

# Annual Report 2016-17

## WaterAid Ethiopia

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## 1. Contextual changes and programmatic shifts

Over the past Financial Year (FY) WaterAid Ethiopia (WAE) continued to implement projects/programmes to fulfil its commitment to the respective donors, the government, the communities and the last two NGO implementing partners (whose projects which were completed in March 2017). WAE finalized and launched its new CPS and programmes of work, as well as its internal re-organization to deliver its CPS. A number of external factors informed/affected programme delivery this past year.

The security situation in Oromia and Amhara regions which resulted in the government issuing a state of emergency in October 2016 had an effect on Q2 and Q3 implementation particularly the two projects financed by FCP and DFID. In these two projects, the pace of implementation was thus delayed while all other projects continued. The CP priority has been staff safety, so specific security protocols were put in place regarding travel and communication. WAE invited the Global Security Advisor (GSA) to support in a CP security management capacity building exercise which was useful and timely; The conversation with the GSA is now continuous. The state of emergency has realized calm and security across both regions, however, it has been extended beyond the initial set 6 months. Currently, both Amhara and Oromia are stable with no unrest and our project staff are operating very well and delays have been managed and communicated to Fundraising Leads. Despite the current calm, we are conscious that unpredictability might impact on aspects of the CP's programmatic and financial deliverables for next FY. A key lesson for WAE is that it needs to integrate resilience in all its programming given the dynamic operating environment it works in. It has a climate change and resilience programme under its new strategy which can also be widened to incorporate security resilience.

The second key factor that informed and shaped programming this past year was 70:30 compliance. The CP started out the year in a distressing position of 45:55 where its administration was higher than its programme spend: this was linked to expenses on the change process etc. The CP was not able to comply with 70:30 for the past three years, however by end of this year it was able to reach a compliance figure of 71:29 which was important to remain operational as well as maintain credibility in the eyes of the ChSA. This was a great achievement for WAE. The CP leadership has been proactively building and managing the relationship with the agency to discuss the challenges we are facing as well as our plans for achieving the set threshold. We have taken representatives of the agency to our implementation sites as well as held various meetings at national level to profile the impact of our work and investment which has rendered positive results. We plan to continue the relationship building process which will be important for WAE's long term strategic intent.

The third external factor that affect our programming is inflation and lack of foreign currency which has affected the availability of WASH hardware in the market. This has affected planned activities as well as pace of implementation. It is expected to continue in 2017/18. We will make sure to mitigate the impacts by actively re-planning our implementation i.e. postponing certain costs, reducing overheads etc. in the reforecast.

## 2. Summary of progress against plans

### 2.1 Key programme and organisational objectives

This past year was largely focused on delivery of ongoing grant funded projects and aligning ongoing grants to new programmes and the CSP. WAE has three flagship programmes: a brand new programme on WASH, resilience and climate change while revitalising its existing programmes on rural and urban WASH in a way that is responsive to sector needs, donor priorities, aligned to the global aims and capitalizing on what WAE is good at. The Rural Programme (Sustainability for Transformation S4T) is designed to add value towards the most relevant sector issue - sustainability. While the Urban Programme (SanCity) has a pronounced focus on sanitation, which is the most urgent need of the sector.

The **S4T programme** consists of our work in the rural context delivered through the programmatic approach to contribute to the sector through service delivery demonstration, capacity building, learning, documentation and policy influencing, towards achieving the anticipated targets of the government One WASH Program (Universal Access Plan). The key achievements over the past year under this programme include; implementation of **Healthy Start**, WAE is piloting the integration of WASH in 4 maternal health wards in two of the biggest regions in Ethiopia via the 'Deliver Life' project that is funded by DFID. WAE has capacitated and facilitated the two intervention Woredas to develop One WASH Woreda plan that aligned with the One WASH Program which leads to the achievement of universal access. It also conducted assessment on WASHCOs functionality to design proper institution set up that ensure sustainability. Moreover, WAE has conducted a research on hygiene determinant factors that will help to design evidence based hygiene promotion. The result will be used to design hygiene behavioral change approach that aims to change hygiene practices of health care professionals within the maternal wards, students and community members.

To strengthen the coordination and monitoring at district and zonal level, WAE has provided training and supported the establishment and functioning of Woreda WASH team as well as GO-NGO forums. On top of that different capacity building interventions focusing on integrated water resource management, school WASH programming, menstrual hygiene management, health care waste management, WASH scheme management and operation and maintenance were provided to government staffs and community. Through its service delivery demonstration WAE has created access to 14,166 and 10,902 users in water supply and sanitation respectively. Moreover, WAE has participated in different national and regional forums that aim to shape the sector agendas. Generally, the program is on the right track to achieve the program objectives though the projects were started before the program design.

The **SanCity Programme** applies the same programmatic approach which focuses mainly on sanitation and hygiene promotion and pushing universal access to water as a facilitator for our sanitation and hygiene intervention. It is designed to address the pressing urban WASH issues in Ethiopia that include lack of capacity and systems for effective delivery of WASH services, low rate of access to proper sanitation, lack of financing for sanitation, weak coordination among different actors, and absence of proper mechanism for equitable access to WASH with a special focus on

