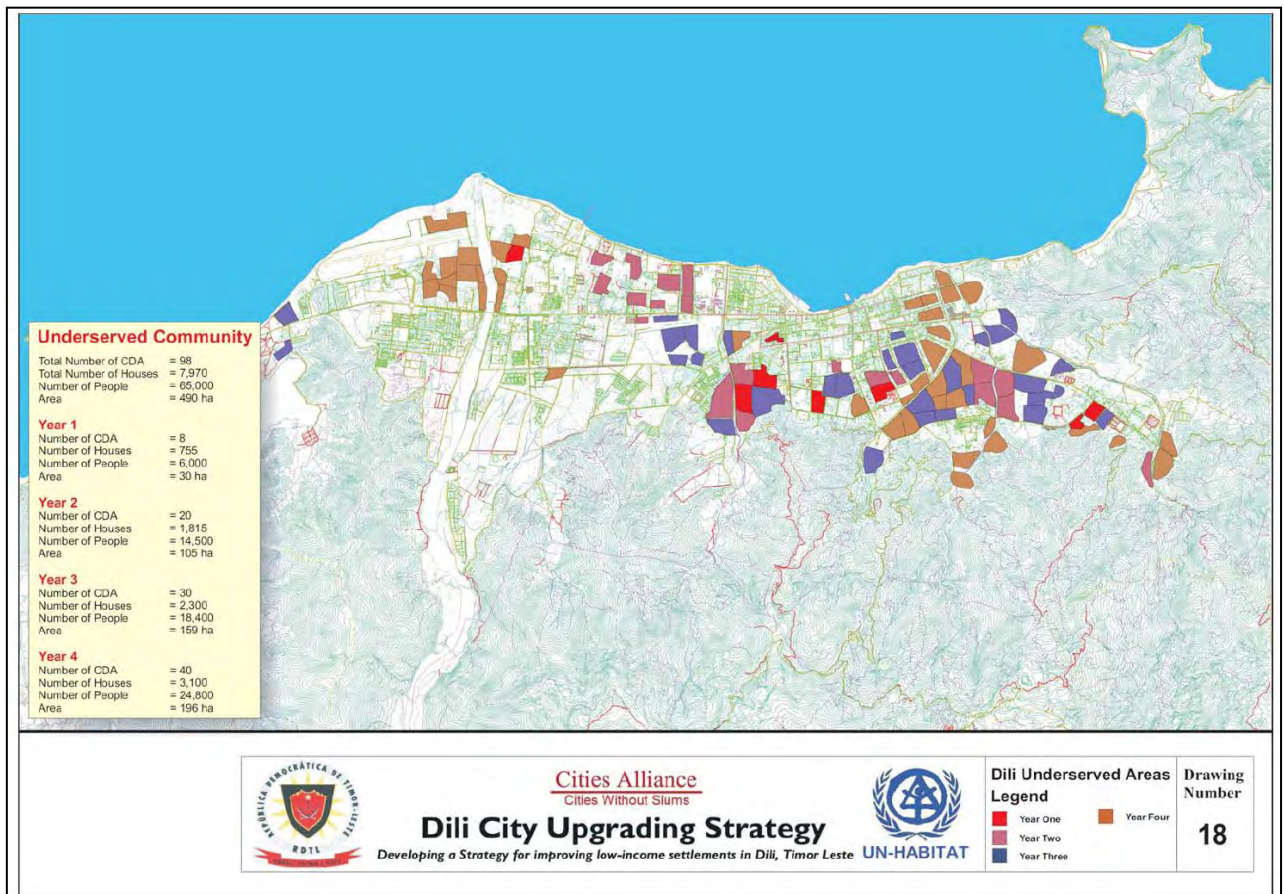
The budget table on the following page provides for four 4 years of upgrading activities although in reality this time frame may well need extending . 1) 2006/7, 2) 2007/8, 3) 2008/9 and 2009/10. The current financial year of 2005/6 has not been included as these budget allocations need to be endorsed at the annual March Government budget reviews for the next financial year commencing July 1. Bridging programs for the DCUS through the DCU team for the period between November 1st 2005 and June 30th have been allocated by the Minister of Public Works and are outlined in the next section of this chapter.

The HUD/SIP and DCUS are perfectly linked i.e. the HUD/SIP budget allocation exactly matches the DCUS four year program. As can be seen from the table and map on the following page:

- For the financial year 2006/7 – USD 519,000 has been allocated in the SIP which directly links with “Year 1” of the upgrading map i.e. the red areas of the map.
- For the financial year 2007/8 – USD 1,043,000 has been allocated in the SIP which directly links with “Year 2” of the upgrading map i.e. the purple areas of the map.
- For the financial year 2008/9 – USD 1,267,000 has been allocated in the SIP which directly links with “Year 3” of the upgrading map i.e. the blue areas of the map.

- For the financial year 2009/10 – USD 1,661,000 has been allocated in the SIP which directly links with “Year 4” of the upgrading map i.e. the brown areas of the map.

TIMOR LESTE: HOUSING & URBAN DEVELOPMENT (HUD) SECTOR INVESTMENT PROGRAM (SIP) PROVISIONAL COST ESTIMATES (US\$ '000) MEDIUM TERM PROGRAM (2005/6-2009/10)							
HUD / SIP Initiative	Total Cost (US\$)	Annual Disbursement (US\$ '000)					Remarks
		2005/6	2006/7	2007/8	2008/9	2009/10	
1. Training & Capacity Building of Key HUD Sector Institutions	230		230				
2. Preparation of National Planning, Development & Building Control Regulations & Legislation	158	58	100				
3. Preparation of the Dili & Baucau City Development Strategies (CDS)	610	400	210				Part committed by Portuguese Cooperation
4. Preparation of Urban Development Framework Plans (UDFP) for (3) Regional Centers	555		555				
5. Preparation of Urban Development Framework Plans (UDFP) for (8) District Centers	660			370	290		
6. Implementation of Dili City Upgrading Strategy (DCUS) (Four Phases)	4,490		519	1043	1267	1661	DCUS phasing
7. Planning & Development of New Low Cost Housing Sites (Hera & Tibar), Dili (Phase 1)	3,315		340	430	1100	1445	Disbursement may extend into 2010/11
8. Planning & Development of Pilot Upgrading/ New Low Cost Housing Projects in Priority Regional & District Centers	2,100			500	900	700	Disbursement may extend into 2010/11
9. Preparation of a National Housing Program	160		160				
10. Study of Micro finance options for Housing & Enterprise Development	200		200				
11. Study of Alternative Building Technologies, Materials & Options for Involvement of Local Contractors, Suppliers & Labor in HUD Sector Development	285		100	185			
12. Infrastructure Sectors' Capacity Development Coordination	320	100	220				
TOTAL	13,083	558	2,634	2,528	3,557	3,806	



3.3. Cost Calculations for Upgrading

Allocated Cost per Dwelling unit

Through many discussions with key stakeholders including The Ministry of Public Works and The Dili District Administration it was determined that a fixed rate per dwelling unit was a realistic means to budget of and implement the upgrading program. While this approach does not pin point the specific upgrading needs and costs for a specific community it is more efficient to implement and within the predicted medium term administrative capabilities of the Government.

The upgrading of 98 communities in urban Dili within a four year time frame is already an ambitious task that will stretch the capacities of the Government. To formulate detailed budget assessments on a community by community basis and to ensure accumulative spending is kept within the overall budget is considered by all to be beyond the current capacities of the Government and will seriously delay the much needed demands of implementation

During the next five year mid term forecasts of the Government (i.e. after the current SIP ends in 2009/2010) it is hoped that capacities of the Government through this upgrading experience will permit more refinement of community needs and budgets. It is clear from pilot projects that even with a modest budget of USD 7,500 much can be done to upgrade communities, however, this still far short of meeting all the needs of all communities. For example, with this small grant communities can provide with piped town water to their community water tank but another future round of upgrading will be required to provide individual dwelling unit connections. Similarly, this four year program concentrates on small scale community infrastructure where as subsequent rounds of Community Action Planning will need to focus on other community needs such as land tenure, micro-finance and health and education, as outlined in CAP Guidelines document.

The allocating of a fixed amount per dwelling unit has also been shown in many developing countries to be a more effective means to determine upgrading budgets as it empowers community members to make the most efficient use of a fixed budget. This engenders a feeling is that this is “their money” and they had best be involved in the community council preparing the CAP to ensure that the money is used most effectively. The Minister, Vice Minister and other Minister and Secretary of

States have/will in the coming months be introduced to this in field visits organized by the project team to similar community development initiatives in Thailand.

The use of a fixed cost per dwelling unit, however, does have clear limitations in that it fails to recognize that clearly some communities will have greater needs than others and therefore there will be greater costs associated with upgrading those communities. It is also clear therefore that will need to be a review of the DCUS closer to mid 2010 when this current plan and budgeting is due to be fully executed.

While there may well be some limitations in this approach, this strategy serves to meet the key principal objectives of developing and implementing a DCUS for urban Dili in the short to medium term 1) it is readily implementable through a team (the Community Development Unit) who have tested out the approach and practicalities through the piloting phase 2) budgets can be fixed and planned for by the National Treasury, 3) it provides a geographically wide spread of benefits to a large number of communities (i.e. 98 communities) who are living in seriously degraded conditions and 4) It is within ambitious but realistic budget targets for Government and donors over the next five years.

Calculating the Upgrading Budget Allocation per Dwelling unit

The costs calculations to inform the SIP were based heavily on the upgrading activities of the pilot DCUS projects. So it is important to first examine the average costs per dwelling unit identified through the DCUS pilot projects.

The four underserved settlements selected for the pilot projects comprised 540 dwelling units and at least 3,100 persons. Implementation of various improvements was undertaken on the basis of a budget ceiling defined by the DCUS project budget of USD7, 500 per community providing a total pilot project budget of USD 30,000.

Therefore the amount allocated per dwelling unit can be crudely calculated at:

$$\begin{aligned} 3,100 \text{ persons} / 7.5 \text{ person per dwelling unit} &= 413 \text{ dwelling units} \\ \text{USD } 30,000 / 413 \text{ dwelling units} &= \$73 \text{ per dwelling unit} \end{aligned}$$

However, the DCUS budget ceiling meant that a number of projects identified by the pilot project communities could not be implemented e.g. water supply, drainage, sanitation, garbage disposal or roads. From the cost estimates for the various small

scale infrastructure projects developed in the piloting phase matched with the city wide assessment of small scale infrastructure needs of underserved communities (as outlined in the previous chapter) it was determined that additional funding per community would be required to meet minimum service delivery needs.

A total of \$450 per dwelling unit was decided on based on:

- The city wide assessment of housing which identified extensive and severe shortages of many services. (see chapter 2)
- The determination of acceptable minimal standards for the short term to medium term was based on current practices and expectations in East Timor for low income settlements (e.g. provision of piped water to water tanks located within the community but not extending to individual dwelling units connections).
- Government budget constraints such that proportion allocated to urban Dili is consistent with Government service requirements in other centers and rural areas of the country and the proportion allocated to the infrastructure sector is consistent with other sectors such as the major needs of health and education.

Based on the city wide assessment and experience gained in the pilot projects the following infrastructure needs were identified and costed per dwelling unit in the HUD/SIP. These per dwelling unit hold costs are based on an equally proportioned cost of the full construction of each type of facility for that community. It should be noted that the exact composition of upgrading activities and facilities actually undertaken by the beneficiary community will be dependent on the CAP proprieties identified by that community i.e. the exact projects and budget allocation will be tailored to the needs identified by that community.

These costs are exactly as they appear in the HUD/SIP for the DCUS are with in the green dot area on the SIP table on the following page.

“Component civil works costs per Dwelling unit (USD):

Roads	110
Water Supply	50
Drainage	95
Sanitation	60
Garbage Disposal	50
Community Facilities	70
Miscellaneous	15
Total	USD450”

HUD/SIP Initiative # 6: Implementation of the Dili City Upgrading Strategy (DCDS) 2006/7-2009/10. Cost Estimates

HUD/SIP Initiative/ Cost Item	Rate (US)	Cost (US)	Remarks
Civil Works			Component civil works costs/HH (US\$):
Phase 1: (2006/7) (8 sites / 755 HH)	450/HH	340,000	Roads 110
Phase 2: (2007/8) (20 sites /1,815 HH)	“	817,000	Water Supply 50
Phase 3: (2008/9) (30 sites / 2,300 HH)	“	1,035,000	Drainage 95
Phase 4: (2009/10) (40 sites / 3,100 HH)	“	1,395,000	Sanitation 60
Total (2006-2010) (98 sites / 7,970 HH)		3,587,000	Garbage Disposal 50
International technical assistance	7pm/20,000	140,000	Community Facilities 70
Local consultants/ NGOs	7 pm/10,000	70,000	Miscellaneous 15
Local Staff		140,000	Total 450
Workshops / Community meetings		26,000	Upgrading Specialist
Equipment		50,000	Micro-finance Specialist
Local staff training		20,000	MPW / CDU staff
Local travel		15,000	
Operations		24,000	2xvehicles. Computers. Plotters
Miscellaneous		10,000	Office Supplies
Sub-total		4,082,000	Includes report production
Contingencies (+/-10%)		408,000	
TOTAL		4,490,000	

The total number of dwelling units within each of the community upgrading areas was calculated by reference to the building counts undertaken in the city wide survey. An annual population growth rate of 5% compounding was assumed as a reasonable figure of population growth in urban Dili (based on discussion with The National Census project and the DCUS city wide survey which included new building constructions). Inflation is not factored into the calculations as it is now low in East Timor as prices have stabilized, the planning period short (only four years) and can be modified upward each year as part of the budget preparation process to take into account any inflation and other price increases.

