

# COWASH PHASE III RISK MANAGEMENT PLAN

---

COWASH risk assessment is divided in the contextual, programmatic and institutional risks.

## **Contextual risks**

The predicted drought in the country is considered as contextual risk. The drought might not directly affect the COWASH Woredas. Another contextual risk is the political situation. At the present the political situation in Ethiopia is stable and significant instability is not likely to happen in the coming years.

## **Programmatic risks**

Financial commitments from the regions are considered as programmatic risks. Another programmatic risk is the region commitment to use CMP according to the CMP guidelines and principles. These commitments vary between the regions.

One WASH-CWA Program is a priority program for all COWASH Regions. A misconception of considering the One WASH-CWA Program as One WASH still persists.

There is tremendous pressure to construct new infrastructure with no or very limited attention to quality and capacity development.

In COWASH the principle is that region will allocate the investment funds and Government of Finland funds are used for capacity building. There is a risk in BSGR that the region do not find adequate investment funds from the regional budget as the region was thinking that the GoF investment funds remaining from COWASH Phase II to be used also in phase III for investments.

COWASH Phase III plans to intensify its interventions into the existing Phase II woredas. Intensification in the existing Woredas would be more beneficial as the capacity in the Woredas has already been build. There still might be pressure to expand COWASH to new woredas, which will require special capacity building package and for which the budget might not be available.

“Clash of approaches” might occur between COWASH with CMP approach and One WASH – CWA Program with WMP approach in the same Woredas.

It is of serious concern that Women’s Affairs Bureaus at region level and Women’s Affairs Offices at woreda level are not involved in the One WASH-CWA Program or COWASH project in any Region. Women’s Bureaus are not members/signatories of the WASH MoUs and therefore not part of the Regional WASH Steering Committee. Their involvement of Women Affairs has been minimal.

## **Institutional risks**

The foreseen institutional risks are not very likely to materialize. These include the risk that the relatively low Finnish contribution to One WASH-CWA Program may negatively affect Finland’s reputation as WASH partner which might reduce the federal and regional governments’ commitments to funding CMP implementation. Another similar risk is that the high funding for WMP through One WASH-CWA program may reduce institutional commitments for CMP implementation.

Additionally, the aid budget cuts in Finland might still affect also COWASH III, but this is not likely as the amount has been reserved for water sector support in Ethiopia.

The level of presented risks are estimated according to the level of likelihood and impact as follows:

**Level of impact** of the risk to the project's results and targets if realized:

|                           |  |
|---------------------------|--|
| <b>Insignificant (I):</b> | Insignificant or minimal damage or disruption to the results targets |
| <b>Manageable (M):</b>    | Some damage or disruption  |
| <b>Significant (S):</b>   | Serious damage or disruption   |

**Level of likelihood** of the risk to happen:

|                      |                               |
|----------------------|-------------------------------|
| <b>Low (L):</b>      | Risk may happen               |
| <b>Moderate (M):</b> | Risk is likely to happen      |
| <b>High (H):</b>     | Risk is very likely to happen |

The Risk Matrix is updated quarterly and used by the Steering Committee as part of their monitoring function. Risk Management should be included in the agenda of the SC meetings to improve the guidance of the project.

