

Annual Report 20[18-19]

WaterAid [Ethiopia]

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1. Contextual changes and programmatic shifts

Ethiopia is the second most populous nation in Africa, fastest growing economy in the region and strategically dominant because of its location and diplomatic positioning. Although the number of people living in poverty have greatly reduced in Ethiopia, per capita income is still at the low of \$783. Ethiopia aims to reach lower-middle-income status by 2025. The new leadership is continuing its political and economic reforms with openness to citizen participation. However, the re-occurring ethnic conflicts reverberating across Ethiopia continue to cause internal displacements. Given the dynamics and disruptions, the prioritization of developmental endeavours such as WASH in terms of resource and time is ultimately affected and conveyed via sector budget allocation.

To strengthen the economy, the government is working to partially or totally privatize some of the giant state-owned companies. The government is also working to improve foreign exchange gains through budgetary support from World Bank, stimulating remittance and establishing the Diaspora Trust Fund, etc. However, Inflation, unemployment, cost of living and the declining global trade and foreign currency shortage, are some of the hurdles to macroeconomic progress. The economic turbulence affects the WASH sector by delaying and increasing the price of imported important supplies, affordability of services as well as capital investment.

In addition to the political and macroeconomic reforms, the government took institutional rearrangements and business process reengineering measures related to WASH sector. These includes, establishment of water and sanitation commission and different directorates under it, upgrading of the environmental health case team to directorate level with different teams and staff. In March 2019 the country has officially launched the second phase of the ONE WASH program which will run until June 2020.

It is also imperative to mention that the Ethiopian Parliament adopted a new proclamation governing civil society organizations (CSOs). The new proclamation avails more operational freedoms although it specifically prohibits foreign CSOs from engaging in any political advocacy including election targeted advocacy. Some of the key new opportunities include - partnership with local nongovernmental organizations (LNGOs) and engaging in advocacy linked to the specific sector focus. There is continued emphasis on oversight of CSOs programs and admin expenses what used to be 70/30 have now been replaced by 80/20 but has yet to be clearly defined by a directive which is under development. The key opportunities for WAE are to work on rights and further strengthen its policy engagement, informed by the evolving operational space. It also allows WAE to work with local partners which will be explored against strategic need of the country strategy.

2. Summary of progress against plans

To deliver its five-year country strategy, WAE has designed a business plan which has three interlinked programs namely Sustainability for Transformation (S4T), SanCity and Climate Change, Resilience and Water. In this year WAE has revised its program result frameworks so that it is aligned in relevance to the evolving political economy of the sector.

S4T- this program focuses on development of service delivery models, system strengthening (planning, financing, coordination, Institutional arrangement monitoring, service delivery, accountability and water resources), influencing by demonstrating excellence, and innovation to achieve universal access using DWA approach. Completion of Deliver life, MWA bridge program, developing of enterprise managed rural water supply system, system strengthening, and

documentation of learning and developing of five MWA projects were the major achievement of the year.

Sancity- this program focuses mainly on capacity development of urban WASH actors and development of urban sanitation business models that enable equitable and sustainable universal access. Completing of the 20 towns project, designing of phase two-capacity development project, rolling out of clustering approach to influence at scale, supporting MOWIE and Oromia Regional Bureau to design knowledge management and institutionalizing of the capacity development program were the major achievements for this budget year.

WASH, Resilience and Climate Change – this program is new for WaterAid Ethiopia to address the needs and gaps of the sector. The overall objective of the programme is to increase the resilience of communities to climate change through providing information base, climate-proofing interventions to build and strengthen climate-resilient systems.

