1. Project Data

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Prepared by Wendy Schreiber Ayres  Reviewed by Dileep M. Wagle  ICR Review Coordinator Ramachandra Jammi  Group IEGSD (Unit 4)

2. Project Objectives and Components

a. Objectives
   The Project Development Objective, as stated in the Financing Agreement dated April 10, 2014 (page 4), was to increase access to improved water supply and sanitation services for residents in participating woredas/towns and communities in Ethiopia.

b. Were the project objectives/key associated outcome targets revised during implementation?
Did the Board approve the revised objectives/key associated outcome targets?  
No

c. Will a split evaluation be undertaken?  
No

d. Components

The project comprises three components (PAD pages 6 to 8):

**Component 1. Rural Water Supply, Sanitation, and Hygiene (R-WaSH)** (cost at appraisal US$109.3 million, actual cost US$237.32). This component focused on improving access to water supply and sanitation services, and to promote improved hygiene in rural areas. It financed (a) construction and rehabilitation of community water supply schemes; (b) construction and rehabilitation of water and sanitation facilities in schools and health facilities; (c) the design and application of behavior change communication materials in beneficiary communities; and (d) capacity building of woredas, communities, and regional water, health, and education bureaus and woreda offices to plan, implement and manage their water supply and sanitation facilities and promote hygienic practices.

**Revised component 1.** Under the first restructuring—which brought IDA resources together with those of the African Development Bank (AfDB), United Kingdom Department for International Development (DFID), and UNICEF into the Consolidated WASH Account (CWA) located at the National Bank of Ethiopia The combined resources of One WASH National Program (OWNP)-CWA—component 1 was expanded to provide an additional 2.173 million people with access to improved WaSH services.

**Component 2. Urban Water Supply, Sanitation and Hygiene (U-WaSH),** (cost at appraisal US$84.7 million, actual cost US$117.08 million). This component focused on improving access to water supply and sanitation services, in urban areas (small and medium towns), and to strengthen the capacity of WaSH officials to plan and manage these services in a sustainable manner. It financed: (a) rehabilitation and reconstruction of urban water production, treatment, and distribution systems; (b) preparation of a National Urban Sanitation Strategy, supporting studies on urban sanitation, and priority sanitation investments in beneficiary towns; (c) activities to strengthen the capacity of participating water boards/committees and operators to effectively manage their water supply and sanitation facilities; and (d) activities to support preparation of follow up interventions in urban areas (including subsector technical, institutional and financial assessments, and feasibility studies in selected urban areas as well as look at potentials for public private partnership arrangements).

**Revised component 2.** Under the first restructuring, the number of towns to be covered was expanded from 70 to 144 and the number of people benefiting from access to improved water supply was increased from 1 million to 2.16 million. Under the second restructuring the number of towns to be covered was reduced from 144 to 94, and the number of beneficiaries provided with access to improved water supply was reduced from 2.16 million to 1.5 million. In addition, the design and study of Cibilu Dam and ancillary structures was added to component 2.

**Component 3. Project Management Monitoring and Evaluation** (cost at appraisal US$11 million, actual cost US$42.96). This component focused on supporting and building the capacity of WaSH agencies at federal, regional, and local government levels to plan, implement, and manage water supply and sanitation
services under their jurisdiction. This component provided financing to the Ministry of Finance and Economic Development, Ministry of Health, Ministry of Education, and Ministry of Water, Irrigation, and Energy, and to the regional health, education and water bureaus, woreda WaSH offices, the Bureau of Finance and Economic Development, and Woreda Finance and Economic Development Office personnel and regionally-based consultants to:

(a) Support program and project implementation including establishing and maintaining strong contract administration and monitoring system (b) support for refinement of sector policies and program implementation arrangements, including activities to support creation of the enabling environment for a sound programmatic approach; (c) support for activities that would generate evidence and information on the existing water and sanitation services sector policy performance, including cost recovery, sector financing, public private partnership, and post construction support, with a view to recommend policy revisions if needed; (d) equipping water quality testing and training centers; and (e) support for program monitoring and evaluation (M&E).

Revised component 3. Under the first restructuring, component 3 was expanded to provide for additional technical assistance and capacity building support.

e. Comments on Project Cost, Financing, Borrower Contribution, and Dates

**Project Cost:** The original estimated project cost was US$233.8 million, which included a government contribution of US$28.8 million. Following the first restructuring which established the CWA, the project cost rose to US$485.0 million, including contribution of AfDB, DFID, UNICEF, and Finland (ICR Table 2). The actual cost at completion was US$418.8 million.

**Financing:** The project’s cost was financed through an IDA Credit of US$205 million, a Credit of US$92.1 million from the AfDB, a grant of US$131.6 million from the Foreign Commonwealth and Development Office of the United Kingdom (FCDO, formally known as DFID), a grant of US$10.0 million from UNICEF, and a grant of US$2.3 million from the Government of Finland.

