Financing the One WASH program
ETHIOPIA

By Abiy Girma
National WASH Program Coordinator
OWNP: -
- Road to sector wide approach
- Government led
- Instrument for achieving the goals set in achieving middle income level country status
- WASH MoU and WIF are major building blocks
- Better integration, alignment, partnership and harmonization
Here are 7 reasons for why this programme is exceptional

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<tr>
<td>1</td>
<td>UNITED- 4 Ministries have agreed to implement</td>
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<td>INCLUSIVE- rural or urban WASH infrastructure and technical assistance</td>
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<td>COMPREHENSIVE- rolled out nationwide in all the regions of Ethiopia</td>
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<td>INNOVATIVE- first sector wide approach in the WASH sector</td>
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<td>EFFECTIVE- Partners' and Gov funds are pooled into One account</td>
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<td>PROGRESS ORIENTED- leads towards achieving national results faster</td>
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<td>SUPPORTIVE - stakeholders work together to move the sector forward</td>
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One WASH coordination and implementation structure

- Governance & Guidance - National WaSH Steering Committee (NWSC)
- Oversight & Management, National WaSH Technical Team (NWTT)
- Program Implementation - WaSH Program Management Units (In Each sector Bureaus)
- Program Coordination - National WaSH Coordination Office (NWCO).
One WASH Financing Guidance

- **WASH**: Economic and social goods
- **Cost Recovery** principles
- **No subsidies** or grants for household sanitation -
- **Specific Tariff** Setting
- **Water Resource Development Fund** established for investment on urban WSS
- **Micro finance institutions** for CMP and household level financing of WASH
**OWNP Fund Flow and Channelling of Funds**

**Fund Flow**

- **Donor 1**
- **Donor 2**
- **Donor 3**

**Foreign Special Account**

**MOFEC**

- Water
- Health
- Education Ministries

**WRDF**

- **Town Water Boards**

**WASH Sector Bureaus**

- **BOFED**

- **WoFED Office**
- **ToFED Office**

**NGOs**

**WASH Projects/WASHCOs**

**MFI**

**USF fund flow**

**UNICEF**

**EIB SS**

**OWNP Fund Flow and Channelling of Funds**
**Program Implementation Modalities**

- **Woreda Managed Project**
  - Fund flow: Federal-Region-District Office
- **Community Managed Project**
  - Fund flow: Federal-Region finance offices- Micro Finance Institutions - community
- **NGO Managed Project**
  - Fund flow: NGO
- **Self Supply**
  - Fund flow: Household

OWNP Financing Channels

Channel I

Channel II (DPs channeling directly to sectors)

Channel III (NGOS and others)

OWNP is much bigger than CWA
CWA is a sub set of OWNPs

Channel 1A (GoE)
Channel 1B (CWA)

Channel 1 (1A, 1B)
Main stream GoE system

CWA, COWASH, UNICEF
CMP Fund Flows (Channel 1b)

Urban WSS Fund Flows

New Urban Sanitation Fund (USF)
Financial Reporting Flow

- Sector Ministries
- NWCO
- Ministry of Finance
- Sector Bureaus
- RWCO
- Regional Finance Bureau
- WWT
- WoFED
- Water Office
- Health Office
- Education Office
- Donors

Financial Reporting

Physical Report
Resource Flow to WSS Sector

- **Resource Flow:** Increasing but inadequate to achieve targets.

- **Resource Gap:** GTP I: out of $2.41 billion only 68% of total cost was available. (2011-2015)

- **Source of Finance:** 76% of the total budget allocated from National treasury and rest from donors.

- **Composition:** Capital budget accounting for about 80% of total budget

- **Utilization:** Budget execution relatively high, but in sub-categories such as hygiene and sanitation, execution rates are low

- **Resource Required:** GTP II: more than $ 4.5 billion is required (2016-2020)
WaSH Stakeholders’ Joint Technical Review and MSF Timing

History of JTR and MSF

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
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<tr>
<td>2006</td>
<td>1\textsuperscript{st} WaSH Sector JTR</td>
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<td>2007</td>
<td>2\textsuperscript{nd} and 3\textsuperscript{rd} WaSH Sector JTR</td>
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<td>2008</td>
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<td>2009</td>
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<td>2010</td>
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<td>2011</td>
<td>8\textsuperscript{th} WaSH Sector JTR</td>
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<td>2012</td>
<td>9\textsuperscript{th} WaSH Sector JTR</td>
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<tr>
<td>2006</td>
<td>MSF 1: Oct</td>
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<td>2007</td>
<td>MSF 2: Dec</td>
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<td>2009</td>
<td>MSF 3: Dec</td>
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<td>2011</td>
<td>MSF 4: April</td>
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<td>2012</td>
<td>MSF 5: Nov</td>
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<td>2014</td>
<td>MSF 6: Feb</td>
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<td>2015</td>
<td>MSF 7: Dec</td>
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Some Features of Financing WASH in Ethiopia

- **Allocative Efficiency**: Public expenditure focuses on narrowing infrastructure gap.
- **Cost recovery**: Water utilities do not cover beyond O&M.
- **Effectiveness**: Finance tracking system
- **Inefficiency**: In urban water utilities largely due to under pricing have significantly undermined the service levels
- **PPP**: Involvement is limited to small works, goods and service contracts.

Recommendations

- **Improve resource flow to WSS** mobilizing more internal and external resources
- **Improve efficiency**: Budget allocation to areas with more returns and improve budget utilization
- **Promote participation**: Promoting NGOs/CSOs and private sector participation