Working with Communities for a Better Future
The Performances and Lessons of the ESRDF

Edited by Aseffa Abreha, Tesfaye Desta, Afework G. Eyesus and Mekonnen Kassa

Ethiopian Social Rehabilitation and Development Fund (ESRDF)
Working with Communities for a Better Future
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Edited by Aseffa Abreha (Ph.D.), Tesfaye Desta, Afework G.Eyesus and Mekonnen Kassa

With the Compliments of
the ESRDF

Ethiopian Social Rehabilitation and Development Fund (ESRDF), September 2005.
## Contents

Acronyms  
List of Tables, Boxes and Figures

### Foreword

#### 1. **Country Context and Background**
   - 1.1 Ethiopia: Socioeconomic Situation  
   - 1.2 Government Policies and Priorities

#### 2. **Objectives and Components of ESRDF**
   - 2.1 Background  
   - 2.2 Objectives  
   - 2.3 Components  
   - 2.4 ESRDF and Government Policies and Priorities  
   - 2.5 Financing

#### 3. **Key Design Features**
   - 3.1 Organizational Structure and Functions  
   - 3.2 Manpower  
   - 3.3 Operational Manual and Handbooks  
   - 3.4 Subproject Cycle  
   - 3.5 Sustainability Safeguards  
   - 3.6 Financial Management and Procurement Policies

#### 4. **Key Outcomes and Achievements of Development Objectives**
   - 4.1 Physical Performances  
     - 4.1.1 Funding Application Received  
     - 4.1.2 Subprojects Appraised, Recommended and Approved  
     - 4.1.3 Subprojects Completed  
     - 4.1.4 Anticipated Targets and Actual Performances  
     - 4.1.5 Geographic Coverage  
   - 4.2 Quality, Cost and Completion Time of Projects  
   - 4.3 Fund Utilization

#### 5. **Development Impact of the ESRDF**
   - 5.1 Community Empowerment and Enhanced Social Capital  
   - 5.2 Improved Access, Quality and Efficiency of Primary Education  
   - 5.3 Improved Public Health  
   - 5.4 Improved Welfare of Communities in Disadvantaged Regions  
   - 5.5 Improved Economic Conditions  
   - 5.6 Improved Welfare of Women  
   - 5.7 Enhanced Institutional Development  
   - 5.8 Employment Generation

#### 6. **Challenges Faced**

#### 7. **Lessons Learned**

#### 8. **Success Factors**


Acronyms

ADLI Agriculture Development-Led Industrialization
CO Central Office
CPC Community Project Committee
CPS Complete Primary School
CSA Central Statistical Authority
DCA Development Credit Agreement
ERP Emergency Recovery Programme
ERRP Emergency Recovery and Reconstruction Programme
ESRDF Ethiopian Social Rehabilitation and Development Fund
ESRF Ethiopian Social Rehabilitation Fund
ETB Ethiopian Birr
FA Financing Agreement
FDRE Federal Democratic Republic of Ethiopia
GDP Gross Domestic Product
HDI Human Development Index
HICE Household Income Consumption and Expenditure Survey
HS Health and Sanitation
IA/IAAs Implementing Agency/Implementing Agencies
ICR Implementation Completion Report
IDA International Development Association
IGP Income Generating Project
MIS Management Information System
MoFED Ministry of Finance and Economic Development
MTR Mid-Term Review
NGO Non-Governmental Organization
OM Operational Manual
PO Project Officer
PRSP Poverty Reduction Strategy Paper
PSCAP Public Sector Capacity Building programme
PVS Primary Village School
RO Regional Office
RSC Regional Steering Committee
RWSS Rural Water Supply and Sanitation
SAR Staff Appraisal Report
SDPRP Sustainable Development and Poverty Reduction Programme
SNNPR Southern Nations, Nationalities and Peoples Region
SSI Small Scale Irrigation
TCB Training and Capacity Building
TGE Transitional Government of Ethiopia
UNDP United Nations Development Programme
WB World Bank
WDF Wereda Development Fund
WMS Welfare Monitoring System
List of Tables, Boxes and Figures

### Tables

<table>
<thead>
<tr>
<th>Table</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Table 1</td>
<td>Ethiopia: Selected Indicators</td>
<td>3</td>
</tr>
<tr>
<td>Table 2</td>
<td>Ethiopia: Selected Development Targets 2010</td>
<td>8</td>
</tr>
<tr>
<td>Table 3</td>
<td>Staff of ESRDF by Profession</td>
<td>28</td>
</tr>
<tr>
<td>Table 4</td>
<td>Anticipated and Actual Performances</td>
<td>51</td>
</tr>
<tr>
<td>Table 5</td>
<td>Number, Beneficiaries and Cost of TCB Activities</td>
<td>53</td>
</tr>
<tr>
<td>Table 6</td>
<td>Completed WDF Projects by Sector</td>
<td>54</td>
</tr>
<tr>
<td>Table 7</td>
<td>Income Generating Projects by Region</td>
<td>54</td>
</tr>
<tr>
<td>Table 8</td>
<td>Projects Implemented in Collaboration with <em>Helvetas</em></td>
<td>54</td>
</tr>
<tr>
<td>Table 9</td>
<td>Comparisons between ESRDF and Non-ESRDF Public Agency Projects</td>
<td>65</td>
</tr>
<tr>
<td>Table 10</td>
<td>Contribution of ESRDF in Expansion of Education and Health in Emerging Regions</td>
<td>72</td>
</tr>
<tr>
<td>Table 11</td>
<td>Major Challenges Faced and MeasuresTaken</td>
<td>81</td>
</tr>
</tbody>
</table>

### Boxes

<table>
<thead>
<tr>
<th>Box</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Box 1</td>
<td>Ethiopian Social Rehabilitation Fund (ESRF)</td>
<td>11</td>
</tr>
<tr>
<td>Box 2</td>
<td>Menu of Subprojects</td>
<td>19</td>
</tr>
<tr>
<td>Box 3</td>
<td>Community Project Committee</td>
<td>33</td>
</tr>
<tr>
<td>Box 4</td>
<td>Community Facilitators</td>
<td>34</td>
</tr>
<tr>
<td>Box 5</td>
<td>Subproject Selection Criteria</td>
<td>36</td>
</tr>
<tr>
<td>Box 6</td>
<td>Financing Agreement</td>
<td>38</td>
</tr>
<tr>
<td>Box 7</td>
<td>Sustainability Safeguards</td>
<td>41</td>
</tr>
<tr>
<td>Box 8</td>
<td>Ethio-Forum 2002</td>
<td>58</td>
</tr>
<tr>
<td>Box 9</td>
<td>Factors contributed to Efficiency of ESRDF</td>
<td>64</td>
</tr>
</tbody>
</table>

### Figures

<table>
<thead>
<tr>
<th>Figure</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Figure 1</td>
<td>Objectives and Components of ESRDF</td>
<td>14</td>
</tr>
<tr>
<td>Figure 2</td>
<td>Sources of Finance</td>
<td>21</td>
</tr>
<tr>
<td>Figure 3</td>
<td>Budget Breakdown by Component</td>
<td>22</td>
</tr>
<tr>
<td>Figure 4</td>
<td>ESRDF Organizational Structure</td>
<td>24</td>
</tr>
<tr>
<td>Figure 5</td>
<td>The ESRDF Subproject Cycle</td>
<td>30</td>
</tr>
<tr>
<td>Figure 6</td>
<td>Major Subproject Activities and Key Actors</td>
<td>31</td>
</tr>
<tr>
<td>Figure 7</td>
<td>Fund Flow Procedures</td>
<td>45</td>
</tr>
<tr>
<td>Figure 8</td>
<td>Number of Subproject Applications Received, Appraised, Recommended and Approved</td>
<td>48</td>
</tr>
<tr>
<td>Figure 9</td>
<td>Number of Subproject Applications Received by Sector</td>
<td>48</td>
</tr>
<tr>
<td>Figure 10</td>
<td>Number of Completed Projects by Sector</td>
<td>49</td>
</tr>
<tr>
<td>Figure 11</td>
<td>Anticipated and Actual Number of Subprojects Completed</td>
<td>50</td>
</tr>
<tr>
<td>Figure 12</td>
<td>Anticipated and Actual Number of Beneficiaries</td>
<td>50</td>
</tr>
<tr>
<td>Figure 13</td>
<td>Number of Beneficiaries of TCB activities</td>
<td>52</td>
</tr>
</tbody>
</table>
Foreword

When the Transitional Government of Ethiopia (TGE) led by the EPRDF Party was established in July 1991, the economy of the country was in a shambles. The TGE was faced with three major challenges at that time: Relief, Rehabilitation, and Development.

The TGE had to design such programmes as: Economic Reform, Economic Stability and Adjustment and Emergency Recovery and Reconstruction Programme (ERRP), to address the relief and rehabilitation challenges. Parallel to addressing those challenges, a long-term strategy of Agriculture Development-led Industrialization (ADLI) was adopted by the TGE to address the development challenge. This Strategy envisioned rapid transformation of the previously centrally-planned economy into a market-based and private sector-driven economy. And poverty reduction became the top agenda of the Government.

The prime objectives of the ERRP were: (1) to stimulate the war-torn economy, and (2) to rehabilitate retrenched workers, displaced civilians, returning refugees and demobilized soldiers through safety net projects. The ERRP, introduced in July 1992 and running for the subsequent 30 months, focused on three sectors, i.e. production, social services and infrastructure.

One of the components of ERRP was a project known as Ethiopian Social Rehabilitation Fund (or ESRF), which was piloted in parts of Addis Ababa, Oromyia, Amhara, Tigray and Southern Regions. ESRF was conceived on the basis of "Social Fund Investment", which was applied in South American countries following disasters of one type or another, and supported by the World Bank. ESRF, thus, dealt with rehabilitation of damaged facilities in the regions of its mandate during the life span of ERRP. And the ESRF became the forerunner of the Ethiopian Social Rehabilitation and Development Fund (ESRDF).

In both the pilot and expanded phases of the ESRDF, a community-
based, demand-driven development (CDD) and participatory approach was adopted and adapted. This approach is rooted in two premises: a) development is an active process by and for the intended beneficiary communities themselves, not a passive receiving of knowledge and skills imparted by 'outsiders'; and b) intended project beneficiaries have a wealth of latent knowledge they developed over the years through practical experience.

In keeping with and in support of Government policies, strategies and priorities and the guiding principles of the demand-driven participatory approach, the ESRDF was established as an autonomous government entity in 1996 by Proclamation No.19/1996, "Proclamation to Provide the Establishment of Ethiopian Social Rehabilitation and Development Fund". In terms of design and operational modalities, the ESRDF was based on the experience gained and lessons drawn from its pilot phase, the ESRF, and on lessons of experiences of similar projects in other developing countries - particularly those from Latin America. It was directly accountable to the Prime Minister. ESRDF’s Board, whose members were ministers of mandate ministries of the ESRDF, was chaired by the Prime Minister or his representative.

In its objectives, ESRDF constituted an important component of the Government's overall vision and modus operandi to fight poverty and achieve sustainable development through grassroots, community-based, demand-driven and environmentally sound social and economic initiatives in the broad field of rural development. Its overall development objective was to help the poor in general - and those rural poor and women in particular - to have access to basic social services, and to raise their income generating potential through the provision of economic infrastructure and services.

The Programme was country-wide and multi-sectoral. The ESRDF sought to finance demand-driven small-scale projects identified, selected, implemented, operated and maintained by communities themselves with technical support from collaborating governmental, non-governmental and civic organizations.

The organizational design of the ESRDF was based on two key principles: participation and decentralization. It adopted a participatory approach to ensure greater community participation throughout its operations, to organize support for a wider and better managed community-driven development and to ensure inter-sectoral coordination and collaborative decision-making by all stakeholders. The institutionalization of a participatory approach also aimed at
strengthening the Government's decentralization process by working in partnership with government functionaries at the Federal, regional and local levels. Two organizational entities constitute the structural framework of the ESRDF: a Central Office at national level and Regional Offices in the regional states. Such a framework was adopted to create considerable space for effective decentralization and empowerment, which in turn opened up possibilities for tackling poverty directly at the grassroots level.

Apart from the expansion of basic economic and social infrastructure and services, the most significant achievement of ESRDF is that it has widely promoted participatory, demand-driven and community-based approach. It has displayed that fast development is possible only with true empowerment of communities. Community-based development approaches like that of the ESRDF enable to reach remote and inaccessible areas, and those that were considered very difficult to work with could be easily reached and enabled to participate in the implementation of projects. Organizing communities in some kind of community-based organizations (CBOs) like Community Project Committees (CPCs) can further strengthen their empowerment.

Implementation of the ESRDF program was not a smooth sailing. During the span of its life, ESRDF's operation was facing different challenges and bottlenecks. Some of them were surmounted through coordinated efforts and gradually through time, while others persisted. ESRDF's experience has enabled to generate several lessons in community-based and participatory development. Some of them are very relevant for other institutions in the design and implementation of future projects. In fact, it is gratifying to learn that some institutions such as the Ministries of Water Resources, Women, Road Authority, etc. have already used them. Attempts have been made by the ESRDF, through websites, review workshops, international conferences, books and reports, to transfer its experience and lessons learned. Another attempt is made through this publication to once again facilitate transfer of lessons learnt from ESRDF to other institutions. For it is felt that although the capacity of the ESRDF could not be utilized further because of its discontinuity, the experience obtained should not be dissipated, but passed on in an organized manner.

Aseffa Abreha (PhD)

September 2005.
Country Context and Background

1.1 Ethiopia: Socioeconomic Situation

With a total area of 1.14 million square kilometers and a population of 73 million in 2005, Ethiopia stands as the ninth largest in size and the third most populous country in Africa. Overall population density is 62 persons per square kilometer. About 16 percent of the Country's population resides in urban areas. Selected demographic and socioeconomic indicators are presented in Table 1.

Ethiopia is among the poorest countries in the world. This is reflected in low per capita income, very poor social indicators, poor conditions of the productive sectors, poorly developed infrastructure and degraded environment.

The Country’s economy is based predominantly on rain-fed subsistence agriculture. The Country’s Gross Domestic Product (GDP) in 2003/04 at market prices was close to Birr 69.2 billion (about US$ 8 billion). The agricultural sector contributed 43 percent; the manufacturing industry, including small-scale and handicrafts, 12 percent and service sector about 45 percent.

Poverty in Ethiopia is broad, deep and structural. The Government’s Sustainable Development and Poverty Reduction Programme (SDPRP) described poverty in Ethiopia as “widespread and multifaceted”. Malnutrition and undernourishment are immense both in rural and urban areas. According to the 1999/2000 Household Income Consumption and Expenditure Survey (HICE), the proportion of people living in absolute poverty (measured in terms of food consumption set at a minimum nutrition requirement of 2,200 calories per adult per day) is around 44 percent at national level with 45% in rural and 37% in urban areas. Social indicators also reflect poverty to be widespread in the Country. Life expectancy at birth in...
2003 was 53 years of age for male and 55 years for female, infant mortality was 97 per 1,000 live births and maternal mortality rate was 1,800 per 100,000. In 1999, three out of four rural households had no access to safe drinking water and over ninety percent had no access to sanitation. Illiteracy rate among the population aged 10 years and above was 70 percent and gross primary school enrolment at national level in 1999/2000 was 45.8 percent. Primary health service coverage and immunization in 1998/99 were 51 percent and 60 percent, respectively.

The principal causes of Ethiopia’s long-standing poor social and economic performances are periodic and devastating droughts, civil war, low level of investment in the productive sectors and infrastructure and inappropriate policies pursued by past regimes. Rapid population growth also poses an enormous threat to the development efforts in Ethiopia, and more especially on the reduction of poverty, leading to high dependency ratios, and pressures on natural resources and strains on the education and health systems.

Against this background and following the establishment of the Ethiopian People’s Revolutionary Democratic Front (EPRDF)-led Transitional Government in mid-1991, the Country has instituted a new political orientation. A federal system of government has been put in place with the 1994 Constitution laying the basis for devolution of decision making power and responsibilities to regional states.


The Federal Government and the States have legislative, executive and judicial powers. The Constitution of the FDRE also grants adequate powers to the lowest units of government in order to enable the people to participate directly in the administration of such units.

