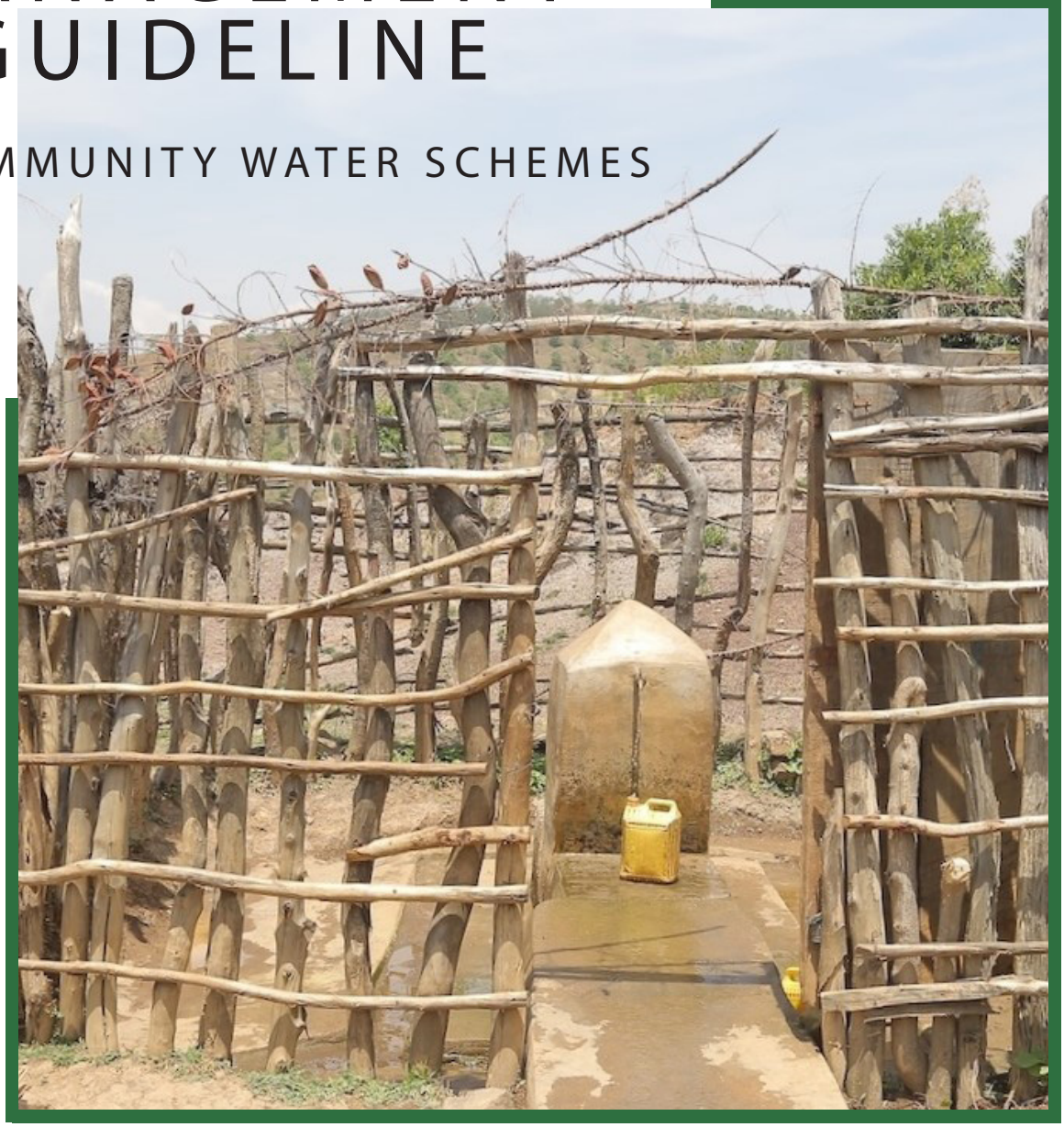
COMMUNITY-LED ACCELERATED WASH (COWASH)