the poor and marginalised in urban settings. The key achievements over the past year under this program include; Training of 159 government town administration and utility staffs on board management, human resources management, electromechanical operation and maintenance, leakage management and water quality monitoring as well as customer handling and establishment of integrated urban WASH forum. These helped to improve the WASH governance, systems, customer handling and reduce leakage by 7.14% annually and helped to save on average 5126m3 water monthly which can be used to provide safe water supply like Ambo town. The improvement helped 12, 823 households to get new household connection. On the other hand, the partnership with Yorkshire was also further strengthen more than wallet through learning visit and action plan to enhance the intervention on faecal sludge management in partnership with leads university. Our partnership also helped to shape the partnership of other country programs with UK water industries. In the budget year two of the projects implemented by partners were closed successfully. The unique school WASH project was also successfully completed with achieving of its outcomes and creating an opportunity to influence and support the ministry of education in developing school WASH strategy, implementation guideline and different capacity building tool kits as well as inclusion of adequate indicators in the Education Management Information System (EMIS). One of the project attracted the Regional government and invest more than 60% of the investment cost and sign a partnership agreement with WAE. We have also supported best performing towns on service delivery expansion and providing six three wheel trucks for waste collection through the accelerated project and these helped to provide service 62,420 poor and marginalized people to get safe water and helped to start proper waste management in 142431 households. The service delivery demonstration helped to get access for water and sanitation to 224369 and 20981 users respectively. The large number of water users was because of the accelerated project and the big government's matching investment.

The **climate change, resilience and water** programme is a new programme of work that focuses on research and knowledge generation. In the program we will focus on mainstreaming of climate adaptation measures in all project and generate evidence using action research.

**Influencing and Advocacy across programmes** and at national level- The national annual multi stakeholder forum was convened and the annual sector report shared. WAE, as a co-convenor, gave presentations in session and also gave the key note address. WAE is in the process of regaining its position as the WASH agenda setter e.g.: the key outcomes under the 'Equality in Wash' theme was based on WAE's input. The annual sector report also had several references to WAE's sector contribution. Two important sector strategies in which Water Aid supported technically and financially: the Integrated Urban Sanitation and Hygiene Strategy as well as the Environmental Health Strategy were also launched and signed by WASH ministries to implement jointly. WAE is chairing the WASH Ethiopia Movement and worked on revitalizing the movement by conducting a general assembly meeting for members (over 80 organization working on WASH in Ethiopia) as well as held separate meetings with the governance structure to revitalize commitment of members. As a result, members have committed to contribute financially as well as technically to ensure the movement remains vibrant. The very first National SWASH Strategy, guideline and manuals were drafted by WA and the Education Ministry. It is currently being designed for high level launch by the ministry. The World Bank invited WAE as part of a small FGD to design its 624 Million USD urban sanitation program. WAE's inputs were factored into the intervention design and were also acknowledged by the bank official.

## 2.2 Summary of programme performance reflections

Programme name	RAG rating	Justification for RAG rating
1. Rural WASH 'Sustainability for Transformation' - Tokke Kutayu (FCP15) - Burie (DFID) - UpGro (NERC)		- The program able to demonstrate system strengthening measures and different innovations
2. Urban WASH 'SanCity' - 20 Towns (Yorkshire)		- The program able to demonstrate a model capacity building program and successfully completed the three projects by achieving their objectives. Moreover, the program helped to implement accelerated project with short time which helped the organization to comply the government's 70/30 regulation. The user numbers getting were also much higher than the initial plan
3. WASH, Resilience and Climate Change		- This is a new flagship programme where we are exploring new partnership and potential grants. The first step of designing the program was successful. However, the program is in its initial stage
<i>Programmes being phased out</i>		
1. Urban Programme projects: a. Yiganda-Hamusit b. Welisso-Welkitte c. H&MF SWASH		- All three projects have been concluded through the hard work of The WAE team o deliver as per commitment made to the communities and donor. Yiganda and Welisso are both completed in March 2017 as per government directive. H&MF was completed in Jan 2017.

## 2.3 Partner and community voices

WAE is closely working with government at all levels under the new CPS as a form of partnership. The feedback that we got from the government is positive and they see WaterAid as a critical partner.

In the past year, WAE has supported the utilities to establish customer forums which helps to improve their accountability and responsiveness. The customer forums have regular quarterly meetings with the utilities and develop actions jointly to improve the service. This has helped to expand services to unserved/marginalized 1107 households and 5535 users. through the contribution from the forum. WAE is planning to use Citizen Score Card in one of its new H&M initiative as an accountability mechanism tool in 2017/18. The findings of this new exercise will be shared in the upcoming report.

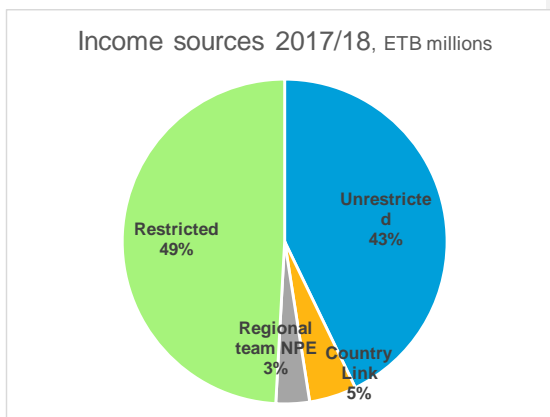
## 2.4 Resourcing and organisational effectiveness

### • Finance

The total spend as of March 31<sup>st</sup> 2017 is 101% against the annual budget of Birr 92.5 Million. The utilization of restricted and unrestricted is 103% and 98% respectively.

For FY2016/17 WAE was fully funded by an approved budget of ETB 92.5 Million, after revising the originally approved amount during the reforecast (down from ETB 95.7Million). The revised budget was composed of ETB 41million from unrestricted funding & ETB 51.524Million restricted funding of which ETB 4.5Million is from country link. There was also additional restricted income of £45K

(equivalent to ETB 1.2 million) from Deliver life fund to cover the matching fund requirement of DFID Project. WA International Finance with the Regional Team agreed to charge Birr 3.2 Million related to staff redundancy and change management to NPE in order to enable comply with the country 70:30 rules. There was no funding gap in the fiscal year 2016/17.