The political liberalization in Ethiopia was matched by structural adjustment and macroeconomic reform programmes that brought about fundamental changes in the management of the economy. The key elements of the reform programmes were market liberalization, promotion of the private sector and reduction of government role in the economy, streamlining policies and removal of impediments for private sector activity and public enterprise reform.
Table 1
Ethiopia: Selected Indicators

1. COUNTRY PROFILE

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Value</th>
<th>Year</th>
</tr>
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<tbody>
<tr>
<td>Land Area</td>
<td>1.14 million square km</td>
<td>(1999/00)</td>
</tr>
<tr>
<td>Arable Land</td>
<td>45.0% of total area</td>
<td></td>
</tr>
<tr>
<td>Irrigated Land</td>
<td>3.0% of total area</td>
<td>(2000)</td>
</tr>
<tr>
<td>Area covered by forest</td>
<td>4.2% of total area</td>
<td></td>
</tr>
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</table>

2. SOCIAL INDICATORS

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Value</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>73.0 millions</td>
<td>(2005)</td>
</tr>
<tr>
<td>Urban population</td>
<td>15.8%</td>
<td></td>
</tr>
<tr>
<td>Population growth rate</td>
<td>2.9%</td>
<td></td>
</tr>
<tr>
<td>Pop. living below $1 a day</td>
<td>81.9%</td>
<td>(2001)</td>
</tr>
<tr>
<td>Life expectancy at Birth Male</td>
<td>53 years</td>
<td>(2003)</td>
</tr>
<tr>
<td>Life expectancy at Birth Female</td>
<td>55 years</td>
<td></td>
</tr>
<tr>
<td>Infant Mortality Rate (IMR)</td>
<td>96.8 per 1,000 live births</td>
<td>(2003)</td>
</tr>
<tr>
<td>Maternal Mortality Rate (MMR)</td>
<td>1,800 per 100,000</td>
<td>(2003/04)</td>
</tr>
<tr>
<td>Access to improved water source</td>
<td>32.0 percent</td>
<td>(2000)</td>
</tr>
<tr>
<td>Urban</td>
<td>81.0 percent</td>
<td></td>
</tr>
<tr>
<td>Rural</td>
<td>12.0 percent</td>
<td></td>
</tr>
<tr>
<td>Access to improved Sanitation</td>
<td>33.0 percent</td>
<td>(2000)</td>
</tr>
<tr>
<td>Urban</td>
<td>71.0 percent</td>
<td></td>
</tr>
<tr>
<td>Rural</td>
<td>7.0 percent</td>
<td></td>
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<tr>
<td>Literacy Rate</td>
<td>39.7 percent</td>
<td>(2000/01)</td>
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<tr>
<td>Urban</td>
<td>69.9 percent</td>
<td></td>
</tr>
<tr>
<td>Rural</td>
<td>21.7 percent</td>
<td></td>
</tr>
<tr>
<td>Gross primary school enrolment (%)</td>
<td>45.8 percent</td>
<td>1999/2000</td>
</tr>
<tr>
<td>Female net enrolment (%) Primary</td>
<td>41 percent</td>
<td>(2000/01)</td>
</tr>
<tr>
<td>Secondary</td>
<td>11 percent</td>
<td></td>
</tr>
<tr>
<td>Female tertiary students (% of total)</td>
<td>1 percent</td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>3.8 percent</td>
<td></td>
</tr>
<tr>
<td>Urban areas</td>
<td>5.0 percent</td>
<td></td>
</tr>
<tr>
<td>Rural areas</td>
<td>12.6 percent</td>
<td></td>
</tr>
<tr>
<td>Services</td>
<td>2.6 percent</td>
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</tr>
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3. MACROECONOMIC INDICATORS

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Value</th>
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</thead>
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<tr>
<td>GDP at Market Prices</td>
<td>69.2 billion ETB</td>
<td>(2003/04)</td>
</tr>
<tr>
<td>GDP at 1996 Factor Cost</td>
<td>18.9 billion ETB</td>
<td>(2003/04)</td>
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<tr>
<td>Agriculture</td>
<td>43.2% of GDP</td>
<td></td>
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<tr>
<td>Industry</td>
<td>11.5% of GDP</td>
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</tr>
<tr>
<td>Services</td>
<td>45.3% of GDP</td>
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</tbody>
</table>

Data Sources:
- The 1994 G.C. Population and Housing Census of Ethiopia
- Ministry of Finance and Economic Development
- AIDS in Ethiopia, Fact Sheet 2003, Fifth Report
1.2 Government Policies and Priorities

Overall Development Strategy

Ethiopia has adopted a long-term development strategy of Agricultural Development-Led Industrialization (ADLI). The Strategy envisions a rapid transformation of the previously centrally planned economy into a market-based and private sector-driven. More specifically, the Strategy hinges on the smallholder agriculture as the primary stimulus to generate employment and income, reduce poverty, promote industrialization and ensure a dynamic and self-sustaining growth.

The rationale for the ADLI strategy lies on the agrarian nature of the economy and for its high potential for growth with abundant unemployed and underemployed factor endowments of land and labour.

Poverty Reduction

Poverty reduction is at the top of the Government’s development agenda. The strategies to reduce poverty, as outlined in the Sustainable Development and Poverty Reduction Programme (SDPRP), are employment generation and rural development, promotion of economic growth and efficiency, and increasing social sector spending. Specific strategies include development programmes in agriculture, education, health and infrastructure.

Ethiopia has also adopted Millennium Development Goals (MDGs). The MDGs constitute an integral component of the Government’s SDPRP. Table 2 presents selected development targets for 2010.

Stimulating Economic Growth

The Government recognizes that substantial and sustained progress in poverty alleviation can only come about with faster and sustained economic growth. Ethiopia’s overall economic growth performance has been relatively robust during the period 1992/93 -1997/98, with real GDP growing at an average rate of 5.8 percent per annum compared to 1.9 percent average growth rate registered during 1980s. However, the country needs faster and sustained economic growth for rapid poverty reduction and significant improvement in the quality of life of the population.
Private Sector Development

The private sector is expected to play a leading role in the economic and social development of the Country. However, the Country is yet to attract significant private investment. Private sector investment, particularly foreign capital, is critically dependent on the Government’s ability to address social and economic infrastructure constraints, create a stable macroeconomic environment, develop efficient sources of capital for investment, and hasten the pace of sector reforms and privatization of public enterprises.

Human Development

In recent years, there have been improvements in human development in several areas, including raising school enrollment and improving health and sanitation and water supply services. Despite these positive developments, Ethiopia’s human development index continues to be lower than that of most Sub Saharan African countries. The United Nations Development Program’s Human Development Report of 2003 ranks Ethiopia 169th out of 175 countries in Human Development Index (HDI). Progress in human development needs to be accelerated for rapid and sustained poverty reduction.

Strengthening Governance

The Government recognizes the fact that creating conducive institutional environment for good governance and empowerment is a pre-requisite for economic and social development. While progress has been made in some areas, the Government realizes that further improvement is needed in several aspects of governance.

In recognition of serious capacity gaps in the Country, the Government has issued a National Capacity Building Policy and Strategy in 1998. The capacity building policies and strategies are streamlined into the Government’s overall development Strategy of ADLI.

Capacity building is taken to comprise the development of human resources, building and strengthening of institutions, and establishment of effective working practices in combination.

The Government has launched a Public Sector Capacity Building Programme (PSCAP) to operationalize the Capacity Building Policies in the public sector.

The PSCAP covers six sub-programmes. These are:

- Civil Service Reform Programme;
- District-level Decentralized
Service Delivery;
• Information and Communications Technologies;
• Justice System Reform;
• Tax Reform; and
• Urban Management.

The overall objective of the Civil Service Reform Programme (CSRP) is to ‘build a fair, effective, efficient, transparent and ethical civil service through institutional reforms, systems development and training.’

The CRSP focuses on the development and implementation of appropriate legal and regulatory framework, and institutional and human resources as well as the introduction of improved management systems and best practice. The main areas of focus of the CSRP are public expenditure management and control, human resource management, improved service delivery and ethics in the civil service.

Gender and Development

Women in Ethiopia, as elsewhere in the world, occupy low status in the society. Women in Ethiopia are marginalized economically, politically and socially. They face multiple forms of deprivations. Discrimination against women, lack of protection of basic human rights, violence, lack of access to productive resources, education and training, basic health services, and employment are widespread.¹


The NPW aims to institutionalize the political and socio-economic rights of women by creating appropriate structures in government institutions.

The Country’s critical areas of concern include poverty reduction and economic empowerment of women and girls, human rights of women and violence against women and girls, provision of education and training of women and girls, institutional mechanism for the advancement of women, empowering women in decision making, women and environment and reproductive rights and health including HIV/AIDS.²

¹ A National report on Progress made in the implementation of the Beijing Platform for Action (Beijing + 10), Prime Minister’s Office/Women’s Affairs Sub Sector, March 2004, pp. 1.
² Ibid, pp. 4 - 13
HIV/AIDS

Ethiopia is among the worst HIV/AIDS affected counties in the world. HIV prevalence in 2003 was 4.4 percent; 12.6 percent in urban areas and 2.6 percent among the rural population. At the end of 2001 an estimated 2.1 million people were living with HIV/AIDS. The highest HIV prevalence rates are concentrated among the youth. The high-risk ages for women and men are between 15 and 24 years, and between 25 and 34 years, in their respective orders. Reported AIDS cases show that 91 percent of infections occur among adults between 15 and 49 years. Eighty to ninety percent of all HIV infections are caused by heterosexual transmission. The two most important risk factors are heterosexual contact, and having sexually transmitted infections.

The Government has formulated policies, strategies, programmes and institutional arrangements to prevent and control HIV/AIDS and to mitigate its devastating impact. A comprehensive HIV/AIDS policy was approved in 1998 with the objective of providing “an enabling environment for a multi-sectoral approach” for the prevention and control of the epidemic (NAC, 2001).

In addition, the Government has developed a five-year Strategic Framework (2001-2005) and a three-year Ethiopian Multi-Sectoral AIDS Project (EMSAP) to implement that policy. The priority areas of intervention include:

- behavioral change and communication,
- voluntary counseling and testing,
- providing comprehensive treatment,
- care and support,
- mitigating impacts of HIV/AIDS,
- prevention of mother-to-child transmission,
- control of sexually transmitted infections,
- condom promotion and distribution,
- blood safety, universal precautions and post-exposure prophylaxis,
- legal and human rights, surveillance and research,
- capacity building and mainstreaming HIV/AIDS.


<table>
<thead>
<tr>
<th>Development Objective</th>
<th>Current Situation</th>
<th>Target for 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Sustainable High Growth (GDP, real, annual average)</td>
<td>Annual Average 1992/93-1997/98 = 5.8%</td>
<td>Annual Average 2001-2010 = 7.6%</td>
</tr>
<tr>
<td>2. Per capita Income Growth</td>
<td>Annual Average 1992/93-1997/98 = 2.8%</td>
<td>Annual Average 2001-2010 = 4.0%</td>
</tr>
<tr>
<td>3. Reduce Extreme Poverty</td>
<td>Poverty head count (Po) = 45.5%</td>
<td>Po = 27.2%</td>
</tr>
<tr>
<td>4. Food Security</td>
<td>Food Poverty (FP) = 50%</td>
<td>FP = 15%</td>
</tr>
<tr>
<td>5. Improve Health Service</td>
<td>IMR = 97 per 1000</td>
<td>IMR = 63 per 1000</td>
</tr>
<tr>
<td></td>
<td>CMR = 167 per 1000</td>
<td>CMR = 63 per 1000</td>
</tr>
<tr>
<td></td>
<td>MMR = 705 per 100,000</td>
<td>MMR = 380 per 100,000</td>
</tr>
<tr>
<td></td>
<td>AHS = 51%</td>
<td>AHS = 74%</td>
</tr>
<tr>
<td></td>
<td>CI = 60%</td>
<td>CI = 90%</td>
</tr>
<tr>
<td>6. Improve Education Service</td>
<td>GERP = 45.8%</td>
<td>GERP = 84%</td>
</tr>
<tr>
<td></td>
<td>RGB = 37%</td>
<td>RGB = 78%</td>
</tr>
<tr>
<td>7. Increase Access to Clean Water Supply</td>
<td>Proportion of Population with Access to Clean Water (National) (PPACWN) = 30%</td>
<td>PPACWN = 70%</td>
</tr>
<tr>
<td>8. Expand Road Network</td>
<td>Road density (RD) = 28.1/100 km2</td>
<td>RD = 38/100 km2</td>
</tr>
</tbody>
</table>

Objectives and Components of ESRDF

2.1 Background

From the poverty indicators presented above, it is apparent that poverty in Ethiopia, as in other poor counties, is a result of a complex interaction of a number of factors; and, that a multi-pronged strategy is a prerequisite for effectively combating the root causes of poverty. In particular, there is a growing interest in poverty reduction initiatives that attach paramount importance to end-users of development initiatives as agents and beneficiaries of development.

In marked contrast to the assumptions of the traditional ‘top-down’ supply-driven approach, the emerging community-driven development (CDD) approach is rooted in two premises:

(a) development is an active process by and for the intended beneficiaries themselves, not a passive receiving of knowledge and skills which is imparted to the beneficiaries by ‘outsiders’; and

(b) intended project beneficiaries have a wealth of latent knowledge that they have developed through years of practical experience.

On the basis of these underlying assumptions, the demand-driven participatory approach to development calls for strengthening the capacity of resource poor men and women to be active players in the development process in terms of questioning, analyzing and testing possible solutions for themselves, and has attracted growing interest over the last two decades.

A strategy for poverty reduction and sustainable development in Ethiopia is envisaged to involve several
spheres of action to ensure empowerment, ownership, participation and capacity building of local communities.

Consistent with and in support of Government policies, strategies and priorities noted above and the guiding principles of the demand-driven participatory approach, the ESRDF was established as an autonomous government institution in 1996 by Proclamation No. 19/1996, “A Proclamation to Provide the Establishment of Ethiopian Social Rehabilitation and Development Fund.”

In terms of design and operational modalities, the ESRDF was based on the experience gained and lessons learned from its pilot phase, the Ethiopian Social Rehabilitation Fund (see Box 1) and on lessons of experiences of social funds in other developing countries.

While social fund projects are not homogeneous, they share common design features. In general, social funds:

- are poverty-targeting mechanisms designed to ensure that poorer communities benefit substantially;
- focus on community empowerment;
- are demand-driven with ‘menus’ of eligible activities; and learning and continuous adaptation are essential elements of project design;
- finance community subprojects in several sectors;
- involve many actors: the beneficiary communities (who themselves identify, select, design, implement, and operate and maintain subprojects,) and a broad range of institutions including government agencies, NGOs, and the private sector;
- require community contribution toward project costs; and
- have transparent quick-disbursement procedures that typically bypass centralized government procurement processes and regulations.

The designs of the ESRDF followed important lessons from other social fund experiences. These included (i) operating as an action-research programme with close monitoring, feedback learning loops, and adjustment to varying circumstances; (ii) focusing on building the capacity of local community leaders and facilitators to ensure ownership and high quality community participation; (iii) using well-tested, simple, and labour-intensive technologies; and (iv) being managed as an integral part of a broader poverty reduction strategy.
The Ethiopian Social Rehabilitation Fund (ESRF) was launched on July 1992 as a component of the Emergency Recovery and Reconstruction Program (ERRP) to experiment the viability of a social fund approach in Ethiopia. The ESRF has had the following three components:

1. **Social Infrastructure (SI)**. These involved rehabilitation and provision of basic social infrastructure through labour intensive techniques and ensured community participation. The main activities included construction and repair of primary schools, health centers, clinics, water supply and sanitation facilities, equipment supply and basic social services.

2. **Economic Infrastructure (EI)** – These projects included construction and rehabilitation of basic economic infrastructure such as dams, irrigation, bridges and skill training. These projects aimed at raising production and promoting the general development of rural and poor areas.

3. **Income Generating (IG) Projects**: These activities aimed at raising income of the poor and displaced persons through creation of employment and included micro-enterprise in agriculture (cultivation or livestock raising and preservation of agricultural products), handicrafts activities (basketry, leather work, metal and wood work and tailoring), service provisions (hiring of donkeys and draft oxen), petty trade and training.

ESRF’s target group were demobilized soldiers, displaced persons, returnees, women headed households, orphans, and rural and urban poor. The ESRF successfully operated for two and a half years between 1992 and 1995. The pilot regions were Addis Ababa, Tigray and Southern Nations Nationalities and People’s Region. However, based on the requests made by the regional governments, it was extended into Oromiya and Amhara regions. The Fund had financed a total of 114 social infrastructure, 25 economic infrastructure and 80 income generating projects, and disbursed a total of US$ 13 million.

Evaluation of ESRF confirmed that it was successful in generating community commitment and community leadership, participatory approach in effecting the development programs, and building of both good quality and cost effective infrastructures. Local capacity building was promoted, community self-reliance and initiative was palpable, beneficiaries proved their ability for solving their own problems by the beneficiaries.

Following the evaluation of the pilot ESRF, the Ethiopian Government with the support of the World Bank and various donors launched the expanded phase, Ethiopian Social Rehabilitation and Development Fund (ESRDF), in 1996. The ESRDF, which was initially designed to be implemented over five year period with a budget of US$ 242 million, was extended in December 2002 to be completed in December 2004 with additional (supplemental) IDA credit of US$ 27.5 million.
2.2 Objectives

ESRDF constituted an important component of the Government’s overall vision and modus operandi to fight poverty and sustainable development through grassroots, community-based, demand-driven and environmentally sound social and economic initiatives in broad field of rural development. Its overall development objective was to help the rural poor have access to basic social services, and to raise their income generating potential through the provision of economic infrastructure and services. The development goals, objectives and components of the ESRDF are summarized in Figure 1.

The specific objective of the ESRDF was to provide to poor, mainly rural communities, the assets and services needed to improve their economic and social standards. In particular, the main objectives of ESRDF as outlined in the Proclamation for its establishment were to:

1. improve the living standards of rural communities through the provision and strengthening of basic social services;
2. enhance the income-generating capacity of poor communities by laying down economic infrastructure and providing services;
3. promote community-based approach in project identification, preparation, implementation, administration and maintenance;
4. assist in the formation of development of self-sustaining micro-finance institutions to provide credit services to the poor; and
5. assist grassroots organizations and communities develop their technical and managerial capabilities in all aspects of project activities.

