COMMUNITY-LED ACCELERATED WASH (COWASH IV)



GENERIC CMP INVESTMENT FUND MANAGEMENT GUIDELINE FOR COMMUNITY WATER SCHEMES USING MICRO FINANCE INSTITUTIONS (MFIS)

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ACRONYMS

BoF	Bureau of Finance
BoW	Bureau of Water
CDF	Community Development Fund
CLTSH	Community - Led Total Sanitation & Hygiene
CMP	Community Managed Projects
CBE	Commercial Bank of Ethiopia
COWASH	Community-Led Accelerated WaSH in Ethiopia
DSA	Daily Subsistence Allowance
FI	Financial Intermediary
GoE	Government of Ethiopia
GoF	Government of Finland
GTP	Growth and Transformation Plan
HDW	Hand Dug Well
ICE	Information, Communication & Education
KWT	Kebele WaSH Team
MFA	Ministry of Foreign Affairs of Finland
MFIs	Micro Finance Institutions
MoF	Ministry of Finance
RP	Rope Pump
RPS	Rural Piped Schemes
RSU	Regional Support Unit
RWTT	Regional wash Technical Team

Acronyms (Continued)

SPD	Spring Development
SW	Shallow Well
UAP	Universal Access Plan
WASHCO	Water, Sanitation and Sanitation Committee
WASHCOs	Water, Sanitation and Hygiene Committees
WaSH	Water, Sanitation and Hygiene
WAT	Woreda Appraisal Team
WIF	WaSH Implementation Framework
WoH	Woreda Office of Health
WoW	Woreda Office of Water
WMP	Woreda Managed Projects
WWT	Woreda WaSH Team
USD	United States Dollar

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1 INTRODUCTION

The WaSH Implementation Framework (WIF) introduces the Community Managed Projects (CMP) approach, pioneered and developed in Amhara and Benishangul-Gumuz Regions. In the WIF the CMP is being mainstreamed into the National WaSH Program (WaSH GTP/UAP) for its wider application. The major features of the CMP Approach are:

- **Fund Transfer:** The unique and innovative feature of the CMP approach is that funds for the physical construction of water schemes are transferred directly to the community through a micro credit institution.
- **Community Financial Management:** The communities, through water and sanitation committees (WASHCOs), are responsible for the full development process through planning, financial management, implementation and maintenance. The unique feature in CMP community management is that the WASHCO manages not only community-generated funds but also the government subsidy provided for capital expenditures.
- **Procurement:** A further aspect of community management is that the WASHCO is directly responsible for procuring the goods and services required for water scheme construction and installation.

In the National WaSH Implementation Framework, the principles and basic procedures of the Community Managed Projects (CMP) are built into the WaSH program as one funding modality. It is presented as an alternative funding mechanism to the existing Woreda Grant which is hereby known as the Woreda Managed Project (WMP) funding mechanism which includes regional and national managed projects on behalf of Woredas or towns. If the existing Woreda Grants are channelled to the community and community is managing the projects and funds, then this part of the Woreda Grant funding mechanism belongs to the category of Community Managed Projects (CMP).

The CMP approach is no longer donor or region-specific. It is an integral, expanding and evolving component of the One National WaSH Program.[1]

[1] We can also describe here the self-supply and its possibility to be as part of this manual. Also, it can be written here how NGO managed project can use this guideline.

For the aim of establishing CMP financing as an efficient mechanism for rural water supply development in regions suitable for its introduction Community-Led Accelerated WaSH in Ethiopia (COWASH) has been established. The finance for the project is to be covered from the Government of Finland, Government of Ethiopia and beneficiaries of the projects. The project is functioning at two levels: federal and regional levels.

The CMP approach has been in use in COWASH project since 2011 in three phrases. The third phase of the project which has been implemented from to end of March 2021 was implemented in 76 woredas located in 5 regions.

Since April 1/2021, the fourth phase of the project which is going to be implemented until end of December 2024 has been started. The phase IV is to be implemented in close to 107 woredas located in 6 regions (Amhara, Benishengul Gumuz, Oromia, SNNP, Sidama and Tigray). There have been different changes made in phase IV as compared to the past three phases. Of which the change made in the use of the CMP approach is that unlike the last phase where institutional WASH was implemented using the CMP approach the fourth phase **only community water schemes** are to fully follow the CMP approach. But institutional WASH (water supply and sanitation) are to be implemented using the Woreda Managed Project (WMP) approach. Although the institutional WASH implementation does not to follow the full CMP approach which includes the financial and procurement management by WASHCOs, it is recommended that preparatory activities of the CMP approach such as promotion, application preparation and submission, appraisal and project approval by the WWT to be applied also in the institutional WASH implementation as they are important cycles contributing to the sustainability of the institutional WASH facilities. But this CMP implementation manual details on the use of the CMP approach in community water supply schemes implementation.

The overall objective of the project is to contribute to achieving Ethiopia's Ten Years Development Plan (2021 – 2030) which targets for the WASH sectors in terms of water, sanitation and hygiene access coverage and quality of service delivery in selected rural areas by using CMP approach.

The outcomes of the Project include increased community and institutional water supply coverage, increased community and institutional sanitation and hygiene coverage and usage, increased functionality and sustainability of built WASH facilities through improved service delivery and women's empowerment and leadership through WASH related activities.

To work towards achieving the objective of the project would have cumulative effect to improve the quality of lives of the rural population and people residing in small towns. And this requires having a workable CMP guideline for planning, implementation, monitoring & evaluation of projects. Hence, the focus of this guideline is to present the major principles, procedures and formats to be used for the promotion, application preparation, appraisal, approval, financing, implementation, monitoring and evaluation of the Community Managed Projects approach for community water supply schemes implementation.

The key issues when implementing the CMP investment fund management are:[2]

1) Implementation will fully depend on community's own initiative

2) Community will receive technical and material support from the Woreda authorities during and after the construction of WaSH facilities.

3) Communities will be fully responsible for the funds allocated to them during the construction phase.

4) Communities have to demonstrate both their willingness and capacity by depositing an initial up-front contribution of at least minimum amount which covers the operation and maintenance management of one year for the specific technology (usually from 1,500-3,000 Birr per water point). The criteria and required up front amounts to be decided by each woreda based on their technical and socio-economic situation.

5) Investment fund for physical construction is directly transferred to the communities via an intermediary financial institution (micro finance, bank etc) and/or woreda finance office

6) The WASHCO is financially accountable to the community and to the Kebele and Woreda Administration

7) Communities are required to cover some portion of the construction cost. The community contribution should be in cash and/or in kind e.g., construction materials, labour, improving access roads and facilitating the work of the drilling/construction crew. The minimum amount of community contribution expected depends on the type of technology feasible in the area and as follows but if regions have better experience in community contribution, they can put higher percentages as minimum required contribution from the community.

    - 15% for **new** hand dug wells equipped with hand pump, development of spring on spot, development of spring with collection chamber and construction of rural piped schemes (RPS) from gravity springs.
    - 20% for **rehabilitation** or **expansion** of hand dug wells equipped with hand pump, shallow wells equipped with hand pump, development of spring on spot, development of spring with collection chamber and rural piped schemes from gravity springs.
    - 5% for new shallow wells drilling and equipped with hand pump,
    - 10% for new rural piped schemes (RPS) from motorized spring or deep well.
    - 1% for new deep well drilling.

8) Communities are expected to commit themselves to undertake and finance the operation and maintenance of the WaSH facilities after the construction, but they are entitled to receive technical support from the Woreda sector offices.

[2] An additional issue needed for Self-Supply to be added

9) Communities may delegate the procurement of contractors to Woreda, Zonal or Regional government bodies on behalf of the community. Anyhow, the community represented by WASHCOs shall have the overall control and authority in tendering, contracting and payments to be made.

10) WASHCOs shall organize annual meeting with all beneficiary households to discuss on the overall situation of the scheme and to invite woreda sector offices for the discussion. The agenda in the discussion should include the O&M management, tariff collection & utilization, bookkeeping, etc.

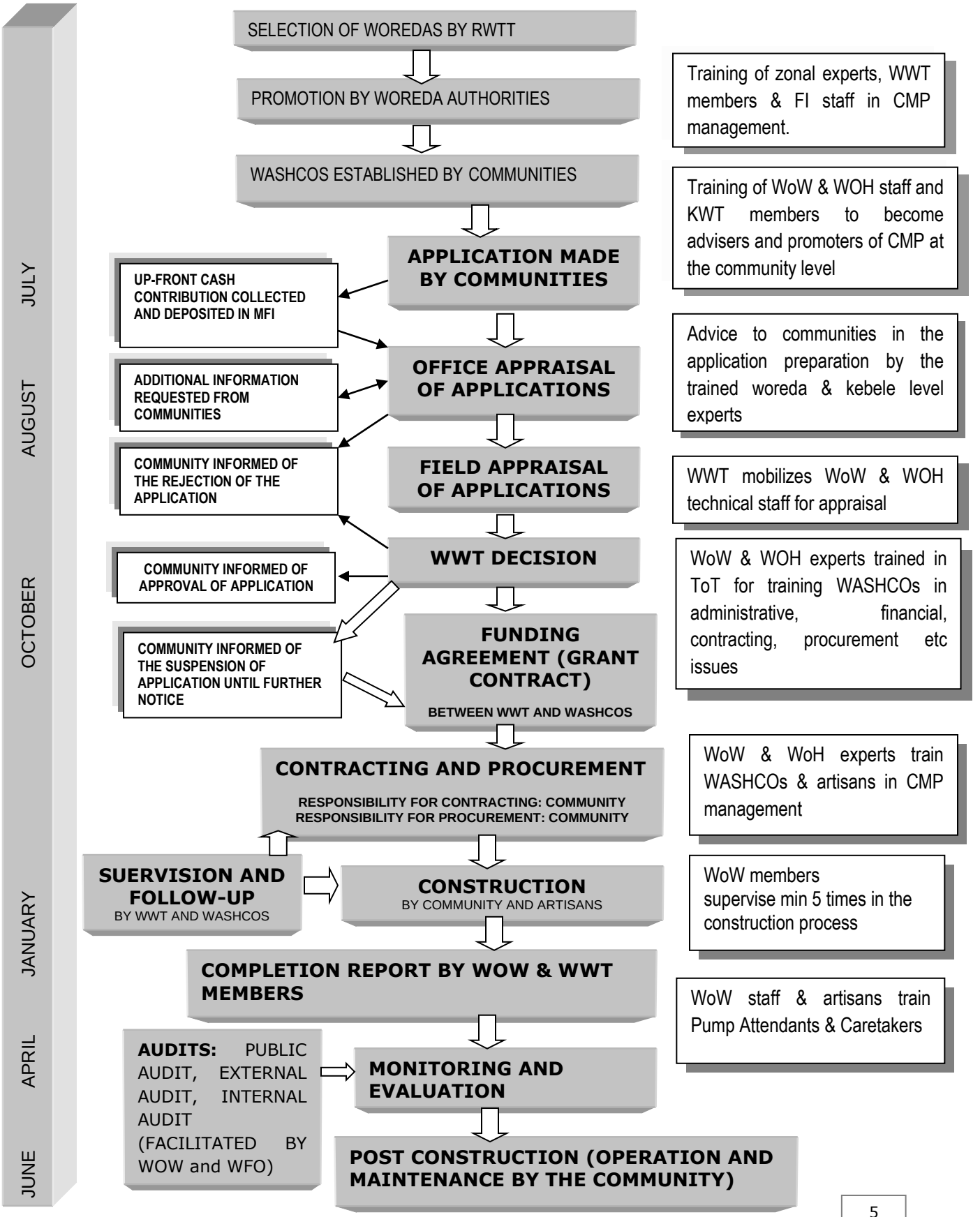
2 COMMUNITY MANAGED PROJECTS (CMP) CYCLE

The CMP cycle is described in the following diagram that indicates the phasing of activities as foreseen in the woredas as per the experience gained. The major training activities should be carried out before the construction starts. The diagram below presents the option where investment funds are channelled to the community through the Financial Intermediary (FI). Separate fund flow for the fund channelling to community through Woreda Finance Office will be inserted to this guideline later on once the system has been designed and tested.

