Governance and Drivers of Change in Ethiopia's Water Supply Sector

A study conducted by the Organisation for Social Science Research in Eastern and Southern Africa (OSSREA) in collaboration with the Overseas Development Institute (ODI)

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Any feedback or enquiries regarding this report would be gratefully received. Please contact Dr. Simon O'Meally at: s.omeally@odi.org.uk.

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Acronyms

AfDB	African Development Bank
ANRS	Amhara National Regional State
A-UAP	Accelerated Universal Action Plan
BoFED	Bureau of Finance and Economic Development
BoWRD	Bureau of Water Resources Development
BPR	Business Process Reengineering
CAR	Capability, Accountability, Responsiveness Governance Framework
CAR/PE	The study's Capability, Accountability, Responsiveness plus Political Economy Framework
CBPF	Capacity Building Pooled Fund
CFT	Community Facilitator Team
CRDA	Christian Relief and Development Association
CSO	Civil Society Organisation
DAG	Development Assistance Group
DFID	Department for International Development (UK)
DOC	Drivers of Change
EC	European Commission
EFY	Ethiopian Fiscal Year
EPDRF	Ethiopian People's Democratic Revolutionary Front
FDRE	Federal Democratic Republic of Ethiopia
FINNIDA	Finnish International Development Cooperation
GPE	Governance and Political Economy Framework
JTR	Joint Technical Review
MOFED	Ministry of Finance and Economic Development
MOWR	Ministry of Water Resources
MOU	Memoranda of Understanding
MSF	Multi-Stakeholder Forum
ODI	Overseas Development Institute
ORDA	Organisation for Rural Development in Amhara
OSSREA	Organisation for Social Science Research in Eastern and Southern Africa
PASDEP	Plan for Accelerated and Sustained Development to End Poverty in Ethiopia
PBS	Protection of Basic Services Program

PE	Political Economy
PEA	Political Economy Analysis
PFR	Public Finance Review
PEPR	Political Economy of Policy Reform Framework
REST	Relief Society of Tigray
RiPPLE	Research-inspired Policy and Practice Learning in Ethiopia and the Nile Region
SDPRDP	Sustainable Development and Poverty Reduction Program
SGAF	EU Sector Governance Analysis Framework
SNNPRS	Southern Nations, Nationalities and People's Region State
TVETS	Technical & Vocational Training Schools
UAP	Universal Access Programme
UNDP	United Nations Development Programme
UNICEF	United Nations International Children's Emergency Fund
WASH	Water, Sanitation and Hygiene
WB	World Bank
WSDP	Water Sector Development Program
WSG	Woreda Support Group

Executive Summary

In Ethiopia, investment in rural water supply forms a major plank of the government's poverty reduction efforts. The challenge is huge: Ethiopia's 2008 Plan for Accelerated and Sustained Development to End Poverty (PASDEP)[1] progress report, based on sector data, records rural water coverage at 54% and the country has the highest absolute number of people without access to improved water supply and sanitation in Sub-Saharan Africa.

To meet the challenge, the government has set ambitious targets to achieve full coverage by 2012 under its Universal Access Programme (UAP), with major investment from government, donors and (increasingly) communities. Considering the scale of the challenge, Ethiopia has made significant progress in attracting finance to the sector. At the same time, major reforms have resulted in the development of a programmatic approach to improve aid effectiveness in tandem with decentralisation.

Despite progress, however, significant obstacles remain. These obstacles can, at least in part, be explained by the nature of governance and politics in the sector, which present barriers to and opportunities for pro-poor change. Yet there is a gap in knowledge of the governance and political economy of the water supply sector in Ethiopia. This study addresses this gap by analysing the governance of the sector and by identifying some challenges associated with the political economy of sector reform.

Study Approach and Method

In order to better understand governance dynamics, the study pilots DFID's Capability, Accountability, Responsive (CAR) framework in the water sector and combines this with political economy (PE) insights. The CAR reviews sector governance in terms of state *capability* (i.e. the ability of the state to get things done); *accountability* (i.e. the relationships between actors who hold to account and are held to account); and, *responsiveness* (i.e. how the state and other public institutions behave in responding to the needs of citizens). PE approaches can build on this analysis by helping better understand *why* governance is as it is, identifying some key political drivers that drive or block change. PE is concerned with the interaction of political and economic processes in a society: the distribution of power and wealth between different groups and individuals, and processes that create, sustain and transform these relationships over time. PE aims to enable practitioners to develop a more realistic understanding of the prospects for change, to identify and mitigate risks and promote strategic entry points for change.

Combining the CAR and PE in this way is a unique approach and not without its challenges (see 'lessons learned' in the report's Annex). Given time limitations, the study focuses on: the CAR review of government processes in water supply delivery in selected regions; a mapping of key stakeholders and institutional arrangements for water service delivery; and, the identification of some key PE issues.

The study covers the federal level and two rural *woreda* and two urban towns in each of three National Regional States: Afar, Amhara and Tigray. The study draws primarily on qualitative, primary data gathered through interviewing key informants, including officials in key ministries,

[1] Ethiopia's second poverty reduction strategy – the Plan for Accelerated and Sustained Development to End Poverty.

department heads, and sector heads at federal, regional and *woreda* levels. In addition, information was collected from secondary sources in order to substantiate and strengthen the analysis, including academic studies, government documents, reports, and other materials.

The main findings of the report are outlined below.

Sector Governance: Capability, Accountability and Responsiveness

In terms of **capability**, the main challenges in the water supply sector include: 1) shortages of capital budget for the expansion of water supply services, particularly at *woreda* level, in spite of increased financial flows to the sector; 2) a lack of financial and human capacity in Town Water Supply offices; 3) significant bottlenecks in spending the funds that are committed (around 60% of budgeted finances are actually spent); 4) shortages in human resource capacity and expertise, with a high turnover of personnel; 5) weak coordination between different service delivery actors; and, 6) capacity to monitor sector performance at all levels is limited by a lack of experts and transportation, and by weak information management systems, although monitoring mechanisms do exist. Human resource shortages are more acute in Afar compared to Tigray and Amhara, and are particularly acute in remote rural w*oredas*.

As for **accountability**, various formal accountability mechanisms are in place. Heads and Deputy Heads of Water Bureaus and Zonal Offices and Management Boards of Town Water Supply Offices are administratively accountable to the Councils, which are the highest executive organs at the respective levels. In like manner, Councils are formally and officially accountable 'upwards': *woreda* to Regional/National Councils; and Heads of Regional Governments and Regional Councils to the National–Regional Council. Reporting requirements are in place. Weak performers are subject to disciplinary measures which include public warnings, financial sanction, demotion or dismissal. Other legal measures include application of the Civil Service Law or Labour Law. All public offices are required by law to have their organisations audited. Ethics and Anti-corruption Commissions, tasked with monitoring and tackling corruption, have been established in Amhara and Tigray, but not yet in Afar. However, this study indicates that the existence of formal accountability mechanisms and checks, of the kind outlined, do not in themselves guarantee improved accountability to citizens.

When it comes to **responsiveness**, regional constitutions and federal policy frameworks have provisions containing gender considerations, rights of women, rights of the child and other vulnerable groups. For instance, as a result of explicit government policy on equal participation of women, women make up 50% of water committees and 50% of *Woreda* Councils in Amhara and Tigray. Trends towards consultation and participation in water sector planning show promise for increasing responsiveness to citizens' needs – for instance, consumer satisfaction surveys in Wukro, or the use of Citizen Report Cards in other areas. However, such processes are patchy and embryonic. In spite of the available mechanisms for citizens' involvement in planning of water service delivery, limited budgets, the need to align with development priorities at national levels and significant dependence on top down funding (rather than, say, bottom up tax revenues) limits local responsiveness to citizenry. Likewise, in urban areas, weak revenue-generating capacity has been identified as a major barrier to more responsive water service delivery.

Political Economy Analysis

Building on the reviews of capability, accountability and responsiveness, a range of PE findings is presented. In terms of the wider PE context, historically, the ruling ethos in Ethiopia has been autocratic, centralised and hierarchical. From 1991, the ruling party, the Ethiopian People's Democratic Revolutionary Front (EPDRF), have started major processes of governance reform, including devolution into an ethnic group-based federation, a reform of the civil service, a gradual liberalisation of the economy and a policy to devolve fiscal, political and administrative power to regional governments. Such reforms have had mixed reviews. Today, major elements of the PE context include: continued centralisation of power and state control of land; tight control of the party over state institutions; relative weakness of opposition parties and civil society; and, continuing suspicion of the private sector – for example, in borehole drilling and the provision of spare parts for water supply infrastructure. More broadly, other studies suggest that political freedoms are somewhat limited, even if there has been a growth of political parties and steps towards democratisation.[2] Such broader political factors shape sector processes.

Specific to the water sector, the key PE issues include the following. **First**, water has been relatively low on the **political agenda** of ruling elites and opposition parties, which has implications for resource allocation to the sector and results in weaker demands for the ruling party to meet its water promises. Further, there is a risk that water 'self supply' is being promoted out of political expediency, to cut costs and boost coverage figures, without due consideration for water quality or the ability of households to finance such systems. This issue needs further attention.

Second, fiscal, administrative and political **decentralisation** processes in the sector have taken place to differing degrees. However, political constraints have limited this process and there is partial decentralisation in cases. For instance, the licensing of water works contracts of 'Grade Six'[3] and above (i.e. larger-scale water service construction) still remains in the hands of federal level authorities despite demands from regional authorities to exercise greater control. Similarly, Town Water Boards have not been given the authority to decide on the tariff of water supply as necessary to deliver to the respective towns. This can be explained, in part, by constitutional requirements to align with federal norms, persistent centralisation of political and fiscal power, and differential capacity of the regions to demand more autonomy from the centre.

Some findings also suggest that the degree of decentralisation in the Ethiopian water sector is not sufficient to enable the lower tier of government to accomplish its functions. On the other hand, this study, and other studies, also noted some of the risks associated with decentralisation processes in water service delivery. For instance, further decentralisation of water services to *woreda* level – *if* capacity for implementation is limited – risks worsening the implementation of water plans and undermining the political legitimacy of local governance. Also, decentralisation can present the risk of increasing the power of local elites in controlling the poor's access to

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[2] For instance, Human Rights Watch (2010) World Report 2010, New York; International Crisis Group (2009), Ethiopia: Ethnic Federalism and Its Discontents. Africa Report No 153. Nairobi / Brussels, ICG.

[3] In Ethiopia, water works are graded in relation to the level of capacity required to carry out the work. 'Capacity' is measured in terms of: general and technical managerial requirements; staff requirements; equipment requirements; and, office/garage space requirements. This is in accordance with the Ethiopian Water Resources Management Proclamation No. 197/2000, articles 8(a) and 11.

water services, such as the case of *kebele* officials' control over access to tap water, found in other research.[4]

Third, there are some cases of **political patronage** in the system, in that sector heads are political appointees and incentives exist to promote staff loyalty to the ruling party. A few interviewees raised concerns that s*ome* sector appointments were not made on the basis of merit alone and that political loyalties played a role in the selection of staff. This leads to pressures for 'upward accountability' to the party as opposed to responsiveness to citizens and service users. Similarly, there are some incentives for staff to over-report progress against water targets and coverage levels, leading to cases of 'coverage inflation'. Roll-out of the new WASH inventory should help harmonise data collection efforts, but is unlikely to address underlying pressures to over-report to higher levels of government.[5]

Fourth, there are variations in the politico-institutional makeup and agro-ecological characteristics across and within regions, explaining the limits and differences in **capacity**. For instance, Afar is an emerging region meaning that its political and institutional capacity in the sector is weaker relative to other regions, hindering its ability to deliver services and to effectively demand support from central government.

Entry points to promote change

In light of the CAR/PE review, a range of strategic entry points are suggested in the report. There is no magic bullet for solving the governance, political and technical issues shaping sector performance identified in the report. However, potential recommendations are identified and clustered into four areas.

1. Political prioritisation of water supply issues

While water issues may be extremely important to many segments of the Ethiopian population, e.g. small-scale farmers or pastoralists, such issues have limited visibility in Ethiopian political discourse and priorities. As such, efforts could be made to define and strengthen the 'political contract' around water, and to make water a more prominent political priority. This is a complex process to promote. Given the nature of the political system, the ruling party retain control over the central instruments of power, so the party remains the most important change agent in Ethiopia. However, political opposition, civil society and private actors may have growing potential to promote change.

Suggestions for increasing the political prioritisation of water supply include: strengthened awareness raising, education and communications on water issues, which receives inadequate attention in Ethiopia; the identification and support of reform champions (i.e. sympathisers) *within* government who would be prepared to champion 'water' at higher political levels; evidence-based and credible research through local research institutions to influence government; and, the building of citizen campaigns, for instance on 'rights to water', to redefine political obligations around water supply. An evidence-based dialogue could also be initiated with

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[4] See: Vaughan, S. and Tronvoll, K. (2003) The Culture of Power in Contemporary Ethiopian Political Life, Sida Studies, No. 10, Sweden: Sida, pp. 42 – 43.

[5] Butterworth, J.; Bethel Terefe, Demissie Bubamo, Eyasu Mamo, Yeshumneh Terefe, M. Jeths, S. Mtisi and Desta Dimtse (2009) Improving WASH information for better service delivery in Ethiopia. Addis Abeba, RiPPLE.

government over the strengths and weaknesses of self-supply and water quantity vs. quality considerations. This dialogue could help counteract the risks of politically expedient cost-cutting.

2. Decentralisation and mitigating risks

In Ethiopia, resistance to decentralisation, continued centralisation of power and some degree of 'token decentralisation' are apparent in this study and other studies. This should be recognised and the promotion of decentralisation must be realistic. Care should also be taken to mitigate the potential risks of decentralisation. If decentralisation is to be effective, real powers and real resources need to be handed over to local administrations. The consequence of not doing so is that their ability to operate and their political legitimacy are hampered. On the other hand, decentralisation can lead to local elite capture, or reduced local legitimacy. This highlights the need for checks and balances at local level, and thorough preparation and capacity-building of local administration and elected officials while delegating more power to the local level.

Furthermore, it may be worthwhile to review the mandate of certain water sector bodies under decentralisation. For instance, Town Water Supply Boards are obliged to sell water below the cost of production, and Councils often do not allow the Boards to institute tariff adjustments as appropriate for cost recovery. There is a need to review their mandate. Broader multi-stakeholder dialogues with government may be useful to review identified bottlenecks in water sector decentralisation. Building the capacity of regional and *woreda* tiers to demand more powers from central government might also be fruitful.

3. Enhancing accountability in the sector

In order to increase water sector capacity and accountability to service users, measures should be taken to ensure that sector staff are employed and rewarded based on technical merit, rather than on their loyalty to the ruling party. This would require a consistent, transparent and merit-based system of employment, promotion and reward. The existing civil service rules and regulations on employment should be promoted and strictly adhered to. Yet, addressing this process implies addressing the deep-rooted issue of separating state institutions from party control. The Business Process Reengineering (BPR) process has shown positive changes towards increasing transparency in personnel administration. This should be strengthened and scaled up. Also, incentive systems need to be reviewed to ensure there are no incentives for misreporting on water targets. Public access to basic water-related information has improved. However, further improvements and openness are still required, for example through public disclosure programmes that open up tendering, contracting and expenditure decisions to public scrutiny.

Bottom up planning and needs assessment approaches have shown promise in increasing responsiveness to citizen needs in the water sector. A potentially effective mechanism for citizens' participation in planning, monitoring and reporting (the citizens' report cards) has been demonstrated through the Protection of Basic Services (PBS) programme. Future water development programmes should consider scaling up this approach.

4. Capacity-building in the sector

Regional differences in politico-institutional development and agro-ecological characteristics suggest that one-size-fits-all blueprints for water sector capacity-building are inappropriate. Measures are also needed to ensure consistent and attractive salaries across regions and *woreda* to retain capable staff.

Other technical entry points are as follows. Build the water sector knowledge-base and capacity through, for instance, making the Capacity Building Pool Fund (CBPF) operational. The

Water, Sanitation and Hygiene (WASH) CBPF could help harmonise capacity building initiatives in the sector. In terms of financial capacity, donors should further ensure alignment with government procedures. Also, the donor requirement on the 'matching fund' appears promising as a way to influence levels of resource allocation to the sector, even if there is a need for improvement. This should, however, take into account the financial capacity of the government and constraints on capital spending at the local level.

Report layout

To illustrate the report's findings, the report is separated into four main parts. **Part I** introduces the approach and methodology used. **Part II** provides a brief analysis of the key features of the water sector and then discusses challenges in relation to CAR at the various administrative levels. **Part III** assesses some key PE drivers of change in the sector. Drawing on the preceding analysis, **Part IV** suggests some entry points to promote change. **The Annex** provides background information, including the interview question guide, a list of interviewees and a set of 'lessons learned' from applying the CAR/PE framework.

Part I: Introduction and Approach

1 Introduction and study objectives

In Ethiopia, investment in rural water forms part of the government's poverty reduction efforts. The challenge is huge: the 2008 PASDEP progress report indicates rural water coverage at 54%, and the country has the highest absolute number of people without access to improved water supply and sanitation in Sub-Saharan Africa.

To meet the challenge, the government has set ambitious targets under the Universal Access Programme (UAP) to achieve full coverage by 2012, with major investment from government, donors and (increasingly) communities. Considering the scale of the challenge, Ethiopia has made significant progress in attracting finance to the sector. At the same time, major reforms have resulted in the development of a programmatic approach to improve aid effectiveness in tandem with large-scale decentralisation.

Despite considerable progress, however, significant obstacles remain in delivering, and financing, sustainable services. A hypothesis this study examines is that obstacles, and opportunities, can be understood more fully through the lens of governance and political analysis. As such, the study aims to better understand the governance of the water supply sector in Ethiopia and to identify some key PE challenges and opportunities for progress that might not be apparent with a more technocratic focus.

To better understand governance dynamics in the sector, the study's objectives are: 1) to pilot DFID's Capability, Accountability, Responsiveness (CAR) framework at sector level; 2) to combine this framework with PE insights in order to gain a fuller understanding of some drivers of change in the sector; and, 3) to provide some 'lessons learned' on piloting this approach to inform the development of future governance and political analyses in the sector (see Annex). Given time limitations, the primary focus of the study is governmental water supply policy and policy implementation, as noted below. The Organisation for Social Science Research in Eastern and Southern Africa (OSSREA) in collaboration with ODI and DFID conducted this study from May 2009 to April 2010.

