



The Federal Democratic Republic of Ethiopia



ONE WASH NATIONAL PROGRAM

**Program Operational Manual(POM)
for the
Consolidated WASH Account (CWA)
Phase II**

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ABBREVIATIONS AND ACRONYMS

BoFED	Bureau of Finance & Economic Development
BDA	Basins Development Authority
CFT	Community Facilitation Team
CHP	Community Health Promoter
CLTSH	Community Led Total Sanitation & Hygiene
CSOs	Civil Society Organizations
CWA	Consolidated WASH Account
DFID	Department for International Development
DPs	Development Partners
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
FSM	Fecal Sludge Management
GTP	Growth and Transformation Plan
GoE	Government of Ethiopia
HEW	Health Extension Worker
H&S	Hygiene & Sanitation
IPs	Implementing Partners
KDC	Kebele Development Committee
KWT	Kebele WASH Team
M&E	Monitoring & Evaluation
MoE	Ministry of Education
MoFA	Ministry of Federal Affairs
MoF	Ministry of Finance
MoH	Ministry of Health
MoU	Memorandum of Understanding
MoWIE	Ministry of Water, Irrigation and Energy
NGO	Non-Governmental Organization
NMA	National Meteorological Agency
NRW	Non-Revenue Water
OD	Operational Directive
ODF	Open Defecation Free
OP	Operational Policy
OWNP	One WASH National Program
OWRP	One WaSH Regional Plan

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
SDG	Sustainable Development Goal
STEP	Systematic Tracking and Exchange of Procurement
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
UNICEF	United Nations International Children's Emergency Fund
U-WaSH	Urban Water, Sanitation & Hygiene
VHEW	Veterinary Health Extension Worker
WaSH	Water, Sanitation & Hygiene
WASHCO	WASH Committee (community level)
WDC	Water Development Commission
WCBU	WASH Capacity Building Unit
WIF	WASH Implementation Framework
WMP	Woreda Managed Project
WPMU	One-WaSH Program Management Unit
WSA	Woreda Support Agent
WWC/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's main instrument for achieving the **Growth and Transformation Plan's (GTP's)** goals for the WaSH sector in a more integrated manner. OWNP aims to coordinate WaSH activities and to improve efficient use of resources for WaSH service delivery for rural, urban, and pastoral communities, as well as schools, health posts and health centers.

The program was designed to be implemented in two Phases. Phase - I covering the period from July 2013 to June 2015 and Phase II from July 2015 to June 2020 and beyond. Phase I of OWNP, has been concluded and the Program document for the second phase has been prepared. OWNP Phase - II makes use of the First Phase Review Report of 2017, updated strategies, plan and guidelines since 2013 to establish a baseline for access to rural and urban water supply and sanitation and to plan short and long-term developments to meet immediate GTPII targets and longer-term Sustainable Development Goals (SDGs). The preparation of the phase II OWNP documents followed an in-depth analysis of 1) the 2013 OWNP document, 2) WIF document, 3) GTPII goals and indicators, 4) OWNP Phase I review report, 5) SDG indicators and 6) challenges that are influencing integrated WASH approaches for sustainability.

As is specified in the Phase II OWNP document, the Program is designed to increase harmonization and alignment among and between development partners and the GoE. Phase II the Program focuses on newly developed strategies, directives, and indicators in GTP II. The program also looks beyond GTPII to establish sector reform and towards meeting SDGs. Any new WaSH programs or new phases of existing WaSH programs are expected to align with this Program's principles, approaches and plans.

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 manner with sustainable and climate resilient water supply and sanitation access and the adoption of good hygiene practices. The long-term objective is, by 2030, to achieve universal, sustainable, climate resilient and equitable access to safe and affordable water for all along with improved low environmental impact sanitation. The short-term objective of the Program is to achieve increased and sustained coverage of water supply and sanitation in rural and urban areas with basic water supply and sanitation service levels in Ethiopia in line with the GTPII targets (2015-2020).

The intermediate objectives of the program are directed towards attaining increased and sustained coverage of safe water supply sanitation in rural and urban areas.

- GTP II targets of 85% and 75% access to safe water supply for rural and urban areas respectively. With minimum service level of 25 l/c/d within a distance of 1 km from the water delivery point in rural areas and with water supply of 100 l/c/d for Category 1 town/cities; 80 l/c/d for Category 2 town cities; 60 l/c/day for Category 3; 50 l/c/d for Category 4; (all up to the premises) and 40 l/c/d for Category 5 towns within a distance of 250m with piped system for urban areas.
- Decrease rural water supply schemes non-functionality rate to 7%.

- Decrease Non-Revenue Water (NRW) to 20% for urban water supply utilities in Category 1 to 3 towns/cities.
- 82 % of households have access to improved latrines and 82% of Kebeles reach Open Defecation Free status.
- 60 % of health institutions have gender and disability sensitive complete WASH package

1.1.2 Program Components and Budget

Program Components: The OWP has mainly 5 components: 1) Rural WaSH, 2) Urban WaSH, 3) Institutional WaSH, 4) Climate Resilient WaSH and 5) Enabling Environment, Program Management and Capacity Building. Refer the Phase II OWP document of (November 2018) for details of Program components

Program Budget: The estimated resource requirement for meeting the targets set for GTP II in the short to medium term is estimated at USD 6.558 billion. The following figure shows the resource distribution among components.

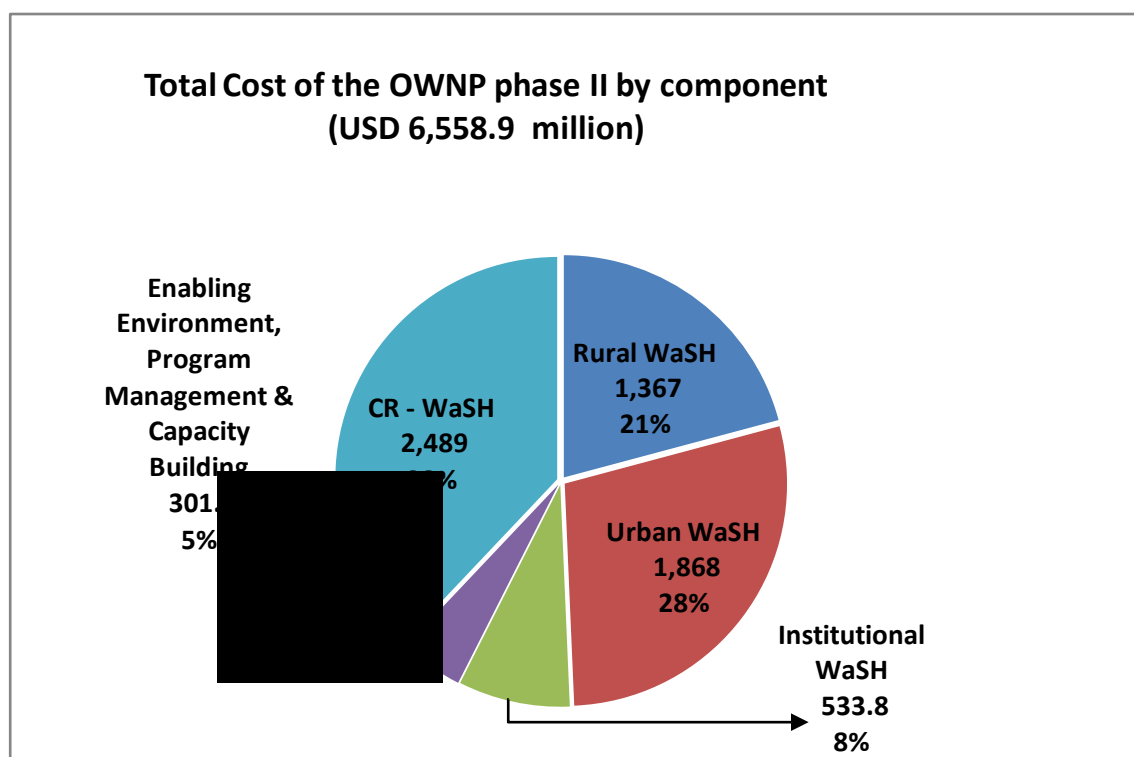


Figure 1-1: Cost of OWP Phase II

1.1.3 Core Guiding Principles

The Program is guided by the Memorandum of Understanding (MoU) and WASH Implementation Framework (WIF), signed by the Federal Ministries of Water, Health, Education and Finance. The following four guiding principles govern implementation of the Program:

- (1) **Integration of water, health, education and finance:** 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.
- (2) **Alignment of partners' planning and management systems and procedures with those of GoE:** The main goal of this principle is to ensure that OWP 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).
- (3) **Harmonization of partners' approaches and activities:** This principle leads to One WaSH Plan, One WaSH Budget, One WaSH Report; implying to OWP. Harmonization also assumes that One Consolidated WASH Account (CWA) where where all Development Partners (DPs) contributions are deposited in one account from which WASH activities and investments would be supported. However, convergence of all DPs to a single consolidated account will be a gradual process. For those partners who desire to join CWA II program a new account will be opened for the program that is managed by MoF. Use of ear marked account will continue in the meantime for those DPs who are expected to join CWA at a later stage.
- (4) **Partnership between implementing parties:** The OWP recognizes Civil Society Organizations (CSOs) and the Private Sector as significant partners playing an essential part in attaining OWP 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.

1.2 The OWP CWA phase II

1.2.1 Background

The One WaSH National Program Consolidated WaSH Account (OWNP-CWA) phase II is the continuation of the Phase I CWA Program. CWA Program is a harmonized funding mechanism to jointly implement OWP activities and continues to be the major nucleus of GoE's national flagship program that introduced a move from project based approach to a more compressive and programmatic sector wide approach through consolidated WaSH financing. The Program advocates for one plan, one budget, one reporting system and one Consolidated WASH Account (CWA). The Program supports part of the wider OWP phase II which amounts to over 8.2% of the 2018 total program financing requirement - US\$ 6.558.9 billion. To-date, various

development partners have expressed commitment to participate in the second phase of CWA and pool their resources into a CWA to finance part of the OWNPN. Together with the Government of Ethiopia, the World Bank, DFID, African Development Bank, UNICEF, government of Finland and Korean International Cooperation are some of the contributors to the CWA with a possibility other partners joining in the future. Other partners who are expected to join the CWA for financing OWNPN in due course are in the meantime expected to increasingly align their targets, plans and activities with the program principles and approaches.

1.2.2 Phase II CWA Program Development Objective

The development Objective of the Phase II CWA Program is to increase access to safe water supply, sanitation and hygiene services and strengthen capacity for water resource management and service delivery. The Program aims to increase and sustain access to improved WSS, using integrated approaches aimed at ensuring that investments in WSS service delivery are sustainable and resilient. The Program will focus on addressing gaps in the approach, design and implementation from the previous CWA interventions, while adopting directives and indicators from GTP II in line with the revised OWNPN program document.

1.2.3 Result chain of phase II CWA Program

The result chain that shows the issues, activities, inputs, outputs and outcomes of CWA II Program is shown in Table 1-1. Details of specific activities and indicators that measure and track progress of those activities toward achieving those indicators of input, outputs and outcomes, and the monitoring and evaluation arrangements (M&E) is provided in Chapter 10 of this operational manual.

Table 1-1: Result Chain of Phase II CWA Program

Issues/Challenge	Activities	Inputs	Outputs	Outcomes
Low access to safe water supply services	Investment support to rural and urban water supply service improvement	Studies and designs for improved water supply infrastructure development	Rural and urban water supply schemes constructed/rehabilitated	Increased access to safe water supply services
		Water source protection and development		
		Construction of water supply systems (RPS, reservoirs, water points, equipment, etc.)		
		Construction and rehabilitation of WASH packages for schools and health facilities	Improved water quality mechanisms in place	
		Provide test kits and equipment for water quality monitoring at source and supply		
		Provide materials and carry out awareness campaigns for household-level water treatment		
Low access to safe sanitation facilities	Investment support to rural and urban sanitation service improvement	Produce BCC materials and carry out awareness campaigns on sanitation and hygiene practices	Increased demand for improved sanitation	Improved hygiene practices
		Construct sanitation marketing centers, coordinate and promote business activities	Increased availability of products/materials for improved sanitation	Increased access to safe sanitation services
		Improve quality and management of public and communal latrines	Increased capacity for containment, sludge collection, transport, and safe disposal	
		Provide fecal sludge transport equipment (vacuum trucks)		
		Upgrade standard design for advance sanitation in schools and health facilities	Increased number of improved sanitation facilities for schools and health centers	
		Construction and rehabilitation of WASH packages for schools and health facilities		
Limited capacity of WASH service providers results in lack of sustainable WASH schemes	TA and investment support to build capacity of woredas and WASHCOs	Develop O&M manuals and guidelines	Increased local capacity to manage WASH services (governance/institutional, financial, and technical capacity and women participation) is strengthened	Improved functionality of WSS schemes
		Support development and implementation of Woreda WASH strategic plan		
		Establish and strengthen community level WASH management systems		
		Ensure spare parts and maintenance crew for O&M are available		
		Provide training to WWTs and WASHCOs		
		Ensure participation of women and girls in WASH service planning, design and management		
	TA and investment support to build capacity of	Update business plans for utilities	Improved revenue of utilities and controlled expenditure	Improved operational efficiency of utilities
		Support service operational improvements, including NRW reduction to save energy		
		Establish Integrated Utility MIS (billing, accounting, customer management, etc.)		

Issues/Challenge	Activities	Inputs	Outputs	Outcomes
	Utilities and Water boards	Train utilities and water boards		
Limited capacity for water resource planning and emergency responses	TA and investment support to water resource planning and emergency response	Establish hydromet and early warning systems	Enhanced use of WRM data for climate resilient WSS designs	Increased resilience of WSS services to climate shocks
		Carry out water resource mapping, monitoring, and planning		
		Implement emergency response mechanisms (e.g., household water storage, household water treatment, procurement of equipment, etc.)	Improved capacity on emergency preparedness and response	

1.2.4 Program Beneficiaries¹

Under Phase II CWA, approximately 4,094,000 people will directly benefit through the provision of improved water supply services and 3,267,000 people through improved access to sanitation facilities. The Program will develop and rehabilitate water supply schemes in approximately 301 woredas of which about 146 will be supported under CR WaSH. For urban areas, 210 small towns will be supported with capacity building and planning activities. An estimated 78 towns will receive financing for water supply investments. The Program will also provide access to improved WSS for 2160 schools and 2250 Health facilities. The Program will support all level of actors including WaSHCOs, Water Boards and utilities and will support woreda, zonal and regional water, health, education and finance offices through enhancement of planning, budgeting and implementation capacities. The Program will also strengthen capacities of federal level OWP implementing agencies.

1.2.5 Program Components and Outputs through Phase II CWA Financing

The components and outputs of the OWP that will be supported through the CWA phase II over a five year period (July 2019 –June 2024) from funding received development partners that have confirmed resource like AfDB, DFID, UNICEF, the WB, Government of Finland, , Korean International Cooperation and new partners who are now assessing funnelling contribution through CWA and whose resource allocation it yet to be confirmed plus 15% contribution from the GoE to the CWA with indicative earmarked allocations are provided in Table 1. The Program Result's framework is detailed in the M&E section of the POM.

Ten percent of the regional program resource from Rural WaSH, Urban WaSH and Institutional WaSH components will be retained during the first half of the Program phase to incentivize performance of regions after MTR. Allowing regions that are complying with the predefined requirements after the MTR to access the retained 10% resource provides a strong incentive for the regions to improve performance and achieve targets. However, since there is a capacity difference in implementation between the delegated regions and regions where procurement is carried out by WDC, it is important to have separate grouping for this delegated and the non-delegated regions on the bases of their performance capacity. To embed fair resource distribution within competition, it is also important to differentiate indicators that will be used to measure performance and criteria that will be used to access this retention financing.

Hence criteria that will be used to allow delegated regions to access this fund include:

- Regions with minim cumulative score of at least 70% of the cumulative score will be eligible for accessing the 10% retained fund of the region in accordance with its performance scores
- Establishment and functionality of OWP-CWA Program oversight, implementation and coordination structures (10%):
- Physical Performance against targets/plan (35%): Completion of at least 85% of each of the planned

¹ The number of program beneficiaries, woredas and towns will be updated annually (if needed) to reflect additional finance and donors joining the CWA in the course of implementation. New donors will join the CWA upon : i) Bilateral Agreement with GoE, ii) Official notification from MoF, iii) compliance with POM, and iii) ratification by the NWSC.

activities for Rural, Urban institutional WaSH, and Program management components and achieving 85% program cumulative performance in the first two years by the end of the midterm review.

- Financial utilization and documentation (25%): at least 90% utilization of the planned budget up to the MTR excluding advance payments made to the contractors in all of the implementing Woredas and Towns in the first two years of implementation by the end of the midterm review.
- Physical and financial progress report for OWNP CWA (10%): Regions that have timely submitted consolidated physical and financial reports (segregated by sectors and components) quarterly and annual reports in accordance with the reporting format endorsed by the RWSC. Regions producing annual performance reports including evidence on how the safeguards (Fiduciary, ESMF including the social assessment recommendations, RPF) have been applied, how inclusiveness and inclusive sanitation are addressed, and how physical performance in relation to financial disbursement is monitored.
- Compliance to safeguard requirements (10%): 100% screening of all schemes and at least 85% with implemented mitigation measures
- Annual updating of NWI (10%): Water, Health and Education sectors reporting on WaSH indicators agreed during the NWI II for at least 90% of the woredas and towns.

While criteria that will be used for the non-delegated regions to access this fund include:

- Regions with minim cumulative score of at least 50% of the cumulative score will be eligible for accessing the 10% retained fund of the region in accordance with its performance scores
- Establishment and functionality of OWNP-CWA Program oversight, implementation and coordination structures (10%):
- Physical Performance against targets/plan (35%): Completion of at least 75% of each of the planned activities for Rural, Urban institutional WaSH, and Program management components and achieving 75% program cumulative performance in the first two years by the end of the midterm review.
- Financial utilization and documentation (25%): at least 75% utilization of the planned budget up to the MTR excluding advance payments made to the contractors in all of the implementing Woredas and Towns in the first two years of implementation by the end of the midterm review.
- Physical and financial progress report for OWNP CWA (10%): Regions that have timely submitted consolidated physical and financial reports (segregated by sectors and components) quarterly and annual reports in accordance with the reporting format endorsed by the RWSC. Regions producing annual performance reports including evidence on how the safeguards (Fiduciary, ESMF including the social assessment recommendations, RPF) have been applied, how inclusiveness and inclusive sanitation are addressed, and how physical performance in relation to financial disbursement is monitored.
- Compliance to safeguard requirements (10%): 100% screening of all schemes and at least 85% with implemented mitigation measures
- Annual updating of NWI (10%): Water, Health and Education sectors reporting on WaSH indicators agreed during the NWI II for at least 90% of the woredas and towns.

Table 1-2: Estimated Cost of Program Components and Expected Output

No.	Component name	Total Est. cost (million USD)	Component Outputs						
			WB	DFID	AfDB	UNICEF	KOICA	GoE	
1	Rural WASH	146.72	94.29	-	30.00	1.00	2.30	19.14	1.1. 10760 new water supply schemes constructed and 1630 schemes rehabilitated
									1.2. 360,000 new improved household sanitation facilities built through promotion carried out under the program.
									1.3 Supply chain for low cost water supply technologies and spare parts for operation and maintenance established and functional in 70% of the Program woredas
									1.4 Sanitation marketing (construction of shade, revolving fund, etc) established and functional in at least 50% of Program Woredas
									1.5. Community (WaSHCO) level WaSH Monitoring established and functional in all Program Woredas and schemes
									1.6 WaSHCOs established and functional in 95% constructed/ rehabilitated schemes (with 50% women members) under the Program
2	Urban WaSH	105.8	90	0	0	0	2	13.80	2.1. 86 Town water supplies improved
									2.2.38 FSM systems constructed and functional within the Program towns
									2.3. 250 Towns improved their operational efficiency, established water boards and prepared business plans

No.	Component name	Total Est. cost (million USD)	Component Outputs						
			WB	DFID	AfDB	UNICEF	KOICA	GoE	
3	Institutional WASH	82.31	38.57	13.00	15.00	3.00	2.00	10.74	3.1. 2610 new and rehabilitated full WaSH Package facilities (water supply, improved latrine, incinerator, placenta pit and waste disposal pit) for health centers/posts
									3.2. 2510 new and rehabilitated full WaSH Package facilities (water supply, improved latrine separate for boys and girls, and MHM room) for schools
4	Sustainable and Resilient WASH	166.42	55.71	77.00	12.00	-	-	21.71	4.1. 290 large medium and small multi village and single village new RPSs constructed and 210 RPSs rehabilitated
									4.2. 185,000 new household sanitation facilities built through promotion carried out under the program.
									4.3. Utility like management model established and operational for all multi village RPSs constructed under the Program
									4.4. Early warning systems established and operational
									4.5. Regular water resource monitoring (quality and quantity) practiced in 60% of the Program Woredas
5	Enabling Environment, Program Management	41.55	21.43	10.00	3.00	1.00	0.70	5.42	5.1 NWI updated at least on annual bases and annual WaSH reports produced
									5.2 Improvement of the MIS to realize real-time monitoring;

No.	Component name and Capacity Building	Total Est. cost (million USD)	Component Outputs						
			WB	DFID	AfDB	UNICEF	KOICA	GoE	
									5.3. 90% consolidated Program reports prepared at WWT, RWCO and NWCO levels on a monthly, quarterly and annual basis
									5.4. 31100 WWT, WaSHCO and Water Board members trained in relevant skills
									5.5 100% of newly constructed water supply and sanitation schemes completed environmental & social screening process and settled mitigations measures
									5.6 Procurement and contract management; and financial management
									5.7 application of environmental and social safeguards instruments and compliance
									5.8 knowledge management and experience sharing
	Total	542.80	300.00	100.00	90.00	5.00	7.00	70.80	

1.2.6 Components and sub components description

To achieve its development objectives, the program supports five broad components derived directly from the wider OWP Phase II Program documents namely, Rural WaSH, Urban WaSH, Institutional WaSH, Climate resilient WaSH and Program Management and institutional strengthening components. Each of these components are further divided into different sub-components to address the Water supply, the sanitation and the hygiene perspectives at both household/community and institution level.

- 1) **Component 1 Rural WASH:** This component will support increasing access to safe and reliable water supply and sanitation services and hygienic practices in rural areas. The component is structured into two sub-components:
 - a) Subcomponent 1. A. Increasing Access to Water Supply and Sanitation Services: This subcomponent will finance:
 - i) **TA and procurement of goods and services to support rural water supply and inclusive sanitation planning and capacity building activities:** This includes i) development of Woreda Strategic WaSH Plans; and (ii) ;capacity building to strengthen and sustain participating woredas' capacity to plan, coordinate, implement, and manage WSS services jointly with other OWP core implementing; sectors; (iii) the rolling out of new BCC campaigns, and (iv) the establishment of community savings structures for construction and upgrading of domestic sanitation facilities.
 - ii) **Infrastructure investments for rural water supply and sanitation:** This includes (i) construction and rehabilitation of water supply schemes based on a sector-approved menu of technology options; ((ii) the scale-up of pilot interventions to establish sanitation marketing centers;; and (iii) sanitation marketing capacity building for vocational training centers, micro-credit institutions, MSEs, local governments, etc.
 - b) **Subcomponent 1.B Enhancing Service Delivery Management Capacity:** The Program support will include, (i) scaling up of pilot interventions for spare parts, supply chain and capacity building of the local private sector (to support O&M of water supply facilities; (ii) strengthening community WaSH committees (WaSHCOs) and establishing networks of support, (iii) strengthen capacity to increase the number of trained and skilled facilitators (iv) enhancing water quality monitoring; and (v) promoting and enhancing O&M training curricula under vocational skills programs
2. **Component 2 Urban WASH:** This component will improve access to WSS services in selected urban areas (small and medium towns²), and provide support to the Urban health extension program and strengthen operational efficiency of urban water boards and utilities to effectively manage WSS service delivery. This component will finance:
 - a) i) **TA and procurement of goods and services for urban WSS:** This includes financing (i) preparation citywide inclusive sanitation plans, (ii) preparation of Town WSS Business Plans (TWBPs) that lay out strategies for WSS service delivery for current and future demands for water supply and sanitation.;

² Small towns are defined as urban populations between 2,000-20,000 inhabitants; medium towns are between 20,000-100,000 people

- (iii) establishment and strengthening of urban WaSH structures including water boards, utilities, sanitation unit to efficiently provide services and manage WSS infrastructure and assets; (iv) production of Behavioral Change Communication (BCC) materials and technical support expenses to the Urban Health Extension Program in hygiene promotion and education, (v) preparation of feasibility and design studies for priority water supply and sanitation investments; and (vi) . Promotion of City-Wide Inclusive Sanitation approach;
- b) **Infrastructure developments for urban water supply and inclusive sanitation:** This includes (i) construction, rehabilitation and optimization of urban water production, treatment and distribution systems; (vi) (ii) construction, rehabilitation and management structures for public and communal sanitation facilities and on-site treatment or fecal sludge treatment sites; and (iii) establishment of sanitation marketing centers. The project will provide targeted support for medium-sized towns to improve operational efficiency
1. **Component 3: Institutional WASH:** This component will support integrated access to WASH facilities in schools and health centers and is intended to complement interventions to improve health impacts, decrease school dropout rates, and reduce the contamination of water bodies. It will finance:
- a) **Infrastructure investments** to support the construction, upgrading, and rehabilitation of WASH packages in schools and health facilities as per the standard guidelines developed by the MoE and MoH, with **special consideration given** in their designs to gender and climate change adaptation criteria (details found in annex 2). This component will also finance institution sanitation facilities to complement CE WaSH interventions.
- b) **TA and procurement of goods and services to support BCC and capacity building,** including: (i) hygiene promotion and BCC activities; and (ii) support for bureaus of education and health in the procurement and contract management of proposed infrastructure to address substandard construction quality. Implementation of these activities will be incorporated into the Woreda Strategic WASH Plans or TWBPs to ensure geographic complementarities between water supply interventions and health and education sector programs.
3. **Component 4 Climate Resilient WaSH–** This component aims to support the following sub components..
- a) **Sub-component 4.1 – Water resources monitoring and planning** –This support include: (i) strengthening of weather and climate information, surface and groundwater data collection, hydromet and early warning systems development; (ii) institutional capacity development of pertinent institutions; (iii) service delivery aspect of the system for end users and decision-making process; and (iv) water resources planning activities that include development of analyses and guidelines for catchment management interventions for water source protection and (v)capacity building and coordination support to link with existing spatial and early warning institutional mechanisms and approaches
- b) **Sub-component 4.2 – Climate- Adaptive Service Delivery:** This sub-component will provide technical assistance for: (i) improved contingency and emergency planning; (ii) investment preparation (feasibility and engineering designs) for climate adaptive technologies; (iii) preparation of guidelines and technical standards to facilitate scoping, design and construction of climate adaptive water supply

- service delivery and (iv) investments that require scoping and design that expand beyond community and Woreda administrative boarders.
- c) **Sub-component 4.3 – Contingency Emergency Response Component:** This sub-component will allow to address elements of emergency response for floods, droughts and outbreaks of excreta-and -water-borne diseases.
4. **Component 5 – Enabling Environment, Project Management and Capacity Building** – This component will support
- a) **Improvement of monitoring and evaluation (M&E) systems and laying foundation for a shift to results-based approaches.** This will finance TA and procurement of goods and services to: (i) train, equip, and support M&E staff at regional and local levels; (ii) introduce remote sensing applications; (iii) further improve the system to realize real-time monitoring; and (iv) bring successful global experiences with information systems for rural WSS to Ethiopia.
- b) **Institutional strengthening and Program management:** will be supported through: (i) capacity building, financing of additional implementation support and technical experts; (ii) project management and coordination between implementing agencies; (iii) procurement and contract management; (iv) financial management; and (v) application of environmental and social safeguards instruments and compliance; (vi) knowledge management and experience sharing.

1.3 Program Operational Manual for the Consolidated WaSH Account

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 OWP. 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 Phase II Program. The program will be implemented in compliance to the Phase II approaches of OWP. 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, the signed Memorandum of Understanding (MoU) between the four sector Ministries, the WaSH Implementation Framework (WIF) and the Program documents for the wider OWP phase II will also serve as guiding documents during the implementation of CWA phase II Program.

1.4 Basic Implementation Principles

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

Decentralization: CWA financed OWP 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 OWP is to be consistent with the national water policy, national water strategy, Rural Hygiene and Sanitation strategy, Integrated Urban Sanitation and Hygiene Strategy as well as the national Growth and Transformation plan.

Equity: CWA financed OWP 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 subsidies will be gradually decreased from small to medium towns, in line with GoE policies, to promote cost recovery.

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.

Inclusive: The program adopts Inclusive WaSH approach that takes account inclusive needs of the poor, the disadvantaged groups, special needs of girls and female teachers (MHM), people with disabilities, etc. during planning investments, designing interventions, service deliveries or during monitoring services.

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.

2. IMPLEMENTATION MODALITY OF CWA SUPPORTED PROGRAMS

2.1 Implementation Modality Arrangement

2.1.1 Linkages with other National Programs

The CWA supported program intervention has a link with health and nutrition sensitive interventions per the National Nutrition Plan (NNP) of the government that contributes to reducing stunting and urban development program (Urban Local Governance Dev. Program; flagship education program (General Education Quality Improvement Program,) etc. The baseline data collected for the preparation of this project indicate a negative correlation of WaSH interventions to stunting. Sanitation facilities have also a direct impact on gender equality and inclusion. Sanitation facilities, hygiene promotion, and Menstrual Hygiene Management (MHM) at schools significantly contribute to increasing girl's school attendance and learning capacities that directly impacts the performance of girls in their education. To ensure synergy the program has factored in the issues in the selection of woredas/towns to be covered under the program.

2.1.2 Implementation Phases

Implementation modality details activities that ensure the effectiveness of implementation in accord with the agreed principles, procedures and terms. In general, the implementation modality is a stepped-up approach with incremental assistance as capacities are developed and results that meet established selection and readiness criteria are achieved thus allowing Woredas and Towns to move at their own pace. Generally, there are two major Phases of implementation:

1. Phase 1: Preparatory and planning (within the timeframe of 3 to 6 months)
2. Phase 2: Implementation (within the timeframe of 24 to 36 months period).

2.1.3 Preparatory and planning phase

It is during this preparatory and planning phase that selection of participating Woredas, Towns and CR Woredas; preparation of the 5 years strategic plan and the first year consolidated plan; and putting up the institutional setup and technical assistance to implement the program takes place. As noted above, this may take 3 to 6 months period during the first year of implementation.

2.1.3.1 Selection of Participating Woredas, Towns, CR Woredas

As the CWA II resource is limited to meet OWP target, initial selection of participating Woredas and towns will be made by Regional administration based on a set of criteria that ensures selection of those towns and Woredas that have the least served and disadvantaged community. Initially the Regional WaSH technical team prioritizes and selects Woredas and towns that will be receiving financing from the CWA II resources for Rural, Urban and Institutional WaSH program and provides the list of woredas and towns for approval by the Regional

WaSH steering committee. The Regional WaSH Steering Committee will decide on the small towns to be financed through grant or medium towns to be financed through sub loan based on available resource and criteria to be developed by the WDC, ~~population and capacity of the town~~³. The Water Development Commission in consultation with regional administrations and other stakeholders is responsible in the selection of drought and flood prone CR-WaSH Woredas based on the selection criteria defined in this POM.

2.1.3.2 Regional Level Planning

Planning of activities like establishment of Small Micro Enterprises for sanitation marketing and supply chain, Fecal Sludge management for clustered towns that are benefiting cluster of adjacent Woredas and towns will be prepared at regional level. Planning includes selection of towns that best serve a wide network of woreda, small towns, and rural kebeles to optimize resources and generate economies of scale. for these market centers. Region is also responsible for planning activities to enhancing water resources management and water quality monitoring and O&M training curricula under vocational skills programs.

2.1.3.3 General 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.

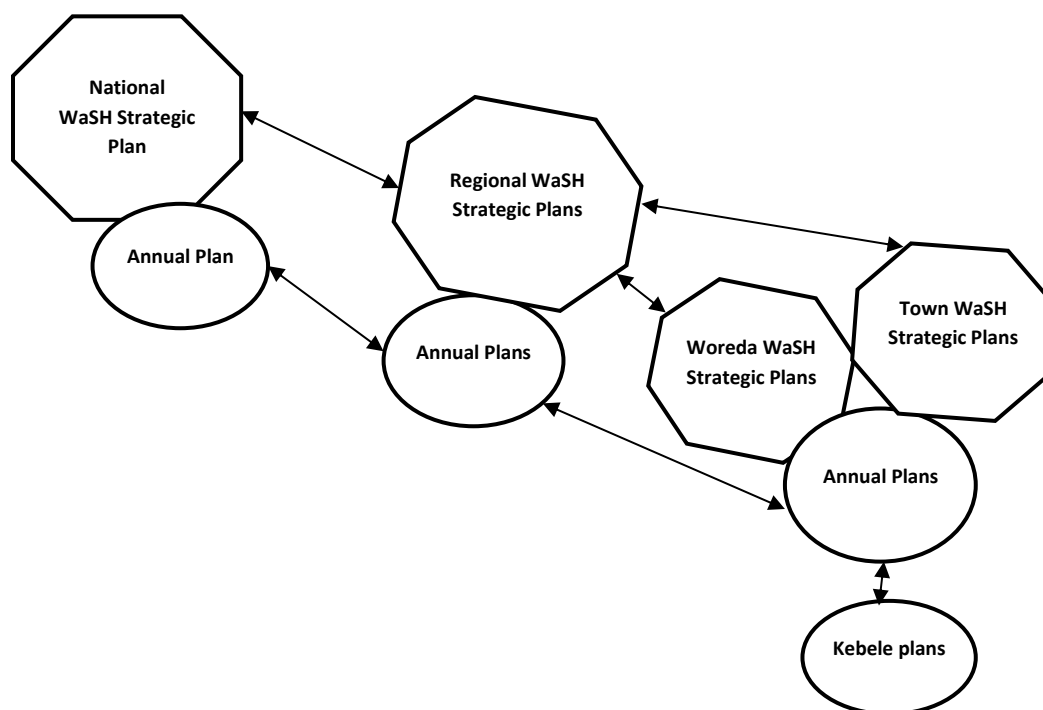


Figure 2-1: Planning Framework for OWP at National, Regional, Town and Woreda levels

³ The WDC will develop criteria for selecting towns eligible for grant and/or loan.

WaSH 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. **WaSH 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, town, 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.

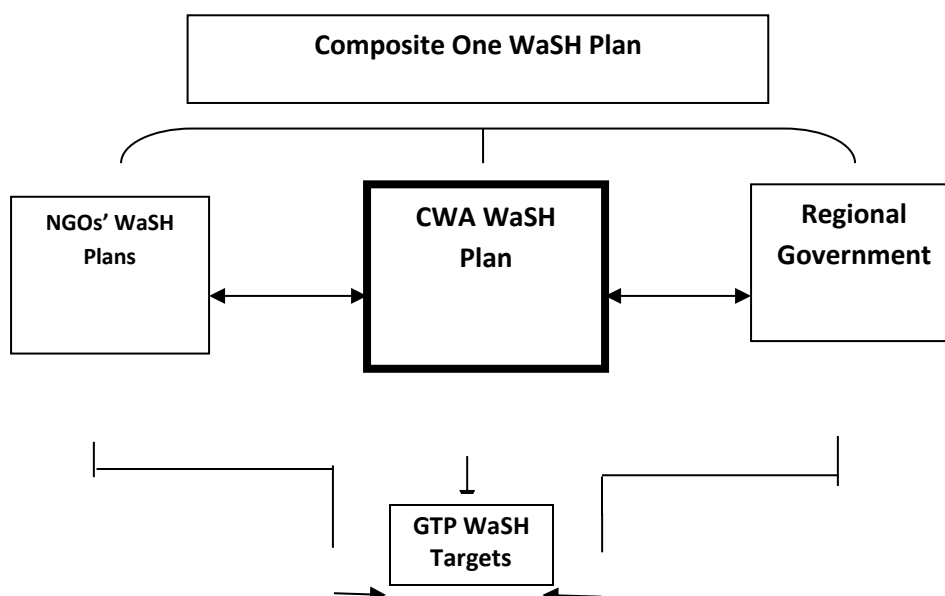


Figure 2-2: Composite ONWP Plan

WaSH Strategic Plans:

Strategic plans should be prepared at the national, regional, zonal, town and woreda 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 programs⁴ and grants⁵. 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.

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 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.

⁴ 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.

⁵ Regions and woredas may choose to commit a portion of their block grant to the National WaSH Program.

2.1.3.4 Preparation of Consolidated WaSH Plan

During the 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. Selected Woredas, Towns and CR- Woredas are expected to prepare their respective consolidated WaSH Plan that will be compiled at regional level. Regardless of the implementation modality, all sectoral ministries and bureaus; woredas and towns 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. The consolidated annual work plan and budget for the following year shall be approved by the NWSC on or before April 31 of the current year.

2.1.3.5 Putting up the institutional WaSH setup

This includes establishment of the different teams, committees, boards and management units at different level to plan, implement and manage the CWA II program. This is detailed further during the description of each division the implementation modality.