Water Users' Associations (WUAs) Legalization

One of the important CMP project processing cycles in phase IV is the **legalization of water users' associations (WUAs)** depending on the proclamation by each region for this purpose. From the CMP project processing cycle point of view, it is very important legalizing WASHCOs in the preparatory phase/cycles of the approach, that is before the WASHCO signs funding agreement/grant contract with the WWT. As one of the important responsibilities vested to WASHCOs in the legalization of WUAs is legality of WASHCOs for making any agreement with other parties and the possibility to sue or be sued when breaching of agreement happens due to various reasons.

FIGURE 1. THE COMMUNITY MANAGED PROJECT CYCLE



3 MANAGEMENT OF THE CMP INVESTMENT FUND

Once CMP investment funds are in the Finance Bureau the actual fund management operates at three levels: Region, Woreda and Community levels. The management of investment funds is divided into financial responsibility and operational responsibility. The following table describes these two sides of responsibilities:

Table 1: Financial and operational responsibilities in the management of investment funds

Management level	Financial responsibility	Operational responsibility
Regional level	Finance Bureau/Water Bureau	RWTT
Woreda level	WWT	WWT
Community level	WASHCO	WASHCO

3.1 OPERATIONAL RESPONSIBILITY OF INVESTMENT FUND MANAGEMENT

3.1.1 RWTT

At the regional level the overall responsibility for the use of investment funds is in compliance with the annual plans and established procedures. The overall responsibility of investment fund management is with Finance Bureau. Anyhow, the Regional WaSH Technical Team (RWTT) has the responsibility for the following:

- Selection of Woredas in consultation with zone administration and as per the region-specific criteria agreed in each region separately.
- Ensure that Woreda WaSH sector stakeholders are committed to implement harmonized, aligned and coordinated WaSH in partnership and that Woreda is ready and willing to contribute for WaSH implementation through CMP approach.
- Ensure that WWT is established in line with WIF and that WWT takes the financial and operational responsibility of CMP investment fund management.
- As per the annual plans ensure that CMP investment fund allocation is made available for each CMP Woreda.
- Annually setting up the critical maximum investment ceiling (variations inclusive) for each scheme type if needed.
- Annually setting up and recommending minimum acceptable value of the up-front cash deposit for a) construction and b) operation and maintenance for the Woreda endorsement.

- Reviewing and recommending the region's annual WaSH plan & budget (composed from woreda zonal and bureau plans) for Regional WaSH Steering Committee endorsement as per the WIF.

3.1.2 WWT

At Woreda level the WWT is accountable to the Woreda Cabinet for the WaSH implementation. The WWT will be chaired by the Woreda Administrator or his/her designate. WWT responsibilities in general are explained in WIF. In this guideline the responsibilities related to CMP are specifically highlighted such as:

- Selection of Kebeles in consultation with Kebele administration and as per the woreda specific criteria agreed in each woreda separately.
- Ensure that Woreda WaSH sector stakeholders are committed to implement harmonized, aligned and coordinated WaSH in partnership and that Woreda is ready and willing to contribute for WaSH implementation through CMP approach.
- Assume the financial and operational responsibility of CMP investment fund management.
- Make timely fund requests and follow-up the fund transfers and utilization for CMP.
- Approve variations using the procedures designed for different amounts of variations.
- Annually decide the minimum acceptable value of the up-front cash deposit for a) construction and b) operation and maintenance based on direction from the region (RWTT).
- Review and approve Woreda annual WaSH plan & budget and forward for RWTT review and RWSC approval.

When WWT discusses CMP related issues the CMP supervisor will take the notes and assists the permanent WWT secretary to finalize the minutes of the meeting. The WWT will approve a CMP supervisor recommended by the Woreda Water Office. CMP Supervisor shall be a technical person with the capacity to undertake most of the practical duties within WWT authority and responsibility. As per the national WaSH Implementation Framework the composition of the WWT in each Woreda consists at least the following representatives: -

- Woreda Administrator (Chairperson)
- Head of Woreda Water Office
- Head of Health Office
- Head of Education Office
- Head of Women Affairs Office
- Head of Finance Office

- Head of Agriculture Office
- NGO representative
- The CMP supervisor (when CMP issues discussed)

Other members may be invited to participate when considered appropriate. Woreda WaSH Team decisions are considered valid when they have been endorsed by the Chairperson, Water office representative, and other members as defined by the WWT. The CMP Supervisor is an expert from the WoW and he/she or the WoW Head are responsible for receiving community applications on behalf of the WWT.

The WWT meets once every 15 days to discuss CMP issues, and approves applications in accordance with agreed principles. The WWT also ensure that each project application is timely appraised. WWT also follows up that respective WaSH sector offices in the Woreda are carrying out their responsibilities in WaSH implementation. In relation to CMP the following are considered to ensure sustainable results:

- technical assistance in site selection, design and supervision of WaSH facilities
- procurement, storage and transport of non-working materials,
- borrowing of moulds, special tools and other equipment to communities,
- training of WASHCOs in contracting and procurement of working services, materials and equipment,
- training of WASHCOs in monitoring of works progress,
- training of WASHCOs and other community members in O&M, hygiene education and gender sensitization,
- ensure that all relevant woreda and kebele stakeholders have adequate knowledge of WaSH in general and CMP implementation in particular
- assisting and training WASHCOs in the financial management of the CMP, in community contribution and public auditing of projects.
- endorse the project completion report prepared by WASHCO

3.1.3 WASHCO

Communities represented by WASHCOs will be fully responsible for the overall implementation of the WaSH facilities. They will be responsible for contracting artisans and/or contractors and suppliers, procuring manufactured construction materials, organising working construction materials and labour supply and organizing community cash contribution for construction and operation and maintenance. Alternatively, WASHCOs can make turn-key contract with artisans or working contractors with technical assistance from woreda level concerned sector offices.

The Woreda staff, particularly the Woreda Water Office members shall provide guidance and technical support in site selection, design, planning, budgeting, training, procurement, supply and transport of construction equipment, supervision and monitoring.

The CMP Regional Support Unit (RSU) will give technical support and assistance through its team members consisting of CMP team leader, CMP/technical specialist, financial specialist, capacity building specialist, monitoring & evaluation specialist, sanitation & behavioural change specialist, and gender & inclusion specialist depending on the specific region situation.

3.2 FINANCIAL RESPONSIBILITY

3.2.1 Regional Finance Bureau and Regional Water Bureau and WWT

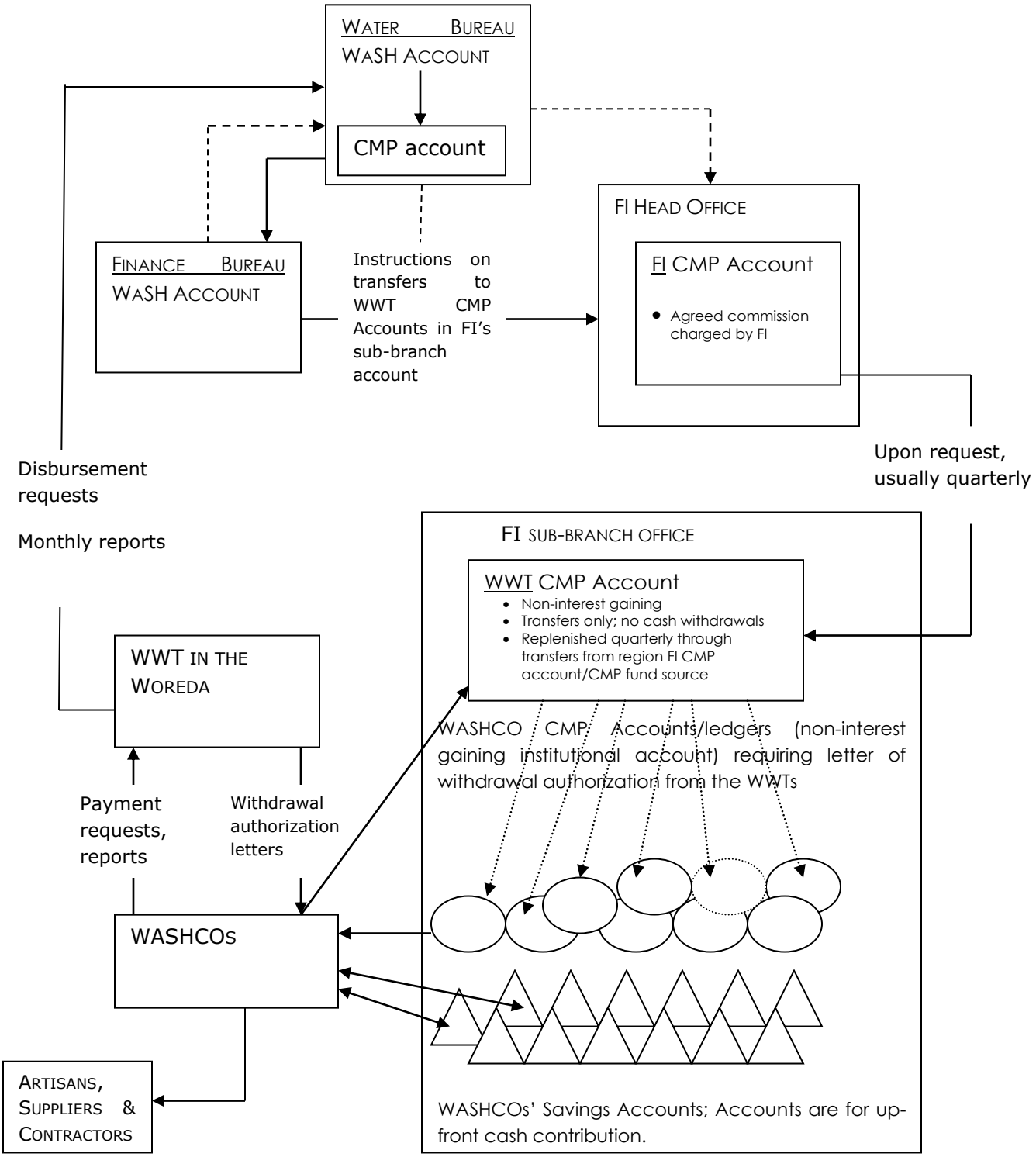
In COWASH IV the sources of the investment fund for community water supplies is regional governments contribution.