2.3 Components

Like most social funds, the ESRDF sought to finance demand-driven small-scale projects identified, selected, implemented, operated and maintained by communities themselves with technical support from collaborating governmental, non-governmental and civic organizations.

The ESRDF served primarily as a funding agency on a grant basis; not
as an agency for the design and implementation of sub-projects, that were considered for funding. However, based on community assessment carried during the close of the pilot Ethiopian Social Rehabilitation Fund and given the enormous need and the wide-range of potential subprojects, ESRDF focused the bulk of its financial support in areas that are both high priorities in the Country's overall development strategy, and that focus on benefiting the neediest and the most vulnerable sections of society. These included social and economic infrastructure projects and training and capacity building activities. The main subproject types that were financed are summarized in Box 2 and described in the paragraphs the follow.

Another component of the ESRDF, which was implemented by the Ministry of Finance and Economic Development and Central Statistical Authority, was the Welfare Monitoring System.

The Welfare Monitoring System component aimed to assist the development of poverty reduction policies and programs, and to improve monitoring of the social consequences of wide-scale development activities. This component financed investments to:

(i) carry out studies and data analysis and
(ii) build capacity in collection, processing, analysis, and dissemination of data on living conditions.

Information generated by the WMS would support policy makers and planners at both national and regional levels, enabling them:

(i) identify poor vulnerable groups for targeted programmes,
(ii) assess the short and medium term effects on the poor of macroeconomic and sectoral policies and programmes,
(iii) monitor changes in status of poor and vulnerable population groups; and
(iv) identify key policy issues for designing effective poverty alleviation strategies.
Contribute to poverty reduction and sustainable development through supporting the enhancement of technical and development management skills of grassroots communities, government agencies and non-government organizations and provision of finance for community initiated and managed subprojects.

Improving the living conditions of poor communities
Enhancing the income-generating capacity of poor communities
Promoting and using community-based approach
Assisting grassroots organizations and communities to increase their technical and managerial capacities

Social and Economic Infrastructure
Primary Health and Sanitation
Rural Water Supply
Small-scale Irrigation
Natural Resource Management and others

Training and Capacity Building (TCB)
- General awareness creation
- Training for CPC members
- Project-related training
- Training for medium level professionals
- Staff training and study tours
- Study fund- support for study and design, supply of equipment
Social and Economic Infrastructure

The objective of this component was to support poor communities in the construction and rehabilitation of basic economic and social infrastructure to improve their living conditions. The typical subprojects financed under this component were construction and rehabilitation of primary education, primary health and sanitation, rural water supply and small-scale irrigation schemes. Subproject limits were initially set at US$ 250,000 for health, US$ 100,000 for education, US$ 500,000, and US$ 240,000 for small-scale irrigation and rural water supply subprojects, respectively.

Primary Education. These subprojects involved on rehabilitating, expanding, constructing, and equipping of primary schools. The construction of new primary schools concentrates mainly in rural and remote areas where there was no access to education while rehabilitation and expansion works were carried out in urban areas. Supplementary facilities such as public libraries and kindergartens and other services that contribute to the quality of education were also financed.

Primary Health Care and Sanitation. Health subprojects included rehabilitation, expansion, construction and furnishing of primary health care facilities such as health posts, health centers and veterinary clinics and the provision of essential medicines, as well as basic training for health workers. Health posts are the smallest units of the health system that can reach the grass root community. As the majority of the population lives in remote rural areas such facilities help to increase health coverage. The same applies to health centers that are constructed mostly in semi-urban areas.

As improvements in public health cannot be achieved only through the construction of health facilities, ESRDF financed subprojects that bring the betterment of living conditions in congested residential urban areas and slums. The subprojects that were financed included public and communal latrines, access pavements, culverts and drainage works, waste containers, and flood protection works in flood prone urban localities.

Rural Water Supply and Sanitation (RWSS). Water is one of the most important basic human needs. To address this basic demand, ESRDF financed the construction of the following rural water supply schemes:

- spring development both at spot and with distribution either motorized or non-motorized;
• hand dug wells with hand pumps;
• shallow drilled wells with hand pumps;
• motorized bore holes where the specific conditions (such as water levels) dictate; and
• ponds.

As the provision of safe water supply without proper awareness in sanitation and presence of sanitary facilities can not guarantee improvement in health, interventions in this sector included sanitation and education activities.

**Small-scale Irrigation.** The small-scale irrigation (SSI) component aimed at contributing to poverty reduction through enhancing the capacities of small farmers to raise their productivity and income. The irrigation sub-projects supported by the Fund were of small size and simple and consisted of development and rehabilitation of small-scale irrigation schemes and upgrading of traditional practices.

Diversions on perennial rivers and small earth-dams on dry streams were the main schemes considered for financing. Moreover, environmental rehabilitation works that can reduce the degradation of the environment and support restoration of the ecological system were also supported under this component.

**Training and Capacity Building**

While community participation is essential to the design and implementation of successful multi-sectoral poverty reduction projects, many communities, especially in rural areas, lack the capacity to design, implement and sustain such projects. Similarly, the capacities of local organizations, both governmental and non-governmental, are quite low. The training and capacity building component was thus not only critical to successful implementation of the ESRDF but also a significant contribution to building capacity in the Country’s emerging regional structures. More specifically, this was to:

(i) provide ESRDF with the capacity to manage financial resources and to carry out its Project responsibilities;

(ii) provide local community leaders and associations with the skills and knowledge required to participate fully in subproject identification and management; and

(iii) build critical technical capacity to regional administrations and non-governmental entities involved in the implementation of the
The TCB component also included a Study Fund the objective of which was to assist the ESRDF carry out studies which would enhance the effectiveness of its operations. The studies concentrate on problem identification, solution and awareness creation and included:

- investigations of technically complex construction and maintenance issues linked to effective design of community-based subprojects;
- identification of critical implementation issues affecting the performance of the ESRDF activities;
- beneficiary assessments to monitor the impact of subprojects on the beneficiaries, the degree of involvement of the beneficiaries in the subproject;
- communities' attitude on the approach and effect of the subproject and prospects for sustainability;
- opportunity studies to identify possible income-generating subprojects in rural areas, with particular attention to those projects benefiting women; and development of training materials for different training programmes to be financed by ESRDF.

Others

In response to community demands and based on the recommendation of the mid-term review in 1999, ESRDF expanded its menu of subprojects eligible for financing into such areas as:

- HIV/AIDS;
- agriculture including plant protection laboratory equipment; rural technology workshop machineries and equipment; multipurpose stores; apiculture development; etc);
- natural resources management (water shade management, terracing, nursery site development, dissemination of energy saving technologies, etc); and
- rural roads (access roads and footbridge).

ESRDF also launched two pilot programmes: the Wereda Development Fund (WDF) and the Income Generating Pilot Programme (IGP).
The WDF aimed at enhancing the decentralization process, strengthening of the Weredas capacity in planning, decision-making and implementation of development activities and enhancing the empowerment of communities.

The ESRDF launched the Wereda Development Fund approach in 1999 as a pilot in four Weredas of Amhara region and managed to implement in 56 Weredas in all regions but Afar.

Annual block-grant was allocated for each pilot Wereda for the implementation of community initiated projects.

The block-grant was to be utilized for investment in subprojects (88 percent), training and capacity building (7 percent) and monitoring and supervision (5 percent) activities. Besides, at least 15 percent of the resource must be utilized for projects addressing women's problems. A negative list was also given to avoid implementation of complex projects that might discourage community participation.

ESRDF initiated the IGP to support employment and income generation of the rural poor with special focus on women.

The IGP has had three components:

- technical assistance,
- training and
- micro-credit.

The latter aimed at establishing community-based saving and credit associations that could potentially grow into Micro Finance Institutions (MFIs).

ESRDF has also implemented other projects including some components of the Emergency Recovery Project (ERP) in the areas affected by the 1998-2000 Ethio-Eritrea conflict. More specifically, the ESRDF managed the reconstruction of community infrastructure in the Tigray and Afar regions, and the rehabilitation of displaced people in the Afar region.

In addition, in collaboration with Helvetas, a Swiss-based NGO, the Fund implemented education, health and sanitation, rural water supply, small-scale irrigation, natural resource management and training and capacity building projects in Ambassel and Tehuledere Weredas in the Amhara region.
<table>
<thead>
<tr>
<th>Sector</th>
<th>Subproject Types</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Education</td>
<td>• Construction of primary schools</td>
</tr>
<tr>
<td></td>
<td>• Rehabilitation of Schools</td>
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<tr>
<td></td>
<td>• Expansion of Schools</td>
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<td></td>
<td>• Supply of Furniture</td>
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<tr>
<td></td>
<td>• Construction of public libraries</td>
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<tr>
<td></td>
<td>• Support for non-formal education</td>
</tr>
<tr>
<td>2. Health and sanitation</td>
<td>• Construction of health posts, health centers, veterinary clinics</td>
</tr>
<tr>
<td></td>
<td>• Rehabilitation of health posts, health centers, veterinary clinics</td>
</tr>
<tr>
<td></td>
<td>• Expansion of health posts, health centers, veterinary clinics</td>
</tr>
<tr>
<td></td>
<td>• Supply of furniture</td>
</tr>
<tr>
<td></td>
<td>• Supply of medical equipment</td>
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<tr>
<td>3. Urban sanitation</td>
<td>• Construction of public/school latrines</td>
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<tr>
<td></td>
<td>• Access pavement, culverts and drainage works</td>
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<tr>
<td></td>
<td>• Provision of waste containers</td>
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<tr>
<td></td>
<td>• Development of community garbage disposal areas</td>
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<tr>
<td>4. Rural Water Supply</td>
<td>• Spring development at spot</td>
</tr>
<tr>
<td></td>
<td>• Spring development with distribution (motorized and non-motorized)</td>
</tr>
<tr>
<td></td>
<td>• Hand-dug well with hand pump</td>
</tr>
<tr>
<td></td>
<td>• Shallow drilled wells with hand pump</td>
</tr>
<tr>
<td></td>
<td>• Motorized bore holes</td>
</tr>
<tr>
<td></td>
<td>• Ponds</td>
</tr>
<tr>
<td>5. Small-scale Irrigation</td>
<td>• Diversion structures</td>
</tr>
<tr>
<td></td>
<td>• Earth dams</td>
</tr>
<tr>
<td></td>
<td>• Pump irrigation</td>
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<tr>
<td></td>
<td>• Micro irrigation technologies (drip and sprinkler)</td>
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<td></td>
<td>• Spring capping</td>
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<td></td>
<td>• Water harvesting technologies</td>
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<tr>
<td></td>
<td>• Rehabilitation of schemes</td>
</tr>
<tr>
<td>6. Training and Capacity Building</td>
<td>• General awareness creation</td>
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<td></td>
<td>• Training for CPC members</td>
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<td>• Project-related training</td>
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<td></td>
<td>• Training for medium level professionals such as health attendants, junior level teachers, etc</td>
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<td></td>
<td>• Staff training and study tours</td>
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<tr>
<td></td>
<td>• Study fund-support for study and design, supply of equipment</td>
</tr>
<tr>
<td>7. Others</td>
<td>• Physical structures such as terracing, check dams, water ways, etc</td>
</tr>
<tr>
<td></td>
<td>• Nursery site development</td>
</tr>
<tr>
<td></td>
<td>• Forest plantation and agro-forestry development</td>
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<tr>
<td></td>
<td>• Pond construction</td>
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<tr>
<td></td>
<td>• Feeder road construction within the catchments</td>
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<tr>
<td></td>
<td>• Income-generating schemes</td>
</tr>
<tr>
<td></td>
<td>• HIV/AIDS</td>
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</tbody>
</table>
ESRDF was designed as an important component of the Government’s poverty reduction and sustainable development programme. The objectives and components of ESRDF noted above neatly fit with the Government’s development policies and priorities. For example, basic education and primary health care are identified as priority sectors for poverty reduction, and feature strongly in the SDPRP where "a healthy, literate and active labor force" is identified as a critical factor for enabling society "to carry out its economic activities and to effectively shoulder its political and social responsibilities".

The components of ESRDF also aimed at accelerating economic growth and raising the incomes of the poor by increasing their productivity and their access to productivity-enhancing assets.

Access to education, health care, safe water, are important not only in their own right but also as practical preconditions to generate widely-shared growth. Likewise, ESRDF had effectively incorporated policies that give special considerations to subprojects that emphasize benefits for women and a gender impact assessment consisting of a gender checklist to identify whether a subproject has a potentially negative impact on women; a management information system to monitor the participation of women, and the impact of subprojects on women.

As is the case with the Government’s development strategy, the ESRDF design was rooted in a community-based approach. It supported projects that are demand-driven, i.e., needs and priorities are determined directly by the communities themselves and not inferred or assumed. Community participation creates an enabling and motivating environment for community members to use the services, so increases the chance of projects being sustained over the long-term.

Community participation is also central to the development of human capacities to assess, choose, plan and take initiatives. Again, community participation can help to address equity concerns; project benefits can be distributed across a broad range of beneficiaries.

In short, with the ESRDF approach, it was possible to “integrate economic growth, human development and equity not as mutually exclusive trade-offs but as complementary elements in the same process.” In recognition of the role small and micro enterprises play as vehicles for employment and
income generation, the Government has initiated a number of measures to provide full support for their promotion and development. In line with this, the ESRDF had supported small and micro enterprise

2.5 Financing

The ESRDF was initially designed to be implemented over a five year-period, from July 1996 until the end of June 2001, with a budget of US$242 million. The World Bank, through the International Development Association (IDA Credit Number 2841 ET), has provided a credit of US$120.0 million (49.5 percent). Beneficiary communities' contribution was estimated at US$24.3 million (10 percent) and the Government of Ethiopia would provide US$36.4 million equivalent (15 percent). The United Nations Development Program and other donors including the Governments of Italy, Norway, Belgium and the Netherlands would contribute the remaining US$61.8 million (25.5 percent). The estimated initial cost and source of financing are shown in the figure below.

The cost breakdown by project component and subprojects indicate that an estimated US$207.82 million equivalent or 86 percent of total base cost was to finance subprojects
in primary health (12 percent), basic education (11 percent), water supply and sanitation (32 percent) and small-scale irrigation (31 percent). Similarly, estimated costs for training and capacity building and the welfare monitoring system components were 5 percent and 1.6 percent of total cost, respectively and operating cost was estimated at 7.5 percent as shown in Figure 3.

The ESRDF was extended in December 2002 to be completed in December 2004 with a supplemental credit of US$27.5 million from the IDA. (The total supplemental IDA credit was US$28.4 million of which US$27.5 million was for the ESRDF and US$ 0.8 million for the WMS).
Key Design Features of the ESRDF

3.1 Organizational Structure and Functions

The organizational design of the ESRDF was based on two key principles: participation and decentralization. It adopted a participatory approach to ensure greater community participation throughout its operations, to organize support for a wider and better managed community-driven development and to ensure inter-sectoral coordination and collaborative decision-making by all stakeholders.

The institutionalization of a participatory process also aimed at strengthening the Government's decentralization process by working in partnership with government functionaries at the federal, regional and local levels. Two organizational entities constitute the structural framework of the ESRDF, a Central Office at national level and Regional Offices in the regions. Such a framework was adopted to create considerable space for effective decentralization and empowerment, which in turn opened up possibilities for tackling poverty directly at the grassroots level. The organizational structure of the Fund is shown in Figure 4.

At national level, the Board was chaired by the Prime Minister or his representative and membership comprised the Head of Regional Affairs Sector of the Prime Minister's Office, Ministers of Finance, Water Resources, and Agriculture; while bureaus corresponding to these Federal agencies were represented in the Steering Committee of the Fund at the regional level. The Fund's General Manager had an official ministerial status and was a member and secretary of the national Board.

There were in total 11 regional offices. Considering the large geographical area, 3 sub-regional offices were opened in Oromiya, Amhara and Southern Nations, Nationalities and Peoples' Regions. The Regional Managers were appointed by the respective regional Governments.
In terms of functional delineation, the co-ordinate and independent nature of the national and regional entities is stated below.

**The ESRDF Board**

The national Board was vested with the powers and duties to direct and supervise the overall administration and operation of the Fund. The Board was responsible to formulate policies as well as Operational Directives and amendments thereto; approve the annual budget and work programme; approve annual financial report; determine the salary scales for personnel; secure cooperation of regional and appropriate Federal government organs for the efficient and smooth implementation of the Fund's overall activities; and decide on other policy matters of the Fund.

**The Central Office**

The Central Office was responsible for an overall monitoring role to ensure that resources are used consistently with the goals of the Fund. The CO was also responsible for managing financial transfers, project performance monitoring information system (MIS) and the capacity and training programme.