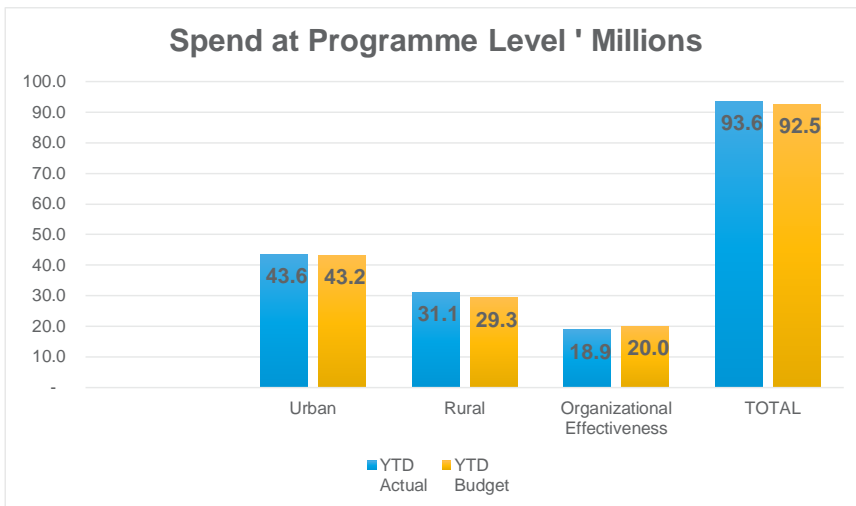
### Key achievements:

- We were able to more diligently cost recover from donors compared to previous year. This freed up and saved our unrestricted which is why we are at 98% on overall unrestricted spend.
- We met 70:30 for the first time in history of WAE in both ChSA fiscal period (ended December 2016) and WA fiscal period (ended March 2017). This was audited and assured by external auditors. The achievement was the result of reducing our admin expenditures and increase in program expenses. Factors that contributed to achieving compliance is that it was made a performance issue for management, planning and spend was critiques against spend, cost recovery was follow up on more diligently and there was stronger collaboration between finance and program staff.
- The external interim and statutory audits for ChSA and WA were successfully completed.
- The Country Programme is also on track in implementing internal audit recommendations.

### Explanation of variance, ETB millions

Programme	YTD Actual	YTD Budget	Variance		Burn Rate
			Amount	%	

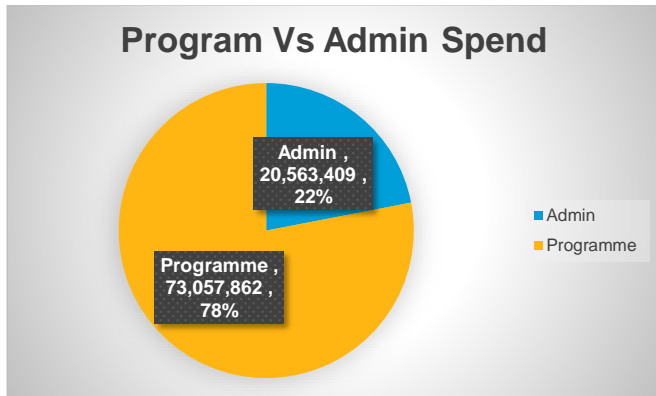
Urban SanCity	43.6	43.2	0.4	1%	101%
Rural S4T	31.1	29.3	1.8	6%	106%
Climate resilience [not yet funded]	0	0	0		
Organizational Effectiveness	18.9	20.0	(1.1)	-6%	95%
<b>TOTAL</b>	<b>93.6</b>	<b>92.5</b>	<b>1.1</b>	<b>1%</b>	<b>101%</b>



**Spend against key ratios**

- i. **Administration Vs Programme Spending:** The below graph illustrates the spending of administration costs Vs program costs in WAE fiscal period ended March 2017.

WaterAid's Spend: Programme Vs Admin	Total (Birr)	%
<b>Administration Expenses (Admin also includes program costs such as M&amp;E etc.)</b>	20,563,409	<b>22%</b>
<b>Program Expenses</b>	73,057,862	<b>78%</b>
<b>Grand Total</b>	<b>93,621,271</b>	<b>100%</b>



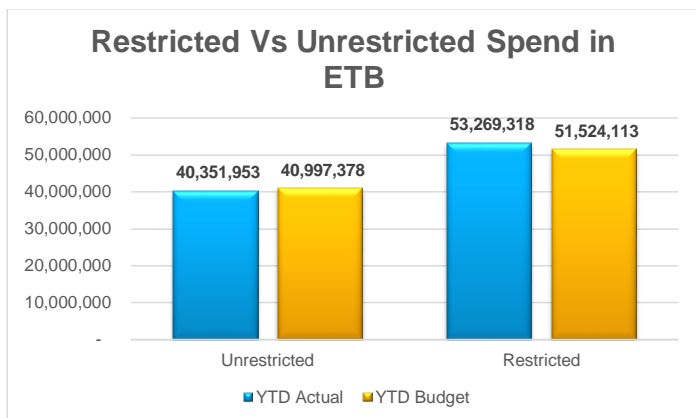
The ratio of Admin Vs Program spending in FY 16/17 is 22%:78% which is far better from the originally planned rate of 32%:68%. WaterAid Ethiopia has taken different measures during FY 2016/17 to achieve this rate as it is very important and crucial compliance issue that has been set by the national regulatory Agency in the country.

**Restricted Vs Unrestricted Spending:** The graph below illustrates the spending of Restricted and Unrestricted from budgeted amount in 16/17.