| Risk Name  | Risk Statement   |   | Consequence Level | Description of the assessment of the likelihood  | Likelihood level | Risk response (Mitigation)  | Responsible to follow-up   | Assessment of the risk change and mitigation measures taken. (Date....) |
|--|--|---|-------------------|--|------------------|---|--|---|
|  | Cause of the risk  | Consequences of the risk (Impact to the project)  |                   |  |                  |   |  |   |
| Programmatic Risks   |  |   |                   |  |                  |   |  |   |
| Inadequate Regional budget allocations or transfers.       | There is a risk that regions (or in case of SNNP; zones and-woredas) do not have adequate budget to allocate and transfer for CMP investments. All investments come from the regional governments. This risk is to be followed up more closely in BSGR and SNNPR | Any failure in providing the regional government funds will put the project results under immediate threat.<br><br><b>(Significant)</b> | <b>S</b>          | The risk likelihood is measured based on the approved annual work plans where the regional government budgets are planned and approved by the Steering Committee.<br><br>The risk is also followed on the reports of actual regional government budget transfers to region, zone and woreda.<br><br><b>(Low)</b> | <b>L</b>         | <u>Actions to prevent the risk to be realized</u><br>COWASH FTAT and RSU continuous communication with the high level regional authorities for convincing benefits of CMP modality.<br><br>Early information and reaction by RSU on foreseen budgeting problems.<br><br><u>Actions if risk is realized</u><br>Embassy shall play active role and engagement and in finding solutions. | FTAT members and RSU staff.<br><br>Person resp. of the region / woreda |   |
| Allocation of regional budgets refused for new activities. | Regional governments do not allocate investment budget for new Phase III activities such as water safety planning, social, environmental and climate risks screening, sanitation marketing, spare part supply, O&M service and menstrual management.             | The new activities will not start and provided capacity building will be wasted.<br><br><b>(Insignificant)</b>                          | <b>I</b>          | The risk likelihood is measured based on the approved annual work plans where the regional government budgets are planned and approved by the Steering Committee.<br><br>The risk is also followed on the reports of actual regional government budget transfers to region, zone and woreda.<br><br><b>(Low)</b> | <b>L</b>         | <u>Actions to prevent the risk to be realized</u><br>Inform regions of new activities;<br><br>Ensure that these activities are included to the annual plans<br><br>Ensure that the trainings for new activities start promptly<br><br><u>Actions if risk is realized</u><br>Embassy shall play active role in finding solutions.  | FTAT members and RSU staff.<br><br>Person resp. of the region / woreda |   |

| Risk Name   | Risk Statement   |  | Consequence level | Description of the assessment of the likelihood   | Likelihood level | Risk response (Mitigation)  | Responsible to follow-up  | Assessment of the risk change and mitigation measures taken. (Date....) |
|---|--|--|-------------------|---|------------------|---|---|---|
|   | Cause of the risk  | Consequences of the risk (Impact to the project)   |                   |   |                  |   |   |   |
| <b>Pressure to include new woredas to the project</b> | In the improvement of local government performance there might be a need to split big woreda into two woredas. COWASH has already built one woreda capacity in Phases of I and II. In the woreda split the woreda personnel and hardware can be split between the woredas. | <p>Splitting of COWASH woreda creates a situation where new woreda or both woredas need additional human and physical capacity building.</p> <p>This will require additional capacity building funds which are not available.</p> <p>The project execution efficiency will decrease and unit costs will increase.</p> <p><b>(Manageable)</b></p> | <b>M</b>          | <p>The level of risk likelihood is measured based on the reports received from regions and decisions made by the regional councils on the woreda split.</p> <p>The Amhara region has already reported that some COWASH woredas are split into two in 2009 EFY.</p> <p>The split is not expected to take place other region's COWASH woredas.</p> <p><b>(Moderate)</b></p> | <b>M</b>         | <p><u>Actions to prevent the risk to be realized</u><br/>Project has no means to prevent this risk's realization as the decisions are made at region council level.</p> <p><u>Actions if risk is realized</u><br/>Bring financial resources from year 3 to year 2.</p> <p>Find additional external financial resources for Phase III</p> <p>Decide to work only in one of the split woredas.</p>                                | <p>FTAT members and RSU staff.</p> <p>Person resp. of the region / woreda</p> |   |
| <b>Slipping back to Open Defecation(OD)</b>           | The basic toilets do not normally last the rainy season and they collapse if not well taken care leading people back to OD. Furthermore the behavioral change may not be permanent and people tend to slip back to OD.   | <p>Poor toilet quality and not permanent hygiene and sanitation behavioral change put the project results of project efforts in behavior change in danger and people continue to suffer from the diseases caused by poor sanitation and hygiene behavior.</p> <p><b>(Manageable)</b></p>   | <b>M</b>          | <p>Assess and measure the level of likelihood from the woreda, region and ministry health annual reports.</p> <p>It is well known from the MoH reports that this negative change is already taking place in some areas.</p> <p><b>(Moderate)</b></p>  | <b>M</b>         | <p><u>Actions to prevent the risk to be realized</u><br/>Focus on the quality of hygiene and sanitation training, triggering and verification and in the improvement of guidelines, monitoring techniques and training materials. Increase sanitation marketing efforts.</p> <p><u>Actions if risk is realized</u><br/>Take strong advocacy actions to re-establish ODF situation and strengthen with sanitation marketing.</p> | <p>FTAT members and RSU staff.</p> <p>Person resp. of the region / woreda</p> |   |