2.1.4 Implementation Phase

During this phase technical assistance will be provided to adequately develop and capacitate established and existing WaSH structures that are responsible in WaSH service delivery both during the project implementation and during the O&M period. In addition infrastructure development for water supply, inclusive sanitation, institutional and public WaSH systems takes place. This is assumed to take up to 24 to 36 months once implementation in the respected community/ target area started.

2.1.5 Presentation of Program components Implementation Modality

As noted above there are 5 program components namely: Rural WaSH, Urban WaSH, Institutional WaSH, Climate Resilient WaSH, Enabling Environment, Program Management and Program Management. Implementation that takes place at Woreda level, at town level and CR Woredas all include both community WaSH and institutional WaSH interventions. While detailing the implementation Modality here below, implementation at Woreda level merges both Rural WaSH and Institutional WaSH (rural) components. Similarly implementation at town level merges both urban WaSH and Institutional WaSH (urban) components. CR WaSH however comprises from the outset both community WaSH and institutional WaSH together so the component is discussed independently. Similarly Enabling Environment, Program Management and Program Management being a cross cutting component is also discussed separately.

2.2 Implementation at Woreda Level - Rural

Objective: To achieve universal and equitable access to safe and affordable drinking water and adequate and equitable access to sanitation and hygiene and end open defecation within the **project kebele (for communities, schools and health facilities)** paying special attention to the needs of women and girls and those in vulnerable situations.

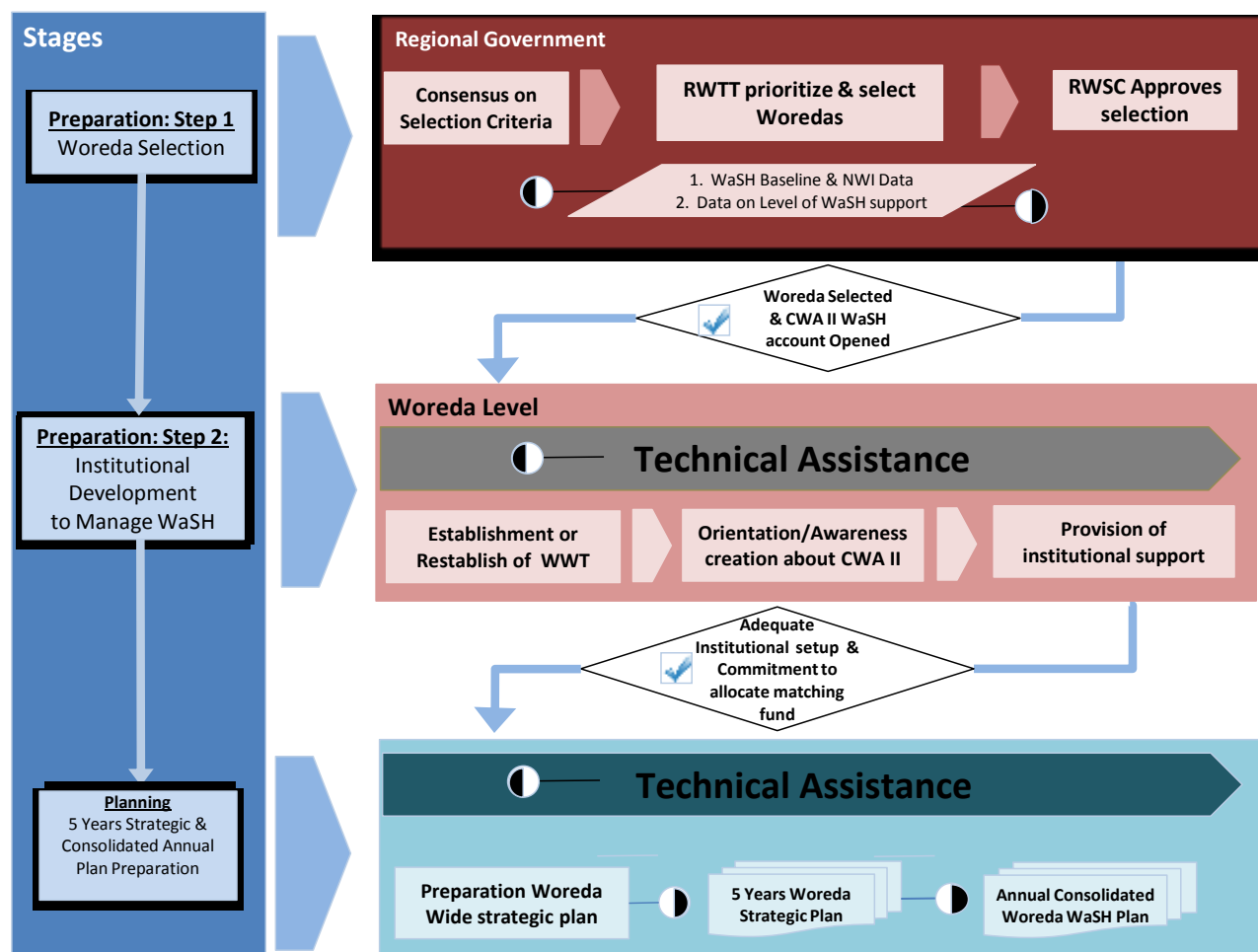


Figure 2-3: Preparation and Planning Process

2.2.1 Selection of Woredas

Regional WaSH technical team (RWTT) assumes full responsibility in the selection of Woredas that are receiving financing from the CWA II resources for Rural and Institutional WaSH program. Un-served people, who in most cases represent the poorest and most vulnerable are particularly targeted and receive greater priority than those who already have a basic level of service. The selected geographic areas will be provided with integrated interventions for community and institutional water supply, sanitation and hygiene. To ensure that the program benefits the most disadvantaged, the region uses the priority setting criteria to be adopted by the

RWTT in descending order but not limited to the following appropriate selection criteria to determine the group of Woredas that is to begin participation in the CWA II Program.

- a) Low level of WaSH access/Coverage based on the WaSH baseline data compiled from regions and verified by the Federal WaSH Ministers/NWI II: - Woredas with least served community and institutional WaSH will be given priority. Primarily this will focus on the following indicators i) the level of rural water supply coverage in line with GTP II standard, ii) HH sanitation coverage based on MoH definition for improved HH latrine, iii) proportion of ODF Kebeles in a woreda, iv) WaSH coverage for Schools and v) WaSH coverage for health facilities. To prioritize areas with poor sanitation, indicators used as proxies - level of stunting (data collected from Health MIS at woreda level) as well as “prevalence of Acute Watery Diarrhea, data also from HMIS. Woredas with lower level of WaSH coverage based on these indicators will be given priority.
- b) Level of ongoing assistance in the Woreda: Woredas with no or lower level of ongoing assistance from other financing sources will be given priority to receive financing from the Program.
- c) Non CWA I woredas: Amongst woredas that qualify criteria set under a & b above, priority will be given for Non CWA 1 Woredas .

Once Woredas are selected by RWTT, list of selected Woredas goes to the regional steering committee for checking the process of selection and approval prior to financing. Woredas selected **open CWA II WaSH account** immediately at Woreda level to receive CWA II resources.



- **Woredas that are receiving resources from CWA II program are selected.**
- **Selected Woredas open CWA II WaSH account .**

2.2.2 Readiness criteria

Selected Woredas that will be receiving financing from CWA II program are responsible for the planning, managing and implementation of the Rural community and institutional WaSH program within the Woreda’s jurisdiction. WaSH activities at the woreda level are to be implemented by the Woreda WASH Team (WWT). Apparently prior to receiving resource for investment it is crucial to ensure **Implementation readiness of Woredas**. Readiness is expressed by commitments from participating woredas and communities to establish or strengthen Woreda WaSH Team (WWTs), assign qualified personnel to plan and manage program at each sector office, to allocate matching fund during Program implementation and ensure compliance to safeguard requirements Woredas are required to have Strategic and Annual Plans that include health, education and water. Consequently Selected Woredas will ensure:

- a) **Establishment or revitalizing functionality of existing WWT.** This is immediate measure to be taken by the respected Regional (or Zonal where appropriate) WaSH coordination office before any preparation for implementation at Woreda level starts. The WWT is expected to be led by the Woreda administrator with members at least from the four WASH sector offices (Water, Health, Education, and Finance, with additional members from offices like Youth and Women Affairs, Agriculture offices, etc as appropriate.).

- b) **Orientation/Awareness creation to WWT about CWA II program approach:** Financing is provided to the RWCO or Regional or Zonal PMUs for introducing to the WWT in general about the One WaSH national program and specifically about CWA II program. This is further expanded to include the awareness creation about the objective and orientation of implementation approach to the WWT.
- c) **WWT commitment to allocate matching fund:** Participating Woredas allocate every year a matching fund of 15% of the annual program budget from its own source to finance CWA II program expenditure.
- d) **Compliance to safeguard requirements:** before going to construction of WaSH facilities, social and environmental requirements has to be complied as outlined in the environmental and social management framework (ESMF)
- e) **Technical Assistance for Institutional Development:** Financing is provided after the orientation to the WWT for the development of adequate institutional capacity that can plan, implement and manage particularly the Woreda WaSH CWA II program. Institutional capacity of WWT can be developed either by recruitment of professional staff or service providers or by providing short term trainings to the staffs of the sector bureaus.

Prior to proceeding to the planning process ensure readiness:



- **Functional WWT eager to improve WaSH service delivery within its Woreda exist.**
- **Woreda allocated 15% matching fund for the first year implementation and made commitment to allocate annually the same % for the project years.**
- **Adequate institutional capacity to plan, implement and manage developed at Woreda Level.**

2.2.3 Planning Process

As implementation of Rural community and institutional WaSH activities are implemented at two levels: Woreda and Regional level. Woreda Level so is the planning for these activities.

2.2.3.1 Woreda Level Planning

Once readiness criteria are met and adequate institutional capacity to plan exists at the Woreda level, the planning process is the initial phase of implementation and is estimated to take 3 to 6 months of the first year of implementation and had two major activities that CWA II program finances. This includes:

- a) **Preparation or updating 5 years Woreda Strategic WaSH Plan:** Primarily a 5 years Woreda WaSH strategic plan is to be either updated or prepared by the WWT based on gaps identified and goals set. Inventory as necessary and rapid assessment of the Woreda WASH situation is to be conducted prior to the preparation of the WaSH plan. The Woreda strategic Plans provide assessment of the socio-economic factors; determine affordability and outline in detail the approaches for development, construction and rehabilitation of water supply schemes and institutional sanitation facilities; articulation of hygiene promotion and behavior change activities in communities, health facilities and schools; and the roles and responsibilities for O&M. The Woreda strategic Plans outlines approaches to development, construction and rehabilitation water supply schemes, institutional sanitation facilities, articulation of hygiene promotion and behavior change activities in communities, health

facilities and schools, roles and responsibilities for O&M and assess socio-economic factors and determine affordability.

- b) **Preparation of Annual Consolidated WaSH plan:** Components financed from CWA II resources at Woreda level are 1) Component 1: Rural Community WaSH and 2) Institutional WaSH. A joint annual Consolidated WASH plan at Woreda level will be prepared in advance detailing program activities, budget requirement and procurement plan for rural community WaSH and institutional WaSH components. The primary responsibility of Preparation of consolidated plan lies upon the WWT particularly of Water, health and education sectors and involves joint selection of least served Kebeles that will be receiving CWA II financing based on criteria stated above include: i) poverty, ii) low water supply and sanitation coverage, and iii) meeting the initial ESMF safeguard screening. The program will support communities, schools and health institutions that are within the intervention Kebeles. Selected Kebeles are given direction and assistance from the WWT to establish Kebele WaSH team and jointly prepare Kebele universal access WaSH plan along with the water, health and education sectors concurrently integrating safe water use with good sanitation and hygiene practices at the household level (Rural WaSH), and in schools & health facilities (Institutional WASH). This in turn strengthens integration and synergy amongst the sectors (water, health and education). Where there is more institutional financing beyond meeting the full package⁶ facilities for institutions within the selected Kebele the health and education center will prioritize facilities that are within the selected Woreda that:

- **Have no access or availability of WASH facilities in the institution**
- **Have available water supply near the institution to facilitate connection to water**
- **Prioritization of institutions targeted by other national programs to increase complementarities and impacts (e.g National Nutrition program and Woreda Transformation Program for Health and the General Education Improvement Program for Education)**
- **Institutions that are not receiving support for WASH activities through other resources**
- **Facilities that are ready to cover operation and maintenance cost.**

Woredas receive financial support from the CWA to either contract service providers at Woreda level who would in turn assist them in the planning process at this stage and later as necessary in the management of their WaSH program. Or Woreda receives technical assistance from their respective regional WCOs or zone PMUs where feasible for the development of WaSH strategic 5 years plan and consolidated annual Woreda

⁶ Full WaSH Package for schools shall include provision of: (i) water supply, (ii) an improved school sanitation facility, with separate blocks for boys and girls, access for people with limited mobility, and hand washing facility with water and soap; and (iii) dedicated rooms for MHM. Full package for health facilities shall include: (i) water supply facility; (ii) improved sanitation facilities separate for male and female, with at least one toilet dedicated for staff, accessible to disabled people and separate for female and male, (iii) hand washing facility, with water and soap (iv) health-care waste management facilities for safely treatment and disposal of sharp and infectious waste (incinerator, placenta pit, waste disposal pit).

and Kebele plan. In the latter case, the Woreda financing from CWA II covers program planning and management expenses.



- **Five –Years Woreda Strategic WaSH Plan Updated/Prepared and Approved.**
- **Annual Consolidated WaSH Plan prepared and approved for the First Year of Implementation**

2.2.3.2 Regional Level Planning

Planning of activities and selection of sites like establishment of Small Micro Enterprises for sanitation marketing and supply chain for the Operation and Maintenance of water supply schemes benefiting cluster of adjacent Woredas and towns will be prepared at regional level during the planning phase. This plan also includes fecal sludge treatment systems for clustered of towns in the nearby geographical areas. Planning includes selection of towns that best serve a wide network of woreda, small towns, and rural kebeles to optimize resources and generate economies of scale particularly for the market centers. Region is also responsible for planning activities to enhancing water resources management and water quality monitoring and O&M training curricula under vocational skills programs.

2.2.4 Implementation

Once annual consolidated plan of the Woreda is approved by RWSC or zonal PMUs, the woreda receives financial support as per the budget for the two components: Rural Community WaSH and Institutional WaSH. Implementation of Community and Institutional WaSH activities will be incorporated into the Woreda Strategic WASH Plans to ensure geographic complementarities between water supply interventions and health and education sector programs.

2.2.4.1 Implementation of Rural Community WaSH

The Rural Community WaSH component is structured into two sub-components: (i) Increasing Access to Water Supply and Sanitation Services and (ii) Enhancing Sustainable Service Delivery.

(5) Increasing Access to Water Supply and Sanitation Services: This subcomponent during the implementation phase will finance:

- a) **Capacity building to support community water supply:** This includes support to procurement of goods and services as necessary at the Woreda level for i) the study and design of new water supply systems, and rehabilitation & expansion of existing particularly RPS; ii) continuous capacity building to strengthen and sustain participating Woredas' capacity to plan, coordinate, implement, and manage WSS services jointly with other OOWNP core implementing sectors; and iii) to assist implementation at Kebele. For the Kebele to qualify for receiving fund for the construction of improved access to and maintenance of safe water supply communities it must (a) establish a trained WaSH committee for the entire communities within the Kebele, at least half of whom are women⁷, (b) prepare an acceptable Facilities and Management Plan, and (c) collect and deposit at least 5% of the capital cost in a bank

⁷Individual regions may agree with WDC that alternative arrangements are acceptable

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), and (d) train its members for the establishment of own bank accounts, for strengthening of bookkeeping practices; to have and manage proper fee collection system for O&M through setting standard tariff structures, etc.

- b) **Infrastructure investment for community Water Supply:** This includes construction and rehabilitation of improved community water supply schemes in participating woredas based on a sector-approved menu of technology options. The approved technology options consider water quality standards; gender-informed design; climate adaptation strategies; the scoping and financing of renewable energy sources, including non-carbon-based solutions; etc. The water supply schemes could be rehabilitation of existing or/and development of new schemes of:

i. *Point source from:*

- **Lined hand dug well with raised platform fitted with hand pump,**
- **Capped spring, and**
- **Rainwater harvesting from roof catchments serving public institutions.**

ii. *Scheme with distribution for either one or multi village schemes from:*

- Capped spring with distribution, and
- Deep borehole/motorized pump with distribution.

- (6) TA and procurement of goods and services to support the intervention on supply- and demand-side of sanitation.

- a) **Supports on the demand-side interventions:** Support includes:

i. *Rolling out of new Behavior Change Campaigns BCC campaigns*

The BCCs are closely aligned with health and nutrition messaging, that promote a gender-inclusive design, links to sanitation and GBV, and that address issues of household water quality and safe storage. They are also regionally tailored to ensure that messaging is effectively delivered to targeted communities. This activity will be implemented through Health Extension Workers and additional support from Woreda WaSH Teams (WWTs)/ Community Facilitators (CFs) as necessary to effectively mobilize communities to attain and use improved sanitation services and hand washing facilities. Sanitation activities will adopt a community-centered approach, whereby communities set their own targets, monitor their progress and encourage defaulters.

Provision of water supply will be used as a key entry point to incentivize communities to improve household sanitation through agreements with WaSHCOs. Guidelines currently in use are designed in line with the CLTSH approach. Trained facilitators and HEW were working hard to promote the use of latrine facilities, which has brought an important change to reduce open defecation. The project will encourage the review of the community mobilization approach by strengthening the focus on to Community-Centered Approach (CCA), which draws upon the support of respected

community leaders. This is a complementary approach to the CLTSH. Community mobilization will be made possible with well trained and equipped facilitators. All relevant facilities and tools required to provide the training, including audio, video should be prepared in advance, meeting venue should be checked, an invitation should be extended by the Kebele chairperson, religious and traditional leaders, elders, HEW, head of schools, head of health facilities, kebele management members, women and youth, students, and others will be invited for sensitization and reach in to agreement on the actions. The cost of facilitation will be covered by the project. After formal training participants are expected to agree on clear, doable actions with clear timeframe and type of latrines to be constructed. The WaSHCO, HEW with support from CFTs will take the responsibility to follow up and monitoring at the community level. Technical support will also be extended to the household through the organized MSEs.

- ii. *Establishment of community savings structures to promote household investments in the construction and upgrading of domestic sanitation facilities.*

Establishment of community saving structures such as “Eqob” and “idir”⁸ to ensure households have access to resources to invest in construction and upgrading of their sanitation facilities. Pilots to link MFI with community-led savings initiatives such as Iqob and Idir will be carried out to assess the potential for wide-scale application.

While on the supply side, the support include:

- i. *The scale-up of pilot interventions to establish sanitation marketing centers.*

Establishment of sanitation marketing centers at sites selected during Step I -planning phase. The project will finance the construction of sanitation marketing centers to facilitate production of sanitation slabs and other products, storing of sanitation products and raw materials and serve as a location to coordinate business and promotion activities. Construction of sheds will be made possible at sites that best serve a wide network of woreda, small towns, and rural kebeles to optimize resources and generate economies of scale.

- ii. *Sanitation marketing capacity building for vocational training centers, micro-credit institutions, MSEs, local governments, etc.*

WWT will engage consultants and contractors as necessary to do the rehabilitation work.

- (7) **Enhancing Service Delivery Management Capacity:** This sub-component aims to strengthen post-construction and service delivery activities. To address persistent challenges related to high non-functionality rates, and unsustainable service delivery, including aspects of water quality, this sub-component aims to strengthen post-construction and service delivery activities. The Program will complement proposed water supply activities through the creation and strengthening of rural water supply management capacity, which include, *inter alia*:

⁸ Iqob and idir are community-based savings mechanisms whereby participating community members agree to contribute a specific amount on a monthly basis and a lottery system is devised to disburse monthly collection to one member at a time.

Establish or strengthen an effective O&M supply chain arrangement.⁹: supply chain and capacity building of the local private sector (to be operated by women and youth-led micro and small enterprises) to support O&M of water supply facilities; Lack of supply and distribution of spares and additional costs to obtain them from a distance often obstructs communities from maintaining and repairing their rural water supply facilities. The project will finance the establishment, equipping and training of : (i) Micro and Small Enterprises (MSEs) organized for supplying spare parts, and (ii) MSEs organized to do routine maintenance or repair works for rural WaSH schemes at the request of WASHCOs. **MSEs will be established in accordance with the regional guideline and manuals by the** Regional/woreda micro and small enterprise offices up on request and discussion with the WaSH implementation institutions. The possibility of expanding MSEs involvement in rehabilitation work, the supply of sanitation and hygiene products, water treatment chemicals & other related works including maintenance of generators, solar energy devices, and providing biogas will be explored. Together with matching fund from the Woreda, the type of materials that could be made available could also go beyond various materials used for O&M and include sustainable energy-saving technologies such as solar pumps. Establishment of the supply chain and O&M crew is contingent upon: (i) adoption and development of rural water supply spare parts supply chain manual and operational guideline by the regions¹⁰ ; (ii) stocktaking of water supply schemes and report on type, magnitude and cost of spare parts required annually (woreda level); (iii) signing of MOU between the MSEs and Woredas; (iv) deployment and training of CFTs (woreda) and Water Quality monitoring expert.

Clustering of adjacent woredas or co-locating supply chain, O&M and sanitation marketing centers within or nearby urban utilities (small and medium towns) will be piloted to ensure cost effectiveness through economies of scale from centralized procurement and sell to rural WaSHCOs. The AfDB pilot program “Sustainability of WaSH facilities through Women and Youth-led Micro and Small Enterprises (MSEs)”¹¹ and existing experiences in different regions such as Tigray and Amhara will be promoted and used for possible scale up in other regions.

- c) Strengthening and establishing networks of support for community WaSH committees (WaSHCOs). The support includes:

- i. *Establishment of networks of support:*

This is established, where possible, through clustering of WaSHCOs with urban water boards and utilities within their radius to provide technical assistance that is beyond the capacity of the community (e.g. procurement of equipment, engagement of specialist for complex repairs, etc.);

⁹While the supply of spare parts should eventually be the role of private sector, it seems that the supply and distribution of spare parts for rural water supply schemes in rural areas of the country is not currently commercially viable.

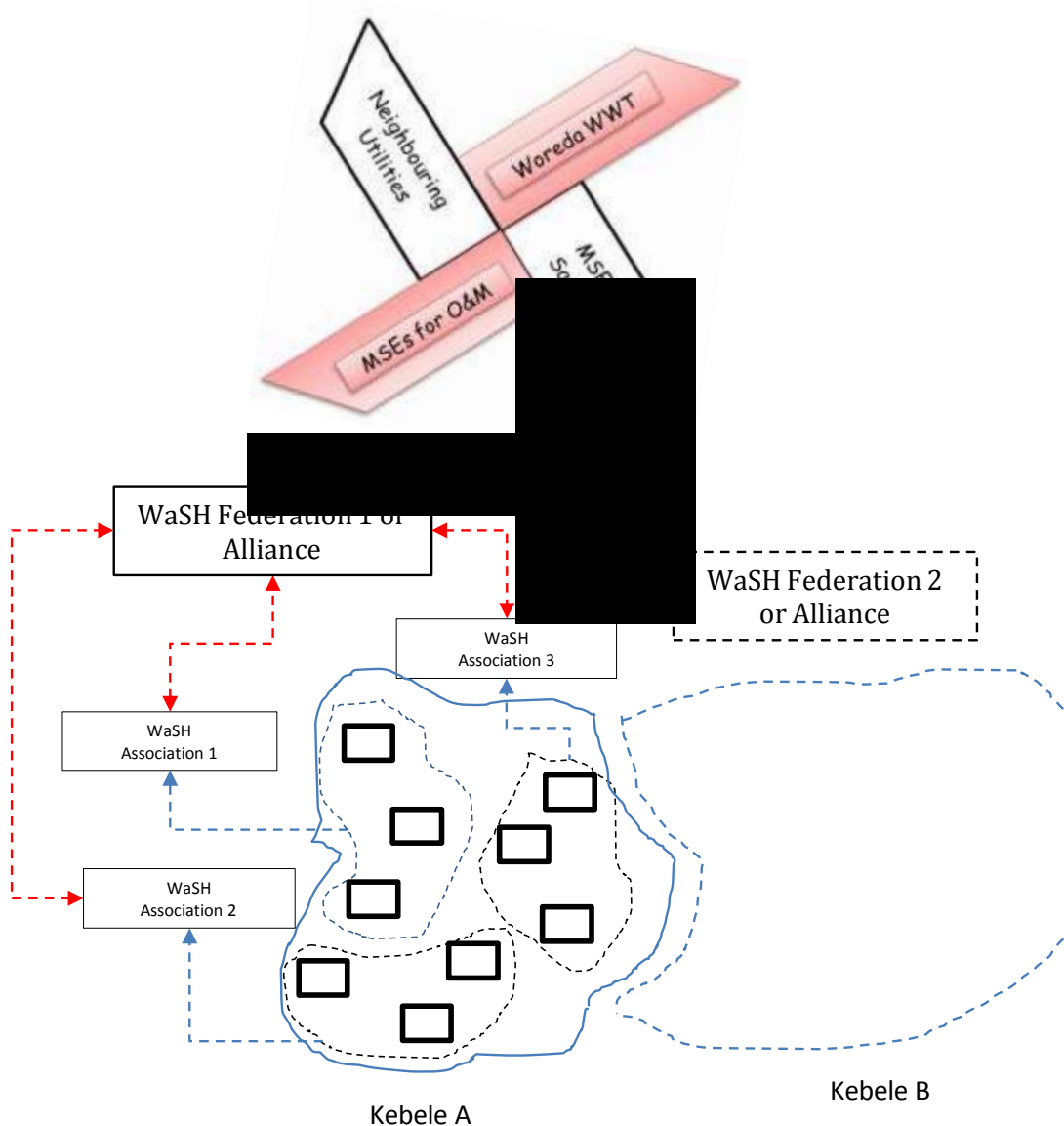
¹⁰Technical Operation and Maintenance Requirements Manual for Rural Piped System was issued by MoWIE which identified alternative models of supply chain of spare parts for rural water supply system from which regions can select appropriate option as per their regional context.

¹¹ Sustainability of WaSH facilities through Women and Youth-led Micro and Small Enterprises (MSEs) is two years (EFY 2010-2011) pilot project financed by African Development Bank (US\$ 20 million). The project covers 19 selected woredas in all the regions and Dire Dawa. The project aims to improve the sustainability of water supply schemes and WaSH facilities in rural Ethiopia by developing reliable and affordable supply chains and Operation and Maintenance (O&M) services through SMEs. The project is implemented by Water supply and Sanitation Directorate, Micro and Small Enterprises Mainstreaming Unit, and the Women Affairs' Directorate Ministry of Water, Irrigation and Electricity.

- ii. *Strengthen capacity of respective water, health and education regional bureaus and woreda offices and WWTs to increase the number of trained and skilled facilitators that can continue provide technical support during post-construction of water supply systems;*

- iii. *Strengthening WaSHCOs*

This includes support to WaSHCOs to monitor and timely report non-functionality of their schemes as well as play an active role in promoting construction and upgrading of household sanitation facilities and hygiene and sanitation practices of their respective communities; build their technical capacity to respond to small scale repair and maintenance requirements through provision of technical trainings and facilitation of easy access to technical service providers (establishment of bank accounts and financial record keeping of collected fees, diversification and inclusiveness of committee members to ensure adequate representation, etc.); and facilitate legalization of the WaSHCOs including updating manuals and guidelines.



- Establish and strengthen Water Quality Monitoring:** Water Quality is one of the major constraints compromising expected health and nutrition impacts from improved water supply and sanitation services¹². Improvement in water quality is contingent upon the success of other interventions such as reduction of open defecation, construction and utilization of improved latrine and improvements in hygienic practices. This sub-component will support establishment, strengthening and maintenance of water quality monitoring and reporting system in the project woredas. To this end the program will finance: (i) TA to determine the magnitude and source of contamination from the source to consumption point for better targeting and refining interventions along the supply and consumption chain; (ii) establishment and strengthening of water quality monitoring system including, assignment or hiring of water quality expert at program woredas, procurement of mobile water quality test kits, provision of training, regular data collection (quarterly) and monitoring reports (reporting format will be developed in the POM); and (iii) development and adherence to source protection standards (fence, drainage, cleanliness), promotion of hygienic practices along the value chain from source to consumption point including use of Household water treatment materials.
- d) **Build regional and woreda level capacity on O&M.** The Water Supply O&M directorates of regional water bureaus will be provided with capacity building support to enable them strategically to respond to O&M requirements of Woredas. In this regards the project will provide: i) TA supports for preparation of different guidelines including revision of the WaSH guidelines prepared under the ongoing WaSHP (P133591); and ii) support establishment of CFTs (Community Facilitation teams) at Woreda level. Although the primary responsibility for O&M lies with the WASHCOs, zonal and regional water bureaus are expected to provide technical backstopping in O&M issues that are outside the technical and financial capacity of the WASHCOs. The MIS system is aimed to support local governments in tracking functionality and directing TA.

2.2.4.2 Implementation of institutional WaSH

This component will support to increasing and improving integrated access to WSS services and hygiene promotion and behavioral change activities in health facilities and schools; particularly in those selected Kebeles and is intended to complement interventions to improve health impacts, decrease school dropout rates, and reduce the contamination of water bodies. Based on the lessons learned from the first phase of CWA, health and educations sectors could delegate water sector to implement Institutional WaSH activities as a package to the water supply contracts.

Health Institutions

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 before and after patient contact or after using the toilet leads to preventable infections in the health care environment. Support to the health institution is structured into two sub components:

¹²According to the findings of the 2016 Ethiopia Socio Economic Survey 70% of the samples found high risk for e-coli (11-100 CFU/100ml) at point of collection and 36% of the sample found very high risk for e-coli (>100 CFU/100 ml) at point of collection are from improved source.

Infrastructure investments support: This includes new construction, upgrading, and rehabilitation of WASH packages health facilities as per the standard guidelines developed by MoH, with special consideration given in their designs to gender and climate change adaptation criteria (details found in annex 2). The program will also support construction of placenta pit, waste disposal pits and incinerators effective control of infections and contaminations for health facilities wherever it becomes essential. For the water supply the priority will be given to connection with available community system. If this is not feasible other technologies that are cost effective, safe and sustainable will be considered. Where there is public system near by the health facility joint planning and implementation will take place as part of the project intervention. Standard design will be employed for the construction of improved sanitation facilities for health centers and health posts. Since most hospital has access to water supply and improved latrine facilities, the project will not avail resource for hospitals.

Schools

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. CWA II support includes:

- a) **Infrastructure investments support:** The project will finance integrated WSS facilities in schools through connection to existing or construction of new or rehabilitation of water supply facilities and rehabilitation existing or construction of new improved latrine facilities. Standards for sanitation services in schools will follow MoE guidelines. Standard design will be employed for the construction of improved school sanitation facilities. The program will also support construction of MHM rooms for schools. For the water supply the priority will be given to connection with available community system. If this is not feasible other technologies that are cost effective, safe and sustainable will be considered. Where there is public system near by the school a joint planning and implementation will take place with water sector as part of the project intervention.

- b) TA and procurement of goods and services to support BCC and capacity building: This includes:

- i. *Software aspect of School WaSH activities:*

These are hygiene promotion and BCC activities in schools to raising awareness in school WASH clubs and other efforts about the importance of hand washing and hygiene practices, menstrual hygiene management[MHM], efforts to counter GBV, preparedness for climate change vulnerabilities, O&M, etc. MoE receives financing for:

- **Developing guidelines for water and sanitation needs as well as the management of schoolchildren 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**
- **Dissemination /broadcast of educational media on good sanitation and hygiene practices and**

participation in school health WaSH clubs.

ii. Support for education sector in the procurement and contract management:

This support is for the procurement where necessary for the proposed infrastructure to address substandard construction quality.

2.3 Implementation Modality at Urban Level

Urban, OWP 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 OWP are classified into five categories on the bases of their water supply requirement and population size as shown in Table below.

Table 2-1: Categories of Town by their Management Type

Category	Description
1	Towns/cities with a population more than 1 million to be provided with service level of 100 l/c/day up to the premises
2	Towns/cities with a population in the range of 100,000 to one million to have service level of 80 l/c/day up to the premises
3	Towns/cities (towns/cities population in the range of 50,000 -100,000), to have service 60 l/c/day up to the premises
4	Towns/cities (towns/cities with a population in the range of 20,000-50,000 to have 50 l/c/day up to the premises supplied with piped networks, and including multi-village water supply system under professional utility management
5	Towns/cities with a population less than 20,000 to be provided with 40 l/c/day within a distance of 250m

The urban WaSH and institutional WaSH component of this program finances Categories 3 and 4 defined in here as middle towns and Category 5 defined in here as small towns. Like Rural WaSH, implementation of the Urban WaSH component will also follow a stepped up approach: i) Phase I: Preparatory and planning; and ii) Phase 2: Implementation phases. Financing is given to towns either for infrastructure development for water supply or/and for infrastructure developments in urban inclusive sanitation. Based on their suitable geographical location, towns may qualify to access financing both for the infrastructure development of water supply and inclusive sanitation.

Selected towns that may qualify for water supply infrastructure development receive financing in the primary step of phase I for capacity building support to all selected towns to putting up appropriate WaSH management structure and strengthen the institutional capacity in WaSH service delivery; prepare city wide WaSH plan including inclusive sanitation approach; develop adequate WSS Business Plans; and identify and study potential water supply and sanitation investments. Towns will be able to access further financing for study and design

for the secondary step of Phase I upon meeting a set of readiness criteria that include: institutional and financial/commercial parameters. Access financing to Phase 2: Implementation for infrastructure development is upon meeting further technical and environmental criteria.

For small towns where the recovery of capital cost is unaffordable, the cost recovery policy will be implemented gradually, based on the financial capacity of the town to repay. In these small towns part of the sub-project will be financed by a grant: through a combination of government grants and regional, municipal counterpart financing. For middle towns, more robust readiness criteria will be put in place and access to finance will come through on-lending from a GoE credit facility, the Water Resources Development Funds. These towns will be rigorously appraised to access loans from WRDF. The Water Resources Development Fund (WRDF) will be the implementing agency of middle towns that are to be financed under the CWA through an on-lending basis, responsible for appraisal of proposed program and monitoring and evaluation of implementation. For small towns that receive financing from their regional allocated CWA budget, the Town/City WASH Technical Team (T/CWTT) will have direct responsibility for the implementation.

Likewise, selected towns that may qualify for infrastructure development for inclusive sanitation will also follow a two-pronged approach for Sanitation. Primary phase will include capacity building budget support to small towns from the regional CWA under this component to meet basic requirements for sustainable sanitation services including putting in place appropriate town WaSH management structure, detailed strategic WASH plan including town wide inclusive sanitation approach, preparation of operational guideline for creating enabling environment; and creating awareness and teaching the community about hygiene and sanitation. In the secondary phase towns may access financing for the actual investment in the sanitation infrastructure development.

Figure 2 below shows the stepped approach for WaSH intervention in towns.

Objective: To achieve universal, sustainable, climate resilient and equitable access to safe and affordable water for all within the project town, along with improved and low environmental impact sanitation.

2.3.1 Selection of Towns

As noted above, Step 1 supports of Phase I: Preparatory and planning includes capacity building and technical support to all small and medium towns selected for either water supply or/and sanitation infrastructure development to develop institutional capacity to manage WaSH services and town wide WaSH including inclusive sanitation plan. Those selected for water supply infrastructure development will further get financing for adequate business plan preparation and identify and study potential water supply and sanitation investments. While those selected for sanitation infrastructure development get further financing for preparation of operational guideline for creating enabling environment; and creating awareness and teaching the community about hygiene and sanitation. Upon selecting participating Towns for Step One support from CWA II program priority is given to those Towns that have the least served community and institutional WaSH. Based on the available resource assigned to finance step one activities, towns with low community and institutional water supply, low improved sanitation coverage, high level of stunting and prevalence of acute watery diarrhea will be prioritized. Towns are selected and prioritized from all Categories to initially receive

grant for Step 1- Phase I intervention from the regional allocated CWA budget Large number of towns (250) will receive TA through Phase I: Step 1.

