

814 ET96

THE ETHIOPIAN SOCIAL REHABILITATION

AND DEVELOPMENT FUND

OPERATIONAL MANUAL

1987/1988

ADDIS ABABA

814-ET96-13686



Yibeleh Abbay
July 16, 1996

THE ETHIOPIAN SOCIAL REHABILITATION AND DEVELOPMENT FUND

OPERATIONAL MANUAL

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June, 1996
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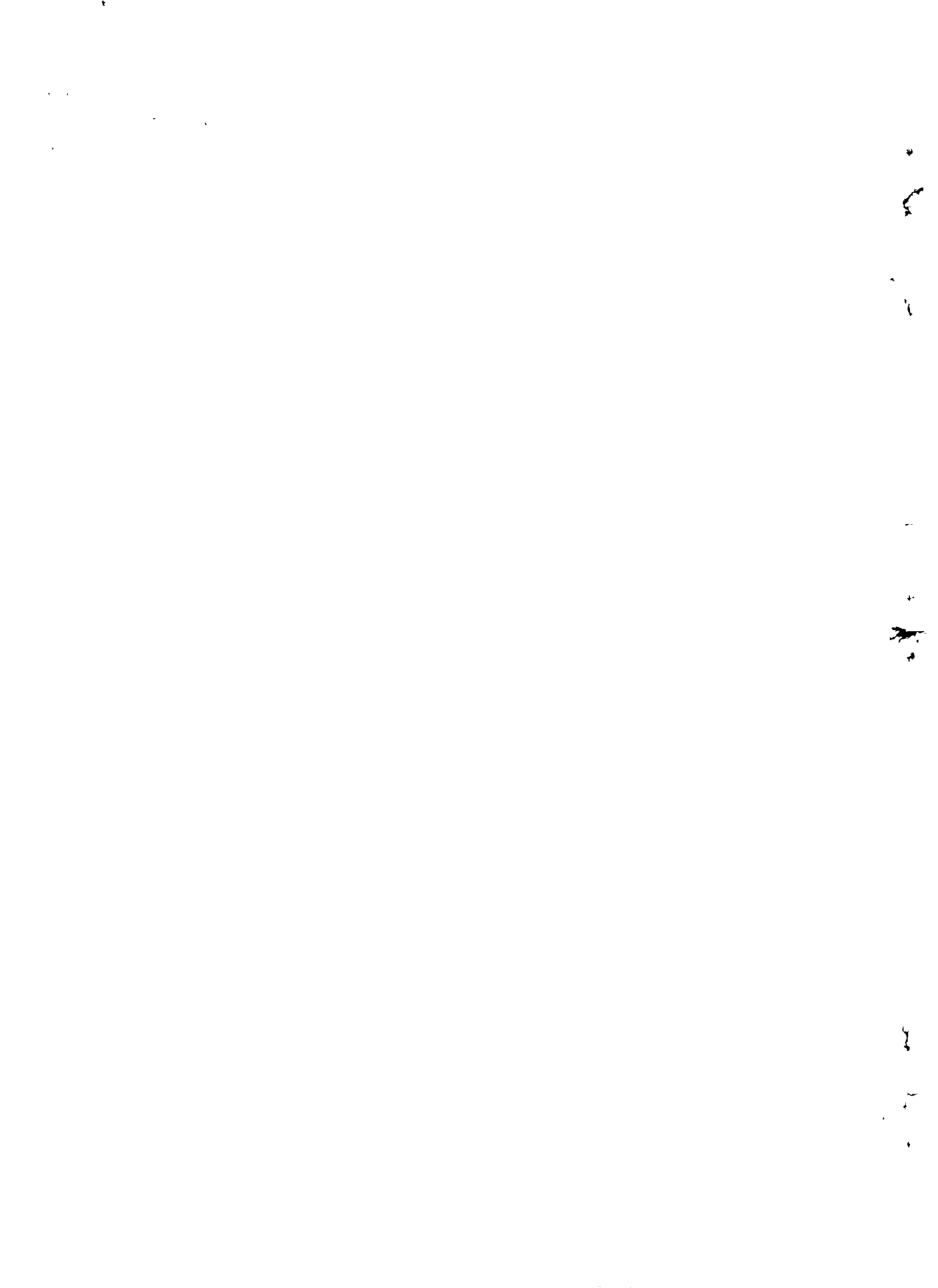
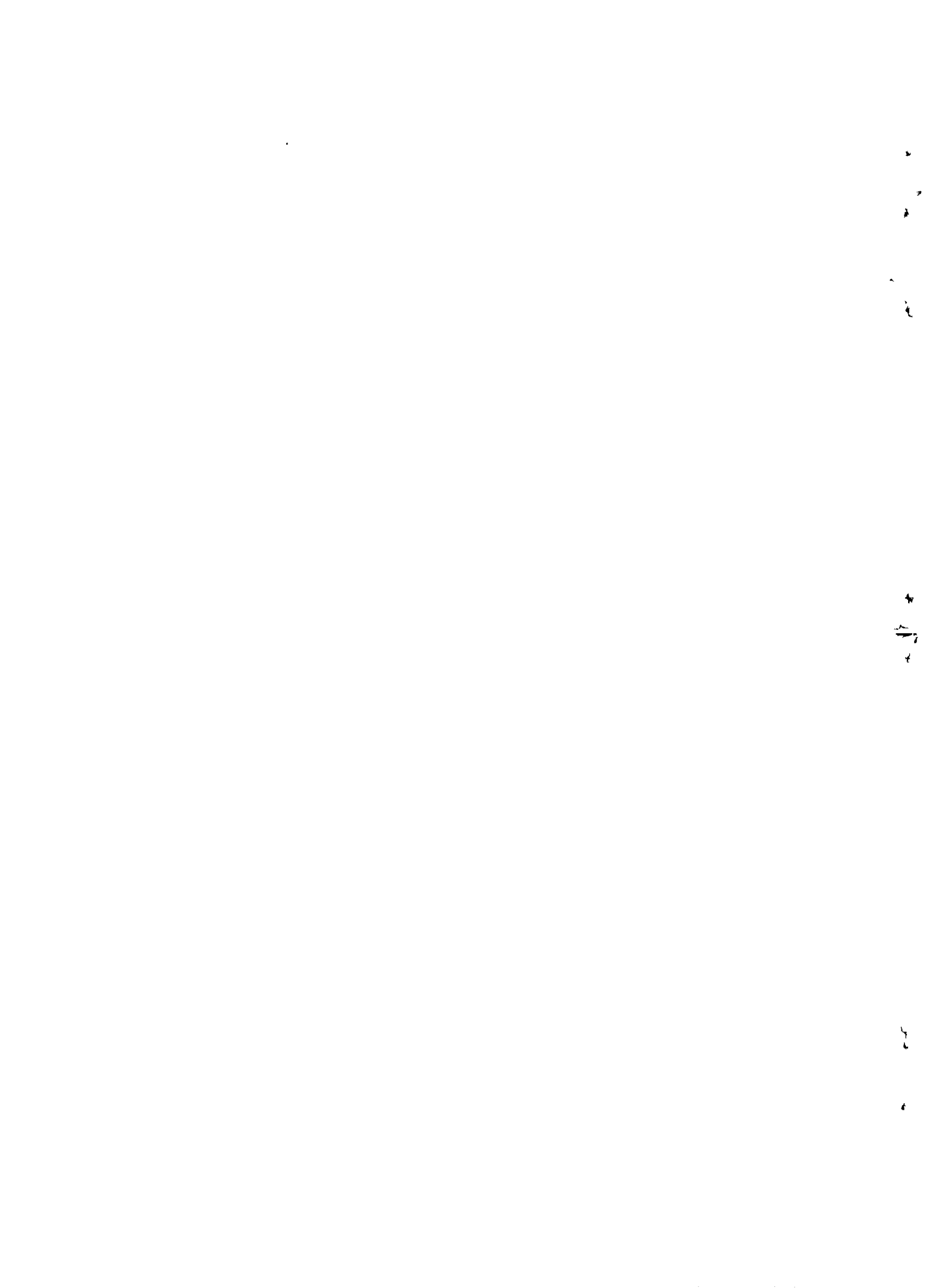


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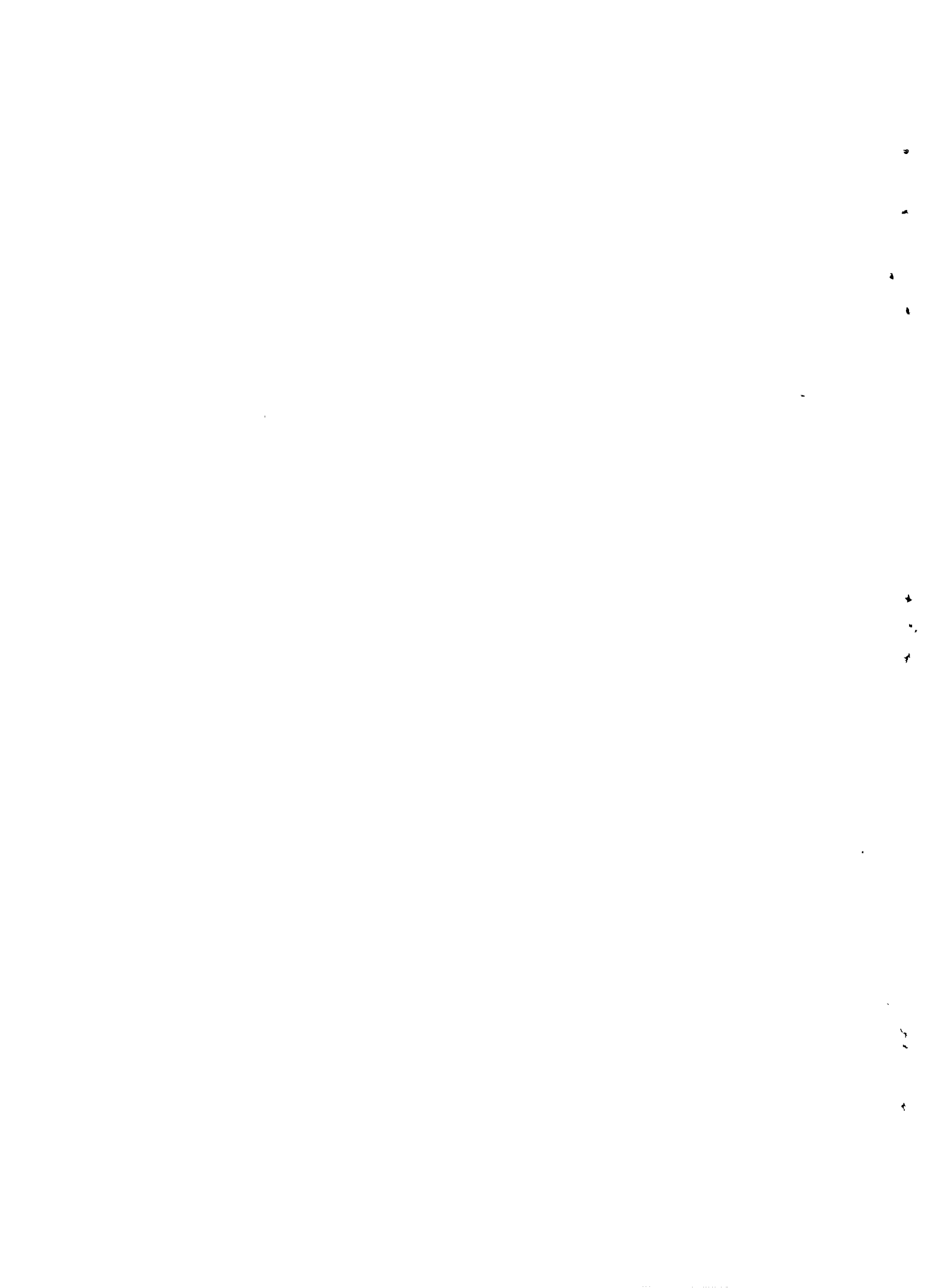
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Glossary

AWPB:	Annual Work Program and Budget
CO:	Central Office
CPC:	Community Project Committee
DGM:	Deputy General Manager
ESRDF:	Ethiopian Social Rehabilitation and Development Fund
ESRF:	Ethiopian Social Rehabilitation Fund
FA:	Financing Agreement
GDP	Gross Domestic Product
GNP	Gross National Product
GM:	General Manager
IA:	Implementing Agency
ICB:	International Competitive Bidding
NCB:	National Competitive Bidding
NGO:	Non-Governmental Organisation
NS:	National Shopping
MIS	Management Information System
PO:	Project Officer
PMISE	Procurement and Marketing Information Services Enterprise
PRO:	Procurement Officer
PTO:	Promotion and Training Officer
RM:	Regional Manager
RO:	Regional Office
RSC:	Regional Steering Committee
SOE	Statement of Expenditure
Region	The country is administratively divided into 9 regions excluding Addis Ababa and Dire Dawa
Zone	The first administrative division of a region
Wereda.	Woreda (District) the 2nd lowest administrative division in a region
Kebele	The lowest administrative division of a region.



Executive Summary

Section One: Policies, Mandate and Structure

1.1 The Policy Background

1.1.1 The Social and Economic Context

Ethiopia has one of the least developed economies in the world with an estimated average GNP per capita income of around US Dollar 130. 85% of the population is engaged in agricultural activities which generates about 50.2% of the GDP and 90% of the country's export earnings. The industrial sector's contribution has always been limited to not more than 17% of the GDP, and accounts for about 5% of the total labour force.

Indicators for social development show that coverage of the basic social services are low and are biased towards the urban areas. The rapid growth of the population, i e., an annual average growth rate of 3.2%, is the most critical challenge cutting across the development of all the sectors of the economy.

In general, the low level of production and technology, the undeveloped and poorly managed economic and social infrastructure, the rapid population growth and the resulting degradation of the environment have all contributed to the deterioration of the economy.

1.1.2 Poverty Alleviation Strategy and Development

The long-term development strategy of the country aims to improve the productivity of the agricultural sector and the industrialization of the economy. It underlines the significance of export led growth and the complementarity of the agricultural and industrial development. The strategy also aims at creating enabling environment for the private sector, creation of community participatory development and decentralization of economic management to the regional administrations. The provision of basic infrastructures and the improvement in the quality of services are also objectives of the strategy

Poverty reduction is one of the major goals of the development strategy. This goal is to be achieved through a number of mutually reinforcing programs at various fronts. One poverty reduction measure is the establishment of the Ethiopian Social Rehabilitation and Development Fund (ESRDF).

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1.2 ESRDF

1.2.1 Mandate, Objectives and Basic Characteristics

ESRDF is established to alleviate poverty through the support of community based sub-projects. The Fund aims at building grassroot capabilities through community participatory approach and upgrading or building the technical and managerial skills of the community. ESRDF aims to provide the poor, mainly poor rural communities, the assets and services needed to improve their economic and social standards, and reduce dependency on relief assistance. ESRDF target groups have been identified as poor communities mainly in rural areas throughout Ethiopia, with special focus on women.

ESRDF is a demand-driven Fund. The portfolio of projects to be carried out by ESRDF is to be determined by the requests it receives for funding from organizations throughout the regions in the country. ESRDF will support only sustainable, cost-effective developmental initiatives and will not be involved in relief activities. The policy and operational framework within which ESRDF will operate are detailed in its operational manual.

ESRDF is primarily a funding entity. It will appraise, fund and monitor the implementation of sub-projects. It will not implement sub-projects, but will provide technical assistance where necessary. ESRDF will depend in the active participation of the communities, government organizations, and private and voluntary organizations that will not only help in keeping the ESRDF bureaucratic apparatus small, but will also enhance local capacity to design and implement development interventions, and increase local ownership of sub-project activity. ESRDF will provide increased focus and assistance in regions with weaker institutional capacity such as Afar, Somali, Benishangul/Gumuz and Gambella.

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1.2.2 Programme Content

Based on the country's overall goals of poverty reduction and sector development strategies, five categories of sub-projects have been considered suitable for ESRDF funding, and these are:

- a. Small scale irrigation,
- b. Rural water supply and sanitation,
- c. Health,
- d. Education, and
- e. Training and capacity building.

1.3 Organisation and Functions

1.3.1 Organisational Structure

ESRDF will have a National Board that will ensure policy consistency and approve the annual work programme and budget. It will have a Central Office(CO) which will coordinate activities, provide technical support, and monitor activities in the regions. The CO will also manage financial transfers, project performance monitoring information system (MIS) and the capacity building and training programme. At regional level, ESRDF will have a Regional Office(RO), and a Regional Steering Committee (RSC) that will approve sub-projects and ensure that the RO operates in accordance with the Operational Manual.

Section Two : The Sub-Project Processing Cycle and The Annual Work Programme and Budget

The ESRDF sub-project cycle passes through a number of stages, namely, promotion, appraisal and approval, implementation and supervision, and post-implementation monitoring and evaluation.

2.1 Sub-Project promotion

Since the ESRDF programme is demand-driven with initiatives to come from the grassroot communities, an intensive promotional campaign would be undertaken both by the CO and ROs in collaboration with regional and local government and non-governmental organisations.

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2.2 Sub-Project Appraisal and Approval

Communities may submit proposals to the ROs directly or with the help of facilitating intermediaries. Appraisal will start as soon as applications are received by ROs. The ROs screen proposals to determine whether they fall within ESRDF's range of assistance and objectives and are relevant to the needs and priorities of the community; the result of community initiative; and technically and economically feasible. Proposals that fail to satisfy ESRDF standards and criteria will be rejected, while successfully appraised and positively screened sub-projects will be submitted by the ROs to RSC for approval.

If approved, the ROs will sign a Financing Agreement (FA) with the Community Project Committee (CPC) and/or with any intermediary acting on behalf of the community.

2.3 Sub-Project Implementation and Supervision

The general principles that will guide sub-project implementation will be to (i) maximize community involvement and responsibility; (ii) ensure adequate quality, and (iii) ensure the most cost-effective methods of procurement through competitive bidding.

For proper supervision and follow-up of project implementation, the FA will specify the goals of the sub-project, accountability and liability of parties to the FA, project costs, details of community contribution, implementation schedule, procurement and supervision arrangements, disbursement procedures, special action needed to mitigate any negative environmental effects, and follow-up arrangements for maintenance and recurrent costs.

2.4 Monitoring and Evaluation

ESRDF will monitor progress during and after sub-project implementation. The Project Officer (PO) in the RO should monitor the sub-project at least once in a month during implementation, and at least once in six months during post implementation. Evaluation will be carried out by ESRDF staff and independent consultants, to assess the impact of sub-projects on the targeted beneficiaries.

2.5 Annual Work Programme and Budget

Each Regional Office will prepare annual work programme and budget based on the pipe line of eligible community proposals, and in the context of past performance. The annual work programme and budget will be based on standard formats linked to the MIS system. The annual work programme and budget prepared by each Regional Fund Office will be reviewed by the RSC, and consolidated by the CO into

a composite ESRDF work programme and budget for final authorization by the National Board.

Section Three: Training and Capacity Building

3.1 Training Program

In order to enable the community acquire the necessary capability and competence for the identification, preparation, implementation and management of development activities, ESRDF will conduct different types of training programmes. The programmes will cater to the needs of the community in general, implementing agencies (government and non-government), local financial intermediaries and ESRDF staff. The nature and types of training could be varied and will be identified on a continuous basis.

3.2 Study Fund

A study fund has also been established to assist ESRDF carry out studies which could facilitate the effectiveness of its operations. The studies could be varied in nature but would concentrate on problem identification, solution and awareness creation. The study fund will be managed by the Central Office.

Section Four: Financial and Administrative Guidelines

4.1 Procurement Guidelines

All procurement activities for works, goods and services of ESRDF or its implementing agencies will be governed by the guidelines detailed in the Operational Manual

4.1.1 Procurement Management

The CO will manage all international procurements through the services of the Procurement and Marketing Information Services Enterprise (PMISE). The CO may purchase small items through International Shopping procedures.

Local procurement is basically the responsibility of the Implementing Agency. However, the CO or RO may procure works, goods and services on behalf of implementing agencies in remote areas.

The CO will monitor all local procurement activities to assess the economy and efficiency of community managed procurements

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4.1.2 Procurement Methods

There are various procurement methods. Each method has a threshold for individual contracts and a total aggregate beyond which must be respected.

- contracts for civil works above US\$500,000 and contracts for goods with an estimated value of more than US\$100,000 would be procured through International Competitive Bidding (ICB) with tenders being advertised internationally;
- contracts for civil works below US\$500,000 and contracts for goods and materials below US\$100,000 may be procured through National Competitive Bidding (NCB) with tenders being advertised nationally;
- In remote areas, goods estimated to cost US\$50,000 equivalent or less per contract may be procured through National Shopping (NS) by obtaining at least three bids for contracts. Works estimated to cost US\$100,000 or less per contract shall be procured under lump sum fixed price contracts awarded on the basis of quotations obtained from three domestic contractors in response to a written invitation.

There are aggregate values for NCB and NS which will have to be adhered to by ROs

4.1.3 Prior Review of Contracts

Since the ESRDF is financed by a credit from the International Development Association (IDA), some contracts will need to be cleared by IDA. These include:

- All international contracts, and all other contracts above US\$100,000,
- All competitive contracts for consultancy and training services costing the equivalent of US\$50,000 or more for consulting firms, and US\$25,000 or more for individuals; and all single source consultancy or training contracts regardless of value, and
- The first five contracts for sub-projects in each region below US\$100,000

4.2 Unit Cost Data Base

The unit cost data base will be part of the MIS. It will detail out item by item costs for materials (bags of cement, sand, nails, bars) and tasks (m³ of earth moved, m² of wall painted). The data base would be built into an interactive system so that the project appraiser could input the number of units needed for a project and receive the recommended costs. The unit cost data base will be also used as part of cost monitoring system.

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4.3 Disbursement

In order to manage the ESRDF resources, the CO will open two accounts of which one is a special account into which IDA and other donors will deposit funds as agreed; and the other is a local account into which a share of government's counterpart contribution will be deposited.

Each RO will open two accounts of which one will be used only for purposes of sub-project funding; and the other account to be used for administrative expenses of the RO

The IDA and other donors will deposit an amount estimated for four months of disbursements to the special account of the CO referred above. Thereafter, replenishment of funds will be made on evidences of satisfactory utilization of the previous advances. Similarly, the CO will, based on the annual workplan and budget, transfer funds to the RO accounts also.

4.4 Financial Reporting, Auditing and Administrative Procedures

The financial year of ESRDF is from July to June. All accounts shall be closed on the last day of the financial year and an audit will be conducted within two months. In order to discharge its responsibilities ESRDF will maintain adequate financial reporting standards. All ROs will keep all accounting records and send monthly statements to the CO for consolidation.

Each region will have internal auditors responsible to the Regional Steering Committee (RSC), who will audit financial transactions and physical activities of the Regional Offices.

The final accounts and audit report will be presented to the Board and IDA within six months of the end of the preceding financial year.

With regard to management and staff selection, the General Manager (GM) and Deputy General Manager (DGM) of ESRDF will be appointed by the Board. The Regional Managers shall be appointed by the Regional Steering Committee. All other staff, will be recruited through competitive selection which includes advertisements through local media.



SECTION ONE: POLICIES, MANDATE AND STRUCTURE

CHAPTER 1: THE POLICY BACKGROUND

1.1 The Social and Economic Context

- 1 Ethiopia has one of the least developed economies in the world, with an average per capita income of around US dollar 130. With an annual average growth rate of 3.2%, the country's 55.4 million population is expected to double within years.
2. Agriculture is the dominant sector of the economy, generating around 50.2% of GDP, 90% of the country's export earnings and contributing about 85% to the total employment. Yet the agricultural sector, whose performance is most critical to the economy overall, is characterised by subsistence farming, low level of technology, and is almost wholly dependent on unreliable rainfall.
3. The contribution of industry to the economy has always been very low. The share of industrial output to GDP has not exceeded 17%, and it accounted for only about 5% of the total labour force. While the poor performance of the agricultural sector has impeded the growth of the industrial sector, the need for imported capital goods and inputs, and adoption of capital intensive technology are among the major factors behind this slow growth.
4. Indicators for social development also show that basic social services coverage are both low and biased towards the urban areas. Examples of some social indicators would suffice to illustrate this situation. The infant mortality rate for 1994 was 110/1000 live births. It is estimated that three-quarters of all deaths of children under five are caused by diarrhoea and immunizable diseases, which could have been prevented and treated at the primary health care level. However, the Primary Health Care (PHC) programmes are not adequately developed, and the national immunisation coverage is not more than 47% on average. Sixty percent of children under five are undernourished and hence susceptible to diseases and infections.
5. The educational facilities and services are also biased towards the urban areas and female students are not equitably served by these institutions. The quality of educational services have deteriorated with very high repetition and drop out rates. Out of 100 primary school age population only 25 had the opportunity to go to school in 1991/92.
6. The rapid growth of the Ethiopian population is the most critical challenge cutting across all the development sectors of the economy. Most important, under the present low level of agricultural productivity, limited capital and land resources, population growth has led to a continuous fragmentation of small land holdings, rapid ecological degradation, and

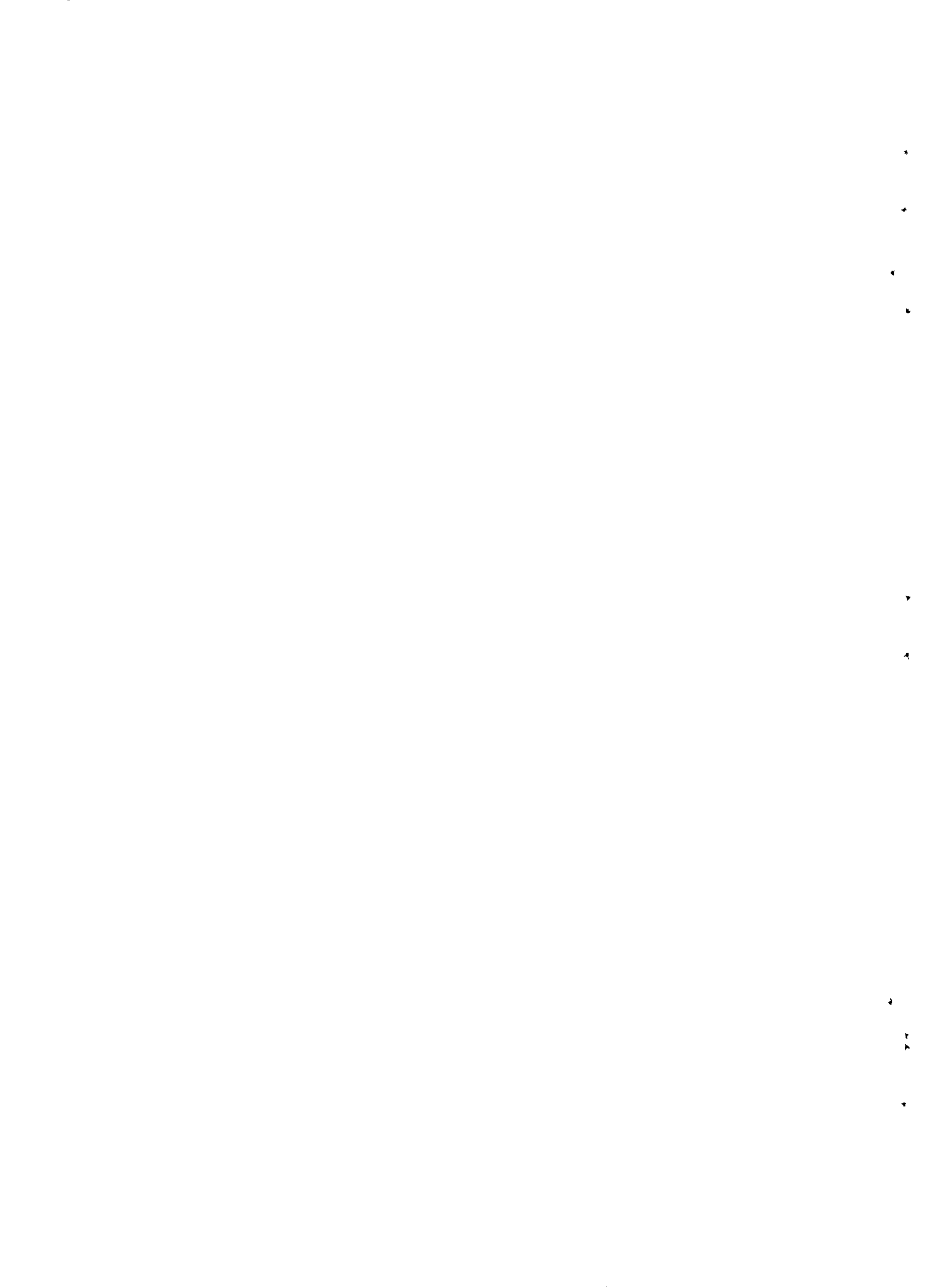


loss of soil fertility, all leading to the decline of yield per hectare and deterioration of rural income. The effect of rapid population growth on the demand for food, basic social and economic services has been enormous and has not been met by the economy.

7. In general, the low level of production technology, the undeveloped and poorly managed economic and social infrastructure, the rapid population growth and the accelerated environmental degradation are the basic features that have contributed to the stagnation of the economy during the last two decades.

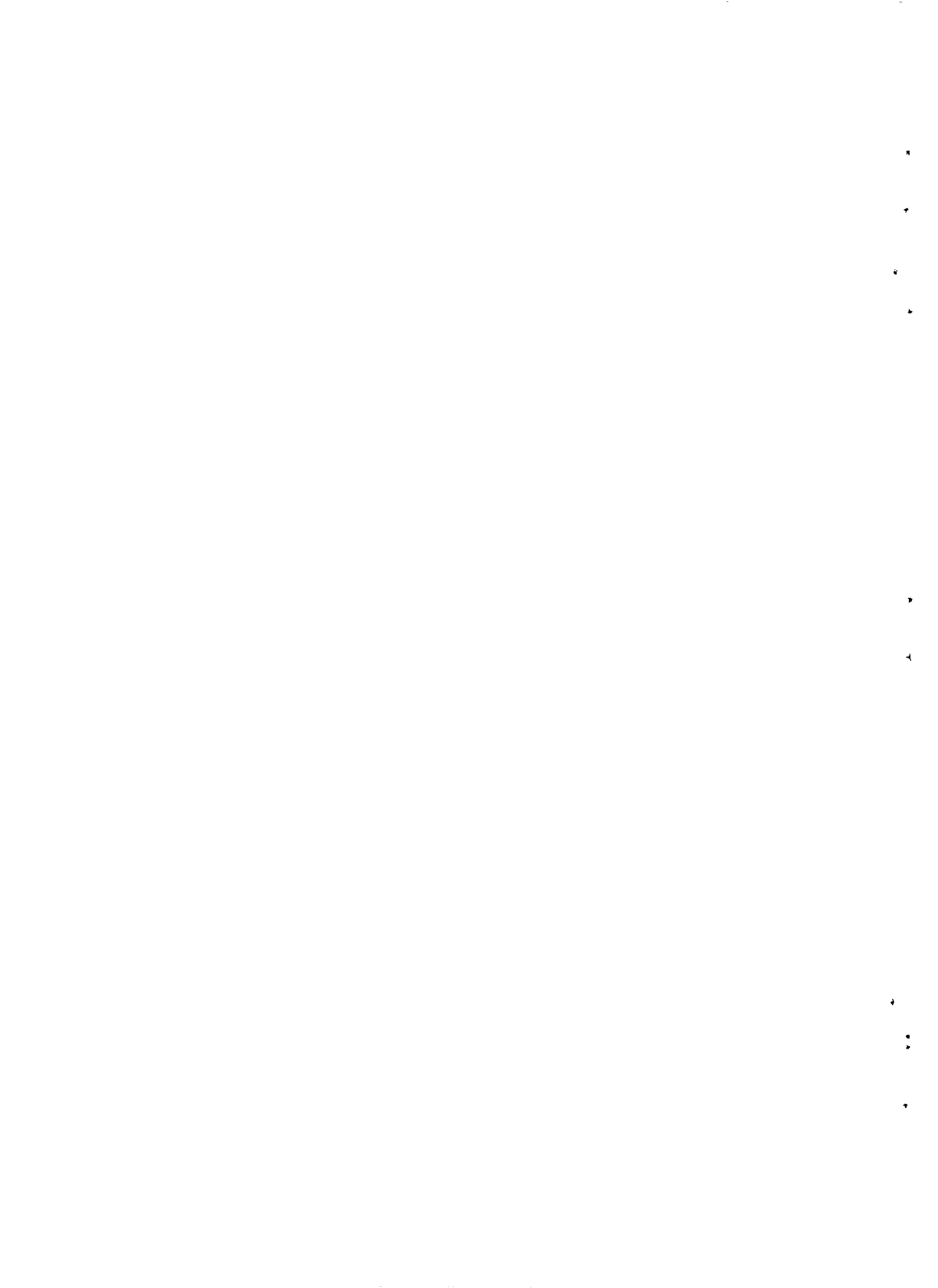
1.2. Ethiopia's Development and Poverty Alleviation Strategy

8. Improvement of the productivity of small holder agriculture and industrialisation of the economy are the central goals of the long term development strategy, known as Agricultural Development Led Industrialisation (ADLI). It underlines the importance of export-led growth and the significance of the complementarity of agricultural and industrial development. Agricultural growth is expected to contribute to economic development in two ways: raising the country's foreign exchange earnings through the increase of agricultural export commodities and meeting the domestic demands for food and industrial raw materials, on the one hand; and creating and expanding domestic markets for industrial commodities on the other hand.
9. Industrial development will contribute to economic development by absorbing the surplus labour from the agricultural sector through promotion of labour-intensive technologies and utilising domestic raw materials, and will help in expanding the domestic markets for agricultural commodities, and for goods and services in general.
10. The country's development strategy also aims at creating an enabling environment for the private sector, promotion of community participation in development and decentralisation of economic management to regional administrations. Training and capacity building programmes required for enhancing grass-roots capabilities to initiate, prepare, implement and manage development sub-projects are among the important measures to be designed to achieve this goal. The provision of basic social and economic infrastructure and improvement in the quality of services, are the other major objectives of the development strategy.
11. The country's development strategy contains poverty reduction as one of its major goals. This goal is to be achieved through a range of mutually reinforcing programs at various fronts of development areas. The first set of programmes are targeted programs which respond to the special needs and conditions of those groups subjected to transitory poverty. The second and the more complex set is the combination of elements of the longer term poverty reducing strategy, which focuses on chronic poverty. Expansion of



the economy and reduction of the rate of population growth, are the basic components of this strategy. Increased economic growth lays the basis for the reduction of chronic poverty, by enabling the expansion of employment and incomes, and the reduction of food insecurity. Faster and sustainable economic growth will also enable an increased allocation of public resources for the basic social services and infrastructure vital to improving the living conditions and economic prospects of the chronically poor.

12. ESRDF is one of the poverty reducing programs, operating within the above development and poverty alleviating strategy. ESRDF aims at building grassroots capacities through promotion of community participation, and supporting the enhancement of the technical and managerial skills of grass-root communities, governmental and non-governmental organisations.



CHAPTER 2: MANDATE, CHARACTERISTICS & OBJECTIVES OF THE ESRDF**2.1. Mandate and Basic Characteristics**

13. The ESRDF promotes community participation in sub-project preparation, implementation and management. It encourages the increased involvement of communities, grass-root non-governmental and governmental organisations in development works. It promotes integrated approach in sub-project preparation and fosters partnership between community, government and non-government bodies in all developmental works
14. Being a demand-driven programme, ESRDF does not itself identify sub-projects but appraises and selects from among those proposed by communities and associations, or through intermediaries such as NGOs or local government agencies. However, ESRDF will provide support to the development of community capacities as a dynamic process assisting weaker communities become increasingly self-reliant over time. ESRDF in co-operation with regional and local government and non-government staff acts as a facilitator and promoter of community initiatives and efforts.
15. ESRDF does not act as an implementing agency, but supports the efforts of grassroots organisations in sub-project implementation and management, both by providing supervisory support and also by enhancing their technical and managerial capacities. The ESRDF ensures that representatives of the beneficiary communities form Community Project Committees (CPCs) to plan, implement, monitor and supervise the implementation of each of the sub-projects.

2.2. Development Objectives

16. The development objectives of ESRDF are:
 - a) improving the living conditions of poor communities through the provision and strengthening of basic social services;
 - b) enhancing the income generating capacity of poor communities through the creation of economic assets and provision of essential economic services;
 - c) promoting and using community based approach in the identification, preparation, implementation and management of sub-projects;
 - d) assisting grassroots organisations and communities to increase their technical and managerial capacities in all aspects of sub-project activities through the provision of training,

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2.3. Programme Content

- 17 The ESRDF does not prescribe specific choices of sub-projects which can be considered for funding. However, given the enormous need and the wide range of potential sub-projects, the ESRDF will focus the bulk of its support in certain broad sub-project areas that are both high priorities in the country's overall development strategy, and which are also especially suitable for community-based initiatives.
- 18 These major categories of sub-projects for priority fund support are as follows:

2.3.1 Education Sub-Projects

The possible sub-projects under this category include the rehabilitation, expansion, or construction and equipping of primary schools. In addition, activities required for the improvement of the quality of services and optimal utilisation of such facilities may be supported. Literacy and adult basic skills training programmes, and other basic non-formal education programmes will also be supported by the Fund.

2.3.2 Health Sub-Projects

These may include the rehabilitation, expansion, construction and equipping of primary health care facilities such as health posts, health centres and clinics. The support in the construction of such facilities may also be combined with sub-projects aimed at improving the utilisation and management of such facilities and the provision of quality primary health services in general.

2.3.3 Small-Scale Irrigation

These are sub-projects which aim at enhancing the capacities of small farmers to raise their productivity and income. The size and nature of irrigation sub-projects to be supported by the Fund will be of small size, and simple to be managed by a group of small farmers. Small river diversion and micro-dam are the eligible sub-project types under this category. In addition other sub-project types complementary to irrigation works such as environment protection, feeder roads construction, etc. will be supported by the Fund.

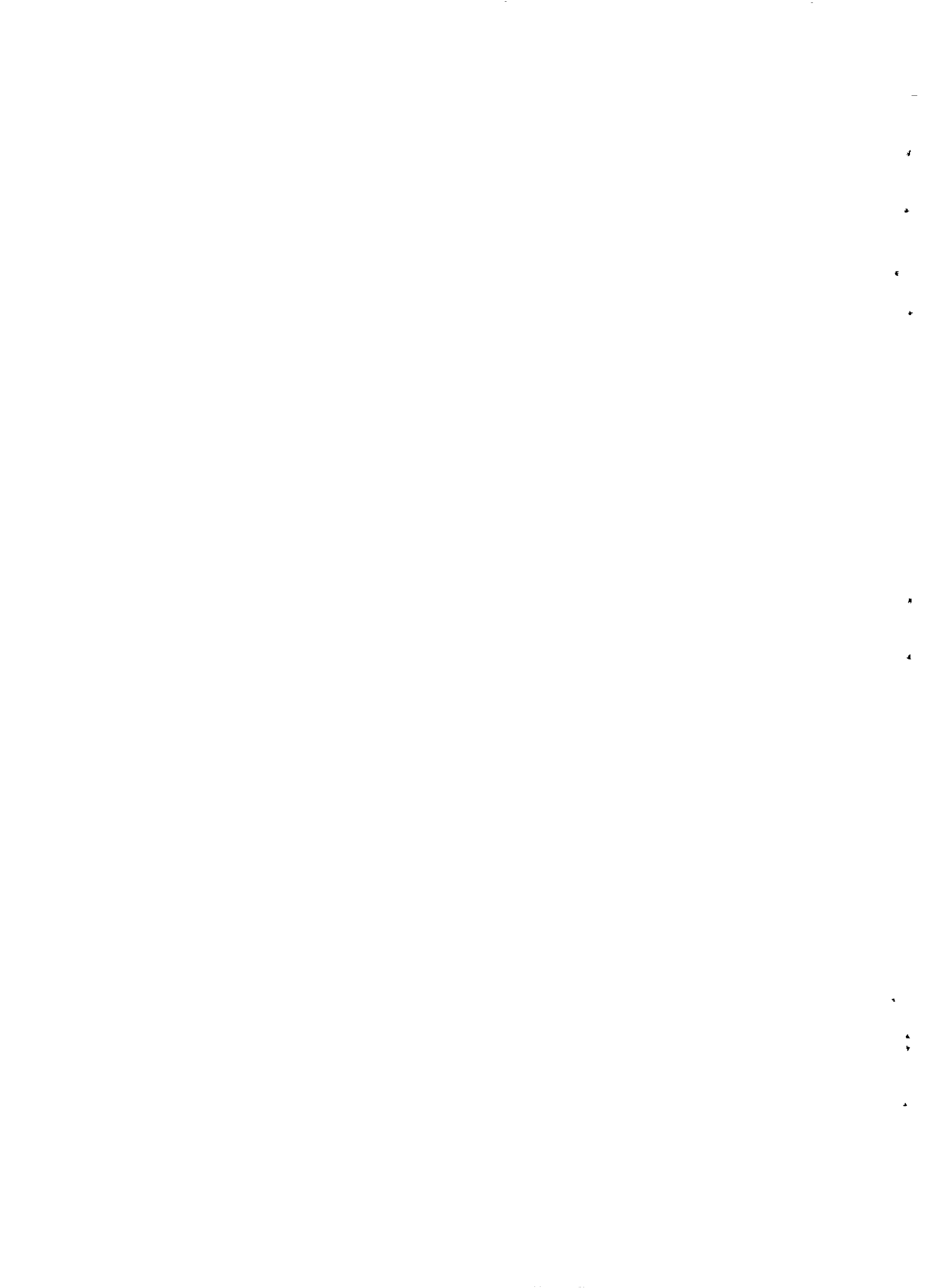
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2.3.4 Rural Water Supply and Sanitation

Sub-projects under this category may include spring development, hand-dug wells and shallow well drilling. These sub-projects are expected to play an important role in raising the health standards of the rural communities, and also help in reducing rural women's burden in fetching water. The sanitation component may include the construction and rehabilitation of latrines and drainages in slum urban areas to improve public health.

2.3.5 Training and Capacity Building

Training would be provided to build and enhance the capacity of grassroots organisations, local communities and beneficiaries of sub-projects. These training programmes can be sub-project specific or general and would be carried out at local, regional or at national levels. The first type of training programmes are required to ensure the effective implementation and management of sub-projects, while the second type of training programmes are aimed at contributing to the general capacity enhancement. Sub-project specific training areas may include basic training programmes which are considered as part of the sub-project, e.g., in health and sanitation training, adults skills training, training on maintenance and management of water supply and irrigation schemes. In addition, high priority will be given to training that can support the running of small business and income generating activities.



CHAPTER 3: ORGANISATION AND FUNCTIONS

3.1. Structure

19. The Fund shall have the following organs:

- a) National Board of the Ethiopian Social Rehabilitation and Development Fund;
- b) A Central Office with a General Manager, Deputy General Manager and the necessary staff,
- c) A Regional Steering Committee; and
- d) Regional offices and sub-offices; with a Regional Manager and Deputy Manager and the necessary staff,

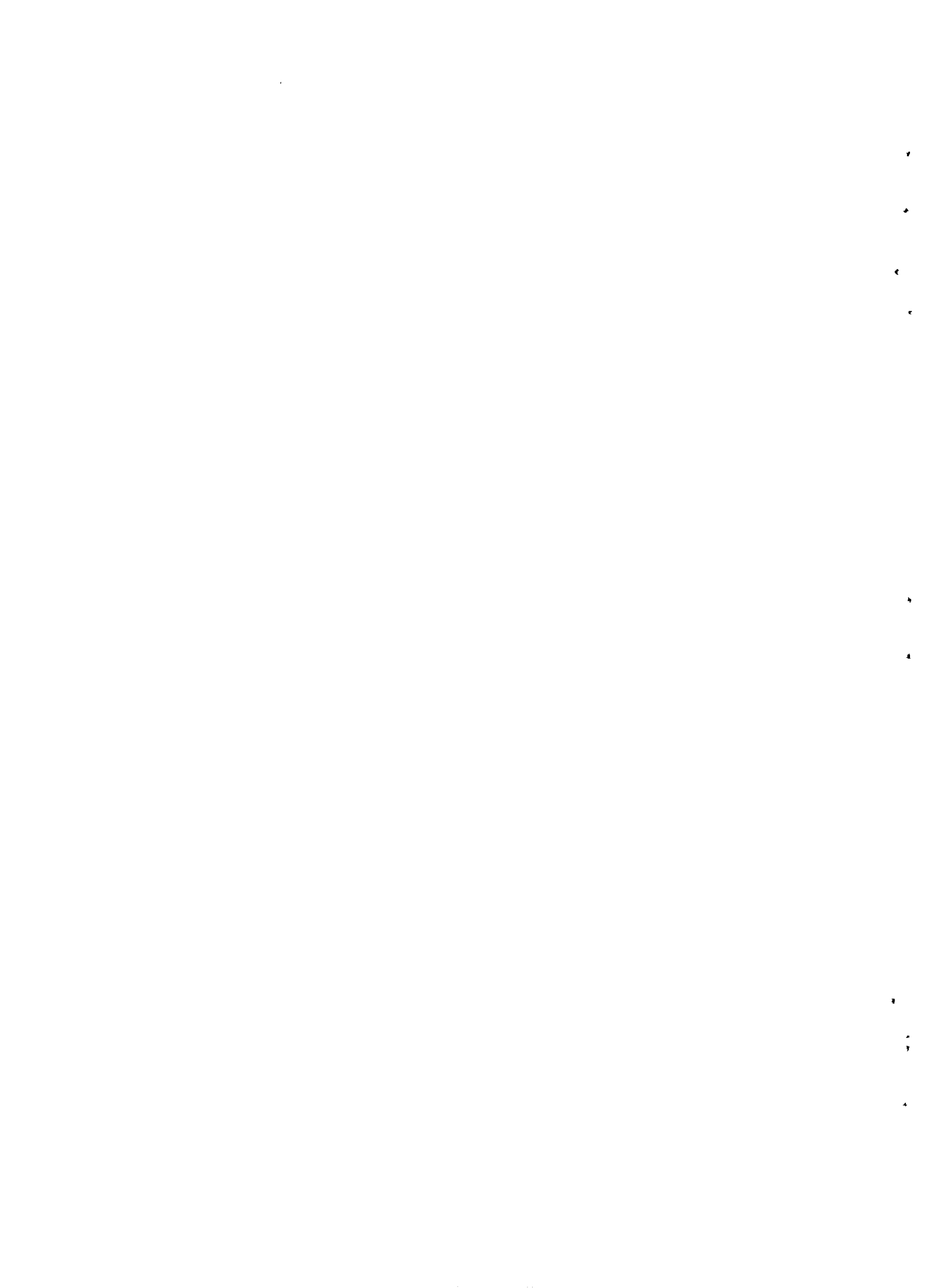
3.2. Powers and Duties of the Organs of the Fund

20. The Board shall have the following members:

- | | |
|--|--------------------|
| a) The Prime Minister or his representative | Chairman |
| b) Head Regional Affairs Sector of the prime Minister's Office | Member |
| c) Minister of Finance | Member |
| d) Minister of Economic Development and Co-operation | Member |
| e) Minister of Water Resources | Member |
| f) Minister of Agriculture | Member |
| g) The General Manager of the Fund | Member & Secretary |

21. The powers and duties of the Board are as follows.

- The Board shall guide and supervise the overall administration and operation of the Fund
- Without limiting the generality of the foregoing, the Board shall:
 - approve the annual work programme and budget of the Fund including any amendment to the Operational Manual;
 - establish pay scales for the Fund's staff;
 - approve the annual report and appoint the external auditors of the Fund,
 - decide on other policy matters concerning the Fund; and
 - review the Fund's performance.



22. The CO shall have the powers and duties to:
- ensure that ESRDF operates according to the Operational Manual;
 - initiate the promotion of the activities of the Fund throughout the Country,
 - assist ROs in enhancing their capability in sub-project promotion, appraisal, implementation, monitoring and evaluation;
 - prepare and submit to the Board a consolidated annual work programme and budget of the Fund,
 - manage the project performance, monitoring and information system;
 - manage the ESRDF capacity building, training and research programmes,
 - manage all international procurement on behalf of ESRDF;
 - monitor the budgetary implementation and financial operations of the ROs;
 - review replenishment requests from ROs and forward withdrawal applications to financing sources,
 - prepare and submit to the Board semi-annual and annual reports on the performance and financial situation of the Fund; and
 - carry out studies, research and capacity building efforts aimed at improving the performance and impact of the Fund.
23. The General Manager (GM) and the Deputy General Manager (DGM) shall be appointed by the Board.
24. The GM shall, subject to the overall guidance of the Board, be responsible for ensuring that the Fund's activities are in line with the requirements of the Operational Manual.
25. Without limiting the generality of the foregoing, the GM shall:
- exercise the powers and duties of the CO provided for in paragraph 22 above,
 - employ and administer the employees of the CO following the basic principles embodied in the public services laws;
 - effect expenditure in accordance with the budget approved for the CO;
 - represent the Fund in all its dealings with third parties at the level of the CO;
 - delegate his authority to the employees of the CO to the extent necessary for the efficient performance of the Fund's activities; and
 - liaise with contributing donors.
26. In the absence of the GM, the DGM shall discharge all functions conferred on the GM

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27. A RSC shall have the following members:

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| • Chairperson of the National/Regional Council | Chairperson |
| • Head of the Social Development Sector | Member |
| • Head of the Economic Development Sector | Member |
| • Head of the Planning and Economic Development Bureau | Member |
| • Head of Finance Bureau | Member |
| • Representatives of civic organisations such as peasant, youth, women and urban dwellers association | Member |
| • Manager of the Regional ESRDF office | Member & Secretary |

28. Each RSC shall have the powers and duty to:

- ensure that the operations of ESRDF within the region are carried out in accordance with ESRDF's Proclamation, the Operational Manual and the decision of the Board;
- approve draft annual work programmes and budget proposals of the RO's for submission to the National Board through the CO;
- approve the semi-annual and annual reports of the RO for submission to the National Board through the CO;
- decide on all sub-project proposals recommended by the RO and on other issues relating to the implementation of the Fund's work programme for the region;
- establish an inter-sectoral committee to promote an integrated development approach and avoid wasteful duplication in sub-project activities.

29. Each RO shall have the powers and duties to.

- promote ESRDF activities throughout the region;
- prepare and submit to the RSC annual work programme and budget of the Fund for the region, and submit same to the CO upon approval of the RSC,
- appraise sub-project proposals and make recommendations to the RSC,
- make arrangement for implementation, monitoring, evaluation and handover of sub-projects to the beneficiaries,
- disburse sub-project funds;
- prepare and submit to the RSC semi-annual and annual financial and physical implementation and Fund performance reports, and submit same to the CO upon approval of the RSC;
- give the designated representatives of the CO access to its financial records and accounts;

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- prepare replenishment requests as per the requirements of the Operational Manual and submit same to the CO for review and processing ; and
 - carry out training and capacity building activities.
- 30 Managers of ROs shall be appointed by their respective RSCs
- 31 The Manager of each RO shall, subject to the overall guidance of the Steering Committee, be responsible for the proper execution of the Fund's regional activities in line with the requirements stated in the Operational Manual.
32. Without limiting the generality of the foregoing, the Manager of each RO shall:
- exercise the powers and duties of the RO provided for in paragraph 29 above,
 - employ and administer the employees of the RO following the basic principles embodied in the public services laws;
 - effect expenditure in accordance with the budget approved for the RO;
 - represent the ESRDF in all its dealings with third parties in the region, and
 - delegate his/her authority to the employees of the RO to the extent necessary for the efficient performance of the ESRDF activities in the region



SECTION TWO: OVERVIEW OF THE SUB-PROJECT PROCESSING CYCLE AND THE ANNUAL PLAN REVIEW

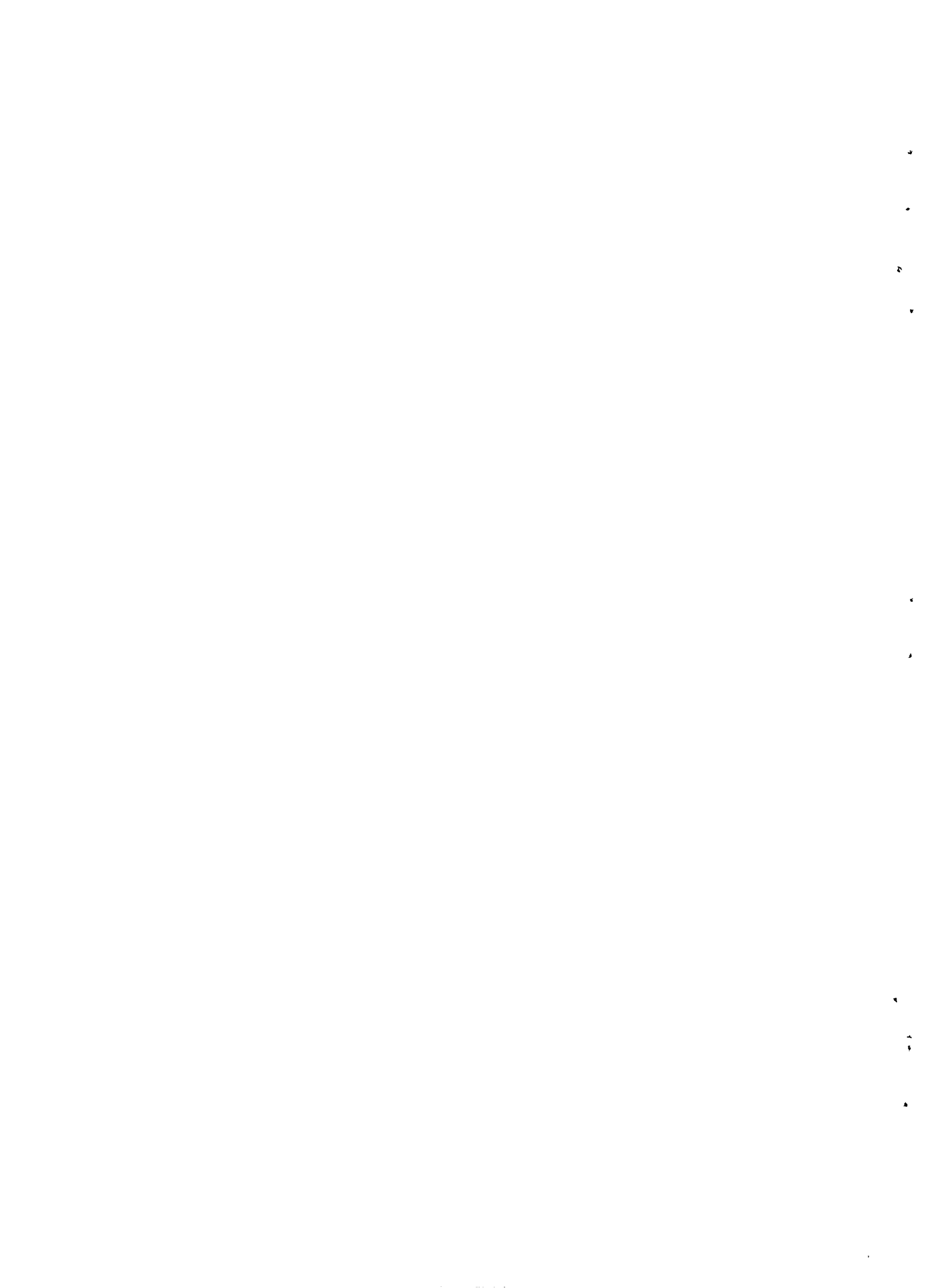
CHAPTER 4: SUB-PROJECT PROMOTION

33 ESRDF's targeted beneficiaries are low income and poor communities. Some of them are located in isolated areas and will have little opportunity to learn about the existence of this program designed to help them. Establishing an effective and realistic promotional program, to disseminate information about ESRDF to the intended beneficiaries and their partners and to increase their capacity in identification, prioritisation and formulation of sub-projects is a key priority. For this purpose, the Fund will establish a promotion and training service both at the CO and in each RO to carry out the functions of promotion effectively.

