



Research-inspired Policy and Practice Learning in Ethiopia and the Nile region

Aid effectiveness in the WASH sector in Oromia region, Eastern Hararghe zone: The case of Goro-Gutu and *Babile wordeas*

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Disclaimer:

We jointly disclose that although different institutions and individuals contributed and provided valuable information for the success of this study, the analysis and opinions reflected herein are those of the authors alone. None of our informants are responsible for the analysis of the information. In case of any mistakes we committed in interpreting the information and any other related issues, the authors will be fully responsible.

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Acronyms

ARUAP	Accelerated Universal Access Program
AfDB	African Development Bank
CSOs	Civil Society Organizations
CISP	Comitato Internazionale per lo Sviluppo dei Popoli
CDS – AA	College of Development Studies Addis Ababa University
CE	Care Ethiopia
DFID	Department for International Development
DW	Deep Well
DPPC	Disaster Prevention and Preparedness Commission
DRA	Development and Relief Associations
EECM	Ethiopia Evangelical Church Mekane Yesus
EUW	European Union Water Initiatives
EU	European Union
EOC	Ethiopian Orthodox Church
FDG	Focus Group Discussion
FDRE	Federal Democratic Republic of Ethiopia
GLRA	German Leprosy Relief Association
HEW	Health Extension Workers
HDW	Hand Dug Well
HN	Hunde Negaya
HCS	Hararghe Catholic Secretariat
JICA	Japan Technical Cooperation
KI	Key Informants
LARS	Long term Action Research
MDG	Millennium Development Goals
MOE	Ministry of Education
MoH	Ministry of Health
MoWR	Ministry of Water Resources
MoU	Memorandum of Understanding
MFM	Menschen für Menschen (NGO)
MSF	Multi Stakeholder Forum

NGO	Non-Governmental Organization
NF	Non-Functional
OECD	Organization for Economic Cooperation and Development
PSNP	Productive Safety Net Program
PASEP	Plan for Accelerated Strategy to End Poverty
PD	Paris Declaration
PIU	Program Implementation Unit
PIM	Program Implementation Manual
RiPPLE	Research Inspired Policy and Practice in Ethiopia
RC	Roof Catchment
SWAP	Sector Wide Approach
SH	Self Help
SH	Shallow Well
SHDI	Self Help Development International
SOS	Spring on Spot
SD	Spring Development
UAP	Universal Access Program
UNICEF	United Nation Children Education Fund
WSS	Water Supply and Sanitation
WASH	Water Sanitation and Hygiene
WAE	Water Aid Ethiopia
WSP	Water and Sanitation Program
WB	World Bank
WOWR	Woreda Water Resource
WOFED	Woreda Finance and Economic Development

I Introduction

In Ethiopia, the water sector is characterised by low service level. The rate of access¹ to potable water supply was 46 percent for rural residents and 82 percent for urban residents, and the average proportion of people with access to potable water supply was 53 percent (MoWR, 2008). The access rate for 2009 was reported at 68.5 percent, which is about 3.5 percent higher than the year before. Access to some type of latrine was reported at 52 percent. The root causes for the low service level include the limited national revenue, high financial requirement and low emphasis given to the sector in terms of investment (less than 1 percent of the national budget). The sector is also characterised by limited financing for expansion and improvement of services, poor coordination among stakeholders, limited implementation, low operational capacity, and a lack of strong monitoring and evaluation systems.

Current sources of expenditure for water supply and sanitation (WSS) services include public finance, direct donor and NGO transfers and local tariff generation, user fees and in-kind community contributions. A study carried out by the Ministry of Water Resources (MoWR) and Italian Cooperation (2006)² indicates that donors and NGO funds accounted for not less than 43 percent of total expenditure on water supply and sanitation in 2005/06 Ethiopian fiscal year. Based on the information from MoWR, the overall budget for the sector is increasing. However, the amount that is allocated to *woredas* specifically for the water and sanitation program is too small to address the problem and to achieve the targets set by the government³.

Another challenge is the timely release of funds. Funds are released to implementers or *woredas* through three channels⁴. On top of these, for food insecure *woredas* an additional fund is available to the sector through the food security program. These funds are released to the local government to address all sectors that can help to mitigate food security issues. As a result, rural water supply projects have an opportunity to get a share to implement their program.

To respond to the challenges the government has developed different policies and strategies. The National Water Resource Management Policy developed in 1999, the Ethiopian Water Resource Management Strategy (2001), the Sanitation and Hygiene Strategy (2005), the Water Sector Development Programme (2002-2016), the MDGs Need Assessment (2004) and the Universal Access Plan (UAP) (2005-2012) are among the national guiding policy

¹ Access is the proximity to facilities in a radius of 1.5 km and 500 meter with a per capita consumption of 15 and 20 liters per day and person for rural and urban areas, respectively.

² Ministry of Water Resources and Italian Cooperation (2006) EU Water Initiative Financing Strategy for WSS sector.

³ Girma Aboma, WaterAid Ethiopia, Think local Act local, local government financing the WASH sector.

⁴ The federal government released budget through direct transfer to the regional or *woreda* Finance and Economic Development Bureau or office (IA). The resources are allocated by local authorities. Donor funds are released through channel 1B as specific purpose grants or loans. Donors that release funds to regions and communities are known as channel 2. Funds from NGOs are often released through channel 3, commonly known as "off budget".

papers. Most of the targets set by the government are very ambitious. For instance, Ethiopia's UAP aims at 98% water and 100% sanitation coverage in rural areas of Ethiopia by 2012.

However, earlier case studies by RiPPLE identified numerous factors that may hinder the achievement of the UAP. These include financial bottlenecks for effective delivery and sustainability of WASH systems. Lack of capacity and resources at *woreda* level (Moriarty et al, 2009) is a critical challenge that impedes the achievement of targets. Furthermore, high staff turnover remains among the major problems facing the sector at all levels from WASHCOs up to the regional level. In terms of financial resources flowing to the sector, it is increasingly recognised that the funds are far from being sufficient to reach the UAP targets (ibid). The government has also confirmed that the UAP's achievements, so far, have not met expectations⁵. The Accelerated Rural Universal Access Program (ARUAP) document (2009) shares this view. As stated in the document, three years have passed since the implementation of the UAP, but an initial assessment of the performance of the UAP for these first three years showed that the targets have not been met. The document further states that out of the 48 million people that were supposed to be supported over the seven years of the UAP plan (2006-2012), only about 13.5 million have been supported so far, which means that the implementation of the UAP plan has been serving an average of 4.5 million per year. In order to achieve the UAP target by the end of the planning year 2012, there is a need to reach the remaining 34.5 million people within four years (2009-2012). This implies that water supply schemes with the ability to reach at least 8.6 million people per year have to be constructed in the next four years, which in turn requires an average annual growth of 11 percent or more for the rural water supply sector alone. This is nearly a two-fold increase to the current performance.

At the present time, the WASH sector in Ethiopia is undergoing a major 'programme-based' evolution, reflecting wider efforts by government and donors to implement a broader aid-effectiveness agenda (Welle, et al 2008). The aid environment in Ethiopia is institutionally complex and diverse. This is also evident in the sub-sectors dealing with the delivery of water supply and sanitation services. Better understanding of the challenges of poor coordination and financing and their impact on service delivery—and capacity to achieve ambitious access plans—is key to supporting a more integrated and effective aid environment in Ethiopia.

This study focuses on analysing the effectiveness of the aid environment in the WASH sector in two RiPPLE *woredas*, namely Babile and Goro-Gutu in eastern Ethiopia. Mapping out how donor agencies allocate their aid in the WASH sector, and attempting to disaggregate these allocations between water supply, sanitation and hygiene, and water resources management, forms the main focus of this study. This helps us to understand issues related to the flow, efficiency and management of aid in the WASH sector.

⁵ Ministry of Water Resources, Accelerated Rural Universal Access Plan, 2008.