Average costs for Upgrading Activities as Derived from Pilot Upgrading Projects

As stated above the average upgrading costs for different types of small scale community infrastructure or “Civil Works” as it referred to in the HUD/SIP have been derived from the pilot upgrading projects of the DCUS.

The following two pages outline these costs. The next page presents a simple photo of the type of facility/works and the cost as paid for by the DCUS budget to the four pilot project communities under the Community Contacting process. These are averaged costs between those of the four communities where similar facilities were constricted. As can be seen, however, from the next page after this there was a very high level of consistency in the costs between each community which were spread across the city. This may well serve to demonstrate that costs can in fact be consistently calculated across the many upgrading activities throughout urban Dili.

The budget details table outlines the full budget break down for the USD 30,000 across the 13 projects of the four pilot community projects. The table demonstrates the various costs components between 1) “construction material/equipment” 2) worker fees (i.e. community labor) and 3) Government contributions. It can be seen that costs vary greatly between these three components depending on the type of project e.g. labor intensive projects such as drain cleaning in Alicrim project required 70.56% (USD 2,018) of the USD 2,860 budget where as heavy machinery intensive activity of “new access road” building in project 1 of Auhun required only 10.68% (USD 431) of community labor.

The percentage cost of materials also varies significantly across projects, from as high as 2/3 of the budget such as community centre, road repair and garbage banks down to 1/3 for projects such as new drains, cleaning existing drains and construction of new water tanks. Where Government has provided assistance such as equipment (e.g. water pipe, culverts, cement and use of heavy machinery) the costs of materials has significantly reduced. The project team was able to secure the assistance of various Departments responsible for infrastructure provision. In the case of the two water tanks and associated piping from the trunk main in the Sao Jose community the supply of pipes and other equipment by the Water Department added 54.76% to the budget saving the community budget an estimated USD 3,559. Where appropriate this level of assistance has been assumed as on going discussion with these Departments has resulted in agreement for future support.

Examples of average costs for upgrading works



New road - \$6 per metre



Water tank - \$600 per unit
plus average \$1,400 for piping to connection



New Drain Construction \$9 per metre



Waste Bunker - \$600 per unit



Community Centre - \$3,200 per unit



Dili City Upgrading Strategy

4 Pilot Project Project Budget Detail



Au-Hun Community Project

No	Project	Work Volume	Construction Material/Equipment	%	Workers fee	%	Government contribution	%	Total Cost with gov. contribution	Per meter cost with gov. contribution	Total Cost without government contribution	Per meter cost without government contribution
1	New Access Road	500m	2325.4	57.61	431	10.68	1280	31.71	2756.4	5.5	4036.4	8.1
2	Road Drain	500m	1876.6	33.78	2867	51.60	812.5	14.62	4743.6	9.5	5556.1	11.1

Alicrim Community Project

No	Project	Work Volume	Construction Material/Equipment	%	Workers fee	%	Government contribution	%	Total Cost with gov. contribution	Per meter cost with gov. contribution	Total Cost without government contribution	Per meter cost without government contribution
1	Fixing existing drain	328m	1041	40.41	1145	44.45	390	15.14	2186	6.7	2576	7.9
2	Cleaning existing drain	328m	842	29.44	2018	70.56	0	0.00	2860	8.7	2860	8.7
3	Water tank	2 unit	1452	59.17	1002	40.83	0	0.00	2454	1227.0	2454	1227.0

Boamorena Community Project

No	Project	Work Volume	Construction Material/Equipment	%	Workers fee	%	Government contribution	%	Total Cost with gov. contribution	Per meter cost with gov. contribution	Total Cost without government contribution	Per meter cost without government contribution
1	New Drainage	458m	1294	26.42	2836	57.91	767	15.66	4130	9.0	4897	10.7
2	Garbage Bank	1 unit	610	62.89	360	37.11	0	0.00	970	970.0	970	970.0
3	Road repairment	458m	1881	75.82	600	24.18	0	0.00	2481	5.4	2481	5.4
4	Cleaning existing drain	229m	0	0.00	916	100	0	0.00	916	4.0	916	4.0

Sao Jose Community Project

No	Project	Work Volume	Construction Material/Equipment	%	Workers fee	%	Government contribution	%	Total Cost with gov. contribution	Per meter cost with gov. contribution	Total Cost without government contribution	Per meter cost without government contribution
1	Drainage	29m	230	57.36	171	42.64	0	0.00	401	13.8	401	13.8
2	water tank	2 unit	1362	29.60	720	15.65	2520	54.76	2082	1041.0	4602	2301.0
3	Garbage bank	2 unit	870	62.37	525	37.63	0	0.00	1395	697.5	1395	697.5
4	Community center	1 unit	2242	69.15	1000	30.85	0	0.00	3242	3242.0	3242	3242.0

3.4. Annual Budgets for Upgrading

Financial year 2005/6

The current financial year 2005/6 has not be included in calculations of the SIP as the annual nation budget is reviewed and set in March each year for execution beginning July 1 each year.

For the remaining eight months of the current financial year (November 2005 – June 2006), however, budget has been secured for implementing the DCUS. Budget of USD 30,000 has been allocated from the Ministry of Public Works budget being reassigned from previous project contingency budgets. This funding is provided to the Community Development Unit to undertake another four community upgrading programs whereby each community will be provided a grant of USD 7,500, the same amount per community as the first four pilot projects.

An additional USD100, 000 has been made available to the Community Development Unit to engage communities in related drainage improvement works in urban Dili. This is to be called the “Dili City Clean, Green and Secure Initiative”. This money has been reassigned to CDU team from existing United Nations Development Programme (UNDP) funding. The need for this project is in response to the yearly severe wet season heavy rain that has caused the deaths of four people in urban Dili and the flooding of much of the city, the major problem has been the blockage of existing drains by erosion, rubbish disposal, growing of vegetables and blockages by utility pipe instillation. The CDU will work with communities to contract them to undertake works to ensure the flow of drains by cleaning and repairing drains, and public education on the importance of maintenance.

The budget, programming and mapping of areas to undertake this drainage improvement work was prepared by the CDU in consultation with the Ministry of Public Works, The Ministry of State Administration, Dili District Administration and the Department of Water and Sanitation. These are provided on the following pages. This is based on costs and processes of the pilot project experiences and has been approved by the Ministry of Public Works. Budget execution will begin mid February 2006 with the project running through to November 2006. The ongoing cleaning of the city’s main drains is of concern as during the long dry season (9 months) drains become clogged again with dwelling unit and other refuse. The CDU has develop a

model that will empower the community development councils to ensure the ongoing cleaning of drains through a drainage cleaning committee.

The following four pages outline the budget, the program, the locations and the implementation structure. The approach has a strong community focus with much of the budget allocated to community contracting.

The administrative costs of the Community Development Unit are to be borne by a number of parties in this interim period. The World Bank has agreed to pay the staff salaries of the four full time staff – Director, Assistant Director, Mapping GIS specialists and Office Administrator. UN-ESCAP has agreed to provide a junior advisor to assist the team in project design and implementation, and has provided operational costs support. UN-HABITAT will provide on going technical support including short term in country inputs by the resident advisor and the senior technical advisor. The Government through the Ministry of Public Works has provided office space, an office vehicle and access to various office resources. This arrangement will continue until the end of the financial year when full budget allocation is expected under the 2006/7 budget as described in the next section.



Ministerio das Obras Publicas
Drainage Cleaning and Rehabilitation Project

Area Bairopite

No	Project	Work Volume	Construction Material/Equipment	%	Workers fee	%	Government contribution	%	Total Cost \$	Per meter Cost
1	Cleaning Drainage	3711m	1837	10	16533	90		0	18370	5.0
2	Drain Rehabilitation	1906m	4117	60	2745	40		0	6862	3.6
2	Drain Rehabilitation	370m	2997	60	1998	40		0	4995	13.5

Area Caicoli

No	Project	Work Volume	Construction Material/Equipment	%	Workers fee	%	Government contribution	%	Total Cost \$	Per meter Cost
1	Cleaning Main Canal	735m	529	10.0	4763	90		0	5292	7.2
2	Cleaning Main Drain	5331m	2639	10.0	23749	90		0	26388	4.9

Area Audian

No	Project	Work Volume	Construction Material/Equipment	%	Workers fee	%	Government contribution	%	Total Cost \$	Per meter Cost
1	Cleaning Main Canal	442m	382	12	2801	88		0	3182	7.2

Area Alicrim

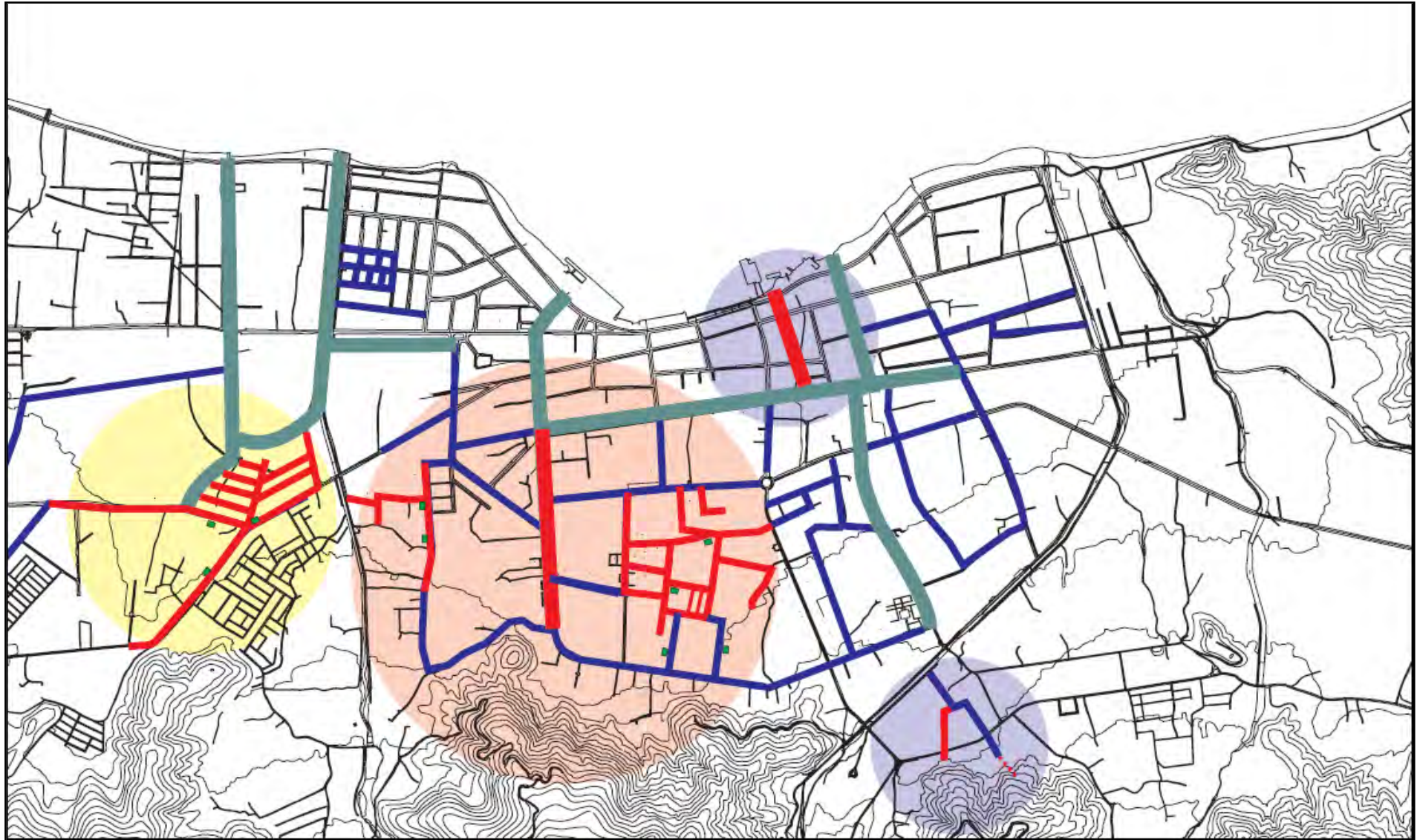
No	Project	Work Volume	Construction Material/Equipment	%	Workers fee	%	Government contribution	%	Total Cost \$	Per meter Cost
1	Drain Rehabilitation	135m	632	60	422	40		0	1054	3.8
2	Drain Rehabilitation	100m	2122	60	1415	40		0	3537	35