4.1. Objectives of Promotion

34 Promotional activities have the following objectives:

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



4.2. Promotional Tools

35 ESRDF will use the most commonly used public communication media in the country and the region in question as a vehicle to publicise its activities. The use of media and other promotion tools may include:

4.2.1 Radio and TV: can be used as media to inform the general public about the availability of resources that they can utilise collectively. Government Officials, selected community elders, Regional and Local Council Members and NGO representatives may be invited to participate and express their views in various talk show programs regularly aired from the local radio and TV stations

4.2.2 Publications such as leaflets and posters: Highlighting the program objectives, target population, sub-project types, and application procedures in local news papers. In addition, occasional articles on the importance of community participation, lessons learnt, gender issues, environmental issues, interviews with beneficiary communities and results of sub-projects can be printed and issued

4.2.3 Documentary films: Documentary films can be shown to rural communities through mobile film teams and the bottom line message of the documentary films will be "Community Participation". Photographs are useful for documenting sub-projects. Similarly, these are highly instrumental in portraying the program success to actual and potential donors.

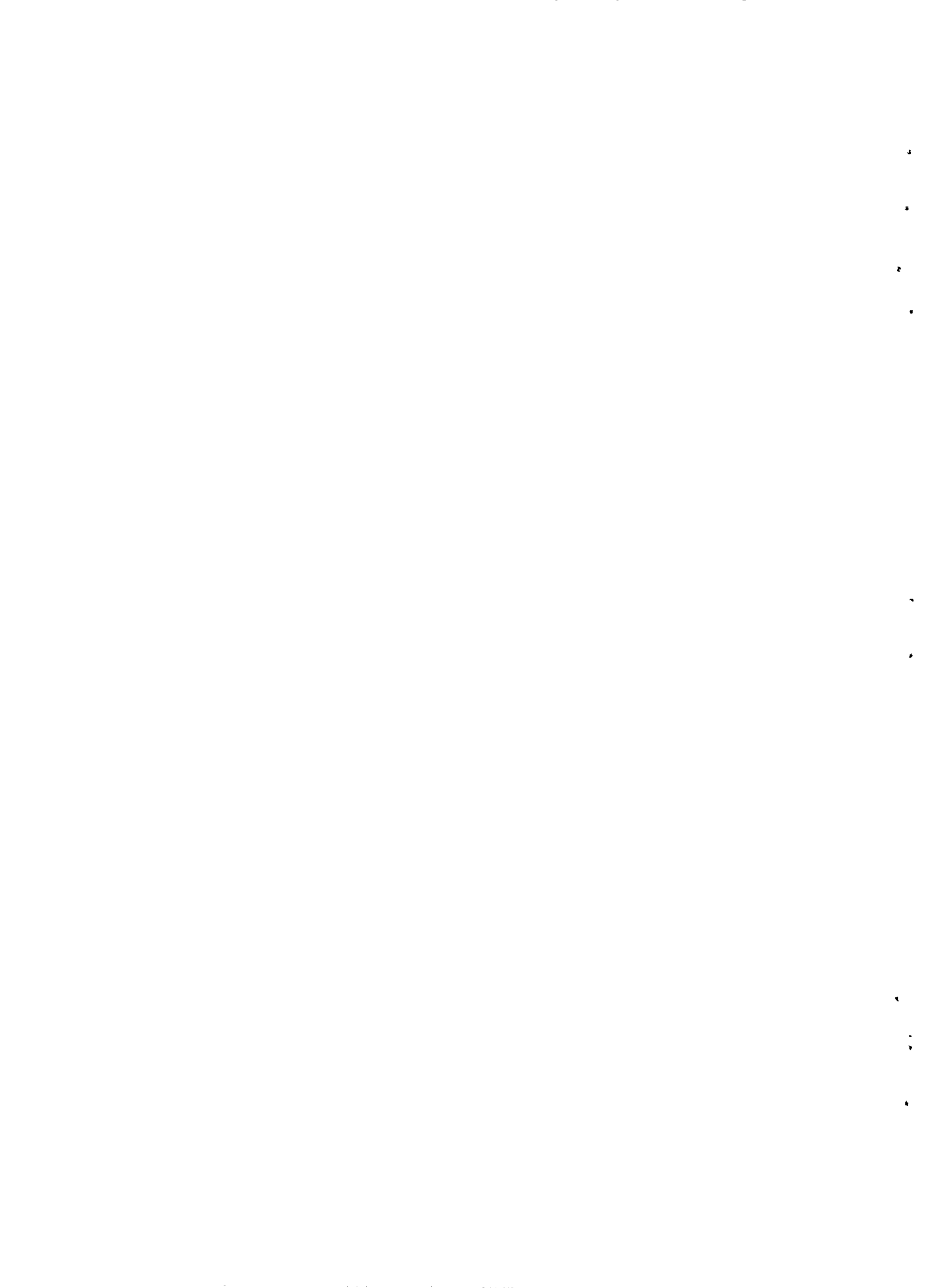
4.2.4 Direct contacts: Discussions and community meetings are useful means of disseminating information among rural communities. Rural communities can propagate the success of a sub-project to other neighbouring communities.

4.2.5 Seminars and Workshops: These can be organised both for the purpose of promotion and training and are useful means of portraying the program to grassroot community collaborators like local government technical staff, and other sub-project implementing agencies and contractors.

4.3. Role of the ESRDF, Regional Government and Other Intermediaries in Sub-Project Promotion:

4.3.1 ESRDF

36 The planning and execution of promotional programs will be the responsibility of the Promotion and Training Officers (PTO) to be employed both at the central and regional levels. The major role of the Promotion Unit to be established at the CO



will be to assist the PTO in the regions in carrying out promotional activities. In the early stages of the program the senior CO's staff will take part in promotion campaigns especially at regional level. In addition, the CO will assist with summarising and translating the operational manual and other material into local languages, and the printing and distribution of promotional material, where this can best and most cheaply done centrally.

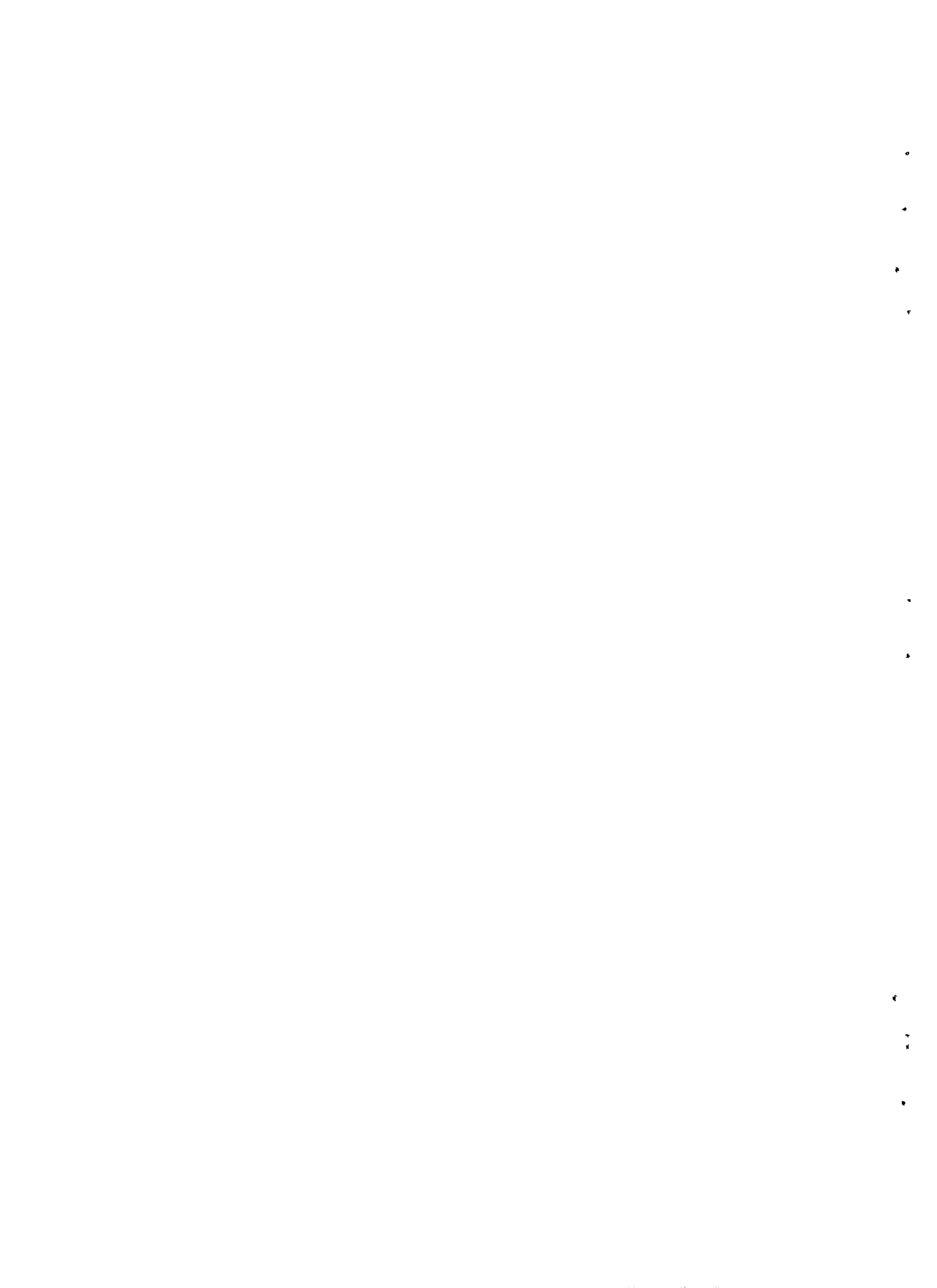
37. Promotion at regional and local levels will be the primary responsibility of the PTO to be employed at the RO although, as stated above, he/she will be guided and assisted by the staff of the CO. RO staff should familiarise themselves with regions in question, so as to understand the needs, development potential, situation of the target groups, logistical problems, technical expertise available, existing sub-projects, etc. A series of **animation sessions** should be planned by the PTO in those areas with a high proportion of poor communities

4.3.2 Regional Local Government Staff and Grassroot NGO

38. It is obviously impossible for the small staff of the regions to reach all the communities in the target areas. The ROs should plan training workshops for concerned staff of regional bureaus, staff of NGOs, and others, so that they in turn can promote ESRDF in their areas.
39. Poor communities will need the support of entities committed and willing to assist them identify their needs, set their priorities, mobilise resources, organise and design viable activities to a standard acceptable to the Fund. Experience of the pilot phase has shown that government and non-governmental organisations can play a significant role in promoting and disseminating objectives of the Fund. Thus, the staff of regional governments and NGOs can be good collaborators in sub-project promotion together with grassroot/community groups and the Fund's staff

4.3.3 Role of Local Community Facilitators in Promotion

40. Local Community Facilitators will be trained each year in the Fund's targeted area of operation in order to assist grassroot organisations and communities, particularly women, to come up with appropriate proposals, and to serve as a link between the ROs and community groups during the sub-project cycle, and to increase capacity at grassroot levels.



41. Such Facilitator will:
 - a) when requested by the RO or by beneficiaries, assist communities to properly complete sub-project proposals;
 - b) act as a link between the RO and the beneficiaries of sub-projects, and assist in solving implementation problems ; and
 - c) promote the activities of the Fund to other potential beneficiaries of the area

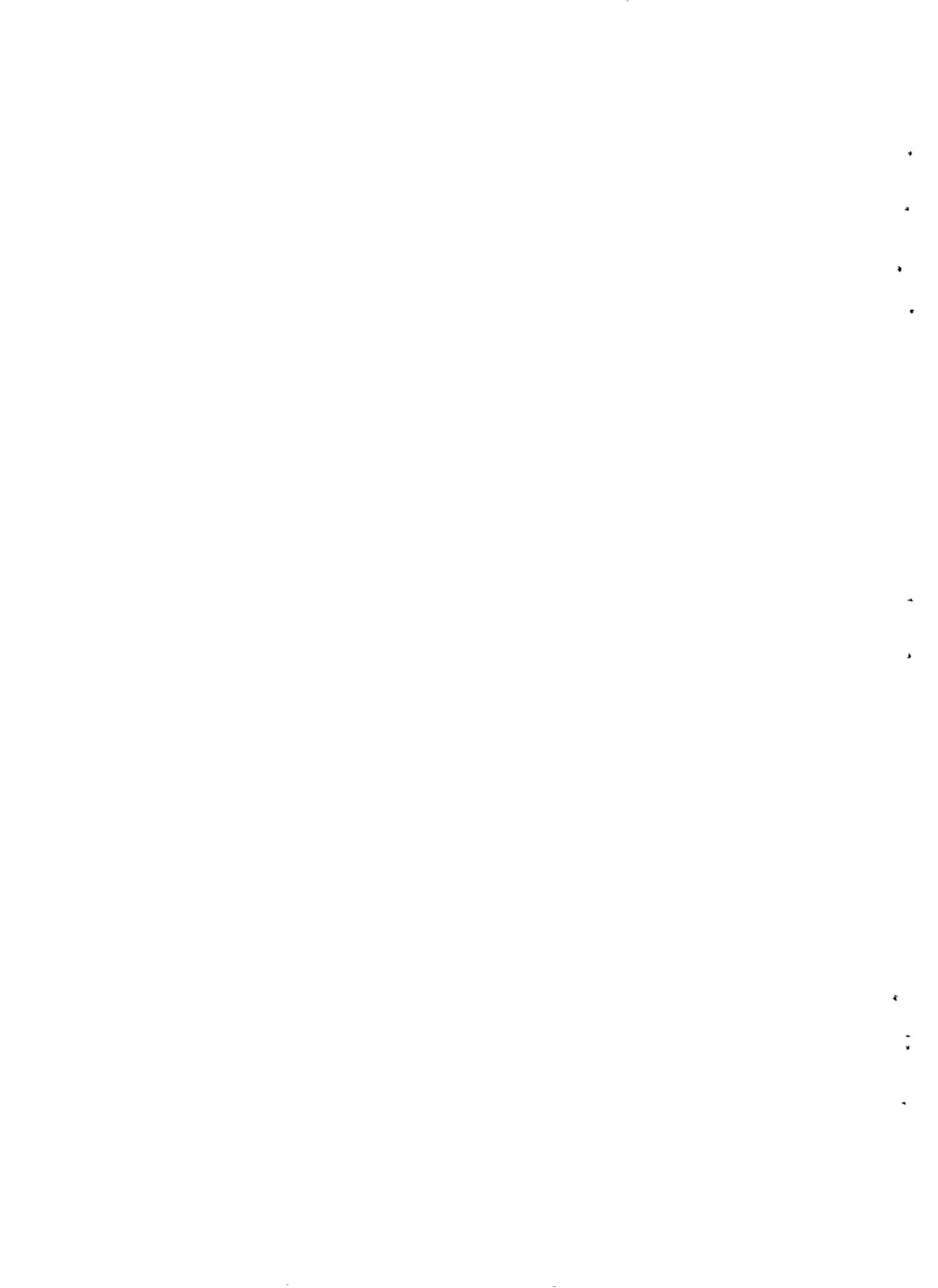
42. The RO would be responsible for setting minimum qualifications for appointment of such facilitator suited to the area and region of operation. While the standards should be adequate for the purposes for which the facilitator would be used, it is essential that such qualifications should encourage the appointment of at least 30% female facilitators.

43. Based on the annual work programme of the ROs, the RO may determine target areas from which such facilitators may be selected. The PTO must request the POs working in the selected areas to nominate facilitators based on consultation with the concerned communities and local *woreda* administrations. The PTO should ensure that there is appropriate gender and social representation among such facilitators. In no case should a facilitator be appointed unless acceptable to the community with which he or she is expected to work.

44. Once the list of facilitators is final, the RO should pass the list to the CO requesting training for such facilitators. The appointment of facilitators can be confirmed only after they have attended the training provided by the CO.

45. Each facilitator will be appointed on a part-time contractual basis. Based on beneficiary assessment, if it is determined by the RM and the concerned PO that the facilitator's performance is satisfactory, the appointment of such facilitator may be renewed subject to the needs of next annual work programme. The services of the facilitator may be terminated at any time upon the request of the concerned community groups.

46. Facilitators would be paid a per-diem for the days that they are expected to attend the training course, the rates to be decided by the CO. Facilitators will be paid a sum, to be determined by the CO for every proposal they have assisted in preparing, which is recommended by the RO to the RSC for final approval. Such cost will be integrated as part of the total cost for the sub-project



4.4 Reports on Promotional Activities

47. Each RO will be required to file reports on promotional activities, capturing:

- the name of the community involved;
- activities carried out during promotion, including training;
- level of community interest in ESRDF support;
- main community priorities;
- extent of community cohesiveness including the quality and functioning of representative communities;
- level of participation of women in community decision making;
- attitude of community to investing in infrastructure and services that will benefit them,
- an assessment of the communities' likely commitment and reliability in terms of maintaining assets (evidence of maintenance of existing assets, presence of user fees systems or other forms of community shared contributions);
- special capacity building needs;
- special problems faced by the community;
- a summary inventory of the state of existing essential facilities: health services, basic education, literacy and skills, nutrition, safe water, income earning activities;
- state of environmental resources in the community; and
- other development plans affecting the community, which may affect ESRDF's support to that community.

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CHAPTER 5: SUB-PROJECT APPRAISAL AND APPROVAL PROCEDURES

The ultimate objective of ESRDF's intensive promotional work is to initiate communities to develop and submit project proposals. Project proposals received by ROs from communities and/or implementing agencies will be thoroughly appraised both at desk and field levels by Project Officer (PO). The results of project appraisals will lead to either rejection or approval of proposed projects. Appraised project proposals by POs will have to pass through RO's and RSC's scrutiny to get final decisions (rejection, deferral or acceptance).

5.1. Receipt of Sub-Project Proposal

5.1.1 Identification of Sub-Projects

- 48 The experience gained by the communities in the animation sessions during promotion will guide them on how best to elicit proposals to ROs. While communities will be able to articulate their problems and set priorities, they do not always have the capacity to enable them to suggest the most appropriate solutions and formulate sub-projects. Sensitively guided discussions with the communities must be conducted by the Fund staff and the other parties mentioned in the previous chapter.
- 49 Special attention must be paid to communities with a large concentration of the target groups but who are not very well organised, or who do not have the capacity to implement sub-projects. The staff will need to encourage local agencies with the necessary expertise, such as voluntary or private agencies, bureaus or local government structures, to assist these weaker communities in the identification, preparation, submission, and implementation of sub-project proposals.
- 50 Promotional work must also strengthen the capacities of grassroot organisations in the design and management of community-based sub-projects, including:
- training and assistance in the formulation of sub-project proposals; and
 - help in planning and programming, resource allocation, and identification of innovative sub-projects.
51. As a result of promotional activities, a number of provisional enquiries will be received by the ROs. It is the job of the PTO to answer these enquiries in such a way as to encourage the kind of requests likely to meet ESRDF criteria, and explain those which fall outside ESRDF limit



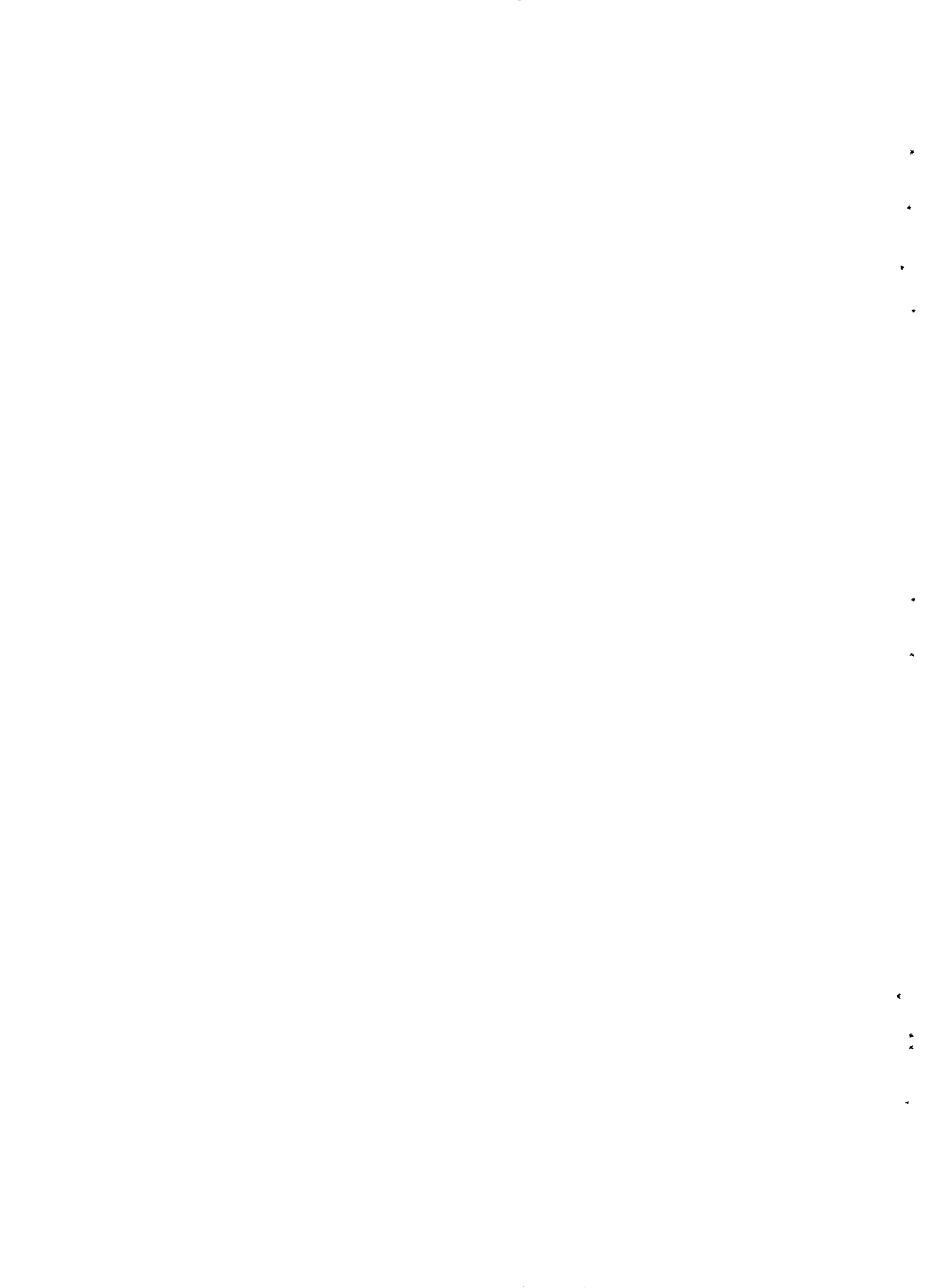
5.1.2 Receipt of Sub-Project Proposal

- 52 Once project proposals are received, the procedures within the ROs are then as follows.
- a) the sub-project request is assigned a file and classified according to the sectoral category; the secretary/receptionist enters the basic details on the data base or in a manual ledger pending computerisation. Details to be entered include: file number, name and contact address of applicant, name and address of sub-project, date of arrival of the request, amount requested and the amount of anticipated community contributions. He/she attaches a transmission slip to the file, prepares an acknowledgement of receipt, and passes the file to the RM;
 - b) the RM returns the signed acknowledgement to the secretary/receptionist who despatches it,
 - c) the RM passes the file to the appropriate department for follow-up. This stage should take no more than **3 days**.

5.2 Sub-Project Appraisal Procedures

5.2.1 Examination of Eligibility

53. Upon receipt of a sub-project proposal by the concerned department head, he/she passes the application to the appropriate PO for desk eligibility assessment
- 54 The PO will check the eligibility of the sub-project at desk level paying particular attention to the following:
- Check if the proposed sub-project is in line with the ESRDF objectives, and that of the target groups', and also check if it relates to economic or social infrastructure;
 - Check if the total requested ESRDF contribution is within the maximum limit set for the sub-project, and broadly in line with the ESRDF sector unit cost data base,
 - Check if -
 - the sub-project is identified with the involvement of the community beneficiaries;
 - the community is willing to invest at least 10% of project costs, and
 - the community will accept responsibility for maintenance and recurrent costs.



- Check the technical complexity of the sub-project vis-à-vis the capacity and involvement of the beneficiary community in the future, and implementation management of the sub-project.
- In the Education and Health sectors, only primary infrastructure and services can be supported. In the case of water, urban water supply networks and domicile water supply connections are not financed
- ESRDF will not finance maintenance or administration of latrines and sewerage systems.
- Applicants for support of irrigation sub-projects and shallow well development need prior approval of their proposal from the Regional Bureau of Agriculture and Bureau of Water Resource Development respectively.
- Only Small-Scale Irrigation Systems for poor farmers are financed (Support for tobacco farming will not be provided.)
- Financing request for irrigation systems need to be accompanied by a feasibility plan and budget for the preparation and the final design of the sub-project

55. If the sub-project falls outside the range of assistance of ESRDF, the PO prepares a rejection letter, indicating the reasons for rejection. The PO attaches this to the file and passes it back to the Department Head who will eventually pass it to the RM for signature
56. The RM signs the letter, passes it with the file to the secretary/receptionist, who despatches the letter, enters the date of rejection in the database, and classifies the file under “rejected sub-projects”. The above process should not exceed **one week (5 working days)**.
57. Where the request is apparently eligible, or, as in many cases, where the eligibility is not clear cut, the PO prepares to make a field visit.

5.2.2 Field Visit

58. The PO draws up a list of additions needed to appraise the sub-project, and a list of organisations to be contracted. He/she then arranges a field visit, giving adequate notice to the applicant to allow him/her to ensure that all interested parties are available for discussion. Depending upon the nature of the sub-project and the PO's own professional background, he/she should arrange to be accompanied by someone with the necessary technical expertise from the regional sector bureaus.

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- 59 A field visit should take place within **4 weeks** of despatch of acknowledgement of receipt.
60. The purpose of a field visit is to obtain the necessary information from:
- the beneficiaries - the community which will participate in all aspects of the sub-project;
 - the applicant - if not the same as the beneficiaries;
 - the local *woreda* authorities and government representatives; and
 - others depending upon the sub-project, e.g. NGOs and from implementing agencies or beneficiaries of similar sub-projects operating in the area
- 61 Where promotional activities have already taken place in communities, the promotion report should be attached to all appraisal documents. Where promotion has not taken place, the information to be contained in a promotional report should be gathered and recorded during the field visits
62. Field visit should be geared in seeking information as required by the checklists enumerated in Annex I.
- 63 A field visit report must be completed by the PO within one week of return, and included in the file.
- 64 Normally, if well planned, one field visit by the PO during appraisal should suffice, but where key people or information are unavailable during the first, a further visit will be necessary
- 65 If the field visit reveals that the sub-project activity would result in the **resettlement** of individuals, families or households, the PO should consider alternate design options to avoid such resettlement. Where this is not possible the PO should formulate a resettlement plan for such affected persons in consultation with the community, ensuring that any such resettlement would be voluntary and satisfactory to the Association, as ESRDF will not finance sub-projects involving involuntary resettlement

5.2.3 Appraisal

- 66 The PO will evaluate the sub-project against the appraisal criteria described in the Annexes I & II both during and upon return from the field visit. This includes the following aspects of the sub-project:
- sustainability of the proposed activity;
 - the environmental impact of the proposed activity and any mitigatory actions that may be necessary, including determining the environmental category into which the sub-project would fall;
 - social and gender impact;
 - financial analysis;
 - economic analysis (following the specification shown in the Sector Handbook);
 - technical requirements for construction and maintenance,
 - specifications and arrangements for maintenance and recurrent costs; and
 - capacity and commitment of community to invest in capital and recurrent costs.
- 67 On the basis of the appraisal, the PO prepares an appraisal report and submits the same along with other necessary documents to the RO. The essential components of the documents at this stage are:
- Sub-Project Application form,
 - Financing Plan, and
 - Appraisal Report
- 68 If, on the other hand, technical or feasibility studies are required which might be the case for technically complex sub-projects like small scale irrigation, the Regional Office can commission the studies needed to complete the document for local consultants following the procedures for hiring consultants. RO decisions for such kinds of sub-project proposals will be based on these studies
- 69 The RM should convene a meeting with the department heads and the POs in the respective department to discuss the sub-project appraisals, and decide which to put forward to the RSC. There are three possible outcomes: rejection, request for further study, or acceptance by the RO
- **Rejection** - If on appraisal the sub-project is found **not acceptable**, the PO prepares a Rejection Letter giving reasons for rejection, and passes it on for file to the RM through the department. The RM passes the signed letter and file to the secretary/receptionist, who despatches the letter, updates the

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database with the date of rejection, and classifies the file under Rejected sub-projects.

- **Request for further study** - In this case , the PO contacts the applicant and other parties asking for the additional information required
- **Provisional Acceptance** - If the sub-project is found provisionally acceptable, it will be sent to RSC for final approval.

5.3 Sub-Project Approval

70 Before the RSC meeting, POs will prepare a summary of the sub-projects according to the specifications shown in Annex III, put forward by the RO and this will be passed through the RM to the committee members **one week** in advance. The summary should include sub-project title, requesting community/agency, sub-project locations, total cost, amount recommended for ESRDF funding, beneficiaries (type and number). Such summary will also include a short description of what the proposed sub-project will finance, its justifications and recommendations of the RO. The Appraisal report for each sub-project as well as the promotional report on the community will be attached to this summary sheet

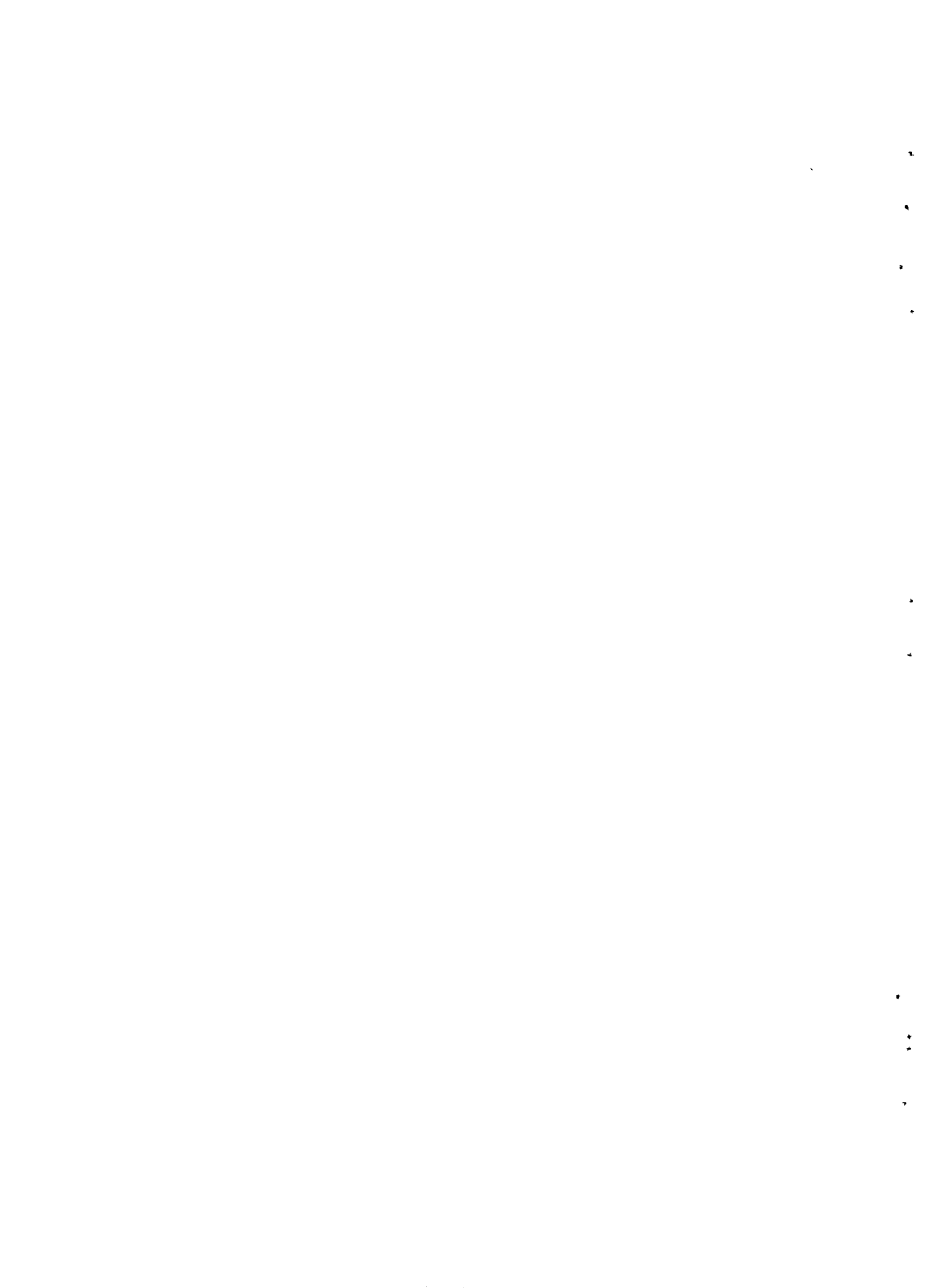
71 The RM represents the RO at the RSC Meeting where the proposals are discussed, bringing the relevant documents with him/her. There are four possible decisions on each sub-project: rejection, request for further study, acceptance and deferral

72 For the first three cases the procedures are as in the previous sections. Deferral may be imposed for local planning reasons, e.g. too many similar sub-projects at the same time with the risk of over burdening the population. In this case the committee minutes its reasons and proposes a date for reconsideration of the sub-project. Decisions on all the sub-projects considered should be made on the summary sheets provided and the RM collects all the sheets at the end of the meeting. The POs concerned should inform the applicants of the decisions within **one week** after the meeting. The POs will also enter the information on the data base.

5.3.1 Finalization of documents for Implementation

73. The documents of the sub-projects approved by the RSC will be finalised by the POs in question. A sub-project document should include:

- map of sub-project location;



- project application form;
- appraisal report;
- financing plan;
- work program and implementation arrangements, including community management structure;
- arrangements for recurrent costs and maintenance;
- in the case of construction, sub-projects plans and bill of quantities;
- summary profile of the proposed sub-project; and
- supervision and monitoring plan including indicators and stages for tranche release.

- 74 After compiling all the information, the PO will prepare the financial agreements according to the specifications shown in Annex IV. These agreements are then signed by the respective parties with the RM signing on behalf of the ESRDF. The Financing agreement should be signed with the implementing agency within **three weeks** of RSC's approval.
75. It will be sufficient, if the ROs send to CO only copies of the summary profile of sub-projects proposed for funding and the decisions reached by the RSC on each project at each particular meeting. In addition the ROs will be required to send appraisal and promotion reports to the Central Office as and when required.



CHAPTER 6: SUB-PROJECT IMPLEMENTATION

6.1 Implementation Arrangements

76. The PO's first responsibility is to draft the Financing Agreements and other documents between the implementing agency and RO. Such documents must be drawn up in consultation with the implementing agency and the beneficiary community, if different from the implementing agency. The PO should explain the purpose and contents of the various documents required for implementation to the concerned parties. In particular the procedures for procurement, disbursements, reporting and the need to maintain accounts must be emphasised. Through such discussion and dialogue the acceptability to the benefiting community and the implementing agency of the terms and conditions of the proposed financing must be established.

77. In some cases, either due to the lack of adequate implementation capacity of the community, lack of other supporting agencies, or due to the unavailability of materials or supplies, it may be necessary for the RO to assist concerned implementing agencies to implement the sub-project. While the role of the RO may vary according to the needs of the implementing agency, some typical examples are provided below. The RO may for instance require the implementing agency to enter into a labour contract when labour is freely available, but assist by providing materials and construction supplies not readily available on the market through centralised procurement and distribution. The RO could also assist in providing supervision for implementation where necessary, or in arranging consultants to supervise implementation paid for as part of the project costs.

6.2. Implementing Agency (IA)

78. An IA is that entity that is legally entrusted with the task of implementing the sub-project. The Pilot experience has demonstrated that institutions with grassroots development approach stand a good chance of implementing community sub-projects successfully. These include. Community Project Committees (CPC), private and voluntary agencies and organisations, and in some remote areas, local government bureaus and administrations.

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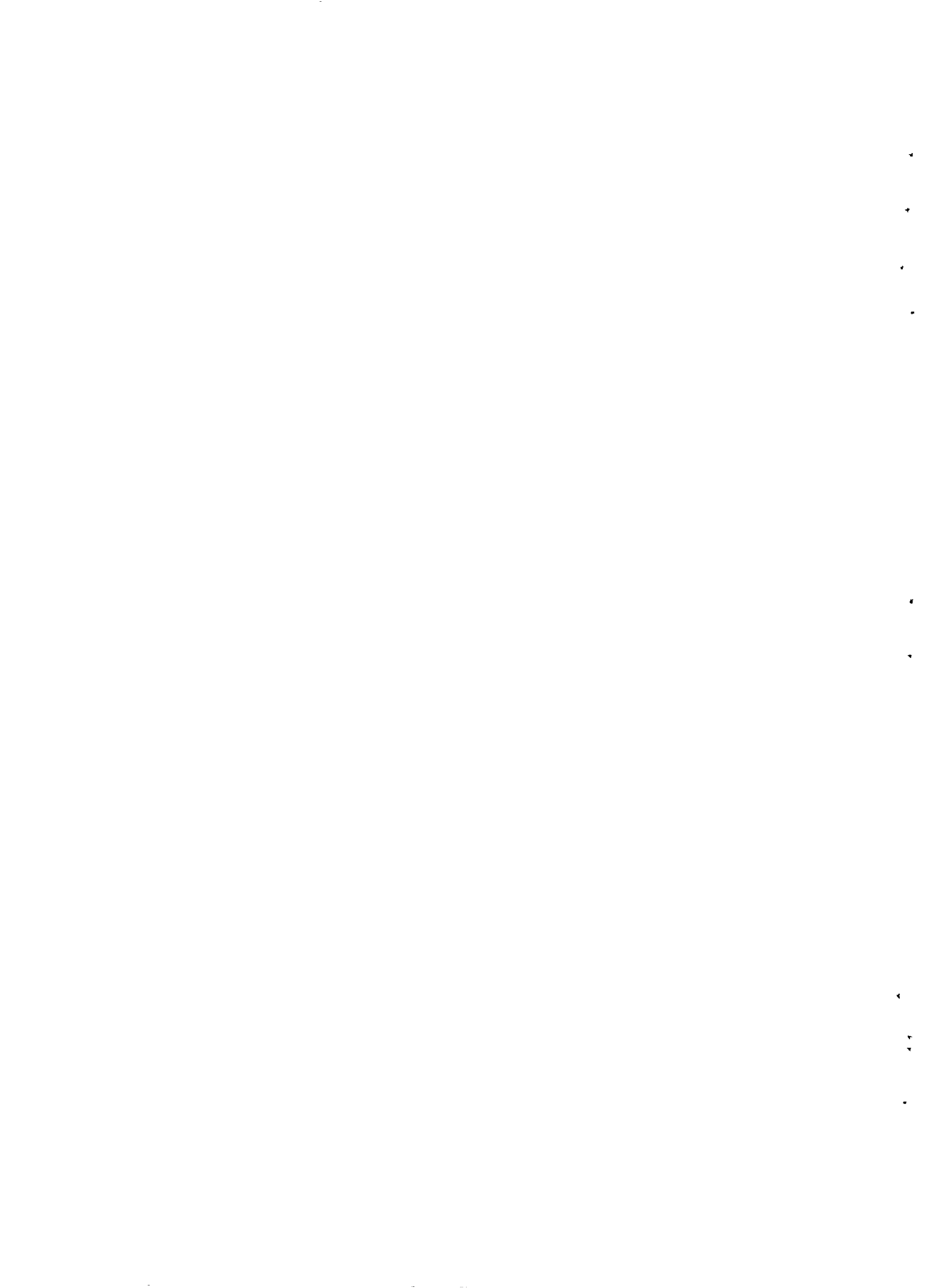
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6.2.1 Implementation By Community Project Committees (CPC)

79. Where the benefiting community has the institutional capacity to implement the sub-project, a CPC acts as the implementing agency. Where necessary, training can be arranged for the CPC as part of the sub-project activity.
80. In communities where there are elected organisations (for example, village associations, peasant associations or service co-operatives) that have legal status under existing regulations, such organisations may act as CPCs on behalf of the benefiting community
81. Where such legal entities do not exist, the benefiting community of each proposed sub-project must elect a CPC, prior to the signing of the Financing Agreement at a meeting which must be attended by at least 50% of the households. A CPC will be considered to have the authority of the benefiting community when the bye-laws of the CPC and the minutes of the meeting, in which the office bearers are elected, are signed by all members that attended the meeting. Suitable sample bye-laws must be prepared by each region for proposed activities and must include provisions to ensure that women are represented on the CPC and that decisions are taken in consultation with the benefiting community. Such bye-laws and minutes should also be countersigned by an authorised official in the respective Woreda Administration. During appraisal the PO will check whether such a meeting has taken place in the manner required and will carry out a sample verification that the signatories belong to the benefiting village, or community.
82. At such a meeting, the members of the CPC must elect at least five office bearers including a chairperson, treasurer, a secretary, an inspector, and any other member.
83. If necessary the CPC members could request and a community local facilitator would be assigned to assist the committee in the sub-project supervision. In such cases the ROs can enter into contractual agreement with the facilitator. The facilitator should inform the PO concerned on time of any issues or problems that may be brought to his/her notice during his/her visit of the sub-project site.
84. The CPC would maintain a register for recording visits and comments of the facilitator and the PO. The facilitator will register his/her comments upon each visit in the manner that he/she has been trained to do
85. The PO will on his monthly visit or other visits refer to the records of the facilitator and ensure that the register is being appropriately and usefully maintained.



6.2.2 Implementation by Voluntary Organizations

- 86 Where the communities do not have institutional capacity to implement the sub-project, voluntary organisations working closely with grassroot communities can also play an important role in the implementation of sub-projects. However in such cases the establishment of CPC as described above is still a requirement, and the CPC will have to counter sign all agreements made on its behalf
87. These organisations must fulfil all the legal and institutional requirements set by the Fund before they are accepted as eligible implementing agencies, (see Annex V for Eligibility Criteria of Implementing Agencies). An intermediary may also act as an implementing agency when it presents a sub-project proposal on behalf of a community group. In this case the Fund can enter into a financing agreement with the intermediary and the CPC.

6.2.3 Implementation by Local Government Bureaus

- 88 In exceptional cases, where private contractors or voluntary organizations are not available, the local government bureaus may be involved closely in the implementation of the sub-project. In such cases, regional/zonal or woreda line government agencies will provide technical support as their contribution to the sub-project. However, in all such cases, the Financing Agreement will be signed with the CPC, who will be responsible for handling funds and contracting necessary labour materials for the proposed activity. The costs of the sub-project will be determined based on the unit costs database

6.3 Financing Agreement (FA)

89. The FA is an important practical tool which is intended to ensure that the implementing entity is legally bound to implement the sub-project according to the approved sub-project document. This should be viewed as a deterrent to misuse/misallocation of public resources while ensuring that the IA is legally and morally obliged to channel sub-project resources to the intended sub-projects
- 90 Within two weeks after a proposal has been approved, a FA shall be drawn-up in duplicate or triplicate and will be signed by the RO and the implementing agency, the CPC (if different), and the line government agency if applicable
- 91 Important conditions that should be enforced under the FA would include.

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6.3.1 Procurement

92. In line with the provisions stated in Chapter 12 of this manual the FA will specify the procurement procedures to be followed. The IA is responsible for procuring all the human and material resources necessary for the implementation of the sub-project covered by the FA. When procuring goods and hiring labour, the IA must follow the tender procedures specified in the FA

6.3.2 Administrative Costs

93. It has been recognised during the pilot phase that support in sharing the administrative costs of agencies involved in implementation may be helpful in attracting them to work in remote areas. Therefore, the ESRDF may authorise where necessary, administrative costs up to 10% of the ESRDF contribution to the sub-project costs, subject to conditions below
94. Such administrative costs should be those that are directly linked to the sub-project activity, and should be clearly identified and itemised in the FA. The treasurer of each IA should maintain a record of payments under this head, and such record should be submitted to the RO along with the monthly report of the implementing agency. Each PO should continuously track such costs to ensure that the funds set aside for administrative costs are used for legitimate activities, and are not used for other purposes

6.3.3 Community Contribution

95. Every sub-project financed by the ESRDF must include a community contribution component over and above the community's participation in planning an implementation of the sub-projects. Such contribution should be at least ten percent in any case. Such contribution may consist of materials or goods, labour, cash, provision of facilities or services. The nature of the contribution and the require manner or recording and accounting of such contribution should be clearly stated in the FA. The collection of any community contribution in cash, if any, must be made a condition of disbursement, when funds are advanced to the CPC

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6.3.4 Maintenance and Recurrent Costs

96 The FA for sub-project financed by ESRDF must include details of (i) the agreements and procedures for maintaining the assets created with ESRDF support; and (ii) the responsibilities and arrangements for covering recurrent costs. In terms of maintenance, these details will include the community organisational structure responsible for maintenance (e.g. water committee for domestic water supply, water-users' committee for small-scale irrigation schemes), a specification of the maintenance required; and a schedule including inspections. In terms of recurrent costs, these will fall into two categories. The first related to costs which are the responsibility of the regional sector bureau. In terms of the priority areas for ESRDF support, these involve primary health and education facilities (the cost of providing staff, equipment, and supplies). The FA will include itemized list of these costs produced in the Appraisal Report, and the representative of the Regional Bureau will sign a commitment that provisions to cover these costs are included in the regional sector plan and budget. The second category relates to those costs which are the responsibility of the community. In terms of the priority areas for ESRDF support, these include the maintenance of water supply schemes, small-scale irrigation schemes, and urban sanitation schemes. These will be covered by user fees collected and managed by the responsible community project committee, and may be supplemented by other forms of community contributions.

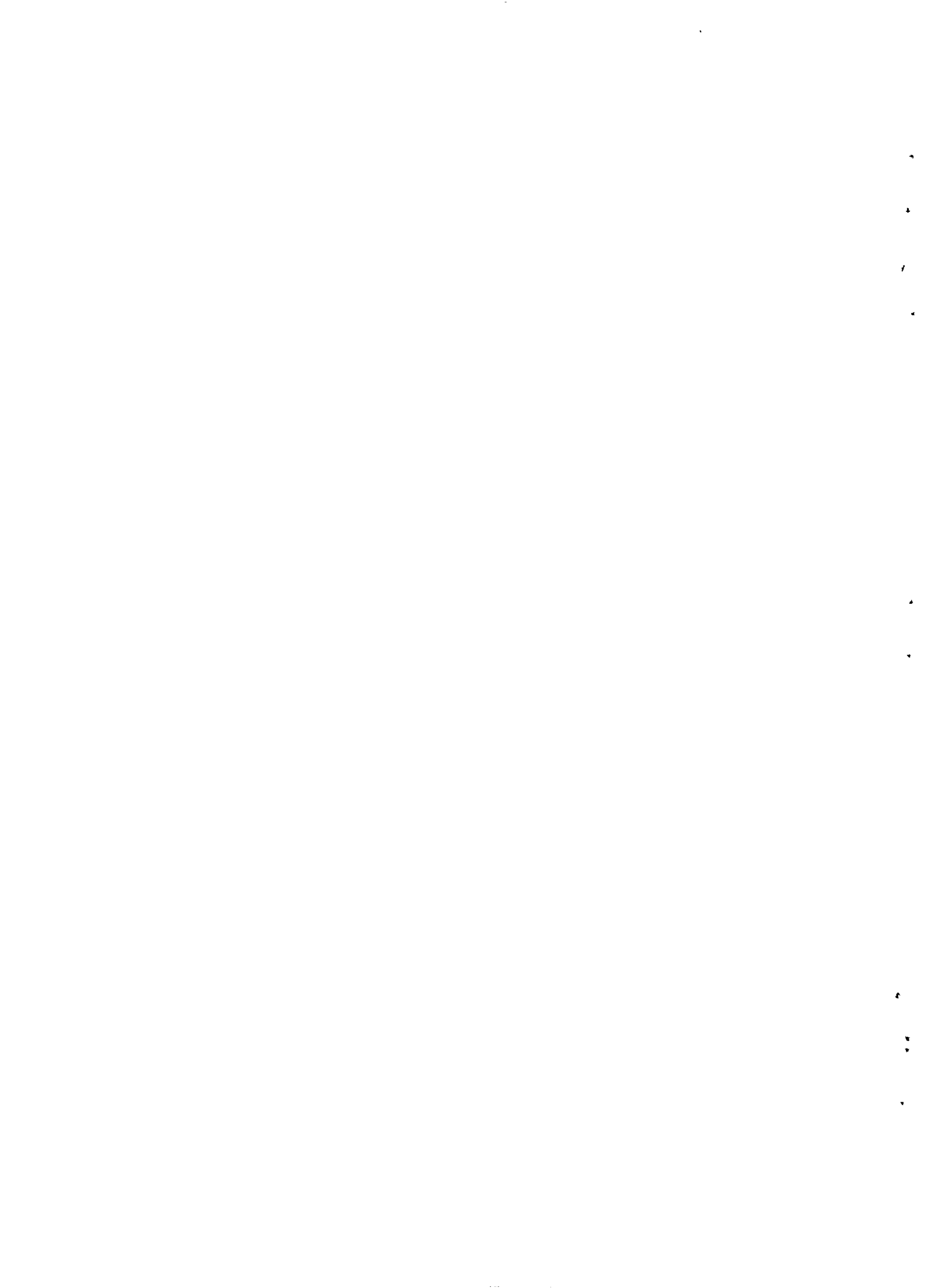
6.3.5 Termination of Contract

97 The Fund has the right to terminate a contract if the implementing agency does not comply with the terms of the FA. In this case, the Fund may demand partial or total repayment of funds already disbursed.

98 Should the implementing agency cancel the contract, the RO may demand partial or total payment of funds already disbursed.

6.3.6 Accounting

99 All CPCs must maintain proper records of all sub-project expenses, and provide monthly reports of financial and physical progress of sub-project implementation. Their financial statements would need to be supported by proper documentation. The PO retains the right to access and investigate all records of the IA.