VOL B

VOLUME B

CMP MANAGEMENT GUIDELINE

FOR COMMUNITY WATER SCHEMES



JANUARY, 2025

COWASH IV FTAT

COWASH

NIRAS

ACRONYMS

Acronym	Interpretation
ASCA	Accumulating Savings and Credit Associations
BMC	Business Model Canvas
BoE	Bureau of Education
BoF	Bureau of Finance
BoH	Bureau of Health
BoW	Bureau of Water
CBE	Commercial Bank of Ethiopia
CHC	Community Health Committee
CLTSH	Community-Led Total Sanitation and Hygiene
CMP	Community Managed Project
CMPS	CMP Supervisor
COWASH	Community-Led Accelerated WASH in Ethiopia
DPO	Disabled Peoples Organization
FTAT	Federal Technical Assistance Team
GIS	Geographic Information System
GoE	Government of Ethiopia
GoF	Government of Finland
HEW	Health Extension Worker
HH	Household
IEC	Information, Education and Communication
KWT	Kebele WASH Team
M&E	Monitoring & Evaluation
MBS	Market Based Sanitation
MFI	Microfinance Institution
MHM	Menstrual Hygiene Management
MoE	Ministry of Education
MoF	Ministry of Finance
MoH	Ministry of Health
MoLSA	Ministry of Labor & Social Affairs
MoWE	Ministry of Water & Energy
MoWSA	Ministry of Women & Social Affairs
MSE	Micro and Small Enterprise
MSP	Multi Stakeholders Platform
NGO	Non-Governmental Organization
NWCO	National WASH Coordination Office
NWSC	National WASH Steering Committee
O&M	Operation and Maintenance
ODF	Open Defecation Free
OWNP	One WASH National Program
PMU	Project Management Unit
PTA	Parent Teachers Association
PTSA	Parent Teachers and Students Association
PWDs	People with Disabilities
RPMU	Regional Program Management Unit
RSU	Regional Support Unit
RWCO	Regional WASH Coordination Office
RWMU	Regional Water Management Unit
RWSC	Regional WASH Steering Committee
RWTT	Regional WASH Technical Team
SBC	Social and Behaviour Change
SDG	Sustainable Development Goal
SECRSM	Social, Environmental and Climate Risk Screening and Management
SLA	Saving and Loan Association
SLTSH	School-led Total Sanitation and Hygiene
ToT	Training of Trainers
TVED	Technical, Vocational and Enterprises Development
TVET	Technical and Vocational Education and Training
UAP	Universal Access Plan
VIP	Ventilated Improved Pit
VSLA	Village Saving and Loan Association
WASH	Water, Sanitation & Hygiene
WASHCO	Water, Sanitation & Hygiene Committee
WASH SLA	WASH Saving and Loan Associations
WAT	Woreda Appraisal Team
WIF	WASH Implementation Framework
WMP	Woreda Managed Project
WoE	Woreda Office of Education
WoF	Woreda Office of Finance
WoFED	Woreda Finance and Economic Development Office
WoH	Woreda Office of Health
WoLSA	Woreda Office of Labor and Social Affairs
WoW	Woreda Office of Water
WHO	World Health Organization
WSP	Water Safety Plan
WUA	Water Users Association
WWT	Woreda WASH Team

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Please contact FTAT at: www.cowash.org/contact-us
or email: cowashinfo@cmpethiopia.org
or download from: www.cowash.org

Annex	A	Community Water Points Application Form
Annex	B	CMP Project Follow-up Form
Annex	D	Desk Appraisal Report Form
Annex	E	Field Appraisal Form
Annex	F	Acknowledgement of Application
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Annex	H	CMP Funding Agreement
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Annex	ZB2	Community Contribution Summary Materials
Annex	ZB3	Community Cash Contribution Use Report
Annex	ZD	Budget Release Request by WASHCOs
Annex	ZE	Variation Assessment Report
Annex	ZF	Variation Approval Form
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Annex	ZK	Fund Disbursement Schedule (Procedure) of CMP
Annex	ZL	Format for Project Completion Report
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1. INTRODUCTION

The COWASH project was established to promote the efficient use of Community-Managed Project (CMP) financing for rural WASH development. It is conducted under the umbrella of the country's One WASH National Program (OWNP) and is funded by the Governments of Finland and Ethiopia, regional governments, and project beneficiaries.