More specifically, the main duties and responsibilities of the Central Office were to:

- Promote the activities of the Fund throughout the Country;
- Assist Regional Fund Offices develop their capability in project preparation, promotion, appraisal, implementation, monitoring and follow-up;
- Prepare and consolidate the annual budget and work programme of the Fund and submit same to the Board;
- Monitor the budgetary and work programme implementation as well as the financial operations of Regional Fund Offices and ensure their compliance with the Operational directive of the Fund;
- Effect expenditure in accordance with the budget approved for the Central offices;
- Review replenishment requests from regional Fund Offices and forward same to financial sources;
- Undertake, and effect payments for, foreign purchases;
- Prepare and submit to the Board quarterly, semi-annual and annual reports on the activities and financial situation of the Fund;
• Manage the overall capacity building, training and research programmes of the Fund;
• Forward to the Board policy proposals on the Fund;
• Oversee the execution of the Fund’s activities.

The Central Office was led by a General Manager, with rank of minister. The General Manager was assisted by two deputies, one in charge of Project Support and the other for Finance and Administration.

In addition, there were an Environment and Women advisory unit and five service units that were directly accountable to the General Manager. These are Management Information System, Legal, Promotion and Training, Audit and Planning and Programming services. The rest of the Central Office staff members were grouped into the following teams:

• Micro-finance,
• Social infrastructure,
• Water Supply and Sanitation,
• Small-scale irrigation,
• Finance and Accounts,
• Procurement,
• Administration and General Service, and
• Equipment.

Regional Steering Committees (RSCs)

The regional offices of the ESRDF were accountable to their RSCs. The RSCs were composed of the Chairperson of the National/Regional Council or representative (who served as chairperson of the Committee), heads of Social Development Sector, the Economic Development Sector, the Planning and Economic Development Bureau, the Finance Bureau; and representatives of civic organizations such as peasants, youth, women and urban dwellers associations. The Regional Managers were also members and served as secretaries of the RSCs.

The Regional Steering Committees performed oversight functions to ensure that activities of the Fund within their respective regions were carried out in accordance with the Operational Manual. They approve draft annual work programmes, budget proposals and annual reports as well as approve subproject proposals for funding.

Regional Offices

The ESRDF regional office was responsible to:

• promote the activities of the Fund within the region;
• prepare annual work programme and budget
proposals for the Region and submit same to the Steering committee and to the Central Office upon approval by the former;
• appraise subproject proposals submitted by applicants and forward same to the Regional Steering Committee together with its recommendations thereon;
• make arrangements for the implementation as well as for the necessary monitoring and handover of projects to beneficiaries;
• put project funds to proper use;
• prepare and submit to the Steering Committee, semi-annual financial and physical implementation reports, and forward same to the Central Office upon approval by the former;
• give access to the Central Office to any financial and project records; and
• prepare replenishment requests as per the Operational Directives and submit same to the Central Office for processing.

Each Regional Office was led by a Regional Manager appointed by the Regional Steering Committee. The Regional Manager was responsible for the proper execution of the Fund’s regional activities in line with the Operational Directive.

There were five units that are directly reporting to the Regional Manager. These were:

- Micro-finance,
- Promotion and Training Service,
- Rural Infrastructure,
- Social infrastructure, and
- Administration and Accounts.

3.2 Manpower

The ESRDF had multi-disciplinary professionals that have worked in project appraisal and monitoring of its implementation, financial management, procurement and in building local capacity at community, Wereda and regional levels.

As of November 2003, the ESRDF had a total of 405 employees of whom 223 or 55 percent were professionals (with bachelor’s degree and above) and semi-professionals (with college diploma qualifications). The remaining 182 or 45 percent were support staff. The professional backgrounds of these staff include economics, accounting, sociology, management, engineering, geology, and computer science.
Of the total staffing during the period, 348 were employed in the regional and sub-regional offices of the Fund while the remaining 57 were employed in the Central Office. Table 3 shows the regional distribution of ESRDF staff.

### 3.3 Operational Manual and Handbooks

The Proclamation for the establishment of the ESRDF requires that it should operate according to its Operational Manual (OM). The Manual, which was legally binding, sets out the criteria, procedures and guidelines for the administration, promotion, appraisal, and supervision of subprojects to be followed by ESRDF in carrying out its activities. More specifically, the Operational Manual (i) contained the policy framework and organizational structure of the ESRDF; (ii) describes roles, responsibilities, and authority of the various parties; (iii) defines criteria and procedures for identification, appraisal and financing of subprojects; (iv) specifies implementation, procurement and disbursement arrangements; (v) lays out monitoring, accounting, and auditing requirements; and (vi) describes the procedures for annual work programming and reporting. Annexes to the Operational Manual include sample contracting.
documents and standard forms for use in processing sub-projects.

The OM was supplemented by different manuals and technical handbooks. These included manuals and handbooks on:

- Complete Primary School (CPS) Training;
- Education Sector Manual;
- Health Sector Manual;
- Small-Scale Irrigation; Social sectors;
- Rural Water Supply and Urban Sanitation;
- Promotion and Training; and
- Management Information System operation.

The handbooks contained, among other things:

- project design, appraisal, and implementation guidelines;
- national and regional technical standards and specifications;
- training materials for building the capacity of community committees, practitioners, and implementers; and
- organizational accountability and framework for supervision, quality control, and post-completion maintenance.

3.4 Subproject Cycle

The sequence of subproject activities constitute the subproject cycle. ESRDF’s subproject cycle, shown in Figure 5, involves:

- promotion;
- identification;
- preparation and submission;
- subproject appraisal;
- subproject approval and signing a financing agreement;
- implementation,
- supervision and monitoring;
- handover of completed subproject; and
- post-implementation monitoring and evaluation.

Each of the subproject main activities is described below. The specific roles of key actors at each stage of the subproject cycle are also summarized in Figure 6.
Figure 5
The ESRDF Subproject Cycle

1. Promotion
2. Subproject Identification and Preparation
3. Subproject Approval and Signing
4. Subproject Implementation
5. Subproject Supervision and Monitoring
6. Subproject Implementation
7. Handover of Subproject
8. Post-Implementation Monitoring

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Figure 6
Major Subproject Activities and Key Actors

Subproject Activity

- Promotion
- Subproject Identification
- Preparation
- Proposal Submission
- Subproject appraisal
  - Desk Review
- Field Appraisal
- Approval
- Financing Agreement Signing
- Implementation and Supervision
- Contracting / Procurement
- Disbursement
- Operation and Maintenance
- Post-implementation Monitoring

Major Actors

- ESRDF Board
- RSC
- ESRDF CO and RO Staff
- Community Facilitators
- Sector Bureaus
- NGOs
- Local Administrations
- Community groups
- Sector bureaus
- NGOs
- Local Administrations
- Community Facilitators
- Individuals

- CPCs
- Sector bureaus
- NGOs
- Local Administrations
- Community Facilitators
- Individuals

- Desk Appraisal
- ESRDF Project Officers
- Field Appraisal
- ESRDF Project Officers
- Sector bureaus
- NGOs
- Communities

- ESRDF
- CPCs
- Sector bureaus

- CPCs
- Sector bureaus
- ESRDF
- IAs

- CPCs
- Sector bureaus
- ESRDF

- ESRDF
- CPCs
- Banks
- Donors and Creditors

- CPCs
- Sector Bureaus
- NGOs

- ESRDF
- Sector bureaus
- Donors and Creditors

Working with Communities for a Better Future
Promotion

Since the ESRDF programme is demand-driven with initiatives to come from the grassroots communities, intensive promotional campaign was undertaken by the Fund in collaboration with other stakeholders.

Promotion aimed at creating public awareness and disseminating information about the Fund’s objectives, principles and operating mechanisms, the kinds of activities supported, application procedures, subproject selection criteria, and its experience with other communities.

Promotional activities also focused on strengthening the capacities of grassroots organizations in design and management of community-based subprojects, including training and assistance in the formulation of subproject proposals, resource allocation, and identification of innovative subprojects. More specifically, promotional activities have had the following objectives:

- informing targeted poor communities, particularly at the grassroots level, of the aims and programmes of ESRDF, with special emphasis on promoting their participation;
- encouraging target populations to prepare and submit appropriate subproject proposals;
- fostering co-operation among ROs, local government, and NGOs in subproject activities;
- assisting community groups with weak or inadequate organizational skill through a promotional cum-capacity building exercise to develop proper subproject proposals;
- identifying geographical areas, social groups such as women and themes like environmental conservation, where promotional activities must be focused and designed to suit the needs of each areas. Such needs are identified through the preparation of a targeting map indicating specific issues in each area and group; and
- maintaining a database of information on the targeted population.

During the early stages of the ESRDF, awareness creation workshops were conducted at the national and regional levels that involved government officials, community facilitators, representatives of regional and local government agencies, NGOs, civic organizations and other development partners. Following the initial information campaign, the Fund actively extended its promotional work at national level and in the regions throughout the Country.
The widely utilized promotional tools were local and national radios, TV, publications such as leaflets and posters, documentary films, direct contacts, and seminars and workshops. Apart from the Promotion and Training Officers (PTO) in the Central and Regional Offices, community facilitators, government officials, regional and local government staff, NGOs, civic organizations and private groups played vital roles in promoting the Fund's activities.

During the promotional work, the ESRDF and facilitators assess the community’s capacity to identify, design and implement subprojects. Depending on the needs of the community, initial trainings were offered or plans were made to provide them with relevant training later.

Training focused on helping communities to acquire skills to prepare and manage subprojects. Also, the ESRDF and facilitators helped communities to establish community project committees.

The Community Project Committee members were elected democratically often through an open general assembly meeting of the beneficiary community.

The CPC constituted the formal contracting party with the ESRDF and was responsible for managing all subproject activities (see Box 3).

---

**Box 3**

**Community Project Committee**

The beneficiary community was required to form a Community Project Committee (CPC) which would be a party to all contractual arrangements with the ESRDF.

The CPC manages all subproject activities, handles project funds, and procures goods, works and services.

The CPC is also responsible for managing the operation and maintenance of facilities through user fees and other community contributions.

The Committee consists of five to seven democratically elected and representative members, often through an open assembly process. Each committee has a chairperson and Treasurer who jointly operate the community bank account.

At all stages of subproject cycle, communities and CPCs are provided with the necessary technical assistance from ESRDF, community facilitators, local government agencies, NGOs and other collaborating agencies.
Subproject Identification and Preparation and Application

The ESRDF did not identify and design subprojects. The responsibility for identifying and preparing subprojects rested with beneficiary communities. Community meetings were held to discuss and screen their priority needs. Once the priority need is selected it is translated into a subproject proposal.

Communities submit proposals to the RO directly or with the help of facilitating intermediaries including sector bureaus, local administrations, civic organizations, and NGOs.

It was a requirement that subproject funding applications must be supported by letters from local administrations and relevant sector bureaus to ensure that the proposed project conformed to local development plans and technical requirements. Similarly, for funding applications that were submitted by intermediaries, it was required they were endorsed by beneficiary communities as a safeguard to prevent these actors from dominating or unfairly distorting the expression of community preferences and priorities. A copy of minutes of the community meeting on which their priority need was identified and prioritized and their contributions was required to be attached to the application.

Box 4
Role of Community Facilitators

Communities were able to obtain support from a wide range of facilitators that collaborated with the ESRDF including NGOs, regional sector bureau experts, private contractors and specially trained community facilitators. The latter were hired on a part-time contractual basis to:

- promote the Fund’s activities,
- assist grassroots organizations and communities to come up with appropriate subproject proposals,
- serve as a link between the ESRDF and community groups,
- increase capacity at grass root levels, and
- assist in solving implementation problems.

The appointments of community facilitators were made by the Regional Office of the Fund in consultation with the concerned communities and local administrations.

At least 30 percent of the community facilitators were female.
Subproject Appraisal

Following the receipt of subproject applications, the Fund project officers carry out appraisals. These followed two step procedures: a desk review, and a field appraisal.

During the desk level appraisal, the Project Officer (PO) would verify the eligibility of the subproject paying particular attention to the following:

- Is the proposed subproject in line with the ESRDF objectives, and that of the targeted groups', and does it relate to economic or social infrastructure?
- Is the total requested ESRDF contribution within the maximum limit set for the subproject, and broadly in line with the ESRDF sector unit cost data base?
- Is the subproject identified with the involvement of the community beneficiaries?
- Is the community willing to invest at least 10 percent of project costs?
- Will the community accept responsibility for maintenance and recurrent costs?
- Is the technical complexity of the subproject suitable for beneficiary management?
- Is the relevant sector bureau committed to cover recurrent costs after completion of the subproject?

In the Education and Health sectors, only primary infrastructure and services can be supported. In the case of water, urban water supply networks and domicile water supply connections were not eligible for financing. Applications for support of irrigation subprojects and shallow well development had required prior approval from regional bureaus of Agriculture, and Water Resource Development. Financing requests for irrigation systems were to be accompanied by a feasibility plan.

Where a subproject application was found outside the ESRDF menu of eligible subprojects and was not accepted, the project officer prepares a rejection letter, indicating the reasons for rejection. Where the request was positively screened at the desk level or where the eligibility was not clear cut, the project officers make field visits the purpose of which was to obtain the necessary information from:

- Beneficiaries - the community which will participate in all aspects of the subproject;
- The applicant - if not the same as the beneficiaries;
• The local Wereda authorities and government representatives; and
• Others depending upon the subproject, e.g., NGOs and from implementing agencies or beneficiaries of similar subprojects operating in the area.

During the field visit, the project officers would discuss with the beneficiary communities to make sure that the proposal was community-initiated and relevant to their needs and priorities and to check the transparency of the consultative process and the legitimacy of the formation of the CPC.

In addition the project officers carry out a more in-depth technical, financial, economic, social, and environmental appraisal of the subproject. In many instances, field appraisals of subprojects were carried out in partnership with sector bureaus and NGOs.

Subproject applications were subjected to standardized appraisal criteria specified in the Operational Manual both during and upon return from the field visit. The appraisal criteria included:

• sustainability of the proposed activity;
• the environmental impact of the proposed activity and

Box 5
Subproject Selection Criteria

In order to be eligible for financing, individual subproject proposals must meet the following criteria which have been specified and elaborated in the operational manual. These are:

• Suitability of the subproject to community management and maintenance
• The realism of subproject costs vis-à-vis the number of beneficiaries
• The cost effectiveness based on the number of beneficiaries and consideration of least cost alternative
• Satisfaction of national and regional sector technical standards and plans
• Arrangements for the community’s contribution of at least 10 percent of subproject costs (in the form of cash, materials, and labour)
• Adequacy of arrangements for management of implementation and maintenance, and coverage of recurrent costs;
• Responsiveness of the needs of women and other social groups;
• Satisfaction of environmental standards.
any mitigatory actions that may be necessary;
- social and gender impact;
- financial analysis;
- economic analysis;
- technical requirements for construction and maintenance;
- specification and arrangements for maintenance and recurrent costs; and
- capacity and commitment of community to invest in capital and recurrent costs.

Where, as in the case of health facilities and schools, the subproject would involve recurrent costs for maintenance and operation for which the regional bureaus were responsible, ESRDF would accept the application only when the Regional Government agreed in writing to take on and budget for this responsibility. Agreements would also be required on the community’s responsibility for maintenance and recurrent costs of water supply, sanitation, and small-scale irrigation schemes.

**Subproject Approval**

Subproject funding applications that fulfilled the appraisal criteria were presented to the Regional Steering Committee for approval.

A summary sheet is prepared and submitted to RSC members one week in advance of their meeting. The summary sheet contains subproject title, subproject applicant community and/or agency, location of the subproject, total cost of the subproject, amount recommended for ESRDF funding, type and number of beneficiaries, a short description of the subproject and justification, and recommendations of the Regional Office. Subproject appraisal report was also attached to the summary sheet.

The Sector Bureaus, through their representation in the RSCs, would ensure that the proposed subprojects satisfy sector policies and standards and also for committing resources to cover recurrent costs of government responsibility. Eligibility of individual subprojects was thus counterchecked at this level.

Following the approval of the subproject by the RSC, the Project Officer would finalize the documentation of the subproject. The subproject documentation would include map of the subproject location, application form, subproject appraisal report, financing plan, work programme and implementation arrangement including community management structure, arrangements for recurrent cost and maintenance in the case of construction, subproject plan and bill of quantities, summary profile of the subproject, and supervision and monitoring plan including indicators and stages of tranche release.
Financing Agreement Signing

After compiling all subproject documentation, the Project Officer would prepare a Financing Agreement (FA) to be entered into between the ESRDF and the implementing agency for purposes of carrying out a Subproject.

The FA is intended to ensure transparency of operations and that the implementing entity was legally bound to implement the subproject according to rules and procedures outlined in the Operational Manual of the Fund.

Important conditions that were to be enforced under the FA as outlined in the box below, included procurement procedures to be followed, community contribution, maintenance and recurrent cost, disbursement rules and procedures, supervision and monitoring and reporting requirements.

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**Box 6
Financing Agreement**

A Financing Agreement (FA) is signed between the beneficiary community (through its Community project committee or an implementing agency) and the ESRDF regional office. The FA spells out the roles and responsibilities of each contracting body. The agreement specifies:

- goal of the subproject,
- accountability and liability of parties to the FA,
- project costs and ESRDF contribution,
- details of community contribution,
- implementation and disbursement schedule,
- procurement procedures to be followed,
- administrative costs to be financed out of the ESRDF contribution, if any,
- supervision arrangements,
- special actions needed to mitigate any negative environmental effects,
- follow-up arrangements for maintenance and recurrent costs, and
- conditions and procedures for termination of contract.