6.4. Ancillary Agreements

100 In addition to the Financing Agreement, it may be necessary either for the CPC or the intermediary to act as implementing agency and in cases these are not available or strong enough, the RO can arrange for further contracts with other third parties in relation to the implementation of the sub-project. These include the following:

6.4.1 Supervision Agreement

101 There may also be a need to enter into supervision agreements in some sub-projects. Typically, this would be necessary where there is need to

- supervise the execution of a complex technical sub-project, such as a major irrigation sub-project;
- follow up a sub-project or series of sub-projects in an area too remote for the RO to visit regularly;
- supervise a sub-project or series of sub-projects where the implementing agency is/are weak or inexperienced; and
- review a sub-project which is running into difficulties.

102 Such a contract may also be concluded where the geographically dispersed nature of the sub-projects in question make close supervision by ESRDF personnel impossible.

103. Such contracts will be signed between ESRDF and/or the implementing agency and person or agency in charge of supervision. Most of these supervision contracts will be with NGOs, private contractors or other groups which have the requisite capacity and expertise. Supervision contracts **should not exceed 3%** of the total cost of the sub-projects unless special authorization is given by the CO. Together with the FA, the PO must also draft supervision contracts if deemed necessary.

6.4.2 Contracts with Civil Work Contractors

104. In exceptional cases, where construction is involved in remote areas or where the implementing agency does not have the institutional capacity to enter into contracts, the RO may directly negotiate and enter into such contract with a contractor on behalf of the implementing agency. However, this doesn't negate the need for a CPC, which will be brought into all consultations and transactions

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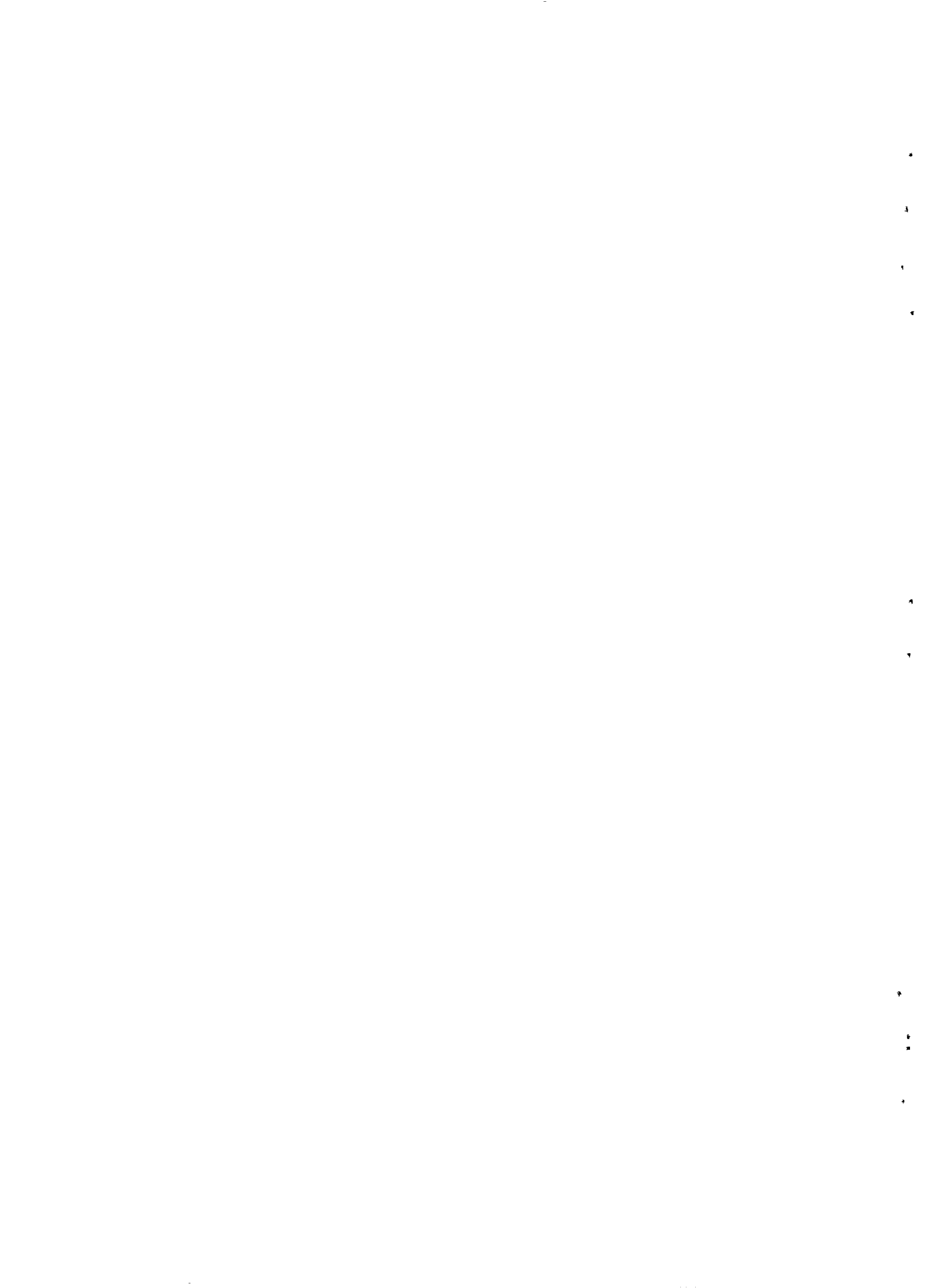
(combined with training on how to assume responsibility), and which will counter-sign all agreements.

6 4.3 Contracts for Training Activities

105 Along with drafting the FA, the PO must also determine the need for training to support the efficient implementation of the sub-project. He/she should clearly identify such needs and forward to the PTO a training requirements application. If the training is to be done at local level, and trainers are available at the local level, the PO may also draw up the necessary draft documents to be signed between the ESRDF/implementing agency and the potential trainer.

6.5 Variations to the FA or Ancillary Contracts

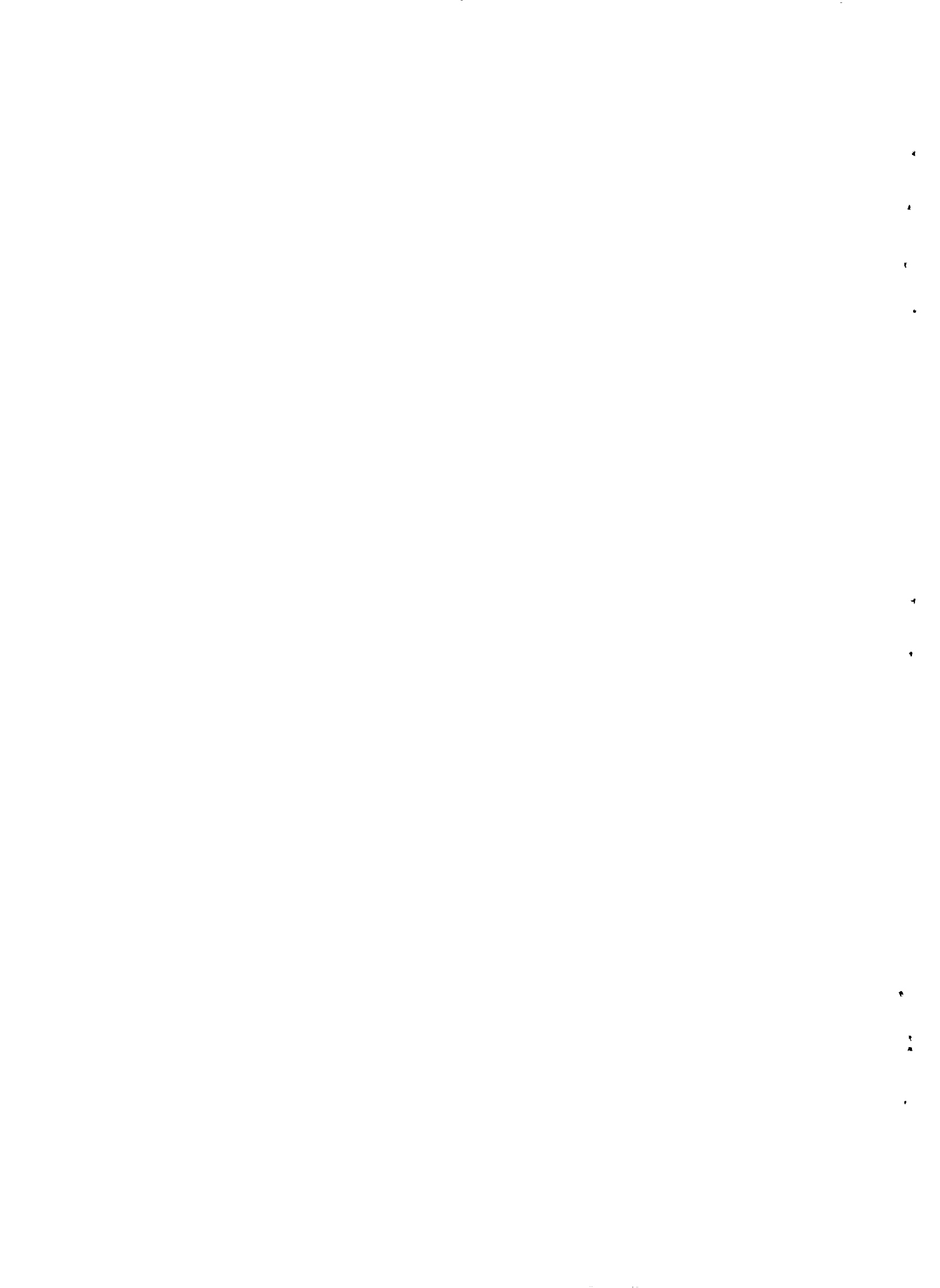
106. Situations may arise making it necessary for variations to the document, where there is a risk of exceeding the budget or the implementation schedule, but where the sub-project has not substantially changed in content. This might arise through delays in delivery of materials for instance, or sudden increase in prices.
107. Provided additional costs are not likely to exceed the budget by more than 30%, or the implementation schedule be delayed by more than 50%, the PO may present a justification and recommendation to the RM, and if agreed the agreement contract is amended accordingly.
108. Where a major change is apparent, such as more than 30% over budget, or a change in the implementing agencies or contractors, the PO drafts a letter for the RM informing the interested parties in writing that the sub-project is suspended. The RO then immediately assigns an independent assessor to visit the site and make a report.
109. The period of suspension should be as short as possible, not exceeding four weeks in worst cases. On receipt of the assessor's report, the PO prepares a written case, with his/her recommendations, and submits it via the RM to the RSC. The RSC convenes an immediate meeting of relevant members in order to decide on the variations requests of the RO.
110. If the recommendation is to vary the contract, and the RSC agrees, the PO informs the interested parties in writing of the revised schedule/budget, restarts the sub-project, and updates the document and the data base. He/she prepares an addendum to the contract for the signature of the Regional Manager and other interested parties



111. If the RSC rejects any variation, for instance because of prohibitive cost, or because the sub-project is not able to attain its objectives, the RSC may decide to terminate it. The meeting of the RSC where this decision is taken must clearly minute the reasons, and a letter must be written and sent out signed by the Manager. The letter, which will be addressed to the applicant, must be checked for its legal and contractual implications.
112. The interested parties must be informed of RSC's decision within one week of the meeting. The data base must be updated with the new termination date of the sub-project and the details for the decisions taken. The matter must be clearly described in the following monthly report to the CO.

6.6 Sub-Project Monitoring and Follow-Up

113. The bottom-up approach adopted by ESRDF - the process of consultation, the use of implementing agencies with strong credibility at the grassroot, and of CPCs representing the beneficiaries - provides the foundation for a participatory monitoring and evaluation system, and opportunities for reporting and feedback which reflects the views of the communities concerned.
114. It is the responsibility of the PO/supervisor to establish a system of regular monitoring together with the implementing agency and the beneficiaries, to ensure that contractual obligations are being met.
115. For a construction sub-project being executed by a contractor, a visit will be necessary regularly by the implementing agency and, where applicable, by representatives of the CPC. The aim is to ensure that the community contribution is up to schedule - collection and production of local materials, presence of the required number of workers - and that the contractor is also adhering to his agreement. In the event of problems the matter should be taken up with the competent authorities, as appropriate.
116. The IA should submit Monthly Progress Reports on the sub-project activities to the RO (see Annex VI). The report will include a description on the sub-project implementation progress, a financial section indicating how funds received have been used; and problems encountered and solutions undertaken during the reporting month. The IA must notify the RO immediately should problems arise, which might significantly delay sub-project implementation as described in the FA.
117. The concerned PO in the RO should visit the sub-project site at least once in a month. He/she should talk to all concerned parties, particularly to the IA and beneficiary (if different) and write and file a monthly progress report covering sub-project implementation progress, both in terms of financial and physical performance (see Annex



- VII Project Visit Monitoring Form). The monthly visit by the PO should be timed to coincide with the review of the IA and the supervisor/project committee, as applicable. Each sub-project will be reviewed against the schedule and financial plan contained in the document. During the PO's monthly visit, the PO should summarise the financial information and implementation progress and share such information with the benefiting community at large, and where possible, have it posted in a public place accessible to the majority of the benefiting community.
- 118 In compliance with the FA, a clear reporting requirement should be established during the implementation of the sub-project. The main monitoring tools proposed are the progress reports and the monthly visit of sub-projects by the PO.
- 119 The Progress Report will be completed by the PO/supervisor only after discussion and agreement among all parties, including the beneficiaries. An agenda will be set for the next month's activities.
- 120 Within one month following sub-project completion, the IA should submit a final completion report to the RO, including the following information.
- Full description of sub-project activities and accomplishments;
 - A detailed statement of sub-project costs compared to original financial plan, a detailed statement of construction time compared to the original schedule and an explanation of any deviations;
 - Description of problems encountered and how they were resolved;
 - Analysis of lessons learned, and the extent or utilisation of the facility; and
 - Report on actions taken to manage maintenance and the coverage of recurrent costs (in the case of facilities to be supported by regional sector bureaus this should include progress in providing staff equipment, and supplies)
- 121 On Completion of each sub-project, the PO should prepare a Sub-Project Completion Report (PCR) which should result in an in-depth evaluation of the sub-project. The PCR should be prepared in close consultation with the beneficiaries and other interested parties, including the CPC, IA if different from the CPC, and where applicable the local government authority, the contractor, and the supervisor. The PCR should evaluate the achievement of sub-project objectives compare the stated objectives with the final outcome, and draw lessons for design and implementation of future sub-projects. The PO is responsible for completing the PCR. Copies of the PCR must be forwarded to the RSC and the CO within two months after the completion of the sub-project. In addition, the database should be updated with the final cost of the sub-project and the date of completion, and the document should be filed under "completed sub-projects"

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6.7 Subsequent Follow-Up and Evaluation

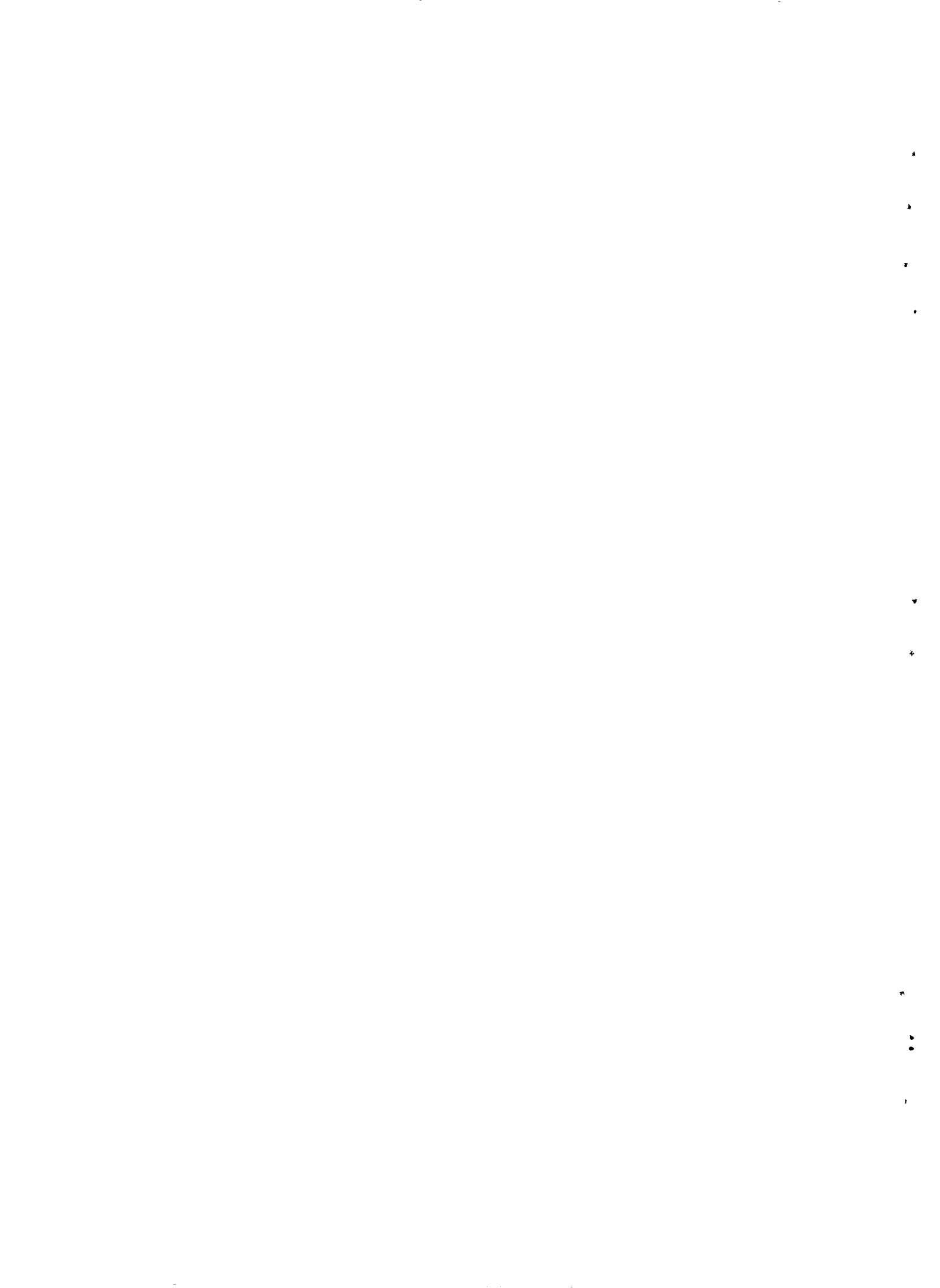
122 Each RO will make arrangements to ensure that completed sub-projects are visited at least twice a year and an evaluation made on two key issues: (a) the extent of community utilisation and satisfaction with the facilities, and the benefits that these facilities have brought to the community; and (b) the physical state of the facilities, the effectiveness of maintenance efforts, and the coverage of recurrent costs. Because of the large accumulating number of completed sub-projects over the life time of the project, it is unlikely that the ROs will have the capacity to visit each completed project site. Therefore, it will utilise a variety of arrangements. These will include (i) automatic follow-up of completed sub-projects in communities requesting further ESRDF assistance, (ii) PO follow-up in the case of large-scale projects, or those in which special problems or complications were identified (in such cases, POs will usually be accompanied by a sector expert drawn from the regional bureau or privately contracted consultants; (iii) follow-up by a Regional Sector Bureau representative, especially where this is a regular part of the Bureau's routine inspection process; (iv) sub-contracted visits by NGOs or private contractors. Whatever the arrangement, a report should be filed on each such follow-up visit. These regular evaluations may be combined with special research activities financed by the CO's research budget. Such research activities would: (a) focus on a particular theme (especially, environmental impact, participation of and benefits to women, utilisation of particular types of technology, and success of particular maintenance and recurrent cost methods); and (ii) cover a sample sub-set of sub-projects.

6.8. Reporting Requirements of the RO and CO

6.8.1 Monthly Report

123. The monthly report of the PO will be key element for the RO for proper follow-up and monitoring of sub-projects under implementation. Based on the monthly reports of the implementing agency and the PO's report (including reports on the status of on-going and approved sub-projects), the RO will be responsible for submitting to the CO monthly summaries of sub-projects proposed for financing with sub-project applicant, a short description of the sub-project goal, type and number of beneficiaries, sub-project cost and amount requested from the ESRDF, amount and form of community contribution, description and type of activities and the status of the application. The reports from RO to CO should also include:

- Monthly sub-project processing summaries (covering the numbers of sub-projects appraised, under implementation and completed, by type of sub-project for the relevant month and the year to date);



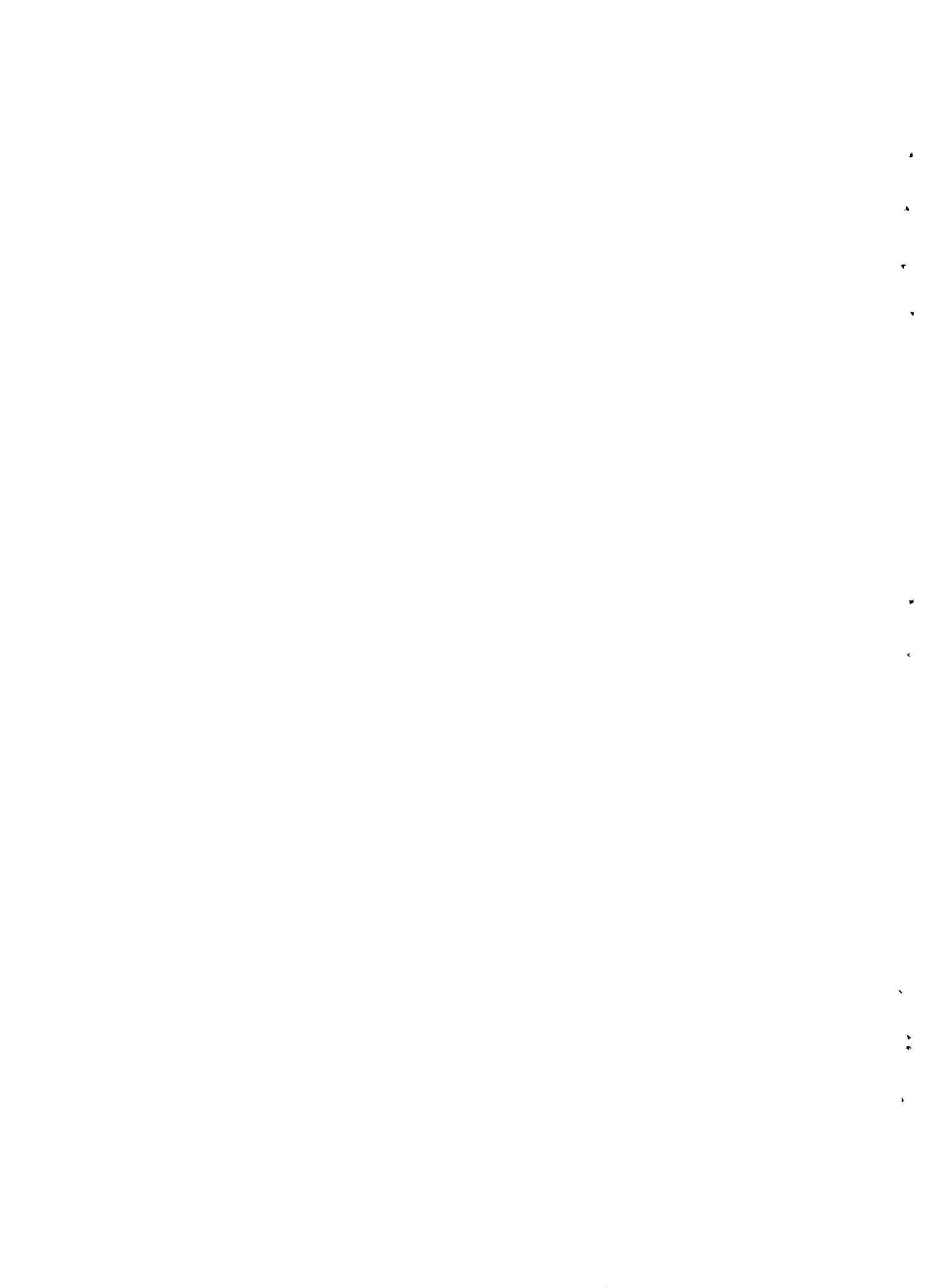
- performance indicators of sub-project processing (median number of days by stage of processing);
- list of sub-projects currently under implementation with details of implementation status;
- profile of contracted sub-projects by indicating number of beneficiaries by type of implementing agency and value of sub-project;
- summary of funds committed and disbursed by sub-project,
- physical and financial progress report by sub-project,
- arrangements for subsequent maintenance utilisation and coverage of recurrent cost, and
- arrangements for sub-project management (see Annexes VIII A - D for detailed specifications).

124 Monthly reports from the ROs would be submitted to the CO within two weeks after the completion of the reporting month.

6.8.2 Semi-Annual Reports

125. Once approved by the RSC, the RO is required to submit to the CO semi-annual reports within two weeks of the completion of the period in question. The semi-annual reports would consolidate and summarise the monthly reports and include (in addition):

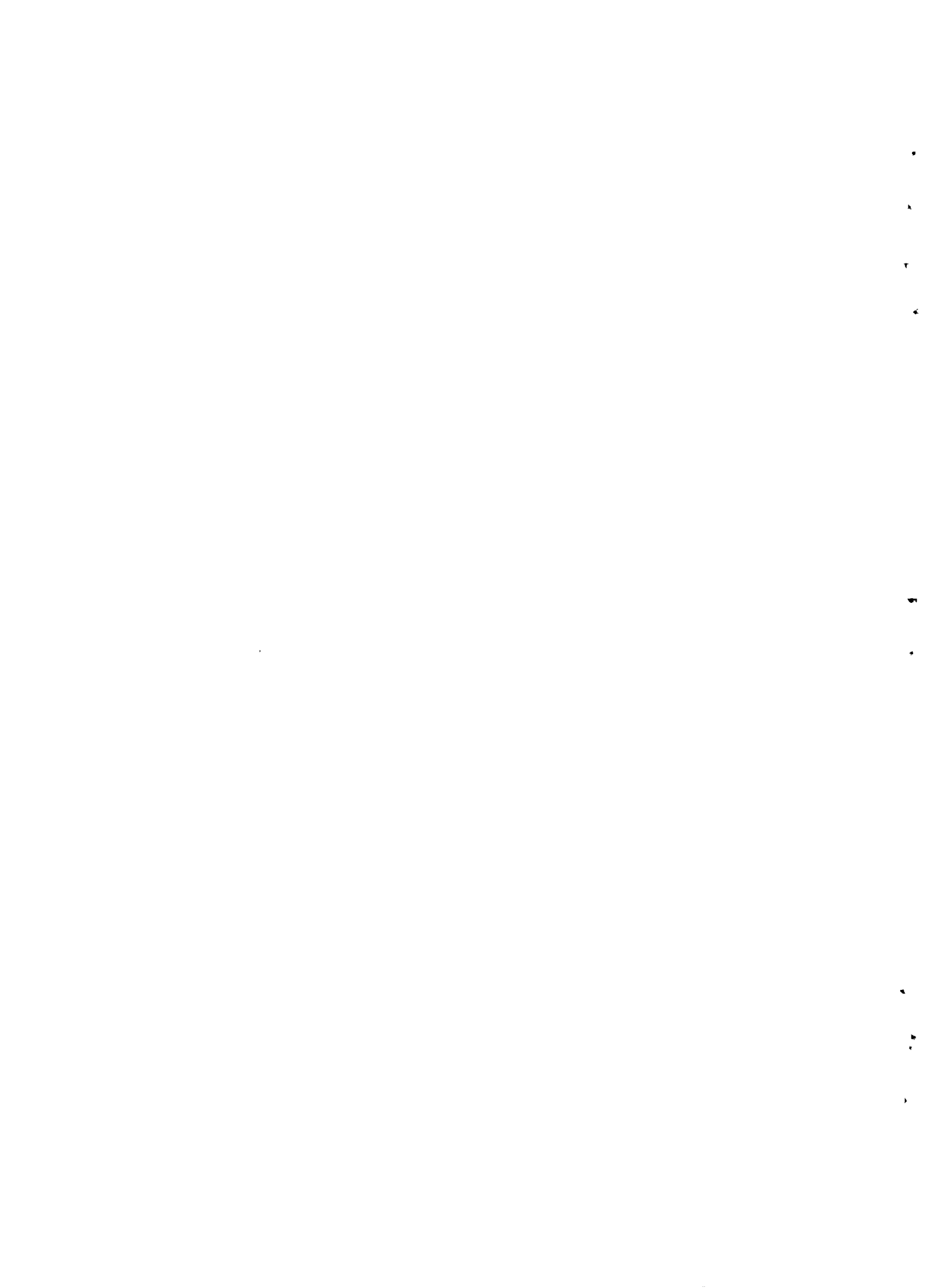
- a budget analysis of expenditures against original plan, including project disbursements;
- an analysis of actual against planned implementation,
- an analysis of staffing and other overhead costs ;
- proposals for budget and implementation revisions with justifications ;
- summaries of sub-project completion reports;
- summary of projects screened, under implementation and completed by
 - sector
 - extent of community involvement
 - environmental category
 - beneficiaries (including special benefit to women), and
- Type of implementation arrangement including details on sub-project implementation by type of implementing agency and procurement by procurement categories.



126. On the basis of the semi-annual reports of the ROs, the CO should prepare a consolidated semi-annual report to the Board and IDA and will be submitted within six weeks of completion of the period in question. The format of the consolidated report will closely follow that of the reports of the ROs, except that it will include cross-regional comparisons.

6.8.3 Annual Report

127. The RO shall prepare an annual report for the approval of RSC and submission to the CO within **one and half** months after the end of the year. The CO will prepare consolidated annual report for submission to the Board and IDA which will show regional as well as overall ESRDF performance, within three months after the end of the year. The annual report will include the following:
- Annual accounts of the regions and the overall ESRDF,
 - Analysis of regional as well as overall ESRDF budget, disbursement and implementation performances as compared to approved work program and budget ;
 - Sub-project processing reports by region and the overall ESRDF showing the number of sub-projects by sector and value at each stage of the sub-project cycle;
 - Regional and overall financial reports showing sector patterns and balances, regional and overall performance indicators including median number of days for sub-project stage of processing, cost overruns or savings; analysis of completion reports covering performance factors such as technical quality, size of community investment, maintenance and recurrent expenditure arrangements, environmental impact,
 - Procurement Report showing different forms of procurement utilised by financial amount and type of action;
 - Summary of sub-project post-implementation reports including assessment of beneficiary impact, including number and categories of beneficiaries (with special emphasis on women), nature of benefits, types of community and implementing structures, the degree to which communities and implementing and supporting agencies are meeting their obligations,
 - Office effectiveness report including staff turnover, vacancy ratios, and staff costs related to operational performance; and
 - Summary of latest internal audit reports for each office.

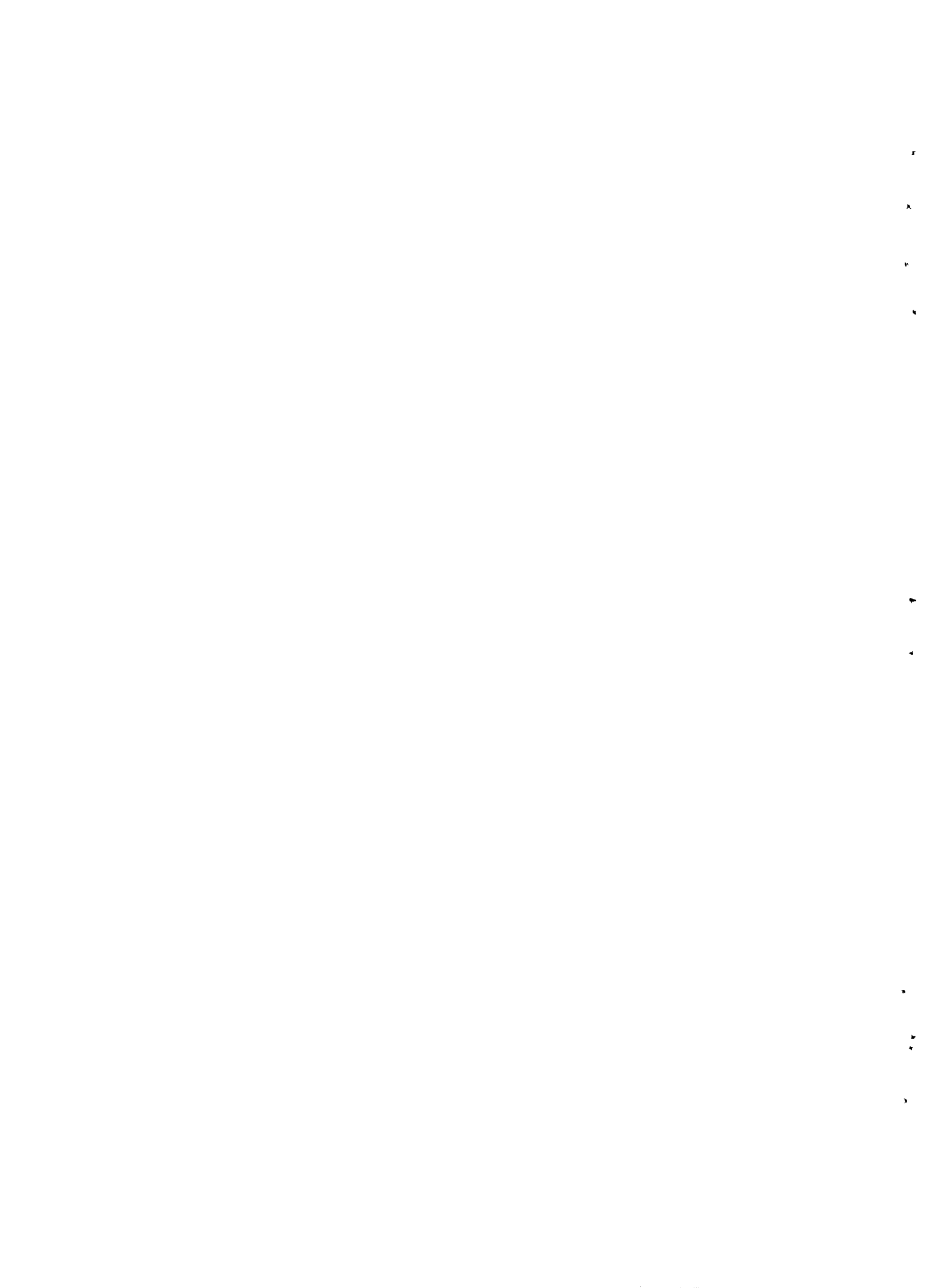


CHAPTER 7: POST-IMPLEMENTATION MONITORING AND EVALUATION**7.1. Handover**

- 128 The completion of the sub-project should be marked by a physical handover of such sub-project and a letter to the interested parties from the RO concerned, signed by the RM.
- 129 In the case of infrastructure sub-projects the physical handover should take place on a provisional basis, on completion of construction, between the parties concerned e.g. contractor /implementing agency/ CPC, where applicable, representatives of the woreda. As stated in the contract, 5% of payment to the contractor will be withheld for one year in order to ensure that the standard of workmanship is satisfactory. At the end of the year, after a "satisfactory" inspection, the final handover takes place, marked by a further letter from the RO to the parties concerned. The handover agreement will summarise provisions made for maintenance, coverage of recurrent costs, and periodic inspection, and will also state that any CPC that does not operate or maintain the facility or activity as agreed will not qualify to receive any further financing from the ESRDF.

7.2 Post-Implementation Monitoring and Follow -Up

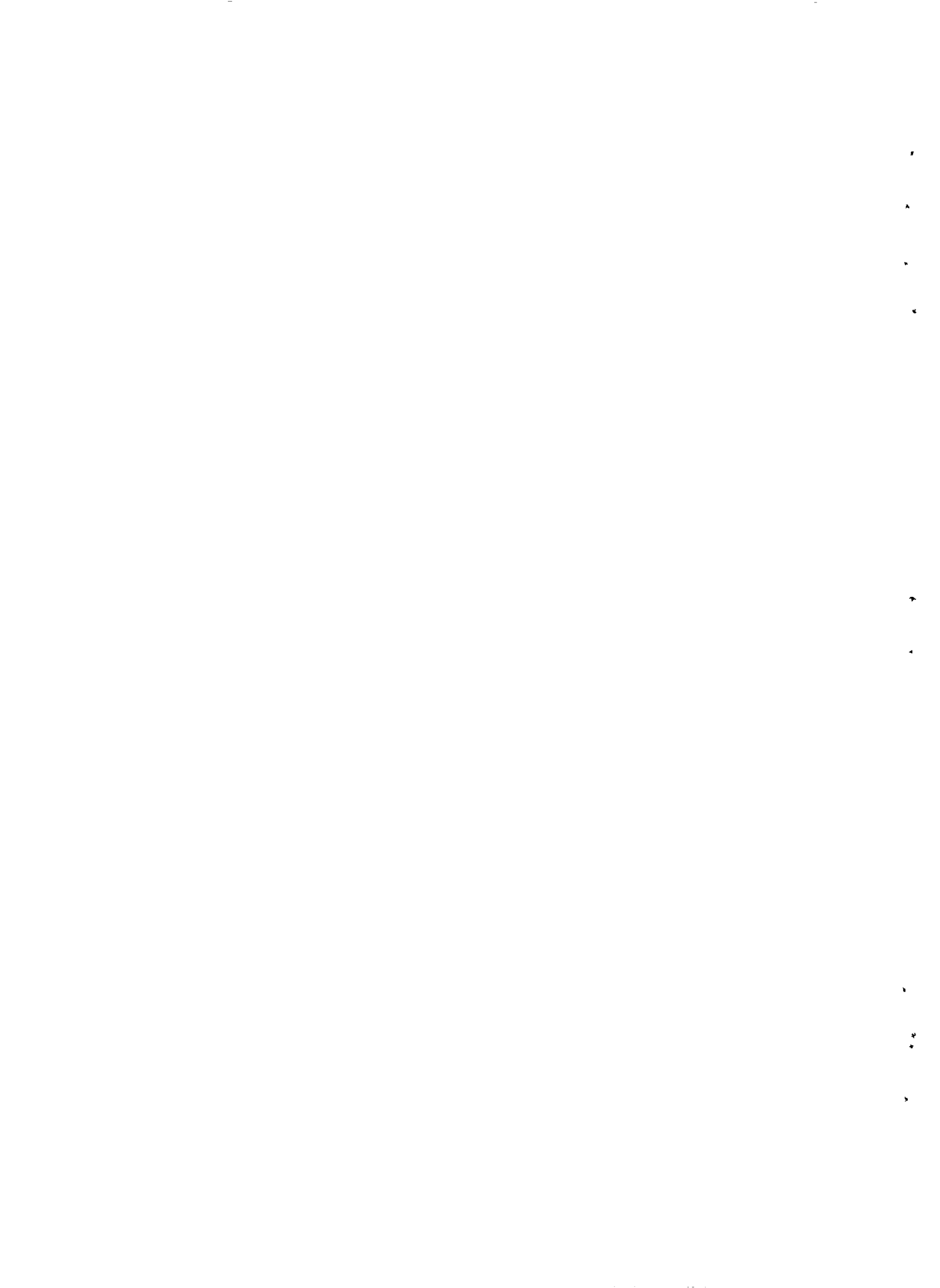
- 130 Post-implementation monitoring is an important stage in the sub-project cycle for evaluating the impact of ESRDF activities. The PO will gain from the experience of the operation of sub-projects and this will help to improve the design and appraisal of new sub-projects. In view of the importance of this stage, initially, every sub-project will be visited at least **once about six months** by the concerned PO after the signing of the Handover agreement.
131. The need of additional visits would be assessed against the performance of the sub-project. The schedules of post completion monitoring visits would be assessed during the ESRDF mid-term evaluation, where decision will be made to continue to visit every sub-project, or to reduce visits to a sample of sub-projects.
- 132 The RO will prepare an analysis of all post completion visit reports every six months, and the findings would be summarised in the ESRDF semi-annual reports. The post-completion report will evaluate the sub-projects on the basis of the following criteria
- technical performance - the extent to which the construction or equipment functions satisfactorily;
 - utilisation - the extent of use of the facility or service;



- beneficiaries - analysis of the number and composition of people benefiting from the sub-project and the beneficiaries' own assessment of the value of the asset and the return on their investment;
- community obligation - the degree to which the community has met its obligations to manage, maintain and repair equipment or structures, collect user fees and promote the use of services;
- co-operating agency obligations - the performance of any co-operating agencies, such as government Bureaus or NGOs, in providing staff, operating funds and other inputs specified in the Handover Agreement

7.3 Evaluation

- 133 Evaluation will be carried out to assess the impact of sub-projects on the beneficiaries, and to determine whether the original sub-project objectives have been met. In general evaluation will draw on the data generated by the monitoring system to help explain the trends and impact of the sub-project.
134. ESRDF will undertake special surveys using beneficiary assessment approaches that ensure that the views and actions of the beneficiaries are clearly captured and reflected in the evaluation. ESRDF will also hire consultants that will use the monitoring data and such other information as they feel necessary to assess the impact of programs on the beneficiary population.



CHAPTER 8: ANNUAL WORK PROGRAMME AND BUDGET**8.1. Objective**

135. The Annual Work Programme and Budget (AWPB) process has two objectives
- To provide the Board and participating donors the information and analysis necessary to evaluate the performance and achievement of the programmes of ESRDF;
 - To provide the Board and participating donors with proposals for the financing of overall and regional ESRDF activities for the next twelve months.

8.2. Annual Work Programme and Budget Procedures

136. The AWPB preparations will be based on ESRDF's reported activities both at the regional and central office levels as presented in the six-monthly and previous annual report.

137. The procedures of preparing the AWPB must be completed by the end of June of each year and will have four phases

Phase 1. Each RO will prepare its own draft AWPB based on specifications provided in (8.3) below. The draft AWPB of the ROs to the RSC will be reviewed at the end of March

Phase 2. The RSC will review the proposal, and after its approval, the ROs will pass these proposals to the CO by the end of April where it will be consolidated as ESRDF's annual plan and budget proposal.

Phase 3. The CO prepares a consolidated AWPB proposal together with an analysis and recommendation and submits this together with the regional proposals to the ESRDF Board for final approval by the end of May

Phase 4. The proposal will then be reviewed and approved by the Board by the end of June.

8.3 Contents of the Annual Plan (Work Programme) and Budget

138. The AWPB is prepared in the context of past performance and the planned activities of the coming year based on sub-project proposals received from communities. Each RO will draft their plans and proposals as per the following specifications. The consolidation of the regional plans and budget by the CO will show both regional and overall ESRDF plans

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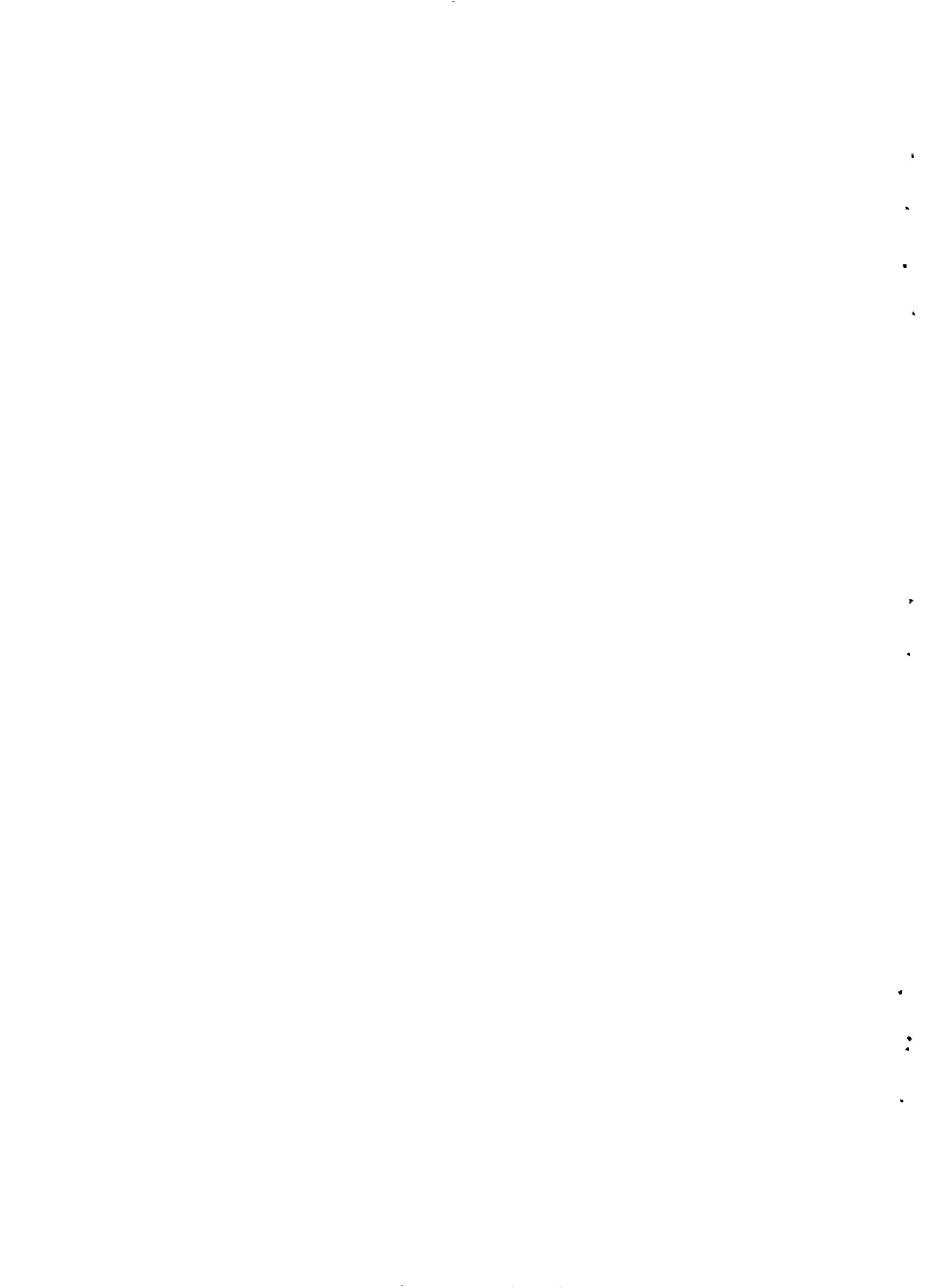
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and proposals and will follow the same specification as the RO submission in terms of regional related data, but will also include the planned activities and proposal of the CO, and an analysis and commentary by the CO for the Board.

139. The AWPB includes:

- a statement of accrual of budget unspent from previous year, together with an explanation for underspending, and details of how this amount will be applied to sub-projects under implementation, or applied to sub-projects in the pipeline;
- description of sub-projects (by sector, location, objectives) which have been (i) positively screened;(ii) appraised and recommended, and (iii) approved for financing. Where a project has been appraised or approved for financing the description will also include a summary of:
 - environmental category and details of any mitigatory actions in case of adverse impact,
 - amount and nature of community involvement;
 - the calculated Economic Rate of Return (ERR),
 - type of implementation arrangement;
 - estimated number of beneficiaries;
 - impact on women ;
 - procurement method; and
 - maintenance and recurrent expenditure arrangements.
- a presentation of the proposal over the coming year, to include in addition, known or anticipated costs for the year following; this presentation should show (a) the processing stage of each sub-project; (b) the costs required for the completion of the processing of each sub-project; (c)required tranche financing for those sub-projects under implementation; (d) analysis of the expected work load by RO staff (staff weeks); (e) a presentation of the administrative budget by cost category;
- a disbursement projection profile for the coming year;
- a procurement projection profile indicating the type and quantity of imported and local goods and services,
- details of training and special study programmes, stating the goals, target group, evaluation criteria, methods, and budget; and
- a summary presentation of the proposed annual budget under the following major headings
 - sub-project cost (technical study and supervision cost),
 - training and capacity building, and
 - administration cost (capital and recurrent costs)



- 140 The regional and consolidated annual work programme and budget proposal review process by the RSC will include a feasibility assessment of the proposed budget and disbursement schedule in terms of (i) average sub-project stage processing time for sub-projects within that sub-sector and region; (ii) accuracy of work load projections, and relationship between work load requirements and actual capacity, and (iii) performance levels implicit in the proposed budget compared to past performance record. The proposal will also be analysed in terms of sector balance, beneficiaries and communities involved and gender and environmental factors. An overall sector distribution and portfolio analysis will also be made for the consolidated budget and plan by the CO
141. Based on its assessment of each regional submission, and overall analysis, the CO will present to the Board a consolidated AWPB with a summary of the CO's overall analysis. This will include the regional submissions and will indicate any modifications that have been made together with explanations for the modifications. As with the regional plans, the consolidated plan will include:
- a statement of total accrual of budget unspent from previous year,
 - a summarised statement of sub-projects in the pipeline;
 - a disbursement projection profile for the coming year,
 - a procurement projection profile indicating the type and quantity of imported and local goods and services and procurement methods to be used;
 - a summary presentation of the proposed annual budget, and
 - both the regional and consolidated AWPB should include for all small-scale irrigation sub-projects, the proposed hectarage to be irrigated; the river, river basin, or other source from which water will be drawn; and an estimate of the abstraction of water involved.
- 142 In addition the CO will include in the consolidation: a budget for the operation of the CO and other non-regional expenses that ESRDF is expected to incur. The Board will review the submissions of the Central and Regional Offices, and will have the final authority to approve the budget allocations. The Board will also issue its own assessment of performance based on the review, and record important policy decisions made. The Board's decision will be available if necessary to participating Donors and IDA

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SECTION THREE. TRAINING AND CAPACITY BUILDING

CHAPTER 9: TRAINING PROGRAMME

9.1 Objectives, Nature and Types of Training

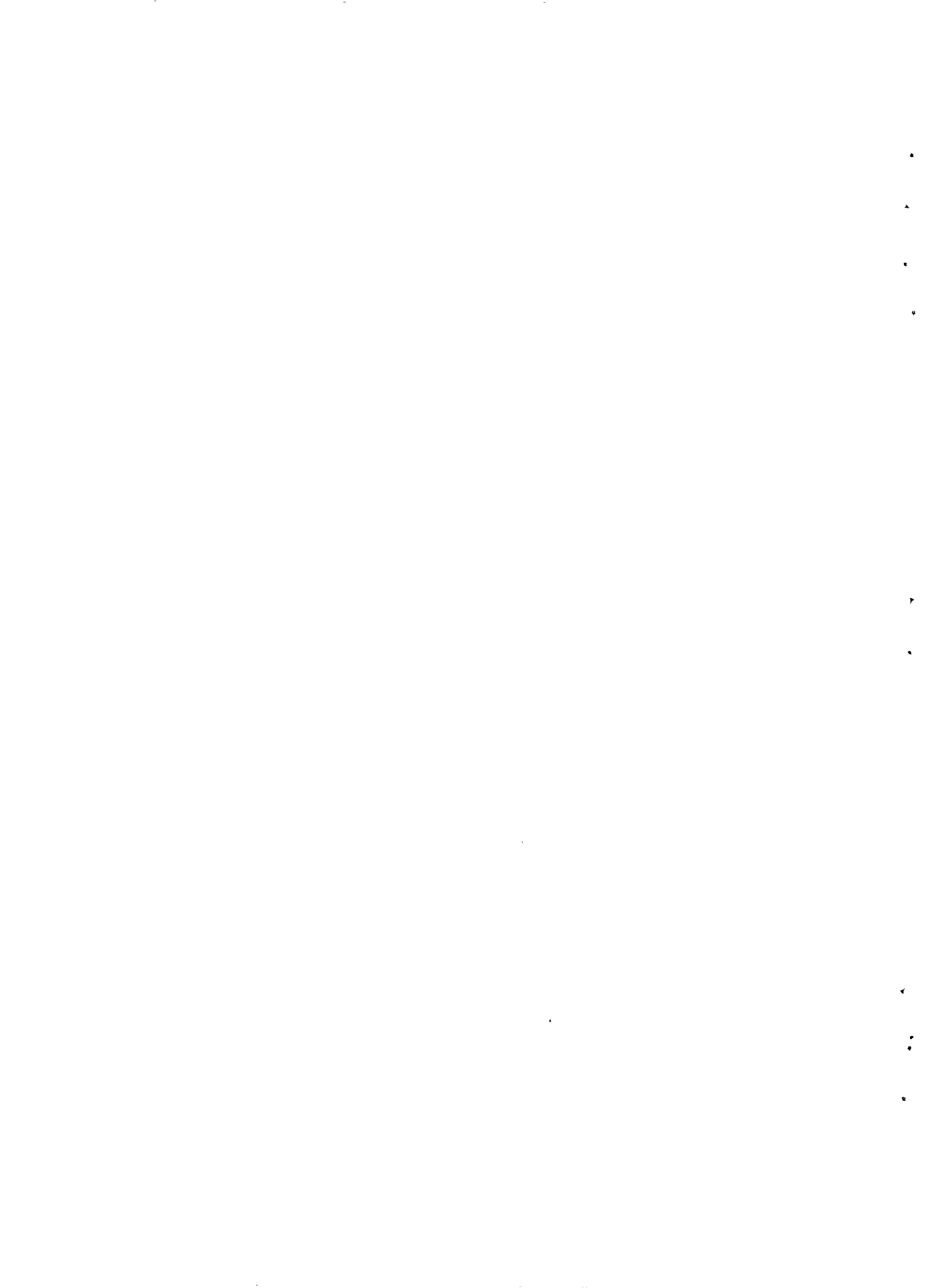
143 The objectives of ESRDF's Training Programme are:

- to assist representatives and leaders of community groups and associations attain capability, which will enable them to prioritise their needs, identify, prepare, implement and manage development sub-projects, and generally to be capable of utilising resources mobilised from within and outside ESRDF,
- to ensure that local government, grass-root organisations and other non-government staff assist and facilitate the efforts and initiatives of communities in proposals development, project implementation and management;
- to assist strengthen the capabilities of local NGOs, small-scale private sector, and other implementing agencies in the implementation of sub-projects,
- to ensure that ESRDF's own staff have acquired the necessary competence for supporting community based sub-projects and effectively manage ESRDF; and
- to assist local micro entrepreneurs, business groups, and individuals especially women engaging in income generating activities to acquire the technical and managerial skills necessary for business success.

