



**The Federal Democratic Republic of Ethiopia**

# **ONE WaSH NATIONAL PROGRAM**

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**Program Operational Manual(POM)  
for the  
Consolidated WaSH Account's**

**Final September 2014**

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## ABBREVIATIONS AND ACRONYMS

BoFED	Bureau of Finance & Economic Development
CDF	Community Development Fund
CFT	Community Facilitation Team
CHP	Community Health Promoter
CLTSH	Community Led Total Sanitation & Hygiene
CMP	Community Managed Project
COWASH	Community-Led Accelerated Water, Sanitation and Hygiene Project
CSOs	Civil Society Organizations
CWA	Consolidated WaSH Account
EA	Environmental Assessment
EBA	Environmental Baseline Assessment
EIA	Environmental Impact Assessment
EMP	Environmental Management Plan
EPA	Ethiopian Environmental Protection Agency
ESIA	Environmental and Social Impact Assessment
ESMF	Environmental and Social Management Framework
GTP	Growth and Transformation Plan
HEW	Health Extension Worker
H&S	Hygiene & Sanitation
IPs	Implementing Partners
KDC	Kebele Development Committee
KWT	Kebele WaSH Team
LSP	Local Service Provider
M&E	Monitoring & Evaluation
MoE	Ministry of Education
MoFA	Ministry of Federal Affairs
MoFED	Ministry of Finance & Economic Development
MoH	Ministry of Health
MoU	Memorandum of Understanding
MoWIE	Ministry of Water, Irrigation and Energy
NGO	Non-Governmental Organization
OD	Operational Directive
ODF	Open Defecation Free
OP	Operational Policy
OWNP	One WaSH National Program

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PPA	Public Procurement Agency
RAP	Resettlement Action Plan
RPF	Resettlement Policy Framework
R-WaSH	Rural Water, Sanitation & Hygiene
RWCO	Regional WaSH Coordination Office
RWMC	Regional WaSH Management Committee
T/CWB	Town/City Water Board
T/CWSC	Town/City WaSH Steering Committee
T/CWTT	Town/City WaSH Technical Team
TSG	Town Support Group
UAP	Universal Access Plan
U-WaSH	Urban Water, Sanitation & Hygiene
VHEW	Veterinary Health Extension Worker
WaSH	Water, Sanitation & Hygiene
WASHCO	WaSH Committee (community level)
WDC	Woreda Development Committee
WCBU	WASH Capacity Building Unit
WIF	WASH Implementation Framework
WMP	Woreda Managed Project
WPMU	One-WaSH Program Management Unit
WSA	Woreda Support Agent
WSC/WSG	Woreda WaSH Consultants
WSSU	Water Supply & Sewerage Utility
WWT	Woreda WaSH Team

## 1. PROGRAM OVERVIEW

### 1.1 One WaSH National Program Overview

The **One WaSH National Program** (OWNP) is the Government of Ethiopia's (GoE) main instrument for achieving the goals set out for WaSH in the Growth and Transformation Plan (GTP). The program was designed to be implemented in two Phases. Phase I is covering the period from July 2013 to June 2015 and Phase II from July 2015 to June 2020. Phase I of one WaSH, as is specified in the One WaSH national program, is designed to increase harmonization and alignment among and between development partners and the GoE. During this phase WaSH organizations and procedures are supposedly to be fully established and become operational at all levels. Plus during this Phase I, partners, including Civil Society Organizations (CSOs) are expected to increasingly align their targets, plans and activities with the program and strengthen coordination in planning, implementation, monitoring and reporting of all WaSH activities amongst stakeholders at different levels. Any new WaSH programs or new phases of existing WaSH programs are also expected to align with the Program's principles, approaches and plans.

OWNP Phase II will be either continuity or redesign. Continuity will consist completing the work that began in Phase I; that is a continuation of the institutional arrangements and implementation modalities of Phase I with some adjustments agreed during the comprehensive Midterm Review planned to take place at the end of 2015.

If redesign, Phase II would have different policy priorities, targets, institutional roles and responsibilities and/or implementation modalities. Consideration can also be given to broadening the Program's scope to include such related activities as watershed and water resources management, productive uses of water, environmental protection, climate resilience, etc. Any such redesigns would also have to be identified and agreed during the Midterm Review at the end of 2015.

#### 1.1.1 One WaSH National Program Objective

The Program's Development objective is to improve the health and well-being of communities in rural and urban areas in an equitable and sustainable manner by increasing access to water supply and sanitation and adoption of good hygiene practices. The intermediate objectives of the program are directed towards attaining:

- GTP targets of 98% and 100% access to safe water supply for rural and urban areas respectively
- Access to basic sanitation to all Ethiopians having.

- 77% of the population practicing hand washing at critical times, safe water handling and water treatment at home, and
- 80% of communities in the country achieving open defecation free (ODF) status.

### 1.1.2 Core Guiding Principles

The core guiding principles that is governing implementation of OOWNP are summarized as below

**Integration:** This principle aims at integrating safe water use with good sanitation and hygiene practices at the household level, in schools and health facilities (Institutional WaSH) through synergy built among the four sectoral offices: water, health, education and finance. This includes coordinated and collaborative planning, implementation, monitoring, reporting and evaluation of program results.

**Alignment:** The main goal of this principle is to ensure that OOWNP will align with the policies, priorities, strategies and plans of the pertinent Ministries, Sectoral Development Plans and with the administrative systems, standards and procedures of the Federal and Regional Governments of Ethiopia. The principle also ensures that WaSH is recognized and affirmed as an integral, ongoing component of the Government's broader developmental program and WaSH responsibilities are incorporated in the established process streams and mandates of the four sector agencies' staff at all levels. The other goal is an internal alignment of structures and procedures within government, both vertically (i.e. from federal to Kebele level) and horizontally (i.e. across the different subsectors which comprise WaSH).

**Harmonization:** This principle leads to One WaSH Plan, One WaSH Budget, One WaSH Report; implying to OOWNP. Harmonization also assumes that One Consolidated WaSH Account (CWA) will be opened where all Development Partners contributions are deposited from which WaSH activities and investments would be supported.

However at this initial implementation stage of OOWNP, not all partners are joining CWA but for those partners who desire to join CWA at this stage an account that will be managed by MoFED is to be opened soon. Use of ear marked account will continue in the meantime for those DPs who are expected to join CWA at a later stage.

**Partnership:** The OOWNP recognizes Civil Society Organizations (CSOs) and the Private Sector as significant partners playing an essential part in attaining OOWNP target along with the four sector Ministries and Development Partners. This leads to strong commitment to engage more the Civil Society Organizations (CSOs) and the Private Sectors.

### 1.1.3 Program Components

The OOWNP has mainly 4 components: 1) Rural WaSH, 2) Urban WaSH, 3) Institutional WaSH and 4) Program Management and Capacity Building.



1. **Rural WaSH: Agrarian and Pastoralist (USD 1.03Billion):** This component finances rehabilitation of existing and construction of new conventional community water points and water supply schemes, technical support of self-supply, supporting sanitation activities including improvement of household and institutional hygiene and sanitation. While implementing Pastoral WaSH requires alignment with other sectors and close coordination and collaboration with Ministry of Federal Affairs and NGOs and emergency WaSH activities that have special experience with development in Pastoralist areas.
2. **Urban WaSH (USD 786 million for water supply and USD 95.7 million for sanitation improvements):** This component finances study and design; capacity building and management support; environmental and resettlement safeguards; immediate service improvements and expansion of water supplies. Sanitation and urban environmental improvements include procurement of desludging equipment; construction of facilities: latrine sludge/septage treatment plant and public toilets; and development of wastewater management systems in selected locations.
3. **Institutional WaSH (USD 545.7 million):** Activities include support to improving water supply and sanitation facilities and hygiene practices at school and health institutions. Planning and Implementing WaSH activities at health institutions will be the responsibility of the Ministry of Health (MoH), Regional Health Bureaus, City/Town Administrations and woreda health offices. While the Ministry of Education (MoE), regional education bureaus, city and woreda education offices will be responsible for planning and implementing WaSH activities in schools, Water sector offices at regional, city or woreda level may provide technical assistance in the design, construction and supervision of water supplies in institutions. Of the indicated amount, about 11, 415,542.00 USD is to be used for water quality monitoring. Doing so is expected to increase economy of scale and ease out administration arrangements.
4. **Program Management and Capacity Building (-90,028,152.00 USD for rural and 78, 618,150.00 for urban USD and 10,158,848.00USD for technical assistance in self-supply, supply chain, pastoral WaSH, M&E):** This component includes support to improve skills and capacity of the program's organizations and implementing parties at all levels to plan, manage and monitor program activities through training, post-construction management support, equipment and tools provision, and monitoring and reporting support. The Program will support minimum staffing and resource requirements necessary to effectively implement the Program at all levels. This is to be determined by a capacity assessment at federal, regional/city and town/woreda level. Capacities of TVETCs and HSCs will be enhanced at an estimated cost of 11,977,590.00USD through support to training of trainers, curriculum development and training equipment for workshops and laboratories. Similarly, services from the Ethiopian Water Technology Institute (EWTI) will be used to train WaSH professionals at an estimated cost of 3,655,308.00 USD.

## **1.2 Program Operational Manual for the Consolidated WaSH Account**

As noted above OOWNP advocates for one plan, one budget, one reporting system and one Consolidated WaSH Account (CWA). To-date, various development partners have expressed commitment to participate in OOWNP and pool their resources into a CWA to finance part of the OOWNP. These include AfDB, DFID, UNICEF and the WB. Other partners who are expected to join the CWA for financing OOWNP in due course are in the mean time expected to increasingly align their targets, plans and activities with the program principles and approaches. During these transitional phase the GoE in collaboration with all its partners will focus on the establishment of WaSH structures at all levels, standardization of procurement, contract management and supervision procedures and formation of strong monitoring, information management and reporting systems in order to ease the path for others partners to join the CWA.

This Program Operational Manual (POM) is developed to serve as a main guiding document for both the Government of Ethiopia (GoE) and the Development Partners who would be pooling their funds into the Consolidated WaSH account to implement part of the OOWNP. The development partners contribution as outlined in the WIF will be channeled to the CWA. Detailed opening account procedure will be outlined in the specific bilateral arrangements and in this Program Operational Manual. The POM provides common and practical planning, implementation, administration and operational guidance in the management of CWA finances. This includes steps and procedures to be adopted in the planning, budgeting, disbursement, procurement, supervision, financial management, safeguards management, and monitoring and evaluation of the program that would be financed through the CWA. The program will initially be implemented in compliance to the Phase I approaches of OOWNP, which either continue or be redesigned during the Phase II period. In the following sections the POM discusses in detail the implementation; financial management and disbursement arrangements; procurement procedures; administration aspect; monitoring and evaluation activities; and Environmental and Social Safeguards provisions.

Along with the POM a Social Assessment and Fiduciary Risk Assessment, and the signed Memorandum of Understanding (MoU) between the four sector Ministries, the WaSH Implementation Framework (WIF) will also serve as guiding documents during the implementation of OOWNP. . A separate Financial Manual from existing WaSH financial manuals detailing technical FM issues and procedures has to be prepared to serve as a user guide for the CWA accountants. In addition guidelines for CMP & Self Supply Projects are under preparation which further define the roles of Woredas and community & detail accountability issues.

### **1.2.1 Basic Implementation Principles**

Similar to the OOWNP implementation, program supported through the CWA again reflects the policy basic principles:

*Decentralization:* CWA financed OOWNP promotes decentralization process through fostering decisions to be more in line with local needs and giving the user communities responsibility for the management of WaSH service provision.

*Demand Responsive:* The user community receives assistance in response to its demand for improved WaSH services; making informed choice on the technology options and service levels and as it demonstrates readiness to participate by taking into consideration its needs and ability to pay.

*Consistency:* CWA financed OOWNP is to be consistent with the national water policy, national water strategy, Rural Hygiene and Sanitation strategy, as well as the national Growth and Transformation plan.

*Equity:* CWA financed OOWNP addresses regional and social disparities in WASH coverage among and within regions, woredas and urban areas giving priorities to those with lower WaSH coverage (unserved and underserved communities).

*Cost Recovery and the right to access:* Access to water is a right, however, it is also recognized as an economic good, and its service must be paid for. Tariff setting however shall be site specific, depending on the particulars of the program, location, users, cost and other characteristics of the schemes. In general, Rural WSS tariff settings should be based with the objective of recovering the operation and maintenance costs while Urban WSS tariff settings are based on the full cost recovery basis but phased over time..

*Cost effective design:* The Program avoids over-design in order to provide affordable and sustainable services.

*Transparency:* The Program includes promotional activities to ensure that the rules of engagement are well understood by all stakeholders.

*Gender:* Activities and rules of engagement are designed to ensure participation by women in decision making and program implementation.

*Sustainability:* The sustainability principle focuses sustaining service period and service level through ensuring that services provided are easily operated and maintained at local level.

*Stepped Approach:* Implementation is to follow a stepped approach, where towns, woredas and communities will obtain assistance based on their performance as per the criteria well understood in advance by stakeholders.

*Participatory Monitoring and Evaluation:* Monitoring and evaluation is to be carried out to monitor agreed indicators in a participatory manner (DPs, Implementing partners, PMUs, and representatives of user communities) with dissemination of results so that the program can be improved by feedback.

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**1.2.2 Roles and Responsibilities of GOE and Development partners joining CWA**

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The summarized roles and responsibilities of the GoE and development partners joining CWA in the implementation of OWNPN are detailed here below.

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**1.2.2.1 Responsibilities of GOE**

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The GOE will exert the maximum efforts to facilitate the successful implementation of the OWNPN, and will hereunder:

- a) Have sole responsibility for the planning, administration, financial management, accountability, risk management and implementation of the OWNPN, covering all the OWNPN activities;
- b) Establish a foreign currency account at the National Bank into which the Development Partners disburse resources from which the funds are transferred to the Consolidated WaSH Account (CWA) for onward release to accounts designated in the OWNPN;
- c) Develop annual plans for the allocation of funds based on clear and transparent need based planning criteria that prioritize areas of greatest need;
- d) Be responsible for ensuring, demonstrating, reporting that international best practices, as agreed between the signatories are adhered to when planning and providing water services in areas of resettlement and in the community development program;
- e) Follow up with MOFED and ensure that all implementing agencies open special accounts for the OWNPN and are kept in accordance with procedures set forth in the financial management policies and guidelines of the GOE;
- f) Timely submit the quarterly or biannual progress reports, including the outstanding balance that is how much of DP's contribution is left in the CWA and in the accounts of the implementing agencies at the end of the reporting period;
- g) Provide sufficiently qualified personnel, do its utmost to ensure the allocation and timely release of its contribution for the successful implementation of the OWNPN; and ensure sufficient internal audit capacity in the implementing agencies and MOFED to enable the timely submission of internal audit reports to the external auditors;
- h) Promptly inform the Development Partners of any condition that interferes or threatens to interfere the successful implementation of the OWNPN and of any major policy or financial decision; and call for a meeting to consult with the Development Partners on remedial actions to be taken; and
- i) Undertake timely annual external financial and procurement audits of the CWA (paid from the CWA) and share reports, the management letters and plan of actions on the audit recommendations within 6 months from the end of the fiscal year.

### 1.2.2.2 Responsibility of the Development Partners

Each of the CWA contributing Development Partners establishes individual arrangement compatible with the spirit and provisions of this POM and refrains as far as possible, from setting conditions in the bilateral arrangements that contradict or diverge from the spirit of this POM. In case of any inconsistency or contradiction between the provisions and conditions of this POM and any of the bilateral arrangements, the provisions of the bilateral arrangements will prevail.

- a) The Development Partners base their actual support on the progress attained in the implementation of the OOWNP. Progress will be measured through the commonly agreed key performance indicators (KPIs)<sup>1</sup> and reporting as described in this manual;
- b) The Development Partners ensure timely release of their commitments to the CWA in accordance with the bilateral arrangements and this manual;
- c) Each year, CWA contributors jointly review CWA financed OOWNP performance, implementation of audit recommendation action plan, and the physical and financial plan for the next fiscal year , including the draft procurement plan, and again commit their contributions for the fiscal year as per the plans prepared by the WaSH sector Ministries and endorsed by the Chair of the National Steering Committee(NSC);
- d) CWA contributors cooperate and communicate with each other fully and in a timely manner on all matters relevant to the implementation of the CWA financed OOWNP;
- e) CWA contributors share all information on aid flows, technical reports and any other documentations/initiatives related to the implementation of CWA financed OOWNP and relevant to the support; and
- f) Development Partners do not bear any responsibility and/or liability to any third party with regard to the implementation of the CWA financed OOWNP.

### 1.2.3 Program Components and Eligible Expenditures

The OOWNP financed under CWA also has 4 components: 1) Rural WaSH, 2) Urban WaSH, 3) Institutional WaSH and 4) Program Management and Capacity Building. Each is again divided into different sub-components as detailed here below:

- I. Rural WaSH: The Rural WaSH component is managed in two different categories: Agrarian and Pastoralist and each has two major sub components:
  1. Water supply service as per UAP minimum standard.
  2. Sanitation and Hygiene Promotion

<sup>1</sup> KPI targets for the CWA under each component will be proportionally apportioned from the OOWNP targets based on the contribution of the CWA compared to the total estimated cost of the OOWNP for each component.

II. Urban WaSH: The Urban WaSH (U-WaSH) Program has two components:

1. Urban water supply services for a whole town as per the UAP minimum standard.
2. Sanitation services including hygiene Promotion, construction of communal and public toilet facilities and improvement in liquid waste management services and Sanitation Facilities construction for Institutions and Low Income Communities.

III. Institutional WaSH: The institutional WaSH component also has two major sub components:

1. School WaSH
2. WaSH for health facilities

IV. Program Management and Capacity Building: This component also has two sub components:

1. Program management
2. Capacity building

Eligible expenditures that the OWP finances through the CWA are payments made in accordance with the provisions of agreement terms and applicable guidelines, rules and regulations for planned expenditures in respect of the above components & categories of expenditures. Eligible expenditures do not include payments for goods and services that are included in negative list of development partners contributing to the CWA that all DPs contributing to the program agree to. Details of the negative lists will on an ongoing basis be provided to the implementing agencies by all CWA contributing DPs in advance.

#### 1.2.4 Program Components and Outputs through CWA Financing

The components and outputs of the OWP that will be supported through the CWA over a five year period (July 2014 –June 2019) from funding received from the AfDB, DFID, UNICEF, the WB and 10% contribution from the GoE to the CWA with indicative earmarked allocations are provided in Table 1.

**Table 1-1 Estimated cost of Program Components and expected Outputs**

No.	Component name	Total Est. cost (million USD)	Financing from million USD)					Component Outputs
			AfDB	DFID	GOE	UNICEF	WB	
A	Rural WaSH	235.1	59.5	69.8	23.8		82	17,915 new water supply schemes constructed and 6,312 facilities rehabilitated 687,950 new household sanitation facilities built through promotion carried out under the

No.	Component name	Total Est. cost (million USD)	Financing from million USD)					Component Outputs
			AfDB	DFID	GOE	UNICEF	WB	
								program.
B	Urban	129.7	-	32.9	11.8	-	85	115 town water supplies improved 115 towns will have improved sanitation facilities in low income areas and public latrines and/or septage management system.
C	Institutional WaSH	84.5	19.6	19.7	7.2	10-	28	1,220 new and rehabilitated water supply facilities for health centers/posts 3,600 new and rehabilitated water supply facilities for schools 2,225 new and rehabilitated sanitation facilities for health centers/posts, gender segregated 3,335 new and rehabilitated sanitation facilities for schools (stance/student ratio - 1:50), gender segregated
D	Program Management and Capacity Building	35.7	13.0	9.2	3.5	-	10	Over 24,225 new legal WaSHCOs (with 50% women members) 90% consolidated reports prepared at KWT, WWT, RWCO and NWCO levels on a monthly, quarterly and annual basis 70% of total) schools teaching hygiene and sanitation using new curriculum 7,835 woreda/zonal/regional /town staff trained (by gender) in relevant skills 16 TVETCs/HSCs supported to offer WaSH courses
	<b>Total</b>	<b>485.0</b>	<b>92.1</b>	<b>131.6</b>	<b>46.3</b>	<b>10.0</b>	<b>205.0</b>	

Note: - financing from government is estimated contribution from the urban and rural beneficiaries

## **2. IMPLEMENTATION ARRANGEMENTS OF CWA SUPPORTED PROGRAMS**

### **2.1 Implementation Modality**

During the OOWNP implementation period, a joint annual consolidated WaSH plan is to be prepared for each fiscal year in advance detailing program activities, budget requirement and procurement plan under each component. Regardless of the implementation modality, all Implementing Partners (IPs) will be required to take part in joint planning at the appropriate level (i.e. federal, region, zone or woreda) for the purpose of preparing a Consolidated Annual WaSH Plan and budget. Implementing Partners should report their progress and budget utilization to the relevant WaSH coordinating body at their respective levels and also participate in Program meetings, workshops and other relevant events as required.

#### **2.1.1 Rural WASH**

Although there will be no geographical targeting and all woredas within Ethiopia are eligible to benefit from the CWA, yet at regional level the least served woredas/kebeles will be given priority while allocating CWA resources. . The Regional WaSH Technical Team in consultation with their Regional Administration will also determine how to phase woreda participation since all prioritized woredas cannot be assisted simultaneously. Unserved people, who in most cases represent the poorest and most vulnerable will be particularly targeted and will receive greater priority than those who already have a basic level of service. To ensure that the program benefits the most disadvantaged, the region will use each year but not limited to the following appropriate selection criteria to determine the group of woredas that will begin participation in the Program:

- (i) Level of service coverage based on the results of the NWI;
- (ii) Geographic balance;
- (iii) Unserved population proportion;
- (iv) Level of ongoing assistance in the woreda;
- (v) Implementation readiness expressed by commitments from participating woredas and communities level of commitment of woreda administration to establish or strengthen WaSH team, assign qualified personnel to plan and manage program at each sectorized offices, to allocate certain budget from its own; and
- (vi) Compliance with the safeguards requirements, and meeting initial screenings as clearly outlined in the ESMF.

The Rural WaSH component that is managed in two different categories: Agrarian and Pastoralist has two major steps:



1. Step 1: Preparatory and planning (within the timeframe of 3 to 6 months)
2. Step 2: Implementation (within the timeframe of 18 to 30 months period)

The primary responsibility of planning, managing and implementation of the Rural WaSH program rests with woredas and communities. Woredas receive financial support from the CWA to contract Woreda Support Groups (WSGs), Community Facilitation Teams (CFTs), contractors and artisans who would in turn assist them in planning, management and implementation of their WaSH program.

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#### 2.1.1.1 Agrarian Rural WaSH

##### STEP 1: Preparatory and Planning Phase

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In Step 1: Preparatory and planning phase the Woreda receives financial support to contract Woreda support group to train and build the Woreda WaSH Team (WWT), supervisors, HEWs, and Das capacity for:

1. Conducting inventory and rapid assessment of the Woreda WaSH situation.
2. Development or review of Woreda wide universal access plan/ growth and transformation plan for WaSH.
3. Conducting stakeholders' commitment building workshop.
4. Development of Woreda WaSH annual consolidated plan, including budget and procurement plan.
5. Training and equipping of all woreda staff who will manage/implement the woreda plan.

The Woreda Support group will at least have a composition of expertise in planning and management, community development, technical WaSH and procurement.

##### STEP 2: Implementation

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In Step 2: Implementation phase the woreda receives financial support for community level planning and implementation.

At community level Community Facilitation Teams (CFTs) will be engaged similar to WSGs to assist community level planning and implementation. CFTs will have again a composition of skilled individuals in water technology, hygiene promotion and community mobilization.

##### **Community Selection:**

Communities are initially selected by the woreda administration to establish WaSHCom and prepare WaSH plan based on criteria that include: poverty, water supply and sanitation coverage,

proximity to one another, and communities that meet the initial ESMF safe guard screening. At this planning level there will be:

1. Promotion and use of improved sanitation and hand washing facilities;
2. Promotion of positive changes in hygiene behavior;

To qualify for receiving fund for the construction of improved access to and maintenance of safe water supply communities must (i) establish a trained WaSH committee, at least half of whom are women<sup>2</sup>, (ii) prepare an acceptable Facilities and Management Plan, and (iii) collect and deposit at least 5% of the capital cost in a bank account (on an exceptional basis, the woreda contribution could be up to 2% of the required cash contribution) to be applied towards the purchase and installation of a hand pump, and commitment to make an in-kind contribution for the balance of the total community contribution (total contribution is to be at least 10% in cash and kind).

The water supply schemes could be of:

1. Point source from:
  - 1.1 Lined hand dug well with raised collar with rope pump
  - 1.2 Lined hand dug well with raised platform fitted with hand pump
  - 1.3 Capped spring
  - 1.4 Rainwater harvesting from roof catchments serving public institutions
2. With distribution for either one or multi village schemes from:
  - 2.1 Capped spring with distribution
  - 2.2 Deep borehole/motorized pump with distribution

Financing implementation of the Rural WaSH through the CWA at community level can be through the three of the alternative implementation modalities described below.

1. **Woreda Managed Projects (WMPs):** In this modality the woreda or bureaus or zones on behalf of the woreda for economy of scale or capacity related reasons will be responsible for administering the funds for capital expenditures on WaSH. Responsibility concerning contracting, procurement, construction supervision of WaSH facilities, handing-over of WaSH facilities to the community, quality-control, monitoring and sustaining project benefits belongs to the woreda. While the Kebele Administration, WASHCOs and institutional WaSH committees are directly involved in project planning, implementation, monitoring and signing-off the project.
2. **Community Managed Projects (CMPs):** In the CMP the representative of the user-group (WASHCO or Institutional WaSH Committee) manages the projects finance. The WaSH

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<sup>2</sup>Individual regions may agree with MWIE that alternative arrangements are acceptable

facilities are normally low-cost technologies such as hand-dug wells and springs. The WASHCO is directly responsible for contracting, procurement, quality control and financial accountability to the community and to the Kebele and Woreda Administration. Prior to financing CMP through the CWA however consensus has to be reached first by all parties regarding CMPs implementation procedures, financial disbursement and overall financial management aspect. **Self-Supply Projects: Self-supplied** projects financed, owned and managed by user communities (households or small groups) will also receive finance through the CWA for provision of hand pumps and casing materials. Self-supply financing and activities will be implemented according to the institutional arrangements, roles and responsibilities, procedures and technical and service standards described in the Self-supply Guidelines which are currently under preparation by the Self Supply Working Group.

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### 2,3,1,2 PASTORALIST RURAL WASH:

Pastoral communities in Ethiopia are geographically located in lowlands where rainfall is scarce, and where there is less or no surface water, or poor recharge to groundwater. In these area water supply to livestock is equally important as for human consumption. Two things that need emphasis in Pastoralist WaSH are:

1. Considering livestock demand in design.
2. Considering alternative schemes appropriate for human and livestock consumption which may include hafir dams, large ponds, sand dams, and rain water harvesting where the water will be treated at household level for human consumption.

Though the implementation modalities and procedures remain the same for Pastoralist WaSH with the non-pastoralist yet the pastoralist WaSH has to take the special features of pastoralists into consideration. Accordingly, the following are to be considered for pastoralist regions:

1. In the institutional arrangement, at Federal level Ministry of Federal Affairs will be included in the NWSC and NWTT on invitation basis on the discussions (planning, implementation and M&E) of pastoralist WaSH issues
2. In the institutional arrangements at Region and Woreda levels pertinent government offices responsible for the pastoralist communities will be included as members
3. The WaSH intervention will consider both the mobile and non-mobile members of the pastoral communities and their livestock.
4. The traditional clan community management structure and different integrated participatory tools like Participatory Rangeland Management will be explored to mobilize the community participation and ownership of the outputs of the WaSH intervention giving emphasis to women empowerment.

5. In addition to CFTs for the WaSH intervention to the non-mobile pastoralist community members, Mobile Community Facilitation Teams (MCFT) to the WaSH intervention for the mobile members of the community will be considered at community level.
6. Relatively more capacity building intervention at community and Woreda levels will be considered to enhance the existing low capacities.
7. The WaSH intervention will align with the government's effort to facilitate voluntary pastoralists' settlement.
8. Improvement/upgrading of local traditional water supply schemes to ensure safe drinking water supply and implementation of low cost technologies where they are feasible will be given due attention to cope with the higher investment costs.
9. As the rural pastoralist communities usually settle in the vicinity of towns to share the water supply and other facilities of urban areas, this will be taken into consideration in urban WaSH planning, implementation and management.
10. Water points that serve as many people as possible for the mobile pastoralist community members and their livestock will be constructed along transhumance routes. As to where to construct such facilities, this should be discussed and agreed with clans and woredas through a bottom-up participatory planning.
11. Moreover, to be effective in Pastoralist areas, WaSH must be aligned with, and contribute to, the sustainable livelihood approach or strategy that is common to the most successful initiatives in pastoralist development. To achieve its aims pastoralist WaSH will need to:

Align its implementation arrangements at woreda level with the clans' arrangements collaborate with, and learn from, other agencies, organizations and projects successfully implementing development programs among pastoralist communities.

The assumption is that a woreda in a pastoralist Region may have a combination of kebeles which include:

1. Non-pastoralist kebeles,
2. Pastoralist kebeles without NGO activities or livelihood projects, and
3. Pastoralist kebeles with NGO activities and livelihood projects.

### **2.1.2 Urban WASH Implementation Modality**

For the Urban, OOWNP towns are those settlements defined as towns by Central Statistics Agency (CSA). CSA defines every settlement above 2,000 population sizes and settlement of any size where the woreda administration office resides as town. These towns in the OOWNP are classified into three categories on the bases of their water supply provision and management status as shown in Table below

**Table 2-1 Categories of Town and by their management type**

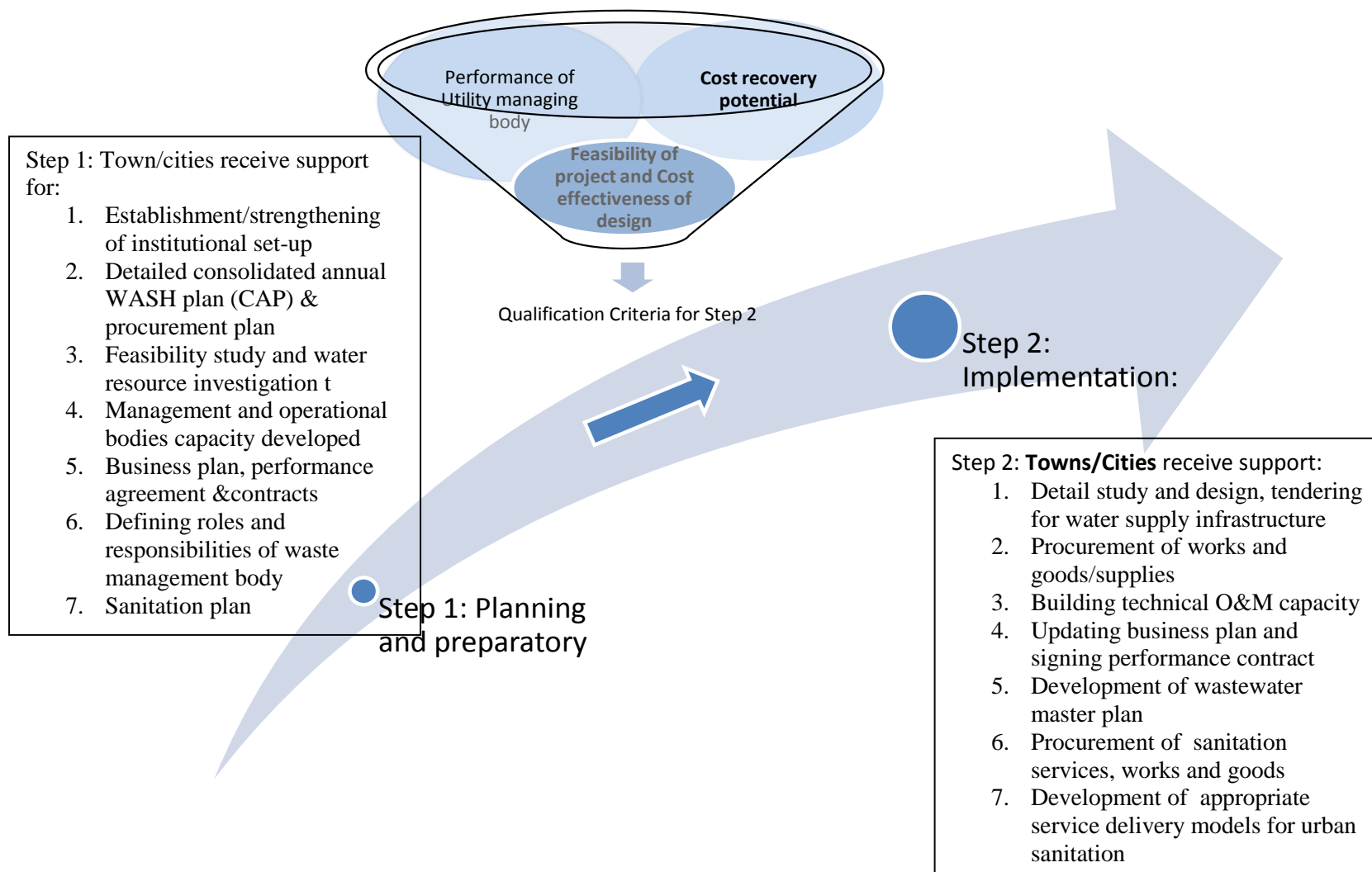
<b>Category 1:</b>	Towns/cities having utilities managed by Water Board
<b>Category 2:</b>	Towns/cities having utilities but not managed by Water Board
<b>Category 3:</b>	Small towns having water supply system managed by WASHCOs or towns without water supply system at all

The Urban WaSH implementation modality for the Urban WaSH can in general be classified in two steps: 1) Planning and preparatory and 2) Implementation. The implementation procedures however for one category of town differ from the other. Interventions in Step-1 include: capacity building, planning, feasibility studies and design while in Step-2 the intervention include either new or expansion of existing water supply schemes and sanitation improvement measures.