Area Becora

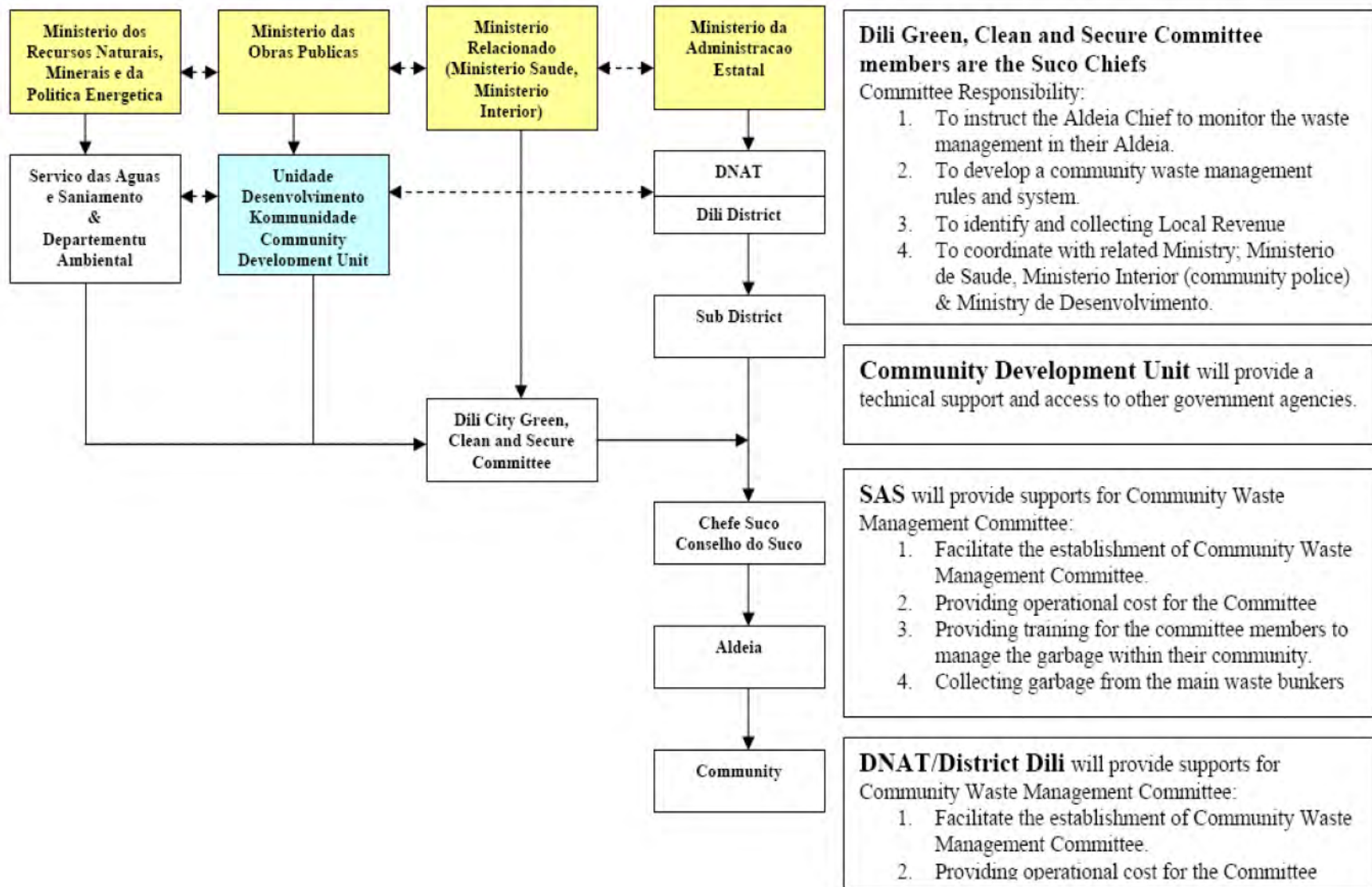
No	Project	Work Volume	Construction Material/Equipment	%	Workers fee	%	Government contribution	%	Total Cost \$	Per meter Cost
1	New Main Drain	120m	1728	40	2592	60		0	4320	36.0

Total Predicted Cost (\$)	\$74,000
Management Cost (\$)	\$6,000
Sub Total Project Cost (\$)	\$80,000

Drainage Cleaning Public Education Campaign	20,000
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Location of Drainage Cleaning and rehabilitation Project Works



Proposed Implementation Structure of Drainage Cleaning and rehabilitation Project

Financial year 2006/7 to 2009/10

- *Operational Costs*

Additional administration and management, and technical assistance costs will need to be borne in the implementation of the DCUS. The international donor assistance arrangements described at the end of the previous section will have been completed and alternate funding will need to be secured.

It should be noted that the USD 7,500 per community in the pilot projects did not include the associated costs of administrating/managing this process. In the three and half months the DCUS project team devoted almost their sole attention to the process of community action planning and community contracting the DCUS project team had their own costs to be covered. This include six staff and ngo salaries including one senior and one junior full time international advisors, two visiting international staff inputs (mainly for training) office operational costs including office running costs, transportation and communications. At an average running costs of \$25,000 per month x 3.5 months = \$87,500 i.e. the total administration costs were almost three times the total amount of \$30,000 provided to the community.

These costs need and will be reduced significantly in subsequent stages of upgrading. The training of the team and counterparts component of the DCUS will be removed or significantly reduced i.e. limited international advisors, the team will be more efficient in designing and administering projects, and as the fixed office costs will be spread over a much larger number of projects then the ratio of office costs per project will be reduced significantly.

There will still, however, be significant administration costs and these will need to be budgeted for as the below budget in the SIP outlines

International technical assistance	7pm/20,000	140,000	Upgrading Specialist
Local consultants/ NGOs	7 pm/10,000	70,000	Micro-finance Specialist
Local Staff		140,000	MPW / CDU staff
Workshops / Community meetings		26,000	
Equipment		50,000	2xvehicles. Computers. Plotters
Local staff training		20,000	
Local travel		15,000	
Operations		24,000	Office Supplies
Miscellaneous		10,000	Includes report production
Total		495,000	

Implementation Costs

The total budget per dwelling unit for each of the years/phases is presented in the SIP as:

Phase 1: (2006/7)

8 sites consisting of total of 755 dwelling units x \$450 per dwelling unit = \$340,000

Phase 2: (2007/8)

20 sites consisting of total of 1,815 dwelling units x \$450 per dwelling unit = \$817,000

Phase 3: (2008/9)

30 sites consisting of total of 2,300 dwelling units x \$450 per dwelling unit = \$1,035,000

Phase 4: (2009/10)

40 sites consisting of total of 3,100 dwelling units x \$450 per dwelling unit = \$1,395,000

Total (2006-2010)

98 sites consisting of total of 7,970 dwelling units x \$450 per dwelling unit = \$3,587,000

HUD/SIP Initiative # 6: Implementation of the Dili City Upgrading Strategy (DCDS) 2006/7-2009/10. Cost Estimates

HUD/SIP Initiative/ Cost Item	Rate (US\$)	Cost (US\$)	Remarks
Civil Works			Component civil works costs/HH (US\$):
Phase 1: (2006/7) (8 sites / 755 HH)	450/HH	340,000	Roads 110
Phase 2: (2007/8) (20 sites /1,815 HH)	“	817,000	Water Supply 50
Phase 3: (2008/9) (30 sites / 2,300 HH)	“	1,035,000	Drainage 95
Phase 4: (2009/10) (40 sites / 3,100 HH)	“	1,395,000	Sanitation 60
Total (2006-2010) (98 sites / 7,970 HH)		3,587,000	Garbage Disposal 50
International technical assistance	7pm/20,000	140,000	Community Facilities 70
Local consultants/ NGOs	7 pm/10,000	70,000	Miscellaneous 15
Local Staff		140,000	Total 450
Workshops / Community meetings		26,000	Upgrading Specialist
Equipment		50,000	Micro-finance Specialist
Local staff training		20,000	MPW / CDU staff
Local travel		15,000	
Operations		24,000	2xvehicles. Computers. Plotters
Miscellaneous		10,000	
Sub-total		4,082,000	Office Supplies
Contingencies (+/-10%)		408,000	Includes report production
TOTAL		4,490,000	

The total budget for the implementation of the DCUS is as provided in the HUD/SIP as below:

3.5. Dili City Development Strategy

As can be seen in the SIP budget as below “HUD/SIP Initiative #3: Preparation of the Dili and Baucau City Development Strategies (CDS)” provides USD 610,000 for this activity. The budget is programmed for USD 400,000 for the Dili City Development Strategy (DCDS) programmed for 2005/6 and USD 210,000 for the Baucau City Development Strategy programmed for 2006/7.

TIMOR LESTE: HOUSING & URBAN DEVELOPMENT (HUD) SECTOR INVESTMENT PROGRAM (SIP)
PROVISIONAL COST ESTIMATES (US\$ '000) MEDIUM TERM PROGRAM (2005/6-2009/10)

HUD / SIP Initiative	Total Cost (US\$)	Annual Disbursement (US\$ '000)					Remarks
		2005/6	2006/7	2007/8	2008/9	2009/10	
1. Training & Capacity Building of Key HUD Sector Institutions	230		230				
2. Preparation of National Planning, Development & Building Control Regulations & Legislation	158	58	100				
3. Preparation of the Dili & Baucau City Development Strategies (CDS)	610	400	210				Part committed by Portuguese Cooperation
4. Preparation of Urban Development Framework Plans (UDFP) for (3) Regional Centers	555		555				
5. Preparation of Urban Development Framework Plans (UDFP) for (8) District Centers	660			370	290		
6. Implementation of Dili City Upgrading Strategy (DCUS) (Four Phases)	4,490		519	1043	1267	1661	DCUS phasing
7. Planning & Development of New Low Cost Housing Sites (Hera & Tibar), Dili (Phase 1)	3,315		340	430	1100	1445	Disbursement may extend into 2010/11
8. Planning & Development of Pilot Upgrading/ New Low Cost Housing Projects in Priority Regional & District Centers	2,100			500	900	700	Disbursement may extend into 2010/11
9. Preparation of a National Housing Program	160		160				
10. Study of Micro finance options for Housing & Enterprise Development	200		200				
11. Study of Alternative Building Technologies, Materials & Options for Involvement of Local Contractors, Suppliers & Labor in HUD Sector Development	285		100	185			
12. Infrastructure Sectors' Capacity Development Coordination	320	100	220				
TOTAL	13,083	558	2,634	2,528	3,557	3,806	

The DCDS is a critical next step in the development of the Dili urban area as it will not only incorporate upgrading of the underserved settlements of the city but will provide a vision for the future development of the city. This will include new residential areas, commercial and industrial uses, and major facilities such as the port and airport.

The GERTiL group of planners has begun mapping the various land uses of the city in some detail and has prepared various basic growth options. This work, however, will require substantial enhancement to develop an integrated multi-sectoral urban development strategy incorporating a range of stakeholders and will need to be fully costed with a detailed work programme outlining institutional roles and responsibilities. This is well beyond the current scope of the GERTiL "Masters Plans" which are due for completion in April 2006. It is hoped that future work will be undertaken to develop these concepts further

This spatial plan work has, however, served to initiate the discussion on possible options for growth in the city and generate interest in the need for such a plan from the highest levels of Government. To develop the DCDS and the BCDS the following budget is put forward. This budget will require both a Government budget allocation and international donor technical assistance. It is anticipated that the DCDS will require a total budget of USD 400,000 comprising an allocation of USD 150,000 from the central Government budget and a budget of USD 250,000 of donor technical assistance.