**Borrower Contribution:** Once the OWNP was established, the Borrower’s contribution was projected to be US$46.3 million. The actual contribution at completion was US$42.1 million.

**Restructuring:**

*First Restructuring.* The project was restructured on May 12, 2015 to establish a harmonized funding instrument that pools resources from various development partners, the CWA, to harmonize planning, budgeting, and implementation of activities financed under the OWNP. The restructuring also led to the World Bank taking on the fiduciary and safeguards oversight role of the CWA. Targets for indicators in the results framework were increased to reflect the additional resources available.

*Second Restructuring.* A second restructuring on June 27, 2019 extended the closing date by one year to June 30, 2020 to allow time to complete town water supply contracts that were underway and to finalize strategic study and design consultancies for sanitation investments. Other changes included triggering OP4.37 (Safety of Dams) because the project would finance the design and study of Cibilu Dam and ancillary structures. Targets in the results framework were reduced to reflect reductions in development
partner funding and increases in costs of water supply systems to adhere to a higher standard than originally envisaged.

Third Restructuring. A third restructuring on June 17, 2020 extended the closing date by slightly over a year to July 7, 2021 to allow time to complete contracts underway that were delayed by Covid-19 pandemic restrictions in movement, including the consultancy services for the Cibilu Dam feasibility study and its review by the Independent Panel of Experts. The date was selected to coincide with the end of the Ethiopian fiscal year, which would facilitate financial management and reconciliation of accounts.

Dates: The project was approved on March 20, 2014 and became effective on July 7, 2014. The project closed on July 7, 2021, two years after the original closing date of June 30, 2019, as discussed above under restructuring.

Split Rating. As the project became overall more ambitious, a split rating is not applied.

3. Relevance of Objectives

Rationale

Country and Sector Context at Appraisal

Ethiopia was a large, diverse, land-locked country located in the Horn of Africa, with an area of about 1.1 million square kilometers and a population of about 91.7 million in 2012. With a per capita income of US$370, Ethiopia was one of the world's ten poorest countries. However, it had made substantial progress on social and human development during 2005–2015. During that time, about 2.5 million people had been lifted out of poverty, and the share of the population below the poverty line has fallen from 38.7 percent in 2004/05 to 29.6 percent in 2010/11 (using a poverty line of US$0.6/day). Access to safe water in Ethiopia was estimated in 2013 at 75 percent in urban areas and 49 percent in rural areas, and to improved sanitation at 80 percent and 60 percent in urban and rural areas, respectively. About 31 percent of schools had access to safe water and 33 percent had access to sanitation facilities, while 32 percent of health facilities had access to safe water and 85 percent had access to sanitation facilities.

Alignment with Country Priorities

The PDO was well-aligned with Ethiopia’s socio-economic development and water supply and sanitation sector policies. The government in its Growth and Transformation Plan (GTP) for 2010–2015 had set ambitious targets of providing 98 percent of the population with improved access to safe water and 100 percent with basic sanitation. In addition it set targets of 84 percent coverage for improved hygiene and sanitation, 77 percent achievement of proper hand washing, and 77 percent safe water handling and use. The four Ministries involved in the sector signed a Memorandum of Understanding in November 2012, to support an integrated OWNP aimed at achieving the GTP’s goals in an effective and efficient manner. The OWNP’s development objective was to contribute to improving the health and well-being in rural and urban populations by increasing water supply and sanitation access and the adoption of good hygiene behavior and practices in an equitable and sustainable manner.
Alignment with Bank Strategy

The project’s objectives are assessed as highly aligned with the World Bank’s current strategy as laid out in Country Partnership Framework (CPF) for fiscal 2018–2022. The project sought to address the development problem of lack of access to water supply and sanitation services in rural and urban areas by financing the related infrastructure investments. The project also aimed to address weak sector institutions to continue delivering services and expanding services to new customers through provision of technical assistance and advice. The project objectives correspond to “Objective 2.3: Increased access to improved water and sanitation” and “Objective 2.5: improved early child nutrition and early learning outcomes” which is linked to access to safe water and sanitation, both under the “Focus Area 2: Building Resilience and Inclusiveness (CPF, pp. 37–39).

Previous World Bank Experience

The World Bank has been a prominent partner in the water supply and sanitation sector in Ethiopia for many years. The US$280 million Water Supply and Sanitation Project (WSSP), jointly financed by IDA and DFID (closed on October 10, 2013) piloted a programmatic approach to rural and urban water supply and sanitation sector financing in Ethiopia. It provided access to improved water supply and sanitation services to more than 5 million people, 3.7 million in rural areas and 1.33 million in urban areas. Through a unique capacity building arrangement of ‘learning by doing’, a tripartite arrangement for technical assistance, and a stepped and gradual approach for rural and urban water supply and sanitation, the project supported 224 woredas to prepare and implement woreda-wide WaSH plans. Similarly, the project helped 130 small and medium towns to prepare their urban WaSH plans, and financed construction of systems in 83 towns.