Intervention in larger urban centers (primarily Category 1 and some from Category 2 towns), with existing functional water supply and sanitation systems but needing expansion or improvement would be financed under the CWA through an on-lending basis, consistent with the Government's policy of cost recovery for urban water supply and sanitation. The Water Resources Development Fund (WRDF) will be the implementing agency of this program, responsible for appraisal of proposed program and monitoring and evaluation of implementation. While smaller towns selected and prioritized from the few Category 1, some Category 2 and all Category 3 towns will initially receive grant for Step 1 intervention from the regional allocated CWA budget for building their planning and management capacity. The regional OWRP management unit will be responsible for the implementation of capacity building program. Some of these smaller towns particularly of Category 1 and 2 after this Step 1 intervention might qualify to go straight for loan from WRDF while others may qualify to receive additional grant budget for Step 2 to either build or expand their water supply system on the bases of their successful completion of Step 1 intervention.

The eligibility criteria for a town or city to qualify selection and prioritization to receiving grant financing from regional allocated CWA budget include but not limited to:

- Town or city that have not received a grant in recent years to improve its planning and management capacity and expansion of its water supply system,
- Absence of well-functioning water supply systems,
- Availability of an affordable source of supply,
- A potential to achieve cost recovery population, and
- A potential of immediate development.



**Figure 2-1 Urban Water Supply Stepped Approach**

To qualify for a loan from WRDF, the city or town would have to at least meet the following tests of creditworthiness,

- Social aspect: high demand for the project (level of water shortage & size of population), acceptability of the proposed system and affordability,
- Legal personality: Existence of autonomous board,
- Institutional capacity: Possibility of building the capacity of utility staff to manage the system ,
- Technical feasibility of the proposed water supply and sanitation project;
- Cost effectiveness of the project in comparison to other possible options,
- Operational capacity: Possibility of building the capacity of utility staff or some from the locals to operate the system,
- Financial feasibility: The capacity for the system to be cost recovery, and
- Economical and financial rate of return from the new proposed system.

For Category 1 and 2 towns and cities that receive financing from their regional allocated CWA budget, the Town/City WaSH Technical Team (T/CWTT) will have direct responsibility for the implementation while for Category 3 towns the regional WaSH OWRP Management units will be responsible for the implementation of the Urban WaSH component.

### **2.1.3 Intervention in Step 1: Planning and Preparatory Step**

#### **2.1.3.1 At City/town level**

In this step **Towns/Cities** will receive support:

1. Category 1 towns/cities: to putting in place appropriate WaSH management structures and capacity, tariff policies and systems.

Category 2 towns: for their establishment of an autonomous Town/City Water Board and

Category 3 towns: either establishment or strengthening of existing WaSHCOMs as per the proclamation and criteria set by the region with appropriate enabling legislation and membership;

2. Preparation of detailed consolidated annual WaSH plan (CAP) indicating the budget requirements by the new WaSH management body; and
3. Of those CAPs approved by the City/Woreda Council and appraised by the RWCO, preparation of town/city procurement plan for all WaSH activities.

#### **2.1.3.2 Sub- Component 1: Urban Water Supply Services**

**Category 1 and 2 Towns/Cities:** In these step Category 1 and 2 cities/towns receive support for:

1. Conducting feasibility study and water resource investigation where needed.

2. Provision of technical assistance to utility staff and capacity building for the water board/committee; and
3. Preparation of business plans, performance agreements and contracts.

**Category 3 Towns:** The technical assistance provided for water supply component in this planning and preparatory step for Category 3 towns are:

1. Building the capacity or establishment of WASHCOMs if not in place for the management of the water supply scheme;
2. Establishing of institutional set-up for a day-to-day water supply scheme operation and maintenance;
3. Where water supply system exist, identification of immediate need for initiating, repairs to improve the existing service; and
4. Where no water supply system exist conducting potential water source assessment: groundwater or surface water.

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#### 2.1.3.3 Sub- Component 2: Sanitation Services

In Ethiopian context except for the City of Addis Ababa liquid waste management include collection of septage treatment of septage (operation and maintenance of septage treatment plant) and final disposal. For Addis Ababa with a sewerage system serving certain part of the city liquid waste management in addition to septage management includes responsibility of wastewater collection, treatment and disposal. Although Water & Sewerage Service Utilities under the town administration are best suited for liquid waste management, some towns/cities instead have delegated these responsibilities to their Municipality/town administration.

The technical assistance provided for sanitation component in this planning and preparatory step therefore focuses mainly on the establishment of liquid waste management systems integrated with sanitation promotion and hygiene education. This include as necessary:

- Defining roles and responsibilities of different actors in consultation with all the stakeholders;
- Establishing operation and maintenance management systems for communal and public latrines;
- Taking necessary measures and arrangements on existing communal and public latrines to fully and appropriately functional for intended purposes;
- Creating awareness and teaching the community about hygiene and sanitation;
- Regulating the hygienic condition of public, commercial and institutional centers;
- Sensitizing the community leaders, legal bodies and the whole community on existing rules and regulations and set additional community bylaws at the town level about human excreta disposal in consultation with the community including the penalty on those who fail to comply; and
- Preparation of sanitation plan that defines appropriate liquid waste management models for collection, treatment and final disposal in coordination with concerned stakeholders.



### 2.1.4 Intervention in Step 2: Implementation

Urban WaSH implementation in Category 1 and 2 towns/cities could be either financed from regional allocated budget from the CWA or loan taken from WRDF based on the financial feasibility for credit worthiness of the investment study. For loan towns/cities, Water Board's submit business plan to WRDF with regional guarantee and matching fund commitment. The implementation steps in Step 2 are detailed here below.

#### 2.1.4.1 Sub- Component 1: Urban Water Supply Services

**Category 1 or 2 Towns/Cities:** In this step towns/cities receive finance for:

1. Carrying out detail study and design for water supply infrastructure;
2. Tendering for WaSH services, works and goods
3. Procurement of works and goods/supplies
4. Carrying out building capacity activities, including technical O&M capacity
5. Preparation of updated business plan considering the financial feasibility study and signing performance contract

**Category 3 towns:** In this step, town receives budget from regions for investment in:

1. Carrying out detail study and design for WaSH infrastructure
2. Tendering for WaSH services, works and goods
3. Procurement of works and goods/supplies
4. Carrying out building capacity activities, including technical O&M capacity

#### 2.1.4.2 Sub- Component 2: Sanitation Services

**Urban sanitation projects are managed either by the municipality or the water board. "Financing is through grants and there is no involvement of the WRDF"**

**Category 1 and 2 Towns/Cities:** In this step towns/cities approved for loan by WRDF will be supported for:

1. Development of wastewater master plan
2. Tendering for sanitation services, works and goods
3. Procurement of works and goods/supplies
4. Carrying out building capacity activities, including technical O&M capacity
5. Development of appropriate service delivery models for urban sanitation

**Category 3 Towns/Cities:** In this step, newly established Water Boards of those towns/cities with regional level approved CAPs receive financial support from the region for:

1. Carrying out detail study and design for WaSH infrastructure
2. Tendering for WaSH services, works and goods
3. Procurement of works and goods/supplies
4. Development of appropriate service delivery models for urban sanitation

In addition all categories of these towns/cities will receive budget from the regional CWA under this component to target communities/households in low-income areas – particularly where the large majority of households (including elders and street children) have poor or no latrine facilities. Low income areas will also be supported in community wide sanitation and hygiene promotion and latrine facilities improvements such as using communal latrines. For sustainability these latrines could include bio-gas, public showers and cloth washing facilities when feasible.

These interventions are implemented by Urban Health Extension Professionals and WaSH volunteers selected and trained among the community members. The main focus will be engaging the community to improve their latrine facilities, to ensure good operation and maintenance of their facilities, and to enable them wash their hands during the most critical times.

### **2.1.5 Institutional WASH Implementation Modality**

As noted above this component is again sub divided into:

1. School WaSH
2. WaSH for health facilities

### **2.1.6 School WASH:**

MoE, through its regional/city bureaus and woreda and town education offices, will be responsible for implementing the Program's hardware and software activities in schools. WaSH activities can be combined with other activities such as vegetable gardening to provide additional benefit and possibility support nutrition education.

To address the software aspect of School WaSH activities in schools, MoE receives finance for:

- Developing guidelines for water and sanitation needs as well as the management of school children WaSH facilities
- Developing gender and age sensitive curriculum on sanitation and hygiene
- Establishing standards for construction of school latrines and hand washing facilities taking the gender aspect and physical disabilities into consideration

- Upgrading life skills of school children and teachers on sanitation and hygiene education and also emphasizing the need for capacitating adolescent girls on Menstrual Hygiene Management
- Establishing health/environmental/school WaSH clubs and promote children as agents of change

CWA supports:-

- construction or rehabilitation of water supply facilities and girls friendly latrines at primary and secondary schools,
- Dissemination /broadcast of educational media on good sanitation and hygiene practices and participation in school health WaSH clubs.

In this component school facilities are provided with safe water and sanitation facilities combined with hygiene education thus improving school enrolment and attendance, potentially lowering the drop-out rate and repetition rates, especially of girls

### **2.1.7 WaSH in Health Facilities**

Lack of improved drinking water, sanitation and hygiene facilities in health centers, health posts, clinics and public hospitals are particularly intolerable. Absence or inadequate hand washing facility for before and after patient contact or after using the toilet leads to preventable infections in the health care environment. The Program will support construction or rehabilitation of water supply facilities and latrines at health centers and health posts. MoH, through regional/city bureaus and woreda and town health offices, will be responsible for WaSH construction activities in health facilities. Implementation at community level may be through WMP or CMP in the rural setting and in the urban setting through procurement of civil work contractors along with other WaSH infrastructure development if any.

### **2.1.8 Program Management and Capacity Building**

#### **2.1.8.1 Program Management**

Besides covering the operational expenses of program management units at each level described for OWP above, funding will be provided from the CWA to the Federal ministries and regional respective bureaus of Water, Irrigation and Energy, Health, Education and Finance and Economic Development; to build the capacity of staff and consultants for program implementation and monitoring, to equip training centers, to develop networking capabilities and to refine policies and program implementation arrangements.

#### **2.1.8.2 Capacity Building**

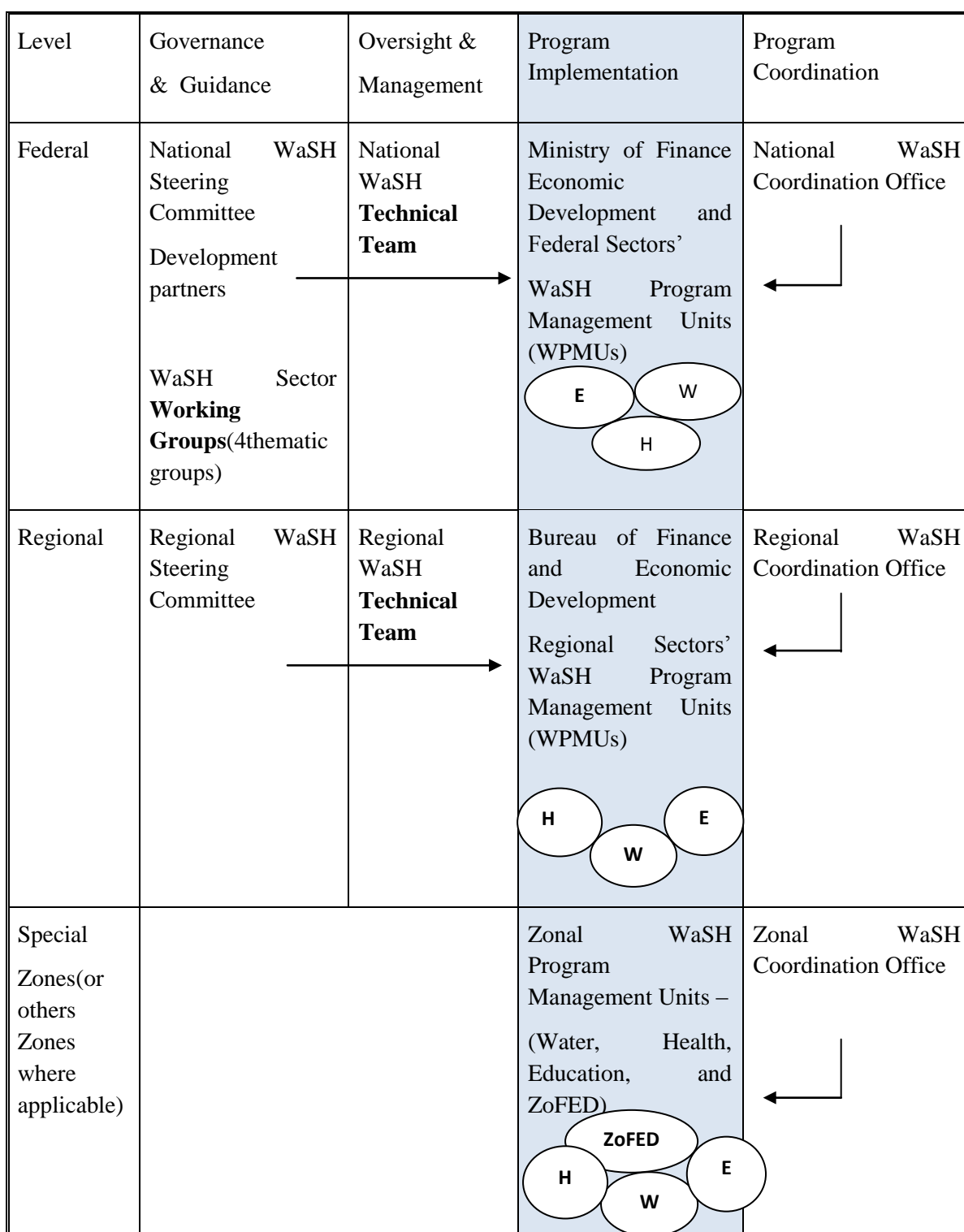
The Program will support Water technology institute currently established under the ministry, TVETCs and HSCs. This assistance will include support to curriculum development, lesson planning, teacher training and basic training equipment and tools for workshops and laboratories.

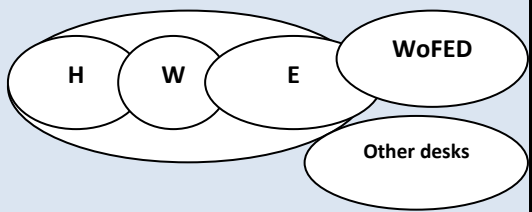
The capacity building section supports the following activities:

- Building the capacity of woreda/zonal/regional staff in surface and ground water assessment, groundwater knowledge and siting, distribution network design, environmental and social safeguards, water resources management.
- Building the capacity of woreda/town/zonal/regional collection and MIS/database
- Building the capacity of woreda/town/zonal/regional accountants in financial management
- Building the capacity of woreda/zonal/regional contractors and artisans in construction methods
- Building the capacity of Zonal PMUs, WWTs and TWUs in contract management and supervision
- Building capacity of WASHCOs, men, women and youth artisans, HEWs and HDA including follow-up activities
- Strengthening the capacity of established Water Boards in Category III towns in: business planning, asset management, planning, monitoring operators, and oversight of Program implementation.
- Train TWUs in routine O&M, asset and financial management, customer relations, reducing UAW, etc.
- Preparation of standard bidding/contract management/supervision documents
- Establishment of sub-regional operation and maintenance units and supply chain outlets
- Documentation and scaling up of pilot/demonstration activities
- Support 16 TVETCs/HSCs to offer WaSH courses
- Establish health clubs in schools
- Procure vehicles and vacuum trucks/carts, tool sets, office equipment, water quality testing equipment

## **2.2 Institutional Arrangement**

There are four major functions: Governance & Guidance, Oversight & Management, Program Implementation and Program Coordination at different levels. The schematic structural arrangement for the OWP and the institutional arrangement for each functions at different levels are as detailed on Figure 2.2 below and its establishment of each units at different level is important for the implementation of CWA financed program.

**Figure 2-2** Structural Arrangement and Functions for OOWNP Implementation

Level	Governance & Guidance	Oversight & Management	Program Implementation	Program Coordination
Woreda	Woreda WaSH Steering Committee (Woreda Cabinet)		Woreda WaSH Team 	
Town/City	Town/City WaSH Steering Committee (Town Cabinet)		Town/City WaSH Technical Team Municipality Health Desk Education Desk Town Water Board Town Water Utility	

### 2.2.1 Governance & Guidance

To provide OWP overall governance and guidance the following bodies have been established at different levels to play the following listed roles and responsibilities.

**Table 2-2 Institutional Arrangement for overall governance and guidance of the OWP.**

Level	Institution /Body	Roles and Responsibilities
Federal	National WaSH Steering Committee  <b>Composition:</b> Chair: H.E Minister of Water, Irrigation & Energy  Members: state Ministers of: <ul style="list-style-type: none"> <li>• Finance and Economic Development</li> <li>• Water, Irrigation &amp; Energy</li> <li>• Health</li> <li>• Education</li> <li>• WRDF Director General</li> </ul>	<b>Role:</b> Provides OWP national guidance and governance  <b>Responsibility:</b> <ul style="list-style-type: none"> <li>• Reviews and endorses the National one WaSH Plan and Consolidated Annual WaSH Plans</li> <li>• Oversees the proper functioning of the M&amp;E of the one OWP</li> <li>• Ensures the establishment and functioning of WaSH structures at all levels</li> <li>• Delegates management responsibilities to the Water Sector Working Group for the issues that can be handled with this capacity</li> </ul>

Level	Institution /Body	Roles and Responsibilities
	<p><b>Secretary:</b> Chair of the NWTT, a representative from Ministry of Water, Irrigation &amp; Energy</p> <p>On invitation or request, from representatives of the meeting will be opened in the spirit of enhanced policy dialogue and transparency to:</p> <p>Development partners Civil Service Organizations Others as appropriate</p> <p><b>Meets:</b> Quarterly</p>	<ul style="list-style-type: none"> <li>Fosters relationships with and elicit support from external and civil society development partners;</li> <li>Presides over Annual Multi-Stakeholder Forum (Sector Review) and follow up on the implementation of undertakings;</li> </ul>
Federal	<p>CWA contributing Development Partners:</p> <p><b>Meets:</b></p> <p>(1) Monthly or as issues arise - verbal progress meetings,</p> <p>(2) Biannually report based meetings: activity and financial progress reports on utilisation of the CWA, the status of procurement and cash flow forecast for the next quarter, FRA reports on bi-annual spot checks.</p> <p>(3) Annually held back to back to the Multi Stakeholder Forum(MSF)</p>	<p><b>Role:</b></p> <p>Provide substantially financial and technical support to the OWNPN.</p> <p><b>Responsibility:</b></p> <ul style="list-style-type: none"> <li>Provide financial support on the bases of agreed actual support and on the progress attained in the implementation of the OWNPN measured through the common agreed key performance indicators (KPIs) and reporting about the implementation of the OWNPN.</li> <li>Cooperate and communicate with each other and with the Government of Ethiopia in a timely manner on all matters relevant to the implementation of the OWNPN.</li> <li>Share all information on aid flows, technical reports and any other documentation/initiative related to the implementation of the OWNPN</li> <li>Ensure organization and finance Multi Stakeholder forum</li> </ul>
Federal	<p>WaSH Sector Working Group(Water, Sanitation, and Hygiene,</p> <p><b>Composition:</b></p> <p><b>Chair:</b> Respective State Minister or the sector,</p> <p>Co-Chair: UNICEF WaSH section</p>	<p><b>Role:</b></p> <p>Provide technical advice and support in regard to one WaSH implementation strategies and modalities</p> <p><b>Responsibility</b></p> <ul style="list-style-type: none"> <li>Meet to discuss progress, challenges and issues of one WaSH implementation</li> <li>Provide technical support to the NWCO and NWTT.</li> </ul>

Level	Institution /Body	Roles and Responsibilities
	<p>head</p> <p><b>Members:</b></p> <ul style="list-style-type: none"> <li>• Directors assigned from each respective Ministries,</li> <li>• Representative from each development partners,</li> <li>• Civil Society Organizations representative,</li> </ul> <p><b>Secretary:</b> Secretariat of the thematic sector working groups at the sector ministries</p> <p><b>Meets:</b> Quarterly</p>	<ul style="list-style-type: none"> <li>• Provide comment based on their review of the draft national annual procurement plan</li> <li>• Jointly with GoE review OOWNP annual performance, the physical and financial plan, and draft procurement plan prepared by the WaSH sector Ministries and endorsed by the Chair of the National Steering Committee (NSC) for the next fiscal year and its inclusion of the audit recommendation action plan.</li> </ul>
Regional	<p>Regional WaSH Steering Committee</p> <p><b>Composition:</b></p> <p><b>Chair:</b> Water Bureau Heads; Members: Bureau Heads Health, Education Finance &amp; Economic Development</p> <p><b>Secretary:</b> Chair of RWTT, a representative from Water Bureaus</p> <p>On invitation basis, meeting is open to: WaSH Development Assistance Group in the region Civil Society Organizations in WaSH,</p> <p><b>Reports to:</b> Regional State Council</p> <p><b>Meets:</b> Quarterly</p>	<p><b>Role:</b></p> <p>Provides program guidance and governance on behalf of the Regional State Council</p> <p><b>Responsibility:</b></p> <ul style="list-style-type: none"> <li>• Provides guidance and governance for the OOWNP on behalf of the Regional State Council;</li> <li>• Delegates program management responsibilities to the Regional WaSH Technical Team</li> <li>• Reviews and endorses the regional WaSH Plan and consolidated Annual WaSH Plans</li> <li>• Recommends WaSH plans, budgets and resource allocations to the Regional State Council for approval;</li> <li>• Oversees the proper functioning of the M&amp;E of the OOWNP at regional level</li> <li>• Fosters relationships with, and elicit support from, external and civil society development partners;</li> <li>• Accountable to the Regional State Council and partner agencies for the achievement of expected WaSH results</li> <li>• Ensures the establishment and functioning of WaSH structures in the region</li> </ul>
Woreda	<p>Woreda WaSH Steering Committee WWT (Woreda Cabinet)</p>	<p><b>Role:</b></p> <p>Provides advocacy and guidance for the implementation of the OOWNP.</p>



Level	Institution /Body	Roles and Responsibilities
	<p><b>Meets:</b> During its regular session at least on a quarterly basis discusses OWP.</p>	<p><b><u>Responsibility:</u></b></p> <ul style="list-style-type: none"> <li>• Negotiates WaSH targets and resource allocations with the RWTT</li> <li>• Provides WWT with planning and budgeting parameters</li> <li>• Endorses WWT requests for funds</li> <li>• Assigns personnel to the Woreda WaSH Team and selects Team Head.</li> <li>• Assigns the Woreda WaSH Coordinator and the Woreda WaSH accountant</li> <li>• Ensures timely, efficient and effective logistical, administrative and financial support to the WWT</li> <li>• Appraises the performance of the WWT, the WaSH Coordinator and the WaSH accountant on the basis of results against plans and budget</li> </ul>
Town/ City	<p>Town/City WaSH Steering Committee (Town Cabinet)</p> <p><b>Meets:</b> During its regular session at least on a quarterly basis discusses OWP.</p>	<p><b><u>Role:</u></b></p> <p>Provides advocacy and guidance for the implementation of the OWP.</p> <p><b><u>Responsibility:</u></b></p> <ul style="list-style-type: none"> <li>• Negotiates WaSH targets and resource allocations with the RWTT</li> <li>• Provides T/CWT with planning and budgeting parameters</li> <li>• Endorses T/CWT requests for funds</li> <li>• Assigns personnel to the town/city WaSH Team and selects Team Head.</li> <li>• Appoints the town/city WaSH Coordinator and the town/city WaSH accountant</li> <li>• Ensures timely, efficient and effective logistical, administrative and financial support to the T/CWT</li> <li>• Appraises the performance of the T/CWT, the WaSH Coordinator and the WaSH accountant on the basis of results against plans and budget</li> </ul>

### 2.2.2 Oversight & Management

To provide OWP overall oversight and management the following bodies have been established at different levels to play the following listed roles and responsibilities.

**Table 2-3 Institutional Arrangement for Oversight and Management**

Level	Institution /Body	Roles and Responsibilities
Federal	<p>National WaSH Technical Team</p> <p><b>Composition:</b></p> <p><b>Chair:</b> Director or assigned representative from Ministry of Water, Irrigation &amp; Energy;</p> <p><b>Members:</b> Directors assigned by their respective Ministries:</p> <ul style="list-style-type: none"> <li>▪ Health</li> <li>▪ Education</li> <li>▪ Finance and Economic Development</li> <li>▪ Women, Youth and Children Affairs</li> <li>▪ National WaSH coordinator</li> <li>▪ DPs water representative</li> <li>▪ Civil Society Organizations representative,</li> </ul> <p><b>Secretary:</b> National WaSH Coordinator</p> <p><b>Meets:</b> Monthly</p>	<p><b><u>Role:</u></b></p> <p>Provides OOWNP managerial oversight and management and is directly accountable to the Steering Committee for WASH performance against plans, budgets and expected results.</p> <p><b><u>Responsibility:</u></b></p> <ul style="list-style-type: none"> <li>• Establish a OOWNP Management Unit (WPMU) and designate a WaSH focal person to liaise between the WPMU and the National Coordination Office (NWCO)</li> <li>• Facilitates inter-ministry communication and cooperation</li> <li>• At the initial stage of at least review midyear performances and recommend for adjustment to the plans and budget</li> <li>• Reviews one WaSH and Annual Consolidated Plan for NWSC approval</li> <li>• Oversee implementation and makes strategic decisions as necessary on implementation</li> <li>• Negotiates allocation of targets and resources with the Regions</li> <li>• Analyzes and provides direction on financial and monitoring reports</li> <li>• Reviews and makes recommendations on semi-annual OOWNP Review Reports,</li> <li>• Supervises and supports the National WaSH Coordination Office</li> <li>• Establishes and assigns responsibilities to task groups as may be required</li> <li>• Convenes Multi Stakeholder Forums and Joint Technical Reviews</li> <li>• Liaises with donors and seek program support</li> <li>• Chair serves as the secretariat for the NWSC</li> </ul>
Regional	<p>Regional WaSH Technical Team</p> <p><b>Composition:</b></p> <p><b>Chair:</b> Director or assigned representative from Water Bureaus;</p> <p><b>Members:</b> Directors/process</p>	<p><b><u>Role:</u></b></p> <p>Provides direct oversight and direction for the planning and implementation of the Regional OOWNP</p> <p><b><u>Responsibility:</u></b></p> <ul style="list-style-type: none"> <li>• Negotiates allocation of targets and resources up with NWTT and down with woredas and towns</li> <li>• Reviews and recommends Regional one WaSH plans,</li> </ul>

Level	Institution /Body	Roles and Responsibilities
	<p>owners assigned by their respective Bureaus:</p> <ul style="list-style-type: none"> <li>○ Health,</li> <li>○ Education</li> <li>○ Finance &amp; Economic Development</li> <li>○ Women, Youth and Children Affairs</li> <li>○ Regional WaSH coordinator</li> <li>○ Representative of WaSH Development Assistance Group in the Region</li> <li>○ WaSH Civil Society Organizations,</li> </ul> <p><b>Secretary:</b> Regional WaSH coordinator</p> <p><b>Meets:</b> monthly</p>	<p>and annual consolidated Regional WaSH plan and budget to the Steering Committee;</p> <ul style="list-style-type: none"> <li>• Reviews consolidated physical, financial and M&amp;E reports (from Regional WaSH Coordination Office) and provides RWSC with analysis and recommendations;</li> <li>• Selects, supervises and supports the Regional WaSH Coordination Office (RWCO).</li> <li>• Chair serves as secretariat to the RWSC.</li> </ul>

### 2.2.3 Program Implementation

Institutions roles and responsibilities for the implementation of OWP at different levels are as listed below.

**Table 2-4 Roles and Responsibilities of WaSH Implementing Institutions**

Level	Institution	Roles and responsibilities
Federal	<p>Ministry of Finance and Economic Development:</p> <p>MoFED's Channel One Programs Coordination Unit (COPCU) will assign an appropriate representative to the National WaSH Technical Team (NWTT) and closely monitor, evaluate and support the Regions in WaSH planning, implementation and reporting</p>	<p><b><u>Role:</u></b></p> <p>Ensure that Regional PMUs, Woreda Sector Offices and Town Water Boards have the directions, information, systems, skills and resources necessary to carry out their WaSH mandate and achieve expected program results.</p> <p><b><u>Responsibility:</u></b></p> <ul style="list-style-type: none"> <li>• Opens foreign currency accounts for Development Partners and request and receives funds.</li> <li>• Opens a pooled Birr account and transfers Development Partners' funds into a Consolidated WaSH Account.</li> <li>• Transfers funds, on the basis of approved plans, budgets and reports, to special accounts (foreign currency account too if</li> </ul>

Level	Institution	Roles and responsibilities
		<p>required) opened by the WaSH ministries (MoWIE, MoH, and MoE) and the BoFED shaving a segregated budget line for water, health, education implementing agencies to capture CWA resource.</p> <ul style="list-style-type: none"> <li>• Ensures that adequate internal controls are in place and adhered to.</li> <li>• Ensure that there is adequate capacity both at MoFED and implementing agencies to enable the timely submission of internal audit standard reports.</li> <li>• Undertake timely external financial and procurement audits of the CWA on annual basis, paid by DPS, as well share reports, management letters, plan of action on the audit recommendations within six months of the end of the fiscal year.</li> <li>• Ensure timely submission of Reports on use of WaSH funds including the outstanding balance; that is how much of the DPs money is left in the CWA and in the accounts of the implementing agencies at the end of the reporting period to government, Development Partners and other stakeholders.</li> <li>• Ensures timely replenishment of the Consolidated WaSH Account and fund disbursement to implementing agencies (WPMUs and BoFEDs) and NWCO through MoWIE.</li> <li>• Oversee implementation of the national WaSH GTP targets.</li> <li>• Communicate with WaSH sector ministries on WaSH funds and provide periodical update on WaSH fund disbursement and settlement;</li> <li>• Ensure that funds transferred to regions are based on national/house of federation block grant formulas and to woredas based on plans.</li> <li>• Ensure timely disbursement and settlement of funds for Program activities.</li> <li>• Ensure financial report from woredas and regions is disaggregated for water supply and hygiene and sanitation, institutional WaSH, and program management and capacity building.</li> <li>• Contribute to preparation of consolidated National WaSH plans and budgets;</li> <li>• Ensure that Program activities, strategies and results are monitored, evaluated and reported within the WaSH framework and systems.</li> </ul>

Level	Institution	Roles and responsibilities
		<ul style="list-style-type: none"> <li>Recruit coordination with OFAG external auditor and ensure the program financial statements are audited by an external auditor.</li> <li>Direct and follow up with all implementing entities' that internal auditors conduct internal audits;</li> <li>Play an overall and overarching role of ensuring that actual performance is in line with budgets and any material deviations are explained.</li> <li>Fund management including querying and follow up of Regions and implementing entities that are not using resources for a long period of time to utilize the resource and account for.</li> <li>Collect reports from regions and federal level implementing entities and consolidate and prepare a program wide financial statements/reports on a regular basis and as required by stake holders.</li> <li>Play supervisory and support roles of ensuring that government rules and regulations are adhered in regards to accounting, internal control, treasury management, etc including regular monitoring and evaluation and supervisory trips to entities as necessary to ensure that all is in order.</li> <li>Coordinate and lead FM capacity building trainings regularly to regional BOFEDs.</li> <li>Assist regions to identify their financial management gaps and provides them with the technical assistance or the capacity development they require;</li> <li>Build linkages with and among regions – sharing information, progress reports and best practices.</li> </ul>
Federal	<p><b>1. Ministry of Water, Irrigation and Energy</b></p> <p><b>2. Ministry of Health, and</b></p> <p><b>3. Ministry of Education</b></p> <p>Each of these three ministries will establish OOWNP Management Units within an appropriate Department in each of the three Ministries. <b>Composition</b></p> <p>The size, structure and composition of each of the Units</p>	<p><b><u>Role:</u></b></p> <p>Ensure that Regional sector PMUs, Woreda and TOWN Sector Offices have the directions, information, systems, skills and resources necessary to carry out their WaSH mandate and achieve expected program results.</p> <p><b><u>Responsibility:</u></b></p> <ul style="list-style-type: none"> <li>Opens a Birr account to receive fund from MoFED for program implementation.</li> <li>Ensures that adequate internal controls are in place and adhered to including budget discipline.</li> <li>Reports on use of WaSH funds to MoFED.</li> <li>Ensures timely replenishment of the Consolidated WaSH</li> </ul>

Level	Institution	Roles and responsibilities
	<p>will vary from ministry to ministry depending on the magnitude and nature of the particular ministry's input to the OOWNP. The Units will be housed in their respective ministries.</p> <p>Unit members and support staff may be regular staff, contract staff or full time consultants. The latter two will be paid from OOWNP funds. Unit members, whether regular, contract or consultant will be assigned to the Unit on a fulltime basis.</p> <p>The Units will be integral to their departments and will draw on the expertise/services of other units within their departments on an <i>as needed</i> basis.</p>	<p>Account</p> <ul style="list-style-type: none"> <li>• Prepare and submit to the NWCO an annual water supply and wastewater improvements measure Plan of Actions.</li> <li>• Review quarterly, semi-annual and annual reports and budget follow up of their respective Ministries and regional line Bureaus.</li> <li>• Advise and assist respective Bureaus in the establishment of appropriate WaSH structures at the Regional and Woreda level.</li> <li>• Ensure establishment and staffing of regional Program management units in all sector bureaus.</li> <li>• Assists the Regional sector bureaus identify their program gaps and management deficits and provides them with the technical assistance or the capacity development they require.</li> <li>• Builds linkages with and among the Regional sectors - sharing information, progress reports and best practices.</li> <li>• Demonstrates and fosters the integration and harmonization of the OOWNP.</li> <li>• Build linkages with and among regional sectors - share information, progress reports and best practices.</li> <li>• Ministry of Water, Irrigation and Energy specifically provides office with adequate space, office furniture, office supplies, and other facilities to National WaSH Coordination Office. In the future, this arrangement may be changed based on the decision of the SC.</li> <li>• Ministry of Water, Irrigation and Energy play a leading role in establishing, strengthening and regulating supply chain system that enables the sustained use of WaSH facilities.</li> </ul>
Regional	Bureau of Finance and Economic Development	<p><b><u>Role:</u></b></p> <p>Ensure that Woreda Sector Offices and Town Water Boards have the directions, information, systems, skills and resources necessary to carry out their WaSH mandate and achieve expected program results.</p> <p><b><u>Responsibility:</u></b></p> <ul style="list-style-type: none"> <li>• Opens a Birr account and transfers funds, on the basis of approved plans, budgets and reports, to special accounts (WoFEDs and ToFEDS).</li> <li>• Ensures that adequate internal controls are in place and adhered to.</li> </ul>