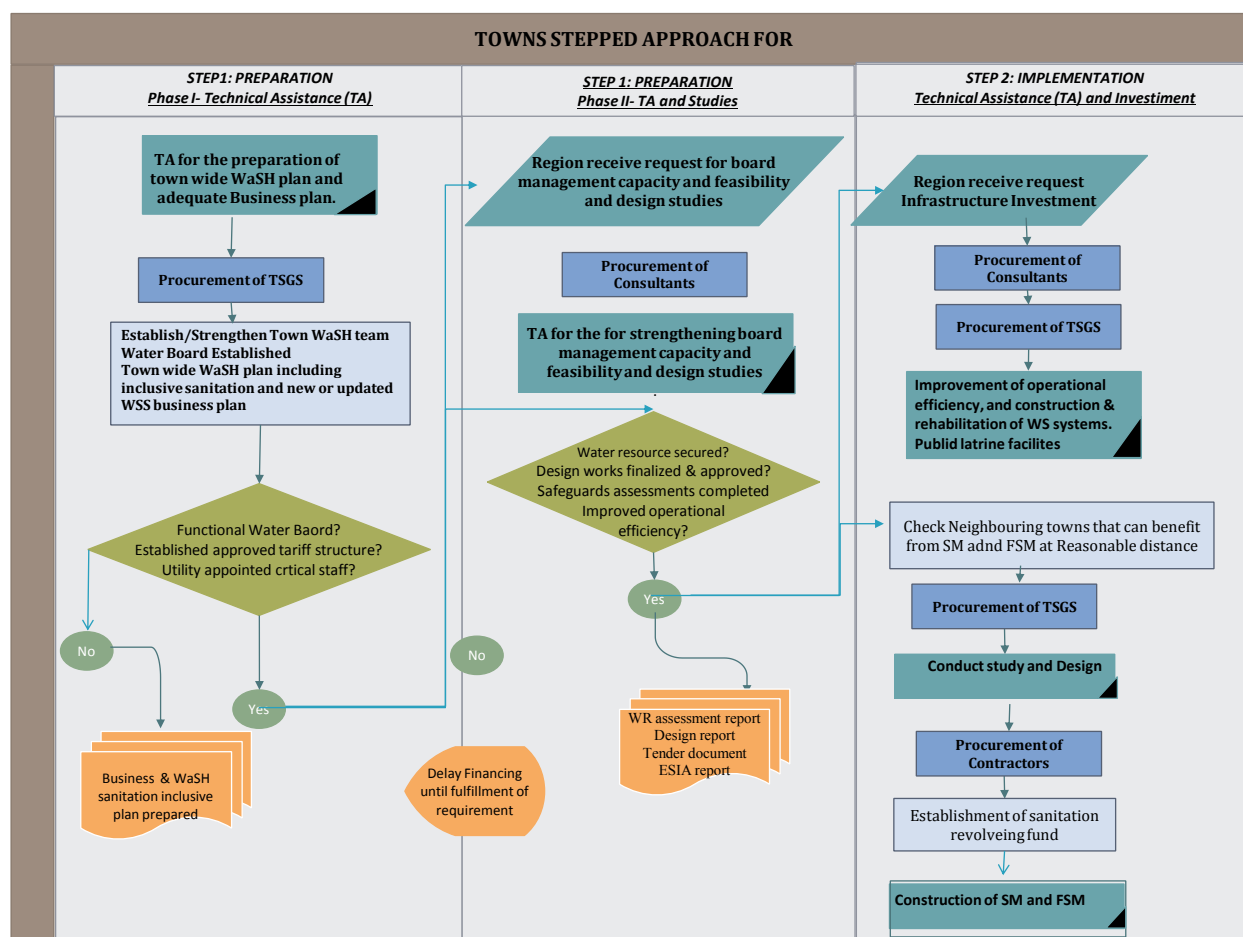


Figure 2-4: Stepped up approach for Urban WaSH intervention

Once towns are selected by regional technical team, list of selected towns goes to the regional steering committee for checking the process of selection and approval prior to financing. Water utilities and/or towns selected **open CWA II WaSH account** immediately at steering level to receive CWA II resources.



- Towns that are receiving resources from CWA II program are selected.
- Selected Towns open CWA II WaSH account .

2.3.2 Implementation Modality - Urban

STEP 1: Preparatory and Planning Process

While the regional OWP management unit will be responsible for the overall management of the implementation of capacity building program, town selected to receive financing from CWA II program are responsible for the first step activities of the technical assistance once the Town institutional structure for WaSH is put in place. WaSH activities at the town level are to be implemented by the Town WASH Technical

Team (TWTT) and town water board. Some of the towns particularly middle towns after this Step 1- Phase 1 intervention might qualify to go straight for loan from WRDF while small towns may qualify to receive additional grant budget for Step 1 Phase II to strengthen capacity and conduct study and design their water supply system on the bases of their successful completion of Step 1 intervention. Towns selected to receive technical support during Step 1 are expected to:

At town level

- (8) **Putting in place appropriate Town WASH management structures:** This includes defining roles and responsibilities of different actors and establishment of or strengthening Town WaSH steering committee of the town cabinets, Town WaSH technical team of technical persons and autonomous water board for the utility to manage WaSH projects and services. Technical assistance is provided for the appointment of and having on board critical professionals for managing the water. Financing will be provided develop and strengthen town WaSH managing structures capacity to support integrated WaSH inclusive sanitation planning, infrastructure development and operational management processes. This includes defining roles and responsibilities of different sanitation actors in consultation with all the stakeholders; establishment of dedicated unit in charge of urban sanitation and assignment of staffs. The office will be accountable to the head of the municipality or Kebele of the town. The office will be mandated to ensure creation of awareness, to follow up implementation of plans, ensure implementation of endorsed plan for the short, medium and long term, keep record with respect to sanitation services, facilitate desludging services, coordinate with the health centers, health post, schools and other public institutions to transform the sanitation system of the town. This includes financing for trainings on awareness creation, strategic planning and integrated and inclusive WaSH approach; and as necessary recruitment of professional staffs to improve water and sanitation service deliveries.
- (9) **Preparation of a Town wide 5 Years strategic inclusive WASH plan:** A five year strategic integrated plan for providing access to WaSH to all members of society, school and health institutions within the town regardless of gender, including the marginalized, those with limited mobility and other disabilities will be prepared. The plan for sanitation is also inclusive sanitation that consider to providing adequate sanitation service delivery access through safely and sustainably collecting, conveying, treating or reusing and safely disposing human waste. An assessment of socio-economic factors will be done to determine desired service level and affordability for the strategic inclusive plan. The plan outlines in detail the approaches for development, construction and rehabilitation of water supply schemes, inclusive sanitation service delivery, and institutional sanitation facilities; articulation of hygiene promotion and behavior change activities in communities, health facilities and schools; and the roles and responsibilities for O&M.


At Utility level for Water Supply Infrastructure

In these step water utilities receive support for:

- (10) **Establishment of approved tariff structure:** Financing will be provided to conduct well defined tariff structure to ensure utilities financial viability following a process of consultation and approval of affordable tariffs in line with commercial and financial systems, and GoE tariff policies, .
- (11) **Improvement of commercial and financial system:** This includes support for medium town with higher establishment support to improve commercial management system including meter reading, billing, and revenue collection, availability of well-established FM system, etc.

- (12) **Development of adequate WSS business plans having performance agreement and contracts:** Financing will be provided for the water utilities to update or develop a business plan for their water and sanitation service delivery. Utilities at this stage will also develop detail project proposal for their water supply and sanitation service improvement that describe the project objectives, targeted beneficiaries, duration, activities, budget, and results in compliance with their developed business plan. The plan also lists activities that will in turn improve their operational efficiency in terms of measures intended to ensure sustainability of operations, lead to reduced water losses and energy efficiency gains, which will increase water supplies, improve water quality and lead to more climate-resilient infrastructure and service.
- (13) **Identify and study potential water supply and sanitation investments:** Financing will be provided for carrying out water resource investigation to identify potential water source. This includes studying at least the reliability of the water sources to meet the required demand, sustainability of the source to be developed, and water quality and the possibility of getting polluted in the future, etc. The study also includes assessment of investment requirement for inclusive sanitation.

Prior to proceeding to Step 2 of the planning phase the RWSC ensures the readiness criteria to qualify for financing.



Main Criteria to Qualify for Step 1- Phase II:

Resource: (An additional criteria)

- Regional commitment ensured to finance water source development. Resource to finance water source development will be considered as part of the matching fund and counterpart financing from regional governments.

Governance and Institutional

- Town WaSH team established
- Water management boards established and functional and
- Critical professionals for managing the water supply are appointed and on board.
- Development of town wide WaSH plan including inclusive sanitation and new or updated WSS business plan.

Financial/Commercial


- Approved tariff structure is established following a process of consultation and approval of affordable tariffs in line with GoE policies.
- For medium town with higher capacity, criterion also includes availability of well-established commercial management system including meter reading, billing, and revenue collection, availability of well-established FM system, etc.

At town level for sanitation infrastructure development

In this step towns receive support for the:

- **Preparation of operational guideline for creating enabling environment; and**
- **Creating awareness and teaching the community about hygiene and sanitation;**

Prior to proceeding to Phase 2 of implementation the RWSC ensures the following readiness criteria:



Main Criteria to Qualify for Step 1- Phase II:

Governance and Institutional

- Town WaSH team established
- Critical professionals for managing the inclusive sanitation are appointed and on board.
- Development of town wide WaSH plan including inclusive sanitation

Study and Design Phase

One of the activities that will take place along with the study and design intervention is source development by the regional administration or water utility as part of the regional commitment and its matching fund contribution.

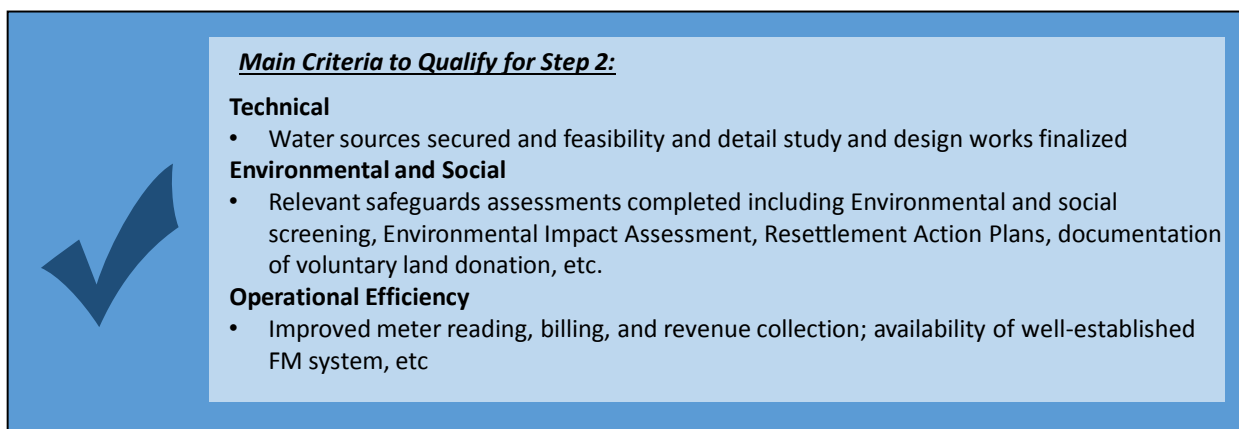
Towns will receive financing from the CWA II to cover cost of consultancy services for:

- **Conducting study and design for the water supply system;**
- **Conducting environmental and social impact assessment study; and**
- **Provision of continual technical assistance to utility staff and capacity building for the water board/committee.**

Readiness criteria for accessing finance for investment:

Towns eligible for receiving investment financing will be selected based on the available resource assigned for Phase 2: Implementation - investment financing. An estimated 86 towns will be eligible to receive financing based on readiness. Independent verification of readiness will be put in place to ensure rigorous appraisal prior to investment financing. For small towns that pursue infrastructure investment, towns will be selected based on a generic criteria that can be adapted to region specific but also focus on the following readiness criteria for all that include:

- **Technical: this will include securing of water sources and finalization of feasibility, detailed engineering designs and applicable bidding documents**
- **Environmental and social: relevant safeguards assessments completed including Environmental and social screening, Environmental Impact Assessment, Resettlement Action Plans for the Bank review and approval (if needed), documentation of voluntary land donation, etc.**



Main Criteria to Qualify for Step 2:

Technical

- Water sources secured and feasibility and detail study and design works finalized

Environmental and Social

- Relevant safeguards assessments completed including Environmental and social screening, Environmental Impact Assessment, Resettlement Action Plans, documentation of voluntary land donation, etc.

Operational Efficiency

- Improved meter reading, billing, and revenue collection; availability of well-established FM system, etc

- **Institutional capacity:** Possibility of building the capacity of utility staff to manage the system, **Technical feasibility of the proposed water supply and sanitation project;**

For middle towns, 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,
- 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.

Implementation of Institutional WaSH

This component will support to increasing and improving integrated access to WSS services and hygiene promotion and behavioral change activities in health facilities and schools in selected towns and is intended to complement interventions to improve health impacts, decrease school dropout rates, and reduce the contamination of water bodies. Based on the lessons learned from the first phase of CWA, health and educations sectors could delegate water sector to implement Institutional WaSH activities as a package to the water supply contracts.

Health Institutions

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 before and after patient contact or after using the toilet leads to preventable infections in the health care environment. Support to the health institution is structured into two sub components:

Infrastructure investments support: This includes new construction, upgrading, and rehabilitation of WASH packages health facilities as per the standard guidelines developed by MoH, with special consideration given in their designs to gender and climate change adaptation criteria (details found in annex 2). The program will

also support construction of placenta pit, waste disposal pits and incinerators effective control of infections and contaminations for health facilities wherever it becomes essential. For the water supply the program supports connection to the town water supply system. Standard design will be employed for the construction of improved sanitation facilities for health centers and health posts. Since most hospital has access to water supply and improved latrine facilities, the project will not avail resource for hospitals.

Schools

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. CWA II support includes:

- a) **Infrastructure investments support:** The project will finance integrated WSS facilities in schools through connection of the school to the town water supply system and rehabilitation existing or construction of new improved latrine facilities. Standards for sanitation services in schools will follow MoE guidelines. Standard design will be employed for the construction of improved school sanitation facilities. The program will also support construction of MHM rooms for schools.
- b) TA and procurement of goods and services to support BCC and capacity building: This includes:
 - **These are hygiene promotion and BCC activities in schools to raising awareness in school WASH clubs and other efforts about the importance of hand washing and hygiene practices, menstrual hygiene management[MHM], efforts to counter GBV, preparedness for climate change vulnerabilities, O&M, etc.**
 - **In towns where the water utility is not delegated to implement, support will be given to for the education sector in the procurement and contract management: This support is for the procurement where necessary for the proposed infrastructure to address substandard construction quality.**

2.3.3 Intervention in Phase II: Implementation

Urban WaSH implementation in small towns would be financed from regional allocated budget from the CWA while middle towns are financed from loan taken from WRDF based on the financial feasibility for creditworthiness of the investment study. For middle towns, town Water Boards submits business plans to WRDF with regional guarantee and matching fund commitment. The implementation steps in Phase II are detailed here below.

Sub- Component 1: URBAN WATER SUPPLY AND SEWERAGE SERVICES AT UTILITY LEVEL

In this step towns receive financing for:

1. Tendering for WaSH services;
2. Procurement of consultants for WaSH services
3. Carrying out detail study and design for water supply infrastructure;
4. Design of human excreta containment (e.g. public latrines with on-site treatment technology and shower facilities);

5. Tendering for WASH works and goods including pit emptying and fecal transportation means;
6. Procurement of works and goods/supplies;
7. Carrying out building capacity activities, including technical O&M capacity; and
8. Preparation of updated business plan considering the financial feasibility study and signing performance contract.

Sub- Component 2: Sanitation Services at Town Level

In the second step investment resources will be provided for the first 93 towns that are able to qualify earliest to:

- a) **Establish sanitation marketing systems.** This component will provide support for the:
 - **Development of town specific sanitation marketing business models and operational modality on the bases of specific requirements for towns based on a quick assessment of the demand, sustainability of selected options, financial viability and institutional arrangement.**
 - **Establishment of Micro and small enterprises that will operate the marketing centers.**
 - **Capacity building support for supply-side sanitation marketing to vocational training centers, micro-credit institutions, micro, and small enterprises, local governments, etc. Sanitation Marketing e-learning certification program has been designed and tailored in four languages.**
- b) **Behavior change communication and hygiene promotion.** The established sanitation unit is mandated to ensure creation of awareness; and provide training for the religious and traditional leaders, elders, HEW, head of schools, head of health facilities, kebele management members, women and youth, students, and others who will be invited for sensitization and reach in to agreement on the actions..
- c) **Establishment of community savings structures to promote household investments in the construction and upgrading of domestic sanitation facilities.:** The project will extend support to mobilize communities through creating demand . Pilots to link MFI with community-led savings initiatives such as Iqob and Idir will be carried out to assess the potential for wide-scale application. Selection of pilot areas will be determined through discussion and agreements with local and regional governments.
- d) **Construction and/or upgrading of urban sanitation infrastructure development:** This includes construction of public latrine, communal latrine, sheds for the sanitation marketing, onsite treatment or fecal sludge treatment sites. Specific Standard designs for public latrines with showers and on-site treatment facilities, sanitation marketing centers will be designed by TSGs.

e)

2.4 Climate Resilient Water Supply, Sanitation and Hygiene

This component is comprised of three subcomponents: (i) water resources mapping, planning and monitoring; (ii) climate resilient water supply solutions; and (iii) contingency response window.

2.4.1 Criteria in the Selection of CR WaSH Woredas

Regions will be asked to prioritize identified geographic areas based on the following selection criteria:

(14)**Drought/ flood prone/WASH hotspot:** This is selection on classification based on four priority classification categories. These are rigorous set of criteria that was utilized to map potential geographic areas that could potentially be eligible for financing under this component. Based on this mapping exercise, geographic areas were classified into 4 priority classes, with priority 1 being areas requiring the most urgent intervention.

Sector	Enhanced Consolidated Criteria
Health and Nutrition	<ul style="list-style-type: none"> • Disease outbreak (e.g. diarrheal disease /AWD, malaria, measles >1 case, etc.) • Under 5 Mortality Rate >2/10,000 /day; or CMR 1-2/10,000/day • GAM > = 15% OR GAM >= 10% with aggravating factors • U5 children in TFP cases: >=40 for Health Post OR >=50 for Health Centre • Using CHD quarterly, U5 %Prevalence of MUAC <11 or bilateral oedema > 3% • Percentage change of TFP admission within the past quarter >= 50% • The number of people requesting for external relief food assistance >= 40% of the Woreda population
Agriculture	<ul style="list-style-type: none"> • Very high livestock deaths (>=15% death of total population) and/or herd size reduction by about >=30% from last 5 years average holding • Significant seed reserve consumption as food • Very poor crop condition or estimates of very high production losses (>= 30% of the last five years average) • Very severe water and/or pasture shortage affecting >40 % of livestock population in Woreda • Very high decline in livestock productivity (e.g. >= 50% reduction in milk yield compared to normal of the area and period) • Emaciated livestock body condition (skinny body with almost all ribcage visible)
Market	<ul style="list-style-type: none"> • Significant sale of productive livestock (oxen, milking cows, female camels) and/or excessive sale of non-productive livestock

	<ul style="list-style-type: none"> • Very high price increase of staple foods over the previous month ($\geq 15\%$ above the average change of last 5 year for this specific month) or Very high decline in price of livestock ($\geq 15\%$ below the average change of last 5 year for this specific month) • Very low market supply of staple food or very high market supply of livestock • Very high decline in TOT- (price ratio; livestock vs. grain; labour vs. grain, cash crop vs. grain) ($\geq 25\%$ of last 5 years average of the month) • Very high increase in the number of daily laborers looking for work or very high decline in wage rate
Water supply for human consumption	<ul style="list-style-type: none"> • $\geq 50\%$ of the surface water sources (ponds, streams and rivers) dry up earlier than usual (2-3 months) • Very high non-functionality rate of existing water schemes - potable water sources ($\geq 50\%$ of non-functionality from existing schemes) • Long distance travel ($\geq 20\text{km}$ round trip) to fetch water, or 4hrs or more walk for round trip • Extremely long queue period ($>4\text{hr}$) • Very poor quality of water (highly turbid water, contaminated source verified though test) • Populations consider relocation/migration • Water Supply coverage/access $< 50\%$ (estimated regional average for 2018)
Education	<ul style="list-style-type: none"> • Very high damage on school infrastructures and educational materials for a significant number of schools • $\geq 50\%$ of schools with no water in school premises or its surrounding • $\geq 50\%$ families cannot afford to buy school materials • Very high absenteeism ($\geq 50\%$ of the student for 1 months) • Complete and more than 10 days school closure for a significant number of schools • $\geq 50\%$ of schools with no improved latrine facilities in school premises
Flood prevalence	High Flood Prone Woredas based on the National Flood Contingency Plan (2018)
Others	<p>Unusual migration of significant number of households</p> <p>Significant increase in begging, stealing, or other demeaning occupations</p> <p>Major disruption of livelihoods and normal functions of the community's social services, values</p> <p>Intensified fire wood collection & charcoal making</p>

(15)**WASH access coverage:** status of the WASH coverage in the woreda and level of demand.

(16)**Readiness:** prepared or advanced stage of water resources studies; feasibility study and detail design availability in the proposed woreda having ready feasible proposals with identified sustainable and resilient water sources or maps to apply

- (17)**Fund availability:** demonstrated need that viable technological option requires additional funding beyond allocation through block grant (government fiscal transfer system)
- (18)**Unservd population size:** number of population in the woreda without WASH access form total woreda population
- (19)**Availability of other major investments in the woreda:** Mapping activities by other WASH sector stakeholders in the woreda to avoid resources duplication and funding from other Program components

Other supporting criteria for further prioritization can include:

- i. **Appropriateness:** Scheme type and source of water in which the project is designed for resilient and sustainable WASH
- ii. **Project cost:** cost that can be achieve from estimated budget by different means like relevant technology mix to benefit maximum number of beneficiaries for value for money. Out of identified woredas, those with high priority rank as drought prone/WASH hot-spot, low WASH access coverage showing high level of demand, having on-shelf groundwater map/feasibility study and detail design with identified water sources can be identified for immediate CR-WASH intervention in phase-one.

2.4.2 Implementation of Subcomponent 4.A Water resources mapping, planning and monitoring

Mapping of geographic areas to be considered under this component. Selection criteria for areas to be considered for financing under this component considered: (i) Hotspot (Woreda of Concern Classification Guideline), Ministry of Agriculture, May 2014; (ii) Joint Government Humanitarian Partners National Flood Contingency Plan, The NDRMC-led Flood Task Force (FTF), July 2018; and (iii) abbreviated WASH Baseline data, July 2018. Geographic areas that require water supply interventions that are overly complex, cross administrative boundaries and/or require of pooling of resources of multiple woredas/towns to establish joint schemes will be considered for financing under this component.

1. As part of Program preparation, mapping of existing drought and flood prone areas is being finalized. This component will support: (i) strengthening hydromet & Early Warning value chain information system and service delivery (ii) strengthening multi-hazard and multi- stakeholder area specific early warning system. For water related hazards, it was noted that the commission welcomes the strengthening of flood early warning system of MoWIE with a focus on flash and riverine floods.
2. As part of strengthening the hydromet value chain, the proposed intervention would support the enhancement of Hydromet data system and analysis, institutional capacity building for monitoring activities and enhancement of service delivery by all concerned institutions including the National Hydrometeorological Agency. Information on surface water will be complemented with activities targeting groundwater. These activities will build on ongoing interventions carried out by MoWIE and/or financed by bilateral development partners.

2.4.3 Implementation of Subcomponent 4.B - climate Adaptive Service Delivery

1. This subcomponent will finance water supply infrastructure for areas requiring complex schemes that potentially extend beyond woreda administrative boundaries. Based on scoping of potential water resources during the planning process a decision will be taken to finance infrastructure through CR ring-fenced funds or to provide woredas financing through traditional block grant channel. For schemes that extend beyond administrative boundaries, financing will be pooled at regional levels and dedicated management mechanisms will be put in place to operate proposed water supply systems. The resource allocated to regions through CR WaSH will not be offset and should be considered as additionality to the block grant.
2. This subcomponent will finance: (i) investment preparation (study and design); (ii) water source development (e.g. groundwater, springs, surface water storage, etc.); (iii) multi-village water conveyance and distribution systems; (iv) water supply connection to schools and Health facilities within the catchment of the RPS¹³, v) technical assistance (capacity development to regional, zonal and woreda as well as dedicated operators); (vi) establishing operation and maintenance structures (water board/utility); and (vii) monitoring and evaluation.

2.4.4 Implementation of Subcomponent 4.C – Contingency Emergency Response Component

A framework of activities to be considered under this window in cases of emergencies was discussed. MoWIE will compile detailed information on current non-functional schemes in drought-prone woredas that can be supported under this window. Activities for this window will be dimensioned from the GoE's 2018 Humanitarian and Disaster Resilience Plan. This plan lays out a series of prevention & mitigation measures as well as preparedness and response and if needed emergency interventions (e.g. household water storage, household water treatment, water trucking, procurement of equipment, etc.). The mission discussed potential triggers that can facilitate access to additional contingency response resources. The definition of triggers is dimensioned within the POM and will build upon existing systems to identify a series of long and short range, multi-indices to identify droughts and floods and outline appropriate mitigation measures. Contingency response resources will also be considered for outbreaks of water related diseases to address issues of water quality in service delivery.

Potential use of CERC. Additional funds from CERC would be used to address emergencies that may disrupt development program for water service delivery. Emergencies to be considered are:

- i. **Droughts** – leading to lack of water supply for human consumption, livestock and small scale economic activities
- ii. **Floods** – destruction, contamination and limited access to water supply services
- iii. **Water borne disease outbreaks** – localized epidemics related to consumption of contaminated water

¹³ Institutional Sanitation facilities will be covered under institutional WaSH component

- iv. **Triggers.** Several triggers are being discussed and contemplated. A final decision will be taken at appraisal.
- v. Mitigation and response activities to be potentially considered in positive list of interventions include:

Two types of interventions:

3. Upstream of declared emergencies with early warning triggers – preparedness activities including:
 - i. financing of rehabilitation of non-functional water points in areas vulnerable
 - ii. augmentation of supply (drilling existing well deeper or finding new sources to avoid displacement of people if water source dries up or is likely to be damaged by floods)
 - iii. procurement of pre-approved equipment for local governments to facilitate continuity of water supply services
 - iv. contracting of NGOs to support TA and rapid implementation of select preparedness activities
 - v. water quality monitoring in critical areas
4. emergency response:
 - i. droughts- piped water from nearby communities
 - ii. floods – securing water sources; emergency purification units (at source level); provision of household purification technologies to mitigate against increase of water-borne diseases; construction of latrines (to avoid exposure to contaminated flood waters)
 - iii. water-borne disease outbreaks - emergency purification units (at source level); provision of household purification technologies to mitigate against increase of water-borne diseases, awareness creation/ promotion

2.5 Enabling Environment, Program Management and Capacity Building

This component will support the implementation of the project through two sub-components: (i) operationalization of sector-wide Monitoring Information System (MIS); and (ii) Institutional Strengthening and Project Management.

Sub Component 1: Support to the WaSH M&E and MIS: Under the Program management and institutional strengthening component, the Program will provide support to strengthen operationalization of the wider WaSH M&E MIS system that is developed by a joint financing of DFID and AfDB. It also builds on the ongoing TA and financial support provided by CWA DPs (DFID and AfDB) that are financing the second National WASH Inventory (NWI), development of the MIS, and procurement of monitoring equipment. It will focus on the institutionalization and improvement of the NWI and MIS. The support will focus on

(20)**Institutionalization of the MIS** to ensure regular updating of the NWI as well as use of the data for decision making: This will include I) capacity building support to the newly established MIS directorate under the Water Resource Development commission which will eventually go down to the regions through human

resource, logistics, technical and etc, ii) Building woreda level capacity for regular reporting of indicators (for instance through expanding the ToR for CFTs), and iii) building data analysis, interpretation and reporting capacity at all levels through targeted trainings and etc),

- (21) **Introducing a community based monitoring tool** (focusing on few WaSH indicators) to inform decision makers on sustainable service delivery. The current data collection tool (Cosmos) can only reach up to woreda level. Given the number and dispersed nature of schemes in a woreda and the lack of logistics, getting real time data on service delivery indicators such as functionality will continue to be a challenge. In response for this challenge, the Program will provide support to explore options for community based WaSH data collection and sensors. The support will include: i) assessment of the different community based data collection tools/options that could complement and integrate with the WaSH MIS, ii) designing (including the selection of frequently needed indicators), piloting and rolling out the selected community based data collection tool iii) institutionalizing the data collection responsibility at WaSHCO level (inclusion of this responsibility as part of the WaSH COM legalization document) and iv) continuous capacity building to members of WaSH COM for regular reporting.

Sub-component 5-2: Institutional Strengthening and Project Management sub component: Besides covering the operational expenses of program management units at each level described for Program above, funding will be provided from the CWA to the Federal ministries and regional, zonal and woreda level respective bureaus/offices 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. Capacity building funds will be accessed up on furnishing a comprehensive and consolidated capacity building plan that is approved by the regional and national WaSH Steering Committees depending on where the capacity building activity will be implemented. Activities will include:

- capacity building, financing of additional implementation support and technical experts within the WaSH PMUs and coordination offices;
- project management and coordination between implementing agencies;
- procurement and contract management to improve implementation of proposed infrastructure;
- financial management;
- application of environmental and social safeguards instruments and compliance;
- knowledge management and experience sharing.
- Provision of targeted support for emerging regions (TA, logistics, hands on support etc)
- Logistics support to regional, zonal and woreda level WaSH sector offices
- Salary and travel expenses of staffs other operational expenses (utilities, stationaries and etc)
- Development a systematic reporting tool to ensure enhanced and reliable quality of Program reporting (physical and financial) from Woredas, Zones regions and federal implementing and coordination units
- Procurement of goods and equipment to facilitate program management and institutional strengthening

Revision and updating of technical guidelines and manuals including capacity building for staff and facilitators will be carried out to align with agreed revisions in implementation modalities.

3. INSTITUTIONAL ARRANGEMENT

3.1 Roles and Responsibilities of GOE and Development partners joining CWA

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

3.1.1 Responsibilities of GOE

The GOE will exert the maximum efforts to facilitate the successful implementation of the OWP, adoption of POM and implementation of activities as outlined in the approved and adopted POM. GOE will hereunder:

- a) Have sole responsibility for the planning, administration, financial management, accountability, risk management and implementation of the OWP, covering all the OWP activities;
- b) Establish a foreign currency account for each contributing partners 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 OWP;
- 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 and ensure that all implementing agencies open project accounts for the OWP and are kept in accordance with procedures set forth in the financial management policies and guidelines of the GOE;
- f) Timely submit the quarterly, biannual and annual progress reports (physical and financial) in accordance with the reporting format outlined in Annex...of this POM, 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 OWP; and ensure sufficient internal audit capacity in the implementing agencies and MOF 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 OWP 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.

3.1.2 Responsibility of the Development Partners

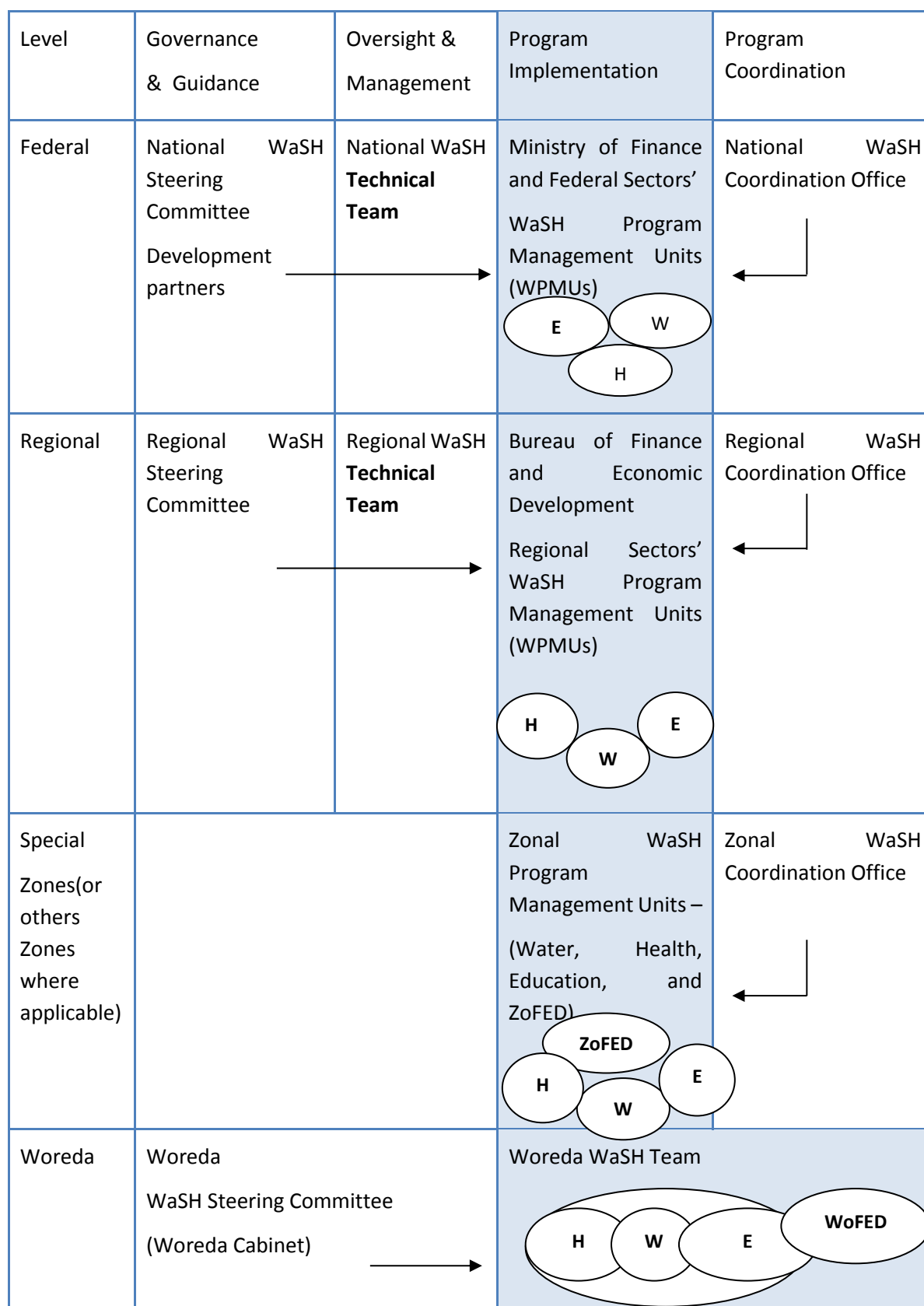
Each of the CWA contributing Development Partners establishes individual arrangement compatible with the spirit and provisions of this POM and refrains as far as possible, from setting conditions in the bilateral arrangements that contradict or diverge from the spirit of this POM. In case of any inconsistency 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 OWP. Progress will be measured through the agreed key performance indicators (KPIs) as outlined in the M&E section and reporting as described in this manual;
- b) The Development Partners ensure timely release their commitments to the CWA in accordance with the bilateral arrangements and quarterly IFRs indicated on section this manual;
- c) Bi annually, CWA contributors jointly review CWA financed OWP 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 OWP;
- e) CWA contributors share all information on aid flows, technical reports and any other documentations/initiatives related to the implementation of CWA financed OWP 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 OWP.

3.2 Structural Arrangement and Functions

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 3-1 Structural Arrangement and Functions for OWNP Implementation



Level	Governance & Guidance	Oversight & Management	Program Implementation	Program Coordination
			Other desks	
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	

3.2.1 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 3-1 Institutional Arrangement for overall governance and guidance of CWA implementation in compliance with the OWP.