However, while the objective remained relevant throughout the project cycle and was a necessary response to a development gap in Ethiopia, a significant shortcoming was the lack of clarity in the project formulation around what outcomes would be achieved through increasing access to improved water supply and sanitation services. The causal chain between funding and outcomes was clear, albeit with most targets at output level, as the objective was closer to the output level, rather than the outcome level.

Rating

Substantial

4. Achievement of Objectives (Efficacy)

OBJECTIVE 1

Objective

Objective 1: Increase access to improved water supply for residents in participating woredas in Ethiopia.

Rationale
Rationale

Theory of Change

The project’s theory of change indicates that the project’s inputs—IDA’s financial and technical assistance support—would directly lead to the achievement of project outputs of (a) construction and rehabilitation of water production, treatment, transmission, and distribution infrastructure in rural areas; (b) construction and rehabilitation of water supply facilities at schools and health facilities, (c) reduced non-functioning rural water supply schemes; and (d) strengthened capacity of the water sector institutions to provide services.

In turn, these outputs would be expected to result in the outcome of more people in targeted rural areas using safe water that would be supplied sustainably by the responsible service providers. Overall, the causal pathways from inputs to outcomes were valid and direct, and the outcomes achieved could be mostly attributed to the project’s interventions. The activities, if completed, would be sufficient to provide a critical mass for the expected change.

The key assumptions for achieving this objective were: (a) programs, plans, and strategies would be implemented during the project period and would contribute to the improvements of access to improved water supply in participating woredas and towns; (b) trained staff would remain in the original organizations; and (c) the proposed studies on water and sanitation sector policy performance would be implemented and contribute to better service provision. The assumptions were reasonable.

Outputs

• 17,457 community water points were constructed, expanded or rehabilitated under the project. The target set at the first restructuring was 24,200.
• 10.5 percent of improved rural water supply schemes were not functional in the program woredas. The target set in the PAD was 10 percent.
• 10,399 institutional water supply systems constructed or rehabilitated at schools and health facilities. The target set at the first restructuring was 10,380.
• Rural water and sanitation services programs prepared and Woreda WASH Teams established in all participating woredas. The target set in the PAD was 70 percent.

Outcomes

Compared against the end-project targets

PDO Indicator 1 was exceeded.

• Some 4,051,479 people in rural areas gained access to improved water supply services under the project. The revised target set in the first restructuring paper was 3,800,000 million people.

The PDO indicator target was exceeded. The efficacy of the project in achieving this objective is high.

Rating

High
OBJECTIVE 2

Objective
Objective 2: Increase access to improved sanitation services for residents in participating woredas in Ethiopia.

Rationale
A direct causal link can be drawn between the project's original activities and the expected outcomes. The activities consisted of (a) behavior change campaigns; (b) construction of sanitation facilities at schools and health facilities. The key outputs were household, school, and health facility sanitation facilities.

In turn, these outputs would be expected to result in the outcome of more people in targeted rural areas with access to improved sanitation facilities. Overall, the causal pathways from inputs to outcome were valid and direct, and the outcomes achieved could be mostly attributed to the project’s interventions. The activities, if completed, would be sufficient to provide a critical mass for the expected change.

The key assumption leading to this objective was that the behavior change campaign and use of the community-led total sanitation and hygiene approach would lead to households constructing improved latrines at their own expense. The construction of latrines at households and at schools and health facilities would lead to people gaining access to improved sanitation under the project.

Outputs

- 1,221,638 improved latrines constructed because of the behavior change and Community-Led Total Sanitation and Hygiene approach. The target set in the first restructuring paper was 627,000 latrines constructed.
- 1.9 million people trained to deliver the behavior change campaign. The target set in the first restructuring paper was 2.1 million people trained.
- 4,311 kebeles (73 percent) declared and verified open defecation free. The original target 80 percent of kebeles would be declared open defecation free.

Outcomes

Compared against the end-project targets

PDO Indicator 3 was exceeded.

- Some 5,575,263 people in rural areas gained access to improved sanitation facilities under the project. The revised target set in the first restructuring paper was 3,150,000 million people.

The PDO indicator target was exceeded. The efficacy of the project in achieving this objective is rated High.

Rating
High
OBJECTIVE 3
Objective
Objective 3: Increase access to improved water supply for residents in participating towns and communities in Ethiopia.