Level	Institution	Roles and responsibilities
		<ul style="list-style-type: none"> <li>• Reports on use of WaSH funds to MoFED, Regional Development Partners and other stakeholders.</li> <li>• Ensures timely replenishment of the Consolidated WaSH Account and fund disbursement to implementing agencies (WoFEDs and ToFEDs) and RWCO through RWB.</li> <li>• Oversee implementation of the regional WaSH GTP;</li> <li>• Communicate with WaSH sector Bureaus on WaSH funds and provide periodical update on WaSH fund disbursement and settlement.</li> <li>• Ensure that funds transferred to Woreda and Town/Cities are based on plans and budgets approved by the RWSC and try to consider fair access to WaSH services in all woredas.</li> <li>• Ensure timely disbursement and settlement of funds for Program activities.</li> <li>• Ensure financial report from woredas and towns/cities is disaggregated for water supply, and hygiene and sanitation, institutional WaSH, and program management and capacity building.</li> <li>• Contribute to preparation of consolidated Regional WaSH plans and budgets.</li> <li>• Ensure that Program activities, strategies and results are monitored, evaluated and reported within the WaSH framework and systems.</li> <li>• Recruit in coordination with MoFED external auditor and ensure the program financial statements are audited by the external auditor.</li> <li>• Direct and follow up all implementing entities' within it respective region that internal auditors conduct internal audits;</li> <li>• Play an overall and overarching role of ensuring that actual performance is in line with budgets and any material deviations are explained.</li> <li>• Fund management including querying and follow up of all implementing entities within the regions, towns and woredas that are not using resources for a long period of time to utilize the resource and account for.</li> <li>• Collect reports from regional, woreda and town level implementing entities and consolidate and prepare a program wide financial statements/reports on a regular basis and as required by stake holders.</li> <li>• Play supervisory and support roles of ensuring that the</li> </ul>

Level	Institution	Roles and responsibilities
		<p>government rules and regulations are adhered at region level in regards to accounting, internal control, treasury management, etc including regular monitoring and evaluation and supervisory trips to entities as necessary to ensure that all is in order.</p> <ul style="list-style-type: none"> <li>• Coordinate and lead FM capacity building trainings regularly to WOFEDs and TOFEDs</li> <li>• Assist woredas and towns/cities to identify their financial management gaps and provides them with the technical assistance or the capacity development they require.</li> <li>• Build linkages with and among woredas and among towns/cities – sharing information, progress reports and best practices.</li> </ul>
Regional	<p>1. Bureau of Water</p> <p>2. Bureau of Health, and</p> <p>3. Bureau of Education</p> <p>Each of the three Bureaus will establish a OWRP Management Unit (PMU) within an appropriate Department.</p> <p><b>Composition</b></p> <p>A Unit Head will be appointed for each Unit. Duties will include serving as the focal person for their Bureau in the Regional WaSH Coordination Office.</p> <p>The size, structure and composition of each of the Units will vary from Bureau to Bureau depending on the magnitude and nature of the particular Bureau's input to the OWP. The Units will be located in their respective Bureaus.</p> <p>Unit members and support staff may be regular or contract staff. The latter will be paid from OWP funds. Unit members, whether regular or contract, will</p>	<p><b><u>Role:</u></b></p> <p>Ensures that the Town/city or Woreda WaSH teams have the directions, information, systems, skills and resources necessary to carry out their WaSH mandate and achieve expected program results</p> <p><b><u>Responsibility:</u></b></p> <ul style="list-style-type: none"> <li>• Implement OWP at regional level.</li> <li>• Opens a Birr account to receive fund from MoFED for program implementation.</li> <li>• Ensures that adequate internal controls are in place and adhered to including budget discipline.</li> <li>• Reports on use of WaSH funds to MoFED.</li> <li>• Ensures timely replenishment of the Consolidated WaSH Account</li> <li>• Monitors implementation of WaSH program of woredas and towns.</li> <li>• Provides support to town and woreda WaSH implementers.</li> <li>• Budget follow up and report review of WaSH program of woredas and towns.</li> <li>• Ensures that program strategies, activities and results are monitored, evaluated and reported within the WaSH framework and systems.</li> <li>• Ensures that WaSH inputs and activities for communities, schools and other institutions are effectively implemented and integrated into the OWP at town/city and woreda levels.</li> </ul>



Level	Institution	Roles and responsibilities
	<p>be assigned to the Unit on a fulltime basis.</p> <p>The Units will be an integral part of their departments and will draw upon the expertise/services of other units within the department and Bureau on need basis.</p>	<ul style="list-style-type: none"> <li>Assists Woredas or Towns/.cities identify their program gaps and management deficits and provides them with the technical assistance and/or capacity development they require</li> <li>Procures goods and services on behalf of towns and woredas when complexity or critical mass so require;</li> <li>Builds linkages with and among Woredas and Town/City – sharing information, progress reports and best practices</li> <li>Demonstrates and fosters the integration and harmonization of the OWP</li> </ul>
	Water Resource Development Fund	<p><b><u>Role:</u></b> Coordinate and monitor the Federal Government's on-lending program for urban WSS sub-projects.</p> <p><b><u>Responsibility:</u></b></p> <ul style="list-style-type: none"> <li>Responsible for appraisal of on lending Urban WaSH projects proposed by the regions</li> <li>conduct final appraisal of project proposals and monitor implementation.</li> <li>Checks to confirm compliance of participating cities with the requirement of the appraisal criteria prior to design and construction financing is approved.</li> <li>Release funds to Cities Water Boards based on appraised projects and agreed financing schedule and upon submission of acceptable SOE and supporting documents based on payment advice from Regional OWRP.</li> <li>Prepare consolidated project financial statements.</li> <li>Submit audited financial statements no later than six months after the close of each fiscal year to the MOWIE.</li> </ul>
Woreda	Woreda Finance and Economic Development Office	<p><b><u>Role: Overall</u></b> Management for the woreda WaSH budget in accordance to the approved Woreda WaSH plan.</p> <p><b><u>Responsibility:</u></b></p> <ul style="list-style-type: none"> <li>Opens a Birr account at Woreda level</li> <li>Ensures that adequate internal controls are in place and adhered to.</li> <li>Reports on use of WaSH funds to BoFED and other stakeholders.</li> <li>Ensures timely replenishment of the Consolidated WaSH Account</li> <li>Communicate with the Woreda Administrator and WaSH</li> </ul>

Level	Institution	Roles and responsibilities
		<p>team on WaSH funds and provide periodical update on WaSH fund disbursement and settlement.</p> <ul style="list-style-type: none"> <li>• Ensure timely disbursement and settlement of funds for Program activities.</li> <li>• Prepare financial report disaggregated for water supply, and hygiene and sanitation, institutional WaSH, and program management and capacity building.</li> <li>• Contribute to preparation of consolidated Woreda WaSH plans and budgets.</li> <li>• Ensure that Program activities, strategies and results are monitored, evaluated and reported within the WaSH framework and systems.</li> <li>• Recruit in coordination with BoFED external auditor and ensure the program financial statements are audited by the external auditor.</li> <li>• Direct and follow up all implementing entities' within it respective woreda that internal auditors conduct internal audits;</li> <li>• Play an overall and overarching role of ensuring that actual performance is in line with budgets and any material deviations are explained.</li> <li>• Fund management including querying and follow up of all implementing entities within the woredas that are not using the resources for a long period of time to utilize the resource.</li> <li>• Prepare a program wide financial statements/reports on a regular basis and as required.</li> <li>• Play supervisory and support roles of ensuring that the government rules and regulations are adhered at woreda level in regards to accounting, internal control, treasury management, etc.</li> </ul>
Woreda	<p><b>Woreda WaSH Team</b></p> <p><b>Composition:</b> The WWT where it is not established will be established by the woreda Administration and consists, minimally, of the Heads of the Water, Health and Education Offices (or their substitutes) and a representative</p>	<p><b><u>Role:</u></b></p> <ul style="list-style-type: none"> <li>• Coordinates the input of Sector Offices to WaSH implementation;</li> <li>• Supports the day-to-day management of the Woreda OWP and is accountable for the achievement of expected results.</li> </ul> <p><b><u>Responsibility:</u></b></p> <ul style="list-style-type: none"> <li>• Prepares consolidated Woreda WaSH plans (UAP and annual) and request timely the regional water/health bureau</li> </ul>

Level	Institution	Roles and responsibilities
	<p>from WoFED – one of whom will be appointed Team Leader. Wherever possible the Woreda will contract:</p> <ul style="list-style-type: none"> <li>▪ A full time Coordinator</li> <li>▪ A full time accountant/clerk</li> </ul> <p>The Coordinator will carry forward the day-to-day implementation of the OOWNP working closely with the WTT Team Leader and reporting directly to the Woreda Administrator.</p> <p>The accountant/clerk will be on the staff of WoFED but assigned fulltime to WaSH responsibilities.</p> <p>Other personnel:</p> <ul style="list-style-type: none"> <li>▪ Environmental Health Workers (staff)</li> <li>▪ Development Agents (staff)</li> <li>▪ Woreda Support Groups (contract)</li> <li>▪ Community Facilitators (contract)</li> </ul> <p>Contractors &amp; Suppliers (contract)</p>	<p>for financing.</p> <ul style="list-style-type: none"> <li>• Reviews and recommends woreda WaSH plans (UAP and Annual Consolidated WaSH Plan) for inclusion in the Woreda Development Plan.</li> <li>• Reviews and provides comment on the consolidated financial, physical and M&amp;E reports.</li> <li>• Review and monitor OOWNP implementation at woreda level.</li> <li>• Budget follow up and report review of WaSH program at Woreda level</li> <li>• Manages annual WaSH Inventory and M&amp;E system and maintains woreda database/information system and ensures its annual update</li> <li>• Reviews and prioritizes WaSH plans proposed and submit to WoFED for review and recommendation for approval.</li> <li>• Contracts and supervises training and technical services if and as required – e.g. Community Facilitators, Woreda Support Groups, etc,</li> <li>• Supporting WASHCOs to become legal entities.</li> <li>• Actively supports the emergence, training, equipping and engagement of artisans and other service providers in the private sector – and the establishment of a viable supply chain.</li> <li>• Ensures sustainability of WaSH services in collaboration with appropriate sector offices.</li> <li>• Try to ensure fair access to WaSH services between Kebeles and communities.</li> <li>• Ensure all funds allocated for WaSH is utilized for the intended purpose only.</li> </ul>
	Town/City Finance and Economic Development Office	<p><b><u>Role:</u></b></p> <p><u>Overall</u> management of the town WaSH budget in accordance to the approved Town WaSH plan.</p> <p><b><u>Responsibility:</u></b></p> <ul style="list-style-type: none"> <li>• Opens a Birr account at town level</li> <li>• Ensures that adequate internal controls are in place and adhered to.</li> <li>• Reports on use of WaSH funds to BoFED and other stakeholders.</li> <li>• Ensures timely replenishment of the Consolidated WaSH</li> </ul>

Level	Institution	Roles and responsibilities
		<p>Account</p> <ul style="list-style-type: none"> <li>• Communicate with the Town Administrator and WaSH team on WaSH funds and provide periodical update on WaSH fund disbursement and settlement.</li> <li>• Ensure timely disbursement and settlement of funds for Program activities.</li> <li>• Prepare financial report disaggregated for water supply, and hygiene and sanitation, institutional WaSH, and program management and capacity building.</li> <li>• Contribute to preparation of consolidated Town WaSH plans and budgets.</li> <li>• Ensure that Program activities, strategies and results are monitored, evaluated and reported within the WaSH framework and systems.</li> <li>• Recruit in coordination with BoFED external auditor and ensure the program financial statements are audited by the external auditor.</li> <li>• Direct and follow up all implementing entities' within it respective town that internal auditors conduct internal audits;</li> <li>• Play an overall and overarching role of ensuring that actual performance is in line with budgets and any material deviations are explained.</li> <li>• Fund management including querying and follow up of all implementing entities within the woredas that are not using the resources for a long period of time to utilize the resource.</li> <li>• Prepare a program wide financial statements/reports on a regular basis and as required.</li> <li>• Play supervisory and support roles of ensuring that the government rules and regulations are adhered at town level in regards to accounting, internal control, treasury management, etc.</li> </ul>
Town/City	<p>Town/City WaSH Team</p> <p><b>Composition:</b> The T/CTT is established by the town/city administration and consists of mainly representative from the town/city administration, health and education desk personnel.</p>	<p><b><u>Role:</u></b></p> <p>Plan and manage the overall WaSH activities in the town/city.</p> <p><b><u>Responsibility:</u></b></p> <ul style="list-style-type: none"> <li>• Assesses the proposal and extent and kind of need in terms WaSH submitted to it by the T/CTT.</li> <li>• Set town/city goal in terms of WaSH intervention.</li> <li>• Determine and decide on the kind of WaSH intervention</li> </ul>

Level	Institution	Roles and responsibilities
		<p>proposed by the T/CTT in the town.</p> <ul style="list-style-type: none"> <li>• Apply for grants and loans for development of WaSH when necessary.</li> <li>• Actively participate in the technical assistance provided for the preparation of program proposal and capacity building particularly in the improvement of water supply and/or liquid waste management services.</li> <li>• Contract and manage consultants, contractors and suppliers for the improvement of water supply and/or liquid waste management services.</li> <li>• Report in case of loan to WRDF on improvement of water supply and/or liquid waste management services implementation.</li> <li>• Contract and oversee utility operator, monitor and evaluate and report to city administration.</li> <li>• Reviews and recommends town/city WaSH plans (UAP and Annual Consolidated WaSH Plan) for inclusion in the Town Development Plan</li> <li>• Reviews and provides comment on the consolidated financial, physical and M&amp;E reports.</li> <li>• Budget follow up and report review of WaSH program at town level.</li> </ul>
Town/ City	Town City Water Board	<p><b><u>Role:</u></b></p> <p>Plan and manage the overall water supply activities in the town/city.</p> <p><b><u>Responsibilities:</u></b></p> <ul style="list-style-type: none"> <li>• Assesses the proposal and extent and kind of need in terms water supply and wastewater management system improvement submitted to it by the T/CTT.</li> <li>• Set town/city goal in terms of water supply and wastewater management system improvement intervention.</li> <li>• Determine and decide on the kind of water supply and wastewater management system improvement intervention proposed by the T/CTT and WSSE in the town.</li> <li>• Apply for grants and loans for development of water supply and wastewater management system improvement when necessary.</li> <li>• Actively participate in the technical assistance provided for the preparation of program proposal and capacity building particularly in the improvement of water supply and/or</li> </ul>

Level	Institution	Roles and responsibilities
		<p>liquid waste management services.</p> <ul style="list-style-type: none"> <li>Contract and manage consultants, contractors and suppliers for the improvement of water supply and/or liquid waste management services.</li> <li>Report in case of loan to WRDF on improvement of water supply and/or liquid waste management services implementation.</li> <li>Contract and oversee utility operator, monitor and evaluate and report to city administration.</li> <li>Budget follow up and report review of WaSH program at utility/enterprise level</li> </ul>
Town/ City	<p>Water Supply and Sewerage Service Enterprise</p> <p><b><u>Composition:</u></b></p> <p>The WSSU is an existing institution that is responsible for day-to-day operation and management of water supply systems and liquid waste management systems.</p>	<p><b><u>Role:</u></b></p> <ul style="list-style-type: none"> <li>Provide clear and adequate water service to the residents, institutions and commercial centers using the revenue it generates from different sources.</li> <li>Manages and regulate liquid waste generated in the town/city by residents, institutions and commercial centers.</li> </ul> <p><b><u>Responsibilities:</u></b></p> <ul style="list-style-type: none"> <li>Operate, maintain and manage day to day water supply systems and liquid waste management systems.</li> <li>Provide water supply and sewerage services to residents, commercial and institutional centers.</li> <li>Collect and manage as per the tariff, tariff and other revenues of water and sewerage services</li> <li>Produce and report to the T/CWB on the performance.</li> <li>Responsible for the overall technical, commercial/customer service and financial and administrative aspects of the utility.</li> <li>Opens a Birr account to receive fund from Woreda or Town OFED for program implementation.</li> <li>Ensures that adequate internal controls are in place and adhered to including budget discipline.</li> <li>Reports on use of WaSH funds to BoFED.</li> <li>Ensures timely replenishment of the Consolidated WaSH Account</li> </ul>
Sub city/ Keble	<p>Sub City or Kebele Development Committee (Sc/KDC)</p> <p><b><u>Composition:</u></b></p>	<p><b><u>Role:</u></b></p> <p>Plan and manage the WaSH activities in low income areas, school and health institutions</p> <p><b><u>Responsibilities:</u></b></p>

Level	Institution	Roles and responsibilities
	The Sc/KDC is an existing institution that would be engaged in WaSH activities that would take place in its respective Sub-city or Kebele.	<ul style="list-style-type: none"> <li>• Identify communities that will receive financing</li> <li>• Identify intervention in school and health institutions.</li> <li>• Engage in promotion of hygiene promotion in its respective Sub-city/Kebele.</li> <li>• Inform and provide assistance to beneficiary communities through procurement of CFTs.</li> <li>• Monitors the WaSH implementation in community WaSH services and institutions.</li> </ul>
Community	WASHCOMs	<p><b><u>Role:</u></b></p> <p>Responsible for program implementation and with the community plan, implement and manage their facilities</p> <p><b><u>Responsibility</u></b></p> <ul style="list-style-type: none"> <li>• Identifying needs, planning, designing and implementing the village/small towns program proposal;</li> <li>• Ensuring that all members of the community, especially women, actively participate in decision-making;</li> <li>• Ensuring proper financial management;</li> <li>• Procurement of hand pumps, spare parts, works and services on behalf of communities;</li> <li>• Supervision of CP/WP and construction (with the help of a check-list provided by the WWT);</li> <li>• Suspend construction or activities that are not satisfactory with the assistance of the WWT;</li> <li>• Enter into agreement with WWT and service providers;</li> <li>• Where appropriate, make revisions in consultation with its members and WWT;</li> <li>• Keep an up-dated registration of members of user community with basic data;</li> <li>• Ensure that the rights and obligations of members are correctly observed;</li> <li>• Ensure that members gain opportunities of training regarding sanitation and the protection of the water source and related works;</li> <li>• Prepare community water supply and sanitation proposal (facility management plan);</li> <li>• Call the meetings of the General Assembly and report about the finances and activities of the WASHCOM;</li> <li>• Employ, administer and supervise such staff as may be found necessary for the day-to-day management of the system and release the same where necessary;</li> </ul>

Level	Institution	Roles and responsibilities
		<ul style="list-style-type: none"> <li>• Report to KDC/ WWT and user community;</li> <li>• Facilitate hygiene education within the community;</li> <li>• Facilitate promotion works to be carried out in the community in collaboration with the HEWs.</li> </ul>

## 2.2.4 Program Coordination

Institutions roles and responsibilities for the program coordination of OWP at different levels are as listed below on Table 2.5.

**Table 2-5 Institutions roles and responsibilities for the program coordination of OWP**

Level	Institution	Roles and responsibilities
Federal	<p>National WaSH Coordination Office</p> <p><b>Composition:</b></p> <ul style="list-style-type: none"> <li>▪ Coordinator (team leader)</li> <li>▪ One representative from each of the three partner ministries</li> <li>▪ Professional staff contracted to implement day-to-day activities</li> </ul> <p>The NWCO team will have combined expertise in: Planning and Management Financial Management Procurement Communications M&amp;E and Information Systems Management Hygiene and Sanitation Rural &amp; Urban Water Supply</p> <p>All professional positions, other than ministry representatives, will be contract positions filled through a competitive process</p> <p>The NWTT will approve final selection.</p>	<p><b>Role:</b></p> <ul style="list-style-type: none"> <li>• Facilitate NWTT meeting</li> <li>• Provides the NWTT with information and analyses required for strategic management decisions;</li> <li>• Facilitates coordination among the three Program Management Units;</li> <li>• Maintains WaSH management systems</li> </ul> <p><b>Responsibility:</b></p> <ul style="list-style-type: none"> <li>• Assists the regions in preparing and implementing WaSH MoUs appropriate to their respective contexts</li> <li>• Supports the establishment of Regional WaSH Coordination Offices in all Regional States and ensures their proper functioning</li> <li>• Provides continuous support to the Regional WaSH Sector Bureaus and Regional WaSH Coordination Offices in planning and implementing the OWP</li> <li>• Prepares and recommends to NWTT consolidated Strategic and Annual Work Plans for the allocation of fund based on a clear and transparent needs based planning criteria that prioritize areas of great interest</li> <li>• Designs and implements a National Capacity Building Program – including preparation of manuals, guidelines and generic training materials</li> <li>• Makes recommendations to the NWTT on strategies and implementation arrangements based on the analysis of M&amp;E reports and other data</li> <li>• Organizes JTR, MSF and other meetings in collaboration</li> </ul>



Level	Institution	Roles and responsibilities
	<p>The NWCO Coordinator will report directly to the Chair of the NWTT.</p> <p>All NWCO members will have specific job descriptions and will report to the Coordinator. The performance of each will be regularly appraised on the basis of results achieved.</p> <p>The NWCO will be housed in one of the partner ministries to be selected by the NWTT</p>	<p>with development partners</p> <ul style="list-style-type: none"> <li>• Ensures regions have consolidated WaSH plans</li> <li>• Convene meetings of RWCO staff and WaSH focal persons</li> <li>• Facilitates experience-sharing within and outside the country</li> <li>• Maintains national WaSH management systems and records</li> <li>• Promotes and facilitate national networks among WaSH actors</li> </ul>
Regional	<p><b>Regional WaSH Coordination office</b></p> <p><b>Composition:</b></p> <p>The RWCO staff will consist of a manager (Regional WaSH Coordinator) and a team of professionals with administrative support.</p> <p>The RWCO Manager will report directly to the Head of the Technical Team.</p> <p>RWCO members have specific job descriptions, will report to the Manager and their performance will be appraised on the basis of results.</p> <p>The size and composition of the Regional Coordinating Office will vary in each Region relative to the magnitude of the program and other factors such as distances and population density and diversity.</p>	<p><b><u>Role:</u></b></p> <ul style="list-style-type: none"> <li>• Facilitate RWTT meeting</li> <li>• Provides the RWTT with information and analyses required for strategic management decisions;</li> <li>• Facilitates coordination among the three Program Management Units;</li> <li>• Maintains WaSH management systems.</li> </ul> <p><b><u>Responsibility:</u></b></p> <ul style="list-style-type: none"> <li>• Assists Woredas in implementing WaSH MoUs appropriate to their respective contexts</li> <li>• Supports the establishment of WWT in all woredas and ensures their proper functioning</li> <li>• Provides continuous support to the WWT in planning and implementing the OWP</li> <li>• Consolidates and recommends to RWTT the Strategic and Annual Work Plans</li> <li>• Designs and implements a Regional Capacity Building Program – including preparation of manuals, guidelines and generic training materials</li> <li>• Ensures Woredas have consolidated WaSH plans</li> <li>• Facilitates experience-sharing within and outside the region</li> <li>• Maintains regional WaSH management systems and records</li> <li>• Promotes and facilitated regional networks among WaSH actors</li> </ul>

Level	Institution	Roles and responsibilities
	However, whatever the size of the RWCO, it is essential that it have a core of expertise in financial management, procurement and monitoring & evaluation.	
Zonal	<p><b>Zonal WaSH Coordination office</b></p> <p><b>Composition:</b></p> <p>The ZWCO staff will consist of a manager (Zonal WaSH Coordinator) and a team of professionals with administrative support.</p> <p>The ZWCO Manager will report directly to the Head of the Technical Team. ZWCO members have specific job descriptions, will report to the Manager and their performance will be appraised on the basis of results.</p> <p>The size and composition of the Zonal Coordinating Office will vary in each Zone relative to the magnitude of the program and other factors such as distances and population density and diversity. However, whatever the size of the ZWCO it is essential that it have a core of expertise in financial management, procurement and monitoring &amp; evaluation</p>	<p><b><u>Role:</u></b></p> <ul style="list-style-type: none"> <li>• Provides the ZWTT with information and analyses required for strategic management decisions;</li> <li>• Facilitates coordination among the three Program Management Units;</li> <li>• Maintains WaSH management systems.</li> </ul> <p><b><u>Responsibility:</u></b></p> <ul style="list-style-type: none"> <li>• Assists Woredas in implementing WaSH MoUs appropriate to their respective contexts</li> <li>• Supports the establishment of WWT in all woredas and ensures their proper functioning</li> <li>• Provides continuous support to the WWT in planning and implementing the OWP</li> <li>• Prepares and recommends to ZWTT consolidated Strategic and Annual Work Plans</li> <li>• Designs and implements a Zonal Capacity Building Program – including preparation of manuals, guidelines and generic training materials</li> <li>• Ensures Woredas have consolidated WaSH plans</li> <li>• Facilitates experience-sharing within and outside the region</li> <li>• Maintains regional WaSH management systems and records</li> <li>• Promotes and facilitate regional networks among WaSH actors</li> </ul>

### 3. FINANCIAL MANAGEMENT AND DISBURSEMENT

#### 3.1 General

The total funding required to achieve the GTP water supply, sanitation and hygiene targets is 2.41 billion USD. To achieve the GTP targets, effective institutional arrangements and procedures need to be in place to ensure the smooth flow of funds as well as the timely availability of adequate financial resources and to track their use.

Independent Financial Management Manual, which contains detailed procedures, will be developed for the Program from the old WaSH manual. It thus should be noted that this section of the Program Operational Manual (POM) would not substitute such detail Financial Management Manual. This section of the Program Operational Manual (POM) is designed to general information Financial Management (FM) system across the implementing agencies of the One WaSH Program, and to provide financial guidelines and procedure guidance specifying how planning and budgeting are processed, Financial transactions of the Program are recorded and reported by implementing agencies at federal, regional, and woreda levels, including town administrations. It discusses the procedures for receiving funds from Development Partners (DPs), the required books to be kept, keeping the funds, spending them, recording the expenditures, reporting to the appropriate entities, and safeguarding the assets acquired.

This section of the Manual has the following general objectives:

1. Outlining the various processes and procedures to be followed by all staff involved in the FM of the Program.
2. Providing instructions to ensure that resources to be used are incorporated in the budget and adequate internal controls are in place to safeguard the use of funds during implementation.
3. Aligning the program FM to financiers' guidelines.
4. Outlining responsibilities among the key players of the various operational aspects of the FM system.
5. Serving as a reference document for all parties involved in the implementation of the Program.

*The government accounting system, policies and procedures are the basis of this manual financial management practice for implementing entities.* This documentation would be listed in the FM manual. The government chart of account codes will be in use unless new account titles are required as a result of the unique features of the Program (new sub accounts can be used for the program) and will be included in the FM manual

This FM section sets forth the Program financial policies and procedures for the guidance of all personnel including those charged with financial responsibilities with the aim of ensuring that Program resources are properly managed and safeguarded. COPCU with the Government Accounts Directorate of consultation, should approve any modification, alteration, or change to this section including FM Manuals – in consultation with the participating DPs.

The content of the section also includes the general FM institutional arrangements, budgeting procedures, fund flow mechanism, internal control and audit procedures, accounting and record keeping procedures, Chart of Accounts, financial reporting, external audit and institutional oversight arrangements.

### 3.2 Financial Management

It is envisaged that ONE WaSH Program will follow the modalities of the Sector-Wide Approach (SWAP) because it allows enhancement of development impact by scaling up, building stronger donor partnerships in support of country-led sector reform Programs, and improving the performance of institutions in managing all sector resources. The SWAP approach also presents particular opportunities and challenges for the harmonization of procedures by participating donors and more effective pooling of resources.

The FM system under SWAP typically requires the production of timely, understandable, relevant, and reliable financial information that allows DPs, the government, and other stakeholders to plan budget and implement the Program, monitor compliance with agreed procedures, and appraise progress toward its objectives. To meet these requirements, the system will have the following features:

- *Budgeting.* A system to identify the short-term activities necessary to achieve the Program objectives and express these activities in financial terms.
- *Accounting.* A system to track, record, analyses and summarize financial transactions.
- *Funds flow arrangements.* Appropriate arrangements to receive funds from all sources and disburse the funds to the agencies involved in Program implementation.
- *Internal control.* Arrangements, including internal audit, to provide reasonable assurance that (a) operations are being conducted effectively and efficiently and in accordance with relevant financing agreements; (b) financial and operational reporting are reliable; (c) applicable laws and regulations are being complied with; and (d) assets and records are safeguarded.
- *Reporting.* A system that would produce sufficient detailed information to manage the Program, and provide each donor with regular consolidated interim financial reports and annual consolidated financial statements.

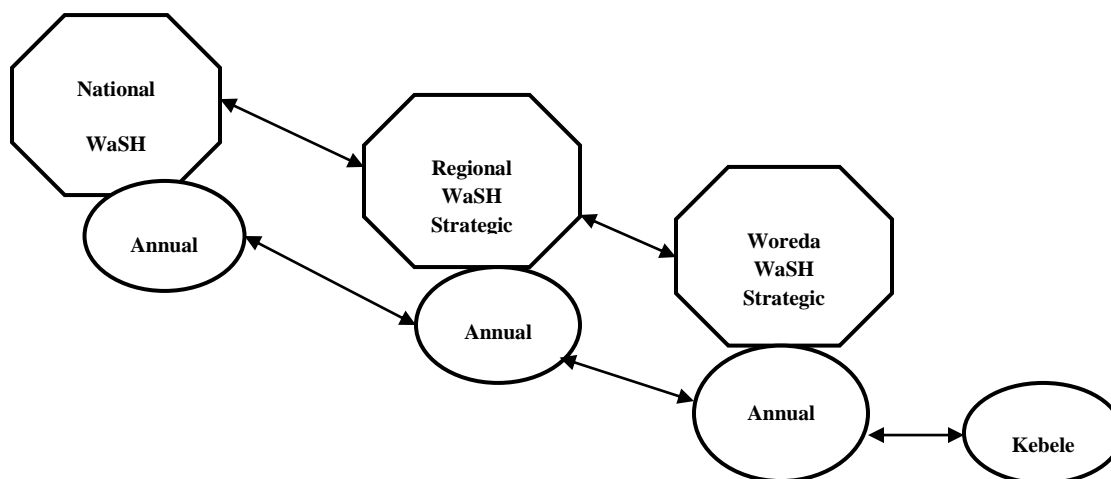
- *External audit.* Arrangements for conducting annual external audit of the consolidated financial statements for the sector on terms of reference acceptable to all the stakeholders.
- *Financial management staffing.* Relevantly qualified financial management staff, including accounting and internal audit staff, with clearly defined roles and responsibilities to conduct financial management activities.

The OWP would also consider developing FM manual that can address detailed FM technical issues and procedures which is targeted to serve as user guide for all implementers. It would also adequately cover other FM activities like internal control, accounting & record keeping procedures and chart of accounts.

### 3.2.1 Planning Framework

One WaSH Plan means that all major contributors (government, Development Partners, NGOs and communities) agree to be a part of a single comprehensive national WaSH program. The One Plan is built out of Strategic Plans and Annual Plans that are developed at each level and are linked to one another.

**Figure 3-1 Planning Framework for OWP at National, Regional and Woreda levels**



**Strategic Plans** have time frame in line with the period of the national development plan of the country and include goals, targets, strategies, resources and key activities. **Annual Plans** have a one-year time frame that translate the priorities of the Strategic Plan into a set of practical activities, detailed schedules, budgets and specific outputs or results directly relating to GTP targets. The Annual Plan is *operational*.

Both Strategic and Annual Plans are:

**Linked** to resource mapping (of all anticipated financial and human resources)

**Linked** to other plans (strategic-to-annual & from one level-to-next level)

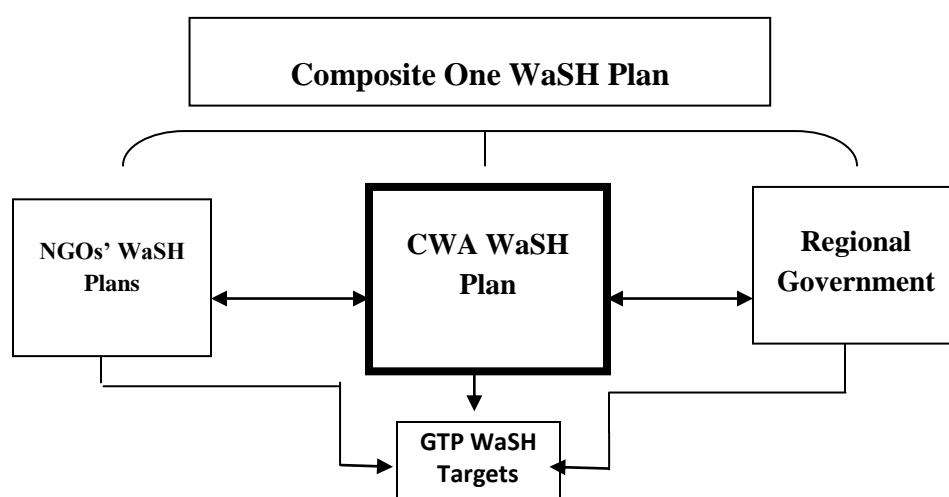
**Approved** - by the relevant federal/local government authority

**Comprehensive** – covering all WaSH activities of all implementers

**Consistent** - with the Strategic Planning & Management approach

One WaSH Plan means that all major WaSH activities of all implementing agencies, at each level, are included in **one composite plan**. The Consolidated WaSH Account Plan which is built by the woreda, regional and federal WaSH structures is central to the Composite WaSH Plans (See Figure 3.2). As NGOs are part of the composite plan, they are responsible to share information on the resource that they are allocating for various activities in the sector. However they are not expected to contribute to the CWA.

