

MINUTES OF THE COWASH IV FEDERAL STEERING COMMITTEE EXTRAORDINARY MEETING

Time: May 24, 2021 meeting held through e-mail correspondence

Venue: Addis Abeba

Present in the meeting:

Name	Position	Organization	Signature
Members of the Federal WASH Steering Committee on COWASH			
Dr Negash Wagesho	State Minister and SC Chair	MoWIE	
Mr Arto Valjas	Head of Development Cooperation and SC Co-Chair	Embassy of Finland	
Other participants			
Ato Gezahegn Alemu Tadesse	Water & Agricultural Growth Advisor	Embassy of Finland	
Mr Arto Suominen	Chief Technical Advisor	COWASH Federal team	

1. Opening of the meeting and approval of the agenda	This meeting was opened by the e-mail proposing the COWASH IV Government of Finland Budget allocation to the regions. The meeting was conducted through telephone conversations and exchange of e-mails.	
2. Proposal Government of Finland Budget allocation to regions in COWASH IV	The extraordinary justification and proposal for COWASH IV GoF budget allocation was prepared by the FTAT and it was submitted for the Embassy of Finland and MoWIE approval. The budget allocation proposal is annexed to this minutes as Annex 1.	
3. Conclusion/ Decision	<ol style="list-style-type: none"> 1. After discussions between the partners through telephone and exchange of e-mails, the proposal (annex 1) was approved. 2. This minute of meeting will be attached to the Programme Document for future reference as it implies a budget change on "Innovation, research and piloting". 	The annexed Government of Finland budget allocation formula was approved.

ALLOCATION OF COWASH IV GOVERNMENT OF FINLAND BUDGET TO THE REGIONS

PROPOSAL

1 SUMMARY

By using the three criteria provided in the project document of COWASH IV the Government of Finland (GoF) contribution to the six COWASH IV regions is in the below table. The total GoF allocation distributed to the regions is EUR 12,934,000. In addition to this, EUR 920,000 has been deducted from the total GoF total regional contribution of EUR 13,854,000. The deducted amount is kept in the project as the contingency amount. The contingency amount to be shared to regions in future by the National WASH Steering Committee. It will be allocated to the regions based on the regions' performance, special needs and regional contribution to the project.

COWASH IV Regions	70% share based on Federal Grant formula	15% share based on COWASH III performance	15% share based on Regional Commitment per Woreda to COWASH IV	Total GoF budget allocated per Region	Regional share from Total GoF in percent
	EUR	EUR	EUR	EUR	%
Amhara	2,327,279	323,842	136,172	2,787,293	21.55%
BGRS	197,192	328,108	378,254	903,554	6.99%
Oromia	3,712,873	326,139	187,428	4,226,440	32.68%
SNNPR	1,733,441	319,249	308,423	2,361,112	18.26%
Sidama	433,315	319,249	408,515	1,161,078	8.98%
Tigray	649,701	323,514	521,308	1,494,523	11.55%
Total	9,053,800	1,940,100	1,940,100	12,934,000	100.0%

2 BACKGROUND

COWASH finance is generated from three different sources. Government of Finland (GoF) finance is in grant and is covering the project management and technical assistance support, specific operational costs, capacity building as well the physical capacity development and investments in school water supply in limited number of schools. Regional Governments' funds are used for the investment financing of community water supply and institutional WASH structures as well as specified operational and management costs. Communities will contribute in kind (labour and local materials) and in cash for the investments according to their capacity and availability of local materials.

In COWASH I-III the Government of Finland (GoF) regional support was transferred from the Ministry for Foreign Affairs (MFA) of Finland directly to the Bureau of Finance (BoF) in each COWASH regions based on the separate regional financing agreement between the MFA and the BoF. This practise has been changed in COWASH IV. The GoF financial support to the regions in COWASH IV is transferred to the regions using Channel 1 method, i.e., through the Ministry of Finance (MoF). MOF will recruit with the GoF funds a Financial Specialist (FS) for the financial management and reporting operations of the COWASH IV program.

At regional level Bureau of Finance (BoF) will coordinate funding of operations and allocate funds to bureaus, zones and woredas. Funds are transferred to Community Managed Project (CMP) accounts at Zonal Finance Departments and Woreda Finance Office (WFO) in accordance with applications based on the annual work plan and corresponding budget estimates.