The region will prepare an annual work plan for financing of the community water supplies using the CMP approach. In order to facilitate the channelling of funds from Finance Bureau to Woreda level CMP account administered by the WWT and to further channelling funds to WASHCOs, the Finance Bureau enters into agreement with respective FI e.g. Amhara; Amhara Credit & Saving Institution (ACSI), Tigray; Dedebit Credit & Saving Institution (DCSI), SNNPRS and Sidama; OMO Micro Finance Institution (OMFI), Oromia; Oromia Credit and Savings Share Company (OCSSCO) and Benishangul-Gumuz; Benishangul-Gumuz Micro Credit Institution (BCSI). The agreement stipulates the responsibilities and authority of each party in relation to the CMP fund management. In the phase in case of SNNP and Sidama, it is proposed to use new CMP investment fund channelling to be tested. In this new system, the investment funds are transferred to WASHCOs through the Woreda Finance Office directly.

The Regional Finance Bureau has the authority to transfer the CMP investment fund transfer responsibility to the Regional Water Bureau. In some regions this investment fund transfer is not possible but has to be transferred through Regional Water Bureau. In this case the Water Bureau enters into agreement with FI and is accountable to Finance Bureau of the administration of funds.

The financial responsibility goes hand in hand with possession of funds at each moment. The flow of funds is as shown in the following diagram:

Fog 2. Flow of Funds via MFI for Community Water Schemes Construction using CMP approach



Initially, Finance Bureau is responsible for the funds, until they are transferred onto the WWT accounts in the Woreda FI sub-branches either by Finance Bureau or Water Bureau. Thereafter the responsibility and accountability remain with the respective WWTs. Both Finance Bureau and WWTs will have the power to instruct the FI to either mobilize or freeze accounts, but the WWTs will not be authorized to withdraw funds from the WWT CMP account.

The Financial Intermediary (e.g. Micro Finance Institution) is accountable for the funds that are channelled through the organisation from Region to Woreda level. Their responsibility includes following and implementing the instructions given by Finance and/or Water Bureaus at the regional level and the WWTs at the Woreda level. The FI also prepares and submits quarterly reports to Finance/Water Bureau summarizing all the financial transactions on CMP related accounts in order to enable tallying of reports from WWTs and the FI.

The FI is also responsible for ensuring that the amounts deposited to WWTs and WASHCO's CMP accounts are available to authorized users at any time.

3.2.2 WASHCO

The WASHCO becomes financially responsible and accountable for the funds that are in its possession from the moment it withdraws money from the account opened for it in FI for the purpose of financing the water schemes construction. Then, the WASHCO is discharged from its financial responsibility for the amount they have withdrawn as soon as it is settled and verified by the CMP supervisor. The correct use of funds means submitting original receipts that fulfil the criteria set for receipts and eligible costs, and receives the respective acknowledgement from the CMP Supervisor. However, in accordance with the rules of establishment of a WASHCO the committee still remains responsible for the operational aspects related to the water schemes and for any funds it has received from the community. The Region, Zone & Woreda offices and/or teams have no role and therefore no responsibility whatsoever in any agreements the WASHCOs may enter into with any third party, e.g. artisans and suppliers of materials and equipment unless delegated by the WASHCOs with full consent.

3.3 CMP FINANCIAL ADMINISTRATION AND BANK ACCOUNTS

3.3.1 General

The main requirement of the CMP investment fund financial management is that communities through the WASHCOs will be fully responsible for the funds allocated to them during the construction phase which encourages decentralization of financial management. FIs are the financial intermediaries for channelling funds to CMPs. The criteria for selection of FI are willingness, capacity, geographical outreach and commission.

3.3.2 Bank Accounts

At the regional level there will be one regional CMP account at the Financial Intermediary (such as MFI) head quarter where the money from the regional Finance/Water Bureau is to be transferred.

At woreda level, there will be one WWT CMP account at the Financial Intermediary sub-branch in the name of Woreda WaSH Team (WWT).

For communities, there is one account and one ledger for each WASHCO. The account is a savings account named as per the name of the project and authorized to use by the two WASHCO signatories. The ledger, authorized by the WWT, is opened in the name of the project with authorized signatories of WASHCO members. The purpose of the ledger is to transfer cash from Woreda WaSH Team (WWT) CMP account to the specific water scheme account. The WWT shall release funds to WASHCOs, by writing an authorization letter to the FI sub branch to pay the amount approved to the WASHCO which directly withdraws the money from the WWT CMP account and it will be then registered to the ledger in the name of the project.

The description of WWT CMP account is shown below.

- There will be one CMP account for each of the CMP woreda to be opened by the Woreda WaSH Team (WWT) in the FI sub-branch. This account: -
    - Is to be opened by three people in such a way that any two signatories can operate it. The account will have three signatories as follows: -
        - Woreda administrator (his/her delegate), Woreda Water Office Head and one of the following woreda WaSH sector offices head depending on the decision of the WWT:-
            - Head of health office, finance office or education office.
    - is non –interest gaining.
    - allows payments only to WASHCOs but no cash withdrawal by the signatories.
    - can be replenished upon justifiable requests from the WWT through transfers from FI head quarter CMP account.

The description of the WASHCO saving account for depositing the initial cash contribution and accumulating future savings on collected water fees is shown below: -

- Should be opened before the community submits the project application.
    - In special cases the opening of this account can be extended to the approval of the application by WWT.
- The saving account signatories are the WASHCO chairperson and the cashier.

- This savings account is an interest gaining account aimed to be linked to the future credit facility.
- If the community contributes cash to the construction, it is to be deposited in this account, and used & reported as community contribution. When the community decides this contribution, the amount of the money & the construction cost item for which the money is to be used must be clearly stated in the project application.

The ledger is managed as follows: -

- Will be opened when WASHCO members submit WWT authorization letter signed by the WWT Chairperson to open the ledger in the name of the project and money withdrawal authorization.
- The letter of authorization from the Woreda CMP account signatories (Annex U) is required for the WASHCO to withdraw money from this account.
- The ledge will become inactive when the water scheme construction ends until the due date of the retention payment (after one year) if retention payment is applied in the construction contract. If retention payment is not applied the ledger will be closed as soon as the construction ends and all payments are made.
- If some money given to WASHCOs is not used, the money has to be returned to the Woreda WaSH Team CMP account.
- The ledger will be closed after the retention payment is effected.

3.4 COMMUNITY MANAGED PROJECTS (CMP) FINANCIAL DISBURSEMENT SYSTEM

3.4.1 Transfer of money from the Finance/Water Bureau to the Woreda WaSH Team CMP account

- In the case of the **first instalment** a request of funds based on the approved annual plan will be sent to the Finance/Water Bureau by the Woreda WaSH Team.
- **For subsequent instalments** fund requests will be made accompanied by quarterly financial reports.
- **Based on the reports and requests made by the Woreda WaSH Team,** Finance/Water Bureau gives instructions to the FI head office to transfer money to the WWT-CMP account. The FI head office instruct the FI branch offices (Zonal branch) to transfer money to the Woreda WaSH Team CMP account through the respective CMP woreda FI sub branch.

3.4.2 Fund release from WWT CMP account to WASHCOs and registering the released to the ledger in FI sub-branch

WASHCOs shall submit the necessary documents (see below) and request to the CMP supervisor for the release of CMP investment fund. CMP Supervisor will check the documents and request and approves them if they fulfil required criteria described below. When WASHCOs are requesting fund to be released from the Woreda WaSH Team CMP account to WASHCOs, the following documents must be attached with the request:

- Properly filled fund release request form (Annex ZD of the CMP Investment Fund Management Guideline).
- WASHCOs investment funds' register prepared in two copies. One will remain with the CMP Supervisor's 'project file' and one will be returned to WASHCOs (Annex N of the CMP Investment Fund Management Guideline).
- Original receipts of the payments made by WASHCOs.
- Payment certificates and other supporting documents such as minutes of meetings, Pro forma invoices etc.

- All the documents submitted by the WASHCOs with the fund release request will be checked by the Woreda CMP Supervisor and approved by the respective water office expert responsible for provision of technical support to the specific water scheme/project.
- If the reports, requests and receipts from the WASHCOs are found to be correct, the CMP supervisor receives the original receipts and signs on the back/top, and gives to the WASHCOs an acknowledgement of receipts of accounts (Annex S) and a format filled and signed by him listing the receipts he has received from the WASHCOs.
- After reports, request and receipts are checked and approved, depending on the status of the specific water scheme account and the Woreda CMP account, the following three possible cases may apply for the WASHCOs to withdraw the money.

The following two issues need to be checked before writing a letter of authorization for the release of the funds to WASHCO:

A. If there is enough money in the Woreda WaSH Team CMP account:

a) The signatories of the Woreda WaSH Team CMP account will give instructions (Annex U of the CMP Investment Fund Management Guideline) to FI Sub-branch office in the woreda to release funds from the Woreda WaSH Team CMP account to WASHCO.

b) Two of the signatories of the Woreda WaSH Team CMP account will write a letter of authorization (Annex U of the CMP Fund Management Guideline) to the FI sub-branch that the signatories of the WASHCO can withdraw money from the WWT CMP account

c) Thereafter WASHCOs can pay to suppliers, contractors and/or artisans.

B. If WWT CMP account has not enough money the following key points will be taken into consideration (anyhow the CMP supervisor has to regularly take care that there is enough money available in the WWT CMP account):

a) The Woreda WaSH Team will request the Finance/Water Bureau to send money to the WWT CMP account through FI.

b) As soon as the money reaches the woreda FI sub-branch, the signatories of the WWT CMP account will give instruction (Annex U of the CMP Investment Fund Management Guideline) to FI sub-branch office in the woreda to release money from the WWT CMP account to WASHCO.

c) Two of the signatories of the Woreda WaSH Team CMP account will write a letter of authorization (Annex U of the CMP Fund Management Guideline) to the FI sub-branch that the signatories of the WASHCO can withdraw money from the WWT CMP account

d) Thereafter WASHCOs can pay to suppliers, contractors and/or artisans.