**Figure 3-2 Composite OOWNP Plan**



### 3.2.2 Strategic Plans

Strategic plans should be prepared at the national, regional, zonal and woredas levels. All plans must be linked and mutually consistent with one another. Ideally, kebeles should produce Strategic Plans, especially with regard to schools and health facilities. However, limited capacity at kebeles level makes this unrealistic in most cases.

Producing Strategic Plans is a three step process, consisting of, baseline establishment target identification and resource mapping:

**Targets** - The targets that prevail in the WaSH Program are those of the Growth and Transformation Program. These are calculated over the remaining 5-year period in the Universal Access Plans and the program life span of the Water and Health Ministries. Targets are adjusted annually based on data from the WaSH Inventory and the results of Resource Mapping i.e. the availability of funds

**Baseline** - A second critical step in planning is to establish a reliable baseline to determine, as precisely as possible, what the current level of achievement is. Where we are now in relation to the targets that need to be achieved? What is the starting point in our Plan?

**Resource mapping** - A third essential planning step is mapping the financial resources that can be reasonably expected to be available to support the WaSH program. This mapping involves all funds from all sources that are committed, or likely to be committed, to WaSH activities and investments. A major portion of these funds come from Development Partners contributions to the CWA and from government programs<sup>3</sup> and grants<sup>4</sup>. However, civil society organizations are also major partners in, and contributors to, the WaSH program.

It is also essential that, in the resource mapping exercise, to factor the possible resource that could be generated internally through community contribution and other means of mobilization are taken into account in program planning.

### 3.2.3 Annual Plans

Once WaSH Strategic Plans are finalized, the next step is to prepare Annual WaSH Plans and budgets at each level. Annual WaSH Plans show how the broader objectives, priorities and targets of the Strategic Plans are translated into practical activities and detailed budgets. Annual WaSH Plans are operational. Developing annual plans requires consultation at every level with major stakeholders including relevant government institutions, Development Partners, NGOs and, at the woreda and Kebele levels, with the community.

WaSH annual planning is done in two stages:

- **Core Planning** (August through November) establishes annual targets/outputs and CWA plus budget ceilings
- **Annual Work Planning** (December through February) adds the specifics - activities, assignments, schedules and proposed expenditures from all sources.

WaSH implementing agencies draft Core Plans (physical and financial) using a common format provided by the NWCO. When approved, the Core Plans serve as the basis for building detailed **Annual WaSH Work Plans** – again, using a common format. Approved WaSH AWP are subsequently built into the Development Plans at each administrative level.

## 3.3 BUDGET PROCESS AND BUDGETARY CONTROL

### 3.3.1 Budget Preparation

The One-WaSH Program Budgeting takes place based on forms and procedures designed by MoFED. Sector Ministries and Regional sector bureaus will be responsible for preparation and requesting WaSH budget. It is based on a comprehensive resource mapping of all resources available to WaSH at the given level, i.e. federal, regional, zonal or woreda/town. The basis for

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<sup>3</sup> Government programs such as the Food Security (Productive Safety Net) Program invest large amounts in WaSH activities. These investments must be taken into account in WaSH planning and reflected in WaSH budgets.

<sup>4</sup> Regions and woredas may choose to commit a portion of their block grant to the National WaSH Program.

annual WaSH budgets is based on approved annual plans, prepared at each level according to a common planning format provided by the NWCO.

WaSH budget preparation will follow the government budget preparation schedule. The budget approval process for WaSH budget will also follow existing government regulations and procedures.

The following steps shall be followed for the annual budget process, at all levels of government.

**a. Budgeting at Federal Level**

- i. The budgeting process begins with the announcement of MoFED in coordination with NWCO (which is based at MoWIE) of the ceiling for WaSH budget to MOH, MoE, MoWIE and BoFED.
- ii. Based on the ceiling and the approved annual WaSH plan the federal ministries of Water, Irrigation and Energy, Ministry of Education and Ministry of Health will identify the budget requirement for federal management and federally implemented WaSH activities and submit this through the NWCO to the NWSC. In addition, the NWSC through NWCO will coordinate the budget preparation process of the three sector ministries. The NWCO (own) budget will be allocated through the MoWIE.
- iii. The NWSC through the NWCO will inform regions the WaSH targets for the fiscal year. MoFED and MoWIE will provide the Regions with indicative CWA budget ceilings. The NWCO will guide regions and sector ministries on strategic issues and will receive the final work plans and budget from all. The NWCO will consolidate the final budgets (that includes federal and regional level CWA budgets) and will have them approved by the NWSC.
- iv. The NWCO through the MoWIE notifies the development partners, including the World Bank, of the annual plan and budget, and agreement is reached.
- v. The three sector ministries submit their annual consolidated WaSH budget, approved by the Steering committee, to MoFED..

**b. Regional Level**

- i. The NWSC through the NWCO will inform regions the WaSH targets for the fiscal year. MoFED and MoWIE will provide the Regions with indicative CWA budget ceilings.
- ii. In allocation of Regional WaSH funds to the woredas, the RWSC shall try to follow the policy of 30% for hygiene and 70% for water sanitation, but the actual annual budget at woreda level will be defined based on the needs and demands of the citizen the annual planning stage.
- iii. RWCO will prepare regional consolidated annual WaSH plan based on the regional targets, woreda and town WaSH plans and regional sector bureaus plans. This will be the basis for the budgeting process. They will consolidate the regional plan based on



aggregated woreda and town plans including regional WaSH activities. The RWCO will have the budgets approved by the RWSC.

- iv. The regional sector bureaus then will prepare their annual budget/resource request and submit to BoFED.
- v. The RWCO budget will be allocated through the Regional Water Resource Bureau.

**c. Woreda Level**

- i. WWT will prepare annual WaSH plan based on a clear and transparent need based planning criteria that prioritize areas of great interest which will eventually be approved by the Woreda Council.
- ii. The basis for annual WaSH plans is the woreda WaSH targets from the region and the available financial resources.
- iii. The woreda sector offices will prepare their WaSH annual budget based on the budget ceilings provided by WoFED.
- iv. The sector office budgets will be submitted to WoFED. The WWT will coordinate the budget preparation process.
- v. The Woreda WaSH budget will be approved by Woreda Council.

**d. Town Level**

- i. In towns there are two major WaSH structures: Water Utilities and WaSH Technical Team.
- ii. Their activities are coordinated by the City council/the board. The budgeting process follows the same pattern.
- iii. The town water board (responsible for the water utility) will prepare annual capital budget for water supply improvement and will be submitted to town finance and economic development office.
- iv. The health and education office will also submit their annual budget to town finance and economic development office.
- I. The town finance and economic development office will prepare the aggregate WaSH budget and submit to City council for approval.

### **3.3.2 Budget Procedures For One-WASH**

- Funds supporting WaSH activities come from the Federal government of Ethiopia, external financing Agencies (investors/Development Partners), non-government organizations and participating communities.
- WaSH budget preparation will follow the government budget preparation schedule. The budget approval process for WaSH budget will also follow existing government regulation

while the Development Partners component is budgeted at federal level the government contribution will be budgeted at respective institutional levels of government.

- Regional budget process will also follow the same process. RWCO will prepare regional WaSH plan based on woreda and town WaSH plans and regional sector bureaus plans. Based on the annual WaSH plan prepared by RWCO, regional sector bureaus will submit annual WaSH budget to BoFED.
- The budget process at Woreda level will be prepared by WoFED based on the annual WaSH plan of WWT and earmarked budget from Development Partners and woreda allocation and will be submitted for approval to the woreda council
- At federal level, the NWSC will approve national WaSH plan based on regional WaSH plan consistent with house of federation budget formulas, and federal sector ministries plans and also determine the development partners' contribution for the national WaSH intervention for the fiscal year. Consequently, federal ministries will request annual budget/resource based on the annual WaSH plan agreed and approved by NWSC. The annual WaSH budget aggregated to the federal ministries will be submitted to MOFED and the budget will be approved by appropriate authorities in accordance with the countries laws and regulations.
- The CWA budget for ONE-WaSH (including the regional budget) shall be proclaimed at the federal level under in the name of the three WaSH sector Ministries, disaggregated by regions and components under each entities. Once identified and used, the budget code for ONE-WaSH shall remain unchanged throughout the Program life. The details of the budget codes will be shown in the FM Manual.
- The annual CWA budget for ONE-WaSH will be included in the Federal Government's annual budget for each fiscal year.
- The Budget Proclamations would list the ONE-WaSH budget as a special purpose grant as distinguished from the general block grant – so that these funds can only be used for purpose ONE-WaSH.
- ONE-WaSH funds would be passed on from MOFED to Regions and from Regions to Woredas as a non-offsetting grant (to ensure that these are treated as additional resources).
- In order to achieve targets set out in the ONE-WaSH Program Appraisal Document, it will be necessary for ONE-WaSH to identify and cost the inputs required to achieve deliverables. Some of the inputs will recur every year, and should be categorized according to the Program document. The Category includes the following:
  - Goods;
  - Consultancy Services;
  - Training & Capacity Building;
  - Grants;
  - Operating Costs; and
  - Unallocated

### 3.3.3 Budget Control

- I. Provision is made in the WaSH structure for each of the governmental Implementing Agencies to have their own accounting staff to administer WaSH funds on a permanent and/or contractual basis at MoFED and BoFED level. MoFED, BoFED and WoFED are responsible for financial reporting using IBEX system; the WaSH structures will be primarily responsible for monitoring WaSH implementation and provision of guidance to implementers.
- II. MoFED, BoFEDs and WoFEDs are responsible for recording, maintaining and controlling WaSH budgets at the federal, regional and woreda levels respectively. MoFED ensures that sufficiently trained personnel are in place to handle the financial management requirements at each level.
- III. Implementing entities receiving resources through the OOWNP are also responsible for budget discipline and control to insure that activities are primarily budgeted and expended as well as reported.
- IV. Budget control is exercised to ensure that WaSH funds are being spent as planned with respect to categories, cost, timeliness and value for money. Primary responsibility for budget control in WaSH is with the WaSH accountants. However, managers at each implementing entity receiving resources at each level (WWTs, RWTTs and the NWTT including the Woreda Sector Offices, Regional WaSH Sector Bureaus and the Federal WaSH Sector Offices and etc) will review on a monthly basis the financial reports prepared by their respective budget sections and take whatever action may be required to ensure effective budget control. The main tools will be budget codes, ledger cards, and budget tracking.
- V. Budgetary control consists of (a) establishment of budgets for each functional responsibility, identifying income to be achieved and expenditure to be incurred in order to meet the agreed objectives of ONE- WaSH, (b) continuous comparison of actual with budgeted results, and (c) action resulting from this comparison, either to ensure adherence to the defined objectives or to agree on some modification of the original plan.
- VI. The budget control helps to ensure that: expenditure is committed or incurred only if there is an available budget, and actual expenditure does not exceed budgeted expenditure. The main tools for budget control will be budget codes, ledger cards, and budget tracking
- VII. As explained above, the Program budget should pass through different ladders for approval. Moreover, there may be additions or reductions to the already approved budget during the course of the operations. The control process should ensure that records are updated for all variables affecting the balance of the budgets.
- VIII. The annual budget should be broken up into quarterly budget to facilitate preparation of quarterly Interim Financial Report (IFR). The finance unit in each of the implementing agencies receiving funds for program implementation will be responsible for preparing monthly budgetary control statements comparing actual with budgeted results and ensuring that explanations are obtained from the responsible officer on the variances. Heads of the

respective agencies are responsible for examining the control statements and providing appropriate remedial action.

The annual Program expenditure is to be further allocated according to the Program components. Budgeting is structured in line with the major components and sub-component as depicted on Table 3.1. It should be noted that the detail budgetary codes will be made in the FM Manual:

**Table 3-1 One-WaSH Budget Structure**

No.	COMPONENT	Sub-Component	Budgetary Code
1	Rural WASH		
		1.1 Water Supply	
		1.2 Sanitation and hygiene promotion	
2	Urban WASH		
		2:1 Urban Water supply Service	
		2:2 Sanitation and hygiene promotion	
		2:3 xxxxxxxx	
3	Pastoralist WASH		
		3:1 water Supply	
		3:2 sanitation and hygiene promotion	
		3:3 xxxxxxxx	
4	Institutional WASH		
		4:1 School WASH	
		4:2 WASH for health facilities	
5	Program management and capacity building		
		5:1 program Management	
		5:2 capacity building	
6	Water Quality		
		6:1 xxxxxx	
		6:2 xxxxxx	

### 3.4 Fund Flow Arrangement

WaSH resources will flow to federal and regional beneficiaries through the existing government fund flow arrangement. Under this arrangement, each administrative level, the specialized Finance bodies, control the release of funds and report upwards on their utilization.

The Ministry of Water Irrigation and Energy, and implementing agencies have a special role in approving and supervising the Program budget, the disbursement and accounting functions remain with MoFED and the BoFEDs. Funds will move from the CWA Accounts and will be forwarded to

the beneficiaries/implementing agencies, based on the approved budget and agreed disbursement plan.

As part of OOWNP program preparation, the Government and participating Donors would agree on the CWA program to be undertaken, separately identifying activities to be financed by the Government and DPs as per annual work plans and budgets.. Each quarterly Interim financial report will show the relative financing of the expenditures by CWA contributing partners. By approving the reports, the WB and DPs are approving the proportion of expenditures to be financed as well as the proportions future advance (i.e the allocations to donors of both the expenditure and future fund request). The fund flow arrangements would typically work as follows:

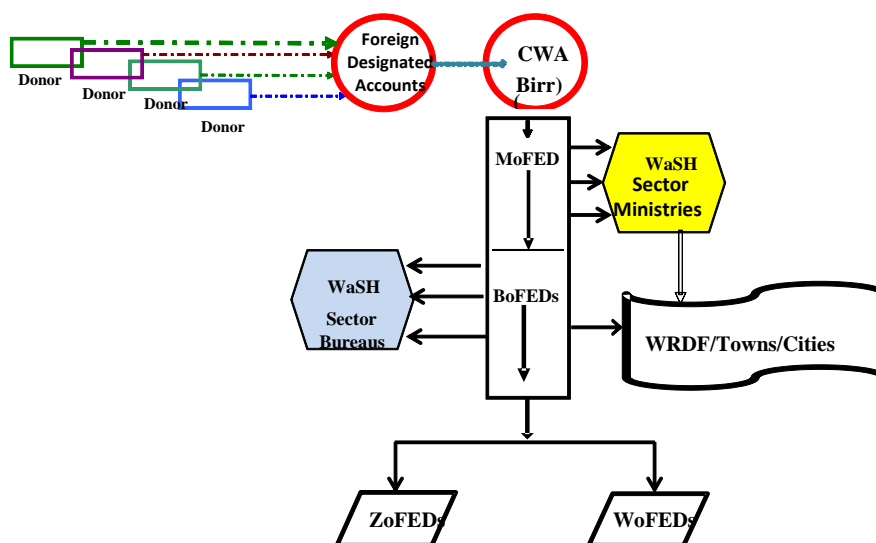
- Designated account managed by MoFED at the National Bank of Ethiopia on terms and conditions acceptable to IDA to receive resources from DPs.
- Other Disbursement mechanisms will also be applicable (i.e. Direct payment, Reimbursement and Special Commitment).
- Resources will also be transferred from the designated accounts to pooled CWA Birr account to be managed by MoFED. It is important to maintain subsidiary ledger for fund transferred to the CWA to identify the DP whose fund deposited or disbursed into the CWA.
- MoFED transfer funds to regions (BoFED) and to Federal Sector ministries (MoWIE, MoE, MoH), according to agreed budgets, procurement plans, and work plans for CWA as well as the rate of utilization.
- BoFED transfer resources to Woredas/WoFED, Zones, Towns and BoWE, BoE, BoH,
- The fund flow to each implementing entity will be according to Annual work plans.
- Disbursement to designated account is on the basis of quarterly IFRs and bilateral agreement with CWA contributing partners. .
- Shares of partners for the annual Work Plan and Budget approved by the NWSC and the initial six months advance will be proportional to their overall contribution to the Consolidated WaSH Account.. However, subsequent financing proportions will be determined based on IFRs on the basis of various parameters (unsettled balance, estimated cash flow for the next six months ...) and based on the discussion among partners.
- For fiduciary and safeguard procedures: (i) WB procurement guidelines shall apply (e.g. for procurement of all contracts procured through ICB<sup>5</sup> and consultancy contracts to be financed from pooled funds in which the WB is a contributor, the WB would conduct the prior reviews *on behalf of Partners that are contributing to the CWA*). (ii) With regard to financial management, the Bank reviews and clear all audits, IFRs, and ToR for audit firms and (iii) with regard to safeguards, the WB's safeguard policies shall apply and Bank to lead the monitoring of the compliance to the agreed instruments.

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<sup>5</sup> Most of the contracts are expected to fall under NCB which follows government procurement procedures.

- MoFED prepares program financial statement and submits to development partners and implementing agencies.
- MoFED will submit Interim Financial Reports to the Bank 60 days of the end of the quarter.
- Annual audited financial statements and audit report using auditors acceptable to the Bank

### **Fund flow Arrangements for Consolidated WaSH Account**



**Figure 3-3 Fund Flow Arrangement for the CWA**

## **3.5 Disbursement Arrangement**

### **3.5.1 Consolidated WaSH Account**

At the commencement of the National WaSH Program implementation as per this Manual:

The Development Partners' initial deposits into the program Foreign Currency Special Accounts with National Bank of Ethiopia constituted their advances to the Program. Contributions will be converted into Birr and transferred to the Consolidated WaSH Account managed by MoFED.

MoFED disburses funds, as advances for the first six months of the Program, into WaSH accounts established for implementing agencies at the federal and regional levels according to their respective annual work plan and budget approved by the regional WaSH Steering Committee.

Even though budget transfers to regions will be allocated based on the federal grant formula, actual transfers will be made based on performance and in this case least and poorly performing regions

will face loss of their share and best performers will have chance of getting more funds unutilized by poor performers.

Disbursement to the designated account on the basis of report (IFR) will include gross forecasts for 6 months and deducting ending balances will effectively avail a net resource sufficient to cover one quarter need. Details will be included in the FM manual. For example On the basis of Q-1 IFR, MoFED after 60 days of end of the quarter will forecast a gross requirement for 6 months (Q2 and Q3) and will deduct ending balances at Q1 to arrive at a net requirement. If the cash balance position in the CWA accounts exceeds the funds required for the fund request period, no transfer of fund need to be made from the Development Partners to the foreign currency account of the CWA. The replenishment request for the period has to take into consideration the outstanding balance at the end of the reporting period.

The call of fund for the first disbursement and the subsequent replenishments request from MoFED will be supported by:

- An approved consolidated annual work plan, accompanied by the annual procurement plan of the CWA
- Financial and physical reports of the previous quarter.
- Financial and procurement external audit reports of the previous fiscal year, management letters and an agreed plan of action of audit recommendation.
- Annual performance reports including evidence on how the safeguards (Fiduciary, ESMF including the social assessment recommendations, RPF) have been applied.

Upon receipt of replenishment from the Development Partners MoFED transfers funds to the Implementing Agencies as per their cash flow plans, work plans, utilization rates, etc.

### **3.5.2 Implementing Agencies' Accounts**

MoFED's (and BoFEDs') disbursement of funds to the WaSH governmental implementing agencies follows the same pattern.

Each implementing agency of the program is required to open a special account for the program. Initially, each implementing agency received a 1<sup>st</sup> quarter and 2<sup>nd</sup> quarter advance based on its approved Annual Work Plan and Budget. At the end of 1<sup>st</sup> quarter the agency prepared a report on expenditures together with, and a request for, replenishment to cover the amount budgeted for the 3<sup>rd</sup> quarter less the amount of unexpended funds from the 1<sup>st</sup> quarter. This "roll over" system means that implementing agencies always have in hand their budget for the upcoming quarter.

- 1) Request/reports are vetted and approved at a higher level in each instance and consolidated into the Quarterly Report and Request for Replenishment presented by MoFED to the Development Partners.
- 2) Funds allocated for WMP are transferred to the Woreda WaSH Fund and replenished quarterly as outlined above. Guidelines for WMP will be produced.
- 3) Woredas selected to receive CWA funds will be agreed jointly by Government and CWA contributing partners during the Annual Planning Workshop.

### **3.6 Financial Reporting**

Interim financial reports and annual financial reports will be prepared in accordance with the reporting formats for WaSH. The timely submission of quality financial reports is necessary to ensure that cash resources flow to the Program as required by the Annual Plan. Financial reports trigger the replenishment of the CWA. Because of this, it is vital that WoFEDs, BoFEDs, and MoFED including the other implementing entities work diligently to submit quality reports on time. If IFRs are not received on or before the due date and are of insufficient quality, disbursements from the Development Partners may be delayed to all regions, until reports of adequate quality are received..

Financial reports will be prepared and submitted quarterly. Financial reports will be prepared by all implementing entities receiving funds at federal or regions or woredas. WoFED, BoFED and MoFED will follow up with these entities to report.. WoFED reports to BoFED and BoFED reports to MoFED. MoFED compiles and reports to Development Partners. The financial reporting at each level shall facilitate the distinction of budget utilization to the sources of the fund. For this purpose financial plans will be prepared at each level indicating the source of finances. The financing plan then will be the basis for financial reporting and budget control.

The Program's financial statements would be prepared in respect of each accounting year (which is the Ethiopian fiscal year) for the purpose of providing information, including the source and use of funds during the year and financial position at the end of the year then ended. The content of the annual financial statements are agreed with the WB and will be included in the FM Manual. MoFED shall be responsible for preparing the final accounts by consolidating the various financial reports received from BoFEDs, MoWIE, MoH and MoE. Thus, amounts shown in the final accounts shall equal the aggregate of amounts shown in the quarterly financial reports submitted to donors subject to adjustments. In case of variances between the IFRs and the audited report, there should be a justification and adjustment should be passed on accounts/reports as necessary.

Management information is required in order to control financial resources. DPs require monitoring based on internationally accepted accounting principles. Likewise, monitoring physical performance in relation to financial disbursement is important in order to establish the value for money. At the operational level, reporting is essential to facilitate routine activities of the Program.



The Program shall prepare and submit to DPs within 60 days after the end of each quarter Interim unaudited Financial Reports (IFRs) the format of which is included in the FM Manual. The following are the minimum statements that need to be included:

- Statement of Sources and Uses of Funds (for the quarter and cumulatively for the year-to-date and the Program);
- Statement of Uses of Funds by program Activity (Component), including comparisons with budget and explanations for significant variances
- Statement of Designated Account Activity Statements;
- Program Cash Forecast. and
- Notes / explanation and various schedules supporting the IFR.

Consistent to the Government reporting requirement, each of the implementing agencies shall prepare and submit the standard reports to either the BoFEDs or MoFED on a monthly basis. These reports are mandatory reports required by the government, to be prepared and submitted by each of the implementing agencies following the government reporting formats, details of which will be stated in the FM manual.

These reports shall be consolidated and transformed into the Program's IFR formats at MOFED, and they shall be used to prepare the following quarterly reports required to be submitted to the CWA contributing DPs. Thus, the proposed financial reporting arrangement for the One WaSH, which is built on the existing government reporting system, is expected to create no additional burden on the implementing agencies, other than on MoFED and BoFED.

The IFR is intended to provide information on whether or not funds disbursed to the Program are being used for the intended purpose, Program implementation is on track, and budgeted costs will not exceed limit.

Although every implementing entity that receive fund is accountable for reporting on implementation, MoFED shall take the overall responsibility for the preparation of IFRs. Apart from its use for monitoring and follow-up Program implementation, the IFR shall be used for making disbursements for the Program. Hence, completeness and accuracy of the IFR is of paramount importance in serving the intended purpose.

### **3.6.1 Reporting Procedures**

An upward reporting stream, in which reports flow from lower level to higher level, shall be implemented for the WaSH as described below:

- 1) WoFED will prepare the standard monthly government financial reports (i.e. trial balance, expenditure reports, revenue reports, etc.) and send them to the respective BoFEDs.

- Following the reporting arrangement described above, additional work is required only at the BoFEDs to summarize the monthly reports of lower level, and MoFED to transform the standard and mandatory government reports into the Program's IFR formats.