2.1 Key programme and organisational milestones

Milestones – FY 2018/19
<p>1. One WAE intervention Woreda have integrated climate change in its plan (Program)- relevant to capacity building</p> <p>Progress made – key successes: - A climate resilience framework has been finalized and we have conducted climate vulnerability assessment to understand the challenges and propose adaptation methods in the specific Woreda the framework and assessment result helped us to frame our works in climate lens and identify clear context specific intervention. The learning will be used to build the capacity of the government on planning and implementation of appropriate context specific climate resilience interventions which ultimately ensures sustainability of WASH services.</p> <p>Key challenges: - We did not secure fund for implementation of our WASH climate resilience program</p>
<p>2. WAE supported integration of climate change in water sector policy (Program)- relevant to influencing others for driving greater change</p> <p>Progress made – key successes: - WAE proactively engaged and supported the government to include climate resilience in the draft water resource policy, One WASH national Program phase II and the development of the CR-WASH sub program. The implementation of the policy after approval will enable the government to provided equitable and sustainable climate resilience WASH service.</p> <p>Key challenges: - still there is limited understanding on WASH and climate change</p>
<p>3. WAE finalized and popularized the open WASH equity and inclusion module to target vulnerable groups properly (Program)- Relevant to influencing of others for greater change</p> <p>Progress made – key successes: - WaterAid together with Open University with active participation of stakeholders finalized the “Count me in Module” and launched in the presence of high-level Ministry of Health, Ministry of Education Federation of Ethiopian National Association of Persons with Disabilities (FENAPD), donors, Regional bureau participants online and hard copy of module provided and introduction to use of module provided. Although a lot remains, the initiation will help to improve the sector actors understanding and enable to start implementation of standardized equitable and inclusive WASH service.</p> <p>Key challenges: - Still equity is not properly monitored in government reports and we are working with other stakeholders to include data disaggregation in the ONE WASH reporting templates and processes</p>
<p>4. Survey conducted on three Woredas that target marginalized and vulnerable groups (Program)- Relevant to influencing of others for greater change</p>

<p>Progress made – key successes: - Marginalization and equity analysis was done as part of LCCA. We have conducted also rapid assessment as part of the innovation fund on accessibility of services delivered by utilities. The assessment helped to target our intervention and influence the government to use our approach on targeting of marginalized and vulnerable groups.</p>
<p>Key challenges: -Most people have more understanding on physical disability and implementing ramp considered as the final intervention</p>
<p>5. Two WAE intervention Woredas developed/adopted one WASH plan and start implementation (program)- relevant to capacity building</p>
<p>Progress made – key successes: - Two WAE intervention Woredas developed One WASH plan and a third Woreda has developed SDG plan that run for 12 years until 2030. The long-term planning will give clarity, direction, resources required and improve partnership to achieve universal access/SDG. It guides day-to-day decisions and help for evaluating progress</p>
<p>Key challenges: - To do trend analysis and prepare long-term planning, we need accurate date. But it was very difficult to get consistent accurate data at Woreda level. In some of the Woredas we have collected primary data. The implementation of the plan is also weak because of high turnover at Woreda level.</p>
<p>6. Three of WAE intervention Woredas allocate budget for their One WASH plan implementation (program)- relevant to capacity building</p>
<p>Progress made – key successes: - The Woredas allocated limited amount of budget. Achieving SDG requires big investment and should come from different sources including government which has the biggest responsibility. Woredas need to prioritize WASH in their budget allocation and WAE is galvanizing this action to improve allocation by clearly showing the gap.</p>
<p>Key challenges: - the budget allocated was not sufficient to achieve the targets because most of the budget has been used for salary. In some of the Woredas only 10% of annual budget is allocated for capita project and most of it allocated agriculture and road construction as a priority.</p>
<p>7. WAE designed and started implementation of sustainable WASH service delivery management systems (Community Based Management plus (CBM+), Life Cycle Costing (LCCA) in two Woredas (program) and two of WAE intervention Woredas have monitoring systems using mWater</p>
<p>Progress made – key successes; - Source sustainability, poor operation and maintenance and water quality are the main reasons for slippage in Ethiopia. To improve financing of services, WAE have applied LCCA approach that considers the whole cost of service in two Woredas. Besides, we have established three enterprises and train them to manage the rural multi-village water supply systems in a sustainable manner. To improve sector monitoring, we have conducted training on mWater for Woreda staffs and two Woreda asset inventories were conducted using mWater application. All approaches have the potential to be scaled by government.</p>
<p>Key challenges: - The management model is still in its infant stage and needs further follow up. There is confusion in the use of mWater because the government also introduces cosmos as part of the water supply scheme inventory. We need to work further with government and other stakeholders to have uniform monitoring system.</p>
<p>8. Woreda health and Education offices start to integrate planning, monitoring and provision of WASH facilities and services in the respective institutions (Program)</p>
<p>Progress made – key successes: - Capacity development activities were implemented to integrate WASH in their plans. They started to plan WASH activities especially on projects using our standard designs and approaches. We are also working with the national task force to incorporate our learning in the new school WASH design manual.</p>
<p>Key challenges: - the focus was on projects not the whole sector planning.</p>

