

CMP core elements, Why COWASH is using MFIs for Investment Fund Channeling? and Experience From Other Regions

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Outline of Presentation

0. Objective of the presentation

1. Sector Policy

2. Rural WASH and its challenges

3. Evolution of CMP

4. Description of CMP

5. CMP in other regions

0. Objective of the presentation

To achieve awareness of the Community Managed Project **(CMP)** approach in general and how it is promoted in COWASH in particular.

1. The Sector Policy

Mentioning some points from the **Water Resources Management Policy of Ethiopia** prepared in 1999 is important to assess whether **CMP** is supported with the sector policy or not.

1. Sector Policy

Some Points from the Sector Policy

- Promote the development of water supply and sanitation **(WSS)** services on participation-driven and demand responsive approaches.
- Identify and promote the development of appropriate, reliable and affordable **WSS technologies**, which have got great acceptance among the local communities.
- Create and promote a sense of awareness in communities of the ownership and their responsibilities for **Operation & Maintenance (O&M)** and develop participatory management practices.

1.The Sector Policy

- Ensure self-reliance through promotion of self financing;
Engage the participation of banks, private operators,
micro financing institutions
- Ensure transparency, responsibility and accountability in the utilization and management of the WSS funds, namely through Community Water Committees.
- Provide incentives to local stakeholders such as community groups, to encourage their participation in the planning, design, implementation and management of WSS systems.

2. Rural WaSH and its challenges

- **Rural WaSH (RWASH)** in Ethiopia is expected to provide services to over **80%** of the population (**close to 72 million people**) of the Country.
 - It requires **the implementation, management and sustaining** of **hundreds of thousands of water schemes** in the rural areas.
 - Water supply access in rural areas of Ethiopia has been increasing from **19% in 1990** to **66.5% in 2013**.
 - **The GTP target is to achieve 98%** access to water supply, and **reduction** of proportion of non-functioning water schemes to **10%** by the year 2015.
- But the effort in the provision of the services has **been challenged by the following factors:-**

2.Rural WaSH and its challenges

- **Main challenges in rural WaSH are:-**
 - Low implementation capacity
 - High level of non- functionality of schemes
 - Low absorption capacity (low utilization of allocated budget).
 - Human resource capacity challenges, in particular at woreda level.
- **The alleviation of the above challenges required a new approach with innovative financing and implementation modality named (CDF/CMP).**

3. Evolution of CDF/CMP

3.1 Milestones in CMP

- Rural Water Supply and Environmental Programme in Amhara (RWSEP) launched in 1994 as a Woreda Managed Project (WMP) recognizing the policy directions and GoE's commitment towards more community empowerment, established community development fund (CDF) approach in 2003 to contribute for the alleviation of the sub-sector challenges mentioned above.

Milestones of CMP

1. RWSEP
started in
Amhara
(WMP)

2. CDF piloted
in 2 woredas
in Amhara

3. CDF
modality
operational in
12 Woredas

9. CMP
started in
Tigray,
SNNPR
and
Oromia

5. CDF
evaluation
by WB

7. CDF assessment by GoE

1994

2003

2005

2008

2009

2011

2012

2013

2014

4. JTR conducted
on CDF in Amhara

6. CDF scaled up to
BSG and UNICEF in
Amhara

8. CDF
incorporated
into WIF as
CMP and
COWASH
started

10. WIF
and
OWNP
approved
and CMP
part of it

11. CMP
manual
using
Public
funds
under
preparation

3.Evolution of CMP (continued)

3.2 Evaluation of CDF by WSP

- Recognition of the success of RWSEP by Joint Technical Review (JTR) led to growing interest by GoE and donors to understand CDF more.
- Consequently, in 2008/9 the World Bank, Water and Sanitation Program (WSP)-Africa has undertaken an independent study to evaluate the achievements of CDF and recommend feasible measures to scale up the CDF funding mechanism. The evaluation came up with the following main findings.

3.Evolution of CMP (Cont.)

The main findings of the WSP evaluation were:

- The RWSEP implementation rate has increased by a factor of 5 (from an average of 15 WPs/woreda/year (1994-2002 pre CDF), to over an of average 70 WPs/year in 2008/9).
- The technical quality of the facilities built is satisfactory and functionality rates for CDF schemes (94%) are above the average for Amhara (estimated as 75%).
- Utilization of investment budgets has increased from an average of around 53% between 1998-2002 (pre-CDF) to close to 98% during end of 2007 (compared to below 50% for other large donor programs).
- And recommended that CDF can and shall be mainstreamed and scaled up in the Country.