2 Background of the research and methodology

2.1 Background of the study area

East Hararghe zone is located in the eastern part of Oromiya Regional State of Ethiopia. The zone has 18 *woredas*, four are lowland / pastoral *woredas* while the remaining *woredas* are located in the midlands (*weynadega*) and highlands (*dega*).

Although the zone has a significant area of land and a relatively large population, it is ranked as the last among all zones of Oromiya region in terms of surface and ground water potential. The zone has two main drainage basins, namely the Wabishebele and Awash drainage basins. Due to the topography and hydro-geological condition, East Hararghe is a water resources scarce area. In order to address the problem, various types of water supply schemes have been constructed at the community level by government, donors and NGOs.

One of the study *woredas*, Babile, is among the 18 *woredas* in east Hararghe zone which is located in the eastern part of the zone. It is located 35 km away from the city of Harar. The population of the *woreda* according to the 2007 census was 93,674. Rural residents account for 81.1 percent of the population.

The agro-climatic condition of the area is semi-arid, arid. The annual maximum and minimum temperatures are 26 and 20°C, respectively. There is a short rainy season that lasts for about one and a half months and a long rainy season that lasts for more than two months. Even so, the rainfall pattern is not easily predictable and has shown yearly fluctuations. Due to the rainfall pattern, the *woreda* is considered food insecure.

The second study *woreda*, Goro-Gutu, is located 420 km east of Addis Ababa, on the main road to Harar. The *woreda* is located 140 km north-east of the zonal capital, Harar. According to the 2007 Population and Housing Census, the population of the *woreda* was 143,896, of which 93 percent live in rural areas. The majority of inhabitants work in agriculture. The agro-ecology is divided into highland (*dega*) that covers 23 percent of the area, midland (*weynadega*) 29 percent and the remaining 48 percent is classified as lowland (*kolla*).

2.2 Objective of the study and research questions

The overall objective of this study is to assess the status and the extent of the use of aid in the water and sanitation sector in two districts of Eastern Hararghe of Ethiopia.

The specific objectives are to:

1. Assess aid effectiveness in the WASH sector based on indicators of the Paris Declaration
2. Assess the trend in commitment, disbursement, utilisation and absorption of funds channelled to water and sanitation sectors,
3. Identify how budgets for water and sanitation at regional and *woreda* levels are formulated, approved, implemented, and monitored, and
4. Identify and test measures that could ensure commitments are effectively disbursed and utilised as planned.

The key research questions are:

- How much aid is disbursed to the WASH sector?
- How is aid targeted to different sectors for achieving MDG and UAP targets?
- How much of the aid is focused on addressing the MDG and UAP targets for water and sanitation?
- How efficient is the coordination and harmonisation of aid among donors?
- How do donors align with government system and their financial modalities to bring about a desired impact?
- What mechanisms and processes are in place to address coordination and alignment of donor/NGO funds?
- What are the reasons for donor funds not being disbursed effectively?
- Are there problems in utilising disbursed money for WASH at a *woreda*/regional level?

2.3 Research methodology

We used both quantitative and qualitative methods for data collection and analysis. We collected secondary data related to the topic from the *woreda*, zonal, regional and national levels. The reason for collecting the data from different levels was because of the lack of all the relevant sector information at *woreda* and zonal level. For the qualitative methods, we used Focus Group Discussion (FGD) at the *woreda* level with key organisations involved in the activities of WASH and Key Informant Interviews (KII) at both *woreda* and zonal level.

In addition, we reviewed relevant documents pertinent to aid in the WASH sector and conducted a literature review that gives an overview of the aid sector in Ethiopia in relation to some of the global developments.

Key activities that we carried out were:

Team formation: The research team was composed of six members from different institutions, namely, RiPPLE Office, Addis Ababa University/College of Development Studies, Haramaya University, WaterAid Ethiopia, and representatives from the Bureau of Water from Federal, Regional and Zone office, as well as Zone Finance office. A two-day training was organised for the team so that they could familiarise themselves with concepts related to Access LARS, aid environment, budget processing, and water sector policies and plans. The training also provided a forum to discuss the analytical framework employed in the study, research questions, and formats for data collection. Furthermore, a one-day meeting was organised to discuss the preliminary findings from the study.

Donor mapping as a tool for sample *woreda* selection: The main objective of the donor mapping was to identify the type of donors in the sector (multi-lateral, bilateral, NGOs), their distribution in the different *woredas*, to select *woredas* with different donors to avoid misrepresentation of *woredas* and to identify *woredas* with a mix of donors.

Data collection: Data for this study were collected at different levels ranging from federal to *woreda* levels. Both qualitative and quantitative data were collected. The main qualitative tools used for data collection were FGD, key informant interview (KII) and review of different relevant documents. The FGD included *woreda* staff from Finance, Water and Health Offices. KII included officials of the *woreda* Finance, Water, Health and from the *woreda* council. Resources people from zonal Finance, Water and Health were also included in the KII.

Literature review: This part of the report focuses on analysing internationally accepted targets and agreed modes of funding, national guiding policies and targets, implementation modalities and other WASH-related literature.

2.4 Findings from the literature review

Most studies would agree that access to a reliable and safe water supply for domestic use as well as for productive purposes is crucial for livelihoods and well-being of any community. Provision of water supply has a direct link with poverty reduction. Five out of eight MDG

targets are linked with provision of water supply and sanitation.

In September 2000 world leaders had approved the MDG with eight broad goals and 18 targets⁶ that included targets related to doubling access to water supply. The sanitation target was set two years later at a meeting in Dublin, South Africa. Following these high level meetings and agreements, different initiatives have started globally and locally.

Financing projects and good governance are among the challenges that hamper smooth and fast implementation of projects and programs, including that of water supply and sanitation, in many developing countries. Modalities of funding and associated conditions imposed by donors, and complicated planning, implementation and reporting procedures are among the key challenges in using the available resources effectively. To address the problem, the Paris conference focused on aid effectiveness. The conference passed a declaration that has five basic principles, which were to provide a framework of interventions for both donors and recipient countries. The key principles of the declaration are (i) Ownership, (ii) Harmonisation, (iii) Alignment, (iv) Results, and (v) Mutual Accountability⁷.

The Ethiopian Water Resources Management Policy and Strategy, and Proclamation 197/2000, have recognised the provision of safe and adequate water supply as a right of all citizens.⁸ In line with these high level commitments and principles, the FDRE has taken different measures, including the preparation of development plans and a call for donors to increase program funding instead of funding of many small projects⁹.

The Water Sector Development Plan had a target of achieving 71% access to water supply by 2016. The target for the Universal Access Plan (UAP) is to attain 98% water and 100% sanitation coverage by the year 2012. Despite all the progress made, the targets under the UAP do not look achievable¹⁰. The main factors attributed to the limitations of the program include ownership of the program at lower level, focus on technology, slow disbursement of available funds, limited harmonisation and alignment of programs, and lack of capacity.

Donors, development agencies and NGOs play an important role in ensuring access to water and sanitation. However, the main problem is usually lack of coordination of both activities and in identifying areas that most need support. According to a study done by WSP (2004), NGO funding, commonly “off-budget”, donor funding and internal revenue contribute a substantial amount of total expenditure in the sector. In the 2001/02 fiscal year, off-budget funding amounted to 18.9% of total sector expenditure and 33% of development/capital expenditure¹¹. The JBAR (MoWR, June 2008) report also highlights that the overall financing picture in the water sector is complicated by a high level of off-budget funding, especially at the *woreda* level¹².

⁶ MoFED; Millennium Development Goals Report; Challenges and prospects for Ethiopia, March 2004 Addis Ababa.

⁷ High level Forum, Paris Deceleration on Aid Effectiveness, March 2005

⁸ Ethiopian Water Resources Management Policy (1999) and Ethiopian Water Resources strategy (2001) and Ethiopian Water Resources Proclamation 197/2000

⁹ MoFED; Donors call for funding the PRSP and PASDEP

¹⁰ Ministry of Water Resources, Revised R- UAP document, 2008

¹¹ Water Supply and sanitation, Water supply sector resources flow Assessment, 2004

¹² MOWR, JBAR, June 2008.