Rationale
A direct causal link can be drawn between the project's original activities and the expected outcomes. The activities consisted of (a) construction and rehabilitation of water production, treatment, transmission, and distribution infrastructure in urban areas; and (b) technical assistance and capacity building support to strengthen the management capacity of participating water boards/committees and operators.

In turn, these outputs would be expected to result in the outcome of more people in targeted towns using safe water that would be supplied sustainably by utilities and other service providers. Overall, the causal pathways from inputs to outcomes were valid and direct, and the outcomes achieved could be mostly attributed to the project's interventions.

Outputs
- Water supply systems constructed in 73 towns (69 small and 4 medium towns). This output is not in the results framework, and no target was set.
- 59,002 additional cubic meters of water produced per day. The target set in the first restructuring paper was 49,500 additional cubic meters per day.
- Water Boards established in 122 (102 small and 20 medium) towns and have prepared business plans. The target set in the first restructuring paper was 144 towns, and the original target was 70 towns.

Outcomes

Compared against the end-project targets

PDO Indicator 2 was not achieved.

- Some 1,241,887 people in urban areas gained access to improved water supplies under the project. The revised target set in the third restructuring paper was 1,500,000 million people. The original target was 1,001,000.

The revised PDO indicator target was not achieved, but the original target was exceeded. The efficacy of the project in achieving this objective is rated Substantial.

Rating
Substantial

OBJECTIVE 4
Objective
Objective 4: Increase access to improved sanitation services for residents in participating towns and communities in Ethiopia.

Rationale
A direct causal link can be drawn between the project’s original activities and the expected outcomes. The activities consisted of (b) construction of public and communal latrines; and (b) improving towns’ de-sludge services by constructing sludge drying beds, and procuring vacuum trucks or other desludging equipment; and (c) promoting sanitation and hygiene through urban health extension programs.

In turn, these outputs would be expected to result in the outcome of more people in targeted towns with access to improved sanitation facilities. Overall, the causal pathways from inputs to outcome were valid and direct, and the outcomes achieved could be mostly attributed to the project’s interventions.

Outputs
- 236 public and 200 communal latrines constructed (total of 436). The original target set in the PAD was 450 public and communal latrines.

Outcomes

Compared against the end-project targets

PDO Indicator 4 was not achieved.

- Some 136,500 people in urban areas gained access to improved sanitation facilities under the project. The target set in the first restructuring paper was 150,000 people, and the original target was 67,500.

The revised PDO indicator target was not achieved, but the original target was exceeded. The efficacy of the project in achieving this objective is rated Substantial.

Rating
Substantial

OVERALL EFFICACY

Rationale
Overall efficacy is rated Substantial. The objectives of increasing access to water supplies and sanitation services in targeted rural areas in Ethiopia were exceeded and are rated high. The revised PDO targets of increasing access to water supplies and sanitation services in targeted towns and communities in Ethiopia were not achieved, but the original targets were exceeded. The objective of increasing access to improved
sanitation services in some areas of the Recipient’s territory was fully achieved and is rated substantial. Overall efficacy is rated substantial.

Overall Efficacy Rating
Substantial

5. Efficiency
Economic efficiency.

An economic analysis of the project was conducted at appraisal, consisting of separate analyses of the urban and rural systems (PAD, page 16). The assumptions and methodology used in the cost-benefit analysis were appropriate. The benefits comprised (a) reduced time to spent collecting water; (b) reduced health costs due to increased availability of safe water and sanitation facilities and increased knowledge of good sanitation and hygiene practices; and (c) improved sustainability of water supply. The costs included the investment and the operations and maintenance of the water supply network. The net present value (NPV) of the rural water supply component was estimated to be US$31.7 million using a discount rate of 10.23 percent, and the economic rate of return (ERR) was estimated to be 24.2 percent. The net present value (NPV) of the urban water supply component was estimated to be US$50.0 million using a discount rate of 10.23 percent, and the ERR was estimated to be 23.8 percent. The NPV of the rural and urban components combined was estimated to be US$123.5 million and the ERR was estimated to be 45.3 percent.

These were underestimates, because the benefits of income gained as a result of reduced absenteeism at work and school due to illness, reduced premature mortality, reduced costs of water treatment due to reductions in release of sewage, and others were not included in the estimate of the NPV and ERR.

The economic analysis for the urban water and sanitation systems was updated for the second restructuring reflecting (a) increases in investment costs resulting from pooled financing of several development partners; (b) reductions in the average number of beneficiaries of small towns from 20,000 to 14,752 (average of the actual population figures); (c) delays in delivery schedule, which moved completion of nine large and 51 small towns after the current closing date; and (d) changes in some of the macroeconomic parameters including the exchange rate, inflation rate, per capita health expenditure, and others. These changes reduced the NPV to US$6.7 million at a discount rate of 10 percent, and the ERR to 13 percent.