Under the CMP approach, communities, through Water, Sanitation and Hygiene Committees (WASHCOs), are responsible for the entire project cycle. The WASHCOs manage both community-generated funds and government subsidies provided for capital expenditures. They are also directly responsible for procuring the goods and services required to construct and install water schemes.

The CMP approach has been central to the COWASH project, which has been implemented over four phases since 2011. The third phase, completed in March 2021, used Microfinance Institutions (MFIs) to transfer funds to communities/WASHCOs to procure project goods, materials, and services for WASH facilities. The fourth phase, which commenced in April 2021 and will run until 30 September 2025, introduced in some regions the utilisation of Woreda Finance and Economic Offices (WoFEDs) to channel investment funds to WASHCOs whilst the use of MFIs continued in other regions.

This guideline presents the major principles, procedures, and formats for promoting, preparing applications, appraising, approving, financing, implementing, monitoring, and evaluating the CMP approach to community water supply schemes. The guideline focuses more on channelling funds through WoFEDs than MFIs, but it is generic to both methods and highlights particular considerations for MFI fund channelling.

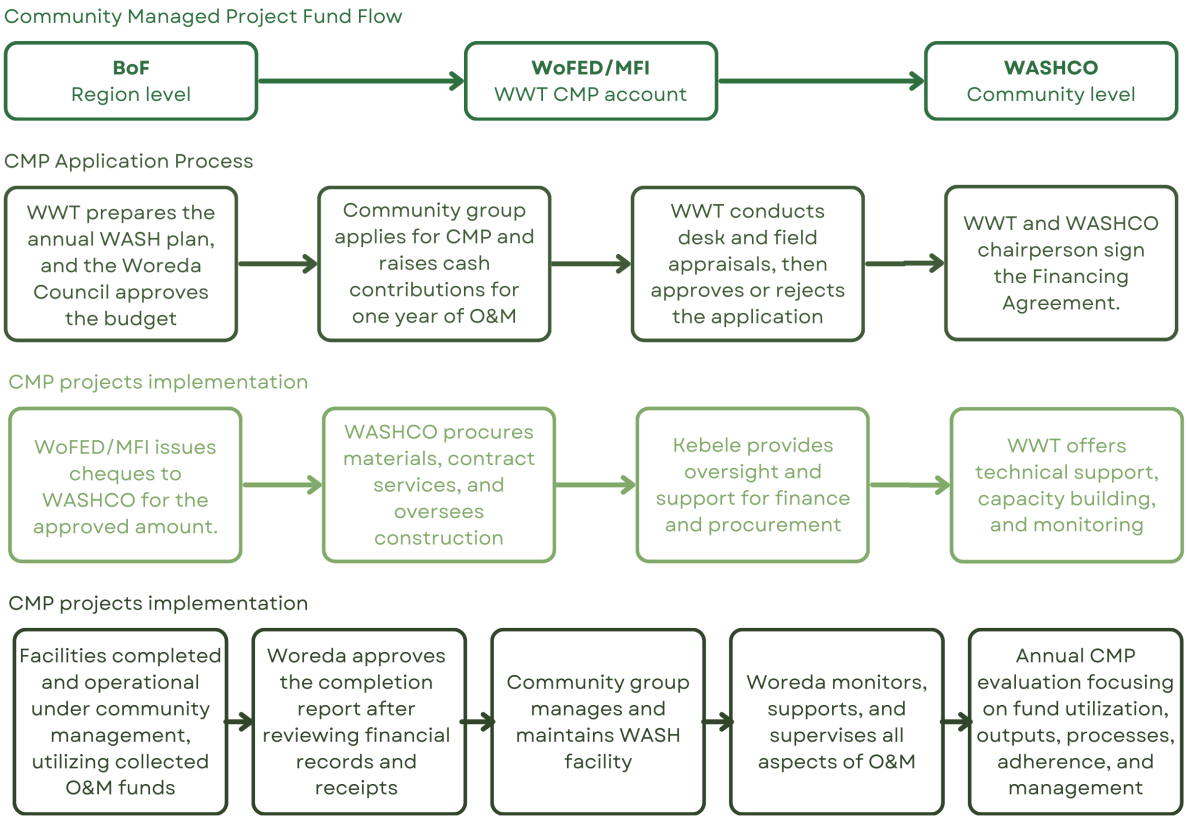
2. CONCEPT OF CMP

The CMP approach makes communities responsible for developing, managing, and operating their water schemes. Funds for physical construction are transferred to the communities from woredas, and the communities are responsible for the entire development process, including planning, financial management, implementation (including procurement of most materials and labour), and operation and maintenance (O&M). Schemes are not handed over to communities since the community already owns the project from its initiation.