According to the survey made on Ethiopian performance of aid effectiveness by OECD (2008), Ethiopia's progress was viewed as moderate, except in ownership¹³. At sector level, progress was strongest in education, followed by health and water. The water sector showed slower progress overall because a coordinated effort to develop a sector-wide approach started only in 2005, while similar efforts had been ongoing in health and education since 1997/8. The short timeframe of engagement in water meant that the sector did not yet have all the 'mechanisms' of a SWAp in place. Nevertheless, the sector has made much progress since 2005. The Financing Strategy for Water Supply and Sanitation Sector (EU Water Initiative, November, 2007) proposed strengthening the programmatic approach in the WASH sector as one element contributing towards the practical strategy to increase financial flows.

While the government-led UAP sets the ambitious access targets of 98 percent for water and 100 percent for sanitation by 2012, the plan is not yet linked to a strong sector development programme and performance monitoring system, especially at *woreda* level. Having established an inter-sectoral coordination office on WASH at the MoWR in late 2007, the government is now - in theory - in a good position to exercise leadership over the sector development process. As per the assessment made by Welle (2008) on the aid effectiveness indicators set by Paris Declaration, the Ethiopian water sector has a strong ownership of the program¹⁴. According to the same source, policy alignment in the water sector is progressing under a multi-stakeholder forum, a process which aims to lead towards a SWAp. A common bi-annual sector review mechanism was agreed in December 2007 and the sector financing strategy (EUWI, 2007) of May 2007 sets out a roadmap towards a joint financing agreement. In 2007, 47 percent of donor funding was recorded as 'on-budget', but the percentage has increased substantially since then with important donors (DFID, AfDB and WB) switching to 'on-budget' funding after a joint review mission in May 2007. As an important intermediate step towards systems alignment, donors have joined together separate PIUs into a single sector coordination unit and a sector-wide PIM was under preparation. Procurement and financial reporting is a serious hurdle for sector aid effectiveness. Donor systems are still used for financial reporting and procurement. A high standard of these systems slow down disbursement and spending of funds leading to a significant underutilisation of the sector budget.¹⁵

The assessment shows that harmonisation in the water sector is moderate. Donors engage increasingly through a donor assistance group similar to other sectors, and carry out joint review missions and common sector assessments. In 2007, the PIUs of the WB, UNICEF, and the AfDB were joined together while DFID agreed to co-finance through the established WB's procedures.

The Ethiopian budget structure shows that about 65 percent of the development fund originates from foreign sources. The government report does not usually include all funds that come to the sector, and consequently the share of foreign assistance might have been

¹³ OECD; 2008 survey on monitoring the Paris declaration: Making aid more effective by 2010

¹⁴ Welle, 2008

¹⁵ Tayler and Winpenny, 2006 in RiPPL, 2007

much higher if it had captured all the funds, including those off-budget¹⁶. As aid flows will remain important in future, it is important to develop and strengthen the planning and coordination to better account for these resources at the regional level. The Financing Strategy for the Water Supply and Sanitation Sector (EU Water Initiative, November, 2006) has also noted the importance and significance for future interventions in the sector and outlined the conditions for donors¹⁷.

Evaluation is weak because of weak mutual accountability mechanisms that have emerged as a result of the joint technical review meeting held in 2008.

¹⁶ Gulilat Birhane, Financing Water Resource in Ethiopia; Trend, Opportunities and Challenges, March 2007.

¹⁷ EU Water Initiatives, Water Supply Sanitation Financing Strategy 2006

3 Study findings

The findings of the study are based on the results from the desk review and the field assessment. The desk review is based on information on the operational and financial performance of donors and NGOs which was assessed based on the projections of the organisation as well as on the projections undertaken by earlier studies. The financial statements, receipts and payments, balance sheet, and income and expense statements were reviewed. Reports on the steps taken, the progress made and the weaknesses identified were also investigated. The review assessed aid effectiveness based on the framework of the Paris Declaration, including ownership, coordination, harmonisation, alignment, managing for results and mutual accountability. In doing so the team reviewed the distribution of donors in the different *woredas*.

3.1 Donors distribution in the WASH sector in East Hararghe

The distribution of donors in the WASH sector varies from one *woreda* to another. The reasons vary from the particular interests of NGOs and bilateral donors to the lack of clear understanding of the distribution by higher-level decision makers. Table 1 below lists the number of NGOs/CSOs and donors active in the *woredas* of East Hararghe Zone.

The major donors and NGOs in the WASH sector operating in the zone include WB, UNICEF, EU, HCS, CISP, SH, MFM, CE, EECM, GLRA, EOC and HN. The total number of projects operated by these donors and NGOs in 2007 was around 11. The total allocated budget was approximately 111,404,167 Birr. The numbers of beneficiaries were estimated to be 392,727 people.

Table 1: Number of donors by *woreda*

Number of donors	Name of <i>woreda</i> per each group
0	Jarso, Golaoda, Meyu, Kobo
1	Medhega, Meta, Melka, Rafu, Grawa, Kurfachele
≥ 2	Kersa, Fedis, Haramaya, Goro-Gutu, Melka Belo, Babile

Further to the distribution of donors and the NGOs to different *woredas*, the length of time they stay within a specific *woreda* varies widely. Table 2 shows the duration of the initiated projects. Though the current agreements are often for short periods only, some NGOs extended their agreement with the zonal and regional government to operate for several project phases in the same locality. Although the contributions from these donors are crucial, the ability of each *woreda* towards achieving the UAP remains uncertain.

Table 2: NGO intervention in East Hararghe in the WASH sector

NGO	Location (District)	Duration	Major activity
MFM	Babile	2008-2010	Water supply
HCS	Kersa, Meta & Goro-Gutu	May 2007 – Aug 2008	Water supply & sanitation
	Kersa, Meta & Goro-Gutu	Oct 2008 – Mar2009	Water supply & sanitation
SHDI	Haramaya	2003-2007	Water supply
DRA	Haramaya	Sep 2008 – Feb 2009	Construction of 6 hand pumps
Action Aid	Kombolcha	2007-2008	Water supply
Lutheran World Federation	Chinaksen	2004 – 2007	Water supply
Care	Girawa & Kurfachele	Jan 2005- Jun 2008	Water supply
World Vision	Melka Bello	Oct 2008-Sep 2012	Water supply

Source: Eastern Harghie Finance and Economic development, June 2009.

3.2 Access to potable water¹⁸

Because of population growth and rapid urbanisation, the demand for pure water and sanitation has significantly increased. The international institutions' and government's commitment towards the improvement of the provision of water supply and sanitation has increased in the last couple of decades, which is reflected in the endorsement of sound policies, strategies and targets. The implementation of targets, however, was measured with the rate of implementation at the local level. Although the zonal water resource office is currently in the process of undertaking a comprehensive inventory on water supply schemes in all *woredas*, a recent report showed that there are a total of about 978 functional schemes in 2007/08. An assessment of newly developed water supply schemes during 2003/04 up to 2007/08 showed that a total of 180 schemes were developed, covering almost all *woredas*. Out of the 180 schemes, 165 (91.6%) were financed by NGOs.

3.3 Types of schemes

As per the information available at the Zonal Water Resource Office and in *woredas*, in the last four years 85 different schemes have been constructed from different sources of funds. In both *woredas* schemes constructed by NGOs dominate. The available information does not, however, show the technology choices of different financiers. The decision on technology, in the case of UNICEF, rests with the Zonal Water Bureau. In the case of other NGOs the decision making was different. As per their framework of operation, most NGOs design, select and implement the program in close consultation with *woreda* stakeholders and beneficiaries. Most of the NGOs were known for their participatory approach but there have been differences in more detailed approaches and methodologies. The types of technology used in the two *woredas* are slightly different. In Babile, the majority of schemes are shallow wells, while the majority of schemes in Goro-Gutu are spring developments. This is likely to be influenced by the geographical set-up rather than the source of funds. However, since there is a link between the size of the fund and the technological options,

¹⁸ Access according to the Ethiopian government refers to accessing 15 liters/day within the radius of 1.5 kilometers for rural residents and 20 liters/day within 0.5 Km for Urban settlement. However, in both districts it is estimated that an individual can only access 8-10 liters/day within this radius round the year and day. This is the reason why we used access instead of coverage.

this might need further study. Tables 3 and 4 below provide an overview of the type of technologies by sources of fund and *woreda*.