HUD/SIP Initiative #3: Preparation of the Dili and Baucau City Development Strategies (CDS).Cost Estimates

HUD/SIP Initiative/ Cost Item	Person months / Rate (U\$)	Cost (U\$)	Remarks
International technical assistance	20pm/20,000	400,000	Urban Development Specialist/Planner (8 pm) Municipal Engineer (4 pm) Economist (2.5 pm) GIS Specialist (2 pm) Training Specialist (2 pm) Others (2 pm)
Local consultants/ NGOs	74pm/1,000	74,000	Urban Planner (12 pm) Civil Engineers (12 pm) Community Development Specialists (30 pm) Others (20pm)
Surveys & Workshops		20,000	
Equipment		20,000	Vehicles. Computers
Local staff training		15,000	
Local travel		5,000	
Operations		10,000	
Miscellaneous		10,000	Includes report production
Sub-total		554,000	
Contingencies (+/-10%)		56,000	
TOTAL		610,000	

- Notes:
1. Project duration: 12 months
 2. Cost estimates will need revision once the DCDS/BCDS projects and PC funding arrangements are complete.



Location of Dili and Baucau

3.6. Urban Development Framework Plans for Three Regional Centers

Although the rapid urban population growth throughout Timor Leste is primarily focused on Dili and to a lesser extent Baucau, growth in many other regional and district centers is occurring at a faster rate than ever before. This is placing extreme development pressures on the existing infrastructure and services networks in these areas, as well as on the severely limited technical, financial and management

capabilities of responsible authorities. There is therefore a pressing need to plan and manage future population growth and urbanization in these centers, there are not the financial or human resources available at present to prepare conventional integrated multi-sectoral urban development strategies or plans that will respond to this requirement. In any event, the time needed to prepare these for all urban centers of the country would be such that in many cases they would be rendered obsolete in the interim by continuing rapid population growth and urbanization.

There is therefore a need to adopt an alternative approach to urban development planning in many urban centers throughout the country outside of Dili and Baucau. This will involve rapid preparation of development framework plans to guide and stimulate future development and investment. An important output of this process will be an UDFP preparation manual, outlining a step-by-step approach to UDFP preparation, and including recommendations on data requirements, appropriate planning and design standards, and the composition and form of involvement of local stakeholder consultative bodies.

It is clear that in support of the objectives and targets set out in the National Development Plan, there is a need to make a broad assessment of the economic development potential of each of the 13 districts of Timor Leste. This will provide a sound basis for preparing urban development strategies for regional and district centers, and for making more informed policy and investment decisions, especially regarding the development priorities. In the first instance therefore, preparation of UDFPs for the various regional and district centers should if possible make reference to the underlying economic rationale that has brought about rapid urban growth in recent years, and is likely to sustain it in the future.

Preparation of UDFPs will be based on a rapid assessment of physical, social and economic opportunities and constraints linked to present and future needs for all aspects of land management, infrastructure, services, housing, and institutional support and strengthening. UDFPs for regional and district centers would be based on clearly defined priorities linked to national development objectives. UDFPs will be responsive to existing conditions and needs, and will provide broad guidelines and direction for future development as well as a clear indication of public/private sector investment priorities. As already determined by Government, UDFPs will be prepared initially for regional centers, and then, in accordance with investment priorities linked to economic growth potential and security, for other district centers.

The preparation of UDFPs will have a sound physical basis. Defense Imagery and Geo-spatial Organization (DIGO) aerial photography prepared in 2001 by the Australian Defense Force has now been declassified and provides extremely high resolution digitized imagery of the entire country, including all built up areas, to a scale of up to 1:1000. DIGO imagery was used by the National Census and Statistics Office as the basis for ensuring dwelling unit to dwelling unit coverage of the 2004 Census. MOJ/LPA is the national guardian of this important data, as well as the JICA-funded mapping of Dili and other selected urban centers prepared in 2000. By utilizing DIGO data as the basis for plotting existing physical conditions and preparing a broad site analysis through first hand site inspections, and then by using 2004 Census data (and other Suco survey data as appropriate) as the basis of projecting future urban population growth and the demand for land, services, infrastructure and housing, it will be possible to prepare framework plans incorporating future land use development scenarios, and thus begin to determine future investment priorities.

Although UDFPs will initially have no formal legal status until such time as the planning legislation is drafted and formally adopted. These plans will, however, facilitate action on a number of other fronts, including the regularization of urban boundaries and activation of a participatory system of planning and development at the local level. Given the fact that informed progress on the planning and development of district centers outside Dili is hampered by a somewhat abstract concept of "urban" in many quarters, preliminary framework plans will also provide a tangible focus for further discussion and decision-making. This will include more informed determination of urban investment priorities in all sectors, and the subsequent preparation of more comprehensive development strategies and plans when resources permit.

Although the UDFP preparation process is significantly different from that applied to CDS preparation, the experience gained from preparation of the DCDS and BCDS will be an invaluable resource in preparing these plans. This fact underscores the importance of maximizing on-the-job training opportunities for MPW/SPHD staff presently being offered. Lessons learned from the ongoing DCDS / BCDS will also hopefully prove useful in encouraging the involvement of a wide cross section of civil society, community leaders and private sector representatives in the UDFP preparation process.

The following budget has been prepared for first three framework plans (most likely to be urban centers of Suai, Maliana and Oecussi). The SIP was prepared in consultation with the Dili CUS and builds on the indicative costings of the project.

HUD/SIP Initiative/ Cost Item	Person months / Rate (U\$)	Cost (U\$)	Remarks
International technical assistance	15pm/20,000	300,000	Urban Development Specialist/Planner (8 pm) Municipal Engineer (2 pm) Economist (1.5 pm) GIS Specialist (1 pm) Training Specialist (1.5 pm) Others (1 pm)
Local consultants/ NGOs	80pm/1,000	80,000	Urban Planner (9 pm) Civil Engineers (27 pm) Community Development Specialists (27 pm) Others (17pm)
Surveys & Workshops		30,000	Including community meetings
Equipment		30,000	Vehicles. Computers
Local staff training		20,000	Includes District administration staff
Local travel		20,000	To all regional centers
Operations		15,000	
Miscellaneous		10,000	Includes report production
Sub-total		505,000	
Contingencies (+/-10%)		50,000	
TOTAL		555,000	

Notes: 1). Project duration 9 months 2). Regional centers are Maliana, Same and Oecussi



3.7. Preparation of Urban Development Framework Plans (UDFP) for 8 District Centers.

A later second phase of UDFP is programmed for eight other major district centers therefore when added to the Dili, Baucau and first three UDFP all centers of the 13 District will be provided with at least a basic level urban planning direction.

HUD/SIP Initiative #5: Preparation of Urban Development Framework Plans for Eight (8) District Centers. Cost Estimates

HUD/SIP Initiative/ Cost Item	Person months / Rate (U\$)	Cost (U\$)	Remarks
International technical assistance	15pm/20,000	300,000	Urban Development Specialist/Planner (8 pm) Municipal Engineer (2 pm) Economist (1.5 pm) GIS Specialist (1 pm) Training Specialist (1.5 pm) Others (1 pm)
Local consultants/ NGOs	140pm/1,000	140,000	Urban Planner (18 pm) Civil Engineers (48 pm) Community Development Specialists (48 pm) Others (26pm)
Surveys & Workshops		40,000	Including community meetings
Equipment		30,000	Vehicles. Computers
Local staff training		20,000	Includes District administration staff
Local travel		30,000	To all regional centers
Operations		20,000	
Miscellaneous		20,000	Includes report production
Sub-total		600,000	
Contingencies (+/-10%)		60,000	
TOTAL		660,000	

Notes: 1. Project duration 12 months



3.8. : Low Cost Housing Areas in Regional Centers

The scope of this HUD project initiative presented to the Council of Ministers (COM) in March 2005 and included in the HUD/SIP report of April 2005 as HUD/SIP Initiative # 5, has been modified to reflect the priority being given to development of the three regional centers (outside of those of Dili and Baucau) at Same, Maliana and Oecussi.

Although the build up of the urban population of Timor Leste is for the most part centered on Dili, it can be anticipated that there will be a continuing increase in the population in many other regional and district centers. The generally deficient infrastructure, servicing and housing, coupled with a lack of urban management capacity in these centers, points to the likelihood that urban population growth will result in an increase in informal settlements, especially in the regional centers.

The Baucau CDS and the UDFPs for other regional and district centers (refer HUD/SIP Initiatives #3, 4, and 5), will provide a clearer indication of the need for intervention in terms of the upgrading of informal settlements and the provision of new low cost housing areas, and the level of priority such interventions should be given. For present purposes, based on the fact that the urban population of Dili represents something between 75%-80% of the urban population nationwide, it has been assumed that the demand across all regional and district centers for the upgrading of informal settlements and new low cost housing sites will be equivalent to about 25% that of Dili. No apportionment between centers has been made at this stage, although it can be anticipated that the highest levels of demand will be in regional centers.

In addition to completion of the BCDS, UDFPs and capacity building of appropriate institutions, the planning and development of these informal settlements and low cost housing areas will follow a cost effective / community led approach, and as such will draw on the experience gained from preparation and implementation of the DCUS (refer HUD/SIP Initiative # 6). Implementation of the upgrading and new sites development program in regional and priority district centers will provide an essential capacity building vehicle for local staff and other stakeholders at the local level.

Formal approval and adoption of the National Housing Policy presented to the COM in March and again in August 2005 will provide an important framework for this project. In addition, completion of the National Planning, Development and Building

Control Regulations and Legislation (refer Initiative #2), implementation of the DCUS (refer HUD/SIP Initiative #6), the National Housing Program (refer HUD/SIP Initiative #9), and development of a wider range of micro-finance products and options (refer HUD/SIP Initiative #10), will provide essential guidance in the planning, development and eventual management of these pilot projects.

HUD/SIP Initiative #8: Planning and Development of Pilot Upgrading/Low Cost Housing Areas in Regional and District Centers.

Item	Person months / rate (U\$)	Cost (U\$)	Remarks
STAGE 1. FEASIBILITY STUDIES (12 months)			
International technical assistance	10pm/20,000	200,000	Urban Development Specialist/Planner (6pm) Municipal Engineer (4 pm)
Local consultants/ NGOs	100pm/1,000	100,000	Urban Planner (18m) Civil Engineers (24pm) Community Development/ Resettlement Specialists (50pm) Others (8pm)
Workshops		20,000	
Surveys		20,000	Physical / socio-economic surveys
Equipment		20,000	Vehicles. Computers.
Local staff training		10,000	Includes District administration staff
Local travel		20,000	
Operations		10,000	
Miscellaneous		10,000	Includes report production
Sub-total		410,000	
Contingencies (+/-10%)		40,000	
SUB-TOTAL (Stage 1)		450,000	
STAGE 2: IMPLEMENTATION (24 months)			
International technical assistance	10pm/20,000	200,000	Detailed Design/Contract Preparation Engineers (8 pm) Supervising Engineers (10 pm) Others (4pm)
Local consultants/ NGOs	150 pm/1,000	150,000	Urban Planner (12 pm) Design Engineers (24 pm) Supervising Engineers (60 pm) Community Development/ Resettlement Specialists (60 pm) Others (40 pm)
Surveys		20,000	Setting out & plot boundaries
Workshops		20,000	
Equipment		10,000	Vehicles. Computers. Use equipment form Stage 1
Local staff training		20,000	Local Government staff. NGOs. Community organizations
Local travel		40,000	
Operations		20,000	
Miscellaneous		20,000	Report / contract documentation
Civil Works		1,000,000	Assume 2,000 HH in all centers @ average US\$500/HH/plot.
Sub-total		1,500,000	
Contingencies (+/-10%)		150,000	
SUB-TOTAL (Stage 2)		1,650,000	
TOTAL		2,100,000	

3.9. Investment Sources

Government

The SIP for Housing and Urban Development sets an ambitious challenge to upgrade much of Dili and other centers of the country. This SIP, as do all 15 SIP's, represents the Government's commitment to the twin goals of the National Development Plan – Poverty Alleviation and Economic Development.

The Government currently has an estimated USD 500 million held by its Treasury. This substantial sum for this new country of approximately only 850,000 is overwhelmingly due to the oil and gas fields of the Timor Sea and the recent solution of the country's negotiations with Australia over royalties. Many analysts believe that with the growing volumes of oil and gas deposits being discovered and the continued increase in the price of these commodities to record highs that these financial reserves to rise to up to USD 1 billion. If this were to be realized then the country would have more than sufficient financial resources to implement these initiatives and many other desperately needed poverty reduction activities.

These initiatives could be achieved with out significant external financial support and indeed may need to be as the country's financial resources would mean the loosing of its preferential loan rates by major donor institutions such as the World Bank and Asia Development Bank as the country would loose its status as a "Least Developed Country" (LDC).

The key issue is, and will continue to be for many years to come, the capacity of the Government to execute its budget. For example, at the completion of the DCUS only a small fraction of the budget for the Government and specifically the Ministry of Public Works had been executed. Of the approximately USD 100 for the current financial year some analysts predict that less than half will be executed leaving many opportunities for poverty alleviation and service delivery unrealized.

