

1. Country Context

- **Ethiopia is a large, diverse and predominantly rural country.** It is home to 98 nationalities and peoples, with roughly 93 languages spoken. It is the second most populated African country, next to Nigeria with over 100 million people, and more than 80 percent of whom live in rural areas.
- **The Government of Ethiopia has an ambitious goal to join the lower middle-income countries by 2025** and all national plans have been designed in such a way to contribute to this goal. .
- **Ethiopia has experienced rapid and stable economic growth over the past decade.** Ethiopia's economic growth averaged 10.3 percent annually from 2006 to 2016, considerably above the Sub-Saharan Africa (SSA) regional annual average of 5.4 percent during this period. Real gross domestic product (GDP) per capita increased on average eight percent annually from 2004 to 2014.
- **Ethiopia's economic achievements have been accompanied by substantial progress in social and human development, but challenges remain.** Poverty declined substantially from 55.3 percent in 2000 to 33.5 percent in 2011.¹ There have also been significant improvements in nutrition, health, education, and access to basic services.² However, Ethiopia remains one of the world's poorest countries with a per capita income of US\$740 in 2017, far lower than the SSA average of US\$1,486. In 2018, Ethiopia ranked 173 out of 189 on the Human Development Index (HDI).³
- **Uneven distribution of water resources, both spatially and temporally, exacerbated by extreme climate shocks, poses a continuous challenge to water resources management and service delivery for human consumption and productive use.** Home to twelve major river basins, Ethiopia has abundant water resources, both surface, and groundwater. Limited water storage capacity, verifiable information on surface and groundwater dynamics and water quality prevent the country from capitalizing on these resources. Water resource constraints are further exacerbated by increasing competition among the different sectors and the effects of the climate change.

2. Overview of the Ethiopia's WASH sector vision and targets for the SDGs

The Government of Ethiopia (GoE) has set out its development goals in successive Growth and Transformation Plans (GTPs), which identify water and sanitation as first list of priority areas for achieving sustainable growth and poverty reduction. The first GTP (GTP I) was implemented from 2011-2015 and Ethiopia has been among very few African countries that achieved the MDG targets. Now the second GTP (GTP II), which covers the period 2016-2020, is under implementation. Prior to the GTPs (2005) the GoE has also ratified the universal access programme that aims to provide safe water to all citizens of the nation. The GTP II targets (2020) for the WASH sector are:

- Provide rural water supply access for 85 per cent of the rural population of which 20 per cent are provided with Rural Pipe Systems. For urban population, the target water supply access⁵ is 75 per cent.
- Carry out studies and designs of urban wastewater management for 36 towns/cities⁶ and build wastewater management systems for 6 towns/cities with populations of 200,000 or more.
- Decrease rural water supply schemes non-functionality rates to 7 per cent and non-revenue water to 20 per cent.
- Provide 82 per cent of households with access to improved latrines and 40 per cent of the households with proper solid waste collection and disposal services.
- Increase the open defecation free *kebeles*⁷ to 82 per cent and the households using water treatment and safe storage practice to 35 per cent.
- Increase health institutions with gender and disability sensitive WASH package to 60 per cent
- Increase the sanitation marketing centers to 40 per cent.
- Ensure all schools have access to potable drinking water and adequate gender specific sanitation facilities.

At the end of 2018, only 64 per cent of the urban population and 75 per cent of the rural population has access to clean water. Access to improved latrines for urban and rural population is 4 per cent and 16 per cent respectively⁸.

¹ Based on the international poverty line of US\$1.90 per day in 2011 purchasing power parity terms. During the same period, using the national poverty line, the rate of poverty fell from 44.2 per cent to 29.6 per cent.

² Government of Ethiopia, Central Statistical Agency (2017). [Ethiopia - Demographic and Health Survey 2016](#).

³ United Nations Development Programme (UNDP). Human Development Reports: [2018 Statistical Update](#).

⁵ The GTP II minimum service level of 100 l/c/d for Category 1 towns, 80 l/c/d for Category 2 towns, 60 l/c/d for Category 3 towns, 50 l/c/d for Category 4 towns (all piped up to the premises) and 40 l/c/d for Category 5 towns within a distance of 250 meters with piped systems

⁶ The Ministry of Urban Development & Construction, Category 1 town (2000 to 20,000 people); Category 2 town (>20,000 to 50,000); & Category 3 town (>50,000 to 100,000).

⁷ The lowest government Administrative unit

⁸ JMP 2016

The main instrument for the GoE for achieving the GTP II and the SDGs WASH targets is the **One WASH National Programme (OWNP)**¹. The main purpose of the programme is to contribute towards improving the health, well-being and economic growth of both rural and urban populations by increasing water supply and sanitation access and adoption of good hygiene practices in an equitable and sustainable manner.