Level	Institution /Body	Roles and Responsibilities
Federal	<p>National WASH Steering Committee</p> <p>Composition:</p> <p>Chair: H.E Minister of Water, Irrigation & Energy</p> <p>Members: state Ministers of:</p> <p>Finance</p> <p>Water, Irrigation & Energy</p> <p>Health</p> <p>Education and</p> <p>Water Development Commission (WDC) commissioner</p> <p>WRDF Director General</p> <p>River Basin Authority Director General</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>CWA Development partners</p> <p>Civil Society Organizations</p> <p>Others as appropriate</p> <p>Meets: Quarterly</p>	<p><u>Role:</u></p> <p>Provides OWP national guidance and governance</p> <p><u>Responsibility:</u></p> <p>Reviews and endorses the National one WASH CWA Plan and Consolidated Annual WASH Plans</p> <p>Review and endorse OWP CWA budget allocation among regions, sectors and Program Components</p> <p>Oversees the proper functioning of the M&E of the one OWP CWA</p> <p>Ensures the establishment and functioning of WASH structures at all levels</p> <p>Ensure that Program activities, strategies and results are monitored, evaluated and reported as per the POM.</p> <p>Fosters relationships with and elicit support from external and civil society development partners;</p> <p>Presides over a WaSH Annual Review Meeting (WARM) and follow up on the implementation of undertakings;</p>
Federal	<p>CWA contributing Development Partners:</p> <p>Meets:</p> <p>(1) Conducts monthly review meeting or as issues arise,</p>	<p><u>Role:</u></p> <p>Provide financial and technical support to the implementation of OWP CWA.</p> <p><u>Responsibility:</u></p>

Level	Institution /Body	Roles and Responsibilities
	<p>(2) Conduct Joint Implementation Support and Review missions with Government</p> <p>(3) Quarterly report based meetings: review of physical and financial progress, review apportionment of advance and documentation of expenditures</p> <p>(4) Participate on NWSC meetings upon invitation</p>	<p>Provide financial support on the bases of agreed actual support and on the progress attained in the implementation of the OOWNP CWA based on quarterly IFRs</p> <p>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 OOWNP CWA.</p> <p>Share all information on aid flows, technical reports and any other documentation/initiative related to the implementation of the OOWNP CWA.</p> <p>Ensure organization and finance WaSH Annual Review Meetings</p> <p>Review and Provide comments on i) the annual OOWNP-CWA work plans and budget, ii quarterly produced physical and financial reports</p> <p>Fiduciary (financial management and procurement) oversight following applicable World Bank policies and procedures</p> <p>Social and environmental oversight following applicable World Bank policies and procedures</p>
Regional	<p>Regional WASH Steering Committee</p> <p>Composition:</p> <p><u>Chair:</u> Water Bureau Heads;</p> <p>Members: Bureau Heads</p> <p>Health,</p> <p>Education</p> <p>Finance &Economic Development</p> <p>Secretary: Chair of RWTT, a representative from Water Bureaus</p> <p>On invitation basis, meeting is open to:</p> <p>WASH Development Assistance Group in the region</p>	<p><u>Role:</u></p> <p>Provides guidance and governance to OOWNP CWA on behalf of the Regional State Council</p> <p><u>Responsibility:</u></p> <p>Provides guidance and governance for the OOWNP CWA on behalf of the Regional State Council;</p> <p>Delegates program management responsibilities to the Regional WASH Technical Teams</p> <p>Reviews and endorses regional consolidated strategic and Annual WASH Plans</p> <p>Review and approve list of woredas/towns to be covered by the program as per the selection criteria outlined in this POM</p> <p>Review and endorse regional OOWNP CWA budget allocation among woredas/towns</p>

Level	Institution /Body	Roles and Responsibilities
	<p>Civil Society Organizations in WASH,</p> <p>Reports to: Regional State Council</p> <p>Meets: Quarterly</p>	<p>Ensure organization of regional WaSH Annual Review Meeting (WARM) and follow up on the implementation of undertakings;</p> <p>Oversees the proper functioning of the M&E of the OWP at regional level</p> <p>Fosters relationships with, and elicit support from, external and civil society development partners;</p> <p>Accountable to the Regional State Council and partner agencies for the achievement of expected WASH results</p> <p>Ensures the establishment and functioning of WASH structures in the region</p>
Woreda	<p>Woreda WASH Steering Committee</p> <p>Meets: During its regular session at least on a monthly basis discusses OWP.</p> <p>The WWSC where it is not established will be established by the woreda Administration and consists, of the Heads of Finance, Water, Health and Education Offices</p>	<p><u>Role:</u></p> <p>Provides advocacy and guidance for the implementation of the OWP CWA.</p> <p><u>Responsibility:</u></p> <p>Review and approve Woreda WaSH Strategic and Annual Plans,</p> <p>Select communities and insitutions to be covered under the program based on the selection criteria stated in this POM</p> <p>Negotiates WASH targets and resource allocations with the RWTT</p> <p>Ensure fair access to WaSH services between Kebeles and communities.</p> <p>Provides WWT with planning and budgeting parameters</p> <p>Endorses WWT requests for funds</p> <p>Assigns personnel to the Woreda WASH Team and selects Team Head.</p> <p>Assigns the Woreda WASH Coordinator and the Woreda WASH accountant</p> <p>Ensures timely, efficient and effective logistical, administrative and financial support to the WWT</p> <p>Appraises the performance of the WWT, the WASH Coordinator and the WASH accountant on the basis of results against plans and budget</p>

Level	Institution /Body	Roles and Responsibilities
		Ensure that Program activities, strategies and results are monitored, evaluated and reported within the WASH framework and systems.
Town/City	<p>Town/City WASH Steering Committee (Town Cabinet)</p> <p>Meets: During its regular session at least on a quarterly basis discusses OWP.</p>	<p><u>Role:</u></p> <p>Provides advocacy and guidance for the implementation of the OWP.</p> <p><u>Responsibility:</u></p> <p>Negotiates WASH targets and resource allocations with the RWTT</p> <p>Provides T/CWT with planning and budgeting parameters</p> <p>Endorses T/CWT requests for funds</p> <p>Assigns personnel to the town/city WASH Team and selects Team Head.</p> <p>Appoints the town/city WASH Coordinator and the town/city WASH accountant</p> <p>Ensures timely, efficient and effective logistical, administrative and financial support to the T/CWT</p> <p>Appraises the performance of the T/CWT, the WASH Coordinator and the WASH accountant on the basis of results against plans and budget</p>

3.2.2 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 3-2 Institutional Arrangement for Oversight and Management

Level	Institution /Body	Roles and Responsibilities
Federal	<p>National WASH Technical Team</p> <p>Composition:</p> <p>Chair: Commissioner for the WDC</p> <p>Members: Directors assigned by their respective Ministries:</p> <ul style="list-style-type: none"> ▪ Health 	<p><u>Role:</u></p> <p>Provides OWP managerial oversight and management and is directly accountable to the Steering Committee for WASH performance against plans, budgets and expected results.</p> <p><u>Responsibility:</u></p>

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

Level	Institution /Body	Roles and Responsibilities
	<ul style="list-style-type: none"> Regional WaSH coordinator Representative of WASH Development Assistance Group in the Region WASH Civil Society Organizations, <p>Secretary: Regional WASH coordinator Meets: monthly</p>	<ul style="list-style-type: none"> Chair serves as secretariat to the RWSC.

3.2.3 Program Implementation

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

Table 3-3 Roles and Responsibilities of WaSH Implementing Institutions

Level	Institution	Roles and responsibilities
Federal	Ministry of Finance: MoF Channel One Programs Coordination Unit (COPCU) will assign a coordinator and senior accountant who will closely monitor, evaluate and support OWP CWA in planning, implementation and reporting of FM activities. The coordinator will be a member of the National WaSH Technical Team (NWTT)	<p>Role: Ensure that federal and regional PMUs have the directions, information, systems, skills and resources necessary to carry out the OWP-CWA implementation.</p> <p>Responsibility:</p> <ul style="list-style-type: none"> Opens foreign currency accounts for Development Partners and request and receives funds. Opens a pooled Birr account and transfers Development Partners' funds into a Consolidated WASH Account. Transfers funds, on the basis of approved plans, budgets and quarterly IFRs to BoFEDs and WaSH Ministries (health, education, water and finance) and WDC. Transfer foreign currency to special accounts opened by the WASH ministries as required; Ensure that Program FM requirements are adhered in WaSH ministries, regions and Program woredas and towns in accordance with the POM Ensure that there is adequate capacity both at MoF and implementing agencies to enable the timely submission of financial reports as per the reporting format provided in this POM.

Level	Institution	Roles and responsibilities
		<ul style="list-style-type: none"> • Undertake timely external financial and procurement audits of the OWP- CWA on annual basis by independent auditors and share reports, management letters, plan of action on the audit recommendations within six months after the end of the fiscal year. • Ensure timely submission of quarterly IFR on the financial statements of the OWP-CWA; • Ensure that fund transfer and replenishment to federal implementing agencies, NWCO (through MoWIE) and BoFEDs are based on plans and budgets approved by the NWSC and the actual utilization of funds and documentation of expenditures • Ensure proper transfer of OWP-CWA fund, its utilization and timely reporting as well as documentation of expenditures. • Ensure timely submission of financial report from federal WaSH implementing agencies and BoFEDs disaggregated by Program components and sectors. • Ensure that OWP-CWA funds are allocated to regions based on national/house of federation block grant formulas. • Participate in the preparation of consolidated OWP-CWA program plan, annual action plan and budgets; • Recruit in coordination with OFAG external auditor as per the TOR in the POM and ensure the program financial statements are audited by an external auditor. • Direct and follow up with all implementing entities' that internal auditors conduct internal audits; • ensure that actual performance is in line with approved plan and budgets and any material deviations are adequately explained. • Follow up and support Regions and implementing agencies that are not using resources for a long period of time. • Collect reports from regions and federal level implementing entities and consolidate and prepare a

Level	Institution	Roles and responsibilities
		<p>program wide financial statements/reports on a quarterly basis and as required by stake holders.</p> <ul style="list-style-type: none"> • Coordinate and lead FM capacity building trainings regularly to regional BOFEDs and federal PMUs. • Assist regions to identify their financial management gaps and provide them technical assistance to fill the gap; • Ensure that Program FM requirements are adhered in WaSH sectors, Program woredas and towns within the region in accordance with the POM • Utilize the WARM for sharing information, progress reports and best practices with respect to FM of the OOWNP-CWA.
Federal	<p>1. Water Development Commission</p> <p>2. Ministry of Health, and</p> <p>3. Ministry of Education</p> <p>will establish Program Management Units (PMUs)</p> <p>Composition</p> <p>The size, structure and composition of each of the PMUs will vary depending on the volume and scope of their respective assignment in implementation of OOWNP-CWA. The PMUs will be housed in their respective ministries. Fully dedicated PMU staffs could be assigned from regular staffs or hired as contract staff or full-time consultants.</p>	<p><u>Role:</u></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><u>Responsibility:</u></p> <ul style="list-style-type: none"> • Opens a Birr account to receive fund from MoF for program implementation. • Ensures that adequate internal controls are in place and adhered to including budget discipline. • Reports on use of WASH funds to MoF. • Ensures timely replenishment of the Consolidated WASH Account • Prepare and submit to the NWCO an annual water supply and wastewater improvements measure Plan of Actions. • Review quarterly, semi-annual and annual reports and budget follow up of their respective Ministries and regional line Bureaus. • Advise and assist respective Bureaus in the establishment of appropriate WASH structures at the Regional and Woreda level. • Ensure establishment and staffing of regional Program management units in all sector bureaus. • 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.

Level	Institution	Roles and responsibilities
		<ul style="list-style-type: none"> Builds linkages with and among the Regional sectors - sharing information, progress reports and best practices. Demonstrates and fosters the integration and harmonization of the OWP. Build linkages with and among regional sectors - share information, progress reports and best practices. 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. 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.
Regional	Bureau of Finance and Economic Development	<p><u>Role:</u> 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><u>Responsibility:</u></p> <ul style="list-style-type: none"> Opens a Birr account and transfers funds, on the basis of approved plans, budgets and reports, to special accounts (WoFEDs and ToFEDS). Ensure that Program FM requirements are adhered in WaSH sectors, Program woredas and towns within the region in accordance with the POM Prepares quarterly IFR reports and submit to RWSC, MoF and Regional Sector Bureaus Ensure that actual performance is in line with budgets and any material deviations are adequately explained. Ensures timely replenishment of the Consolidated WASH Account and fund disbursement to regional implementing agencies (BoW, BoH, BoE, BoF, RWCO through RWB), WoFEDs, ToFEDs and Zones if applicable. Ensure that funds transferred to regional implementing agencies, Woreda and Town/Cities are based on plans and budgets approved by the RWSC and the actual utilization of funds and documentation of expenditures

Level	Institution	Roles and responsibilities
		<ul style="list-style-type: none"> • Follow-up and support for proper utilization of resource and timely reporting and documentation of expenditures. • Ensure timely submission of financial report from regional WaSH implementing agencies, woredas and towns/cities disaggregated by Program components and sectors. • Participate during preparation of consolidated Regional WASH plans and budgets. • Ensure that Program activities, strategies and results are monitored, evaluated and reported within the WASH framework and systems. • Facilitate Regional Program financial audit by external auditors if and when required. • Direct and follow up all implementing entities' within it respective region that internal auditors conduct internal audits; • Play an overall and overarching role of ensuring that actual performance is in line with budgets and any material deviations are explained. • 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. • 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. • Play supervisory and support roles of ensuring that the 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. • Coordinate and lead FM capacity building trainings regularly to WOFEDs and TOFEDs • Assist woredas and towns/cities to identify their financial management gaps and provides them with the technical assistance or the capacity development they require.

Level	Institution	Roles and responsibilities
		<ul style="list-style-type: none"> Build linkages with and among woredas and among towns/cities – sharing information, progress reports and best practices.
Regional	<p>1. Bureau of Water 2. Bureau of Health, and 3. Bureau of Education</p> <p>Each of the three Bureaus will establish aOWRP Management Unit (PMU) within an appropriate Department.</p> <p>Composition</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 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>	<p>Role:</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>Responsibility:</p> <ul style="list-style-type: none"> Implement OWP at regional level. Opens a Birr account to receive fund from MoF for program implementation. Ensures that adequate internal controls are in place and adhered to including budget discipline. Reports on use of WASH funds to MoF. Ensures timely replenishment of the Consolidated WASH Account Monitors implementation of WASH program of woredas and towns. Provides support to town and woreda WASH implementers. Budget follow up and report review of WASH program of woredas and towns. Ensures that program strategies, activities and results are monitored, evaluated and reported within the WASH framework and systems. Ensures that WASH inputs and activities for communities, schools and other institutions are effectively implemented and integrated into the One WaSH Regional Plan (OWRP) at town/city and woreda levels. 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 Procures goods and services on behalf of towns and woredas when complexity or critical mass so require; Builds linkages with and among Woredas and Town/City – sharing information, progress reports and best practices Demonstrates and fosters the integration and harmonization of the OWP

Level	Institution	Roles and responsibilities
	Water Resource Development Fund	<p><u>Role:</u> Coordinate and monitor the Federal Government's on-lending program for urban WSS sub-projects.</p> <p><u>Responsibility:</u></p> <ul style="list-style-type: none"> • Responsible for appraisal of on lending Urban WaSH projects proposed by the regions • conduct final appraisal of project proposals and monitor implementation. • Checks to confirm compliance of participating cities with the requirement of the appraisal criteria prior to design and construction financing is approved. • 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. • Prepare consolidated project financial statements. • Submit audited financial statements no later than six months after the close of each fiscal year to the MOWIE.
Woreda	Woreda Finance and Economic Development Office	<p><u>Role: Overall</u> Management for the woreda WaSH budget in accordance to the approved Woreda WaSH plan.</p> <p><u>Responsibility:</u></p> <ul style="list-style-type: none"> • Opens a Birr account at Woreda level • Ensure that Program fiduciary requirements are adhered at woreda level in accordance with the POM (accounting, internal control, treasury management, Procurement etc.) • Prepares quarterly IFR reports on use of WASH funds to WWSC, BoFED, Regional Sector Bureaus and Zones (where applicable) • Ensures timely replenishment of the Consolidated WASH Account • Provide monthly update to the WWSC and WWT on transfer, utilization of WaSH CWA funds and documentation of expenditures disaggregated by Program components and sectors. • Ensure timely disbursement and settlement of funds for Program activities. • Contribute to preparation of consolidated Woreda WASH plans and budgets. • Facilitate Woreda level Program financial audit by external auditors if and when required.

Level	Institution	Roles and responsibilities
		<ul style="list-style-type: none"> • Ensure that actual performance is in line with budgets and any material deviations are adequately explained. • 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. •
Woreda	<p>Woreda WASH Team</p> <p>Composition:</p> <p>The WWT where it is not established will be established by the WWSC and consists, minimally, of the representatives (focal persons) from Water, Health and Education and finance Offices. Wherever possible the Woreda will assign/hire:</p> <ul style="list-style-type: none"> ▪ A full time Coordinator ▪ A full time accountant/clerk <p>The Coordinator will carry forward the day-to-day implementation of the OWNPN CWA working closely in consultation with the WWSC Team. The WASH Coordinator will report directly to the chair of the Woreda WWSC.</p> <p>The accountant/clerk will be on the staff of WoFED but assigned fulltime to WASH responsibilities as part of WWT.</p> <p>Other personnel:</p> <ul style="list-style-type: none"> ▪ Environmental Health Workers (staff) ▪ Development Agents (staff) 	<p>Role:</p> <ul style="list-style-type: none"> • Coordinates the Sector Offices to OWNPN CWA implementation; • Implement the day-to-day activities of OWNPN CWA in the Woreda and is accountable for the achievement of planned results; <p>Responsibility:</p> <ul style="list-style-type: none"> • Prepares consolidated Strategic and annual Woreda WASH plans and implement upon approval • Prepare and submit monthly OWNPN-CWA consolidated physical and financial (IFR) reports to the WWSC, respective regional sector offices and RWCO (where applicable to respective Zones) up on approval of the WWSC • Budget follow up of WASH program at Woreda level • update annual WASH Inventory data and maintains woreda database/information system • Contracts Community Facilitators up on approval of the WWSC, and support and supervise their performance • Supporting WASHCOs to become legal entities. • 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. • Plan and ensure sustainability of WASH services in collaboration with appropriate sector offices. • Ensure all funds allocated for WaSH is utilized for the intended purpose only.

Level	Institution	Roles and responsibilities
	<ul style="list-style-type: none"> Woreda Level Program Facilitation Teams (contract) Community Facilitators (contract) Contractors & Suppliers (contract)	
	Town/City Finance and Economic Development Office	<p>Role: <u>Overall</u> management of the town WaSH budget in accordance to the approved Town WaSH plan.</p> <p>Responsibility:</p> <ul style="list-style-type: none"> Opens a Birr account at town level Ensures that adequate internal controls are in place and adhered to. Reports on use of WASH funds to BoFED and other stakeholders. Ensures timely replenishment of the Consolidated WASH Account Communicate with the Town Administrator and WASH team on WaSH funds and provide periodical update on WASH fund disbursement and settlement. Ensure timely disbursement and settlement of funds for Program activities. Prepare financial report disaggregated for water supply, and hygiene and sanitation, institutional WASH, and program management and capacity building. Contribute to preparation of consolidated Town WASH plans and budgets. Ensure that Program activities, strategies and results are monitored, evaluated and reported within the WASH framework and systems. Recruit in coordination with BoFED external auditor and ensure the program financial statements are audited by the external auditor. Direct and follow up all implementing entities' within it respective town hat internal auditors conduct internal audits; Play an overall and overarching role of ensuring that actual performance is in line with budgets and any material deviations are explained.

Level	Institution	Roles and responsibilities
		<ul style="list-style-type: none"> • 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. • Prepare a program wide financial statements/reports on a regular basis and as required. • 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.
Town/City	<p>Town/City WASH Team</p> <p>Composition:</p> <p>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>Role:</p> <p>Plan and manage the overall WASH activities in the town/city.</p> <p>Responsibility:</p> <ul style="list-style-type: none"> • Assesses the proposal and extent and kind of need in terms WASH submitted to it by the T/CTT. • Set town/city goal in terms of WASH intervention. • Determine and decide on the kind of WASH intervention proposed by the T/CTT in the town. • Apply for grants and loans for development of WASH when necessary. • 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. • Contract and manage consultants, contractors and suppliers for the improvement of water supply and/or liquid waste management services. • Report in case of loan to WRDF on improvement of water supply and/or liquid waste management services implementation. • Contract and oversee utility operator, monitor and evaluate and report to city administration. • Reviews and recommends town/city WASH plans (UAP and Annual Consolidated WASH Plan) for inclusion in the Town Development Plan • Reviews and provides comment on the consolidated financial, physical and M&E reports. • Budget follow up and report review of WASH program at town level.
Town/City	Town City Water Board	Role:

Level	Institution	Roles and responsibilities
		<p>Plan and manage the overall water supply activities in the town/city.</p> <p>Responsibilities:</p> <ul style="list-style-type: none"> 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. Set town/city goal in terms of water supply and wastewater management system improvement intervention. 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. Apply for grants and loans for development of water supply and wastewater management system improvement when necessary. 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. Contract and manage consultants, contractors and suppliers for the improvement of water supply and/or liquid waste management services. Report in case of loan to WRDF on improvement of water supply and/or liquid waste management services implementation. Contract and oversee utility operator, monitor and evaluate and report to city administration. Budget follow up and report review of WASH program at utility/enterprise level
Town/City	<p>Water Supply and Sewerage Service Enterprise</p> <p>Composition:</p> <p>The WSSU is an existing institution that is responsible for day-to-day operation and management of water supply systems and Fecal sludge (from containment to safe disposal) management (FSM) systems.</p>	<p>Role:</p> <ul style="list-style-type: none"> Provide clear and adequate water service to the residents, institutions and commercial centers using the revenue it generates from different sources. Manages and regulate liquid waste generated in the town/city by residents, institutions and commercial centers. <p>Responsibilities:</p> <p>Operate, maintain and manage day to day water supply systems and Fecal sludge (from containment to safe disposal) management systems.</p> <ul style="list-style-type: none"> .

Level	Institution	Roles and responsibilities
		<ul style="list-style-type: none"> • Provide water supply and FSM services to residents, commercial and institutional centers. • Collect and manage as per the tariff, and other revenues of water and FSM services • Construction and management of public and communal latrines in public and Low Income areas • Coordinate with the town health office on promoting construction and rehabilitation of HH improved latrines and behavioral change campaigns. Produce and report to the T/CWB on the performance. • Responsible for the overall technical, commercial/customer service and financial and administrative aspects of the utility. • Opens a Birr account to receive fund from Woreda or Town OFED for program implementation. • Ensures that adequate internal controls are in place and adhered to including budget discipline. • Reports on use of WASH funds to BoFED. • Ensures timely replenishment of the Consolidated WASH Account
Sub city/ Keble	Sub City or Kebele Development Committee (Sc/KDC) Composition: 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.	Role: Plan and manage the WASH activities in low income areas, school and health institutions Responsibilities: <ul style="list-style-type: none"> • Identify communities that will receive financing • Identify intervention in school and health institutions. • Engage in promotion of hygiene promotion in its respective Sub-city/Kebele. • Inform and provide assistance to beneficiary communities through procurement of CFTs. • Monitors the WASH implementation in community WASH services and institutions.
Community	WASHCOs	Role: Responsible for program implementation and with the community plan, implement and manage their facilities Responsibility <ul style="list-style-type: none"> • Identifying needs, planning, designing and implementing the village/small towns program proposal; • Ensuring that all members of the community, especially women, actively participate in decision-making;

Level	Institution	Roles and responsibilities
		<ul style="list-style-type: none"> • Ensuring proper financial management; • Procurement of hand pumps, spare parts, works and services on behalf of communities; • Supervision of CP/WP and construction (with the help of a check-list provided by the WWT); • Suspend construction or activities that are not satisfactory with the assistance of the WWT; • Enter into agreement with WWT and service providers; • Where appropriate, make revisions in consultation with its members and WWT; • Keep an up-dated registration of members of user community with basic data; • Ensure that the rights and obligations of members are correctly observed; • Ensure that members gain opportunities of training regarding sanitation and the protection of the water source and related works; • Prepare community water supply and sanitation proposal (facility management plan); • Call the meetings of the General Assembly and report about the finances and activities of the WASHCO; • 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; • Report to KDC/ WWT and user community; • Facilitate hygiene education within the community; • Facilitate promotion works to be carried out in the community in collaboration with the HEWs.

3.2.4 Program Coordination

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

Table 3-4 Institutions roles and responsibilities for the program coordination of OWP

Level	Institution	Roles and responsibilities
Federal	National WASH Coordination Office <u>Composition:</u>	<u>Role:</u> <ul style="list-style-type: none"> • Facilitate NWTT meeting • Provides the NWTT with information and analyses required for strategic management decisions;

Level	Institution	Roles and responsibilities
	<ul style="list-style-type: none"> ▪ Coordinator from each implementing ministries ▪ Professional staff contracted to implement day-to-day activities <p>The NWCO team will have combined expertise in:</p> <ul style="list-style-type: none"> • Planning and Budgeting • Financial Management • Communications • Gender inclusive specialist M&E and Information Systems Management • Hygiene and Sanitation • Rural & Urban Water Supply <p>All professional positions, other than ministry representatives, will be contract positions filled through a competitive process. The NWTT will approve final selection.</p> <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>	<ul style="list-style-type: none"> • Facilitates coordination among the three Program Management Units and MoF • Maintains WASH management systems <p><u>Responsibility:</u></p> <ul style="list-style-type: none"> • Assists the regions in preparing and implementing WaSH MoUs appropriate to their respective contexts • Supports the establishment of Regional WaSH Coordination Offices in all Regional States and ensures their proper functioning. • Preparation of budget allocation among regions based on block grant formula and federal IAs and submit for approval to the NWSC. Once approved In collaboration with MoF timely notify regions and federal IAs on the amount of their annual and program budget. • Provides continuous support to the Regional WaSH Sector Bureaus and Regional WaSH Coordination Offices in planning and implementing the OWP • 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 • Prepare and submit a consolidated physical and financial report on a quarterly bases to the NWTT • Designs and implements a National Capacity Building Program – including preparation of manuals, guidelines and generic training materials • Design, implement manage a systematic tool for quality and timely reporting of physical and financial Progresses of CWA • Makes recommendations to the NWTT on strategies and implementation arrangements based on the analysis of M&E reports and other data • Organizes JTR, MSF and other meetings in collaboration with development partners • Organize WaSH Annual Review Meetings in collaboration with Federal WaSH sector PMUs and DPs • Ensures regions have consolidated WaSH plans • Convene meetings of RWCO staff and WaSH focal persons • Facilitates experience-sharing within and outside the country

Level	Institution	Roles and responsibilities
		<ul style="list-style-type: none"> • Maintains national WaSH management systems and records • Promotes and facilitate national networks among WaSH actors' • Conduct monthly progress review meeting among WaSH sector PMUs
Regional	<p>Regional WASH Coordination office</p> <p>Composition: The RWCO staff will consist of a manager (Regional WASH Coordinator) and a team of professionals with administrative support. 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. 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. However, whatever the size of the RWCO, it is essential that it have a core of expertise in financial management, procurement and monitoring & evaluation.</p>	<p>Role:</p> <ul style="list-style-type: none"> • Facilitate RWTT meeting • Provides the RWTT with information and analyses required for strategic management decisions; • Planning and budgeting and consolidating reports • Facilitates coordination among the three Program Management Units; • Maintains WASH management systems. <p>Responsibility:</p> <ul style="list-style-type: none"> • Assists Woredas in implementing WASH MoUs appropriate to their respective contexts • Supports the establishment of WWT in all woredas and ensures their proper functioning • Provides continuous support to the WWT in planning and implementing the OWP • Consolidates and recommends to RWTT the Strategic and Annual Work Plans, budget and obtain approval from RWSC. In collaboration with BoF timely notify woredas/towns and regional bureaus the amount of their annual and program budget. • Consolidate and recommends to RWTT the quarter physical and financial progress report of CWA • Designs and implements a Regional Capacity Building Program – including preparation of manuals, guidelines and generic training materials • Organize WaSH annual review meetings in collaboration with regional sector bureaus • Ensures Woredas have consolidated WASH plans • Facilitates experience-sharing within and outside the region • Maintains regional WASH management systems and records • Promotes and facilitated regional networks among WASH actors

Level	Institution	Roles and responsibilities
		<ul style="list-style-type: none"> Conduct monthly progress review meeting among WaSH Bureau PMUs
Zonal	<p>Zonal WASH Coordination office</p> <p>Composition:</p> <p>The ZWCO staff will consist of a manager (Zonal WASH Coordinator) and a team of professionals with administrative support. 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. 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 & evaluation</p>	<p>Role:</p> <ul style="list-style-type: none"> Provides the ZWTT with information and analyses required for strategic management decisions; Facilitates coordination among the three Program Management Units; Maintains WASH management systems. <p>Responsibility:</p> <ul style="list-style-type: none"> Assists Woredas in implementing WASH MoUs appropriate to their respective contexts Supports the establishment of WWT in all woredas and ensures their proper functioning Provides continuous support to the WWT in planning and implementing the OWP Prepares and recommends to ZWTT consolidated Strategic and Annual Work Plans Designs and implements a Zonal Capacity Building Program – including preparation of manuals, guidelines and generic training materials Ensures Woredas have consolidated WASH plans Facilitates experience-sharing within and outside the region Maintains regional WASH management systems and records Promotes and facilitates regional networks among WASH actors

4. FINANCIAL MANAGEMENT AND DISBURSEMENT

4.1 General

The total funding required to achieve the GTP water supply, sanitation and hygiene targets is 6.5 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 provide general information about 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, zonal 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. The new sub accounts are used to capture expenditures by component, sub-component, category and activity of program expenditures.

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. Channel One Programs Coordination Unit (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 recordkeeping procedures, Chart of Accounts, financial reporting, external audit and institutional oversight arrangements.

4.2 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.

4.3 BUDGET PROCESS AND BUDGETARY CONTROL

4.3.1 Budget Preparation

The One-WaSH Program Budgeting takes place based on forms and procedures designed by MoF. 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 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. A consolidated plan and budget for the following EFY shall be prepared by the NWCO and approved by the NWSC no later than April 31 of the current FY.

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 MoF in coordination with NWCO (which is based at MoWIE) of the ceiling for WASH budget to MOH, MoE, MoWIE¹⁴-WDC 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. MoF and MoWIE –WDC 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-WDC & BDA 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 MoF..

b) Regional Level

- i. The NWSC through the NWCO will inform regions the WASH targets for the fiscal year. MoF and MoWIE-WDC 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 12% for Schools, 18% for hygiene and 70% for water and sanitation, but the actual annual budget at

¹⁴Budget of MoWIE will accommodate the budget of BDA & NMA .

woreda level will be defined based on the needs and demands of the citizen the annual planning stage. *(NWCO's recent budget distribution to be used)*

- 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.
- iv. RWCO will consolidate the regional budget based on aggregated woreda and town plans including regional WASH sector activities. The RWCO will have the budgets approved by the RWSC. Consolidated budget prepared by the NWCO and approved by the NWSC will show budget disaggregated by Woreda, towns, components and sectors involved.
- v. The regional sector bureaus then will prepare their annual budget/resource request and submit to BoFED.
- vi. The RWCO budget will be allocated under the Regional Water Resource Bureau as a separate budget line.

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.

4.3.2 Budget Procedures For One-WASH

- Funds supporting WaSH activities comes 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 MOF 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 MOF to Education, Finance, Health and water ministries at federal level and to Regions and from Regions to Zones (in some regions) or to Woredas and towns 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;
 - Operating Costs; and

4.3.3 Notification of Approved Project Budget

Once the budget is approved by the National WaSH Steering Committee and development partners and proclaiming is performed, NWCO or MoF will inform federal entities and RWCO or BoFEDs of the approved budget. As much as possible working budget approved at the national level needs to be disaggregated by implementing entities (federal sector ministries, regional sector bureaus, zones, woredas, and towns). If this is not performed or when there is change in the approved budget from that initially submitted, the RWSCs need to endorse the allocation of regional budget to regional implementing entities that are sector bureaus, zones, woredas and towns. The regional implementing entities (woredas, towns, zones and regional sector bureaus) will also be officially notified by RWCO/BoFED of the project approved budget once it endorsed by the RWSC. As budget preparation and approval process will be conducted in a timely manner following the existing government budget regulations including preparation schedule/ budget calendar, implementing entities should be notified of the approved budget on or before the beginning of a budget year.

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4.3.4 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. MoF, BoFED, ZoFED, ToFEDs, and WoFEDs as well as federal, regional and zonal sectoral offices involved in implementation 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. Accounting centers are MoF, BoFEDs, ZoFEDs, ToFEDs, and WoFEDs as well as federal, regional, and Zonal sector offices are responsible for recording, maintaining and controlling WaSH budgets at the federal, regional, zonal and woreda levels respectively. MoF-BoFEDs and ZoFEDs ensures that sufficiently trained personnel are in place to handle the financial management requirements at each level.
- III. Implementing entities receiving resources through the OWP 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, TWTs, RWTTs and the NWTT including the Woreda Sector Offices, Town 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 4-1 One-WASH Budget Structure

No	Components/Subcomponents	Budget Code
1	Component 1 – Rural WaSH	
1.1	Increasing Access to Water Supply and Sanitation Services	
1.1.1	Water Supply	
1.1.2	Sanitation and Hygiene	
1.2	Sustainable service delivery	
2	Component 2 - Urban WaSH	
2.1	Water Supply service improvement	
2.2	Improvement of Utility Operational Efficiency	
2.3	Small towns Sanitation improvement	
3	Component 3 - Institutional WaSH	
3.1	School WaSH	
3.2	HF WaSH	
4	Component 4 - Climate Resilient WaSH	
4.1	Water resource Mapping monitoring and planning	
4.2	Climate Resilient WaSH Solutions	
4.2.1	Climate Resilient Water Supply	
4.2.2	Climate Resilient Sanitation Improvement Solution	
4.3	Emergency Window	
5	Component 5: Enabling Environment, Program Management and Capacity Building	
5.1	Operationalization of sector wide WaSH Monitoring Information System	
5.2	Program management and capacity building	

4.4 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 MoF 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 MoF 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 MoF. 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.
- MoF transfer funds to regions (BoFED) and to Federal Sector ministries (MoWE, MoE, MoH) and to WRDF 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 /ToFEDs and BoWE, BoE, BoH,
- WRDF transfer resources to medium town Water Utilities,
- 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.

- Forfiduciary and safeguard procedures: (i) WB procurement guidelines shall apply (e.g. for procurement of all contracts procured through ICB¹⁵ 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.
- MoF prepares program financial statement and submits to development partners and implementing agencies.
- MoF 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

¹⁵ Most of the contracts are expected to fall under NCB which follows government procurement procedures.

Fund flow Arrangements for Consolidated WaSH Account

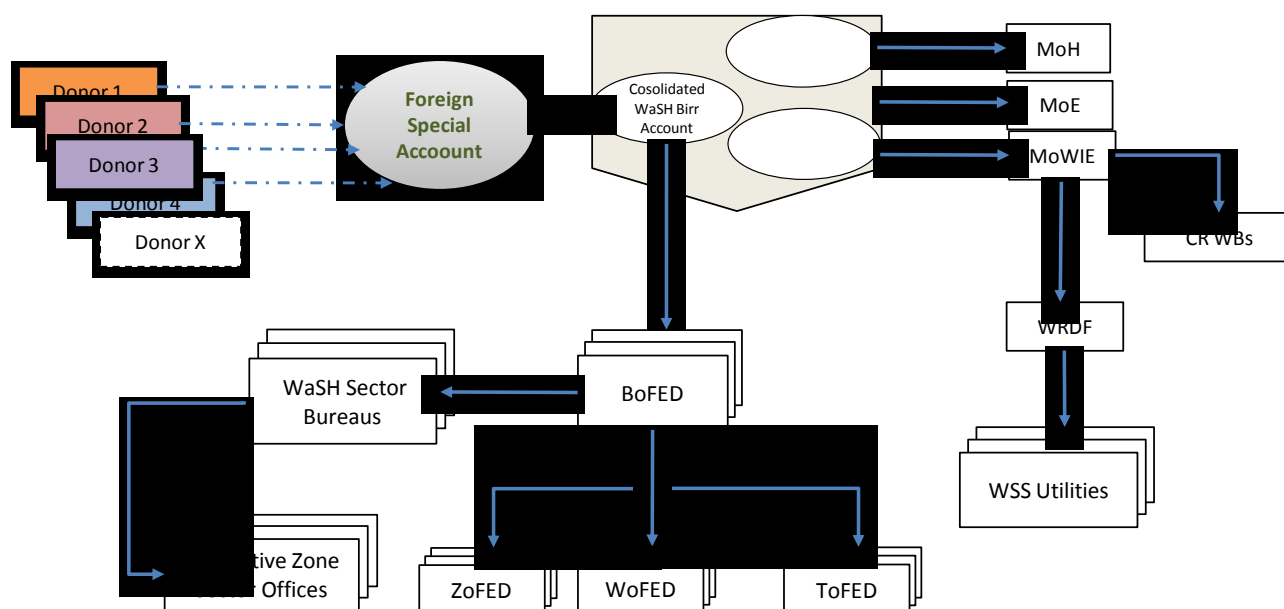


Figure 4-1: Fund Flow Arrangement for CWA

4.5 Disbursement Arrangement

4.5.1 Consolidated WaSH Account

The DPs' 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 MoF.

MoF 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.

Exclusive of advance deposit any subsequent disbursement from DPs to CWA and from CWA to implementing entities require submission of interim financial reports (IFRs).

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, MoF 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 MoF 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, due six months after the end of the fiscal year and serving six months of the previous quarters; 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 MoF transfers funds to the Implementing Agencies as per their cash flow plans, work plans, utilization rates, etc. 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 from the 10% unallocated to regions at the beginning of the program and redistributed at mid term to well performing regions based on performance criteria indicated in section.....

4.5.2 Implementing Agencies' Accounts

MoF'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 1st quarter and 2nd quarter advance based on its approved Annual Work Plan and Budget. At the end of 1st quarter the agency prepared a report on expenditures together with, and a request for, replenishment to cover the amount budgeted for the 3rd quarter less the amount of unexpended funds from the 1st 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 MoF to the Development Partners.
- 2) Woredas and Towns selected to receive CWA funds will be agreed jointly by Government and CWA contributing partners during the Annual Planning Workshop.

4.6 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, ToFEDs, BOFEDs, and MOF including the other implementing entities work diligently to submit quality reports on time. The financial reports need to show clearly and separately cash flow

for each of the implementing sectors, and program management units at Woreda, Town, Zonal, Regional, Federal levels. 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, towns, zones or woredas., WoFED, ToFED and ZoFED (in some regions) report to BoFED and MoF will follow up with these entities to report.. WoFED, ZoFED, ToFED reports to BoFED and BoFED reports to MoF. MoF 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 (July 7- July 6) 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. MoF shall be responsible for preparing the final accounts by consolidating the various financial reports received from BoFEDs, MoWIE-WDC, MoH, MoE, WRDF and other federal entities implementing the project. 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 MoF 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 submitted at end of each quarter shall, however, reflect reporting requirements in the project which will be outlined in the FM manual and shall be consolidated into the Program's IFR formats at MOF, and they shall be used to prepare quarterly reports required to be submitted to the CWA contributing DPs. Thus,

the proposed quarterly financial reporting arrangement for the One WaSH, is built on the existing government reporting system, with additional features as per reporting requirement in the project..