The reasons for this failure to execute the budget relates to a range of interlinked factors which in the analysis of the project include:

- 1) the conservative and often protracted nature of decision making at the central government level - This in part due to difficulties in determining clear development

priorities and policies and then allocating the budget to meet them. The project team has greatly helped the Government to clarify their position in regards to urban development through the DCUS, the SIP, The National Housing and study visits to countries in the region dealing with similar issues. The understanding and commitment of Government to this approach has increased substantially through the life of the project. Evident of this the Community Development Unit was established within Government immediately upon completion of the DCUS and an implementation budget of USD 130,000 provided.

2) Lack of skills in budget execution – The ability of budget office staff down to the technical officer level to meet rigorous reporting expectations within the Ministry of Public Works and indeed many other Ministries is improving but is still low. The DCUS team has demonstrated that with a relatively small amount of USD 30,000 that they can manage this money in a manner that meets the reporting standards of the United Nations. Budget was executed expediently (over 3 months) demonstrating to many in Government that works can be undertaken effectively where the right mechanism is in place. This accounting system of the DCUS with its discipline and full transparency has been noted by key Ministers including the Minister for Public Works, The Minister of Internal Administration and The Minister of Finance.

3) Financial Mismanagement – There has been a number of significant accounting irregularities and poor performance by Government staff and contractors that has lead to a Government enquiry into serious allegations of embezzlement, corruption and fraud. This has only served to contract project spending until the situation has been adequately resolved. The New Minister for Public Works, as the major counterpart for the DCUS, before becoming the Minister lead the enquiry into infrastructure projects at the request of the Prime Minister. Trust in the DCUS team has never been questioned and the project's approach to open and transparent accounting for infrastructure projects has been widely applauded as the way forward for these types of projects. The CDU team now has the trust of key Ministers and has been entrusted with Government budgets and this is expected to grow substantially in the next financial year.

The key role of the Government in upgrading activities needs to be in providing the necessary funds for capital works, be these works undertaken by the Government directly or through community contracting. The Ministry of Public Works has been actively evolved in the SIP process and has agreed the budget lines within them.

This is a critical and encouraging step forward; with out this support these upgrading initiatives could not be realized and donor technical support as described above very difficult to secure.

The SIP's, as outlined above in this chapter, have a strong emphasis on capital works. This is the major component, as indeed it should be, in providing on the ground improvements in the living conditions of the underserved communities in Dili and other regional centers. This serves also to mobilize communities after which a range of solutions to other concerns can be addressed such as land tenure, health and education and microfinance (including savings and credit)

These budgets are reviewed each year in March as the Government sets its priorities for the new financial year. So on ongoing funding beyond the current financial year can only forecasted. The ongoing commitment of Government, however, to these initiatives appears quite strong. Evident of this is the mid year allocation of USD 130,000 for implementation works of the DCUS i.e. immediately following the completion of the DCUS in October 2005 the Ministry of Public Works allocated budget to the project team allowing continuation and scaling up of its activities until a full budget allocation can be made for the next financial year commencing July 2006.

External Technical Assistance

Financing the full HUD SIP budgeted at USD 13,083,000 can be divided into two key budget areas: 1) budget for technical activities to design and implement upgrading, and 2) budget for physical upgrading activities i.e. capital works.

The first component of technical assistance will require external technical agencies to assist the Community Development Unit and other Government counterparts to undertake the detailed design of physical upgrading projects. This will include a heavy emphasis on capacity building as it is very clear that there is still much to be done to raise the competency of existing technical staff and to train up new staff as scaling up occurs; there will be a need for many new staff.

This need for international technical assistance is clearly evident in all of the budgets for the Upgrading SIP's, as outlined above. Budgets for international technical assistance range from approximately 25% up to 50% of the total project budget. The exception is Initiative “#6 Implementation of the Dili City Upgrading Strategy” which

provides for only USD 140,000 (3%) of the total USD 4,490,000 budget. This is principally because the Cities Alliance grant which provided USD 250,000 of internal assistance has provided much of the ground work through the provision of this strategy and process, and training of a national team to under taken this work.

International technical assistance agencies are best placed to provide this assistance. Funding to engage international consultants will need to be sort from various donors and where possible from Government budget. Attracting donor support for these types of activities has traditionally been difficult in East Timor. However, as the DCUS has gained considerable results and exposure, and has proved to the Government and other stakeholders that it is an effective and efficient mechanism for project implementation, detailed budgets have been established and agreed by the Government for the first time through the SIP process then it is expected that future donor support for technical assistance will become more readily accessible.

Chapter 4 POLICY, PROGRAMMING, REGULATORY AND DEVELOPMENT FRAMEWORK

4.1. Introduction

The primary policy instrument currently serving as the framework for the Dili City Upgrading Strategy (DCUS) is the National Housing Policy (NHP). This was formulated within the broad provisions of the Constitution of the Democratic Republic of Timor Leste and with reference to the National Development Plan. Primary Institutional responsibility for drafting the NHP lay with the Ministry of Transport Communications and Public Works (MTCPW). Support was received from UN-Habitat and UNDP, with the Spatial Planning and Housing Division under MTCPW acting as the immediate national implementation partner. A participatory policy-making approach, involving extensive country-wide dwelling unit interviews, community meetings, regional and national workshops was adopted. This programme of surveys and consultations was undertaken during 2003. Drafting was completed during 2004 followed by internal departmental and ministry reviews leading to a presentation to the Council of Ministers in March 2005. Formal Government adoption is expected by mid 2005.

This component incorporates the following items from the DCUS project documents: strategic plan, vision, goals, objectives, and improvements in the quality of life in the poorer areas of the city. A discussion paper entitled “The Development Planning Framework” has been prepared outlining these elements. A development planning framework discussion paper is preferred over the term “strategic plan” as this may present some confusion in the use of terms for counterparts and reference groups as the broader “city wide upgrading strategy” took shape and has been discussed in wider forums throughout the later stages of the project. This terminology is also preferred, as it is consistent with existing related documents of the government. The discussion paper serves to meet the need for the production of a “strategic plan” by addressing these elements of vision, goals, objectives, policies and programs for the future development of Dili.

This paper builds upon the work of key technical inputs to the project. 1) the first mission report of the UN-HABITAT “Senior Technical Advisor” as provided in early June 2005 following the senior consultants first input 2) the “People Centred

Approach to Upgrading of Informal Settlements” as drafted by the senior UN-HABITAT consultant in April 2005 employed as the “Strategic Planning and Upgrading Specialist” and as refined by the project team.

The guiding document for the planning framework is the National Development Plan (2002) which articulates the vision, goals and objectives for development of the country in securing the two fundamental principals enshrined within it of economic development and poverty reduction. The development planning framework also incorporates directions provided by the National Housing Policy, The Sector Investment Program (SIP) for Housing and Urban Development, The World Bank “Towards a Strategic Plan for Dili” document of 2002, and the emerging Spatial Planning Act, all of which members of the DCUS team have provided direct assistance in formulating

4.2 Policy, Programming and Regulatory Framework

The programming framework for the DCUS is the Government’s Sector Investment Programme (SIP) for Housing and Urban Development. With support from the Asian Development Bank (ADB), the SIP was prepared under the direction and guidance of MTCPW in close collaboration with the Ministry of Planning and Finance and takes account of the provisional results of the 2004 national population census. A preliminary version was discussed with the Council of Ministers in March 2005 and subsequently presented in its final form at the Development Partners Meeting in May, 2005 alongside the other 16 sectoral investment programmes.

The DCUS was approved by Government within the context of the preparatory work on the NHP, while the SIP is built around the key aspects of the NHP and includes the proposed follow-up implementation phases of the DCUS.

In accordance with the process set out in DCUS proposal document and the grant agreement, the national policy will be further developed to provide a more specific city-level framework for upgrading the low-income unplanned and under-served neighborhoods throughout Dili. This will incorporate the experience of the recently commenced DCUS pilot activities at the community level and the DCUS city-wide housing inventory and assessment of physical and socio-economic conditions among the urban poor.

National Housing Policy

In the preamble to the policy paper the following “underpinning” aspects provided the foundation for the policy formulation, of which the “scope of housing” and extracts from the “points of departure” are particularly relevant to the DCUS:

- scope of the housing sector
- definition of a policy
- points of departure
- priority of housing in national development planning
- definition of the urban sector
- population increase, distribution, urbanisation and growth centres

scope of housing

The definition of “housing” as a broad cross-cutting development area is adopted. In this way, housing is seen not just as a major fixed asset or transferable investment product but as a complex process linking dwelling unit formation and the supply of dwelling units to poverty reduction, economic stimulus and good governance. Such a definition embraces urbanisation and population growth; preventive primary health care through access to safe water and sanitation; spatial planning; public transport; land administration and security of tenure; the emergence of land and property markets; environmental management; community empowerment and participatory development; access to public services and utilities; institutional and regulatory frameworks; taxation; formal housing finance; the development of dwelling unit savings; community-based microfinance, and to technology; import substitutions and the construction industry. Policy-making for housing must therefore involve a wide range of developmental responsibilities at central, local and community levels. This in turn calls for inter-ministerial arrangements with innovative techniques for a high degree of sectoral integration. Housing is where many key development components come together at both the user and producer levels and where powerful synergies for poverty reduction can therefore be exploited.

points of departure

Under the Constitution the related provisions are:

- everyone has the right to a dwelling unit for himself or herself and of his or her dwelling unit, of adequate size that meets the satisfactory needs of hygiene and comfort and preserves personal intimacy and dwelling unit privacy;
- every individual has the right to private property and can transfer it during his or her lifetime or on death, in accordance with the law;

- requisitioning and expropriation of property for public purposes shall only take place following fair compensation in accordance with the law.

Policy-level statements within the NDP are usually framed as sector strategies or objectives. Under Poverty Reduction, Public Works, and Water supply and Sanitation these are:

- expand opportunities and improve productivity in the micro-enterprise sector not only for rural families but for those in urban slums;
- provide and/or encourage and help others to provide basic social services to the poor on affordable terms;
- reduce housing shortages in urban centres through improved planning and regulation in support of national policies;
- improve housing facilities in urban slum areas through planning, contracting, engineering services and cooperative support for poverty reduction initiatives;
- facilitate the improvement of spontaneous housing settlements through planning, design, and - implementation of micro infrastructure utilising community participation and management;
- provide adequate safe and sustainable water supplies to the communities of Dili and major urban centres in districts with the aim of full cost recovery from the users;
- facilitate at a national level the safe disposal of sewage and wastewater in urban areas;
- facilitate at a national level the collection and safe disposal of nuisance surface waters, and solid and hazardous waste.

Components of the NHP

The policy statements are presented as a set of interconnected components. Component 1 serves as the umbrella statement, providing the general policy approach and indicating the overall scope of the NHP. Component 9 specifically addresses slum upgrading. With the exception of Components 6, 9 and 10, all the other components have direct supporting functions for the integrated scope of activities addressed by the CDUS.

1. the role of the state and institutional arrangements
2. regulatory framework
3. security of tenure
4. community participation
5. access to basic services;

6. provision of housing for civil service employees
7. housing for vulnerable and special welfare groups, response to natural disasters
8. regularisation, rehabilitation and disposal of abandoned housing
9. integrated upgrading of existing unplanned communities
10. delivery of land and services for new housing developments
11. housing finance
12. building materials, construction industry development and employment generation

1. the role of the state and the institutional arrangements

Government will adopt the role of enabler, thereby empowering and facilitating individual dwelling units, community groups, civil society and the private formal and informal business sectors to exercise direct responsibilities for housing. Guided by this policy approach, Government will support the development of a diversified, equitable housing market, while at the same time employing selective and precisely targeted state interventions to ensure access by the very poor, other vulnerable groups and ex-combatants. In this way a policy based on enablement will minimise the dependency on public sector financial investment, while mobilising to the full the people's own initiatives and resources.

Government will accordingly explore and subsequently implement a set of institutional initiatives for housing that strengthen inter-ministerial coordination, formalise the allocation of roles and the linkages between central government, local government, NGOs and communities with respect to housing responsibilities, and provide an enabling environment for introducing innovative community-based organisational and funding mechanisms.

The enabling housing policy will require promotional and regulatory measures supported by an intensive programme of human resource development. These measures will include both demand and supply side interventions covering land and property regularisation/registration/titling; disposal of public sector housing stock; appropriate construction; design and planning standards; affordable access to land and services; to construction materials and housing finance; support for home-based enterprises, and the provision of organisational/technical advice. They will therefore need to be integrated with Government's economic, social, environmental and infrastructure policies, with particular reference to multi-sectoral poverty reduction.