9. Revision of procurement, fleet management and financial manual completed, funding gap reduced by 50% and All vacant positions filled with skilled staffs (organizational)

Progress made – key successes: - all manuals revised, funding gap reduced to 2% and vacant positions filled. The revision expected to improve our operation efficiency and control. However, improving the understanding of staffs and continuous assessment on the implementation are important to fit for purpose.

Key challenges: - The funds secured were more of unrestricted and short term which affect long term planning. In addition, there was high turnover of staffs though the previous vacant positions filled

10. Ensure 70/30 compliance (organizational)

Progress made – key successes: - We have achieved the compliance by 71/29 and this helps to renew our operation certificate and continue our operation in Ethiopia.

Key challenges: - It was very difficult to comply with this directive because our scale of operation is very low. Thus, we need to analyse the new law and have big programs

2.2 Illustrating the way we work

Applying of innovative technologies such as solar pump for institutional and community water systems as well as establishment of enterprise management model to improve sustainability. The successful implementation of our utility capacity building and evolving into cluster approach can be taken as a success in our system strengthening work. Completion of the equity and inclusion model and popularizing to sector actors. We will continue to build on these areas to bring greater impact and achieve SDG 6.

2.3 Policy change cycle

Link to policy change cycle self-assessment

<https://live.newdea.com/NonProfit/DownloadDocument.axd?zj0yIIQGGuARYDuNRIMaa6XI72I7OzaKaoMh8kM9hGyG8d7Fw5TkdvBLt399jDgtu>

2.4 Partner and community voices

We have conducted joint monitoring and review meetings with our government partners and community. The feedback provided about effectiveness of our work from our government partners at all levels and communities was encouraging and positive. This was evidenced by continuation of our matching fund, certificate of appreciation and huge demand for WAE intervention as well as technical support by government at all levels. Moreover, the citizen forum that is a means for community voices in the urban WASH services was strengthened and becomes a platform to ensure governance and accountability. We have also conducted many pre-intervention and intervention sensitization meetings with communities to make them aware about our work and consider their ownership and thoughts. Based on their feedback, we genuinely respond and took action in areas that can be managed within our scope and support them to get feedback from our partnerships with key government institutions. WAE is a critical partner of government and always provides critical feedback that can improve the accountability of government on top of system strengthening.

2.5 Resourcing and organisational effectiveness

Finance

The actual expenditure as of March 31 is GBP 2.349 million which is 25% less against the Board Approved budget of GBP 3.140 million. It is 91 % of the total year re-forecast GBP 2.575 million. It is 98 % of the prior actual of GBP 2.389 million. Utilizing and properly closing DFID and MWA grants, complying with 70/30 requirement and fully utilization of the restricted incomes were the major success in the budget year. Lack of competitive and reliable contractors as well as inflation were the major challenges faced.

Expenditure by Programme in GBP

CP Programme (GBP, Thousands)	Board Approved Budget (LV2)	Re-forecast 1819	Actual 1819	Variance 1819	Variance (%) 18-19	Prior Year Actual 17-18
Organisational Effectiveness	862	785	774	88	10%	646
Water, Resilience and Climate Change	251	14	8	243	97%	96
SanCity	628	410	334	294	47%	407
Sustainability for Transformation	1,399	1,365	1,217	181	13%	1,240
TOTAL	3,140	2,575	2,334	806	26%	2,389

The major cause of underspend in Water, Resilience and climate change program is due to lack of funds to implement the programme. The CP was unable to raise funds to finance the program and was thus unable to implement most of its plans for this Programme.