3.4.3 Conditions of fund release from the Woreda WaSH Team CMP account to the WASHCO

- The money will be released from the WWT CMP account to the WASHCO in three or four instalments excluding the retention payment. The number of the instalments needed is proposed by the CMP supervisor for WWT approval same time with the support statement for withdrawal. In some cases, the number of instalments can be even two, if the project is small and progressing well.
- The first instalment will be released to WASHCO in not more than three weeks after the funding agreement has been signed but not before WASHCOs have been trained.
- There are requirements for releasing each instalment as shown in the following table.

SAMPLE PAYMENT SCHEDULE FOR APPROVED CMP CONTRIBUTION FOR A HAND DUG WELL OR A SPRING PROTECTION WITH AND ESTIMATED CONSTRUCTION BUDGET of Birr 60,000

Instalment	Timing (weeks from the date of Funding agreement)	Percent from the approved budget	Amount in BIRR	Cumulative value of receipts required before next instalment may be released (=80 %) BIRR	Remarks
Instalment 1 (advance)	Max 3 weeks	20 %	12 000[3]		The costs of the **digging phase** should be estimated and used as the reference for the first instalment
Instalment 2		30 %	18 000	9 600[4] (80% of 12 000)	The costs of the **cylinder production and installation** should be included in the second instalment. Woreda assisted procurement should be estimated and deducted from the 2nd instalment when applicable.
Instalment 3		30 %	18 000	26 400 (12,000+80% of 18,000)	Well head construction phase should be estimated and used as the reference for the third instalment.
Instalment 4		20%	12 000	44 400 (12 000 + 18 000 + 80% of 18 000)	Applicable for controlling the maximum one-time instalment.

FI sub-branches shall issue monthly statement of account to WWT because such statements are essential for reconciliation of expenditures. This reconciliation is recommended to be done at least once in a month between the CMP supervisor and the FI sub branch.

3.5 TRAINING OF DEVELOPMENT PARTNERS

In order to implement the CMP approach in the Woredas, it is essential to provide training to relevant stakeholders at woreda and community levels. Furthermore, the timing for providing training should be appropriate hence decision makers at region and woreda levels shall provide timely decisions.

For the types of trainings, timing and content please see training synopsis shown in Annex V.

[3] Sample values to be replaced with correct amounts when applying the Agreement model

[4] Sample values to be replaced with correct amounts

4 CRITERIA FOR ELIGIBILITY FOR CMP FUNDING

4.1 ELIGIBILITY OF APPLICANTS (WHO MAY APPLY)

The communities that want to apply for funds from CMP have to fulfil the following criteria:

a) The community considers the lack of safe water as one of their major problem.

b) Improving the access to water has been given a priority in the Kebele development plan.

c) Kebele support is proven by a support letter from the Kebele administration

d) The community is willing to establish a water and sanitation committee (WASHCO) to bear the financial and operational responsibility for the water scheme construction, and future operation and maintenance.

e) The community is willing to contribute to the Project in labour, in kind and/or in cash.

f) The community is able to prove their commitment for operation and maintenance through the cash contribution by depositing money into a savings account in the nearest financial institution. The minimum amount the applicant community to deposit for different water supply technology can be calculated by each region water bureau and shared to woredas to use when promoting the user community on how to access CMP grant and also in the appraisal of the project application.

g) If the community is located within the CLTSH Kebele each household should have a latrine (temporary or improved).

h) The minimum community contribution calculated from the estimated total construction cost for different water supply technologies to be as follows: -

- 15% for **new** hand dug wells equipped with hand pump, development of spring on spot, development of spring with collection chamber and construction of rural piped schemes (RPS) from gravity springs.
- 20% for **rehabilitation** or **expansion** of hand dug wells equipped with hand pump, shallow wells equipped with hand pump, development of spring on spot, development of spring with collection chamber and rural piped schemes from gravity springs.
- 5% for new shallow wells drilling and equipped with hand pump,
- 10% for new rural piped schemes (RPS) from motorized spring or deep well.
- 1% for new deep well drilling.

i) It is recommended that communities which have not been served before will get priority.

j) It is recommended that at least thirty households in adjacent areas should benefit from the construction of a water scheme. The WWT may approve for applicants

less than 30 households with exceptions, provided that all *the other criteria are fulfilled*, and there are very convincing reasons for making the exception, such as, long distance, natural barriers such as big rivers etc. to the closest water scheme.

4.2 ELIGIBILITY OF PROJECTS (TECHNOLOGY)

The Community Managed Project approach is intended for financing a **new construction, re-construction, rehabilitation *or re-location*** of one of the following community water supply technologies provided that the costs will not exceed the critical maximum budget ceiling established by the regions for different technology options if any.

4.2.1 Eligible technologies to all regions with well tested procedure

a) Community hand dug wells fitted with a hand pump

- Digging new wells for un-served communities (priority) or
- Relocating of non-functional wells due to end of design period or insufficient quantity of water.
- Rehabilitating and/or deepening of existing community hand dug wells.

b) Community spring development

- On spot new spring development for un-served community (priority)
  i. With continuous overflow without storage
  ii. With storage facility on spot
  iii. With one storage facility extended not far from the source
- Spring development with several storage facilities, pipelines and tap stands from gravity spring sources
- Spring development with several storage facilities, pipelines and tap stands from motorized spring sources
- Reconstruction or rehabilitation of old springs not giving adequate service due to end of design period or due to very poor initial construction.

c) Community shallow drilled wells fitted with a hand pump

- Drilling new shallow wells for un-served communities (priority) or
- Relocating of non-functional machine drilled shallow wells due to end of design period or insufficient quantity of water.
- Rehabilitating of existing community machine drilled shallow wells.

d) Community deep well/borehole drilling and piped schemes construction

- Drilling new deep well/borehole, equip with diesel driven generator and construct rural piped schemes.
- Drilling new deep well/borehole, equip with transformer/EEPCO power and construct rural piped schemes.
- Drilling new deep well/borehole, equip with solar power and construct rural piped schemes.
- Rehabilitation of rural piped scheme from deep well/borehole source
- Expansion from existing rural piped scheme of deep well/borehole source to serve unserved community (priority).
- New rural piped scheme construction from already drilled deep well/borehole

4.2.2 Eligible components which can be applied with basic technologies for community water supplies

There is a possibility to apply for additional components attached to the basic water supply technology (Multiple use of water). Anyhow, the total estimated construction costs should not exceed the critical maximum budget ceiling. The examples of these components are:

a) Cattle draft

b) Cloth washing basin

c) Shower

d) Small scale traditional irrigation from surplus water

4.3 ELIGIBILITY OF COSTS (DEFINING THE AMOUNT OF GRANT)

In order to be considered eligible in the context of the CMP approach, costs must

- Be used for water schemes construction only
- Be mentioned in the budget estimate annexed to the Funding Agreement as ANNEX III.
- Be cost-effective and within the acceptable market prices.
- Have been incurred during the duration of the execution of the project and following the signature of the Funding Agreement
- Have actually been incurred, and have been recorded in the WASHCOs' register book, are identifiable and verifiable, and could be backed by originals and supporting documents.

The following direct costs are eligible provided that the CMP approach is applied:

- Purchase costs for equipment (new or used) and services (transport, rent, etc.), provided they correspond to market rates;
- Purchase costs of construction materials
- Expenditures on subcontracting artisan(s) for labour and/or for turn-key contract
- Expenditures on contractors and suppliers
- Bank charges from money transfers that have been made to facilitate payments that belong to eligible costs
- Daily Subsistence Allowance and transport costs for WASHCO members or other community members travelling outside their working village for the purpose of the construction of water scheme, depending on the regional Daily Subsistence Allowance (DSA) payment guideline. For government employees working as WASHCO members the DSA payment is also be in line with the regional government guideline when travelling within and outside the Woreda town and their working villages for the construction of WaSH facilities.

The following cannot be included in the application for CMP investment fund:

- Costs of preparatory activities before the signing of the Funding Agreement
- Inputs which are defined as community contribution in kind and in cash.

In addition

- CMP funds cannot be used as a source for credit or loan.

5 CMP APPLICATION PREPARATION AND FOLLOW-UP

5.1 CMP APPLICATION FORMAT AND SUPPORTING DOCUMENTS

Application must be submitted with the format annexed to this guideline (Annex A). The distribution of the application formats to Kebele WaSH Team is done by the Woreda Office of Water (WoW). Applicants (communities) will get the formats and assistance for filling the formats from the Kebele WaSH Team and if necessary, also from the WoW.

The applications attached to this guideline are in Amharic and should be translated into the working language of the Regional State concerned.

The application format should be filled carefully and as clearly as possible in order to facilitate its appraisal. The instructions attached to the application format have been made to applicants' convenience and should be followed. A list of necessary supporting documents required is included in the format.

The kebele WaSH team members, Woreda Water Office personnel and members of the WWT should commit themselves to being at the applicants' disposal to help in the preparation of the applications. The Kebele WASH team members will be trained in CMP related issues in

order to enable them to function as promoters and community level advisors during the application phase.

5.1.1 Establishment of Water, Sanitation and Hygiene Committees (WASHCOs)

Establishment of WASHCO has to be done before the application. The establishment, composition and functions of the WASHCO are important for the sustainability of the WaSH facilities. Roles and responsibilities of WASHCO, the membership and election process have been described in Annex L of this guideline.

Depending on the proclamation by each region for the establishment and legalization of water users' associations (WUAs), it is very important legalizing WASHCOs in the preparatory phase/cycles of the approach, that is before the WASHCO signs funding agreement/grant contract with the WWT.

5.1.2 Cost estimate

Budget estimate shall be prepared as a part of the application. In order to prepare this cost estimate Woreda Water Office has to prepare information on the estimated *average* construction costs of different technologies and on how to value the community contribution. This information shall be made available to the Kebele WaSH team (preferably to the Kebele Manager Office, Health Extension Workers and Water Extension Worker). Woreda Water Office shall update the average construction costs & provide updated information to the kebele WaSH team (Kebele Managers) annually.

The applicants should pay special attention to the budget estimate, because the budget is one of the appraisal criteria, and eventually the Funding Agreement will be based on the cost estimate.

5.2 SUBMISSION AND PROCESSING OF APPLICATIONS

5.2.1 Desk Appraisal

The applications should be delivered by hand, to the CMP Supervisor or another expert delegated by the Water Office, preferably on working days. In the presence of the WASHCO members the following process will take place:

- Application is numbered as follows: **Application No. XX /EFY (XXXX).**
- Application is registered and the respective "Application follow-up form" (Annex B) is opened and it will be attached on top of the project file.
- The CMP Supervisor or his/her delegate will perform ***Office level appraisal*** and verify the administrative compliance of the application in the presence of WASHCO members to guarantee immediate feed-back in case some necessary documentation is missing. (See Annex D for Office level appraisal form).