GoE and the Regional States will allocate matching funds for investments and operational costs. The ratio of funds from GoF and GoE is proposed to be 40/60. The budgets allocated from GoF and GoE are the basis for the physical target setting for COWASH IV.

In COWASH IV the investment funds will be managed as follows:

- On request by Woreda Water Office (WVO), BoF, on quarterly basis, transfers investment funds to the woreda's CMP account at Micro Finance Institution (MFI) or CMP account at Woreda Office of Finance (WoF). In case of SNNP and Sidama, it is proposed to use new CMP fund channelling to be tested. In this new system, the investment funds are transferred to WASHCOs through the Woreda Finance Office directly.
- Alternatively, the CMP account can reside in the Regional MFI, from where it is distributed to the woreda level MFI offices and CMP accounts on request.
- From the woreda CMP account, funds are transferred to WASHCOs' MFI accounts for CMP investment purposes on terms and conditions, as defined in CMP Fund Management Manual (to be still revised for Phase IV), as instructed by Woreda WASH Team (WWT) and authorised by the CMP account signatories of WWT.
- Investment towards the construction of institutional WASH structures funded from the GoE contribution will be managed by the WVO and transferred through the governmental channels. These funds include financing the innovation of institutional sanitation and Menstrual Hygiene Management (MHM) pilot infrastructure.
- Funds from GoF contribution for Institutional water supply will be managed by WFO in close collaboration of the WVO and transferred through the governmental channels. These include financing of piloting of water supply infrastructure.

3 GOVERNMENT OF FINLAND SUPPORT ALLOCATION TO THE REGIONS

Allocations of the GoF support to the regions will be based on criteria approved by National WASH Steering Committee (NWSC) on COWASH. The criteria to be used and their respective weight are suggested in the project document to be:

1. **The General-Purpose Block Grant formula.** 70 % of the Government of Finland's grant to the Regional States will be divided based on this criterion.
2. **The Past performance.** 15 % of the Government of Finland's grant to the Regional States will be divided based on this criterion. The investment fund utilization of COWASH III will be used as the performance criteria.
3. **Commitment towards COWASH IV budget.** 15 % of the Government of Finland's grant to the Regional States will be divided based on this criterion. Minimum budget

commitment required from the states is 60% of the total budget, while MFA is providing 40 %. Commitment over the minimum expected will be rewarded.

3.1 GENERAL PURPOSE BLOCK GRANT FORMULA

The Federal Government 2013 EFY Budget Proclamation provides the information on the share of the budget to the regions. The Federal block grant to the regions is provided for subsidy and for SDG allocations. The table 1 below illustrates the amounts allocated for subsidy and for SDG. The percentages have been calculated based on the agreed amounts. The percentage difference between the two allocations is minimal as can be seen from the table 1 below. The source for this information can be found in the Federal Government Budget Proclamation published at https://www.mofed.gov.et/media/filer_public/6a/fa/6afad64f-ae47-4d41-8107-1dda38bfc1a1/2013_ec_budget_year_goe_federal_budget_proclamation_part_two.pdf

Table 1: The Federal Government Budget Proclamation for 2013 EFY

Region	2013 EFY SDG allocation to the regions by Federal Government			
	SDG amount in Birr	SDG in %	SDG % COWASH Regions	SDG % in COWASH regions
Oromia	2,067,600,000	34.46%	34.46%	41.01%
Amhara	1,296,000,000	21.60%	21.60%	25.71%
SNNPR	965,280,000	16.09%	16.09%	19.15%
Somali	598,800,000	9.98%		
Tigray	361,800,000	6.03%	6.03%	7.18%
Sidama	241,320,000	4.02%	4.02%	4.79%
Afar	181,200,000	3.02%		
Addis Ababa				
B/Gumuz	109,800,000	1.83%	1.83%	2.18%
Gambella	79,800,000	1.33%		
Dire Dawa	52,800,000	0.88%		
Harari	45,600,000	0.76%		
Total	6,000,000,000	100.00%	84.03%	100.00%

According to the COWASH IV Project Document, the total GoF support to the six COWASH IV regions is EUR 13,854,000. In COWASH IV budget allocation to the regions, the budget share between the regions was modified for the COWASH regions only for COWASH IV use as presented in table 1. The Project document recommends to deduct the contingency amount of Euro 920,000 (6.64%) of the total GoF to regions. This amount will be shared to regions in future based on their performance, special needs and allocating their contribution to the project. Therefore, the EUR 12,934,000 shall be allocated to the regions at this stage.