144 The nature and types of training of ESRDF will be as follows:

9.1.1 Nature of Training

- a) All training should be participatory in nature as this gives the best results with adult trainees. Training may be formal or on-the-job. It may be technical, e.g. practical skills training; financial management, e.g. simple bookkeeping and budgeting; or community development, e.g. sensitisation and animation techniques. For promotion and community development, informal sensitisation and animation techniques could be used. For the more task-oriented types of training, short seminars or workshops will have to be organised.
- b) Appropriate methods should be identified and used for each training programme, keeping in mind the socio-economic constraints of the participants, in attaining the required skills and knowledge. Training for women should be sensitively designed and planned in order to achieve



maximum attendance and acquisition of the envisaged results. Where necessary mobile training programme should be considered

- c) Unless the implementing agency has the experience to undertake the training needed, it may be necessary to sub-contract it to an organisation or individual with the required competence.
- d) Whenever possible use should be made of Ethiopian consultants or consulting firms. Preference should be given to female trainers in order to facilitate women's access to the opportunities provided by ESRDF. A list of possible trainers or organisations to provide training on the different subjects will be put together and kept up-to-date by the PTOs of CO and ROs.

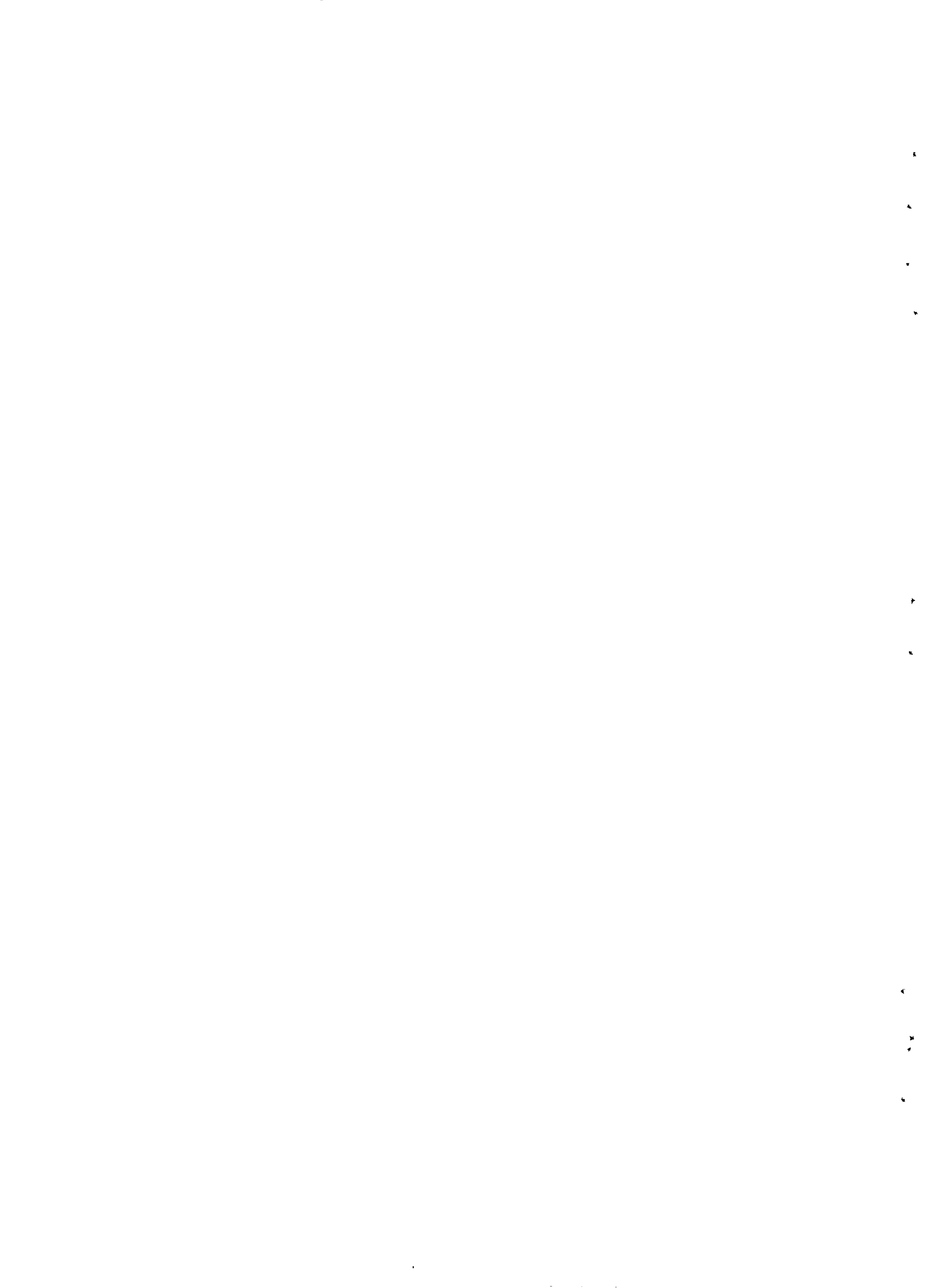
9.1.2 Types of Training

145 The types of training to be supported by ESRDF have to be identified during the course of ESRDF life. However, there are some training areas, which can serve as a guide to ESRDF's staff in identifying specific training activities needed to support ESRDF's major objectives.

146. The possible types of training areas to be supported by ESRDF may include the following:

a) General Awareness Creation

- Training to promote community-based approach and increase the awareness of all involved in ESRDF's activities on the importance of community participation, and community ownership. This training will ensure the effective implementation, management and sustainability of developmental works/services;
- Organising visits to successfully implemented and managed community sub-projects, and arranging community meetings to share experiences and learn from them to enhance their capabilities in sub-projects preparation, implementation and management;
- Training aimed at raising the appreciation and understanding on gender issues and at overcoming constraints to the full involvement of women in ESRDF's activities'; and
- Training participants to be more sensitive to environmental issues in all their developmental efforts.

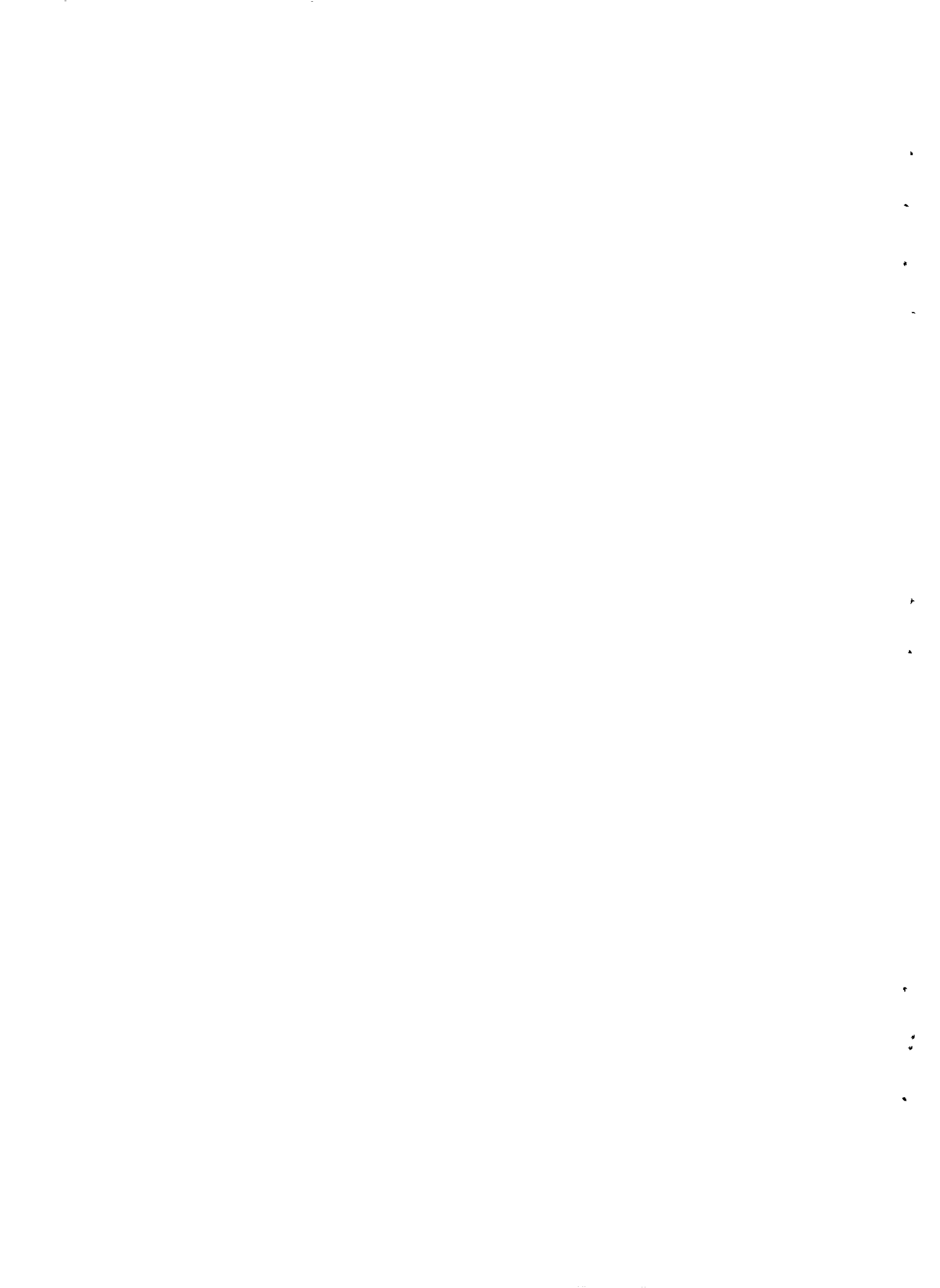


b) Basic Skills or Capability Building Training

- Training in methods of community organisation and participation;
- Training to impart a wide range of participatory strategies, tools and techniques (such as needs assessment surveys; rapid appraisal techniques; impact assessment; beneficiary assessments);
- Training of local grassroots organisations as well as community members on basic skills in sub-project identification, preparation, implementation, supervision and monitoring and finally post-implementation monitoring and management,
- Training on basic principles of reporting, procurement, disbursement, accounting and bookkeeping and familiarisation with the type of records and invoices to be maintained for purposes of implementing and managing sub-projects;
- Training of participants to be sensitive to environmental and gender issues in the design, planning, appraisal and implementation of sub-projects,
- Training on financial analysis of income generating sub-projects, on management and organisation of groups and co-operatives, on savings and credit management, on marketing ,etc.;
- Training community groups or skilled persons to group together and form small contracting, and/or service rendering firms; and training for groups and individuals in business techniques, and shells or crafts associated with income generation,
- Literacy training; and
- Training in improved health, child care, and nutrition practices

c) Training as a Specific Sub-project

Proposals for a specific training sub-project can be submitted to the ESRDF offices for technical and financial support. These proposals will be appraised against ESRDF's selection criteria. Communities will submit these training sub-project proposals to the ROs, which will either approve them locally, or transmit them with recommendations for the CO approval in case their scope and nature fit into the capacity building objectives of the CO.



d) Training as a Component of a Specific Sub-project

Technical and managerial training can also be necessary as integral component of a sub-project supported by ESRDF (e.g., training on effective management, post-implementation monitoring and maintenance of infrastructure, water supply, irrigation, sanitation and other infrastructures).

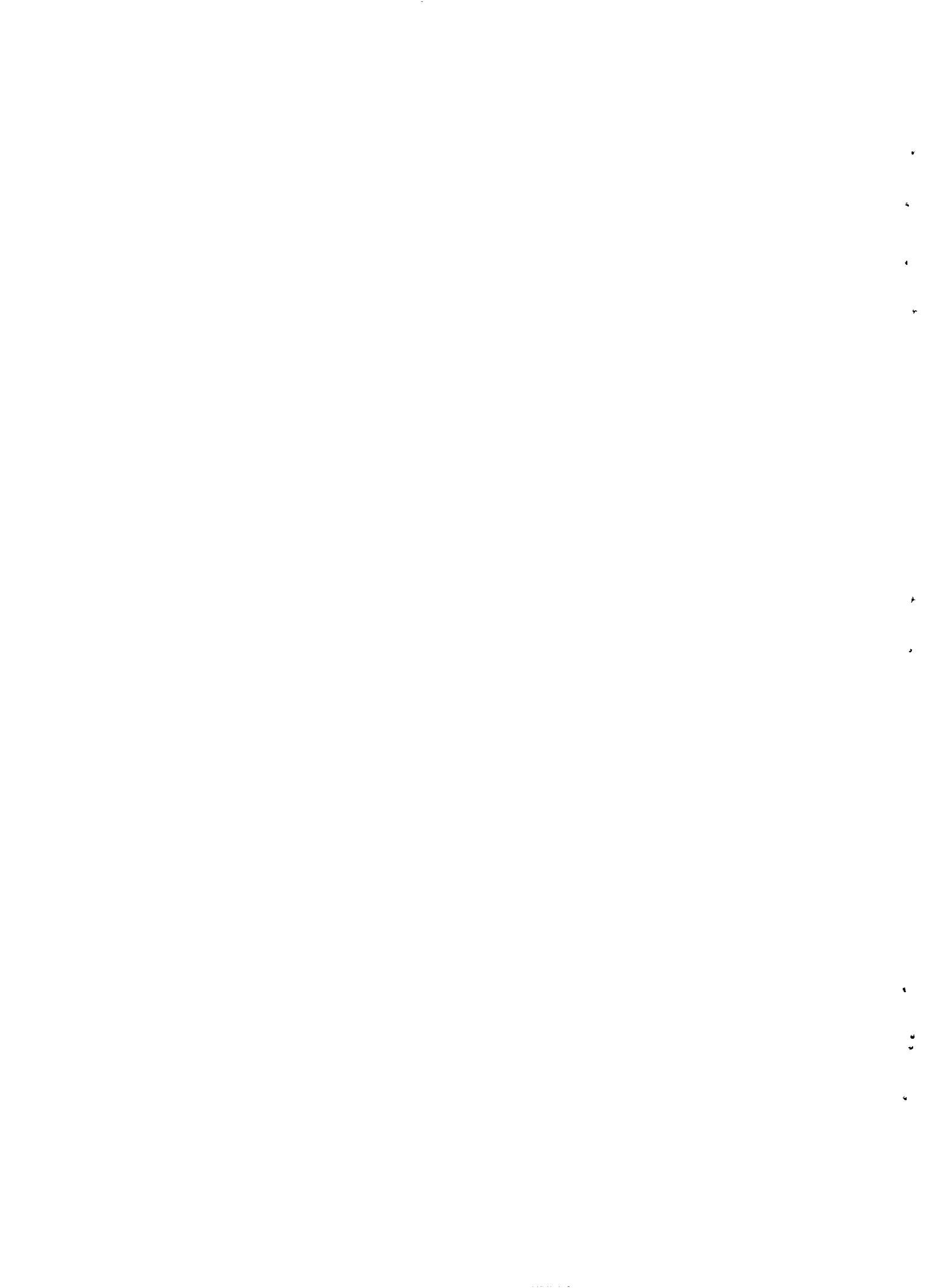
9.2 Training Needs Identification and Appraisal of a Training Activity

147 Training needs may be identified in any of the following ways

- a) Any community group, community organisations, local regional government and non-governmental organisations can identify a specific training sub-project
- b) Promotion and Training Service (PTS) of the CO will be responsible for identifying training needs and opportunities at an overall level and for ensuring that personnel, both from ESRDF and outside, who are associated with sub-project preparation and implementation are provided with the necessary and adequate training.
- c) The ROs will also identify general areas where training may be appropriate to enhance the effectiveness of ESRDF's activities or to support sub-project implementation in their respective regions.

148 It shall be the duty of the PO of the Regional Offices in consultation with PTOs to appraise proposals for training; verifying whether the proposed training would be needed to enhance the effectiveness of sub-project's activities. Factors to be considered during appraisal of a training activity would include:

- a) The objective of training program should meet the set criteria for the capacity building and training sub-component,
- b) The significance and appropriateness of the proposed training in meeting the needs of the participants;
- c) The beneficiaries' awareness of the importance of such training;



- d) Consistency and responsiveness of the proposed type of training in light of
 - socio-economic constraints of participants,
 - educational and literacy levels of potential trainees;
 - ability to attend day-long sessions, possibility of staying overnight if necessary, particularly in the case of women where special arrangements might be needed to permit them to attend;
 - participation in other successful training opportunities;
- e) Assessment of the existence of organisations or individuals capable of conducting such training, and also the possibility of the potential trainees to organise the training themselves;
- f) The proposed training programme follows the standard syllabuses set for the level, and
- g) Assessing the economy of the training programme
 - total costs;
 - cost per trainee;
 - follow-up required in order to consolidate the training.

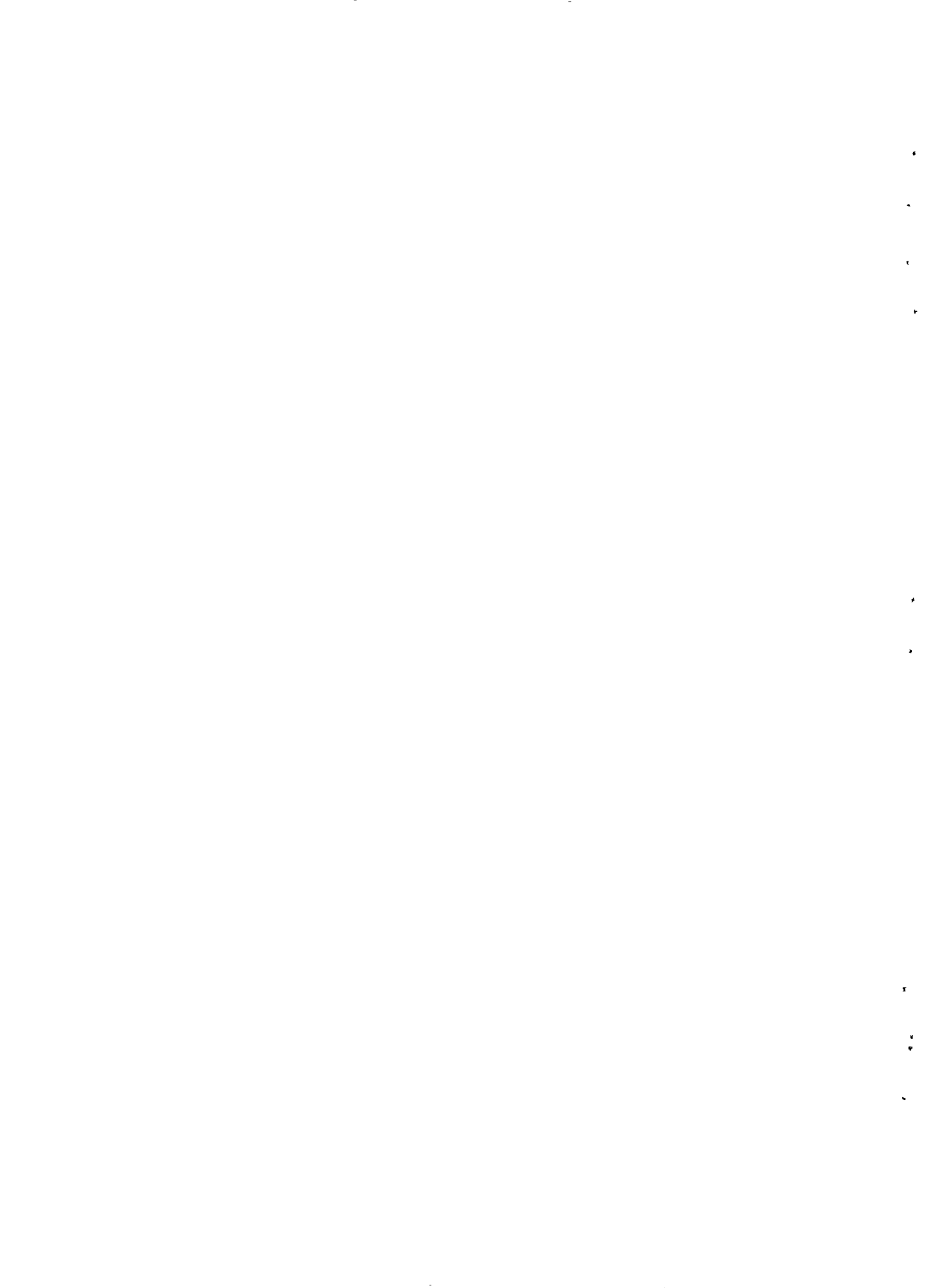
149. Once it is determined that training would be appropriate and necessary, as stated in para 148 above, it would be the responsibility of the PTS at the RO to organise the training keeping in mind the overall training program of ESRDF.

9.3 Sub Contracting of Training Services

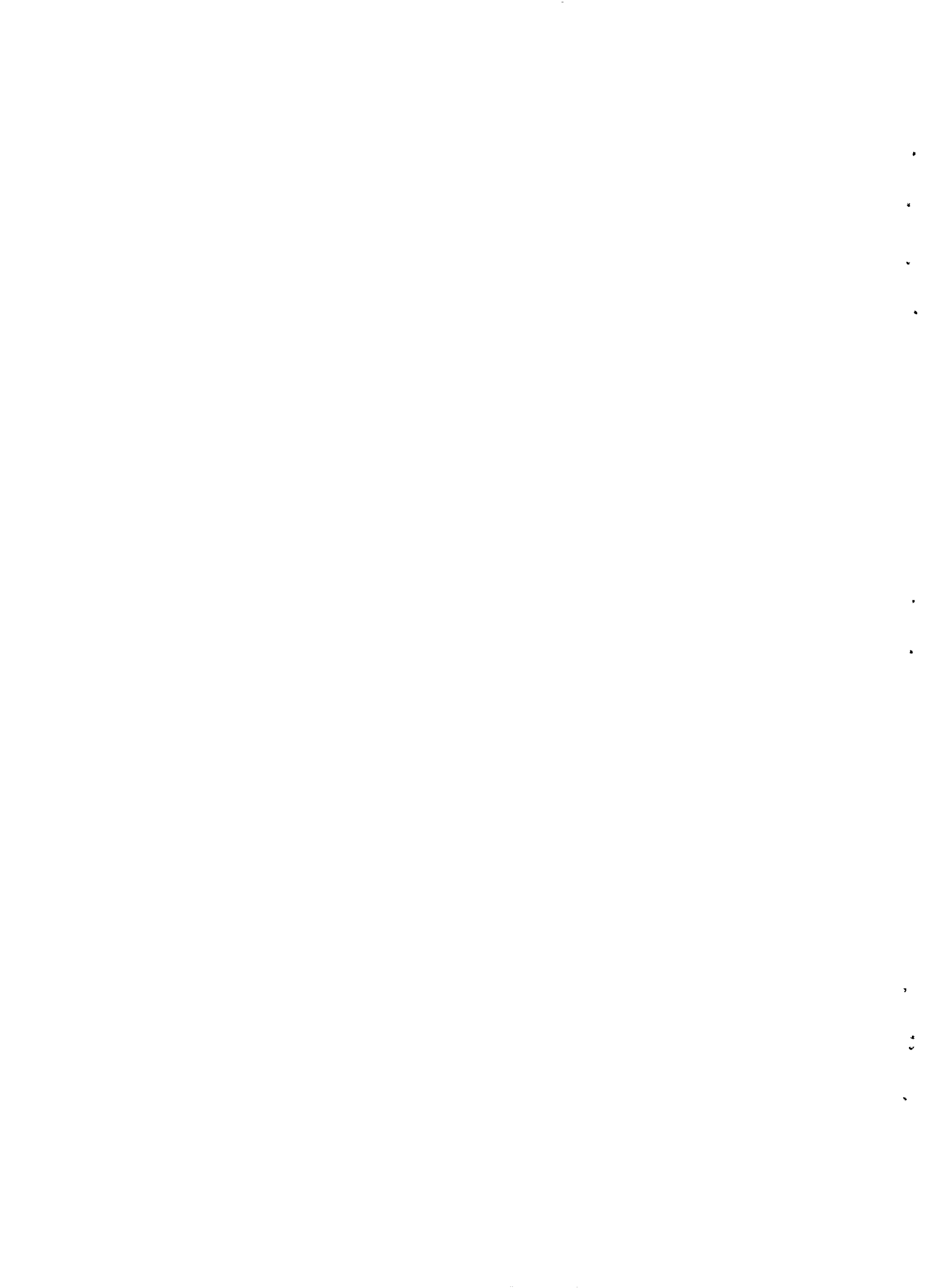
150. While the Central or Regional ESRDF Offices will remain responsible for the overall co-ordination, appraisal, quality control, and monitoring of all training financed by ESRDF, it will be customary for the actual design and delivery of training to be contracted out. However, the appropriate ESRDF officers will, wherever possible, participate in such training, and the evaluation of its impact, and submit reports on its utility.

Subject to the Procurement rules stated in this manual, sub-contracting will be done in a number of ways.

- a) Any large-scale programs will be contracted on a competitive basis ;
- b) In special cases, arrangements can be made to contract specific courses to contractors with specialised capacity;



- c) Wherever there is a wide spread need for a particular form of training, especially at a community level, a training of trainers method will be utilised. Identified groups who have a special role or access to communities, will be given a combination of technical and pedagogical training and provided with manuals and other training aids, so that they can organise their own courses at local levels. Such trainers will be expected to carry out evaluations and file reports. ESRDF staff and partner facilitating organisations will carry out sample assessments to measure beneficiary impact. Such trainers may be selected community facilitators, NGOs, private consultants, regional bureau specialists, or extension(community development) officers.
151. Reporting on Training: Quarterly and annual reports will contain details of training carried out (including target groups and topics) and analysis of the impact and utility of this training

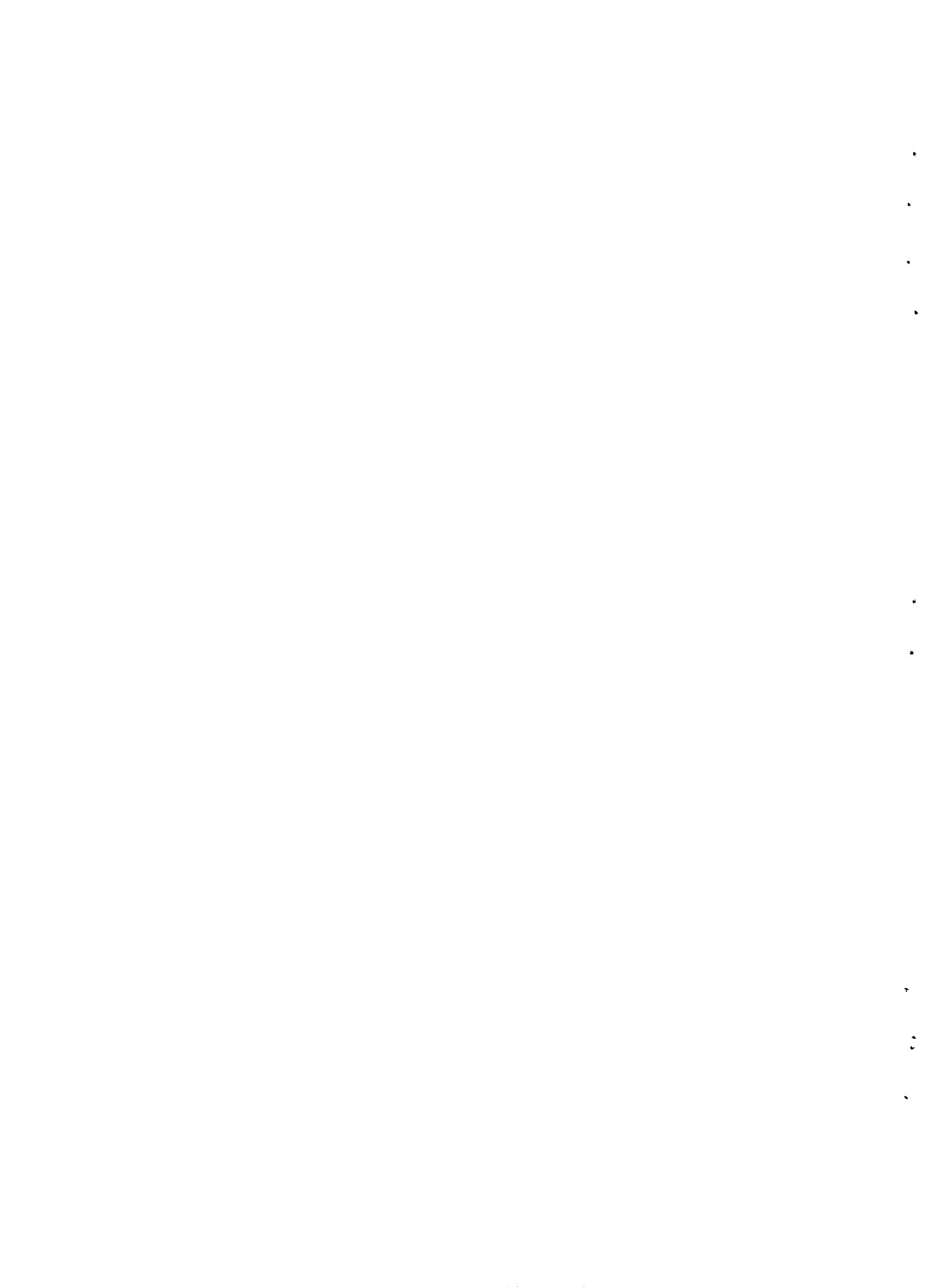


CHAPTER 10: STUDY FUND**10.1 Objectives of the Study Fund**

- 152 The objective of the study fund is to assist ESRDF's management carry out studies which would enhance the effectiveness of its operations. Such studies may include.
- a) investigations of technically complex construction, and maintenance issues linked to effective design of community based sub-projects;
 - b) identification of critical implementation issues affecting the performance of the ESRDF activities;
 - c) beneficiary assessments to monitor the impact of sub-projects on the beneficiaries, the degree of involvement of the beneficiaries in the sub-project, their attitude on the approach and effect of the sub-project and prospects for sustainability;
 - d) opportunity studies to identify possible income-generating sub-projects in rural areas, with particular attention to those projects benefiting women, and
 - e) development of training materials for different training programmes to be financed by ESRDF in cases where such materials are not available, or are not suitable for the envisaged training
153. The CO and ROs will be responsible for identifying research and study proposals that may be necessary for the effective appraisal, implementation or monitoring related to ESRDF activities

10.2 Management of the Study Fund

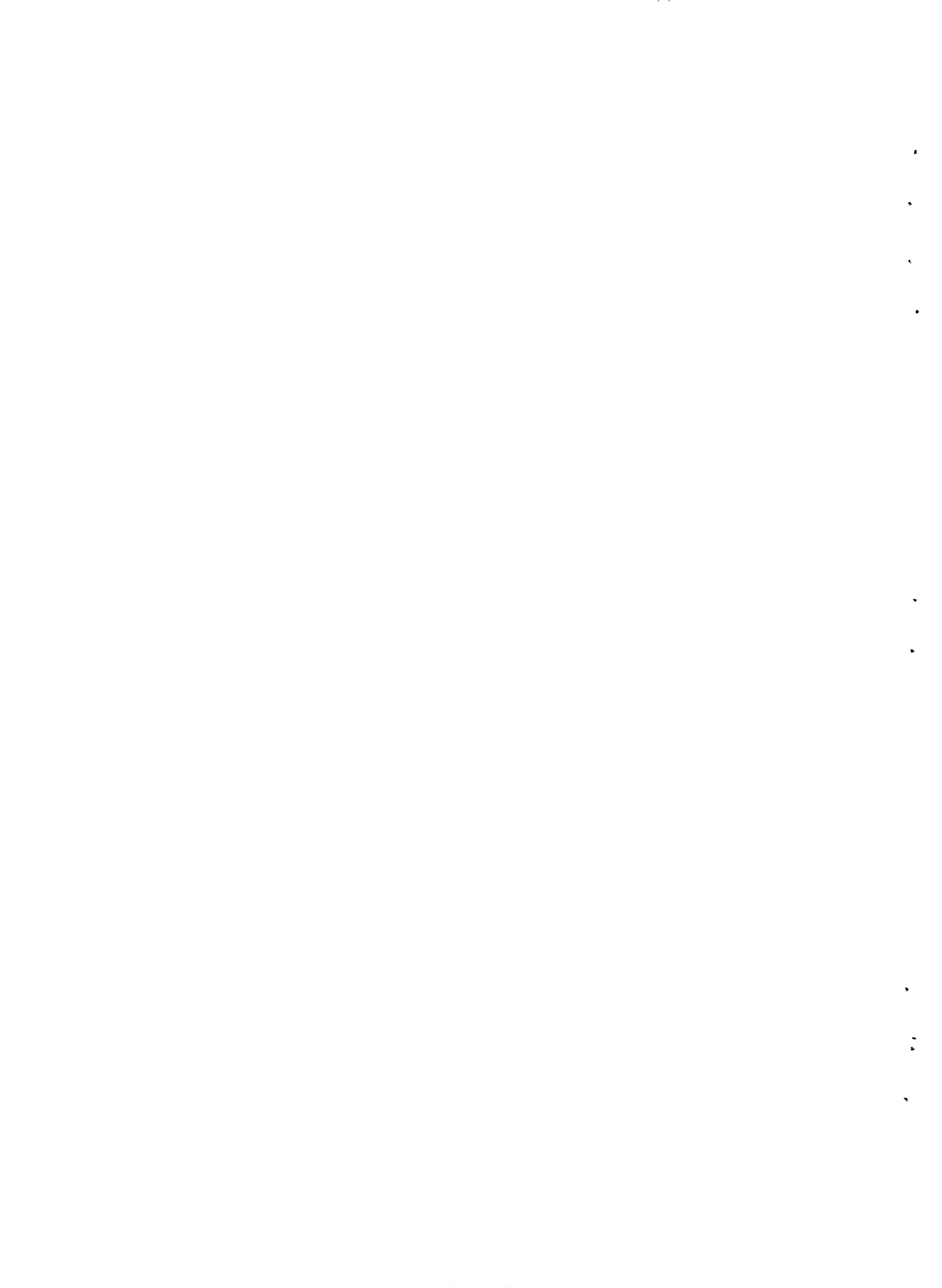
- 154 The Study Fund will be managed by the CO. Study proposals initiated from the ROs or the CO will be appraised by Study Fund Committee and the study proposal and budget will be submitted to the Board for approval.
- 155 A Study Fund Committee will be constituted by the GM and will consist of the following members:
- a) Head Project Support Department Chairperson
 - b) Head Finance and Administration Member



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| c) | Team Leader of the relevant sector of the proposed study | Member |
| d) | Procurement Team Leader | Member |
| e) | Head, Promotion and Training Service | Member & Secretary |
156. The Promotion and Training Service Head will be in charge of handling and co-ordinating all requests for studies:
- a) Upon receipt of a request, the PTS Head will first enter the request into the data base. The officer will then prepare a brief one page summary for each study.
 - b) Every month, the Study Fund Committee meets to discuss the proposals received. The PTS Head then puts the proposals received and his/her summary reports before the Committee.
 - c) If the proposal for the study has no adequate justification, the Committee will reject it recording the reasons for such refusal in the summary form. If the study is promising, but needs to be further developed, the Committee will request more information or clarification from the applicant. If the proposal is acceptable, it will be included in the Annual Work Programme and Budget proposal.
157. Upon approval of a study, or research a contract will be signed between ESRDF and the training organisation or consultants. The Financial and Administration Service will ensure that all necessary steps are taken on time for speedy implementation and proper disbursement according to terms and conditions stated in the contract.
158. The PTS will produce a monthly report on all studies financed by the Study Fund. Including information on the status of all studies financed under the Study Fund, with comments on the quality and usefulness of the product generated and on the consultant or agency that executed the work. In addition, the PTS will categorise and file at least one copy of each report financed by the Study Fund.

10.3 Criteria for Appraising and Selecting Study Fund Proposals

159. Each proposal to the Study Fund Committee should state:
- a) The objective and purpose of the proposed activity clearly identifying its intended contribution to enhance ESRDF activities, and its benefits to a group or benefiting community;
 - b) The approach selected for conducting the study;
 - c) The nature of the expected output (a report, a set of findings, statistical tables, a handbook, technical guidelines, options for solving a particular problem, etc),



- d) A specification of the expertise required to carry out the assignment and its duration in person-days;
- e) The proposed approach to procuring the expertise;
- f) A work program and timetable;
- g) A budget;
- h) Methods by which the value/ utility of the output will be assessed and determination made as to whether the arrangement fulfilled its stated objective; and
- i) Methods for utilising and disseminating the results.

160. Proposals to the Study Fund will be appraised against the following criteria.

- a) Relevance to the ESRDF's purposes and the needs/ interests of ESRDF beneficiary groups,
- b) Feasibility of the objectives and of the proposed approach;
- c) Realism and completeness of the expertise specifications, budget, timetable, and procurement methods,
- d) An overall judgement as to whether the output will be worth the cost, and
- e) The participatory approach to conducting the study.

An evaluation report will be completed and filed with all the proposals

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SECTION FOUR: FINANCIAL AND ADMINISTRATIVE GUIDELINES

CHAPTER 11: PROCUREMENT GUIDELINES

11.1 General

161 All procurement practices for works, goods and services to be used by ESRDF or any of its implementing partners in any sub-project shall comply with the guidelines provided in this Chapter and be aimed at achieving economy and efficiency.

11.1.1 Procurement Management

162 All international competitive bidding if necessary will be processed by the Procurement and Marketing Information Services Enterprise (PMISE) on behalf of the ESRDF. The final contract award will be determined by the PMISE in consultation with the CO.

163. For each sub-project, the implementing agency along with the PO, would be responsible for overseeing procurement and enforcing compliance with the guidelines. The implementing agency will establish a local Procurement Cell. Where implementing agency different from the CPC is involved it should establish a local procurement cell with a majority members from the CPC. During the monthly visit, the PO will review and guide the Procurement Cell on any procurement activities that have been or will be undertaken. All Procurement Cells would follow the procedures stated in the Operation Manual, and be given written copies of this procedures translated into local languages where necessary.

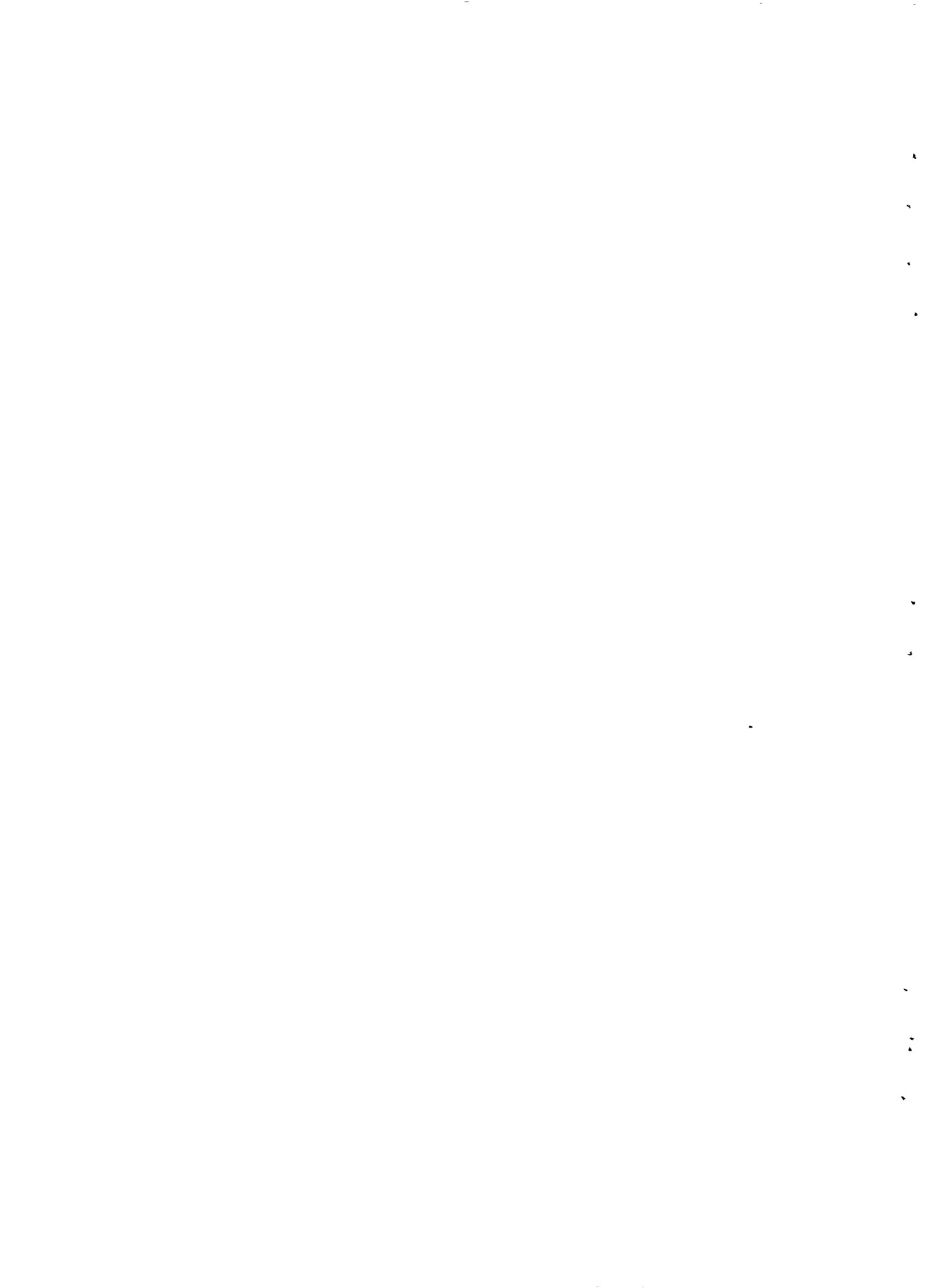
11.1.2 Procurement Committees of CO & RO

164 A procurement committee will be constituted both at the CO & ROs by the GM and the Regional Manager respectively. Procurement Committee of CO consists of .

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| a) | Finance and Administration Head | Chairperson |
| b) | Head of the Project Support Department | Member |
| c) | Team leader of the relevant sector of the proposed procurement | Member |
| d) | Procurement Team Leader | Member & Secretary |

Procurement Committee of RO consists of the following:-

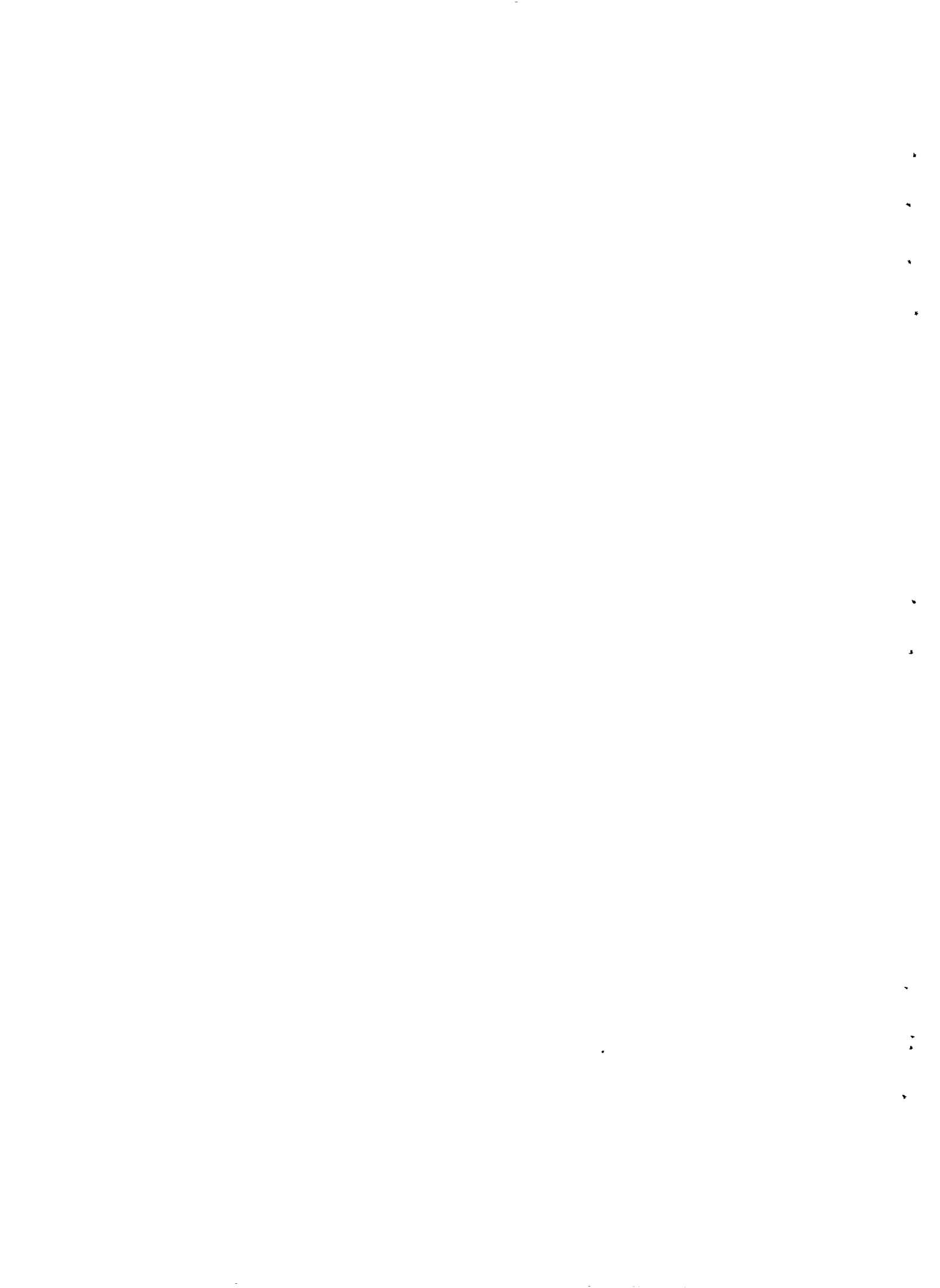
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|----|---|-------------|
| a) | Administration and Accounts Department Head | Chairperson |
| b) | Department Head of the relevant sector | |



- for which the goods or services will be procured Member
c) Procurement Officer Member & Secretary
165. For the purpose of consultancy services, the Study Fund Committee will serve as Procurement Committee at the CO.

11.1.3 Prior Review of Contracts

166. All international contracts and all other contracts above US \$ 100,000 will need the prior review of IDA. Regional offices before inviting such bids and signing contracts should send copies of the following documents to the CO:
- (i) Contracts for goods with an estimated contract value of more than US \$100,000:
 - a) Invitations to Bidders, including advertisements, if required
 - b) Bidding documents;
 - c) Evaluation Reports, and Contract award recommendations with copy of bid security.
 - (ii) Services: All consultant contracts with an estimated contract value of more than US \$ 25,000 for individuals and more than US \$ 50,000 for consulting firms, as well as all sole-source contracts:
 - a) Terms of Reference and Estimate of Fees;
 - b) Advertisements;
 - c) Short Lists;
 - d) Letter of Invitation,
 - e) Evaluation Reports; and
 - f) Contract Award Recommendations.
167. In addition, the first five contracts for sub-projects in every sector in each region below US \$ 100,000 would be subject to prior review by IDA through the CO
168. The CO will facilitate the process of prior review and obtain no-objection letters from the IDA

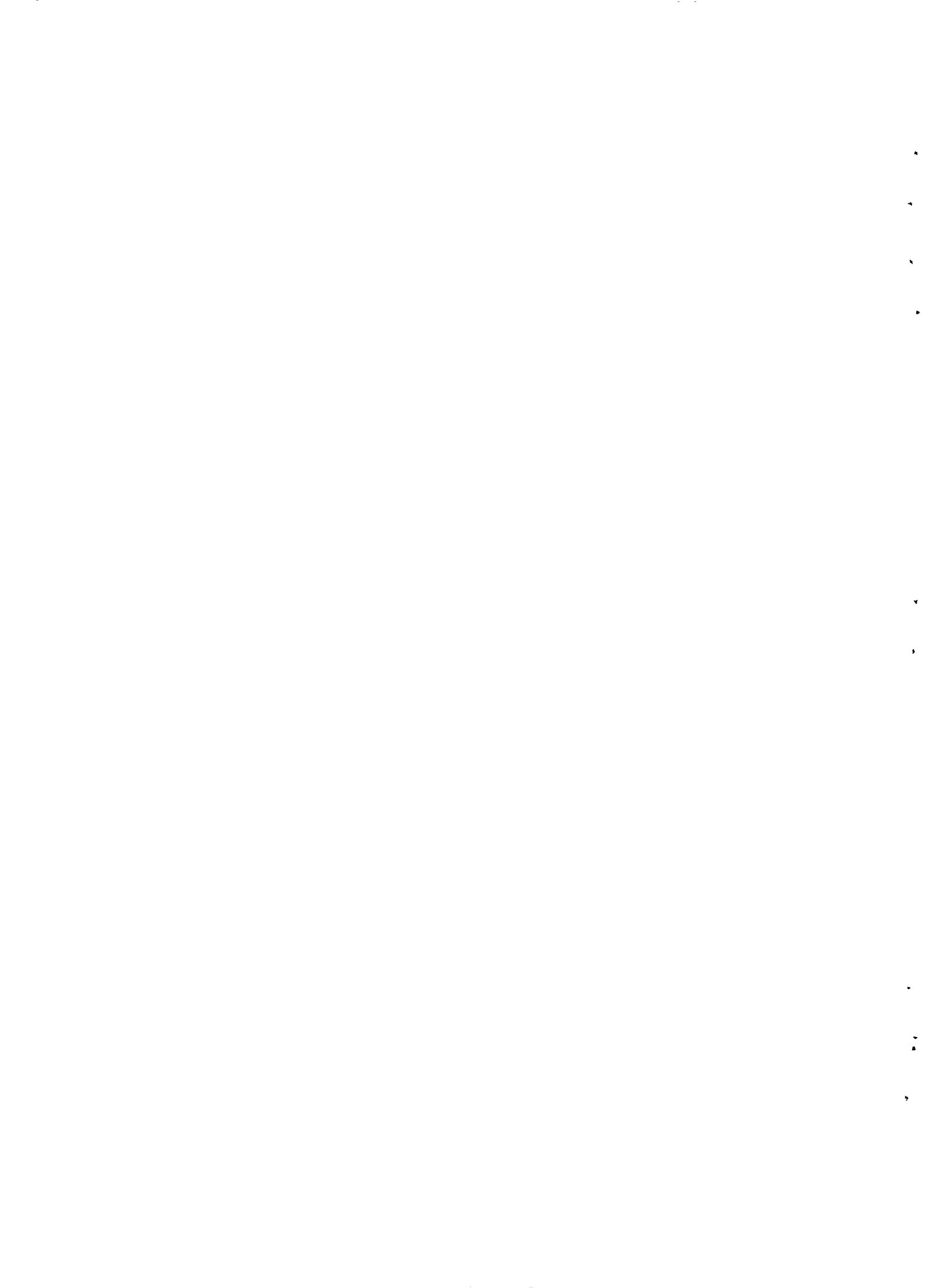


11.1.4 Unit Price Data Base

- 169 A unit price data base will be maintained both by the CO and the ROs. It will be made up of unit price data collected from sector ministries and other sources. The purpose of the data base is for estimating sub-project costs during appraisal, and implementation
- 170 The RO will keep records on unit prices of all items commonly required for sub-project implementation. Each RO will collect and disseminate information on the prices of materials and services. The data base will be used as a guide in negotiating and monitoring sub-project contracts.
171. The RO shall regularly update these data bases as and when necessary as part of the cost control system, to safeguard that selection of sub-projects is undertaken according to transparent criteria. In the case of the price data base, it will be updated on a quarterly basis and earlier, if found that contract prices in reality are consistently higher or lower than those provided by the data base. Information will be circulated to all regional units on paper copy and computer file

11.1.5 Procurement Monitoring

- a) Procurement Assessment by CO
172. After the first eighteen months of implementation, the CO will ensure an independent assessment by a qualified entity or entities of procurement in ESRDF financed sub-projects. The ROs will extend all support necessary in conducting such study. Based on the findings of the study, the CO, in consultation with the Board and ESRDF's international donors make necessary modifications to the Procurement Guidelines and the practice of ROs and Implementing agencies
- b) Regular Monitoring
- 173 The ROs will establish a system in consultation with the CO to continuously monitor all procurement information related to sub-project implementation. Such monitoring should provide information including the type of implementing agencies, number and amount of contracts awarded to each type of implementing agency, procurement methods and amount of contracts procured through each method both by the CO and the region, and number of implementing agencies that have provided audited statements and number of CPCs that have been audited by the ROs.