- The applicant will be issued a receipt concerning the submission of an administratively compliant application/non-compliant application (Annex F). In the latter case the applicant will receive written explanation on reasons leading to non-compliance, e.g. list of missing documents and the applicant will be given instruction on how to complete the application. Timing for re-appraisal of the application may be agreed, if convenient.

- In case of administratively compliant application, the timing of a ***field appraisal*** will be proposed to the WASHCO members by the CMP Supervisor or his/her delegate. The field appraisal should take place as soon as possible, preferably before the next WWT meeting or within 15 days.

The desk appraisal criteria to be used for community water schemes are the following:

DESK APPRAISAL CRITERIA FOR COMMUNITY WATER SCHEMES APPLICATIONS

	Appraisal criteria	***Yes***	***No***
1	Is the requested water point construction/rehabilitation/expansion technology type eligible for financing by the CMP? (i.e., Hand dug well (HDW), Spring on spot (SPO), Spring with collection chamber (SPCC), Shallow well (SW), Rural piped scheme (RPS)? • If the answer is Yes, is it **New construction**, **Rehabilitation** or **Expansion**? (Circle as appropriate).		
2	If yes, is it **HDW, SPO, SPCC, SW, RPS** from gravity spring, **RPS** from motorized spring, **RPS** from deep well or OTHERS? (Circle as appropriate)		
3.	Is the requested CMP contribution within the maximum limit set for CMP grant? (i.e. equal or less than the maximum limit applicable in the Woreda in question)		
4.	Is the indicated community contribution the minimum required for the specific technology for CMP financing? • 15% for new HDW, SPO, SPCC or RPS from gravity springs, • 20% for rehabilitation or expansion of HDW, SPO, SPCC or RPS. • 5% for SWs, • 10% for new RPS from motorized spring or deep well. • 1% for deep well drilling		
5.	Does the application contain the following annexes?		
	- Minute of the meeting where the beneficiaries discussed & agreed on the necessity of the project, and commitment for the in kind and cash contribution for construction.		
	- List of participants of the meeting/beneficiaries including their signature and data on family members with disability.		
	- List of elected WASHCO members including their responsibility and disability condition.		
	- Verification of cash contribution deposited to MFI if collected & deposited before submitting the application (for community or institution water schemes)		
	- Recommendation letter from the Kebele administration		
6.	Is the application administratively compliant and recommendable for field appraisal?		
7.	Please indicate reason for temporary disqualification or rejection if not appearing above: _____ _____		
8.	If the application did not pass the desk appraisal, has the applicant been informed of reasons for disqualifying the application?		
9.	Date of informing the applicant on the result of desk appraisal:		

Name & Signature of the desk appraiser: _____

Date: _____

5.2.2 Field Appraisal

The purpose of the field appraisal is to verify the different feasibility criteria of the proposed WaSH facilities construction. The field appraisal will be carried out by Woreda Appraisal Team (WAT) members mainly experts from WoW. The composition of the WAT may vary, but each team is expected to have at least one technical expert and one expert with ability to cover gender, community-based planning and implementation, disability inclusion, sanitation, as well as management related aspects. The Field Appraisal format is presented in Annex E of this guideline.

In addition to verifying the feasibility of a WaSH facilities construction, the WAT may propose corrective actions, such as budget corrections, site re-selection, etc. Some of those corrections may be implemented immediately and the application revised on the spot. In the latter case the appraisal will be done on the revised application.

The appraisal team will submit its report to the WWT for approval by completing (filling) the approval format (Annex G).

Field Appraisal Team consisting of 2-3 experts with complementary skills and backgrounds. The appraisal will be carried out using participative methods that allow improvement of the quality of an application even during the appraisal in order to guarantee fair evaluation and treatment of all applications/applicants. Furthermore, the findings of WAT will be recorded during the field appraisal using a checklist and structured questionnaires to ensure that all projects are evaluated in similar manner (Annex E). The reports will be filed in a project file for future reference at the Woreda Water Office.

The following are the highlights of the criteria used in the field appraisal in order to verify the application (Annex E):

Appraisal criteria	Particular aspects considered in evaluation
1. Importance of the Project to the community	a) Is the project the **priority needs** of the community? b) Verify the number of the "would be" **beneficiaries** of the WaSH facilities?
2. Social Feasibility	a) Are WASHCO members elected **democratically** with appropriate rules and regulations (Annex L)? b) **Level of planned participation** of beneficiaries of the WaSH facilities at different stages of the project cycle, i.e. planning, implementation, operations and maintenance. c) WaSH facilities site/source/ selected for construction is **accepted** by the community culturally/religion wise/psychologically/distance wise d) Existing agreement with the **owner of the land** where the WaSH facility is to be constructed.
3. Community Contribution	a) Verify the planned beneficiary **community contribution** during project implementation? (labour/materials/cash) b) Are the **construction materials** committed to be supplied by the

Appraisal criteria	Particular aspects considered in evaluation
	community of appropriate quality? c) Is the total community contribution equal or greater than the **minimum amount required** for different technologies? d) Is the community **committed** to manage the WaSH facilities after construction? This is to measure the true community understanding **on the future O&M** responsibilities.
4. Technical Feasibility	a) What is the **present unprotected source of water**, its condition, distance, its nature and its present use to the community? b) Are there any **existing developed water schemes** which serves the community now? If yes, what is the source and at what distance it is located from the community and what impact of the proposed water source will have for the existing schemes. c) Check the **proposed water source** in terms of quantity, quality, location, convenience for development and use after construction. d) Check HHs having improved latrines & discuss how the remaining HHs are intending to have improved latrines.
5. Environmental Feasibility	a) Does the project **technology choice** include adequate provision for proper drainage; soak away pit and proper fencing work or any other protection measures around the WaSH facilities and water source? b) Check/identify the possible risks, rank, and prepare risk management and monitoring plan for **social, environmental and climate risk screening (SECRS)** issues of the project. c) Is there any **multiple use** of water proposed such as cattle draft, cloth wash basin, shower, etc and how feasible those proposals are?
6. Social inclusion Feasibility	**Gender issues** a) Will **women participate** at different stages of the project cycle? b) Are **women represented** in the WASHCO? c) How many **minutes** on average do women currently spend to collect water onetime? d) How will this be **changed** when the new water source is functional? e) Verify if the **design** is gender sensitive (women needs considered)? **Disability inclusion issues** a) Is the **disability data** in the application reliable? b) Will **persons with disability participate** at different stages of the project cycle? c) Are **persons with disability represented** in the WASHCO? d) Verify if the design of water scheme is **disable** friendly?
7. Project Sustainability	a) Verify if the community is **committed** to cover the operation and maintenance costs of the water scheme? b) Verify on how is the collection of **water fees** has been planned? c) Verify how the community is going to finance the payment of the **guard**? d) Verify on how the community is thinking to avail **spare parts** for

Appraisal criteria	Particular aspects considered in evaluation
	maintenance and carrying out the actual **preventive and corrective maintenance**? e) Verify how the community has planned to ensure the **water quality?** f) Verify how community has planned to ensure **financial and governance transparency?**
8. Project Implementation & costing	a) What is the community's capacity to undertake **procurement** of **materials, equipment** and **services**? b) Prepare feasible project implementation plan c) Is the project cost still feasible and realistic after revising the unit prices as per the field appraisal?

5.2.3 Approval

After having the result of the field appraisal, the WWT will take a decision to either approve, postpone or reject the proposed Project.

Applicants will be informed of the result of the WWT decision in writing (Annex I).

5.2.4 Funding Agreement

In case the application is approved, the WWT will give the WASHCO instructions regarding signing of a Funding Agreement between WWT and WASHCO (Annex H). Funding Agreement will be signed between WWT and WASHCO chair persons.

In connection with the Funding Agreement preparation, a time schedule for the project implementation and the respective payment schedule will be drafted by the CMP Supervisor to indicate the technical assistance and supervision inputs by the Woreda Water Office and WWT members. The schedule is done in close cooperation of both parties and every attempt will be made to respect the agreed schedule. The purpose of this schedule is to ensure that the Woreda Personnel will be able to plan their inputs so that they will be able to provide timely services to all the WASHCOs whose projects have been approved. (Annex ZJ).

The same annex ZJ shows also financial contributions and disbursement schedule prepared by the CMP supervisor in consultation with the WASHCO.

5.2.5 Releasing funds

After signing the Funding Agreement WWT chairperson writes letters to FI sub-branch office in order to notify the signatories of the WASHCO and to release the first instalment to WASHCO. The first instalment shall be made available to WASHCOs within three weeks from the date of signing the Funding Agreement.

5.2.6 Opening WASHCO ledger

When submitting the WWT chairperson first fund release letter to FI the FI open the ledger for the concerned WASHCO and registers the funds released to WASHCO.

6 MANAGEMENT OF THE CHANGES DURING CONSTRUCTION

6.1 BUDGET LIMITS

The maximum amount of the grant funding is stipulated in the Funding Agreement. This amount is based on the project budget, which is only an estimate. Therefore, this amount only becomes final upon completion of the project and presentation of the final expenses (see articles 15(1) and 15 (2) of the General Conditions of the Funding Agreement, Annex J).

In some cases, the final CMP contribution of a WaSH facility may be higher than the planned WaSH facility unit budget. Reasons for exceptional costs may be e.g. the distance between the WaSH facility and Woreda capital (the location of building materials shops), escalation of prices of manufactured construction materials, increased depth of the well or increased size of spring capping structure. Therefore, the WWT is entitled to approve well justified exceptions, provided that the criteria for WaSH facilities approval will be strictly applied. The exceptions should not risk the achievement of annual target numbers of WaSH facilities, i.e. they should be financed within the total limit of annual CMP budget allocation of the Woreda in question.

6.2 FAILURE TO MEET THE OBJECTIVES OF THE FUNDING AGREEMENT

If the community fails to implement the WaSH facilities construction project as agreed in the Funding Agreement, the WWT reserves the right to interrupt payments, and/or to terminate the Funding Agreement (see Article 9 of the General Conditions, Annex J). The CMP contribution may be reduced and/or the WWT may demand full or partial repayment of the funds already released, if the community does not fulfil the terms of the Funding Agreement.

A typical case of WASHCO failure to meet objectives is the case of abandoned wells. In those cases, the following procedure will be applied:

1) Each failed trial of digging will be documented and verified by the Woreda Water Office and/or WWT members depending on the volume and conditions of the trial/digging. A trial is considered a failure when the amount/yield of water in the well is not sufficient for the beneficiary community as determined by the WoW.