1.1 Study approach and method

The purpose of the study is to gain a better understanding of governance in the water sector in Ethiopia and to identify some key political issues and processes that explain this state of play. In order to do so, the approach draws on the CAR governance framework combined with insights from Political Economy Analysis (PEA). This approach is briefly described below.

1.1.1 Governance and the Capability, Accountability, Responsiveness (CAR) framework

The CAR framework aims to better understand the governance factors that affect the achievement of greater poverty reduction. The thinking behind the framework is that poverty

reduction is more likely to occur when governments are capable of service provision, are held accountable and can effectively respond to citizens' needs.[6]

State '*capability*' refers to the ability and authority of leaders, governments and public organisations to get things done. It focuses particularly on the ability of the state to effectively develop, formulate and implement policies. '*Accountability*' refers to institutionalised relationships (formal and informal) between different actors and seeks to understand these relationships, particularly between those who are held to account and those who hold them to account.[7] '*Responsiveness*' refers to how the state and other public institutions behave in responding to the needs and rights of citizens. For instance, how does the state behave in service provision? Are people treated equally? Or are certain needs prioritised over others?

CAR has proven useful in conducting country governance analyses and in producing an overall picture of some key elements of governance.[8] However, CAR has not, to date, been comprehensively applied to the water sector, which is one of the aims of this study.

Evaluations of the CAR have also revealed a number of limitations, which include: 1) it is somewhat static and does not really investigate change over time; 2) it risks being prescriptive and normative (i.e. suggesting how governance *should* be), rather than recognising that there is no one-size-fits-all blueprint and that governance systems differ depending on context; and, 3) it can result in an overly simplistic understanding of state-society relations, underplaying informal rules, non-state actors, underlying processes and so on.[9]

In short, the CAR picture does not tell us *why* things are the way they are and does not assess the political and power dynamics that block or drive change. Therefore, it is useful to integrate PE insights into the approach.

1.1.2 Political Economy (PE)

PE is concerned with the interaction of political and economic processes in a society: the distribution of power and wealth between different groups and individuals, and processes that create, sustain and transform these relationships over time.[10] Development practitioners have taken an interest in PE because they have seen that aid flows can have unanticipated outcomes – such as increasing corruption – or that they are unable to promote pro-poor change because of entrenched political interests.[11]

The main aims of PEA include: 1) helping practitioners better understand the political and economic realities in the places where they work and uncovering the underlying processes that drive or block change; 2) furthering understanding of *why* there is the gap between policy rhetoric

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6 DFID (2008) How to Note: A DFID practice paper Country Governance Analysis, London: DFID.

7 Accountability mechanisms can include: rules and regulations, standard and expectation setting, promoting answerability for actions taken and sanctions for not meeting required standards.

8 DFID (2008) How to Note: A DFID practice paper Country Governance Analysis, London: DFID.

9 Plummer, J. and T. Slaymaker (2007) Rethinking Governance in Water Services. ODI Working Paper No. 284. Other lessons learned from applying the CAR in this study are noted in the Annex.

10 Collinson, S. (2003) Power, Livelihoods and Conflict: Case studies in Political Economy Analysis for Humanitarian Action. Humanitarian Policy Group Report 13, ODI, www.oecd.org/dac/governance/politicaleconomy. This definition draws particular attention to *politics*, understood in terms of contestation and bargaining between interest groups with competing claims over rights and resources. However, it is equally concerned with the *economic processes* that generate wealth, and that influence how political choices are made.

11 DFID (2009) How to Note: Political Economy Analysis, London: DFID.

and actual practice; 3) helping donors to 'do no harm' by identifying risks and helping to avoid exacerbating existing problems or undertaking impractical reforms; and, 4) contributing to more effective aid by identifying where politically feasible opportunities for reform exist (i.e. the 'entry points'). PE is not, however, a panacea and should complement conventional development tools and approaches.[12]

There are a variety of PE frameworks with differing operational applications.[13] This study is broadly informed by the Drivers of Change (DOC) political economy approach supported by DFID. DOC focuses on three main drivers of change: agents, structural features and institutions. *Agents* (or stakeholders) are individuals and organisations that pursue certain interests, including the political elite, civil servants, political parties, local governments, the judiciary, the military, faith groups, trade unions, civil society groups, the media, the private sector, academia or donors. *Structural features* include the country's endowment with natural resources, the nature of the state and government arrangements, economic and social structures, the history of the state, demographic changes and so on. *Institutions* include the formal and informal rules that govern behaviour of the agents and provide incentives and constraints for their action, such as decentralisation processes.[14]

In short, PEA seeks to better understand: 1) the interests and incentives facing different groups, and how these might generate particular policy outcomes; 2) the role that formal institutions (e.g. rule of law, elections) and informal norms play in shaping human interaction; and, 3) the impact of values and ideas, including ideologies, on political behaviour and public policy.[15]

PE frameworks can also be divided, roughly, into three main groups:

- *Macro level frameworks*: aim at understanding PE processes at country level and understanding the broad political economy context.
- *Sector-level frameworks*: identify particular challenges, interests and incentives operating in a particular sector, such as the water sector.
- *Problem driven analysis*: seeks to resolve particular problems at project level or in relation to a specific policy issue or process.[16]

However, in practice such frameworks overlap and many studies combine some elements of all aspects. This study focuses at the sector-level, while touching on issues related to the macro-context and issues pertaining to specific policy problems.

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[12] OECD-DAC (2005) 'Lessons Learned on the Use of Power and Drivers of Change Analyses in Development Co-operation - Final Report', Paris: OECD DAC Network on Governance (GOVNET).

[13] This is not, however, the place to review all the different political economy frameworks. For a good review see: Edelman, D (2009) Analysing and managing the political dynamics of sector reforms: A sourcebook on sector-level political economy approaches, ODI Working Paper 309.

[14] The study approach was also informed by the EUs Sector Governance Analysis Framework (SGAF) and the World Bank's Governance and Political Economy (GPE) and Political Economy of Policy Reform (PEPR) frameworks.

[15] DFID (2009) How to Note: Political Economy Analysis, London: DFID.

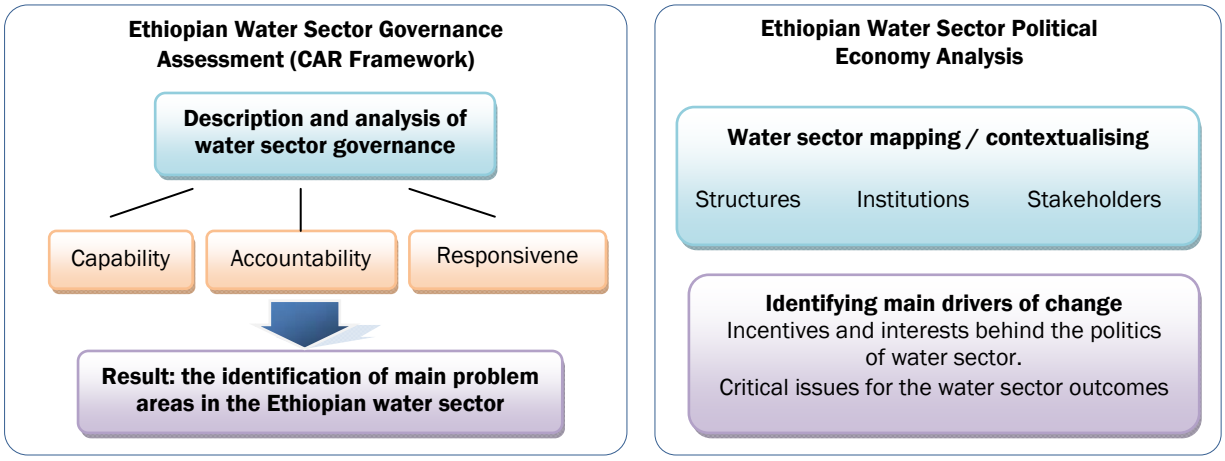
[16] Othieno, Tim (2009) 'Political economy and governance frameworks: Macro, Sectoral and Problem-Driven Analysis: A selective annotated bibliography'.

1.1.3 The study's combined CAR/PE framework

To sum up so far: CAR helps review *what* is happening in terms of water sector governance; PE can build on this analysis by helping understand *why* governance is as it is, identifying some key political drivers.[17] So the study piloted the combining of the CAR and PE at sector level, building on conceptual work conducted in 2007.[18] However, it is recognised that CAR and PE thinking already overlap to some degree given their focus on governance and policy processes. The CAR/PE framework was jointly developed at a workshop involving representatives of DFID, ODI, OSSREA and the research team on June 1st and 2nd 2009. The aim, then, was to develop an overview of water sector governance (CAR) as a basis for the analysis of some of the political blockages in Ethiopian water supply policy processes and the identification of 'entry points' for addressing them (PE) (see Figure 1.1). Using the framework, a set of questions were developed and asked during field research (see Annex III).

In discussions with the Ethiopian research team, it was acknowledged soon into the study that the remit was ambitious within the timeframe (see Annex II).[19] As such, instead of reviewing all governance aspects in the Ethiopian water sector *and* comprehensively analysing its drivers of change, the study focused on the CAR review of government processes in the selected regions, a mapping of key stakeholders and the structural-institutional context, and the identification of key PE issues in the sector.

Figure 1.1: The project's CAR/PE framework



1.2 Research methodology

The study relied primarily on qualitative, primary data gathered using the CAR/PE framework to inform the interview guide. A purposive sampling method was used, based on a person's role in water supply policy formulation and/or implementation, to select key interviewees at different

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17 Othieno, Tim (2009) 'Political economy and governance frameworks: Macro, Sectoral and Problem-Driven Analysis: A selective annotated bibliography'

18 Plummer, J. and T. Slaymaker (2007) Rethinking Governance in Water Services. ODI Working Paper No. 284.

19 ODI (2009) Notes from Inception Workshop for Political Economy Project "Drivers of Change in the Ethiopian Water Sector", Addis Abeba, 1st and 2nd June 2009.

levels. Interviewee selection was also informed by the methodology prepared with OSSREA, ODI and DFID in the inception workshop on the 1st and 2nd June 2009 held at OSSREA. The workshop involved discussion on the draft research framework prepared by ODI; identification of key issues for the study; discussion on proposed question sets at the federal, regional and *Woreda* levels; identification of stakeholders to interview; agreement on research methodology, selection of study areas, as well as the nature and timing of research outputs. Subsequently, interviews were conducted with senior officials in government, including department and sector heads at federal, regional and *woreda* levels. Administrators and representatives of private sector and civil societies were also interviewed where relevant (Annex III). Field observation was also used for gathering additional data. In addition, information was collected from secondary sources in order to substantiate and strengthen the analysis, including academic studies, government documents, reports, policy manuals and other materials.

A semi-structured question-set was developed to guide the analysis. Research questions were designed to address the following CAR/PE issues: 1) mapping the major demand and supply side stakeholders in the sector as well as their interests and interrelations; 2) assessing capabilities in water policy formulation and implementation at different levels of government (including capacity to finance implementation, human resource capacity and capacity to coordinate); 3) accountability mechanisms at different levels (including vertical and horizontal lines of accountability, procedures, transparency and sanctions for failure); 4) responsiveness, that is how the system meets the needs of citizens, particularly marginalised groups; 5) the types of institutional incentives and constraints in water service delivery and their potential impacts on behaviour; 6) the role of political ideology and values in prioritising water supply; and, 7) political blockages and gaps between policy rhetoric and practice that might influence sector performance, such as decentralisation processes (see Annex IV for the interview question guide).

In terms of study sites, the study covers federal level and two rural *woreda* and two urban towns, each in National Regional States of Afar, Amhara and Tigray (see table 1.1). The selection of the study areas aimed to balance the geographic and socio-economic settings of the regions, and to enable comparison between rural and urban settings within the same region, as well as between more developed and less developed regions. The Afar National Regional State is considered representative of emerging regions (i.e. less developed regions), having a significant pastoralist population and located largely within the Kolla agro-ecological zone. The Amhara National Regional State was selected to represent larger regions with diverse agro-ecological features. The State of Tigray was selected because of its long-standing dependence on rainwater harvesting for water supply and sanitation. The study also included the federal level, such as federal ministries, or some international actors such as donors.

Table 1.1: The Selected Study Sites

Region	**Capital**	**Rural *woreda***	**Urban *woreda***
Amhara	Bahir Dar	Lay-Armacheho and Sekala	Dejen
Tigray	Mekelle	Maychew and Tembien	Wukro
Afar	Samara	Gewane and Amibara	Mille

Part II: CAR Review of Water Sector Governance

2 Introduction

This part of the report briefly outlines the country's institutional and 'structural' arrangements, and the key features of the water sector. It then maps the major stakeholders and government institutions in the sector. Next, it describes the major findings and challenges in the sector in relation to capability, accountability and responsiveness.

2.1 Country context and water sector policy goals

2.1.1 Country institutional context

According to the Constitution of the Federal Democratic Republic of Ethiopia (FDRE), the country has a bicameral parliament[20], where the House of Peoples' Representatives forms the highest authority of the federal government, and the Council of Federation represents the common interests of the nations, nationalities and peoples of the national regional states. Members of both houses are elected by universal suffrage for five-year terms.

The FDRE is composed of nine national regional states and two autonomous administrations. Addis Ababa is the capital city of the Federal State. Each national regional state is semi-sovereign with its own constitution, flag, anthem, language, capital city, executive administration and elected assembly. Afar, Amhara and Tigray are among the nine self-governing states of the FDRE. The federal constitution has provided for five levels of government: federal, regional, zonal[21], *woreda* and *kebele* (*tabia* in Tigray) along with specific powers and functions at each tier of government.

The regional constitutions in the study areas provide for decentralised and autonomous governance structures with periodic elections every five years. The various levels of government have popularly elected councils at regional, national, zonal (in Amhara), *woreda* and *kebele* levels. The highest executive power is vested in the administrative heads[22] and councils (legislative organs) represented by Speakers of the Councils of each sub-national government. Independent judicial organs are established at all levels of administration.

Administrative councils at the respective levels[23] are, in principle, responsible for formulating economic and social development policies and strategies, preparing annual budgets and policy execution upon approval by the respective councils. Regional constitutions require administrative councils to implement laws enacted and decisions made by the federal state organs. Accordingly, federal level water sector policies, programmes and plans are incorporated into the regional

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20 A bicameral parliament or bicameral legislature is a legislature which consists of two chambers or houses.

21 Zonal level administrations are not part of the federal state structure. However, in the case of Amhara which has Nationality Zones that are democratically constituted, it becomes part of the state structure. There are three nationality zones consisting of Awi, Himra and Oromia zones.

22 Heads refer to the Regional Head of Government, the Chief Administrator of Nationality Administration, the Chief Administrator of Woreda, and, the Kebele Administrator.

23 Administrative Councils, otherwise known as Cabinets constitute the principal heads of various executive sectoral offices and Head/Chief Administrators and Deputy Head of Government/Deputy Administrators at the respective levels. Heads of Sector Offices are nominated by the Regional/Woreda Administrator; and, approved by the Council. They are accountable to the Regional/Woreda Administrator who in turn is accountable to the Regional /Woreda Council and the Zone Administrator in the case of Nationality zones.

development plans. In certain matters, regions have limited independence in terms of policy formulation, as described in Part III.

2.1.2 Key features of the water sector

The water sector in Ethiopia is characterised by the following key features:

- *Low service levels:* water supply coverage is relatively low with rural-urban disparities. Disparities are also evident among national regional states. Capacity to deliver varies between the more developed regions of Oromia, Amhara, Southern Nations, Nationalities and People's Region State (SNNPRS), Tigray, Harari and the emerging regions of Afar, Somali, Benishangul-Gumuz and Gambella.

- *Limited financing and spending bottlenecks*: shortage of finance is a major bottleneck for expanding service levels, or improving service sustainability, at least at *woreda* level. This is attributed to a shortage of national budgets, limited capacity to absorb existing budgets at local level and weak revenue generation for self-financing at local levels.

- *Decentralisation and capacity constraints*: decentralisation processes have been partial and incomplete (as described further below) and there is an acute shortage of qualified and trained human resources, particularly at lower tiers of government.

- *Stakeholder and private sector participation*: in spite of increasing levels of stakeholder involvement in decision making, the involvement of the private sector or civil society in the design, construction, operation and maintenance of water supply systems is relatively low. This reflects, in part, government suspicion of non-government actors in water service provision.[24]

2.1.3 Water sector policy goals

The overall goals of the Federal Water Resources Management Policy (1999) and the Water Sector Strategy (2001) are to promote national efforts towards efficient, equitable and optimum utilisation of the available Water Resources of Ethiopia in order to achieve significant socioeconomic development on a sustainable basis. Some of the major principles of the policy are: a) devolving ownership to lower tiers and enhancing management autonomy to the lowest possible level; b) promoting involvement of all stakeholders, including the private sector; c) moving towards full cost recovery for urban water supply systems and recovery of operational and maintenance costs for rural schemes; and, d) enhancing urban water supply through autonomous bodies.

A five-year Water Sector Development Program (WSDP) is in place. The UAP for Water Supply and Sanitation Services (2006-2012) was developed by the Ministry of Water Resources in consultation with the regions[25]. The UAP aims to achieve 98% coverage of water supply in rural areas and full sanitation coverage by 2012. [26]

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[24] Patrick Moriarty et al (2008) 'Literature review: Governance and planning theme', May, Ethiopia: RiPPLE.

[25] Draft RIPPLE Policy Engagement Strategy (undated).

[26] The Universal Access Program for Water Supply & Sanitation Services (2006-2012) MOWRD. Aug 2005.

2.1.4 Water sector stakeholders

Table 2.1 outlines the major stakeholders in the supply of and demand for water services in Ethiopia.