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graph TD;
    WaterOffice[Water Office] --> WWT[WWT];
    HealthOffice[Health Office] --> WWT;
    EducationOffice[Education Office] --> WWT;
    WWT -- "WASH Report" --> SectorBureaus[Sector Bureaus];
    WWT -- "WASH Report" --> RWCO[RWCO];
    WWT -- "Financial Report" --> WOFED[WOFED];
    SectorBureaus --> SectorMinistries[Sector Ministries];
    SectorBureaus --> RWCO;
    SectorBureaus --> BOFED[BOFED];
    RWCO --> NWCO[NWCO];
    RWCO --> BOFED;
    NWCO --> MOFED[MOFED];
    WOFED -- "Financial Report" --> BOFED;
    BOFED --> MOFED;
    SectorMinistries --> MOFED;
```

### Monthly reporting

As explained above, monthly reporting shall comprise reporting using the standard government reporting formats. The timeline for sending the monthly reports is as follows:

- WoFEDs and implementing sector bureaus shall send the reports to BOFEDs within 15 days of the last day of the month; and
- Implementing sector Bureaus shall send the reports to BoFEDs within 15 days of the last day of the month
- Implementing sector ministries shall send the reports to MOFEDs within 15 days of the last day of the month.

#### *Quarterly IFRs*

The IFRs shall constitute the quarterly financial reports for the Program. MOFED will submit consolidated IFR to World Bank which is delegated by all DPs within **60days** after the end of the quarter. The timeline for reporting is described below:

- 45 days after the end of each quarter, BOFED consolidates financial reports to MOFED.
- 60 days after the end of each quarter, MoFED prepares consolidated ONE- WaSH IFR.

This consolidated IFR will be based on financial reports from implementing Sector ministries and BOFEDs, own expenditures, and federal government contributions and receipts from DPs.

#### *Annual reports*

These are mainly prepared for audit purposes. The reporting formats for the annual reports are very similar to the formats used for the quarterly IFRs. The annual report will be the consolidated report of the four quarters subject to adjustments. The final (annual) accounts shall be prepared and submitted to external auditors no later than 3 months after the end of the fiscal year.

## **3.7 Auditing**

### **3.7.1 Internal Audit**

**Internal auditing** is a profession and activity involved in helping organizations achieve their stated objectives. It does this by utilizing a systematic methodology for analyzing business processes, procedures and activities with the goal of highlighting organizational problems and recommending solutions.

The scope of internal auditing within an organization is broad and may involve topics such as the effectiveness of operations, the reliability of financial reporting, deterring and investigating fraud, safeguarding assets, and compliance with laws and regulations

As per regular government procedures, the internal auditor of each agency (i.e. MoFED, BoFEDs, WoFEDs, sector Ministries, sector Bureaus, and other implementing agencies) shall perform an

internal audit on the program fund. Thus, all the internal audit units of the mentioned agencies shall routinely include the Program in their work plan and conduct regular audit on the Program funds. The report of the implementing agencies' internal auditors shall be addressed and submitted to the head of the Agency. However, major findings during an audit shall be communicated through the head of the Implementing agencies to MOFED immediately for corrective action.

The audit includes a periodic review (post audit) of effectiveness and compliance with financial and accounting policies and procedures and internal control mechanisms; the overall reliability of accounting system, data and financial reports.

It is imperative that the internal auditors carry out the financial audit for the Program. Internal auditors shall keep a copy of the proceeding internal audit report and make them available for external auditors and the DPs' supervision missions.

Past lessons indicate that the internal audit function in all regions and woredas visited was found to be especially weak. These weaknesses are systemic and well-recognized by MoFED, and many reform activities are planned and underway by the EMCP/MoFED to improve the internal audit system. In the meantime, through this program certain mitigation measures are agreed:

- Hire/assign internal auditors at MoFED and BoFED to conduct internal audits;
- The recruited Internal Auditors will supervise the project's internal control system every six months and furnish the status report to the WB within 60 days of the end of the semester.
- Conduct capacity building trainings on internal audits along with the FM Manual trainings;
- The WB/DPs will continue to track the performance of internal auditors as to whether the project was subject to internal audit reviews.

### 3.7.2 External Audit

**External Audit** is a periodic examination of the books of accounts and records of an entity conducted by an independent third party (an auditor) to ensure that they have been properly maintained, are accurate and comply with established concepts, principles, and accounting standards, and give a true and fair view of the financial state of the entity. The objective of audit of Project Financial Statements is thus to enable the auditor to express a professional opinion on the financial position of the project as at the end of the accounting year, and on funds received and expenditures incurred for the relevant accounting period. The accounting system, books and records provide the basis for preparation of the project financial statements by the project implementing entity and are established to reflect the financial transactions in respect of the project.

According to the Ethiopian Constitution, the Office of Federal Auditor General (OFAG) is responsible for carrying out the audit of all the financial transactions of the federal government and subsidies to the regions. Each of the regions has a regional Auditor General responsible for auditing

financial transactions in the region. Although the responsibility for the preparation of financial statements of the program and for getting them audited rests with MOFED, every program implementing entity has responsibility to cooperate with external auditors. MoFED will have the project financial statements audited by OFAG or an auditor assigned by OFAG. When OFAG decide to assign independent audit firm to handle the financial audit, the auditor to be selected should be on a competitive basis and acceptable to the World Bank. There should be rotation of auditors and an independent audit firm should be allowed to audit the project financial statements for a maximum of three years.

The auditor is responsible for forming and expressing opinion on the financial statements. The audited financial statement will include all sources of funds for the program, including the Government. The auditor will prepare a work plan to ensure adequate coverage of the various institutions that receive project funds and cover all the major risk areas. The audit of the project will be carried out in accordance with the terms of reference for external audit and International Standards on Auditing (ISA) promulgated by the International Federation of Accountants (IFAC), and with relevant World Bank guidelines, and will include such tests and auditing procedures, as the auditor will consider necessary under the circumstances. In complying with International Standards on Auditing, the auditor is expected to pay particular attention to fraud and corruption, laws and regulations, governance and risks. The content of the program financial statements are all included in the audit TOR agreed with the Bank. This ToR can be found in the FM Manual.

The audit report should include follow up on the audit recommendations noted by audit reports at the different implementing entities. In addition to the audit of the Project Financial Statements, the auditor is required to verify IFRs used as a basis for the submission of loan withdrawal applications to the World Bank. The auditor will apply such tests and auditing procedures as considered necessary under the circumstances.

. The auditor will prepare audit report (that includes the audited financial statements, the opinion on the financial statements and states of affairs of the program and a complete Management Letter) in a form and content satisfactory to the WB/DPs and will submit the report to MoFED. MoFED will then submit the complete audit report to the World Bank with a copy to each DPs within 6 months after the end of each Fiscal year. The World Bank is to review, give comments, if any, and clear the audit report. .

Audit reports shall be addressed to MoFED. MoFED will be responsible for preparing action plan for follow up to development partners within two months of submission of audit report. All the relevant public bodies at all levels should respond immediately to recommendations and findings to which they are responsible to enable MoFED submit action taken and would be taken in time to the development partners.

## **4. PROCUREMENT**

### **4.1. General**

This section of the POM provides procurement implementation guidelines that will be applicable for CWA financed One WaSH Program. The implementation of One WaSH Program under CWA will involve numerous procurement activities in order to achieve the development objective of the program. Procurable items under the program will include Civil Works, contracts related to provision of water supply schemes both in urban and rural areas; Goods such as pipes and fittings and electromechanical equipment, vehicles, IT equipment etc.; and Consultancy services for design and supervision of the water supply related works.

The One WaSH Program financed through the CWA is expected to follow Sector Wide Approach (SWAP), which is a mechanism by which development partners collaborate to support sector programs that are based on a country's long-term vision for its development. Under the SWAP development, partners and government funds are pooled for disbursement through jointly agreed channels. Since the Program funds will be deposited into and disbursed from a common account, a common procurement arrangement is agreed to be implemented as presented in this section.

### **4.2. Oversight Arrangements**

Pooled fund donors have elected World Bank as the lead agency for fiduciary oversight over procurement. In its role as lead agency World Bank will be responsible for prior of individual contract transaction as per agreed thresholds. Bank oversight will be supplemented by government own oversight and monitoring of procurement activities. Ministry of water and Energy will prepare quarterly monitoring reports that will highlight actions taken to improve capacity and mitigate risks, number of contracts planned within quarter, progress of each contract, funds committed and contracts committed, which will be shared and discussed with pooled partners. The MoWIE will also engage an independent auditor annually and submit an audit report not later than six months after end of fiscal year. Head of each implementing agency will be responsible for monitoring and reporting progress of procurement activities at their level. The head of each agency will also be responsible for approving the use of uncompetitive methods for contracts below USD5,000 equivalent. Beyond this amount, use of uncompetitive methods will require Bank No Objection

### **4.3. Accountability Framework**

Ministry of Water and Energy will be overall accountable for procurement decisions for the program. The Ministry will promote good procurement practices consistent with agreed rules and procedures and ensure that adequate capacity is maintained at all times and at all levels of program implementation. Specifically the Ministry will be responsible for (i) ensuring that procurement rules and procedures are disseminated to all implementing entities (ii) procurement rules are adhered to and deviations from agreed rules are adequately justified (ii) independent procurement audits are timely carried out and final reports shared with Bank along with actions to be taken on observed

deficiencies (ii) there are bidder complaint review committees at all levels and that bidders complaints are expeditiously dealt with by people different from those involved in evaluations of the same bidders (iv) share with the bank allegations of fraud and corruption including actions taken (v) public results of ICB contract awards within two weeks after Bank No Objection and publish quarterly on PPA website tender results other than those for ICB awarded in the quarter

#### **4.4. Applicable Policies, Rules, Procedures**

Procurement under One WaSH Program financed through the pooled funding (CWA) would be carried out in accordance with:

- i) The requirements set forth in Section I of Guidelines: Procurement of Goods, Works, and non-Consulting Services Under IBRD Loans and IDA Credits & Grants by World Bank Borrowers dated January 2011 (Procurement Guideline);
- ii) The requirements set forth in Section I and IV of Guidelines: Selection and Employment of Consultants Under IBRD Loans and IDA Credits & Grants by World Bank Borrowers dated January 2011 (Consultants Guideline); and
- iii) Guidelines on Preventing and Combating Fraud and Corruption in Program Financed by IBRD Loans and IDA Credits and Grants” dated October 15, 2006 and revised in January 2011.

National Competitive Bidding procedure shall be in accordance with the procedures of GOE’s Federal Government Procurement and Property Administration Proclamation No. 649/2009 and the Federal Government Public Procurement Directive issued by the Minister of Finance and Economic Development June 2010, subject to the following additional provisions:

- a. The Recipient’s standard bidding documents for procurement of goods and works acceptable to the Association shall be used. At the request of the Recipient, the introduction of requirements for bidders to sign an Anti-Bribery pledge and/or statement of undertaking to observe Ethiopian Law against fraud and corruption and other forms that ought to be completed and signed by him/her may be included in bidding documents if the arrangements governing such undertakings are acceptable to the Association.
- b. If pre-qualification is used, the Association’s standard prequalification document shall be used.
- c. No margin of preference shall be granted in bid evaluation on the basis of bidder’s nationality, origin of goods or services, and/or preferential programs such as but not limited to small and medium enterprises.
- d. Mandatory registration in a supplier list shall not be used to assess bidders’ qualifications. A foreign bidder shall not be required to register as a condition for submitting its bid and if recommended for contract award shall be given a reasonable opportunity to register with the reasonable cooperation of the recipient, prior to contract signing. Invitations to bids shall be advertised in at least one newspaper of national circulation or the official gazette or on a widely used website or electronic portal with free national and international access.

- e. Bidders shall be given a minimum of thirty (30) days to submit bids from the date of availability of the bidding documents.
- f. All bidding for goods shall be carried out through a one-envelope procedure.
- g. Evaluation of bids shall be made in strict adherence to the evaluation criteria specified in the bidding documents. Evaluation criteria other than price shall be quantified in monetary terms. Merit points shall not be used, and no minimum point or percentage value shall be assigned to the significance of price, in bid evaluation.
- h. The results of evaluation and award of contract shall be made public. All bids shall not be rejected and the procurement process shall not be cancelled. A failure of bidding declared, or new bids shall not be solicited, without the Association's prior written concurrence. No bids shall be rejected on the basis of comparison with the cost estimates without the Association's prior written concurrence.
- i. In accordance with paragraph 1.16(e) of the World Bank Procurement Guidelines, each bidding document and contract financed out of the proceeds of the Financing shall provide that: (1) the bidders, suppliers, contractors and subcontractors, agents, personnel, consultants, service providers, or suppliers shall permit the Association, at its request, to inspect all accounts, records and documents relating to the bid submission and performance of the contract, and to have them audited by auditors appointed by the Association; and (2) Acts intended to materially impede the exercise of the Association's audit and inspection rights constitutes an obstructive practice as defined in paragraph 1.16 (v) of the Procurement Guidelines.

#### **4.5. Procurement of Goods, Works and Non-consultancy services**

The following procurement methods are applicable for procurement of Goods, Works, and Non-Consultancy Services under the Program:

##### **International Competitive Bidding (ICB)**

- a. National Competitive Bidding (NCB)
- b. Shopping
- c. Direct Contracting
- d. Community Participation in Procurement

##### **4.5.1. International Competitive bidding (ICB)**

Works contracts above and equal to 7million USD Goods, IT Systems, and Non-consultancy Services contracts above and equal to 1 million USD shall follow ICB procedure using provisions stated under Section II of the Bank's Procurement Guidelines. The features of ICB are:

- Advertisement of invitation for bids (IFBs) for ICBs shall be published in the World Bank's external website and in the United Nation's Development Business (UNDB) online



- Apart from UNDB online, advertisements for Invitation for bids (IFBs) shall be published in daily national newspaper with wide circulation all over the country, in the FPPA website, and in the Program website when available.
- The World Banks's Standard Bidding Documents shall be used
- Bidding period shall be 45 to 90 days from the start of the sale of the bid documents
- Other procedures for ICB will broadly be same as that of National Competitive Bidding (NCB) in respect of bid opening, bid evaluation, notification & publishing of award of contract, complaint handling, etc.

#### **4.5.2. National Competitive Bidding (NCB)**

Works contracts less than 7million USD, and Goods, IT Systems, and Non-consultancy Services contracts less than 1 million USD shall follow NCB procedure using provisions in the Federal Public Procurement Directive subject to the exceptions described in section 4.2 above. NCB, also known as Open Tender, is the competitive bidding procedure that provides adequate competition among participants in order to ensure competitive prices. The procurement steps for NCB broadly consist of the following activities: The features of NCB are:

- Advertisements for Invitation for bids (IFBs) shall be published in daily national newspaper with wide circulation all over the country, in the FPPA website, and in the Program website when available.
- The bidding document should invariably contain standard bidding instructions and contract conditions to make it self-explanatory.
- The Federal Standard Bidding Documents may be used with modification to take into account the exceptions to the NCB described in section 4.2 above.
- The minimum time given for submission of bids shall not be less than 30 days from the date of sale of bid document.

#### **4.5.3. Shopping**

Procurement of the shelf goods and commodities of small value contracts of less than 50,000 USD and procurement of simple works contracts with value up to 100,000 USD may be procured using Shopping method. The following consideration should be kept in view of adopting Shopping procedure:

- Shopping is a Procurement method based on comparing price quotations obtained from several national suppliers, usually at least three to ensure competitive prices.
- Shopping is intended to be a simple and rapid procurement method and is one of the least competitive procurement methods and may be abused unless it is carried out in compliance with legal agreements and observing a minimum formality in the process and with appropriate record keeping for verification and audit.

- Shopping should not be used as an expedient to by-pass more competitive methods or split large procurement into smaller ones solely to allow the use of Shopping.
- To procure small amounts of off-the-Shelf goods or Standard Specification Commodities or simple civil works for which more competitive methods are not justified on the basis of cost or efficiency.
- Request for quotation shall be written and sent by letter, fax, etc. (with proof of receipt and record keeping).
- The request shall include the description and quantity of the goods as well as the required delivery time and place for the goods or services, including any installation requirements as appropriate.
- The request shall indicate the date by which the quotations are needed.
- Requests should be addressed to more than three firms that are reputable, well established and are suppliers of the goods or services being purchased, as part of their normal business (after verifying whether those being invited will make an offer or not) to ensure at least three quotations are received.
- Award decision and its rationale should be documented/ and kept for review by audit by the Bank (or by the Bank's auditors) as needed. The record should contain the list of firms invited, and the list and value of quotations received, comparative statements, etc. The documents should clearly show that the award is based on sound technical and commercial criteria.
- Purchase order shall incorporate the terms of accepted offer.

#### **4.5.4. Direct Contracting**

The procedure for Direct Contracting may be adopted if any one of the following conditions is met.

- a) An existing contract for goods, works and non-consulting services, awarded in accordance with procedures acceptable to the Bank, may be extended for additional goods, works and non-consulting services of a similar nature. The World Bank shall be satisfied in such cases that no advantage could be obtained by further competition and that the prices on the extended contract are reasonable. Provisions for such an extension, if considered likely in advance, shall be included in the original contract;
- b) Standardization of equipment or spare parts, to be compatible with existing equipment, may justify additional purchases from the original Supplier. For such purchases to be justified, the original equipment shall be suitable, the number of new items shall generally be less than the existing number, the price shall be reasonable, and the advantages of another make or source of equipment shall have been considered and rejected on grounds acceptable to the World Bank;
- c) The required equipment is proprietary and obtainable only from one source;
- d) The procurement of certain goods from a particular Supplier is essential to achieve the required performance or functional guarantee of an equipment, plant or facility;

- e) In exceptional cases, such as, but not limited to, in response to natural disasters and emergency situations declared by the Government and recognized by the World Bank; and
- f) Works contracts related to development shallow of wells having value less than 1,000 USD. The Direct Contracting method used for works contracts by a single Implementing Agency or woreda shall not exceed 10,000 USD per year.

#### **4.5.5. Community Participation in Procurement**

The program will involve activities that will be carried out directly by the community. The procurement procedures to be followed by community groups will be elaborated in a separate manual that will be approved by the World Bank.

#### **4.6. Procurement of consultancy services**

The following selection methods are applicable for procurement of consultancy services contracts:

- a. Quality and Cost-based Selection (QCBS)
- b. Least Cost Selection (LCS)
- c. Selection based on Consultants' Qualifications (CQS)
- d. Single-source Selection of consulting firms (SSS)
- e. Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants;

##### **4.6.1. Quality and Cost Based Selection**

QCBS uses a competitive process among shortlisted firms that takes into account the quality of the proposals and the cost of the services in the selection of the successful firm. The relative weight to be given to the quality and cost shall be determined for each case depending on the nature of the assignment. The selection process shall include the following steps:

- a. Preparation of the Terms of Reference (ToR)
- b. Preparation of cost estimate & the budget
- c. Advertisement for Expression of Interest (EOI)
- d. Evaluation of EOI to shortlist six firms
- e. Preparation & issuance of Request for Proposal (RFP) to short listed firms
- f. Receipt of proposals
- g. Opening and Evaluation of technical proposals
- h. Public opening of financial proposals of firms technically qualified
- i. Combined evaluation of technical and financial proposals
- j. Negotiations and award of the contract to the selected firm

##### **4.6.2. Least Cost Selection**

This method is only appropriate for selecting consultants for assignments of a standard or routine nature (audits, engineering design of noncomplex works, and so forth) where well-established practices and standards exist. Under this method, a “minimum” qualifying mark for the “quality” is established. Proposals, to be submitted in two envelopes, are invited from a short list. Technical proposals are opened first and evaluated. Those securing less than the minimum qualifying mark are rejected, and the financial proposals of the rest are opened in public. The firm with the lowest price shall then be selected.

#### **4.6.3. Selection based on Consultants’ Qualifications**

This method may be used for small assignments for which the need for preparing and evaluating competitive proposals is not justified. In such cases, prepare the TOR, request expressions of interest and information on the consultants’ experience and competence relevant to the assignment, establish a short list, and select the firm with the most appropriate qualifications and references. The selected firm shall be asked to submit a combined technical-financial proposal and then be invited to negotiate the contract.

#### **4.6.4. Single-source Selection of consulting firms**

Single-source selection of consultants does not provide the benefits of competition in regard to quality and cost, lacks transparency in selection, and could encourage unacceptable practices. Therefore, single-source selection shall be used only in exceptional cases.

- Single-source selection may be appropriate only if it presents a clear advantage over competition: (a) for tasks that represent a natural continuation of previous work carried out by the firm (see next paragraph), (b) in emergency cases, such as in response to disasters and for consulting services required during the period of time immediately following the emergency, (c) for very small assignments, or (d) when only one firm is qualified or has experience of exceptional worth for the assignment.
- When continuity for downstream work is essential, the initial RFP shall outline this prospect, and, if practical, the factors used for the selection of the consultant shall take the likelihood of continuation into account. Continuity in the technical approach, experience acquired, and continued professional liability of the same consultant may make continuation with the initial consultant preferable to a new competition subject to satisfactory performance in the initial assignment. For such downstream assignments, the client shall ask the initially selected consultant to prepare technical and financial proposals on the basis of TOR furnished by the client, which shall then be negotiated.
- If the initial assignment was not awarded on a competitive basis or was awarded under tied financing or if the downstream assignment is substantially larger in value, a competitive process acceptable to the Bank shall normally be followed in which the consultant carrying out the initial work is not excluded from consideration if it expresses interest. The Bank will

consider exceptions to this rule only under special circumstances and only when a new competitive process is not practicable.

#### **4.6.5. Selection of Individual Consultants**

Individual consultants are employed on assignments for which (a) teams of personnel are not required, (b) no additional outside (home office) professional support is required, and (c) the experience and qualifications of the individual are the paramount requirement. When coordination, administration, or collective responsibility may become difficult because of the number of individuals, it would be advisable to employ a firm.

- Individual consultants are selected on the basis of their qualifications for the assignment. Advertisement may not be required and consultants do not need to submit proposals. Consultants shall be selected through comparison of qualifications of at least three candidates among those who have expressed interest in the assignment or have been approached directly. Individuals considered for comparison of qualifications shall meet the minimum relevant qualifications.
- Individual consultants may be selected on a sole-source basis with due justification in exceptional cases such as: (a) tasks that are a continuation of previous work that the consultant has carried out and for which the consultant was selected competitively; (b) assignments with total expected duration of less than six months; (c) emergency situations resulting from natural disasters; and (d) when the individual is the only consultant qualified for the assignment.

#### **4.7. Reviews and Thresholds**

##### **Prior review**

The Bank acting in the name of all the pooled-fund partners will review all contracts subject to prior review. This includes the original Procurement Plan and all its revisions or updates. Prior review by the Bank will be required for the General Procurement Notice (GPN), Specific Procurement Notice (SPN) all bidding documents, RFPs, pre-qualification evaluation reports and short listing reports, bid and proposals evaluation reports, Draft negotiated contracts for consultancy services and contracts to ensure that the procurement process is carried out in accordance with the agreed procedures.

The Bank will also prior selected contracts procured through NCB procedures, though these may be below the indicated threshold. Procurement post review and Audit will be conducted on contracts subject to post review at all implementing agencies with a view to updating the assessment of their procurement capacities.

The thresholds for Bank's Prior Review, and for International Competitive Bidding (ICB) including the maximum contract value for which the short list may comprise exclusively Ethiopian firms in the selection of consultants, are presented on Table 4.1 below for purposes of guiding the

preparation of the initial procurement plan. The procurement capacity of implementing agencies would be reviewed annually and the threshold will be revised according to the improvements or deterioration in the procurement capacity. Additionally, each procurement plan will indicate the number of contracts procured through National Competitive Bidding procedures or selection of consultants having a short list of exclusively Ethiopian firms that will be subject to prior review as part of risk mitigation.

**Table 4-1** World Bank Prior Review and ICB Thresholds

Category	WB Prior Review Threshold (USD )	ICB Threshold (USD )	National Short-List Max Value (USD )
Works	≥5,000,000	≥7,000,000	NA
Goods, IT Systems, and Non-consultancy Services	≥500,000	≥1,000,000	NA
Consultants (Firms)	≥200,000	NA	≤200,000; ≤300,000 (for Engineering and Contract Supervision)
Consultants (Individuals)	≥100,000	NA	NA

### Post review

For contracts subject to “post review”, the Implementing Agency can complete the whole procurement process from preparation of bid document to contract award without seeking “no objection” from the Bank. However, the Implementing Agency shall retain all documentation with respect to each contract (including but not limited to the signed contract and analysis of the proposals) for review or examination by the Bank or by its consultants. Each Implementing Agency shall also furnish such documentation to the Bank or its consultants upon request. To support this post review process each Implementing Agency should prepare a contract register that shows list of contract executed by each agency before the arrival of the reviewer.

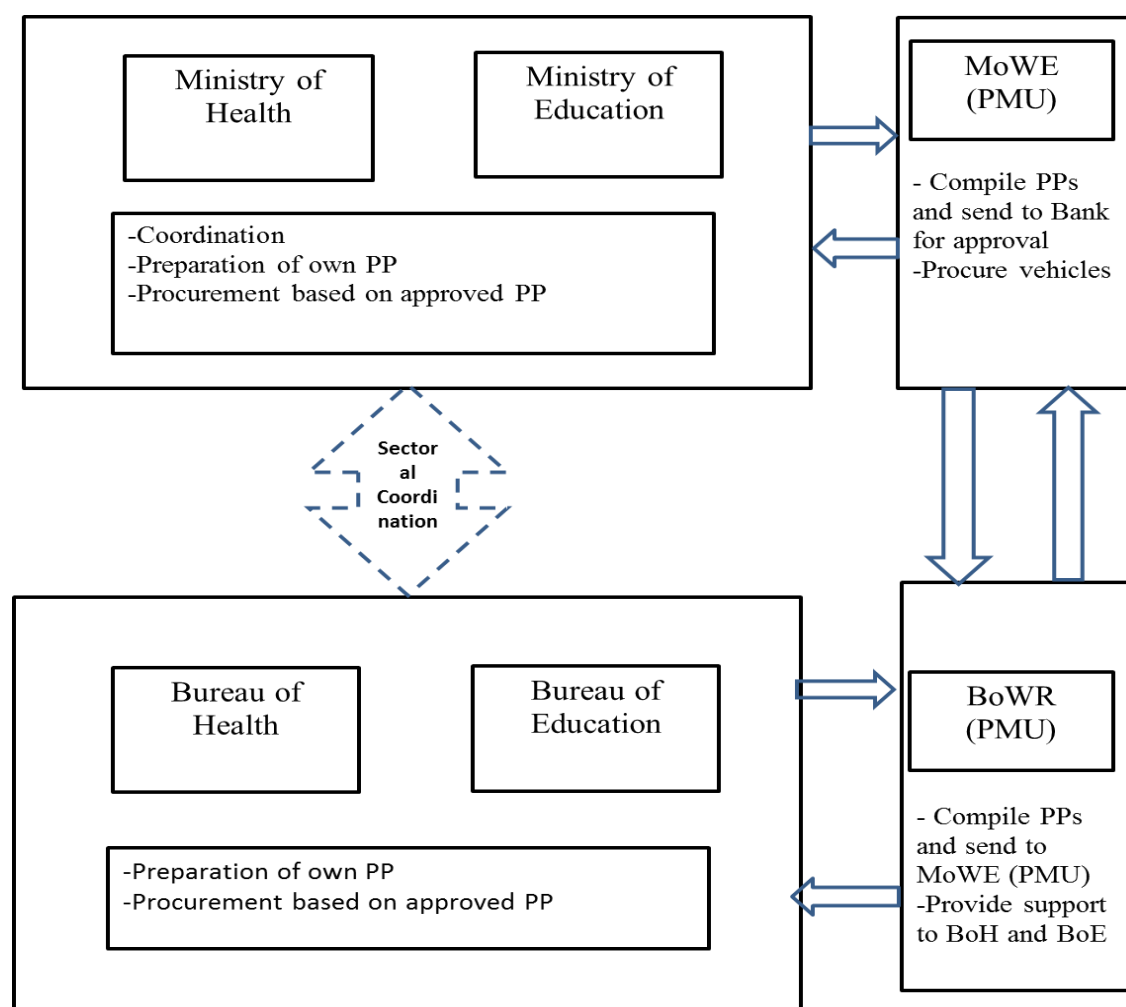
If the World Bank determines that the goods were not procured in accordance with the agreed procedures, as reflected in the Financing Agreement or that the contract itself is not consistent with such procedures, it may declare misprocurement and promptly inform the Ministry of Water, Irrigation and Energy.

### 4.8. Institutional Setup for procurement

Procurement under the Program shall be implemented in a decentralized arrangement. The following shows the function of the various implementers.

<b>Procurement Implementing Agency</b>	<b>Function</b>
MoWIE	<ul style="list-style-type: none"> <li>• Interface between the Bank and the program</li> <li>• Coordination</li> <li>• Monitoring of procurement performance</li> <li>• Capacity building</li> <li>• Compile PPs and contract registers</li> <li>• Facilitate ICB with quality assurance</li> <li>• Oversee and support NCB contracts</li> <li>• Develop procurement tracking and contract administration formats</li> <li>• Regularly monitor and report on procurement implementation</li> <li>• Central procurement of Vehicles</li> </ul>
Water Resource Development Fund (WRDF)	<ul style="list-style-type: none"> <li>• Review Business Plans</li> <li>• Determine Eligibility of town utilities</li> <li>• Monitor Implementation of Sub projects</li> <li>• Review PPs, BDs, BERs, Cont Admin.</li> </ul>
Regional BoWRs (WSS Program Management units)	<ul style="list-style-type: none"> <li>• Execute Procurement administration processes</li> <li>• Update PPs and contract registers</li> <li>• Oversee and support procurements in Towns and woredas</li> <li>• Regularly monitor and report on procurement implementation</li> </ul>
Towns	<ul style="list-style-type: none"> <li>• Execute procurement and contract admin process (sub loan towns)</li> </ul>
Woredas	<ul style="list-style-type: none"> <li>• Execute small value procurement activities</li> </ul>
Communities	<ul style="list-style-type: none"> <li>• Implementation of small scale schemes</li> </ul>

In addition to the above the program expects procurement activities under Hygiene and Sanitation Component. The Following diagram (Figure 4.1 )depicts the procurement function under the component.

**Figure 4-1 Procurement Functions for Hygiene and Sanitation**

#### 4.9. Procurement Planning

Public procurement units at all level shall prepare annual procurement plans setting forth the particular contracts for consultancy and non-consultancy services, goods and works. The Procurement Plans at the initial period will need to be prepared by the procuring units at the start of the implementation to reflect the actual program implementation needs , and thereafter annually or as needed throughout the duration of the program based on actual program implementation.

The procurement plan will set out information regarding the package/lot number, the proposed procurement methods that apply for each individual bid, the related bank review procedures, the estimated costs/budget and time frame for completion of the various activities of the bidding process, the start and end dates of the resulting contracts.

Procurement plans at Woreda and Town level will be consolidated at each of the respective region level, and the consolidated regional level procurement plans from Woredas, cities and regional



sector Bureaus will again be consolidated at national level. Similarly the national level procurement plans will consolidate regional and different sector ministries.

Each implementing agency will be required to prepare its procurement plan based on the UAP plan and submit it to the concerned up level for consolidation. The deadline for submission of annual procurement plans by all implementing entities is set at April 30 of each year. The NWCO consolidates procurement plans and subsequent updates to submit to the National WaSH Technical Team (NWTT) for review prior to its submission to the National WaSH Steering Committee (NWSC) for approval by June 30th of each year.

The procurement plan prepared by public bodies has to be approved by the head of the public body concerned and communicated to the relevant departments of the public body and the Agency until Hamle 30 (August 6) of the Ethiopian Calendar.

The consolidated Procurement Plan shall be furnished to the World Bank for its review and approval, or its comment as necessary. Once approved by the World Bank, the procurement plan will serve as a management and monitoring tool and the procuring units shall implement the Procurement Plan in the manner in which it has been approved by the Bank and the National Wash Steering Committee. Expenditures under contract for Goods, Works, Non Consultancy Services, and Consultancy Services that have not been awarded in accordance with the provisions elaborated in the Procurement Plan may lead to mis procurement of the particular contract.

#### **4.10. Mis procurement**

Mis procurement occurs when goods, works, or services are not procured in accordance with procedures agreed to in the Finance Agreement of the Program. When the Bank determines that the procedures followed by the Executing Agency for procurement are a significant violation of the procedures set out in the Financing Agreement, (for example, when the procedures followed in bid evaluation are inconsistent with those outlined in the bidding documents, if sufficient time is not given for the bidders to prepare their complete document, if the appropriate standard bidding document is not used, etc.), the Bank may declare mis-procurement. The Bank does not finance expenditures for goods and works which have not been procured in accordance with the agreed procedures, and it is the policy of the Bank to cancel that portion of the loan allocated to the goods and works and services that have been mis-procured. In addition, the Bank may exercise other remedies as per the Credit Agreement.

The Bank usually points out to the Borrower and provides advice, in the case of prior review contracts, that the inconsistencies or the wrong procedures to be rectified, if not rectified, the Bank may declare mis-procurement and exercises other remedies under the Finance Agreement. If, however, the Borrower has already awarded a contract after obtaining the Bank's "no objection," the Bank generally will declare mis procurement only if the "No-Objection" was issued on the basis of incomplete, inaccurate, or misleading information furnished by the Borrower.

The Implementing Agencies should make every effort to avoid mis procurement by strictly following the agreed procedures and seeking advices from the Bank staff on any unclear Bank financed contract procurement procedures. The Bank supports the Borrower by providing comments and advice in the review of bidding documents and bid evaluation. Once the contract is awarded after obtaining a “No-Objection” from the Bank, the Bank may still declare mis procurement if it concludes that the “No-Objection” was issued on the basis of incomplete, inaccurate, or misleading information furnished by the Borrower or the terms and conditions of the contract had been modified without Bank’s approval. Therefore at most care should be exercised in following the agreed procedures, and the procurement process should managed with due diligence at all levels.

#### **4.11. Record management**

Procurement documents should be kept in a systematic and organized manner for each step of the procurement process. They should also be kept in a safe and secure place preferably using Box files and folders. A separate file or a separate section should be reserved for each procurement package.

Implementing Agencies must maintain records or each of the steps taken during the procurement process. Where contracts are to be awarded on the basis of competitive bidding, the procuring entity should maintain a complete record of the process and documentation for future review by the Bank. The experience is that lack of an efficient filing system causes long and costly delays in the search for documents at critical moments when procurement issues arise or when procurement audits and post reviews need to be done.

Procurement filing has specific characteristics. Files must be based on the three procurement categories (works, goods, consultant services/training) and span the entire procurement process per contract in each category in an efficient and easily accessible manner (from advertising to contract signature and management.). This system should best be maintained professionally in order to remain useful.

#### **4.12. Contracts register**

Contract register should be maintained by each Implementing Agency under the Program throughout the program life. Contract Register has to be recorded and updated as frequently as possible and be kept as one of the procurement file. Major procurement processes should be registered in the Contract Register and kept for future procurement audits and reviews by the Bank. Recording and maintaining of Contract Registers is the responsibility of the Procurement Specialist/Officer at Federal, Regional and Woreda levels. The following items are the major procurement process which should be captured in the contract register that will be prepared by each Implementing Agency.

- Contract Reference Number
- Contract Description

- Procurement Plan Cost Estimate
- Procurement Method Used
- Date, Month and Year of Invitation
- Name and address of Supplier/Contractor/Consultant
- Date, Month and Year of Contract Signing
- Contract Amount
- Date, Month and Year of Completion of Contract

Contract registers from woredas and towns shall be consolidated annually at the region level and shall be sent to the MoWIE PMU. The MoWIE PMU shall consolidate all contract registers from all Executing Agencies and shall avail the consolidated Program Contract Register for Bank and for Auditors.

#### **4.13. Reporting**

It is important in the Program to produce periodic procurement activities report by the program implementers at all level. Each procuring body will be responsible for monitoring and recording its procurement activities. The head of each procuring entity must satisfy itself that procurement proceedings were executed in accordance with the approved procurement plan and budget. Each implementing body will then compile its annual reports on procurements made and submit to the higher level for subsequent consolidation by the NWCO. The NWCO will submit the consolidated annual procurement report to the NWSC for approval.

#### **4.14. Procurement Audits**

Independent Procurement Audits will be carried out once a year, and all procurement implementing bodies shall provide all the required documentation and supports to the procurement audit firm representatives. The MoWIE will select the procurement audit firms through a Bank prior review process annually and will reflect the planned selection process in its procurement plan.

#### **4.15. Procurement Risk Assessment**

Procurement risk assessment of the Program was undertaken by the Bank. The assessment covered procurement arrangements and gaps in the different layers of program implementers and has made a number of recommendations. In addition to the implementing bodies, the assessment also looked into risks related to supply market conditions in the sector. Table4.2 indicates the summary of risks and recommended actions:

**Table 4-2 Procurement Risk Assessment and mitigation measures**

<b>Issue / Risk</b>	<b>Severity and impact on program</b>	<b>Mitigation Measure</b>	<b>Responsible</b>
Weak coordination, monitoring, and support from MoWIE PMU	<i>High.</i> Delay in implementation, and occurrence of non-compliant procedures	<ul style="list-style-type: none"> <li>- Assign One Senior PS as coordinator, and one PS for two regions (total 6 PSs)</li> <li>- Prepare and agree on reporting format and regularly monitor</li> </ul>	MoWIE
Absence of updated Procurement Plans, and contract registers	<i>High.</i> Poor program performance, delay, and non-compliance	<ul style="list-style-type: none"> <li>- PMU will lead annual PP update exercise with regions and will compile for approval</li> <li>- Regional PMUs will coordinate Towns and woredas</li> <li>- All implementers will register all signed contracts and PMU will compile contract register regularly</li> </ul>	MoWIE PMU/Regional PMUs/Towns/Woredas
Inadequate procurement staff at regions, towns, woredas	<i>High.</i> Delay, Poor program performance, poor quality, implementation problems, non-compliance	<ul style="list-style-type: none"> <li>- Assign the following no of PSs at regional PMUs <ul style="list-style-type: none"> <li>▪ Oromia: 4</li> <li>▪ Amhara: 3</li> <li>▪ SNNP: 3</li> <li>▪ Tigray: 2</li> <li>▪ Others: 1 each</li> </ul> </li> <li>- Assign one PS for each loan town</li> <li>- Assign one Procurement Expert for each eligible woreda</li> </ul>	MoWIE PMU/Regional PMUs/Towns/Woredas
Hi procurement staff turnover	<i>High.</i> Lost skill, delayed implementation, poor recording	<ul style="list-style-type: none"> <li>- All procurement staff to undergo 3 weeks training at EMI</li> <li>- Offer performance contracts to procurement staff for duration of project</li> </ul>	MoWIE PMU/Regional PMUs/
Poor record keeping	<i>High.</i> Difficult to audit, review, resolve disputes. Facilitates abuse and corruption	<ul style="list-style-type: none"> <li>- Keep records in a way that can be retrieved easily</li> <li>- Allocate sufficient space and facilities for procurement functions</li> </ul>	Regional PMUs/Towns/Woredas
Lack of accountability	<i>High.</i> Procurement delays	<ul style="list-style-type: none"> <li>- Develop and implement business standards for procurement actions/decisions</li> </ul>	MoWIE PMU/Regional PMUs/
Limitations in bidding processes	<i>High.</i> Poor quality documents, problems in contract stages, non-compliance practices, poor	<ul style="list-style-type: none"> <li>- Develop prototype BDs</li> <li>- Establish quality assurance systems</li> </ul>	MoWIE PMU/Regional PMUs

Issue / Risk	Severity and impact on program	Mitigation Measure	Responsible
	bid competition,		
Limitation during bid evaluation stage	<i>High.</i> Delays in procurement decisions, non-compliant practices	<ul style="list-style-type: none"> <li>- Training to all involved in procurement decisions</li> <li>- Close support and monitoring by PMU</li> </ul>	MoWIE PMU/Regional PMUs
Publication of awards	<i>High.</i> Non transparent process, fraud and corruption	<ul style="list-style-type: none"> <li>- Post award decision in the same media where bid opportunity was posted</li> <li>- Create website for program information and link with FPPA website</li> </ul>	MoWIE
Contract Administration	<i>High.</i> Delays, increased cost, program not meeting target	<ul style="list-style-type: none"> <li>- Establish strong contract administration and monitoring system</li> <li>- Prepare and agree on format for regular reporting of status</li> </ul>	MoWIE PMU/Regional PMUs
Capacity limitation at loan towns	<i>High.</i> Delays, poor performance, non-compliant procedures	<ul style="list-style-type: none"> <li>- Assign one PS for each loan town</li> <li>- Include one PS in Town Support Groups</li> </ul>	MoWIE PMU/Regional PMUs/Towns
Capacity limitation at woredas	<i>High.</i> Delays, poor performance, non-compliant procedures	<ul style="list-style-type: none"> <li>- Assign one PS for each woreda</li> <li>- Include one PS in Woreda Support Groups</li> <li>- Prepare simplified procurement plan format for woredas</li> </ul>	MoWIE PMU/Regional PMUs/woredas
Capacity limitation at community groups	<i>High.</i> Delays, poor performance, non-compliant procedures	<ul style="list-style-type: none"> <li>- Prepare separate manual for community participation in procurement</li> <li>- Include one procurement officer in each Community Facilitation Team</li> </ul>	MoWIE PMU/Regional PMUs
Limitation of drilling companies	<i>High.</i> Program implementation delays, not meeting result target	<ul style="list-style-type: none"> <li>- Consider incentive mechanism to attract investment in the field</li> <li>- Advertise widely the GPN</li> </ul>	MoWIE/ PMU
Few bidders for P&Fs and EMs	<i>High.</i> Delays in delivery of goods, high prices	<ul style="list-style-type: none"> <li>- Keep systematic record of prices and identify unreasonable high prices</li> <li>- Improve packaging to attract more bidders</li> </ul>	MoWIE PMU/Regional PMUs
Civil works contractors capacity and delays	<i>High.</i> Program implementation delays, not meeting result targets	<ul style="list-style-type: none"> <li>- Ensure contractors with experience and with financial capacity are awarded contracts</li> <li>- Strengthen contract administration system</li> </ul>	MoWIE PMU/Regional PMUs
Participation of SOEs in bids	<i>High.</i> Non compliance	<ul style="list-style-type: none"> <li>- SOEs will participate in Force Account method under special circumstances and cases (e.g. drilling) as provided under article 3.9 of Procurement Guideline</li> </ul>	MoWIE PMU/Regional PMUs

## 5. FIDUCIARY ASSESSMENT AND RISKS

An integrated fiduciary assessment for the proposed Program was carried out on the fiduciary systems of the government and a sample of participating regional and urban local governments that will implement the ONE WaSH,. A special survey was designed for assessing the financial management performance of Regions and city administration.

The fiduciary assessment entailed a review of the capacity of the sample participating entities on their ability to (a) record, control, and manage all Program resources and produce timely, understandable, relevant, and reliable information for the Borrower and the World Bank; (b) follow procurement rules and procedures, capacity, and performance focusing on procurement performance indicators and the extent to which the capacity and performance support the program development objectives and risks associated with the Program and the implementing agency; and (c) ensure that implementation arrangements are adequate and risks are reasonably mitigated by the existing framework.

The assessment identified key risks for which a Fiduciary Risk Mitigation Plan is agreed. The key risks identified are annexed (annex D ) to this manual

## 6. FRAUD AND CORRUPTION

The main factor that leads to fraud and corruption is a weak fiduciary environment. Improving this environment in the participating ONE WaSH is a specific goal of the Program, and will be addressed directly through various program design features. Specifically, these are:

- *Minimum conditions and performance indicators.* The annual performance assessment will include as minimum conditions and performance indicators measures related to the (a) quality of financial management and procurement systems, (b) adequacy in handling grievances related to fraud and corruption, and (c) transparency and accountability in procurement and financial management.
- *Capacity building program:* Elements of the capacity building program will focus on accountability and monitoring at all three government levels to minimize the fraud and corruption risk.
- *Value for money audits:* Value for money audits will be conducted as part of the annual assessment.

There is a robust legal framework for addressing fraud and corruption in Ethiopia. The government has established the Federal Ethics and Anti-Corruption Commission (FEACC) with a mandate to expand and promote ethics and anti-corruption education, to prevent corruption (through review of working procedures and systems), and to investigate and prosecute alleged corruption offences since 2001. The government has also declared that it follows a zero-tolerance policy toward corruption. The FEACC has received political support at the highest level in the country. Since 2007, all the nine regional governments have established their own Regional Ethics and Anti-corruption Commission (REACC) as per the regional laws. FEACC is responsible for coordinating efforts of Anti-corruption across regions including and preparing a national report on anti-corruption efforts across the country.

*Complaints handling mechanisms:* Complaints handling mechanisms are in place at all levels of government, as per the requirement of two national proclamations (433/2005 and 434/2005), and institutional level operational guidelines. These proclamations clearly define the procedures to follow for suspected corruption offences as well as for administrative complaints related to the Program. There are a number ways engaging citizens in complaints handling, and in promoting transparency. At the grassroots level, citizens have experience in forming community groups, or in appointing committees or representatives to liaison with government and seek solutions. Some ULGs have created forums to promote dialogue between citizens and service providers, and for joint monitoring and assessment of performance. Although the system of complaints handling is very well established in Ethiopia, the Sector ministries and the regional and local governments will take full responsibility in ensuring that the Program beneficiaries are regularly informed about the complaints system—an important requirement that will help in ensuring the program meets its development objectives.

*Complaints regarding the Program:* These can be received from internal or external clients through various channels, including in person or in writing. Complaints are lodged in complaint handling body, in the unit consisting of ethics liaison unit

Proclamation No. 433/2005 and Regulation No. 144/2008 provides for the role, powers, duties, and responsibilities of the FEACC (Officers, with the police, with other delegated bodies, or directly with REACC). Information on fraud and corruption and complaints regarding the Program Complaints lodged at all levels will be compiled and at the Regional level and shared with FEACC. FEACC will share their reports twice a year with the Bank and MoFED.

*Complaints handling related to procurement.* The federal procurement proclamation established the “Board for Review and Resolution of Complaints in Public Procurement,” and instituted the board with five members. A complaints review unit in the public procurement agency receives and compiles complaints and presents them to the board. It also receives offence reports from procuring entities against suppliers. The board refers any procurement complaints perceived to involve fraud and corruption to FEACC or to REACC, or to both, for investigation.

*Revised procurement legislation and directives of each regional state:* These provide mechanisms for submitting complaints with which the program is required to comply. Complaints from suppliers or bidders can be submitted to the procuring entity; the head of the procuring entity responds to person making the complaint. If the person lodging the complaint is not satisfied, he or she will appeal the case to the procurement complaint review board (the majority of the board members are public officials and from procuring agencies), and then may take the matter to the courts if not satisfied. The head of BoFED or the head of the economic and social development department gives final approval of the recommendation of the board or committee.

If the complaint review board/committee suspects the case is related to fraud and corruption, then the case is directed to the REACC or FEACC. Any bidder, procuring entity, or citizen, including ethics unit officers, and federal and regional auditor generals, can lodge procurement related complaints to REACC or FEACC. In addition, as mentioned above, the ethics liaison unit officer of each entity report fraud and corruption related cases. Although the anti-corruption law in Ethiopia makes provision for people to complain directly to the FEACC and REACC, if they suspect a case of fraud and corruption, the Program coordinators will emphasize this point to all the procuring entities as part of the Program’s information dissemination.

**Fraud and corruption risks associated with fiduciary risk.** To address these risks, the proposed ONE WaSH will be aligned to the Bank’s Anti-Corruption Guidelines. The memorandum of understanding signed between the Bank’s Integrity Vice Presidency and FEACC on October 3, 2011 provides a framework for cooperation and sharing of information on fraud and corruption allegations, investigations and actions taken on the Program, including on procurement. The memorandum of understanding will provide the Bank and its Integrity Vice Presidency with a foundation for expanding the existing working relationship to cover future cooperative investigations under the Program when needed, and for helping to ensure that the Government of Ethiopia and the FEACC can implement their commitments under the Anti-Corruption Guidelines. The government also committed to use the Bank’s debarment list to ensure that persons or entities



debarred or suspended by the Bank are not awarded a contract under the Program during the period of such debarment or suspension.

**Overall fiduciary risk:** For these reasons described above, overall, the fiduciary assessment concludes that the ONE WaSH's financial management and procurement systems are adequate to provide reasonable assurance that the financing proceeds will be used for intended purposes, with due attention to principles of economy, efficiency, effectiveness, transparency and accountability, and for safeguarding Program assets once the proposed mitigation measures have been implemented. Appropriate systems to handle the risks of fraud and corruption, including effective complaint-handling mechanisms, have been agreed on and established.

An action plan for mitigation of risks is annexed (annex D) to this manual and in the main report of the fiduciary assessment.

## 7. ADMINISTRATION

This section includes staff hierarchy of the program, technical assistance categories and use, logistics support arrangements, staff allowances including Per diem, fixed assets register and control, personnel management (employment procedures and salary scales) and other administrative matters.

As clearly indicated in the program design document, the highest governing body in the Program is the National WaSH Steering Committee (NWSC) whose members include Ministers and State Ministers from the ministries of Water and Energy, Health, Education and Finance and Economic Development. The NWSC is chaired by the Minister of Water, Irrigation and Energy.

The technical arm of the NWSC is the National WaSH Technical Team (NWTT) consisting of Directors from the four WaSH ministries. A similar structure is prescribed at regional level. The lowest level of WaSH governance is the woreda. At woreda level WaSH activities are implemented by the District WaSH Team led by the District Administrator. Its members are from the four WaSH sector offices (Water, Health, Education and Finance with additional members from the Women Affairs and Agriculture offices). Development partners are presently represented by the Development Assistance Group – Water Technical Working Group.

A National WaSH Coordination Office (NWCO) will be responsible for coordinating, planning and oversight of Program implementation at federal level. The NWCO will report to a National Steering Committee chaired by the Minister of Water and Energy and supported by a National WaSH Technical Team consisting of representatives from participating ministries and partners. Implementation of the Program in the sector ministries will be the responsibility of WaSH Program Management Units (PMUs) in the ministries of Water, Irrigation and Energy, Health, Education and Finance and Economic Development, respectively. The NWCO needs to ensure that there is strong communication, coordination and linkage between the NWCO and the PMUs at all level.

### 7.1 Organization structure:

Organizational structures for program management should be responsible and accountable for implementation of the program and for timely progress and expenditure reporting that adheres to government policies and guidelines.

The program coordinators, at all levels of government and city administrations, will be assisted by full time key staffs and accountable to the respective coordinator. In order to effectively implement the Program, the following minimum staffing package is proposed. Focal persons are not full-time staff, but will perform their Program-related tasks alongside other duties.

The staff capacity assessment will be conducted and staffing plan will be developed to be reviewed at mid-term.

The staffing minimum requirements for the financial management of the Program are summarized in Table 7:1.

**Table 7-1 Staffing Requirements**

<b>Institution</b>	<b>Staffing Arrangements</b>
<b>Federal Level</b>	WaSH Coordinator PMU coordinator(one for each of the four ministries) M&E specialist Procurement specialists Financial management/specialistAccountant (2) Community management expert) Water supply engineer S&H expert Environmentalist
<b>Regional level</b>	WaSH Coordinator(1 for each of the four bureaus) Community management expert Water supply engineer Procurement Specialists S&H Specialist Environmentalist Financial management specialist (1) Accountant (2 for big regions and 1 for emerging regions) M&E specialist
<b>Zonal level</b>	WaSH focal person Sanitation and hygiene specialist M&E specialist Financial management/accounting (1/1)
<b>Woreda level</b>	WaSH focal person(1) Environmental sanitation specialist M&E specialist Procurement and contract management focal person Financial management/accounting) (1/1) Community management specialist Water supply technician
<b>Town/City level</b>	WaSH focal person (1) M&E focal person (1) Procurement and contract management focal person (1) Financial management/accounting focal person (1) Customer relations focal person (1) Water supply engineer (1) S&H Specialist (1) Sanitation and hygiene specialist

## 7.2 Salary Scale

Salaries are a major component of overall consumption and a key factor in the program performance. Living standards and the livelihood of wage earners and families depend on the level of wages, when and how they are adjusted and paid.

The existing salary scale of Channel One programs (assuming One-WaSH is included) is believed to be very low compared to other donor financed programs and other bilateral and multi-lateral organizations.

This resulted in high turn-over of key staffs in implementing organization which again causes huge delays and lack of continuity in program implementation.

In order to address the problem, the Ministry of Finance and Economic Development is in the process of revising the existing salary scale and other benefits (like transport allowances). One-WaSH is expected to implement the revised salary scale with detailed guidance.

The other option to address problems related to salaries is to open a separate account under channel 2 for a flexible review by implementing agencies.

## 7.3 Personnel Management

Other personnel management procedures – like employment, , insurances, gender and social inclusiveness, pension arrangements disciplinary measures employment conditions will be governed by the government personnel management procedures and contract agreements.

## 7.4 Per diems

A daily allowance, that an implementing agencies of Channel One programs including WaSH, pay an employee for expenses to cover living expenses, when travelling on mission outside his or her duty station, has been decided by the Ministry of Finance and Economic Development.

Effective program implementation can only be assured if implementing agencies can regularly conduct supervision of works, monitoring of community activities and periodic consultation at all level. The per diem rate is one factor contributing for poor performance of programs lack of motivation of staffs. The existing per diem rate is found to be:

Lacking uniformity across programs; the occurrence of different per diem rates within the same donors financed programs

Insufficient to cover daily living expenses

Noting this, the Ministry of Finance and Economic Development is in the process of revising the existing rate and will issue soon, with detailed guidance, to implementing agencies and regional states.

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## **7.5 Taxation**

It is important to note that the program will be subjected to the tax laws of the land and all partners financing the programs will thereby finance taxes as well. However, the National Wash Steering Committee should identify WaSH investment areas where tax and custom privileges to the program can bring reduction of costs and can enhance effectiveness of the Program. The priority WaSH investment areas for tax and custom privileges should be submitted for the approval of the Government of Ethiopia as soon as possible in order to gain the advantages for the program..

## 8. PARTNERSHIP AND POOL FUND MANAGEMENT

In a pool funding mechanism, two or more donors jointly finance a program or action on the basis of commonly agreed objectives and reporting formats. Besides pooling their funds, partners who are joining the CWA, based on their experience, ground presence, and priorities will co-chair certain thematic areas (Urban WaSH, Rural WaSH, Capacity building, Sanitation and Hygiene, School WaSH, Monitoring and Evaluation, safeguards) and be responsible to providing overall implementation support. This includes ensuring implementation as per the agreed modality, assuring the quality of work at different stages, and be accountable for technical quality of the specific areas assigned to them. Table 8.1 below shows thematic areas that the development partners' take responsibilities for.

**Table: 8.1 Responsibilities amongst the development partners.**

No	Thematic areas	Partner Responsibilities		Remarks
		Chair Government	Co-chair Development partners'	
1.	Rural WaSH	MoWIE	AfDB/DFID	
2.	Urban WaSH	MoWIE	World Bank/UNICEF	
3.	Capacity building	MoWIE	UNICEF	
4.	Sanitation and Hygiene	MoH	UNICEF/WSP-WB	
5.	School WaSH	MoE	UNICEF	
6.	FM and Procurement	MoFED/MoWIE	World Bank	
7.	Monitoring and Evaluation Sustainability / Vulnerability Checks)*	MoH, MoE, MoWIE	DFID/AfDB/UNICEF/ WB	
8.	Safeguards	MoWIE	World Bank	
9.	Audit	MoFED	World Bank	

\* **Sustainability Checks** : Routine checks of functionality of water supply and sanitation infrastructures within the One WaSH National Program – OWP will be undertaken annually to ensure that the built infrastructure.

Pool-funding is welcomed for its relevance for program financing particularly in support of decentralization processes and its potential of creating a bigger envelope rather than fractured programs with multiple reporting, auditing and monitoring systems.

In terms of conditions needed for pool-funding to be feasible, they include namely: (i) accessible information on disbursements; (ii) a transparent selection process of projects; (iii) visibility of individual donors ensured; (iv) adequate consultations to agree on sector/s to be supported and program priorities to ensure proper ownership. Although One-WaSH pool Fund is administered by the GOE with fiduciary and the agreed safeguards' oversight by the World Bank, the World Bank will continue to extend its fiduciary standards and safeguard instruments and oversight to the use of both IDA's own contributions and those donor resources channeled via the consolidated WaSH Account, as well as to provide implementation support and enhanced supervision of the whole program. Financing to ensure adherence to WBs minimum fiduciary and safeguards is additional workload to the bank and needs to be costed and shared among partners.

## 9. MONITORING AND EVALUATION

### 9.1 General

During the phase of the program implementation the monitoring and evaluation systems is designed to monitor input, outputs and outcomes. The monitoring and evaluation process will be directly linked to the Program's Results Framework which contains outputs, outcomes, and impact indicators for each Program component and for the Program as a whole.

Proper monitoring and evaluation of the program includes:

1. **On-going assessment of input use:** Tracking use of funds and technical support to various components of the program through monthly and quarterly financial and physical progress reports.
2. **On-going assessment of outputs:** Outputs are program results produced by the program. Outputs are what mainly the WWT and TWTT and all the other recipients of the program investment will be held directly responsible for.

Tracking outputs with the focus on the result framework indicators is required to measure performance of the program.

Short term evaluation of actual outcomes during the program period which is useful to track program objectives; and

Longer term evaluation of actual impacts to track program goals.

The M&E section needs to clarify responsibilities for data collection, frequency of reporting, and sources of data for each indicator.

Outlining the main elements of the periodical sector reports is also important. Adding more to the document may turn it bulky and may not be used by IAs ultimately. Preparing separate sheets/flier type guidelines and materials and referring to them in the POM may help.

The use of MIS at the beginning of the program is not clearly stated in the document. If that is the intended course of action, data collection and management will be a huge challenge unless the MIS is made operational upfront.

Initially each recipients of the program investment shall establish a comprehensive baseline data/information at the start of the program against which achievements can be compared. At the Woreda and town level this is annual WaSH inventory. The monitoring will look both at the process and result:

- What and how activities are accomplished;
- Examining the progress -checking whether activities are implemented according to plan;
- Scrutinize the process - how activities are done and who are involved/organized; and

- Measure effect – what was the end result?

## 9.2 Key performance Indicators<sup>6</sup>:

Performance indicators are a measure of how well an activity is being performed against a set target. Except for impacts as to what it takes at each level and phase for collecting data, reporting period and frequency concerning the other different performance indicators are described below. It also includes analysis and aggregation requirements at different levels and implementation phases.

### 9.2.1 Reporting Frequencies

Reporting Frequencies for the main M&E actors are given below:

- Kebele WaSH Team (KWT) submits monthly, quarterly, and annual WaSH progress reports to WWT
- Woreda (WWT) submits monthly, quarterly, and annual WaSH progress reports to Zone/Region (RWCO)
- Zone/Region (RWCO) submits quarterly, and annual WaSH progress reports to NWCO
- NWCO submits quarterly, and annual WaSH progress reports to NWTT and through it to NWSC

The WaSH progress reports will include both physical and financial status. Monthly and quarterly reports should show the progress against planned activities and/or outputs while the annual plan should show the achievements in meeting the annual targets, i.e. output and outcome results.

### 9.2.2 WaSH Progress Review Meetings

- KWT conducts monthly, quarterly and annual WaSH progress review meetings with all Kebele WaSH stakeholders
- WWT conducts quarter and annual WaSH progress review meetings with the Woreda WaSH stakeholders including Kebele representatives,
- RWCO conducts quarter and annual WaSH progress review meetings with the region WaSH stakeholders including zone and woreda representatives,
- NWCO conducts quarter and annual WaSH progress review meetings with the national WaSH stakeholders including regional representatives,
- Joint Technical Review (JTR) meetings with WaSH development partners will be held twice in a year and Multi-stakeholders Forum (MSF) involving the major WaSH stakeholders will

<sup>6</sup> KPI targets for the CWA under each component will be proportionally apportioned from the OWP targets based on the contribution of the CWA compared to the total estimated cost of the OWP for each component.



be held once in a year at national level. Similarly Regional multi-stakeholders' Forum will be conducted at regional level once in a year.

- Prior to the JTR and the MSF, Joint government and CWA pooling partners implementation support and supervision missions will be conducted on a biannual and annual basis. The World Bank, in consultation with government and pooling partners will prepare a Statement of Mission Objectives (SMO) for each mission and submit it to NWCO copied to Pooling partners.
- The National WaSH Coordination Office will prepare a consolidated implementation progress and status report (water, education, health and finance) including (physical and financial) and submit it to the World Bank copied to pooling partners prior to each mission.
- These missions will discuss: (a) CWA Work Plan and Procurement Plan; (b) progress made on implementing the agreed safeguards (such as the Environmental and Social Management Framework, Environmental and Social Management Plan, Resettlement Policy Framework and recommendation of the Social Assessment report 2013; (c) progress on fiduciary risk assessment and mitigation plan; and, (d) findings of the spot-checks and infrastructure audits.
- The World Bank, as the nodal agency for providing the oversight functions for monitoring adherence to agreed minimum fiduciary and safeguards requirements on behalf of pooling partners, will prepare an Aide memoire highlighting the findings of the missions and agreed actions , and submit it to NWCO copied to implementing partners after each mission.

With the full participation of the government of Ethiopia and the CWA contributing partners, the World Bank will lead the Program mid-term and completion reviews.

### 9.2.3 Component 1: Rural WASH (Agrarian, Pastoralist and Rural Towns)

**Table 9-1 Performance indicators for Rural WaSH**

Performance Indicator	Parameter	Required data	Level data collected	Data collected (Plan versus accomplishment)
Enabling environment and good governance created in the WaSH sector	Input	Procurement data on consultants: (WSGs) to undertake training and capacity building of the Woreda WaSH Team (WWT), woreda staff, supervisors, HEWs, and Das Procurement of consultants to establish and capacitate WaSH structure at town level & conduct study and design & construction supervision of new or expansion and rehabilitation of water supply scheme and wastewater management system for Category 3 town	Woreda	Procurement progress
			Category 3 town	Procurement progress
			Regional	Aggregated woredas data of procurement progress & % completed
			Federal	Aggregated regions data per region of procurement progress & % completed
		Implementation by WSGs: or category 3 consultant  Capacity building of the WWT, HEWs supervisors, and DAs undertakings at woreda level and WaSHCOs and operators at town level Development or review of Woreda wide UAP for WaSH undertakings Workshop for stakeholders commitment building Development of Woreda and town WaSH annual consolidated plan, budget and procurement plan Training and equipping of all OWP	Woreda	% completed of each undertakings
			Category 3 town	% completed of each undertakings
			Regional	Aggregated % completed of Category 3 towns and woredas for each undertakings
			Federal	Aggregated regions % completed of Category 3 towns and of woredas for each undertakings

Performance Indicator	Parameter	Required data	Level data collected	Data collected (Plan versus accomplishment)
	Output	implementing woreda and town scheme operators		
		WASHCO gained legal status WASHCOs with 50% women members WaSH data collected /analyzed using key performance indicators/NWI updated Consolidated annual plan and report produced	Woreda	Number of communities
			Category 3 town	Number of towns
			Regional	Aggregated % woredas
			Federal	Aggregated regional data % of woredas
	Outcome	Improved functionality of water supplies	Woreda	% of functional water supply schemes increase of existing schemes
			Category 3 towns	% of functional water supply schemes increase of existing schemes
			Regional	Aggregated regional % increased of functional water supply schemes of existing schemes
			Federal	Aggregated national % increase of functional water supply schemes of existing schemes
		Increased geographical equity (measured in increased projects in drought affected areas)	Woreda	Geographical equity within acceptable limits
			Regional	Aggregated % of % of woreda having geographical equity within acceptable limits
			Federal	Aggregated % of regions having geographical equity within acceptable limits
Access: Percentage of people with access 15	Input	Implementation	Woreda	Stages of implementation: % completed for each components of the undertakings
		Conventional water supply schemes	Category 3	Stages of implementation: % completed for

Performance Indicator	Parameter	Required data	Level data collected	Data collected (Plan versus accomplishment)
liters per capita per day within 1.5 km radius at rural kebele level and 20 litres per capita per day within 0.5 km radius for Category 3 towns		design undertakings Water schemes construction undertakings	towns	each components of the undertakings
			Regional	Aggregated progress in % of woredas data undertakings
			Federal	Aggregated progress of regional data in % of towns undertakings per category
		Procurement of contractor for existing water schemes rehabilitation or new scheme construction Procurement of contractor for water supply scheme and wastewater management & sanitation facilities construction undertakings in Category 3 towns	Woreda	Procurement progress & % completed
			Category 3 towns	Procurement progress & % completed
			Regional	Aggregated procurement progress and % completed
			Federal	Aggregated regions data on progress & % completed
	Output	Study and design reports prepared New Water supply schemes constructed Existing water supply schemes rehabilitated	Woreda	Completed study and design reports Number of new lined new existing constructed Number of rehabilitated schemes
			Category 3 towns	Completed study and design reports Number of new lined new existing constructed Number of rehabilitated schemes
			Regional	Number of woredas and Category 3 towns with completed study and design reports Aggregated number of new water supply schemes constructed Aggregated number of rehabilitated water supply schemes
			Federal	Aggregated regional data of number of woredas and Category 3 towns with completed study and design reports

Performance Indicator	Parameter	Required data	Level data collected	Data collected (Plan versus accomplishment)
	Outcome	Population with access to improved water supplies (15 lpcd in 1500m) for rural community & for Category 3 towns : (20 lpcd in 500m)  rehabilitated water supply system new water supply system construction		Aggregated total number of new schemes constructed per region Aggregated total number of rehabilitated per region
			Woreda	Number of people
			Category 3 towns	Number of people
			Regional	% of regional population for rural and urban separately
Access: Percentage of people with improved sanitation access and hygienic practices	Input	Construction of household hand washing facility Construction of improved household latrines that focus on the priorities of women , girls and disable groups demand.	Federal	% of national population for rural and urban separately
			Woreda	Stages of construction: % completed at HH level
			Category 3 towns	Stages of construction: % completed at HH level
			Regional	Aggregated progress data in % of woredas constructing WaSH household facilities
		Implementation of CLTSH promotion	Federal	Aggregated progress data in % of woredas constructing household hand WaSH facilities
			Woreda	Number of villages or Kebles where CLTSH is implemented.
				Number of ODF Kebeles:
			Regional	Aggregated % of woredas and category 3 towns where CLTSH promotion implementation took place

Performance Indicator	Parameter	Required data	Level data collected	Data collected (Plan versus accomplishment)
				Aggregated stage of number and % of ODF Kebeles in woredas and category 3 towns
			Federal	Aggregated % of woredas and category 3 towns where CLTSH promotion implementation took place Aggregated stage of number and % of ODF Kebeles in woredas and category 3 towns
	Outputs	Household latrines constructed Households upgrading their pit latrine to VIP	Woreda	Number of improved HH latrines constructed or upgraded
			Category 3 towns	Number of improved household latrines constructed or upgraded
			Regional	Number of new household latrines per woreda (urban and rural separately)
			Federal	Aggregated regional data of number of new household latrines (urban and rural separately)
	Outcome	Population with access to sanitation facilities Population with access to hand washing facility	Woreda	Number of people with household latrine facilities
			Category 3 towns	Number of people with household latrine facilities
			Regional	% of regional population with household latrine facilities (urban and rural separately)
			Federal	% of national population with household latrine facilities(urban and rural separately)

Performance Indicator	Parameter	Required data	Level data collected	Data collected (Plan versus accomplishment)
		Household water treatment and safe storage promoted	Woreda	Number of HHs with water treatment and safe storage
			Regional	% of regional HHs with water treatment and safe storage
			Federal	% of national HHs with water treatment and safe storage
		New ODF kebeles	Woreda	Number of new Kebeles with ODF status
			Regional	% of regional Kebeles with ODF status
			Federal	% of national Kebeles in each regions with ODF status

#### 9.2.4 Component 2: Urban WASH

**Table 9-2 Performance indicators for Urban WaSH**

Performance Indicator	Parameter	Required data	Level data collected	Data collected (Plan versus accomplishment)
Enabling environment and good governance created in the WaSH sector	Input	Business plan study and implementation undertakings	Town/city or woreda	Procurement progress in the procurement process
			Regional	Aggregated towns data for each category and procurement progress in the procurement process
			Federal	Aggregated regions data for each category of towns per region and procurement progress in the procurement process
		Business plan study and	Town/city or	Stages of study: % completed for each components of

Performance Indicator	Parameter	Required data	Level data collected	Data collected (Plan versus accomplishment)
<b>Access:</b> Percentage of people with access 20 liters per capita per day within 0.5 km radius	Input	implementation undertakings	woreda	the business plan
			Regional	Aggregated progress in % of towns data per category preparing business plan
			Federal	Aggregated progress in % of regions data of towns data per category preparing business plan
		Procurement data of consultants to undertake immediate service improvements study & implementation supervision contractor to implement immediate service improvements study consultants to conduct study and design & construction supervision of new or expansion and rehabilitation of water supply scheme and wastewater management system contractor for water supply scheme and wastewater management & sanitation facilities construction undertakings	Town/city or woreda	Procurement progress in the procurement process
			Regional	Aggregated towns data for each category and procurement progress in the procurement process
			Federal	Aggregated regions data for each category of towns per region and procurement progress in the procurement process
		Consultancy service for of:  Immediate service improvements (ISI) study undertakings Study and detail design undertakings	Town/city or woreda	Stages of study: % completed of the different component of the study
			Regional	Aggregated progress data in % completed for each category of town and study
			Federal	Aggregated progress data for regions in % completed



Performance Indicator	Parameter	Required data	Level data collected	Data collected (Plan versus accomplishment)
				for each category of towns and study
		Implementation of:	Town/city or woreda	Stages of Implementation: % completed for each components of intervention
		Immediate service improvements study	Regional	Aggregated progress data in % per category of town undertaking implementation
		Water supply scheme construction	Federal	Aggregated progress data in % of regions per category of town undertaking implementation
	Output	Environmental safeguard measure undertakings		
		Immediate service improvement study reports prepared	Town/city or woreda	Study reports
		Study and design reports prepared	Regional	Implementation completion report
	Outcome	Immediate service improvements implemented		
		New Water supply schemes constructed	Federal	Number of towns per category with completed study and/or Implementation reports
		Existing water supply schemes rehabilitated and expanded		Aggregated regional data of number of towns per category with completed study and Implementation reports
<b>Access:</b> Percentage of people with improved sanitation	Input	Preparation of sanitation plan Construction of communal and public latrines including women, girls and disabled group	Town/city or woreda	Number of towns with sanitation plan prepared
			Regional	Stages of construction: % completed
				Aggregated number of towns with sanitation plan prepared

Performance Indicator	Parameter	Required data	Level data collected	Data collected (Plan versus accomplishment)
access and hygienic practices		preferences into consideration . Construction of latrine sludge / septage treatment plant		Aggregated progress in construction in % per category of towns
			Federal	Aggregated number of towns with sanitation plan prepared per region Stages of construction: % completed for each components of the construction per regions
		Implementation of hygiene and sanitation package by urban HEWs	Town/city or woreda	Number of households with improved latrine facility No of people practicing hand washing at critical times as a result
			Regional	Aggregated progress in % urban people having improved latrine facility. Aggregated progress in % urban people practicing hand washing at critical times
			Federal	Aggregated progress in % urban people having improved latrine facility per region. Aggregated progress in % urban people practicing hand washing at critical times per region
		Procurement of desludging equipment's	Regional	Procurement progress
			Federal	Aggregated regional data and procurement progress
		Procurement of wastewater management system design consultant	Addis Ababa	Procurement progress
			Federal	% progress in the procurement process
		Wastewater management system detail design undertakings	Addis Ababa	Stages of construction: % completed of design components
			Federal	Design progress in %
	Outputs	Wastewater management system report prepared	Town/city or woreda	Wastewater management system report

Performance Indicator	Parameter	Required data	Level data collected	Data collected (Plan versus accomplishment)
			Regional	Number of towns per category with completed wastewater management system reports