The economic analysis was again updated at project completion, using the same structure used for project appraisal, with costs and benefits discounted at 10 percent over a 10-year period for rural water supply on spot systems and over a 15-year period for urban water supply and rural pipe systems (ICR, page 18–19). Separate analyses were carried out for the urban and rural water supply components and combined (rural+urban) for the project. The NPV of the rural water supply component was estimated to be US$49.95 million, and the ERR was estimated to be 25.5 percent. The NPV of the urban water supply component was estimated to be US$270,000, and the ERR was estimated to be 10.1 percent. The NPV of the rural and urban components combined was estimated to be US$50.2 million and the ERR was estimated to be 17.3 percent.
Although the NPV and ERR were lower than anticipated at appraisal, the team clarified in an email to IEG dated August 29 that the project achieved intended benefits on a per unit basis. The team also noted that a household survey conducted at completion demonstrated strong qualitative evidence of user satisfaction, reduced time fetching water and reduced illnesses (water and excrete-borne diseases).

**Design and implementation efficiency.** The project closing date was extended by two years to allow adequate time to complete ongoing contracts. In addition, not all contracts related to the urban water supplies were complete by project closing due to delays in planning and design of facilities and Covid-related restrictions on mobility, which delayed the delivery of pipes, fittings and electro-mechanical equipment imported from abroad. Such delays reduce efficiency. However, the project’s pooled funding arrangement which brought six development partners into a single Bank-managed project contributed to efficiency by reducing transaction costs for both the government and donors. The “one plan, one budget, one report” principle of the Program allowed government counterparts to focus on implementation rather than attending to the reporting needs of each donor separately. Resources from different donors were absorbed more efficiently and quickly than previous projects and activities financed unilaterally by different donors.

Overall, the quantified long-term benefits are substantial in comparison to the costs, although lower than estimated at appraisal due to higher investment costs and lower benefits than foreseen at appraisal. There were shortcomings in planning and design of some urban water systems, procurement, and contract management, that delayed project implementation. The efficiency of the project is rated Substantial.

**Efficiency Rating**

Substantial

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**a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:**

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* Refers to percent of total project cost for which ERR/FRR was calculated.

**6. Outcome**

With Substantial relevance of objectives, Substantial efficacy, and Substantial efficiency, the overall rating is Satisfactory

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**a. Outcome Rating**

Satisfactory
7. Risk to Development Outcome

The risk to development outcome is considered to be moderate. The project has helped to strengthen the spare parts supply chain and operations and maintenance (O&M) practices, which has led to a reduction of non-functioning rural water schemes from 25 percent to 10.5 percent. This will lead to higher collection of revenues and further strengthening of the capacity of the service providers to maintain water supplies. Strengthening of management capacities of both rural and urban service providers will also help with O&M of water supply, sanitation, and hygiene facilities. None-the-less, regional disparities in O&M capacities exist, particularly at woreda and kebele levels. High turnover of staff may erode technical and administrative capacities to manage water schemes effectively and efficiently, if training of new and existing staff is inadequate. O&M of facilities at schools, health facilities, and in public places requires focused attention.

Recent incidents of insecurity pose a risk to development outcomes. Obtaining spare parts and other supplies to operated and maintain water supply schemes constructed in some areas, particularly Tigray, may be challenging, until the conflict comes to an end. Political instability could also pose a threat to the newly strengthened water and sanitation service providers.

8. Assessment of Bank Performance

a. Quality-at-Entry

At project entry, the objective of increasing access to improved water supply and sanitation services for residents in participating woredas, towns and communities in Ethiopia by expanding water and sanitation services in rural and urban areas contributing to achievement of the targets set out in its GTP 2010–2015 was of high strategic priority. Project design built on previous Bank engagements and experience. The project's approach was straight forward, expanding water production, treatment, and distribution capacities, and facilitating access to services construction and rehabilitation of public standposts, and construction of water and sanitation facilities at schools, hospitals and public places, and strengthening capacities to deliver and manage services. The project activities were sufficient to achieve the project objectives. The technical aspects of the project were sound. The project supported implementation of proven technologies to address the development problem of limited access to water and sanitation services. Economic aspects of the project were sufficiently assessed justifying the viability of the project. The project implementation arrangements followed the same structures that were used under the recently closed Bank-funded WSSP. The National WaSH Coordination Office was responsible for coordinating, planning, and overseeing program implementation at federal level. WaSH Project Management Units established within the sector ministries were responsible for implementing the project activities. In addition the Water Resources Development Fund was responsible for appraisal, monitoring, and evaluation of projects proposed for medium towns. WaSH PMUs in the Bureaus of Water Resources, Health, Education, and Finance and Economic Development were responsible for implementing the project activities at the regional level. Finally, dedicated WaSH Team consisting of members from the Water, Health, Education, and Finance desks were responsible for program planning and implementation at the woreda level. To ensure the adequate implementation of activities, a project implementation manual was prepared. Lessons learned from the recently closed WSSP and similar water and sanitation projects in other counties in the region, were incorporated in the project design, such as the features required for a
successful sector-wide approach (PAD, page 10). The indicators in the results framework were sufficient to measure the project outputs and outcomes. Risks were appropriately identified.