| Risk Name                                     | Risk Statement  |   | Consequence level | Description of the assessment of the likelihood   | Likelihood level | Risk response (Mitigation)  | Responsible to follow-up  | Assessment of the risk change and mitigation measures taken. (Date....) |
|---|---|---|-------------------|---|------------------|---|---|---|
|   | Cause of the risk   | Consequences of the risk (Impact to the project)  |                   |   |                  |   |   |   |
| <b>Diversions from CMP process to WMP.</b>    | <p>Due to staff turnover (lost knowledge) and poor understanding in the use of CMP in high technology may cause some regions and woredas to divert from CMP to WMP.</p> <p>Also the pressure to get physical outputs may cause change of focus from CMP to WMP</p> <p>In some regions the centralized procurement system is in use and therefore decentralized procurement (CMP) is not favoured.</p> | <p>The change from CMP to WNP will reduce the project's effectiveness, efficiency and sustainability.</p> <p>The ownership and commitment of the community to manage the scheme after construction is put in a risk.</p> <p><b>(Manageable)</b></p> | <b>M</b>          | <p>This risk is highest in Tigray region which is preferring the centralized procurement system. Even in Tigray the likelihood to move to WMP is very low. Likelihood is measured based on the assessment by the FTAT</p> <p>Other regions have fully accepted and adopted the CMP modality and are expected to increase the CMP implementation even to other projects.</p> <p><b>(Low)</b></p> | <b>L</b>         | <p><u>Actions to prevent the risk to be realized</u></p> <p>Regular supervisions and refresher trainings to keep new and old staff focused on the CMP principles.</p> <p>Continuous monitoring, reporting and field presence of the RSU staff in woredas.</p> <p>Clear demarcation in geographical scope between CWA project and CMP.</p> <p><u>Actions if risk is realized</u></p> <p>Embassy shall play active role in finding solutions.</p> | <p>FTAT members and RSU staff.</p> <p>Person resp. of the region / woreda</p> |   |
| <b>Use of MFI in fund channelling stopped</b> | <p>In COWASH investment funds are channelled to communities using local MFIs.</p> <p>New financial regulations may put this into a risk.</p>  | <p>Significant effect to whole implementation of the project because funding the construction through WASHCOs would stop.</p> <p><b>(Significant)</b></p>   | <b>S</b>          | <p>The likelihood to this risk to realize is very low as there is a bi-lateral agreement which allows the use of MFIs.</p> <p>The change in the likelihood will be measured through the information provided by BoFEDs</p> <p><b>(Low)</b></p>  | <b>L</b>         | <p><u>Actions to prevent the risk to be realized</u></p> <p>Development and testing already in advance of alternative method for channelling funds to WASHCOs</p> <p><u>Actions if risk is realized</u></p> <p>Embassy shall play active role in finding solutions.</p>   | <p>FTAT members and RSU staff.</p> <p>Person resp. of the region / woreda</p> |   |