The OOWNP has been designed in phases to implement consecutive national GTPs and responding to international commitments. Phase I was implemented from 2013-2017 and Phase II is under implementation from 2018 and goes until 2020. In the coming years, WASH Phase III (2021-2025) and Phase IV (2026-2030) will also be developed in line with the national development plans and significantly contribute for achieving the Sustainable Development Goals (SDGs). Since 2015, the WASH sector has undertaken **several strategic steps** and it has accomplished key milestones that lays the foundation for the achievement of the SDGs. These include but not limited to:

- Revised & updated OOWNP with due consideration of the climate change effects and alignment with SDGs up to 2030;
- Increased the share of public resources to be allocated to the WASH sector;
- Prepared Climate Resilient WASH (CR-WASH) programme as part of the OOWNP to make sure that drought affected areas (mostly pastoralist communities) are not left behind;
- Conducted the national WASH inventory and launched the national WASH MIS which will provide up-to-date information for informed planning, monitoring progress and decision making in the sector;
- Endorsement and rolling out of the different strategies across the WASH sector ministries (Water, Health and Education). The most significant ones being the National Hygiene and Environmental Health Strategy , Integrated Urban Sanitation and Hygiene Strategy (2017– 2020), and School WaSH strategy (2013- 2020).
- Started the amendment of the National Water Resource Management Policy (1998) and the Water Sector Strategy (2000) with the aim of addressing gaps and feting with the current development strategies.
- MoWIE has started to implement Urban Sanitation Project in 23 medium & large towns financed by the World Bank.
- Rural Sanitation Campaign 2024 strategy is prepared by MoWIE and Ministry of Health (MoH) and resource mobilization is underway.
- Ratification of “Refugee Proclamation” guarantying refugees with equal rights as citizens including access to WASH services.

While significant progress has been made in terms of setting clear national and sector targets in line with the SDG targets, the sector faces critical bottlenecks. The **main challenges** include: 1) **Institutional capacity**- weak sector governance and absence regulatory mechanism, limited attention to operation and maintenance, and human resource constraints; 2) **financing**- inadequate government budget allocation and competing demands; limited ability to pay of the public; inadequate private sector financing and limited multi-year funding agreements from development partners which limits predictability of planning; 3) **sustainable system**-erratic climate phenomena and adoption of reliable technologies.

3. Review of the sector – State of the Sector Building Blocks and Collaborative Behaviours

WASH should be addressed as integrated package. The GoE is committed to implementing a Sector Wide Approach (SWA) through the OOWNP, supported by a number of Development Partners (DPs) and Civil Society Organisations (CSOs). The largest development partners (WB, AfDB, DFID, UNICEF and Embassy of Finland) have committed their programmes and basket funding to be managed by government in a consolidated WASH Account (CWA). The CWA is guided by the WASH Implementation Framework (WIF) and the principle of one plan, one budget, and one reporting system. Consolidated Annual WASH Plan (CAP) is regularly prepared and progress is also reported on a quarterly and annual basis. Besides, other non CWA partners (e.g. CRS, Water Aid Ethiopia, USAID, COWASH, etc) have also endorsed the OOWNP and aligned their efforts within the programme framework.

Regardless of the significant progress made by the government and partners in implementing SWA, there are still some gaps in a number of building blocks in the sector which need to be addressed.

- a. Policy and strategy:** Although the revision of the water resources management policy and strategy has started by the Ministry of Water, Irrigation and Energy (MoWIE), the process has lagged behind and needs to be accelerated. On the other hand, the Hygiene and Environmental Strategy, Integrated Urban Sanitation and Hygiene strategy, School WASH strategy and strategic action plans are in place by the Ministries of Health and Education respectively, but should be further cascaded by decentralized plans.
- b. Institutional arrangements:** The recent restructuring of MoWIE which brought about the Water Development Commission as a standalone institution under the line management of MoWIE with better organizational structure & the upgrading of the Environmental Health Unit in the MoH to a directorate level is a positive step. Similarly, the aggressive action taken to staffing the NWCO & the WASH programme structure across the country is commendable. Yet, improving staff capacity in the all sector ministries from federal to grassroots level structures should be strengthened to help create clear accountability & responsibility amongst the different stakeholder in the sector.