11.2 Procurement Methods

11.2.1 International Competitive Bidding (ICB)

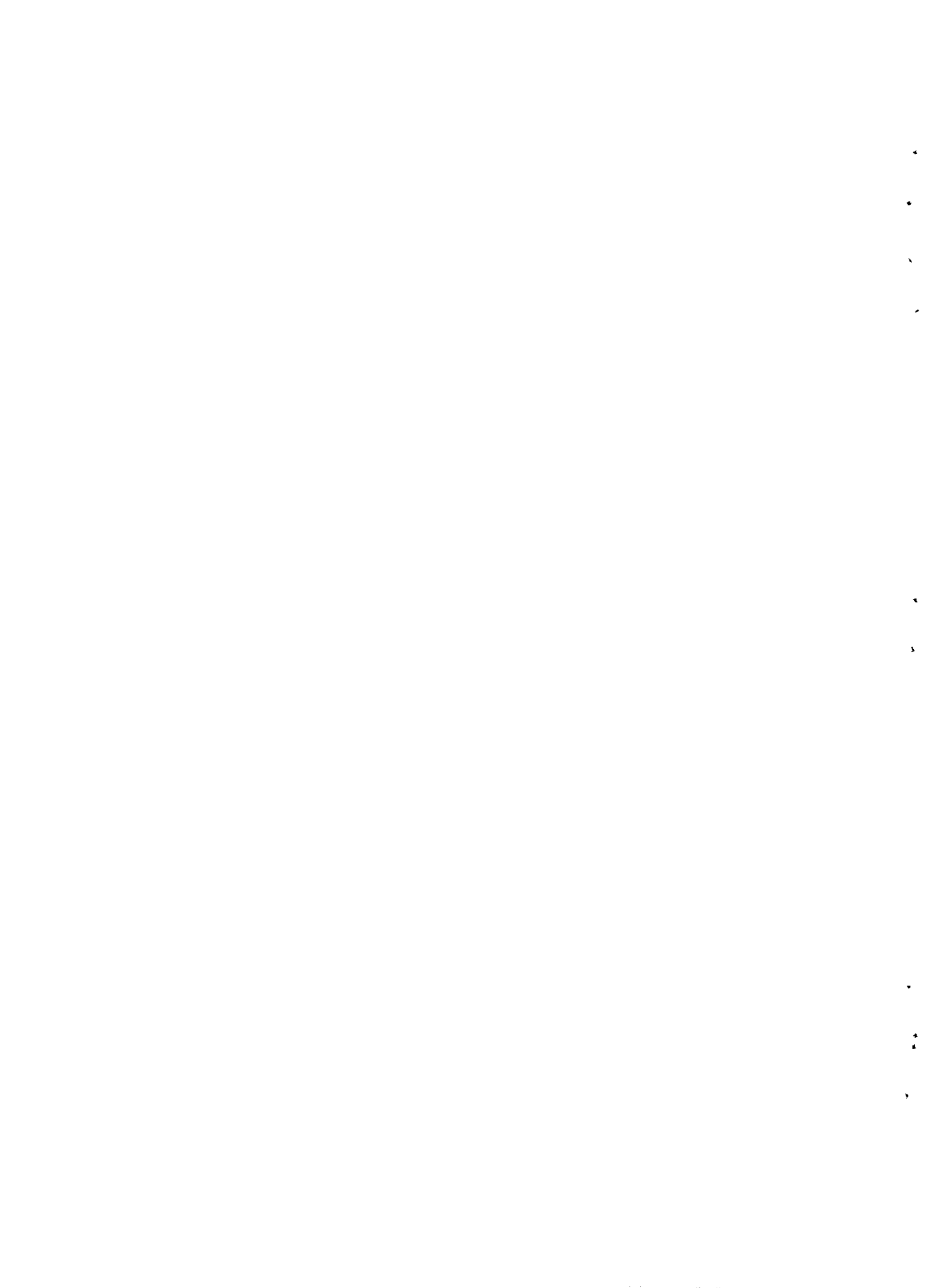
174. Contracts for purchase of similar types of goods (e.g., computers, xerox machines materials, and so on), would be packaged into larger contracts wherever possible. Goods with an estimated value of more than US\$100,000 will be undertaken through International Competitive Bidding (ICB).
175. With reference to construction materials and equipment necessary for sub-projects, the RO would estimate their annual needs based on their annual work programme and budget. On the basis of purchase requisitions received from the ROs, the CO's procurement team would plan and arrange international purchases.

11.2.2 Local Procurement

176. Local procurement of goods and services is essentially the responsibility of the sub-project implementing agency. For each sub-project, the RO will enter into a Financing Agreement with the Project Committee and implementing agency, if different. The agreement will specify, inter alia, the terms and conditions under which the funds may be used. However, the Central and Regional offices may procure works, goods or services where it is economic and efficient to do so on behalf of implementing agencies in remote areas. Where such purchases are not possible in the region, request can be raised to the CO and the CO will carry out the purchase using appropriate procedures.

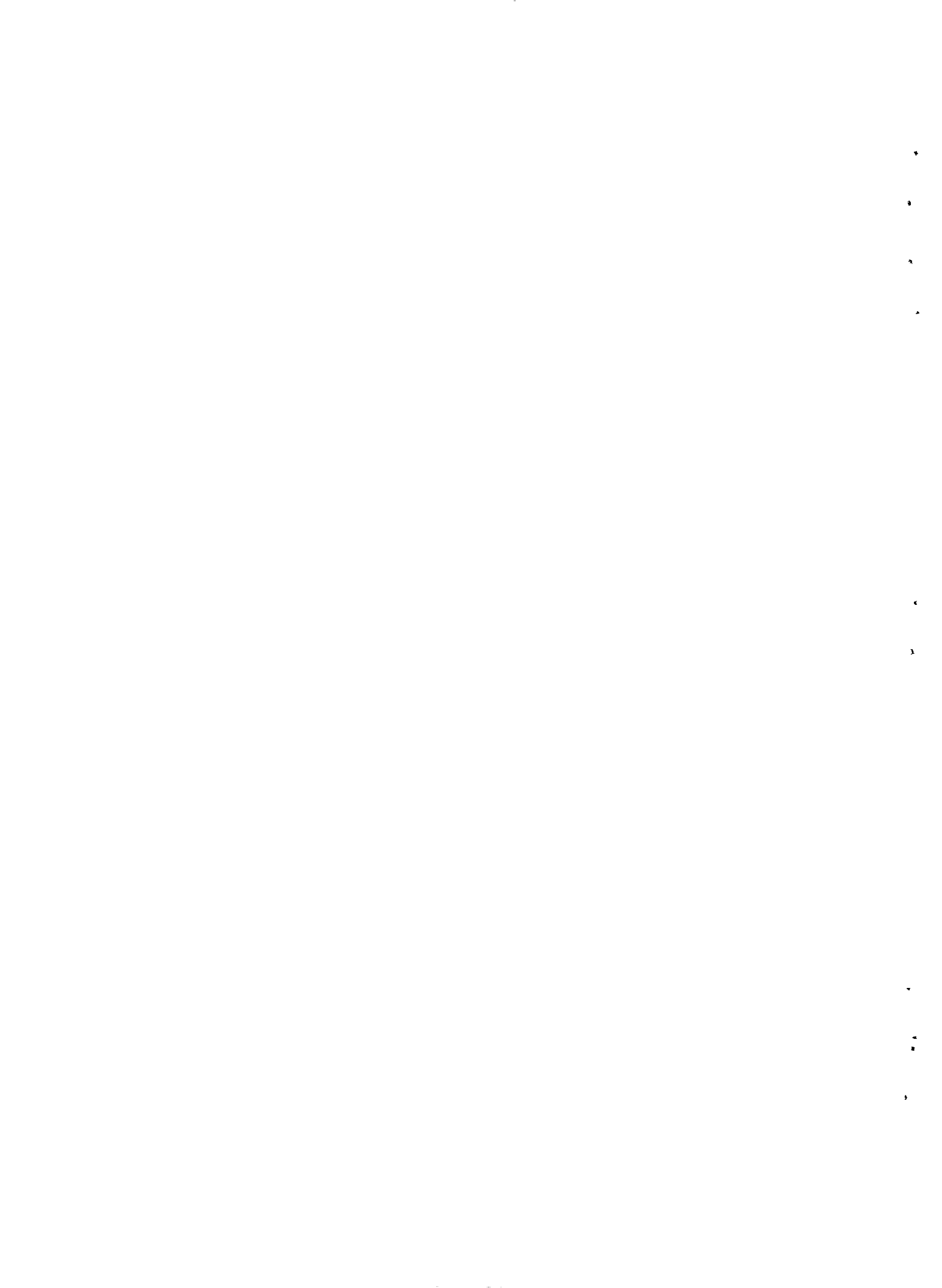
a) National Competitive Bidding (NCB)

177. All contracts for civil works below US\$500,000, and purchase of goods and materials below US\$100,000 shall be procured through National Competitive Bidding (NCB) method of procurement.
178. When the CPC does not have requisite institutional capacity to undertake NCB, ESRDF will ensure that adequate assistance is provided either directly or through an intermediary.
179. All NCB should comply with the following guidelines:
- a) The Procurement Cell of the Implementing Agency with assistance from the PO and Procurement Officer (PRO), should establish the terms of the



tenders, prepare the various bidding documents and draft the necessary advertisement and/or invitation to bidders. In the case of the procurement of works or services, Procurement Cell shall prepare the specifications, drawings, and bills of quantities. Advertisements and/or bidding documents may be composed in the local language. All of the above named documents will require the approval of the RM.

- b) Once approved, the RO arranges for advertisement of the tender in the national and regional newspapers. In the case of contracts below [US\$50,000], tenders may instead be posted in localities or places where interested contractors will visit, when this is the established commercial method of advertisement. Invitations to bidders may also be furnished directly to potential bidders by the RO.
- c) A reasonable deadline for response should be at least 30 days since the date of the first insertion in the local media. A date, time and place for the public opening of the bids should be announced. This should be the same day and time as indicated for the deadline for bids submission. Bids received after the time stipulated should not be considered. The Procurement Office in the concerned RO, as well as a representative from the Cell should be named as the contact persons for further clarifications prior to the bid opening date.
- d) A representative of the CPC will open and announce the bid price in the presence of the bidders or their representatives. The analysis should be carried out in two steps: First, the CPC will analyse whether all conditions, described in the tender documents, are met by the bidders. These include, for example:
 - delivery dates,
 - availability of spare parts, if applicable;
 - track record and experience of the supplier;
 - technical specification of the tender and material proposed;
 - bid security; and
 - business license.
- e) Bidders who have not met all the specified conditions will be declared non-responsive.



- f) The second step will be the selection of the evaluated bidders based on the tender document. Following any clearances required under the Contract Agreement, the award of the contract should be notified to the winning bidder within the period of the validity of bids. Upon signing the contract, the other bidders should be notified of the result, and their bid securities should be immediately released..

b) National Shopping (NS)

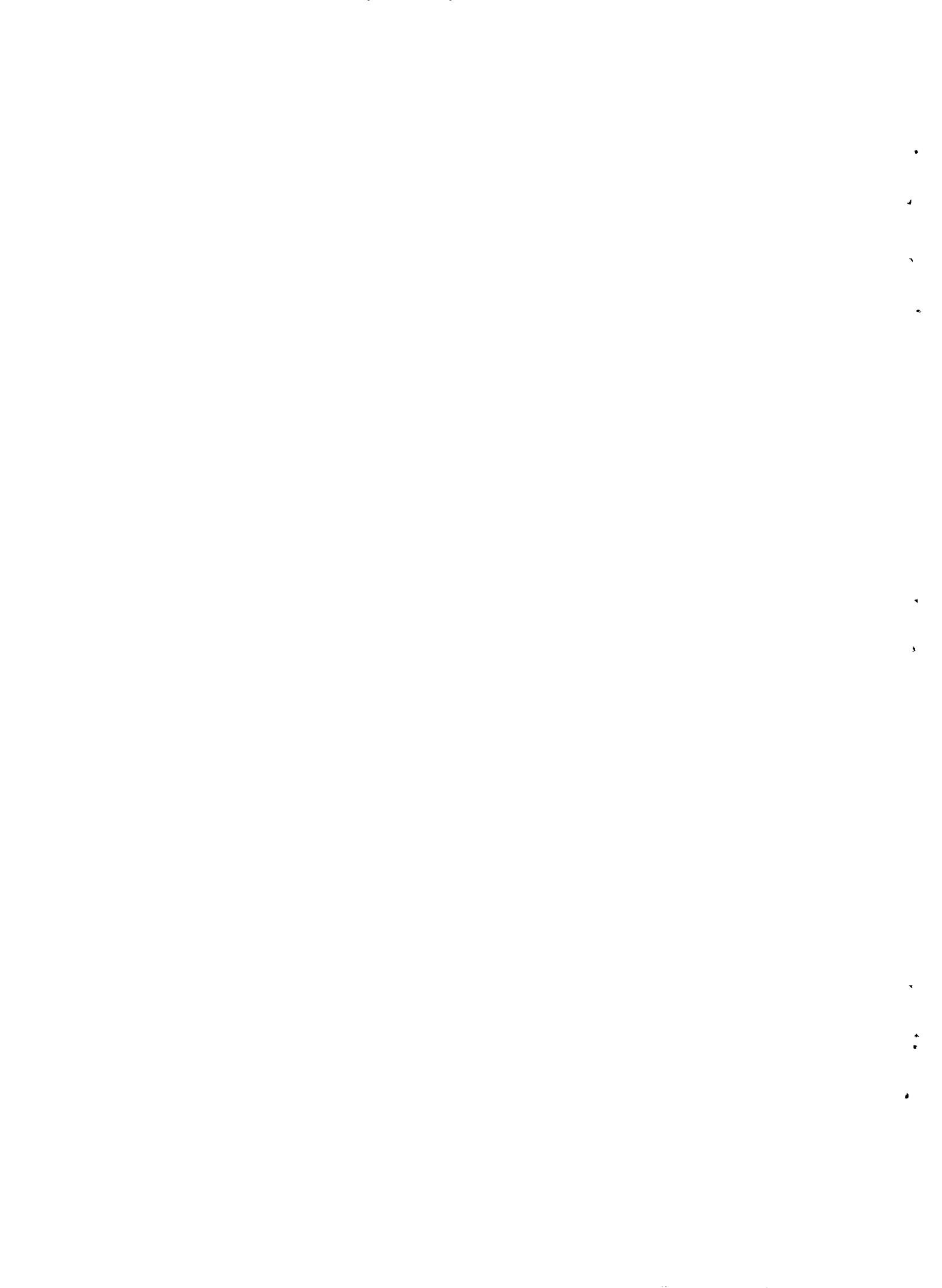
- 180 Contracts for goods with an estimated value of US\$50,000 or less per contract, may be procured through NS by obtaining at least three bids. Works estimated to cost US\$100,000 or less per contract shall be procured under lump sum fixed price contracts awarded on the basis of quotations obtained from three domestic contractors in response to written invitation.

c) Direct Contracting (DC)

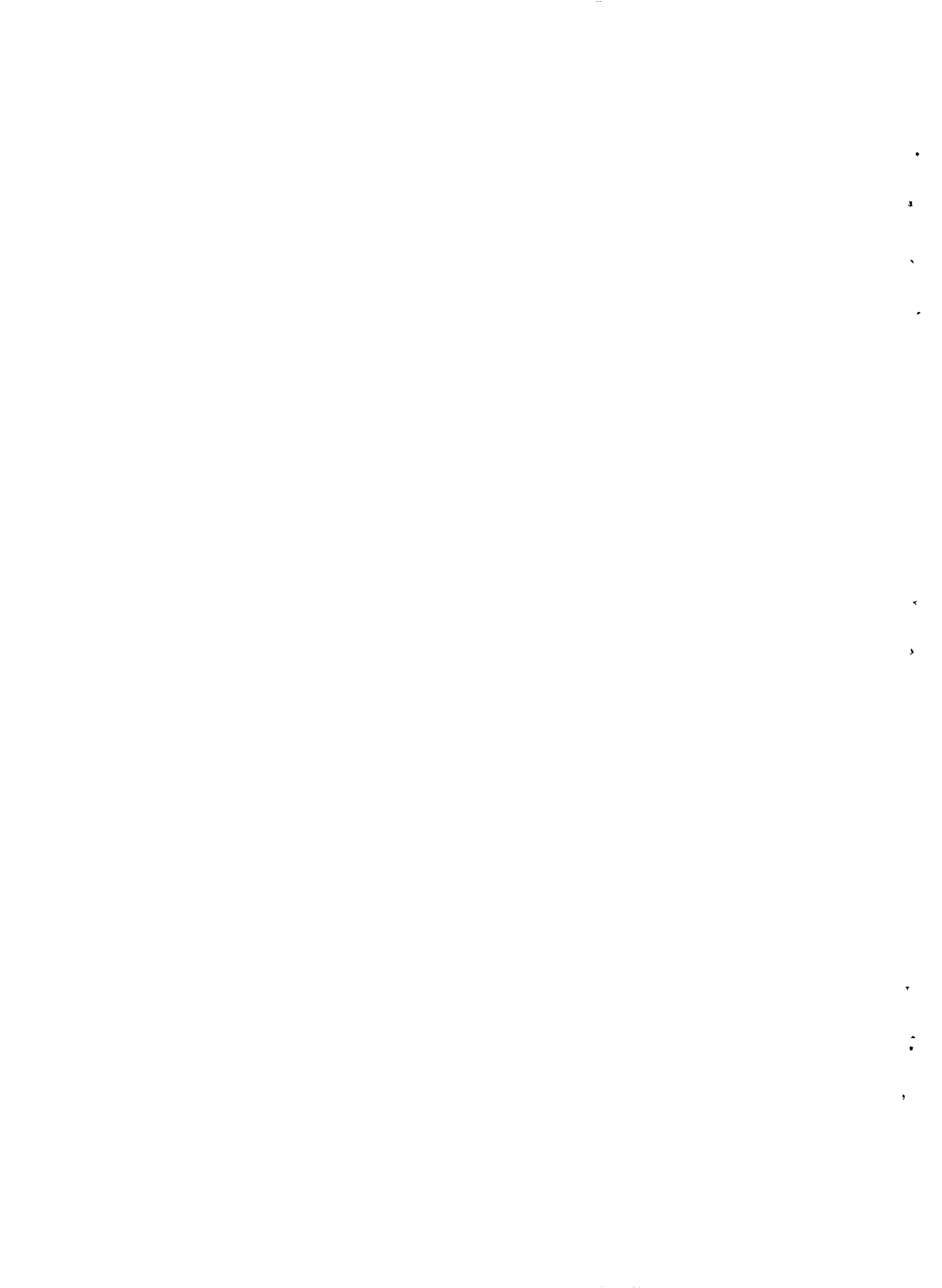
- 181 Where sub-projects are located in remote areas, where neither NCB nor NS is practical, the RO may permit the purchase of goods or materials through direct contracting after justifications are recorded in the sub-project files and approved by the regional manager. Direct contracting of civil works will be permissible in similar circumstances and justifications, where contracts are estimated to cost US\$50,000 or less, up to an annual amount of US\$400,000 per region; and goods of less than US\$10,000 per contract and up to an annual amount of US\$73,000 per region.

**11.2.3 Consultant Contracts
Selection of Consultants**

182. All consultant contracts should be preceded by the preparation of a Terms of Reference. All consultant contracts above US\$10,000 shall be advertised in national and regional newspapers giving adequate notice and information on the assignment and specifying the latest date for receipt of applications. A short list will be generated based on the response, and clear selection procedures and criteria will be established. Only short listed consultants will then be invited to submit technical and price proposals. The study fund committee will evaluate and rank the technical and price proposals. The contract award recommendation will be submitted to the General or Regional Manager for approval.
- 183 For contracts below US\$10,000, the CO or the RO may obtain competitive proposals from at least three qualified consultants and make the selection based in



a combination of technical and price considerations. Such selection should be approved by the respective managers. IDA prior review will be required for all competitive contracts for consultancy and training services costing the equivalent of US\$50,000 or more for consulting firms, and US\$25,000 or more for individuals; and all single source consultancy or training contracts regardless of value



CHAPTER 12: DISBURSEMENT OPERATION

12.1 Disbursement to ESRDF Accounts

12.1.1 CO Accounts

a) *Central Office Accounts*

184 The CO will open a special account for the sub-project in a Commercial Bank acceptable to IDA. This account may be used to finance 100% of foreign expenditure, enabling ESRDF to import essential goods and supplies and also for up to 90% of local expenditure. The CO will also open a local account into which a share of the government's counterpart contribution will be deposited.

185 The ESRDF's foreign and local bank accounts are to be operated jointly by the ESRDF GM and the DGM. Other ESRDF staff may also be assigned as signatories to the accounts by the GM.

b) *RO Accounts*

186 Each RO will open two accounts in the name of the RO. One account, the Regional Project Account will be used only for purposes of sub-project funding. The other account will be for administrative expense of the RO.

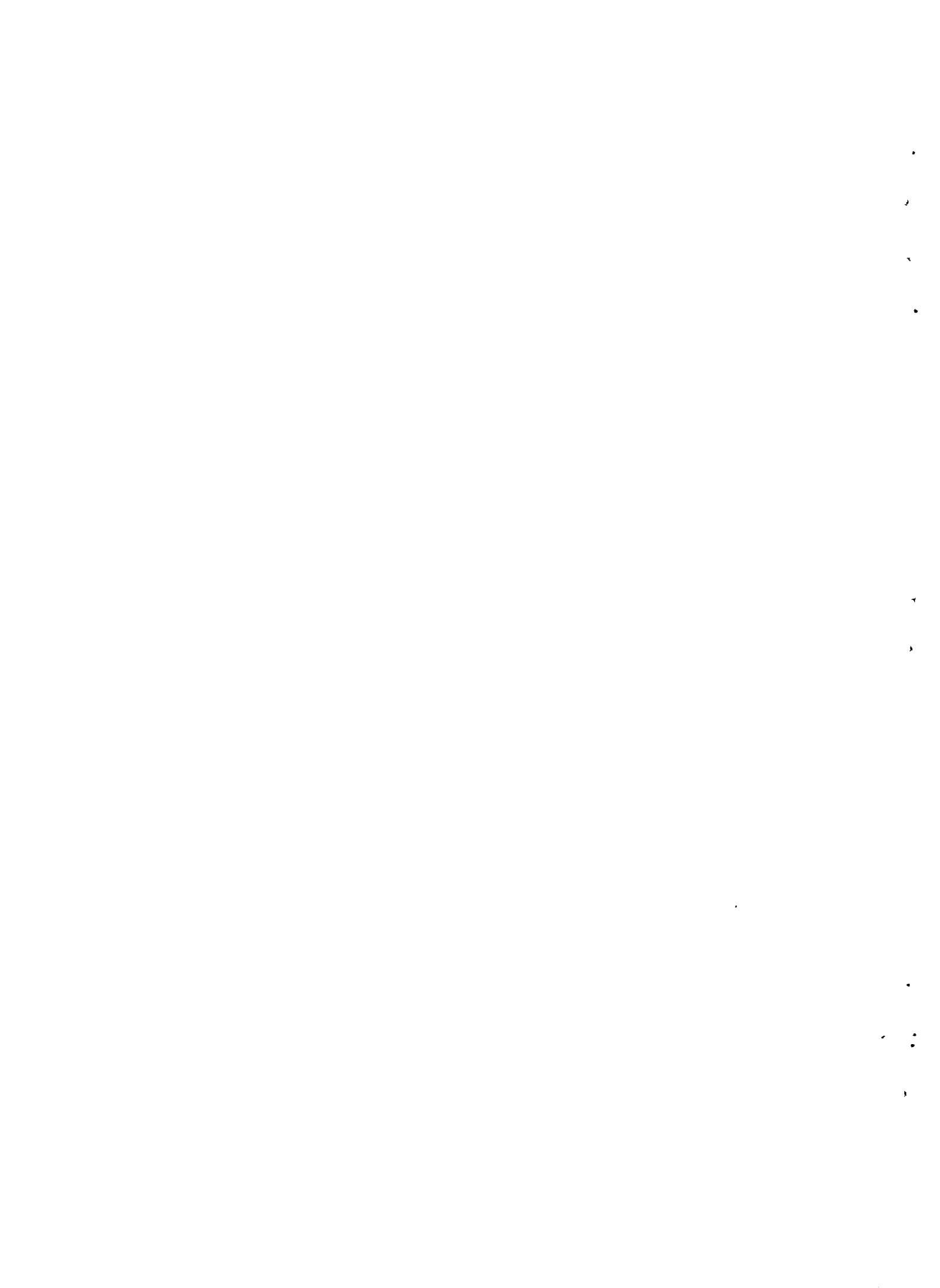
187. The signatories to both accounts will be the RM and the Administration and Accounts Department Head. Other RO staff may be officially designated as signatory to the accounts.

12.1.2 Transfer of Funds from CO to RO

a) *Annual Work Plans and Funding Requirements*

188. The CO must assist ROs in establishing proper systems for accounting and submitting replenishment/disbursement requests, as well as in preparing standard applications consisting of funding requirement and actual fund utilisation forms. Such applications will serve both to estimate funding requirements for the first quarter as well as statements of expenditure for further replenishment or disbursement.

189. Upon receiving the first set of applications from the ROs, the CO will transfer estimated sub-project expenses for the first quarter to the respective Regional



Project Accounts, and estimated operational costs for the same period to the regional current account.

b) Replenishment Process

190. All transfer of funds will be made to ROs based on each RO replenishment requests to the CO. The CO will eventually replenish the Regional Project accounts from IDA, the Ethiopian Government and other donor contributions.

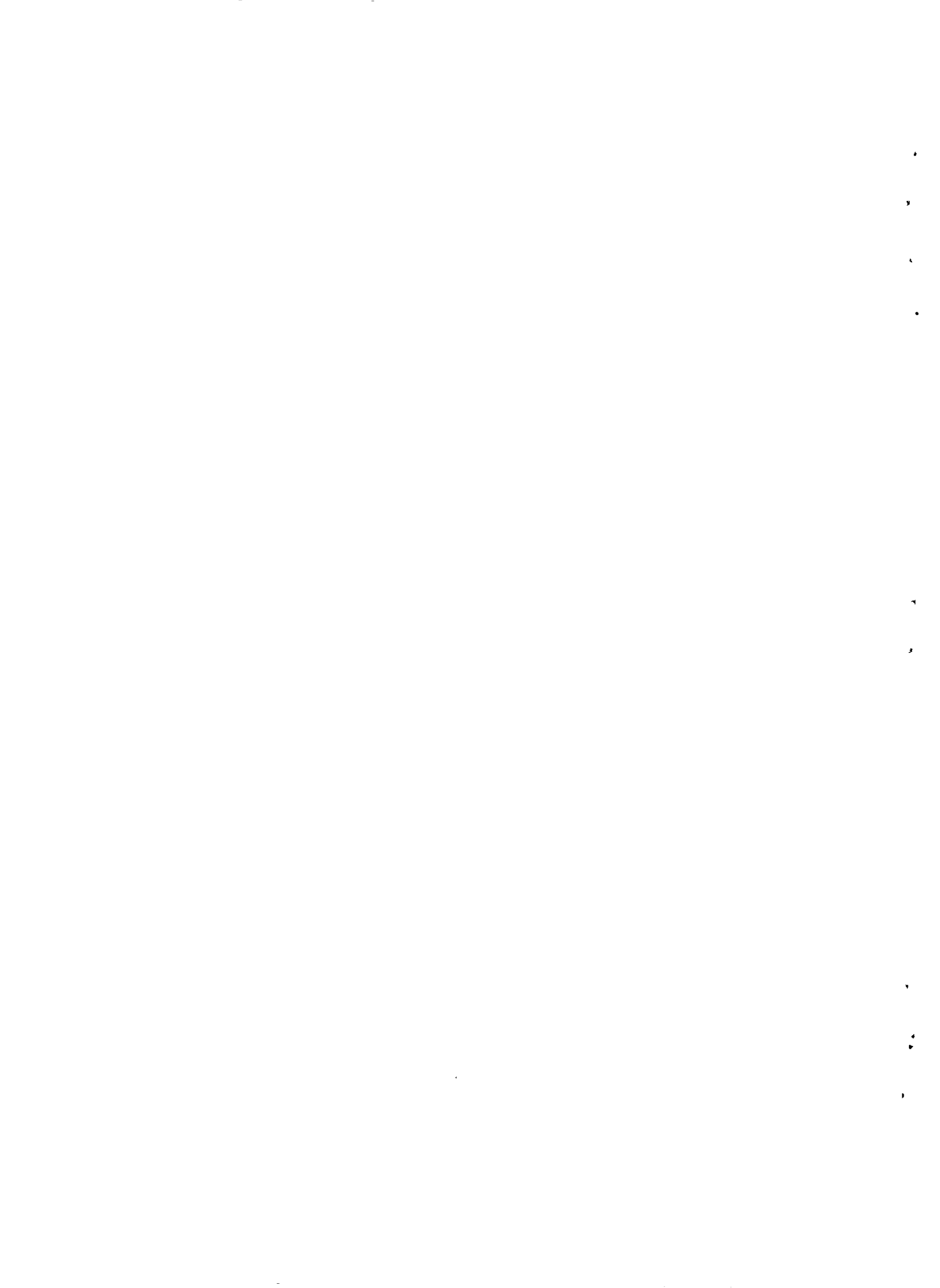
191. The ROs can submit to the CO a monthly replenishment request of all eligible expenditures. Such timely submission of the replenishment request will be the responsibility of the Head of the Regional Administration and Accounts Department

192. Full documentation as noted below would need to be forwarded to the CO. These and the other documents however would need to be maintained at the RO and be available for any supervision.

c) Requirements for Replenishment Applications

193. To be eligible all replenishment applications must meet the following requirements:

- compliance with the provisions in the Operational Manual;
- submission of the specimen signature of the person(s) in the RO who is/are authorised to sign the replenishment application;
- submission of an original replenishment application signed by authorised representatives indicating amount to be paid with full instructions for payment;
- proper filing of application in the format developed for this purpose;
- sending copy of supporting documents for all payments for goods and civil works contracts, exceeding US\$100,000 for goods and works, and US\$50,000 for consultant contracts with firms, and US\$25,000 for consulting contracts with individuals for expenditures incurred by the implementing agency to CO, and
- sequential numbering of all replenishment applications reflecting both the RO and the sector of the sub-project.



12.1.3. Suspension

194. Improper requests for replenishment from ROs should be returned to the ROs for proper documentation
195. When the RO fails to comply with requirements in the Operational Manual, the CO may suspend reimbursement. Suspension may apply to the entire reimbursement or to a specific application

12.1.4. Sub-Project Disbursement Procedures

196. Every Implementing Agency will be required to open an account in the name of the sub-project
197. Each sub-project account into which the RO will transfer funds, should have at least two signatories. Such signatories will be members of the implementing agency. As the question of signatories on the account is an important one, the PO must ensure that signatories are duly selected by the beneficiary communities.
198. When CPCs are administratively weak and do not have the capacity or are not authorised to open bank accounts, and capable implementing agencies are not available to provide support to Project Committees, ESRDF on exceptional basis may enter into the contract directly with the contractor of works or the supplier of goods on two conditions: (i) that steps are taken to build the capacity of CPC; and (ii) that a member of the CPC countersign all contractual agreements made by the RO
199. Payment to the implementing agencies is made on the terms and conditions specified in the Financing Agreement or the ancillary contracts. The RO will be responsible for making the payments specified under each sub-project contract directly to the payee-contractor/s, implementing agency, or sub-project account by bank virement or cheque, whichever is the quickest method.
200. When replenishment or disbursement requests are received from the RO, they are stamped with the date and time of receipt and logged into the computerised system by the RO Accounts Division. Each request must be checked in that:
- a) Requests are signed by authorised persons,
 - b) The expenditures are eligible and properly documented; and
 - c) The accompanying bank statements are in conformity with the replenishment/reimbursement claims.



201. The RO will start to process a payment only when the PO responsible for the sub-project in question gives his recommendation on the payment requested by the Implementing Agency. The RO Accounts Division should complete all its processes and, if payment is approved by the RM, payment instruction must be given within **3 days** of the request being received. It is the responsibility of the PO to ensure that the RO Administration and Accounts Department has the bank details of all implementing agencies/contractors, or other partners to which payments will be made.
202. Once the contracts are signed and the sub-project is ready to start, the PO submits a request for the first tranche of funds, when such advance payments are part of the agreed terms and conditions of the contract. The RO Accounts Division checks the sum requested against the sub-project document, prepares payment by a cheque or bank virement, and forwards it to the payee specified. The RO Accounts Division enters the date of issue of the cheque and the amount on the data base. The forms are distributed as follows:

Request for Funds (duplicate):	1 copy to RO sub-project file 1 copy to RO accounts file
Payment Advice (triplicate)	1 copy - RO sub-project file 1 copy - payee 1 copy to accounts

12.1.5 Disbursement Conditions

203. Payment of the implementing agencies should be carried out in the following manner.
- a) **Advance Payment**
- In the case of commercial contractor, the employer (ESRDF) would not be obliged to provide advance payment without appropriate security. In the case of small or new community based contractors, the provision of security may be waived if considered necessary. In such cases, however, advance may be made only up to 10% of the total contract amount
 - In the case of implementing agency other than commercial contractor an advance of up to 30% may be made without requiring security, provided it is reasonable and prudent. Any advance payment to implementing agencies should be clearly indicated in the terms and conditions of the respective

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Financial Agreement. The initial advance amount should be reasonable and prudent and not more than 30% of the ESRDF contribution.

b) Sub-Project Payment Procedure for Works

- Once the conditions in the FA are met, the first payment, which is likely to be an advance payment of the ESRDF contribution is released.
- The second payment which is a 25% of the ESRDF's contribution is made only when ESRDF has received justifications for the expenditures of 75% of the first allocation.
- The third payment, representing again 25% of the ESRDF's contribution, will be made once the balance of the first payment plus 75% of the second payment are justified.
- The last payment which is the remaining 20% of the funds will be effected once the balance of the second payment plus 75% of the third payment has been justified.
- The above sequential payments will be effected if and only if the physical targets envisaged to be undertaken at each stage of the payment are completed.

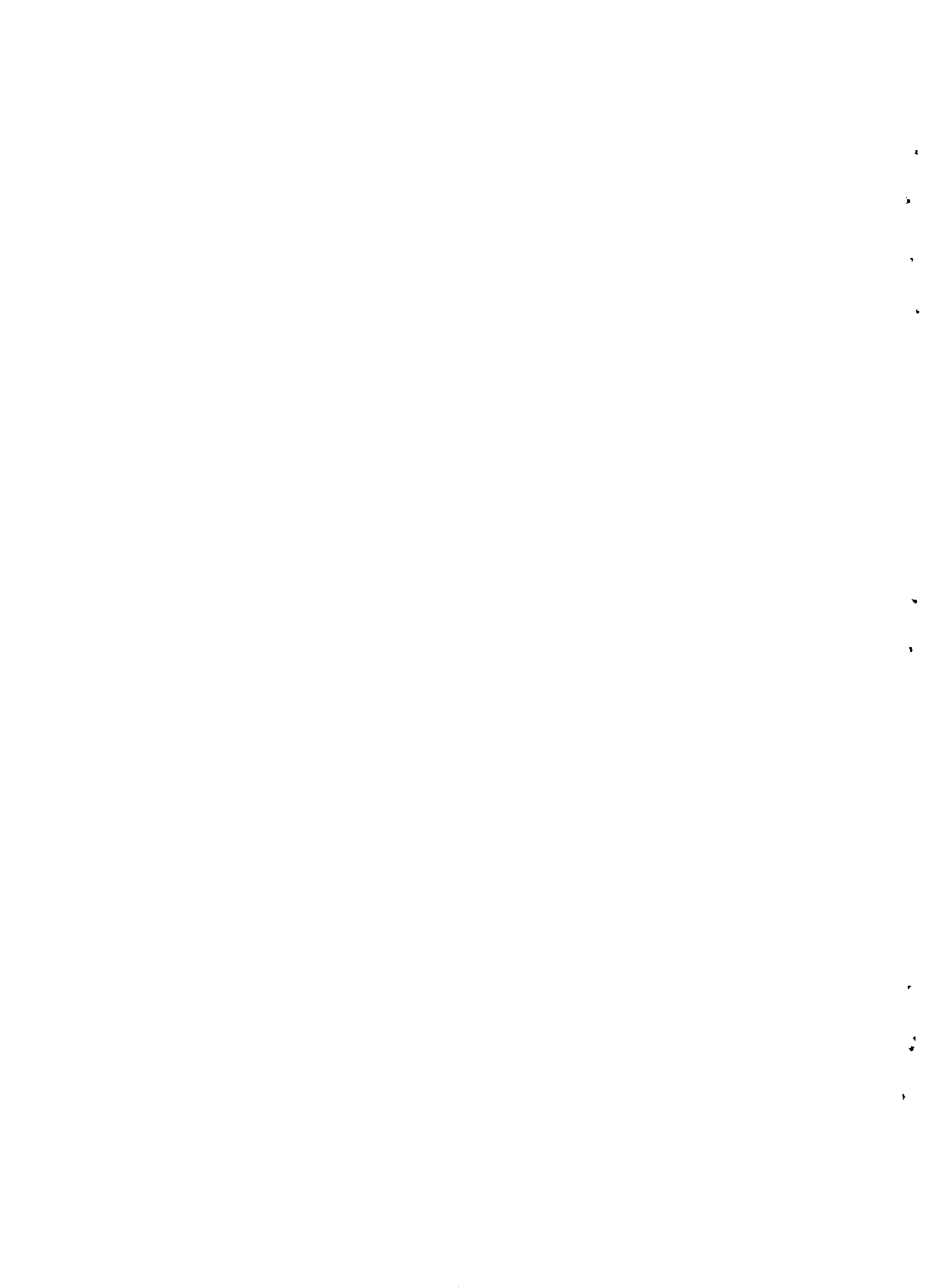
Before disbursements are released the following should be scrutinised.

- that payments are made according to the budget line indicated in the agreement;
 - that Fund Transfer Request Forms have been duly filled;
 - that proper justifications have been produced for any price or physical variations;
 - the agreed upon procurement procedures are properly applied; and in cases where direct contracting is used full justifications are given, and
 - that proper justification of the previous expenditures has been made through proper documents, e.g., receipts, invoices etc.
204. In the case of any unsupported or doubtful payments, the PO must visit the sub-project and submit a report to the RO who may decide to halt further disbursement, and order an investigation.



Maximum upper ceilings for ESRDF support of a single community based sub-projects

	<u>Sub Project</u>	<u>Upper Ceiling US\$</u>
1.	Small Scale Irrigation	500,000
2.	Rural Water Supply	240,000
3.	Primary Health Care	250,000
4.	Primary Education	100,000



CHAPTER 13: FINANCIAL REPORTING, AUDITING AND ADMINISTRATIVE PROCEDURES

13.1 Financial Reporting

205. In order to discharge its financial and managerial responsibilities the Fund should maintain adequate financial reporting standards. This implies the production of annual financial statements in accordance with internationally accepted accounting standards. This would include a Balance sheet, Income and Expenditure Statement and Statement of Cash Flow. In order to fulfil these requirements the Fund will compile guidelines on accounting procedures to provide Finance and Administration staff in the CO and the ROs with the tools to manage the funds effectively and establish the necessary safeguards.
206. The RO would function on the basis of a monthly statement of activity, which should reach the CO Accounts Division by the 15th of the following month. The RO keeps all accounting records and sends monthly statements to the CO for consolidation to the accounts of the CO.
207. Taking into account the roles and responsibilities of the CO and the ROs it is expected that: RO keeps the books of original entry and posts to the ledger; and prepares monthly statements (trial balance, balance sheet, revenue and expenditure statement, cash flow and subsidiary ledger position) and sends one copy of the statement or diskettes as the case may be to the CO.
208. The Central Office keeps the books of original entry for its own transactions and posts to the ledger; and consolidates all the RO Accounts together with that of the CO and prepares monthly consolidated balance sheet, cash flow and income and expenditure statements.

13.2 Audit

209. The financial year of ESRDF is from July 8 to July 7. The accounts shall be closed on the last day of the financial year and the audit will be conducted within two months of the closing of the accounts. The final accounts and audit report will be presented to the Board and IDA within six months of the end of the preceding financial year.
210. In the case of implementing agencies that are registered as private or voluntary agencies, village associations or other bodies, and if auditing is required by the registering regulation, such implementing agencies must furnish their audited statements relevant to the sub-project activity to the RO. Where a registered implementing agency fails to provide such statement, it should be disqualified from receiving further ESRDF funds. In

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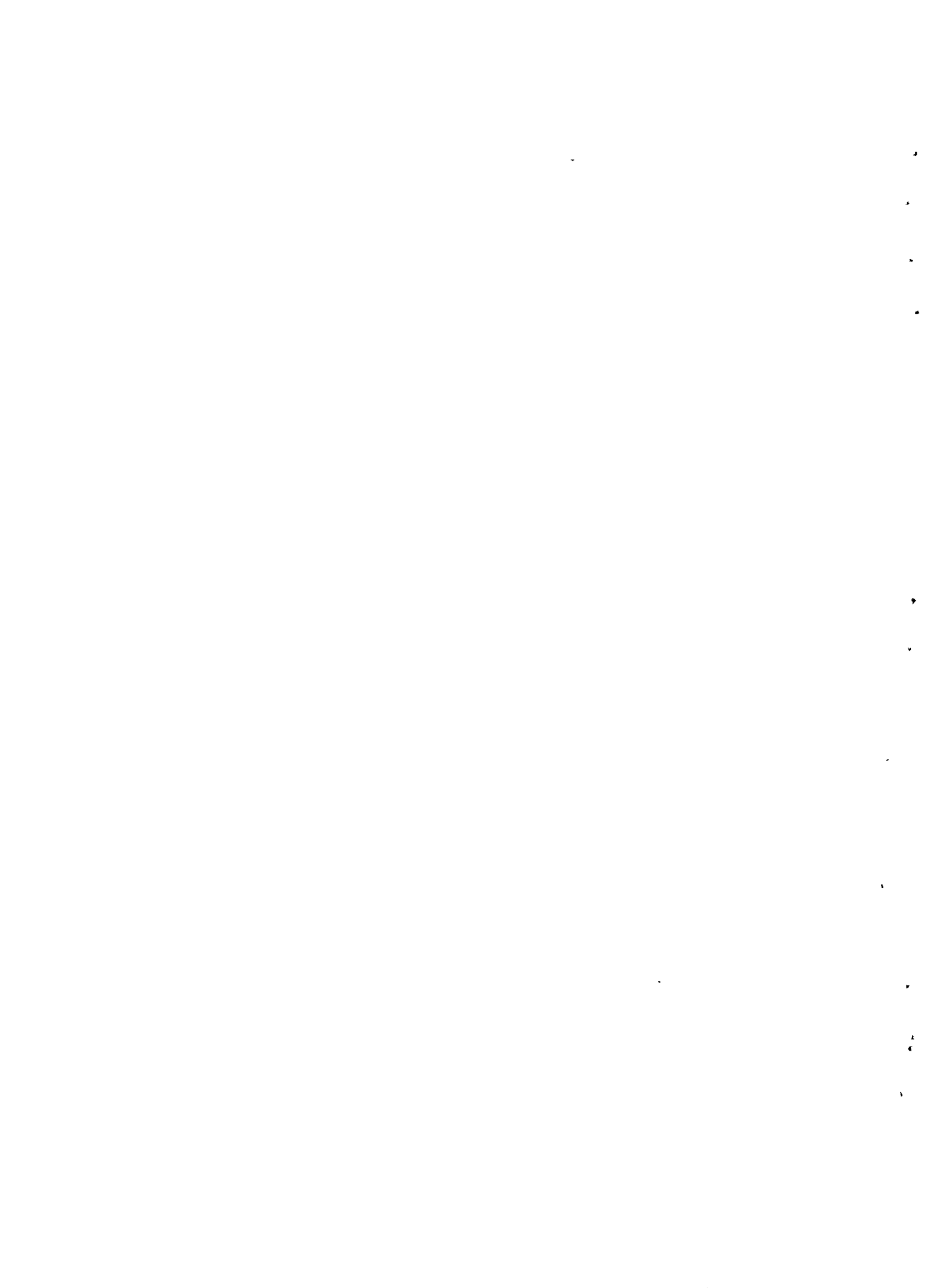
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addition, each RO must also periodically audit non-registered implementing agencies implementing sub-projects above US \$ 50,000 to review that procurement is being conducted as stated in the respective Financing Agreements

13.3 Staff Selection and Management

211. The GM and the DGM of ESRDF will be appointed by the Board. The Regional Manager shall be appointed by the Regional Steering Committee.
212. All other staff, will be recruited through competitive selection which would include advertisements through appropriate local media. The summary of the job description and qualifications required for the job will be included in the advertisement. The GM and the Regional Managers will be responsible for evolving transparent selection processes, comprising written or practical tests and interviews for their respective offices.
213. Once the candidate has been recruited, he/she will be issued with a contract of employment specifying the responsibilities of employer and employee, the working conditions, remuneration and benefits. He/she will be provided with a job description.
214. A job performance evaluation will be made every 6 months by his/her immediate supervisor



CHAPTER 14 : EQUIPMENT

215. In order to achieve the objective of raising the socio-economic status of some of the most vulnerable communities in Ethiopia, ESRDF expects to implement almost US\$150 million of water supply and small-scale irrigation sub-projects over a period of five years. Many of these sub-projects will be located in remote and rural areas where implementation experience has demonstrated that there is a lack of contractors with access to equipment able to carry out civil works projects on competitive terms. Some regional bureaus are also weak, mainly constrained by lack of equipment and shortage of skilled machine operators in contract management.

14.1 Procurement of Equipment

216 To enable implementation of such community-based sub-projects, ESRDF will obtain a limited supply of equipment which it will lease to contractors on commercial terms. Equipment will be procured by ESRDF CO in accordance with IDA Guidelines for ICB.

14.2 Management and Maintenance of Equipment

217 The management and maintenance of equipment will be undertaken in two phases

In the early period of the ESRDF Project, contracts will be established with suitable regional bureaus or other public agencies that have been appraised as competent to carry out this task. The contract will be for a limited period, not exceeding two years, with ESRDF reserving the right to terminate the arrangement at any time. The bureaus will be required to meet all operating and maintenance costs from the fees charged to potential contractors or other end-users.

The details of such contractual arrangements would be submitted to IDA along with the procurement package for the purchase of the equipment, and would include.

- a) an appraisal of the competence of the bureaus selected to carry out this task, and
- b) the draft management contracts

The area of activity for each bureaus would be defined by the ESRDF CO and incorporated in the contract with the bureau. ESRDF will review and revise these contracts and areas as required, according to the following criteria



- a) the effectiveness with which the bureaus have been able to service areas which straddle more than one region, and
- b) the emergence in the area of contractors with their own access to equipment able to provide civil works services on competitive terms.

Two independent performance reviews of the arrangements for Phase I will be carried out by qualified technical specialists. The first review will be conducted at the end of the first year, and the second three months before the mid-term review to ensure review and definition of phase II arrangements during the mid-term review. The reviews will ensure:

- that the equipment is being effectively maintained and utilized in accordance with contractual terms and conditions;
- that leasing is being carried out on a fair and commercial basis, and
- that implementation is benefiting from this arrangement.

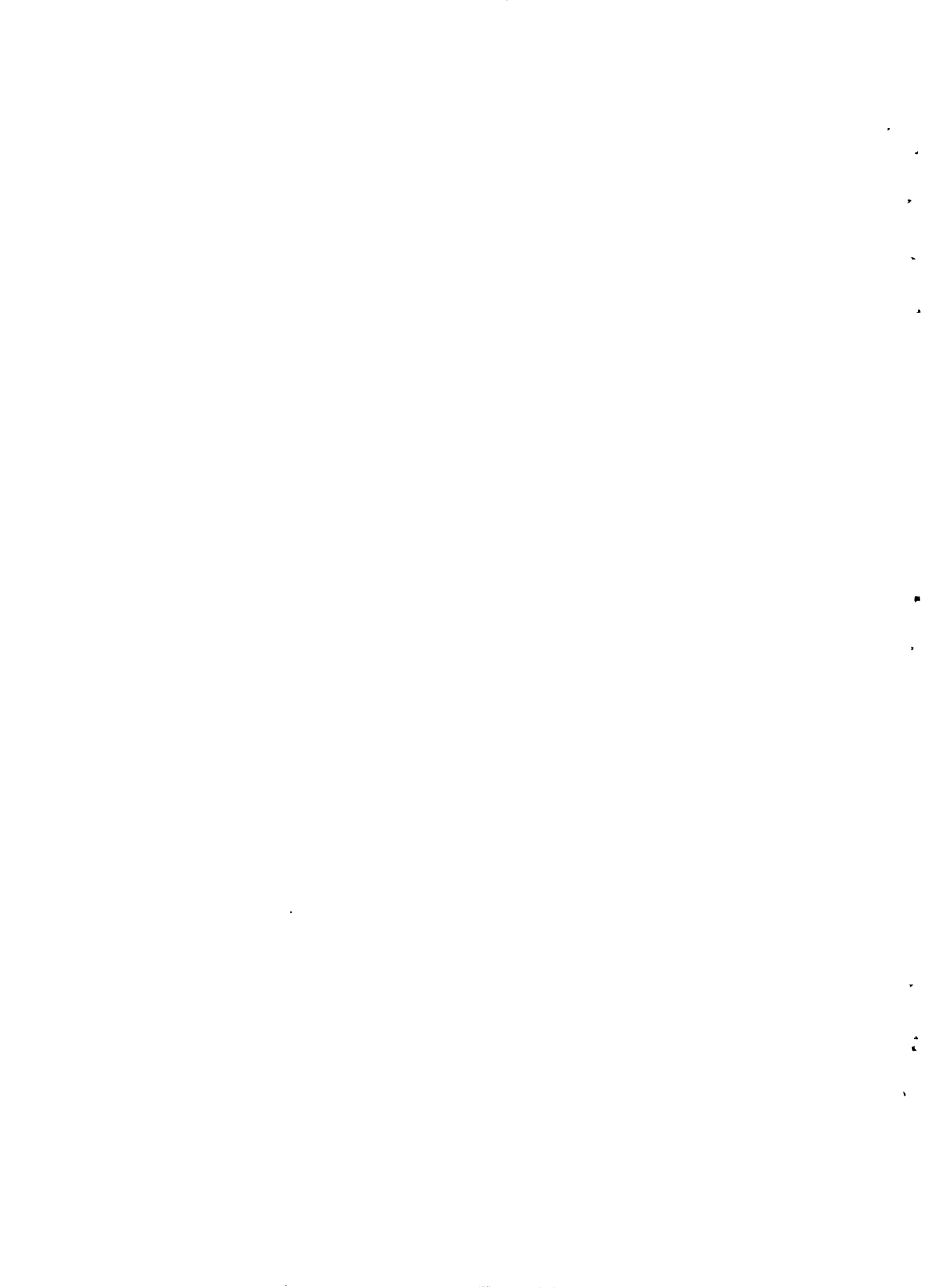
In addition, the reviews will also evaluate any significant changes in the private sector's capacity either to take over the maintenance and leasing arrangement, or to provide equipment-based civil works on competitive terms.

Any deficiencies in the performance of the bureaus would need to be identified and addressed by ESRDF in collaboration with the bureaus. If the performance is evaluated to be unacceptable, the leasing agreement will be terminated and the assignment transferred through a negotiated contract to other qualified bureaus or enterprises.

Based on the findings of the independent reviews, arrangements for Phase II will be defined by ESRDF, in consultation with IDA, during the mid-term review.

If the review indicates that there are emerging private contractors with capacity to handle the work, or other private entities with capacity to manage and maintain the machinery, ESRDF will then enter into agreements with suitable contractors ("leasing contractors") to manage, maintain and lease selected equipment to private contractors bidding on ESRDF sub-project and works contracts. Leasing contractors will be selected on the following criteria

- a) technical capacity of the leasing contractor,
- b) demonstrated experience in managing and maintaining similar equipment; and
- c) proximity to regions assessed and confirmed by the ESRDF as having a lack of contractors with access to such equipment, able to meet ESRDF's needs on competitive terms.



The contractual terms stated in Paragraph 4 will apply to such leasing contractors also

14.3 Supervision and Monitoring

218 ESRDF will monitor the performance of bureaus and leasing contractors in accordance with the supervision plan stated in the schedule of the contracts. Such monitoring would be carried out by the use of independent consultants who will monitor and follow-up the performance of these agencies through field visits, review of RO reports and regular reports to be submitted by the bureaus/leasing contractors.

14.4 Contract between ESRDF and the Bureaus/Leasing Contractors

219 The administrative Unit in the CO will be responsible for developing contract documents, and administering and updating them as needed. The contract between the ESRDF and the Bureaus/Agencies will contain inter alia the following essential elements.