| Risk Name   | Risk Statement  |  | Consequence level | Description of the assessment of the likelihood  | Likelihood level | Risk response (Mitigation)  | Responsible to follow-up  | Assessment of the risk change and mitigation measures taken. (Date....) |
|---|---|--|-------------------|--|------------------|---|---|---|
|   | Cause of the risk   | Consequences of the risk (Impact to the project)   |                   |  |                  |   |   |   |
| <b>Failure to establish profitable women-led sanitation marketing and water supply O&amp;M businesses</b> | <p>Existing and capable women-led businesses to take over SM and O&amp;M business might not be found.</p> <p>Non-availability or high costs of available quality spare parts and materials may cause the new businesses to fail.</p> <p>Access to finance by MSEs may not be available.</p> <p>Access to finance by consumers may not be available.</p> <p>Resistance from woreda water office experts to support private O&amp;M-MSEs.</p> | <p>The realization of the risk will delay the development of new project initiatives in private sector development of businesses in Sanitation Marketing and O&amp;M service provision.</p> <p><b>(Manageable)</b></p> | <b>M</b>          | <p>All the forecasted causes will be assessed in the preparation of the business plan for the enterprise.</p> <p>Decision for the approval of business support will be based on the business plans.</p> <p><b>(Moderate)</b></p> | <b>M</b>         | <p><u>Actions to prevent the risk to be realized</u></p> <p>Business financing research assisted by a short term consultant will be carried out. Sustainable business financing model will be developed.</p> <p>FTAT and RSUs will assist closely in business plan preparation.</p> <p>FTAT will strongly support through TA inputs the SM and O&amp;M development and CB efforts at federal level.</p> <p>FTAT and RSUs support the sector coordination in O&amp;M and SM.</p> <p><u>Actions if risk is realized</u></p> <p>Modify the business to be more diverse.</p> <p>Close the business and minimize the losses.</p> | <p>GMSES and all FTAT members and RSU staff.</p> <p>Person resp. of the region / woreda</p> |   |

| Risk Name  | Risk Statement  |   | Consequence level | Description of the assessment of the likelihood  | Likelihood level | Risk response (Mitigation)  | Responsible to follow-up  | Assessment of the risk change and mitigation measures taken. (Date....) |
|--|---|---|-------------------|--|------------------|---|---|---|
|  | Cause of the risk   | Consequences of the risk (Impact to the project)  |                   |  |                  |   |   |   |
| <b>Cost recovery not adequate to cover the O&amp;M costs</b>   | Community members not committed to pay adequate tariff of O&M.<br><br>WASHCO members reluctant in the effective tariff setting, tariff collection and regular preventive maintenance. | Long term sustainability and functionality of water schemes are put on risk.<br><br>This will result to the maintenance backlog and once the maintenance is truly needed adequate funds are not available.<br><br><b>(Manageable)</b> | <b>M</b>          | Tariffs, efficiency of tariff collection and payment of tariffs are assessed annually by the woreda staff and reported to the RSU and FTAT.<br><br>Region water bureau reports and assessments also used to measure the likelihood of risk realization.<br><br><b>(Moderate)</b> | <b>M</b>         | <u>Actions to prevent the risk to be realized</u><br>Support the legalization.<br>Awareness creation and training to region and woreda stakeholders<br><br>Development of tariff systems that attract communities to make savings for O&M<br><br><u>Actions if risk is realized</u><br>Actions required from RWSC   | CMPS and all FTAT members and RSU staff.<br><br>Person resp. of the region / woreda |   |
| <b>Low ownership of health and education sectors in COWASH</b> | Weak participation and low allocation of resources of health and education sectors to COWASH implementation.<br><br>Priority not given to COWASH implementation.                      | Implementation of COWASH household hygiene & sanitation and institutional WASH will not achieve the set targets.<br><br><b>(Manageable)</b>   | <b>M</b>          | Likelihood is measured from the woreda and region annual plans and quarterly financial and progress reports.<br><br><b>(Moderate)</b>  | <b>M</b>         | <u>Actions to prevent the risk to be realized</u><br>Strengthen cooperation with all WASH sector offices by organizing dialogue forums.<br><br>The Sanitation specialists in RSUs will closely follow-up the ownership of health and education sector.<br>The Sanitation Hygiene Transformation approach of COWASH will also provide an opportunity to overcome these risks.<br><br><u>Actions if risk is realized</u><br>Actions required from the Embassy of Finland and RWSCs. | CTA and all FTAT members and RSU staff.<br><br>Person resp. of the region / woreda  |   |