Table 2.1: Major water sector stakeholders' matrix

Stakeholder	Roles/interests
Ministry of Federal Affairs	Responsible for: coordinating a special support package for the emerging regions of Afar, Gambella, Benishangul, Somalia.
Ministry of Finance & Economic Development	Responsible for: signing agreements with donors; channelling finance from the treasury and external assistance; monitoring and reporting utilisation of finance; and, ensuring that all government accounts are audited (by internal as well as external auditors and responsible for purchases in all public offices at Zonal and *woreda* levels).
Ministry of Capacity Building	Responsible for: implementation of the national Capacity Building Programme at all levels. At regional and *woreda* levels, responsible for recruitment, transfer, disciplinary measures and capacity building of all public sector staff.
Ministry of Women's Affairs	Responsible for: mainstreaming gender into all government programs at all levels, and empowering women.
State drilling companies	'Water Works Enterprises' is the major state drilling company involved in the construction of water supply schemes (mostly big schemes) in both the rural and urban areas.
Technical & Vocational Training Centres	Provide training on water and sanitation, irrigation and electro-mechanics.
Private Sector	Consultants provide technical support to the Ministry (National Support Group), Woreda Support Group at regional level; and, Community Facilitators Team (CFT) at *woreda* level (relevant to WB/AfDB-financed WASH projects). There are a few registered specialist drilling companies (e.g. Hydro, OSHO, Royal & Raj). There are a few engineering consulting companies and suppliers and manufacturing companies Artisans are key players in the construction and maintenance of small-scale water supply schemes.
Civil Society Organisations	Federal level civil society is represented by the Water and Sanitation Forum of the Christian Relief and Development Association (CRDA). The Forum engages with donors and government through DAG-Water; it represents civil society in the MSF, WASH steering and technical committees including other national platforms; and, it serves as CSO coordination mechanism. Indigenous Organisations: including Organisation for Rural Development Agency (ORDA) in Amhara, Relief Society of Tigray (REST), Kalehiwot church, Ethiopian Orthodox church, International organisations: including Water Aid, OXFAM-Intermon, World Vision, Catholic Relief Service, RiPPLE (not service delivery), and many others.
Donors	Include the World Bank, African Development Bank, DfID, FINNIDA, UNICEF, UNDP, Italian Cooperation, JICA, Government of Netherlands and the EU.

2.2 Institutional arrangements for governmental water service delivery

The following institutions, and institutional arrangements, are responsible for the governmental delivery of water supply services (see Figure 2).

2.2.1 Water Service Delivery Structure

The Ministry of Water Resources (MoWR) is responsible for formulating national water policy, strategy and action plans, and for establishing national standards pertaining to water quality, water infrastructure and other relevant standards. The Ministry is responsible for supervising and following up on the implementation of policy and strategy instruments as well as overall sector standards. In addition to its regulatory function, the Ministry provides technical support to Regional Water Bureaus.

The Bureau of Water Resource Development (BOWRD) at the regional level is an executive organ responsible for the implementation of federal policies, strategies and action plans through adapting them to the specific conditions of the region. In addition, Water Bureaus exercise regulatory duties delegated to them by the Ministry. The organisation of each Bureau differs from region to region. For instance, in Tigray, water service delivery is under the Water Resources, Mining and Energy Bureau; whereas in Afar and Amhara it is a separate stand-alone Bureau.

Zonal Water Resources Development Offices are the supporting arms of the Water Bureaus and are mandated to provide technical support to *Woreda* Water Offices and Town Water Supply Offices. In addition, they are responsible for coordinating activities, consolidating plans and reports of *woredas* and relaying requests from regional water bureaus and/or *woreda* water offices. In general, Zonal Water Offices are the links between Regional Bureaus and *woreda* Water Offices. In the case of Afar, Zonal Water Resources Development Offices do not exist.

***Woreda* Water Resources Development Offices** are responsible for the investigation, design and implementation of small-scale water supply schemes, whilst study and design of big schemes are undertaken by Bureaus of Water. Moreover, *woreda* level offices are responsible for providing technical support to Town Water Supply Offices, in towns where municipalities are not established. *Woreda* Water Offices are supported by a *Woreda* Water Supply Sanitation and Hygiene Team consisting of representatives of sector offices of health, education, women, and agriculture. Such teams are responsible for planning and implementation of water and sanitation activities. In the case of Afar, W*oreda* Water offices are established, but not yet fully equipped with the required human resources and facilities.

2.2.2 National WASH coordination mechanisms

In September 2005 a Memorandum of Understanding (MOU) was signed between the Ministries of Water Resources, Health and Education outlining an implementation modality for integrated Water Supply, Sanitation and Hygiene Education Programmes in Ethiopia. One outcome has been the creation of a multi-donor pooled fund, ring-fenced for WASH investment, and allocated to regions through a formula system similar to that used to allocate government block grants, albeit through a parallel accounting system. Remaining (bilateral) donor investments from Finland, Italy,

Japan and the US, and NGO investment in WASH, is generally provided directly to service providers and is therefore 'off-budget' and 'off-treasury'.[27]

A Federal Steering Committee consisting of the three line Ministries represented by State or Vice Ministers was established to serve as a governing body for the pooled fund. A National Technical Committee comprising heads of respective departments from the three ministries is responsible for strategic direction, soliciting of funds, resource allocation, quality assurance, standards and monitoring and evaluation. The National WASH Coordination Office, with full time experts from the three ministries and MOFED, functions as a secretariat, and is housed within the Ministry of Water Resources. The National Office has full time staff. The Programme Management Units housed within existing structures of the three ministries are also part of the national WASH structure.

At a regional level, a WASH structure with similar constituencies and functions is envisioned to be established. At *woreda* level, the *Woreda* Cabinet represents the *Woreda* Steering Committee and Town Steering Committee, and provides support to the *Woreda* Water Team and Town Water Boards.

The study found that in none of the study regions, WASH structures are fully in place as envisioned. However, some structures supporting the implementation of water supply, sanitation and hygiene projects, capacity building, awareness creation and coordination of WASH projects, financed by the World Bank[28], the African Development Bank and the UK DFID, have been in place since 2004. A recent study by the World Bank highlights problems in the use of pooled funds and the obstacles thrown up by different financing modalities within the fund, and the challenges of using the fund in parallel to the government block grant system. The study concluded that donor-driven procedures for monitoring finance and procurement through the trust fund increased the administrative burden of government without adding value in terms of the quality or sustainability of schemes constructed.[29]

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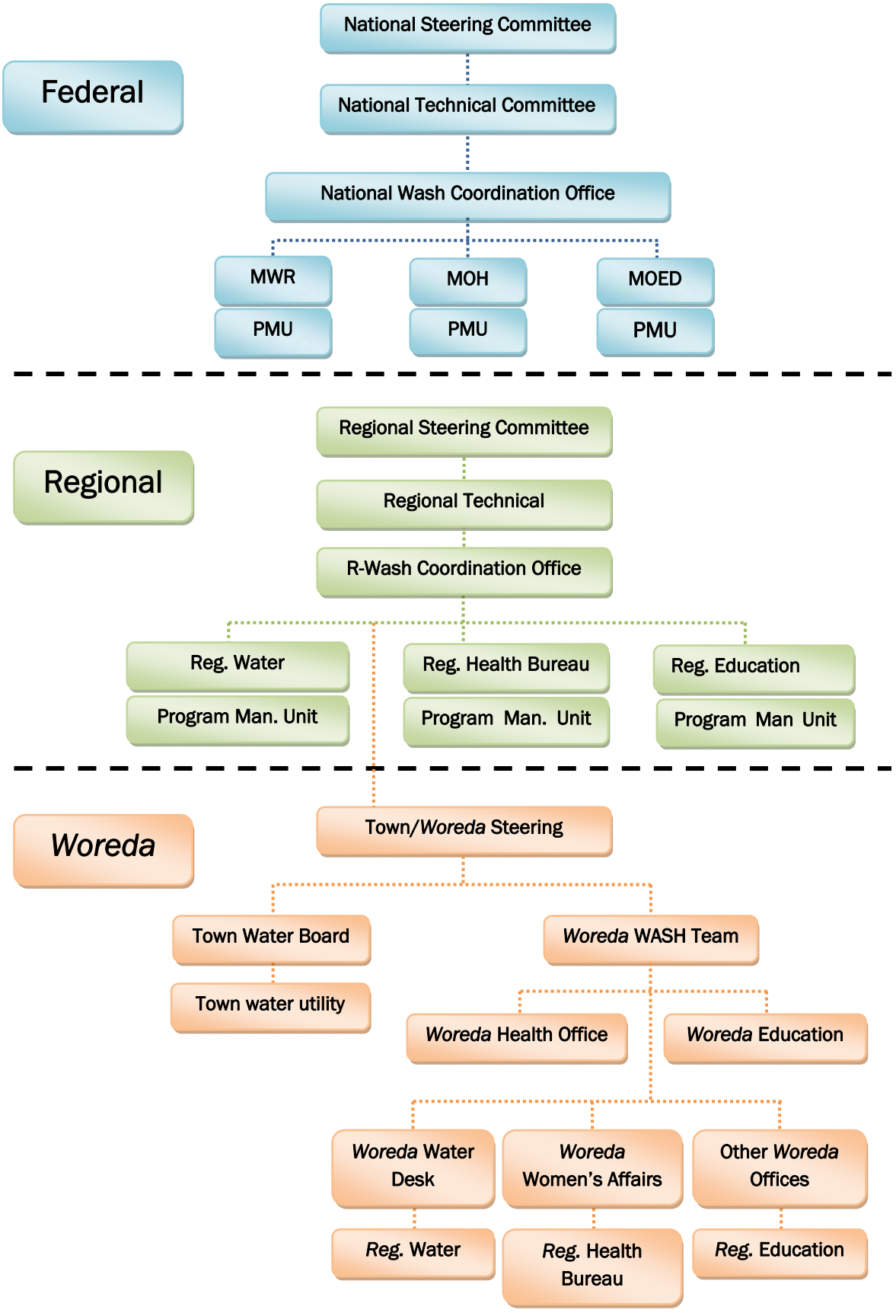
[27] World Bank 2009, Public Finance Review: Ethiopia, March, World Bank: Washington DC.

[28] The World Bank finances 6 *Woreda* in Afar, 30 *Woreda* in Amhara and 9 *Woreda* in Tigray. The African Development Bank finances 6 *Woreda* in Afar; 29 *Woreda* in Amhara and 9 *Woreda* in Tigray

[29] World Bank (2009) Public Finance Review, Ethiopia. World Bank, Washington DC.

Figure 2 National WASH Structures



Source: MOWR, 2007

2.3 CAR issues and challenges

This section outlines issues and challenges relating to Capability – Accountability – Responsiveness (CAR) in water supply sector policy formulation and implementation at federal, regional and *woreda* levels.

2.3.1 Capability in the sector

The Federal Ministry of Water Resources is mandated with the development of national policies and programmes. A twenty-year strategic programme for water sector development has been drawn up, on the basis of which five year sector development plans (WSDPs) are developed. Whilst policy and programme formulation is the major responsibility of the federal ministry, the councils of the regional and sub-regional governments have the mandate to formulate economic and social development policies without prejudice to provisions of the Federal Constitution. As regions have adopted the federal policy on water there is no separate regional water policy as such. Regions were involved in the federal-led preparation of WSDP and the UAP.

The process of developing water plans follows a 'top-down approach', whereby indicative targets (ranges) and budgets are passed from federal to regional level for incorporation into Five Year Strategic Plans. Likewise, Regional targets are transferred to *Woreda* Governments for incorporation into the *Woreda* Strategic Plan, which in turn is passed to *Kebele* Administrations for further incorporation into consolidated *Kebele* Development Plans. The *Kebele* Administration can also define targets for each k*ebele* and passes these targets on to the *Woreda* Water Offices for consideration. The *Woreda* Office compiles the *kebele* water plans and further defines targets for the *woreda.* The Office works with beneficiary communities, local governments at *kebele* and *woreda* levels to ensure that targets are achievable, and that the targets inform sector budget allocation. *Woreda* Councils approve the proposed targets. In parallel, the Zonal Water Offices review the proposed targets of each *woreda* to ensure whether targets are achievable. Once proposed targets are agreed, the Zonal Office develops a target for the zone by averaging targets of the *woreda* under its jurisdiction. Similarly, the Regional Water Bureau develops a regional target by averaging the Zonal target figures.

Regional workshops involving stakeholders at the respective levels are organised to discuss proposed targets. Following a consensus, approved targets are launched at meetings of all stakeholders. *Woreda* Chief Administrators transfer the approved *woreda* targets to Kebele/Tabia Administrators to work out detailed implementation plans. Water development plans are compiled by Water Offices at *woreda* level. Zone Offices compile *woreda* plans and plans of Town Water Supply Offices under their jurisdictions. In a similar manner, regional bureau compiles zonal plans and town plans.

As indicated above, at each level of government, a strategic plan for water incorporates targets from higher tiers of governments. Therefore, one can conclude that regional plans for water reflect national priorities and contribute towards the achievement of the same. The process of defining targets involves political leaders, technical bureaus of Water and Finance at all levels. The study, as such, finds that financing is a more serious problem than capability to prepare plans.

Financing

The Government of Ethiopia in its PASDEP, covering the period 2005/06-2009/10, has defined water as a key sector for poverty reduction. The table below indicates expenditure in poverty targeted sectors for the past two years.

Table 2.2: Poverty-targeted expenditure of the Ethiopian Government

FY	Poverty-targeted expenditure (In millions of Birr)										Total
	Agr. & Food		Education		Roads		Water		Health		
	Rec.	Cap	Rec.	Cap	Rec.	Cap	Rec.	Cap	Rec.	Cap	
2007/08	1636	4822	6355	3699	226	7865	636	2571	1495	2279	31584
2008/09	1860	5497	7808	5711	431	10053	723	3373	2275	2678	40408

Source: MOFED

Regional governments are financed though Federal grants (general and special purpose), through federal-regional shared revenue, and through the regions' own revenue. Budget allocation to the regions is carried out in accordance with the New Budget Grant Distribution Formula devised by the federal Ministry of Finance and Economic Development and approved by the House of Federation.[30] At regional and *Woreda* levels, bureaus of Finance and Economic Development are responsible for developing budget formula in line with the federal formula. According to regional authorities in Afar and Tigray, water received priority in EFY 2002 (2009/10) and the largest share of regional budgets. In Amhara, 14%of the regional capital budget was allocated to water in the past three years. Although the current study could not verify the allocation of spend within the water sector, previous research on the RiPPLE programme indicates that WASH receives low priority, and disbursement to *woredas* remains problematic.[31]

In spite of recent increases in budgetary allocation to the sector, numerous challenges affect capacity to meet sector needs. First, some portion (as high as 50%) of the water sector budget is allocated to the irrigation sub-sector, limiting availability of water supplies for humans and animals.

Second, a shortage of capital budget is a major constraint, adversely affecting service expansion. Informants have pointed out that the donors' conditionality for the 'matching fund' has been instrumental in forcing the government to allocate capital budget. Nevertheless, this has resulted in shifting some of the burden of financing new investments to communities (as Box 2.1 describes).

[30] Variables used in the New Formula take account of population size; differences in relative revenue raising capacities; differences in relative expenditure needs; and, performance incentives. Source: The Federal Democratic Republic of Ethiopia the House of Federation: The New Federal Budget Grant Distribution Formula. May 2007, Addis Ababa.

[31] Minilik Wube, Dereje Ademe, Mulatu Takele and Ayana Zewdie (2009). Assessment of budget utilisation (Channel One) in the Water Sector: A case study of four selected woredas in Benishangul-Gumuz regional state, Ethiopia. Working Paper 9. Addis Abeba, RiPPLE.

Box 2.1: Community Financing

The Water Policy envisions full cost recovery in urban water supply services, and the coverage of operation and maintenance costs in rural water supply schemes. However, donor's conditionality on matching fund from government and community contribution has led to communities financing investment costs.

- In Afar, WASH project beneficiaries contribute 5-10% of the project cost in cash and in kind
- In Tigray, government contributes 10% while communities contribute 12% (5% in cash and 7% kind) of project cost. Government contribution to AfDB financed project amounts to 15% of the total project cost.
- In Amhara, World Bank used to demand matching funding of 20% of project costs (10% from government and 10% from community, of which 5% may be in kind).

In some research sites, community contribution is used as selection criteria for accessing WASH funds. Such practices may further marginalise poor communities and localities dependent on ground water supply from deep wells. Poorer communities cannot possibly afford such costs. Some donors, such as the World Bank, have removed conditionality on matching fund. Moreover, the Bank recently embarked on financing capital expenditure gaps through a multi-sector Specific Purpose Grant known as Local Investment Grant (LIG).

The third challenge relates to effective utilisation of WASH finances. In Amhara, it was reported that only 40% of World Bank finance was utilised. Moreover, a recent Public Finance Review (PFR) of the World Bank in 2009 has pointed out that only 60% of budgeted finance is actually spent. Donors' procedures and conditionality is considered to be one of the major contributing factors for low utilisation (see above). Financial guidelines, procurement guidelines, and implementation manuals of donors are found to be complex and time-consuming. In addition, donor (for example the AfDB) conditionality for consolidated financial reporting on the total amount of aid delivered as a precondition for releasing further tranches has been a major constraint. Moreover, capacity differences among regions and between *woredas* to absorb finances have been blocking the flow of finance.

The fourth challenge relates to shortage of WASH finance in Tigray. The Regional WASH office reported that many communities are ready with contributions, although capacity to make the WASH programme operational is limited.

The fifth issue relates to low operational capacity of Town Water Supply Offices. All urban towns under the present study face serious shortages of finances to deliver effective services. Some of the challenges are presented in Box 2.2 below. Informants complained that the Board is overly represented by political appointees who are often non professional in water sector matters and who may not necessarily understand the requirements and complexities of the sector – this key PE challenge is returned to below. As a result, the mangers of Town Water Supply Offices face significant challenges in influencing the decisions of the Board on service delivery. Moreover, a lack of strict adherence to schedules of Board meetings unduly delays actions (by managers) on matters requiring approval by the Board.

Box 2.2: Challenges of Town Water Supply Offices

- **Low water tariff:** Town Water Supply Offices charge Birr 1.50 for 1000 litres, whilst the private sector charges more than Birr 6 for a litre of bottled water.
- **Loss of water** is incurred due to damage to pipelines ('real loss'), water theft, problem of reading water meters, and due to free supply to authorised bodies (otherwise known as 'apparent loss').