The following documents are attached as integral parts of the financing agreement:

- General description of the project,
- List of construction materials and cost estimates,
- List of equipment and cost estimate,
- Priced bill of quantities,
- Plan and design, and
- Work programme.
Subproject Implementation

The general principles that guide the Fund's subproject implementation were to maximize community involvement and responsibility; ensure adequate quality; and ensure the most cost-effective methods of procurement through competitive bidding.

The responsibility for subproject implementation rests primarily with beneficiary communities and implementation agencies (on behalf of the communities) and involves procurement of goods and services, site selection, fund disbursement, physical construction and rehabilitation of the infrastructure.

Subproject Supervision and Monitoring

Supervision involved tracking of physical and financial progress which helped to gauge whether the physical outputs were being delivered and the project monies were being disbursed in a timely and adequate manner; and progress in achieving overall project goals. Subproject monitoring typically involved:

- Physical monitoring, which refers to the follow-up of physical implementation of subprojects; and
- Financial monitoring, dealing with disbursements and transfers of funds.

A computerized Management Information System (MIS) was established at CO and ROs to serve this purpose. Information was captured by the MIS at each stage of the sub-project cycle. Information on promotion, funding requests, location, community profile, project type, project cost, number of beneficiaries, and subproject status were captured by the MIS.

The MIS maintained data on all subprojects and communities, and compiled quarterly, semi-annual and annual reports and implementation progress reviews. In addition to the computerized MIS, paper files were maintained for each subproject.

ESRDF officers assumed substantial supervision and monitoring responsibilities. They were responsible for checking physical progress and quality of subprojects, review individual contracts, ascertain whether the terms of these contracts were complied with, inspect the progress of works, reconcile the physical progress with the financial expenses incurred, and compliance with procurement guidelines. In addition, periodic technical and financial reviews were conducted by externally contracted consultants.

Beneficiary communities, sector bureaus, local administrations and implementation agencies and donors were involved in subproject supervision and monitoring.
Handing over of Subproject

The completion of subproject is marked by a physical handover of the subproject to the beneficiary community and other concerned bodies for operation. During the handover of the subproject a certificate is signed between the ESRDF, on the one hand, and the beneficiary communities through their CPCs and relevant sector bureau.

The handing over certificate defines the duties and responsibilities of each party. The sector bureaus would be responsible for assigning personnel and allocating budget for salaries and other recurrent costs. On the other hand, the beneficiary communities would be responsible for managing the facilities and for operation and maintenance in collaboration with sector bureaus.

Post-implementation Monitoring and Evaluation

The ESRDF carried out regular post-implementation monitoring and evaluation to determine the proper functionality of handed over subprojects. This entailed evaluation of the extent to which the facilities function satisfactorily, the extent of use of facility or service, analysis of the number and composition of people benefiting, and the degree to which the communities have met their obligations as specified in the Financing Agreement.

Post-implementation evaluation was carried out to assess the impact of subprojects to determine whether the anticipated objectives have been met. The ESRDF has gained substantially from the experiences of the operation of subprojects and this helped to improve the designs of new subprojects.

All projects were visited at least once. Information was collected using the technical checklist developed for the relevant sector, contained in the technical handbooks.

3.5 Sustainability Safeguards

Sustainability of assets and services generated has been among the overriding objectives of ESRDF. ESRDF designs incorporated the following sustainability safeguard and were strictly applied during implementation:

- Requirement for minimum community participation and Community ownership. Community participation facilitated local ownership and motivation to maintain and operate assets created. Independent studies have indicated that there was a strong feeling of ownership for the project on the part of beneficiary communities;

- Enforcement mechanism in place for community

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contribution. ESRDF required that beneficiary communities must provide at least 10 percent of total subproject costs in cash and in-kind;

- Rigorous screening and appraisal to ensure subprojects are viable, will deliver expected benefits to the community in keeping with standard costs, and can be maintained at reasonable cost and with local technical capacity;
- Written guarantee required for maintenance and recurrent costs through (i) a clear contract in the Financing Agreement concerning sector bureau and community responsibilities; (ii) a specific maintenance schedule and standards; (iii) an organizational structure at the community level responsible for managing the asset or service; (iv) adequate financial and technical arrangements (regional bureau budgeting of recurrent expenses, cost recovery schemes to finance maintenance funds,

Box 7
Sustainability Safeguards

Sustainability of assets and services created has been the goal ESRDF. The Fund's design features and practices incorporated a number of sustainability safeguards. These included:

- Community participation in identification, design and execution of subprojects;
- Community contribution (cost sharing) policies;
- Cost sharing policies;
- Appraisal criteria that require operation and maintenance plan;
- Design standards to ensure minimum technical quality;
- Formal review and approval by Regional Governments and line agencies charged with recurrent cost provision;
- Coordination with regional governments and line bureaus for on-going provision of sufficient recurrent costs and staffing and other inputs; and
- Training and capacity building to community groups on operation and maintenance.
availability of spare parts and maintenance services, and technical training for community specialists); and (v) arrangements for monitoring maintenance and screening new proposals based on maintenance performance; and

- Training on Operation and Maintenance to communities and IAs was given to community members and staff of other implementing agencies such as sector bureaus, local government, NGOs, etc. In addition, several sector-specific technical manuals have been prepared.

3.6 Financial Management and Procurement Policies and Procedures

Disbursement Policies and Procedures

ESRDF had maintained sound financial management and accounting system that enabled it to effectively manage and safeguard its resources.

The Central Office kept books of accounts for its transactions and consolidates all Regional Office Accounts and prepares regular financial reports. The ROs also maintained accounting and financial management system adequate to provide complete, accurate, and timely and relevant information regarding activities, the utilization of the resources and the completeness of the expenditures.

The Central Office had operated a special account and a local currency account. Similarly, each Regional Office had two bank accounts of which one was used for subprojects disbursements and the other for administrative and general expenses. Figure 7 shows the fund flow procedures of the ESRDF.

The ROs were required to submit their annual work plans and quarterly disbursement schedules. Then upon receiving the first set of applications, the CO transfers the estimated disbursement for the first quarter. Further transfers were then made based on monthly replenishment requests of all eligible expenditures with copies of supporting documents. The original documents were kept with the ROs and were made readily available for inspection by the CO.

All replenishment applications were required to satisfy the following requirements:

- Compliance with the provisions in the Operational Manual;
- Submission of the specimen signature of the person(s)
authorized to sign the replenishment application;

- Submission of an original replenishment application signed by authorized representatives indicating amount to be paid with full instructions for payment; proper filing of application in the format developed for this purpose;

- Submission of copies of supporting documents for all payments for goods and civil works contracts, exceeding US$100,000 for goods and works, and US$50,000 for consultant contracts with firms, and US$25,000 for consulting contracts with individuals for expenditures incurred by the implementing agency to CO; and

- Sequential numbering of all replenishment applications reflecting both the RO and the sector of the sub-project.

Subproject Disbursement Procedures

Disbursements to the implementing agencies were made on the terms and conditions specified in the Financing Agreement (FA) or the ancillary contracts.

Under the FA, an implementing agency would be required to open a bank account in the name of the subproject.

In order to maintain a measure of control over the funds, the transfer to community accounts were made in tranches as follows:

- the Regional Office transfer about 30 percent of ESRDF's contribution as an advance to account of the Implementing agency;

- The second payment (normally 25 percent of the ESRDF's contribution) was made upon receipt of statement of expenditure for 75 percent of the transferred amount.

- The third payment (again 25 percent) would be released upon submission of statements expenditure for 100 percent of first payment and 75 percent of the second payment;

- The last payment (the remaining 20 percent) would be effected upon submission of statements expenditure for 100 percent of first payment and second payments and 75 percent of the third payment.

The sequences of payments were effected only when the physical targets to be undertaken at each stage of the payment were
satisfactorily completed. Also, before disbursements were released all documents are verified to ensure that:

- payments are made according to the budget line indicated in the agreement;
- Fund Transfer Request Forms have been duly filled;
- proper justification and approval by either the Regional Manager or Regional Steering Committee have been produced for any price or physical variations;
- procurement procedures agreed upon are properly applied; and
- proper justification of the previous expenditures has been made through proper documents, e.g., receipts, invoices, and so on.

### Procurement Rules and Arrangements

The ESRDF required that all procurement practices follow its Operational Manual (OM). The OM was based on IDA guidelines. Procurement of goods and works were carried out in accordance with the World Bank’s Guidelines for Procurement under IBRD Loans and IDA Credits.

The OM allowed simplified and flexible procurement arrangements and procedures commensurate with the capacity of communities and also taking account of such factors as nature of items to be procured and availability of competitors and remoteness of the project area. The procurements of works, goods and services were generally conducted through competitive bidding.

The responsibility for the award and administration of contracts under the subproject rested with the CPCs or IAs. ESRDF’s procurement officers assisted CPCs and IAs in handling all bidding processes. Simplified bidding documents and contract agreement were readily available at all ROs for use by CPC and IAs.
Key Outcomes and Achievements of Development Objectives

4.1 Physical Performance

The ESRDF process was demand-driven but based on community needs assessments made during the pilot phase and during appraisal, it was anticipated that it would contribute to poverty reduction in Ethiopia by:

- irrigating over 18,000 hectares of land, providing improved income to almost 88,000 households or 440,000 household members;
- providing over 13,000 rural water supply facilities, supplying safe water to 3.4 million poor villagers;
- constructing 45 sets of communal latrines and 23 drainage schemes improving the environmental health of 147,000 people living in the poorest parts of Addis Ababa and Harari;
- constructing or rehabilitating and equipping 357 primary health facilities serving over 3 million people in poor rural villages; and
- constructing or rehabilitating 340 elementary schools that will serve over 100,000 children a year from poor rural families.

During the first years, the performances of the ESRDF had been slow because of limited number of funding applications received and also due to weak capacity and lack of experiences in participatory practices and coordination among the different partners. During the subsequent years, the performance of the Fund was relatively rapid and well.
The performances of ESRDF in terms of number of subproject proposals received, appraised, approved, recommended for funding and completed are summarized in Figures 8 and 9 and are described in the paragraphs hereunder.

4.1.1 Funding Applications Received

A total of 13,291 funding applications were received of which 4,007 (30.1 percent) were rural water supply, 3,437 (25.9 percent) education, 2,622 (19.7 percent) health and sanitation, 584 (4.4 percent) agriculture, and 562 (4.2 percent) small-scale irrigation subprojects.

As far as the regional distribution of funding applications is concerned, the highest number of applications, 22.8 percent was in Amhara followed by 17.4 percent in Oromiya, 13 percent in SNNP and 12.3 percent in Tigray.

As the result of extensive capacity building and sensitization activities, out of the total number of applications submitted to ESRDF, 81 percent were initiated by communities, 9 percent by sector bureaus, 5 by local administrations, 4 percent by NGOs, and 1 percent by civic organizations.

4.1.2 Subprojects Appraised, Recommended and Approved

The number of subprojects for which desk screening and field level appraisal had been carried out was 7,637 or 63 percent of total number of funding applications received. The highest percentage of applications appraised, 76.5 percent, was in Addis Ababa followed by 75.6 percent in Oromiya, 71 percent in Amhara and 69 percent in Afar. The lowest was registered in SNNP where subproject appraisal was made only on 44 percent of the total number of subproject applications received.

Out of the total number of subprojects appraised, about 88.7 percent (or a total of 6,771) were recommended for approval by the regional steering committees. In Somali, 100 percent of the subprojects appraised were recommended for funding while the figure in Afar was 71 percent. In the rest of the regions, it ranged from 99.4 percent in Oromiya to 75.3 percent in Addis Ababa.

Out of the total number of subproject recommended by the regional offices 91.7 percent or 6,207 were approved by the RSCs. In Oromiya, SNNP and Afar regions, 100 percent of the recommended subprojects were approved while in Somali only 38 percent were approved.
Figure 8-Number of Subproject Applications Received, Appraised, Recommended and Approved

- Approved: 6,207
- Recommended: 6,771
- Appraised: 7,637
- Applications: 13,391

Figure 9-Number of Subproject Applications Received by Sector

- Rves: 4,007
- Edu: 3,437
- HS: 2,622
- Agric: 584
- SSI: 562
- IG: 434
- NRM: 287
- others: 178
- TCB: 1200

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4.1.3 Subprojects Completed by Sector

The ESRDF had implemented a total of 6581 projects. Social and economic infrastructure subprojects made up 87 percent and training and capacity building 13 percent. As many as 2442 rural water supply systems, 1338 primary schools, 1321 basic health care facilities and 138 small-scale irrigation schemes were constructed with the help of the ESRDF.

As a result, the number of primary schools in the country increased by over 50 percent, health facilities by 33 percent, rural water supply by 16 percent and small-scale irrigation by 37 percent. The regional distribution of completed subprojects and the total number of beneficiaries and percentage of female are shown in Figure 16.
4.1.4 Anticipated Targets and Actual Performances

Social and Economic Infrastructure Subprojects

During the appraisal, it was anticipated that ESRDF would finance 340 schools of which 238 were primary village schools. These were estimated to add each year 108,000 children to educational enrolment, i.e. about 5 percent of the primary school population. At completion, ESRDF had financed a total of 1338 education subprojects (877 schools (of which 537 were PVS, 140 were complete primary schools, and the rest were other educational infrastructures) and 461 subprojects for training and literacy services), supporting access to primary education to more than 157,000 annually (45 percent more than the appraisal estimates).

During the appraisal it was anticipated 425 health and sanitation subprojects benefiting 3 million people would be financed by ESRDF. At completion, a total of 1,321 subprojects (or over 270 percent of the anticipated number of subprojects) were financed. An estimated 11.4 million people (about 360 percent of the anticipated target) benefited from these subprojects.

At appraisal it was anticipated that ESRDF would finance 13,035 rural water supply schemes, of which 8,913 hand-dug wells (68.4
percent), 1,492 spring developments (11.4 percent), and 2,630 shallow boreholes (20.1 percent), providing safe water to 3,381,500 people (15 liters a day per person). At completion, a total of 2,492 subprojects, benefiting 3,056,158 people, were financed.

It was also anticipated that the Fund would finance earth dams and river diversion schemes providing irrigation to 18,715 hectares of arable land, with related additional production and income for 87,844 households or 439,220 people. At completion, 163 projects, providing irrigation to 9,355 hectares of arable land (6,331 hectares with new schemes and 3,024 through the upgrading of existing ones) and benefiting around 40,000 households or 165,000 people were implemented. In addition, water catchments treatment subprojects supporting 52,305 hectares were completed. It was expected that most demands would be in rural water supply (94 percent of number of subprojects). The rest was anticipated to be in health (2.5 percent), education (2.4 percent),

Table 4
Anticipated and Actual Performances

<table>
<thead>
<tr>
<th>Component</th>
<th>Anticipated Target</th>
<th>Completed</th>
<th>% Achievement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Number of subprojects</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rural Water Supply</td>
<td>13,800</td>
<td>5,655</td>
<td>41.2</td>
</tr>
<tr>
<td>Education</td>
<td>13,035</td>
<td>2,442</td>
<td>19.1</td>
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<tr>
<td>Health and Sanitation</td>
<td>340</td>
<td>1388</td>
<td>385.6</td>
</tr>
<tr>
<td>Small scale irrigation (ha.)</td>
<td>425</td>
<td>1321</td>
<td>272.7</td>
</tr>
<tr>
<td>Other</td>
<td>18,715</td>
<td>9,355</td>
<td>50.0</td>
</tr>
<tr>
<td>2. Number of beneficiaries reached</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rural Water Supply</td>
<td>7,075,720</td>
<td>19,167,884</td>
<td>270.9</td>
</tr>
<tr>
<td>Education</td>
<td>3,381,500</td>
<td>3,966,721</td>
<td>117.3</td>
</tr>
<tr>
<td>Health and Sanitation</td>
<td>108,000</td>
<td>2,671,262</td>
<td>2,473.4</td>
</tr>
<tr>
<td>Small scale irrigation</td>
<td>3,147,000</td>
<td>11,370,191</td>
<td>361.3</td>
</tr>
<tr>
<td>Other</td>
<td>439,220</td>
<td>221,029</td>
<td>50.3</td>
</tr>
<tr>
<td>3. % of female beneficiaries</td>
<td>51%</td>
<td>49.6%</td>
<td>97.3</td>
</tr>
<tr>
<td>4. Average total community investment as percentage of subproject costs</td>
<td>10</td>
<td>8.5</td>
<td>85.0</td>
</tr>
<tr>
<td>5. Number of TCB subprojects</td>
<td>NA</td>
<td>824</td>
<td></td>
</tr>
<tr>
<td>6. Number of beneficiaries of TCB activities</td>
<td>NA</td>
<td>344,179</td>
<td></td>
</tr>
<tr>
<td>7. % of female trained to total</td>
<td>NA</td>
<td>41</td>
<td></td>
</tr>
</tbody>
</table>

* Subprojects in Natural Resources conservation, agriculture, income generating and other sectors.