			Federal	Aggregated regional data of number of towns per category with completed wastewater management system reports
		Communal latrines constructed that takes into account women, girl and disabled group preferences into consideration. Public latrines constructed that takes into account women, girl and disabled group preferences into consideration. Latrine sludge/ septage treatment plant constructed	Town/city or woreda	Construction completion report
			Regional	Number of towns per category with completed construction
			Federal	Aggregated regional data towns per category with completed construction
		Wastewater management system detail design report	Town/city or woreda	Wastewater management system design report
			Federal	Reporting of wastewater management system design study completion
	Outcome	Population with access to sanitation facilities from communal latrines Population with access to sanitation facilities from public latrines Population with access to latrine sludge/ septage treatment plants	Town/city or woreda	Number of people for each facilities
			Regional	% of regional population per each facility
			Federal	% of national population per each facility
		Population with new access to desludging equipment's	Town/city	Number of people with new access to desludging equipment
			Regional	% of regional population with new access to

Performance Indicator	Parameter	Required data	Level data collected	Data collected (Plan versus accomplishment)
				desludging equipment's
			Federal	% of national population with new access to desludging equipment

### 9.2.5 Component 3: Institutional WASH

**Table 9-3 Performance Indicators for Institutional WaSH**

Performance Indicator	Parameter	Required data	Level data collected	Data collected (Plan versus accomplishment)
<b>Access:</b> Percentage of schools with improved access to water supply in schools - ratio of tap/student (1:50)	Input	Procurement of contractor for:  school WaSH facility construction that takes into account women, girl and disabled group preferences into consideration.  health institutions WaSH facility that takes into account women, girl and disabled group preferences into consideration.	Woreda	Procurement progress in the procurement process for each bid
			Town/City	Procurement progress in the procurement process for each bid
			Regional	Aggregated towns data for each category and procurement progress in the procurement process for each bid
			Federal	Aggregated regions data for each category of towns per region and procurement progress in the procurement process for each bid
		Construction or rehabilitation of water supply facilities and latrines at primary and secondary schools, Construction of new water supply facilities and latrines at primary and secondary schools,	Woreda	Stages of construction: % of rehabilitation or new construction completed of WaSH facility at primary and secondary schools for each contract
			Town/City	Stages of construction: % of rehabilitation or

Performance Indicator	Parameter	Required data	Level data collected	Data collected (Plan versus accomplishment)
				new construction completed of WaSH facility at primary and secondary schools for each contract
			Regional	Aggregated progress of rehabilitation or new construction % of primary and secondary schools with WaSH facilities of woredas and each category of towns per region for each contract
			Federal	Aggregated progress of rehabilitation or new construction % of primary and secondary schools with WaSH facilities of woredas and each category of towns in each region for each contract
	Output	Rehabilitated water supply facilities at primary and secondary schools New water supply facilities at primary and secondary schools constructed	Woreda	Number of schools with existing water supply facilities rehabilitated or new constructed.
			Town/City	Number of schools with existing water supply facilities rehabilitated or new constructed..
			Regional	Aggregated number of schools in woredas and town per category with existing water supply facilities rehabilitated or new constructed..
			Federal	Aggregated regional data of number of schools in woredas and town per category with existing water supply facilities rehabilitated or new constructed..
	Outcome	Improved access to water supply in schools - ratio of tap/student (1:50)	Woreda	Number of schools and health institutions having access to improved water supply - ratio of

Performance Indicator	Parameter	Required data	Level data collected	Data collected (Plan versus accomplishment)
		Health institutions with access to improved water supplies system		tap/student (1:50)
			Town/City	Number of schools and number of health institutions having access to improved water supply - ratio of tap/student (1:50)
			Regional	% of schools and % of health institutions having access to improved water supply - ratio of tap/student (1:50) in the region
			Federal	Aggregated regional data on % of schools and % of health institutions having access to improved water supply - ratio of tap/student (1:50)
<b>Access:</b> Percentage of people with improved sanitation access and hygienic practices	Input	Procurement of contractor for:  school sanitation facility construction health institutions sanitation facility	Woreda	Procurement progress in the procurement process
			Town/City	Procurement progress in the procurement process
			Regional	Aggregated towns data for each category and procurement progress in the procurement process
			Federal	Aggregated regions data for each category of towns per region and procurement progress in the procurement process
		Rehabilitation of sanitation facility at primary and secondary schools, Construction of new sanitation facility at primary and secondary schools,	Woreda	Stages of rehabilitation and construction : % of rehabilitation and construction completed of sanitation facility at primary and secondary schools and health institutions separately.

Performance Indicator	Parameter	Required data	Level data collected	Data collected (Plan versus accomplishment)
		Rehabilitation of sanitation facility at health institutions, Construction of new sanitation facility at health institutions,	Town/City	Stages of rehabilitation and construction: % of rehabilitation and construction completed of sanitation facility at primary and secondary schools and health institutions separately.
			Regional	Aggregated progress of rehabilitation and construction % of primary and secondary schools with sanitation facilities and health institutions separately.
			Federal	Aggregated progress of rehabilitation and construction % of primary and secondary schools and health institutions separately with sanitation facilities of woredas and each category of towns in each region
	Outputs	Rehabilitated sanitation facilities at primary and secondary schools New sanitation facilities at primary and secondary schools constructed Rehabilitated sanitation facilities at health institutions Rehabilitated sanitation facilities at health institutions	Woreda	Number of schools and health institutions with existing sanitation facilities rehabilitated or new constructed
			Town/City	Number of schools with existing sanitation facilities rehabilitated or new constructed.
			Regional	Aggregated number of schools in woredas and town per category with existing sanitation facilities rehabilitated or new constructed.
			Federal	Aggregated regional data of number of schools in woredas and town per category with existing sanitation facilities rehabilitated or new constructed.
	Outcome	Improved access to sanitation facility in schools - ratio of seat/student	Woreda	Number of schools with ratio of seat/student (1:50) and health institutions having access to

Performance Indicator	Parameter	Required data	Level data collected	Data collected (Plan versus accomplishment)
		(1:50) Health institutions with access to improved sanitation facility		sanitation facility
			Town/City	Number of schools with ratio of seat/student (1:50) and health institutions having access to sanitation facility
			Regional	% of schools with ratio of seat/student (1:50) and health institutions having access to sanitation facility
			Federal	Aggregated regional data on % of schools with ratio of seat/student (1:50) and health institutions having access to sanitation facility

#### 9.2.6 Component 4: Program Management and Capacity Building

**Table 9-4 Performance Indicator for Program Management and Capacity Building**

Performance Indicator	Parameter	Required data	Level data collected	Data collected (Plan versus accomplishment)
Efficient use of resources	Input	Commitment of the national and regional steering committee	Regional	Establishment of regional steering committees in all regions. Regional steering committees meeting every quarter to provide guidance and governance
			Federal	National steering committees meeting every quarter to provide guidance and governance
		Recruitment and assignment of Program management unit staffs	Woreda /town	Timely implementation of CWA financed projects as per the plan and implementation procedure.



Performance Indicator	Parameter	Required data	Level data collected	Data collected (Plan versus accomplishment)
			Regional	Regular monitoring of woreda and town PMUs implementation. Timely preparation of regional progress reports with updated quarterly plan
			Federal	Timely preparation of national progress reports with updated quarterly plan
		Procurement of consultant for building capacity in surface and ground water assessment, groundwater knowledge and siting, network design, environmental and social safeguards, water resources management sanitation and hygiene	Regional	Procurement progress in the procurement process
			Federal	Aggregated regional data and procurement progress in the procurement process
		Training and equipping of all woreda, zonal and regional staff on surface and ground water assessment, groundwater knowledge and siting, network design, environmental and social safeguards, water resources management	Woreda	% completed of the training and equipping undertakings
			Zonal	% completed of the training and equipping undertakings at zonal level Aggregated % completed of woredas training and equipping undertakings
			Regional	% completed of the training and equipping undertakings at regional level Aggregated % completed of woreda and zonal training and equipping undertakings
			Federal	% completed of the training and equipping undertakings at regional level Aggregated regions % completed of woreda, zonal and regional training and equipping undertakings
		Establishment of sub-regional	Sub-regional	Stages of establishment: % of accomplishment

Performance Indicator	Parameter	Required data	Level data collected	Data collected (Plan versus accomplishment)
		operation and maintenance units and supply chain outlets	Regional	Aggregated sub regional % of accomplishments
			Federal	Aggregated regional % of accomplishments
		Organizing, documenting and scaling up pilot/demonstration activities	Woreda	Number of pilot/demonstration activities held by type
			Town/city	Number of pilot/demonstration activities held by type
			Region	Aggregated number of pilot/demonstration activities held in towns and woredas by type
			Federal	Aggregated number of pilot/demonstration activities held in regions by type
		Review of water supply plan to give priority to drought-prone areas to construct water supplies to reduce water delivery by tanker	Woreda	Stages of planning: % of accomplishment
			Town/city	Stages of planning: % of accomplishment
			Region	Aggregated % of accomplishments by woreda and town
			Federal	Aggregated % of accomplishments by woreda and town for each region
	Output	Equipped woreda, zonal and regional staff on surface and ground water assessment, groundwater knowledge and siting, network design, environmental and social safeguards, water resources management	Woreda	Number of staffs trained
			Town city	Number of staffs trained
			Regional	Number of staffs trained at regional level Aggregated trained staff woreda, town and regional level
			Federal	Aggregated regional data of trained staff at woreda, town and regional level
		Sub-regional operation and maintenance units and supply chain outlets established	Regional	Number of sub-regional outlets established
			Federal	Aggregated sub regional outlets established in regions

Performance Indicator	Parameter	Required data	Level data collected	Data collected (Plan versus accomplishment)
		Pilot/demonstration activities organized, documented and scaled up	Woreda	Number of pilot/demonstration activities held by type % of pilot/demonstration activities documented by type % increase annually in number of pilot demonstration activities organized by type
			Town/city	Number of pilot/demonstration activities held by type % of Pilot/demonstration activities documented by type % increase annually in number of pilot demonstration activities organized by type
			Region	Aggregated number of pilot/demonstration activities held in towns and woredas by type Aggregated % of pilot/demonstration activities documented in towns and woredas by type
			Federal	Number of pilot/demonstration activities held by type % of Pilot/demonstration activities documented by type % increase annually in number of pilot demonstration activities organized by type
		Revised water supply plan to give priority to drought-prone areas to construct water supplies to reduce water delivery by tanker	Woreda	Revised plan with priority given to drought prone areas
			Regional	Number of woredas with revised plan
			Federal	Aggregated regional data of woredas with revised plan
	Outcome	Efficient use of resources	Woreda	% successful BHs/wells % reduction in drilling unit cost % reduction in per capita investment costs
			Town/City	% reduction in drilling unit cost % reduction in per capita investment costs
			Regional	% reduction in drilling unit cost % reduction in per capita investment costs
			Federal	% reduction in drilling unit cost % reduction in per capita investment costs

Performance Indicator	Parameter	Required data	Level data collected	Data collected (Plan versus accomplishment)
		Improvements in the functionality of water supply schemes.	Woreda	% increase in functioning rate of water supply systems
			Town/City	TWU supplying water more than 6 hours a day to all costumers
			Regional	Aggregated regional data of woredas with % increase in functioning rate of water supply systems Number of towns with TWU supplying water more than 6 hours a day to all costumers
			Federal	Aggregated regional data of woredas with % increase in functioning rate of water supply systems and towns with TWU supplying water more than 6 hours a day to all costumers
		Priority given to drought-prone areas to construct water supplies to reduce water delivery by tanker	Woreda	% reduction in water delivery by tankers
			Regional	Aggregated regional % reduction in water delivery by tankers
			Federal	Aggregated national % reduction in water delivery by tankers
Strengthened capacity of WaSH sector actors for achieving and sustaining results	Input	Procurement of consultant for: training in data collection and MIS/ database training for accountants in financial management Procurement of consultant for standard bidding/contract management/supervision documents trainer in water and wastewater quality testing	Federal	Procurement progress in the procurement process

Performance Indicator	Parameter	Required data	Level data collected	Data collected (Plan versus accomplishment)
		Training of woreda, zonal and regional, staff in data collection and MIS/ database	Woreda	% completed for each undertakings
			Zonal	% completed for each undertakings
		Training of woreda, town and regional, staff financial management (for accountants)	Regional	% completed for each undertakings at zonal level Aggregated % completed of woredas and town for each undertakings
			Federal	% completed of the training undertakings at regional level Aggregated % completed of woreda, town and zonal for each undertakings
		Procurement of consultant for training contractors and artisans on construction methods	Regional	Procurement progress in the procurement process
			Federal	Aggregated regional data and progress in the procurement process
		Training of: contractors and artisans on construction methods contract management and supervision (for Zonal PMUs, WWTs and TWUs)	Woreda	% completed of the training and equipping undertakings
			Zonal	% completed of the training and equipping undertakings at zonal level Aggregated % completed of woredas training and equipping undertakings
			Regional	% completed of the training and equipping undertakings at regional level Aggregated % completed of woreda and zonal training and equipping undertakings
			Federal	% completed of the training and equipping undertakings at regional level Aggregated regions % completed of woreda, zonal and regional training and equipping undertakings
		Preparation of standard bidding/contract management/supervision	Federal	% completed of the document preparation undertakings

Performance Indicator	Parameter	Required data	Level data collected	Data collected (Plan versus accomplishment)
		documents undertaking		
		Support to 16 TVETCs/HSCs to offer WaSH courses	TVET/ HSCs	% of accomplishments versus planned supported
			Regional	Total number of TVETCs/HSCs and aggregated accomplishment
			Federal	Total number of TVETCs/HSCs supported by region and aggregated regional accomplishment
			Regional	% of accomplishments versus plan for each undertakings
			Federal	Total number and aggregated % of accomplishments versus plan for each undertakings
	Output	Trained personnel in water and wastewater quality testing	Regional	Number of trainees
			Federal	Aggregated number of trainees by region
		Woreda, zonal and regional staff trained in data collection and MIS/ database Trained woreda, town, zonal and regional accountants in financial management Contractors and artisans trained on construction methods Zonal PMUs, WWTs and TWUs trained in contract management and supervision	Woreda	Number of trainees in each undertakings
			Town/City	Number of trainees in each undertakings
			Zonal	Number of trainees in each training category Aggregated number of trainees of Woreda and Town/city in each undertakings
			Regional	Number of trainees in each training category Aggregated number of woredas, town , and zonal trainees in each undertakings
			Federal	Number of trainees in each training category Aggregated number of woredas, town, zonal and regional staff trainees in each undertakings
		Standard bidding/contract management/supervision documents prepared	Federal	Standard bidding/contract management/supervision documents
		16 TVETCs/HSCs supported to offer	TVET/HSCs	TVETCs/HSCs supported to offer W WaSH ASH

Performance Indicator	Parameter	Required data	Level data collected	Data collected (Plan versus accomplishment)
		WaSH courses		courses
			Regional	Total number of TVETCs/HSCs supported to offer WaSH courses
			Federal	Total number of TVETCs/HSCs supported by region to offer WaSH course
			Regional	Total Number for each
			Federal	Aggregated regional number for each
	Outcome	Analyzed monitoring data used in decision-making	Woreda	Woreda plan updated on the bases of monitored data Increased focus given to drought prone areas
			Town/City	Town plan updated on the bases of monitored data
			Zonal	Zonal plan updated on the bases of monitored data
			Regional	Regional plan updated on the bases of monitored data
			Federal	National plan updated on the bases of monitored data
		Capacity building/follow-ups made to WASHCOs, artisans, HEW sand had	Woreda	Number of capacity building/follow-ups made to WASHCOs, artisans, HEW sand HDA
			Zonal	Aggregated number of woredas with capacity building/follow-ups made to WASHCOs, artisans, HEW sand HDA
			Regional	Aggregated number of zones with woredas with capacity building/follow-ups made to WASHCOs, artisans, HEW sand HDA
			Federal	Aggregated number of regions with woredas with

Performance Indicator	Parameter	Required data	Level data collected	Data collected (Plan versus accomplishment)
				capacity building/follow-ups made to WASHCOs, artisans, HEW sand HDA
		TWU recovering full costs TWU recovering O&M and replacement cost	Town/City	% of cost recovery rate for each category
			Regional	% of TWU recovering costs for each category
			Federal	Aggregated % of TWU recovering costs by region for each category
		TWBs in category I & II towns with adequate capacity to fulfill their roles in urban water supply	Town/City	Rate of TWBs fulfilling their roles in urban water supply in %
			Regional	% of TWBs in category I & II towns with adequate capacity to fulfill their roles in urban water supply
			Federal	Aggregated % of TWBs in category I & II towns with adequate capacity to fulfill their roles in urban water supply by region



### 9.3 Roles and responsibilities

The WaSH M&E system comprises a wide variety of different actors at different level. See Table 9.5 for an overview.

**Table 9-5 Overview of M&E Arrangements (Roles and Responsibilities)**

WHO	M&E roles and responsibilities
Water Boards / WASHCO	Update annual WaSH inventory
Kebele WaSH Teams	<ul style="list-style-type: none"> <li>• Supports WaSH COs to update the Annual WaSH Inventory</li> <li>• Reviews WaSH status at School and Health Post</li> <li>• Studies data and completes an analysis of the Kebele WaSH situation</li> <li>• Uses M&amp;E results to prepare and propose a Kebele Annual WaSH Plan</li> <li>• Forwards data to Woreda WaSH Team</li> <li>• Prepares monthly, quarterly, and annual WaSH progress reports and send to the Woreda</li> <li>• Conduct WaSH progress review meeting quarterly with all Kebele WaSH stakeholders</li> <li>• Participate at Woreda level WaSH progress review meeting quarterly</li> </ul>
Woreda WaSH Teams	<ul style="list-style-type: none"> <li>• Supports Kebeles perform their roles of data gathering, WaSH analysis and action planning</li> <li>• Visits all non-functional PPWSS to support users and Kebele to restore functionality</li> <li>• Conducts technical assessment of every 3 years</li> <li>• Verifies Kebele summaries against paper records for accuracy; makes any corrections</li> <li>• Enters data from Kebele summaries onto computer spread sheet into one consolidated record of all Kebeles</li> <li>• Performs analysis e.g. comparison between Kebeles and against previous year</li> <li>• Uses M&amp;E results to prepare a woreda Annual WaSH Plan</li> <li>• Sends spread sheet and paper records to Regional or Zonal WaSH Coordination Office</li> <li>• Prepares monthly, quarterly, and annual WaSH progress reports and send to the Zone/Region</li> <li>• Conduct WaSH progress review meeting quarterly with all Woreda WaSH stakeholders</li> <li>• Participate at Region/zone level WaSH progress review meeting quarterly</li> </ul>

WHO	M&E roles and responsibilities
Region / Zone WaSH Coordination Office	<ul style="list-style-type: none"> <li>• Supports Woredas perform their roles</li> <li>• Verifies Woreda summaries against paper and computer records</li> <li>• Recruits and supervises data entry contractor</li> <li>• Consolidates all Woreda records into one file for the complete Region / Zone</li> <li>• Performs analysis e.g. comparison between Woredas and against previous year</li> <li>• Uses M&amp;E results to prepare annual Regional / Zone Annual WaSH Plan</li> <li>• Sends spread sheet and summary analysis to National WaSH Coordination Office</li> <li>• Prepares monthly, quarterly, and annual WaSH progress reports and send to the NWCO</li> <li>• Conduct WaSH progress review meeting quarterly with all regional WaSH stakeholders including zones, Woredas and towns</li> <li>• Participate at national level WaSH progress review meeting quarterly</li> </ul>
TWTT, TWB, Town Utility	<ul style="list-style-type: none"> <li>• Completes One Time Report UWS-OTR,</li> <li>• Completes Annual Report UWS-AR,</li> <li>• Compares changes between years and reports on these to Region / Zone / Woreda</li> <li>• Uses these data to report to public in Annual Report</li> <li>• Use M&amp;E data to prepare WaSH Annual Plan</li> <li>• Forwards M&amp;E data to R/Z WaSH Coordination Office</li> <li>• Prepares monthly, quarterly, and annual WaSH progress reports and send to the RWCO</li> <li>• Conduct WaSH progress review meeting quarterly with all town WaSH stakeholders</li> <li>• Participate at regional level WaSH progress review meeting quarterly</li> </ul>
National WaSH Coordination Office	<ul style="list-style-type: none"> <li>• Consolidates all Regional and Urban data</li> <li>• Uses M&amp;E results to prepare JTR reports etc.</li> <li>• Uses M&amp;E results internationally with AMCOW, JMP etc.</li> <li>• Uses results to prepare and propose investment plans and loan / grant applications and national Annual WaSH Plan</li> <li>• Provides NWTT with a consolidated WaSH M&amp;E Report</li> <li>• Prepares monthly, quarterly, and annual WaSH progress reports and send to the NWTT</li> <li>• Conduct WaSH progress review meeting quarterly with all national and regional WaSH stakeholders Organizes annual MSF</li> </ul>

## 10. ENVIRONMENTAL AND SOCIAL MANAGEMENT FRAMEWORK

### 10.1 Scope of the Environmental and Social Management Framework

While implementing CWA financed WaSH program there could be involuntary resettlement and loss of assets due to rehabilitation and construction of schemes. These negative impacts are site specific and will be localized and can be reduced or avoided with proper mitigation measures outlined in this Environmental and Social Management Framework (ESMF).

The Environmental and Social Management Framework (ESMF) ensures that investments under the One WaSH National Program are implemented in an environmentally and socially sustainable manner. The ESMF outlines an environmental and social screening process that will be applied by qualified personnel at the planning stage of the program. The purpose of ESMF is to provide guidance to OOWNP staffs, communities, and others participating in planning and implementation of OOWNP regarding the sustainable environmental and social management of sub-programs.

The Federal Environmental Protection Agency (EPA) takes responsibility for the EIA process including the review of the initial proposal and final decision on the acceptability of the submitted ESMF:

- where programs may have inter-regional or inter-national impacts,
- where they may entail impacts on environments of national or international significance,
- where the proponent is a federal agency, including the Federal Investment Authority,
- Or where the federal EPA agrees that an EIA be referred to it by the regional level due to its complexity or to the lack of capabilities at regional level.

CWA financed WaSH has been categorized as Category B as per World Bank OP 4.01. Most of its environmental and social impacts will be beneficial, including for example the positive effect on health caused by the reduction in water borne diseases and the associated socio-economic benefits, considerable capacity enhancement at community, district and regional levels, and improved productivity (particularly benefiting females) generated by better availability of water.

### 10.2 Environmental and Social Screening Process

Environmental and social screening aims at categorizing OOWNP sub-projects into one of the following categories. The field personnel in charge of the screening will propose the environmental category. Screening will also help to propose whether a proposed sub program will further require a full-fledged Resettlement Action Plan (RAP), per procedures outlined in the Resettlement Policy Framework.

**Category A** This sub-project has been categorized as A (Schedule 1) due to one or more major adverse impacts, and therefore cannot be funded under the OOWNP. It will be either re-designed and re-submitted to the environmental screening process after re-design, or abandoned.

Examples of sub-projects that can be categorized as Category A (Schedule 1) are given below.

- Impact on a fragile eco-system,
- Impossibility to drain run-off water from the water point site,
- Impact on structures used for commercial activities or other businesses,
- Impact on grave yards or other cultural resources (physical cultural resources),
- Impact on land use and/or users.

Changes in order to avoid adverse environmental and social impacts may include:

- Re-siting of the water point or of another program component,
- Re-routing of a pipe-line,
- Changes in the location of an effluent discharge,
- Changes in processes used for raw water treatment or waste water treatment for instance to improve efficiency or to reduce land take.

**Category B:** (Schedule 2) Sub-projects are categorized as B when they have potential environmental and social impacts. Category B further categorized into to depending on the level of impacts::

**Category B1:** No further environmental assessment work required; application of mitigation measures as outlined in the ESMF.

**Category B2:** Further environmental assessment work is required. Preparation of a separate Environmental and Social Impact Assessment (ESIA) to get a better understanding of the potential environmental and social issues that have been identified in the screening process and development of a specific Environmental and Social Management Plan is required. Examples of Category B2 sub-projects are given below.

- Potential conflicts between upstream and downstream users,
- Impacts on a fragile ecosystem,
- Impacts on land without physical displacement or significant impacts on livelihoods,
- Potential for heavy traffic at construction phase through inhabited areas,
- Construction in water bodies (pipeline river crossings, water works in river beds-intakes),
- Construction through areas with contaminated soil.

**Category C:** No significant environmental issue identified, no specific mitigation required; sub-program implementation can proceed.

### 10.2.1 Screening Form

The screening form formalizes a rapid field investigation to screen on-site whether any environmental and social issues may require specific attention and supplemental Environmental Assessment work. All sub-programs (including the rural piping systems) will undergo the screening process in order to avoid any miss in screening potential environmental issues.

## **10.2.2 Assignment of an Environmental Category to a Sub-project**

### **7.2.2.2 Category “B” Sub-programs**

ESIA for Category B2 will be carried out by independent, experienced consultants; include meaningful public consultation in accordance with OP 4.01; and include public disclosure of relevant documents in a culturally-adequate form (terms of reference, draft ESIA report, draft EMP), and to demonstrate that public’s comments and observations have been taken into consideration.

Mitigations will be detailed in an ESMP appended to the ESIA, to be addressed prior to the start of any construction activities. They may include, for example:

Extensive consultation with upstream and downstream users to avoid conflict with the objective of reaching an agreement on water use that can be implemented and monitored by local authorities,  
 Specific construction arrangements to minimize physical footprint and negative impacts on fragile ecosystems, topsoil and flora,  
 Compensation per resettlement policy framework or Ethiopian proclamation,  
 By-passes of heavy traffic out of inhabited areas, speed limits, speed bumps, safety awareness with children and adults,  
 Cofferdams, no use of chemicals in water bodies, use of geo-synthetics,  
 Excavation and disposal of contaminated soil prior to construction.

### **CONSULTATION AND DISCLOSURE FOR ALL CATEGORY “B” SUB-PROGRAMS**

#### **Public Consultation**

For all Categories “B1” sub-projects, public consultation will include the following steps:

Identification of interested parties (beneficiary neighboring communities, communities potentially affected by the sub-program, downstream water users, local authorities, regional authorities);

Information on the proposed sub-program and its likely impacts, seeking feedback on impact identification and general mitigation measures as they are described in this ESMF.

For all Category “B2” sub-projects, public consultation will include the following steps:

Identification of interested parties (beneficiary neighboring communities, communities potentially affected by the sub-program, downstream water users, local authorities, regional authorities);

Initial step of consultation, before further environmental assessment work is undertaken: one initial meeting with each of the identified parties, presenting the sub-program and seeking input on the scope of work for further environmental assessment work;

Second step of consultation, after further environmental assessment work is complete: presentation of the results of the environmental assessment, including presentation of identified impacts and proposed mitigations, seeking input on these proposed environmental management measures; this

second step will include dissemination to identified interested parties of a brief summary of the environmental assessment in local language (generally Amharic and/or Oromigna).

In average, it is estimated that 2 to 5 meetings will be required for each of the above two steps of consultation for Category “B2” sub-programs. The consultation will be undertaken by consultants in charge of further environmental work (ESIA).

Any consultation meeting will be documented.

### **Disclosure**

In conformance with OP 4.01, environmental assessment reports related with Category “B2” sub-programs will be made available to the public as follows:

Disclosure (one copy of the full ESIA report, plus copies of the brief summary in local language mentioned in the previous section) at the Implementation Agency’s office;

Disclosure (at least one copy of the full report and copies of the summary in local language) at the World Bank country office in Addis Ababa;

Disclosure through the World Bank Infoshop.

#### **7.2.2.3 Category ‘C’ Sub-programs**

Sub-programs for which the screening process does not identify any specific environmental or social issues are categorized as “C”. A sub-program categorized as “C” will not require any further environmental and social assessment work and implementation can proceed immediately.

Notwithstanding their categorization as “B1” or “C”, such subprograms will be applied the “Environmental Guidelines for Construction Contractors “. This guideline is to be appended to any request for proposals and construction contract related with the WaSH program.

If any sub program entails significant social impacts and requires the development of a RAP (Resettlement Action Plan) this will be conducted in accordance to the procedures outlined in the Resettlement Policy Framework .

#### **10.2.3 Review and Clearance of Environmental Screening Results**

In conformance with Ethiopian EIA guidelines, environmental screening results are to be reviewed and cleared by the “Competent Agency” or by the MoWIE environmental unit (MoWIE is one of the federal agencies to have an Environment Unit with a full mandate to review and approve environmental and social screening and ESIA study documents).

The screening of sub-projects will be approved by the Woreda EPLAUA and documented Review and Clearance of ESIA's

For Category B2 sub-programs, ESIA's will be reviewed by the Competent Agency or by MoWIE environmental unit as follows:

Review of the scope of work (Terms of Reference),  
Review of the draft ESIA,  
Clearance of the final ESIA.

For these sub-programs, ESIA's will be reviewed by the World Bank as follows:

No-objection on the scope of work (TOR) and consultant contract,  
Review of the final ESIA after it has been reviewed and cleared by the Competent Agency.  
Disclosure of ESIA both in country and in the World Bank InfoShop, as per the disclosure policy of the Bank and OP 4.01.

### **10.3 Guidelines for Construction Contractors**

Environmental guideline for construction contractors is presented in Appendix B. It will apply to all sub-programs under the WSS Program, including Category "C" sub-programs. This guideline will be appended to all Requests for Proposals for construction works and resulting contracts passed under the WSS Program.

#### **Typical Mitigations and ESMP**

Appendix 2 provides typical environmental management and monitoring measures associated with impacts identified above. It forms the basis for the ESMP applicable to construction and operation phases of all Category "B" sub programs.

## 11. RESETTLEMENT POLICY FRAMEWORK

This Resettlement Policy Framework (RPF) will apply to the first two components of the OWP, namely (i) Urban WaSH; and (ii) Rural WaSH.

OWNP will consist of multiple town/community sub-programs, which are not known in details at the current stage, thus a separate RPF is being prepared to guide the implementation of mitigation measures related to land acquisition concerning WaSH investment activities that may have negative social impacts. RPF describes the requirements to address social impacts from (a) land acquisition resulting from implementation of WaSH investments that may or will result in loss of property or disturbance affecting livelihoods, and (b) restrictions of access to natural resources as per the World Bank's involuntary resettlement policy (OP 4.12).

The RPF is complemented by a Social Assessment that assesses key socio-economic factors that require consideration; identifies vulnerable and historically underserved groups that may be excluded from the program and be adversely affected as a result, and the necessary impact mitigating measures; assesses any potential adverse social impacts of WaSH, and determine whether the program is likely to trigger the social safeguards policies; and, recommends in the early stage of program preparation, the appropriate measures. While the Environmental and Social Management Framework (ESMF) addresses physical environment and social impacts and can be applied together with this RPF. The OWP implementers are responsible for identifying and implementing investment activities. This RPF document is to be used by all implementers of the OWP in order to ensure that all environmental and social safeguards are adequately addressed and that the relevant capacity and training needs are established in order for the recommended measures are implemented effectively.

This RPF has been updated based on the WaSH I Resettlement Policy Framework documents, with the Constitution of Ethiopia, Ethiopian Proclamation No. 455/2005 and with the World Bank safeguard policy in involuntary resettlement (OP 4.12).

### 11.1 Potential Impacts on Land, People and Livelihood

The Program will entail limited land acquisition, and therefore have overall limited impacts on land, people and livelihoods. Main activities under the WSS Program that may entail land acquisition and/or displacement are the following:

- Wells and well fields, including wet well and pump house constructions;
- Water intakes from surface water bodies;
- Construction / rehabilitation of reservoirs;
- Development of springs
- Raw water treatment plants and storage facilities;
- Construction of access roads



Water distribution networks including pipelines, public stand taps, public water points  
Construction of power lines and related rights-of-way;  
Waste water treatment plants, including treatment ponds and ancillary works.

## 11.2 Legal and Institutional Framework

This RPF will apply the laws, legislation, regulations, and local rules governing the use of land and other assets in Ethiopia. This legal and institutional framework is presented in six sections:

1. *Political economy and governance in Ethiopia*;
2. *Property and land rights*, as defined by Ethiopian law and customary practice;
3. *Acquisition of land and other assets*, including regulations over the buying and selling of these assets;
4. *Human rights and compensation*, in particular, the accepted norms influencing peoples' basic rights to livelihood and social services;
5. *Dispute resolution and grievance procedures*, specifically the legal and institutional arrangements for filing grievances or complaints and how those grievances are addressed through formal and informal systems of dispute resolution; and
6. *Comparison with World Bank OP4.12*, using equivalence and acceptability standards.

## 11.3 Legal Background

Land rights in Ethiopia do not explicitly provide private property rights. After the Proclamations No. 31/1975 and 47/1975<sup>7</sup>, ownership of land was vested in the State, and Ethiopian citizens were given various forms of use-rights (usufruct) over land and other resources. Accordingly, the 1995 Constitution Article 40(3) recognizes land as a common property of the Nations, Nationalities, and Peoples of Ethiopia and prohibits sale or any other exchange of land.

In some cases, the user of land has ownership of his/her possessions with the right to benefits from the fruits of his/her labor. This includes crops, perennial crops, tress for timber, etc. found on the land or any other permanent fixtures such as residential house, business installations, stores and fences, amongst others (Proclamations No. 31/1975 and 47/1975). The 1995 Constitution Article 40(7) reiterates and furthers this point by stating, "Every Ethiopian shall have the full right to the immovable property he builds and to the permanent improvements he brings about on the land by his labour or capital. This right shall include the right to alienate, to bequeath, and, where the right to use expires, to remove his property, transfer his title, or claim compensation for it."

Regional states are responsible for administering land, enacting law that is in conformity with the provisions on environmental protection and federal utilization policies (Proclamation No. 89/1997 and Proclamation No. 456/2005 Article 17(1)). Additionally, ZikreHig Regulation No. 6/2002

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<sup>7</sup>Before 1975, the 1960 Civil Code of the Empire provide for private land ownership. As this law has been overruled by these laws and *Proclamation No. 455/2005* regarding compensation, it should not serve as the legal framework for resettlement.

provides for the lease holding of urban land for a specific period of time, and also regulates the lease period for different functions, grade of land and payment of lease. Lastly, the law regulates manners of expropriation of land and designates land that can be expropriated for public use without payment of compensation.

These rights over “holding land” are open-ended (no time limit on this usufruct), subject to a proof of permanent physical property, ability to farm continuously and meet administrative dues and obligations (1995 Constitution Article 40(3)). Furthermore, Proclamation No. 89/1997 confirms and details the Constitutional principle that holding rights on land can be assigned to peasants and pastoralists, and that these are to be secured from eviction and displacement. The 1995 Constitutions Articles 40(4) and 40(5) provide for free land without payment for farmers and pastoralists. Lastly, Proclamation No. 80/1993 allows companies to attain access to land through auction, allocation, or lottery, similar to individuals.

Overall, the Constitution protects against unlawful seizure of property, stating “Everyone shall have the right to his privacy and physical integrity. This right shall include protection from searches of his person, his home, his property and protection from seizure of property under his possession” (1995 Constitution Article 26). “Landholder” means an “individual, government, or private organization or any...other...organ which has legal personality and has lawful possession over the land to be expropriated and owns property situated thereon” (Proclamation No. 455/2005 Article 2(3)).