Managing Board of TWSO does not have the mandate to revise water tariffs. Their responsibility is limited to proposing/laying down procedures and approaches for water tariff fixing for approval by the Councils. The study found that (with the exception of Wukro town) requests for tariff revision in Amibara, Bahir Dar, Dejen, Gewane, and Mille were not approved by the respective Councils.

A sixth issue relates to the problem of coordination and collaboration among public service providers and public authorities. At regional level, in spite of shared plans and coordination mechanisms among various public sector service delivery organisations, limited collaboration has been noted as a major bottleneck affecting the delivery of water supply in all research sites. There are problems related to municipal land allocation interfering with water supply lines (for example, in Bahir Dar). There is often minimal cooperation from the Police and *Woreda* Administration in dealing with frequent burglaries of pipelines (for example a pipeline burglary in Dejene Town). There are also delays in timely payment for damages caused by other state actors. For instance, Bahir Dar reported that in 2001 EFY, 269,021.68 cubic meters of water (38% of annual production) was wasted because of road and telecommunication development projects carried out in the city.[32]

Monitoring and reporting

Sector monitoring and reporting is carried out against the PASDEP. Monitoring and reporting water sector performance against this plan is carried out by Offices of Water at their respective levels. In order to maintain the consistency and quality of reports, formatting guidelines have been developed by the Bureau of Water and Finance for activities and financial reporting. Reports are submitted to sector offices (vertically) and to the respective councils horizontally.

Within the water sector, monitoring mechanisms ranging from meetings, field visits, and reports (including internet-based reporting through w*oreda* "NET" or ICT centres, where these are available) are carried out with the use of 'standard' formats on bi-weekly, bi-monthly, quarterly, bi-annual and annual basis. Monitoring is carried out by teams consisting of heads and experts; in some instances it involves additional stakeholders (donors and/or civil society organisations).

Federal Ministry undertakes mid-term and annual review meetings with the respective Water Bureaus. Moreover, the Ministry monitors and evaluates the performance of big schemes that are implemented by the Ministry itself. Federal level monitoring meetings are attended by the Minister, the Deputy Minister, Sector Heads, and Planning Department. Mid-term and annual reviews involve members of (DAG); schedules are adhered to; and meetings recorded. Furthermore, annual meeting aims at evaluating performances and sharing experience among all Regional Water Bureaus in the country. Such Peer Review meetings are hosted on a sequential basis by each of the Regional Water Bureau.

[32] Amhara National Regional State (2001), Annual Plan and Performance report on Fiscal Year 2001. Page 2.

In general terms, capacity to monitor sector performance at all levels is challenged by a shortage of experts, shortage of transportation vehicles, and by inadequacy of information management systems in general and computerised systems in particular. The filing, documentation and retrieval system is weak. Consequently, there are delays in the submission of reports. Some of the incentives for reporting are also somewhat perverse, as noted in the PEA below.

Human resource capacity

A shortage of human resources remains a crucial problem that pervades the sector and the various administrative levels in all the study regions, as well as at the federal level. This problem is particularly serious in Afar. Table 2.3 illustrates some examples of gaps in qualified human power in the water sector within the study regions.

Table 2.3: Staffing capacity in water offices in the study areas

Water Sector Office	Current capacity (% of desired HR)
West Gojam Zone Water Resources Development Office	14%
Sekela *Woreda* Water Office	19%
Lay Armacho *Woreda* Water Office	22%
Kolla Tembien *Woreda* Water Office	45%

Source: Complied during field visit (August 2009)

There is, particularly, a lack of expertise in the fields of engineering, geology, geo-physics, social science, population dynamics, GIS mapping and quality control.. The Business Process Reengineering (BPR) study in Tigray reveals that there is a human resource gap of around 50% in all sectors in every *woreda.* There is a high staff turnover due to low-pay scale, unsatisfying remuneration package and limited opportunities for career development. There are limited training opportunities for staff. Moreover, the fairness of the system for nominating personnel for continuing professional development has been contested. Inconsistent application of staff benefits, such as inconsistent payment for 'desert allowance' in Afar, has been mentioned as a source of frustration for sector staff.

Weak development of the private sector has meant a predominance of government engagement in service delivery. The state-owned Water Works Enterprises represent the major drilling companies and they are contracted by water bureaus. In 2009, there were only 63 private drilling companies registered with the Ministry of Water Resources and only a few available at regional level. The private sector mainly engages in construction of small water supply schemes, supply of construction materials and spare parts, and providing advisory services. Most of these are concentrated in Addis Ababa and big cities like Mekele; and a few are available in small towns. In addition, the shortage of artisans is a crucial problem at *woreda* level.

2.3.2 Accountability in the sector

There are various mechanisms designed to ensure accountability in the sector. Water sector service providers at various levels are, formally, accountable upwards. *Woreda* Water Offices report performance against the plan to Zonal Offices; Zonal Offices report to Regional Bureau; and the latter to the Federal Ministry.

With regards to administrative accountability, Heads and Deputy Heads of Water Bureaus and Zonal Offices, and Management Board of Town Water Supply Offices, are accountable to the Councils, the highest executive organs at the respective levels. In like manner, Councils are accountable upward: *woreda* to Regional/National Councils; and Heads of Regional Governments and Regional Councils are accountable to the National–Regional Council[33]. Quarterly reporting of performance to the respective Councils provides the mechanism for reporting to elected representatives of citizens. Meetings of the Councils are open to the public; and transmitted live through mass media (radio and TV networks).

Weak performers are subject to disciplinary measures which may include public warnings, financial sanction, demotion from the post and dismissal (temporarily or permanently). Other legal measures also include application of the Civil Service Law or Labour Law (for town water supply offices). Offices of the Speakers of Councils are the secretariats of councils at respective levels and enforce disciplinary actions by councils against their members.[34] A verbal warning is the common action taken, while dismissal from office or from the ruling party is applied in rare cases. Demotion of a party member in Sekela *woreda*, ANRS Finance and Economic Office was given as an example of accountability mechanisms being enforced.

With regards to accountability to donors, BoFED and BoWRD comply with the terms and conditions of reporting as stated in the partnership (aid-loan) agreement. Moreover, the WASH Coordination mechanisms, involving joint planning, monitoring and review with donors, provide an opportunity for accounting to donors.

Increased levels of transparency in planning and budgeting in the water sector have provided the opportunity for increased accountability. For instance, in Afar the annual budget of each office is posted on bulletin boards. Water Boards in towns and water committees in rural areas are informed of expenditure in the water sector. The Protection of Basic Services (PBS) programme – which aims at deepening transparency and local government accountability – provided mechanisms for citizen participation in project planning and monitoring through "citizens' report cards". Furthermore, allocated budget and expenditure are posted in public places.

There are a number of legal and policy provisions for holding public servants and political leaders accountable. All public offices are required by law to have their organisations audited. In view of fighting corruption, the Ethics and Anti-corruption Commissions are established in Amhara and Tigray, but not yet in Afar. As part of the Civil Service Reform, units for filing complaints are established within public offices and Administrative Councils at the respective levels. In Amhara, the Water Bureau has recently opened up a Service Delivery and Complaints Application Process or unit.

As indicated above, the Water Sector operates within a system of accountabilities to the respective Councils and Administrative Councils as well as upward accountability to Bureaus or the Ministry of Water Resources. The accountability system in the sector appears to have improved through the institutionalisation of new policy, legal and administrative checks and balances described above. However, the extent to which some of these accountability mechanisms function effectively *in practice* is shaped by political factors, as described in Part III.

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33 The Constitution of the ANRS, Article 56 (2).

34 The Constitution of the ANRS, Article 52(4), page 38.

2.3.3 Responsiveness in the sector

In policy terms, pro-poor issues are integrated into the laws, policies and plans of the federal and regional states of Afar, Amhara and Tigray. The regional constitutions have a number of provisions emphasising gender considerations, rights of women, and rights of the child, amongst other vulnerable groups.

The Five Year Development and Democratization Strategic Plans (macro plans) and Five Year Strategic Plans of the water sector at all levels place popular participation and gender equality at the centre of their values and principles. The extent to which they are translated into practice, however, is a matter for discussion. On a positive note, the Ministry of Women's Affairs has structures that extend down to the *woreda l*evel and the Ministry is mandated to address gender aspects in all development activities in the country. The Office has developed sector-specific check lists for mainstreaming gender concerns and for monitoring progress against this. As a result of explicit government policy on equal participation by women, women comprise 50% of the membership of water committees and 50% of the membership of *Woreda* Councils in Amhara and Tigray. In spite of concerted efforts to enhance active involvement of women, their participation is notably limited in Afar.

In order to ensure citizens' participation in rural water sector planning, bottom-up needs assessments have been promoted to be carried out by government frontline workers, such as (agriculture) development agents (DA) and health extension workers (HEW). This is potentially a positive instrument for involving beneficiaries (such as women, pastoralist groups, the poor, children and persons with disabilities) in site selection, mobilisation of resources, deciding service levels and managing water supply schemes. *Kebele* Administrators in consultation with sub-*Kebele* and public servants are given the responsibility for preparing a consolidated *Kebele* Development Plan incorporating the views of citizens. However, limited budgets and the requirement to align with development priorities (at *woreda* and regional levels) undermine this decentralised service delivery and limit responsiveness to citizen needs. Further, not all *Kebele* officials are necessarily responsive to citizen needs, as suggested below.

In urban areas, two seats on the Town Board are reserved for residents. Moreover, customers are consulted during the preparation of five-year strategic plans. In addition, mechanisms for expressing views or complaints on service delivery are in place. Some towns – for example, Wukro – assess consumer satisfaction levels each year. Information obtained through these mechanisms informs service delivery. However, weak revenue generating capacity has been identified as a major challenge for responsiveness.

Part III: Political Economy Analysis

3 Introduction

Building on some of the findings described in Part II, this part presents the key PE issues that were identified in the study. The part first briefly outlines the broader, country-level PE context in which the sector is embedded. Then, it focuses on three key clusters of issues relating to: 1) the 'political prioritisation' of water supply issues in Ethiopia; 2) the political blockages in decentralisation processes, the risks involved in decentralisation and political patronage; and, 3) some politico-institutional factors explaining capacity variation across regions. This part reflects more broadly on how the political environment impacts (both positively and negatively) on the sector. It should be noted that some of these issues are indicative and in need of further investigation to document how widespread the findings are throughout Ethiopia.

3.1 The wider political economy context in Ethiopia

While the focus of this study is at sector-level, the macro-level country PE context undoubtedly shapes sector processes. There are only a few recent studies on the PE of Ethiopia; a number of major points can be taken from these analyses. Historically, the ruling ethos in Ethiopia has been autocratic, centralised and hierarchical.[35] In 1991, the new ruling party, the Ethiopian People's Democratic Revolutionary Front (EPDRF), started major processes of reform, which led to devolution into an ethnic-based federation, a reform of the civil service, a gradual liberalisation of the economy and a policy to devolve fiscal, political and administrative power to regional governments.

Some key elements of the PE context are worth noting. The command economy of the 'Dergue era' (circa 1974 to 1991)[36] has given way to greater economic freedom, but the state continues to exercise extensive control over major resources, such as budgets, salaried employment outside the major cities or land.[37] Political discourse is freer than before 1991, with around 70 parties listed with the National Electoral Board, although the ruling party retains quite a tight control of state power and institutions, and the level of democratisation is limited.[38] Another development, as noted in Part II, has been that greater authority has been given to *woreda* and *kebele* levels.[39] It is generally considered that opposition parties and civil society are relatively weak. Equally there is a limited tradition of government-civil society partnerships and the space for civil society engagement in government processes is limited.[40] Indeed, some observers argue that the 2009 'Proclamation for the Registration and Regulation of Charities and Societies' has

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35 DFID (undated), Country Governance Analysis, Ethiopia: DFID.

36 The period from 1974 to 1991 has been referred to as the 'Dergue (or Derg) era'. It is named after an administrative council of soldiers, known as the Derg ('committee') who, in 1974, seized power from the emperor and installed a military-style government. The new ruling party, the EPDRF came to power in 1991.

37 Vaughan, S, and Markakis, J. (2003) Political Developments in Ethiopia 1991–2001. Research Report for DFID, Ireland Aid, Sida, and Netherlands Development Co-operation.

38 Chainie, P. (2007) 'Clientelism and Ethiopia's post-1991 decentralisation', *Journal of Modern African Studies*, 45: 3, pp. 355 – 384.

39 Vaughan, S. and Tronvoll, K. (2003) *The Culture of Power in Contemporary Ethiopian Political Life*, Sida Studies, No. 10, Sweden: Sida.

40 DFID (undated) Country Governance Analysis, Ethiopia: DFID.

further limited the space for civil society organisation in Ethiopia; especially for organisations that are foreign-funded.[41]

The drivers of change and the future political direction of the country are not entirely clear, especially given the absence of up-to-date and detailed PE analyses. One detailed study from 2003 claims that it is unclear whether the EPDRF's core goal is to increasingly use its power for more authoritarian or inclusive ends.[42] Later analysts suggest that, since the 2005 elections and in the lead up to the 2010 elections, the government has, to a degree, restricted political space for the opposition, stifled independent civil society and intensified control of the media.[43] The forthcoming election may, as such, perpetuate and consolidate the EPDRF's power. Other analysts note however that Ethiopia's leaders refute such claims and have signed up for a code of electoral conduct (for the 2010 elections) and have invited foreign election observers in for the elections.[44] Against this overall political backdrop, some key water sector PE issues have been identified.

3.2 Key political economy issues in the water sector

3.2.1 Political prioritisation of water supply issues

PEA is, among other things, aware of how political ideology may influence public policy and policy priorities. One key issue raised in this study is the extent to which water is prioritised as an important 'political' issue, and which aspects of water supply are prioritised and why.

Some positive trends have been observed in terms of the government and ruling party giving priority to water supply issues. First, water is one of the major poverty-targeted sectors under PASDEP. This implies that the government has been paying attention to the sector in view of alleviating poverty. Second, as noted above, there are revised water policies and strategies, programmes and rules that cover federal to *woreda* levels (see above). This represents political steps forward compared to the past. Third, in all research sites incremental and promising steps to achieve targets within a defined timeframe have been taken, and there are commitments and a degree of competition among regional governments to reduce disparity gaps in terms of water supply. Supporting such political momentum where it exists could provide 'windows of opportunity' for promoting change.

However, water is not yet an election issue and does not seem to figure prominently in the ruling party's or opposition parties' political and development discourses. In past elections, poverty debates have centred on land issues and food security rather than water. Equally, the ruling party

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41 See for instance, Human Rights Watch (2010) World Report 2010 pp.118 – 123.

42 Vaughan, S. and Tronvoll, K. (2003) *The Culture of Power in Contemporary Ethiopian Political Life*, Sida Studies, No. 10, Sweden: Sida.

43 Note that this report was produced before the national elections in May 2010. Human Rights Watch (2010), "One Hundred Ways of Putting Pressure": Violations of Freedom of Expression and Association in Ethiopia, New York, HRW. International Crisis Group, (2009) Ethiopia: Ethnic Federalism and Its Discontents. Africa Report No 153. Nairobi / Brussels, ICG; See also: DFID (undated), Country Governance Analysis, Ethiopia: DFID.

44 The Economist (2010), 'Ethiopia's elections: Forget about democracy; the chances of a fair vote in the coming election are fast receding', *The Economist*, March 25th, Nairobi.

has focused its political agenda more on the issues of education, health, infrastructure and land, rather than the provision of safe drinking water.[45]

There is also limited visible public and popular political pressure for improved water. The more powerful segments of the electorate – whose voices are more typically heard – have generally focused on the construction of schools, health centres, infrastructure development (roads, electric power, and telecommunication), rather than on water supply and water quality. Water does not, as such, feature as a mainstream political and development issue. This does not mean, necessarily, that water issues are not important to large numbers of Ethiopians; for instance, anecdotal evidence suggests that small-scale farmers and pastoralists see water as a key priority for their livelihoods. However, such groups' voices are typically marginalised from political decision-making in Ethiopia. Indeed, further research would be invaluable into the reasons *why* water issues appear as less of a political priority in Ethiopia.

Moreover, the relative weakness of opposition parties in Ethiopia and their lack of focus on water performance limit political pressure on the government to improve its water service performance. For instance, in the last election, opposition political parties focused on criticising government for its undue focus on growth statistics, diverting the attention of all parties away from other issues like access to water. Further, the opposition parties were pre-occupied with negatively criticising the ruling party rather than providing an alternative development agenda and promoting water service issues.

This lack of political prioritisation and limited citizen and party pressure limits the political incentives for political elites to prioritise water supply issues, to allocate public resources to the sector and to ensure better sector performance. Water issues do not, it seems, threaten political legitimacy. More broadly, in the absence of greater political pressures, the UAP and PASDEP may not have sufficient public and political support to ensure their achievement.

Another key political issue relates to self-supply. Some members of the public and service providers are suspicious that self-supply is being promoted by the government as a politically expedient measure for cutting government expenditure and 'boosting' water coverage figures (see Box 3.1). Critics question the government motive for supporting self-supply, noting that this may be about reducing government expenditure and manipulating coverage figures, without giving due consideration to the water quality risks of self-supply and the ability of communities to cover the costs incurred.

Box 3.1: Prioritising self -supply to cut costs?

The revised UAP (2008), otherwise known as the 'accelerated' UAP promotes low cost ground-water based technology, in particular traditional wells, as one of the options for self-supply. There is suspicion among the public, including service providers over the government's motive for promoting this option. Concerns relate mostly to poor quality of water (unsafe for human consumption), inadequate monitoring quality of water and inadequate methods of treatment and lack of community capacity to manage wells for sustainable use. Cost reduction and "boosting" coverage figures are perceived as hidden motives behind the new policy direction.

[45] For example, in the pre-2005 National and Regional election debates which took place between September 26, 2004 and April 24, 2005 among the major competing political parties (including EPRDF), water issues and, more specifically, the issues of clean water supply and sanitation were not on the agenda of the debate.

Moreover, research findings suggest that different aspects of water supply provision are being prioritised over others, for instance, quantity over quality. All Water Bureaus and Offices in the study sites seem engaged in mainstreaming quantity over quality, as explained in Box 3.2. This might put the population at risk of water borne diseases.