Sources: SAR- From the Staff Appraisal Report; At Completion from ESRDF contribution to the ICR, February 2005.
and small scale irrigation schemes (SSI), and sanitation. At completion, however, 43 percent of total subprojects were in rural water supply, 23 percent in education, 20 percent in health and sanitation, and 2.8 percent in SSI.

In summary, education and health projects were implemented at 386 and 273 percent of the anticipated targets, respectively, and small-scale irrigation and rural water supply at 50 percent and 19 percent, respectively. Factors explaining the large number of subprojects in education and health include higher than anticipated strong community demand, low community contribution to recurrent costs in education subprojects, and government national strategy in education and health infrastructures. The number of anticipated targets and actual performances by type of subproject and number of beneficiaries of the ESRDF are summarized in Table 4.

Training and Capacity Building

Since 1996, the ESRDF has financed a total of 824 activities on training and capacity building. This compares favorably with the target of 275 TCB subprojects at appraisal and less favorably with the number of total beneficiaries to be targeted by the component (344,179, excluding promotional activities, against the targeted 2,010,200 people). Approximately 41 percent of the beneficiaries were female.

Table 5 summarizes the number, beneficiaries and total cost of training and capacity building activities implemented.

Out of the total TCB projects, 484 activities were targeting communities, 158 were ESRDF and Implementing agencies staff training events, 33 were studies, manuals, surveys, and action-oriented research initiatives, under a specific Study fund allocation. Under this component, ESRDF also financed office and field equipment, furnishing, surveying instruments, vehicles and in some cases laboratories and related materials for its Central and Regional Offices and collaborating institutions.

Figure 13-Number and Percent of TCB Beneficiaries

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community</td>
<td>88.8%</td>
</tr>
<tr>
<td>Study Fund</td>
<td>1.3%</td>
</tr>
<tr>
<td>ESRDF and Staff</td>
<td>2.2%</td>
</tr>
<tr>
<td>Material Support</td>
<td>2.3%</td>
</tr>
<tr>
<td>Others</td>
<td>5.6%</td>
</tr>
</tbody>
</table>

Total Number of Beneficiaries = 344,179

Working with Communities for a Better Future
The bulk of capacity building and training activities have been targeted towards community members. Over 88 percent of the beneficaires of TCB activities were community members followed by staff of ESRDF and implementing agencies 2.2 percent (see Figure 13).

Under the TCB component, the ESRDF has also developed operational guidelines and sector handbooks. These include CPCs training manuals, education sector manual, health sector manual, RWSS technical and social handbooks, income generation guidelines, and WDF guideline.

The guidelines and handbooks are in use by other government agencies, and by NGOs. In addition, ESRDF commissioned more than 20 studies on technical issues, assessment of cost effectiveness of project cycle, beneficiary assessments, and other technical and economic assessment.

Table 5
Number, Beneficiaries and Cost of Training and Capacity Building Activities

<table>
<thead>
<tr>
<th>TCB Activities</th>
<th>No. of Projects</th>
<th>No. of Beneficiaries</th>
<th>% Female</th>
<th>Cost ('000Birr)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Promotion</td>
<td>65</td>
<td>24,289</td>
<td>39.4</td>
<td>3,283.4</td>
</tr>
<tr>
<td>Health</td>
<td>50</td>
<td>12,957</td>
<td>52.5</td>
<td>4,844.7</td>
</tr>
<tr>
<td>Education</td>
<td>28</td>
<td>161,109</td>
<td>48.2</td>
<td>7,218.7</td>
</tr>
<tr>
<td>Environment</td>
<td>31</td>
<td>22,835</td>
<td>35.4</td>
<td>1,643.3</td>
</tr>
<tr>
<td>Gender</td>
<td>23</td>
<td>10,523</td>
<td>66.3</td>
<td>927.6</td>
</tr>
<tr>
<td>RWSS</td>
<td>44</td>
<td>7,553</td>
<td>32.8</td>
<td>1,577.5</td>
</tr>
<tr>
<td>SSI</td>
<td>19</td>
<td>3,663</td>
<td>17.7</td>
<td>1,225.8</td>
</tr>
<tr>
<td>Agriculture</td>
<td>17</td>
<td>1,866</td>
<td>24.7</td>
<td>1,043.3</td>
</tr>
<tr>
<td>Micro-finance</td>
<td>40</td>
<td>11,880</td>
<td>47.2</td>
<td>2,600.6</td>
</tr>
<tr>
<td>Basic Skills</td>
<td>65</td>
<td>15,041</td>
<td>14.3</td>
<td>7,738.0</td>
</tr>
<tr>
<td>WDF</td>
<td>21</td>
<td>3,172</td>
<td>21.0</td>
<td>959.6</td>
</tr>
<tr>
<td>Community Facilitators</td>
<td>14</td>
<td>245</td>
<td>10.6</td>
<td>681.5</td>
</tr>
<tr>
<td>CPCs</td>
<td>67</td>
<td>29,721</td>
<td>21.7</td>
<td>6,916.2</td>
</tr>
<tr>
<td>ESRDF and IAs Staff</td>
<td>158</td>
<td>7,635</td>
<td>16.3</td>
<td>23,550.9</td>
</tr>
<tr>
<td>Material Support</td>
<td>43</td>
<td>7,910</td>
<td>43.1</td>
<td>24,468.1</td>
</tr>
<tr>
<td>Manuals and Studies</td>
<td>33</td>
<td>-</td>
<td>-</td>
<td>7,113.1</td>
</tr>
<tr>
<td>Study Fund</td>
<td>54</td>
<td>4,643</td>
<td>52.6</td>
<td>2,261.2</td>
</tr>
<tr>
<td>Others</td>
<td>52</td>
<td>19,137</td>
<td>31.2</td>
<td>5,775.5</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>824</strong></td>
<td><strong>344,179</strong></td>
<td><strong>40.9</strong></td>
<td><strong>103,828.9</strong></td>
</tr>
</tbody>
</table>
Wereda Development Fund (WDF)

Undere the WDF, the ESRDF completed a total of 978 projects in 56 Weredas of the Country. Sector-wise, the highest category (31.1%) covers education followed by health and sanitation, and rural water supply and sanitation 24.2% and 16.8% respectively, as shown in the table below.

### Table 6
WDF Project by Sector

<table>
<thead>
<tr>
<th>Sector</th>
<th>No of Projects</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>299</td>
<td>31</td>
</tr>
<tr>
<td>HH</td>
<td>239</td>
<td>24</td>
</tr>
<tr>
<td>RWSS</td>
<td>167</td>
<td>16</td>
</tr>
<tr>
<td>SSI</td>
<td>16</td>
<td>3</td>
</tr>
<tr>
<td>Agriculture</td>
<td>125</td>
<td>13</td>
</tr>
<tr>
<td>NRM</td>
<td>18</td>
<td>2</td>
</tr>
<tr>
<td>IG</td>
<td>13</td>
<td>1</td>
</tr>
<tr>
<td>TCB</td>
<td>100</td>
<td>10</td>
</tr>
<tr>
<td>Others</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>978</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

**Income Generating Pilot Programme**

Undere the Income Generating pilot programe, the ESRDF completed a total of 115 projects. The regional distribution of these projects, shown in Table 7, indicate that the highest number, 41 projects (about 36 percent) were completed in Oromiya, followed by 17 percent in Amhara and 14 percent in SNNP.

### Table 7
Income Generating Projects by Region

<table>
<thead>
<tr>
<th>Region</th>
<th>No of Projects</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Addis Ababa</td>
<td>1</td>
<td>0.9</td>
</tr>
<tr>
<td>Afar</td>
<td>1</td>
<td>0.9</td>
</tr>
<tr>
<td>Amhara</td>
<td>19</td>
<td>16.5</td>
</tr>
<tr>
<td>Benishangul-G.</td>
<td>6</td>
<td>5.2</td>
</tr>
<tr>
<td>Dire Dawa</td>
<td>6</td>
<td>5.2</td>
</tr>
<tr>
<td>Gambella</td>
<td>8</td>
<td>7.0</td>
</tr>
<tr>
<td>Harari</td>
<td>7</td>
<td>6.1</td>
</tr>
<tr>
<td>Oromiya</td>
<td>41</td>
<td>35.7</td>
</tr>
<tr>
<td>SNNPR</td>
<td>16</td>
<td>13.9</td>
</tr>
<tr>
<td>Somali</td>
<td>6</td>
<td>5.2</td>
</tr>
<tr>
<td>Tigray</td>
<td>5</td>
<td>4.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>115</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Projects Implemented in Collaboration with Helvetas

With financing by a Swiss-based NGO, Helvetas, ESRDF completed a total of 12 projects in Ambassel and Tehulecere Weredas in Amhara region. Sector wise, seven were rural water and sanitation, 2 primary education, 1 health and sanitation, and 2 training and capacity buling projects as shown below.

### Table 8
Projects Implemented in Collaboration with Helvetas by Sector

<table>
<thead>
<tr>
<th>Sector</th>
<th>No of Projects</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>2</td>
<td>16.7</td>
</tr>
<tr>
<td>HH</td>
<td>1</td>
<td>8.3</td>
</tr>
<tr>
<td>RWSS</td>
<td>7</td>
<td>58.3</td>
</tr>
<tr>
<td>TCB</td>
<td>2</td>
<td>16.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>12</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>
4.1.5 Geographic Coverage of Projects

In terms of geographic coverage of completed projects 1796 or 28.9 percent were implemented in Amhara, 12824 (20.6 percent) in Oromiya, 813 (13.1 percent) in Tigray, and 595 (9 percent) in SNNPR. The rest of the five regions and the Addis Ababa and Dire Dawa Cities accounted for 28 percent of the completed projects.

The regional distribution of number of subprojects completed is shown in Figure 14.

As far as the coverage of Weredas is concerned, ESRDF had presence in 95 percent out of a total of 575 Weredas in the Country. However, when promotional and related training activities were included, the Fund had covered almost the entire Weredas in the Country.

In Oromyia, ESRDF subproject were spread in 182 Weredas out of 192 (96 percent). The coverage of weredas in Amhara and SNNP regions were 109 out of 113 and 89
out of 97, respectively. Similarly, the wereda outreach in Somalia, Tigray, Afar, Benishangul-Gumuz and Gambella regions was 84 percent, 95 percent, 97 percent, 95 percent and 89 percent in their respective orders.

Figures 15 and 16 show the Wereda coverage of ESRDF, and the number of completed projects, number of beneficiaries by region, respectively.

![Figure 15-Number of Weredas Covered by ESRDF](image-url)
Figure 16
Completed Projects and Number of Beneficiaries by Region

<table>
<thead>
<tr>
<th>Region</th>
<th>Population</th>
<th>No. of Projects</th>
<th>Beneficiaries</th>
<th>Male %</th>
<th>Female %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tigray</td>
<td>223,000</td>
<td>91</td>
<td>963,507</td>
<td>94.3</td>
<td>5.7</td>
</tr>
<tr>
<td>Afar</td>
<td>130,000</td>
<td>71</td>
<td>476,142</td>
<td>86.0</td>
<td>14.0</td>
</tr>
<tr>
<td>Amhara</td>
<td>319,000</td>
<td>314</td>
<td>2,961,364</td>
<td>89.0</td>
<td>11.0</td>
</tr>
<tr>
<td>Dire Dawa</td>
<td>197,000</td>
<td>52</td>
<td>1,211,767</td>
<td>85.4</td>
<td>14.6</td>
</tr>
<tr>
<td>Harari</td>
<td>248,000</td>
<td>22</td>
<td>849,430</td>
<td>67.1</td>
<td>32.9</td>
</tr>
<tr>
<td>Gash-Barka</td>
<td>55,000</td>
<td>2</td>
<td>124,800</td>
<td>62.7</td>
<td>37.3</td>
</tr>
<tr>
<td>Oromiya</td>
<td>258,000</td>
<td>136</td>
<td>6,494,690</td>
<td>64.1</td>
<td>35.9</td>
</tr>
<tr>
<td>SNPP</td>
<td>54,000</td>
<td>261</td>
<td>5,961,931</td>
<td>64.1</td>
<td>35.9</td>
</tr>
<tr>
<td>Southern</td>
<td>251,000</td>
<td>150</td>
<td>3,813,351</td>
<td>51.5</td>
<td>48.5</td>
</tr>
<tr>
<td>SNNP</td>
<td>263,000</td>
<td>293</td>
<td>2,113,592</td>
<td>67.6</td>
<td>32.4</td>
</tr>
<tr>
<td>Somali</td>
<td>428,000</td>
<td>261</td>
<td>749,878</td>
<td>47.1</td>
<td>52.9</td>
</tr>
</tbody>
</table>

Working with Communities for a Better Future
Box 8
Ethio-Forum 2002

The ESRDF organized Ethio-Forum 2002, from 15 January to 4 February in Addis Ababa, Ethiopia. The Forum has had the following objectives:

- to assess on-going national and international community-driven development approaches to eradicate poverty;
- to strengthen the community-driven development (CDD) approaches for poverty eradication;
- to introduce innovative poverty eradication and food security systems and technologies through acquisition, sharing, integration and transfer of the knowledge and skills from various parts of the world;
- to promote an integrated approach and recommend appropriate structures and working mechanisms to eradicate poverty;
- to establish an effective network with concerned national and international institutions and experts; and
- to consolidate and complement the PRSP consultation and formulation process.

The Forum comprised three interlinked components, i.e., a three-day conference, a series of 10 Workshop running for two-weeks, and an exhibition. The diagram below depicts the Forum major activities.

The objectives of the Conference were to:

- share state-of-the-art expertise and skills in different key development areas with special emphasis on health, water, energy, food, education, the environment, gender issues and micro-credit systems;
- exchange and share integrated models ready for implementation in demonstration projects;
- combine indigenous knowledge, skill and experience with international expertise;
- change the present vertical approach to development to a more sustainable, horizontal, holistic approach.

The objectives of the workshops were to:

- train and arm trainers with the latest know-how and educational materials for implementation of training courses and building regional pilot projects, and
- develop a holistic country-wide Wereda and community conceptual framework for appropriate project proposals and plans of actions on the basis of agro-ecological zones.

The third component of the Forum was an exhibition of technologies that are closely interrelated with the conference and workshop themes. The objectives of the exhibition were to:

- familiarize forum participants with cost-effective technologies and products and to increase their awareness of how to use them;
- serve as a ground for the hands-on training.

... continued
Ethio-Forum 2002 Major Activities

Pre-forum activities

- Selection of Trainers
- Identification of constraints and possible solutions
- Comments on Forum documents
- Regional Reports
- Selection of holistic development unit

Forum Activities

- Exhibition
- Conference
- Workshop
- Training of Trainers
  National + International
- Development of General Framework for PERD
- Trainers/regional project planners (Regional)
- Development of Community-driven holistic projects by ESRDF and other institutions
- Wereda development unit for technology demonstration, training, and information acquisition and dissemination (Wereda + Community)

Post-Forum Activities

- Implementation of community-driven holistic project
- CDD Project
- Replication
- CDD Project
- Replication

Working with Communities for a Better Future
c) create an opportunity for direct interaction and exchange of experiences between professionals, producers and consumers; and
d) provide opportunities for producers to display their technologies, products and by-products.

The Forum evaluated the performance of ESRDF and discussed ways of further strengthening of the Fund’s activities. The Forum was also an important venue to draw international experiences.

Also, by complementing the consultative process whereby international and national participants had the opportunity to discuss poverty in Ethiopia, the Forum also contributed to the Poverty Reduction Strategy Paper (PRSP) formulation process in the Country.

The following were the Forum outcomes:

- 1,385 community leaders, development workers were trained;
- Integrated Wereda Development Frameworks were prepared for 11 pilot Weredas;
- Integrated Community Driven Development Action Plans were prepared for 110 Kebeles;
- At least 20 appropriate technologies have been transferred and validated;
- Information and technology guidelines and manual were prepared and translated into local languages;
- A pilot Wereda from each region and 10 Kebeles from each pilot Wereda were selected for baseline data collection; and
- Implementation of the integrated project in eleven Weredas.