Representatives of the communities become the project managers, allowing the government structures at woreda and regional levels, freed from managing the implementation of a large number of individual projects, to focus on facilitating progress through channelling funds, administration, training, supporting community capacity building, and monitoring and managing the woreda WASH programme.

Figure 1 illustrates the CMP project cycle, including the funding flow from federal level to the approved community representatives at the woreda level. The figure also illustrates the application process, implementation, completion, and post-construction O&M and monitoring.

Figure 2.1: The Community-Managed Project Cycle



The procedures involved in the various components of this project cycle are explained in the following chapters.

3. ORGANIZATIONAL ARRANGEMENTS

3.1 FEDERAL STRUCTURE

The National WASH Steering Committee (NWSC), chaired by the Minister of Water and Energy (MoWE) and including members from the Ministries of Health, Education, and Finance, oversees the project. The technical arm of the NWSC is the National WASH Technical Team, which consists of directors from the four WASH ministries.

The National WASH Coordination Office (NWCO) reports to the NWSC and is responsible for coordination and planning. In addition, the Ministry of Water and Energy assigns the relevant Directorates under it to support the CMP Approach as part of the OWNP.

Federal-level responsibilities concerning CMP include nationwide promotion, development of policies, strategies, guidelines, procedures, research, training materials, provision of technical support and capacity building, and facilitation of funding resources.

3.2 REGIONAL STRUCTURES

At the regional level, the main structures involved in CMP are:

- Regional WASH Steering Committee (RWSC)
- Regional WASH Coordination Office (RWCO)
- Regional WASH Technical Team (RWTT)
- Regional Programme Management Units (RPMUs) in water, health and education
- COWASH Regional Support Unit (RSU)
- Regional Bureau of Finance (BoF)

The BoFs are responsible for fund management. The other primary responsibilities at the regional level are:

- Selection of CMP woredas in consultation with the zonal administration
- Ensuring that in each selected woreda, WASH stakeholders are committed to partnership for harmonised, aligned and coordinated WASH
- Ensuring that a CMP investment fund allocation is made available for each selected woreda in line with their annual plan
- Reviewing CMP elements of the region's annual WASH plan & budget for Regional WASH Steering Committee endorsement
- Supervision and reporting of CMP-related issues, outcomes and progress.

The RPMUs are responsible for implementing the regional WASH programme and have formal oversight of CMP. However, due to CMP's specialised nature and the intensive support required by woredas and communities, the RSU teams operating under the Water Bureaus are engaged to provide technical support.

3.3 ZONAL STRUCTURES

Zonal responsibilities vary between regions, depending on their size and capacity. For CMP, the primary responsibilities of zones are:

- Selection of CMP woredas in consultation with the regional administration
- Provision of training to woreda WASH sector offices and woreda WASH teams
- Supervision of the activities of woredas
- Provision of technical support to woredas.

3.4 WOREDA STRUCTURES

Each woreda has a Woreda WASH Team (WWT), comprising a chairperson (woreda administrator) and heads of the woreda Water, Health, Education, Women's Affairs, Finance and Agriculture Offices, with responsibilities as explained in the WASH Implementation Framework (WIF). Their responsibilities related to CMP include:

- Selection of CMP kebeles in consultation with kebele administrations
- Ensuring that the woreda is fully prepared for CMP and that WASH sector stakeholders in the woredas are fully committed
- Assuming financial and operational responsibility for the CMP investment fund

- Deciding on minimum community up-front cash deposits and minimum user fees to be collected to cover project management and O&M, in line with regional guidance
- Reviewing and approving plans and budgets for CMP in the woreda annual WASH plans, then forwarding them for RWTT review and RWSC approval.