By using the adapted allocation percentages, the 70 % of the GoF budget for COWASH IV regions amounts to EUR 9,053,800 and is shared among the COWASH IV regions as presented in the table 2 below.

Table 2: 70 % of the GoF budget allocation to the COWASH regions using Federal Block Grant Allocation Formula

Project Region	Ethiopian Government Block Grant Allocation Factor (Adapted to COWASH Regions)	70% of GoF in EUR
Amhara	25.71	2,327,279.29
BSG	2.18	197,191.76
Oromia	41.01	3,712,872.84
SNNPR	19.15	1,733,440.55
SIDAMA	4.79	433,314.87
Tigray	7.18	649,700.69
Total	100.00	9,053,800.00

3.2 THE PAST PERFORMANCE

The rates of GoE utilization in Phase III are taken from the COWASH III (2009-2012) EFY completion report prepared by the FTAT based on the regions' report. The Sidama region utilization is taken same as that of the SNNPR. According to this criterion 15 % of the budget will be allocated to the regions using this criterion. The table 3 presents the budget allocation results using of past performance in COWASH III. According to this a total of EUR 2,078,100 is distributed among the regions.

Table 3: GoF Budget allocation based on the GoF fund utilization in COWASH III

Project Region	GoE fund utilization in COWASH III	% Share based on GoE Usage	15% of GoF based on GoE usage in EUR
Amhara	98.7	16.7	323,842.16
BSG	100	16.9	328,107.56
Oromia	99.4	16.8	326,138.91
SNNPR	97.3	16.5	319,248.66
SIDAMA	97.3	16.5	319,248.66
Tigray	98.6	16.7	323,514.05
Total	591.3	100.0	1,940,100.00

3.3 COMMITMENT TOWARDS COWASH IV GOE BUDGET ALLOCATION FROM PHASE IV

During the drafting of the COWASH IV document the Embassy of Finland collected the regional commitments for COWASH IV. The five regions of Amhara, Benishangul-Gumuz, Oromia, SNNP and Tigray provided their commitments officially in writing. The commitment of Sidama was not available during that time. In the process of approving the Phase IV Sidama and SNNP regions separated from each other and SNNP decided to implement COWASH IV in 13 woredas and Sidama in 5 woredas. Both of them gave official commitment budget for Phase IV. SNNP allocated Birr 212,000,000 and Sidama Birr 108,000,000. The table 5 below informs the number of woredas planned by each region in their commitment letter as well as the commitments. Table presents also the commitment-woreda which determines the actual share of the budget for each region as presented in table 4 below.

Table 4: GoF Budget allocation based on the Region commitment for COWASH IV

Project Region	No. of Phase IV Project Woredas	Regional Commitment (in Birr)	Regional Commitment/Woreda	% Share based on Per Woreda Commitment	15% of GoF (based on GoE Phase IV Per Woreda Commitment) in EUR
Amhara	40	288,000,000.00	7,200,000.00	7.02	136,171.60
BSG	4	80,000,000.00	20,000,000.00	19.50	378,254.45
Oromia	30	297,304,632.63	9,910,154.42	9.66	187,428.00
SNNPR	13	212,000,000.00	16,307,692.31	15.90	308,422.86
SIDAMA	5	108,000,000.00	21,600,000.00	21.06	408,514.80
Tigray	7	192,947,264.00	27,563,894.86	26.87	521,308.29
Total	99	1,178,251,896.63	102,581,741.59	100.00	1,940,100.00

3.4 GOF ALLOCATION SUMMARY

The GoF budget contribution EUR 12, 934,000 has been now compiled by using all three criteria together according to the principles provided in the project document. The summary of the total GoF contribution to each of the region is presented in table 5 below. The table also presents the final percentage share of the GoF funds as per the regions.

Table 5: Final GoF allocation to the COWASH IV regions

COWASH IV Regions	70% share based on Federal Grant formula	15% share based on COWASH III performance	15% share based on Regional Commitment per Woreda to COWASH IV	Total GoF budget allocated per Region	Regional share from Total GoF in percent
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Amhara	2,327,279	323,842	136,172	2,787,293	21.55%
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Total	9,053,800	1,940,100	1,940,100	12,934,000	100.0%