Forum outcomes:

- Increased awareness of poverty eradication efforts
- Knowledge and experience sharing among the plenary session and workshop participants (800 – 1000 estimated participants).
- Innovative, simple, cost-effective technology, concepts, mechanisms and approaches explained.
- Federal and regional trainers trained.
- Wereda, zonal development agents and community leaders trained (a total of 1,385 people).
- Increased awareness of CDD and the integrated approach
- Effective and robust national and international partnerships and co-operations established.
- capacity of partners strengthened through the Forum.
- Practical/hands-on manuals and guide books prepared and published.
- A book produced reviewing state of the art information, technology, concepts and approaches to poverty reduction and restorative development.
Ethio-Forum 2002 in Pictures

His Excellency Girma Wolde Ghiorgis, President of FDRE, Officially opened the Conference

His Excellency Dawit Yohannes, Speaker of the House of People's Representatives (second from right) and His Excellency Dr. Aseffa Abreha, (first from right) ESRDF General Manager with Rank of Minister

His Excellency Fantaye Biftuu, then Board Chairman of the ESRDF representing the Prime Minister, officially opened the Exhibition

Conference Participants

Conference Participants

Conference Participants

Conference Participants

Conference Participants

Conference Participants

Conference Participants

Conference Participants

Conference Participants

Conference Participants

Conference Participants
4.2 Quality, Cost and Completion Time of Subprojects

Comparisons between ESRDF financed social and economic infrastructure projects with similar non-ESRDF public agency projects in terms of cost, completion time, distance from centers, and quality of projects are summarized in Table 9. The main observations are summarized hereunder.

a) The infrastructure built with ESRDF-support satisfied national and regional sector standards and have had relatively better quality. ESRDF-financed primary village schools have been built from concrete blocks or stone, possess concrete floors and glass windows that allow sufficient lighting, and were found to be better equipped. Also, almost all the schools were built with appropriate water supply systems, latrine facilities and pedagogical centers.

b) The ESRDF-financed health centers were fully equipped with basic services such as drinking water and dry waste disposal systems. An independent impact assessment survey indicated that over eighty percent of the beneficiaries interviewed reported that there have been clear environmental health benefits as a result of ESRDF-intervention. The incidences of disease in the areas such as malaria, pneumonia and tuberculosis were reported to have been reduced. A majority of the
respondents were satisfied with the quality of services rendered by these facilities. It was reported that almost all household members have used the health facilities and that it was the children who utilized the health centers most. Also, a significant number of pregnant women have visited the health centers.

c) A study on the operation of the rural water supply systems indicated that the ESRDF-financed rural water supply systems have incorporated basic elements of sanitary well such as wellhead cover, drainage apron, and water run-off channels. The impact assessment study also found that 90 percent of the respondents expressed that the systems are reliable and believe that the technology to be appropriate.

d) The average cost of ESRDF financed primary village schools was 18 percent cheaper than those built by the education bureau; the health centers and health posts were cheaper by 8.5 percent and 4.3 percent respectively compared with those built by the health bureau; and hand dug wells, spring developments and shallow wells were cheaper by 6.6 percent, 4.5 percent and 20 percent respectively than those subprojects financed by the water bureaus. Similarly, the cost per hectare of ESRDF-financed small scale irrigation subprojects was Birr 35,000 against Birr 42,000 for those built by water bureaus.

e) The completion time of ESRDF financed schools were 38.5 percent quicker compared to those subprojects financed by the education bureaus. Similarly, new constructions and enhancements of ESRDF-financed health projects were 20 percent quicker compared with those by the health bureaus. The completion time for rural
water supply, hand dug wells, spring developments and shallow wells have been shorter by 20 percent and 10 percent, respectively, than those subprojects financed by the water bureaus. Similarly, the completion time for ESDRF financed small-scale irrigation subprojects was, on average, lower by 10 percent compared with those non-ESRDF subprojects.

Translating the key principles of community-driven design into reality during implementation provided the incentives and control for community members to help reduce the risk of leakage of project resources and enabled the subprojects to deliver benefits intended by the communities.

Box 9
Factors that Contributed to Efficiency and Quality of ESRDF Projects

The factors that have contributed to the efficiency and quality of ESRDF-financed subprojects include:

- Application of sectoral design standards;
- Use of appropriate technologies;
- Policies on community contributions towards total subproject costs;
- Use of maximum cost per beneficiary and cost per unit cut-off thresholds to screen investment proposals;
- Contracting procedures, including competitive bidding and community management of contracts;
- Use of Unit cost database to control costs;
- Transparency of procurement and financial transactions.
# Comparisons between ESRDF and Non-ESRDF Public Agency Projects

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>ESRDF</th>
<th>Non-ESRDF</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Cost of Administration and Supervision</strong></td>
<td>10% of the total project cost</td>
<td>Not Available</td>
</tr>
<tr>
<td><strong>2. Cost (Average Unit Cost in Birr)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education (primary village schools)</td>
<td>250,500</td>
<td>305,500</td>
</tr>
<tr>
<td>Health</td>
<td>1,950,000</td>
<td>2,130,000</td>
</tr>
<tr>
<td>- Health Centers</td>
<td>165,500</td>
<td>173,000</td>
</tr>
<tr>
<td>- Health Posts</td>
<td>18,000</td>
<td>21,000</td>
</tr>
<tr>
<td>Rural Water Supply</td>
<td>42,000</td>
<td>44,000</td>
</tr>
<tr>
<td>- Hand dug wells</td>
<td>85,000</td>
<td>105,000</td>
</tr>
<tr>
<td>- Spring developments</td>
<td>35,000</td>
<td>42,000</td>
</tr>
<tr>
<td>- Shallow wells</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Small Scale Irrigation/ hectare</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>3. Completion Time (in months)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>8</td>
<td>13</td>
</tr>
<tr>
<td>Health and Sanitation</td>
<td>12</td>
<td>15</td>
</tr>
<tr>
<td>Rural Water Supply:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Hand dug wells</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>- Spring developments</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>- Shallow wells</td>
<td>9</td>
<td>10</td>
</tr>
<tr>
<td>Small Scale Irrigation/ hectare</td>
<td>10</td>
<td>15</td>
</tr>
<tr>
<td><strong>4. Quality of infrastructure built</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>Satisfactory</td>
<td>Satisfactory</td>
</tr>
<tr>
<td>Health and Sanitation</td>
<td>Satisfactory</td>
<td>Average</td>
</tr>
<tr>
<td>Rural Water Supply</td>
<td>Satisfactory</td>
<td>Satisfactory</td>
</tr>
<tr>
<td>Small Scale Irrigation/ hectare</td>
<td>Satisfactory</td>
<td>Satisfactory</td>
</tr>
<tr>
<td><strong>5. Distance from main center (in km)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>104</td>
<td>35</td>
</tr>
<tr>
<td>Health and Sanitation</td>
<td>81</td>
<td>31</td>
</tr>
<tr>
<td>Rural Water Supply</td>
<td>100</td>
<td>40</td>
</tr>
<tr>
<td>Small Scale Irrigation/ hectare</td>
<td>75</td>
<td>20</td>
</tr>
<tr>
<td><strong>6. Subprojects Operation and Maintenance System</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>Satisfactory</td>
<td>Average</td>
</tr>
<tr>
<td>Health and Sanitation</td>
<td>Satisfactory</td>
<td>Satisfactory</td>
</tr>
<tr>
<td>Rural Water Supply</td>
<td>Satisfactory</td>
<td>Average</td>
</tr>
<tr>
<td>Small Scale Irrigation/ hectare</td>
<td>Satisfactory</td>
<td>Average</td>
</tr>
</tbody>
</table>

*Source: ESRDF MIS, ICR, Impact Assessment Reports*
4.3 **Fund Utilization**

A total of US$222.97 million was disbursed by the ESRDF consisting of US$119.3 million (53 percent) IDA credits. The Government contributed a total of US$39.9 million (18 percent) in equivalent local costs, while beneficiary communities' in cash contribution was equivalent to US$13 million or approximately 6 percent of total disbursements. The UNDP and other donors contributed US$ 51 million or 23 percent as shown in Figure 20.

In terms of disbursement by subproject type, 33 percent was spent in education, 22 percent in health, 15 percent in rural water supply and sanitation, 10 percent in small-scale irrigation, 13 percent in agriculture and natural resource management, income generating activities and other subprojects. About 7 percent was spent on training and capacity building activities. Operating and administrative costs, including equipment and vehicles was 7.7 percent of the total cost.

During the Project design it was anticipated that RWS (36%) and SSI (36%) would absorb most of this component's resources. Instead, at completion, the Fund financed education and health to more than 55% of total ESRDF disbursements, and RWS accounted for only 15 percent and SSI for 10 percent.
Development Impact of the ESRDF

ESRDF’s impact studies have been constrained by the absence of baseline information and by the very little effort made to specify objectively verifiable impact indicators at the design stage. Nevertheless, there is ample evidence to conclude that “....the excellent progress made by ESRDF is evident and the development impact is considerable” (World Bank Mission, Mid-term Review, February 1999).

“The Fund has achieved remarkable progress in creating public awareness and mass consciousness in community development. A substantial change of development concept and attitude has evolved in the community and in involved program partners and was manifested in higher self-confidence and motivation of community members.”

The World Bank, Mid-term Review. February 1999

The most noticeable areas where the Fund has yielded significant impact are community empowerment and enhanced social capital, improved economic and social status and conditions of poor men and women, improved welfare of previously underserved communities, improved access and efficiency of primary education, improved community health, enhanced institutional development, and employment and income generation. Each is briefly described hereunder.
5.1 Community Empowerment and Enhanced Social Capital

ESRDF has strengthened the spirit of social mobilization among communities for self-help initiatives. As a direct result of ESRDF capacity building and sensitization activities, out of total number of funding applications submitted to ESRDF, 78 percent were initiated by communities. The rest were submitted as follows: 10 percent by sector bureaus, 6 percent by civic organizations, 5 percent by NGOs and 1 percent by local administrations.

Furthermore, beneficiary communities were on average able to mobilize 8.5 percent in cash and in kind towards total costs of subprojects. In subprojects implementation, the level of participation of the CPC and the community ranged from full

“... The ESRDF's development initiatives, undertaken with the active participation of the general public, were praiseworthy and proverbial to other stakeholders.”

His Excellency Girma Wolde Giorgis President of FDRE. Opening Address, Ethio-Form 2002.

“The Ethiopian Social Rehabilitation and Development Fund clearly demonstrated how grassroots participation could empower local citizens in co-managing multi-sector poverty reduction programs.”

Christian Relief and Development Association (CRDA)
5.2 Improved Access, Quality and Efficiency of Primary Education

Available data indicate that from 1996/97 to 2001/02, a total of 1690 primary schools were constructed throughout the Country of which 877 (or 50 percent) were financed by ESRDF. Enrollment ratio increased from 35 percent in 1996/97 to 62 percent in 2001/02. The contribution of the ESRDF to the expansion of access to education varies from region to region. A significantly higher proportion of ESRDF-financed schools were built in remote rural areas of previously disadvantaged regions such as Gambella, Benishangul-Gumuz, Afar and Somali. Before the ESRDF interventions, there were practically no schools in these areas.

The NER from a country wide survey on sample schools of ESRDF financed subprojects has shown an improvement. It was found that while in 1996/97 it was 48.2 percent for male and 38.9 percent for female students, the figure increased to 64.9 percent for male and 50.5 percent for female in 2000/2001. For non-ESRDF schools, the figure in 2000/2001 was 57 percent and 41 percent for male and female, respectively. Similarly the GER has increased from 70.4 percent and 51.7 percent in 1996/7 for male and female students respectively to 84.8 percent and 62.3 percent in 2000/01.

ESRDF has also contributed to the national goal of increasing the share of girls in primary schools to 45 percent by 2001/02. Gender disparity in primary education was narrower in ESRDF financed schools compared to non-ESRDF. The percentage of female students in the ESRDF-financed schools was 48 percent compared to the national figure of 39 percent. Likewise, the Pupil to Section Ratio in ESRDF financed schools was 58 compared to the national figure of 62 students per class room. Teachers in ESRDF-financed schools were likely to have greater opportunity of contact with...
their students. The teacher-student ratio in ESRDF-financed schools was 1 to 46, compared with the national figure of 1 to 60.

In 2001/02, the pupil to section ratio (PRS) in ESRDF financed primary schools was found to be 58 compared to the national figure of 62 during that period. Pupil to teacher ratio (PTR), another common education indicator on efficiency and quality, for ESRDF financed primary schools ranged from 36 to 56 over the period 1996/97 to 2000/01 compared to the national figure of 42 to 60. Thus, ESRDF financed schools are less crowded compared to the others and teachers in those schools were likely to have more time and space to contact their students and check their home works and class assignments.

School facilities have impact on accesses, quality, efficiency and equity. School facilities are tools to attract students in general and girls in particular. All the schools that have been built by ESRDF have water supply, latrine and pedagogical centers. The overall contribution of ESRDF financed schools have been good, the improvement has been increased for water supply by 0.5 percent, for latrine by 0.7 percent and for pedagogical centers by 0.8 percent, nationally.

5.3 Improved Health of Community Members

ESRDF has been an important source for primary health service provision in Ethiopia. According to reports from the Ministry of Health (Health and Health related indicators, Ministry of Health, 2001), a total of 1,779 primary health services have been constructed from 1996 to 2002 in the country. During the same period, a total of 610 health subprojects were financed by ESRDF. This means ESRDF has financed over 34.3 percent of the Country’s primary health service infrastructures. It is estimated that some 11.37 million have benefited from ESRDF financed health facilities.

A beneficiary impact assessment conducted in 2002 (Impact Assessment of ESRDF Financed Subprojects, GBA Consultancy Ltd., 2003) showed that 80 percent of those interviewed confirmed that because of ESRDF health subprojects, malaria had been significantly reduced, while 50 percent mentioned tuberculosis and 30 percent pneumonia. With respect to utilization of health services, all household beneficiaries interviewed reported that they have used ESRDF financed health subprojects; 78
percent indicated that it was their child who utilized the health centre most. It was also found that all pregnant women in the community have used the health centers. Most of the beneficiaries interviewed believed that water supply and dry waste disposal systems financed by the ESRDF have improved their health status. It was also found that community members who had no access to health facilities were able to get such services in 1 to 3 hours of walking distance from their homes.

Figure 25- Number of Health Posts, Health Stations and Health Centers Built, 1996/97-2001/02
5.4 Improved Welfare of Communities in hitherto Disadvantaged Regions

The ESRDF has been able to distribute resources to previously underserved neglected communities. The Fund’s institutional flexibility, use of simple targeting mechanisms, and its extensive promotional work have helped to expand its geographic coverage beyond the major population centers.

The Fund had financed a significantly larger number of subprojects in geographically-dispersed communities in remote areas that had poor access and little infrastructure and facilities, low literacy levels, limited access to markets and business opportunities. In emerging regions such as Afar, Somali, Gambella, and Benishangul-Gumuz, ESRDF was a key development agent which was mobilizing communities and supporting most of the public investments in these regions. For example, in terms of expansion of primary education and health in these regions, over the period 1996/97 to 2002/03 ESRDF financed primary schools and health facilities accounted for 47 percent and 75 percent, respectively.

As can be seen from Table 10, ESRDF-financed primary health facilities accounted for 100 percent in Afar and Benishangul-Gumuz regions, and 88 percent and 55 percent in Gambella and Somali, respectively. Similarly, ESRDF-financed primary schools accounted for 87 percent in Benishangul-Gumuz, 62 percent in Afar, 33 percent in Gambella and 31 percent in Somali.

<table>
<thead>
<tr>
<th>Region</th>
<th>Primary schools</th>
<th>Primary health</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ESRDF-Financed</td>
<td>No. of Schools</td>
</tr>
<tr>
<td></td>
<td>% ESRDF-Financed</td>
<td>Built</td>
</tr>
<tr>
<td>Afar</td>
<td>47</td>
<td>76</td>
</tr>
<tr>
<td>Benishangul-Gumuz</td>
<td>34</td>
<td>39</td>
</tr>
<tr>
<td>Gambella</td>
<td>16</td>
<td>48</td>
</tr>
<tr>
<td>Somali</td>
<td>42</td>
<td>134</td>
</tr>
<tr>
<td>Total</td>
<td>139</td>
<td>297</td>
</tr>
</tbody>
</table>
With respect to reaching remote and inaccessible areas, the average distance of ESRDF-financed subprojects was 58.5 km further away from the centers as compared to non-ESRDF subprojects (GBA Consultancy Ltd. Impact Assessment of ESRDF Financed Subprojects, August 2002).

As can be observed from Figure 26,

- the average distance for rural water supply subprojects is 100 kms for ESRDF financed projects while in a similar setting for regional water bureaus it is only 40 kms;
- ESRDF financed education subproject were 104kms away from centers while those of education bureaus were 35 kms;
- ESRDF financed health projects were on the average 81 kms away from the centers while health bureau subprojects were only 31kms away.
- Small-scale irrigation by their very nature were rural. ESRDF financed subprojects were also further away compared to the non-ESRDF financed subprojects.

ESRDF had reached a number of isolated and remote areas such as:

- In pastoral areas such as Teru, Dallol, Berahle,

![Figure 26-Distances of ESRDF and Non-ESRDF Projects from Center](image)

**ESRDF Project**  
**Non-ESRDF Projects**
Megalle in Afar region;

- Isolated and remote Kebeles such as Koy and Markes in Dima Wereda of Gambella region;
- Remote areas such as Mekane Birhan, Tse-tseg in Sekota, Berhet, Arusha and Weket, Shehedi, and Melka Jello in Amhara region; and
- Kechi in Dewaro, Lasks in Basketo, Kola Mashila in Drashe, Kako in Southern Omo of SNNP region.

ESRDF’s resources did go primarily to the poorest of the poor. Its disbursements were in favor of regions with a relatively high level of poverty. This can be observed from correlations between the distribution of ESRDF-financed subprojects and number of poor in terms of head count index by region.

The correlation coefficient (the degree of association between the number of poor and number of subprojects by region) was found to be almost 98 percent. This could also be observed from Figure 27.
5.5 Improved Economic Conditions

Household incomes and living conditions of beneficiaries have significantly improved as a result of the SSI and other water catchments treatment subprojects.

ESRDF’s emphasis on private sector partnership has aroused interest among small scale building contractors which has enhanced employment and income opportunities for local communities.