In addition, during preparation the Bank team started discussions with other development partners the possibility pooling IDA resources with those of other development partners, thereby establishing a programmatic sector-wide approach. Although by the time of Board presentation agreement had not yet been reached on the use of IDA’s fiduciary and safeguards rules, the team fully anticipated that agreement would be reached soon.

However, the quality at entry did have shortcomings. Some key instruments, such as the study and design of large water supply systems in urban areas were not ready by effectiveness, which led to delays in implementation. Also, the team underestimated the differences among regions of capacities for planning, coordination, and implementation, which led to implementation delays, particularly of implementation of urban water supply systems.

Quality-at-Entry Rating
Satisfactory

b. Quality of supervision
Two task team leaders led project preparation and implementation, both based in Addis Ababa allowing consistent follow up. Close supervision ensured that the implementation teams focused on development impact, such as increasing access to water and sanitation services. Some 14 implementation support missions were held during project implementation, one every six months or so. These were carried out jointly with the development partners, following the 2015 restructuring. Prior to the mission, the team prepared a checklist of issues to be covered, which it sent to the implementing agencies. The team held pre-mission briefings to ensure that each agency understood what was requested. Except for a kick-off and wrap-up meetings with the National WASH Steering Committee, the National WaSH Coordination Office, and WASH PMUs of the sector ministries, the mission was divided into different groups, covering different regions. Development partners were actively engaged in mission discussions and in the monitoring of project implementation and progress towards the project objectives. Aide Memoires and Implementation Status and Result Reports were of high quality and candid, thoroughly covering all key issues and providing practical recommendations on how to address challenges. Supervision of safeguard and fiduciary aspects of the project was appropriate. The Bank team closely monitored compliance with safeguards and flagged issues when required procedures were not adequately followed. The task team proactively restructured the project three times to extend the project closing date, adjust activities, and amend the results framework. The Bank team was flexible and responsive to emerging needs of the client. For example, it worked with Client and other development partners to add to the OWNP a climate resilient WASH activities, focusing on providing WASH services to people living in drought-prone areas. In addition, the Bank team reacted swiftly to address implementation delays related to the onset of the Covid-19 pandemic and extended the project closing date to enable the client to deliver hand-washing and hygiene messages aimed at reducing the spread of the virus. Finally, the Bank team adopted a new online tool, called “Geo Enabling Monitoring and Supervision” in late 2020, to facilitate remote monitoring of project implementation during the period when travel was not possible.
Overall, the quality of supervision is rated satisfactory notwithstanding minor shortcomings in the proactive identification of and resolution of challenges.

**Quality of Supervision Rating**
Satisfactory

**Overall Bank Performance Rating**
Satisfactory

### 9. M&E Design, Implementation, & Utilization

#### a. M&E Design

The theory of change was sound, specifying how the key activities and outputs led to the outcomes as reflected in the results framework. The project development objectives of increasing access to improved water supply and sanitation services for residents in participating woredas, towns and communities in Ethiopia were clearly specified and reflected in the outcome indicators included in the results framework. The intermediate results indicators, measuring outputs such as improved community water points and latrines constructed or rehabilitated under the project were adequate to capture the contribution of the operation’s activities and outputs toward achieving PDO-level outcomes as presented in the PAD. The indicators were specific, measurable, achievable, relevant, and time-bound, with baseline and target values specified for all indicators. The proposed data collection methods were adequate for all indicators. Overall, the project implementing agencies had the capacity to implement the M&E arrangements and the indicators were sufficient to measure the achievements of the project in increasing the access to water and sanitation services.

The design of the results framework had some shortcomings. First, the results framework had no indicators related to number of household connections made in rural or urban areas, nor the number of people expected to benefit from each connection. The results framework did not account for improvements in the water supply or sanitation service chain beyond construction of new community standpipes and latrines, such as time saved for fetching water, reliability, or quality. A beneficiary assessment carried out at the end of the project implementation period provided evidence that time spent collecting water fell significantly in the beneficiary communities and that the quality of water improved. Finally, the results framework did not include indicators related to financial performance of service providers, a key measure of the likely quality and sustainability of services in the future.