| Risk Name  | Risk Statement  |   | Consequence level | Description of the assessment of the likelihood  | Likelihood level | Risk response (Mitigation)  | Responsible to follow-up   | Assessment of the risk change and mitigation measures taken. (Date....) |
|--|---|---|-------------------|--|------------------|---|--|---|
|  | Cause of the risk   | Consequences of the risk (Impact to the project)  |                   |  |                  |   |  |   |
| <b>Delays in planning and reporting</b>                  | <p>Regional plan preparations delay due to the late budget allocation approvals for COWASH especially in SNNPR.</p> <p>Reports delay due to the low allocation of budget and low priority for woreda level data collection and data accuracy.</p>     | <p>Implications of this risk are the delays in the timely fund transfers for implementation.</p> <p>Another risks associated with this is the delayed progress reporting and this will dissatisfy the financiers and may delay further the fund transfers.</p> <p><b>(Manageable)</b></p> | <b>M</b>          | <p>Likelihood is measured through communication with woredas and regions and based on this the likelihood for delays can be assessed.</p> <p><b>(Moderate)</b></p>   | <b>M</b>         | <p><u>Actions to prevent the risk to be realized</u><br/>FTAT will mobilize the annual core-planning in April and support the regions to submit core plans for RWSC approvals in June</p> <p>FTAT will develop performance reporting database program to make reporting easier</p> <p><u>Actions if risk is realized</u><br/>Firm decisions required from the Embassy of Finland and RWSCs.</p> | <p>MES and all FTAT members and RSU staff.</p> <p>Person resp. of the region / woreda</p>            |   |
| <b>Water quality will deteriorate at household level</b> | <p>The household water management is not adequate to keep the water clean at household level.</p> <p>Even though the water is clean at the tap the water contamination may take place in transport and in the storage and use at household level.</p> | <p>Poor household water management will put the assumed benefits of clean water at risk and investments done will be wasted.</p> <p><b>(Manageable)</b></p>   | <b>M</b>          | <p>Likelihood will be assessed through periodic water quality tests done by the Woreda and reported to Health Bureau.</p> <p>The National Water Quality Assessment Report will be published in March 2017 and this report also indicate the likelihood of the risk.</p> <p><b>(Moderate)</b></p> | <b>M</b>         | <p><u>Actions to prevent the risk to be realized</u><br/>Strengthen and scale up the implementation of CR-WSP</p> <p>Develop new implementation instruments in close collaboration with MoH and WHO for the improved household water management and HWTS.</p> <p><u>Actions if risk is realized</u><br/>Organize awareness campaigns and trainings.</p>   | <p>ECRWSS and CDS and all FTAT members and RSU staff.</p> <p>Person resp. of the region / woreda</p> |   |



| Risk Name                        | Risk Statement  |  | Consequence level | Description of the assessment of the likelihood   | Likelihood level | Risk response (Mitigation)   | Responsible to follow-up  | Assessment of the risk change and mitigation measures taken. (Date....) |
|----------------------------------|---|--|-------------------|---|------------------|--|---|---|
|                                  | Cause of the risk   | Consequences of the risk (Impact to the project)   |                   |   |                  |  |   |   |
| <b>Delayed audits by regions</b> | <p>Low priority given by the region for COWASH audits.</p> <p>Integrated audit process where COWASH is audited among all other projects.</p> <p>Audit report translations into English also cause delays.</p> | <p>Experience shows that regions fail in conducting the annual audits on time.</p> <p>Audit reports are needed to ensure the funds transfers from Finland.</p> <p>If fund transfers delay the implementation of the project delays</p> <p><b>(Insignificant)</b></p> | <b>I</b>          | <p>The likelihood assessment will be made from the RSU quarterly reports and from the approved annual plans.</p> <p><b>(Moderate)</b></p> | <b>M</b>         | <p><u>Actions to prevent the risk to be realized</u></p> <p>Assisted by RSUs the FTAT will intensively follow-up and support the process of the audits</p> <p>RSUs will give logistics support for BoFEDs in audit planning and execution.</p> <p><u>Actions if risk is realized</u></p> <p>Firm decisions required from the Embassy of Finland and RWSCs.</p> | <p>MES and all FTAT members and RSU staff.</p> <p>Person resp. of the region / woreda</p> |   |