Essence of Contract. This section shall name the contracting parties and establish the intents of the contract and the commitment of the parties to agree to conclude the contract.

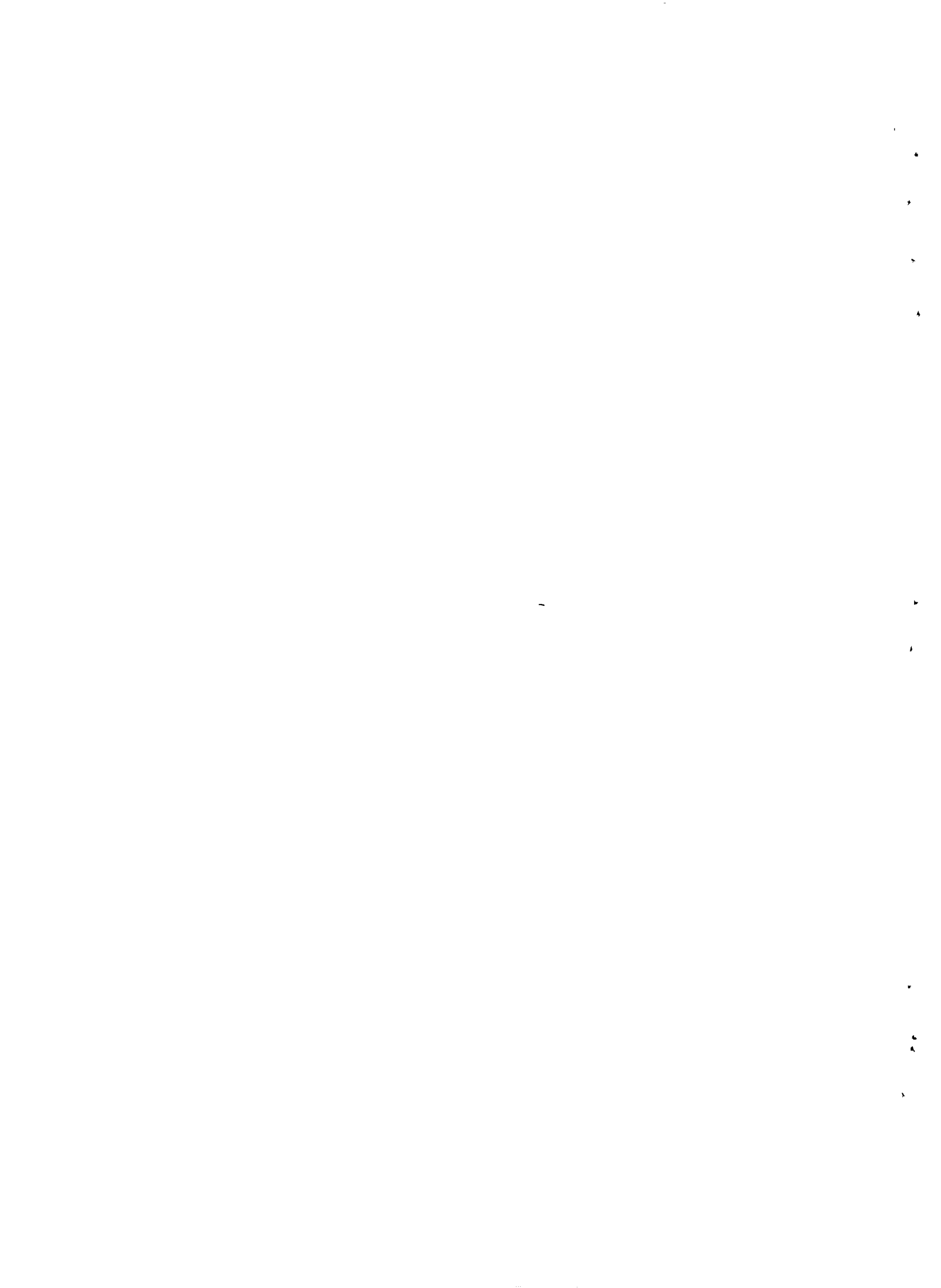
Objective of the Contract. The objective of the contract will be to enable the Agency to manage, maintain and lease the equipment (which will be defined in Schedule I) to end users, mainly contractors, implementing water supply and small scale irrigation projects financed by the ESRDF, in accordance with the rules and procedures agreed with ESRDF. The equipment will not be utilized for any purposes outside the ESRDF project.

Geographical Area of Coverage. The contract will specify the geographical locations where the equipment will be used and will specify criteria to determine priority users. (Schedule II)

Obligation of the Contractor. The obligations of the leasing agency shall specify the performance parameters such as minimum annual productive hours of machines; maintenance standards for the equipment, financial and administrative responsibilities of the leasing agency, the right of ESRDF or its authorized representative to examine performance; and the need for the leasing agency to provide insurance for the equipment

Obligation of ESRDF: This can include the timely delivery of contracted equipment, assurance of minimum volume of work; and facilitation with government agencies for the necessary legal framework for the operation of the management

Financial Arrangement. Two aspects will be covered here: (i) the terms and amount of payment due to the leasing agency; and (ii) rental rates that the leasing agency will charge contractors.



Liabilities. Liabilities of the leasing agency and the ESRDF for failing to meet their obligations are shown.

Penalties. Penalties that should apply in case of failure of the leasing agency to comply with the terms of contract.

Force Majeure. The contract should include any force majeure conditions that would apply in the case of the leasing agency

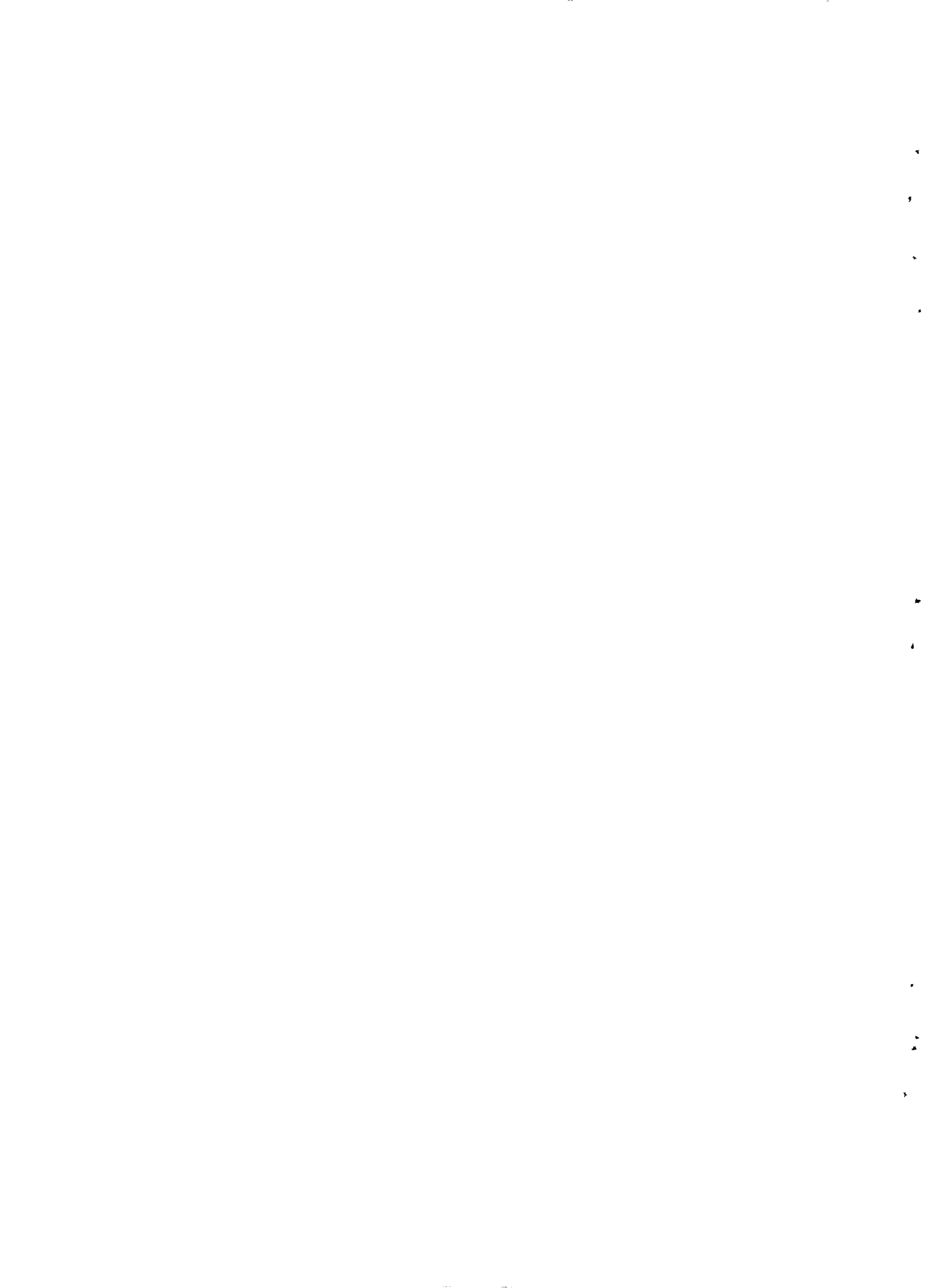
Termination and Postponement of Contract. The terms and conditions which shall be the cause for termination or postponement of the Contract are indicated

Dispute Settlement. The contract will include provisions for settlement of disputes

Duration of Contract. The term of the contract and conditions for its renewal are specified.

14.5 Contracts with Civil Works Contractors with a Leased Equipment Component.

220. Whenever the Implementing Agency contracts for civil works with a contractor that is leasing equipment under the arrangements covered in this section, the contract must identify separately the cost of such leasing, as these costs cannot be financed by IDA. Details of such costs must be recorded in the MIS system, and wherever a RO requests replenishment for expenditures that include this type of contract. The Statement of Expenditure (SOE) must list for each such contract (a) the total contract cost and net cost (total cost less cost of the leasing component), (b) the total cost of the leasing component; and (c) the net amount that will be submitted for IDA replenishment. Details of all such contracts should be recorded in the MIS and accounting systems, and reported in the semi-annual and annual reports.



ANNEX I: GENERAL CHECKLIST OF APPRAISAL DURING FIELD VISIT**A. Does it fall within the mandate and objective of the ESRDF?**

1. Collect data on the number and composition of beneficiaries are represented among the beneficiaries,
2. Check if the sub-project falls within the planned development priorities of the region and the Woreda
3. Check whether any other project initiatives are planned which could duplicate, harm, or in any other way affect the proposed initiative.

B. Is there community/Beneficiary participation in design/implementation of sub-projects?

1. Confirm participation of beneficiaries in the sub-project identification, formulation and implementation This can be verified from minutes of meeting of the community or through elected community members.
2. Verify the responsibility and assess the willingness of the community in covering sub-project maintenance cost and the mechanism, organizational structure ad source of financing for carrying out these responsibilities (for example can households afford the user fees required to cover maintenance costs).
3. Confirm the participation and role of the Woreda Council and Local Government in the implementation of the Sub-project.
4. Verify the participation of women in the identification and management of the sub-project Review the minutes of the meeting of the community.
5. Clarify the goals of the project and review with the community whether and how these goals will bring social and/or economic advantages to the community. Develop agreed indicators to measure whether such goals and benefits will be achieved.
6. Assess the community investment in the project; is the amount realistic or can the community contribute more? can some incentive be established to increase this contribution? if the contribution is partly or fully in kind? is there a prospect for part or more of the contribution to be made in cash? can the in-kind contribution be reasonably priced? if the in-kind contribution is in the form of labour, what assurance is there that a contractor would be willing to utilize the labour? (where labour is being provided on a food-for-work basis, it cannot be considered as a community contribution).
7. Are the provision for community contribution fair? (care should be taken to ensure that a disproportionate burden doesn't fall on any one group); is the community fully aware of what this contribution would involve?



8. What are the incentives for the community to:
 - (a) participate in the management and implementation of the project?
 - (b) utilize the facilities/services created in the most productive way?
 - (c) contribute to maintenance and sustainability?

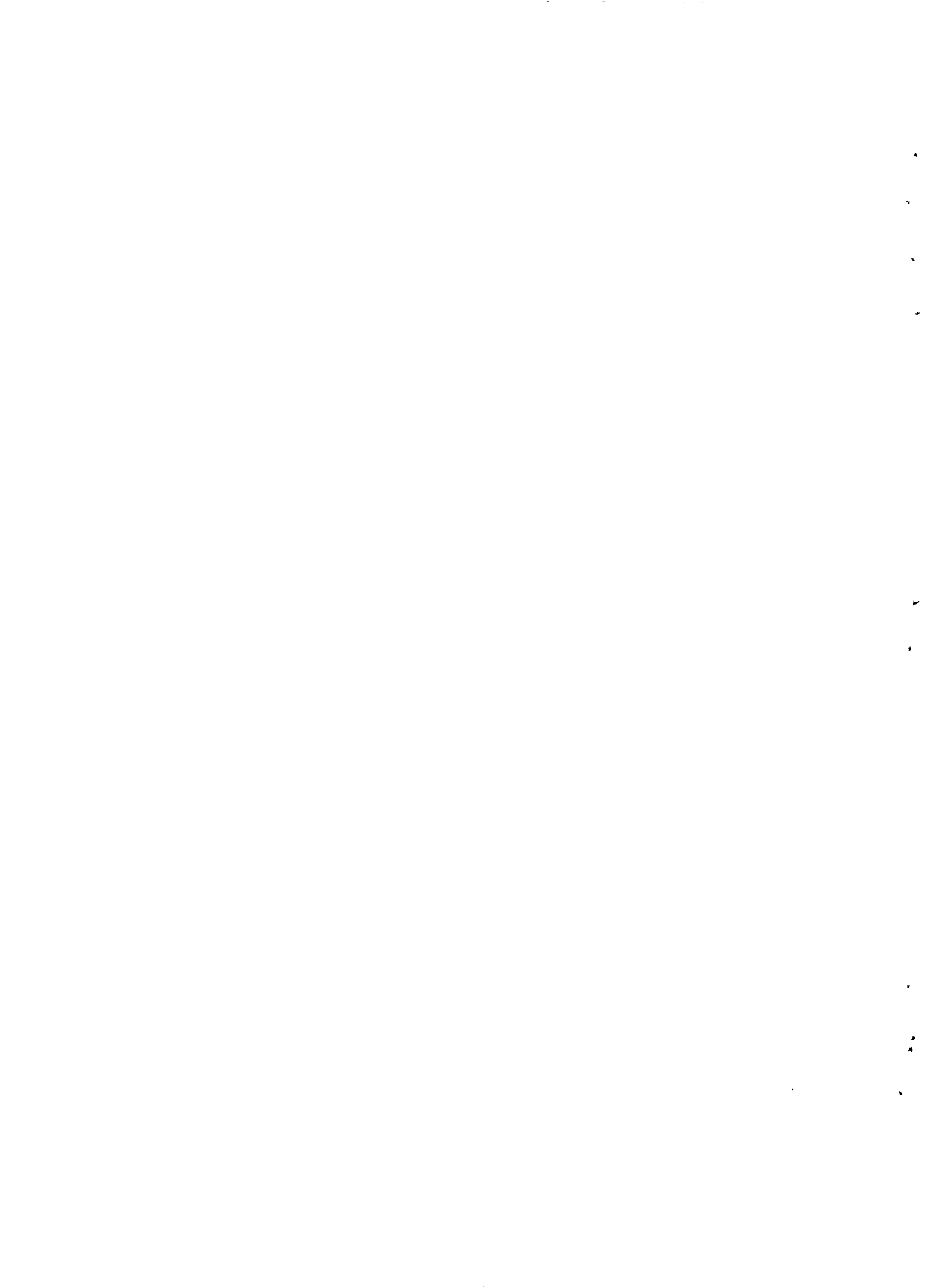
C. Administrative and Managerial capacity for implementation?

- 1 List existing local institutions like municipality, women's association, peasant association, service co-operatives, etc. that can assist the beneficiaries in implementing.
2. List existing infrastructures including banks which can provide services in the woreda
- 3 Check the existence of locally organized community groups or CPCs
- 4 Verify the need for an external supervisor and /or other intermediary to assist the beneficiaries in the execution of the Sub-Project. If so, is one available/willing and competent; and acceptable to the community?
5. Identify any previous community experience in implementing the proposed type or similar sub-project
- 6 List available organization's in the Woreda with the necessary expertise e.g contractors, consultants, NGO, etc
7. Verify the existence of competent technical personnel in the Woreda/Zonal Bureau of the Line department to properly monitor and supervise the implementation of the sub-project.
8. Assess the capacity of the community to play a full role in the management of implementation and subsequent maintenance. Identify capacity gaps and produce reports for how these gaps can be filled in a way that will strengthen community self reliance.

D. Implementation related issues

1. Check the existence of access roads and the conditions of the road to the sub-project site
- 2 Confirm the availability of the necessary labour, transport and material for undertaking the sub-project
- 3 Check if any sub-project activity would require or result in the resettlement of any individual or household, or in any other way harm the interests of any households or groups (especially women) both in the community or any neighboring communities. Assess fully how resettlement would change their social and economic circumstances, both positively and negatively. If voluntary resettlement is necessary, a special mitigation plan will need to be developed for those affected, and submitted to the CO for approval

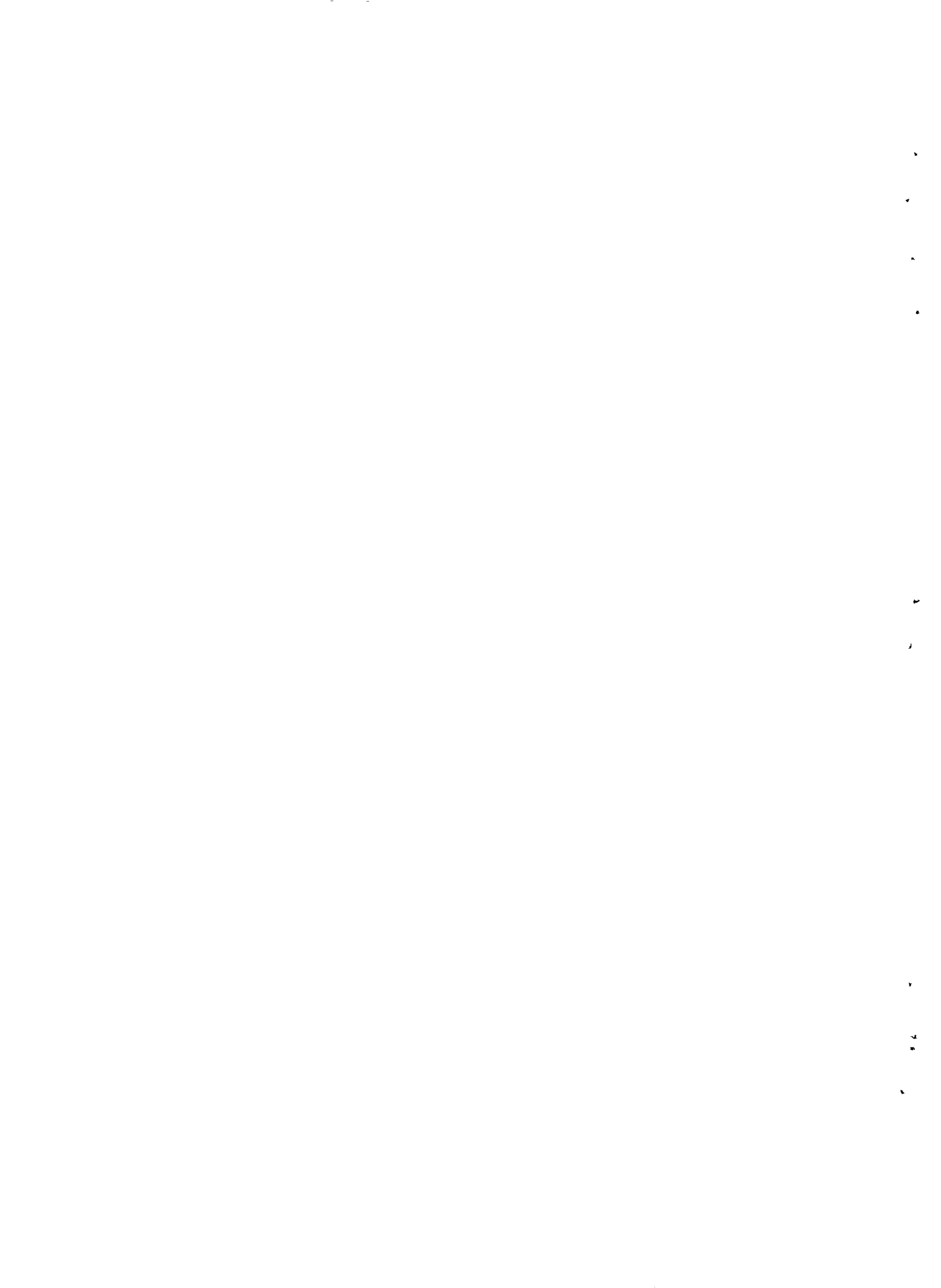
If any potential harm to the identified groups is possible, the PO will need to develop a mitigating plan to counter act such potential. This will need to be part of the appraisal report



4. Review whether there is a need for any other conditions, inputs, infrastructure, or services, that lie outside the scope of the project, but would be essential for the project to provide the proposed and anticipated benefits. Assess the likelihood of these conditions, inputs, infrastructure, or services being provided in reasonable time and at reasonable cost.
5. Review whether the inputs and project approach proposed are the most effective and economic way of achieving the desired goals, or whether an alternative strategy and initiative would be preferable.
6. Assess whether the inputs have been fully and realistically costed, including indirect expenses, and whether the benefits justify such an investment.
7. What Kind of environmental impact will the project have?
 - Category A: Potentially negative consequences. What are the consequences, and what (if any) actions be taken to mitigate or compensate for the consequences?
 - Category B: Neutral impact. Are there any possibilities for converting these into a positive impact?
 - Category C: Positive impact. Is this fully maximized ?
8. What will be the main indicators to
 - (a) monitor the progress of the project through its various stages?
 - (b) assess whether the project on completion will achieve its purpose?
 - (c) evaluate the larger term impact of the project on the social and economic welfare of the beneficiaries?
9. Identify any project related conditions that would have to be met for this project to be feasible; and for this project to be effectively implemented. Obtain agreement to these conditions.
10. Determine the procurement methods and schedule the required purchase for implementation.
11. Establish a work program for implementation showing an anticipated disbursement schedule and critical achievement milestones that will trigger disbursement.

E. Costs & Economic

1. Check on the responsible body for covering recurrent costs and for maintaining the facility and produce a draft detailed budget to verify with the responsible body
2. Determine whether the maintenance arrangements would be simple and affordable enough for the community to manage themselves with limited help from outside.



ANNEX II:

APPRAISAL CRITERIA BY SUB-PROJECT

1. EDUCATION

1.1 Primary School Construction and Furnishing:

- Construction, expansion, or rehabilitation of primary school buildings,
- Provision of equipment and furniture, and
- Provision of community-based supportive training, facilitation and local services to help ensure that the facilities will be effectively used to improve education investments and performance.

A. *Social Criteria*• **Target Group**

- i) Define the catchment area for the school,
- ii) Verify that the sub-project is located in an area where communities are lacking the basic infrastructure, equipment and furniture for primary education, and that there are no other plans to provide such facilities within the catchment area,
- iii) Assess the location and capacity of the proposed school size vis-à-vis the school-age population in the catchment area;
- iv) Check if the community has any mechanisms or means to (a) ensure that there will be enrollment high enough to justify the provision of the school; (b) encourage girls to attend school; (c) reduce attendance drop-out rates.

• **Community Participation**

Through direct interviews with the intended beneficiaries, and by assessing minutes of community meetings:

- i) Establish whether the proposed sub-project and basic education is a priority need of the community.
- ii) Verify their commitment and willingness to establish a CPC to supervise implementation and manage the school after completion.
- iii) Identify other actions that the community is willing to take, to help ensure the most effective use of the facility to meet basic education goals (and other possible ancillary benefits [for example, in what other ways can the facility be used for adult training in the evenings, mothers' child-rearing classes etc])

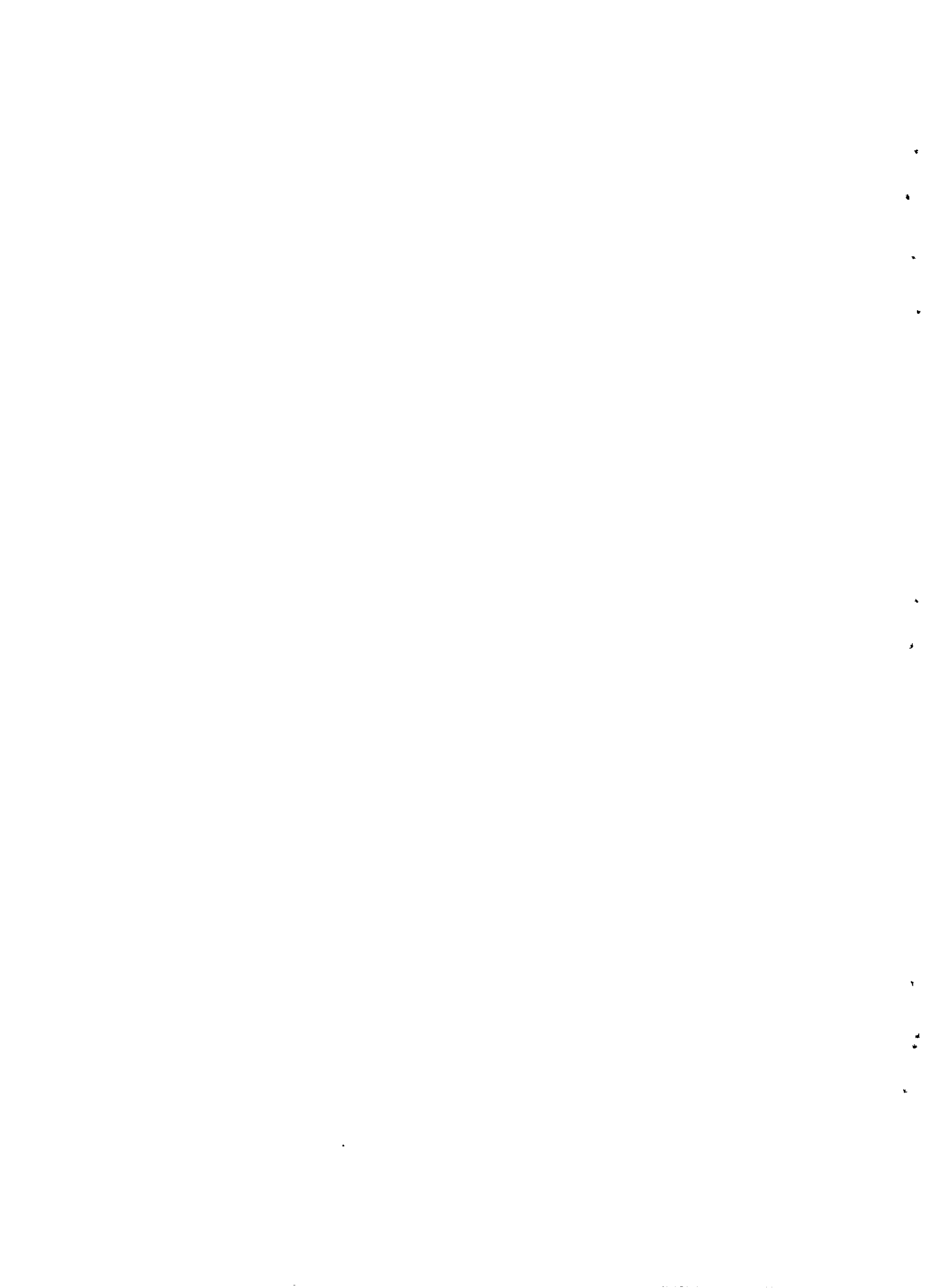


- **Community Contribution**

- i) Verify the willingness of the community to provide the necessary contributions to sub-project costs. Contributions can be in cash, material and/or labour; however, the cash and/or material contribution alone cannot be less than 10% of the total sub-project cost. Can the in-kind contribution be assessed in cash? Is there a scope to increase the cash portion of the contribution? Are the methods for raising the community contribution fair?
- ii) Check the existence of a written agreement or other evidence for the provision of the community contributions and the proper location of the building site in accordance with official regulations
- iii) Is the community willing to make post-completion contributions to the maintenance and operation of the facility (for example, cleaning, transport, security arrangements, minor repairs and redecoration, provision of local teaching materials)?
- iv) Investigate the potential for contribution from other donors/NGOs operating in the sector.

B. Technical Criteria

- i) Building works for construction, rehabilitation and expansion should comply with the existing standards of the Ministry of Education (MOE) or that of the region.
- ii) Check if school building can be used outside normal school hours for community activities.
- iii) Verify the inclusion of proper sanitation systems for girls and boys separately.
- iv) Verify the availability of water and other essential services at reasonable cost. (Is there potential to combine the provision of water for the school with a domestic water supply system for the community?)
- v) Verify the existence of physical education fields, school garden, equipment and furniture.
- vi) Ensure that wood is not used for the construction of walls, and if there is no alternative, establish mitigatory measures like replanting of enough suitable trees to replace wood utilized.
- vii) Ensure that the plan for construction will involve no significant environmental damage to surrounding areas, slopes, or water catchment



- viii) Investigate the potential for using solar power.

C. Financial Criteria

- i) Check the inclusion of all the necessary budget line items for effectively completing the proposed sub-project.
- ii) Verify the proposed sub-project cost against unit prices held in the RO or with other similar sub-project costs which are undertaken already in the same locality.
- iii) Assess and verify the realism of the proposed sources of counterpart financing including the existence of signed valid agreement or any other evidence.

D. Economic Criteria

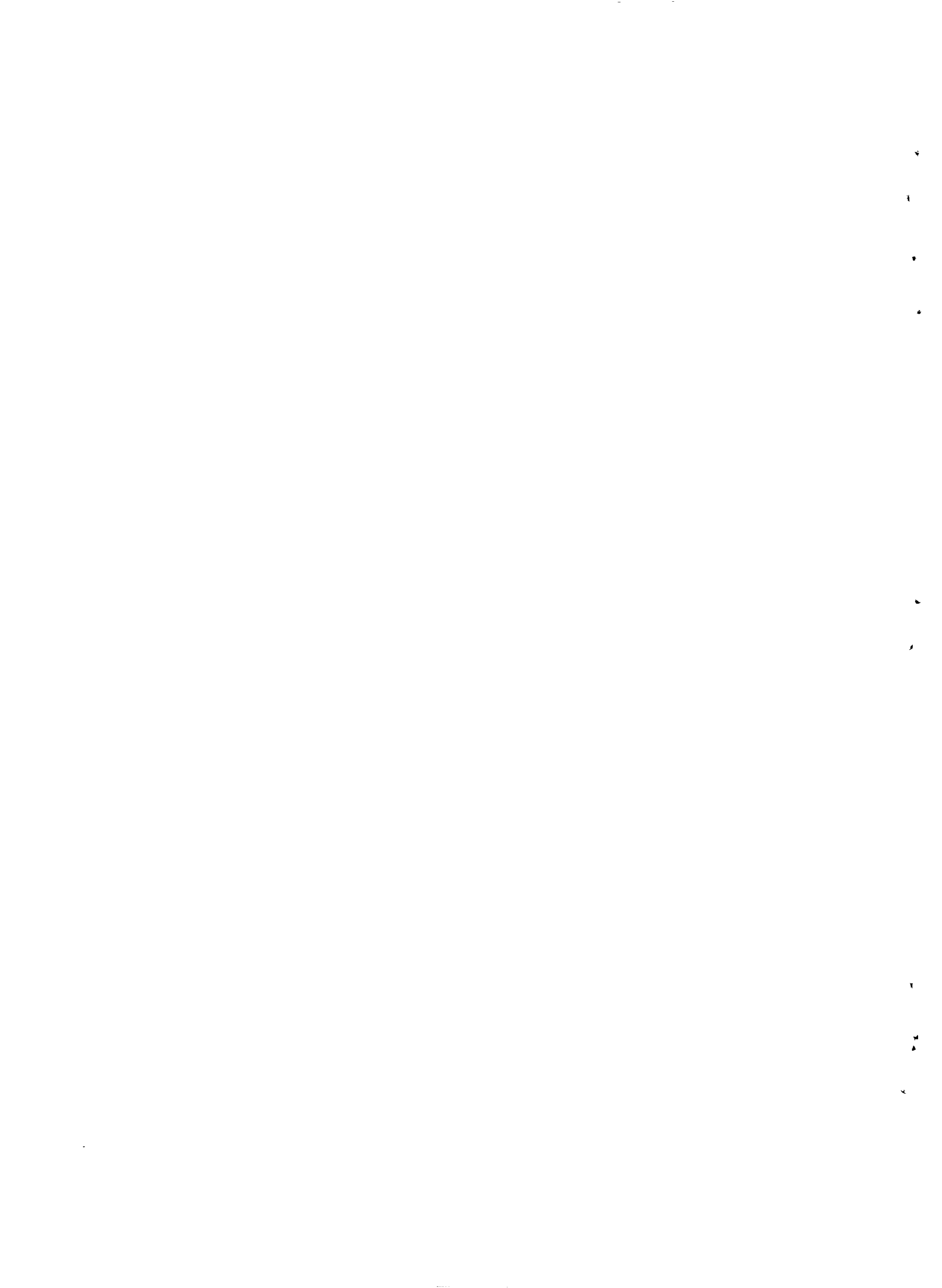
Calculate the Economic Rate of Return of the sub-project. Where the sub-project cost is US\$200,000 or more, the ERR must be at least 12 percent, for the sub-project to be eligible for ESRDF financing

E. Sustainability Criteria

- i) Verify the existence of regional government budget to pay salary for teachers, cover provisions of teaching materials and other operating costs
- ii) Establish a schedule of essential maintenance and management tasks and define responsibilities.
- iii) Verify if the community or any other organization will jointly demonstrate commitment to maintain and participate in the activities of the school by establishing a management committee such as parents, teachers and school committee
- iv) Identify the training required for the management committee to up-keep and participate in the running of the school.

1.2 Literacy and Practical Skills Training Programmes

The sub-project may involve the rehabilitation, expansion and, in some cases, the construction of facilities to be used for literacy and short term training programmes including the building of community reading rooms. The provision of equipment, tools, furniture and other inputs will be part of the programme. Such sub-projects will be carried out in collaboration with the adult education unit of the regular education bureau to ensure that the facilities will be used as part of an established or agreed programme of literacy or practical skills training



A. Social Criteria**• Target Group**

- i) Verify that the sub-project is located in an area where illiteracy level is high and where basic skills are lacking. Assess the number of beneficiaries that would participate in programmes provided at these facilities
- ii) Verify whether existing or proposed programme that would utilize such facilities particularly encourages women to participate

• Community Participation

- i) Verify that the programme reflect the community priorities and has the commitment of the beneficiary community.
- ii) Assess the awareness and interest of the intended beneficiaries about the sub-project.

• Community Contribution

Assess the commitment of the various partners to provide the proposed contributions for the construction of any facilities and operation of programmes

B. Technical Criteria

- i) Check if the current or proposed training programme adequately meets the training needs of the beneficiaries.
- ii) Verify that the current or proposed literacy programme follows the standard syllabus set for the level.
- iii) Verify the adequacy of the proposed trainers and organization for the provision of quality training.
- iv) Verify the adequacy of the training plan or preparation for the proposed training for achieving the set objectives.
- v) Identify agreed indicators with the community to monitor and evaluate the impact of the programme.
- vi) Where the sub-project involves construction of facilities, ensure that the technical specifications satisfy established national or regional standards

C. Financial Criteria

- i) Verify sources for all proposed financing/counterpart.

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- ii) Assess the inclusion of all the necessary budget line items for completing the sub-project successfully.

D. Economic Criteria

Calculate the Economic Rate of Return of the sub-project. Where the sub-project cost is US\$200,000 or more, the ERR must be at least 12 percent, for the sub-project to be eligible for ESRDF financing.

E. Sustainability Criteria

- i) Verify the establishment of CPC to enhance community participation, and check if women are represented in the committee.
- ii) Verify the existence of a feasible plan for the continuation of the programme after the Fund's involvement
- iii) Where the sub-project involves construction of facilities, verify that the necessary maintenance arrangements have been made and responsibility allocated.

2. HEALTH AND SANITATION SUB-PROJECTS

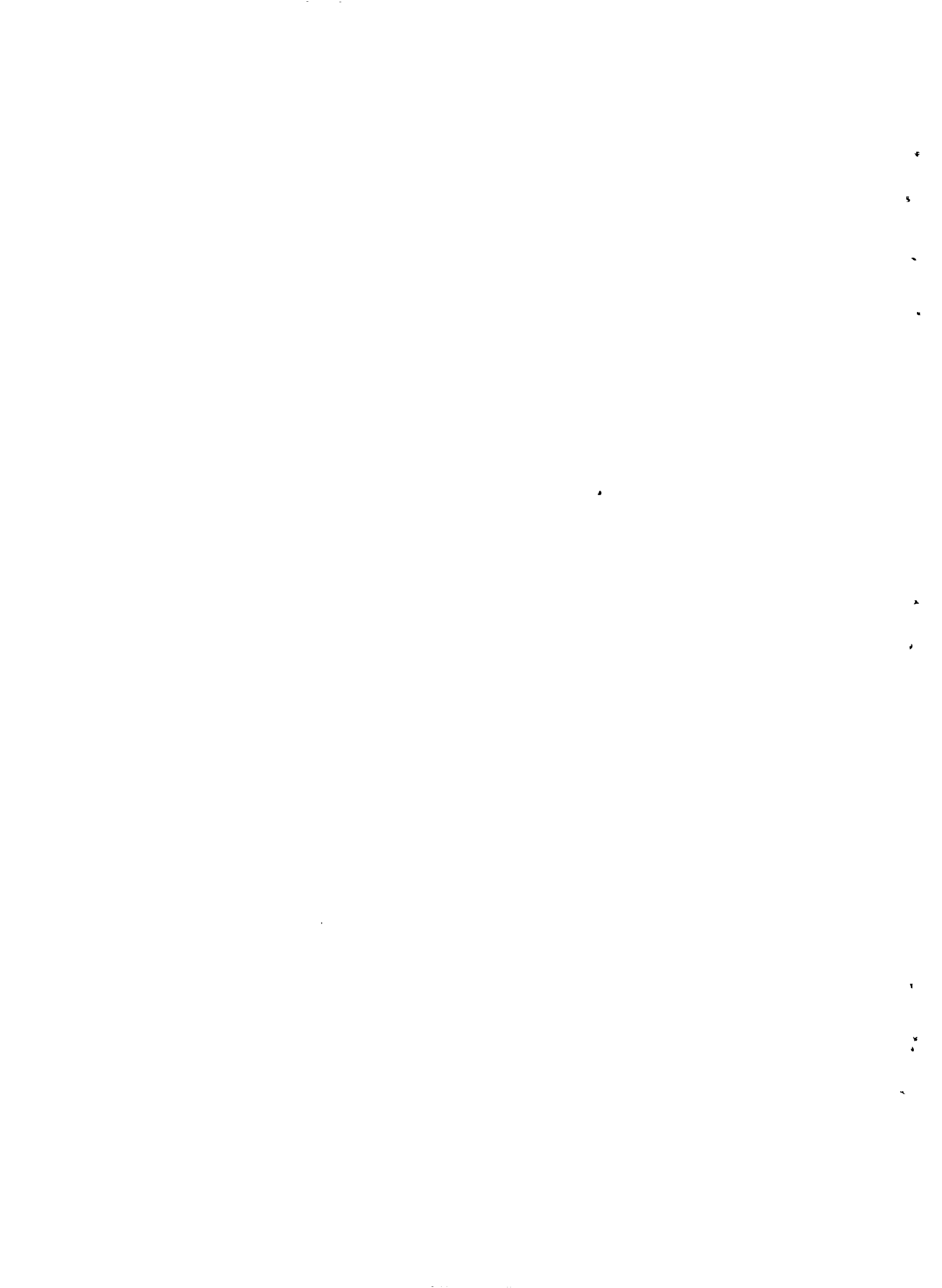
2.1 Primary Health Care

The sub-Project may involve construction, repair or expansion of facilities, rehabilitation of health centres, clinics, and health posts, provision of medical equipment and furniture and training programmes related with health

A. Social Criteria

• Target Group

- i) Verify that the sub-project is located in the area where the communities lack primary health care service, particularly those with higher rate of infant mortality, maternal mortality, child malnutrition and prevalence of contagious or water-born diseases.
- ii) Assess the location and capacity of the proposed facility vis-à-vis the catchment area for population particularly women and children, and produce, as accurate as possible, assessment of the population to be served under sub-groups.



Community Participation

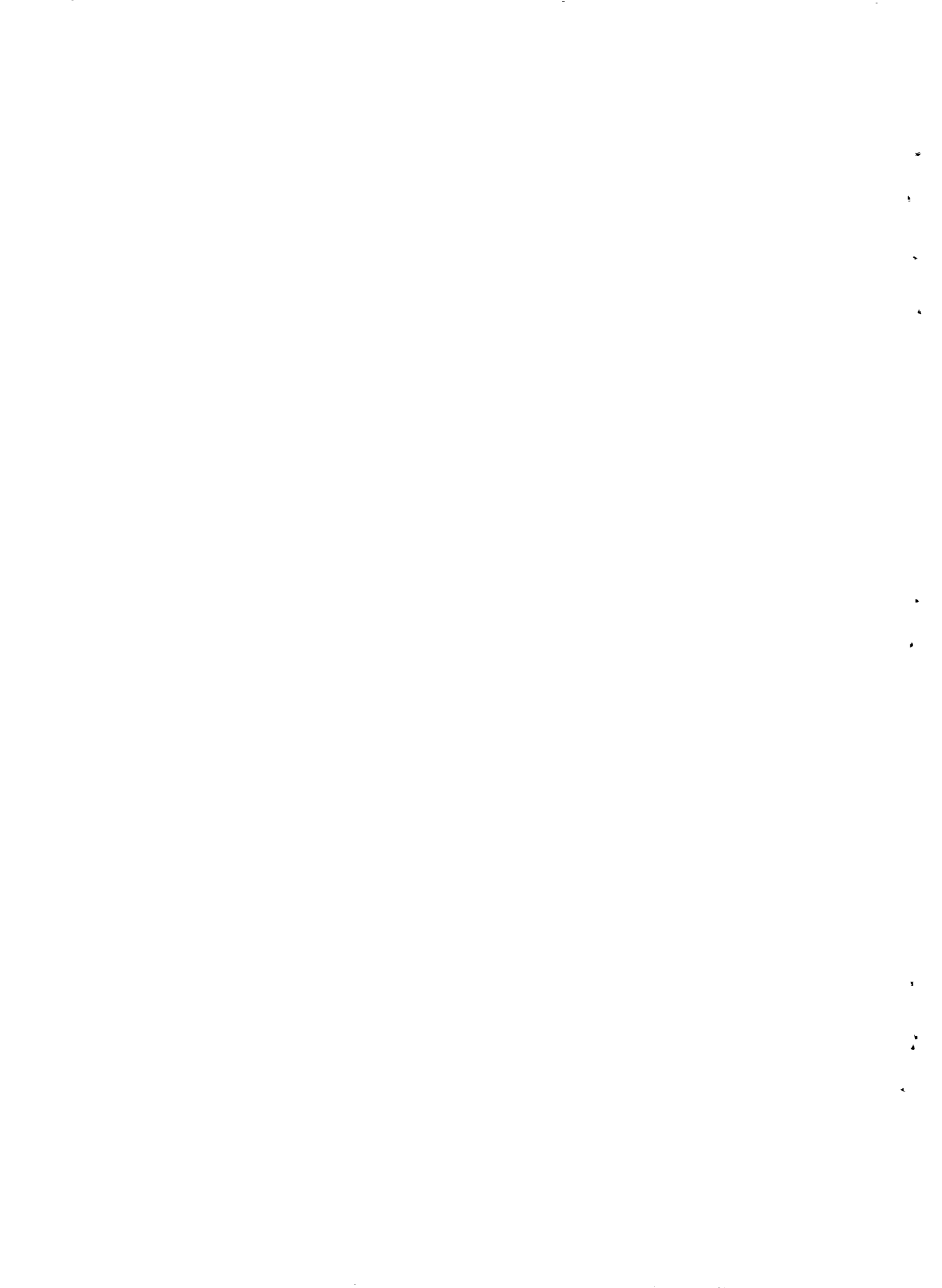
- i) Establish whether the proposed sub-project is viewed by the community as a priority need.
- ii) Verify the involvement of the community in the sub-project identification, preparation and implementation.
- iii) Verify the existence of community organizations or CPC to manage, monitor and co-ordinate the sub-project activities with other organizations.

• Community Contribution

- i) Assess the commitment of the community to provide the necessary contributions expected from them. Contributions can be in material, labour and/or cash; however, the material and/or cash contribution could not be less than 10%. Assess the fairness of the method for collecting this contribution.
- ii) Investigate the potential for contributions from other donors or NGOs working in the sector (e.g., solar powered refrigerator).
- iii) Verify the proper allocation of building site by the community in the case of infrastructure construction according to official regulations

B. Technical Criteria

- i) Proposed building works, equipment, personnel and supplies must conform to norms established by the Ministry of Health (MOH) or that of the Regional Health Bureau.
- ii) Assess the realism of the proposed work programme in relation to proposed sub-project activities and resources.
- iii) Assess the suitability of the site from construction, environmental, and access points of view.
- iv) Verify the inclusion of proper sanitation system in the proposed sub-project.
- v) Verify the availability of essential sources especially water (Determine whether it is feasible to combine the provision of water for the health facility with a domestic water supply scheme for the community).
- vi) Woods should not be used for the construction of walls and if there are no alternative construction materials in the locality establish mitigatory measures like replanting of trees in place of those to be used.



- vii) Assess the impact of the sub-project on environment and specify any measures needed to avoid or mitigate negative effects.

C. *Financial Criteria*

- i) Assess the sub-project cost against the unit prices held in the ROs, or with similar costs of other sub-projects already undertaken in the locality.
- ii) Verify the sources of the proposed financing counterpart including the existence of signed valid agreements or other evidences.
- iii) Analyze cost per beneficiary and comment on its appropriateness.

D. *Economic Criteria*

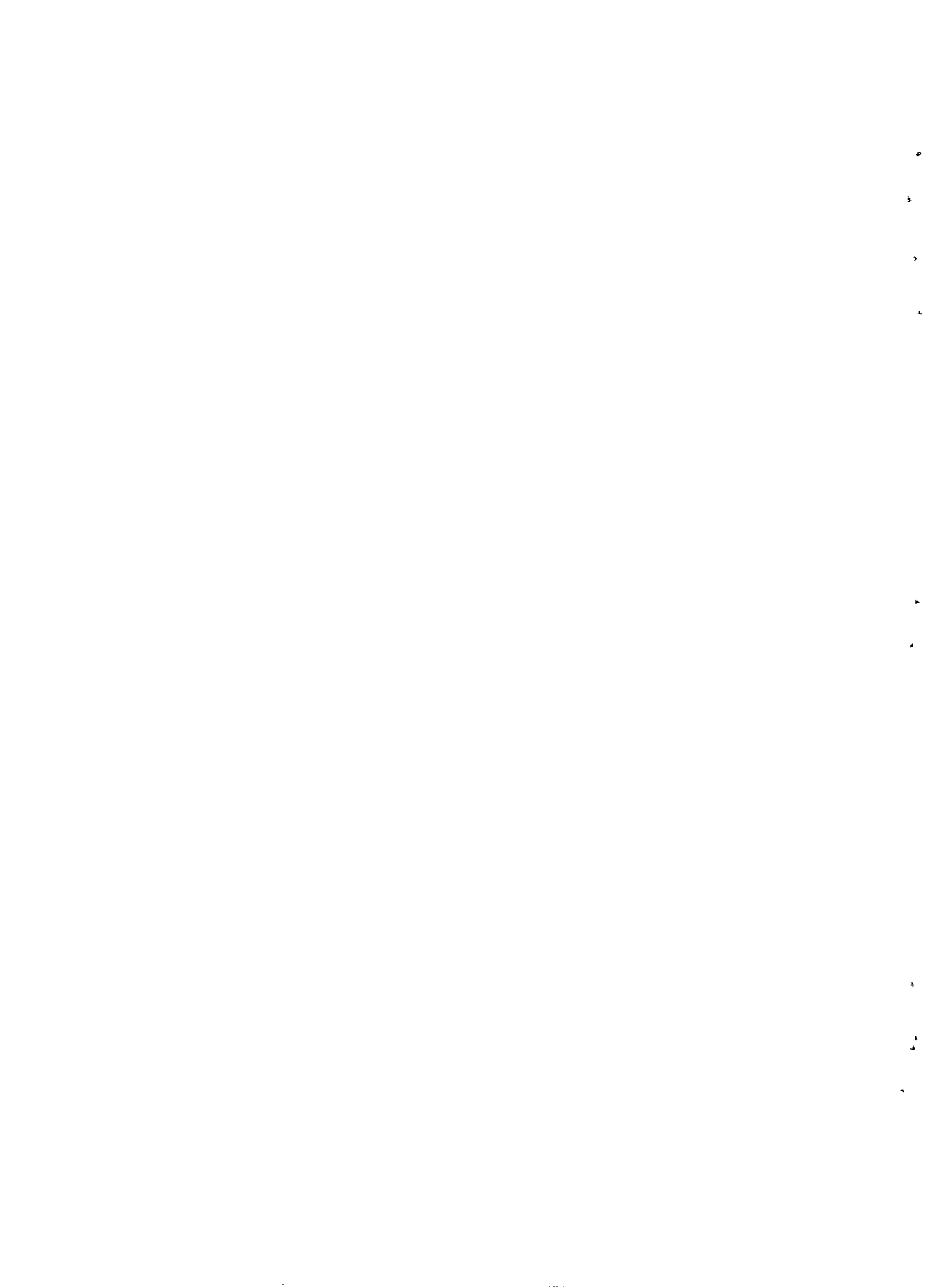
Calculate the Economic Rate of Return of the sub-project. Where the sub-project cost is US\$200,000 or more, the ERR must be at least 12 percent, for the sub-project to be eligible for ESRDF financing.

E. *Sustainability Criteria*

- i) Verify the existence of feasible plan for the continued operation of the sub-project facilities and services after completion.
- ii) Verify the existence of CPC which will be responsible for undertaking minor maintenance and other assignments. It is useful if health personnel are included as members of the committee.
- iii) Ensure that the regional health bureau has accepted the responsibility, and has allocated a budget for paying salaries of health personnel, and for providing the standard drugs, materials and supplies.
- iv) Assess the willingness and ability of the community to make post-completion contributions to the maintenance and operation of the facility (for example, cleaning, transport, security arrangements, minor repairs).

2.2 Urban Sanitation

This includes construction of drainage systems and communal latrines accompanied by community-based training on hygiene.



A. Social Criteria

• Target Group

- i) Verify that the sub-project is located in marginal and congested urban areas lacking proper sanitation systems.
- ii) Produce, as accurate as possible, an assessment of the number of beneficiaries under the sub-project.