#### b. M&E Implementation

The impact and performance of the project were effectively monitored through data collection and reporting by national and regional WaSH coordination offices, and results were reported to the National Water Coordination Office and to the Bank and development partner teams quarterly. The results framework was revised during each restructuring, increasing targets during the first restructuring to reflect the pooled resources made available to the OWNPN and reducing targets in the second and third restructuring to reflect reductions in resources and increases in costs of urban water supply systems. The
quality of the data was a challenge during the first years of project implementation, but improved in later years. Data quality on the number of latrines constructed in rural areas was a challenge, because the latrines were financed by households and were counted by health extension workers, and their assessments were not necessarily consistent. However, the regional WASH offices thoroughly reviewed and discussed the M&E data prior to their submission to the Bank team, which helped ensure its accuracy. The Client produced its Implementation Completion Report, during which M&E data were reviewed and verified. The Client also carried out a beneficiary assessment, with guidance from the Bank team. Joint field visits by the Bank team, development partners, and the implementing agencies during missions verified results achieved and evaluated the quality of infrastructure constructed under the project. When mission stopped during Covid, the Bank team used the Kobo Toolbox to monitor implementation.

c. M&E Utilization

Indicators were communicated effectively and used throughout implementation to assess project progress, identify the need for adjustments and make decisions accordingly. For example, when the Bank and government teams noted that the progress in constructing urban water supply systems was below expectations, the Bank restructured the project to reduce the targets in the results framework. The M&E data were used to provide evidence of achievement of the increase in the access to water and sanitation services.

The M&E system as designed and implemented was sufficient to assess the achievements of the project objectives to increase access to improved water and sanitation services, but there were shortcomings in capturing other aspects of the results chain.

**M&E Quality Rating**

Substantial

### 10. Other Issues

a. Safeguards

At appraisal the project was assigned Environmental category “B” because environmental risks and social impacts were expected to be minimal and manageable, and, in most cases, reversible. Five safeguard policies were triggered during preparation of the project: Environmental Assessment (OP/BP 4.01), Involuntary Resettlement (OP/BP 4.12), Physical Cultural Resources (OP/BP 4.11), Indigenous Peoples OP/BP 4.10, and Projects on International Waterways (OP/BP 7.50). An additional safeguard policies was triggered during the second restructuring: Safety of Dams OP/BP 4.37.

**Environmental Assessment (OP/BP 4.01) and Involuntary Resettlement (OP/BP 4.12).** The ISR dated June 24, 2021 stated that the project closed with a moderately satisfactory overall safeguards rating. The government updated the Environmental and Social Management Framework (ESMF) and a resettlement policy framework (RPF) used for the WSSP to customize it for use by the Water, Sanitation, and Hygiene Project to address any potential impacts. The government consulted sufficiently with the concerned people...
and local governments in preparing the ESMF and the RPF. The ESMF and RPF were disclosed in Ethiopia November 28, 2013 and at the Bank’s Info Shop on December 3, 2013.

Some 351 Resettlement Action Plans and 109 Abbreviated Resettlement Action Plans were prepared and implemented. The implementing agencies faced challenges throughout project implementation because of high turnover of environmental and social safeguards specialists at the regional and woreda levels. To address this challenge, the Ministry of Water, Irrigation, and Energy, with assistance from the Bank, provided environmental and social safeguards training numerous times.

**Physical Cultural Resources (OP/BP 4.11).** The ICR does not report on compliance with this safeguard.

**Indigenous Peoples (OP/BP 4.10).** The ICR does not report on compliance with this safeguard.

**Safety of Dams (OP/BP 4.37).** The ICR does not report on compliance with this safeguard.

**Projects on International Waterways (OP/BP 7.50).** The ICR does not report on compliance with this safeguard.

b. Fiduciary Compliance

**Financial Management.** The project’s implementing agencies generally complied with the Bank’s fiduciary policies. The project benefited from the financial management arrangements set up in the previous WSSP. The financial management risk during appraisal after implementation of mitigating measures was assessed to be substantial. The project implementing agencies at the federal, regional, and woreda levels had sufficient capacity for financial management of the project, having gained experience under the WSSP. The ICR notes that external audit reports were unqualified (paragraph 64). The ICR does not provide information on the timeliness of submission of the external audit reports or the interim financial reports. There were no known issues of corruption or misuse of funds associated with the project. All project funds were accounted for at project closing. The project’s financial management was compliant with the World Bank’s requirements.

**Procurement.** The Ministry of Water, Irrigation, and Energy had overall responsibility to ensure that the procurement process was carried out as per the Financing Agreement and the World Bank’s Procurement Framework for Investment Project Financing. The project benefited from the procurement arrangements set up in the previous WSSP. Procurement risk after mitigation was assessed as high.