Government interventions that may have good intentions but could risk distorting demand and stifling supply will need careful attention. Periodic scrutiny of subsidies, private sector incentives, land valuations, contracting procedures, planning regulations, land use zoning, building codes and minimum standards will therefore be necessary.

Account will need to be taken of international experience in community-based housing initiatives and the associated role of the state at central and local levels for capacity-strengthening, partnership-building, resource management and networking.

The role of women in housing development, in social organisation and in the management of the home and home-base enterprises will need to be fully recognised and built into the design of the enabling mechanisms.

The current procedures for collecting, managing and exchanging housing information will require a major review, with the aim of determining clear mandates for the allocation of roles and specific responsibilities and for the establishment of open access, sharing mechanisms, taking account of the ongoing work of Census and Statistics, the Land and Property Authority, the various GIS projects and the bodies responsible for public utilities and infrastructure.

2. regulatory framework

Government will establish a fully-integrated, equitable and operationally-feasible regulatory framework for the development, control and management of housing and urban development. The framework will be composed of an Enabling Act together with the various subsidiary decrees, directives, codes, zoning plans and regulations.

This framework will not only provide controls but will also be advisory and promotional; it will take account of the different requirements for urban and rural areas and for special development zones; it will pay special attention to environmental health; it will be responsive to technical innovation and socio-economic and cultural diversity, and will incorporate special provisions for permissible low-cost, temporary housing standards.

The scope, form and function of an Enabling Act for housing and urban development will take account of the need for prescribing general judicial powers and institutional responsibilities, thereby serving as the umbrella legislation for the subsidiary legal

instruments which would be drafted, introduced and also amended without resort to National Parliament.

The dominant position of housing in urban land use, construction, waste production and demand for services requires that any regulatory framework should also address urban development.

Priority actions include the finalisation and promulgation of the draft Development and Building Regulations (DBR), incorporating a category for temporary housing which recognises the reality of the process of incremental improvement for low-income dwelling unit construction and space standards, and which provides easily-communicated text and graphics to facilitate popular usage and understanding, together with the amendment of the function, scope and form of the draft for the Spatial Planning Act (SPA) in order to convert this to subsidiary legislation, followed by finalisation and promulgation, and accompanied by the preparation of a demonstration urban plan using a medium size district town.

3. community participation

Government will promote community empowerment and capacity-building at aldeia and sub-aldeia levels, thereby:

- recognising communities as the main force in planning, decision-making and implementation;
- ensuring that housing and related programmes are demand-driven, and
- establishing communities and their networks as “project owners”, while working in close partnership with the suco administrations and the Community Development Committees.

The approach will be to enable the establishment and self-sufficiency of community-based organisations (CBOs), with NGOs and local government having the main role of providing support rather than directly implementing micro development activities.

Although the SNHP survey found that many dwelling units counted community cohesion and having good neighbours as one of the best aspects of their living conditions, there were very few examples of this being formalised through the introduction of CBOs. Communities did express interest and enthusiasm for setting

up their own groups for a variety of development activities, but requested assistance from NGOs for business management, technical training and team-building.

Whether planned schemes or “spontaneous” settlements, housing communities were found to identify themselves according to a well-defined geographical location, similar physical characteristics and close-knit social networks. The land areas rarely coincide neatly with aldeia or suco boundaries, and the aldeia and suco chiefs sometimes did not live in the communities surveyed. CBOs are therefore important mechanisms for meeting the very specific development needs of a particular group of dwelling units sharing similar living conditions.

Policy implementation will require innovative organisational measures involving resource mobilisation at the community level and a consolidated programme of support from NGOs and the local administration (refer also to policy components 1. 3. 9. and 11.)

3. security of tenure

Government will translate principles into practice by embedding the rights to housing and land set out under the Constitution within legislation and within a set of subsidiary decrees, regulations, procedures, campaigns and community-based programmes that take full account of the associated International Declarations and Covenants on housing rights and the United Nations Housing Rights Programme (UNHRP).

This will require the effective implementation of the current programme of land registration, valuation, taxation and dispute mediation and will require a comprehensive package of legislation also covering a) compulsory acquisition for public purposes b) land readjustment and c) resettlement and compensation (refer also to component 9.)

Provisions for popular participation in support of housing rights will recognise and respect the requirement for information exchange and advocacy, the expression of needs and preferences and the importance of cooperation and coordination between stakeholders (refer also to component 4.).

Special attention will be given to security of tenure for lower income dwelling units and vulnerable groups, for a range of protected forms of tenure inclusive of rented

housing, with all legal documentation being fully-accessible, easily-communicated and supported by community-level consultations. This will focus on the land situation in unplanned urban communities and to resolving the status of those dwelling units occupying abandoned housing constructed under Indonesian government programmes, providing a range of affordable, secure tenure options and taking account of self-financed improvements to abandoned properties (refer also to components 8. and 9.)

5. access to basic services

With special reference to the lower income areas, Government will incrementally introduce a more integrated approach towards the package of basic services and will equalise services delivery coverage and regularisation throughout all districts. This approach will respect community priorities, take account of varying levels of dwelling unit affordability, and enhance “ownership” through the recognition of community capacities for direct participation in planning, investment, construction, cost recovery procedures, and operation and maintenance.

This will require closer collaboration between the bodies responsible at central and local levels for water supply, sanitation, roads and drainage, electricity supply, environmental health and social services, and will involve improvements in the levels of technical support and information dissemination by the authorities concerned.

It will also require more effective public campaigns to explain and justify the present cost recovery policies, with the possible introduction of adjustments and special provisions in order to respond more closely to the demands for a system that relates tariffs to dwelling unit payment capacities (particularly for electricity supply and in relation to vulnerable groups such as the elderly, widows and female-headed dwelling units)

For rural communities it will require improved access to welfare, education and health care facilities, through better regulated public transport and an expansion of mobile community visiting services.

6. provision of housing for civil service employees

As an immediate priority, Government will formalise and regulate present *de facto* policy whereby housing is not an automatic entitlement of civil service employment, whether at local or central level, and will determine and introduce special exceptions

in terms of remote locations, the need for incentives or institutional requirements (such as border posts, rural schools and clinics, military camps, prisons and hospitals).

A clarification of the numbers and locations of abandoned dwelling units already being reserved in some districts for certain civil service employees is required, together with the tenure and payment conditions being applied to these employees - in some cases, the present unauthorised occupants have been given eviction notices to vacate units for this purpose (refer also to policy component 3.8)

In the case of the special exceptions, rental levels, either with or without subsidies, will need to be determined and, as this housing is clearly a direct state responsibility, budget allocations will need to be made where new dwelling unit construction or rehabilitation is required.

7. vulnerable and special welfare groups, responses to natural disasters

Government will establish poverty and hardship levels in relation to the affordability of housing and related services (refer also to policy component 5.) and introduce a system that directly subsidises the dwelling unit through housing benefit payments rather than subsidising particular aspects of housing or services (refer also to component 10.)

Government will ensure that housing support is an integral part of the national Disaster Master Plan, and that civil service and community-level training for emergency shelter and housing reconstruction is provided alongside the provision of localised construction material stockpiles.

8. regularisation, rehabilitation and disposal of abandoned housing

Taking account of the general provisions of the Land Act, Government will regularise unauthorised “illegal” occupations of abandoned housing (whether previous Indonesian civil service housing or housing that was being purchased by instalment), maintaining to the maximum extent possible the current occupation for those dwelling units with genuine housing needs, offering a range of affordable tenure and payment options and introducing a combination of both public sector direct investments and enabling mechanisms for collective and individual self-help for the rehabilitation of infrastructure services and individual dwellings.

The SNHP survey found that there is widespread demand for the regularisation of tenure and willingness to pay rent or to purchase by instalments. The locations surveyed and the basic dwelling unit designs and plot size were found to be generally appropriate although many dwelling units had constructed extensions at their own cost despite the current tenure uncertainties.)

9. integrated upgrading of existing unplanned communities

Government recognises the indispensable role of self-built housing, the value of existing housing stock, no matter how modest, and the importance of retaining social cohesion and mutual support systems

Government will accordingly initiate a national programme for the upgrading of existing unplanned communities that takes particular account of other housing policy components addressing security of tenure, participation, access to basic services and housing finance.

Government will adopt an integrated approach that minimises relocation and offers a range of options covering physical improvements of the dwelling and services, economic development, tenure regularisation, savings and credit schemes and community organisation.

Integrated upgrading involving tenure regularisation is most applicable to urban communities, particularly those already congested and those likely to experience rapid growth through infill.

The upgrading process will require careful assessment of possible future official urban land zoning, leading to the adoption in some cases of a category of temporary upgrading.

Mainly as a result of the requirements for roads and footpaths, the upgrading in those communities with higher densities is likely to result in a small percentage of dwelling units to be relocated on new sites. Government will therefore need to coordinate upgrading projects with new housing schemes and to ensure that support for resettlement and compensation is guaranteed (refer also to components 2. and 10. addressing the regulatory framework and the delivery of land and services for new housing).

10. delivery of land and services for new housing development

In the context of an assessment of existing housing stock and housing needs projections based on population growth and urbanisation, Government will initiate a national programme for new housing development that will be closely coordinated with the upgrading programme (refer also to component 3.9). This will be fully in accordance with the enabling approach which will encourage the contribution of the private sector and civil society to low-income housing. The programme will take account of the need to minimise conversion of agricultural land and the extension of primary/trunk services networks. It will make maximum use of those abandoned housing schemes having opportunities for infill on vacant plots and for the rehabilitation of services and unoccupied damaged housing.

Government intervention will concentrate on supporting lower income dwelling units and vulnerable groups, including those needing to be resettled due to infrastructure works, redevelopment schemes and new land use zoning. Such support will offer a range of tenure options and will be limited to selective land assembly and acquisition, the delivery of services, land sub-division and plot registration together with facilitating access to housing finance and technical assistance. Dwelling unit design and construction will be the direct responsibilities of dwelling units, dwelling unit networks, communities and both informal and formal private enterprises.

Where special support for the very poor and vulnerable is justifiable, the housing subsidies will be provided. These will be in the form of benefits directly to the dwelling unit as opposed to subsidising elements of land, services, construction costs or interest rates (refer also to component 5.).

Where the private sector develops large-scale housing projects, Government will require that a percentage of the development be set aside for lower income groups, employing appropriate standards and cross-subsidies where applicable to allow for affordable cost recovery levels.

Government will support new rural settlement schemes focusing on the needs of the landless, with particular reference to ex-combatants, and will ensure that there is participation with the future occupants on the design of such schemes. Special attention will be given to access to health and education facilities and to employment opportunities. In this regard, Government will arrange close collaboration in the

selection of locations and scheme design between PWD and the local health, education and agriculture authorities.

The introduction of a category for minimum design and construction standards to allow for incremental extension and improvement of dwellings, and also of road, footpaths, water supply and sanitation, will be a necessary enabling legal measure for the implementation of this approach to self-help housing within formally planned and serviced developments (refer also to component 2). This would apply equally to standards in the integrated upgrading programme.

It is important to emphasize that affordable, lower initial standards are not for all time and do not imply the creation of new degraded areas. The advantage of this approach is that standards can be progressively raised as dwelling unit incomes and national resources increase. Poor dwelling units are offered the prospect of constantly improving conditions rather than transferring immediately to high standards that to be accessible will require unsustainable subsidies and major investment outlays.

Cost recovery of Government's investment in land and services will need thorough examination taking account of the conditions for obtaining land titles through purchase by instalment and the methods to be adopted for determining economic leases and rents. In accordance with new legislation on land valuation, the imputed market prices to be used for the land component within the prices fixed for serviced plots will also need further careful consideration at the policy level (refer also to components 2. and 3.).

11. housing finance

Government recognises the important role of community-based savings and credit in poverty reduction and self-reliance through generating financial assets while at the same time developing management, accounting and investment skills. Government additionally recognises that the collective process in which group savings schemes are embedded also strengthens community organisations, provides a framework for participation, encourages accountability and promotes more responsible leadership. In this way, microfinance that is owned and driven by communities themselves is seen as more than just delivering credit to the poor but also as a vital national development mechanism.

Government will accordingly initiate a comprehensive set of financial enabling measures that give special attention to direct accessibility by lower income groups within a wide range of options from conventional mortgage finance through to multi-purpose, community-based microfinance.