In each woreda where CMP is implemented, the Woreda Office of Water (WoW) appoints a CMP supervisor to undertake practical duties within the WWT mandate. The CMP supervisor plays a leadership role in the implementation and progress of CMP and a coordinating role with CMP focal persons in the health and education bureaus responsible for the day-to-day monitoring and supervision of individual projects.

Woreda staff, particularly WoW members, provide guidance and technical support in site selection, planning, social, environmental, and climate risk screening, climate-resilient water safety planning, accessibility design, procurement, supply and transportation of materials, supervision and monitoring, and training and assistance in financial management.

3.5 COMMUNITY-LEVEL STRUCTURES

Communities, represented by WASHCOs, are fully responsible for the overall implementation of the WASH facilities: contracting artisans, contractors and suppliers, procuring construction materials and tools, borrowing specialist construction equipment from the WoW, organising materials and labour contributed by the community, and organising community cash contributions for project management and operation and maintenance. Other key responsibilities of the WASHCOs include:

- Representing community opinions in the development and management of improved water and sanitation facilities
- Mobilising users, including persons with disabilities, to participate in all aspects of implementation, such as design, site selection, construction, management, O&M and monitoring
- Collecting community contributions towards O&M of the facilities and any further contributions the community makes in materials, labour or cash
- Setting up and enforcing by-laws on community requirements to govern the water source and its use
- Preparing progress reports, financial reports, requests and receipts
- Appointing caretakers and pump attendants; agreeing on O&M tasks and responsibilities for water users.

4. ELIGIBILITY FOR CMP FUNDING

4.1 ELIGIBLE COMMUNITIES

Communities that wish to apply for funds from CMP must comply with the following criteria:

- Improving access to safe water must be a priority in the kebele development plan
- The community must be willing to establish a WASHCO to take financial and operational responsibility for construction and future O&M
- The WASHCO must have at least a 50% elected female membership and be open to/ promote persons with disabilities

- The community must be willing to contribute in labour, kind, and cash, with expected minimum community contributions ranging from 1% for new deep well drilling up to 20% for rehabilitation of hand-dug wells and rural piped systems
- The community must demonstrate its commitment by depositing a cash contribution in a registered financial institution, at a minimum covering O&M costs for one year
- Communities within kebeles that have adopted a community-led total sanitation approach should demonstrate that each household has a basic or improved latrine.

4.2 ELIGIBLE TECHNOLOGIES

CMP is intended to finance new construction, reconstruction, rehabilitation, or relocation works, provided that costs do not exceed the critical maximum budget ceiling established by the regions. It tends towards low-cost technologies such as hand-dug wells and springs, technologies well-suited to the hydrological conditions in many parts of Ethiopia and to community management. However, the financing can also be used for higher technology options such as drilled wells, and rural gravity piped schemes. The following water supply technologies are eligible:

- Community hand-dug wells fitted with hand pumps
- Community spring development with on-site collection (with/without collection chambers)
- Community shallow drilled wells fitted with hand pumps
- Community rural piped schemes from gravity springs
- Community rural piped schemes from motorised springs
- Community rural piped schemes from deep well sources
- Deep well drilling for rural piped schemes.

In addition, additional components for multiple-purpose water use can be applied to improve livelihoods. Examples include cattle troughs, basins for washing clothes, and showers.

4.3 ELIGIBLE COSTS

To be considered eligible in the context of the CMP approach, costs must:

- Be used for WASH facilities only and declared in the Funding Agreement budget estimate
- Be cost-effective and within acceptable market prices
- Be identifiable and verifiable as expenditures recorded in the WASHCO register book, backed by original and supporting documents.

If the above conditions are met, the following direct costs are eligible:

- Purchase costs for construction materials, equipment and services (transport, rent, etc.)
- Expenditures on subcontracting artisans for labour and turnkey contracts
- Expenditures on contractors and suppliers
- Authorised subsistence and transport allowances for community members travelling outside their usual working areas in pursuance of the construction of WASH facilities. The budget for WASHCO allowance and transport expenses has to be approved by the

WWT as a WASHCO administrative expense as part of each project investment cost, with a maximum allowable percentage of 5% of the total grant/CMP budget.

Costs for preparatory activities before the signing of the Funding Agreement and inputs defined as community contributions, whether in kind or cash, are not eligible.