• Community Participation

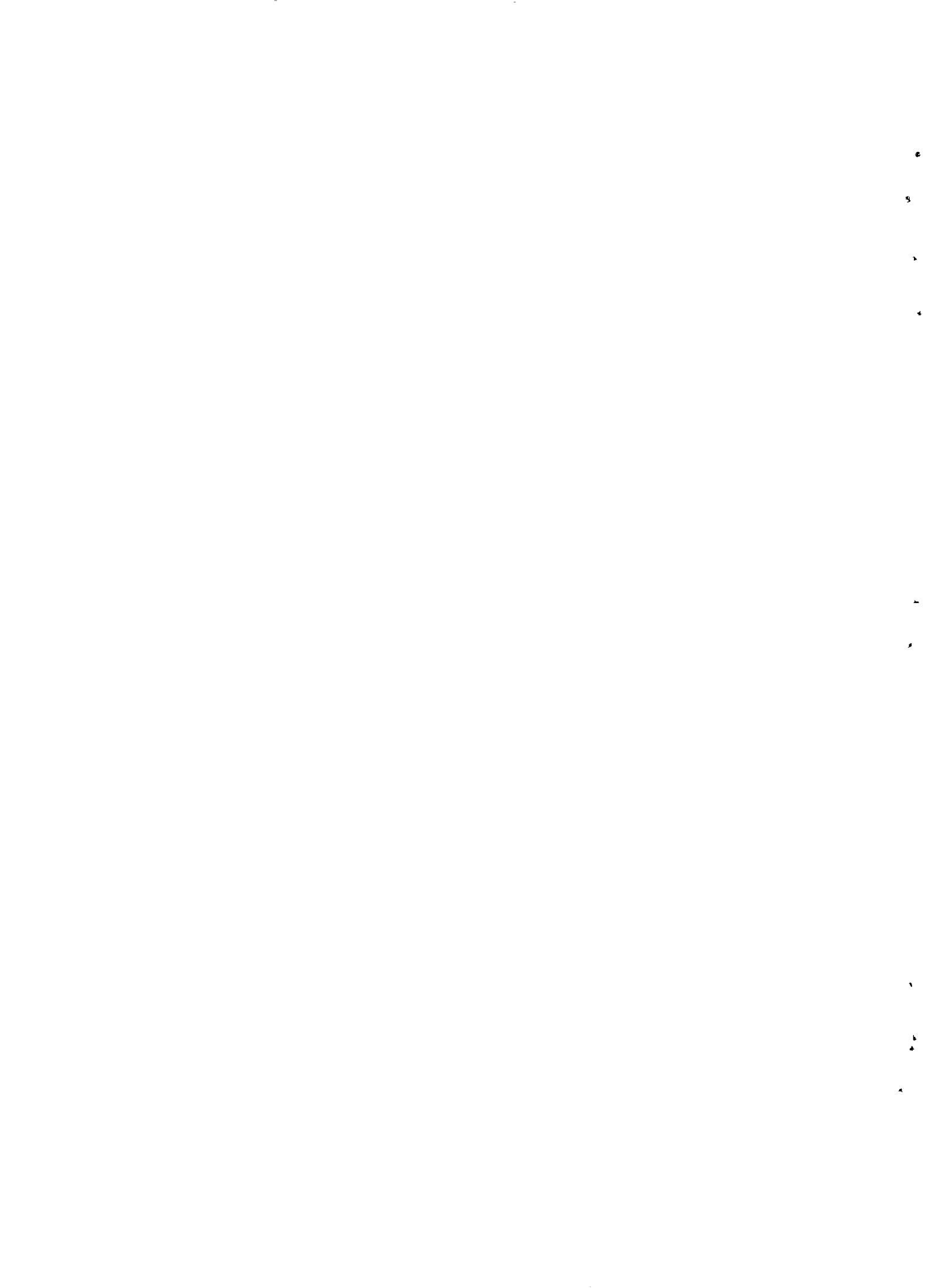
- i) Verify if the sub-project is the priority need of the community and discuss the location and acceptance of sub-project design with the communities
- ii) Check the involvement of the community in the identification, and preparation of the sub-project.
- iii) Verify the willingness of the beneficiaries to establish a CPC and if already established, check the process of its formation and operation

• Community Contribution

- i) Verify the willingness of the community to provide the necessary contributions in cash, material and/or labour to the construction of the facility. For family (Communal) latrine proposals, beneficiaries must be prepared to dig the pits themselves.
- ii) Verify the willingness of the community to take full responsibility for the operation and maintenance of the facility.

B. Technical Criteria

- i) Verify if the pit and sewerage system design suit local terrain and ground conditions.
- ii) Assess the impact of the sub-project on the environment, and identify any mitigating measures needed to avoid or minimize environmental negative effects.
- iii) Verify the suitability for the communal pit location in light of getting access for suction trucks.
- iv) Verify the appropriateness of designs in light of community demand, allowing for community labour participation during construction; and for subsequent maintenance requirements and costs to be done by the community as their responsibility



- v) Verify if designs comply with the standards of the appropriate government regional bureau and/or municipality.
- vi) Verify the training requirement of the sub-project, both in terms of implementation, and in terms of post-completion management and maintenance.

C. Financial Criteria

- i) Compare the appropriateness of the cost of the sub-project with the unit cost in the data base or with the cost of other similar sub-projects already undertaken in the area.
- ii) Verify the proposed sources for counterpart financing including the existence of signed valid agreements or other evidence

D. Economic Criteria

Calculate the Economic Rate of Return of the sub-project. Where the sub-project cost is US\$200,000 or more, the ERR must be at least 12 percent, for the sub-project to be eligible for ESRDF financing.

E. Sustainability Criteria

- i) Verify the existence of beneficiary community committee for the management of the sub-project after completion.
- ii) Verify the existence of feasible plan for the maintenance of the sub-project, including the contribution of user-fees, other essential community contributions, and arrangements such as security, maintenance schedule, arrangements for pit-emptying, and essential health checks.
- iii) Verify that households will be able to afford the user-fees needed to establish an adequate maintenance fund

2.3 Drainage

A. Social Criteria

• Target Group

- i) Verify that the sub-project is located in marginal and congested urban areas where poor drainage is causing severe problems in relation to public health, difficulty of access and /or damage to property during floods.



Community Participation

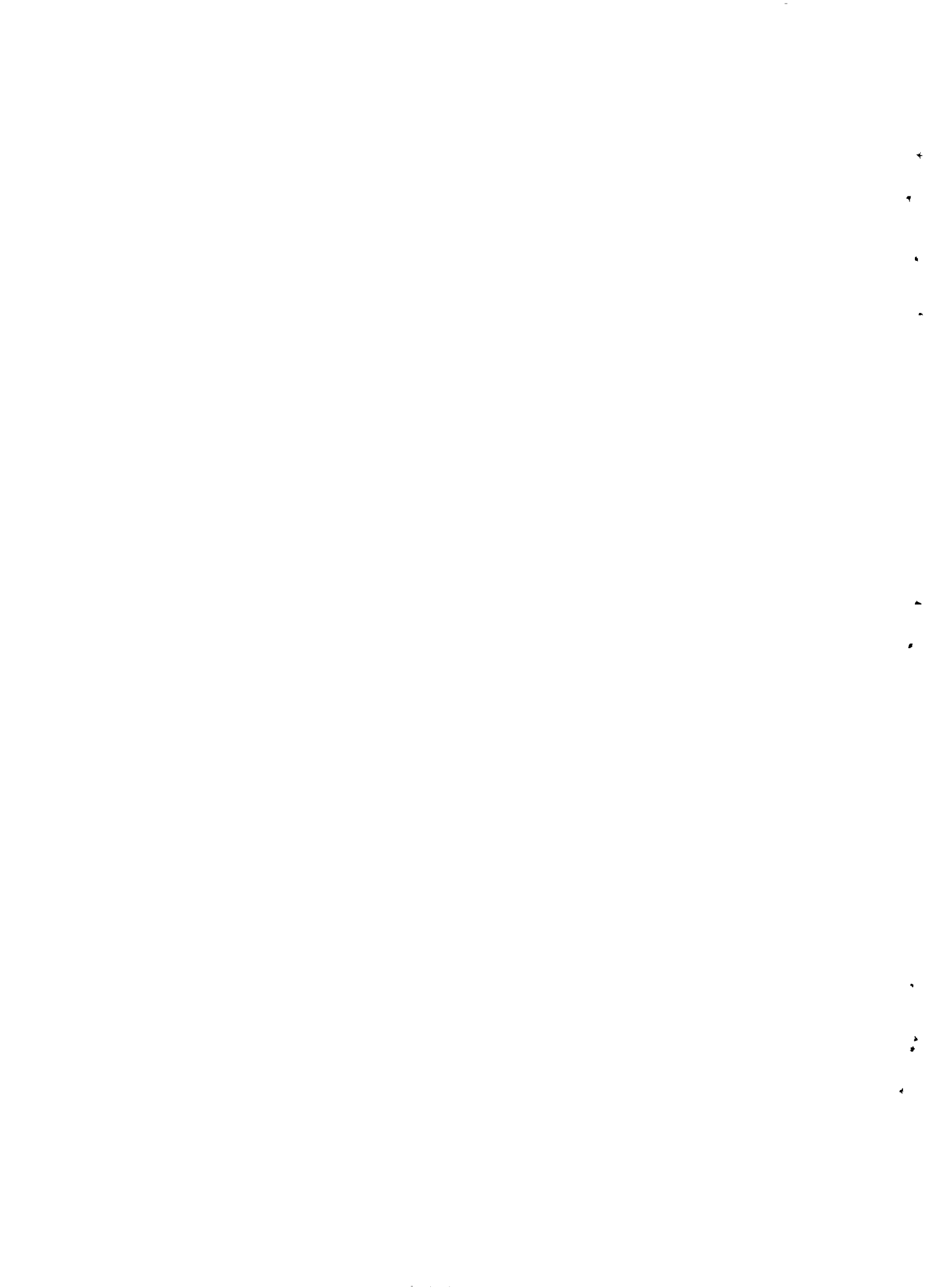
- i) Verify if the sub-project is the priority need of the community and discuss the location and acceptance of sub-project design with the communities.
- ii) Check the involvement of the community in the identification, preparation of the sub-project, and verify that agreement has been reached with regard to households' willingness to release land and grant way-leaves for the planned structures.
- iii) Verify the willingness of the beneficiaries to establish a CPC and if already established, check the process of its formation and operation. Verify that the municipal authorities, including the local "kebele" administration, have been involved and accepted the proposed project.

• Community Contribution

- i) Verify the willingness of the community to provide the necessary contributions in cash, material and/or labour to the construction of the facility. For family (Communal) latrine proposals, beneficiaries must be prepared to dig the pits themselves.
- ii) In the case of extensive use of community labour, verify that an acceptable form and level of compensation has been agreed upon. This will involve assessing that household incomes are protected and that excessive work loads on women are avoided

B. Technical Criteria

- i) Verify that land has been secured for the structures (drains, culverts and improved all weather access roads/paths where found necessary)
- ii) Verify that hydraulic design has been made for the drains, making use of recognized methods and accounting for potential upstream development that could change the run-off pattern.
- iii) Verify that design provides adequate protection of property within the local project area in terms of alignments and hydraulic capacity.
- iv) Verify that locally improved drainage does not cause downstream damage as a result of changed run-off pattern during flash floods, etc
- v) Verify the appropriateness of designs in light of community demand, allowing for community labour participation during construction, and for subsequent maintenance requirements and costs to be done by the community as their responsibility.



- vi) Verify if designs comply with the standards of the appropriate government regional bureau and/or municipality.
- vii) Verify the training requirement of the sub-project, both in terms of implementation, and in terms of post-completion management and maintenance.

D. Economic Criteria

Calculate the Economic Rate of Return of the sub-project. Where the sub-project cost is US\$200,000 or more, the ERR must be at least 12 percent, for the sub-project to be eligible for ESRDF financing.

E. Sustainability Criteria

- i) Verify the existence of beneficiary community committee for the management of the sub-project after completion
- ii) Verify the existence of feasible plan for the maintenance of the sub-project, including the contribution of user-fees, other essential community contributions, and arrangements such as security, maintenance schedule, arrangements for pit-emptying, and essential health checks
- iii) Verify that the maintenance plan has schedules for households' participation in regular drain cleaning and sweeping. The plan will describe how to dispose of debris removed from the drains.

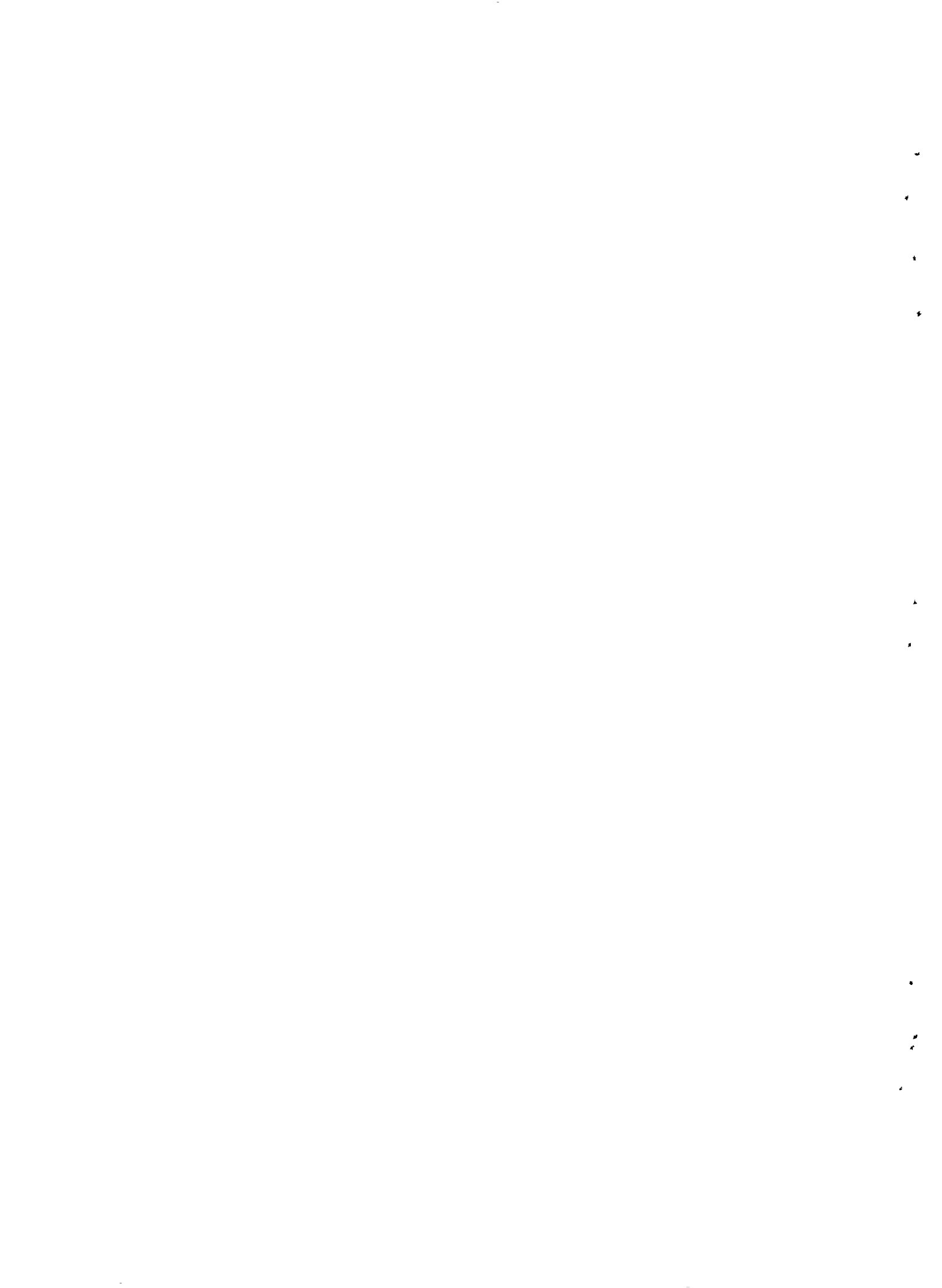
3. RURAL WATER SUPPLY

This sector includes the development of springs, hand-dug and shallow wells and infrastructures appropriate to provide clean and adequate water at community level.

A. Social Criteria

- **Target group**

- i) Verify that the sub-project is located in areas, where lack of potable water is prevalent. Capture details of current sources of water and cost/labour time required to bring it to households.
- ii) Assess as accurately as possible (a) the number of households and that there is no plan for water supply improvement through any other project; (b) individuals (under sub-group) that will benefit from the scheme



- **Community Participation**

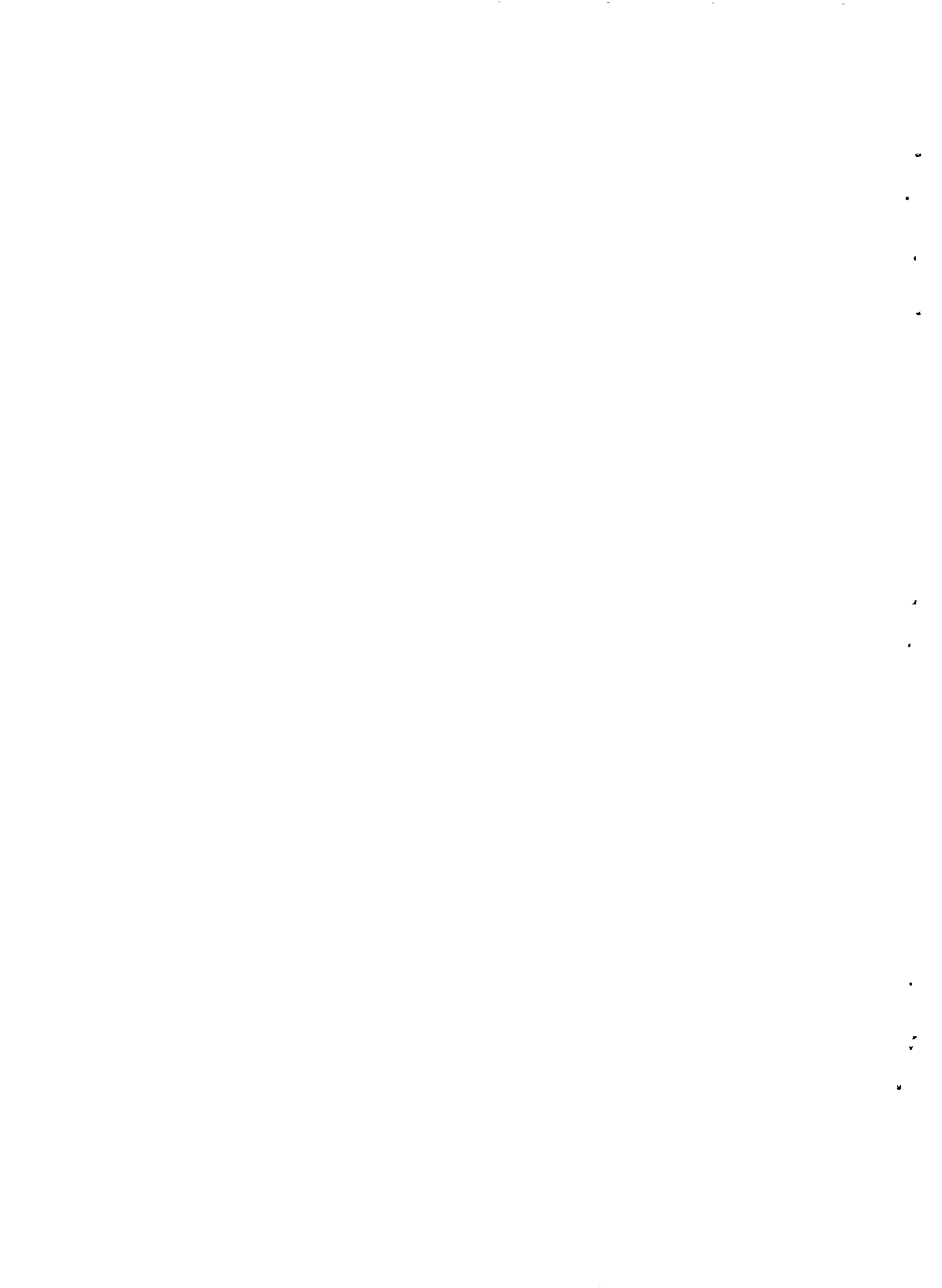
- i) Verify the sub-project is community priority.
- ii) Verify the involvement of the community in the identification and preparation of the sub-project.
- iii) Verify the existence of community organizations or water user committee responsible for the implementation and up-keep of sub-project.
- iv) Verify the involvement of women in the sub-project identification and preparation, and representation on the community committee.
- v) Verify that the majority of households are interested in participating and that the water user committee has an acceptable strategy for allowing the poorest households access.

- **Community Contribution**

- i) Verify the commitment of the beneficiaries to provide the proposed counterpart for the construction of the proposed sub-project. In this case contributions could be made in terms of labour, material and cash.
- ii) Verify the commitment of the community to take responsibility, through user fees and other contributions for the recurrent costs of maintaining the scheme.

B. Technical Criteria

- i) Assess the reliability of using an identified water source as the basis for the scheme and that it is a cost-effective proposal, given the water resources situation.
- ii) Verify the existence of implementing agency or organization with necessary equipment and capacity to carry the proposed activity.
- iii) Verify the requirements for protecting the water point.
- iv) Assess the need for training to support the requirement of the proposed sub-project, in terms of construction, community management of the completed scheme, and skills needed for maintenance and repairs.
- v) Assess the impact of the sub-project on the environment if there are any potentially negative impacts, and develop a plan to avoid or mitigate these.



- vi) Ensure that technology for construction and operation is simple and low cost to allow maximum community participation during construction and operation.

C. Financial Criteria

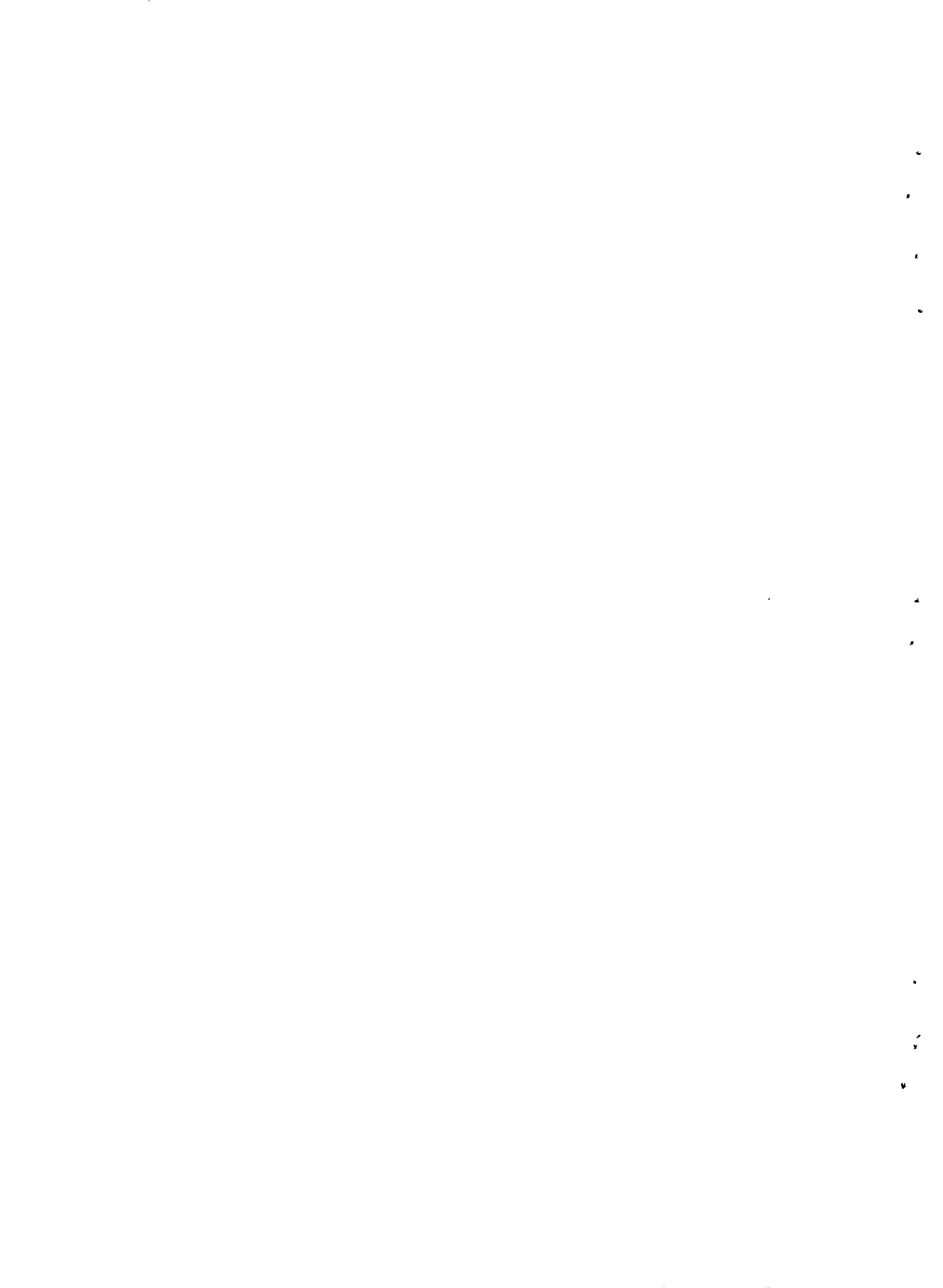
- i) If a lower cost solution than the proposed is available, ensure that community is willing to pay a high proportion of the incremental cost (ref Technical Handbook).
- ii) Check whether the estimated sub-project cost is realistic, comprehensively assessed, and in line with ESRDF unit costs.
- iii) Verify the sources of all proposed financing commitment including the existence of signed agreements or other evidence.
- iv) Verify the cost recovery plan, including user fees and other possibilities for self financing of the operation.
- v) Assess the different households' willingness to pay for the service as per the cost recovery plan.

D. Economic Criteria

- i) Calculate the Economic Rate of Return of the sub-project, both for daily/routine tasks and for major repairs/replacements. The latter would normally need to be agreed with the regional bureau. Where the sub-project cost is US\$200,000 or more, the ERR must be at least 12 percent, for the sub-project to be eligible for ESRDF financing.
- ii) Verify that the skilled personnel, spare parts and equipment required for all operation and maintenance tasks will be available from the community, the regional bureau and/or the private sector. Verify that necessary interventions needed to achieve such capacity have been made part of the sub-project proposal, or will be addressed through other capacity building measures.

E. Sustainability Criteria

- i) Verify the existence of adequate entity to maintain and manage the sub-project.
- ii) Verify the formation of Water User Committee to assist and participate in sub-project management.



- iii) Verify that women representation in the water committee is significant.
- iv) Verify that households can afford the user fees required to support the maintenance of the system,
- v) Verify that there are satisfactory arrangements for:
 - a) obtaining expert support in the event of system break-down,
 - b) periodic monitoring of the system by Water Resource Bureau specialists, and
 - c) obtaining spare parts.

4. SMALL SCALE IRRIGATION SUB-PROJECT

This involves the construction and rehabilitation of reservoir dams, river diversions and farm structures.

A. *Social Criteria*

- **Target Group**

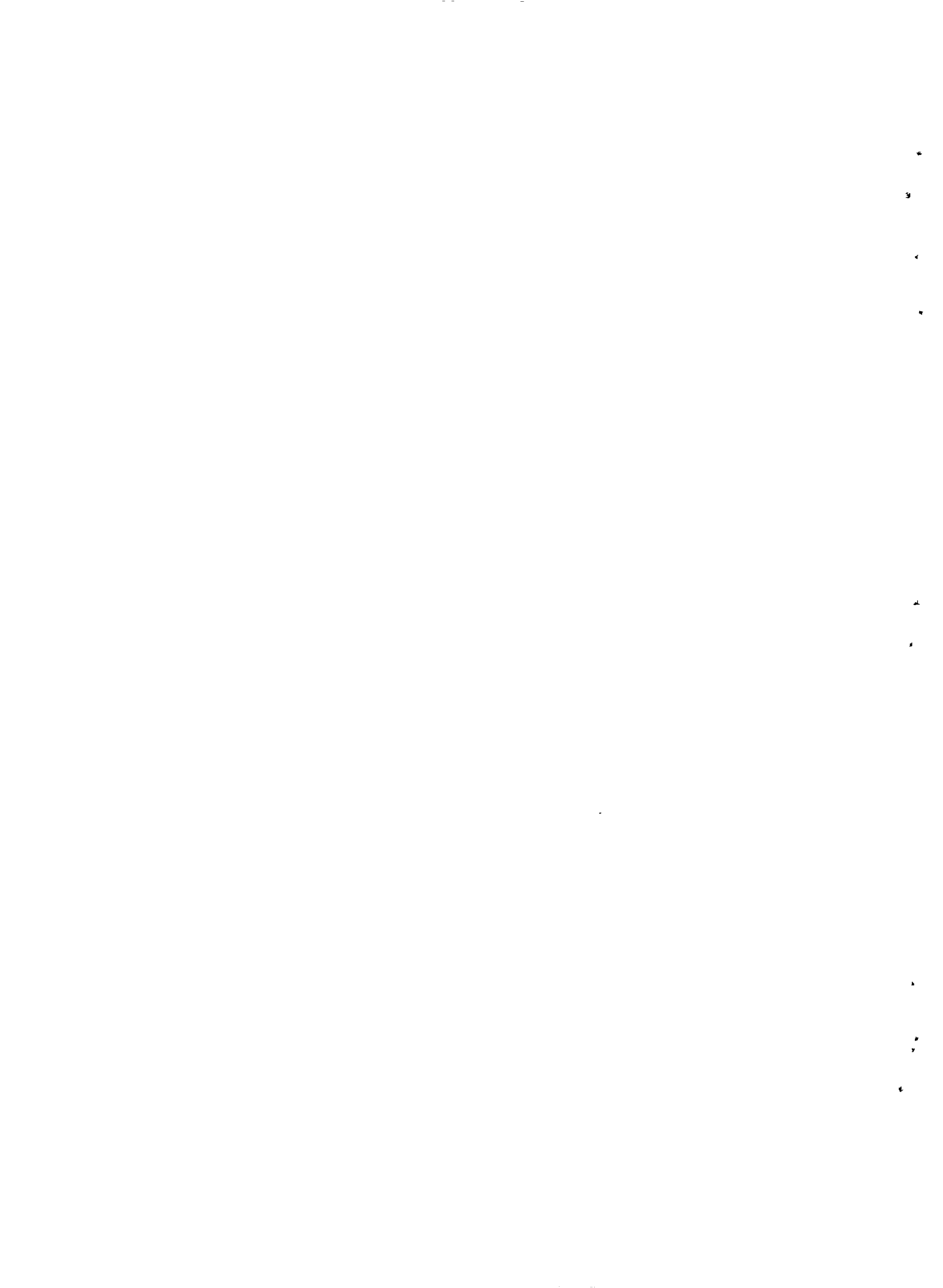
- i) Verify that the beneficiaries of the sub-project are poor subsistence farmers, and
- ii) Assess the number of farmers that will participate and benefit from the scheme

- **Community Participation**

- i) Assess the participation of the beneficiary community in the identification, design and implementation of the sub-project.
- ii) Verify the existence of sub-project Water User Committee with appropriate rules and regulations.

- **Community Contribution**

Verify contribution of the community towards the sub-project implementation. The beneficiaries should contribute at least 10% of the total cost of the sub-project in terms of local materials, labour and/or cash



B. Technical Criteria

- i) Verify and check the availability and adequacy of the following technical studies; (a) Topographic Survey; (b) Soil Survey; (c) Geophysical Survey; (d) Hydrological Study; (e) Agricultural study and establish a preliminary master plan of the watershed where the population requires an irrigation scheme in order to avoid duplicate use of water and competition between riparian communities for a limited resource.
- ii) Verify the need for design study and the availability of local consultants to conduct the study, and if design is provided with the request for finance, verify the adequacy of the study in light of the requirements for implementation.
- iii) Verify whether the roles and responsibilities of the different actors will be met
- iv) Verify the impact of the sub-project on the environment where there could be potentially negative effects; a plan needs to be established to avoid or mitigate such effects. Special attention needs to be given to:
 - a) potential for siltation;
 - b) soil loss, and
 - c) Spread of water borne diseases.
- v) Verify the availability of equipment and the capacity of implementing agency selected to manage sub-project implementation;
- vi) Verify the equipment requirement of the sub-project vis-à-vis (a) labour participation, giving high priority to labour based schemes; (b) capacity of local contractors.
- vii) Verify the equipment cost of the sub-project against the total cost. Equipment cost should not be more than 20% of the total sub-project cost; as much as possible the construction work should be done by manual labour.
- viii) Assess the maximum size of irrigable area vis-à-vis the unit cost for the sub-project
- ix) Assess and comment on the need and availability of qualified supervisor to effectively implement the sub-project.
- x) Verify the impact of the sub-project in the down stream communities

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C. Financial Criteria

- i) Check whether the estimated project cost is realistic, comprehensively assessed and in line with ESRDF sub-project costs; and
- ii) Verify the sources of all proposed financing commitment including the existence of signed agreements or their evidence

D. Economic Criteria

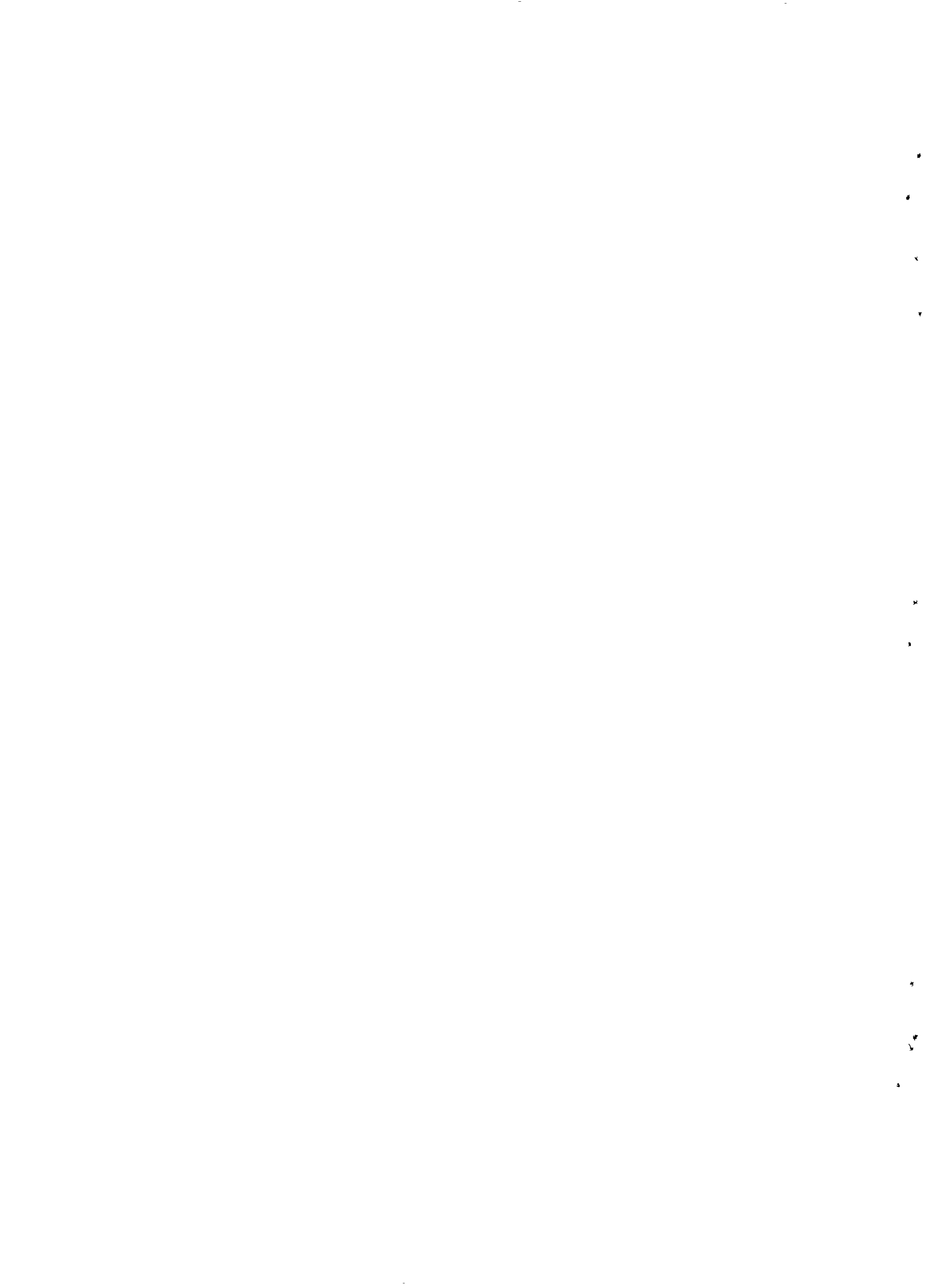
- i) Assess the economic viability of the sub-project taking into account both the measurable and unmeasurable effects of the sub-project;
- ii) Calculate the Economic Rate of Return of the sub-project. Where the sub-project cost is US\$200,000 or more, the ERR must be at least 12 percent, for the sub-project to be eligible for ESRDF financing
- iii) The community or farmer's committee should provide a plan of crops to be grown on the irrigated land, and expected yields for each crop; the project officer should determine the financial value of these anticipated yields based on average market prices, and the figures would be needed to calculate ERR

E. Sustainability Criteria

- i) Verify the participation of beneficiaries in sub-project implementation through their committees, and identify the need for training of beneficiaries for effective participation in the project implementation and future management and maintenance;
- ii) Verify the cost recovery plan, including user fees and other possibilities for self financing of operations and maintenance of the sub-project; verify that the user fees are acceptable and affordable to the users;
- iii) In the case of micro-dams, verify the commitment of the appropriate bureau to execute the major repairs and maintenance of the dam and to budget for the required costs.
- iv) Verify plans for periodic inspection of the scheme by specialists of the concerned bureau.

NOTE:- Appraisal report for the sub-project should include accurate information on the hectareage to be irrigated, the river or water source from which water will be abstracted, and the annual quantity of water abstraction.

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**PROJECT
PROPOSED FOR FUNDING**

Project Title : Titska Construction of Primary Village School
Requesting Community/Agency : Amhara Development Association(ADA)/Community
Project Location : Region 3 Zone, Northern Wello
Total Cost : Birr 193,157
Amount Recommended from ESRDF: Birr 177,060
Beneficiaries
Type : Children 7-16 of ages
Number : 219

Description of Project and Justifications:

The proposed project is to finance:

- Construction of two block with 4 classrooms
(the area of one block is 91 8m2)
- Construction of a vip latrine with six seats and a total area of 22.3m2
- provision of _____ chairs, tables , and 72 desks.

The project is designed to benefit 200 grade 1-4 pupils, teachers and their families at Titska primary school

The recurrent budget for staff salary and teaching materials will be met by the Regional Education Bureau and future minor maintenance will be the responsibility of the surrounding community, and the community will assume its responsibility through its School Committee.

The community will provide river sand, stones, wood and free unskilled labour.

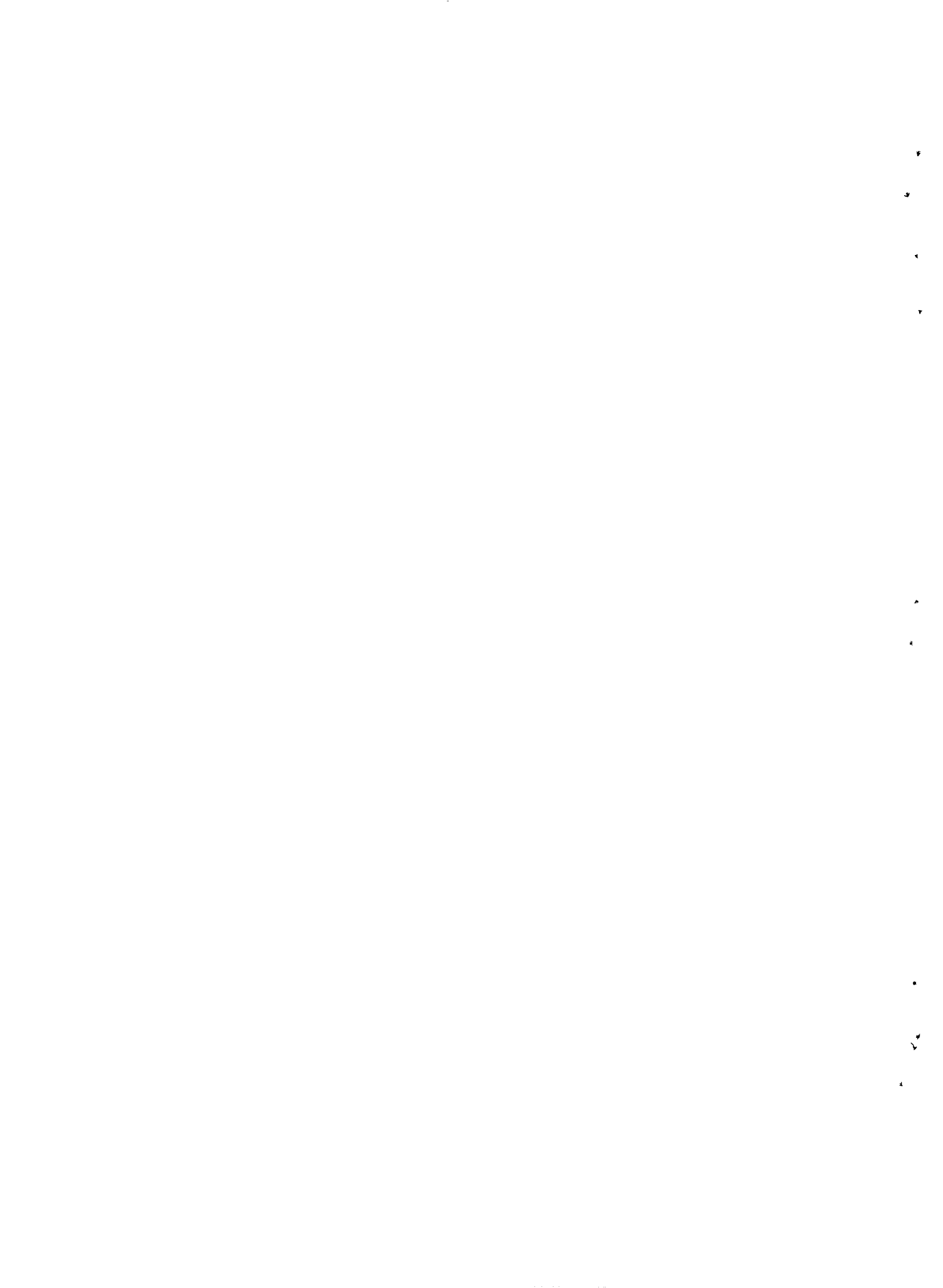
Recommendations: Proposal Recommended for Funding by ESRF

	Approved
Regional Steering Committee Endorsement	Yes [] No []

	Deferred [] Reformulation []
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Signature of the Secretary _____

Date / / /



Sample

ANNEX IV: FINANCING AGREEMENT WITH AN IMPLEMENTING AGENCY

Ethiopian Social Rehabilitation & Development Fund (ESRDF)

P.O. Box:

Region:

Tel:

Ref

Date:

The project chair person:

Dear Sir/Madam

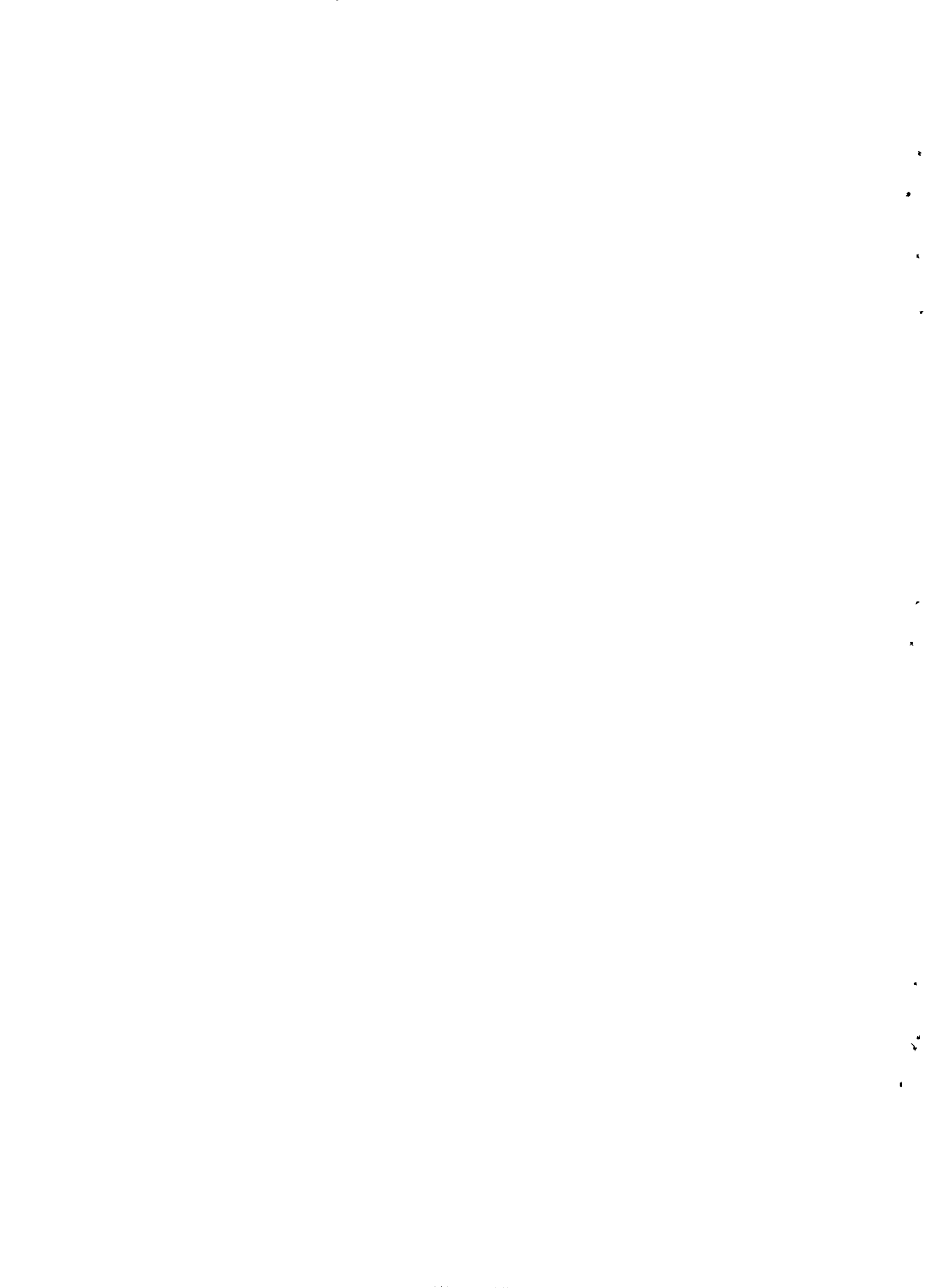
ESRDF - Approval of project / Title/ No. _____

We are pleased to inform that your project " _____ " has been approved for funding through a grant of Birr _____ towards the following agreed works/targets:

-
-
-
-
-
-

As per the attached financing agreement we require the following conditions to be fulfilled before disbursement of funds can start.

1. A project committee must be appointed with a chairperson, a secretary and a treasurer. An official list of the committee members must be sent immediately to this office.
2. A separate bank account must be opened with the nearest possible Commercial Bank of Ethiopia. The bank account name must be identified. As soon as the account is opened, you must communicate it to this office in writing, indicating its number the name of the bank, its location and the names of the agreed signatories
3. The committee must carefully read the financing agreement attached here to. All copies should be signed by all parties to the agreement. One copy should be retained by you, and one should be returned to this office immediately upon signature.



4. A work programme, agreed physical targets, (including plan), approved budget are also attached as part of the financing agreement.

The above documents should reach the office by hand or registered mail within _____
___ from the date of this letter at the latest

Once the above conditions are met, this office will deposit the first tranche into the project account.

Yours Sincerely,

Regional Manager

- CC: Respective Line Regional/ Zonal/ Woreda Bureau
- CC: ESRDF's respective Regional Project Officer
- CC: Zonal/ Woreda Administrative Office

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Location _____

Work to be performed _____

Agreement No _____

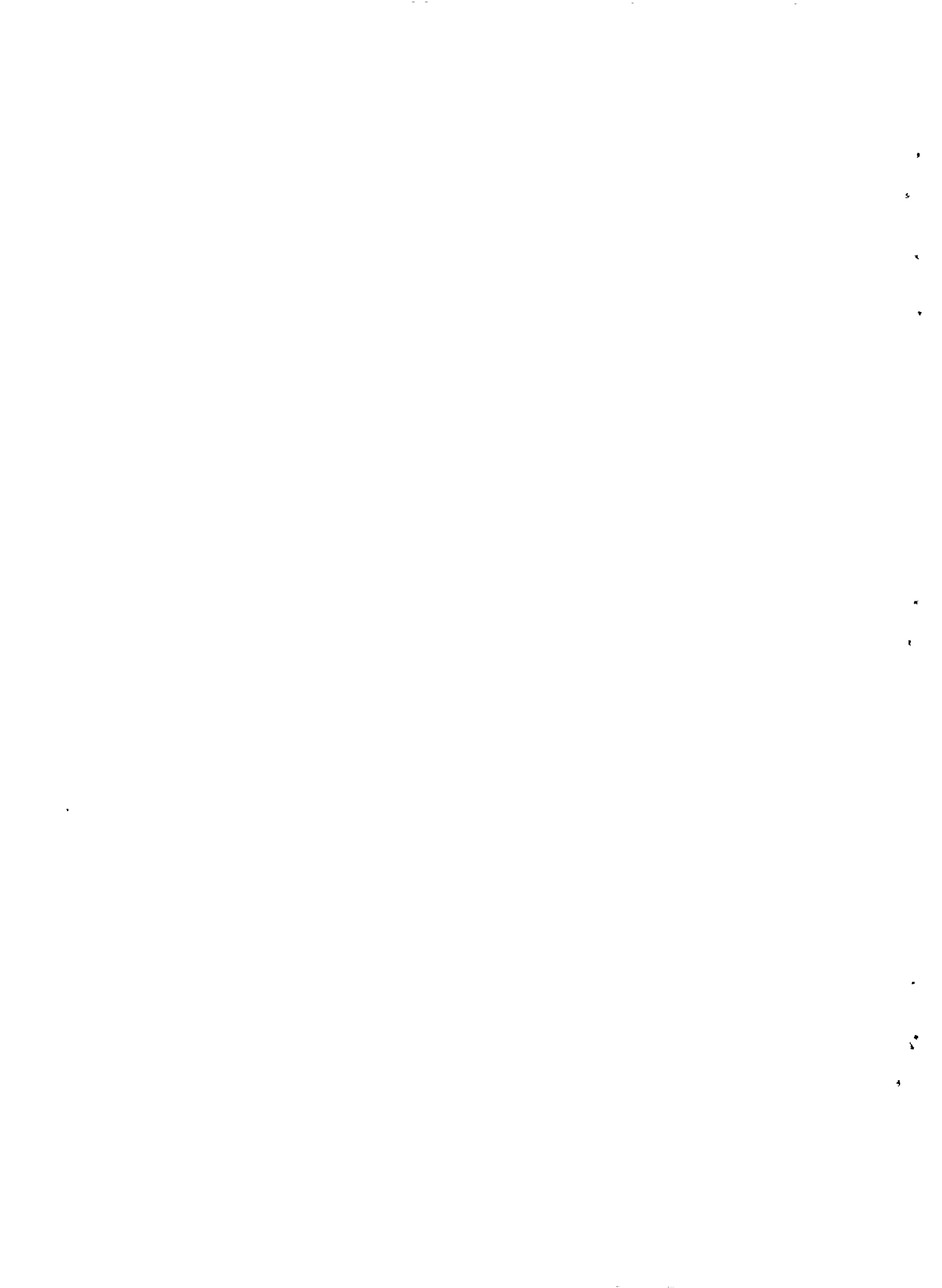
This agreement has been made and entered into on this date, _____ at _____ by and between the Ethiopian Social Rehabilitation and Development Fund herein after referred to as the FUND on the one part, and _____ hereinafter referred to as the IMPLEMENTING AGENCY, on the other part.

Whereas the FUND has been established to support community-based projects designed to provide the poor, the assets and services to improve their economic and social standards and reduce dependency on relief assistance, and whereas _____ having identified its need for _____ in _____ zone _____woreda _____ kebele/town has requested for the support of the FUND, the two parties have now and hereby agreed as follows.

Article 1: Description of the Work

The work includes the following.

- 1.1 _____
- 1.2 _____
- 1.3 _____
- 1.4 _____



Article 2: Total Cost of the Work

2.1 Total project cost: Birr _____

• ESRDF: Birr _____

• Total Others: Birr _____

• Implementing agency Birr _____

• Community: Birr _____

2.2 While the total cost of the work is as indicated in sub-article 3.1, it covers the cost of labour, cost of construction materials and equipment. The two parties can provide their respective shares of the cost in terms of materials, and equipment as per the specifications and list of materials and also in terms of labour input as necessary.

2.3 The total cost of the work, as indicated in sub-article 3.1, is based on the engineer's estimate of labour costs and the market prices of materials and equipments prevailing at the time of signing this agreement. The actual cost of the work, however, will be determined by the total actual payments for labour and materials as evidenced by the payment receipts upon completion of the work.

2.4 When the total cost indicated in sub-article 3.1 is expected to rise more than 10% these should be reviewed and approved by the Fund and the total cost will be adjusted accordingly.

2.5 When the expected increase from the original budget is more than 30%, the Fund may suspend the work as and when necessary to have the situation reviewed by its own expert or outside consultant, and based on the findings, it shall have a right to give a decision, upto the cancellation of the agreement.

Article 3: Responsibilities of Implementing Agency/ies

3.1 Shall open a bank account in the name of the work with _____ branch as soon as this agreement has been signed and shall provide the bank account number to the Fund.

3.2 Shall supervise and monitor all the works described in this Agreement from the beginning to the end to the satisfaction of the Fund.

3.3 Using the fund allocated to the purpose, can purchase the Fund's share of supplies in case when notified in writing by the Fund that it cannot furnish them.