Table 3: Types and number of schemes developed by different donors and NGOs in Babile *woreda* in the last four years

Year	MFM		UNICEF		DRA		Hunde Nagaya		PSNP		Total
	SW	HDW	SW	HDW	SW	HDW	SW	HDW	SW	HDW	
2004/05	5	2	-	-	1	-	1	-	-	-	9
2005/06	5	2	-	-	-	-	-	-	-	-	7
2006/07	5	2	-	-	-	-	-	-	-	2	9
2007/08	5	4	8	-	-	-	-	-	-	1	18
Total	20	10	8	0	1	-	1	-	-	3	43

Source: Babile Woreda water resource office

* PSNP stands for Productive Safety Net Program

The total number of schemes developed in Babile *woreda* shows an increasing trend at least in the last three years. Of the 43 water schemes developed in the *woreda* in the last four years, 11 (25.6 %) were developed by UNICEF, which provided funds through the government financial system, channel 1B¹⁹. 32 (74.4 %) were supported by NGOs, and were developed by off-budget funding²⁰ and using their own financial systems.

Table 4: Types and number of schemes constructed by donors and NGOs in Goro-Gutu *woreda* in the last four years

Year	HCS			CISP			PSNP			Government			Total
	SD	DW & HDW	RC	SD	DW & HDW	RC	SD	DW & HDW	RC	SD	DW & HDW	RC	
2004/05	5	1	1	1	-	1	-	-	-	2	-	-	11
2005/06	6	2	2	-	-	-	-	-	-	-	1	-	11
2006/07	4	-	2	-	-	-	5	-	-	-	1	-	12
2007/08	4	-	-	-	-	-	2	-	-	2	-	-	8
Total	19	3	5	1	-	1	7	-	-	4	2	-	42

Source: Goro Gutu Woreda water resource office

Of the 42 water schemes developed in Goro-Gutu *woreda* in the last four years, only 6 (14.3%) were developed by the government. The remaining 36 (85.7%) were developed by donors and NGOs.

¹⁹ Government has clustered the type of funding depending to the nature of flow. There are four channels: channel 1A is the channel that government has transferred a fund through treasure system. Channel 1B is sector specific fund managed in a modified system between channel 1 and 2. 1B accommodate fund that is transferred through treasury system for prior agreed undertaking. Channel 2 is the fund that is transferred to the region through sector institutions with brief information to the treasure. Channel 3 is mainly off budget funding at all levels for channel 3, the only means of control is the quarterly progress report to be sent to sector or finance office.

²⁰ NGOs' budget is not managed by the government system and there is not yet strong system to account on the national budget. Therefore it is usually referred as channel 3 or off-budget funding.

3.4 Non functionality (NF)²¹

The rate of functionality was highly dependent on the management system in place, the type of technology and other factors, such as drought. As previously stated, at *woreda* level there is a lack of skilled manpower, budget and materials to run proper operation and maintenance. The lack of periodic repair leads to major maintenance and increasing non-functionality rate. The time it takes to maintain a specific damage is not well documented but most key informants agreed that it takes a long time.

The rate of functionality was high in Goro-Gutu, which had an average rate of 15 percent NF while for Babile, the cumulative rate of NF stands at 31 percent. In both cases the rate varied from technology to technology and in different operational years.

Table 5: Types of the water schemes and their conditions in Babile *woreda*

Year	Type of scheme									
	SOS (Spring On Spot without Distributi on)		SD (Spring Development with Distribution)		HDW ²²		DW		SW	
	F	NF	F	NF	F	NF	F	NF	F	NF
2004/5	1	-	3	-	36	16	2	-	40	10
2005/6	-	1	3	-	46	16	2	1	49	14
2006/7	-	1	1	2	47	19	3	1	48	29
2007/8	-	1	1	2	48	26	2	2	48	33
Total	1	3	8	4	177	77	9	4	185	86
Grand Total	4		12		254		13		271	

Source: Babile Woreda Water Resource Office

In 2007/08 the NF rate for Goro-Gutu *woreda* for different technologies (SOS, SD, DW, HDW and RC) the average rate of non-functionality was almost 20 percent, which is lower than the country's average non-functionality rate. The rates of different technologies vary widely. The NF rate for spring development with distribution is less than 10 percent while for deep well it is 42 percent.

²¹ The NF rate is calculated by taking the number of schemes that do not operate throughout the *woreda* against the total number of schemes.

²² Note that a HDW is a well dug up to 20 meters, SW up to 55 meters and DW up to 500 meters. Moreover, a HDW is believed to serve 250-350 people for 7 years, DW(SW) serves 350-500 people for 15 years, SW (SD) serves more than 500 people for 15 years and a SD(DW) serves 2500-5000 people for 25 years. The service capacity of a given water supply scheme is entirely dependent on the resource potential (water availability) and type of distribution system. Furthermore, their service duration depends on several technical, natural, socio-economic & institutional factors.

Table 6: Types of the water schemes and their conditions in Goro-Gutu woreda

Year	SOS (Spring On Spot)		SD (Spring Development with Distribution)		HDW		DW		RC	
	Functioning (F)	Non-functioning (NF)	F	NF	F	NF	F	NF	F	NF
2004/5	17	2	20	1	2	1	3	-	4	2
2005/6	18	2	23	2	3	1	2	1	6	2
2006/7	20	2	26	3	3	2	1	2	7	2
2007/8	23	3	27	4	3	2	1	2	7	2
Total	78	9	96	10	11	6	7	5	24	8
Grand total	87		106		17		12		32	

Source: Goro-Gutu Woreda Water Resource Office

3.5 Access to sanitation and hygiene

Lack of proper sanitation is one of the main obstacles to good health. According to international statistics, a huge number of children are dying due to lack of proper sanitation. As a result, access to sanitation has been taken globally as one of the pro-poor intervention priorities. The UAP aims at achieving 100% access to latrine facilities. Hygiene promotion has also been carried out widely, both within the water sector and as part of health extension work.

Table 7 below highlight that there is a growing trend in access to latrines over the last four years. This was consistent with the responses from the sanitation and hygiene department heads from both woredas. In group discussion it has been noted that sanitation has started to get attention by government and donors only in recent years. Government has assigned health extension workers who are closely working with the community to create awareness on different health related issues including the construction of toilets²³. Although the policy and approach is the same in both woredas, improvements in access to sanitation in Goro-Gutu are not as impressive as in Babile, and it is far from the UAP target of 100%. Respondents noted that termites are creating serious problems for the sustainability of constructed latrines. Due to termites latrines were not lasting for more than a year.

²³ Latrines have different ladders starting from the Traditional to the water pouring flushing system. The National Sanitation and Hygiene Strategy (2005) has highlighted technology options.

Table 7: Access to latrine by *woreda* and year

Year	Households		Total latrines		% of households with access to latrines	
	Babile	Goro-Gutu	Babile	Goro- Gutu	Babile	Goro-Gutu
2004/05	17,198	26,605	3873	3575	22.5	13.4
2005/06	17,641	27,241	6177	4115	35.0	15.1
2006/07	18,076	27,856	9354	6102	51.7	21.9
2007/08	18,601	28,891	12,676	9143	68.1	31.6

Source: *Babile and Goro Gutu Woreda Health Offices*

The rate of access to sanitation for the two case study *woredas* was significantly different. The rate of access in Goro-Gutu was considerably smaller than in Babile and also in comparison to the national average of 52% (2008). According to the representative of the sanitation and hygiene department the quality of the constructed latrines needed improvement even though the coverage for sanitation and hygiene is increasing. Most people mentioned that the quality of the latrines is not of an acceptable standard.