- c. **Sector financing:** During the OOWNP Phase II preparation, the sector financing needs, the possible financing sources and gaps were identified. An increased level of financing is required in all the sub-sectors to fill the gap including identifying innovative financial instruments for the sector (i.e. blending finance, climate finance, etc.). At the same time, the sub-sectors also need to improve their absorption capacity in order to accelerate implementation and meet the SDGs.
- d. **Private sector involvement:** Private sector actors are considered key stakeholders to further advance WASH service delivery. There is a need to incentivize their engagement through the development of sustainable business models, as well as to strengthen their capacity to engage in the WASH sector. Public private partnerships should also be promoted and specific guidelines should be prepared to operationalize the recently approved Public Private Partnership Proclamation (2018)⁸ in the WASH sector.
- e. **Planning, monitoring, and Management Information System (MIS):** A monitoring framework system supported by an information system which integrates data on water and sanitation services across the four WASH ministries is under development. So far MoWIE lacked a fully functional MIS (Monitoring Information System) similar to the Education MIS or the Health MIS. However, as stated above the Ministry has conducted a national level water supply inventory at the beginning of 2019 and robust and sound MIS is almost to be launched in the middle of the same year. This MIS will enable the sector to have a reliable source of information for policy and decision making at all level.
- f. **Capacity development:** Assessment of OOWNP implementation to date at regional and district levels indicates lack of capacity, system development, community engagement, planning based on adequate data and needs assessment, monitoring, learning and knowledge management, operational and management capability, logistics support, timely financial release, timely external procurement processes, available fund absorption capacity, etc. It is therefore necessary to assess the available human resources pool in each region and where needed, provide skill development training for staff to lead the programme or deploy new staff and establish regional human resource development units. Besides, capacity building should be viewed beyond individual opportunities rather as part of institutional capacity development.
- g. **Water Resources Management (WRM):** Based on the current scenario of the climate change effect, the increased coordination between the WASH and WRM is an important milestone to achieve water security in Ethiopia. In light of this, the GoE hosted for the first time a Joint WASH - WRM Multi Stakeholder Forum (MSF) on June 2018, under the theme “*Resourcing and Increasing Commitments to One WASH and WRM programs*”. During the forum the linkage between WASH and WRM was deeply discussed in light of the GTP II and SDG targets. Accordingly, the Forum successfully built consensus on WASH and WRM integration, possible area of cooperation, and experience and challenges among stakeholders and the public. Eight undertakings to further strengthen WASH and WRM were also agreed.

4. Eliminating Inequalities

As mentioned in the country context, inequality is one of the main challenges Ethiopia faces as it strives to improve access to WASH services. There is still a visible inequality in WASH services provision between urban and rural areas, between regions (Example: Afar and Somali regions have less access to clean water), between different age and gender groups, between persons with disabilities and without disabilities, between refugees and host communities, and between pastoralists and highlanders. Despite the challenge, the GoE in general and the WASH sector in particular has taken the following significant steps in narrowing down the gap.

- Within the OOWNP, National WASH Coordination Office (NWCO) has increased its focus on equity and inclusion and it has established Equity and Inclusion Taskforce with the primary objective of providing forum for stakeholders to jointly promote, support, share and coordinate sustainable and integrated development of equity and inclusion in WASH.
- Ethiopia has a long history of welcoming refugees onto its territory. Today, it provides protection to 894,000 refugees and asylum seekers from 24 countries, making it the second largest hosting country in Africa. A recently launched framework underlines to ensure the WASH needs of refugees as part of eliminating inequalities.
- Updated Social Assessment Report and Gender Action Plan have been prepared and it includes disability issues with respect to the physical accessibility of WASH facilities for all.
- The integration of the CR-WASH programme with in the OOWNP to narrow down the inequality in WASH service provision in the pastoralist areas.
- During the JTR and MSF, inequality is considered as one of the thematic issues and regular reports were produced to bring the strategic issues to the attention of the decision makers. Given the ongoing efforts to address inequality, there is a need for a systematic way to address inequality in the planning, monitoring and accountability review process.

⁸ Public Private Partnership Proclamation No. 1076/2018

5. Sector investment needs, the financing gaps and areas for improving efficiency

5.1. Investment needs and funding gap

Ethiopia will require \$ 3.2 billion dollars per year to achieve the water, sanitation and hygiene SDG targets (6.1 & 6.2). The largest share of the investments will be targeted at capital expenditures in the medium-term and mostly dominated by investment needs in rural and urban as well as water and sanitation. These costs are driven mostly by the effect of drought in the low land areas of the country, population growth, migration from rural to urban areas, the rapid development of agro and industrial parks, rehabilitation to maintain services, and new construction of facilities and systems to expand services.

During the OOWNP Phase II preparation the sector financing needs and the possible financing sources for two years were identified. An estimated US\$6.5 billion is required for financing the programme of which a total of US\$2.5 billion is allocated for the CR-WASH component. According to this estimate, the sector has a funding gap of US\$2.879 million. Therefore, it is a priority to further explore current and alternative funding sources in order to reduce the funding gap and improve **efficiency** of the funds (making sure that funds are allocated to priority areas and sub-sectors) and synergies between interventions and diversification of financing modalities (3ts – taxes, tariffs, transfers, blended financing, climate finance and humanitarian nexus funding).