2) Having confirmed a failed trial, the WoW staff together with WASHCO decide to make a new trial or abandon the site. The WoW records the use of material and labour for the first trial (Annex ZC), and issues an authorization for a new trial. WOW also issues an order to fill the trial hole. However, the maximum number of trials per HDW is limited to three and for machine drilled wells to two.

3) If even the third trial in HDWs or second trial in drilled wells is proven a failure, then the WoW issue a report concerning the abandoned well and forwards it immediately to the WWT together with the monitoring report confirming that the

trial holes have been duly filled with soil and stating the total amount of contractor's labour input and used tools.

4) Total verified costs of the abandoned wells are calculated by the WASHCO and the WoW together. If they are less than the first instalment received by the WASHCO, the WASHCO has to deposit the balance in Financial Intermediary Office. If the verifiable and acceptable costs are more than the already withdrawn amount of the first instalment, the WASHCO will make a payment request and the WWT will make the decision on whether the request may be granted or not.

5) If some of the expenses made by WASHCO cannot be acceptably verified the WASHCO shall bear the costs of these expenses and shall return the remaining balance to the WWT CMP account as per the Article 16 of the General Conditions of the Funding Agreement (Annex J). If WASHCO fails to return the balance, the WWT will initiate a collection procedure, and information on such an event will be published at the Woreda Administration information board before taking any appropriate administrative measures as per the Ethiopian Law.

6) Upon settling the accounts, the WASHCO ledger in the Financial Institution's sub branch will be closed and proof thereof attached to monthly report of both the Financial Institution and WWT.

6.3 AMENDMENTS TO THE FUNDING AGREEMENT AND BUDGET VARIATIONS

Any modification of the Funding Agreement and budget variations must be set out in a written amendment to the original Funding Agreement. However, some modifications may simply be notified to the WWT (see article 7 of the General Conditions, Annex J). The responsibility of the respected WaSH officers is to supervise and follow-up the works ongoing. They have to check the possible future variations to the Funding Agreement in advance in order to avoid unnecessary late claims from the community on the variations made.

A. Variations within the approved budget line items

Exceeding of the budget line item is allowed if the variations are not exceeding the total approved budget in the Funding Agreement.

B. Variations above the approved total budget

These variations could be entertained in the following three ways:

i) If the variation is up to 10% of the approved budget. These types of variations occur when there are unforeseen works. In this case, WASHCOs apply the variation & should appeal/inform the applied variation (in writing) to the CMP supervisor. CMP Supervisor is authorized to approve this variation if he/she is convinced for the reasons and justifications given by WASHCO.

ii) If the variation is greater than 10% and less than 30% of the approved budget
- In this case the construction is no need to be stopped
- WASHCOs should state in writing the causes of the expected variations to the CMP Supervisor, who further forwards these for the approval of the WWTs.

- The reasons for variation should be assessed at office or field level. Then, based on the assessment result, the CMP Supervisor shall judge the reasons for variation and provide recommendations to the WWT for decision as soon as possible.

- After evaluating the assessment report and recommendation, the WWT decides on the variation. See annex ZE for Variation assessment Format and Annex ZF for the variation approval/decision.

- Finally, if the causes of the variation are accepted by the WWT, a Funding Agreement amendment will be prepared in two copies and signed by the WWT and WASHCOs.

iii) If the variation is greater than 30% of the approved budget:

This type of variation entails consequences on the project budget. Therefore, the variation should be applied as follows:

- WASHCOs should appeal in writing to the CMP Supervisor stating in detail the causes of variation. But project implementation shall be interrupted (stopped) until the WWT discusses the appeal.
- A team of two or more experts from Woreda WaSH sector office (including the CMP supervisor) shall assess the causes of the variation at office and/or field level. If the situation is beyond their capacity, the WWT shall request expert support from the respective zone office or region bureau. Finally, the team will present its recommendations to the WWT.
- Finally, if the causes of the variation are accepted by the WWT, Funding Agreement amendment will be prepared in two copies and signed by the WWT and WASHCO.

When the different variations stated above are approved, emphasis should be given that the following conditions are met:

1) The variation does not affect the basic purpose of the project; and
2) The critical maximum budget ceiling (if set) applicable for one project (e.g., HDW, SPD, SW, RPS etc…) is not exceeded due to the variation, and
3) In case of an increase in the construction cost, the community contribution will increase respectively to maintain the minimum community contribution percentage defined for the different technology options.
4) Approval of variations should be done as soon as possible. (Specially, projects whose implementation is interrupted and are awaiting decision). The maximum should be 15 days.

6.4 COMMUNITY CASH CONTRIBUTION FOR CONSTRUCTION

In addition to the in-kind contribution for construction and the upfront cash contribution for O&M, community cash contribution for construction is also encouraged as it increases the ownership of the community on the project. If the community contributes cash for construction the management and reporting of the cash contribution will be as follows.

- In the project application or in the field appraisal the amount of cash contribution from the community for construction, if any, has to be mentioned. In addition, for what purpose the cash contribution is to be used is also very important such as: procurement of construction materials such as sand, stone, river gravel etc. or labor cost such as payment to artisans. It is recommended that the amount of community cash contribution and for what purpose it is used to be mentioned in the funding agreement signed by WWT and WASHCO chairperson.
- Sometimes communities may not be willing to commit for cash contribution during the application and appraisal of the project but some construction materials such as sand to supply as in-kind. But when the project is in implementation, they may realize that they cannot supply the sand in kind, hence they contribute cash and procure the sand. In such cases mentioning the cash contribution in the funding agreement is not possible.
- The cash contribution collected by the community for construction which is different from the upfront cash for O&M can be saved in the account opened by the community for O&M before it is used for payment but the amount deposited for O&M and the amount deposited for construction purpose have to be clear.
- The construction materials procured or labor payments made from the community cash contribution has to be reported to the Woreda like the in-kind contribution of the community (labor or materials) using Community Cash Contribution Use Report (Annex ZB 3) designed for this purpose. The receipts for the materials procured and/or the labor payments made from the community cash contribution be copied and attached with the community cash contribution use report format.
- The final actual total construction cost of the project will be the sum of the contribution of the community (labor, materials and cash for construction if any) and the CMP grant given to the community.

7 REPORTING & OTHER FORMATS

CMP implementation applies the following reporting formats:

A. Reporting Formats

Category 1: Reports to be prepared at community level by WASHCOs

Report Code	Report Name	Prepared by	Frequency	Distribution	Main contents
1A (Annex M)	Construction monitoring report	Community members in charge of monitoring the construction process progress	Updated daily, submitted to WoW upon requesting each consecutive instalment.	CMP supervisor	1. Daily record of material used, labor inputs, artisan's inputs, achieved results, problems encountered and proposed solutions. The report will have a place for WoW approval/endorsement. 2. To be prepared in working languages (Amharic, Oromifa, Tigrigna or Sidamigna). 3. To be prepared in two copies. The original will be submitted together with instalment request.
1 B (Annex N)	WASHCO accounts format	WASHCO representative (s) with financial responsibility (account signatories accountable for use of CMP Funds)	Updated in connection of every payment made; one copy submitted upon requesting each consecutive instalment.	CMP supervisor	1. Register of all cash and account transactions related to use of the grant fund. 2. To be prepared in working languages (Amharic, Oromifa, Tigrigna or Sidamigna). 3. To be prepared in two copies. The original will be submitted together with instalment request
1C (Annex ZA1 for labor and ZA2 for materials)	Daily Community contribution	Community members in charge of this activity	Updated daily	CMP supervisor	1. Daily record of community contribution (labor and materials). 2. To be prepared in working languages (Amharic, Oromifa, Tigrigna or Sidamigna). 3. A copy to be submitted when the CMP Supervisor requests.

Category 1: Reports to be prepared at community level by WASHCOs (continued)

Report Code	Report Name	Prepared by	Frequency	Distribution	Main contents
1D (Annex ZB1 for labor, ZB2 for materials, ZB3 for cash)	Community contribution summary	Community members in charge of this activity	Just after construction completion & before completion ceremony	CMP supervisor	1. Summary of community contribution (labor and working materials) 2. To be prepared in Working languages (Amharic, Oromifa, Tigrigna or Sidamigna) 3. One copy to be kept in the project file at Woreda level
1E (Annex ZC)	Daily major construction materials consumption	Community members in charge of this activity	Registered daily	CMP Supervisor	1. Daily record of major construction materials consumption 2. To be prepared in working languages (Amharic, Oromifa, Tigrigna or Sidamigna) 3. A copy to be submitted when the CMP Supervisor requests.

Category 2: Reports to be prepared at Woreda Level (by WWTs)

Report Code	Report Name	Prepared by	Frequency	Distribution	Main contents
2 A (Annex P)	CMP monthly financial report	Prepared by CMP supervisor with assistance from WWT members	Monthly	BOW/RSU then compiled & reported to BoF	Summary of Funding Agreements, expense report summarizing costs verified by each WASHCO; receipts attached
2 B Annexes ZH	CMP quarterly construction progress report	Prepared by CMP supervisor with assistance by WWT members including the chairman	Quarterly	BOW/Regional Support Unit (RSU)	Summary and statistics on CMP progress, i.e. The construction progress of projects. Main problems encountered in the implementation during the quarter, main achievements, training outputs. Additionally, using the following annex: Annex ZH: Status of WASH facilities construction

Category 3: Reports to be prepared by MFI

Report Code	Report Name	Prepared by	Frequency	Distribution	Main contents
3A (Annex Q)	Financial report from MFI	MFI Head office and each sub-branch manager in charge	Quarterly	Depending on with whom the MFI signed agreement. If signed with BoF, report to BoF and if signed with BoW, then report to BoW.	• Report summarizing the transfers between HO and sub-branch offices, related commissions etc. • Summary of transfers from each sub branch offices to WASHCOs. • Summary of cash returned from WASHCO to the sub branches if any • Summary of statements presenting financial status of regional/BoF or BoW CMP account at MFI.
3 B (Annex R)	Progress report from Financial Institution	MFI Head office	Quarterly	Depending on with whom the MFI signed agreement. If signed with BoF, report to BoF and if signed with BoW, then report to BoW.	• Also containing progress report of the institutional development aspects and any problems encountered during the reporting period.

Category 4: Reports to be prepared at region level

Report Code	Report Name	Prepared by	Frequency	Distribution	Main contents
4 A (Annex Z)	CMP/COWASH quarterly progress report outline	Regional Compiled by the Regional Support Unit (RSU)/ representing BoW & BoF.	Quarterly	Will be distributed by BoF to Regional RWTT, Embassy of Finland	Analytical summary of technical and financial reports mentioned above. The reporting format will be prepared based on the annual plan.

Category 5: Reports to be prepared by Auditors (Audit Report)

Report Code	Report Name	Prepared by	Frequency	Distribution	Main contents
5 A	Internal Audit report	Woreda Finance office auditors	At least annually, in May-June	BoF	Tallying of financial reports of MFI sub branch and WWT and verification of original receipts maintained at Woreda; operative audit of fund practices at various levels. The auditing can be on sampling basis.