The hygiene promotion component addressed the broader environmental sanitation aspect. This includes construction of latrines, hand washing at critical times, solid waste disposal and housekeeping. In both *woredas* the households were educated to construct waste disposal facilities. Table 8 shows the achievement over time in the two *woredas*.

In both *woredas*, sanitation has no specific budget. The government has mobilised HEW who are responsible for sanitation and hygiene promotion as part of the health package. UNICEF has adopted a policy of allocating 30% of funds to address sanitation related activities. Although the WB is mainly supporting water supply interventions, it has also adopted the principle of allocating 30% of funds towards sanitation and hygiene. Despite all these commitments it was difficult to account for the total amount of resources allocated to sanitation and hygiene.

Access to waste disposal for both *woredas* was lower than access to latrines. The construction for waste disposal is increasing gradually, however the rate of growth for Goro-Gutu is slow and the average rate is in order of 1.4%, which will take about 70 years to reach the intended 100%. The rate for Babile is with an annual growth rate of 8.7 percent.

Table 8: Access to waste disposal

Year	Total households		Total waste disposals facilities		% of households with access to waste disposal	
	Babile	Goro-Gutu	Babile	Goro-Gutu	Babile	Goro-Gutu
2004/05	17,198	26,605	1188	874	4.5	3.3
2005/06	17,641	27,241	1202	894	4.4	3.3
2006/07	18,076	27,856	1397	899	5.0	3.2
2007/08	18,601	28,891	2094	7613	7.2	26.4

Source: *Babile and Goro - Gutu Woreda Health Offices*

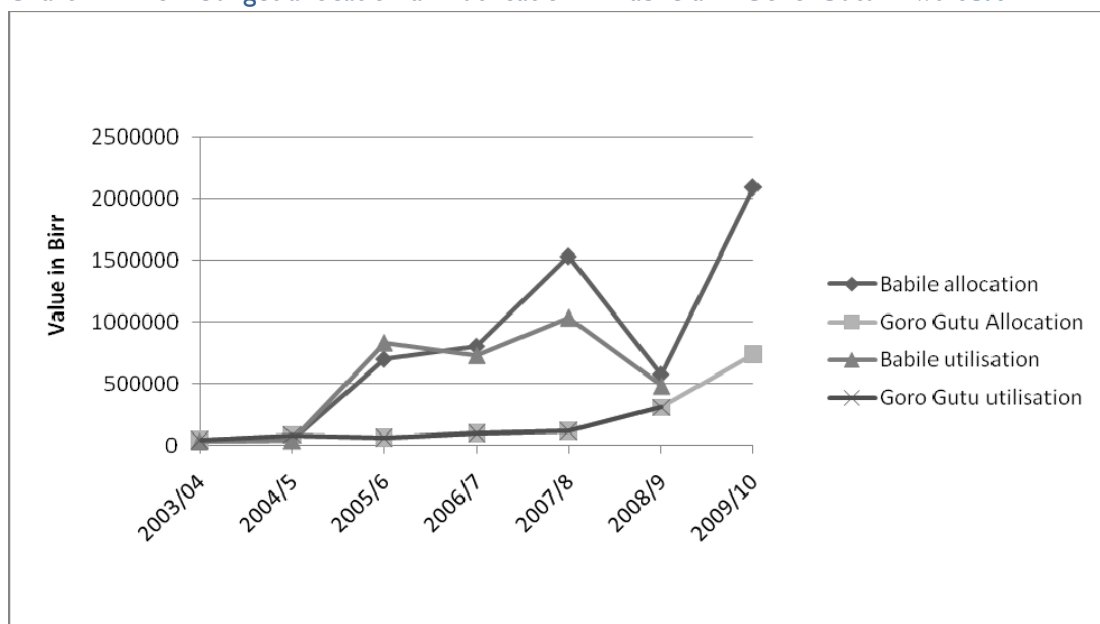
3.6 Financing WASH in Goro-Gutu and Babile

The WASH sector is funded through both direct and indirect sources.²⁴ Resources allocated from the treasury, loans and grants are listed and reported at federal level. At the regional level, the sector gets additional resources from the food security and safety net programme under the Federal Agricultural sector budget. This part of the funding is not captured as part of the WASH report and it makes analysis of sector funding difficult. In addition, resources made available through channel 3 from NGOs are often not captured as part of the *woreda* budget. There is thus a gap in capturing the entire budget that is allocated at *woreda* level from NGOs and possible other donors. NGOs are expected to sign an agreement with the regional government or the Woreda Administration depending on the size of the investment. NGOs are expected to submit at least annual reports showing activities and overall spend to the Woreda and the Zonal Administration. Despite these requirements, reporting at *woreda* level is not organised well enough to give an overall picture of funding and the problems associated with it.

Chart I below shows the total budget allocated and utilised in the WASH sector. In both cases, the budget allocated for WASH is increasing. The absolute amount and growth rate is higher in Babile than in Goro-Gutu, but there are big variations from year to year. The trend in access rate to water supply is parallel to the increase in budget allocation, with the exception of the growth rate of access to sanitation in Goro-Gutu, which is higher than the rate of budget growth.

²⁴ Direct allocation refers to the budget allocated for the water or sanitation sector from the treasury and donors and its allocated amount is clear to sector actors. Indirect allocations refer to resources that are allocated through other initiatives such as the PSNP or similar initiatives.

Chart 1 WASH budget allocation and utilisation in Babile and Goro-Gutu in *woredas*



Source: Babile and Goro-Gutu *woreda* Finance and Economic Office and NGOs implementing in the two *woredas*.

Charts 2 and 3 provide more detailed information on the sources of funding, and utilisation of funds within the WASH sector at *woreda* level. In Babile, a larger share of the total budget comes from donor agencies, while in Goro-Gutu funds for the WASH sector are mainly obtained from the treasury. However, treasury funds are mainly used to cover salaries and operational costs. Capital costs (i.e. investments) were predominantly drawn from special grants and loans secured from donors and NGOs.

Chart 2 Budget allocated and used for WASH by source in Babile

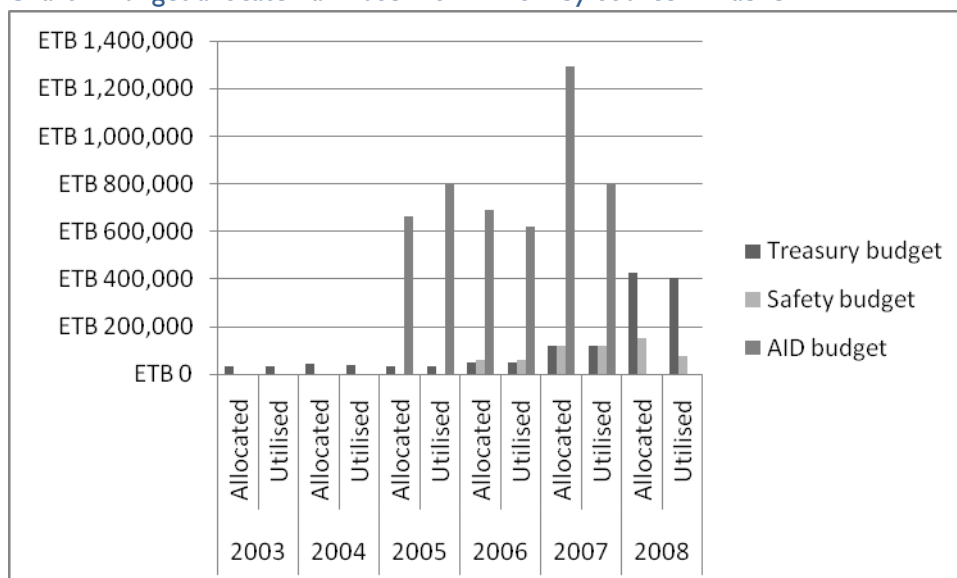
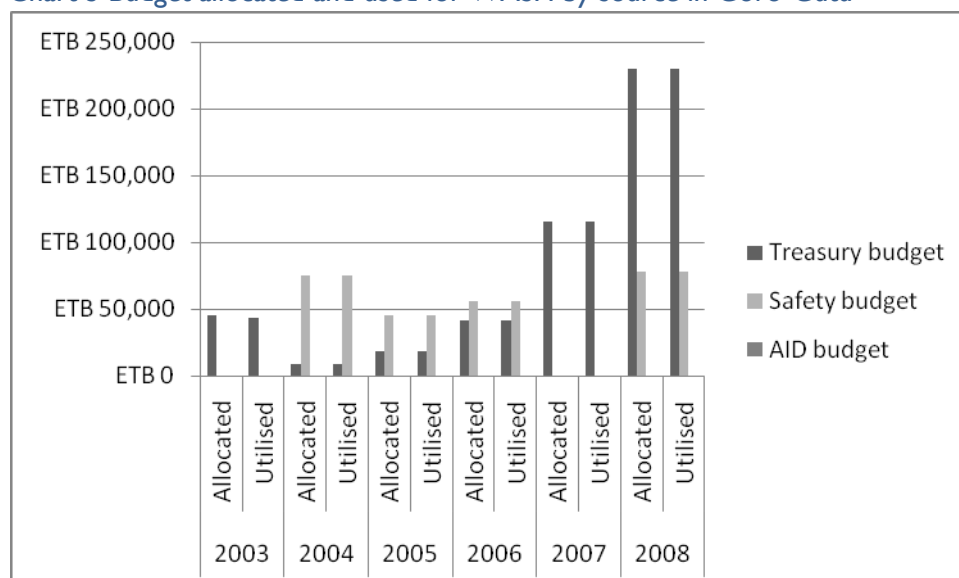