The underspend for SANCITY was mainly related with Improving WaSH Evidence - Based Decision – making project which is USAID funded. It was difficult to procure IT materials and Anti-virus, both imported inputs, within the planned time and budget because of the national hard currency shortages in the country.

The major cause in underspend of Sustainability for transformation is because of the slow implementation of the SusWash Project. This is because of several failed siting exercises for drilling which then spilling into delayed borehole drillings. The delay of borehole drilling caused the subsequent infrastructure works like reservoirs, and water supply systems to be delayed. The other cause was the underspend for WASH for Coffee Producers Project due to delays in finalizing the project agreement with the Regional Government WASH sector Bureaus which in turn contributed for delayed start of the project work.

Expenditure by area of work

Programmatic Approach	Actual 18-19 (%)	Funded Budget 18-19 (%)	Prior Year Actual (%)
Not Available	-0%		4%
Advocacy	4%	3%	5%
Fundraising	1%	1%	1%
Mgt. Operating Cost	23%	24%	19%
Sector Capacity	24%	29%	23%
Service Delivery	49%	44%	48%
TOTAL	100%	100%	100%

Funding

- **Funding** – Securing big multi -year grant is the major challenge facing the country. Given that we have now recruited a Business Development manager and we will look to accelerate our fund-raising efforts.

Funding

	Contract Value¹ (GBP, Thousands)	Income Value 18-19 (GBP, Thousands)
Country Programme	£775,849	£1,807,504

People

Headcount (as of 31/03/19)	Headcount (as of 31/03/18)	Staff turnover (%)
30	25	17.54

In response to the dynamic context, WAE is considering a number of organizational design principles to underpin its structure that will now be the core for the strategic period subject to growth in restricted income. There is need to continue creating a flexible project resource base that will evolve as funding is secured. WAE will continue to have a structure that is relevant to mission, is financially viable, competitive in securing funding, in compliance to government regulation and donor requirement and effective in cost recovery. The CP is equally prepared to respond to the emerging opportunities of working in diverse partnerships while strengthening its mission critical partnership with government which is key to WAE's current strategy. Recalibration of the current structure will remain in the backdrop for WAE's people resourcing plan and will continue to shape the current structure although with relevant modification to reflect the emergent demands of the priority country status. Our approach to growing the staffing will be project based growth i.e. growing the staffing as we secure new grants. The CP has ensured that new recruitments for current structure is enabling of delivering its CPS ambitions as well as priority country ambition. There is due prioritization of influencing and fundraising.

WAE recognizes that due to resource limitation, it is impracticable to secure all the human resources needed to deliver our work. WAE identifies working closely with Government and possibly partners as a more sustainable approach to delivering programmes, which also has spin off impact on our internal resourcing. The CP will continue its systematic and strategic approach in identifying diverse partnerships to drive transformative change.

In terms of ways of working, there will be an emphasis on empowering middle managers and also sharpening SMT calibre in line with impact and priority country ambition.

The CP has finalised recruitment of P&OD whose role will be to ensure that the entire CP is well aware of, and upholds organizational values, code of conduct and statutory guidelines. P&OD role will also ensure assessments of each directorate are done through the Organization Development lenses to ensure GEES action plans meant to improve CP effectiveness are put in place and duly implemented.

¹ Status changed to 'contracted' in RIS during period + new income secured in Effra to displace underwritten funds

3. Reflection, learning and actions

3.1 Reflections and learning

- i. Documenting and amplifying- Improving documentation and program quality were some of the lessons from our 2017/18 annual report. We documented our learnings from the 20 towns, system strengthening, and Life cycle costing. We have also amplified our learnings Regionally, Nationally and globally, which was received well and has helped to raise the profile of the CP as well as raise income through extended partnership. To improve our program quality, we have continuously improved our design and implementation. The CP uses its' learning in designing of new projects and improving of current implementation.
- ii. Investing in relationships- Investing in long term relationships is crucial for fund raising. Thus, we have started relationship building with potential donors by using our personal contact and sector recognition. The CP shares its learning by organizing learning forums, webinars, and global conferences and sector events.