Reports from communities (prepared by WASHCOs) must be prepared in Working languages (Amharic, Oromifa, Tigrigna or Sidamigna). The CMP supervisor will endorse the reports every time their contents have been verified.

B. Non - Reporting Formats
Category 1: Formats to be used by WASHCOs (Community level)

Format Code	Format Name	Prepared By	Contents of the Format	Distribution	Remark
1A (Annex A)	Water Points Application form	Communities with support from KWT & WoW members.	Information which helps to receive CMP grant	CMP Supervisor or WaSH Sector office Heads	1.Application form can be found in WoW office & kebele manager office 2. Application form will be filled in Working languages (Amharic, Oromifa, Tigrigna or Sidamigna)
1C (Annex ZD)	Budget release request form from WWT CMP account to WASHCO account	Signatory WASHCO members	Cash received from previous instalments, Receipts to be settled, payment document and amount requested this time	CMP Supervisor	1. To be prepared in Working languages (Amharic, Oromifa, Tigrigna or Sidamigna) by WASHCO for each instalment (one copy only) 2. To be kept in the project file at WoW
1D (Annex ZE)	Post implementation status reporting form	WASHCO	The minutes of the annual public audit	CMP supervisor	1. To be prepared in Working languages (Amharic, Oromifa, Tigrigna or Sidamigna) by WASHCO for each public audit 2. To be kept in the project file at WoW
1E (Annex ZL)	Project Completion Report Format	WASHCO	The project completion format	CMP supervisor	1. To be prepared in the regions working languages. 2. One copy to the WoW & one at the WASHCO in the project fie.
Annex ZN	WASHCO procurement guideline	WASHCO	When procurement of goods, services and works is to be made.		To be translated in Working languages (Amharic, Oromifa, Tigrigna or Sidamigna).

Category 2: Formats to be used at Woreda level

Format Code	Format Name	Prepared By	Contents of the Format	Distribution	Remark
2A (Annex B)	Projects follow up form	CMP Supervisor or WASH Sector Heads	Steps in the CMP project cycle	To be kept in the project file	1. To be ready when the project application is submitted 2. To be filled in Working languages (Amharic, Oromifa, Sidamigna or Tigrigna) when the project reaches certain steps in the project cycle
2B (Annex D)	Office appraisal report form	CMP Supervisor or WASH Sector Heads	All Office appraisal criteria	The appraisal result will be submitted to WWTs	1. To be prepared in Working languages (Amharic, Oromifa, Sidamigna or Tigrigna) 2. To be filled when applications are submitted and kept in project files
2C (Annex E)	Field appraisal report form	Members of appraisal team (CMP supervisor & sector offices technical staff).	All field appraisal criteria	The appraisal result will be submitted to WWTs	1. To be prepared in Working languages (Amharic, Oromifa, Sidamigna or Tigrigna) 2. To be kept in project files

Category 2: Formats to be used at Woreda level (continued)

Format Code	Format Name	Prepared By	Contents of the Format	Distribution	Remark
2D (Annex F)	Acknowledgement of receipt of application and informing Office appraisal result	CMP Supervisor or WASH Sector Heads	After assessment, WASHCO will be notified on one of the following (in writing). - The application has passed for field appraisal - Additional documents are needed, or - The application is not accepted	To the WASHCOs, which submitted the application	1. To be prepared in Working languages (Amharic, Oromifa, Sidamigna or Tigrigna) after the Office appraisal 2. Two copies will be prepared out of which one will be given to the WASHCOs and the other will be kept in the project file
2E (Annex G)	WWT Project approval form	CMP Supervisor or WWT Secretary	Information needed by the WWTs to approve projects	To WWTs	1. To be prepared in Working languages (Amharic, Oromifa, Sidamigna or Tigrigna) 2. To be prepared in one copy and kept in the project file
2F (Annex I)	Letter informing approval of project application & invitation to WASHCOs to sign Funding Agreements	WWT Chairpersons	-Approved project budget - Necessary information to sign the Funding Agreement - Invitation to sign Funding Agreement	To WASHCO Chairperson of the approved project	1. To be prepared in Working languages (Amharic, Oromifa, Sidamigna or Tigrigna) 2. Two copies will be prepared out of which one will be given to the WASHCOs and the other will be kept in the project file.

Category 2: Formats to be used at Woreda level (continued)

Format Code	Format Name	Prepared By	Contents of the Format	Distribution	Remark
2G (Annex H)	CMP Funding Agreement	CMP Supervisor	- Approved project estimated budget - Estimated community contribution - Release of funds and settlement procedures - Reporting guidelines - Situations that need to waive the Funding Agreement	- One copy to WASHCOs - One copy to be kept in the project file - One copy to BoF	1. To be prepared in Working languages (Amharic, Oromifa, Sidamigna or Tigrigna) after projects are approved and WASHCOs fulfil the requirements 2. To be signed by WWT and WASHCO chairpersons

Category 2: Formats to be used at Woreda level (continued)

Format Code	Format Name	Prepared By	Contents of the Format	Distribution	Remark
2H (Annex J)	General Conditions of the Funding Agreement	CMP Supervisor	General Conditions on which the Funding Agreement is based	Attached to the Funding Agreement, will be distributed to those WOH entered to agreement	1. To be prepared in Working languages (Amharic, Oromifa, Sidamigna or Tigrigna) after projects are approved and WASHCOs fulfil the requirements 2. To be signed by WWT and WASHCO chairpersons.
2I (Annex S)	Acknowledgment of receipt of accounts	CMP Supervisor	Summation of expenditures supported by receipts and amount of cash to be released in the future	- One copy to the WASHCOs - One copy to be kept in the project file at Woreda level	1. To be prepared after the accounts are checked and found correct 2. To be prepared in Working languages (Amharic, Oromifa, Sidamigna or Tigrigna) 3. To be prepared in two copies 4. The copy in the project file will be used by WWTs when instructing MFI sub-branches to release cash.
2J (Annex U)	Cash transfer & withdrawal authorization letter	Two of the WWT account signatories	WASHCO member in charge of cash withdrawal and amount of money to be withdrawn	-One copy will be sent to MFI sub-branch - One copy to be kept in the project file	1. To be prepared in Working languages (Amharic, Oromifa, Sidamigna or Tigrigna) 2. To be prepared after the accounts are checked, found correct and have sufficient money.

Category 2: Formats to be used at Woreda level (continued)

Format Code	Format Name	Prepared By	Contents of the Format	Distribution	Remark
2K (Annex X)	Duties and Responsibilities of Various Stakeholders		It lists the different stakeholders, their roles and responsibilities.	Should be one of the issues to be covered during trainings.	Can be prepared in Working languages (Amharic, Oromifa, Sidamigna or Tigrigna)
2L (Annex Y)	Letter for opening WASHCO account	WWT Chair person	WASHCO member in charge of opening account in MFI sub-branch	-One copy will be sent to MFI sub-branch - One copy to be kept in the project file	1. To be prepared in Working languages (Amharic, Oromifa, Sidamigna or Tigrigna) 2. To be done after project approval but before signing Funding Agreement
2M (Annex ZE)	Variation assessment report	Assigned experts (From WASH Sector Offices & CMP supervisor)	Reasons for variations as presented by the user communities	WWTs (only one copy to be kept in the project file)	1. When variations are requested by WASHCOs 2. To be prepared in Working languages (Amharic, Oromifa, Sidamigna or Tigrigna)
2N (Annex ZF)	Variation approval form	CMP Supervisor or WWT Secretary	Basic information which indicates variations	WWT members	1. To be prepared in Working languages (Amharic, Oromifa, Sidamigna or Tigrigna) 2. To be prepared in one copy and kept in the project file
2O (Annex ZG)	Project supervision report form	CMP Supervisor and the person assigned for supervision from WoW	- Construction progress, - Financial management - Community contribution - Problems encountered - Solutions proposed	- To be prepared in one copy after each supervision - To be kept in the project file	1. To be prepared in English 2. If there are issues which need decision, they will be presented to the WWT chair person

Category 2: Formats to be used at Woreda level (continued)

Format Code	Format Name	Prepared By	Contents of the Format	Distribution	Remark
2P (Annex ZJ)	Physical and Financial annexes to the Funding Agreement	CMP Supervisor	Physical progresses and plan for release of funds	To be prepared in three copies. One copy will be attached to the Funding Agreement and the rest two copies will be given to those WOH signed the agreement	1. To be prepared in Working languages (Amharic, Oromifa, Sidamigna or Tigrigna) 2. To be prepared together with the Funding Agreement
2Q (Annex ZM)	Project completion checklist	CMP Supervisor	Checklist on the project completion	To be prepared in one copy & be filed at WoW	1. To be prepared in English.

Category 3 - Formats to be used at Regional level

Format Code	Format Name	Prepared By	Contents of the Format	Distribution	Remark
3A (Annex W)	CMP Fund Management Agreement form (between BoF/BoW & MFI)	BoF/BoW & MFI	Roles and responsibilities of BoF/BoW and MFI in the Fund Management	A copy each to BoF/BoW and MFI	1. To be prepared in English 2. To be prepared in two copies and one copy for BoF/Bow and one to MFI
3B (Annex ZI)	Fund transfer request and approval form	CMP Accounting Specialist	Approved project cost, released amount of CMP contribution, settled amount of CMP contribution and total CMP contribution	To be kept in BoF	1. To be prepared in English when WWTs request release of funds 2. To be prepared in one copy and by CMP Accounting Specialist and approved by a designated person in BoF.

8 PROCUREMENT

Communities will be responsible for the WaSH facilities construction related procurement of tools, materials and services, with the exception of moulds, pipe traders and some other specialist tools that they may borrow from the Woreda Water Offices.

8.1 PROCUREMENT OF GOODS AND SERVICES BY WASHCOS

The Communities will be responsible for the Procurement of services related to WASH facilities construction. For the procurement of artisans' services, they may either contact several artisans to get several tenders, or they can directly propose a trusted working artisan or their association depending on the type of water supply technology to be implemented. The community will bear the responsibility of the final results, so they are expected to be quality conscious in their selection of the artisan or contractor. WoWs, having extensive experience of the said artisans or contractors, should assist the community in selecting the best artisans available.

For procurement of contractors and suppliers, WASHCOs may delegate in writing to Woreda, Zonal or Regional government offices to procure on their behalf if and only if they feel that it is technically beyond their capacity.

In the cases where the community is not capable of handling the procurement process, they may ask the artisan or contractor to quote for turn-key (full) contract price for the WaSH facility. In this case the turn-key contract has to be approved by the WWT. WWT shall check that the prices to be applied are in line with known market prices and cost estimates and that the community contribution from the total Funding Agreement will still remain the same. The Artisan/contractor also takes on the responsibility of the quality of the materials, and this should be mentioned in the turn-key contract.