Although staff in the implementing agencies had over a decade of experience with procurement under World Bank-financed operations, lengthy delays in procurement and weak contract management at the regional and woreda levels slowed implementation of the project. Delays were caused by use of outdated unit costs to estimate costs, and significant price escalations during construction, which led to budget shortages and revision of original plans. Several complaints were raised by contractors and consultants regarding contracting processes and procedures during project implementation.

There were capacity gaps among regions. To address the issue, the Bank applied different thresholds for Bank’s prior review in goods and civil works contracts for big regions (Amhara, Oromia, Tigray, and SNNPR) than for emerging regions (Gambella, Benishangul Gumuz, Afar, Somali, Harari and Dire Dawa
c. Unintended impacts (Positive or Negative)

A number of schools benefiting from the project established school WASH clubs. Their members were involved in activities to keep the school environment clean and promoted sound hygiene practices in their homes and communities.

d. Other

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11. Ratings

<table>
<thead>
<tr>
<th>Ratings</th>
<th>ICR</th>
<th>IEG</th>
<th>Reason for Disagreements/Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outcome</td>
<td>Satisfactory</td>
<td>Satisfactory</td>
<td></td>
</tr>
<tr>
<td>Bank Performance</td>
<td>Satisfactory</td>
<td>Satisfactory</td>
<td></td>
</tr>
<tr>
<td>Quality of M&amp;E</td>
<td>High</td>
<td>Substantial</td>
<td>The M&amp;E system had moderate shortcomings, such as not reporting on the number of household connections constructed as a result of the project, and it lacked indicators related to financial performance of service providers, and other aspects of the results chain</td>
</tr>
<tr>
<td>Quality of ICR</td>
<td>---</td>
<td>Substantial</td>
<td>Substantial</td>
</tr>
</tbody>
</table>

12. Lessons

IEG derives the following lessons drawn from the ICR:

**Successful harmonization of donor support requires the active involvement and strong commitment from the government and development partners.** Bringing multiple development partners together in one program required considerable negotiation and compromise on the part of the development partners to reach agreement on what fiduciary and safeguards policies would apply. The leadership of the Ministry of Finance and Economic Development was critical in encouraging the development partners to reach agreement on a programmatic approach.
commitment and leadership of World Bank team was instrumental in driving the process forward, even following Board approval of the Bank-financed project.

Using a programmatic sector-wide approach in a fragile-country context helps to reduce conflict. Pooling development partners resources created a large enough budget envelope to reach communities across the country. The use of one plan, one budget, one reporting system and one consolidated WASH account, meant that the same approach applied across the country, minimizing tensions between regions.

Overcoming capacity gaps requires continuous and tailored support. There are significant regional differences in capacity of implementing agencies, particularly at the local level. The project did not sufficiently tailor training programs to reduce the capacity gaps, which remained evident throughout the project implementation period. More intensive efforts to build the capacity of weaker implementing agencies would help to close the regional capacity gaps.

Ensuring that plans and designs for infrastructure are ready by effectiveness and that implementing agencies have filled key staff positions reduces implementation delays and increases efficiency. Some of the plans and designs for large urban water systems were undertaken during the project implementation period, which delayed construction of works. Some implementing agencies did not hire key personnel, such as project managers and safeguards specialists, long after effectiveness. Learning from these lessons, phase 2 of the project includes criteria that newly-nominated woredas must comply with before managing project-financed activities. These criteria include establishing (or strengthening) woreda water teams, assigning qualified personnel to plan and manage the activities at each sector office, nominating a focal point to provide safeguards oversight. Further reducing delays, rural piped water schemes that cross woreda boundaries, are managed at the regional level, instead of at the woreda level.

13. Assessment Recommended?

No

14. Comments on Quality of ICR

The ICR provides a detailed overview of the project. The ICR is clearly written and largely consistent with the guidelines. It provides adequate details of the project’s activities, including a detailed annex summarizing the efficiency analysis. The ICR provides a good theory of change in regard to the causal links and full results chain, and the reporting is outcome-focused. Its analysis is broadly evidence-based.

The ICR, however, could have provided information on compliance with safeguards, the timeliness of submission of interim financial reports and external audits, and the amount of funds remaining in the at project close, and whether they have been returned to the Bank. It could have noted whether all project funds were accounted for at project closing. The table in annex 3 should have presented the costs of the Bank-financed project, as in the datasheet, making comparison of the between the planned and actual expenditures possible.
Moreover, the figures for actual disbursements in the table in the datasheet (US$187.34 million) does not match the figure for actual project costs in annex 3 (US$397.36 million).

Some of the figures in the ICR are not correct. For example the ICR states that the cost of component 2 at appraisal was US$93.0 million, of which IDA financing provided US$77.7 million (page 9). Yet, the datasheet of the PAD shows the cost of component 2 to be 84.7 million, all IDA.

a. Quality of ICR Rating
   Substantial