3.2 Actions

Following the Annual Review, the priority actions for WaterAid [Ethiopia] are as follows:

1. **Fundraising-** WAE will work with the UK and RT to mobilize high value/multiyear grants that will help deliver its country strategy. We will continue to develop concept notes that will attract high value income.
2. **Implementation of program quality standards-** WAE will continue to evolve it designs to reach the 'golden standard', continue the implementation of program quality by ongoing monitoring and coaching of staffs.
3. **Strengthen our advocacy and influencing for greater impact-** we will analyse the opportunity of the new CSO low and further strengthen our advocacy and influencing using forums, sector events and CSO dialogues.

4. Case studies

Link(s) to case studies	https://live.newdea.com/NonProfit/DownloadDocument.axd?zjoyIIQGUA RYDuNRIMaa6Wj-064LNOQLwX-03nB5PqoFkZsdlwwH0MQaq-1WXwpQAhO https://live.newdea.com/NonProfit/DownloadDocument.axd?zjoyIIQGUA RYDuNRIMaa6d3oULWGSsIDZutQ8cJfVmEavnCkcYcwFSYA6TD0024d
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5. Risk assessment

Link to risk register	https://live.newdea.com/NonProfit/DownloadDocument.axd?zjoyIIQGUA RYDuNRIMaa6eTDaxrOT6m5ZRYVjQgpUzh594WI-1qssK4Gunr-16tQWm
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6. CP RAG rating

The WaterAid [Ethiopia] rating for this reporting period is as follows:

Current RAG rating	Previous RAG (6month report)	Brief rationale
	Same	Although the CP delivered its program milestones and utilized 91% of the forecast, it only utilized 80% of the funded budget. Securing high value/multiyear funding has also remained a challenge

7. CP data required for IPD reporting

Direct Access Users - for work where WaterAid is funding / part-funding provision of water/sanitation/hygiene facilities and hygiene promotion.

	Households	Schools	Health facilities	Public facilities
Water	21,115	11,018	800	0
Sanitation	16,705	16,650	0	0
Hygiene – Use	16,705	11,201	800	0
Hygiene - Reach	50,115	33,603	80,371	N/A

Note: The indicator codes (e.g. WA01) show which WASH access indicator in the WaterAid Indicator Library are reported where. For 2018-19, we will be piloting measurement of Indirect Reach, and therefore will not be reporting on this within this template.

Summary	Number
Communities supported	31
Health facilities supported	4
Schools supported	15
Water points installed	50
Water points rehabilitated	9
Piped-water systems supported	11

Please respond to the following questions on Water Quality testing:

- Is your Water Quality testing data (in mWater or excel) up-to-date? – **yes**
- Have you tested all new or rehabilitated water points and systems – **yes** If no, please state % tested and explain.
- Are all water points potable – **yes**. If no, please provide % potable, describe water quality issues identified and follow-up actions.

- Have you done follow-up tests per the [Country Programme Water Quality Policy](#)? – **no**. If no, please explain. Because we did not have non-potable water supplies that need re-test.
- What have you learned from these follow-up test results?

Location of data

Please add an X in the left-hand column next to the statement that is correct for your CP

X	We have used mWater to record our inventory and water quality data for FY 2018-19 and this is correct and complete ²
X	We have submitted our inventory data in mWater and uploaded our water quality data in Excel for FY 2018-19 alongside the narrative Annual Report https://live.newdea.com/NonProfit/DownloadDocument.axd?pEvKFnAtW7GJYd0VnSaZcdO2cueGb2LfYcR6R4ilfN42kg
	We have uploaded our inventory and water data quality for FY 2018-19 in Excel alongside the narrative Annual Report in Project Center

² 4 water rehabilitation works in Derequa, Yesir, Wundegi and Wulanta water systems have been tested by government and will be re-tested by WAE before end of Q1.

Project information

Number of active projects in FY 2018-19	10
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Partner information

Number of active partners in FY 2018-19	45
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8. CD sign-off for Annual Report

Assurance statement

*I confirm that **all the information in this narrative and all data in Project Center and RIS (and mWater, where used)** relevant to WaterAid [Ethiopia] for FY 20[18-19] is up-to-date, has been quality checked and is accurate.*

Signed by Country Director:	Bethlehem Mengistu
Signature:	
Date:	27/05/2019