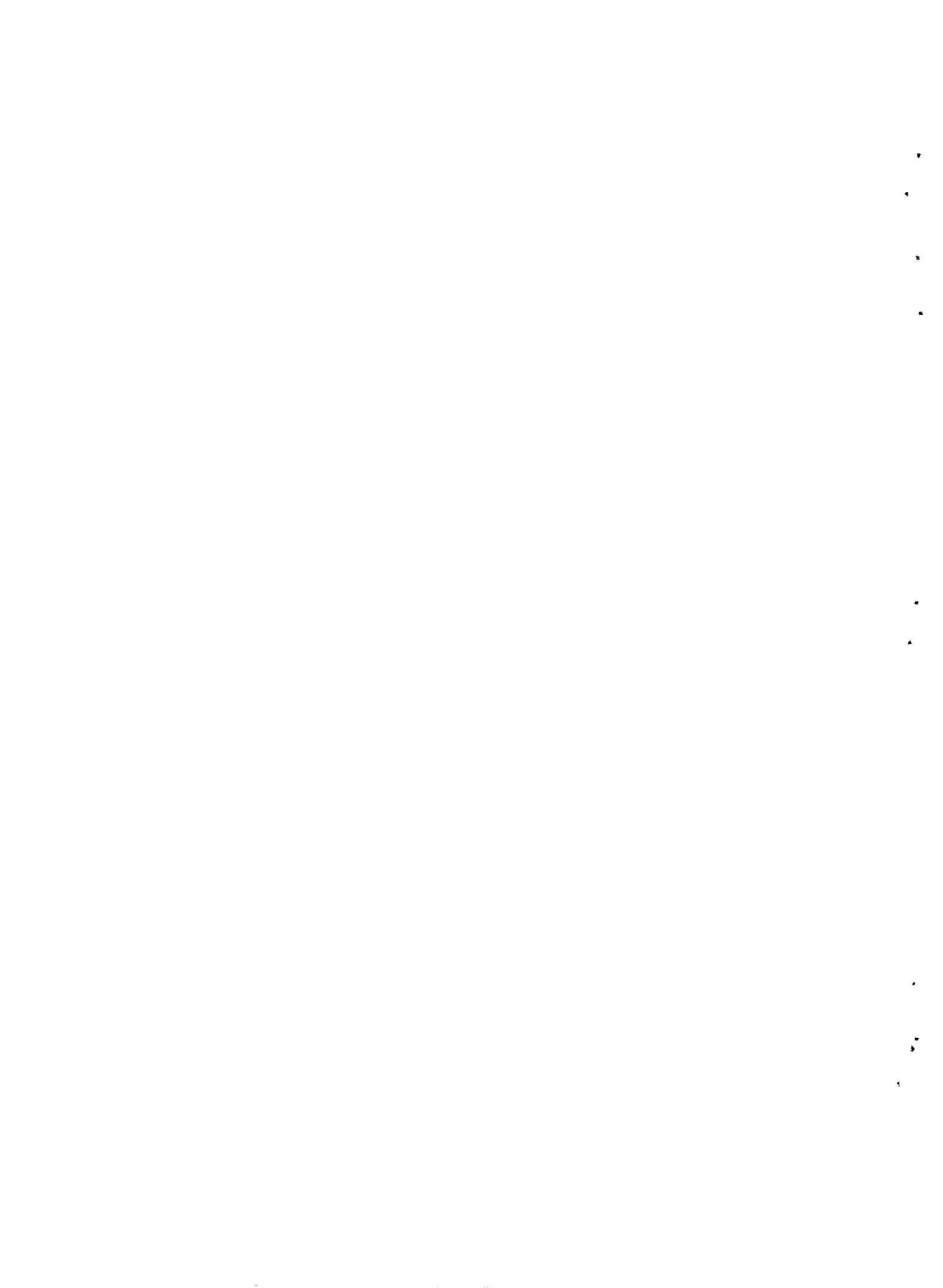
- 3.4 Shall contract the works described in this Agreement to contractors who are properly licensed and meet the conditional requirements of the Ministry of Works and Urban Development or other appropriate government organizations. The Fund shall be involved in the bid process and approval of the bid award.
- 3.5. When it is proved that the work could not be contracted as in sub-article 5.1.4 above, sub-contracting of local bidders (mason, carpenter, etc.) for specified portion of the work on basis of piece rate shall be possible if they have the proper experience.
- 3.6. When it is found necessary to procure and supply construction materials for the eligible local bidder, procurement conducted within or outside the project area shall be carried out by obtaining proforma invoices from three different vendors and purchase the materials from the vendor that provides the best offer.
- 3.7. Shall not be permitted to purchase materials and effect payment to activities not included in this agreement.
- 3.8. Shall provide to the concerned staff of the Fund or to the designated supervisor any information requested regarding the progress of the work, and it shall provide monthly and final physical and financial progress reports on the work with forms to be provided by the Fund.

Article : 4 Responsibilities of the Beneficiary Community

Commitments of the Community will be carried out through the committee, and will be responsible for the following duties:

- 4.2.1 To participate with _____ to decide on a favourable time to start the work.
- 4.2.2 To organize the delivery to the site of local materials and other community commitments on time These includes:

	<u>Item</u>	<u>Estimate (Birr)</u>
a)	_____	_____
b)	_____	_____
c)	_____	_____
d)	_____	_____
e)	_____	_____



Article 5: Responsibilities of the FUND

- 5.1. The Fund as specified in sub-article 4.4 shall deposit the first tranche of Birr _____ in the bank account opened in the name of the work.
- 5.2. The Fund has the full right of advancing payments either through the bank account opened in the name of the work, or directly pay to the concerned eligible payee, the contractor when notified to do so by the implementing agency and endorsed by the appropriate project officer.
- 5.3. The FUND will monitor and supervise the execution of the work through its concerned project officer or designated supervisor.

Article 6: Disbursement of Project Fund

- 6.1 The two parties shall deposit into the _____ branch bank account opened in the name of the project their respective monetary contribution to the cost of the work.
- 6.2 The concerned body responsible for opening the project bank account shall notify in writing the name and code number of the bank account, the names and addresses of those who will jointly operate the bank account.
- 6.3 When either party to this agreement wishes to change the bank signatories, the other party should be notified in writing and when both parties agree, the bank signatories can be replaced by others.
- 6.4 The first tranche of the Fund's payment of Birr _____ will be deposited in the bank account opened in the name of the work upon fulfillment of agreed conditions.
- 6.5. The second and subsequent payments shall be effected when the following conditions are met:
 - a) Utilization of at least 50% of the previous tranche and receipt of written request from the Implementing Agency to the regional Fund office stating the intended use of the fund consistent with the terms of the Agreement;
 - b) Receipt of an up-to-date physical and financial progress report with supporting expenditure receipts and other documents; and



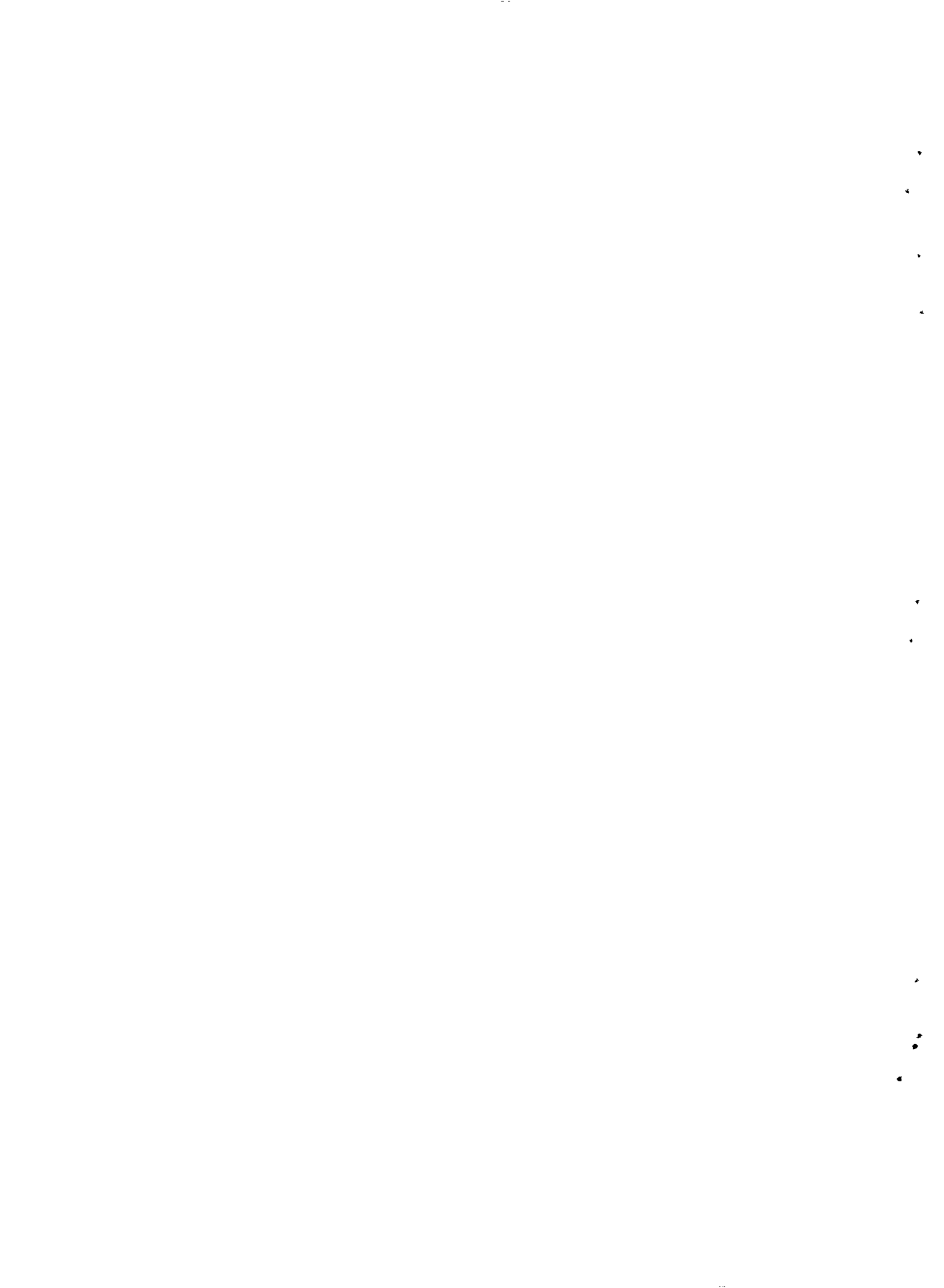
- c) The project officer or assigned supervisor supports the request by reviewing the expenditure with the work done and when the Sub-unit recommends the requested payment to the Fund's Management Unit..

Article 7: Completion Time and Acceptance of the Work

- 7.1 The period in which the work is to be completed shall be _____ from the date of signing this Agreement.
- 7.2 Upon completion of the work, acceptance will be effected in the presence of the two parties and others concerned. If the work has been executed by a contractor as per article 5.1.14, the work will be reviewed and if found satisfactory, provisional acceptance will be effected and final payment made, retaining 5% of the cost. When after one year the work has been found to be satisfactory, a final acceptance will be effected in the presence of all concerned and the 5% retention will be released to the contractor
- 7.3. If the work is not completed within the period specified in sub-article 7.1, and if the reasons are due to:
 - a) additional works agreed by the two parties,
 - b) conditions beyond the control of the Implementing Agency and acceptable to the Fund,
 - c) suspension of the work by the Fund as per sub-article 8.1, the completion time specified in sub-article 7.1 can be extended on mutual consent of the two parties. Otherwise sub-article 7.1 will be implemented.

Article 8: Termination of the Contract

- 8.1. The Fund can stop and suspend the work when it becomes evident that the Implementing Agency is not performing its work satisfactorily as per the terms of the Agreement and can demand the reimbursement of all its advance payments.
- 8.2 The Fund has the right to claim the reimbursement of all its payments in full if the Implementing Agency cancels this Agreement without any reason.



Article 9: Applicable Law

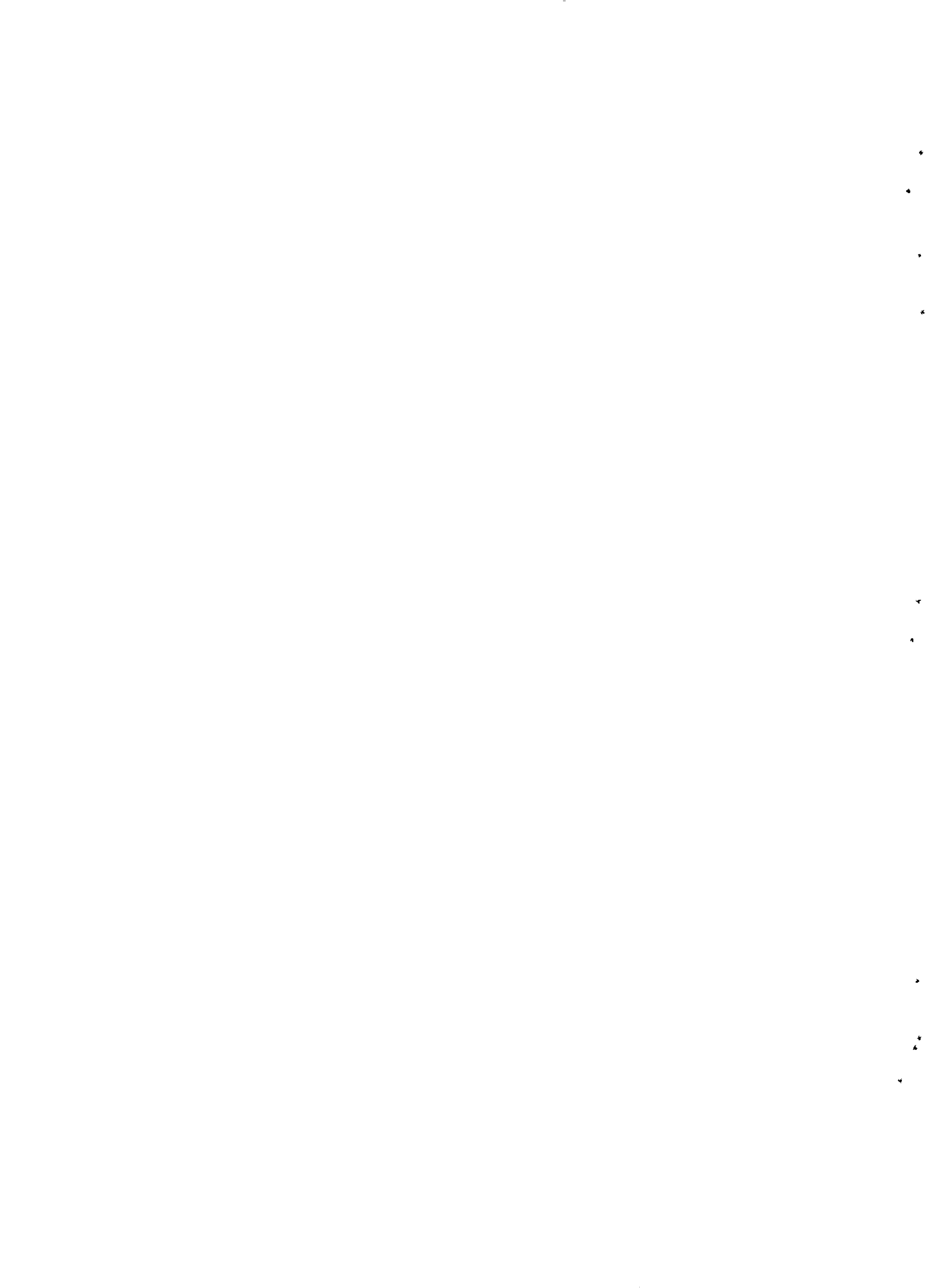
- 9.1 This Agreement shall be made to be an administrative contract as that term is defined under the Civil Code of Ethiopia, 1960 E.C.
- 9.2 This Agreement can be changed or cancelled by the mutual consent of the two parties.

Article 10 : Resolution of Disputes

- 10.1. The Fund and the Implementing agency shall make every effort to resolve amicably by direct informal negotiation any disagreement or dispute arising between them under or in connection with the contract
- 10.2. If, after ___ days from the commencement of such informal negotiations, the two parties have been unable to resolve amicably a contract dispute, either party may require that the dispute be referred for resolution to the formal mechanisms as indicated under Article 9.1.

Article 11: Documents Forming an Integral part of This Agreement

- a General description of the project
- b List of construction materials & cost estimate
- c. List of equipment and cost estimates
- d. Priced bill of quantities
- e. Plan and Design
- f. Work Programme.



In witness whereof the parties thereto have affixed hereunder their signatures.

1) Agreed on behalf of the Fund

2) Agreed on behalf of the Implementing Agency

Name _____

a) Name _____

Title _____

Title _____

Signature _____

Signature _____

b) Agreed on behalf of the Beneficiaries Committee

1. _____

2. _____

3. _____



Indicate project implementation period using the cornogram by type of activity

No.	Major activities	Months									
		1	2	3	4	5	6	7	8	9	10
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Project Budget Summary Sheet

1 Construction Materials Required

No	Item	Unit	Quantity	Unit Price (Birr)	Total cost (Birr)	Amount requested from ESRDF	Community contribution (Birr)	Other contribution	Source of Supply List place where it will be bought
1									
2									
3									
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2. Labour Requirement

S No.	Type of Work	No of Workers Required	No. of person/days Required	Wage Per Day	Source of Finance ESRDF, Community, Other,	Indicate Location from which Labour Will Come
Total						





4. Equipment, Furniture and Other Expenses

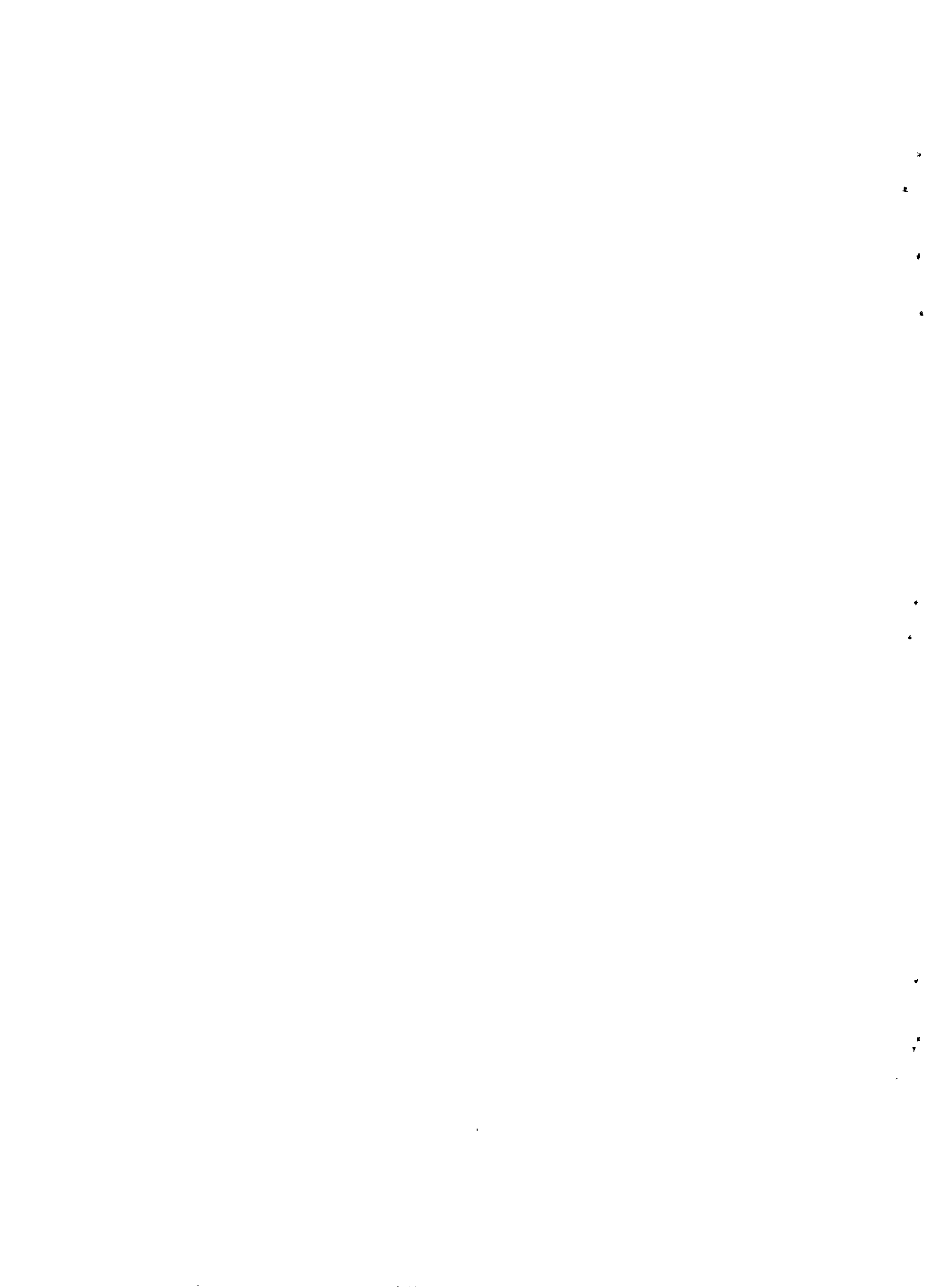
Item	Unit	Quantity	Total Cost	Source of Fund			Source of Supply
				ESRDF	Commu.	Other	
Total Cost							

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ANNEX V: CRITERIA APPLYING TO IMPLEMENTING AGENCIES**1. Implementing Agencies**

These are the partners: such as NGOs', local branches of line ministries or community organizations which have the capacity and competence to act as sub-project holders and ensure that a sub-project funded by the Fund is properly carried out. Beneficiaries may have the ability to apply directly to the ESRDF, become the sub-project holders, and implement the proposed programme without help. But given the nature of the target groups, it is envisaged that many sub-projects will require help in implementation from an organization with greater technical and management experience than possessed by the beneficiaries. In selecting the implementing agency, preference should be given to those indigenous agencies based in the locality in question, but in assessing the suitability of the potential partners, the following questions must be asked.

- What is the status of the organization? Is it properly registered with Government? Can it be held legally accountable?
- Does it have required technical and organizational experience? (It should have at least one year's experience in an appropriate field)
- Does it have credibility with the beneficiary groups it intends to work with in implementing the sub-project?
- Does it have a competent and motivated staff?
 - * adequate administrative and organizational capacity to enable it to meet the operational and reporting requirements of the ESRDF;
 - * satisfactory accounting systems; and
 - * the ability to properly supervise and assist the beneficiaries to make a success of the sub-project.
- Is it committed to work directly with the community ensuring the participation of the CPC and other key community beneficiaries?
- Is it sensitive to environmental, gender and sustainability issues?
- Is it committed to build the capacity of the community to take over responsibility in the future?

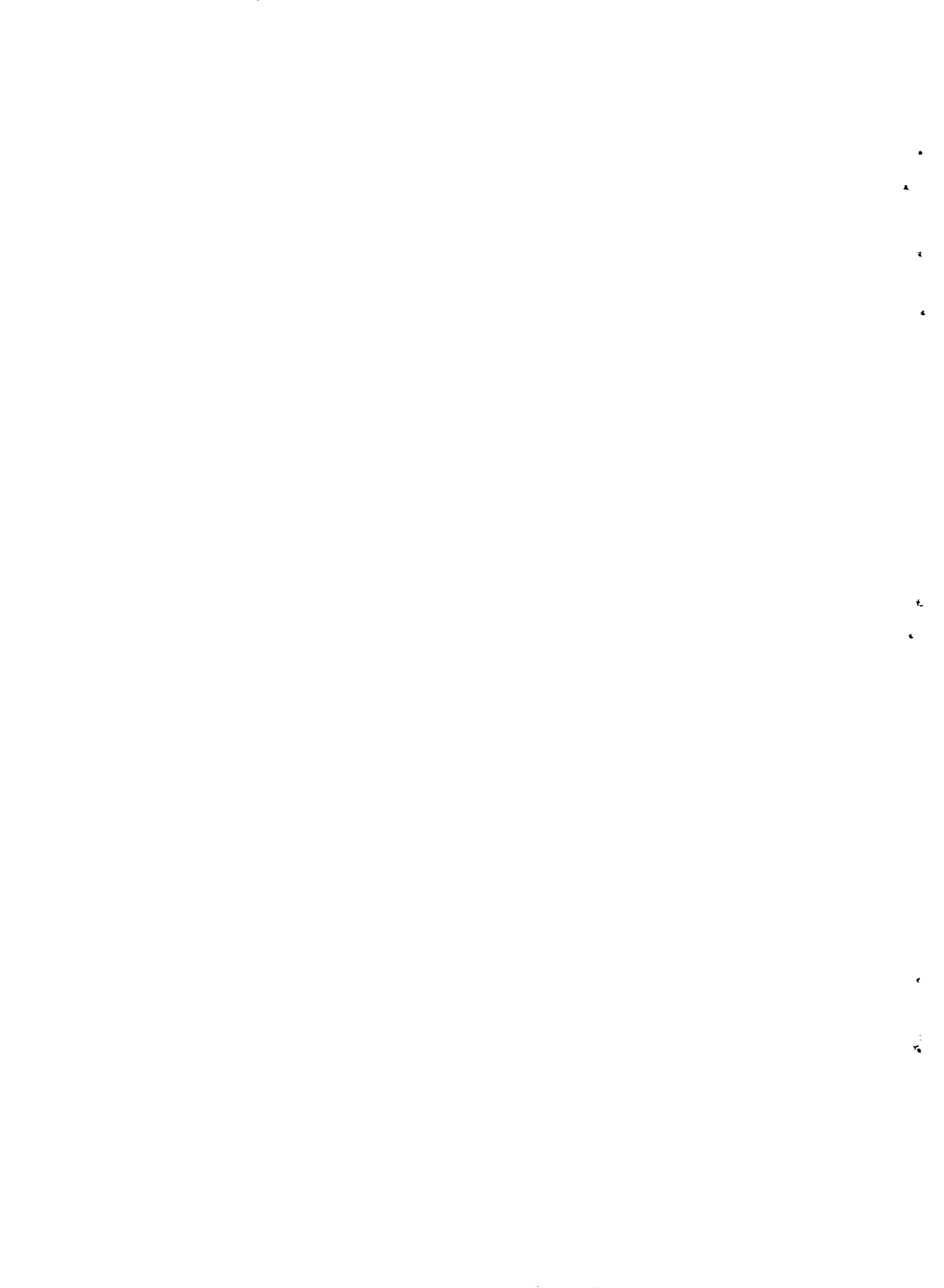


2. The Contractor or Supplier of Goods and Services

These include: the building contractor, the transporter, the trainers, the supplier of materials, the consultant engaged to do a technical or feasibility study, etc. Where possible, preference should be given to local consultants, organizations, or firms where the prices, service, and goods offered are reasonably competitive (See Chapter 12 for Procurement and Contractual Procedures)

The following questions must be asked in determining the capabilities of the firms in question:

- Does the consultant, organization, or firm have a good track record with other agencies which have used their services?
- Does it have the administrative and organizational capacity to meet the deadlines and contractual requirements of the ESRDF? In the case of a contractor in charge of a construction sub-project, is the site supervision proposed constant and of a satisfactory quality?
- Does it have the right technical expertise and experience required?
- Does it have the equipment needed, or access to such equipment and the resources to lease it?
- Can it be held legally accountable?
- Is the contractor sensitive to environmental, gender, and sustainability issues?



Annex VI: *Monthly Progress Report of Implementing Agency*

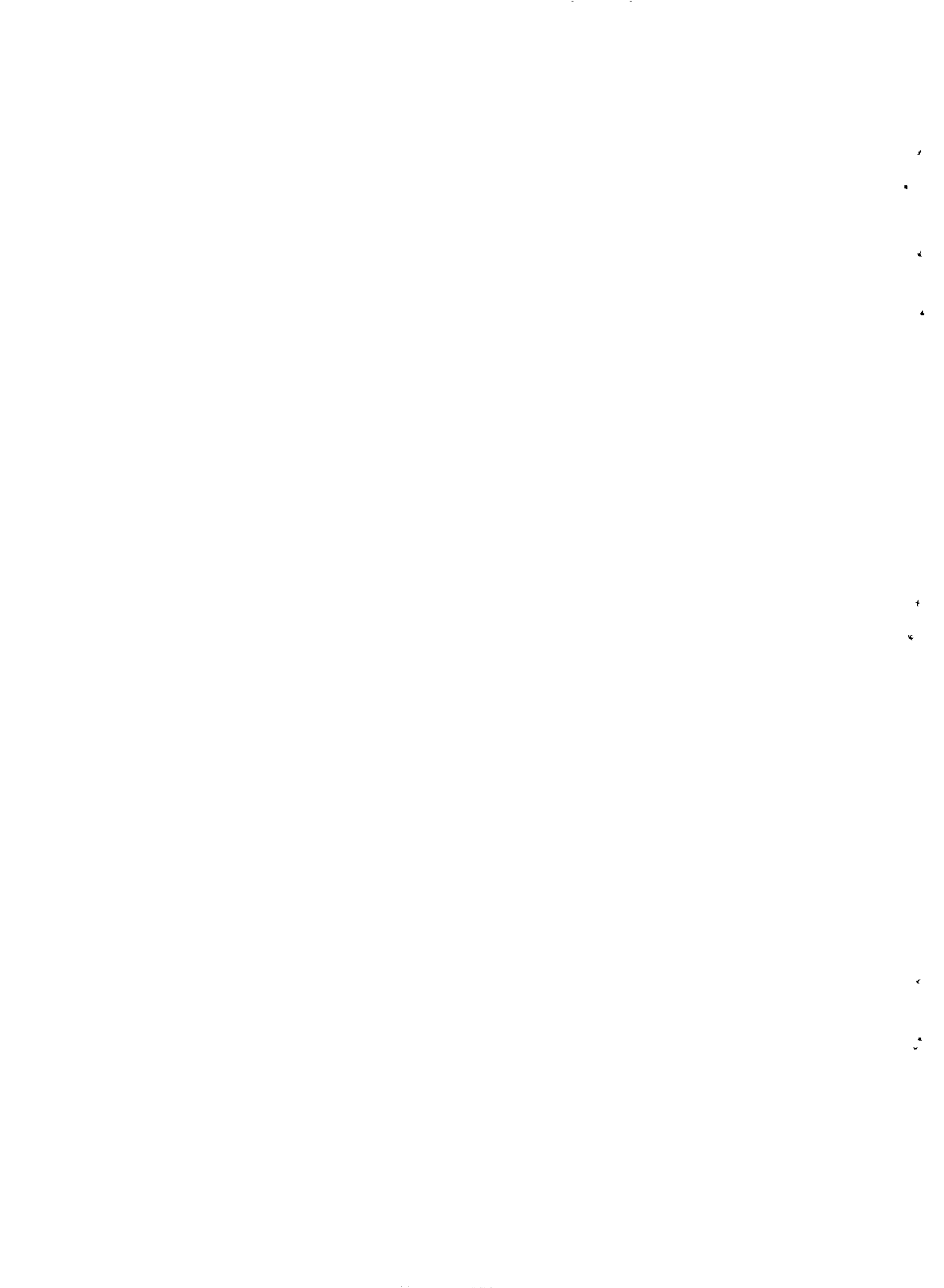
Date: _____

1. Name of Project: _____
 2. Location, Region _____, Zone _____ Woreda _____, Kebele _____
 3. Total Project Cost: Birr _____
 - 3.1 ESRF's Contribution Birr _____
 - 3.2 Community's " " _____, others: Birr _____
 4. Implementing Agency _____
 5. Implementation Period from _____ to _____
- A. *Summary of Work Execution:*

No	Work Description	Progress to date % Completed

B. Summary of Expenditure

1. Purchase of Construction Materials,	Birr.....
2. Purchase of Equipment and Furniture,	Birr.....
3. Payment of Transport/Fuel, etc.,	Birr.....
4. Payments of Labour,	Birr.....
5. Other expenses,	Birr.....
Total Expenditure at	Birr.....



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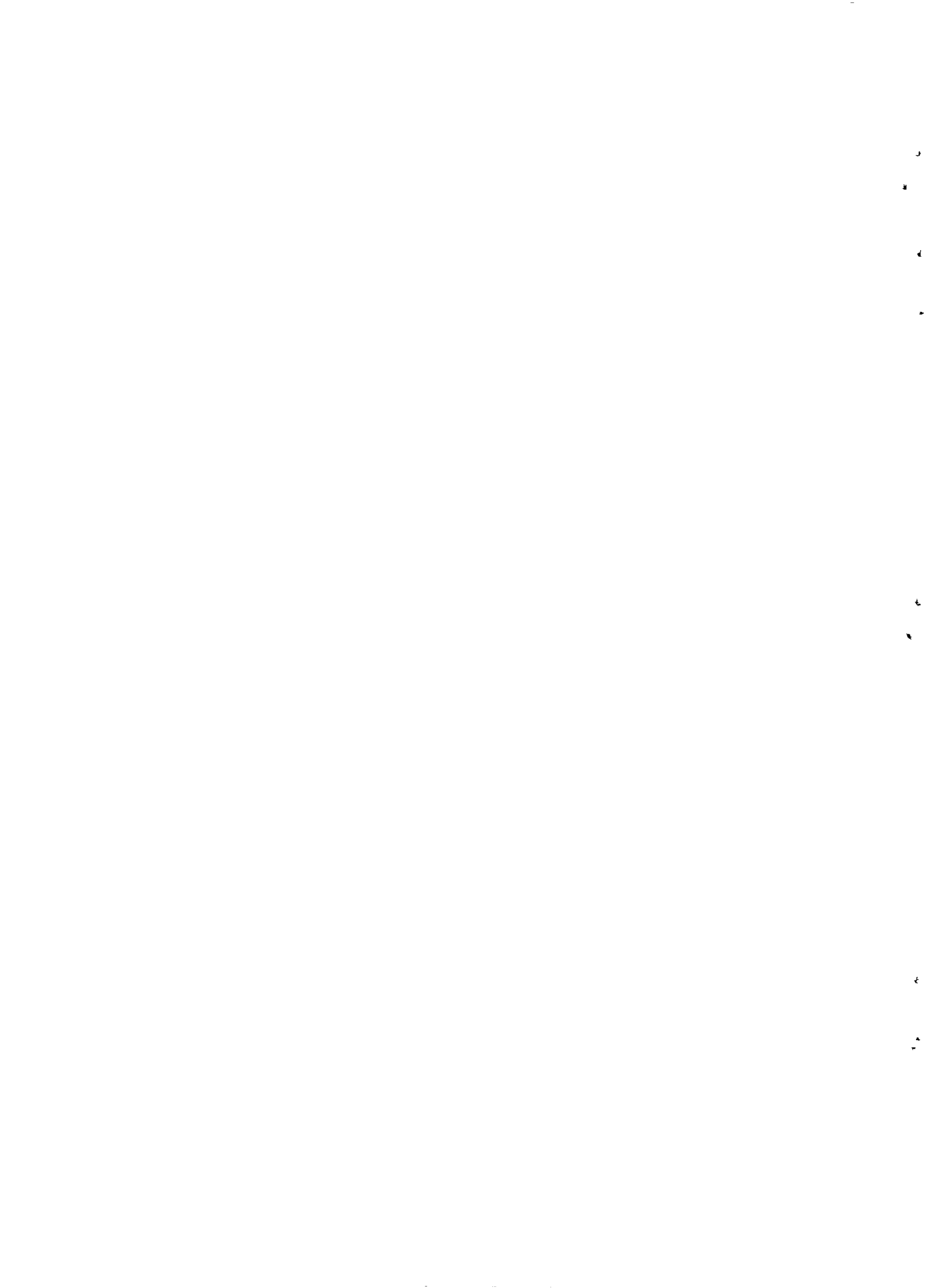
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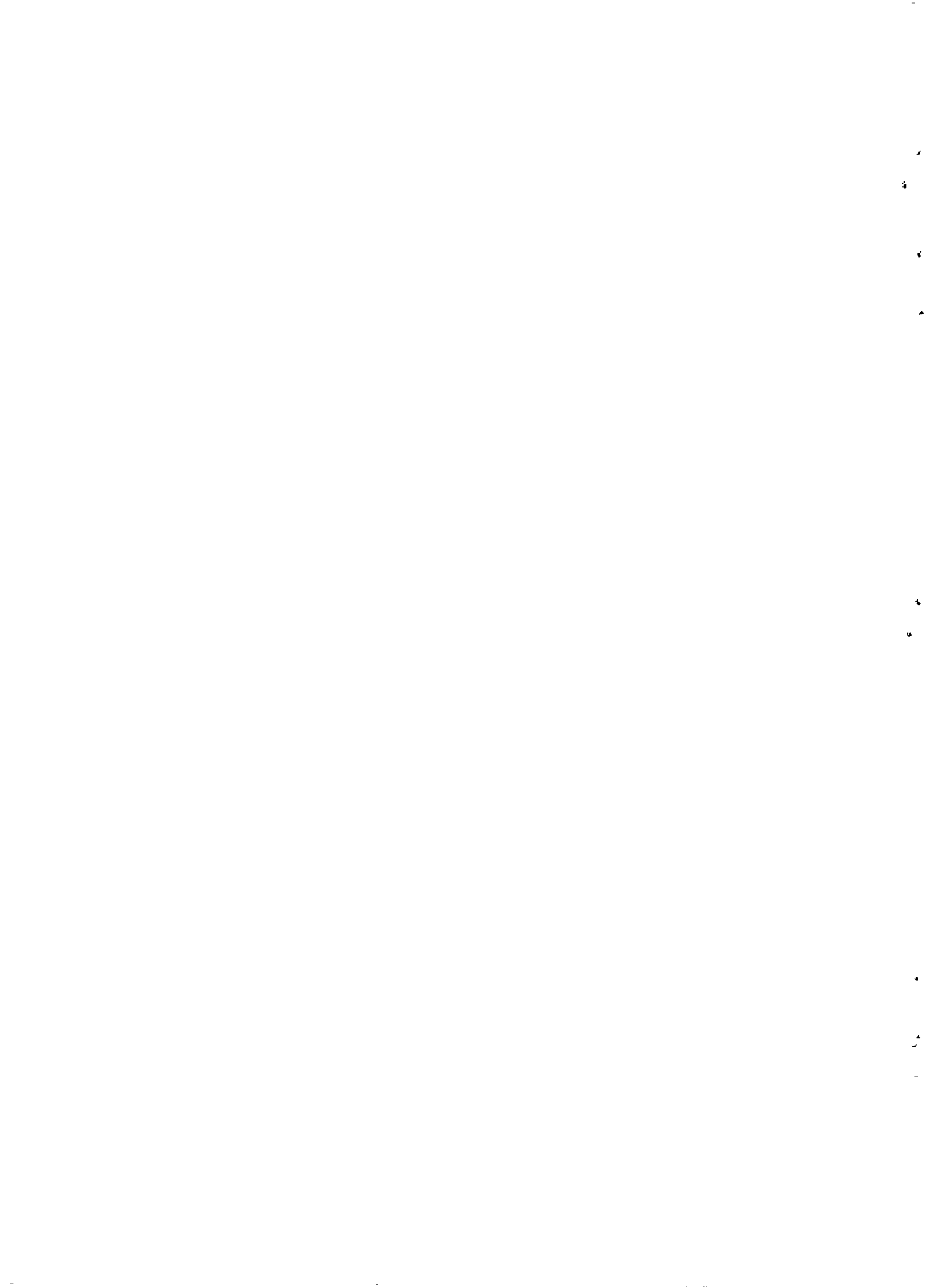
2. *Purchase of Equipment and Furniture (attach Proformas & receipts)*

<i>Receipt No</i>	<i>Equipment and Furniture Bought</i>	<i>Amount Spent</i>		
		<i>Unit</i>	<i>Bought Quantities</i>	<i>Birr</i>

3. *Payment of Labour (attach receipts)*

<i>Receipt No.</i>	<i>Worker Paid</i>	<i>Type of Work</i>	<i>No. of Working Days</i>	<i>Amount Paid (Birr)</i>





5. Problems encountered during the reporting period

6. Measures taken/to be taken

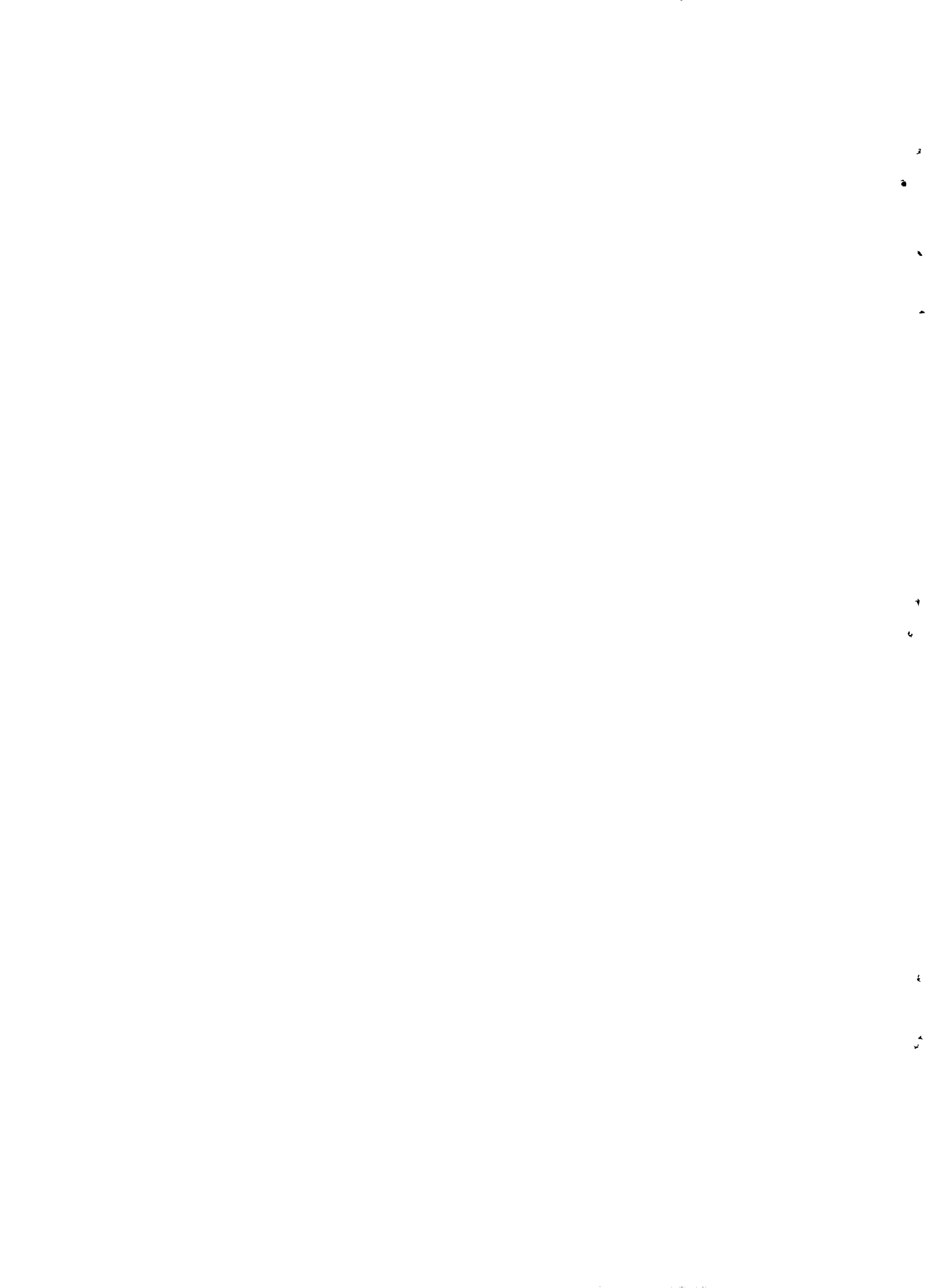
7. Planned activities for the coming reporting period

*Project Chairman or
Secretary*

Project Treasurer

Name: _____
Signature: _____
Date _____

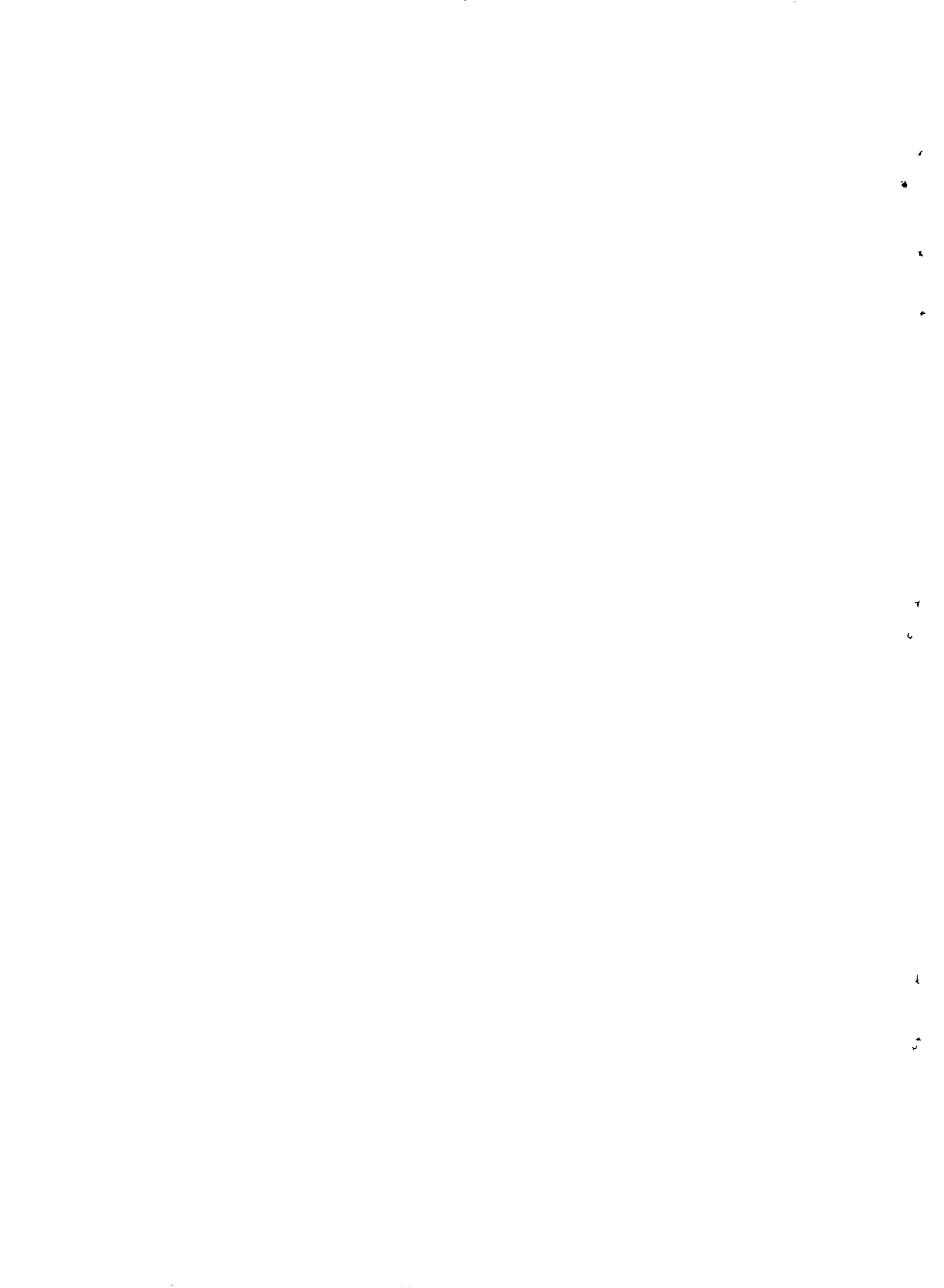
Name: _____
Signature _____
Date _____

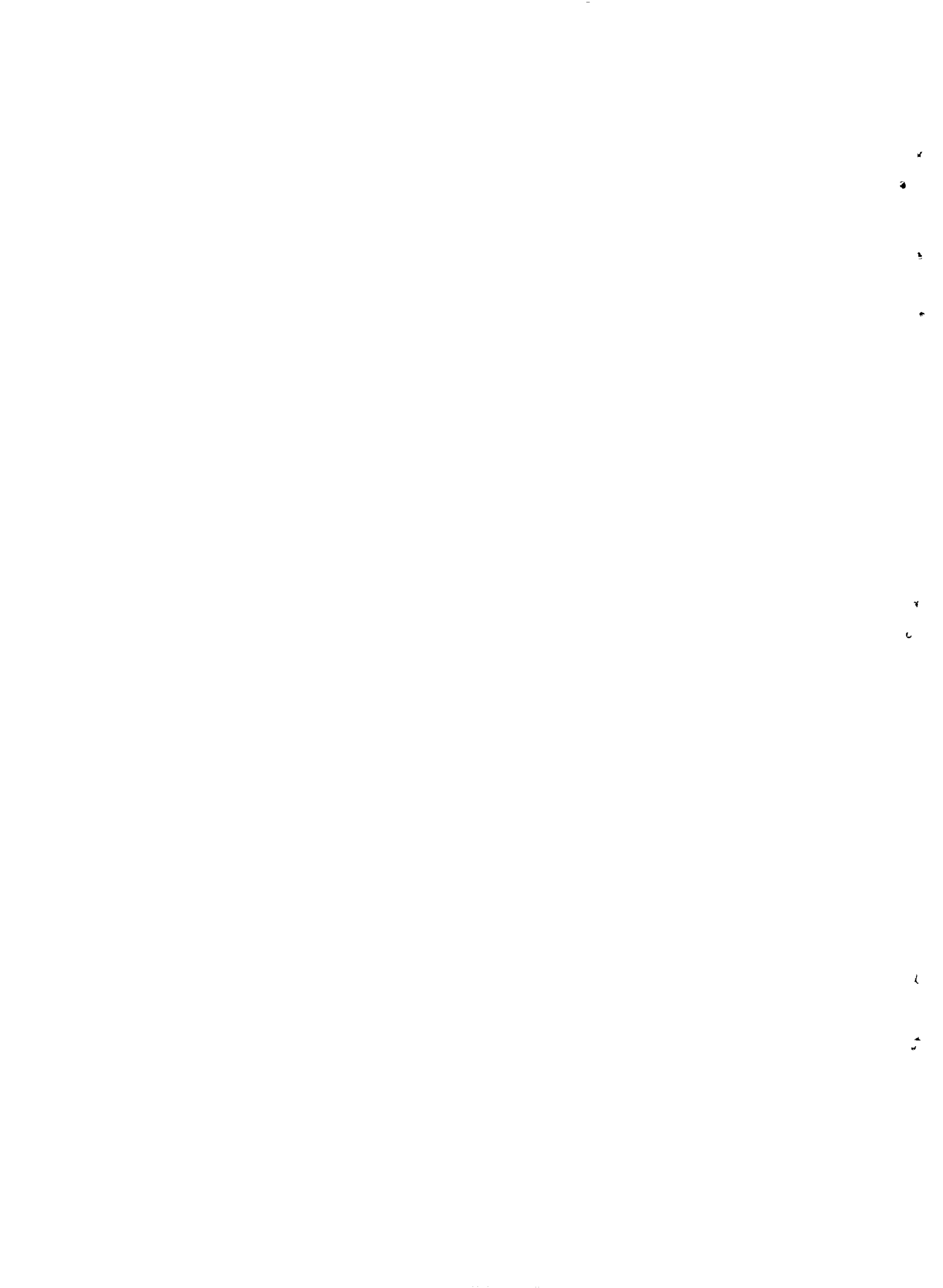


ETHIOPIAN SOCIAL REHABILITATION AND DEVELOPMENT FUND

**ANNEX VII : Project Visit Monitoring Form
(to be filled by ESRDF Project Officer)**

- 1 Project Financing File No _____
- 2 Name of Project . _____
3. Date of Visit. _____
4. Number of adhoc visits made since the last regular visit _____





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5.3 Assess the quality of work performed as “ Good”, “Fair”, or “Poor”

6. Have materials and labour actually been purchased and delivered to the project as per the procurement procedures stated in the financing agreement

Yes No

If not, explain :

7 Do the materials and labour supplied confirm with original budget?

Yes No

If not, explain :

8. Assessment of project management

8.1 Have the Project funds been used as budgeted?

Yes No

If not, explain .

8.2 Is the project on schedule?

8.3 Identify reasons for delays :

9. Has the community contribution as detailed in the FA been provided (in the required time, quantity, and quality)? If not, explain:

10. Has the PC and/or the IA kept accurate financial records? If not, explain

11. Any other observations:

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12. Overall assessment

12.1 Summary of findings: _____

12.2 Recommendations: (for corrective action; further release of funds; other)

Signature : _____

Name : _____

Position. _____

Comments by the Head of Department:

Signature . _____

Date: _____

Comments of Regional Manager.

Signature : _____

Date : _____

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**ANNEX VIII (A)
Ethiopian Social Rehabilitation and Development Fund**

Monthly Summary of Projects Approved for Funding

Region: _____

Date : _____

Item No	Project Title	Project Category	Location			Date of Approval	Implementing Agency		Beneficiaries	
			Zone	Woreda	Kebele		Name	Type*	Type	No

*Specify type as
 (1) Community organizations such as Community Project Communities(CPC), Village Associations, Traditional Community Organizations, Civic Organizations (Women, Youth, Peasant, Urban Dwellers, etc)
 (2) NGO- Local (3) NGO- International (4) NGO-Church (5) Government Organizations and Government administrations (woreda, zonal and regional)

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Annex VI II(D)

**Ethiopian Social Rehabilitation and Development Fund
Monthly Summary of Financial Progress**

Region : _____

Date : _____

Item No.	Project Title	Total Cost	Commitment by Source			Amount Advanced todate by ESRDF	Expenditure todate		
			ESRDF	Community	Other		ESRDF	Communit y	Other
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)

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