Chart 3 Budget allocated and used for WASH by source in Goro-Gutu



Financial and performance-related data management is poorly organised and it is difficult to be certain on the accuracy of the information provided. Data used for this analysis are only indicative as they were collected from different sources and organisations. There is no consolidated report that provides information on the utilisation of different resources available for the sector. The budget from the food security and Safety Net programme is contributing significantly to the WASH sector, but *woredas* have no way of predicting the amount which will be allocated on an annual basis. As funds are made available through other sectors they are not reflected in the WASH budget.

3.7 Managing aid in the WASH sector

Managing aid in the Ethiopian context rests fundamentally with the Federal Government²⁵. The Ministry of Finance and Economic Development has the mandate to provide the overall framework for aid administration. The management of aid in the WASH sector is a reflection of the overall national framework. Efforts are being made to improve the development and management of the sector, partly through establishing a coordination office involving the MoWR, MoH and MoE. In analysing aid effectiveness in Goro-Gutu and Babile, we reviewed the system starting from the federal to the *woreda* WASH coordination office.

The WASH coordination can be divided into two categories: the institutional and financial coordination. As part of the institutional coordination, a memorandum of understanding was signed by the three WASH Ministries (Ministry of Water Resources, Health and Education) aimed at providing a basis for a coordinated approach in managing the WASH sector²⁶. The MoU is mainly targeted at coordinating interventions related to water, sanitation and hygiene promotion. The purpose is to strengthen interventions aimed at achieving MDGs and Universal Access Plan targets. The MoU proposes institutional integrity at all administrative levels with specific reference to the three line ministries involved. This move

²⁵ Constitution of FDRE; Proclamation 1/1995 Article 51

²⁶ MoU signed between the Ministry of Water Resources, Ministry of Health and Ministry of Education on the Integrated Implementation Modality of Water Supply, Sanitation and Hygiene Education (WASH) Program in Ethiopia. March 2006, Addis Ababa.

was appreciated by different donors and CSOs. The WASH coordination Office was established at the Ministry of Water Resources and Coordination Units at regional level. At *woreda* level, *woreda* WASH teams are expected to be established in due course.

The MoU gives the opportunity for UN agencies, international financial institutions and donor agencies to support WASH initiatives and participate in planning, fundraising and technical support at the implementation stage, and monitoring the WASH programme. The establishment of the coordination offices was expected to guide all interventions in the WASH sector.

However, evidence from the Oromiya Regional State Water Bureau indicates that “...All the funds that are available for WASH programming were not administered through the WASH budget” (Deme 2008), but through other channels (such as food security, or through direct allocation by donor agencies and NGOs). The budget for protection of basic service (PBS) is drawn from treasury resources in a budget-support form and is channelled to *woredas* as part of the government block grant which is used to finance capital investment in basic services including water and sanitation. Similarly, safety net funds expended on WASH activities are not necessarily passing through a WASH cost centre or WASH implementing agency. It is critical that these contributions/expenditures are taken into account when decisions are made as to where and on what core WASH funds are to be committed (ibid).

The procedure for allocating available WASH resources is not yet harmonised and does not feed into a single plan and report (Deme 2008). Specific to the context of the two districts are issues related to resources available from NGOs and the food security and Safety Net Programs, which have been the major funders of WASH interventions in the last four years. The Ministry of Water Resources has recently started to develop a WASH implementation manual on harmonisation.

Although there are ongoing efforts towards improving ownership, alignment, harmonisation, evaluation and mutual accountability, there are no indications of the full understanding of the concept at different levels. At the *woreda* level, there is very little knowledge about the MoU signed between the three Ministries, and the rules and procedures adopted by the different donors.

A matrix, building on national aid effectiveness evaluation conducted by the OECD in 2008 was used to evaluate aid effectiveness in the WASH sector.²⁷ Table 9 below presents the rating²⁸ of implementation of AE at the *woreda* level.

²⁷ OECD; 2008 survey on Monitoring the Paris Declaration: Making Aid more effective by 2010. The FDRE Ministry of Finance and Economic Development has signed MoU with the representative of major UN Agencies and Financers on the modality of implementing the PD on July 2006.

²⁸ The rating is based on available information and personal experiences. It starts with “very good” for high score, followed by “good”, “moderate” and “poor” for action that does not exist. Rating is given taking into account the existing facilities in managing the different dimensions against the challenges. “Very good” means that the *woreda* has clear mechanism to manage the challenge.

Table 9: Summary of AE in the WASH sector in the two *woredas*

Dimensions	Aid		Challenges	Priority actions
	Donors	NGOs		
Ownership Do <i>woredas</i> have operational development plans and strategies and the capacity to guide the plan?	Moderate	Good	Availability of updated <i>woreda</i> WASH Plan that guide the development of the sector. Lack of a clear system or understanding on how to manage available fund. Far from implementing NGO funded project	Develop a WASH strategic plan that guides interventions of all actors Better understanding of rules and procedures of donors and push towards implementing the <i>woreda</i> WASH plan. Implement agreed capacity building programmes
Financial system alignment How reliable are <i>woredas</i> ' public financial management systems?	Moderate	Moderate	Absence of reliable report that shows predictable amounts of funding to the WASH sector Absence of reliable and timely reporting of different funds Weak promotion of pool accounting system	Improve capacity at the <i>woreda</i> level in view of reporting and auditing Increase disaggregation of funds (e.g. food security sector, PSNP, capacity building funds, etc.) Communication with NGOs and other government actors.
Procurement Systems alignment How reliable are <i>woreda</i> procurement systems? How able are <i>woredas</i> to manage procurement?	Moderate	Poor	Complex donor procurement system and lengthy disbursement procedure Lack of information on how NGOs do the procurement	Build capacity to implement agreed procurement system Negotiate with NGO's to participate in the procurement at least major items of the project
Harmonisation	Moderate	Poor	Lack of flexibility from donors and NGOs to adopt the system used by <i>woredas</i> Use of different systems by the NGOs Financial and legal rules restrict the use of national systems	Implement the system developed nationally to attract Donors and NGOs towards channelling funding through the system
Managing for results	Moderate	Moderate	Improving monitoring and feedback mechanisms	Implement agreed capacity building programmes
Mutual accountability	Moderate	Moderate	Lack of agreement on the content of monitoring systems	Agree on selected and identified actions to achieve set targets

(i) Ownership:

Ownership was rated as good at the national level and *woreda* levels. Key challenge is the predictability of funding, and the level of ownership decreases when moving to lower administrative levels. The MoWR maintains a strong leadership in developing and sustaining the UAP, sector policies and investment plans (e.g. Sector Development Program (2002) and the UAP (2005)), that also guide the involvement of donors. Moreover, ownership was also shared with communities as part of community-based approaches in the sector. Regions have also developed five-year Strategic Plans that guide their activities in the WASH sector. In addition, regions have prepared a WASH implementation manual with the support of World Bank. The expectation was to develop similar plans at *woreda* level. However, the development of the WASH strategic plan was confined to World Bank, DFID and AfDB program *woredas*.