In addition, the communities shall pay special attention to the quality of materials and the quality should not be compromised on any occasion, and communities should always ask for expert opinion in case they are doubtful.

According to the government's policy to decentralize and devolve responsibility, WaSH procurement is carried out, as far as possible, at the level where the goods are utilized and the services delivered. Priority principle is to build capacity for working procurement.

The CMP modality for community-managed procurement is actively promoted in which the supply/procurement of materials and works required for water projects construction is carried out by the WASHCO.

The general structure of the procurement methods to be used by WASHCOs for the CMP approach follow that of the Ethiopian Federal Government Procurement and Property Administration Proclamation no 649/2009 and the Federal Government Public Procurement Directive issued by the Ministry of Finance and Economic Development (MoFED) June 2010 but by choosing & adapting some of the methods so that the procurements can be handled easily by WASHCOs considering their limited capacity and the voluntary nature of WASHCOs work. Accordingly, there will be a separate WASHCO procurement guideline to be used for the implementation of community water supplies in COWASH IV (Annex ZN).

In each region the procurement code is enacted by the regional government and the procurement directive is adapted to each Region based on the model prepared by the Federal Government.

8.2 WOREDA ASSISTED PROCUREMENT

For the procurement of equipment and materials that are not available at the Woreda level - e.g. hand pumps & some other specials tools if any (subject to RWTT & WWT mutual decision) assist the communities through making bulk purchases of the said items. The items procured under the investment budget by the Woreda Finance office and may be kept in stores at the WoW. The WASHCOs take the items by fulfilling the store issuing process of the woreda water office. One thing to be given attention is that when calculating the total cost of the project, the cost/price of such items needs to be included.

8.3 TRANSPORTATION ARRANGEMENTS

Transporting the materials should be carried out by the communities, and the cost of such transport is considered an eligible cost that can be covered by CMP funding. However, the criteria for accepted expenditures must be fulfilled.

Notwithstanding the fact that the CMP activities will aim at increased community participation and responsibility, and communities should take the overall responsibility, the Woredas should show willingness to assist in any transportation arrangements that will be difficult to solve through private sector engagement.

9 PAYMENTS AND CLOSING OF WASHCO'S CMP ACCOUNT (LEDGER)

The Payment Schedule will be included in the Funding Agreement. Depending on the foreseen budget estimate, the payment schedule will consist of 2 - 4 instalments (excluding the retention payment if any). The Payment schedule should be drafted so that it reflects the natural progress of work. Model for such a schedule is provided in Annex T.

An advance payment (= first instalment) will be made to the beneficiary by depositing the amount into the WASHCO account opened by the authorized WASHCO member in a working MFI sub-branch.

Authorized WASHCO member may withdraw funds from MFI account by submitting a CASH TRANSFER & WITHDRAWAL AUTHORIZATION LETTER (model in Annex U) signed by the woreda CMP account signatories.

Successive instalments will be made available to the beneficiary following a payment request. The payment request has to be supported by the following documents:

1) WASHCO accounts (Annex N)

2) Original receipts of the payments made by the WASHCO since the previous payment request was submitted

3) MFI Saving Pass Book of WASHCO. (If it is by ledger, this cannot be presented).

The CMP supervisor will sign the accounts that he/she approves the accounts on the date the accounts are presented. He/she will also issue a Withdrawal Authorization Letter. In exchange of original vouchers and receipts, the Supervisor will issue a document (see model in Annexes), whereby he acknowledges one or several of the following:

a) he/she has seen the accounts

b) the accounts comply with the receipts shown to him/her

c) he/she has received original receipts of value XXXX (XXX being the total value of receipts handed over to him/her at the moment of presenting the payment request for the following instalment)

d) the total amount of original receipts forwarded to CMP supervisor correspond to minimum 80 % of the value of the instalments received by the Beneficiary by that date

e) the next instalment will be payable to Beneficiary's account by XXXX date

Depositing the last instalment to WASHCO account is subject to WASHCO written request, which shows the exact amount of last payments. (KWT should assist WASHCOs in this regard).

Upon the submission of the respective original receipts and/or cash, whenever the withdrawal has exceeded the real eligible payments, the WASHCO should deposit the balance back into the account in order to be discharged from the respective financial responsibility and the account will be frozen/deactivated by MFI until the due date of the eventual retention payments and any balance therein will be transferred to Woreda CMP account.

Upon freezing the WASHCO's account the amount of eventual retention payment if any to a Contractor/Artisan will be calculated and a Contract Addendum stipulating the conditions for retention payment by the WWT will be signed by the Agreement Parties.

10 RECORDS AND ACCOUNTS OF THE OPERATION

The WASHCO must keep accurate and regular records as well as separate and transparent accounts of the implementation of the WASH facilities construction. The WASHCO must keep their records in a safe place for **five** years after the end of the project. The original receipts and accounts handed by the WASHCO to the custody of Woreda CMP supervisor will be kept in the Woreda Water Office archive or other suitable and safe location for audit purposes.

It is advisable if the investment fund support to WASHCOs to include procurement of metal cabinets/boxes to safely store their documents and records during & after construction.

11 AUDIT

Money transfer modalities will follow the bi-lateral fund agreement between the regional finance bureaus and embassy of Finland. It will be highly recommended for any audit to start from the bilateral agreement signed between the donor and the client. There are two money transfer options proposed for CMP. The first is the finance bureau itself will transfer the money to the WWT via a FI. The second option is that the money allocated by the region is transferred from finance bureau to water bureaus, the water bureau in this case has responsibility to further transfer the money through a FI to the woreda WWT and the audit will deal with the process of the money transfer and to which woredas the CMP money is transferred. The water bureau will keep documents which show only how the money is transferred to which woreda

and the financial utilization reports collected from each CMP woredas and also the bureau will also follow up the CMP implementation by the woredas where money is transferred. The audit should also look in to the fund transfer agreement entered in to between the finance bureau or water bureau and the FI. In the agreement the responsibility of each party will be clearly shown and based on that the audit will proceed.

11.1 INTERNAL AUDIT

The internal audit is to be made using the CMP Investment Fund Management guideline and the CMP financial and property management manual which are practically being used by WWT for community managed projects. Issues which are not covered in this guideline and manual are recommended to be treated using the Ethiopian Government Financial Guideline and the WaSH Implementation Framework (WIF)

Internal auditing of the Woreda WaSH Team/CMP account and also randomly selected WASHCOs are required to be made by the Woreda Finance Office auditors at least once in a year preferably during construction. Depending on the result of the sample WASHCOs, a full WASHCO audit can be recommended. Although the audit is mainly concerned on financial issues, it must also look in to how the processes of the CMP Investment Fund Management Guideline are followed accordingly.

The original receipts and supporting financial documents of money withdrawal by the WaSHCOs and the settlements by them will be found in the woredas where the money is transferred. As the CMP financial and property management guideline shows that the CMP supervisor who is selected by the WWT as secretary preferably from the woreda water office, will be the one who is keeping the original financial documents issued and communicated between the WWT, WaSHCOs and the FI agreement.

In CMP approach the system put in place is proved to be self-controlling. It allows money withdrawal from the FI only by WaSHCOs. WaSHCOs will be allowed to withdraw at one time not more than an amount of one-time withdrawal put in the financing agreement to be signed by WASHCOs and WWT. WWT through its CMP supervisor and water office will make sure that WaSHCOs do not have any outstanding balance before it allows WASHCOs to withdraw any money from FI. WASHCOs are procuring based on a predetermined quantity of materials list which is always checked by the CMP supervisor and the water office. The water office has the responsibility to assess the markets regularly for the price of materials. The results of the market study will be used as controlling the procurement by WASHCOs. WASHCOs will also be informed of the results of the market study for their use during procurement. Thus, items procured out of the agreed list and with a price higher than in the study will not be accepted by the CMP supervisor.

11.2 EXTERNAL AUDIT

When there is a need CMP external auditing will be organized by the Regional WaSH Steering Committee.

The Audit exercise shall cover both accuracy of the accounts at all levels of CMP management and also the relevance of the Guidelines and instructions issued in relation to CMP management practices, and shall make recommendations to improve the quality of CMP management.

The Funding Agreement will provide for the possibility of inspections to be carried out on documents and on the project sites by the RWSC and auditors. Therefore, each WASHCO has to maintain their copies of the accounts and reports in a safe place and show them to the CMP auditors when requested.

11.3 PUBLIC AUDIT

At the final stage of project completion detail public auditing will be done. In WASH implementation public auditing is a tool taken up for the purpose of enhancing governance, particularly for strengthening accountability and transparency of service providers (working bodies and WASHCOs) towards beneficiaries/stakeholders by publishing the program including financial information. It values the voice of stakeholders, including marginalized/poor groups whose voices are rarely heard. Public Audit is not only an event but also a process to ensure beneficiaries/stakeholders right to know of the activities of their concern. Public auditing creates an impact upon governance.

The timing of Public Audit will be when the community agree on completion ceremony. Before Public Audit the WWT together with WASHCO will measure the quantity of works and verify WASHCO book keeping and prepare the final report on project completion. The model of the Project Completion Report and PA checklist are presented in Annex ZL and Annex ZM. The scheme expenditure shall be approved from the "Public Auditing".

In public audit WASHCO presents the completion report to the public. Completion report includes issues such as physical performance and financial management (on what amount of money has been collected, what amount of money has been used for operation and maintenance, what amount of money has been deposited at bank and also the cumulative cash at bank, what amount of cash exists at the hands of the WASHCO if any). Discussion on the Completion Report of the WASHCO will be made by the public. If there are issues which may make the public to be suspicious mainly on the financial management, detailed audit by the Woreda Finance Office experts may be proposed.

Public hearing & audit after scheme implementation will be made at least once in a year and the minute of the meeting & the report of the audit will be filed in the WASHCO file at the water point level and the copy of the report will be submitted to the WoW & be filed with the water point file at the office. The guideline how to conduct the annual public audit will be distributed to each WASHCO.

12 EVALUATION OF CMP PERFORMANCE

Careful evaluation of the CMP activities carried out in the Woredas by RWTT is necessary to ensure the possibility to further develop the approach and management of Community Managed Projects. The evaluation should aim at evaluating the performance of various actors and at making recommendations for improvements and taking corrective actions when necessary. Particular attention should be paid to training activity related to CMP management. The evaluation results should also help to determine the proper scope and speed of the gradual expansion of CMP activities. In order to serve that purpose, the timing of the evaluation should be within 3 months from the end of the construction cycle, e.g., immediately after the Audits. Evaluators should have access to the results of the Audits on one hand, and to avoid overlapping of activities, on the other hand.