**Spend (in Millions ETB)**

Reference	YTD Spend	YTD Budget	Variance		Burn Rate
			Amount	%	
Unrestricted	40.4	41.0	-0.6	-2%	98%
Restricted	53.2	51.5	1.7	3%	103%
<b>Total Expenditure</b>	<b>93.6</b>	<b>92.5</b>	<b>1.1</b>	<b>1%</b>	<b>101%</b>





**• Funding**

WAE continued working with RFM and fundraising leads to identify funding for new projects and this will continue to be of utmost priority. Among the opportunities that the CP has been working on, the H&MF Phase 2 with SFU/WA Sweden and part of the Deliver Life match funding have both been secured.

Ongoing potential opportunities include the Helmsley Charitable Trust with WA America, GAC funding with WA Canada, Asahi Group Holdings with WA Japan & GSMA mobile funding. Funding applications/proposals have been submitted to these funding agencies and WAE is waiting for feedback. Additional new funding opportunities include initial discussions taking place with MWA & PLAN Ethiopia. We hope to secure potential unrestricted income after signing an MOU with Diageo.

The funding gap for 2016/17 was fully covered. The approved annual budget for 16/17 was ETB 92,521,491. Out of the total approved budget, 56% has been resourced by restricted income including country link and 44% from unrestricted funding. Unrestricted funding is composed of 9% base funding and 44% Bridging funds.

**• People**

WaterAid Ethiopia's current head count is 30, out of which we have 4 vacant posts. We have already made an offer for two and will finalize the rest by May 2017. The challenges we faced during recruitment is the availability of qualified candidates. The usual advertisement channel (online application website) was not successful in attracting the right candidates. We resorted to head hunting and so far that is working fine. Our key initiative is to attract candidates with high calibre and start working on retention strategies.

The GEES results were discussed with staff members and an action plan was developed focusing addressing bullying and work/life balance. The action will be made part of the objectives of managers for 2017/18 and their implementation will be closely followed up. The CP also worked with the Global Security Advisor to deliver a capacity building training for all staff which was important given the security issues the CP faced in some of its operational areas.

**Commented [F1]:** This is repeated from above. But also when you include the £45k you mentioned for DFID and the NPE regional team spend, are these %s still correct?

**Commented [BM2]:** Fre's response- The Restricted income percentage do include the 45k GBP (DFID matching). But not the NPE regional team spend as it has been directly charged to UK, without being shown in WAE books. Therefore, the equivalent corresponding income has also been reduced to reflect this fact from originally being 95 million to 92 million ETB.

## 3. Reflection, learning and actions

### 3.1 Reflections and learning

#### i. Transitioning from local NGO partnerships to working directly with government

Most recently the government of Ethiopia issued a directive prohibiting sub-granting – no international NGO can now sub-grant to local NGOs. This has had significant implications for the work of WAE. The government requires that 70% of the WAE budget be spent on programme costs (service delivery, advocacy), and the remaining 30% on administration costs (overheads). Previously this ratio had been challenging to meet as the government included WAE's partner costs as part of WAE overheads. As such WAE has phased out all its sub-granting based partnerships with local NGOs and commenced partnering directly with districts, regional and national government while maintaining strategic partnerships with local NGOs. The government is also increasing demands for NGOs to be accountable and invest in maximising WASH gains by playing a closer oversight role over their investments in communities.

#### ***WASH in Ethiopia - the role of government***

Ethiopia has strong country stewardship of the water and sanitation (including hygiene) sector with clear plans, strategies and goals laid out by Government. Development partners are in support of what the government wants to achieve and implementation is guided by the One WASH National Program (OWNP), which addresses water, sanitation and hygiene. Over 50% of the WASH sector is financed by the government, while the rest is supported by non-state actors. In line with this, the Government of Ethiopia matches 25% of WAE's financing at the district level. Overall, the government has a high level of trust in WAE, its role in the sector and recognises the credibility of WAE's 30 years' experience.

Given its operating context, WAE welcomed the new way of working i.e. direct partnership with government as an opportunity to realize its global intent of building capacity and systems of government. In implementing the new ways of working, WAE had to close approximately 10 grants and end the same number of partnerships, of which some had been partners since WAE's foundation. While many partners had diverse funding bases and were not reliant on WA for their sustainability, in some instances, WA had been integral to the formation of the partner. This process enabled WA to generate a lot of learning.

#### ***Learnings, reflections and challenges***

- **Moving beyond service delivery and user numbers towards assessing and capitalising on the Unique Selling Point of partners.** WAE reflected on the type of partnerships it had established and recognised the need to move beyond 'numbers' and service delivery. Previously WAE's focus had been on increasing access and coverage. As such most partnerships were based on user number generation. There were partners who had expertise in other development issues such as gender equality, behaviour change etc. that had not been fully explored which could have presented unintended benefits to project deliverables. We will use this learning in our new partnership model by engage govt. across sector and establishing partnerships that are not only funding related.

- **Power relations - we must be conscious of our own behaviours and the power involved in sub-granting partnerships.** We can strive to balance accountability and equity in the ways that we work with our partners. Equity in interactions, enabling equal rights to be at the table and validating contributions that are not measurable simply in terms of cash value or public profile.
- **Mutual Benefits - a healthy partnership is where there are mutual benefits and collective gain.** A partnership must help achieve specific benefits for each partner. Only then will the partnership be sustainable and effective.
- **Keep the end in mind -** WaterAid's involvement in founding partner organizations can at times create a dependency on WA. It is important to reflect on who we choose to work with, whether we invest in creating new networks or organisations, or whether we invest in what already exists. These decisions affect the ownership and sustainability of organizations. It is also important to understand why we choose to invest in a partnership. Are we partnering for partnering's sake? Or are we partnering for meaningful, purposeful and mutual gain? With long-term partners this can become blurred. It is useful to reassess this regularly and particularly when new grants become available.

