

institution building and cost recovery of water services; and (b) address the needs of the poorest population groups by improving water supply services in urban and rural areas, in particular through rehabilitation of existing facilities. The project provides for the following: (a) institutional, operational, and financial assistance to restructure the Régies, to strengthen ONEP, and to transfer operation and maintenance of rural water supply systems to local communities; (b) rehabilitation and expansion of urban and rural water supply systems of ONEP and six Régies; (c) operational and computer equipment for upgrading operational efficiency and management systems; (d) meteorological data gathering equipment; (e) poverty alleviation component comprising provision of equipment, technical assistance, and training for sanitary education campaigns, water quality control, and disinfection of water in rural areas, as well as credit lines for social house connections; and (f) consulting services and equipment to improve water resources management. The project would improve the Régies' and ONEP's operational efficiency and provide adequate water service to the inhabitants of the six cities where the participating Régies are operating and to 18 ONEP centers, where the global population is expected to reach 9.6 million people by the year 2000, or 60% of the total urban population. Furthermore, through the project, unaccounted for water would be reduced to 20-24%, sector institutions would be less dependent on already constrained public budget financing, and waterborne diseases and infant mortality would be significantly reduced. The project would benefit the poor, since most new house connections would be in low-income neighborhoods. It would also benefit women who, in 95% of cases, are the ones in charge of collecting water at standpipes, thus saving them from 1 to 3 hours/day. The rural population would benefit from the project through the country-wide rural water supply component, covering 3 million inhabitants through the rehabilitation of existing waterworks and the creation of new water supply systems, and providing guidance for the operation and cost recovery of all rural water supply facilities. The project became effective in September 1994. Project implementation is progressing satisfactorily. All contracts for T.A. and consulting services have been awarded; those for purchase of equipment to strengthen Regies operation efficiency are ongoing. Construction of water works would start by end 1995. House connections campaign is being pursued actively; Fes is expected to complete implementation of this component by end 1995. Three major issues need to be closely followed up: (1) shift from a priori control to a posteriori control; (2) approval of ONEP contract program; and (3) settlement of arrears as of December 31, 1994.