3. Evolution of CMP

3.3 Assessment of CDF by GoE

- In 2010 teams of government officials from MoFED and MoWR made an assessment visit in Amhara to look the potential of mainstreaming CDF and its compatibility with systems of GoE.

The findings & recommendations of the assessment were:-

- Woreda and community level control mechanisms for procurement & fund management are not only sufficient but also effective.
- Outsourcing fund transfer management to MFI (ACSI) was not perceived as a problem for scaling up the approach.
- Immediately open a serious dialogue with relevant WASH development partners for the adoption of CDF as a funding mechanism.
- Amhara and BSG regional governments should take immediate steps to scale up the CDF in their regions.

3.Evolution of CMP (Cont.)

3.4 Initiation of COWASH Project

- Based on recommendations of GoE and WSP assessment to scale up CDF, and **the call from GoE**, GoF decided to provide new support to GoE to assist the scaling up effort.
 - Accordingly GoE and GoF initiated the COWASH Project.
- In addition CMP was included in the sector's guiding document, **the WIF** (**CMP has been recognized as one of the implementation modalities of Rural WASH**) along with the other three RWASH implementation modalities:-
 - Woreda Managed Project (WMP)
 - NGO Managed Project
 - Self supply

4. CMP

MAIN ELEMENTS of CMP

- **Community** makes an application to the WWT for the water point (demand expression) with an upfront cash contributed for O&M.
 - Community owns the water system from the beginning – no handing over, only inauguration!
- **Community** covers minimum 15% ?? of the investment cost in labor, material or cash.
- **Community is the project manager** (as put in WIF)
 - Community procures construction materials, equipment and services.
 - Community manage the project fund/finance (own contribution and external support).

4. CMP

MAIN ELEMENTS of CMP (Continued)

- **Community** is responsible for water supply operation and maintenance (O&M) – low non functionality – better sustainability.
- **Community** capacity to be built for contract management (procurement of services & goods), financial management and monitoring processes.
- **Woreda's role:** shift of role from implementer to coordinator, controller & facilitator of implementation and fund management - technical support to many communities.