As WA assumes the role of facilitator in the universal access space, influencing the role and action of government strategically is of utmost importance. Especially in the Ethiopian context where government is in the driver seat of the WASH sector. The purpose of partnerships with government is:

- To support **sector-strengthening**,
- To make **service provision more efficient and effective**
- To help the public sector **meet universal service obligations** by focusing on the poor
- To bring about **extra resources, information-sharing, dialogue** and **capacity-building**
- **To relieve the burden on public expenditure** allowing governments to spend money on other pressing issues
- **To support governments to be more accountable by** engaging with citizens

### 3.2 Actions

#### *In current and future Partnerships:*

- **Plan the exit from the beginning** - know when the partnership has been completed and when it has achieved its desired impact. This needs to be decided from the beginning by setting clear expectations and assessed by tracking back to key milestones. We are planning to ensure exit planning is discussed with current partners from the early stages.
- **Periodically appraise and audit long-term partnerships** to ensure consistency in accountability and programming quality. While maintaining long-term partnerships can enhance institutional memory and long-term impact, this should not compromise a diligence in consistency in accountability and programme quality. It is important to play a very hands-on role for appraising the quality of approaches and technologies and how other actors are benefiting from the partnership
- **Map out what each partner brings to the table** – are there any gaps in resources, knowledge, skills or reputation? (particularly important at the community level)
- **Remember: there is no perfect partner (WA included!)** – we have a lot to learn (from

each other) – particularly now that we must show how central WASH is to wider human development. There needs to be a minimum standard looking at appropriate attributes, systems and potential areas of growth

- **Fully engage with stakeholders at all levels** – we must be clear about the expectations of the community and government from start to finish ensuring the smooth handover and sustainability of the intervention. We mustn't leave this all to partners or be too hands-off – we are accountable at all levels and are responsible for the WA brand etc.

*Opportunities of government partnership:*

- WAE now has **closer access to institutions that are responsible for delivering universal access**. As we shift towards working with government we are better placed to influence those who set the agenda and sector standards. We can build capacities and influence policies to achieve our sector strengthening agenda and our aim of universal WASH access
- When **working closely with decision-makers**, there is **increased likelihood of uptake and scalability of our investment**. If we can demonstrate the viability, importance and benefits of our work we are more likely to see changes in these institutions
- There is **closer accountability to communities** at the district level as we implement alongside one another
- We now have **closer oversight of the quality of our work**, ensuring greater accountability and quality investments

*Challenges to overcome:*

- We **must learn to understand government systems** both financial and administrative
- We **must be agile and flexible with our own systems so we can adapt to this new way of working** as we move away from just partnering with local NGOs or CSOs. How do we need to change and in what way?
- We **must overcome compliance requirements and regulations** related to the decentralisation process which differ in each region of Ethiopia

## 4. Support requests

Support Area	Unit	Duration
Review and Refining of CPS results framework against programme plans and Project Centre	RT	2 week in person support (discussions initiated already)
Refining programme design for fundraising	RT, SFU and PFU	10 days in person (TBD with RT and PFU)
Fundraising and concept preparation	SFU	Remote support
Knowledge management and documentation of: <ol style="list-style-type: none"> <li>Urban WASH '20 Towns Capacity Strengthening' Documentation</li> <li>Managing multi village schemes (CMP+)</li> </ol>	External Consultant	2 weeks in person 2weeks remote
Cross regional learning and exchange: Bangladesh CP <ol style="list-style-type: none"> <li>Urban Sanitation and Public/Private Partnership-Latrines</li> </ol>	RT, South Asia RT	2 weeks (TBD with WAB)
<b>Support Area WAE can offer</b>		
<ol style="list-style-type: none"> <li>District Wide Approach</li> <li>Urban WASH (Utility system and capacity strengthening)</li> <li>Sector Strengthening (influencing from within, working in close partnership with government to enable universal access)</li> <li>SWASH programming</li> <li>Partnership</li> </ol>		

## 5. Case studies

### Capacity Building for Universal Access- the 20 towns Urban Utility Capacity project with Yorkshire Water in Ethiopia

#### Title- 'We didn't know what we were worth'

After taking power from Emperor HaileSillasie I in 1974, the Communist Government centralised power in a few big government arms. However, after six years they realised that centralisation was probably not the right way to deliver efficient public services. In 1980, the Government allowed the water utilities across the country to branch off from the city municipalities, although remain under the Government's wing when it came to budget allocation, including salaries and capacity building.

In 2007 the water utilities took another step as they joined a group of public service provider enterprises run by a Board. The title 'enterprise' brought with it the ability to make profits and undertake expansions that were necessary to meet increasing service demands.

"However, it wasn't without cons," says Zelealem Assefa, Debre Tabor Water and Sewerage Manager. He adds, "Becoming a public enterprise also meant that we had to pay salaries ourselves, and do maintenance and infrastructural expansion from our own coffers. To do that we needed to make more money, and that meant we had to keep up with the increasing demand for water. Our capacity on the other side stagnated because we were cut off all capacity development programmes that were granted for free to all other government organisations."

The town utilities depended on old pipelines, reservoirs and human power to meet the ever-expanding demand. It didn't work because as the locals say, "One shouldn't plough his land with oxen that are past their best years". There was only so much the old infrastructure and the existing human power could do.

"The Utility was going down a negative spiral. Nobody knew why, but the service was bad, the revenues were not coming in well and the water generated was not enough for the ever-growing demand. To make matters worse, a third of the treated water was actually lost before it got to our customers. But we didn't even know that until we got training from WaterAid about non-revenue water. We were in the dark," says Zelealem.