Such measures will include:

- institutional and regulatory initiatives that would provide the means for connecting informal sector needs and resources to formal finance, through a new or adapted organisation that serves as intermediary for mobilisation of resources, overall fund management, advisory services, community-level capacity-building and resource generation, broad information dissemination and networking (refer also to component 1);*
- linked to the above, a training of trainers programme for national NGOs to act as community activators for group savings and credit schemes;*
- the introduction of a specific loan option for materials and dwelling unit improvements within the range of products and services offered by the Microfinance Institute of East Timor (MIET) or its successor, linked to increased capacity to expand and intensify MIET coverage nationally;*
- mobilisation of cooperatives and the Federation of Credit Unions to support housing development;*
- facilitating the role of the commercial banks in developing a mortgage market, taking account of the need to accelerate the land registration/titling programme and to introduce housing finance legislation covering institutional and judicial authority, particularly with respect to managing assets under defaulting loans.*

Special attention will need to be given to the institutional responsibilities, financial procedures and loan conditions for the proposed disposal on an instalment basis of abandoned housing currently managed by the Land and Property Authority (LPA). Similar decisions will need to be made for the rental option for this abandoned housing (refer also to component 3.8).

12. building materials supply, construction industry development and employment generation

In the parallel development of industrial, labour, trade and investment policies, Government will take full account of the significant role of housing in the construction industry, particularly in providing employment for low-income unskilled and semi-

skilled workers and in promoting small-scale, labour-based contractors and materials producers.

Government will accordingly support research, training and credit for the construction industry, and strengthen the capacities of technical/vocational training institutions. Research, exchange of information and capacity-building will give special attention to affordable and technically and environmentally-sound building and maintenance technologies. Incentives will also be explored for engineers, architects, planners and contractors and their clients to design and build accessible energy efficient structures and facilities by using locally available and renewable resources and to reduce dwelling unit energy consumption.

Government further recognises the important economic role of the home as the workplace - inclusive of retailing, small-scale processing and manufacturing, animal husbandry and fruit/vegetable production in the both the immediate surroundings and the building. Government will accordingly make provisions for mixed residential/commercial/industrial uses in planning and building regulations, while at the same time ensuring adequate waste management, pollution control and general environmental protection.

Specific measures will include:

- *strengthening the Research and Development Division under the MTPWS, with the emphasis on low-cost and import substitution initiatives alongside outreach advisory services to dwelling units, communities and enterprises;*
- *intensifying foreign direct investment promotion for introducing domestic cement production;*
- *the introduction of private sector concessions for establishing retail building material depots in each district;*
- *review of options for price controls and price equalisation across the country for building materials, and for reductions in the associated import taxation in order to improve affordability by lower-income groups while avoiding heavy, unsustainable subsidies and incentives;*
- *promotion of “community contracting” for the communities’ own infrastructure upgrading projects supported by credit, business management and training supports.*

3. Sector Investment Programme - Housing and Urban Development

The SIP document presents the prioritised medium term programme for the financial years 2004/05 to 2008/09. Supporting material includes chapters on the setting, goals and objective, and issues, and challenges and progress. Sectoral scope mainly reflects the mandate of the Spatial Planning and Housing Division under MTCPW. Separate documents address the associated sectors of Water Supply and Sanitation, Power and Local Government and Civil Society. However the smaller scale community-based infrastructure and the community development aspects of slum upgrading are incorporated within Housing and Urban Development. The following extracts from the SIP document cover key sections of text and the summary table.

A little over \$5 million was spent on housing and urban development programmes during the four year period ending FY2002/03. Of this total, discrete donor projects amounted to just less than \$300,000 with the balance drawn from the Consolidated Fund for East Timor (CFET). Not included are outlays for health and education services in urban areas or the provision of infrastructure. Reliable estimates of spending on these services are not available, although a conservative estimate is that there was at least \$100 million of capital expenditures on urban infrastructure. Moreover, urban dwellers benefited from more than \$30 million of subsidies for electricity service in the same period.

Policies and programmes for the medium term

Government wishes to promote balanced development of urban areas throughout Timor-Leste and avoid a concentration of urban population in Dili, which currently accommodates more than 80 percent of the urban population of the country. The implication is an investment and service strategy that reduces the current disparities between Dili and other urban centres. Given the severe resource constraints, it is apparent that there is a need to define priorities within the sector. It will therefore be necessary to prepare a national economic development strategy to clearly define these priorities, and lay the foundations for dispersed patterns of growth throughout the country.

The medium term sector programme as summarised below has been identified through an awareness of relevant priority investment in other sectors. In view of the Government's severe human resource constraints, all proposed initiatives involve some form of external technical assistance, and include specialist training modules and on-the-job training components. Unless otherwise stated the estimates are

entirely from donor sources with the financing for counterpart inputs and other contributions in-kind, including those from the communities themselves, excluded.

Sub-programme 5. comprises the design and implementation for slum upgrading throughout the whole of Dili, based on the scaling-up provisions of the DCUS, while Sub-programme 7 extends the DCUS upgrading approach to priority District centres. It should be noted that these sub-programmes target the unplanned, low-income urban communities and like the ongoing DCUS will employ participatory community-based design and direct community roles in the implementation through extensive community contributions. Sub-programme 5 will involve only the detailed design for the Dili communities, based on the techniques being piloted under the DCUS. The design work for the overall strategising, standard setting and investment programming for Dili will have already been put in place through the DCUS. Together, these two sub-programmes account for around half of the total proposed new donor-supported programme for this sector.

1. Strengthening and capacity building of housing and urban sector institutions and operations

To support the formation and operationalisation of a Central Inter-Agency Coordinating Committee (CIAC) and local consultative bodies. The objective will be to ensure the effective collaboration and coordination of all Government and non-Government agencies involved in the sectors, and to facilitate the participation of all local public and private sector interest groups, including civil society and communities, in relevant decision-making processes.

\$255,000

2. Preparation of a Spatial Planning Act

To enable enactment and implementation of development control and building regulations, and other supporting procedures and guidelines governing the urban development and housing sectors.

\$37,000 (CFET appropriation)

3. Preparation of the Dili City Development Strategy

To provide a comprehensive multi-sectoral to basis for public and private sector investment in all aspects of economic, social and physical development in Dili through to 2015.

\$610,000

4. Preparation of Urban Development Framework Plans for Priority District Centres

To provide a rapid assessment of the development opportunities, constraints, priorities and key issues in priority district centres outside Dili, and to formulate a preliminary urban planning response, focused initially on the upgrading of unplanned poor urban communities as pilot projects.

\$765,000

5. Design and Implementation of Phases 2 and 3 of the Upgrading Project in Dili

To continue the currently ongoing Cities Alliance-supported DCUS (Phase 1) and to meet the continuing demand across the whole city for security of tenure and improved infrastructure and services amongst poor communities in Dili.

\$3,520,000

(preliminary estimate pending outcome of CDUS, with Phase 2 estimated at \$1,600,000)

6. Preparation and Development of New Low Cost Housing Sites at Hera and Tibar in Dili

To accommodate the growing demand for serviced land for low cost housing in Dili.

\$3,315,000

7. Design and Implementation of Pilot Upgrading Projects in Priority District Centres:

To meet the demand for security of tenure and improved infrastructure and services amongst poor communities in other priority district centres outside Dili.

\$2,050,000

8. Preparation of a National Housing Programme

To provide a detailed assessment of existing and future housing need focused initially on informal settlements and poor urban communities as a means of determining a responsive public investment program.

\$160,000

9. Study of Finance Options for Housing and Enterprise Development:

To set out recommendations for improving direct access by the urban poor to a wide range of options for credit assistance, from conventional mortgage finance through to multi-purpose, microfinance, and community based savings schemes.

\$200,000

10. Study of Alternative Building Technologies, Material Supplies and Options for the Involvement of Local Contractors, Suppliers and Labour in Urban Development and Housing:

As a means of minimising cost, to produce affordable housing solutions, and internalizing economic benefit through the employment of low-income unskilled and semi-skilled workers, and the use of community self help labour and small-scale local contractors and materials suppliers /producers.

\$285,000

The following table provides a programme summary for the five year period. Total proposed expenditures amount to \$13.7 million, of which \$11.2 million is proposed for donor funding. A high proportion of the \$2.5 million of the CFET appropriations is for the provision of counterpart funding and logistical support. Given the very limited capacities for urban planning and development and for housing programme design and implementation it will be essential for counterpart staff and to be available to participate in the all sub-programmes and benefit from on-the-job training. CFET appropriations include an item of \$37,000 that has been earmarked for technical assistance in the preparation of the Spatial Planning Act. As a proportion of total expenditure, CFET appropriations diminish over the period as sub-programmes move from an initial stage of study and preparation to a subsequent stage of implementation.

Proposed CFET and donor expenditures for the Housing and Urban Development sector

Programme	Annual disbursements					Total	
	FY2004/5	FY2005/6	FY2006/7	FY2007/8	FY2008/9	Amount	%
Policy, Planning, Management							
CFET appropriations	175,375	226,375	194,125	207,375	219,750	1,023,000	7.5
Proposed new programme	485,000	255,000	300,000	185,000	-	1,225,000	9.0
Sub-Total	60,375	481,375	494,125	392,375	219,750	2,248,000	16.4
Housing Programme							
Donor programme	-	-	-	-	-	-	-
CFET appropriations	52,613	67,913	58,238	62,213	65,925	306,900	2.2
Proposed new CFET	-	-	-	22,500	22,500	45,000	0.3
Proposed new programme	-	-	-	160,000	-	160,000	1.2
Sub-Total	52,613	67,913	58,238	244,713	88,425	511,900	3.7
Urban Planning & Development							
CFET appropriations	122,763	158,463	135,888	145,163	153,825	716,100	5.2
Proposed new CFET	161,000	88,000	81,000	52,500	52,500	435,000	5.2
Proposed new programme	(485,000)	1,300,000	2,160,000	2,625,000	4,175,000	9,775,000	71.4
Sub-Total	(201,238)	1,546,463	2,376,888	2,822,663	4,381,325	10,926,100	79.8
Total							
CFET appropriations	350,750	452,750	388,250	414,750	439,500	2,046,000	14.9
Proposed new CFET	161,000	88,000	81,000	75,000	75,000	480,000	3.5
Proposed new programme	-	1,555,000	2,460,000	2,970,000	4,175,000	11,160,000	81.5
Total	511,750	2,095,750	2,929,250	3,459,750	4,689,500	13,686,000	100

Note: Table 9. from the SIP. The upgrading programme is included under Urban Planning & Development sub-sector

It is important to note that a significant proportion of expenditure listed in other SIPs, (especially those concerned with basic services and infrastructure, environmental management, public sector management, local governance and private sector development) has application to the housing and urban development, although many

of these programmes and projects are not explicitly identified as such. In this regard, the relatively low levels of existing and proposed expenditure for urban development and housing does not in all instances provide an accurate reflection of the real levels of investment in this sector.

The approximately \$300,000 of donor assistance to the sector provided during the five-year period ending FY2003/04 was provided by Australia (\$200,800 thousand) and UNDP (\$90,300). There is no pipeline of undisbursed funds for the sector as there are no ongoing donor-funded activities for housing and urban development apart from the Cities Alliance (CA) support for the DCUS. Given these past negligible levels of donor support, a concerted effort will be required to mobilize the \$11.2 million of proposed new donor funding for the five-year period ending FY2008/09.

The foregoing proposed medium-term expenditures for housing and urban development do not include any provision for recurrent costs, except for those in the CFET budget allocations. There will be operational costs in maintaining the activities of the CIAC and the proposed urban development and housing consultative bodies at local level. However after initial start-up, it is assumed that these costs will eventually be absorbed by each participating agency's operational budget.

There will also eventually be a requirement for maintenance and operations costs associated with civil works undertaken as part of the upgrading of informal settlements and unplanned communities. However, these costs will be incurred at a later stage beyond the current investment period. Furthermore, at the appropriate stage there will be a need to estimate these costs more accurately and to determine their allocation between the concerned agencies and communities. It can be assumed that maintenance and operations costs will be covered in part by the operational budget of local governments, by user charges applied by the various infrastructure and service line agencies, and by the beneficiary community through self-help involvement in appropriate maintenance operations.

4.3 Development Framework

“A guiding image of success formed in terms of a contribution to society as a whole. It should require all those involved to stretch their expectations, aspirations and performance. It should nevertheless be realistic and credible, well-articulated and easily understood, appropriate but ambitious. It should be consistent with the

country's values, unite everyone in the city in a common effort, be inspirational and lift people out of their day-to day immediate personal concerns."

The related NDP text:

Timor Leste will be a prosperous country with adequate food, shelter and clothing for all.

Proposed for the DCUS:

The hazardous urban environment that supports dengue, malaria and other water and air-borne disease will be a thing of the past. Everyone in the city will have improved health and general living conditions. This will have been achieved through establishing affordable access throughout the whole city to the basic services of safe water supply and sanitation, drainage, electricity and all-weather road and footpath access, free from seasonal flooding. Access to savings and credit schemes for dwelling unit construction and collective community-based activities will be readily available for even the poorest dwelling units.