## **11.4 Resettlement and Compensation Principles**

The main principles that will apply to any resettlement and compensation activities that maybe required for implementation of the WSS are the following:

### **11.4.1 General framework**

The OWP sub projects are expected to require some land acquisition and could potentially reduce access to natural resources. OWP will, therefore, trigger OP/BP 4.12 on Involuntary Resettlement, and an RPF will be prepared and publicly disclosed before appraisal.

Accordingly, any impact of the WSS Program on land and/or people (land acquisition, resettlement, and livelihood restoration of affected people) will be addressed in compliance with the Constitution of Ethiopia, with Ethiopian Proclamation No. 455/2005 and/or Regulations No. 135/2007 and with the World Bank safeguard policy in involuntary resettlement (OP 4.12).

### 11.4.2 Minimization of displacement

In line with the World Bank safeguard policy OP 4.12<sup>8</sup>, the OWP will minimize displacement through the following design procedures:

Wherever inhabited dwellings may potentially be affected by a component of a sub program, the sub-program shall be redesigned (facility relocation, rerouting) to avoid any impact on such dwellings and to avoid displacement/relocation accordingly;

Wherever the impact on the land holding of one particular household is such that this households may not be sustainable in the long term, even if there is no need to physically displace this household, the sub-program shall be redesigned (facility relocation, rerouting)to avoid any such impact;

For major water works, minimization of land impact will be abated through technology selection and design criteria;

To the extent possible, program facilities will be located on public spaces;

Pipelines, public taps, other linear infrastructures (power lines) required by the WSS Program will be routed inside existing right-of-ways (roads, streets, power lines) wherever possible.

Where there is an overlap of the OWP intervention areas with areas in which the commune development program, which involves clustering of dispersed population within a kebele (sub-district) in to a receiving communities to allow more efficient provision of basic services the following measures will be implemented:

Appraisal of woreda WaSH plans that include additional screening to ensure that there are no related social issues which have not been managed in a manner and degree acceptable to the CWA contributing partners.

The community participation in the WaSH planning process to ensure that community priorities are included in the plan and are financed, subject to technical and budget constraints of the OWP.

The One WaSH Resettlement Policy Framework governs any involuntary resettlement resulting from the project.”

### 11.4.3 Cut-Off Date and Eligibility:

In accordance with OP 4.12 and Ethiopian Regulation No. 135/2007, for each sub-program under the WSS that may entail displacement impacts, a cut-off date will be determined, taking into account the likely implementation schedule of the sub-program.

In line with OP 4.12, the following three categories of affected people will be eligible to Program resettlement assistance:

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<sup>8</sup>“Involuntary resettlement should be avoided where feasible, or minimized, exploring all viable alternative program designs.”

Those who have formal legal rights to land (including customary and traditional rights recognized under the laws of the country);

Those who do not have formal legal rights to land at the time of the cut-off date but have a claim to such land or assets-provided that such claims are recognized under the laws of Ethiopia or become recognized through a process identified in the resettlement plan;

Those who have no recognizable legal right or claim to the land they are occupying.

#### 11.4.4 Livelihood Restoration:

Where people are affected by land take, the aim of resettlement will be that they should “no worse-off if not better off” after resettlement.

#### Compensation:

Compensation shall be paid prior to displacement;

Compensation will be at replacement value.

**Consultation – Grievance mechanisms:** Consultation will include:

Meaningful information and consultation, before and during the compensation and resettlement process,

A specific grievance registration and processing mechanism.

#### 11.4.5 Entitlements

The following table 11.1 summarizes the entitlements for each category of loss:

**Table 11-1 Entitlements of Various Categories of Loss**

Type of Impact	Entitlement
Permanent loss of land (held under rural or urban land holders)	Cash compensation for loss of land as per Ethiopian Proclamation No. 455/2005 i.e. “A rural land holder whose land holding has been permanently expropriated shall, in addition to the compensation payable (for property and improvements made on the land) be paid displacement compensation which shall be equivalent to ten times the average annual income he secured during the five years preceding the expropriation of the land”. (Art. 8 (1) of Proc. 455/2005, Art.16 (3) of Regulation 137/2007)  <b>Or</b> Replacement by a piece of land of equal or better potential
Right-of-Way, i.e. loss	Cash compensation for loss of land as per Ethiopian Proclamation No.

Type of Impact	Entitlement
of certain usage rights	455/2005 <b>Or</b> replacement by a piece of land in compensation for the restriction of use
Temporary land take	Replacement by a piece of land of equal or better potential, <b>Or</b> cash compensation for income lost during the period where plot was not usable by user
Loss of uninhabited structure	Cash compensation at replacement value or replacement by a structure of equal or better quality
Loss of inhabited dwelling	Resettlement in similar dwelling in a location with equal or better economic/agricultural potential
Loss of annual crop	Compensation of lost harvest at market price
Loss of perennial crop	Compensation of lost income for a certain period of time, to be determined following regional/woreda practice <b>or</b> Ethiopian Regulation No. 135/2007
Loss of trees	Compensation of lost income for a certain period of time, to be determined following regional regulations and practice <b>or</b> Ethiopian Regulation No. 135/2007

(Note: more detailed instructions for compensation are included in Regulation No. 135/2007)

### 11.5 Other RPF Provisions

The full RPF report contains detailed provisions related with:

Monitoring and evaluation,  
 Grievance mechanisms,  
 Assistance to vulnerable people,  
 Implementation arrangements and responsibilities for the different tasks involved by the implementation of the RPF.

## ANNEX A: FINANCIAL MANAGEMENT

**Detail financial reporting format will be provided in the revised Financial Management Manual, including formats for Statements of Uses of Funds by Program Activity (Component), Statement of Program Sources & Uses of Funds, Statement Cash Forecast**

## APPENDIX B: ENVIRONMENTAL AND SOCIAL MANAGEMENT PLAN

Component /Activity/	Potential Issues/Impacts	Mitigations	Monitoring Tools and/or Indicators	Responsibility for Mitigation	Responsibility for Monitoring	Cost Estimate (USD)	Time Horizon
Design/ Planning	For springs in mountainous areas (Wurch/High Dega and Dega areas), potential for impacts to fragile ecosystems and wetlands	Identification at EBA stage of ecosystems that may be affected by spring catchment  Assessment of their vulnerability to the spring catchment and the resulting reduction in the flow downstream  If needed, changes to catchment location or design	Flow observations downstream  Flora indicator to be determined according to the specificities of the location	Woreda/town consultants in charge of EBAs and sub-program design	Program appraisers	Cost of mitigations: Included in construction contract(s) Cost of rehabilitation: USD 5,000 per year during operations	Construction and Operations phases
Operation	Potential bacteriological contamination downstream of pastoral surface water points	Identification at EBA stage of downstream users, with focus on drinking water usages  Consultation with them before water point is constructed  If needed, changes to catchment design accordingly	Number of downstream users  Consultation minutes  Total coliforms in flow downstream of catchment	Woreda/town consultants in charge of EBAs and sub-program design  Water quality monitoring at construction phase: Contractor	Program appraisers  Construction supervisors	Cost of monitoring (water quality testing): USD 4,000 per year during operations	Construction and Operations phases
Design/ Planning & Operation	Potential for increased animal concentration in the surroundings of the water point, with resulting	Consultation at EBA stage with pastoralist communities on water point siting issues  Assessment of impact of increased livestock concentration on grass resources	Consultation minutes  Number of livestock in the neighboring communities	Woreda/town consultants in charge of EBAs and sub-program design	Program appraisers	Cost of mitigations: Included in construction	Operations phases

Component /Activity/	Potential Issues/Impacts	Mitigations	Monitoring Tools and/or Indicators	Responsibility for Mitigation	Responsibility for Monitoring	Cost Estimate (USD)	Time Horizon
	overgrazing, ecosystem and grazing resources degradation	If needed, changes to water point location accordingly	Number of nomadic livestock in the area  Vegetation observations in the areas surrounding the water point	design		contract(s) Cost	
Design/ Planning & Operation	Potential for permanent human settlement of pastoralists or others	Consultation at EBA stage with pastoralist communities on water point siting issues  Assessment of impact of water point on potential settlement/in-migration  If needed, changes to water point location accordingly	Consultation minutes  Number of people in the neighboring communities  Number of nomadic people in the area	Woreda/town consultants in charge of EBAs and sub-program design	Program appraisers	Cost of mitigations: Included at the design stage	Construction and
Design/ Planning & Operation	Potential for social conflicts between traditional users of the area and settlers or pastoralists coming from other areas to water their livestock	Consultation at EBA stage with pastoralist communities on water point siting issues  Assessment of impact of water point on potential settlement/in-migration  If needed, changes to water point location accordingly	Consultation minutes  Number of people in the neighboring communities  Number of nomadic people in the area	Woreda/town consultants in charge of EBAs and sub-program design	Program appraisers	Same to above	Construction phase
Design/ Planning & Construction	Potential risks to aquatic ecosystems caused by works in river bed	Identification at EBA stage of potentially vulnerable aquatic ecosystems downstream  Changes in program design or siting if needed  Limitation of works in river bed (example: no mechanical excavation), proper phasing according to flow fluctuations (dry/wet	Description of fragile ecosystems downstream, vegetation indicators on Number of downstream users  Consultation minutes	Woreda/town consultants in charge of EBAs and sub-program design	Program appraisers	Cost of mitigations: Included in construction contract(s) Cost of	Construction phase



Component /Activity/	Potential Issues/Impacts	Mitigations	Monitoring Tools and/or Indicators	Responsibility for Mitigation	Responsibility for Monitoring	Cost Estimate (USD)	Time Horizon
		season)	Flow observations  TSS in flow downstream of catchment	Contractors	Construction supervisors		
Design/ Planning, Construction & Operation	Potential risks to aquatic ecosystems caused by dam construction and operation (reduced flow of water downstream, siltation in the reservoir, modifications to the river banks and morphology, etc...)	Identification at EBA stage of potentially vulnerable aquatic ecosystems downstream  Changes in program design or siting if needed  Limitation of works in river bed and proper phasing according to flow fluctuations (dry/wet season)  Erosion control measures in the dam catchment area	Description of fragile ecosystems downstream, vegetation indicators on Number of downstream users  Consultation minutes  Flow observations  TSS in flow downstream of catchment	Woreda/town consultants in charge of EBAs and sub-program design      Contractors	Program appraisers      Construction supervisors	Cost of erosion control measures: USD 8,000 per year during construction and operations	Construction and Operations phases
Design/ Planning & Operation	The town or community is made dependent on a more sophisticated system that will require maintenance, organization, and finance	Town or community to set up an organization (water board or water users committee) to take care of the system  Rules of accountability of board/committee towards the users to be determined  Promotion and awareness in the town and community at large  Technical training of board/committee members on operation and maintenance of the system	Existence and effectiveness of Town Water Boards and Water Users Committees  Rules of accountability determined by the TWB/WUC and their application  Water supply functioning as	Towns and communities and their technical assistance	Regional Water Bureaus /Woreda with town and community participation	Cost of awareness creation and training: USD 5,000 during operations	Operation phase

Component /Activity/	Potential Issues/Impacts	Mitigations	Monitoring Tools and/or Indicators	Responsibility for Mitigation	Responsibility for Monitoring	Cost Estimate (USD)	Time Horizon
		<p>Training of board/committee members on organizational and financial aspects</p> <p>Monitoring and technical assistance to board/committee</p>	<p>designed: Number of days per year where system is not functioning</p> <p>Town/community with facilities and management plan.</p>				
Construction & Operation	Water-borne diseases (malaria, skin diseases...) caused by standing water, ie. lack of drainage in the immediate surroundings of the well or distribution point	<p>Proper siting of water wells and distribution points, ie. review of site drainage conditions at EBA stage, avoidance of low points, avoidance of sites with poor drainage, or prone to water retention or floods</p> <p>Drainage of water wells, troughs, water taps (infiltration pit or other)</p>	frequency of prevalence of malaria cases, skin diseases etc	Health sectors in collaboration with the water sector	Health sectors in collaboration with the water sector	Cost of construction of drainage facilities USD 3,000 per year during construction and operations	Construction and Operation phases
Construction and operation of new drilled wells	Groundwater contamination by the drilling works Groundwater contamination at operation phase by infiltration from the surface	<p>Application of Environmental Guidelines for Construction Contractors (Appendix 5)</p> <p>Proper sitting of the well to avoid infiltration of waste water, avoidance of low points, avoidance of sites with poor drainage, or prone to water retention or floods; location of the well at a safe distance from: (i) latrines, cattle pens, refuse pits (50 m); (ii) soak pits, trenches and sub-surface sewage disposal (100 m); and (iii) cesspools; sanitary land fill areas, and graves (150 m);</p> <p>Use of biodegradable drilling fluids and mud additives</p> <p>During the drilling, recycling of drilling muds in a pit near the drilling site as per usual drilling practice</p>	<p>Distance between wells and closest latrine</p> <p>Contractor compliance with guidelines on drilling fluids and mud - see App. 5</p> <p>Absence of stagnant water</p> <p>E. Coli lower than WHO guideline</p> <p>Absence of leaks at well head</p>	Implementing agencies for each sub-program	Implementing agencies for each sub-program  Water testing by the Federal Ministry of Water and Energy	Cost of mitigations: Included in construction contract(s) Cost of monitoring (water testing): USD 5,000 per year during operations	Construction and Operations phases

Component /Activity/	Potential Issues/Impacts	Mitigations	Monitoring Tools and/or Indicators	Responsibility for Mitigation	Responsibility for Monitoring	Cost Estimate (USD)	Time Horizon
		<p>After completion of drilling, disposal of the drilling fluids in an agreed landfill</p> <p>Fencing of the surroundings of the well to avoid undesirable activities around the well</p> <p>Drainage of the immediate surroundings of the water well to avoid infiltration of contaminated water</p> <p>Construction of properly designed and water tight well head and proper sealing of pump to well head</p> <p>The pump and other equipment submerged into the well need to be disinfected, initially then at each extraction</p> <p>Avoidance of any leak above-ground at the well-head</p> <p>Initial chlorination of the well, after pumping test and pump installation, then periodic chlorination</p> <p>Well-head and its surroundings to be cleaned and cleared during operation. Infiltration pits to be maintained and replaced if needed</p> <p>Ensure reliable operation and maintenance of the well</p> <p>Periodic monitoring of human activities near/at the well to ensure they do not contribute to contamination</p> <p>Plant shrubs and grasses to prevent contamination of well water</p> <p>If necessary, coordinate anti-malaria measures with the regional offices of the Ministry of Health</p>	<p>Report of chlorination</p> <p>Site inspection checking absence of stagnant water and general housekeeping at well site</p>				
Construction	Waste material extracted	Waste drilling cuttings (innocuous rock	- Visual inspection of well site	Contractors	Implementing	Cost of	Construction

Component /Activity/	Potential Issues/Impacts	Mitigations	Monitoring Tools and/or Indicators	Responsibility for Mitigation	Responsibility for Monitoring	Cost Estimate (USD)	Time Horizon
and operation of new drilled wells (continued)	from the well or waste drilling cuttings and drilling mud (boreholes)	cuttings extracted from drilled wells) to be dried, spread on site, and recon toured if needed  Drilling mud to be recycled in the hole during drilling from a mud pit per usual drilling practice, After completion of drilling, drilling mud to be disposed of in authorized landfills, or dried and properly mixed with earth and spread in the site vicinity if proved to be innocuous (see details on the related procedure in Appendix 5) - Topsoil to be separately stored and spread on site on top of other materials	- Drilling works supervision - Visual inspection of well site	under supervision by implementing agency	agencies for each sub-program	mitigations included in construction contract(s)	phase
Rehabilitation and increase in storage capacity of Dam, implementation of the recommendations of the dam safety assessment, and upgrades at the water treatment plant	Increased traffic on access roads Limited topsoil erosion where earthmoving - Loss of flora and fauna in the footprint of staging areas Temporary increase in Suspended Solids content downstream the dam	- Application of Environmental Guidelines for Construction Contractors (Appendix 5) - Identification at screening stage of any endangered or threatened species, specific ESIA required if any is identified, and mitigation as per specific ESIA - Storage of stripped topsoil away from drainage paths - No earthmoving works during rains	Compliance with speed limits - chance checks Numbers of traffic incidents involving third parties or not reported monthly  Measurement of TSS content 200 m and 1km downstream the works on a monthly basis	Implementing agency and construction contractor	Implementing agency	Cost of mitigations: Included in construction contract(s) Cost of monitoring: USD 10,000	Construction phase

Component /Activity/	Potential Issues/Impacts	Mitigations	Monitoring Tools and/or Indicators	Responsibility for Mitigation	Responsibility for Monitoring	Cost Estimate (USD)	Time Horizon
Operation of raw water treatment plants	Impact of improper disposal of used reagents and treatment sludge	<p>Prior to disposal, used reagents to be stored safely on site in fenced and covered structures away from third parties' potential intrusion and away from drainage paths</p> <p>Used reagents to be disposed of in an approved elimination site after approval by the Competent Agency (Regional or Federal EPA)</p> <ul style="list-style-type: none"> <li>- No discharge of any used reagent in a water body</li> </ul> <p>Raw water treatment sludge to be recycled, disposed of in an approved landfill, or dried and spread at the vicinity of the site if no alternative exists</p>	<ul style="list-style-type: none"> <li>- Compliance check through periodic site inspection</li> </ul>	Implementing agency Water system operator if operation is privatized	Federal Ministry of Water and Energy Regional EPA and Federal EPA	USD 20,000 per year for disposal of used reagents and treatment sludge	Operation phase
Construction of latrines	Impact of latrines and other individual sanitation systems on groundwater in situations where water table is shallow	<p>Avoidance of latrines where highest groundwater level is less than 2 meters under the bottom of latrine pits or infiltration pits</p> <p>Sitting of latrines at more than 50 meters distance of any groundwater well, public or private - Identification of water usages at screening stage where latrines are considered and application of distance rules mentioned above under drilled wells</p>	<ul style="list-style-type: none"> <li>- Compliance with distances</li> </ul>	Implementing agencies for each sub-program	Implementing agencies for each sub-program	Included in normal program supervision	Construction phase
Operation of latrines	Poor operation of the emptying services, with associated health hazards	<ul style="list-style-type: none"> <li>- Use of competing private operators with trained personnel charging an affordable price for adequate quality service</li> <li>- Control of discharges by emptying operators with fines according to Ethiopian law for any violation</li> </ul>	<ul style="list-style-type: none"> <li>- Monitoring of latrines constructed by WSS on a yearly basis and check that emptying</li> </ul>	Program implementers	EPA and Ministry of Water and Energy	Recurrent cost not to be covered by program	Operation phase

Component /Activity/	Potential Issues/Impacts	Mitigations	Monitoring Tools and/or Indicators	Responsibility for Mitigation	Responsibility for Monitoring	Cost Estimate (USD)	Time Horizon
			services are adequately operating				
Construction of new sewerage lines and/or expansion of existing ones	<ul style="list-style-type: none"> <li>- Increased traffic on access roads</li> <li>- Limited topsoil erosion where earthmoving</li> <li>- Loss of flora and fauna in the footprint of trenches and staging areas</li> <li>- Land acquisition</li> <li>- Impact on physical cultural resources</li> </ul>	<ul style="list-style-type: none"> <li>- Application of the general Environmental Guidelines for Construction Contractors</li> <li>- If screening reveals that endangered or threatened flora is present in the sub-program footprint, an ESIA will be carried out</li> <li>- Land to be compensated according to provisions of the Resettlement Policy Framework</li> <li>- Avoid disturbance to cultural or religious sites. Advice should be sought from leaders of churches, mosques and community on availability of physical cultural resources before implementation.</li> </ul>	<ul style="list-style-type: none"> <li>- Contractor compliance</li> <li>- Monitoring indicators as per RPF for land acquisition</li> <li>- Monitoring tools as per the ESMF</li> </ul>	Program implementers	EPA and Ministry of Water and Energy	To be determined after screening	Construction phase
Operation of sewerage lines	<ul style="list-style-type: none"> <li>- Spillage of waste water into the environment with associated health hazards for workers and third parties</li> </ul>	<ul style="list-style-type: none"> <li>- Use of reliable contractors with trained personnel for any operation on operational sewer lines</li> <li>- Personnel must use PPE</li> <li>- Third parties kept away from work site by proper signposting</li> <li>- Vacuum trucks kept available for any major intervention on operational sewer lines</li> </ul>	Absence of spillage of waste water into the environment	Sewerage system operator	Regional or Federal EPA Implementing agencies for each sub-program	Included in cost of intervention	Operation phase
Construction of waste water treatment	Impact of effluent discharge on water bodies	<ul style="list-style-type: none"> <li>- Application of the general Environmental Guidelines for Construction Contractors</li> <li>- Sensitivity analysis of the receiving water body, and ESIA if warranted after</li> </ul>	<ul style="list-style-type: none"> <li>- Measures of water quality parameters in the discharged effluent as per</li> </ul>	Sewerage system operator	Regional or Federal EPA Implementing agencies for	USD 4,000 per year	Construction phase

Component /Activity/	Potential Issues/Impacts	Mitigations	Monitoring Tools and/or Indicators	Responsibility for Mitigation	Responsibility for Monitoring	Cost Estimate (USD)	Time Horizon
plant		screening - treatment level design based on World Bank effluent discharge guidelines and on the ESIA results	Appendix 4 on a six-monthly basis - Ecological monitoring of the receiving water body		each sub-program		
Operation of waste water treatment plant	Impact of effluent discharge on water bodies	- Compliance with maximum effluent discharge values as stated in Appendix 4	Effluent analysis on a six-monthly basis with analysis of those parameters addressed in Appendix 4	Sewerage system operator	Regional or Federal EPA Implementing agencies for each sub-program	USD 4,000 per year	Operation phase
Construction of water points in general	Conflicts between users in the case of a reduction of flow related with a water intake or catchment	<p>- Identification of water users ahead of sub-program design</p> <p>Consultation with groups of water users during subprogram design</p> <p>In the most difficult situations, involvement of local authorities at an adequate level and mediation in view of reaching a formal agreement, that may include compensation of the impact at community level (see below)</p> <p>Community-level compensation of adverse impacts where these are unavoidable (for instance, if a river that was used by a rural community for water supply is affected by an intake for an urban settlement, the UWSS should consider building an alternative water point for this rural community)</p>	<p>- List of communities using water downstream</p> <p>- Records of consultation with neighboring users</p> <p>- Records of consultation with local authorities</p> <p>- Records of compensation payment or of community compensation effected</p>	Implementing agencies for each sub-program	Implementing agencies for each sub-program	To be determined at screening stage	Construction and operation phases

Component /Activity/	Potential Issues/Impacts	Mitigations	Monitoring Tools and/or Indicators	Responsibility for Mitigation	Responsibility for Monitoring	Cost Estimate (USD)	Time Horizon
Operation of water systems in general	Water will have to be paid for, which may be detrimental to the poorest in the town or community	<ul style="list-style-type: none"> <li>- Town water board to decide on water tariffs, including (if needed) specific rules applying to the poorest</li> </ul> Town water board or community water users committee to be provided guidance on how to determine water tariffs	<ul style="list-style-type: none"> <li>- Access of vulnerable people to water (survey of water users)</li> <li>- Records of awareness and/or training sessions</li> </ul>	Water boards	World Bank	Included in operation cost	Operation phase
Construction of water systems in general	Land needs  Physical cultural resources	Avoidance through resisting/rerouting of any impact on inhabited dwellings or structures used for commercial activities or other businesses  Cash compensation of developments or crops affected by program land requirements  Land replacement if land take by program is significant enough to affected users' livelihood  Monitoring of how PAPs restore their livelihood after being compensated. See RPF for further details <ul style="list-style-type: none"> <li>- Avoid disturbance to cultural or religious sites. Advice should be sought from leaders of churches, mosques and community on availability of physical cultural resources before implementation.</li> </ul>	Number of dwellings affected, number of dwellings avoided  Cash compensation actually paid  Land replacement actually effected  Livelihood monitoring through income survey	Implementing agencies for each sub-program	Implementing agencies for each sub-program	To be determined at screening stage	Construction phase



## APPENDIX C: FIGURE 1: PLANNING CALENDER

JULY
DEVELOPMENT PARTNERS CONFIRM CONTRIBUTION FOR FOLLOWING FISCAL YEAR
AUGUST
<ul style="list-style-type: none"> <li>NWCO&amp; WMUs complete national Resource Mapping and propose national CWA+ budget ceiling and GTP targets for the Regions</li> <li>FWTT reviews – recommends to NWSC – NWSC approves</li> <li>NWCO notifies Regions of national CWA+ budget ceilings and GTP targets</li> <li>RWCO &amp; WPMUs complete regional Resource Mapping</li> <li>RWCO &amp; WPMUs propose notional CWA+ budget ceiling and GTP targets for Towns, Special Zones and Woredas</li> <li>RWSC endorses proposed ceilings &amp; targets and RWCO notifies Towns, Special Zones and Woredas</li> </ul>
SEPTEMBER
<p>Towns, Special Zones &amp; Woredas:</p> <ul style="list-style-type: none"> <li>review anticipated resources and set priorities and interact with communities/kebeles re: potential programming</li> <li>estimate feasible physical and financial level of activity, investments, and outputs and draft Core Plans</li> <li>forward draft Core Plans to respective Development Committees for review and initial approval</li> </ul>
OCTOBER
<ul style="list-style-type: none"> <li>Towns, Special Zones &amp; Woredas forward draft Core Plans to RWCO for review and consolidation</li> <li>RWCO consolidates Core Plans from Towns, Special Zones &amp; Woredas and drafts Regional AWP</li> <li>RWSC endorses draft plan and forwards to BoFEDs for initial approval and to NWCO for review and consolidation</li> </ul>
NOVEMBER
<ul style="list-style-type: none"> <li>NWCO consolidates Regional Core Plans and completes National Core Plan</li> <li>NWCO submits draft national Core Plan to FWTT for review and forwarding to NWSC</li> <li>NWSC &amp; Development Partners review draft National Core Plan – NWSC approves</li> </ul>
DECEMBER
<ul style="list-style-type: none"> <li>NWCO notifies all levels that National Core Plan is approved.</li> <li>Woreda/Towns/Special Zones fine tune AWP</li> <li>Woreda/Towns/Special Zones forward AWP to WoFED (ZoFED) for information and to RWCO for review and consolidation</li> </ul>
JANUARY
<ul style="list-style-type: none"> <li>RWCO consolidates AWP from woredas &amp; special zones – drafts Regional AWP for RWSC endorsement</li> <li>RWSC endorses and forwards to BoFEDs for information and to NWCO for review and consolidation</li> <li>NWCO consolidates Regional AWP and drafts National AWP – forwards to FWTT</li> </ul>

<b>FEBRUARY</b>
February 8 <sup>th</sup> : NOTICATION OF ANNUAL SUBSIDY BUDGET & ISSUE OF BUDGET CALL
<ul style="list-style-type: none"><li>• NWTT reviews draft national AWP and recommends to NWSC</li><li>• NWSC &amp; Development Partners consult – and NWSC endorses composite Annual WaSH Plan and submit to MoFED for review and approval</li><li>• NWCO notifies Regions/Woredas/Towns of the endorsement of the composite Annual WaSH Plan</li><li>• Regions/Woredas/Towns submit composite Annual WaSH Plans to respective Councils for inclusion in Annual Development Plans</li></ul>
<b>MARCH</b>
March 22 <sup>nd</sup> : DEADLINE FOR PUBLIC BODIES TO SUBMIT BUDGET REQUESTS

## ANNEX D- FIDUCIARY RISK ASSESSMENT AND MITIGATION PLAN

### Identified Risks

OWNP	No.	Findings	Risk Implication
<b>Planning and Budgeting</b>			
All levels	1	The present planning at each level (Region-Zone-Woreda) is more orientated to physical activities, not linked to objectives or targets and does not give clear orientation for strategic issues.	Annual plans with low quality in terms of program planning and mainly orientated to address priority issues at woreda level, rather than the big picture including the sustainability aspects.
Federal	2	The annual plan has no defined objectives to be met as part of an overall plan with clear targets to be met for the different components.	The absence of plan with defined objectives will render it very difficult for the stakeholders contributing to the CWA to understand the objectives to be met, respective activities and the budget required.
	3	Public capital and recurrent budgets are channeled via the regional annual budgets.	The planned amounts of the public capital and recurrent annual budgets for the CWA will not be met.
<b>Accounting and Recording</b>			
All levels	4	Lack of computerized accounting system for program financial management.	Delays in financial reporting, poor quality financial management.
All levels	5	Weak bank reconciliation as well as poor day control on cash	Risk that funds in the bank and in safes will be used for unauthorized purposes,

OWNP	No.	Findings	Risk Implication
		management.	including loss of cash.
All levels	6	Weak advance reconciliation and settlement.	High probability of money tied up by individuals and problems of financing operations in a timely manner. In addition, the longer the receivable is outstanding the lower the probability to collect the amount.
Kebele Level	7	Lack of public financial management setup for CMP, at kebele level.	It will be impossible to manage the public fund outside the approved public financial management system, which leads to legal risk as well as a probability of the expenditure being rejected.
<b>Financial Reporting</b>			
All levels	8	Delayed financial reports at all levels.	Delays in reporting will result in delayed fund transfers, and, in turn, delayed program implementation.
All levels	9	Weak reports reviewing for consistency between financial reports and progress reports.	There will be probability of expenditure being reported for projects which are not accomplished, or vice versa.
<b>Procurement Refer Section 4.15</b>			
<b>Audit and Control</b>			
All levels	15	Low level of internal audit effectiveness	The public financial management system user may not comply with the system as required.
All levels	16	Low coverage of annual audit (financial, performance and	The probability of misuse of resources and lack of trust by the public on

OWNP	No.	Findings	Risk Implication
		procurement)	program management.
All levels	17	Lack of tools to measure progress against the fiduciary risk assessment	The key improvements required may not be identified in a timely manner and a proper mitigation plan may not be prepared and implemented.
All levels	18	Weak registration and reconciliation of fixed assets and inventories	Assets and inventories can be withdrawn for personal use.
Program Management and Evaluation			
Woredas-Towns	19	Sustainability in the rural water supply is weak and the system being used is totally dependent of the WWO. There is no evidence of a practice of payment for the water usage, no regular maintenance or spare parts are available in the local market.	A weak sustainability system in the rural water supply sector will result in a high percentage of non-functional hand pumps, a problem that will be further exacerbated by the large number of very old hand pumps.
Regions-Zones	20	Very different program management models are been used by different regions, including in terms of technical matters, procurement and supervision of the contract implementation. In particular differences in terms of decentralization (from regional to zonal level) exist.	The disparity of program management models is not conducive to good quality implementation, good supervision and good the monitoring and evaluation models.
Regions Zones	21	Absence or poor quality of drilling companies and poor performance in drilling contracts.	Contracts terminated due to non-performance associated with a high percentage of negative boreholes and/or poor quality of boreholes.

OWNP	No.	Findings	Risk Implication
	22	The amount allocated to sanitation and hygiene activities (via health or education sectors) seems to be low (around 7%), since it is difficult to measure the amount spent on institutional sanitation (construction of toilets in health centers and schools) via MOWIE or Regional Water Bureaus.	Scaling-up to 30% as stated in the OOWNP represents a challenge.  It is important to identify the exact amount that is spent on sanitation including the amount spent on institutional sanitation via MOWIE or Regional Water Bureaus.
	23	The monitoring and evaluation system in place is weak.	The absence of an effective M&E system renders it very difficult to measure the impact and effectiveness of the program.
<b>Staffing</b>			
Woreda	24	Low level of staff technical expertise and skills	The program may not be implemented as planned.
Woreda	25	Lack of fulltime program financial management staff	Full responsibility for financial management, including reporting will be considered as secondary to existing staff and quality financial management and timeliness will continue as an issue during the program period, which will hamper program effectiveness.
All levels	26	Low level of salary scales and other factors are creating frustration and high levels of turn-over	High levels of turnover will render capacity building training activities not effective

**FIDUCIARY RISK ASSESMENT MITIGATION PLAN**

<b>S.No.</b>	<b>Findings</b>	<b>Actions/Comments</b>	<b>Date due by</b>	<b>Responsible</b>
<b>Planning and Budgeting</b>				
	The present planning at each level (Region-Zone-Woreda) is more orientated to physical activities, not linked to objectives or targets and does not give clear orientation for strategic issues.	Orient implementers to link their plan to the program objectives and emphasize the sector strategic issue.	Continuous process	MoFED, BoFED, Sector Ministries and Bureaus
	The annual plan has no defined objectives to be met as part of an overall plan with clear targets to be met for the different components.	Prepare Annual Plan with clear objective	Continuous process	MoFED, BoFED, Sector Ministries and Bureaus
	Public capital and recurrent budgets are channeled via the regional annual budgets.			
<b>Accounting and Recording</b>				
	Lack of computerized accounting system for program financial management	Expand the use of the IBEX accounting system by all project implementing agencies.	Ongoing	MoFED, BoFED
	Weak bank reconciliation as well as poor day control on cash management.	Regular reconciliation of bank balances and putting in place regular monitoring of cash in safe.	Continuous process	All implementing agencies.
	Weak advance reconciliation and settlement.	Regular analysis of advances to ensure its eligibility, its provision with valid and sufficient guarantee. Follow up its timely	Continuous process	MoFED/ BoFED

S.No.	Findings	Actions/Comments	Date due by	Responsible
		settlement or recovery in case of contract defaulting.		All program implementing agencies
	Lack of public financial management setup for CMP, at kebele level.	Prepare CMP implementation guideline	Ongoing	MoFED, MoWIE
<b>Financial Reporting</b>				
	Delayed financial reports at all levels.	Follow up and support program implementing units at all level to submit quality financial reports on time. Render frequent trainings and on the job support Asses those activities clearly to report	Continuous process	MoFED/BoFE D/ Sector Ministries
	Weak reports reviewing for consistency between financial reports and progress reports.	Regular review and comparison of the finance and the project activity reports of the project so as to bring harmony and consistency with each other.	On quarterly basis	MoFED/BoFE D /Sector offices
<b>Procurement Refer Section 4.15</b>				
<b>Audit and Control</b>				
	Low level of internal audit effectiveness	Strengthen and capacitate the internal audits teams of MoFED, BoFED, Sector Offices and Federal Ministries. COPCUs internal audit team shall support and oversight the internal audit process of the program.	Continuous process	MoFED, BoFED



S.No.	Findings	Actions/Comments	Date due by	Responsible
	Low coverage of annual audit (financial, performance and procurement)	Increase sample size, expand the scope of audit	Continuous process	MoFED
	Lack of annual fiduciary risk assessment	Establish and strengthen Internal audits teams at COPCU.  Conduct annual fiduciary risk assessment. Identify areas of weakness for possible improvement and develop mitigation plans to rectify it and follow up its implementation.	Continuous process	MoFED
	Weak registration and reconciliation of fixed assets and inventories	Registering of assets regularly and conduct fixed asset inventory at least once every year	Continuous process	All program implementing agencies
<b>Program Management and Evaluation</b>				
	Sustainability in the rural water supply is weak and the system being used is totally dependent of the WWO. There is no evidence of a practice of payment for the water usage, no regular maintenance or spare parts are available in the local market.	Prepare O&M manual and provide care takers training Provide resource/seed fund to establish a supply chain and spare part shops	Continuous process	MoWIE/ Regional Water Bureau
	Very different program management models are been used by different regions, including in terms of technical matters, procurement and supervision of the contract implementation. In	Prepare and agree on program management model	Continuous process	MoWIE

S.No.	Findings	Actions/Comments	Date due by	Responsible
	particular differences in terms of decentralization (from regional to zonal level) exist.			
	<b>Absence or poor quality of drilling companies and poor performance in drilling contracts.</b>	Consider incentive mechanism to attract investment in the field of drilling	Continuous process	MoWIE
	The amount allocated to sanitation and hygiene activities (via health or education sectors) seems to be low (around 7%), since it is difficult to measure the amount spent on institutional sanitation (construction of toilets in health centres and schools) via MOWIE or Regional Water Bureaus.	Increasing the allocation of budget for health and education by 30% at federal level and for the regional level the region should share for each as per the performance and annual plan	Continuous process	Sector ministries and sector bureaus
	The monitoring and evaluation system in place is weak.	Assign and give continues training for M&E focal person especially at federal and regional level to follow all the financial management system.	Ongoing	Sector Ministries and Bureaus
<b>Staffing</b>				
	Low level of staff technical expertise and skills	Prepare a detail staffing database indicating the list, qualifications and experience of staffs Staff development plan should prepared and provide regular training as required. Regularly evaluate and measure effectiveness of the training given.	Ongoing	MoFED/MoWIE/MoH/MoE
	Lack of fulltime program financial management staff	Recruiting permanent /contract staff	Ongoing	MoFED/BoFED

S.No.	Findings	Actions/Comments	Date due by	Responsible
	Low level of salary scales and other factors are creating frustration and high levels of turn-over	<ul style="list-style-type: none"><li>• To attract and retain staffs to the sector MoFED should study and revise the current salary scale and employee benefits.</li><li>• Also arrangement for staff development and training has to be made to attract new staff and retain the existing one.</li></ul>	Continuous process	MoFED