When the Utility was on its descent, Zelealem was building a name of his own as a Municipality Manager who moved things forward. That's when the Government offered him the position of Water Utility Manager.

"While others would have seen it as demotion, I took the offer with both hands because, as Municipality Manager, I knew too well that lack of water was one of the things that held our town back," says Zelealem. "But on the other side I had no idea how to manage a water utility. My training had not prepared me for such technical work. I was really trying to learn by seeing and observing when WaterAid and Yorkshire Water came with this project called Twenty Towns and we were among the chosen ones. I went to the first training and it shed light on most dark spots that I was lost in. I learned the fact that the non-revenue water was a result of old leaking pipelines that are not detected and/or of failure to quickly fix breakages that are detected. We also didn't collect our revenues properly and in a timely manner, as there were hundreds of water metres that were almost out of order. With such big revenue loss we could not do much more than cover staff salaries. That in turn meant no infrastructural expansion to develop new water sources and meet increasing demands. We were caught in a spiral of losses. We just didn't know it. I studied management, not water engineering. And since I am not able to do witchcraft, how would I know about all these things unless I had training on them? That's the gap WaterAid filled for me personally and for the Utility in general," Zelealem added.

In 2014, WaterAid and Yorkshire Water facilitated the first round of training for Utility Managers. The training consisted of both technical and social (human) aspects of water utility management.

“For example, it’s one thing be able to fix pipelines when they are broken. But how do we know the pipeline is broken unless we sensitise the public to immediately report broken lines when they see them?” says Zelealem.

And the people would never report broken lines.

Retired policeman and resident of Debre Tabor town, Inspector Bekele Estifanos, explains why, “When we reported a broken line, the Utility’s instinctive reaction was to shut the whole line up. And it would take days before we got water again. So when we saw any broken line and there was water flowing everywhere, we just ran to it with our jerrycans and buckets to collect as much water from it as we could before they came and shut it down for days. But at least we had some water saved up.”

Water Utility Manager, Zelealem, understands, “The people considered us the bad guys whose only job was to cut lines. It’s as if they didn’t realise it was their water that was getting wasted. So before we did anything, we had to get their trust back.”

To do that, the Utility established ten customer forums with 110 members each. Then they set up an executive committee consisting of a representative from each forum. Together with the executive committee, the Utility drafted a customer charter outlining the responsibilities and duties of both the Utility and the forums.

Zelealem says, “Once the structure was in place, the rest was easy. We organised a series of public consultation platforms which showed us how isolated we were from the people we served. The stories we heard were painful. There were extremely poor people who were paying up to three times more for their water than the big hotel owners or well-to-do families. There were poor people who were doing unpaid or underpaid labour for well off neighbours just to get a jerrycan of water. Lack of water was fostering modern day slavery. The list of grievances was long and indefensible, yet we were oblivious to all that.”

### **Leakage management**

The town produces 206,076 m<sup>3</sup> of water (37 litres/second) for a population size of over 82,000. As if that were not a stretch already, 31.8% of that was lost due to leakages.

According to Zelealem, Debre Tabor Water and Sewerage was one of the first to be “awakened from a long, deep sleep” after WaterAid and Yorkshire Water facilitated training on leakage management.

Zelealem says, “Within a year, the leakage was down to 19.5%. Another year and it is down to 18.1%. That’s not enough, but at least now we know what we are losing and we know what to do about it. In the last six months alone, we lost over 25,889 m<sup>3</sup> of water, which is about 144 m<sup>3</sup> per day. This water is enough for about 140 medium sized households. On top of that, if we had sold that water, we could have made up to 102,520 ETB in the same period of six months. The figures were mind blowing. So, for the first time, we started asking questions we never asked ourselves. Is replacing the old pipelines really that expensive? We learned it was not. Actually, because the old lines were all GI pipes we could sell them for prices that would not only buy us new HDPI pipes but we might actually make a profit on it.”

An old six-metre GI pipe could be sold for up to 575 Birr while an HDPI pipe of the same length would only cost 300 Birr. Furthermore, HDPI pipes do not rust and that means the water quality is safe.

Using the same cost benefit analysis, the Utility has already replaced 1.2 kilometres of old rusty GI pipes with new HDPI ones. However, Zelealem was quick to stress the fact that the reduction in non-revenue water was not only down to replacing leaking pipes with new ones. Much of it, he says, has actually been attributable to the sensitised community, which reports broken lines immediately.

While Zelealem was talking about how the community was actually contributing free labour to do trench excavations for pipe replacement, his cell phone rang. It was a woman. She told him that the water had just got cut off in her neighborhood when, according to the distribution calendar, it was supposed to run all day. He thanked her and promised he would immediately look into the matter and fix it. But before he had a chance, there was another call. This time it was from the Electric Power Utility. It was to inform him that they had cut the power line around the pump area temporarily to do some maintenance work.

Manaye Siyoum, WaterAid's Head of WASH, asked Zelealem whether the woman was just any random person who wanted to report to the Utility.

Zelealem smiled and answered, "She called my cell phone. She is one of 36 woman 'intelligences' I have distributed across the town. They are an anonymous network of women who inform me about anything related to water supply and service. Nobody knows they are working for me including our own staff in the field. I also have four distribution experts who open and shut valves in town according to the distribution timetable. But in case they were favouring one neighborhood over the other, I needed another reliable source of intelligence. They normally page me and I call back as they can't afford to call me every time they want to report something."

Now the utility receives about five calls on average for every broken line or leakage. That, according to Zelealem, is testament to the depth of trust created between the Utility and the public they serve.

Zelealem says, "We learned that without the people we serve, whatever we do behind closed doors was meaningless. That's the social engineering aspect of our work to which WaterAid opened our eyes."