Participatory community-based organisations will be an integral part of local government system, whereby everyone no matter how poor can participate directly in the affairs of the own community, deciding development priorities and having a say in how resources benefiting their own locality are allocated and managed.

Protected secure tenure, whether for land and property ownership or rental, will have been established and all those with valid residency claims will have their land and property identified and formally registered.

A buoyant city economy will have narrowed the gap between the richest and poorest. The current sharp distinctions between the unplanned, underserved areas and the higher income areas will have been reduced and Dili will have become a "city without slums".

1.2 Development Goals

the related NDP text:

- Promote private initiatives, innovations and investments by creating enabling and supportive environments, including policies, legislation and regulations, reliable supplies of electricity, water, roads, and transport, marketing, and banking systems
- Promote an orderly development of cities and towns;
- Strengthen an already robust civil society;
- Promote good governance through popular participation.

Proposed for the DCUS:

The overall goal is to make a major contribution to poverty reduction and social inclusion through raising living standards and generally improving the quality of life throughout the city's most disadvantaged communities.

Within the framework of the Government's social policies, the DCUS aims to significantly develop social capital and promote good governance by actively involving the people in the improvement of their own lives and by strengthening partnerships across communities, civil society, private enterprise and public administration.

Concurrent contributions will be made to the development of enabling policies and legislation, through the adaptation and application of the national frameworks at the local city level.

Apart from the direct benefits among all the city's unplanned, low-income areas - in terms of improved water supply, sanitation, roads, drainage, electricity supply, dwelling construction and access to microfinance - the DCUS will have positive impacts on health, security, productivity and on community and dwelling unit investments.

In accordance with the Millennium Development Goals, the DCUS will:

Achieve significant improvement in the lives of slum dwellers, reducing the proportion of people with access to improved sanitation, with access to secure tenure;

Reduce the proportion of people without sustainable access to safe drinking water.

A.3 Guiding Principles

The related NDP text

Integrated development, ensuring synergies between different interventions to generate benefits that are larger than the benefits from the sum of each intervention.

Proposed for the DCUS:

A strategic approach based on a continuous process for transforming the lives of the poorest groups in the city (rather than aiming for a fixed, finished set of products) is more sustainable, learning-oriented and capable of progressive, incremental improvement.

The residents in the target communities are at the centre of the DCUS: in both the decision-making and the action.

The role of the public sector as an enabling agent - facilitating access to land, financing and technical assistance and ensuring a supportive policy and regulatory framework - promotes beneficiary participation and initiative and builds confidence and trust on all sides.

The upgrading of existing areas rather than wholesale redevelopment and resettlement constitutes the optimum approach through redressing infrastructure inadequacies, improving the quality of the dwellings within a regulated layout and providing secure tenure. This reduces social disruption and the loss of existing dwelling unit investments in dwellings and minimizes the need for external resources and for additional land.

Support systems for promoting partnerships and the motivation and skills for participation and for building capacities for land and property regularization, implementation and information, ensures high performance in achieving investment targets while at the same time being justifiable as stand alone components for developing social capital as a key national asset.

Accepting and respecting the role of the communities - as equal partners in problem identification, design, local resource mobilization, implementation, management and monitoring - constructively complements the role of the public sector.

Comprehensive integrated coverage, involving linkages to health, education and economic development, exploits inter-dependences, but community-specific priorities and entry points need to be respected.

Participatory community-based development promotes self-sufficiency and ownership, but building strong external partnerships and working towards inclusion within the wider urban population are vital parallel activities.

An area-based approach (using geographically defined low-income settlements as the development unit) facilitates beneficiary identification and the integration of inputs within communities with shared problems and social cohesion, but at the same time this requires the recognition of inter-dependencies within the overall physical urban context.

Building on relevant good practices, both national and international, provides a sound basis for the Strategy formulation through exploiting known solutions with proven operational experiences and actual costs.

For disadvantaged, low-income dwelling units, “community contracting’ by the residents themselves on a transparent commercial basis, alongside some unpaid labour and financial contributions, no matter how modest, encourages a culture of cost recovery, ownership and partnership, and promotes responsibilities for ongoing incremental upgrading and maintenance.

A.4 Support to current Sector Goals and Objectives.

In addition, the Strategy will directly contribute towards achieving the following sector-specific goals and objectives, which are quoted from the NDP:

Infrastructure and Public Works

Minimize adverse environmental impacts and take account of the needs and aspirations of those disadvantaged by poverty and difficulty of access;

Regulate the sector so that services and infrastructure are safe, are provided at a fair price, and give maximum opportunity for the people and enterprises to participate in the construction, management, operation and use;

Improve housing facilities in urban slum areas through planning, contracting, engineering services and cooperative support for poverty reduction initiatives;

Facilitate the improvement of spontaneous housing settlements through planning, design, and implementation of micro infrastructure utilizing community participation and management approaches;

Implement urban development planning and control systems in Dili and district capitals, including urban land use planning, development control systems and building regulations;

Pursue human resource development with a sustainable staff with technical capabilities for management of a diverse programme.

Water and Sanitation

Provide adequate safe and sustainable water supplies to the communities of Dili and major urban centres in districts with the aim of full cost recovery from the users;

Facilitate at a national level the safe disposal of sewage and wastewater in urban areas;

Facilitate at a national level the collection and safe disposal of nuisance surface waters, and solid and hazardous waste.

Energy

Sharply reduce subsidies to the power sector to a sustainable level through the introduction of equitable but universal user charges for electricity;

Complete the introduction of metring systems and provide for security of those systems in Dili and, as power systems expand, to district users

Poverty Reduction

Expansion of opportunities and productivity improvement in the micro-enterprise sector not only for rural families but for those in urban slums;

Provide and/or encourage and help others to provide basic social services to the poor on affordable terms.

Health

Ensure all people have access;

Contribute to environmental and occupational health;

Integrate the health care system with other sectors.

Banking and Finance

Promote more competition and increasing numbers and types of private banks and financial institutions;

Support donors and NGOs to develop micro savings and credit schemes.

Concluding Remarks

The main drive for the next steps in the realization of the Dili City Upgrading Strategy will need to come from the government and largely from its own financial resources. To upgrade the 98 communities identified in the strategy will take a considerable commitment of resources. The USD 3.5 million, as outlined in this report, will need to be matched with considerable training up of technical staff to prepare and manage upgrading programs. As upgrading initiatives gain further momentum a well formulated and highly targeted project proposal for technical assistance may well be taken up by a perspective donor. The key lesson learnt here is that small scale low cost locally initiated programs for upgrading will more readily attract sustainable levels of funding and act as a platform for scaling up initiatives in subsequent stages.

The Dili CUS team as established within The Ministry of Public Works acted as a project management unit (PMU), i.e. an interface between government, community and donors. The PMU approach, served the project well to meet the needs for financial accountability by the Cities Alliance, UN-HABITAT and UNDP where the team managed the local accounts to UN standards. This is being continued through the Community Development Unit set by the project and attached to the Ministry of Public Works.

Beneficiary communities will also require significant assistance to meet these accountability expectations. A key lesson learnt has been the limited ability of communities to meet these rigorous accounting standards and correspondingly the limited ability of government to prepare the necessary financial statements, contracts and other requirements for payment and then to disperse these funds in a timely manner. This PMU type approach with its independently accountable project budgets is recommended for the next steps of the upgrading program until such time as government staff are fully confident in the required accounting systems and the formulation of community contracts. Failure to provide appropriate, accurate and timely financial accounting would seriously jeopardise future disbursements of funds and the ability of the project to attract future donor assistance, this has been a common problem across the many donor assistance projects to this new country.

There is still, therefore, ongoing assistance required to ensure the small team established to undertake the DCUS are provided with on going training and that the team is grown substantially to scale up these upgrading activities and replicate the

DCUS process in other urban centres of the country as per the Sector Investment programs outline in . As stated above, the Government is committed to the funding of the community upgrading initiatives of the DCUS, and the staffing and resourcing of a growing team of the Community Development Unit. There is still, however, the critical need for ongoing technical assistance in developing on the effective implementation of the strategy and the development of further similar strategies around the country.

There are three key areas where ongoing technical assistance is required:

- 1) Community contracting (as per the CAP Guidelines)
- 2) Formulating infrastructure development plans at both the community level and the city wide level, and
- 3) Regularly refining the DCUS so as to be responsive to opportunities to link with infrastructure and other Government and donor priorities as these come on line.

One of the major impacts of the pilot projects has been in the less tangible area of changing perceptions of both community and government. The government from the Prime Minister down are becoming increasingly concerned by the high rate of growth of Dili and the tangible signs of the city's deterioration which is highlighted by the growing slum areas. The general perception within government has been that the government is ill equipped to meet the growing needs for basic service delivery within the slum areas. Before the pilot projects were implemented there was very few successful examples of communities working together to improve their neighbourhoods. The general perception was that to energize communities to be actively involved in community based upgrading was a difficult and potentially inefficient means of service delivery. The pilot projects have done much to change this perception, so much so that the Prime Minister himself brought all the Ministers of the Government to visit one of the Dili CUS community projects to see first hand what has been achieved by The Cities Alliance Project.

The outcomes of the project can be summarized as quite remarkable given the starting point, resource constraints and the short period of the project. The project compares very favourably with the myriad of projects and programs initiated in East Timor in the five years since the widespread destruction in the country. Not only has a great deal been achieved across a broad spectrum of interlinked concerns but most importantly a solid foundation for future initiatives has been established – a unit

dedicated to this concern has been established within the government incorporating the project team and a substantial budget of 3.5 million over five years for their on going operation secured. The small project team of consultants and ngo's have for the first time in this five year period specifically addressed the plight of the urban poor and managed to have their concerns on the agenda of all levels of government. Perhaps most importantly of all, the project has given hope to all stakeholders that the growing problem of under-served settlements in Dili can be tackled through the systematic process developed by the project and as outlined in this report and the accompanying Community Action Plan Guidelines.



ⁱ P. Hastings, 'The Timor Problem' in **East Timor and Australia**, J Cotton (ed), Canberra: Australian Defence Studies Centre, 1999, p 60.

ⁱⁱ Hastings 1999 p 62.

ⁱⁱⁱ G C Gunn, 'The Five-Hundred-Year Timorese *Funu*' in **Bitter Flowers, Sweet Flowers: East Timor, Indonesia, and the World Community**, R Tanter, M Selden, and S R Shalom (eds), Sydney: Pluto Press Australia Pty Ltd, 2001, pp 7-11.

^{iv} We have no reliable way of verifying these figures however they can be consulted at http://bahai-library.com/?file=hassall_fitznors_portuguese_timor

^v Diagonal Urbana Consultoria Ltda, 'Concept Paper on Slum Improvement Program in Dili East Timor', **UN-Habitat**, 2002, p 3.

http://www.fukuoka.unhabitat.org/out/siryo/project_b/05/ET%20Concept%20Paper%20Final.pdf

^{vi} Hastings 1999 p 63; H McDonald, **Suharto's Indonesia**, Blackburn, Vic: Fontana, 1981, p 191.

^{vii} Hastings 1999 p 67; McDonald 1981 p 191.

^{viii} An acronym for *tahanan politik*, political prisoner.

^{ix} Cited in J. Nunes, 'East Timor: Acceptable Slaughters' <http://www.chss.montclair.edu/english/furr/nunestimor.html>

^x Schwarz 1994 206.

^{xi} Kammen 2001 pp 167-68.

^{xii} Independent East Timor is formally known as the Democratic Republic of Timor Leste but informally Timor Leste.

^{xiii} Urban Dili has been defined for the purposes of this report as four of the six Sub districts of Dili District

Dili District is divided into:

Sub-district	Suco	Aledia
1. Zona Cristo Rei	10	50
2. Zona Vera Cruz	11	58
3. Zona Nain Feto	9	39
4. Zona Dom Alexio	10	61

and the other two Sub-Districts – the island off the coast of Dili (Zona Atauro) and the small town over the mountain range east of urban Dili (Sub district Metinaro) which combined account for less than 8% of the total population of Dili District.

^{xiv} Provisional estimates from the 2004 National Population Census indicate that between 2001 and 2004 the total population of Timor Leste grew by more than 137,000 (17.4%) to about 925,000. Projections are that between 2004 to 2015 the total population will grow by a further 342,000 (37%) to 1.276 million.

^{xv} The kits were made up of 10 bags of cement, 40 corrugated iron roofing sheets, nails, tools, steel bands, assorted timber sizes, ridge strips and about 17,000 were distributed between January and July 2000 (i.e. in the immediate aftermath of the destruction of most housing in East Timor). They cost about US \$350-\$400 each, with transportation adding another 15-20% to the cost. Ironically, they were imported from Indonesia. see Centre on Housing Rights and Evictions,