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.

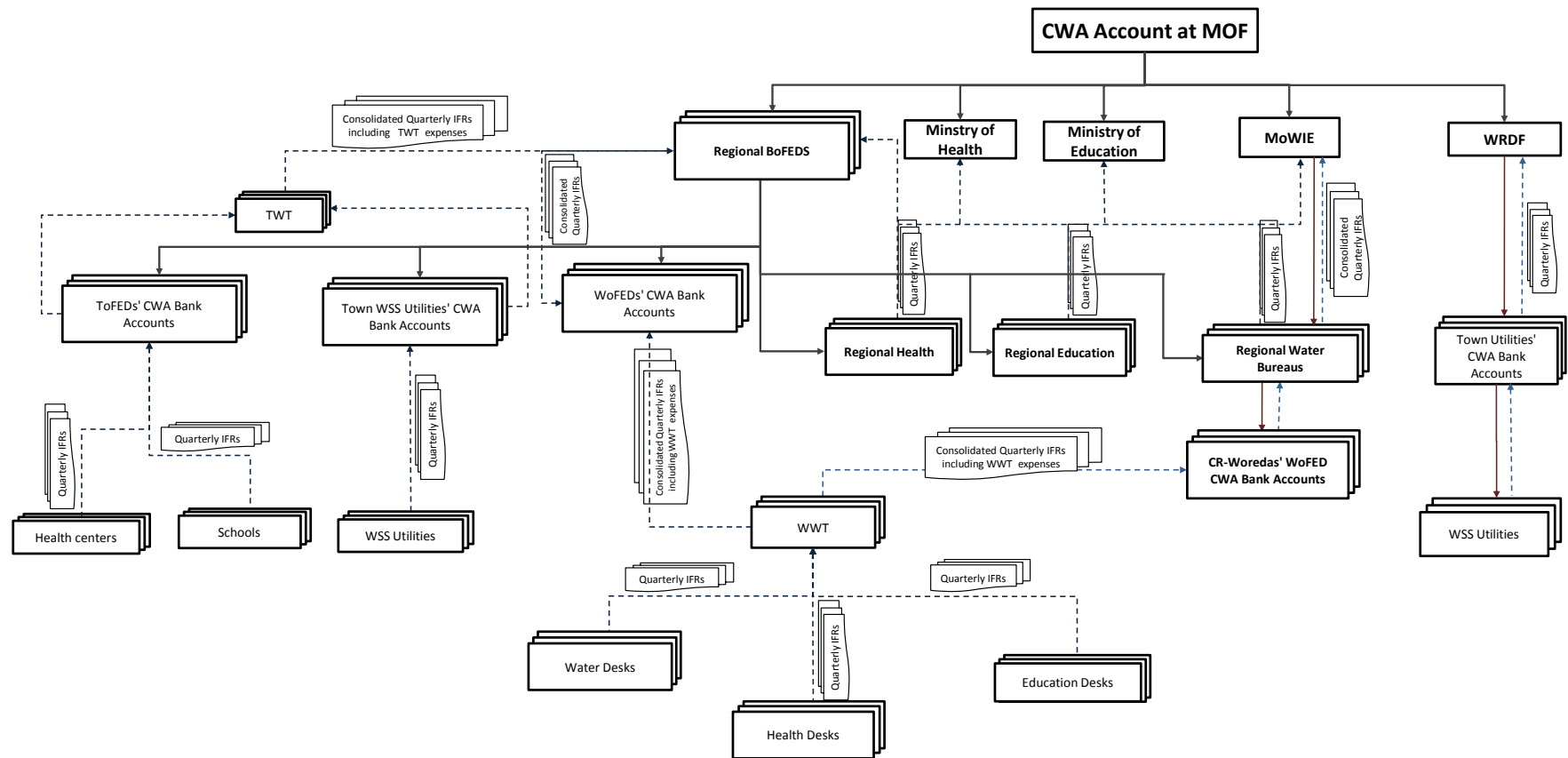
Although every implementing entity that receive fund is accountable for reporting on implementation, MoF shall take the overall responsibility for the preparation of IFRs. Apart from its use for monitoring and follow-up Program implementation, the IFR shall be used for making disbursements for the Program.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

4.6.1 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, ToFED/Utilities and ZoFED (for some regions) will prepare the standard monthly government financial reports (i.e. trial balance, expenditure reports, revenue reports, etc.) and send them to the respective BoFEDs.
- 2) WASH Sector Bureaus will send monthly financial reports to BoFEDs using the IFR standard reporting formats.
- 3) Quarterly reports, however, need some additional features to report in line with the reporting requirement in the project that will be outlined in the FM manual;
- 4) BoFEDs will summarise the standard government reports received from WoFEDs, ToFEDs and WASH Sector Bureaus, on a quarterly basis, send these summarised reports to MOF.
- 5) Federal implementing Agencies shall prepare the standard monthly financial reports and send to MoF. Their quarterly reports, however need to be prepared with additional feature to report in line with the reporting requirements in the project which will be outlined in the FM Manual;
- 6) MoF will consolidate the above reports received from BoFEDs and WaSH Sector Ministries and other Federal reporting entities and prepare and send to donors a consolidated IFR for the Program within 60 days after the end of the quarter. The format of these IFR will be included in the FM Manual.
- 7) The development partners led by the WB will be responsible for reviewing and clearing the quarterly IFRs.

Figure 4-2 Reporting Arrangements



4.6.2 Periodicity of Reporting

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, ToFED, Utilites, ZoFEDs, 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 MOFs within 15 days of the last day of the month.

Quarterly IFRs

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

- 45 days after the end of each quarter, BOFED submits consolidated financial reports to MOF.
- 60 days after the end of each quarter, MoF prepares consolidated ONE-WASH IFR. This consolidated IFR will be based on financial reports from federal implementing agencies. 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.

4.7 Auditing

4.7.1 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. MoF, BoFEDs, WoFEDs, ToFED, Utilities 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 MoF 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 MoF, and many reform activities are planned and underway by the EMCP/MoF to improve the internal audit system. In the meantime, through this program certain mitigation measures are agreed:

- Hire/assign internal auditors at MoF and BoFED to conduct internal audits;
- The recruited Internal Auditors will supervise the Program'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 Program was subject to internal audit reviews.

4.7.2 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 Program

Financial Statements is thus to enable the auditor to express a professional opinion on the financial position of the Program 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 Program financial statements by the Program implementing entity and are established to reflect the financial transactions in respect of the Program.

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 MoF, every program implementing entity has responsibility to cooperate with external auditors. MoF will have the Program 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 Program 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 Program funds and cover all the major risk areas. The audit of the Program 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 Program 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 a complete Management Letter) in a form and content satisfactory to the WB/DPs and will submit the report to MoF. MoF 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 MoF. MoF 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 MoF submit action taken and would be taken in time to the development partners.

5. PROCUREMENT

5.1 Applicable Guidelines

Procurements of Goods and Works under the ONWP CWA II project follow **“Procurement Regulations for IPF Borrowers” July 2016, revised November 2017 and August 2018**; Procurement will also comply with “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants” revised as of July 1, 2016; and the provisions stipulated in the General Conditions of the Legal Agreement.

Respective head of the procuring entity, procurement unit within the procuring entity will be the overall responsible body for the general administration of the procurement process while the Water Development Commission will play a procurement and contract management capacity building and oversight role. The World Bank will also provide oversight of procurement activities through prior reviews, which will be based on the risk level assessed and shall be updated annually.

5.1.1 Eligible Expenditures

Eligible expenditures that the ONWP 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.

5.2 Procurable Items under the project

Procurable items under the project at different levels are summarized in the table here below.

Level	Procurement Type	Description of Items of Procurement
WDC	Services	<ul style="list-style-type: none"> • Consultancy services for strengthening or improving WaSH MIS • Services for providing basic training on Contract Management, MIS, Procurement Management and Financial Management • Services for providing advanced training on Contract Management, MIS, Procurement Management and Financial Management • Consultancy services managed by the project's

Level	Procurement Type	Description of Items of Procurement
		<p>implementing agencies, which have the nature of covering two or more regions or fall under Climate Resilient WASH)</p> <ul style="list-style-type: none"> • International Competitive Bidding (ICB) contracts on the United Nations Development Consultancies, if needed for activities that will be managed by the River Basin Developed Authority that is subscribed to the MoWIE-WDC or the National Meteorological Agency. • Consultancy services for Water Source Mapping and Monitoring Planning for CR WaSH project • Consultancy services for Study and Design of climate adaptive Water Supply and Sanitation systems for CR WaSH Project
	Goods	<ul style="list-style-type: none"> • Procurement of major common-use items and strategic goods and equipment (vehicles, bulk office equipment including computers and software, etc.). on behalf of all the implementing entities. • Procurement of goods if needed for activities that will be managed by the River Basin Developed Authority that is subscribed to the MoWIE-WDC or the National Meteorological Agency.
	Works	<ul style="list-style-type: none"> • Drilling and Construction of Shallow and Deep Wells for CR WaSH • Construction of Piped system CR WaSH • Construction/Improvement of Climate Resilient Sanitation Facilities • Minor works if needed for activities that will be managed by the River Basin Developed Authority that is subscribed to the MoWIE-WDC or the National Meteorological Agency.
MoH	Goods	<ul style="list-style-type: none"> • Procurement of water quality test kits • Procurement of IT equipment
Regional Water Bureaus	Services	<ul style="list-style-type: none"> • Procurement of Consultant for Study, Design and Construction Supervision of Small and medium Towns WSSP.

Level	Procurement Type	Description of Items of Procurement
	Goods	<ul style="list-style-type: none"> Procurement of Motor Bikes for Woreda Sector Bureaus and Small Towns within the region
	Works	<ul style="list-style-type: none"> Procurement of packaged small towns civil works with in the region (reasonable number of close each other woreda towns) as one contract to attract qualified contractors/drilling companies to bid for the tender.
Small and medium Towns utilities	Services	<ul style="list-style-type: none"> Assessment and provision of technical support for the development of adequate organizational structure and capacity to manage WSS, preparation of city wide integrated sanitation plan and prepare or update adequate business plan Conducting feasibility study; and water resource development Preparing detail design and tender document; and construction supervision and contract administration for WSS
	Works	<ul style="list-style-type: none"> Construction of WSS and Sanitation markets, public latrines, sanitation service Improvement for Towns, etc. Rehabilitation or construction of New Water Supply and Sanitation systems for School Rehabilitation or construction of New Water Supply and Sanitation systems for Health institution
	Goods	<ul style="list-style-type: none"> Supply and Installation of pipes, fittings and Electro Mechanical Equipment for Small towns WSSP
Woreda	Services	<ul style="list-style-type: none"> Selection and Employment of Consultant for Rural Water Supply Study and Design
	Works	<ul style="list-style-type: none"> Drilling and Construction of Shallow and Deep Wells for Rural Water Supply Projects Construction of Spring on Spot and Hand Dug Wells for Rural Water Supply and Sanitation Project Construction of New Rural Piped Water Supply

Level	Procurement Type	Description of Items of Procurement
		System <ul style="list-style-type: none"> • Construction Rural Sanitation and hygiene facilities • Rehabilitation or construction of New Water Supply and Sanitation systems for School • Rehabilitation or construction of New Water Supply and Sanitation systems for Health institution

5.3 Expenses not Subjected to Procurement Guidelines

5.3.1 Training and logistic expenses:

The project will fund training activities including capacity building. Disbursement for any expenses for training shall be in compliance with FGE procedures. The training plans would include details on: (a) type of training to be provided; (b) number of beneficiaries to be trained, duration of training, and estimated cost; (c) institutions selected based on their expertise; and (d) expected learning outcomes.

5.3.2 Operating costs.

Incremental operating costs include expenditures for maintaining equipment and vehicles; fuel; office supplies; utilities; consumables; workshop venues and materials; and per diems, travel costs, and accommodation for staff when travelling on duty during implementation of this project, but excluding salaries of civil/public servants. These will be procured using the borrower's administrative procedures, acceptable to the World Bank. Operating expenditures are neither subject to the Procurement and Consultant Guidelines nor prior or post reviews. Operating expenditures are verified by TTLs and FM Specialists.

5.4 Procurement Methods

5.4.1 Standard Procurement Template

For all ICB procurement appropriate Standard Bidding Documents (SBDs) issued by the Bank (www.worldbank.org/procure: Folder name PCN prior to July, 2016 with minimum changes, acceptable to the Bank, as necessary to address project specific conditions shall be used. Any such changes shall be introduced only through bid or contract data sheets, or through special conditions of contract, and not by introducing changes in the standard wording of the Bank's SBDs. For NCB procurements Bank's SBDs or SBD issued by the procurement agency of Ethiopia that can be downloaded from PPA website (www.ppa.gov.et) can be used.

A standard procurement template comprising templates for standard advertising notices, evaluation reports, notification of award and procurement plants for all categories of procurement have been appended in Annex: --- It is very important to use these standard templates with no or minimum alterations to address specific conditions of procurement.

5.4.2 Advertisement of procurement opportunities

Timely appropriate notification of procurement opportunities for goods, works and consulting services is essential for economic and efficient project execution, and is the basis for eliciting maximum competition with fair opportunities for all eligible potential bidders. The procuring units thus need to advertise all procurement opportunities. For ICB procurements, the procuring unit through MoWIE - WDC is required to prepare and submit to the Bank a draft General Procurement Notice for the Bank's arrangement of its publication in UN Development Business online (UNDB online) and in the Development Gateway's dgMarket) . While for NCB contracts advertisement can be in both the printed and online versions of the United Nations Development Business (UNDB) and in local newspapers, of national circulation like The Ethiopian Herald.

5.4.3 General Procurement Notice

The General Procurement Notice (GPN) contains advance information on the major procurement packages in a project being considered or approved for financing. The information is intended to alert suppliers and contractors of procurement opportunities. In response to the GPN, potential bidders may request the issuing agency to be put on a mailing list for the forthcoming Specific Procurement Notices inviting prequalification, or if there is no prequalification, inviting bids.

5.4.4 Specific Procurement Notice.

A Specific Procurement Notice (SPN), for each of the major procurement packages in the project should also be issued. SPNs are issued either as a public Invitation for Prequalification, or in the absence of pre-qualification, as an Invitation for Bids. The invitation also be incorporated in the front of the prequalification or bid documents as appropriate for reference purposes. SPNs should provide adequate notification of specific contract opportunities or Invitation for Bids (IFB) under the project regardless of what procurement method is used. The SPN should be issued in the following way:

- **as an advertisement in at least one newspaper of general circulation;**
- **by an announcement in the official gazette (if any);**
- **by direct notification of all firms which have expressed an interest in the procurement in response to the GPN; and**
- **it is also recommended, that it be issued by notification to potential suppliers of the goods, works and services required. Where procurement is for goods and works below US\$ 7.0 million, the official date of invitation for bids is that of publication in the newspaper of national circulation. Any notices submitted for publication in UNDB must closely correspond with the date in the national newspaper.**
- **Where there is prequalification, Invitation for Bid (IFB) and bidding documents will only be sent to**

the prequalified potential bidders.

5.5 Contract Package and Cost Estimation

To ensure economy and efficiency in processing and the delivery of the “right” goods and services at the “right” time for the project contract packaging is suggested. The first obvious step in grouping is to separate needs into goods, works and services categories. In the ONWP CWA II the following packaging of contracts are suggested.

a) At MoWIE-WDC level:

Procurement of common-use items and strategic goods and equipment by packaging as one contract similar items like vehicles as one contract, bulk office equipment including computers and software as one contract, etc.) under the project including for regional offices and other procureingentitites and hand over the same to the respective agencies.

b) At MoH level:

c) Procurement under the project water quality test kits as one contract package and IT equipment as another contract package for all procuring entities for procurement by the Pharmaceutical Funds Supply Agency (PFSA).

d) At Region level contracts for:

Packaging of Civil Works, Drillings, Supply of goods/equipment’s and Consultancy based on market analysis.

At city level contracts for:

Works contracts of water supply system, sanitation improvement works, public and institutional latrine, etc can be packaged as one contracts.

At Woreda level:

Works contracts of different communities water supply systems, sanitation improvement works, and institutional latrine, etc can be packaged as one contracts.

5.6 Procurement plan

Each procuring PMU’s prepares realistic procurement plans. The plans has to be updated as required at least bi-annually, and the PMU should review and compile the requests from each regions and PMU’s plan and submit for the Bank’s review and approval. It is recommended that the PMU Procurement Coordinator will lead the preparation of procurement plans in a consultative manner at the beginning of each fiscal year by involving the project implementing regions and staff. Together with the procurement plans, contracts when awarded should be registered and the contract register should be updated as and when required, and regularly. PMU should regularly compile registers and share with the Bank. It is also recommended that each regional PMU should compile procurement plans from towns and include these as part of the regional procurement plans. It is further recommended that a procurement planning format compatible to STEP is shared with

woredas, and regions should compile these for inclusion in the regional plans and upload through STEP. The role should be re-defined in such a way that the regions add activities to procurement plan, upload Specific procurement notice, bidding documents/RFP, evaluation reports and contract agreement in STEP, and Water Development Commission to review and submit to the bank for review and clearance as deemed appropriate.

The Procurement plan, including its updated shall sets forth (a) the description of particular contracts for the goods, works, and/or services required to be carried out by the project during the planning period, (b) information regarding the package/lot number, (c) the proposed methods for procurement of such contracts and that apply for each individual bid, (d) cost estimates, (e) the related review requirements, and (e) time frame for completion of the various activities of the bidding process, the start and end dates of the resulting contracts.

The essential steps for the preparation of a procurement plan are:

- **Making a list of all goods to be purchased, works to be constructed and services to be obtained for the project during that planning period; each constituting an “item” to be procured.**
- **Identifying key dates when each project component made of several items should be ready for use or available on site;**
- **Packaging the items on the list in logical contract groups (for example, if the list includes a laptop computer and a desktop computer, these together would make a “computers contract package” for procurement purposes) correlating contract package cost with procurement thresholds mentioned in this PIM.**
- **Deciding the contents of each procurement “package” which will constitute a specific procurement operation;**
- **Study the local market for the availability of the required goods, works and services and obtain updated unit prices of items included in each package from suppliers, shopkeepers, catalogues, previous contracts, internet, etc.; using this information, cost each package.**
- **Cost each package based on updated price identifying the interrelationships between dependent items; and**
- **Determining the lead time for each package and scheduling the target date for each package in the procurement process.**

Each implementing agency will be required to prepare its procurement plan based on the ONWP CWA II agreed project 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 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.

MoWIE- WDC consolidates procurement plans of all the implementing agencies and subsequent updates to submit to the World Bank for review and approval each year. 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 MoWIE - WDC. 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 misprocurement of the particular contract.

5.7 procurement ImplementationArrangement

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

Federal Level

Procurement Implementing Agency	Function
5.7.1 Federal level	
MoWIE - WDC	<p>Over all responsible for the coordination of project implementation including procurement and contract management including interface between the World Bank and the program Coordination. Monitoring of procurement performance, Capacitybuilding, compile PPs and contract registers, Facilitate Open International Bids with quality assurance. Oversee and support Open national and other low value contracts. Develop procurement tracking and contract administration formats. Regularly monitor and report on procurement implementation. Central procurement of Vehicles</p> <ul style="list-style-type: none"> • Interface between the Bank and the program • Execute procurement and contract administration process • Monitor, supervise and coordinate procurement performance • Review, consolidate and submit procurement plans (PPs) of the implementing entities for review and clearance to the Bank as deemed appropriate; • Capacity building • Facilitate ICB with quality assurance • Oversee, support and give no objection to NCB contracts • Develop procurement tracking and contract administration formats • Regularly monitor and report on procurement implementation

Procurement Implementing Agency	Function
Water Resource Development Fund	<ul style="list-style-type: none"> Review Business Plans, determine eligibility of town utilities. Monitor Implementation of Sub Projects, Review PPs, BDs, BERs, Contract Admin.
5.7.2 Regional Level	
Regional BoWRs (WSS Program Management units)	<ul style="list-style-type: none"> Responsible to manage their own Procurement processes. Prepare procurement plan, Update PPs, upload information in STEP and contract registers. Execute and manage procurements in Towns and woredas. Regularly monitor and report on procurement implementation Execute Procurement and contract administration processes Oversee, support and give no objection to NCB contracts Oversee and support procurements in Woredas and towns Regularly monitor and report on procurement implementation
<ul style="list-style-type: none"> City Level 	
AAWSA	<ul style="list-style-type: none"> Execute procurement and contract admin process (sub loan towns) as appropriate. Execute Procurement and contract administration processes Prepare, update PPs and contract registers
Towns	<ul style="list-style-type: none"> Execute small value procurement activities as appropriate and contract administration process or delegate the regional PMUs for procurement Prepare and update PPs and contract registers
Woredas	<ul style="list-style-type: none"> Implementation of small scale scheme as appropriate

5.8 Recommended procurement procedure for Urban –WaSH

5.8.1 International /National Competitive Bidding (I/NCB)

Packaging of Civil Work Construction, supply and installation of Pipes & fittings and Electromechanical equipment in OWP-CWA II is envisaged to minimize the slack time that may be created between supply and installation and minimize the contractual risk emerging from delay of supply to the contractors. Plus packaging

as one contract encourages experienced and qualified bidders to bid due to its contract value and packaging would also ease the contract management for the client as contractor took single responsibility. For bids of contract value above and equal to 7 million USD International Competitive Bidding (ICB) methods in compliance with World Bank's procurement rules and procedures will be used while for bids of contract value below 7 million USD National Competitive Bidding (NCB) in accordance with the procedures set forth in the Ethiopian Federal Government and Procurement and Property Administration Proclamation No. 649/2009 and Federal Public Procurement Directive issued by the Ministry of Finance and Economic Development dated June 10, 2010 will be used. National Competitive Bidding (NCB) is also a competitive bidding procedure normally used for public procurement with in the country, and may be the most appropriate method of procurement of goods, works, and non-consulting services which, by their nature or scope, are unlikely to attract foreign competition. Standard bidding documents for procurement of goods and works published in August 2011 by the Ethiopia Procurement and Property Administration will be used.

Both ICB and NCB are open competitions giving all eligible prospective bidders timely, adequate notification, same information of the employer requirements and equal opportunity to compete in providing goods and works.

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' 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.

Standard Bidding Document

The procuring unit or its consultant is responsible to prepare a bidding document that shall furnish all information necessary for a prospective bidder to prepare a bid for the goods, works, and non-consulting services to be provided. While the detail and complexity of these documents may vary with the size and nature of the proposed bid package and contract, they generally include three major parts: Bidding Procedures; Schedules of Requirement; and Conditions of Contract and Contract Forms:

Part A: Bidding Procedures contain:

- i. **Invitation to Bid:** The invitation to bid states the intention of the procuring unit to enter into a contract; description of works or goods or non-consultancy, the source of funds, the details of the client bid security requirement, and the date, time, and address for submission of sealed bids. Sample of Invitation to Bid is appended in Annex D.

- ii. **Section I: Instructions to Bidders (ITB):** This Section provides relevant information to help Bidders prepare their bids. Information is also provided on the submission, opening, and evaluation of bids and on the award of Contracts. The Standard Bid Document of the Bank as well as National Bidding document of FPPAA (Federal Public Procurement and Property Administration Agency) contains provisions of the ITB. that are to be used without modification.
- iii. **Section II: Bid Data Sheet:** This Section consists of provisions that are specific to each procurement and that supplement the information or requirements included in Section I, Instructions to Bidders.
- iv. **Section III: Evaluation and Qualification Criteria** This Section contains the criteria to determine the lowest evaluated bid and to ascertain the continued qualification of the Bidder to perform the contract.
- v. **Section IV: Bidding Forms:** This Section contains Bid submission sheet and other Bid forms like price schedule, Joint venture data, curriculum vitae, Bid security forms which are to be completed by the Bidder and submitted as part of his Bid.
- vi. **Section V: Eligible Countries:** This Section contains information regarding eligible countries.

Part B: Schedules of Requirement

- vii. **Section VI:** This section details the scope of work or goods or non-consultancy service, technical specifications and drawings; relevant technical data (including of geological and environmental nature); list of goods or bill of quantities; delivery time or schedule of completion; and necessary appendices, such as formats for various securities.

In most cases consultants or procurement specialist other technical staffs hired by the procuring units at each level (MoWIE –WDC, MoH, RWBs, Woredas and towns) will be responsible for preparing the Technical specification and Bill of quantities for the works or goods or non-consultancy contract. The technical specification details, technical standards, quality and requirements by material performance, location, design, methods of measurement, and production process, etc. for the scope of the different items in the Works or Goods or non-consultancy contract and the Bill of Quantity will be prepared on completion of the design drawings for all work items.

The cost estimate need to be based on the unit costs developed by the consultant or procuring units procurement specialist hired by MoWIE -WDC, and RWBs to prepared the BoQ and subsequently the tender document. The unit cost estimates is developed taking into account: the market prices for engineering works and compared quoted prices from various suppliers for the specified materials and equipment's, and the appropriateness of the material and equipment's to the intended construction schedule and techniques.

Part C: Conditions of Contract and Contract forms

- viii. **General Conditions (GC):** This Section contains the general clauses to be applied in all contracts. The text of the clauses provided in both of the standard bidding documents of the Bank and FPPAA in this Section shall not be modified.
- ix. **Section VIII. Particular Conditions (PC) :** This Section consists of Part A, Contract Data, which contains data, and Part B, Specific Provisions, which contains clauses specific to each contract. The

contents of this Section supplement the General Conditions and shall be prepared by the Client or procuring unit.

- x. **Section IX: Annex to the Particular Conditions - Contract Forms:** This Section contains forms which, once completed, will form part of the Contract. The forms for Performance Security and Advance Payment Security, when required, shall only be completed by the successful Bidder after contract award.

Bid preparation and submission: The time allowed for the preparation and submission of bids shall be determined with due consideration of the particular circumstances of the project and the magnitude and complexity of the contract. Generally, not less than 6 (six) weeks from the date of the invitation to bid or the date of availability of bidding documents, whichever is later, shall be allowed for ICB. Where large works or complex items of equipment are involved, this period shall not be less than 12 (twelve) weeks to enable prospective bidders to conduct investigations before submitting their bids. In such cases, the procuring unit has to convene pre-bid conferences and arrange site visits. Bidders are permitted to submit bids in person. The deadline and place for receipt of bids shall be specified in the invitation to bid.

Pre-qualification of Bidders:

The procuring unit needs to submit to the Bank the General Procurement Notice for its publication in the UN Development Business on line and advertise on the national papers for invitation for prequalification or to bid as the case may be on the UN Development Business on line and dgMarket and national newspaper. Allow at least 30 days for submission of prequalification document or forty-five (45) days for submission of bids. Template of Invitation for Prequalification or Invitation to Bid is appended in Annex D.

Prequalification is necessary for large or complex works, or in any other circumstances in which the high costs of preparing detailed bids could discourage competition. On the other hand this ensures that invitations to bid are extended only to those who have adequate capabilities and resources. Prequalification shall be based entirely upon the capability and resources of prospective eligible bidders to perform the particular contract satisfactorily, taking into account objective and measurable factors, including: (a) relevant general and specific experience, and satisfactory past performance and successful completion of similar contracts over a given period; (b) financial position; and, where relevant, (c) capability of construction and/or manufacturing facilities.

The scope of the contract and a clear statement of the requirements for qualification shall be sent to those who responded to the invitation. The Borrower shall use the Standard Prequalification Document issued by the Bank with minimum changes as may be necessary and acceptable to the Bank. All such applicants that meet the specified criteria shall be allowed to bid. The procuring unit shall inform all applicants of the results of prequalification. As soon as the prequalification is completed, the bidding documents shall be made available to the qualified prospective bidders.

Bid Opening Procedures

The time for the bid opening shall be the same as for the deadline for receipt of bids or promptly thereafter, and shall be announced, together with the place for bid opening, in the invitation to bid. The procuring unit shall open all bids received by the deadline for bid submission at the designated place stipulated in the bidding documents, irrespective of the number of bids received by such deadline. At the bid opening, the procuring

unit shall neither discuss the merits of any bid nor reject any bid. Bids shall be opened in public; bidders or their representatives shall be allowed to be present in person. The name of the bidder and total amount of each bid, and of any alternative bids, if they have been requested or permitted, shall be read aloud and recorded when opened, and a copy of this record shall be promptly sent to the body that is giving no objection to the contract (MoWIE -WDC or to the Bank). Bids received after the time stipulated, as well as those not opened and read out at bid opening, shall not be considered.

Clarifications or Alterations of Bids

Bidders shall not be requested or permitted to alter their bids, including through any voluntary increase or decrease in bid prices, after the deadline for receipt of bids. The evaluation committee assigned by the procuring unit shall ask bidders for clarification needed to evaluate their bids but shall not ask or permit bidders to change the substance or price of their bids after the bid opening. Requests for clarification and the bidders' responses shall be made in writing, in hard copy or by an electronic system satisfactory to the body giving no objection to the contract.

Confidentiality

After the public opening of bids, information relating to the examination, clarification, and evaluation of bids and recommendations concerning awards shall not be disclosed to bidders or other persons not officially concerned with this process until the publication of the award of contract.

Examination of Bids

All bids submitted before the deadline for receipt of bids and opened according to the opening procedure are subjected to examination and cannot be rejected by any means without material deviation. The procuring unit shall ascertain whether the bids (a) meet the eligibility requirements specified in ITB and Bidding data sheet of the bidding document, (b) have been properly signed, (c) are accompanied by the required securities or required declaration signed as specified in the ITB and bidding data sheet of the bid document, (d) are substantially responsive to the bidding documents, and (e) are otherwise generally in order. If a bid, including with regard to the required bid security, is not substantially responsive, that is if it contains material deviations from or reservations to the terms, conditions, and specifications in the bidding documents, it shall not be considered further. The bidder shall neither be permitted nor invited by the Borrower to correct or withdraw material deviations or reservations once bids have been opened.

Evaluation and Comparison of Bids

The purpose of bid evaluation is to determine the cost to the Borrower of each bid in a manner that permits a comparison on the basis of their evaluated cost. Subject to the fulfillment of eligibility requirements stated in ITB and Bidding data sheet of the Bid document, the bid with the lowest evaluated cost, but not necessarily the lowest submitted price, shall be selected for award. The bid price read out at the bid opening shall be adjusted to correct any arithmetical errors. Also, for the purpose of evaluation, adjustments shall be made for any quantifiable non-material deviations or reservations. Price adjustment provisions applying to the period of implementation of the contract shall not be taken into account in the evaluation.

The evaluation and comparison of bids shall be on CIP (place of destination) prices for the supply of imported goods and EXW prices, plus cost of inland transportation and insurance to the place of destination, for goods manufactured within the country, together with prices for any required installation, training, commissioning, and other similar non-consulting services.

Bidding documents shall also specify the relevant factors in addition to price to be considered in bid evaluation and the manner in which they will be applied for the purpose of determining the lowest evaluated bid. For goods and equipment, other factors may be taken into consideration including, among others, payment schedule, delivery time, operating costs, efficiency and compatibility of the equipment, availability of service and spare parts, and related training, safety, and environmental benefits. The factors other than price to be used for determining the lowest evaluated bid shall be, to the extent practicable, expressed in monetary terms in the evaluation provisions in the bidding documents.

Under works and turnkey contracts, contractors are responsible for all duties, taxes, and other levies, and bidders shall take these factors into account in preparing their bids. The evaluation and comparison of bids shall be on this basis. Bid evaluation for works shall be strictly in monetary terms. Bid Evaluation Report:

The evaluation committee formed by the procuring unit shall perform timely and quality evaluation and prepare a detailed report on the evaluation and comparison of bids setting forth the specific reasons on which the recommendation is based for the award of contract. The procuring unit shall use and provide as a minimum all information required in the Standard Form of Bid Evaluation Report issued by the Bank and appended in Annex D.

Extension of Validity of Bids

Borrowers shall complete evaluation of bids and the award of contract within the initial period of bid validity so that extensions are not necessary. An extension of bid validity, if justified by exceptional circumstances, shall be requested in writing from all bidders before the expiration date. The extension shall be for the minimum period required to complete the evaluation, obtain the necessary no objections, and award the contract. Whenever an extension of bid validity period is requested, bidders shall not be requested or be permitted to change the quoted (base) price or other conditions of their bid.

Post qualification of Bidders

If bidders have not been prequalified, the procuring unit shall determine whether the bidder whose bid has been determined to offer the lowest evaluated cost has the capability and resources to effectively carry out the contract as offered in the bid. The criteria to be met shall be set out in the bidding documents, and if the bidder does not meet them, the bid shall be rejected. In such an event, the procuring unit shall make a similar determination for the next-lowest evaluated bidder.

Award of Contract

The procuring unit shall award the contract, within the period of the validity of bids, to the bidder who meets the appropriate standards of capability and resources and whose bid has been determined (i) to be substantially responsive to the bidding documents and (ii) to offer the lowest evaluated cost. A bidder shall

neither be required nor permitted, as a condition of award, to undertake responsibilities for work not stipulated in the bidding documents or otherwise to modify the bid as originally submitted.

Publication of the Award of Contract

The Borrower shall ensure that the procedure for publication of the award of contract as specified in paragraph 7 of Appendix 1 is followed.

Rejection of All Bids

Bidding documents usually provide that Borrowers may reject all bids. Rejection of all bids is justified when there is lack of effective competition, or all bids are not substantially responsive, or no bidder meets the specified qualification criteria, or the bid price of the lowest evaluated winning bid is substantially higher than the Borrower's updated estimated cost or available budget.

Debriefing

In the publication of the award of contract, the procuring unit shall specify that any bidder who wishes to ascertain the grounds on which its bid was not selected, should request an explanation from the procuring unit. The procuring unit shall promptly provide in writing an explanation of why such bid was not selected. If a bidder requests a debriefing meeting, the bidder shall bear all their costs of attending such a debriefing meeting.

Contract Management

All procurement must have a valid contract signed by the client (the implementing sector agency) and Supplier/Consultant. A simple contract document should specify the following minimum information:

- **Parties to the contract (client-the project vs the supplier);**
- **Description of non-consultancy services, goods or works to be rendered;**
- **Contract sum;**
- **Obligations of parties to the contract;**
- **Contract period (commencement and completions)**
- **Dispute resolution clause.**
- **The Letter of Acceptance;**
- **General conditions of contract;**
- **Special conditions of contract**
- **Technical Specifications & method of measurement issued.**
- **Particular Conditions of contract**
- **The Specifications;**
- **The Drawings; and**
- **The Priced Bill of Quantities**

The project coordinator with the technical and procurement specialist including the contract management specialist at MOWIE -WDCoperating at each implementing agency (if applicable) should:

- **Ensure that all necessary contractual requirements are spelt out clearly, correctly and concisely;**

- Manage the obligations and duties of each party as specified in the contract
- Monitor contract management by user departments to ensure implementation of contracts in accordance with terms and conditions of the contracts as well as flushing out and resolving any potential problems before the contract takes effect
- Monitor the performance of the contractor, to ensure that all delivery or performance obligations are met or appropriate action taken by the accounting unit in the event of obligations not being met
- Ensure that the contractor submits all required documentation;
- Ensure that the accounting unit meets all its payments and other obligations on time and in accordance with the contract;
- Prepare any required contract variations or change orders and obtaining all required approvals before their issue;
- Make recommendations for contract termination, where appropriate, obtaining all required approvals and managing the termination process;
- Ensure that the contractor/supplier and the accounting units act in accordance with the laid down guidelines in this manual and in the contract document; and
- Maintain a control file for each contract and monitor its performance and progress in each of the contracts. It shall ensure that the contract documents are filed and all contract administration records are kept and archived as required. The contract file shall only be closed after the successful completion of the contract.

Stores Management

Implementing agencies shall maintain proper records of inventory of goods received into and issued out of the stores. A stores officer who reports to the property administration head shall manage the stores. The main thrust of the stores procedures shall be:

- All goods procured are received into the store;
- Goods received into the stores are checked as to conformity with the quality, quantity and type as stated in the contract document;
- Certificate of inspection and acceptance is prepared before SRV are issued;
- Stores Receipt Voucher (SRV) is prepared for every goods received into the store;
- Goods are issued out on the basis of properly authorized Stores Requisition Note and Stores Issue Voucher;
- Inventories are arranged in the stores in a way that:
- Facilitate easy identification and retrieval of items;
- Ensure safe custody of items and;
- Availability of normal inventories.
- Periodic physical stock-taking to agree physical quantities to bin card balances.

5.8.2 Shopping

The following steps should be taken during procurement of Goods, Works and Non-Consulting Services using Shopping procurement method:

Step 1: Preparation of Technical Specifications: Detailed specification, which is sufficient and precise, should be used by the procurement unit of the Implementing Agency to initiate the procurement process. The items requested should be verified by the procurement unit whether they are clearly stated in the approved procurement plan. During preparation of specification Brand names should not be specified. If it is not possible to correctly describe the procurement item without brand name, (e.g. for spare parts of a previously acquired equipment of a certain brand) add: "or equivalent".