(ii) Alignment:

Alignment of financial system and procurement system at *woreda* level shows mixed results. Donors and NGOs carry out projects that are prioritised by the government. Projects are expected to be identified and implemented by the *woreda* council. *Woredas* adopt a pooled financial and procurement management system. In case of NGO-funded projects *woredas* face difficulties in predicting the amount of funds and putting in place adequate accounting systems. A temporary harmonisation process that was developed by the WASH Coordination Office does not include NGOs. A similar issue can be found at federal level, although recently the World Bank, DFID and AfDB agreed to channel their funds through channel 1B, while UNICEF uses a modified version of channel 2 funding. The modification was made to enable UNICEF to directly transfer funds to regional governments.

Planning is usually done in consultation with the federal and regional governments. However, with reference to UNICEF funds, *woredas* are responsible for prioritising projects that are to be funded as they are the ones who are going to implement them. World Bank and AfDB have also started the same approach but with limited flexibility. Overall, alignment is considered moderate with the exception of the procurement system of NGOs, which is poor as NGOs use their own procurement systems and do usually not involve *woredas*.

Alignment in terms of fund disbursement by channelling funds through the government systems was only practiced by donors such as the World Bank, DFID and UNICEF, but not by NGOs such as MfM and HCS, which have a larger share of investment in the *woreda* WASH program. Systems alignment was moderate mainly because of the significant proportion of unpredictable and non-harmonised aid flows to both *woredas*. NGOs operating in the *woredas* indicated that alignment was contradictory to their operational principles. Procurement, financial systems and monitoring frameworks of NGOs are different from that of the government, thus resulting in limited alignment between NGOs and government. In addition, NGOs pointed out that they do not have confidence in the capacity and commitment of government personnel.

Thanks to an agreement signed between government and different donors as well as NGOs, predictability of aid, which is an outcome of mutual accountability and transparency between different actors, is rated high. Evidence from individual interviews and focus group

discussions indicated that participants anticipated increased aid flows to the sector in the future.

FGDs with the Woreda Team and individual interviews showed that procurement procedures and budget disbursement are more problematic in Goro-Gutu than in Babile. The presence of DPPC that cuts across sectors and WoFED in Goro-Gutu is seen as a major obstacle in an aligned system of procurement of equipments and disbursement of budgets.

(iii) Harmonisation:

Increased harmonisation efforts can be identified at federal level through the development of the WASH Program implementation manual²⁹. The Ministry of Water Resources recently released a draft manual on WASH Harmonisation (October 2008 and revised transitional plan 2009). Aid harmonisation in the sector and in the two case study areas, however, is very poor. The WASH strategic plan which was meant to coordinate all the efforts towards WASH access is not known by *woreda* sector offices and NGOs. Harmonisation among donors and NGOs is also weak and knowledge of other actors was limited. As most of the funds at *woreda* level come from NGOs, a large portion of aid is project-based without harmonised procedures and remaining outside the WASH strategic plan. The rating of harmonisation at *woreda* level is moderate for donors and poor for NGOs. The difference between the two is mainly due to federal and regional governments pushing donors to harmonise their systems with those of the government and the willingness of donors to actually use those systems. In the case of NGOs, there is a tendency that they rely on their own systems.

(iv) Managing results/monitoring and evaluation:

Access to reliable and timely data is a key requirement for managing results. At *woreda* level there is no separate system for monitoring and evaluation. The M&E system for the WASH sector is still under development. In theory there is a mechanism of reporting, but in practice it is difficult to assess whether or not this system is working properly. The MoWR is developing the M&E system through WB funding and will start rolling it out in the imminent future, including the WASH facilities inventory. In the absence of an agreed federal system, it has been difficult to have a monitoring system that links inputs to outputs at *woreda* level. All donors and NGOs are producing reports on their activities, but it is difficult to find a consolidated report that includes all levels. The monitoring system and review processes are not transparent and the follow-up process is minimal.

Group discussions with Water Resource Bureau officials in Babile revealed the problems they encounter in monitoring projects implemented by NGOs. They said that MFM workers were not happy when being visited by *woreda* officials, particularly when constructing hand-dug wells. This is why *woreda* officials do not often monitor projects undertaken by MFM.

²⁹ A clear decision was made at 2009 multi-stakeholder forum to address issue of harmonisation through developing program implementation manual for channel 1B, 2 and 3. UNICEF is assisting on this to finalise preparation of the draft manuals.

In general, there is a lack of reliable and mutually accepted monitoring systems which can deliver information on agreed plans. As procurement often takes a long time, late budget disbursement often leads to a reallocation of a considerable portion of the budget to activities that are not in the agreed plans. For example, the Safety Net Program has experience in a reduction of quarterly budgets by the amount of underspend in the current quarter. In order to not lose part of the budget, *woreda* offices are forced to buy things that were not in the original plan, which reduces the overall program achievements and value for money.

(v) Mutual accountability:

Mutual accountability is considered moderate. NGOs share information on their planned activities with government officials in the sector and an annual joint sector review process that includes all major stakeholders takes place. There is also an audit report of selected *woredas*. More use should be made of *woreda* councils to enhance upward and downward accountability.

3.8 Factors that challenge aid management

Delays within and between sectors

Focus group discussions with representatives of NGOs highlighted risks that might hamper the potential success of WASH intervention. These risks include low capacity of government structures, which in turn may affect the rate of fund utilisation. Planning and implementation of individual projects is constrained, partly due to unpredictable weather conditions. This is especially the case with low-tech systems which make up the majority of investments because of a limited budget. Insufficient communication between different actors and sectors worsens the problem. A further problem is the lack of clear mechanisms for the preparation and selection of projects by some sector actors. It seems, however, that the system has been improving since the *woreda* cabinet started exercising its responsibility in managing projects that are implemented within their boundaries.

Information collected from Babile and Goro-Gutu *woredas* showed that despite increasing absorption capacity of donor aid and treasury money in the WASH sector, the use of funds for unplanned activities remains a major problem. This is mainly due to (i) limited capacity of WOFED and DPPC to release the budget on time, (ii) limited capacity in WOWR and the sanitation and hygiene department to prepare plans on time and turn plans into resourced programmes, (iii) delays in approval processes within and between sectors, and (iv) in some cases, delays by donors in disbursing the budget timely. Another problem is the delay of fund release and the returning of part of available funds due to lack of reporting and timely settling of advances from donors. An example of this is the low rate of utilisation of only 12 percent of the expected disbursement in 2009³⁰.

Limited capacity

Even though capacity remains a problem in all the sectors, the WofED in Babile has a particularly serious problem with capacity constraints and staff with inadequate skills to

³⁰ Ministry of Water Resources, water Supply, Sanitation and Hygiene Program, Program Report WASH QR 4-09, August 2009

deliver expected activities. No procurement expert is available, although according to staffing plans two are required. In addition, in both *woredas* staffing levels are only 50 percent of what they should be.

Inadequate follow-up and consolidation

Over the past four years, much of the investment flow into the WASH sector in Babile and Goro-Gutu was at risk, mainly because of inadequate follow-up and lack of a consolidated plan for both local government and their civil society partners. Around 31.5 percent of the water schemes were non-functional and about 27 percent operated below capacity³¹. Investment allocated to repair non-functional schemes was minimal and there was also a lack of capacity at *woreda* level. Increased efforts towards capacity building at both *woreda* and community level are needed.