5.2. Strategies to close the financing gap

Projections of available finances indicate higher allocations and more predictable funding streams from 3ts, blended financing, climate and humanitarian nexus funding. However, these possible sources alone will be insufficient to guarantee the aggressive nature of progress which is required to achieve the SDGs. A combination of domestic revenues, more efficient allocations and use of available financing through CWA of the OOWNP as well as accessing commercial revenue through the Water Development Fund is needed. Currently, GoE is discussing possible financing from the government of Denmark and Korea.

The most viable options for mobilizing additional resources include accessing domestic and external private markets and commercial resources. In this regard, the government should improve the enabling environment and the incentive mechanisms to attract more private investment to the sector by operationalizing the recently approved public private partnership proclamation.

In addition, inefficiencies must be curtailed particularly those emanating from poor revenue collection, high levels of non-revenue water, poor tariff setting and business plan development and high operating costs. These make the WASH service provision an unattractive investment for commercial finance, which is needed to expand coverage and sustain services.

6. Country priorities and commitments

The principal target for the WASH sector in Ethiopia is the GTP II targets which are to achieve 85 per cent and 75 per cent water supply access for rural and urban areas respectively, and 82 per cent for sanitation, open defecation, and hand washing¹ by 2020. In order to achieve the GTP targets, the sector with the leadership of GoE has identified the following **priorities for the next two years:**

1. Increase the water supply financing from the current financial status in order to achieve the set targets of GTP II and SDG requirements and standards. Also, diversify financing modalities (3ts – taxes, tariffs, transfers, blended financing, climate and humanitarian nexus funding).
2. Improve the enabling environment for the private sector and build its capacity to provide high level technical water supply solutions.
3. Establish clear and concrete strategic milestones for the establishment of the regulatory agency.
4. Upscale the implementation of the Climate-Resilient WASH and Water Safety Planning to each new water supply project and select old most vulnerable and top priority water supplies in rural and urban areas.
5. Establish country-wide, coordinated, inclusive, well managed, standardized and monitored school and health facility WASH implementation package.
6. Rollout national strategies and campaign to eliminate open defecation in rural and urban to improve access to basic sanitation levels.

7. Mechanisms for review and follow-up on the priorities and commitments

- **Joint Technical Review (JTR)** which is conducted biannually by involving key DPs, CSOs, Federal government ministries and agencies, and regional bureaus. The review involves field visits and detailed report preparation which informs discussions and underpins preparations on the MSF.
- **The annual MSF** is used to track progress and share experiences of different ongoing WASH projects and programmes. The forum also functions as a national platform for dialogue on policy and strategy issues and track on main sector priorities and commitments.
- **CWA review meetings and reports** have been serving as one of the mechanism to assess and follow up key priorities and commitments. CWA review meetings are conducted bi-annually to assess progress and identify implementation bottlenecks. On top of the review meetings, a CWA Annual Report is produced and prepared annually following the Ethiopian Fiscal Year. CWA programme performance reports (financial and physical) are quarterly prepared and submitted to the NWCO. In addition, sector specific reports are also produced by MoWIE, MoE, MoH, MoFEC at federal level based on reports submitted from their respective regional bureaus and are submitted to the NWCO on regular bases.

8. Process and materials used in the preparation of the Country Brief

1. Agenda 2063 – The Africa We Want, Final Edition – (April 2015)
2. Drinking Water Quality in Ethiopia Results from the 2016 Ethiopia: Socioeconomic Survey, Central Statistics Agency of Ethiopia (December 2017)
3. ETHIOPIA National Human Development Report (2018)
4. OWNP Phase II Programme Document (November 2018), Ministry of Water, Irrigation and Energy
5. One WaSH - Consolidated WaSH Account Project (One WaSH - CWA) (January, 2019), World Bank
6. One WaSH National Program - Consolidated WaSH Account EFY 2008 Annual Report, NWCO (2016)
7. One WaSH National Program - Consolidated WaSH Account EFY 2009 Annual Report, NWCO (2018)
8. Proceedings of the Joint WASH-WRM Multi Stakeholder Forum (2018)
9. Second Growth and Transformation National Plan for the Water Supply and Sanitation Sub Sector (2015/16 – 2019/20)(Ministry of Water, Irrigation and Electricity) (2015)
10. Updated Social Assessment Report, One WaSH-Consolidated Water Supply, Sanitation and Hygiene Account Project (One WaSH-CWA-P167794), MOWIE (2019)
11. WASH-WRM Undertakings, 9th Annual WASH-WRM Multi-Stakeholder Forum (2018)

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