4. CMP- Why MFIs are used?

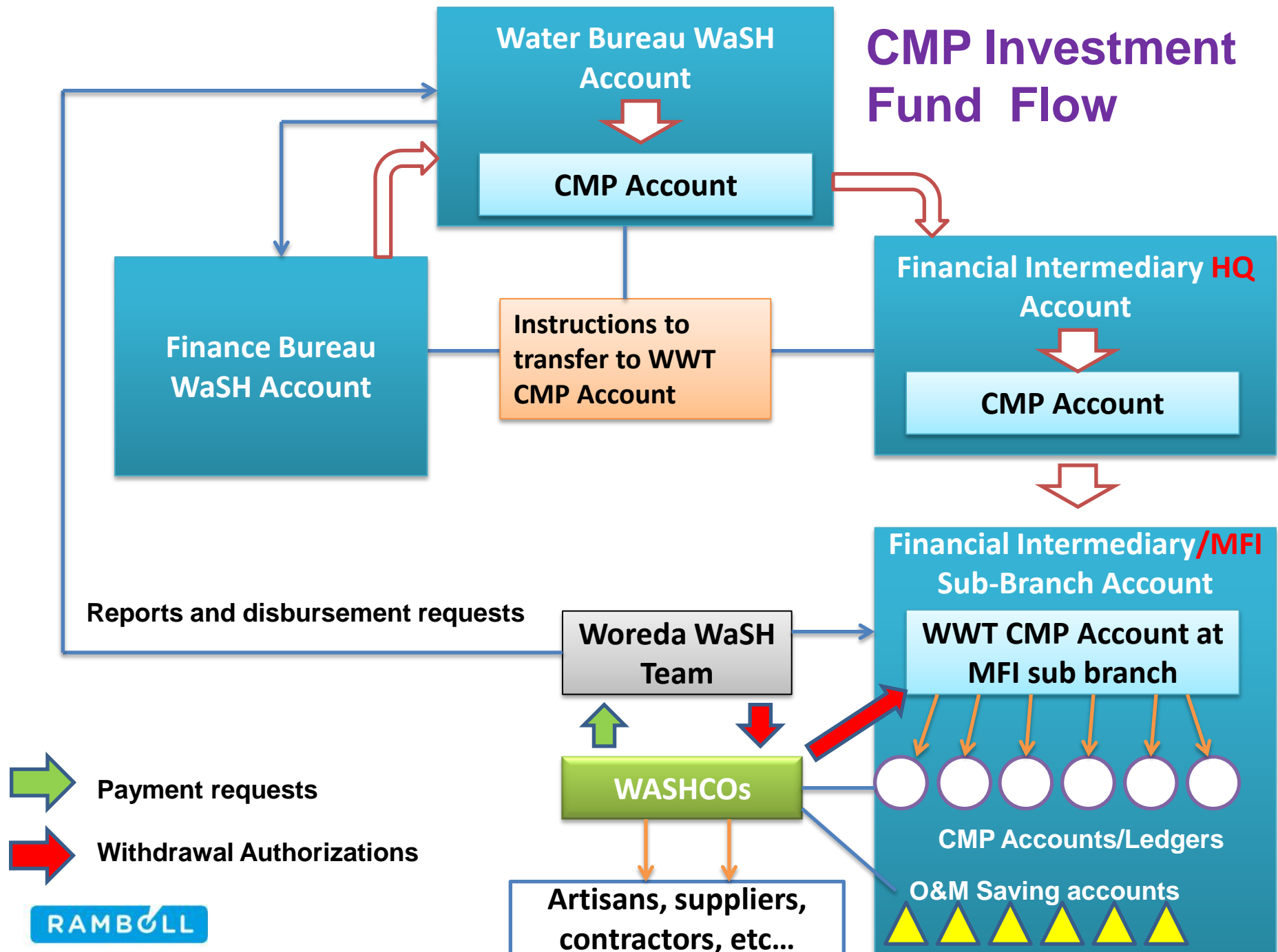
The following four actors were contacted during the selection of CDF fund challenging mechanism to WASHCOs (in 2002)

- **CBE (North Western Branch) - was not interested due to :-**
 - The outreach of CBE at that time was low (less than 50% coverage in the country). Even there were zones without CBE.
 - The investment fund for a water point is small in amount with limited time to be deposited at the bank. This was reported to be not profitable for the bank as compared to the overhead cost required for its management.
 - **Development Bank of Ethiopia (DBE)**
 - Was too expensive with higher rate of commission and huge capacity building requirement including vehicle.
 - **Woreda Finance Offices**
 - The offices had no capacity due to more work load.
 - There were no CBE branches in many of the woreda capitals where finance offices were opening accounts.
- RAM Raised also the issue of WASHCO legality.

4. CMP - Why MFI were used (Cont.)

- **MFI (ACSI in Amhara)**
 - Highly interested for the business.
 - Reasonable/cost effective commission (3% = 1.5 % commission and 1.5 % capacity building of MFI sub branch/Woreda branch).
 - Better access to communities and compatibility with their core business (MFIs major business is to work with rural communities).
 - Willing to work more in the sector including provision of loan for O&M if well designed.
- With the above assessment **ACSI in Amhara** was chosen for channeling funds to WASHCOs. The use of the MFIs in CMP was also replicated to other regions and has worked well for the past 10 years.

CMP Investment Fund Flow



4. CMP – in OWNPN

- A consultant is employed and has already started the preparation of implementation manual how CMP can be implemented in the One WASH National Programme (OWNPN).

5. CMP in Other regions (Am., Ti., Sr & Or.)

5.1 Establishment of the COWASH project for CMP

- The project bi-lateral agreement signed between the regions BoFED and Embassy of Finland.
- **Launching workshop conducted and core plans prepared.**
- RWSC re-organized to handle COWASH - the Embassy of Finland representative included as RWSC member.
- CMP woredas selected by the RWSC (in some regions only by BoFED & water bureau). Low WaSH coverage, potential for HDWs and SPDs were major criteria.
- RSU established and housed at the water bureaus (separate presentation will be made on this).
- The detail plan for the first fiscal year prepared and implementation started.

5. CMP in Other regions

5.2 CMP woredas in other regions

- CMP approach mainly financed by COWASH project has been functioning in four regions with the following number of woredas.