Box 3.2: Reasons for prioritising quantity over quality

Regional and *woreda* authorities in the study areas prioritise access/quantity over quality. Some of the explanations include:

- Lack of government financial capacity to address issues of quality and quantity at the same time for a larger population,
- Low revenue base of the government,
- As compared to other sectors, a relatively small number of donors are involved in the sector,
- Most areas in Ethiopia are characterised by acute scarcity in water service delivery.

3.2.2 Decentralisation, risks and political blockages

The federal system includes decentralisation of significant responsibility to local levels which has the *potential* to better serve the interests of ordinary citizens. However, the study identified certain political constraints limiting more effective administrative and fiscal decentralisation and downward responsiveness. It also noted certain risks associated with decentralisation and cases of political patronage.

Blockages and contestation in decentralisation processes

According to informants at regional level, large scale projects like construction of dams for surface water development and operational licenses for large contractors of 'Grade Six' works and above have not yet been decentralised from federal to regional levels. Further, defining standards of water work and machinery, controlling quality of external consultants and developing master plans remain an exclusive responsibility of the federal government. Informants in Tigray, for example, have expressed concern that the process of standard setting for these activities is unclear and that decision-making is non-transparent; and there have been excessive delays in implementing contract decisions. Further, there is a lack of mandate for regional water bureaus to maintain oversight over external contractors with operational licenses of Grade Six and above. This continued central control over such contracts and the lack of regional participation in – and non-transparency of – decision-making processes presents a serious risk of corruption and may lead to the assignment of contracts to politically favoured regions or groups[46]; even if this issue needs further investigation.

At *woreda* level, in spite of positive views on decentralisation and improved water service delivery (noted above), some informants pointed out that only labor-intensive works have been decentralised to *woreda* level. Capital-intensive works in the sector have not yet been decentralised from regional level to *woreda* level. Because of this, there is potential for contestation and competition between *woreda* and regions for such works. For instance, some officers at *woreda* level complained that they have developed sufficient capacity to undertake capital intensive works, and hence they demand further decentralisation of those activities. On the other hand, some informants contend that there are limitations in capacity at *woreda* levels

[46] Patrick Moriarty et al (2008) 'Literature review: Governance and planning theme', May, Ethiopia: RiPPLE; Transparency International (2008), *Global Corruption Report on the Water Sector, 2008*, Cambridge: Cambridge University Press.

(noted above), meaning that further decentralisation to *woreda* level risks worsening the implementation of water plans and the legitimacy of local governance. As found in other studies – for instance in Burkina Faso, Mali or Mozambique – decentralisation processes may result in reduced service delivery performance in the absence of increased power and capacity at local levels.[47]

Problems of 'token decentralisation' were also identified, which can be defined as formal delegation of operational duties and responsibilities without actual power or authority to carry out such responsibilities. So, while decentralised service delivery might provide citizens with a greater political space for expressing their views and for accessing government at local levels, the limited mandate, power and financial capacity at *woreda* and *kebele* level have limited citizens' capacity to influence government decision-making and delivery. For instance, in the urban study areas, Town Water Supply Offices' weak revenue generating capacity and inability to set tariffs limits the responsiveness of service delivery. As a study of Southern African countries' decentralisation processes finds, if decentralisation is to be effective, real powers and real resources need to be handed over to new local administrations – the consequence of not doing so is that their ability to operate and their political legitimacy is hampered.[48] Such 'token decentralisation' processes in Ethiopia can be explained by broader PE factors, which include: 1) constitutional requirements that regional policy-making develop in line with federal norms; 2) the centralising tendencies of the ruling party; 3) central control of the flow of federal subsidy to the regions, which is the majority of regional budget; and, 4) a lack of political and financial capacity in the regions meaning that central government is rarely challenged by more autonomous regions.[49]

Adding to the complex picture, however, is the fact that increased decentralisation may not automatically lead to more responsive or equitable service delivery. Many studies note how there are clear risks of local elite capture of resources or political favouritism, whereby some groups are given special treatment and access to water if they support officials.[50] For instance, a study documented that in some areas in Ethiopia, citizens have to show allegiance to, and follow the orders of, *kebele* officials in order to gain access to key services such as tap water and electricity.[51] Similarly, in Burkina Faso, Mali and Mozambique it was noted that, without sufficient checks and balances at the local level, decentralisation processes risk contributing to a deepening of existing inequalities in access to power and services in the local arenas.[52]

Decentralisation and 'upward political accountability'

In the Ethiopian water sector, incentives for upward accountability (i.e. being accountable to the central government and ruling party) appear much stronger than the pressures for downward

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47 Sida (2006) *Power Analysis – Experiences and Challenges*, Stockholm: Sida.

48 Sustainable Livelihoods in Southern Africa (SLSA) team (Future Agricultures Consortium) (2008), The Politics of Decentralisation in Southern Africa, Process Briefing for WDR 2008, FAC.

49 Chainie, P. (2007) 'Clientelism and Ethiopia's post-1991 decentralisation', *Journal of Modern African Studies*, 45: 3, pp. 355 – 384; Vaughan, S. and Tronvoll, K. (2003) *The Culture of Power in Contemporary Ethiopian Political Life*, Sida Studies, No. 10, Sweden: Sida.

50 Moriarty, Patrick et al (2008) 'Literature review: Governance and planning theme', May, Ethiopia: RiPPLE; Crawford, Gordon (2009), 'Making democracy a reality'? The politics of decentralisation and the limits to local democracy in Ghana, *Journal of Contemporary African Studies*, Volume 27, Number 1, January, pp. 57-83.

51 Vaughan, S. and Tronvoll, K. (2003) *The Culture of Power in Contemporary Ethiopian Political Life*, Sida Studies, No. 10, Sweden: Sida, pp. 42 – 43.

52 Sida (2006) *Power Analysis – Experiences and Challenges*, Stockholm: Sida.

accountability (i.e. being accountable to citizens and marginalised groups). One potential reason for this is that sector heads and deputy heads are political appointees, and they feel that they are more accountable to the upper tier of the government and the party than to the lower tiers. Further, the upper tier of the government has the power to define the promotion and salary opportunities of appointees and sector staff, and to impose sanctions, thus providing incentives and buy-offs to conform. As Vaughan and Tronvoll have argued, lines between state and party in Ethiopia are blurred, with the ruling party dominating, which risks limiting the independence and downward accountability of state institutions.[53] Also, *woredas* primarily depend on the financial contributions of the regions and the latter on the federal level, which presents pressures to conform to upper tiers of government. Similarly, in the wider political context, a study by Chainie suggests that that there is a tendency toward a 'clientelistic' or 'patron-client'[54] relationship between the centre and the regions in Ethiopia, whereby some funds are allocated in 'off-budget' and non-transparent ways to certain regions or groups to maintain political support.[55] Further research is needed to identify the extent to which this is true in the water sector.

Another key issue is the political and institutional incentive-system for reporting on water coverage levels and targets at woreda and regional levels. To a degree, the incentive system from the upper tier of the government provides incentives for over reporting progress against targets. Such incentives may include salary, funding and promotion opportunities for increased progress. The study, as such, found a few instances of over reporting. This is an important issue to resolve, as misreporting can result in inaccurate coverage statistics, therefore hindering the development of effective and targeted policy responses. However, the incidence of over-reporting may be decreasing as, in a few cases, over performance led to a loss of technical support from regional governments and the government showed a tendency to shift its attention from high performing sectors to low performing sector. This mechanism helped to serve as check and balance on appointees relying on over reporting for promotion. In spite of this, there are still risks of under- or over-reporting because of a lack of capacity to monitor and evaluate all water points and because under-reporting may attract more funds, and therefore possible rents, from federal government. In sum, this aspect of the study suggested that the need to align *woreda* and regional priorities with the development priorities of the government (ruling party) appears to have more weight than responding to the wishes of the people.

3.2.3 Capacity

As noted in Part II, there is a lack of capacity in the study sites at different levels. Various factors and PE issues help explain this lack of capacity and can help explain the differences between regions. Regions, and areas within regions, differ in terms of their level of politico-institutional development, infrastructure development, water availability, the availability of trained human power, the attractiveness of the work environment, the tax base and revenue-generating potential, and a range of historical, cultural and social factors. For instance, Afar is an emerging region meaning that its political and institutional capacity in the sector is weaker relative to other

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[53] Vaughan, S. and Tronvoll, K. (2003) The Culture of Power in Contemporary Ethiopian Political Life, Sida Studies, No. 10, Sweden: Sida, pp. 17 – 18.

[54] Patronage (patron-client) politics can be defined as follows: a political system where the holders of power (patrons) seek to maintain their position by directing privileges at particular individuals or groups (clients) in a manner that is intended to strengthen political support and/or buy off political opponents. Patronage politics is a common explanation of why governments often direct resources at narrow groups rather than the public good.

[55] Chainie, P. (2007) 'Clientelism and Ethiopia's post-1991 decentralisation', *Journal of Modern African Studies*, 45: 3, pp. 355 – 384.

regions, hindering its ability to deliver services and demand better support from central government. Further, Afar's water sector performance is influenced by dispersed settlement patterns and pastoralist mobility of the population, geological complexity and low ground water potential, drying up of wells, salinity, and corrosion of water pipelines. These factors affect the ability of the Afar National Regional State to deliver safe water for its constituents. Such regional differences suggest that one-size-fits-all blueprints are inappropriate for addressing water supply challenges across the different areas.

In terms of institutional incentives, in some cases there is a lack of consistency in providing benefits across the regions and within regions in spite of similarities in working conditions. For instance, some *woreda* pay small allowances relative to others, limiting certain *woredas'* ability to attract and retain staff. Indeed, unattractive remuneration schemes throughout the sector render obstacles to the efficient delivery of water services, as they do not attract well qualified and experienced water sector experts. This is one of the major reasons for the rather high staff turnover. Remote location of work places, poor levels of infrastructural development and limited access to social amenities are some of the additional contributing factors affecting motivation of staff in the sector. Moreover, there are limited opportunities for capacity development and career promotion, causing frustration and lack of motivation among staff. Also, in some research sites, informants expressed concerns over the lack of transparency regarding the criteria for selecting staff to pursue education abroad. There is, as such, a risk political patronage and favouritism for certain staff over others, as noted above.

Part IV: Entry Points for Promoting Change

4 Introduction

This part, based on the above analysis, identifies some potential entry points for promoting positive change in the Ethiopian water sector. As is often the case in PE and governance analyses, operational implications are not always clear-cut and there is no magic bullet solution to solve entrenched political challenges.[56] Nonetheless, the findings should enable practitioners to develop interventions which are more effective and politically feasible. The following are interrelated suggestions that could be the subject of further discussion.

4.1 The prioritisation of water supply issues

Given the PE context described above, this study, and other studies, suggest that the most powerful agent of change with whom donors can work in Ethiopia is still the political leadership of the ruling party.[57] However, a range of other agents and stakeholders can surely play roles in change processes in the water sector, and can be strengthened to do so, such as citizens, bureaucrats, the private sector, research institutes and civil society actors, as suggested below. Some key issues related to prioritisation have been identified.

Pushing water supply up the political agenda

As noted above, neither the ruling party nor opposition parties – nor more politically active and visible electorate – seem to make water supply a central political or election issue. It does not figure prominently in the political discourse of ruling elites and has not been a platform or high priority issue for campaigns. Analysis suggested, then, that the 'political contract' – that is, the defined rights and responsibilities between the state and citizens – surrounding water is relatively weak, limiting political incentives to support the sector.

Changing political contracts is a long and complex process,[58] although some entry points are worth considering. First, raise awareness among the electorate on water supply issues, through, for instance, mainstreaming into school curricula and communications programmes. Second, identify and support water reform champions within government. Part of the reason why politicians shy away from actively campaigning on water issues may be because of the perception that it is not a vote-winner, although some elites may be more sympathetic than others and their support is important. Third, strengthen the capacity of citizens and their representatives to pressure politicians to place water higher up the agenda – campaigns on 'rights to water' may have the potential to slowly transform political obligations on water issues.[59] Nonetheless, agents of change and donors will still need to work with and through a political landscape where political

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[56] DFID (2009), How to Note: Political Economy Analysis, London: DFID, p. 12.

[57] Vaughan, S. and Tronvoll, K. (2003), The Culture of Power in Contemporary Ethiopian Political Life, Sida Studies, No. 10, Sweden: Sida, p. 23.

[58] Grindle, M. and Thomas, J. (1991), Public choice and policy change: The political economy of reform in developing countries. Baltimore: Johns Hopkins University Press; Hickey, Samuel (2007), *Conceptualising the Politics of Social Protection in Africa*, October, University of Manchester, BWPI Working Paper 4.

[59] Newell, P. and Wheeler, J. (Eds.) (2006), Rights, Resources and the Politics of Accountability, (London: Zed Books).

freedoms are relatively limited, at least to an extent, and where a large degree of political power remains concentrated in the hands of the ruling party. However, it remains to be seen what impact the upcoming elections will have on the political landscape in the country.[60]

Promote a dialogue on water service delivery options

Suspicions have been raised that self-supply has been promoted in the A-UAP because it is politically expedient, as it reduces government costs and 'boosts' official coverage figures. However, there is some evidence that self-supply may not provide adequate water quality, among other concerns. A dialogue should be strengthened with government over the strengths and weaknesses of self-supply and prioritising quantity over quality, supported by a solid evidence-base. This dialogue could help counteract the risks of politically expedient cost-cutting and/or the manipulation of coverage figures.

Conduct further evidence-based research

Related to the previous point, it is important to build the evidence-base on water supply issues in order to provide information for holding government actors to account. Many external and internal actors, donors and NGOs conduct research on water provision and quality in Ethiopia. However, according to the Ethiopian research team, such actors and their research may be treated with suspicion by government, which limits it effectiveness in influencing policy. So it may be advisable that water quality and quantity -related research is undertaken by universities and research institutions, particularly local institutions, as these are perceived as more credible and authoritative by policy makers. Donors could take an active part in supporting this as a matter of reorientation of research.

4.2 Decentralisation and mitigating risks

The study showed how certain political constraints and incentives risk limiting the nature and scope of fiscal, administrative and political decentralisation in the sector. Potential entry points include the following.

Setting realistic expectations of decentralisation

Resistance to decentralisation, continued centralisation of power and some degree of 'token decentralisation' are evident in the study and donors should recognise this. The promotion of decentralisation must be realistic and constructive. Donors should recognise that 'decentralisation' should not be promoted as a matter of dogma, as it may also result in local elite capture, reduce local legitimacy or set up parallel structures. Further decentralisation to *woreda* level – if capacity for implementation is limited or absent – risks worsening the implementation of water plans and undermining the legitimacy of local governance.

Mitigating decentralisation risks

Efforts need to be made to mitigate the potential risks of decentralisation. If decentralisation is to be effective, real powers and real resources need to be handed over to local administrations. The consequence of not doing so is that their ability to operate and their political legitimacy are

[60] Chainie, P. (2007) 'Clientelism and Ethiopia's post-1991 decentralisation', *Journal of Modern African Studies*, 45: 3, pp. 355 – 384; Human Rights Watch (2010), World Report 2010; International Crisis Group, (2009) Ethiopia: Ethnic Federalism and Its Discontents. Africa Report No 153. Nairobi / Brussels, ICG; Vaughan, S. and Tronvoll, K. (2003), *The Culture of Power in Contemporary Ethiopian Political Life*, Sida Studies, No. 10, Sweden: Sida.

hampered.[61] On the other hand, this study – and other studies – show some of the risks associated with decentralisation, which include increasing the power of local elites and officials in controlling water access, for instance *kebele* officials. This suggests the need for checks and balances at local level, thorough preparation of local administration and elected officials before delegating power to the local level.[62]

Decentralisation and reviewing mandates

It is worth reviewing the mandates and powers of certain water sector bodies. For instance, it is government policy that urban water services operate on a full cost recovery basis. Yet, Town Water Supply Boards are obliged to sell water below the cost (low tariff) of production. Councils often do not allow the Boards to institute tariff adjustments as appropriate for cost recovery. There is a need to review the mandate of Town Boards. In terms of licensing of contractors of Grade Six and above, powers have not been devolved from federal to regional level and there are risks of non-transparent decision-making or even corruption. Addressing such decentralisation issues is a major challenge, especially as decentralisation processes are embedded in broader and long-standing political processes of centralisation and devolution in Ethiopia.[63] Broader multi-stakeholder dialogues may be useful to review the identified bottlenecks in water sector decentralisation, and to review constitutional requirements for regions to follow federal norms. Further, building the capacity of regional and *woreda* levels so that they can more effectively demand more powers from central government may prove a fruitful avenue.

4.3 Improving accountability

Measures are also needed to increase the pressures and incentives for accountability to citizens and users, and to reduce the risks of patron-client relationships and political favouritism.

Addressing incentive-systems and political buy-offs

The employment of staff based on loyalty instead of capability will need to be changed to increase water sector capacity and accountability to service users. Some findings suggest that there are incentives to ensure political loyalty, undermining incentives to build the effectiveness of services. A consistent, transparent and merit-based system of employment, promotion and reward is needed. The existing civil service rules and regulations on employment should be promoted and strictly adhered to. Yet, addressing this process implies addressing the deep-rooted issue of separating state institutions from party control. The BPR has shown positive changes towards increasing transparency in personnel administration. This should be strengthened and scaled up.

Also, incentive systems need to be reviewed to ensure there are no incentives for misreporting the meeting of water targets and coverage levels. Over-reporting may be decreasing as it led to a loss of technical support from regional governments; this process could be supported. More accurate reporting can also be supported by building monitoring capacity at relevant levels of government.

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[61] Sustainable Livelihoods in Southern Africa (SLSA) team (Future Agricultures Consortium) (2008), The Politics of Decentralisation in Southern Africa, Process Briefing for WDR 2008, FAC, p. 19.

[62] Sida (2006) *Power Analysis – Experiences and Challenges*, Stockholm: Sida p. 8.

[63] Chainie, P. (2007),'Clientelism and Ethiopia's post-1991 decentralisation', *Journal of Modern African Studies*, 45: 3, pp. 355 – 384; Vaughan, S. and Tronvoll, K. (2003) *The Culture of Power in Contemporary Ethiopian Political Life*, Sida Studies, No. 10, Sweden: Sida.