Step 2: Preparation of Request for Quotations: The Request for Quotations (RFQ) should be prepared by the procurement unit of the Implementing Agency by taking the following major points in to consideration:

- (5) Shortlisted suppliers name and address. Shortlist of Suppliers shall consider fair invitation based on a rotation table of a register of potential eligible bidders kept and updated by the implementing agency.
- (6) The deadline for submitting the quotations should generally be one week from the date of issuance of the RFQ

- **The required period of validity of the quotations, should generally be 15 days**
- **The key contract terms: fixed price, place and time for delivery, etc**
- **Payment provisions and mode of payment**
- **The description and quantity of the goods, works or non-consultancy services**
- **The RFQ should be approved by the head of the procurement unit before issuing it to selected firms.**

Step 3: Receiving Quotations (minimum three): Suppliers should submit their quotations in writing with closed envelopes. They are not obligated to submit bid or performance securities as part of their quotation. The quotation shall be submitted on the date and time specified in the RFQ. It requires opening with the presence of more than two witnesses or with the presence of the suppliers who wish to attend. Normally, requests for quotes indicate the expected date of submission of quotes, within five days of the initial request. In other cases, if the Implementing Agency has not received at least three quotations within the time set, it will be required to re-invite suppliers in writing for submission of quotations. At this point if three and above quotations are received, the Implementing Agency may proceed with the comparison of the quotations received.

Step 4: Quotations Opening and Comparison: The head of the procurement unit should assign an evaluation committee consisting of at least three qualified staff for carrying out quotation opening and comparison. The evaluation committee should record the opening process and evaluation and comparison of quotations in Minutes. The following major points should be considered during evaluation and comparison of quotations:

- **Verify if the quotations is substantially responsive to the request for quotations;**
- **Examine if quotations conform to the technical specifications and the delivery time**
- **Verify any arithmetical errors. For example, if the quotation in figures is different from the quotation in words, the amount in words will prevail. If there is a discrepancy between the unit price and the total price that is obtained by multiplying the unit price and quantity, the unit price shall prevail and the total price shall be corrected;**
- **Tabulate the Quotations and compare the prices of the quotations that are substantially responsive.**
- **Identify the supplier with the lowest price**
- **Verification of the evaluation results by the procurement unit head**

Step 5: Preparation of Quotation Evaluation & Comparison Report: After the verification of the evaluation result made by the Head of the procurement unit, the evaluation committee should prepare a Minute of quotation evaluation and comparison report, which incorporate recommendation for contract award, and present it to the approving authority for approval.

Step 6: Contract Award and Issuance of Purchase Order: The procurement unit should prepare a Purchase Order (PO) listing all the items which are awarded to the least evaluated supplier and send it to the supplier for his/her acceptance. Notification of the award through official PO will constitute the formation of the contract. This Notification will be sent by registered mail, inviting the supplier to deliver the goods [or works] in accordance with the conditions of the Request for Quotations. Moreover, the Implementing Agency should publish the award of contract on the agency's notice board and notify the unsuccessful suppliers under each contract.

Step 6: Contract Management: It should certainly be governed by the provisions stated in the Purchase Order or contract agreement documents.

Step 7: Delivery and Acceptance: When the goods are delivered by the supplier to the project site each item delivered should be inspected and verified that they are delivered as per the agreed specifications and technical requirements. Finally, Goods Receiving Report (GRN) should be issued by the Store Department and payment should be effected accordingly. When the construction work is also completed it has to be inspected and verified by the implementing agency that the work has been done in accordance with the signed contract agreement. After verification and approval, the client will take over the works provisionally.

The procurement unit should document the award decision and its rationale and keeps it for review and audit by the World Bank, as needed. The record contains also the list of firms invited and the list and value of the quotations received and documents clearly that the award is based on sound economic criteria.

5.9 General Procedures for Procurement of Consultancy Services

5.9.1 Preparing Terms of Reference (TOR)

The procuring unit and its technical team along with the procurement specialist hired by the procuring units at each level (MoWIE - WDC, and RWBs) will be responsible for preparing the TOR for the assignment. The scope of the services described in the TOR need to be compatible with the available budget. The TOR shall define clearly the objectives, goals, and scope of the assignment and provide background information (including a list of existing relevant studies and basic data) to facilitate the consultants' preparation of their proposals.

5.9.2 Preparing Cost Estimate or Budget for the Assignment:

The cost estimate need to be based on the procuring units and its technical team; and the procurement specialist hired by MoWIE - WDC and Regional PMUs) assessment of the resources needed to carry out the assignment: staff time, logistical support, and physical inputs (for example, vehicles, laboratory equipment). Costs will be divided into two broad categories: (a) fee or remuneration (according to the type of contract used) and (b) reimbursable, and further divided into foreign and local costs. The cost of staff time will be estimated on a realistic basis for foreign and national personnel.

5.9.3 Public Invitation of Consultants' EOIs

The procuring unit needs to submit to the Bank the General Procurement Notice for its publication in the UN Development Business on line and advertise on the national papers for expression of interest and prequalification. Allow not less than thirty (30) days for applicants to submit their expression. Template of EOI is appended in Annex D.

5.9.4 Short listing of Consultants:

The procuring units at each level along with their respective procurement consultant will be responsible for preparation of the short list. However, until capacity is developed in some RWBs and secondary city utilities support in short listing would be provided by MoWIE – WDC and RWBs procurement specialist. In shortlisting, priorities would be given to those firms expressing interest that possess the relevant qualifications. The prequalification is done based on evaluation methodology set in advance. Short lists shall comprise six firms. The short list may comprise entirely national consultants if the assignment is below USD \$500,000 and if a sufficient number of qualified firms is available for having a short list of firms with competitive costs, and when competition including foreign consultants is prima facie not justified or foreign consultants have not expressed interest. The short list should preferably comprise consultants of the same category, similar capacity, and business objectives.

5.9.5 Preparing Request for Proposal (RFP) and Issuing it to Shortlisted Consultants:

This include: the Letter of Invitation (LOI); Instructions to Consultants (ITC); the TOR and the proposed draft contract. The procuring unit may use an electronic system to distribute the RFP, provided that the Bank is satisfied with the adequacy of such system.

- i. **Letter of Invitation (LOI):** LOI states the intention of the procuring unit to enter into a contract for the provision of consulting services, the source of funds, the details of the client and the date, time, and address for submission of proposals. Sample of letters of Invitation is appended in Annex____
- ii. **Instructions to Consultants (ITC):** ITC contains both all necessary information that would help consultants prepare responsive proposals, and provides information on the evaluation process and by indicates the evaluation criteria and factors and their respective weights and the minimum passing quality score. ITC comprises the standard Instructions to Consultants which shall not be modified and the Data Sheet where any necessary changes to address specific country and project issues, shall be introduced (e.g., by adding new reference paragraphs) The ITC will indicate in its Data Sheet an estimate of the level of keystaff inputs (in staff time) required of the consultants or the total budget, but not both. Consultants, however, shall be free to prepare their own estimates of staff time to carry out the assignment and to offer the corresponding cost in their proposals. The ITC Data Sheet part also specifies the proposal validity Aperiod, which should be adequate for the evaluation of proposals, decision on award, Bank review, and finalization of contract negotiations. World Banks standard and Ethiopian standard Request for Proposals are available for free download at the websites of World Bank procurement and Ethiopian Public Procurement and Administration agency respectively
- iii. **Terms of Reference:** The TOR which will be prepared in advance defines clearly the objectives, goals, and scope of the assignment and provide background information (including a list of existing relevant studies and basic data) to facilitate the consultants' preparation of their proposals. MoWIE –WDC will prepare generic Terms of Reference for most of the required consultancy services and RWBs will be responsible to modify the generic ToR to suit their specific requirements and condition.

Proposed draft Contract: Standard and Special Conditions of contract are also included in the Standard Request for Proposal of the World bank and EPPPA. The procuring unit are expected to use the appropriate Standard Form of Contract issued by the Bank or Ethiopian Public Procurement and Administration Agency with changesas necessary to address specific country and project issues as acceptable to the Bank. Any such changes shall be introduced only through Contract Data Sheets or through Special Conditions of Contract and not by introducing changes in the wording of the General Conditions of Contract in the RFP Standard Form.

5.9.6 Receiving and Opening of Proposals

The procuring units shall allow at least 45 days and a maximum of three months for the consultants to prepare their proposals. During this interval, the firms may request clarifications about the information provided in the RFP. The procuring units provide these clarifications in writing and copy them to all firms on the short list (who intend to submit proposals). When necessary, the procuring units will then extend the deadline for submission of proposals. No amendments to the technical or financial proposal shall be accepted after the deadline. To

safeguard the integrity of the process, the technical and financial proposals shall be submitted in separate sealed envelopes.

5.9.7 Evaluating Technical Proposal - Quality Evaluation

The technical envelopes shall be opened immediately by a committee of officials drawn from the relevant departments (technical, finance, legal, as appropriate), after the closing time for submission of proposals. The financial proposals shall remain sealed and shall be deposited with a reputable public auditor or independent authority until they are opened publicly. Any proposal received after the closing time for submission of proposals shall be returned unopened. The evaluation of the proposals shall be carried out in two stages: first the quality: technical proposals giving merit points, and then the cost: financial proposal.

The technical evaluation shall be carried out in full conformity with the provisions of the RFP. The procuring units evaluate each technical proposal (using an evaluation committee of at least three specialists in the sector), taking into account several criteria: (a) the consultant's relevant experience for the assignment: weight given to experience can be relatively modest, since this criterion has already been taken into account when short-listing the consultant, (b) the quality of the methodology proposed: More weight shall be given to the methodology in the case of more complex assignments, (c) the qualifications of the key staff proposed: Evaluation of only the key personnel since key personnel ultimately determine the quality of performance, more weight shall be assigned to this criterion if the proposed assignment is complex. The individuals' general qualification, adequacy for the assignment and experience shall be rated as relevant to the task, (d) transfer of knowledge, if required in the TOR, and (e) the extent of participation by nationals among key staff in the performance of the assignment. Each criterion shall be marked on a scale of 1 to 100. Then the marks shall be weighted to become scores. The actual percentage figures to be used shall fit the specific assignment and shall be within the ranges indicated below, except with the approval of the Bank. The proposed weights shall be disclosed in the RFP.

The procuring units evaluate each proposal on the basis of its responsiveness to the TOR. A proposal shall be considered unsuitable and shall be rejected at this stage if it does not respond to important aspects of the TOR or it fails to achieve a minimum technical score specified in the RFP.

At the end of the process, the procuring units shall prepare a Technical Evaluation Report of the "quality" of the proposals using the template appended in Annex. D and, in the case of contracts subject to prior review, submit it to the Bank for its review and "no objection". The report shall substantiate the results of the evaluation and describe the relative strengths and weaknesses of the proposals. All records relating to the evaluation, such as individual mark sheets, shall be retained until completion of the project and its audit.

Evaluators of technical proposals shall not have access to the financial proposals until the technical evaluation, including any Bank reviews and no objection, is concluded. Financial proposals shall be opened only thereafter.

5.9.8 Opening and Evaluating Financial Proposals – Cost Evaluation:

After the evaluation of quality is completed and the Bank has issued its no objection, the procuring units inform the consultants who have submitted proposals, the technical points assigned to each consultant and notify

those consultants whose proposals did not meet the minimum qualifying mark or were considered non-responsive to the RFP and TOR that their financial proposals will be returned unopened after the signature of the contract. The procuring units simultaneously notify the consultants that have secured the minimum qualifying mark, the date, time, and place set for opening the financial proposals. The opening date shall be defined allowing sufficient time for consultants to make arrangements to attend the opening of the financial proposals. The financial proposals will be opened publicly in the presence of representatives of the consultants who choose to attend. The name of the consultant, the technical points, and the proposed prices shall be read aloud and recorded when the financial proposals are opened, and a copy of this record shall be promptly sent to the Bank of those contracts subjected to prior review or else to MoWIE - WDC. The procuring unit shall also prepare the minutes of the public opening and a copy of this record shall be promptly sent to the Bank and to all consultants who submitted proposals.

The procuring unit shall then review the financial proposals. If there are any arithmetical errors, they shall be corrected. For the purpose of comparing proposals, the costs shall be converted to a single currency selected by the procuring unit using the selling (exchange) rates for those currencies quoted by an official source (local currency or fully convertible foreign currency) as stated in the RFP. The RFP shall specify the source of the exchange rate to be used and the date of that exchange rate, provided that the date shall not be earlier than four weeks prior to the deadline for submission of proposals, nor later than the original date of expiration of the period of validity of the proposal. For the purpose of evaluation, "cost" shall exclude local identifiable indirect taxes on the contract and income tax payable to the country on the remuneration of services rendered in the country by non-resident staff of the consultant. The cost shall include all consultants' remuneration and other expenses such as travel, translation, report printing, or secretarial expenses. The proposal with the lowest cost will be given a financial score of 100 and other proposals given financial scores that are inversely proportional to their prices. Alternatively, a directly proportional or other methodology may be used in allocating the marks for the cost. The methodology to be used shall be described in the RFP.

5.9.9 Combined Quality and Cost Evaluation:

The total score shall be obtained by weighting the quality and cost scores and adding them. The weight for the "cost" shall be chosen, taking into account the complexity of the assignment and the relative importance of quality. The proposed weightings for quality and cost shall be specified in the RFP. The firm obtaining the highest total score shall be invited for negotiations.

5.9.10 Negotiations and Signing of the Contract

Negotiations shall include discussions of the TOR, the methodology, staffing, the client's inputs, and special conditions of the contract. These discussions shall not substantially alter the original TOR or the terms of the contract, lest the quality of the final product, its cost, and the relevance of the initial evaluation be affected. Major reductions in work inputs should not be made solely to meet the budget. The final TOR and the agreed methodology shall be incorporated in "Description of Services," which shall form part of the contract. The selected firm should not be allowed to substitute key staff, unless both parties agree that undue delay in the selection process makes such substitution unavoidable or that such changes are critical to meet the objectives

of the assignment. If it is established that key staff were included in the proposal without confirming their availability, the firm may be disqualified and the process continued with the next ranked firm. The key staff proposed for substitution shall have qualifications equal to or better than the key staff initially proposed. Financial negotiations shall include clarification of the consultants' tax liability in the country (if any) and how this tax liability has been or would be reflected in the contract. As Lump-Sum Contracts payments are based on delivery of outputs (or products), the offered price shall include all costs (staff time, overhead, travel, hotel, etc.). Consequently, if the selection method for a Lump-sum contract included price as a component, this price shall not be negotiated. In the case of Time-based Contracts, payment is based on inputs (staff time and reimbursable) and the offered price shall include staff rates and an estimation of the amount of reimbursable. When the selection method includes price as a component, negotiations of staff rates should not take place, except in special circumstances, like for example, staff rates offered are much higher than typically charged rates by consultants for similar contracts. Reimbursable are to be paid on actual expenses incurred at cost upon presentation of receipts and therefore are not subject to negotiations. However, if the client wants to define ceilings for unit prices of certain reimbursable (like travel or hotel rates), they should indicate the maximum levels of those rates in the RFP or define a per diem in the RFP. If the negotiations fail to result in an acceptable contract, the client shall terminate the negotiations and invite the next ranked firm for negotiations. The client shall consult with the MoWIE –WDC and to the Bank if the contract is subjected to prior review prior to taking this step. The consultant shall be informed of the reasons for termination of the negotiations. Once negotiations are commenced with the next ranked firm, the client shall not reopen the earlier negotiations. After negotiations are successfully completed and MoWIE -WDC and the Bank if the contract is subjected to prior have issued their no objection to the initialed negotiated contract, the client shall promptly notify other firms on the short list that they were unsuccessful.

5.9.11 Rejection of All Proposals and Re-invitation:

The client will be justified in rejecting all proposals only if all proposals are nonresponsive because they present major deficiencies in complying with the TOR or if they involve costs substantially higher than the original estimate. In the latter case, the feasibility of increasing the budget, or scaling down the scope of services with the firm should be investigated in consultation with the Bank. Before all the proposals are rejected and new proposals are invited, the client shall notify the Bank, indicating the reasons for rejection of all proposals, and shall obtain the Bank's "no objection" before proceeding with the rejection and the new process. The new process may include revising the RFP (including the short list) and the budget. These revisions shall be agreed upon with the Bank.

5.9.12 Confidentiality

Information relating to evaluation of proposals and recommendations concerning awards shall not be disclosed to the consultants who submitted the proposals or to other persons not officially concerned with the process, until the publication of the award of contract.

5.9.13 Contract Management

The Implementing Agency should make arrangements for the regular supervision of consultancy contracts. The supervision procedures of contracts should be undertaken in accordance with the provisions of the contract. The Implementing Agency team should also request the relevant supervisors to prepare regular progress reports on the performance of the consultants. This process would allow it to address at a much early stage any possible unsatisfactory performance that causes delays in completion of planned activities or compromise its quality. The following steps are generic good practices in consultancy contracts administration:

- **Conduct a kick-off meeting to better know the team members and agree on communication norms (formal and informal) and expectations, including:**
- **Agreeing on client's counterpart staff arrangement, periodic meeting schedules, procedures regarding client review and feedback on deliverables, monitoring and general support arrangements; acceptance of reports and payment request procedures.... etc**
- **Agree on norms or business standard for reports/deliverables that require client's approval**
- **During inception report, agree on the entire detail work program and key experts mobilization schedules;**
- **Conduct regularly monitor/supervise for the delivery of the assignment within agreed timelines, quality and cost;**
- **Following the institutional procedures and the contract provisions to modify or amend the contract timely, if such change is necessary and benefits the overall objectives;**
- **Close the contract with complete documentation and following legal procedures;**

5.9.14 Publication of Results and Debriefing

After the award of contract, the borrower shall publish in *UNDB online* and in *dgMarket* the following information: (a) the names of all consultants who submitted proposals; (b) the technical points assigned to each consultant; (c) the evaluated prices of each consultant; (d) the final point ranking of the consultants; (e) the name of the winning consultant and the price, duration, and summary scope of the contract. The same information shall be sent to all consultants who have submitted proposals.

In the publication of contract award referred above the client shall specify that any consultant who wishes to ascertain the grounds on which its proposal was not selected, should request an explanation from the Borrower. The client shall promptly provide the explanation as to why such proposal was not selected, either in writing and/or in a debriefing meeting, at the option of the consultant. The requesting consultant shall bear all the costs of attending such a debriefing.

5.10 Procurement Process Flow

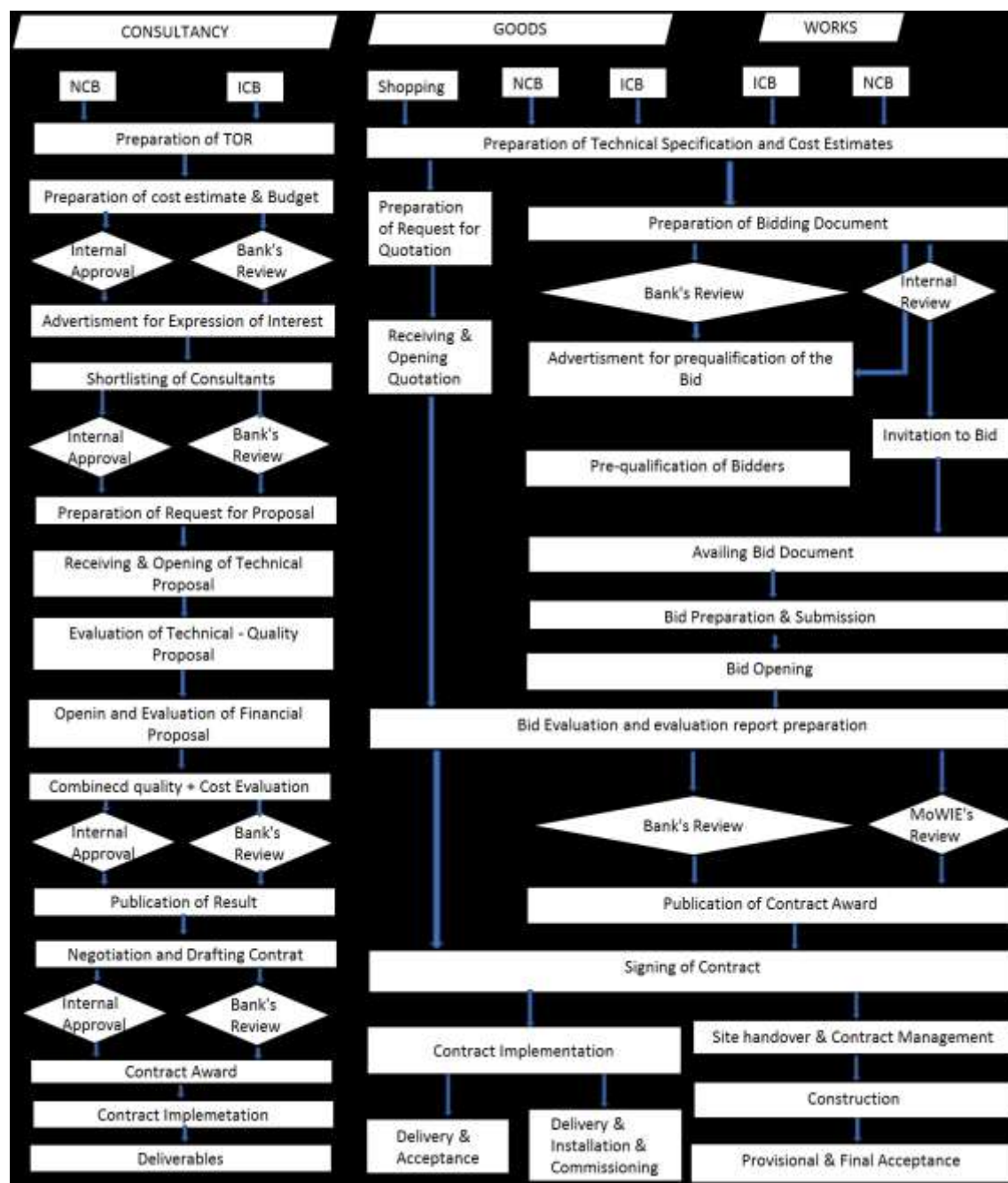


Figure 5-1: Procurement Process Flow

5.11 Complaints Handling

Complaints handling is a critical concern for suppliers, consultants and contractors. In principle, the compliant management system follows the World Bank Guidelines procedure for the prior review contracts and the federal government's procedure for the post review contracts regarding dispute resolution. When a procuring units receive complaints from a bidder it must inform MoWIE –WDC about the complaints submitted to it. Each implementing agency should significantly strengthen its approach to procurement-related complaints, as per the guidance given below for complaints arising in connection with contracts where the: •

Bank's Standard Procurement Documents (SPDs) are used.

Every procuring unit prior to signing of contract shall promptly and simultaneously provide, by quickest means available, each Bidder/Proposer that submitted a Bid/Proposal its s intention to award the contract to the successful Bidder/Proposer in writing: Notification of Intention to Award: This Notification must include the following information:

- **the name and address of the successful Bidder/Proposer who will be awarded the contract;**
- **the contract price (or where the successful Bid/Proposal was determined based on rated criteria, the contract price and the total combined score) of the successful Bidder/ Proposer ;**
- **the names of all Bidders/Proposers that submitted Bids/Proposals and their prices as read out, and as evaluated;**
- **a statement of the reason(s) why the recipient's Bid/Proposal was unsuccessful**
- **instructions on how to request a debriefing and/or submit a procurement-related complaint during the Standstill Period; and**
- **the date the Standstill Period is due to end.**

This allows the bidder to submit complaints in case of procurement related complaint, challenging the decision of award:

If a procurement-related complaint has been received, the procuring body must first address the procurement-related complaint before it can proceed to award the contract. Details of the entity/person to whom, complaints shall be addressed, shall be set forth in the Procurement Documents.

Where a procurement-related complaint meets all of the essential requirements the Borrower will review and resolve it within the timelines set out in the following table.

	Acknowledging receipt of complaint	Providing response to the complaint
Procurement document	within 3 business days	within 7 business days
Decision to exclude	within 3 business days	within 7 business days
Decision to award contract	within 3 business days	within 15business days

However, in case of a complaint that does not meet all of the requirements; the procuring body is encouraged to address it within a reasonable time.

For contracts subject to prior review by the Bank:

- **MoWIE –WDC must inform promptly of any complaint submitted and provide the Bank a copy of all relevant documents and information**
- **MoWIE –WDC consults the Bank promptly and forthrightly throughout the complaint review and resolution process.**

If the head of the public body does not issue a decision within the time stated in sub-article (3) of this Article, or if the candidate is not satisfied with the decision of the head of the public body the candidate is entitled to submit a complaint to the Board within five working days from the date on which the decision has been or should have been communicated to the candidate by the public body.

National Procurement Documents are used

A procurement complaint arising in connection with a contract subject to national procurement is subject to the Federal Public Procurement Directives of FGE.

A complaint against an act or omission by the public body shall in the first instance, be submitted to the head of the public body. A candidate shall have to submit the complaint within five working days from the date he knew or should have known the circumstances giving rise to the complaint. Unless the complaint is resolved by mutual agreement, the head of the public body shall suspend the procurement or property disposal proceedings and shall, within 10 days after submission of the complaint, issue a written decision, stating the reasons, and, if the complaint is upheld, indicating the corrective measures to be taken.

Procedure for review of complaints presented to the head of a procuring unit:

- **Before a procurement contract is signed: -**
- **the Public Body conducting bid proceedings shall wait for seven working days after disclosing the result of the bid evaluation or after responding to a complaint, to give bidders time to present complaint,**
- **a candidate or a bidder shall within 5 working days of when he became aware of or should have been aware of the reason giving rise to the grievance, may submit his complaint to the head of the Public Body.**
- **the head of the Public Body shall give decision on the complaint in writing within ten working days from the date of submission of the complaint**
- **The Public Body shall give to the complainant a copy of the decision within 5 working days from the**

date in which the decision was made.

For Bids submitted by two envelopes:

- **The Public Body shall communicate the result of the technical evaluation in writing to all bidders at the same time.**
- **The Public Body shall indicate in the letter in which it discloses the result of the technical evaluation to each bidder that any bidder claiming that the technical evaluation has not been conducted in conformity with the proclamation, this directive or the bidding document has the right to present his complaint to the head of the Public Body with in 5 working days of being notified of the result.**
- **A bidder who can prove that the decision given by the head of the Public Body on the complaint lodged by him concerning the conduct of the technical evaluation is not in conformity with the proclamation, this directive or the bidding document may present his complaint to the board with in five working days of being notified of the decision.**
- **A Public Body may open the envelopes containing the financial proposals after 5 working days from the date of notification of the result of the technical evaluation to the bidders. If the candidate is not satisfied with the decision of the head of the public body the candidate is entitled to submit a complaint to the regional PPA or Board established at Federal PPPAA, within five working days from the date on which the decision made. If a complaint is presented to the board in due time against the decision of the head of the Public Body on the complaint previously lodged by a bidder concerning the technical evaluation, The Public Body shall keep the envelopes containing the financial proposals unopened until the board gives its final decision on the case.**
- **If the head of the public body does not issue a decision within the 10 days, or if the candidate is not satisfied with the decision of the head of the public body the candidate is entitled to submit a complaint to the Board that is to within five working days from the date on which the decision has been or should have been communicated to the candidate by the public body.**

All complaints handling procedures should be documented by the implementing agency and such reports must be submitted to the federal or regional PPPAA and MoWIE -WDC.

5.12 Prior Reviewed Contracts

The Bank will review all contracts subject to prior review. This also includes all contracts at or above the mandatory procurement prior review threshold that are subjected to international advertising and the use of the World Bank's SDBs (or other documents agreed with the World Bank).

Prior review 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 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 in the table 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 1: World Bank Prior Review and Procurement Approaches and Methods Thresholds

Category	Prior Review (US\$ millions)					
		Open International	Open National	RFQ	Shortlist of National Consultants	
					Consulting Services	Engineering and Construction Supervision
Works	≥5.0	≥7.0	<7.0	≤0.2	n.a.	n.a.
Goods, IT, and nonconsulting services	≥1.5	≥1.5	<1.0	≤0.1	n.a.	n.a.
Consultants (Firms)	≥0.5	n.a.	n.a.	n.a.	0.2	0.3
Individual consultants	≥0.2	n.a.	n.a.	n.a.	n.a.	n.a.

5.13 Post Reviewed Contracts

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 entity shall also furnish such documentation to the Bank or its consultants upon request. To support this post review process each Implementing entity should prepare a contract register that shows list of contracts 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.

5.14 Procurement Monitoring and Supervision Procedures

A very important part of good project management is the continuous monitoring of project implementation against the agreed schedule and milestones and the use of procured goods, works and services by the project beneficiaries. An Internal Audit unit to monitor all procurements under the ONWP- CWA II should be set-up/identified at the all implementing agencies and properly equipped to provide the required monitoring and evaluation of all procurement activities. Therefore, at all implementing agencies structure, the functions of continuous monitoring and supervision of procurement activities shall be performed by the Internal Audit units and a copy of their reports made available to the MoWIE -WDC. The objectives of the Procurement Monitoring Unit shall be:

- To provide continuous feedback on procurement implementation at the regional levels;
- To facilitate timely adjustment to procurement process, where necessary.

It is important in the project produces annual 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 MoWIE WDC. The WDC will submit the consolidated annual procurement report to the World Bank for approval.

The procurement specialists operating at MoWIE - WDC and other implementing agencies, shall prepare quarterly **Procurement Management Report(PMR)** that provides information on the following areas:

- Progress of works and services compared with agreed schedules;
- Physical delivery of goods, structures (works) and services and their respective costs;
- The usage of the goods, structures and services by the project beneficiaries and their reactions;
- Reasons for unexpected reactions by the project beneficiaries;
- Procurement audit findings without disclosing identity of individuals or entities; and implementation of procurement audit recommendation if any during the reporting period;
- Provide general information on the status of contract commitments and expenditures.

Deviations from procurement plan and unexpected beneficiary reactions shall be reported in the PMR and a diagnostic study shall be carried out to reveal causes and suggested remedial actions. The PMR shall include a procurement and contract management progress summary sheet as annex. The procurement and contract management progress summary sheet is included in the Standard Procurement Templates bound in separate volume of this POM.

The PMR prepared by the Procurement Monitoring Unit and the reports of the MoWIE Internal Auditors shall be made available to Bank's supervision missions and the Federal and Regional Public Procurement and Property Administration Agency.

Independent Procurement Audits will also 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 – WDC will select the procurement audit firms through a Bank prior review process annually and will reflect the planned selection process in its procurement plan.

5.15 Procurement Records 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 of 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.

5.16 Procurement Code of Ethics

Procurement entities as well as bidders and service providers, i.e., suppliers, contractors, and consultants shall observe the highest standard of ethics during the procurement and execution of contracts financed under the project in accordance with paragraphs 1.14 and 1.15 of the Procurement Guidelines and paragraph 1.22 and 1.23 of the Consultants Guidelines, in addition to the relevant Articles of the Ethiopian Public Procurement Directive which refers to corrupt practices. In pursuance of this policy, the project:

(a) Defines, for the purposes of this provision, the terms set forth below as follows:

- **“Corrupt practice” is the offering, giving, receiving, or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party;**
- **“fraudulent practice” is any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation;**
- **“Collusive practice” is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party;**
- **“Coercive practice” is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party;**
- **“Obstructive practice” is**
- **deliberately destroying, falsifying, altering, or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede a project investigation into allegations of a corrupt, fraudulent, coercive or collusive practice; and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the**

- investigation or from pursuing the investigation, or
- acts intended to materially impede the exercise of the project's inspection and audit rights provided below.
- (b) Will reject a proposal for award if it determines that the bidder/consultant recommended for award, or any of its personnel, or its agents, or its sub-consultants, sub-contractors, service providers, suppliers and/or their employees, has, directly or indirectly, engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices in competing for the contract in question;
- (c) Will declare mis-procurement and cancel the portion of the fund allocated to a contract if it determines at any time that representatives of the project implementing institutions engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices during the procurement or the implementation of the contract in question, without the project implementing institutions having taken timely and appropriate action satisfactory to the project to address such practices when they occur, including by failing to inform the Bank in a timely manner at the time they knew of the practices;
- (d) Will sanction a firm/consultant or individual, at any time, in accordance with the prevailing World Bank's sanctions procedures, including by publicly declaring such firm or individual ineligible, either indefinitely or for a stated period of time: (i) to be awarded a project financed contract; and (ii) to be a nominated sub-contractor, consultant, supplier, or service provider of an otherwise eligible firm being awarded a project financed contract;
- (e) Will require that a clause be included in bidding documents/RFP and in contracts financed by a Project fund, requiring bidders, suppliers and contractors, and their sub-contractors, agents, personnel, consultants, service providers, or suppliers, to permit the project (World Bank) to inspect all accounts, records, and other documents relating to the submission of bids and contract performance, and to have them audited by auditors appointed by the World Bank; and
- (f) Will require that, when the project implementing institutions procures goods, works or non-consulting services and consulting services directly from a United Nations (UN) agency, under an agreement signed between the project implementing institutions and the UN agency, the above provisions of this paragraph regarding sanctions on fraud or corruption shall apply in their entirety to all suppliers, contractors, service providers, consultants, sub-contractors or sub-consultants, and their employees that signed contracts with the UN agency.

5.17 Procurement Oversight

MOWIE – WDC is responsible for monitoring all procurement activities with a view to ensuring compliance with regulations, identifying procurement gaps of implementing agencies and tailoring training to build capacity of regional and utility PMUs. PPPAA will also conduct audit to ensure that procurement and property administration activities of public bodies are in accordance with its procurement Proclamation and directives and other documents governing public procurement and property administration. PPPAA is also expected to receive and act on any complaints from tenderers of those bids that uses national bidding documents.

MoWIE – WDC has an overall oversight responsibility to ensure that the procurement process is carried out as per the Financing Agreement (FA). Therefore, MoWIE –WDC will have a procurement oversight role in the program through periodic monitoring and supervision of project's procurement activities, identifying procurement capacity gaps of regional implementing institutions and organizing tailored trainings to build capacity of these institutions at regional level.

The heads of project implementing institutions at all levels have a vital role in setting up a properly functioning procurement system including the procurement unit, procurement staff and Tender Endorsing Committee (TEC). Therefore, those officials have to keep themselves aware of the process, procedures and agreed rules of procurement and should actively lead procurement implementation in accordance with the agreed procedures. The Heads of project implementing institutions at all levels ultimately have the major responsibility of ensuring that:

- **The procurement is handled based on the agreed procurement rules and procedures;**
- **All procurement staffs, tender committee members, internal auditors, and ONWP -CWA accountants at all level are trained and are aware of the agreed procurement requirements and procedures applicable to the project;**
- **All staff should receive the copy of the Program Operational Manual (POM) and other legal documents of the project including the World Bank procurement guidelines and SBDs;**
- **Internal control and quality assurance system are established within the procurement environment and function properly.**
- **The necessary system is established to effectively track procurement implementation;**
- **Proper monitoring mechanism is in place so that any pitfall can be traced and corrected in time;**
- **Continuously track and address procurement capacity problems in the agency;**
- **An adequate control and safe keeping of procurement documents and a well-functioning documentation system has been established to track the access and movement of the documents;**
- **An internal control system is established to check the quality and legality of each procurement process at each stage.**

The Heads of project implementing institutions at all levels are particularly responsible to actively follow up and overlook overall procurement implementation and should also organize the procurement function with clear segregation of duties and responsibilities among different players.

At reasonable time intervals, the Heads of the project implementing institutions should seek the service and encourage the internal auditor to assess the implementation of procurement activities of the project and should implement those recommendations that are found to be practicable.

5.17.1 Combating Fraud and Corruption

All parties to the procurement process shall maintain the highest standard of ethics during the solicitation and contract execution. It is therefore imperative for MoWIE –WDC and other implementing agencies to ensure that:

- The provisions in section 1.15 of the Bank's Guidelines on Procurement are strictly considered and adhered to;

- Procurements process stated in the Guidelines are followed for goods, works and services to be procured under the project;
- Procurement officers at the federal and regional, city levels are trained and re-trained to ensure that they are very conversant with the Bank's procedures and as simplified in this manual.
- There should be known and implemented policy on punishing erroring procurement staff and any other staff involved in procurement process.

5.18 Procurement Staffing

Level of procurement staffing required of each implementing agency at all levels is as shown below.

S/n.	Name of Implementing agency	No. of Procurement Officers	Description of their level of educational qualification and procurement experience.
1.	WDC	Procurement and contract Management coordinator, Five senior procurement proficient individual consultants / specialist Three Contract Management specialist/individual consultants One Junior Procurement specialist Two good transitors	Have MSC or above in procurement or contract administration and 10 years of relevant experience Have MSc or above in Engineering or procurement other relevant field with 8 years or above experience at least 3 years in the water supply and sanitation sub-sector with a high credit to experiences in procurement, Have M.Sc. in contract administration and 8 years of experience Have B.Sc. in engineering or procurement and 4 years of relevant experience
5.18.1	Water Resource Development Fund	One senior procurement proficient individual consultants / specialist	Have MSc or above in Engineering or procurement other relevant field with 8 years or above experience at least 3 years in the water supply and sanitation sub-sector with a high credit to experiences in procurement

2	RWB	Sufficient number of procurement specialist	Have B.Sc. or above in Engineering or procurement other relevant field with 8 years or above experience at least 3 years in the water supply and sanitation sub-sector with a high credit to experiences in procurement,
4	Towns	One procurement specialist	have BSc or above in Engineering or procurement other relevant field with 8 years or above experience at least 3 years in the water supply and sanitation sub-sector with a high credit to experiences in procurement,

5.19 Training/Capacity Building

Capacity building trainings will be organized as detailed in the Table below to undertake procurement at all level in compliance with the procurement procedure and combat procurement risk.

