

## Ethiopia Protection of Basic Services Phase 2 Project



## Expanding Access and Improving Quality The Experience of the Ethiopia Protection of Basic Services (PBS) Program

### Overview

Since the Protection of Basic Services (PBS) 1 Program started in 2006, Ethiopia has made strong progress in expanding and improving the delivery of basic services, as well as towards reaching the Millennium Development Goals. This program contributed to an increase in the net primary school enrollment rate from 68.5 percent (2005) to 87.9 percent (2010), and the child immunization rate from 70 percent (2005) to 82 percent (2010). Rural access to potable water also increased from 46 percent (2005) to 65.8 percent (2010). This program contributed to an increase in the net primary school enrollment rate from 68.5 percent (2005) to 87.9 percent (2010), and the child immunization rate from 70 percent (2005) to 82 percent (2010). Rural access to potable water also increased from 46 percent (2005) to 65.8 percent (2010).

### Challenge

At the beginning of the Millennium, Ethiopia's human development indicators were amongst the very lowest in the world. The government has committed to significant progress to reach the Millennium Development Goals (MDGs), supporting decentralized basic service delivery. Despite good progress towards these goals, the outcome and subsequent social unrest following the 2005 elections strained the relationship between Ethiopia and its donor partners, resulting in the suspension of budget support, and posing a significant risk to the continued roll out of the government's targeted poverty spending program. Focusing on joint commitment to reach the MDGs, the Protection of Basic Services (PBS) Program seeks to ensure uninterrupted support to basic services such as education, health, water, and agriculture, while strengthening local government capacity and improving accountability in the management of public resources.

### Approach

The International Development Association (IDA) supports the government commitment to expand access to decentralized basic services and it follows a nationwide, programmatic approach across several sectors, channeling resources through government public financial systems directly to district governments. IDA's role to organize a coalition of development partners to support these block

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# 87.9%

Primary school enrollment rate increased from 68.5% in 2005 to 87.9% in 2010

# 82%

The child immunization rate rose from 70% in 2005 to 82% in 2010.

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grants to the district governments is crucial to the program's success. In the interest of fairness and transparency, regional governments distributed block grants to local governments according to intergovernmental fiscal rules.

Over the course of the PBS Program, total basic service spending by regions and district governments almost doubled, from US\$505 million in 2005 to US\$1,149 million in 2009.

The program complements these block grant resources with capacity building to promote transparency and local accountability, maintain fiduciary standards and generate accurate results. As part of this overall effort to strengthen capacity, the PBS Program includes a pilot effort for local governments to plan and manage capital investments in a transparent and participatory manner; a US\$12 million initiative to promote social accountability, the largest social accountability program in Africa; and a financial transparency and accountability program to make local budget and service delivery information available to service users.

## Results

The PBS Program is aimed at increasing access and quality of basic services, while building government systems capacity and supporting the government of Ethiopia's decentralization drive. The project has already shown significant results, including the following:

- With support from the project, local governments were able to hire an additional 100,000 primary school teachers nationwide . This has contributed to increasing the net primary school enrollment rate increased from 68.5 percent (2005) to 87.9 percent (2010) Child immunization rate increased from 70 (2005) to 82 percent (2010) through placement of 35,000 health extension workers nationwide, so that two trained workers are in every new health post in every community in the country and essential immunization materials are available in each of these health posts;
- Rural access to potable water increased from 46 percent (2005) to 65.8 percent (2010);
- Improved transparency as all regions and 90 percent of local governments posted budgets in public places; and
- Strengthened accountability and fiduciary systems since quarterly audits took place for 95 percent of local governments nationwide (730 out of 770).

## Bank Contributions

The original 2006 IDA allocation to the ongoing Ethiopia PBS Program was a US\$215 million credit. Additional grant financing was provided in 2008 for another US\$215 million equivalent. A follow-up operation (PBS II) was approved in May 2009 with an IDA commitment of US\$540 million equivalent. In February 2011, IDA committed US\$420 million in additional financing for the PBS II. Total project costs for the PBS 2, reached US\$4,148.1 million, with the government of Ethiopia providing a total of US\$1,951.6 million. Outside of IDA funding, development partners have contributed US\$869.7 million for the PBS 2 and are anticipated to cover a remaining financing gap of US\$366.8 million.

## Partners

As an effective instrument to support the government's commitment to local basic services, in addition to IDA, the PBS Program has been supported by 10 other development partners (the African Development Bank, the Governments of Austria, Ireland, Italy, Netherlands, Spain, the Canadian International Development Agency (CIDA), the UK Department for International Development (DFID), the German Development Bank (KfW) and the European Commission.). The guiding principles for donor participation in the PBS Program are harmonization of aid and integration with the government of Ethiopia's financial systems. As the program's primary motivator, IDA took responsibility for harmonizing donor contributions, co-chairing the PBS Development Partners group to seek consensus, and channeling funding on donors' behalf. The PBS 1 involved donor contributions of US\$814 million. Most PBS 1 donors provided their financing through IDA-administered trust funds (US\$660 million). These trust funds used

pooled arrangements subject to common procurement and financial management processes. To accommodate individual donors' interests to support different sub-programs, IDA managed a large portfolio of 19 multi-donor trust funds, including recipient and IDA-executed parent and child trust funds. The PBS 2 involves more than US\$850 million in donor co-financing committed, with likely additional contributions of nearly US\$366.8 million.

## Toward the Future

Due to the excellent results of the PBS 1, a follow-up operation (PBS 2) was approved in 2009, and an additional financing for PBS 2 in 2011, following strengthened procedures to promote policy dialogue, build capacity and monitor results. IDA support for the PBS Program through this operation continues to support decentralized provision of basic services, including education, health, agriculture, water supply and sanitation, with the addition of rural roads. Sustainability of the program is ensured since it is a program owned by the government of Ethiopia and financed in large part by its own resources, and by using the country systems, while strengthening capacity for improved public financial management and accountability.

## Beneficiaries

As a nationwide program, the PBS Program has helped improve the lives of more than 70 million rural Ethiopians: not least among them are children who now have access to services denied to them before. In a recent field visit, a 10-year-old child named Sanait in Sele Kebele said "Memar ewodalehu [I love to learn!]" . Going to school has become the highlight of her life. The 'older' classroom she studied in lacked proper light and ventilation. She was excited to start studying in her new classroom and was eagerly awaiting the completion of the facilities there.

Access to health services has also increased. Twenty-three year old Birhane Wolde Giorgis has worked as a Health Officer for the past year at the health center which serves the Debre Libanos woreda - consisting of about 50,000 people. On a very busy day the health center receives as many as 40 patients. The new wing of the health center – which took five months to build with a PBS grant – provides basic maternal and child care facilities. As a result of increased confidence in the services provided at health center, the number of visitors has more than doubled from 200 cases a month two years ago to about 500 visitors currently.