Increasing transparency

Public access to basic water-related information has improved, however further improvements and openness are still required. Posting of allocated budget and expenditures on bulletin boards is commendable and needs to be applied in all *woredas***.** Mechanisms for citizens to present grievances and complaints to public officials have recently been put in place but they need strengthening.

Another aspect is to build on positive experience. Bottom-up planning and needs assessment approaches have shown promise in increasing transparency and responsiveness to citizen needs in the water sector. An effective mechanism for citizens' participation in planning, monitoring and reporting (citizens' report cards) has been demonstrated through the PBS programme. Such mechanisms allow an independent view on sector performance and shows potential in empowering citizens. Future water development programs should consider scaling up this approach.

4.4 Capacity-building

There are many capacity and capability challenges identified in the report. Regional differences in politico-institutional development in the sector and agro-ecological characteristics suggest that one-size-fits-all blueprints for water sector capacity-building are inappropriate. Measures are also needed to ensure consistent and attractive salaries across regions and Woreda to retain capable staff. What follows are some 'technical' recommendations.

The Capacity Building Pool Fund

Measures are needed to build the water sector knowledge-base and capacity through, for instance, making the Capacity Building Pool Fund (CBPF) operational. The Water, Sanitation and Hygiene (WASH) CBPF could help harmonise capacity-building initiatives in the water sector. Donors should support the process of making this fund operational. Further, donor support could strengthen national initiatives aimed at improving WASH monitoring, supporting the rollout of the WASH M&E Framework and information management system. The education and training aspects of the CBPF also provides for support to scholarship, quality control in universities and vocational colleges. Popularisation of CBPF is crucial for effective utilisation by intended users, amongst which are civil society actors, NGOs, private sector organisation, research and training institutions.

Financial capacity

In terms of building financial capacity, donors should further ensure alignment with government procedures. Some donors still maintain special requirements in terms of financial disbursement and replenishment, financial reporting and result-matrices as different from those of the government. Financial arrangement of a trust fund with a lead- donor organisation responsible for liaising with government may bring harmony among donors. The donor requirement on the 'matching fund' also appears promising as a way to influence levels of resource allocation to the sector. This should, however, take into account the financial capacity of the government and constraints on capital spending and financial utilisation at the local level, identified in this study and in a recent initiative by the World Bank called the Pilot Local Investment Grant project.

Supporting a different approach to water

More broadly, donors should support a shift to a greater focus on water resources management and sustainability. Too much reliance on ground water in the case of Tigray and Afar can be risky.

The extent of the availability and potential of groundwater will have to be assessed. Other mechanisms like rainwater harvesting, storing and treating should be adopted as one mechanism of water resources management. Water harvesting and storing through the mechanism of building a series of check-dams has a two-pronged advantage: 1) capturing ephemeral flood water in the dry river bed and, 2) storing the water beyond the immediate rainy season. If this scheme is repeated for several rainy seasons, the possibility of revival of old perennial streams is possible.

5 Conclusion

This study has aimed to provide a better understanding of governance in the water sector in Ethiopia and to identify some key political issues and processes that explain this state of play. In so doing it has piloted the application of a CAR/PE framework at sector level. The study focused on the CAR review of government processes in the selected regions, a mapping of key stakeholders and the institutional context, and the analysis of selected PE issues. Further analysis of the sector should map the overall power structures in the sector and further investigate the issues identified here for their existence in other regions and woreda. PEA is no magic bullet for solving intractable problems; nor are the implications easily translated into donor interventions. Nonetheless this study should inform the development of more effective interventions in the sector. The major findings and implications of the study can be summarised as follows.

In spite of progress, challenges persist in terms of capability, accountability and responsiveness in the water supply sector. Capabilities to implement sector targets are hindered by limited financial capacity, under-utilisation of available resources, inadequate budgetary allocation to the sector and human resource limitations. Accountability mechanisms exist between the different tiers of government, such as reporting, sanctions and legal measures, even if the effectiveness of the implementation of such mechanisms is not yet well-known. Promising trends towards increased responsiveness include policy frameworks and constitutions that take more marginalised groups into account; or participatory approaches to water sector planning and evaluation. However, such processes are patchy and embryonic; for instance, limited budgets at local level and the need to align with development priorities at national levels limit local responsiveness to citizen demands.

These governance features are situated in a wider context of politics and power that explain certain aspects of the water sector. Major elements of the PE landscape in Ethiopia include: continued centralisation of power and state control of land, tight control of the party over state institutions, relative weakness of opposition parties and civil society, and increasing political freedoms (e.g. the growth of political parties) even if the level and depth of democratisation processes are limited. It remains to be seen whether political space will continue to open towards increased opportunities for political competition or pluralism, or will move towards a more authoritarian system of governance.

At sector level, some political blockages and drivers were identified. This included the fact that water supply has featured relatively low on the political agenda – compared to land or education, for instance – or that 'self supply' is potentially being promoted out of political expediency to cut costs. Complex fiscal, administrative and political decentralisation processes have taken place, even if political constraints have limited this practice. Some regional and local level bodies have not been given the power and resources required to carry out their mandates, such as Town Water Supply Boards; and thus they demand further devolution of powers. This partial decentralisation can be explained by constitutional requirements to align with federal norms, persistent centralisation of political and fiscal power, and weak capacity of the regions to demand more autonomy from the centre. Of course, decentralisation processes are just two decades' old and its dynamics are embedded in deep-rooted political processes so it will take time to mature. Moreover, there are some cases of political patronage in the sector, in that sector heads are political appointees and incentives exist to ensure staff loyalty to the ruling

party, leading to pressures for upward accountability to federal government as opposed to responsiveness to citizens and service users.

In light of this analysis, options for promoting change were proposed. Strengthening the 'political contract' around water supply is a complex process but could be supported through awareness-raising and education among the electorate on water issues, the support of reform champions within government and seeking ways to transform political obligations, perhaps through the strengthening of rights-based processes. Such options need further discussion. An evidence-based dialogue could also be initiated with government over the strengths and weaknesses of self-supply, as self-supply is not a panacea for universal access. This dialogue could help counteract the risks of politically expedient cost-cutting.

Policy responses to decentralisation in the sector are not clear-cut. On the one hand, findings suggest that the regional and local levels need further powers to fulfil their functions; on the other hand, devolution of power in the absence of capacity risks worsening water service implementation and the political legitimacy of local government; or risks concentrating power in the hands of local officials. Decentralisation promotion should thus be realistic and should factor in measures to mitigate risks such as checks and balances on local power or thorough building of local capacity. Indeed, there is only so much external actors can do to influence such deeply political factors. Opening a dialogue with elites and other stakeholders on the governance of the water sector and decentralisation bottlenecks identified here, may be fruitful. For instance, town Water Supply Boards are obliged to sell water below the cost of production, and Councils often do not allow the Boards to institute tariff adjustments as appropriate for cost recovery. There is clearly a need to review these mandates.

Patronage in the sector is linked to the wider and altogether more challenging issue of party influence in state institutions. The study suggests that the employment of staff based on loyalty instead of capability will need to be changed to increase water sector capacity and accountability to service users. The BPR process has shown positive trends towards increasing transparency in personnel administration. This should be strengthened. Bottom up planning and needs assessment approaches have also shown promise in increasing responsiveness to citizen needs in the water sector, such as through the Protection of Basic Services programme. Future water development programs should consider scaling up this approach.

Capacity issues also need to be addressed and tailored to the politico-institutional variation across and within regions. We suggested putting the CBPF into operation as one option, alongside further donor harmonisation with government procedures and continuation of the 'matching fund'. This should, however, take into account the constraints on capital spending at the local level.

In conclusion, it is ultimately up to government and donors to decide how best to use this study's findings, yet it is hoped that the study will inform the development of more politically astute and more effective interventions to support safe water supply in Ethiopia.

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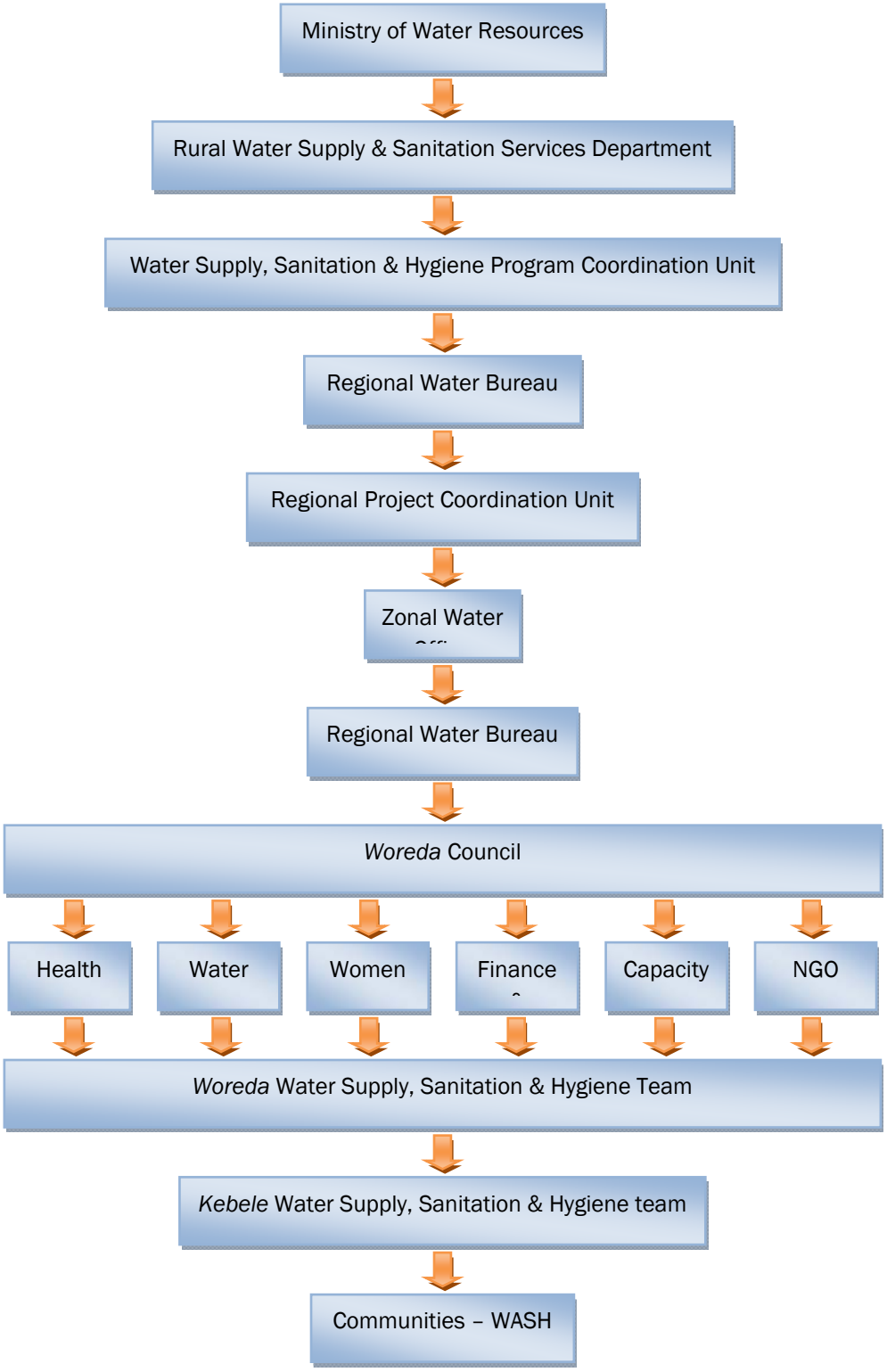
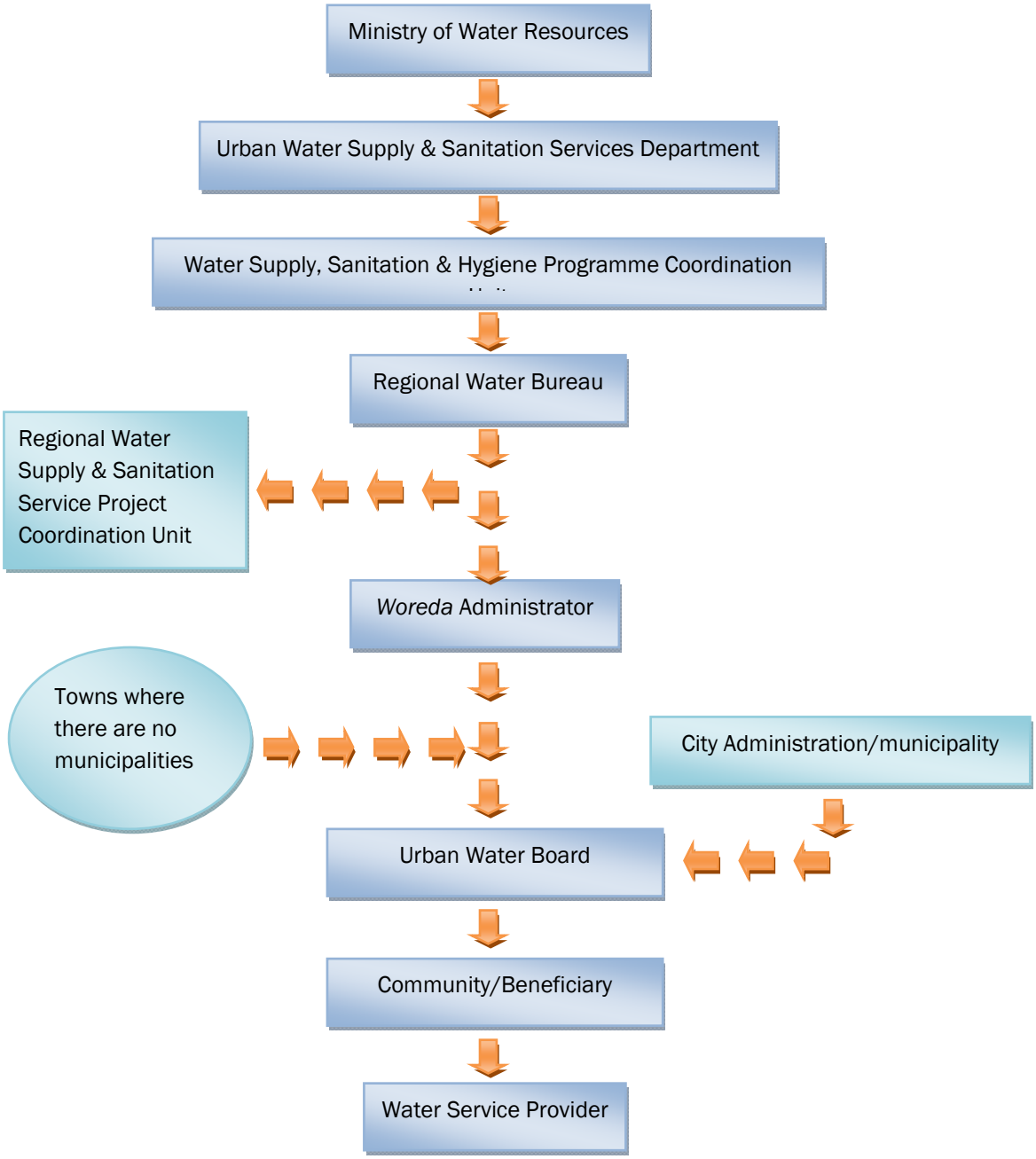
Annex 1: Organisational Structures for WASH Service Delivery in Ethiopia

Organisation of implementation of Rural Water, Supply, Sanitation & Hygiene Programs



Source: The Universal Access Program for Water Supply & Sanitation Services (2006-2012), August 2005

Organisation for the Implementation of Urban Water Supply, Sanitation & Hygiene Programme



Source: The Universal Access Program for Water Supply & Sanitation Services (2006-2012, August 2005.

Annex II: Lessons Learned from Piloting the CAR/PE Framework

The following are a set of lessons learned and reflections on the application of the project's CAR/PE framework in the Ethiopian water sector.

Lessons Identified by the Ethiopian Field Research Team

The CAR/PE (Capacity Accountability Responsibility/Political Economy) framework is an interesting and innovative approach for conducting an in-depth study into 'drivers of change in the Ethiopian water sector'. A number of lessons can be drawn from the application of the CAR/PE tool. Having applied the study tool in the field sites at various levels of governance one may observe both strength and weakness of the approach.

Strengths

In terms of strengths, the approach was useful as a framework for systematically gathering information on water sector development, in general, and safe water supply, in particular, from different perspectives and for different levels of government. The CAR framework has been useful to unpack governance dynamics and to organise analysis according to the key indicators of capability, accountability and responsiveness. It helps understand particular aspects of governance (e.g. capability) and also to understand the *overall* governance picture ('C' and 'A' and 'R' combined), thus giving a useful guide to the major challenges of accomplishing the goals of water service delivery policies, strategies, plans and initiatives.

In our view, 'capability' has been useful for assessing capacity to actually get things done. So the approach covers an analysis of both policy *and* implementation and focuses on whether there are mechanisms in place to oversee the implementation of policies, strategies and plans; or, if there are budgets, adequate human resources and coordination mechanisms between federal, regional and woreda levels for achieving water service delivery.

'Accountability' helps address the level of administrative and political roles of various echelons in pursuing duties and responsibilities. Accountability is, however, difficult to measure as there are complex webs and directions of accountability. For instance, vertical accountability explains the hierarchy of organisational roles or authority where public duties are directed and accomplished. Horizontal accountability functions between sectors, departments, units, and so on, in a modality of cooperation and horizontal networking. Accountability may function *formally* in a manner stipulated in rules and procedures, or it may function *informally* as it may happen in a traditional and cultural manner. Overly simplistic understandings of accountability should, therefore, be avoided and it should be clear what is being measured. Accountability is measured in terms of the fulfilment of the set rules, procedures and norms in view of accomplishing the responsibilities of leaders and rank and file personnel. Measuring this fulfilment is a time-consuming process.

'Responsiveness' is about the way public authorities behave in meeting the needs and rights of its citizens. It serves as a litmus test for whether the system actually fulfils its formal institutional obligations (for instance, embodied in certain policies). In our view it is also about whether the authorities and other personnel can be held responsible for the roles expected in line with the already established rules, principles and procedures.