Level	Trainees	Examples of specific areas of procurement training needs	Trainer	Remarks
MoWIE _WDC, BDA, RWBs & Towns	<ul style="list-style-type: none"> • PMU Coordinator; • PMU Procurement Specialist; • PMU FM Specialists; • PMU Technical specialists/engineers: WS, WW, Electro-mechanical, O&M 	<ul style="list-style-type: none"> • Procurement planning, • Bidding document preparation, • Bid evaluation, • Contract management • Procurement of Goods, Works and services • Systematic Tracking of Exchanges in Procurement (STEP) 	World Bank Procurement and Finance Management Specialists	2 days training twice a year: 1 in July & the other in January to be organized every year (from Year 1 through Year 5)
Middle and small towns	<ul style="list-style-type: none"> • Utility head; • Utility finance head • Utility procurement 	<ul style="list-style-type: none"> • Procurement planning, • Bid document 	MoWIE- WDC & RWBs	2 trainings/year in 2 sessions, each for 2 days: One in

Level	Trainees	Examples of specific areas of procurement training needs	Trainer	Remarks
	<p>head</p> <ul style="list-style-type: none"> • Utility technical departments heads • PMU Coordinator; • PMU Procurement Specialist; • PMU FM Specialists; • PMU Technical specialists/ engineers • Plus all who would be part of the evaluation committee 	<p>preparation</p> <ul style="list-style-type: none"> • Bid evaluation • Contract Management • Procurement of Goods, Works and services 	Procurement Specialists	<p>August and the other in February to be organized every year</p> <p>(from Year 1 through Year 5)</p>

5.20 Procurement Risk Management

Risk Description	A Likelihood Rating	B Impact Rating	C Duration Rating	Overall Risk Rating (A*B*C)	Description of Proposed Mitigation Measures
Limited capacity and number of professionals in Procurement and contract Management	H	H	M	H	<ul style="list-style-type: none"> • Recruit sufficient number of qualified and experience professionals (as an individual consultant) for the project implementation support – 2 procurement specialists and 2 contract management specialists • Providing Object Oriented Capacity Building on Procurement and contract management at EMI and abroad including structured and focused training on procurement and contract management to those involved. • Allocate attractive pay and benefit to the qualified staff and retain them in the project • Prepare comprehensive procurement manual and disseminate to all project implementers.

Risk Description	A Likelihood Rating	B Impact Rating	C Duration Rating	Overall Risk Rating (A*B*C)	Description of Proposed Mitigation Measures
Limited capacity of Civil works contractors' and delay in completion of works	H	H	M	H	<ul style="list-style-type: none"> provide proper qualification criteria in the bidding document and perform proper post qualification check of the recommended bidders strengthening the clients' capacity in bid evaluation and contract management. provide adequate contract duration taking into account of the different components/scopes of works included in each contract.
Less attention on preparation of Realistic procurement plan and lack of systematic procurement records keeping and contract register	M	M	M	M	<ul style="list-style-type: none"> Conducting frequent market survey and determine realistic cost estimates and on continuous registering of contracts and maintaining procurement and contract records
Limited capacity of consultant to deliver quality outputs within the agreed time frame, and weak contract management on project supervision. Non applicability of professional liability at national level and non-applicability of liquidated damage clauses in the contract agreement	M	H	H	H	<ul style="list-style-type: none"> Due attention should be given from the preparation of Terms of Reference to technical evaluation process in order to select the qualified and experienced consultant for the proposed assignment. Closely monitor the consultancy contract implementation and exercising professional liability indemnity or adding clauses of damages in the agreement and applying thereto. Provide reasonable contract duration in the consultancy contract Establish proper document hand over system between the incoming and outgoing staff when the procurement staff leaves.
Limited number of Capable Bidders on Deep well	H	H	H	H	<ul style="list-style-type: none"> Packaging of interlinked and similar nature contracts to attract

Risk Description	A Likelihood Rating	B Impact Rating	C Duration Rating	Overall Risk Rating (A*B*C)	Description of Proposed Mitigation Measures
drillings and Supply and Installations of Electro Mechanical Equipment					<p>more capable and experienced bidders</p> <ul style="list-style-type: none"> Regularly implement business outreach to encourage and attract the bidders in these areas.
Delay in sources identification, study and design of ground water resources which affect the whole project implementation.	M	H	H	H	<ul style="list-style-type: none"> Package source confirmation study and design of water supply system with implementation phase as a single contract focus on source confirmation and study & design as a prerequisite for implementation of the project undertake source confirmation and water Supply and sanitation engineering design of the project phase for implementation of civil work construction in the Next consecutive phases of project
Lack of water supply study and design manual including up-to-date design criteria, and less attention on preparation of quality specification and hastening to implementation without adequate document appraisal	M	M	M	M	<ul style="list-style-type: none"> develop a workable water supply study and design manual including up to date design criteria during the project preparation period that can serve as a working tool. Establish appraisal team comprising of appropriate professional mix at all level and to set a rule as pre-requisite for project implementation
Lack of Adequate facility such as internet connection, office space & Equipment and Vehicles for the project staff	M	M	M	M	<ul style="list-style-type: none"> improve the working environment by providing appropriate working facilities and internet connection and transport for mobility of the procurement staff to support the lower level implementers

Risk Description	A Likelihood Rating	B Impact Rating	C Duration Rating	Overall Risk Rating (A*B*C)	Description of Proposed Mitigation Measures
Shortage of Foreign currency for the contracts open national contracts	H	H	H	H	<ul style="list-style-type: none"> Allow bidders to quote in convertible Foreign currency for these contracts and Facilitating opening of LC from Special Account
Too much slicing of Contracts during bid	M	M	M	M	<ul style="list-style-type: none"> package Civil works, Supply and Installation of Pipes, Fittings and Electro Mechanical Equipment for a single or multiple project. package drilling works of similar scope and nature together to attract more bidders
Delay on Bid Evaluation and Internal approval by the endorsing committee at all levels.	H	H	H	H	<ul style="list-style-type: none"> the committee member should not be given other tasks during evaluation provide refresher training and project awareness to the evaluation and bid endorsement committee members. Prepare and apply business standard with specific time frame for the evaluation and endorsement
Abnormal Financial Price offer by the bidders and its complication for the rejection with the free market concept	M	M	M	M	<ul style="list-style-type: none"> Conducting frequent market survey to determine realistic cost estimates and reject the bid that is substantially lower than the up-to-date engineering estimate or market price. investigate the causes of abnormal low prices during evaluation to avoid front loading price
Lengthy Payment approval process for contractors/Suppliers/Consultants	M	M	M	M	<ul style="list-style-type: none"> shorten the payment approval process by setting aside time frame for payment certificate review and appraisal
Not appointing Adjudicator on the contract agreement signed	M	H	H	H	<ul style="list-style-type: none"> prepare a proactive plan including allocation of budget for the appointment of Adjudicator in

Risk Description	A Likelihood Rating	B Impact Rating	C Duration Rating	Overall Risk Rating (A*B*C)	Description of Proposed Mitigation Measures
for any disputes that is not amicably settled between contracting parties, and referring to Court for resolution					<p>the contract agreement</p> <ul style="list-style-type: none"> create awareness on significance of Adjudicator over litigation as contractual management procedure for dispute resolution

5.21 Mis-procurement

Misprocurement occurs when goods, works, or services are not procured in accordance with procedures agreed to in the Financing Agreement of the Project. 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 misprocured. 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 misprocurement 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 misprocurement 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 misprocurement 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 misprocurement 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.

5.22 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 MoWIE, MOH, MOE, RWBs, ZWBs, Woredas, and utilities of the small and medium towns. 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 utilities in the secondary cities shall be consolidated annually at the region level and shall be sent to the MoWIE – WDC PMU. The PMU shall consolidate all contract registers from all Executing Agencies and shall avail the consolidated Program Contract Register for Bank and for Auditors.

6. 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 ONEWASH,. 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 performancesupport 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

7. FRAUD AND CORRUPTION

The main factor that leads to fraud and corruption is a weak fiduciary environment. Improving this environment in the participating ONEWASH 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 MoF.

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 ONEWASH 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 ONEWASH’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.

8. 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).

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.

8.1 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 overall financial management of the Program are summarized in Table 7:1.

Table 8-1 Staffing Requirements *(Will be revised sectorally based on phase 1 experience)*

Institution	Staffing Arrangements	Required Number					
		WaSH Coordination office	Water Sector	Health Sector	Education Sector	Finance Sector	Total
Federal Level	WASH Coordinator PMU coordinator(one for each of the four ministries) M&E specialist Procurement specialists Contract management Specialist Financial management/specialist Accountant Community management expert Gender Expert Water supply engineer S&H expert Environmental safeguard specialist Social Safeguard Specialist Hydromet Coordinator/Water Resource management specialist						

Institution	Staffing Arrangements	Required Number					
		WaSH Coordination office	Water Sector	Health Sector	Education Sector	Finance Sector	Total
Regional level	WASH Coordinator(1 for each of the four bureaus) Community management expert Water supply engineer Procurement Specialists Contract management specialist S&H Specialist Environmental safeguard expert Social Safeguard expert Financial management specialist (1) Accountant (2 for big regions and 1 for emerging regions) M&E specialist Gender Expert						
Zonal level	WASH focal person Sanitation and hygiene specialist Water Supply specialist M&E specialist Financial management/accounting						

Institution	Staffing Arrangements	Required Number					
		WaSH Coordination office	Water Sector	Health Sector	Education Sector	Finance Sector	Total
Woreda level	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						
Town/City level	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						

8.2 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 causes huge delays and lack of continuity in program implementation.

In order to address the problem, the Ministry of Finance 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. Based on review of individual performances, the NWSC on annual bases will consider annual salary increment.

8.3 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.

8.4 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.

8.5 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..

9. 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'	
	Rural WaSH	MoWIE	AfDB/DFID	
	Urban WaSH	MoWIE	World Bank/UNICEF	
	Capacity building	MoWIE	UNICEF	
	Sanitation and Hygiene	MoH	UNICEF/WSP-WB	
	School WaSH	MoE	UNICEF	
	FM and Procurement	MoF/MoWIE	World Bank	
	Monitoring and Evaluation Sustainability / Vulnerability Checks)*	MoH, MoE, MoWIE	DFID/AfDB/UNICEF/WB	
	Safeguards	MoWIE	World Bank	
	Audit	MoF	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.

10. MONITORING AND EVALUATION

10.1 General

The M&E arrangement of this Program will build mechanisms created under the first phase of CWA with clear institutional arrangement to ensure systematic and periodic reporting of the Program outcomes and outputs. The Program will continue to finance the structure created for handling M&E tasks both at federal and regional WaSH PMUs including coordination offices. Considering the scale and dispersed nature of Woredas in the big regions (Oromia, Amhara and SNNP), the Program will consider zonal level focal persons to handle M&E tasks.

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 and outcomes result indicators for the Program.

Proper monitoring and evaluation of the Program includes:

1. Continuous and Regular assessment of input use: Inputs are human, material (logistical) and financial resources required to obtain a desired output. Assessment of inputs includes tracking use of funds and technical support to various components of the Program, deployment of staffs, availability of required logistical materials and etc. through monthly and quarterly financial and physical progress reports,
2. Continuous and regular assessment of outputs: Outputs are results produced by the Program. Outputs are what mainly Federal, regional and woreda level Program implementation entities will be held directly responsible for. Tracking outputs with the focus on the result framework indicators is required to measure performance of the Program.
3. Assessment of Outcomes: Outcomes are short, medium and long-term desired effects as a result of the Program. Short and medium term evaluation of intended outcomes as specified in the RFW will be assessed during the Program period and will be useful to track progress towards meeting the Program development objective.

The monitoring will look both at the process and result in terms of i) what and how activities are identified, planned and accomplished; ii) examining the progress -checking whether activities are implemented according to plan; iii) scrutinize the process in terms of how activities are done and who are involved/organized; and iv) measure end results/effects – what was the end result?

10.2 Baseline assessment

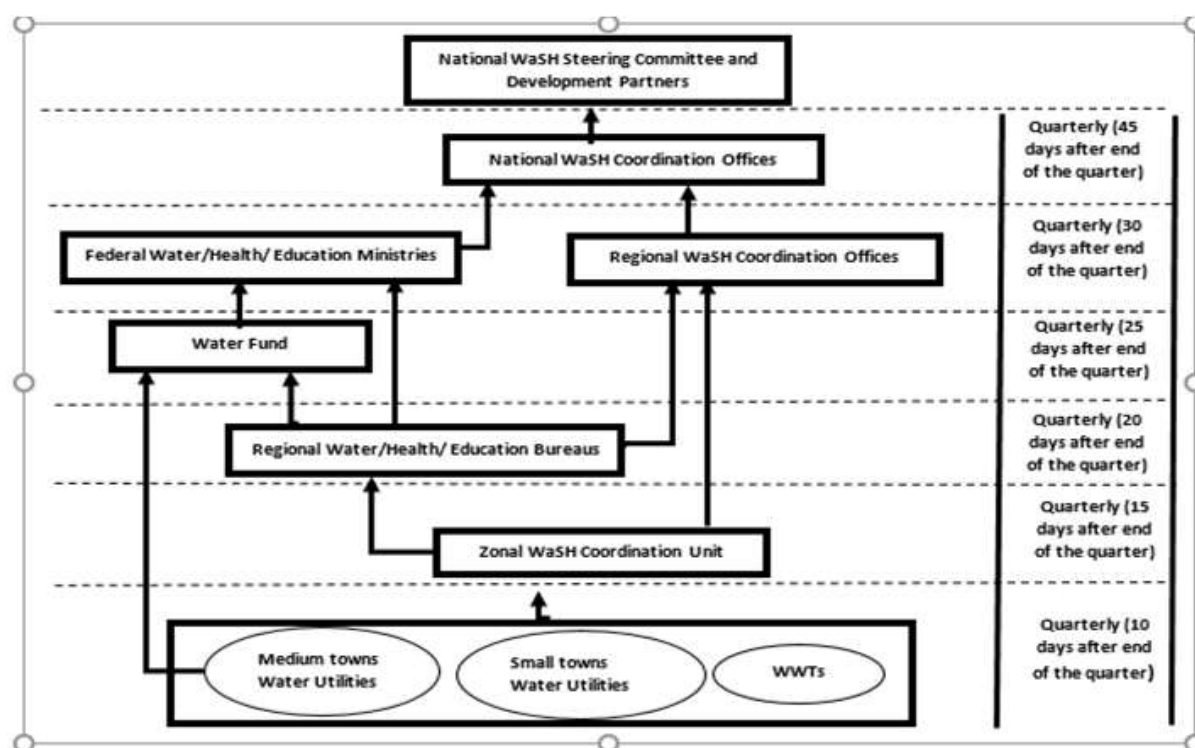
During the Program development stage, Woreda level baseline for key WaSH indicators was compiled, analyzed and mapped for a total of 754 woredas using data collected from regional baseline reports, HMIS and EMIS reports, and regular report of Early Warning and Response committee. Under the assessment, ten WaSH indicators clustered in two groups are covered (Impact and Outcome level). The impact level indicators are: i) Stunting rate, ii) Prevalence of diarrhea under age of five and iii) primary students' dropout rate. Outcome level indicators include: i) Access for rural water supply, ii) Access for rural HH sanitation, iii) ODF Coverage, iv) Health facility Water supply coverage, v) Health Facility improved sanitation coverage; vi) School Water Supply

coverage, and vii) School Improved Sanitation coverage. In addition, basic woreda level information and drought and flood prevalence summary including a correlation result between water supply and the defined impact level indicators are captured under the assessment. The findings is expected to be further refined by the NWI II and will serve as a base for facilitating mid and end term as well as impact evaluations. Every year Program participating woredas and towns are expected to update and submit their WaSH baseline data based on the format attached to this POM which will be consolidated and reported by the NWCO

10.3 Reporting Arrangement

10.3.1 Reporting responsibility and schedule

The regular performance and result reporting responsibility of the Program will be placed on WaSH Coordination Offices (Federal, Regional and Zonal), WaSH sector PMUs (Federal and regional), Woreda WaSH Teams and Town water utilities. Every three month the NWCO will prepare and submit a consolidate progress report based on agreed reporting format to the NWSC and the CWA DPs no latter than 60 days after end of the quarter. While reports produced on quarterly bases will focus on performance monitoring, semiannual and annual reports will include progress on result indicators. To facilitate standard and consistent reporting among the different actors, the NWCO will develop and put in place a revised reporting guideline/format. The Program will also assist Federal and regional level WaSH sector PMUs and Coordination offices to develop and use a systematic data collection and compilation tool to facilitate easy report compilation. Respective higher officials and the steering committees, before submission to the next reporting line, should approve all produced reports. The following figure shows the line and schedule of Program progress reporting.



10.3.2 Structure of Regular Program Progress Reports

Outlining the main elements of the periodical sector reports is important to align reports coming from implementing units. The Program progress reports will include both physical and financial status. Quarterly reports should show progress against planned activities and/or outputs while the annual reports should show the progress towards achievement of output and outcome. The NWCO will build on the existing CWA reporting format and will develop clear and simple reporting formats for Woreda, Zone, Region and Federal level WaSH sectors. However, general layout of progress reports shall include the following sections and sub section.

- I. **Executive summary:** this section is expected to provide a summary of the Program implementation progress, the challenges and recommendation in one or two pages. It should consider key updates of all the five components including progress summary of fiduciary, safeguards and M&E activities.
- II. **Program Information** The objective of this section is to provide background and introductory information about the Program. Major points expected to be addressed under this section include"
 - i) General Information (Program name, Financer, Implementation period, Program location etc.),
 - ii) Program Development Objective, iii) Program Components, iv) Program outcomes/outputs and component based budget allocation (for the Program period and for the FY), v) Program Beneficiaries, vi) Reporting Period.
- III. **Physical implementation progress of components and sub components:**

- a. Shall include all components and sub components
 - b. Shall provide brief description of the subcomponents in terms of allocated budget for the subcomponent, high level targets of the sub component, activities financed under the sub component, summary of results achievements so far (if any)
 - c. Shall have i) description of activities under the sub component ii) description of expected results for each of the activities under the subcomponent, iii) progress of each activities under the sub component against the annual plan and/or contract schedules (procurement progress, study and design progress, construction progress), iv) description of reasons for deviations against plans, v) description of results achieved under each of the activities (study and design documents produced, WSS facilities constructed, additional sludge collection, transport, treatment and disposal capacity created, additional water supply capacity created, etc.),
 - d. Shall be separately described in a tabular form to show progress of each activity against plan (component, sub component, activity, annual plan, quarter plan, achievement against quarter plan, achievement against cumulative plan, % of progress against quarter plan, %age of progress against cumulative plan,
- IV. **Social and Environmental safeguards:** under this section, utilities are expected to discuss about i) preparation activities for ESIA and RAP, and ii) preparation and implementation in accordance with the RPF and ESMF
 - V. **Procurement and Contract Management:** under this section the following points are expected to be addressed i) discussion on availability of approved procurement plan and regular update and revision of the PP, ii) procurement and contract progresses against the PP and contract schedules, iii) issues/ challenges regarding procurement and contract management with way forward action plans, and iv) summary contract information (type/category of contract, contract signing date, contract value, contract period, contract progress etc.)
 - VI. **Financial Management:** shall discuss about i) fund utilization progress by category and component against Program life allocation and annual and quarter plan, ii) progress for audit preparations and implementation, iii) inclusion of reasons for variances against plan etc.
 - VII. **Monitoring and Evaluation and Updated RFW:** This section focuses about i) the regularity, completeness, and timeliness of Program progress reports, ii) updating of the RFW of the Program, iii) regular review meetings and supervision activities, iv) regular baseline data updates, v) actions agreed in implementation missions and status of implementation, etc. The RFW table should be included in the report
 - VIII. **Issues and Recommendations:** challenges faced during the reporting period, measures taken and actions planned to resolve pending issues are expected to be addressed under this section.

10.4 Mid Term Review

A midterm review (MTR) will be conducted at the end of the third year of implementation. The MTR will be conducted to assess the overall performance of the Program and its progress toward achieving the development objectives. It will also assess the efficiency and effectiveness of Program design and implementation and highlight the need for any adjustments. An independent consultant will be contracted by the MoWIE to conduct the mid-term review for the Second UWSSP. 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. The Programat mid/end term will also conduct an impact evaluation to capture the learning and efficacy of Program interventions.

10.5 WaSH Progress Review Mechanisms

The Program will build on the existing progress review mechanisms during implementation. with a view to enhance learning and experience sharing among Program woredas and towns, regular WaSH Annual Review Meetings (WARM) to track implementation progress and provide feedback for improvement. The forum will be organized by respective Zonal, regional and National WaSH coordination offices. Under the platform, best performing woredas and towns will be selected based on pre-defined service delivery result indicators and will be recognized/awarded. This is expected to create a positive competition towards meeting intended results among Program woredas and towns. Once this initiative is tested and piloted under CWA, the platform will be scaled up to the wider OWP. In general the WaSH Progress review mechanisms will involve

- 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,
- ZWCO conducts quarter and annual WaSH progress review meetings with the region WaSH stakeholders including zone and woreda 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 and WaSH sectors will be held twice in a year involving the major WaSH stakeholders Once a year a WaSH annual Review meeting involving all Program woredas will be organized by the NWCO. Regional and zonal WaRMForum will be conducted at regional and Zonal level once in a year.
- Prior to the JTR, Joint government and CWA pooling partners implementation support and supervision missions will be conducted on a biannual and annual basis. Given the size of the Program, Interm missions will also be organized on quarterly bases. 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.
- The missions will discuss: (a) CWA Work Plan and Procurement Plan; (b) progress made on program implementing against the Program Plan, progress of 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.

10.6 Key performance Indicators¹⁶:

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.

10.6.1 Program Results Frame Work

To measure the Progress of the Program towards meeting its intended targets six PDO level result indicators and 19 Intermediate result indicators are adopted. The following table illustrates the Program's indicators, intended targets, frequency of data collection and responsible bodies for data collection.

¹⁶ 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.

Table 10-1 Performance indicators for Rural WaSH

#	Result Indicators	Core	UoM	Base- line	Cumulative Target Values						Frequency	Data Source/ Methodology	Responsibility for Data Collection
					YR1	YR2	YR3	YR4	YR5	End Target			
PDO Indicators													
1	People provided with access to safewater services under the Program		#	-	296,200	1,188,350	2,232,150	3,525,150	3,973,000	3,973,000	Annual	Regular WaSH MIS reports, HH surveys and Program progress reports,	National and regional WaSH coordination offices, Water sector PMUs, Water resource development fund and WWTs
1.1	Rural			-	296,200	1,036,700	1,777,200	2,665,800	2,962,000	2,962,000			
1.2	Urban			-	-	151,650	454,950	859,350	1,011,000	1,011,000			
1.3	Female			-	148,100	594,175	1,116,075	1,762,575	1,986,500	1,986,500			
2	People Provided with access to safes sanitation services under the Program		#	-	-	975,300	1,793,250	2,799,950	3,146,000	3,146,000	Annual	Regular WaSH MIS reports, HH surveys and Program progress reports,	National and regional WaSH coordination offices, Water and Health sector PMUs, WWTs and WaSHCOs
2.1	Rural			-	-	880,950	1,510,200	2,265,300	2,517,000	2,517,000			
2.2	Urban			-	-	94,350	283,050	534,650	629,000	629,000			
	Female			-	-	487,650	896,625	1,399,975	1,573,000	1,573,000			
3	Proportion of Kebeles under the Program woredas declared and verified ODF		%	-	0%	28%	48%	72%	80%	80%	Semi Annual	WaSH MIS regular reports, regular Program progress reports	National and regional WaSH coordination offices and Health sector

#	Result Indicators	Core	UoM	Base-line	Cumulative Target Values						Frequency	Data Source/ Methodology	Responsibility for Data Collection
					YR1	YR2	YR3	YR4	YR5	End Target			
													PMUs, WWTs, WaSHCOs
4	Proportion of RPSs and Urban Water Supply Shceme designs using data from water resource information system		%		0%	20%	45%	60%	75%	75%	Annual	Regular Program progress reports	federal and regional water bureaus
5	Percentage of functional rural water supply schemes in Program Woredas		%	88%	88%	90%	92%	95%	95%	95%	Annual	Regular WaSH MIS reports and Program progress reports,	WaSHCOs, WWTs federal and regional water bureaus
6	Proportion of urban water service providers under the Program covering their operational costs		%	0%	0%	0%	36%	68%	80%	80%	Annual	Regular Program progress reports	Town Water supply utilities, national and Regional Water PMUs and coordination offices
Intermediate Indicators													
A	Rural and CR WaSH												
1	Improved community water supply schemes constructed /		#	-	1002	3507	6012	9018	10020	10030	Semi Annual		WWTs, Regional and national

#	Result Indicators	Core	UoM	Base-line	Cumulative Target Values						Frequency	Data Source/ Methodology	Responsibility for Data Collection
					YR1	YR2	YR3	YR4	YR5	End Target			
	rehabilitated under the Program											Regular Program progress reports	Water sector PMUs and Coordination offices
1.1	New			-	818	2863	4908	7362	8180	8180			
1.2	Rehabilitation			-	184	644	1104	1656	1840	1850			
2	Proportion of Program Woredas that have prepared/approved Woreda WaSH Strategic Plans and established WWTs,		#	-	10%	35%	60%	90%	100%	100%	Semi Annual	Regular Program progress reports	National and regional WaSH coordination offices and WWTs
3	Proportion of water supply schemes constructed that are managed by legally established and functional WASHCOs under the Project (Percentage)		%	-	6%	21%	36%	54%	60%	60%	Semi Annual	Regular Program progress reports WaSH MIS regular reports	National and regional WaSH coordination offices and WWTs
3.1	Proportion of WaSHCOs with at least 50% participation from Women		%		95%	95%	95%	95%	95%	95%	Semi Annual	Regular Program progress reports WaSH MIS regular reports	National and regional WaSH coordination offices and WWTs
4	Percentage of water supply schemes with regular water resource monitoring (quality and quantity) under the Program Woredas		%	0%	0%	21%	36%	54%	60%	60%	Semi Annual	Regular WaSH MIS reports and Program progress reports,	National and regional WaSH coordination offices, water

#	Result Indicators	Core	UoM	Base-line	Cumulative Target Values						Frequency	Data Source/ Methodology	Responsibility for Data Collection
					YR1	YR2	YR3	YR4	YR5	End Target			
													sector PMUs and WWTs
5	Percentage of Program woredas for which supply chain for low cost water supply technologies and spare parts is organized			0%	0%	20%	35%	50%	70%	70%	Semi Annual	Program progress reports,	National and regional WaSH coordination offices, water sector PMUs and WWTs
6	People trained to improve hygiene behavior/sanitation practices under the Program		#	0	78,600	275,100	471,600	707,400	786,000	786,000	Semi Annual	Regular Program progress reports	National and regional WaSH coordination offices, Health sector PMUs and WWTs
6.1	People trained to improve hygiene behavior/sanitation practices - female		#	-	39,300	137,550	235,800	353,700	393,000	393,000			
7	Drought and flood early warning systems enhanced and operational (Yes/No)		#	-							Semi Annual	Program progress reports,	National aWaSH coordination offices, water sector PMUs and Basine Authority
8	Improved HH latrines constructed under the Program		#	-	0	220,150	377,400	566,100	629,000	629,000	Semi Annual	WaSH MIS regular reports, regular Program progress reports	National and regional WaSH coordination offices and Health sector

#	Result Indicators	Core	UoM	Base-line	Cumulative Target Values						Frequency	Data Source/ Methodology	Responsibility for Data Collection
					YR1	YR2	YR3	YR4	YR5	End Target			
													PMUs, WWTs, WaSHCOs
9	Sanitation marketing centers (shade, revolving fund, etc.) established and functional under the Program		#	-	15	52	89	134	149	149	Semi Annual	Regular Program progress reports	National and regional WaSH coordination offices and Health sector PMUs, WWTs, WaSHCOs
C	Institutional WaSH												
1	Number of Institutions (Schools and Health facilities) provided with improved WASH facilities under the Program((Number)		#	-	534	1869	3204	4806	5340	5340	Semi Annual	WaSH MIS regular reports, Regular Program Progress reports	National and regional WaSH Coordination offices, Health and Education sector PMUs, WWTs
1.1	Schools		#	-	262	917	1572	2358	2620	2620			
1.2	Health Facilities		#	-	272	952	1632	2448	2720	2720			
D	Urban WaSH												
1	Additional volume of water produced from improved water sources and NRW savings under the Program towns		m3/d	-	-	7,212	21,636	40,868	48,080	48,080	Semi Annual	Regular Program progress reports	Town Water Utilities, Regional and national Water sector PMUs and

#	Result Indicators	Core	UoM	Base-line	Cumulative Target Values						Frequency	Data Source/ Methodology	Responsibility for Data Collection
					YR1	YR2	YR3	YR4	YR5	End Target			
													Coordination offices
2	Proportion of Water service providers within the Program towns that have established water boards and have business plans		#	-	-	17%	45%	85%	100%	100%	Semi Annual	Regular Program progress reports	Town Water Utilities, Regional and national Water sector PMUs and Coordination offices
3	Percentage of water supply schemes with regular water quality and quantity monitoring in towns under the Program (Percentage)			-	-	15	45	85	100	100	Semi Annual	Regular Program progress reports	Town Water Utilities, Regional and national Water sector PMUs and Coordination offices
4	Public/ communal latrines rehabilitated / constructed under the Program		#	-	-	8	25	47	56	56	Semi Annual	Regular Program progress reports	Town Water Utilities, Regional and national Health sector PMUs and Coordination offices
5	Number of fecal sludge management systems constructed and providing service in the towns under the Project (Number)		#	-	-	4	13	24	28	28	Semi Annual	Regular Program progress reports	Town Water Utilities, Regional and national Water and

#	Result Indicators	Core	UoM	Base-line	Cumulative Target Values						Frequency	Data Source/ Methodology	Responsibility for Data Collection
					YR1	YR2	YR3	YR4	YR5	End Target			
													Health sector PMUs and Coordination offices
E 1	Program Management and Institutional Strengthening Sector Management Information System (MIS) operationalized (Yes/No)					Yes	Yes	Yes	Yes	Yes	Annual	Regular Program progress reports	National and regional WaSH Coordination offices, WaSH sector PMUs, WWTs, Water Utilities
2	Number of trained WWT, WaSHCO and Water Board members under the Program		#	-	2,751	9,629	16,506	24,759	27,510	27,510	Semi Annual	Regular Program progress reports	National and regional WaSH Coordination offices, WaSH sector PMUs, WWTs, Water Utilities
3	Grievances registered related to delivery of sub project benefits that are timely and satisfactorily addressed		%	-	80%	80%	80%	80%	80%	80%	At MTR and Project Completion Report	Beneficiary survey at MTR and PCR	National and regional WaSH Coordination offices, WaSH sector PMUs, WWTs, Water Utilities

#	Result Indicators	Core	UoM	Base-line	Cumulative Target Values						Frequency	Data Source/ Methodology	Responsibility for Data Collection
					YR1	YR2	YR3	YR4	YR5	End Target			
4	Percentage of Schemes with completed environmental & social screening process and against which required mitigations including compensations are settled		%		100%	100%	100%	100%	100%	100%	Semi Annual	Regular Program progress reports	National and regional WaSH Coordination offices, Water sector PMUs, WWTs, Water Utilities

10.6.2

10.6.3 Definition of result's indicators

	Indicator Name	Definition/Description	Frequency	Data source	Methodology for Data Collection	Responsibility for Data Collection
1	People provided with access to safewater services under the Program	<p>The indicator measures the cumulative number of people in rural and urban areas under the Program that are provided with a water source that is</p> <ul style="list-style-type: none"> improved (piped water in to dwellings, yards or plots, public taps or standpipes, boreholes or tube wells, protected dug wells or protected springs), located within one KM radius for rural and within premises for urban (as per GTP II standard) sufficient to serve the community with at least 25l/c/d for rural and 40-100l/c/d for urban depending the size of the town free from fecal and priority chemical contamination <p>The indicator is disaggregated in to rural and urban. Reporting of this indicator is expected to provide a gender disaggregated data.</p>	Annual	Regular WaSH MIS reports, HH surveys and Program progress reports,	<p>For Rural, the number of beneficiaries from improved water supply facilities is calculated by multiplying the actual number of newly constructed water supply facilities by the actual number of people using the WS facilities taking in to account the definition used. WaSH PMUs can also use the estimated number of beneficiaries per schemes defined for GTP II and indicated under the PAD. For Urban, beneficiaries of water supply are estimated from the service capacity of constructed water supply facilities taking in to account GTP II standard for water demand.</p> <p>Calculation:</p> <p>☑ Access to safewater sources (Rural)= number of safe water supply schemes (disaggregated by type) x estimated (actual) number of beneficiaries for schemes</p> <p>☑ Access to safewater supply (Urban) = (Added volume of safe water from new project interventions (m3/day)/ standard water demand (l/c/d)</p> <p>☑ Female beneficiaries = number of female beneficiaries provided with improved water supply services</p>	National and regional WaSH coordination offices, Water sector PMUs, Water resource development fund and WWTs
2	People Provided with access to safes sanitation services under the Program	<p>This indicator measures the cumulative number of people provided with improved sanitation facility at HH level. Improved sanitation implies a HH latrine with covered super structure, cleanable slabs and hand washing facility. The indicator is disaggregated in to rural and urban. Reporting of this indicator is expected to provide a gender disaggregated data.</p>	Annual	Regular WaSH MIS reports, HH surveys and Program progress reports,	<p>Calculation:</p> <p>☑ People provided with access to safes sanitation services (Rural)= number of safeHH latrine constructed x HH size</p> <p>☑ People provided with access to safes sanitation services (Urban) = (Number of safeHH latrines accessing sludge collection, transport, treatment and disposal services x HH size</p>	National and regional WaSH coordination offices, Water and Health sector PMUs, WWTs and WaSHCOs

	Indicator Name	Definition/Description	Frequency	Data source	Methodology for Data Collection	Responsibility for Data Collection
					☑ Female beneficiaries = number of female beneficiaries provided with improved Sanitation services	
3	Proportion of Kebeles under the Program woredas declared and verified ODF	It measures the number of rural Kebeles declared and verified ODF as a result of the project intervention on rural sanitation improvement	Annual	WaSH MIS regular reports, regular Program progress reports	Calculation: Proportion of Kebeles under the Program Woredas declared and verified ODF = number of kebeles under the Program declared and verified ODF / Total number of Kebeles under the Program woredas	National and regional WaSH coordination offices and Health sector PMUs, WWTs, WaSHCOs
3	Proportion of water service providers in the Program woredas with source water protection plan in place and implements on a regular basis.	The indicator measures the Program's intervention towards improving the water resource management. It measures the extent to which Program woredas develop and implement a water source protection plans	Annual	Regular WaSH MIS reports and Program progress reports,	Proportion of water service providers in the Program woredas with source water protection plan in place and implements on a regular basis.= Number of Water service providers implementing water protection plan/Total number of water service providers (WaSH Coms) in the Program woredas	WaSHCOs, WWTs federal and regional water bureaus
4	Proportion of RPSs and Urban Water Supply Scheme designs using data from water resource information system	The indicator measures accessibility and use of the water resources monitoring system. It measures the use of the water resource data (meteorology, hydrology and groundwater) to inform design and management of water supply systems delivered under the Program.	Annual	Program progress reports,		federal and regional water bureaus
5	Percentage of functional rural water supply schemes in project woredas	The indicator measures the change brought on functionality of water supply schemes as a result of rehabilitation of nonfunctional reparable schemes under the Program. Non functional schemes could take two forms (reparable and non repairable). For clarity and consistent data collection purpose a functional scheme is a scheme with service period of at least 80% over the year.(a scheme should not be non functional for morethan 6 days per month).	Annual	Regular WaSH MIS reports and Program progress reports, Community monitoring systems	Calculation: ☑ Percentage of functional water supply schemes= number of functional water supply schemes/ Total number of Schemes within the Program Woredas	WaSHCOs, WWTs federal and regional water bureaus
6	Proportion of urban water service providers under the project covering their operational costs	The indicator is a proxy indicator for measuring sustainability of urban water utilities. It measures the extent to which utility's revenue cover the basic operation and maintenance costs. It is used to assess the improvement on financial viability of participating utilities	Annual	Regular Program progress reports	Calculation Proportion urban water utilities under the Program covering their operational costs = number of utilities supported under the Program covering their operation costs / total number of utilities supported under the Program	Town Water supply utilities, national and Regional Water PMUs and coordination offices