### **Service improvement**

To get the trust back, however, the Utility had to improve the service.

The Utility divided the town into 13 distribution zones, and to each was assigned a plumber. If customers face any technical problem or detect leakage, they call the respective plumber. Unless he has a valid explanation, the plumber has to reach the caller's house or leakage point within 20 minutes.

The Utility's Human Resource Manager, Mr Z Temesgen says, "When we decided to respond to community complaints quickly, it was with the purpose that the community would start to think of us as problem fixers and not creators. But we only had four plumbers. So we hired an additional nine plumbers and we designated one plumber for each of the 13 distribution zones. We were initially



worried that our wage bill might swell, but the more problems we fixed, the more new metres the plumbers installed or lines they brought to new households, the more money we made. So we made our services efficient without necessarily losing any money. All it did was buy us back public trust.”

### **We didn't know what we were worth**

Aregash Addis has worked for Debre Tabor Water and Sewerage as a storekeeper for over ten years. If this experience has left her with anything, it's respiratory diseases. Aregash says, “The store was so stuffy and suffocating that after a few years I developed infections and allergies. Even after ten years of experience, it still took me an hour or two to locate an item because everything was so disorganised. There was a time when I got sick and was in bed at home. Nobody could locate any items in the store, so they had to send a driver to fetch me from my bed to find it. There were also times when I would declare an item as ‘not in stock’ and then I would find it a few months later when I was looking for something else. It was just sacks piled upon sacks. It was so dusty that we had to change clothes when we walked in there.”

Zealelem looks at it from a different viewpoint. He says, “Until WaterAid and Yorkshire Water taught us about how to sort and manage our assets, we didn't even know what we were worth as a Utility. Then, after we attended the training, we built racks and started sorting items out. Then a lot of things our storekeeper said we didn't have were found buried in some corner among piles of unrelated things. Now we know what we have. We know what we need to order before it runs out of stock. It takes less than two minutes to locate anything in the store because it's so orderly.”

### **Rusty metres were costing the Utility money**

After extracting and selling the old GI pipes and replacing them with HDPIs, the Utility used the profit to buy 4,500 new water metres. After the rusty metres were replaced with new ones, the Utility's income rose significantly. A businesswoman that was paying, on average, for 7m<sup>3</sup> a month now pays for 30m<sup>3</sup>. And she is just a case in point.

### **Equitable distribution of water**

“Now that we are making much more money and saving some water from leakages, what do we do with it? We distribute it equitably. Access to water should not have a condition attached to it, much less conditions our poor communities cannot meet,” says Utility Manager, Zelealem. He adds, “We water the trees and flowers in the streets with clean water; how can I deny this water to a poor woman when I pour it on plants? On the other side, there are companies that store 10,000 litres of water in big tankers and use it for their construction work or to wash cars. The poorest of poor households that we identified through surveys are able to pay the monthly fees. But they haven't yet had their own taps because they cannot afford the initial metre and line installment fee, which in some cases was as high as 6000 Birr (£200).”

Over 80% of that cost was service charge. Simply waiving the service charge would bring the installation fee down from 6,000 Birr to less than 600 Birr (£13-19). However, some of the families living in government houses still couldn't afford it because they make a living doing daily labour (£0.50 a day on average). So the Utility had to be more creative.

“We set up one tap for five to 10 households depending on their settlement patterns,” says Zelealem. “They do not pay at the beginning, but they pay 0.25 Birr for a jerrycan, which is one eighth of what they used to pay for the same amount from private vendors. A group treasurer collects the money and when the bill comes, they pay the bill and bring the remaining money to the Utility as a pay up for the installation fee of 400 birr. As soon as that money is paid – maybe in a year or so, they are free to manage their tap in whatever way they want,” he added.

In this way, 410 extremely poor households were able to access water at their doorsteps – 261 of them women-headed. Seventy of these households were helpless elders, 45 households had people living with HIV and 43 with disabilities.

The town sells 1,000 litres of water for 3.5 to 3.96 Birr, yet the private vendors charged the poor that amount for just two jerrycans (each containing 20 litres).

“We thank you every day,” says Etagegn Tesfaw, aged over 60. She is one of the poor women living in government houses who have now accessed water through the subsidised group taps. “The private vendors told us not to wash our jerrycans before collecting our water because that itself wasted their water. We had to stand in line outside their compounds early in the morning and wait until they woke up and opened their gate for us. Sometimes they would say they didn’t want to sell it for money. They would make you do labour work before they allowed you to take water. But even then their housemaids would charge us two Birr for a jerrycan. If I needed two jerrycans of water a day between cooking, drinking and washing, that would be four Birr. Where do I get that much money?” she says.

Now 0.5 Birr is enough to get her two jerrycans of water. But even that, according to Utility Manager, Zelealem, is until they pay the installment fee across a year. After that, they will simply share the monthly bill among ten households and it could be as low as one or two Birr a month for a family. Zelealem now envisions a town in which everyone, regardless of their economic or social status, accesses a sufficient amount of clean water every day. Isn’t that WaterAid’s vision, too?

P.S. Debre Tabor is just one of 20 towns in which Yorkshire Water and WaterAid are collaborating in building the capacity of Water Utilities to improve their service delivery work.