| Contextual risks                                      |  |   |                   |   |                  |  |  |   |
|---|--|---|-------------------|---|------------------|--|--|---|
| Risk Name   | Risk Statement   |   | Consequence level | Description of the assessment of the likelihood   | Likelihood level | Risk response (Mitigation)   | Responsible to follow-up   | Assessment of the risk change and mitigation measures taken. (Date....) |
|   | Cause of the risk  | Consequences of the risk (Impact to the project)  |                   |   |                  |  |  |   |
| <b>Predicted draught or flooding</b>                  | Extreme weather events such as drought and flooding may cause water supply facilities to dry up or collapse and water quality may deteriorate. | <p>Infrastructure becomes non-functional and deteriorated water quality may cause high health risks.</p> <p>Decreased ground water levels require expensive technology choices.</p> <p>Significant effect to achieving the set targets if financial resources are directed to the drought/flood prone areas.</p> <p><b>(Manageable)</b></p> | <b>M</b>          | <p>Based on the reports from the meteorology and relevant UN organizations the likelihood of draught or flooding can be estimated.</p> <p><b>(Moderate)</b></p> | <b>M</b>         | <p><u>Actions to prevent the risk to be realized</u></p> <p>Prompt implementation of site selection and SECRS and management plans for each water supply.</p> <p>Prompt implementation of CR-WSPs.</p> <p>Prompt implementation of O&amp;MM.</p> <p>Focus also on institutional water supply to ensure availability of water beyond community level.</p> <p><u>Actions if risk is realized</u></p> <p>Reallocation of resources.</p> | <p>CTA and ECRWSS and all FTAT members and RSU staff.</p> <p>Person resp. of the region / woreda</p> |   |
| <b>Big inflation or major change in exchange rate</b> | Inflation and exchange rate change are caused from national and international economic development and economic trends.                        | <p>The project is planned with moderate inflation. The big inflation will increase the project implementation costs.</p> <p>The major change in exchange rate will decrease the available financial resources from GoF.</p> <p><b>(Significant)</b></p>   | <b>S</b>          | <p>Likelihood is assessed from national economic reports and international exchange rate forecasts.</p> <p><b>(Low)</b></p>                                     | <b>L</b>         | <p><u>Actions to prevent the risk to be realized</u></p> <p>Follow-up the development of economic growth and inflation and exchange rate development in order to initiate methods to minimize the damage.</p> <p><u>Actions if risk is realized</u></p> <p>Firm decisions required from the Embassy of Finland and RWSCs.</p>  | CTA and HOC  |   |

| Institutional risks       |   |  |                   |  |                  |  |                          |   |
|---------------------------|---|--|-------------------|--|------------------|--|--------------------------|---|
| Risk Name                 | Risk Statement  |  | Consequence level | Description of the assessment of the likelihood  | Likelihood level | Risk response (Mitigation)   | Responsible to follow-up | Assessment of the risk change and mitigation measures taken. (Date....) |
|                           | Cause of the risk   | Consequences of the risk (Impact to the project)   |                   |  |                  |  |                          |   |
| Social instability or war | <p>The social instability is caused by people’s demand for change.</p> <p>War caused by external threat to Ethiopia.</p> <p>Instability or war may be local but can also spread to the whole country.</p> | <p>Movements and communication restricted, transport, supervision and follow-up of the project is disturbed.</p> <p>In worst scenario project stops functioning.</p> <p>COWASH project targets are in risk.</p> <p>(Significant)</p> | S                 | <p>Likelihood of the risk is assessed from the security reports and security advises provided by the Embassy of Finland.</p> <p>(Moderate)</p> | M                | <p>Actions to prevent the risk to be realized</p> <p>Implementation of water and sanitation should be a priority even in the middle of instability.</p> <p>Through close coordination and communication FTAT and RSUs seek for justified exceptions for COWASH implementation.</p> <p>Preparedness plan is updated regularly and informed to all concerned parties.</p> <p>Actions if risk is realized</p> <p>Firm decisions required from the Embassy of Finland and RWSCs.</p> | CTA and HOC              |   |