	Indicator Name	Definition/Description	Frequency	Data source	Methodology for Data Collection	Responsibility for Data Collection
		as a result of the utility capacity building and operational efficiency intervention.				
Intermediate Results Indicators						
1	Improved community water supply schemes constructed / rehabilitated under the Program	The indicator measures the total number of rural water supply schemes (with scheme type) newly constructed and rehabilitated under the rural and CR WaSH components of the Program. A disaggregation by new and rehabilitation is required to document to Project's progress towards rehabilitation of nonfunctional schemes.	Semi Annual	Regular Program progress reports	Calculation: Improved community water supply schemes constructed /rehabilitated under the Program= Count of number of new water supply schemes constructed + Count of number of water supply schemes ((under Rural and Climate Resilient WaSH components of the Program. Disaggregation with scheme type is required	WWTs, Regional and national Water sector PMUs and Coordination offices
2	Proportion of Program Woredas that have prepared/approved Woreda WaSH Strategic Plans and established WWTs,	Definition: It measures the Program's contribution towards ensuring strategic orientation of the Program woredas. the number of Woredas who have established a functional WWT and who have prepared Woreda WaSH Strategic Plans under the program	Semi Annual	Regular Program progress reports	Program Woredas that have prepared (approved) Woreda WaSH Strategic Plans and established WWTs = number of Woredas with approved WWSP and functional WWT/total number of Program woredas	National and regional WaSH coordination offices and WWTs
3	Proportion of Water supply schemes constructed under the Program Woredas that are managed by legally established and functional WaSH COMs	The indicator measures the extent to which WASH COMs are established to manage their water supply schemes and the level to which they engage in proper and regular collection of user fees, regular reporting of WASH status of their community and handle simple maintenance requirements for sustained servicedelivery. The indicator is also expected to provide female participation of WASHCOs through percentage of female members of WASHCOs.	Semi Annual	Regular Program progress reports WaSH MIS regular reports	Calculation: WaSH coordination offices and WWTstion offices and WWTs the level to which they engage in proper and regular collection of user fees, regular reporting of WASH status of their community and handle simple maintenance requirements for sustained servicedelev Program woredas Proportion of female participation within the WaSHCOs= total number of female members in WaSHCOs/Total number of WaSHCO members	National and regional WaSH coordination offices and WWTs
4	Percentage of water supply schemes with regular water resource monitoring (quality and quantity)	The indicator is a proxy for measuring the quality and sustainability of water supply services. It measures the percentage of water supply schemes that have regular (at least quarterly) water quality and quantity monitoring conducted in the Project woredas. It serves to ensure that information on water quality (fecal and primary chemical	Semi Annual	Regular WaSH MIS reports and Program progress reports,	Calculation: Percentage of water supply schemes with regular water resource (quality and quantity) monitoring = Number of schemes with regular water resource monitoring (quality and quantity)/Total number of schemes in the Program Woredas	National and regional WaSH coordination offices, water sector PMUs and WWTs

	Indicator Name	Definition/Description	Frequency	Data source	Methodology for Data Collection	Responsibility for Data Collection
	under the Program Woredas	contamination) and quantity (e.g surface water flows, groundwater levels) is adequately captured, disseminated, and utilized to inform management of water services.				
5	Percentage of Program woredas for which supply chain for low cost water supply technologies and spare parts is organized	This indicator measures the proportion of program woredas that have established supply chain arrangement for increased O&M capacity and sustainable service delivery.	Semi Annual	Program progress reports,	Calculation: Percentage of Program woredas for which supply chain for low cost water supply technologies and spare parts is organized = Number of program woredas that organized supply chain for low cost water supply technologies and spare parts/ Total number of Program woredas	National and regional WaSH coordination offices, water sector PMUs and WWTs
6	People trained to improve hygiene behavior/sanitation practices under the Program	The indicator measures the cumulative number of people who have participated in a training on hygiene behavior or sanitation practices in rural areas. This does not include people who have been educated and/or informed through public information or mass publication campaigns. The indicator is expected to be disaggregated by gender.	Semi Annual	Regular Program progress reports	Calculation <input checked="" type="checkbox"/> Count of people trained on hygiene behavior and sanitation practices <input checked="" type="checkbox"/> Count of females trained on hygiene behavior and sanitation practices	National and regional WaSH coordination offices, Health sector PMUs and WWTs
7	Drought and flood early warning systems enhanced and operational (Yes/No)	The indicator measures the Project's contribution to enhancing drought and floods early warning systems. The term operational is defined as providing updated and regular forecast, as outlined in the POM.	At Mid term and Program completion	Regular Project progress reports.		MoWIE-wDC and Regional Water Bureaus
8	Improved HH latrines constructed under the Program	The indicator measures the number of newly improved HH latrines constructed as a result of the hygiene and sanitation awareness campaigns and sanitation marketing intervention in Project woredas. The definition of improved sanitation follows MoH's standard definition and implies a rural HH latrine with covered super structure, cleanable slabs/other materials and hand washing facility.	Semi Annual	WaSH MIS regular reports, regular Program progress reports	Calculation: Improved HH latrines constructed under the Program= count of improved HH latrines constructed under the Program woredas	National and regional WaSH coordination offices and Health sector PMUs, WWTs, WaSHCOs
9	Sanitation marketing centers (shade,) established and functional under the Program	The indicator measures the project's intervention on the supply side of the HH sanitation. It measures the number of sanitation marketing centers established with the support of the project. The SM related activities include construction of shades for construction of slabs and storage of construction materials, , organizing and training SME's through TVETs on production of materials etc.	Semi Annual	Regular Program progress reports	Calculation: Sanitation marketing (shade,) established and functional under the Program= count of functional sanitation marketing systems established under the Program	National and regional WaSH coordination offices and Health sector PMUs, WWTs, WaSHCOs

	Indicator Name	Definition/Description	Frequency	Data source	Methodology for Data Collection	Responsibility for Data Collection
10	Number of Institutions (Schools and Health facilities) provided with improved WASH facilities under the Program (Number)	The indicator measures the number of schools and health facilities provided with full advanced WASH packages under the Project. The definitions of advanced WASH package for schools and health facilities are aligned with the SDGs' and follow the MoE's and MoH's standard. They are presented in the disaggregated sub-indicators by schools and health facilities.	Semi Annual	WaSH MIS regular reports, Regular Program Progress reports	Calculation:	National and regional WaSH Coordination offices, Health and Education sector PMUs, WWTs
					Number of Institutions provided with full WaSH package under the Program= count of school provided with full WaSH package facilities under the Program + count of Health facilities provided with full WaSH package facilities under the Program	
	Schools	The indicator measures the number of schools provided with full WASH packages under the Project. The definition of a full WASH package for schools is aligned with the SDGs' and follows the MoE's standard. It includes provision of: (i) water supply, (ii) an improved school sanitation facility, with separate blocks for boys and girls, access for people with limited mobility, and hand washing facility with water and soap; and (iii) dedicated rooms for MHM.			Number of Institutions provided with full WaSH package under the Program= count of school provided with full WaSH package facilities under the Program + count of Health facilities provided with full WaSH package facilities under the Program	National and regional WaSH Coordination offices, and Education sector PMUs, WWTs
	Health Facilities	The indicator measures the number of health facilities provided with a full WASH package under the Project. The definition of a full WASH package is aligned with the SDGs' and follows the MoH's standard. It includes: (i) water supply facility within the compound of the facility; (ii) improved sanitation facilities that are usable with at least one toilet dedicated for staff, at least one sex-separated toilet with MHM, and at least one toilet accessible for people with limited mobility; (iii) functional hand washing facility, with water and soap or alcohol-base hand wraps, available at point of care, and within 5 meters of toilets; (iv) health-care waste management facilities for safely treatment and disposal of sharp and infectious waste (incinerator, placenta pit, waste disposal pit).			Number of Institutions provided with full WaSH package under the Program= count of school provided with full WaSH package facilities under the Program + count of Health facilities provided with full WaSH package facilities under the Program	National and regional WaSH Coordination offices, Health sector PMUs, WWTs
11	Additional volume of water produced from improved water sources and NRW savings under the Program towns	The indicator measures the additional volume of water produced from Water Supply interventions in Urban towns supported under the Program. It is measured as cubic meter per day (m3/d). In addition to the added volume of water from new water source development, savings from NRW reduction interventions are captured under this indicator	Semi Annual	Regular Program progress reports	Calculation:	Town Water Utilities, Regional and national Water sector PMUs and Coordination offices
					Additional volume of water produced from improved source under the Program = sum of m3/d of water produced from each Urban water supply interventions in the Program+ savings from NRW reduction interventions under the program (m3/d)	

	Indicator Name	Definition/Description	Frequency	Data source	Methodology for Data Collection	Responsibility for Data Collection
12	Percentage of water supply schemes with regular water quality and quantity monitoring in towns under the Project	The indicator is a proxy indicator for measuring quality and sustainability of water supply services. It measures the percentage of water supply schemes that have regular (at least quarterly) water quality and quantity monitoring conducted in the Project towns. It serves to ensure that information on water quality (fecal and primary chemical contamination) and quantity (e.g., surface water flows, groundwater levels) is adequately collected, disseminated, and utilized to inform management of water services.	Semi-annual	Regular Project progress reports.	Calculation: Percentage of water supply schemes with regular water resource (quality and quantity) monitoring = Number of schemes with regular water resource monitoring (quality and quantity)/Total number of schemes in the Program Woredas	Town Water Utilities, Regional and national Water sector PMUs and Coordination offices
13	Proportion of Water service providers within the Program towns that have established water boards and have business plans	The indicator is a proxy indicator for measuring sustainability of town water operations. It measures the proportion of water service providers (utilities or WASH Committees) that have prepared an updated business plan and who have established a functional water boards for regular oversight.	Semi Annual	Regular Program progress reports	Calculation: Water Utilities that have established water boards and have business plans under the Program = number of water utilities who have developed business plan and established a functional water board/total number of utilities supported under the Program	Town Water Utilities, Regional and national Water sector PMUs and Coordination offices
14	Public/ communal latrines rehabilitated / constructed under the Program	The indicator measures the number of public/communal latrines constructed or rehabilitated in the urban towns supported under the Project that meet the service quality standard for safe management of excreta and fecal sludge (excreta are safely disposed of in situ or emptied, transported and treated offsite).	Semi Annual	Regular Program progress reports	Calculation: Public Latrines rehabilitated /constructed under the project = count of Public latrines constructed/rehabilitated and functional in Program towns	Town Water Utilities, Regional and national Health sector PMUs and Coordination offices
15	Number of FSM systems constructed and functional within the Program towns	The indicator focuses on small towns sanitation improvement interventions. It measures fecal sludge management system (from containment to transport and treatment and safe disposal) established and functional under the project.	Semi Annual	Regular Program progress reports	Calculation: Number of FSM systems constructed under the Program for Small towns= count of FSM systems constructed and functional in Program small towns	Town Water Utilities, Regional and national Water and Health sector PMUs and Coordination offices
16	Sector Management Information System (MIS) operationalized	The indicator measures the Project's contribution towards establishing an operational sector MIS. The term operational is defined as providing updated and regular information that is disseminated and utilized for better WRM and WASH service delivery.	Annual	Regular Program progress reports		National and regional WASH coordination offices, WASH sector PMUs, WWTs, and WASHCOs.
17	Number of trained WWT, WaSHCO and Water Board	The indicator measures the total number of WWT members, WASHCO members, and water utility/board members trained under the Project. Further	Semi Annual	Regular Program	Calculation Number of trained WWT, WaSHCO and Water Board members under the Program= count of WWT members,	National and regional WaSH Coordination offices, WaSH sector

	Indicator Name	Definition/Description	Frequency	Data source	Methodology for Data Collection	Responsibility for Data Collection
	members under the Program	disaggregation by training type and trainee category is also required.		progress reports	WaSHCO members and Water utility/board members provided with training under the Program	PMUs, WWTs, Water Utilities
18	Grievances registered related to delivery of sub project benefits that are timely and satisfactorily addressed	This indicator measures the percentage of those grievances that are actually addressed by the contractors.	At MTR and Project Completion Report	Beneficiary survey at MTR and PCR		National and regional WaSH Coordination offices, WaSH sector PMUs, WWTs, Water Utilities
19	Percentage of Schemes with completed environmental & social screening process and against which required mitigations including compensations are settled	This indicator measures the extent to which Program implementing entities comply to the safeguard requirements of the Program.	Semi Annual	Regular Program progress reports	Calculation: number of schemes with appropriate environmental and social mitigations/ total number of schemes constructed under the Program	National and regional WaSH Coordination offices, Water sector PMUs, WWTs, Water Utilities

10.7 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 10-2 Overview of M&E Arrangements (Roles and Responsibilities)

WHO	M&E roles and responsibilities
Water Boards / WASHCO	Update annual WASH inventory
Kebele WASH Teams	<p>Supports WASHCOs to update the Annual WASH Inventory</p> <p>Reviews WASH status at School and Health Post</p> <p>Studies data and completes an analysis of the Kebele WASH situation</p> <p>Uses M&E results to prepare and propose a Kebele Annual WASH Plan</p> <p>Forwards data to Woreda WASH Team</p> <p>Prepares monthly, quarterly, and annual WASH progress reports and send to the Woreda</p> <p>Conduct WASH progress review meeting quarterly with all Kebele WaSH stakeholders</p> <p>Participate at Woreda level WASH progress review meeting quarterly</p>
Woreda WaSH Teams	<p>Supports Kebeles perform their roles of data gathering, WaSH analysis and action planning</p> <p>Visits all non-functional PPWSS to support users and Kebele to restore functionality</p> <p>Conducts technical assessment of every 3 years</p> <p>Verifies Kebele summaries against paper records for accuracy; makes any corrections</p> <p>Enters data from Kebele summaries onto computer spread sheet into one consolidated record of all Kebeles</p> <p>Performs analysis e.g. comparison between Kebeles and against previous year</p> <p>Uses M&E results to prepare a woreda Annual WaSH Plan</p> <p>Sends spread sheet and paper records to Regional or Zonal WaSH Coordination Office</p> <p>Prepares monthly, quarterly, and annual WaSH progress reports and send to the Zone/Region</p> <p>Conduct WaSH progress review meeting quarterly with all Woreda WaSH stakeholders</p> <p>Participate at Region/zone level WaSH progress review meeting quarterly</p>

WHO	M&E roles and responsibilities
WHO	M&E roles and responsibilities
Region / Zone WaSH Coordination Office	<p>Supports Woredas perform their roles</p> <p>Verifies Woreda summaries against paper and computer records</p> <p>Recruits and supervises data entry contractor</p> <p>Consolidates all Woreda records into one file for the complete Region / Zone</p> <p>Performs analysis e.g. comparison between Woredas and against previous year</p> <p>Uses M&E results to prepare annual Regional / Zone Annual WaSH Plan</p> <p>Sends spread sheet and summary analysis to National WaSH Coordination Office</p> <p>Prepares monthly, quarterly, and annual WaSH progress reports and send to the NWCO</p> <p>Conduct WaSH progress review meeting quarterly with all regional WaSH stakeholders including zones, Woredas and towns</p> <p>Participate at national level WaSH progress review meeting quarterly</p>
TWTT, TWB, Town Utility	<p>Completes One Time Report UWS-OTR,</p> <p>Completes Annual Report UWS-AR,</p> <p>Compares changes between years and reports on these to Region / Zone / Woreda</p> <p>Uses these data to report to public in Annual Report</p> <p>Use M&E data to prepare WASH Annual Plan</p> <p>Forwards M&E data to R/Z WASH Coordination Office</p> <p>Prepares monthly, quarterly, and annual WASH progress reports and send to the RWCO</p> <p>Conduct WASH progress review meeting quarterly with all town WASH stakeholders</p> <p>Participate at regional level WASH progress review meeting quarterly</p>
National WaSH Coordination Office	<p>Consolidates all Regional and Urban data</p> <p>Uses M&E results to prepare JTR reports etc.</p> <p>Uses M&E results internationally with AMCOW, JMP etc.</p> <p>Uses results to prepare and propose investment plans and loan / grant applications and national Annual WASH Plan</p> <p>Provides NWTT with a consolidated WASH M&E Report</p>

WHO	M&E roles and responsibilities
	Prepares monthly, quarterly, and annual WASH progress reports and send to the NWTT Conduct WASH progress review meeting quarterly with all national and regional WASH stakeholders Organizes annual MSF

11. ENVIRONMENTAL AND SOCIAL SAFEGUARDS

11.1 Scope of the Environmental and Social Management Framework

While implementing the second phase of CWA there could be potential adverse environmental and social related impacts during the rehabilitation, construction and operational phases of the water supply schemes. However, experience shows that the negative impacts are site specific, reversible and can be localized and reduced or avoided with proper mitigation measures as outlined in the Environmental and Social Management Framework (ESMF).

The Environmental and Social Management Framework (ESMF) aims to ensure that investments under the One WASH National Program, phase II 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 II staffs, communities, and others participating in the planning and implementation of OOWNP regarding sustainable environmental and social management sub-programs.

The Federal Environment, Forest and Climate Change Corporation (EFCCC) takes responsibility for the Environmental Impact Assessment (EIA) process including the review of the initial proposal and final decision of acceptability re the following types of programs/projects:

- where programs/projects 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 EFCCC agrees that an EIA be referred to it by the regional level due to its complexity or incapability's at regional level.

CWA financed WASH has been categorized as Category B as per the World Bank OP 4.01. Seven of the ten World Bank safeguard policies have been triggered by the One WaSH-CWA (P167794) implementation. They are OP 4.01 (Environmental Assessment), OP 4.12 (Involuntary Resettlement), OP 4.11 (Physical Cultural Resources), OP 4.37 (Safety of Dams), OP 4.04 (Natural Habitat), OP 4.10 (Indigenous/Underserved People) and OP 7.50 (International Waterways).

Potential Impacts of the Program

OOWNP II will have a range of beneficial impacts associated with the Water Supply Systems which among other things include:

- Saved time, especially for women and girls, that may be used for other, productive activities, to focus more on school, agriculture, etc.;
- Greater comfort and improved quality of life and domestic hygiene;
- Reduction in water-borne diseases like dysentery, cholera and others;
- Increased productivity, due to improved animal health, and potentially improved grazing opportunities where water points are well located;

- Saved time for men particularly within the pastoralist groups who are responsible for watering their animals, that can be used for other productive activities including raising livestock, and increased focus on school;
- Enhancement of organizational, financial and technical capacities of community through capacity building activities and training. ;
- Employment opportunities both during the construction and operation phases;

Nevertheless, the water supply systems can also have negative impacts on the biophysical or human environment. The likely negative impacts of water supply and sanitation investments/activities, the list of activities to be financed in the phase II of OWP, along with the physical components of the water supply systems likely to be considered under the Program, for both rural and urban settings are summarized under table 3, 4 and 5 of the OWP II ESMF.

Environmental and Social Screening Process

Environmental and social screening (ESS) is the first important step in the ESMF processes. It is the initial examination of the project's environmental and social impacts in order to determine the category for the project and the next necessary step for the proper implementation of the ESMF. Therefore, the field personnel (the safeguards focal persons at regional, Zonal and Woreda/ town levels in charge of the screening should undertake the ESS and categorization properly to decide the required next step of the ESMF process and procedures. ESS will help to propose whether a proposed project will further require a full-fledged ESIA and RAP or ESMP, ARAP, as per the procedures outlined in the ESMF and Resettlement Policy Framework (RPF). It is mandatory that all sub-projects under the proposed ONE WaSH-CWA (P167794) go through the screening process for categorization and thereby recommend preparation and implementations of appropriate safeguards instruments. According to the Ethiopian EIA guideline and the world bank environmental safeguard policy OP4.01, projects are categorized in to three "schedules and categories," based on their potential environmental and social impacts, (Schedule 1, Schedule 2 and Schedule 3 and as Category A, Category B and Category C), respectively.

Category A: It should be noted that if any one of the subprojects may fall under Category A, it will not be eligible for financing under the ONE WaSH-CWA (P167794) and will not proceed; instead it will be subjected to redesign, re-routing or resizing the subproject. Category A sub-projects are those for which the Environmental Baseline Assessment concludes that changes to the design or the siting/routing of facilities are required. These changes are required to eliminate unacceptable adverse impacts such as: impact on a fragile eco-system, failure to drain run-off water from the water point site, impact on inhabited dwellings, impact on structures used for commercial activities or other businesses, impact on graves or other cultural resources (physical cultural resources), and impact on land use and/or users.

Category B (Schedule 2) Sub-projects are categorized as B when they have potential environmental and social impacts, but are of less adverse or sensitive than A, and are reversible and local on its nature.

Further environmental assessment work is required for category B subprojects that includes preparation of a separate Environmental and Social Impact Assessment (ESIA) or Environmental and Social Management Plan (ESMP) to get a better understanding of the potential environmental and social issues that have been identified in the screening process. Examples of subprojects that requires preparation of ESIA 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: Subprojects are Categorised as C if no significant environmental issues are identified and no specific mitigation measures are required; and implementation of the subproject can proceed.

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 water supply and sanitation schemes) will undergo the screening process using the screening formats annexed with the OWP II ESMF.

Preparation and Disclosure Requirements of the ESIA

ESIA will be carried out for Category B subprojects by a consulting firm licensed by the competent agency. Preparation of an ESIA requires meaningful public consultation to demonstrate that public's comments and observations have been taken into consideration as outlined under OP 4.01 and OP 4.12. Mitigations will be detailed in an ESMP appended to the ESIA, to be addressed prior to the start of construction, during construction and operational activities of subprojects.

The ESIA process may include, for example:

- Extensive consultation with upstream and downstream users to avoid conflict and reach consensus regarding water use which 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 as per the resettlement policy framework or the Ethiopian proclamation,
- By-passes to keep heavy traffic out of the inhabited areas, speed limits, speed bumps, safety awareness with children and adults,
- Cofferdams, no chemical use in water bodies, use of geo-synthetics,
- Excavation and disposal of contaminated soil prior to construction.

CONSULTATION AND DISCLOSURE FOR CATEGORY "B" SUB-PROGRAMS

For all Categories "B" 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 a brief summary of the environmental assessment in local language (generally Amharic and/or AfanOromo).

In average, it is estimated that 2 to 5 consultation meetings will be required for all Category “B” sub-programs. The consultation will be undertaken by consultants in charge of further environmental work (ESIA) or ESMP. Any consultation meeting will be documented.

Disclosure

In conformance with OP 4.01, ESIA reports 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 as 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’s external website.

It has to be noted that notwithstanding their categorization as “B” or “C”, such subprograms will have to apply the “Environmental Guidelines for Construction Contractors”, which is annexed in the OWP II ESMF. 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.

11.1.1 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”, obviously by the respective Regional Environment, Forest and Climate Change Authorities (REFCCA). ESIA and ESMPs shall also be reviewed and cleared by the same unless and otherwise they have inter-regional in nature as outlined under section 10.1 above. The ESIA review process includes:

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

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

- No-objection on the scope of work (TOR) and consultant contract,
- Review of the ESIA in parallel with the Competent Agency.

- Disclosure of ESIA both in country and in the World Bank external website, as per the disclosure policy of the Bank and OP 4.01.

Subprojects likely to have minimal negative impacts may require only preparation of a simplified (preliminary) ESMP, rather than a full ESIA. The preparation of ESMP will be carried out by the regional, Zonal and/or Woreda/Town level safeguards focal persons as required. The preliminary ESMP examines the subproject's few potential negative and positive environmental impacts identified during scoping and recommends any measures (additional to those presented in the contractors EHS-MP) needed to prevent, minimize, mitigate, or compensate for adverse impacts and improve environmental performance which will be summarized in the ESMP. Undertaking the preparation of the Preliminary ESMP involves the following, please also refer Annex IV of the ESMF:

- A field assessment of the subproject area to identify likely environmental and social impacts;
- Proposal of possible mitigation measures;
- Impact analysis;
- Meaningful consultation, as described above, with beneficiaries and affected communities; etc.
- Review and clearance by the respective regional EFCC Authorities

11.1.2 Guidelines for Construction Contractors

Environmental guideline for construction contractors is presented in Annex V of the OOWNP II ESMF. It will apply to all sub-programs under the OOWNP II, including Category “C” sub-programs. This guideline will be appended to all Requests for Proposals for construction works and resulting contracts passed under the OOWNP II.

Typical Mitigations under the ESMP

Table 6 of the ESMF provides typical environmental management and monitoring measures associated with the possible impacts. It forms the basis for the ESMP applicable to construction and operation phases of Category “B” sub programs.

11.1.3 Implementation Arrangements under the ONE WaSH-CWA (P167794)

Ministry of Water, Irrigation and Energy (MoWIE): Will be responsible for overall implementation of the ESMF including the deployment of environmental and social safeguards specialists, periodic compliance monitoring and reporting. It will arrange office and other facilities for the safeguards specialists. It will facilitate the recruitment of consultants for ESIA (when needed) and environmental audits. It will plan and implement safeguards capacity building activities.

Regional Water Bureaus (RWBs): RWBs will be responsible for deployment of environmental and social safeguards specialists at regional and zonal water bureaus. They will be responsible for deployment of safeguards focal persons at beneficiary Woredas/Towns. They are also responsible for compliance monitoring and reporting. The Regional Water Bureaus will assist the woreda and town water boards to

secure and supervise the work of the consultants including environmental assessments. They will responsible for overall follow up of the implementation of the proposed mitigation measures for each sub programs in their respective regions.

Regional Environmental Protection Authorities: The authorities are expected to review and clear ESSs, ESIA, and RAP/ARAP documents. They may carryout spot checks at towns/woredas so as to check proper implementation of environmental and social screening and environmental and social management plans.

Woredas: Woreda will be responsible for assigning safeguards focal persons who will be responsible for ESS, ESMP ARAPs, monitoring and evaluation. They are also responsible to allocate budget and implement mitigation measures proposed by the general ESMP, ESS, ESIA and RAP/ARAP study documents accordingly.

Towns / Utilities: Towns will be responsible for assigning safeguards focal persons who will be responsible for ESS, ESMP ARAPs, monitoring and evaluation and are also responsible to allocate budget and properly address mitigation measures proposed by the general ESMP, ESS, ESIA and RAP/ARAP study documents for their respective subprograms.

Community Water and Sanitation Committees: Water and Sanitation Committees will act on behalf of the community in planning and managing its water and sanitation facilities. Each Community Water and Sanitation Committee will be responsible for facilitating participatory planning and ensuring that implementation of mitigation measures will be carried out.

Please refer Table 8 of the ONE WaSH-CWA (P167794) ESMF as it summarizes the safeguards staff /focal persons to be deployed for effective implementation of the safeguards concerns.

On the whole, it has to be noted that any environmental and social related issues shall be addressed within the context of the ESMF and RPF prepared for the OWP II(P167794).

12. 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).

12.1 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.

12.2 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.

12.3 Legal Background

Land rights in Ethiopia do not explicitly provide private property rights. After the Proclamations No. 31/1975 and 47/1975¹⁷, 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 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

¹⁷Before 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.

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)).

12.4 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:

12.4.1 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).

12.4.2 Minimization of displacement

In line with the World Bank safeguard policy OP 4.12¹⁸, the OWP will minimize displacement through the following design procedures:

¹⁸“Involuntary resettlement should be avoided where feasible, or minimized, exploring all viable alternative program designs.”

- 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 WSSProgram will be routed inside existing right-of-ways (roads, streets, power lines) wherever possible.
- Where there is an overlap of the OOWNP 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:
 - (i) 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.
 - (ii) 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 OOWNP.
 - (iii) The One WaSH Resettlement Policy Framework governs any involuntary resettlement resulting from the project.”

12.4.3 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:

- 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.

12.4.4 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.

12.4.5 Entitlements

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

Table 12-1 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) Or Replacement by a piece of land of equal or better potential
Right-of-Way, i.e. loss of certain usage rights	Cash compensation for loss of land as per Ethiopian Proclamation No. 455/2005 Or 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, Or 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 or Ethiopian Regulation No. 135/2007

Type of Impact	Entitlement
Loss of trees	Compensation of lost income for a certain period of time, to be determined following regional regulations and practice or Ethiopian Regulation No. 135/2007

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

12.5 Other RPF Provisions

The full RPF report contains detailed provisions related with:

- (7) Monitoring and evaluation,
- (8) Grievance mechanisms,
- (9) Assistance to vulnerable people,
- (10) 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

Component /Activity/	Potential Issues/Impacts	Mitigations	Monitoring Tools and/or Indicators	Responsibility for Mitigation	Responsibility for Monitoring	Cost Estimate (USD)	Time Horizon
Design/ Planning & Operation	Potential for increased animal concentration in the surroundings of the water point, with resulting overgrazing, ecosystem and grazing resources degradation	<p>Consultation at EBA stage with pastoralist communities on water point siting issues</p> <p>Assessment of impact of increased livestock concentration on grass resources</p> <p>If needed, changes to water point location accordingly</p>	<p>Consultation minutes</p> <p>Number of livestock in the neighboring communities</p> <p>Number of nomadic livestock in the area</p> <p>Vegetation observations in the areas surrounding the water point</p>	Woreda/town consultants in charge of EBAs and sub-program design	Program appraisers	Cost of mitigations: Included in construction contract(s) Cost	Operations phases
Design/ Planning & Operation	Potential for permanent human settlement of pastoralists or others	<p>Consultation at EBA stage with pastoralist communities on water point siting issues</p> <p>Assessment of impact of water point on potential settlement/in-migration</p> <p>If needed, changes to water point location accordingly</p>	<p>Consultation minutes</p> <p>Number of people in the neighboring communities</p> <p>Number of nomadic people in the area</p>	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	Consultation at EBA stage with pastoralist communities on water point siting issues	Consultation minutes	Woreda/town consultants in charge of EBAs	Program appraisers	Same to above	Construction phase

Component /Activity/	Potential Issues/Impacts	Mitigations	Monitoring Tools and/or Indicators	Responsibility for Mitigation	Responsibility for Monitoring	Cost Estimate (USD)	Time Horizon
	pastoralists coming from other areas to water their livestock	Assessment of impact of water point on potential settlement/in-migration If needed, changes to water point location accordingly	Number of people in the neighboring communities Number of nomadic people in the area	and sub-program design			
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 season)	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 mitigations: Included in construction contract(s) Cost of	Construction phase
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	Identification at EBA stage of potentially vulnerable aquatic ecosystems downstream Changes in program design or siting if needed	Description of fragile ecosystems downstream, vegetation indicators on	Woreda/town consultants in charge of EBAs and sub-program design	Program appraisers	Cost of erosion control measures: USD 8,000 per year during	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
	banks and morphology, etc...)	Limitation of works in river bed and proper phasing according to flow fluctuations (dry/wet season) Erosion control measures in the dam catchment area	Number of downstream users Consultation minutes Flow observations TSS in flow downstream of catchment	Contractors	Construction supervisors	construction and operations	
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 Training of board/committee members on organizational and financial aspects Monitoring and technical assistance to board/committee	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 designed: Number of days per year where system is not functioning	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
			Town/community with facilities and management plan.				
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	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 Drainage of water wells, troughs, water taps (infiltration pit or other)	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	Application of Environmental Guidelines for Construction Contractors (Appendix 5) 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); Use of biodegradable drilling fluids and mud additives	Distance between wells and closest latrine Contractor compliance with guidelines on drilling fluids and mud - see App. 5 Absence of stagnant water E. Coli lower than WHO guideline Absence of leaks at well head	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>During the drilling, recycling of drilling muds in a pit near the drilling site as per usual drilling practice</p> <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>Report of chlorination</p> <p>Site inspection checking absence of stagnant water and general housekeeping at well site</p>				

Component /Activity/	Potential Issues/Impacts	Mitigations	Monitoring Tools and/or Indicators	Responsibility for Mitigation	Responsibility for Monitoring	Cost Estimate (USD)	Time Horizon
		<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>					
Construction and operation of new drilled wells (continued)	Waste material extracted from the well or waste drilling cuttings and drilling mud (boreholes)	<p>Waste drilling cuttings (innocuous rock cuttings extracted from drilled wells) to be dried, spread on site, and recontoured if needed</p> <p>Drilling mud to be recycled in the hole during drilling from a mud pit per usual drilling practice,</p> <p>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)</p> <p>Topsoil to be separately stored and spread on site on top of other materials</p>	<p>Visual inspection of well site</p> <p>Drilling works supervision</p> <p>Visual inspection of well site</p>	Contractors under supervision by implementing agency	Implementing agencies for each sub-program	Cost of mitigations included in construction contract(s)	Construction phase
Rehabilitation and increase in storage capacity of	<p>Increased traffic on access roads</p> <p>Limited topsoil erosion where earthmoving</p>	<p>Application of Environmental Guidelines for Construction Contractors (Appendix 5)</p> <p>Identification at screening stage of any endangered or threatened species, specific</p>	Compliance with speed limits - chance checks	Implementing agency and construction contractor	Implementing agency	Cost of mitigations: Included in construction contract(s)	Construction phase

Component /Activity/	Potential Issues/Impacts	Mitigations	Monitoring Tools and/or Indicators	Responsibility for Mitigation	Responsibility for Monitoring	Cost Estimate (USD)	Time Horizon
Dam, implementation of the recommendations of the dam safety assessment, and upgrades at the water treatment plant	<p>Loss of flora and fauna in the footprint of staging areas</p> <p>Temporary increase in Suspended Solids content downstream the dam</p>	<p>ESIA required if any is identified, and mitigation as per specific ESIA</p> <p>Storage of stripped topsoil away from drainage paths</p> <p>No earthmoving works during rains</p>	<p>Numbers of traffic incidents involving third parties or not reported monthly</p> <p>Measurement of TSS content 200 m and 1km downstream the works on a monthly basis</p>			Cost of monitoring: USD 10,000	
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> <p>No discharge of any used reagent in a water body</p> <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>	- Compliance check through periodic site inspection	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

Component /Activity/	Potential Issues/Impacts	Mitigations	Monitoring Tools and/or Indicators	Responsibility for Mitigation	Responsibility for Monitoring	Cost Estimate (USD)	Time Horizon
Construction of latrines	Impact of latrines and other individual sanitation systems on groundwater in situations where water table is shallow	Avoidance of latrines where highest groundwater level is less than 2 meters under the bottom of latrine pits or infiltration pits 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	- Compliance with distances	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	Use of competing private operators with trained personnel charging an affordable price for adequate quality service Control of discharges by emptying operators with fines according to Ethiopian law for any violation	- Monitoring of latrines constructed by WSS on a yearly basis and check that emptying services are adequately operating	Program implementers	EPA and Ministry of Water and Energy	Recurrent cost not to be covered by program	Operation phase
Construction of new sewerage lines and/or expansion of existing ones	Increased traffic on access roads Limited topsoil erosion where earthmoving Loss of flora and fauna in the footprint of trenches and staging areas Land acquisition Impact on physical cultural resources	Application of the general Environmental Guidelines for Construction Contractors If screening reveals that endangered or threatened flora is present in the sub-program footprint, an ESIA will be carried out Land to be compensated according to provisions of the Resettlement Policy Framework Avoid disturbance to cultural or religious sites. Advice should be sought	Contractor compliance Monitoring indicators as per RPF for land acquisition Monitoring tools as per the ESMF	Program implementers	EPA and Ministry of Water and Energy	To be determined after screening	Construction phase

Component /Activity/	Potential Issues/Impacts	Mitigations	Monitoring Tools and/or Indicators	Responsibility for Mitigation	Responsibility for Monitoring	Cost Estimate (USD)	Time Horizon
		from leaders of churches, mosques and community on availability of physical cultural resources before implementation.					
Operation of sewerage lines	- Spillage of waste water into the environment with associated health hazards for workers and third parties	Use of reliable contractors with trained personnel for any operation on operational sewer lines Personnel must use PPE Third parties kept away from work site by proper signposting Vacuum trucks kept available for any major intervention on operational sewer lines	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 plant	Impact of effluent discharge on water bodies	Application of the general Environmental Guidelines for Construction Contractors Sensitivity analysis of the receiving water body, and ESIA if warranted after screening - treatment level design based on World Bank effluent discharge guidelines and on the ESIA results	Measures of water quality parameters in the discharged effluent as per Appendix 4 on a six-monthly basis Ecological monitoring of the receiving water body	Sewerage system operator	Regional or Federal EPA Implementing agencies for each sub-program	USD 4,000 per year	Construction phase
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	Sewerage system operator	Regional or Federal EPA Implementing agencies for	USD 4,000 per year	Operation phase

Component /Activity/	Potential Issues/Impacts	Mitigations	Monitoring Tools and/or Indicators	Responsibility for Mitigation	Responsibility for Monitoring	Cost Estimate (USD)	Time Horizon
			addressed in Appendix 4		each sub-program		
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
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	<p>Town water board to decide on water tariffs, including (if needed) specific rules applying to the poorest</p> <p>Town water board or community water users committee to be provided guidance on how to determine water tariffs</p>	<p>Access of vulnerable people to water (survey of water users)</p> <p>Records of awareness and/or training sessions</p>	Water boards	World Bank	Included in operation cost	Operation phase

Component /Activity/	Potential Issues/Impacts	Mitigations	Monitoring Tools and/or Indicators	Responsibility for Mitigation	Responsibility for Monitoring	Cost Estimate (USD)	Time Horizon
Construction of water systems in general	Land needs Physical cultural resources	<p>Avoidance through resisting/rerouting of any impact on inhabited dwellings or structures used for commercial activities or other businesses</p> <p>Cash compensation of developments or crops affected by program land requirements</p> <p>Land replacement if land take by program is significant enough to affected users' livelihood</p> <p>Monitoring of how PAPs restore their livelihood after being compensated. See RPF for further details</p> <p>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.</p>	<p>Number of dwellings affected, number of dwellings avoided</p> <p>Cash compensation actually paid</p> <p>Land replacement actually effected</p> <p>Livelihood monitoring through income survey</p>	Implementing agencies for each sub-program	Implementing agencies for each sub-program	To be determined at screening stage	Construction phase