## 6. Risk assessment

Risk	Likelihood	Impact	Mitigative Measures
Compliance with 70:30:- <ul style="list-style-type: none"> <li>- Get warnings, affect reputation, existence, registration</li> <li>- Financial penalties</li> </ul>	M/H	M to H	<ul style="list-style-type: none"> <li>- Build relationship with CHSA Desk Officer, field visits, meetings, invites to the office</li> <li>- Aligning new CPS structure (titles of post) to 70/30 requirements</li> <li>- Engagement with all Govt stakeholders</li> <li>- Critically plan and monitor the plan and the balance of</li> </ul>

			admin/programme spend consistently
Exchange rate fluctuations..... inflation  Impact on spend/budgets	M	H	<ul style="list-style-type: none"> <li>- Trend analysis based planning</li> <li>- Quarterly monitoring of grants based on foreign currency</li> <li>- Develop contingency plan to absorb gains/loss</li> <li>- Close communication with donor leads</li> </ul>
Political instability  <ul style="list-style-type: none"> <li>- Inability to deliver activities</li> <li>- Safety for staff, resources/assets</li> <li>- Inability to deliver commitments to community, donors and government in time</li> <li>- Extension of state of emergency</li> </ul>	H	H	<ul style="list-style-type: none"> <li>- Have arrangements/written plans for moving staff, include travel restrictions etc.</li> <li>- Liaise with Security Person, further security training of staff</li> <li>- Ensure there is an up to date inventory of assets in project offices</li> <li>- Donor communications (e.g. re programme to manage delays and expectations)</li> <li>- Communication to community and government</li> </ul>
Lack of sufficient donor funds  <ul style="list-style-type: none"> <li>- Inability to deliver CPS</li> <li>- Affects ability to absorb admin costs</li> <li>- Big grants ending soon....</li> <li>- Raising restricted income to reduce reliance on unrestricted income</li> </ul>	M/H	H	<ul style="list-style-type: none"> <li>- Produce fundable programmes and projects</li> <li>- Develop an agile funding strategy and contextualize global donor scoping</li> <li>- Strengthen in-country fund raising via non- traditional partnership</li> <li>- Scale the current govt. matching model to other operating areas</li> </ul>
Change in programme modality:  <ul style="list-style-type: none"> <li>- Risks to reputation</li> <li>- Matching ambition to capacity</li> </ul>	M	H	<ul style="list-style-type: none"> <li>- Setting clear goals and expectations with government partner</li> <li>- Forge new partnerships fit for CPS intent</li> <li>- Acquire new skills set for new programming areas</li> </ul>
Inability to get right people skills  <ul style="list-style-type: none"> <li>- Affects delivery</li> <li>- Support services</li> <li>- CPS delivery</li> </ul>	M/H	M/H	<ul style="list-style-type: none"> <li>- Capacity building of existing staff based on needs/gaps assessment of existing staff.</li> <li>- Recruit short term support to mitigate gaps</li> <li>- Additional support to project offices (e.g. financial systems, technical), especially for new staff</li> </ul>

- People skills/ performance of new staff			
Are systems fit for purpose?  - Support systems, finance etc., procurement - Ineffective/inefficient practice not fit for new ways for working	H	H	<ul style="list-style-type: none"> <li>- Reorganize internal procurement and financial systems (Procurement, payments, programme reporting - core systems)</li> <li>- Review and update systems (monthly/bi-monthly).</li> <li>- Conduct refresher training for staff (e.g. finance training)</li> <li>- UK finance training</li> <li>- Update Procurement Manual and Finance Manual (all manuals eventually).</li> <li>- Audit of new processes</li> <li>- Strengthen matrix way of working</li> </ul>
Climate resilient technologies; risks related to borehole drilling....  - Poor quality of water - Insufficient water quantity etc.	M	M/H	<ul style="list-style-type: none"> <li>- Conduct effective and grounded baselines and siting</li> <li>- Work in partnership with specialized institutions</li> <li>- Build a relationship with reliable drilling companies</li> <li>- Select contextually appropriate technology</li> </ul>

Regarding staff safety and security, since the introduction of State of Emergency by the Ethiopian government, the country has been relatively peaceful and quite. We haven't faced any major security challenges and our Addis Ababa as well as regional office staff are operating business as usual. Regarding accidents and/or near miss, one of our driver encountered car accident. He hit a woman on his way from Addis to one of our project office. The woman was provided with medical care and is recovering well. We are following up and communicating with the insurance company to finalize the case. The accident has also been reported and discussed with our Global Security Manager.

## 7. CP RAG rating



The overall CP rating is **green** due to the following factors:

- The CP is compliant with 70:30 for the first time in history. The CP has put in place special measures to ensure it remains compliant over the coming FY.

- The CP has successfully assumed its new operational modality i.e. self-implementing agency working in direct partnership with government, which is enabling us to influence from within and strengthen systems to facilitate universal access.
- However there are key processes that the CP is still grasping and refining to fully operate as a self-implementing organization. WAE is in the process of learning and transitioning its 'systems' and 'behaviour' to be fit for WAE's self-implementing modality. It has implemented a fully-fledged review of its procurement systems, reviewed the transition structure against the needs of its future role and has developed a new structure that is fit for purpose. It is expected this will fully take form over the coming FY.
- The CP is actively engaging in fund raising to address its funding gap it will have to purposefully engage in generating considerable income as matter of urgency to deliver its CPS and also comply with the 70:30 directive.
- The ongoing security issue which has resulted in frequent interruption of field level operations has affected project level expenditure. The assumption is that the state of emergency will continue to facilitate stability and business continuity but the overall situation remains unpredictable.

## 8. CD sign-off for Annual Report

<b>Signed by Country Director:</b>	Bethlehem Mengistu
<b>Signature:</b>	Bethlehem Mengistu
<b>Date:</b>	26/04/2017

## CP data required for IPD reporting

### Assurance statement

*I confirm that **data in Project Center** relevant to WaterAid Ethiopia for FY 2016-17 is up-to-date, has been quality checked and is accurate.*

<b>Signed by Country Director:</b>	Bethlehem Mengistu
<b>Signature:</b>	Bethlehem Mengistu
<b>Date:</b>	26/04/2017