The PEA has been found useful to better understand the underexplored issues of politics and power within the sector. In particular: (1) it helped think about why, for example, there is limited capacity in the system; (2) it helped explain why the decentralisation drive in the sector and

Ethiopia more broadly has achieved or failed to promote a change in the delivery of safe water; and, (3) it has provided insights into how political actors and leaders prioritize water supply issues and the implications this has.

As research tool, CAR/PE is applicable to any multi-level study with different tiers of government. In this study, the CAR/PE has been applied to the entire spectrum of hierarchy involving the federal, regional, *woreda* and *kebele* (*tabia*) levels. It helped understand functional linkages between structures, such as the parliament, ministries, regional council, *woreda* and *kebele/tabia* councils in terms of functional collaboration with regard to water supply delivery. CAR/PE approach has helped assess linkages between the existing political structures. It is a useful tool to identify and analyse problems and to look for solutions to such problems, in a more structured and strategic manner, bringing a fresh approach. Hence, CAR/PEA has added value. It has helped raise and discuss issues that are typically considered 'politically sensitive' or 'off-bounds', such as political opposition or incentives for party loyalty.

Weaknesses and recommendations

Some weaknesses have, however, been observed with the approach during the fieldwork and as matter of feedback from various interview sessions. First, to be truly able to unpick and critically analyse CAR/PE in a sector through primary data collection and research, a considerable amount of time and research is required. Amassing sufficient evidence to make decisive claims about the elements is challenging. Second, accountability and responsiveness often appear as overlapping concepts (during the interview sessions this was repeatedly demonstrated). CAR framework as a tool has attempted to cover wide areas and issues. It was, however, observed that respondents were not often able to distinguish between the questions under accountability and responsiveness. Respondents felt that there is duplication, resulting in respondent fatigue. Responses to questions relating to responsiveness were found to be vague. Therefore, there was less tangible evidence to verify respondents' claims. That created a room for evading the questions. Third, some of the PE questions were found to be sensitive to some respondents, especially to political appointees. That situation, in turn, caused a degree of suspicion about the objective of the research, resulting in limited cooperation of the respondents.

As a matter of overall observation, the CAR/PE framework has an ambitious research design which attempts to cover vast issues such as policy formulation, implementation, monitoring and evaluation, deep-rooted and complex political drivers of change and so on. In as much as CAR/PE approach is a useful tool its future application can be improved. In this regard the following suggestions can be considered:

1. Questions relating to responsiveness need to be "unpacked" and must be more specific. For example, the question "how much does the water sector take into account its citizens' needs in terms of planning and implementation?" does not seem to yield concrete responses from the interviewees. Therefore, clearer indicators need to be formulated for questions especially under responsiveness.
2. Future design of such research projects should consider multi-sectoral approach recognizing the linkages between various sectors. For instance, to study water supply delivery does not enable to provide the broader view of water sector issues; even if widening the study was not possible in this study here.
3. It would be useful to expand the analysis to different regions and *woreda* across Ethiopia to test the findings in different areas. The geographic scope of the present study is too narrow to obtain a representative picture of the country's water sector.

4. The CAR/PE framework study design seems too ambitious as a research plan. Capability, Accountability and Responsiveness, when bundled together, can become somewhat confused and amorphous when you try to analyse them all at the same time. Perhaps the three can be carried out in phases and as separate piece of study. Moreover, the three need to contextualised in the historical, social/cultural and geographic circumstances of the study areas.
5. The CAR/PE framework seems to be prescriptive and limits the dynamism a study needs. The approach is more interested in the expected outcomes on politics and power rather than promoting a study that is driven by its own findings.
6. The improved framework emerging from the second workshop (19-20 October, 2009) outlined Capacity, Decentralisation and Prioritisation as central issues for examining the drivers of change tailored to Ethiopia's water sector (as discussed in Part III). This has good potential and can be considered to further improve the original CAR/PE framework.

Some further Lessons Learned

A number of other key lessons can be highlighted. There have been various lessons learned in the process of developing and implementing this project; many of which have been discussed with OSSREA and DFID as the project progressed. The following are some of the key lessons, with a focus on recommendations for the conduct of future governance/PE studies. Further discussions on these issues are welcome:

The CAR/PE approach

- There is a tension between the more prescriptive and normative approach of the CAR and the more critical power analysis of PE. As such, it is difficult to reconcile the two aspects in one study. For instance, CAR may assess 'accountability' according to certain indicators whereas a PEA is more pluralist and critical, and seeks to question the different manifestations of power and accountability and their varied manifestation in political practice. Nonetheless they can be complementary parts of a similar analysis as CAR can provide a review to build on. If a detailed PEA is required, this should be the clear focus from the outset.

- Combining a comprehensive CAR sector analysis with a systematic PEA at different government levels has proven too ambitious within the time-scale. Overstretching the research remit presents the risk that the analysis will be 'lighter' and unable to dig underneath surface appearances. For instance, it is time-consuming to do an overall power analysis of the sector, as well as requiring extensive CAR primary data collection. Future studies should limit the operational scope of the study in order to yield deeper analysis.

- Conducting extensive primary data collection and conducting analysis outside of the political Capital clearly adds value by attempting to root the analysis in evidence and to focus on the varied circumstances in different geographical regions within the sector. However, again, this adds to the time required to conduct the study.

The conduct of the study

- Multi-group discussions and workshops are needed to translate the analytical framework into a field research plan that takes into account local realities. The study thus needs to develop iteratively with local researchers. Local context should drive process, methods and purpose, particularly in situations where a government feels threatened or when violent conflict is a growing threat.

- Political sensitivities to this type of analysis in-country and self-censorship by interviewees and researchers are inevitable challenges. It is important to build the trust between international and national researchers and take measures to mitigate the political risks and harm that may result in the study.

- It is useful to have an experienced political economist as a close part of the research team. The advantage of using international experts is that they may already be well-schooled in the approach. On the other hand, working through a local research team builds research capacity and in-country political economy awareness. Moreover it is vital to work through local actors to ensure access to political informants, especially in countries with more limited political freedoms.

Entry points and recommendations

- We should be aware that formulating 'politically intelligent' recommendations adds value but is not straightforward when trying to solve deep-rooted power issues. Moreover, there is a tension between identifying 'political' entry points and solutions that fit with the technical mandates of donors and practitioners. Indeed, political solutions are often needed to solve political problems, but donors are not supposed to interfere with sovereign politics – so it is challenging to identify politically-intelligent *technical* solutions.

- It is worth being clear at the outset who the entry points are for: donors? Government? Civil society? Or all actors? Entry points will differ according to the mandates of the actors that are targeted. Operational recommendations should also be validated through ongoing discussions with actors. Strategically effective entry points take considerable thought and discussion to develop.

- Theories of *how exactly* to promote political change need to be written into PE analyses, e.g. society-centred approaches vs. political-centred approaches and so on. This would help strengthen the development of politically feasible and effective entry points.

Overall, much depends on the aim of the PEA. It needs to be very clear at the outset which type of analysis is required; whilst recognising that field results may shape the output. A requirement in formulating a PEA should be to establish whether it is to deepen knowledge, facilitate dialogue, foster influence, or feed into policy development and programming. It should also be clear whether it should be driven by primary data collection or secondary analysis; or whether it is focused on generating new knowledge or using PE tools to largely analyse and organise existing knowledge. Problem-driven frameworks, with clearly defined operational focus, are most likely to yield solutions that can be carried forward by the aid sector.

Annex III: List of interviewees

Persons interviewed in Addis Ababa

Name	Position and Organisation
Ato Yohannes Gebre Medhin	Rural and Urban Water Supply Administration, Ministry of Water Resources
Honorable Alemneh Getinet	Natural Resources and Environmental Protection Affairs Standing Committee, House of Representatives
Honorable Endalkachew Molla	Deputy Chairman, Natural Resources and Environmental Protection Affairs Standing Committee, House of Representatives
Ato Worku Yehualashet	Director for Woreda Good Governance Capacity Building Program, Ministry of Capacity Building
Ato Ewnetu Belata	Ministry of Federal Affairs, Intergovernmental Division Head
Ato Girma Hailu	Program Manager, Natural Resources & Environment Program, UNDP, Ethiopia
Ato Abiy Tesfaye	EU-Infrastructure Section Project Coordinator
Ato Ayichalem Goshu	CRDA - Water & Sanitation Forum Coordinator
Ato Mesfin Mengistu	CRDA - Sida Support Civil Society Program Coordinator

List of interviewees, Afar National Regional State

Name	Bureau/Office
Ato Mohammed Tahiro	Vice President
Ato Uta Ibrahim	Acting Head - Water Resource Bureau & Operation –Maintenance Head
Ato Abdu Musa	Planning Department - Water Bureau
Ato Ibrahim Umer	Rural Water Delivery Service Coordinator
W/o Meyru Humed Ali	Bureau Head – Capacity Building
Ato Muredian Abela	District Level Decentralisation Coordinator- Capacity Building
Ato Murad Umar	WB & AfDB Coordinator
Ato Tibebe Alemu	WB & AfDB Program Coordinator
Ato Yonas Berehe	Logia & Semera Town Water & Sewerage Service Technical Expert
Ato Fantaw Sebsibe	Secretary of Logia Town Administration
Ato Mohammed Nasir	V/President of Logia Town Administration
Ato Osman Mekbul	Cap. Building - Civil Servant Commission Commissioner
Ato Jafar Usman	Acting Head - BoFED
Ato Abdu Tahir	Planning Expert - BoFED
Ato Awol Ibrahim	Financing Expert - BoFED
Mille Woreda	
Ato Hassen Mohammed	Mille Woreda Administrator

Ato Alemayehu Mulugeta	Woreda Water Resource Office - Rural Water Delivery Coordinator
Ato Mohammed Eshetu	Sanitation Expert
Ato Bilal Ahmed	Head - Woreda Finance and Economic Development
Ato Habib Anisa	Head- Capacity Building
Ato Mohammed Ibrahim	Head - Mille town Water & Sanitation Delivery Office
W/o Zehara Ibrahim	Head - Woreda Women's Affairs Office
Ato Kasim Said	Head - Woreda Health Office
W/o Woineshet Yimam	Expert - Education Office
Gewane Woreda	
Ato Yusuf Abdurkadir	Head - Woreda Water Office
Ato Yimer Mekonnen	Rural Water Delivery Section
Ato Mohammed Abdela	Sanitation Expert
Ato Solomon Assefa	Civil Service Office Expert
W/o Mulu Birhanu	Women's Affairs Department Secretary
Ato Mesfin Alemayehu	Women's Affairs Expert
Ato Yekud Hawino Yakudi	Woreda Administrator
Ato Goshu Kebede	Education Office Expert
Ato Hager Hammed	Head - Woreda Office of Finance and Economic Development
Ato Hamid Mohammed	Head - Health Office
Ato Hamidu Ali Gube	Head – Capacity-Building Office
Amibara Woreda	
Ato Bidar Ali bidar	Woreda Administrator
W/o Fatuma Adu	Head - Women's Affairs Department
Ato Hussen Haga Uta	Head - Pastoral Agriculture & Rural Development Office
Ato Kemal Yesuf	Head - Water Resource Office
Ato Gebreabegaz W/hawariat	Head - Human Resource Management- Capacity-Building Office
W/o Hawa Said	Head - Awash Arba town Water and Sanitation Service Office
Ato Anfire Ahmed	Senior Nurse and head - Awash Arba town clinic
Ato Yidnekachew Tamiru	Planning department Head- Woreda Office of Finance and Economic Development

List of interviewees, Amhara Region

Name	Organisation	Position
Tazash Seyfu	Amhara Regional Administration	Minutes and decision notification expert
Binalfe Andualem	Amhara Regional Administration	Advisor, Mass Participation &

		Organisation
Adane Kassahun	Water Resource Development Bureau	Planning, Monitoring & Evaluation Officer
Muche Shiferaw	West Gojjam Zonal Water Office	Water Supply Process - Coordinator
Haymanot Belete	Water Resource Development Bureau	WASH Program Coordinator
Solomon Teferra	Finance & Economic Development Bureau	Development Planning & Monitoring Process - Officer
Nigussie Tsegaye	Finance & Economic Development Bureau	Development Planning & Monitoring Process - Officer
Alamenew Yimenu	Finance & Economic Development Bureau	Budget Administration & Management Process - Officer
Getachew Delu	Finance & Economic Development Bureau	WASH – Accountant
Ayalew Tadesse	Capacity Building Bureau	Programs Process – expert
Terefe Alemu	Women's Affairs Bureau	Gender Mainstreaming Process - Expert
Yeneneh Mingistu	Women's Affairs Bureau	Acting Bureau Head
Mebet Admas	Bahir Dar Town Water Supply	Office Manager/Head
Demessie Beyene	Lay Armacho Woreda Administration Office	Office Head
Yaregal Ejegu	Lay Armacho Woreda Administration Office	Minutes and decision notification expert
Abdrahman Ahmed	Lay Armacho Woreda Finance & Economic Development Office	Office Head
Amare Belayneh	Lay Armacho Woreda Finance & Economic Development Office	Budget Expert
Megebie Chekole (Ms)	Lay Armacho Woreda Finance & Economic Development Office	Budget Officer
Teruye Belachew (Ms)	Lay Armacho Woreda Finance & Economic Development Office	Aid & Loan Accounts Officer
Negesse Berkie	Lay Armacho Woreda Water Development Office	Head – Process Owner
Osman Ayenew	Lay Armacho Woreda Capacity Building Office	Human Resource Sub-Process Coordinator
Adem Yusuf Getu	South Gonder Zonal Water Development Office	Water Supply Process Coordinator
Teshome Ayhu	Bureau of Finance & Economic Development	PBS Accountant
Asmamaw Negash	Bureau of Water Resources Development	WASH – Financial Specialist
Mulugeta Worku	Christian Relief & Development Association	Branch Head

List of interviewees, Tigray Region

Name	Organisation	Position
Ato Michaeal Tsehaye,	Bureau of Water Resources, Miners and Energy, Mekelle, Tigray	Head
Ato zelalem Fesaha,	Water Resources Administration core process, (BoWR), Mekelle, Tigray	Head
Ato Haile kidane,	Planning and support process owner of development (BoWR), Mekelle, Tigray	Head
Ato Maeruf Nurhussien	Finance and Development (BoFED), Mekelle, Tigray	Head
Ato Araya Tesfaye,	(BoFED), Mekelle, Tigray	BPR Expert
Ato Dajew Hagos,	(BoWR), Mekelle, Tigray	Wash Team leader
Ato Gebregiorgis Hagos,	(BoWR), Mekelle, Tigray	Wash Team Member
Ato Epreme Kinfle,	(BoWR), Mekelle, Tigray	Head, Water Supply and Irrigation Development Core Process Owner
W/t Ametmariam Gebremichael,	Women's Affairs Bureau, Mekelle, Tigray	Head, Gender Mainstreaming Core Process,
Ato Solomon Abera	(BoWR), Mekelle, Tigray	Head, Process Owner of Irrigation and Water Supply Development Core Process
Ato Cemichael Gebremedhin,	(Bureaus of Administration), Mekelle, Tigray	Special Advisor of the Tigray National Regional President
Ato Daniel Hagos	Finance and Budget, Relief Society of Tigray (REST), Mekelle, Tigray	Head
Dr. Haile,	Planning and Research Office, (REST), Mekelle, Tigray	Head
Ato Abay Gebrlibanos,	the Government of National Regional state of Tigray, (Office of the president), Mekelle, Tigray	Head

Mekelle Town

Name	Organisation	Position
Ato Abraha	Mekelle, Tigray	Acting City Administration,
Ato Giduna Abebe	Mekelle office of Water Resources, Miners and Energy, Mekelle, Tigray	Head
Ato Mengisteab Yirdew	Mekelle, Town office of Finance and Economic Development, Mekelle, Tigray	Head, Plan Development and Process Owner

Wukro Town

Name	Organisation	Position

Ato Fistumbrihan Abera	Office of Water Resources, Miners and Energy, Wukro, Tigray	Head
Ato Milew Gebremedhin	(Office of water Resources Mines and Energy), Wukro, Tigray	Operation and maintenance section leader
Ato Wondimeneh Girma,	Wukro, Tigray	City Administration

Kolla Town

Name	Organisation	Position
Ato Brhain Reklu	Office of Water Resources, Mines and Energy, Kolla Tembien, Tigray	Associate Head
Jemal Seid	Office of the Woreda Administration, (Kolla Tembien), Kolla Tembien, Tigray	Head

Endamhoni Woreda

Name	Organisation	Position
Ato Hagos Bahiru	Office of Water Resources, Mines and Energy, Endamhoni, Tigray	Head
Ato Cherkos Seyoum	(Office of Water Resources, Mines and Energy), Endamhoni, Tigray	Expert
Ato Habtu	(Office of Water Resources Mines and Energy), Endamhoni, Tigray	Electromechanical Engineer
Ato Emanuel Girma	Endamhoni, Tigray	Irrigation Engineer
Ato Tesfaye Gebre Egzabher,	Endamhoni, Tigray	Water shed Expert
Ato Michael Tesfaye	Endamhoni, Tigray	Hydrogeologist
Ato Hadush Berhe	Endamhoni, Tigray	Energy Technician
W/t Awet GebreMariam	Endamhoni, Tigray	Water Resources Administrator
Ato Haftu Abo	Endamhoni, Tigray	Woreda Administrator
Ato Gebresilsassie Yeyis	Endamhoni, Tigray	Head of Capacity Building

Annex IV: Study question guide

Federal Level

1. What are socio-economic, political, cultural and historical characteristics that influence the water sector performance (social and economic inequality, property rights, political structures, power relations, social organisation, regional disparities, etc)?
   - 'Evolution' of the water sector (policy/strategy and organisational structure, accountability (from a sub-sector under Agriculture into a sector on its own)
   - Performance: current status of service delivery (water coverage or access figure) by regions, rural and urban
   - Why the disparity (quality, quantity)?
   - Contributing factors for the disparity - could be socio-economic: demographic /population size, budget (govt, donor financing; and community capacity), cultural and historical: ethnicity, topography/geography and endowment of natural resources

2. How was the current National Water Policy developed? (C)
   - What was the process of political decision-making (agenda setting, policy adoption, policy implementation, policy evaluation)
   - Process of designing programs (WSDP), financing (budget allocation) and implementation of water sector programme (focus on M&E)
   - Who was involved? Roles and responsibilities of state and non-state actors?
   - What were some of the challenges? Capacity, power relations among state and non- state actors

3. How much does the water sector take into account its citizens' needs in terms of planning and implementation?
   - How does the government address the needs of the various segments of the population (women, children, disabled, pastoralists, poor, marginalised areas)?
   - Needs assessments carried out?
   - How are priorities made? What criterion used?
   - Do citizens have a say in the planning of water services?
   - How does the State make citizens aware of their rights regarding water services?