In all SSI cases, a 100% increase in farmers’ revenues is a conservative estimate. It was found that in all SSI schemes:

- Cropping seasons are now two (in some cases three);
- Preference is given to high cash crops such as onions, garlic, lentils and tomatoes; and
- Productivity per hectare and per season has increased considerably (in some cases up to 40 percent).

As a result of the increase in income, farmers have bought water pumps, milk cows, radio and TV sets, changed their housing conditions, have sent regularly their children to school, have opened bank accounts and made investments in grain mills, shops, in cattle or in a pair of oxen to intensify land use.

The income generating activities supported by ESRDF have also shown a positive impact on the economic conditions of beneficiaries. Field evidences showed that the 15 IGA in Oromiya region have generated Birr 330,000 as additional income after repaying Birr 708,000 (72% of the loan). Women at the Ashebaka sheep rearing scheme in the same region had been able to pay back their loans, buy more sheep, repay other loans, purchase fertilizers and food even during droughts. At the Adigudom poultry IG scheme in Tigray region margins on loan after repayment were estimated at 500% a year (ICR, WB Mission Report; Aide- Memoir, 2005).

Figure 28
Harvesting from ESRDF-financed SSI Scheme
Improved Welfare of Women

The livelihood of women has significantly improved as a result of the ESRDF interventions. Independent impact assessment (ESRDF, An Impact Assessment of Social Infrastructure and Rural Water Supply, Nek International Consultancy, July 2000) found that the impact of ESRDF-supported rural water supply schemes have been remarkable, especially in reducing workload to collect water and in improving the quality of drinking water with a positive impact on general health conditions of beneficiaries.

It was also found that average distance traveled to fetch water from the former sources was 2.5 km. With the ESRDF intervention, this was reduced to 1.1 km, reducing the distance by 1.4 km per trip. The total time taken before to fetch water was 2.4 hours. With the setting up of new supply systems, this was reduced to 0.9 hours or a total saving of 1.5 hours per trip. This has freed a significant amount of time for women, allowing them to be involved in economic and household activities (ICR, WB Mission Report; Aide-Memoir, 2005.)

As part of focus-group study, the majority of RWSS beneficiaries interviewed confirmed that time saved was used to increase time for income generating activities (55 percent), for social events and activities (69 percent) and for children and family care (77 percent), and more time for children attending schools (38 percent). The study further found that ninety percent of the beneficiaries of the ESRDF-financed rural water supply systems were users of unprotected rivers or ponds. According to the same report, more than 60 percent of beneficiaries confirmed that the new RWS had significantly reduced water born diseases in the community.
5.7 Enhanced Institutional Development

The capacity building and training component has resulted in the establishment and strengthening of Community Project Committees, users associations, users committees and saving and credit associations, which have bridged bonds within and between communities for collective action. In some cases, communities have gone further to access funds from other sources in support of initiatives pertinent to their development. More than 4000 Community Project Committees, more than 100 Water User Associations for small-scale irrigation schemes and over 2000 Water User Committees for rural water supply and sanitation subprojects have been established.

ESRDF has made a significant contribution in building capacity at the national and regional level, and in supporting the diffusion of a community-driven development culture. With ESRDF, a significant number of managers has been trained and has had direct exposure to field work.

ESRDF had supported the decentralization process in the County whereby regions and Weredas are playing an increasing role in prioritizing local economic and social priorities, and in implementing and financing them. The institutional impact of WDF is significant because of its overall consistency and synergy with the Government decentralization programme. With the Wereda Development Fund, ESRDF supported the decentralization, and prepared operational manuals and guidelines to be used at the local level to plan and finance community development.

An important impact of the ESRDF has been the steady institutionalization of participatory and collaborative practices in multisectoral projects design and implementation. The ESRDF has enhanced the organizational and human resource capabilities of a large number of actors through its extensive effort to promote partnership in the entire process. The ESRDF had developed and fostered a true partnership between government agencies, NGOs, the community and private contractors working at the local level.

ESRDF established and equipped 15 offices in the country (11 regional offices, 3 sub-regional offices and one at federal level). Under such a decentralized structure (with Regional Steering Committees and regional technical and administrative offices), ESRDF worked in coordination with regional offices, regional technical bureaus, and representatives of line
ministries, thus strengthening local institutions. ESRDF also strengthened the private sector, although to a limited extent.

ESRDF's impact on statistical institutions and capacity was relevant. The Central Statistical Authority was considerably strengthened, which also inspired a new law strengthening the overall institutional framework of statistical activities in Ethiopia. The Welfare Monitoring Unit within the Ministry of Finance and Economic Development is now fully in charge of the SDPRP process.

5.8 Employment and Income Generation

While data is not available on employment creation impact of the ESRDF, a large number of temporary and permanent jobs are expected to have been generated by the ESRDF as a result of the labor-intensive nature of the works, its support for income-generating activities through training in basic construction skills, artisans, handicrafts etc., and the creation of small-scale enterprises capable of undertaking labor-intensive works in the future.

Figure 30
Training in Basic Construction
Challenges Faced

Over the course of its implementation, ESRDF had faced a number of challenges. While it was through time able to turn some of the challenges and constraints into assets through concerted efforts including extensive promotion of the community-driven development approach, technical assistance and training and forging a true partnership and collaboration with a multiple agencies and organizations at all levels, others persisted affecting its pace and its performance.

The major challenges faced at each stage of the subproject cycle and the measures taken to overcome these are summarized in Table 11.

The most critical challenges faced by the ESRDF in the course of its operations include:

a) Slow progress in internalizing and resistance to community driven and participative development approach, especially during the early stages. This was due to the fact that community driven development, although taking a firmer root, is a recent phenomenon. Ethiopia has a long followed centralized top-down approach.

b) Massive capacity gaps at all levels and throughout the Country. The Fund's performance was slow due to the limited experience of many communities. In particular, the poorest of the poor often reside in remote and isolated rural areas, where they had neither the information nor the

"Lack of awareness of the approach, lack of appreciation of the imperative for community participation and inadequate capacity at all levels were some of the challenges that ESRDF faced."

Aseffa Abreha (Ph.D.)
ESRDF General Manager
with Rank of Minister

Working with Communities for a Better Future
technical capacity to prepare proposals for ESRDF funding. As a result, technically sound funding applications were not forthcoming from them. This was especially severe for water supply and small-scale irrigation projects where there was a general lack of technical design specifications and that there were only a few contractors. These capacity problems were compounded by high staff turnover, especially in the regions.

c) Gradually, however, through extensive promotion and training and capacity building activities, the ESRDF had received unanticipated huge number of subproject applications.

d) Inaccessibility of project sites and poor road infrastructures. Also, there were no banks nearly in all rural areas and consequently it was difficult to open community bank accounts.

e) In many parts of the Country, there were real constraints for opening community accounts, including unavailability of banking facilities and also lack of legal status of communities. Many ESRDF subprojects were located in remote areas that do not have banking facilities.

f) Low level of community contribution due to abject poverty in the Country particularly in the rural areas but also due to the fact that other governmental and non-governmental organizations were carrying out similar projects without requiring community contributions.
<table>
<thead>
<tr>
<th>Areas</th>
<th>Challenges</th>
<th>Measures taken</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promotion</td>
<td>- Slow progress in internalizing the social fund approach by stakeholders.</td>
<td>- Intensive promotional and sensitization works were performed.</td>
</tr>
<tr>
<td>Subproject Identification</td>
<td>- Lack of capacity of community members to identify and prepare subproject proposals.</td>
<td>- ESRDF Project officers, community facilitators and other development partners provided technical assistance to communities.</td>
</tr>
<tr>
<td>Subproject preparation and application</td>
<td>- Lack of capacity to prepare subproject proposals as required in the Operational Manual of the Fund. Not insignificant number of communities submitted simple letters of applications.</td>
<td>- Project officers, community facilitators and other development partners offered technical assistance to communities.</td>
</tr>
<tr>
<td>Appraisal</td>
<td>- Lack of capacity - Shortage of Project Officers - Poor road infrastructure and inaccessibility of project sites</td>
<td>- Intensive training was given to community project committee members and community leaders.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Simplified project proposal formats prepared to be filled by communities were prepared in local languages and distributed to communities.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Community facilitators were hired and trained to help the communities.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Training on project appraisal techniques was given to project officers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Efforts were made to involve experts from sector bureaus and NGOs.</td>
</tr>
</tbody>
</table>
Procurement

- Lack of capacity to implement the World Bank procurement procedures
- Shortage and lack of capable private contractors (particularly in the area of small-scale irrigation and rural water supply projects)

Implementation, and supervision

- Inaccessibility of project sites
- Lack of capacity of contractors in implementing projects as required
- Shortage of project officers
- Weak capacity of Community project committee members in supervising projects

Disbursement

- Lack of capacity to implement the World Bank disbursement procedures
- Lack of banking facilities near to project sites to open community accounts
- Shortage of project officers

Post-completion monitoring

- Intensive procurement training was given to community project committee members, local administration and staff of sector bureaus.
- Training were given by ESRDF procurement officers
- Efforts were made to use government bureaus in the implementation of irrigation projects
- Communities were contributing their labor in the implementation of access roads.
- Contractors were given advance payments to develop their capacity
- Sector bureau experts and trained community project committees were used to supervise projects
- Training has been given to community project committees in supervision and monitoring

- Training has been given to community project committee members and local administrations
- Efforts have been made to use Micro financial institutions providing services in the rural areas.
- Efforts were made to use sector bureau experts and hired consultants.
Lessons Learned

The ESRDF was able to deliver quick response to community needs. It has made significant contribution not only to the delivery of improved and quality social and economic services and training and capacity building of grassroots communities and government functionaries at all levels and throughout the country but also has enhanced a decentralized, participatory and community-driven approaches that are difficult to pin down in numeric figures.

The ESRDF has clearly demonstrated that a community-driven, participatory approach has the potential to enable Ethiopia to bring about rapid, substantial and sustained progress to reduce poverty and bring about sustainable development.

Several important lessons emerge from the experiences and performances of the ESRDF. The most critical ones are supporting an integrated and holistic approach to rural development, bringing together efforts across sectors, including the social, agriculture, natural resource, infrastructure, and the rural non-farm sectors. The approach requires actions in several key areas, the most critical of which are:

1. The country context, in terms of political and demographic situation, has a significant bearing on the efficiency of community-based participatory development initiatives. The design and implementation of the ESRDF was facilitated by the on-going policy emphasis on decentralized government structure and the delivery of public development services. At the same time, the Fund has strengthened the decentralization process in the country.

2. The ESRDF has illustrated that, in countries with low quality human resource base, there is a need for participatory development initiatives to make extensive effort in capacity building activities. The Fund’s investment in capacity
building through training and retraining was found to be critical, relevant, and strategic in order to:

- Assist local communities to release their potential capabilities, acquire new organization and management skills, and thereby fully participate in the project cycle, and

- Bring about a professional re-orientation in terms of knowledge, skills and attitudes among its own staff and staff of collaborating agencies who are, by and large, products of education and training systems modeled after the traditional top-down and supply-driven development approach.

3. In terms of management processes, ESRDF has successfully laid a useful “learning ground” both for local communities and public sector development agencies. ESRDF’s experience has validated the view that poverty is a result of a multitude mutually interacting factors. It follows, therefore, that poverty could be more effectively addressed through an integrated approach involving simultaneous implementation of several areas of intervention.

4. There is need for poverty reduction programmes to be responsive to local needs and priorities or to capture more innovative ways of addressing poverty. The Fund’s experience was exemplary in this regard. The Wereda Development Fund was piloted at a later stage to support local administrative structures expand basic infrastructure and social service coverage. It is also notable that by initiating the pilot WDF, ESRDF has given as insight into how social funds can scale-up their micro project activities in the immediate term to a macro scale.

5. Promotion of local ‘ownership’ of community-based development projects stimulates the self-confidence, initiatives, and negotiation skills of beneficiary communities in terms of their capabilities to participate not only in on-going projects, but also in assessing other sources or external support for further development initiatives. The
Fund’s experience has concretized this view. In a number of ESRDF-financed subprojects, beneficiary communities have undertaken one or more development projects through their own resources or through assistance from non-ESRDF development partners.

Projects initiated by the community and addressing priority demand have advantages such as: are implemented quickly and at less cost and with better quality. Communities participate actively and willingly and high contribution (up-front). If given the chance, proper guidance and assisted technically, even those with weak capacity can perform well and do a lot of things. Interventions that truly empower both community and local administration are instrumental to expand basic infrastructure to rural communities and raise service coverage in a short period of time. Besides, it is possible to implement large number of small projects with limited budget.

"... beyond its success in supporting the completion of a large number of subprojects, ESRDF has created an important although intangible asset in Ethiopia: a culture and practice of local development based on a) empowering local communities to make decisions on their own needs and priorities; b) the devolution of responsibilities to local authorities (the Weredas) through the transfer of block grants; and c) the creation of a sense of interdependence between the local and central authorities, and across sectors and line agencies. This has improved the efficiency of the project, and has strengthened community cohesion and social accountability."

Success Factors

ESRDF had effectively and efficiently met its development objectives and delivered its intended impacts.

A number of factors were responsible for the success of the ESRDF. The most critical ones are strong political support and commitment of the Government, high degree of autonomy, flat organizational structure, strong linkage and cooperation with sector ministries, bureaus, NOGs, grassroots organizations, and other stakeholders, strong commitment and dedication of staff and management, sound operation systems and methods as well its organizational learning and adaptive nature. These are briefly described below.

8.1 Strong Political Support

The highest decision-making body of ESRDF at the national level was the National Board chaired by the Prime Minister and composed of relevant ministers. In the regions, the Regional Steering Committee was chaired by the President of the respective regional governments. This had ensured political support from the highest levels and facilitated coordination of ESRDF activities with existing sectoral agencies.

A steady financial disbursement by the Government was also a clear indication of the Government’s commitment to the activities of the Fund.

8.2 High Degree of Institutional Autonomy

The Proclamation for the establishment of the ESRDF afforded it with substantial operational autonomy. Both the federal and regional governments did not exert undue pressure on its operations. This has helped the establishment of a more efficient and effective operation for the Fund.

The General Manager and the Regional Managers had discretionary powers and authority to carryout day-to-day operations of the Fund with minimal external interference, which enabled rapid
response to community needs and donor agencies requests.

8.3 Flat Organizational Structure

Unlike the conventional tall and hierarchical structure that is typical of public development agencies, the ESRDF Central and Regional Offices were less bureaucratic with compact and flat structure. Instead of creating an additional layer of bureaucracy, the ESRDF was implemented using experts from collaborating agencies on a short-term basis. This has helped speedy decision-making and lower administrative and operational costs.

The Fund’s structural framework also permitted inter-sectoral coordination and collaborative decision-making through representation of key stakeholders’ high-level decision-making bodies, which were vested with the powers and duties to guide and supervise the overall administration and operation of the Fund both at national and regional levels of Government.

8.4 Strong Cooperation with Line Ministries and Bureaus

The ESRDF had established and maintained close working relationships with relevant sector ministries and bureaus in the regions as well as with local administrations. ESRDF was strengthened by and it, in turn, strengthened those ministries and bureaus.

The success of the ESRDF was thus partly due to the active participation of the ministries and bureaus. Working with those organizations also allowed the ESRDF to concentrate on quick disbursement of funds.

8.5 Cooperation and Development Partners and Donors

ESRDF Project’s implementation was negatively affected at initial stages due to slow internalization of the working mechanisms of the Fund at all levels. However, due to continuous sensitization programmes, and through time, it was able to foster increased and good partnership with local and non-governmental organizations. By so doing, the ESRDF had capitalized on the energies of a wide range of partners. The ESRDF had also actively pursued donor funding and had been highly responsive to donor demands.

8.6 Management and Staff Commitment

Commitment and dedication of ESRDF management and staff have been critical for the achievement of its development objectives. To
induce better performance, the technical and managerial capacities of staff members have been augmented through experience sharing and short courses.

8.7 Sound and Transparent Operating Systems and Manual

ESRDF’s good performance was facilitated by its sound policy and transparent procedure and operating systems. The Fund had detailed Operational Manual which ensured consistent application of its policies and procedures by its central and regional offices and implementing agencies. The computerized financial management and accounting system also allowed timely disbursement and settlement of funds as well as timely auditing of its accounts by external auditors.

8.8 Nurturing a Learning Culture

Another key factor for the success of ESRDF was its organizational learning and adaptive culture. The Fund was at all times receptive to new ideas and approaches and was also flexible and quick to respond to community needs as they evolve overtime. To this end, it had organized a number of regular stakeholders’ and technical review and experience sharing workshops.

Problems encountered during implementation were timely rectified and working methods were continually refined and updated to incorporate lessons that were learnt.

“The ESRDF project has built significant capacity at both regional and national level, by developing technical and managerial expertise, networks, and procedures and by operationalizing them in community development. Considering that (i) in Ethiopia capacity is limited, that (ii) new projects for poverty reduction are being launched by the Ethiopian government (with support from donors and international institutions), and (iii) that such projects are in many cases based on community participatory approaches, the workshop and all donor representatives concluded that ESRDF expertise should not be lost and should be used efficiently in on-going and future development projects.”

ICR Workshop, March 7, 2005.