Delays in procurement

At *woreda* level, there is a pooling system for common services such administering procurement, finance and other administrative activities. The number of staff and their knowledge of different systems is insufficient. This results in delayed procurement and implementation of programs. Focus group discussions identified delay in procurement as one of the major reasons for the low budget absorption at *woreda* level. The study conducted in Oromiya, summarised below in Box 1, demonstrates the degree of complication in procuring hand pumps, which can take up to 12 months³². Complicated procurement and financial process for the PSNP and WB budgets is a big issue for Goro-Gutu *woreda*.

Box 1: Procurement is a hurdle for operation: (Outcome of Focus Group Discussion, Goro-Gutu)

Operators in Goro-Gutu are fed-up with the lengthy, time- and energy-consuming procurement process, which has not improved as part of the *woreda's* Business Process Reengineering process. Participants made the following statement: "In Goro-Gutu *woreda*, the PSNP and WB funds are managed by the DPPC office. Hence, procurement request have first to be approved by the DPPC office and then by WoFED which takes longer than the procurement procedures of budget managed only by WoFED. The delivery time for items purchased with donor funds is also too long. The reason for the delay after it has been purchased is because contract delivery is a joint responsibility of DPPC and the Water Resource Bureau that can be negatively affected by the absence of officials from their office."

3.9 Results of the field assessment

The field assessment confirmed most of the findings of the desk review that included (i) limited facilities in both *woredas*, (ii) limited capacity of operators, (iii) absence of coordination mechanism at *woreda* level, (iv) limited understanding of donors' requirements by grass root implementers, and (v) the impact of a lengthy procurement process.

Major findings of the field assessment, which reflect perceptions of key informants and communities on the impact of aid money on access to safe drinking water, sanitation and hygiene, can be summarised as follows:

³¹ The figure is estimated by the *woreda* water desk representative.

³² Draft working paper prepared by Deme (2009) to support this specific study.

- Availability of budget and facilities is especially critical in Goro-Gutu with a low access rate and a large population.
- Policy alignment is strong at federal level and increasingly weak at a lower level. The establishment of WASH institutions and the decentralisation of power gave an opportunity for *woredas* to pursue their own development agenda.
- Due to the dominance of off-budget funding, systems alignment will remain a greater challenge at *woreda* level than at federal level.
- Coordination and harmonisation among NGOs and donors is weak or non-existent. HCS and CISP reported to have coordinated credit delivery to poor households in Goro-Gutu *woreda*, but not with respect to WASH services. This might also be a result of the two organisations working in different *kebeles*.
- The tendency to give less attention by *woreda* cabinets in budget allocation to those sectors not represented in the cabinet - such as the water sector - impacts on achieving targets also at higher levels.
- Insufficient operational budget allocated by *woreda* government. The budget allocated for the WASH sector is mainly there to cover staff salaries. Other staff-related expenses, such as per diem and transport costs, are not included.
- Poor financial management and complicated procurement systems affect the effectiveness of aid money in both *woredas*.
- WASH representatives in both *woredas* noted that only around a quarter of requested government and donor funds have been released.
- Late disbursement of the allocated government, PSNP and WB budgets.
- Limited capacity, staff with limited skills and lack of private service providers at local level are a challenge.
- Unwillingness of contractors to mobilise their resources from a distance for digging only one or two wells.
- Untimely disbursement of government and donor budget managed by the government leads to utilisation of funds for activities that were not planned and might not benefit the community.
- Delay in settling accounts and reporting the utilization of funds in time leads to delays and/or returning of unutilised funds to donors.

4 Conclusions and recommendations

4.1 Conclusions

The WASH sector receives nearly half of its resources from donors and NGOs working in the sector, and there is a large number of donors working in the sector. Because of the multitude of actors, it is difficult to get the necessary information from all actors working within East Hararghe zone and the two case study *woredas*. It is particularly difficult to get sufficient information related to financial allocation and utilisation. However, the team was able to understand that WB, UNICEF, EU, CISP, SH, MfM, EECM, GLRA, EOC, and HN are the main donors and NGOs supporting the Eastern Hararghe zone WASH sector.

Management of aid is MoFED's mandate at federal level and its bureaux and offices at regional and *woreda* levels. To bring about better coordination of donors, NGOs and other actors supporting the WASH sector, a MoU was signed among the three lead WASH sector ministries, i.e. the Ministry of Water, Education and Health. Though challenges to bring the coordination to the required level remain, this MoU has created a better environment and offered opportunities for the three ministries to coordinate sector interventions better.

The main challenges identified in aid management at different administrative levels include delays in the release of resources from donors, complicated requirements of donors, limited implementation capacity at local level, weak monitoring and evaluation systems and delays in procurement.

The overall findings of the study show that aid is managed by the government and WASH resources are managed under the supervision of umbrella institutions. It is aligned with the priority of government programs and targets. Donors have started to change some of their procedures to reduce the operational burden. Despite some progress, things are not changing rapidly enough. There is no mechanism in place yet to account for all available resources flowing to the sector. For instance, Productive Safety Net and food security funds are part of reports at regional and *woreda* levels but they are not captured as part of the WASH sector budget.

Resources secured from NGOs and others are not predictable at *woreda* level. The report produced at *woreda* level does not give the full picture of resources available to the sector. The rating for AE of donors who engage with the federal government is generally much better than NGOs who mainly work at regional and *woreda* levels. As observed in the two case study *woredas*, NGOs are contributing significantly to the funding of the WASH sector. The amount of resources they are investing is insufficiently reflected in the budget and report of the sector. This may potentially affect issues relating to equity and distort investment decisions at higher level. Reasons for this vary from *woreda* to *woreda*. However, these are mainly related to low capacity at lower level, issues of ownership, integration and harmonisation. Though all NGOs sign an agreement and deliver the agreed outputs, this has not been reflected either in the *woreda* plan or at sector level.

Activities undertaken at federal level towards better aid management are encouraging, but they need to reach further down the administrative hierarchy. Improved management of available aid resources has an added value of bringing in additional resources. However, this does not seem to be understood at lower administrative levels.

4.2 Recommendations

The following are the key recommendations drawn from this study, which are aimed at contributing to the improvement of management and distribution of aid towards meeting MDG and UAP targets.

- **Introduce minimum capacity package:** Improve capacity at local level for planning, managing and recording issues related to the WASH sector. *Woredas* should have a clear WASH plan that guides all donors. *Woredas* should develop a report that can be used by staff.
- **Ownership:** The trend with regards to ownership is improving substantially from the federal to the local level. Strong ownership is demonstrated through full knowledge and ability to manage the resources. There are gaps to be filled at local level. In both case study *woredas* the members of staff lack information on some of the projects/ programs. Dissemination of information to *woredas* seems limited despite the promises made by donors and the government. An information system has to be introduced to enable local governments to access information on all aspects of resources targeted to the WASH sector.
- **Greater harmonisation and coordination** are needed among all the stakeholders at local level. A mechanism to strengthen the coordination office in both *woredas* should be put in place. The intervention has to be clearer and in line with the *woreda* WASH strategic plan.
- **Integration of systems:** The Government has been trying to bring different donors to fit into its program, but there are donors and other institutions that still need to integrate their systems with the overall government framework. Issues related to lengthy procurement approval is a result of weak system integration which leads to low absorption and misallocation of resources. In order to deliver the required output, maximum effort has to be given to integrate systems.
- **Import best lessons to the sector:** Some signatories to the WASH MoU, in particular the ministries of Health and Education, have already had experiences with SWAPs, aimed at adopting consolidated plans and producing annual reports that capture government, donor and NGO-funded programs. It would be useful to learn from these SWAP experiences and influence the practice in the WASH sector.
- **Use available platforms to improve aid management:** The existing infrastructure and platforms can be used to further strengthen aid management in the WASH sector. The MSF could be taken as a good opportunity with its aim to bring all sector actors together once a year to discuss achievements and challenges of the WASH sector.

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