4. Who are the key actors on the demand and supply side of water service delivery and what is the relation between them (government, non-state actors, formal and informal)?

   Internal/domestic actors
   - Who are the key stakeholders on the demand side?
   - Who are the key stakeholders on the supply side
   - Power relation among stakeholder (supply and demand side): strength in policy formulation, programme implementation (planning, design, execution, M & E),
   - What links and networks exist between stakeholders (supply side)?
   - What links and networks exist between stakeholders (demand side)

   Key External actors
   - Who are main international actors in the policy process?
   - What influence do they have?

- What are their aid priorities?

5. How transparent is the water decision-making (planning, budgeting, expenditure) and the relations between stakeholders?
   - Process of planning/budgeting water project/program? Who is involved?
   - Who manage budget/expenditure?
   - Who is responsible for reporting (M &E)?
   - Are citizens informed of amount of budget allocated for water? How?
   - Are citizens informed of expenditure on water? How?

6. What is the institutional framework and complexities of the water sector?
   - Institutional arrangements for planning, implementing and reporting water programs.
   - Roles and responsibilities of different actors
   - What undefined territories exist between the different stakeholders as regards water sector policies and how does this impact on the relationship of the various actors?

7. How well do water supply institutions perform in terms of the implementation of policies, rules and regulations, programmes, etc.?
   - Capacity to finance WSDP, UAP (sources of financing?)
   - human resources capacity
   - capacity to coordinate at different levels - (Federal, Regional, *Woreda*)
   - capacity to implement programs against plan (activities, budgets)
   - capacity to monitor progress (against MDG, UAP, PASDEP)
   - What are some of the challenges/blockages of decentralisation processes?

8. What are the (vertical and horizontal) accountability mechanisms in the water sector and what is their impact on the behaviour of duty holders? What sanctions are applied for non-performance?
   - What lines of accountability within the Ministry of Water at different level and upward to the Prime Minister Office?
   - Any accountability to political system (the Parliament)?
   - What are the consequences of failure to perform as planned in vertical accountability)
   - What are the consequences of failure to perform as planned in horizontal accountability? (the Parliament, Office of the Attorney General)

9. What are the incentives driving political elites to embark on and implement reforms in the water sector and what are the obstacles to these reforms?
   - What positive factors (rewards) motivate performances of political elites (Ministers of Water/Finance, Prime Minister Office, Parliament/Standing Committees)?
   - What negative factors (sanctions) motivate performances of different actors (Ministers of Water/Finance, Prime Minister Office, Parliament/Standing Committees)?
   - Which external factors interact with actors' incentives?

10. What role do various groups/stakeholders outside the government (civil society, donors) have as regards accountability in water service delivery?
    - Do citizens (right holders) have the right to hold service providers (duty holders) accountable? Any legal provisions? Organisational policies?

- Are there mechanisms for doing so? Mechanisms for reporting complaints?

11. What anti-corruption measures are in place at the federal level?
    - Anti-corruption unit within MOWR? Accountability structure or reporting mechanism within the ministry.
    - Is the unit functional (human resource, budget, experiences and action taken)

Regional level

1. What are socio-economic, political, cultural and historical characteristics that influence the water sector performance (social and economic inequality, property rights, political structures, power relations, social organisation, regional disparities, etc)?
    - Evolution of the water sector (policy/strategy and organisational structure and/or, accountability (from sub sector under Agriculture into a sector on its own)
    - Performance: current status of service delivery (water coverage or access figure) by *woreda*, urban and rural.
    - Why the disparity (quality, quantity)?
    - Contributing factors - could be socio-economic: demographic /population size; budget (govt, donor financing; and community capacity); cultural and historical: ethnicity, topography/geography , endowment with natural resources and other regional issues

2. What are Regional Governments' water service priorities?
    - What are policy targets?
    - How much does the regional authority take 'pro-poor' issues into account?

3. How much of the regional budget is allocated to water supply? What criteria are used in allocating budget for water sector? To what extent this allocation reflects regional water service delivery priorities?

4. Who are the key regional actors on the demand and supply side of water service delivery and what is the relation between them

   Internal/domestic actors
    - Who are the key stakeholders on the demand side?
    - Who are the key stakeholders on the supply side
    - Power relation among stakeholder (supply and demand side): strength in policy formulation, programme implementation (planning, design, execution, M & E),
    - What links and networks exist between stakeholders (supply side)?
    - What links and networks exist between stakeholders (demand side)

   Key External actors
    - Who are main international actors (donors) in the policy process?
    - What influence do they have?
    - What are their aid priorities?

5. Which actors are responsible for decision-making at regional level?

6. How are federal level water sector plans, programs and policies transmitted to the regional level and what kinds of decisions are made at the regional level?
   - Are regional strategies and targets in line with federal level strategies and targets such as the UAP, PASDEP, and MDG targets?
   - How independent are regions politically from the federal level in taking decisions affecting water supply service delivery?
   - What influence do the regions have over central planning in the context of the UAP?

7. Is the Regional Water Bureau capable of overseeing Woreda Water Offices/desks regarding water sector policy implementation?
   - What (programme) monitoring mechanisms and reporting systems are available? For instance, M& E systems, Information Management System, etc.

8. Are there mechanisms in place for the regional water actors to transmit and accommodate the views of their constituencies?
   - How does the government respond to the needs of the various segments of the population (poor, women, children, disabled, pastoralists)? Who is involved?
   - What mechanisms are in place for citizens' involvement? Needs assessments carried out? Participatory planning process?
   - Are there people/groups excluded/included from water service delivery?

9. How transparent is the water planning, budgeting and expenditure process?
   - Are local stakeholders involved in the process of planning water project/programme? Who is involved?
   - How is budget allocated/criterion used – who is involved?
   - Who manage budget/expenditure?
   - Who is responsible for reporting (M &E) performance against plan?
   - Are citizens informed of amount of budget allocated for water? How?
   - Are citizens informed of expenditure on water? How?

10. What is the institutional framework and complexities of the water sector in the region?
   - Institutional arrangements for planning, implementing and reporting water programmes.
   - Roles and responsibilities of different actors
   - What undefined territories exist between the different stakeholders as regards water sector policies and how does this impact on the relationship of the various actors?
   - Has this arrangement allowed effective service delivery?

11. How well do water supply institutions perform in terms of the implementation of policies, rules and regulations, programmes, etc.
   - Are plans and policies supported by adequate finance and human resources?
   - Are programmes implemented as planned?
   - Is there capacity to monitor progress (against MDG, UAP, PASDEP) at regional level?
   - Is there capacity to monitor performances at *woreda* level?
   - What are some of the challenges/blockages of decentralisation processes?

12. What types of incentives and constraints, if any, do actors in the water sector face at the regional level to provide water service delivery?

- What positive factors (rewards) motivate performances of political elites (Bureau of Water/Finance, Regional Government)
- What negative factors (sanctions) motivate performances of different actors (Bureau of Water/Finance, Regional Government)
- Which external factors interact with actors' incentives?

13. How is accountability in the water sector at regional level undertaken, for example:
    - Accountability of a Regional Government to Federal Government,
    - Accountability of Regional Government to donors,
    - Are there accountability mechanisms, such as joint planning, monitoring and review of programs and budgets with stakeholders at regional level?

14. What anti-corruption measures are in place at the regional level?
    - Any rules and procedures? Structure or units established? In which organisation/ where?

Woreda level

1. What are socio-economic, political, cultural and historical characteristics that influence the water sector performance (social and economic inequality, property rights, political structures, power relations, social organisation, regional disparities, etc)?

- Evolution of the water sector (policy/strategy and organisational structure and/or, accountability (from sub-sector under Agriculture into a sector on its own)
- Performance: current status of service delivery (water coverage or access figure) by *kebele*s in urban and rural areas.
- Why the disparity (quality, quantity)?
- Contributing factors - could be socio-economic: demographic /population size; budget (govt, donor financing; and community capacity); cultural and historical: ethnicity, topography/geography , endowment with natural resources and other regional issues

2. How are the Woreda Development plan and/or Woreda WASH plan developed?

- What are the priorities in the water sector?
- How are priorities made? Needs assessment?
- Are *woreda* strategies and targets in line with Regional and Federal level strategies and targets such as UAP, PASDEP and MDGs targets
- How independent are *woredas* politically from the Regional level in taking decisions affecting water supply service delivery?
- What influence do the *woredas* have over central planning in the context of the UAP

3. Which actors are responsible for local level water decision-making?
4. Who are the key local actors on the demand and supply side of water service delivery and what is the relation between them?

   Internal/domestic actors
    - Who are the key stakeholders on the demand side?
    - Who are the key stakeholders on the supply side
    - Power relation among stakeholder (supply and demand side): strength in policy formulation, programme implementation (planning, design, execution, M & E),
    - What links and networks exist between stakeholders (supply side)?

- What links and networks exist between stakeholders (demand side)

Key External actors

- Who are main international actors (donors) in the policy process?
- What influence do they have?
- What are their aid priorities?

5. How transparent is the water planning, budgeting and expenditure process?

- Are local stakeholders involved in the process of planning water project/program? What mechanisms are in place?
- What is the relation ship between Woreda Water Office and local structures/institutions? OR What is the interaction between informal and formal institutions, and formal and informal rules and regulations?
- How is budget allocated/criterion used – who is involved?
- Who manage budget/expenditure?
- Who is responsible for reporting (M &E) performance against plan?
- Are citizens informed of amount of budget allocated for water? How?
- Are citizens informed of expenditure on water? How?

6. What is the **institutional framework** and complexities of the water sector in the region?

- Institutional arrangements for planning, implementing and reporting water programs.
- Roles and responsibilities of different actors
- What undefined territories exist between the different stakeholders as regards water sector policies and how does this impact on the relationship of the various actors?
- Has this arrangement allowed effective service delivery?

7. How do institutions perform in terms of the implementation of policies, rules and regulations, programs, etc.?

- Do the *woredas* have the necessary institutional, human, physical and financial capacity to meet water sector targets?
- How is monitoring and evaluation of schemes undertaken and how frequently?

8. What types of incentives and constraints, if any, do actors in the water sector face at the *woreda* level to provide water service delivery?

- Is *woreda* development WASH Plans implemented as planned?
- What positive factors (rewards) motivate performances of political elites (Offices of Water/Finance, Woreda Government)
- What negative factors (sanctions) motivate performances of different actors (Offices of Water/Finance, Woreda Government)?
- Which external factors interact with actors' incentives?

9. How is accountability undertaken in the water sector at *woreda* level?

- How is reporting (performance and budget) done at the *woreda* level and how is communication between *woredas* and higher levels undertaken?
- How effective are systems to hold *woredas* to account and to seek redress?

10. What anti-corruption measures are in place at the *woreda* level?

11. How has decentralisation affected water service delivery?

- What new 'water sector' powers have been placed at *woreda* level through decentralisation processes?
- How independent are *woredas* politically from the regional level in taking decisions affecting water supply service delivery?
- How are new water sector structures supporting more responsive service delivery? Increased access?
- How are (potential) users of water services involved in local (water) decision-making, especially marginalised groups (the poor, women)?

Annex V: The project's CAR/PE Question Guide

Research Objective

Based on existing knowledge and analysis of the decentralised Ethiopian water policy cycle (i.e. from policy formulation through implementation to monitoring & evaluation), the central objective of this study is to identify critical political-economic problems/constraints in the Ethiopian water service sector.

Central Research Questions

What are (some of) the key political-economic issues/problems in the water sector in relation to the C-A-R?

What are the major underlying constraints/drivers of such problems (PE/DOC)?

Question Set to Guide the Research

Level (Ethiopia)	*Capability (C)*	*Accountability (A)*	*Responsiveness (R)*	*Political Economy Drivers of Change (PE/DOC)*
Federal	<u>Formulation of policies</u> How are policies made (processes leading up to policy formulation at the government level and at ministerial level), and where are the most serious blockages in the decision-making process? <u>Implementation of policies</u> How well do water supply institutions perform in terms of the implementation of policies, rules and regulations, programs, etc.? Are there any relevant mechanisms in place at the federal level to oversee the implementation of government policies in the water services? Are water sector policies and	What are the (vertical and horizontal) accountability mechanisms in the water sector and what is their impact on the behaviour of duty holders? What sanctions are applied for non-performance? How transparent is the water decision-making (planning, budgeting, expenditure) and the relations between stakeholders? How is progress in the water sector being monitored against MDGs? What role do various groups/stakeholders outside the government (civil society, donors) have as regards accountability in water service delivery?	How does the state make citizens aware of their rights as regards water services? How much does the water sector take into account its citizen's needs in terms of planning and implementation? How does the government assess the needs of the various segments of the population? Are there trade-offs in undertaking this process? What anti-corruption measures are in place at the federal level?	<u>CONTEXT</u> *Structural features* What are socio-economic, political, cultural and historical characteristics that influence the water sector performance (social and economic inequality, property rights, political structures, power relations, social organisation, regional disparities, etc). *Institutions* What is the institutional framework and complexities of the water sector? What undefined territories exist between the different stakeholders as regards water sector policies and how does this impact on the relationship of the various actors?

	plans being translated into sufficient, consistent and predictable government water sector budgets? Are water policies and plans supported by adequate availability and quality of human resources? Are there clear lines of coordination and responsibility between the *woreda*, regional and federal level for water service delivery, and what have been the challenges of the decentralisation process?			*Agents* Who are the key actors on the demand and supply side of water service delivery and what is the relation between them (government, non-state actors, formal and informal)? <u>DRIVERS OF CHANGE</u> *Incentives and blockages* What are the incentives driving political elites to embark on and implement reforms in the water sector and what are the obstacles to these reforms? Which external factors interact with actors' incentives? What is getting in the way of water sector reform and improved service delivery/out comes (political blockages)? What individuals, communities, groups or organisations (stakeholders) have an interest in the water sector reform process and its outcomes (the agents of change)?
Regional	<u>Formulation of policies</u> Which actors are responsible for decision-making at regional level? How are federal level water sector plans, programmes and policies transmitted to the regional level and what kinds of decisions are	How is accountability in the water sector at regional level undertaken, for example: the accountability of a regional government to federal government,the regional government to donors, etc?	What are regional governments' water service priorities (policy-related, financial, human resources)? What criteria do regional governments use to make decisions regarding water service	CONTEXT <u>Structural features</u> What are socio-economic, political, cultural and historical characteristics that influence the water sector performance in the region?

	made at the regional level? Are the regional strategies and targets in line with federal level strategies and targets? How independent are regions politically from the federal level in taking decisions affecting water supply service delivery? What influence do the regions have over central planning in the context of the UAP? <u>Implementation of policies</u> Is the federal government capable of overseeing regional governments as regard water sector policy implementation in terms of monitoring, evaluation, data analysis (information systems)? How much of the regional budget is allocated to water supply and to what extent this allocation reflects regional water service delivery priorities? Are the plans and policies supported by adequate availability and quality of human resources at the regional level?	How transparent is the water planning, budgeting and expenditure process?	delivery? How much does the regional authority take 'pro-poor' issues into account? Are there mechanisms in place for the regional water actors to transmit and accommodate the views of their constituencies? How does the government respond to needs assessments and who participates in this process? Are their people/groups excluded/included from water service delivery? What anti-corruption measures are in place at the regional level?	<u>Institutions</u> What is the institutional framework and complexities of the water sector in the region? <u>Agents</u> Who are the key regional actors on the demand and supply side of water service delivery and what is the relation between them? DRIVERS OF CHANGE <u>Incentives and blockages</u> What types of incentives and constraints, if any, do actors in the water sector face at the regional level to provide water service delivery?
Woreda	<u>Formulation of policies</u> Which actors are responsible for local level water decision-making? How are federal-regional water plans and programmes communicated down to *woreda* level?	How is accountability undertaken) in the water sector at *woreda* level? How effective are systems to hold *woredas* to account and to seek redress?	What are *woredas*' water service priorities (policy-related, financial, human resources)? Has decentralisation improved responsiveness at this level and how?	CONTEXT <u>Structural features</u> What are socio-economic, political, cultural and historical characteristics that influence the water sector performance in the region?

	<u>Implementation of policies</u> What are the effects of decentralisation process in water service delivery? What new 'water sector' powers have been placed at *woreda* level through decentralisation processes? How independent are *woredas* politically from the regional level in taking decisions affecting water supply service delivery? How do institutions perform in terms of the implementation of policies, rules and regulations, programs, etc.? Do the *woredas* have the necessary institutional, human, physical and financial capacity to meet water sector targets? How is monitoring and evaluation of schemes undertaken and how frequently?	How is reporting done at the *woreda* level and how is communication between *woredas* and higher levels undertaken? How transparent is the water planning, budgeting and expenditure process? Do local stakeholders feel that they have voice over the decisions made at *woreda* level? What is the relationship between *woreda*'s office community water bureaus and community institutes and what kind of support is given?	How are new water sector structures supporting more responsive service delivery How are (potential) users of water services involved in local (water) decision-making, especially marginalised groups (the poor, women)? How is a need assessment undertaken at this level and how is information transmitted to higher levels? What anti-corruption measures are in place at the *woreda* level?	<u>Institutions</u> What is the institutional framework and complexities of the water sector in the region? <u>Agents</u> Who are the key local actors on the demand and supply side of water service delivery and what is the relation between them? DRIVERS OF CHANGE <u>Incentives and blockages</u> What types of incentives and constraints, if any, do actors in the water sector face at the *woreda* level to provide water service delivery? If things are not happening according to national plans at the local level, why is this the case? What is the interaction between informal and formal institutions, and formal and informal rules and regulations?