I. N.	Region	Woredas joined COWASH (in EFY)				UNICEF CMP woredas	MFI & commission
		2004	2005	2006	Total		
1	Amhara	27		13	40	8	ACSI & 3%
2	Tigray	2	2	3	7		DCSI & 5%
3	SNNPRS	2	2	4	8		OMFI & 3%
4	Oromia		5	3	8	4	OCSSCo & 4%
	Total	31	9	23	63	12	

5. CMP in Other regions (Cont.)

Investment (construction) budget allocation for COWASH

- **Except in Amhara** where the GoF supported the investment budget for the construction of WPs and institutional latrines for **16 woredas in the 2004 & 2005EFY**, the investment budget for all the COWASH woredas is allocated from the regional governments.
- **In Oromia**, the actual implementation of the project started in the 2005EFY due to the late allocation of budget by the region which delayed the signing of the project bi-lateral agreement between BoFED & Embassy of Finland (**signed in May 2012**).

5. CMP in Other regions

Investment budget channeling to WASHCOs

- In Oromia and Tigray regions, the investment fund management agreement is signed b/n water bureaus and MFIs and funds are disbursed from BoFED to water bureau CMP account (Z-account), then to MFIs.
- In Amhara for the GoE inv. Woredas the agreement is signed between each respective WaSH sector bureau and ACSI. i.e.,:-
 - For WPs at communities and institutions (health and schools) signed b/n water bureau and ACSI.
 - For latrines at schools signed b/n education bureau and ACSI.
 - For latrines at health inst. signed b/n health bureau and ACSI.
- In GoF Inv. supported woredas in Amhara b/n BoFED & MFI.
- In SNNP, the fund management agreement is b/n BoFED and MFI and the fund is disbursed from BoFED to MFI.

5. CMP in Other regions (Cont.)

5.3) Construction achievements in the past two years (2004 & 2005EFYs)

I.N.	Region	Water points for communities & institutions			Institutional Latrines (School & health)
		HDWs	SPDs	Total	
1	Amhara	2,199	510	2,709	27
2	Tigray	38	54	92	12
3	SNNPRS	13	113	126	4 (nearing to completion)
4	Oromia	91	44	135	10
	Total	2,341	721	3,062	53

In Amhara number of shallow well drillings are on progress.

5. CMP in Other regions (Cont.)

5.4) Lessons for BSG from other regions

- **The selection of CMP woredas** has to be made by/with the full knowledge of the RWSC (BoFED, water, health and education bureaus) rather than only by some bureaus.
- **Proper attention and regular meeting of the RWSC** is very vital for the establishment and better implementation of the approach.
- **Great attention has to be given** in the employment/selection of RSU staff – **competition based**.
- **Supportive supervision** to zones, woredas and communities by the regional bureaus, RSU and the FTAT team is very vital in the implementation of the planned activities **as per the CMP elements and annual plans**.

5. CMP in Other regions (Cont.)

5.4) Lessons for BSG from other regions (cont.)

- **Translation of the CMP training manuals** in to regional working languages is very important (**manuals were translated to Afan Oromo and Tigrigna**).
- **Zonal and woreda sector offices** must have the required operational budget (PD, fuel, stationery, maintenance of motorbikes & cars etc.) for the project.
- **Health and education bureaus** be responsible for WaSH activities at health institutions and schools from the start (**provision of recent latrine designs, training, supervision**).
- **Regular meeting** and follow up of the WWT is very vital.

5. CMP in Other regions (Cont.)

5.4) Lessons for BSG from other regions (cont.)

- **Integration of Water Supply, Sanitation and Hygiene activities (such as support for declaration of ODF kebeles) at community and institutions is very essential.**
- **Proper handling of project (WPs & latrines) files from the very start is important.**

Thank You!

- With the OWNPN however, (MoFED) has requested that the Public Funds in CMP shall be transferred to communities through Woreda Finance Office and the use of MFIs is prohibited. Furthermore, the Public Finance and Procurement Directives do not recognize community-groups as eligible organizations to receive and use Public Funds.
- Therefore the existing CMP Implementation Manual for Communal and Institutional Water and Sanitation implementation is to be revised to follow the Public Finance and Procurement Systems.
- This will facilitate the use of CMP Implementation Modality in the implementation of One WASH National Program.