5. CMP APPLICATION PROCESS

5.1 CMP APPLICATION AND BUDGET ESTIMATE

Communities interested in developing a water scheme through CMP must prepare and submit applications for WASH grants to the WWT for review and approval.

Applications must be submitted using the Community Managed Projects Water Point Application Form (Annex A of Appendix 2, which should be translated into the region's working language).

Budget estimates are prepared as a part of the application process. Applicants should pay special attention to them as they will be the basis for the Funding Agreement. The Woreda Water Office must prepare information on the estimated average construction costs of different technologies and how to value the community's contribution.

Communities are expected to raise and deposit a cash contribution equivalent to one year's operating and maintenance costs in a savings account.

5.2 DESK APPRAISAL

WASHCOs should hand-deliver their applications to the CMP Supervisor, who registers/files them as Application No. XX/EFY (XXXX). The application is attached with a Project follow-up form (Annex B).

The CMP Supervisor performs a desk appraisal in the presence of the WASHCO members, following the criteria detailed in Annex D, to verify the following administrative compliance:

- Is the technology type eligible for financing under the CMP?
- Is the requested contribution for external budget support within the critical maximum budgeted ceiling applicable for the CMP grant in the woreda?
- Does the indicated community contribution for construction satisfy the minimum percentage required?
- Is the indicated upfront cash contribution from the community greater or equal to one year's O&M?
- Does the application contain the following?
    - Minutes of the community meeting stating that the WASH facility is a priority of the community, with a list of participants and their signatures
    - A list of elected WASHCO members, including their sex, age and responsibilities
    - Verification of the community's upfront cash contribution having been deposited in a savings account at a finance institution before submission of the application
    - A recommendation letter from the kebele administration.

Following the desk appraisal, the CMP Supervisor issues a receipt (Annex F) to the applicant acknowledging the submission of the application and confirming whether it is administratively compliant.

In case of compliance, the Supervisor will recommend that the Woreda Appraisal Team (WAT) conduct a field appraisal, preferably before the next WWT meeting or within 15 days.

In case of non-compliance, the applicant will receive a written explanation of the reason(s) and instructions on how to complete the application satisfactorily.

5.3 FIELD APPRAISAL

The WAT members will conduct the field appraisal (Annex E) to verify that the proposed WASH facilities meet the eligibility criteria. The composition of the WAT may vary, but each team should have at least one technical expert and other experts who can cover gender, disability inclusion, community-based planning and implementation, information, education and communication (IEC), sanitation, climate risk, and management-related aspects. The appraisal includes the following key criteria:

- Importance of the project to the community: Is it a priority? How many beneficiaries are there?
- Social feasibility: Are WASHCO members elected democratically, with appropriate regulations and levels of participation? Are the facilities acceptable to the community in terms of culture/religion/psychology and distance? Is there a written agreement with the affected landowners?
- Community contributions: What is the contribution in labour, materials and cash? Are the materials of appropriate quality? Is there a commitment to manage O&M after construction?
- Technical feasibility: Is the proposed source suitable for development and use in terms of quantity, quality, accessibility, location, and convenience?
- Climate change and environmental risk management: Are drainage, fencing, and other protection measures provided? Are the possible climate change and environmental risks manageable? Are any proposed multiple-use features appropriate?
- Social inclusion: Are women and persons with disabilities represented in the WASHCO and participating at all project stages? How will the new facility reduce their burden?
- Sustainability: Is the community committed to covering O&M costs and collecting water fees? How will it pay the caretakers, access spare parts, and perform preventive and corrective maintenance? Can the water quality be maintained?
- Implementation and costing: Does the community have the capacity to procure materials, equipment and services or to make a turnkey contract? Are the costs acceptable and realistic?

During the appraisal process, the WAT may propose budget corrections, site re-selection, or other corrective actions. If these can be agreed upon immediately, the application can be revised and reappraised straightaway.

5.4 APPROVAL AND FUNDING AGREEMENT

If the appraisal is successful, the WAT will submit its report to the WWT through the Woreda Water Team Project approval form (Annex G). The WWT then decides whether to approve, postpone, or reject the proposed project and informs the applicants in writing (Annex I).

If the application is approved, the WWT will issue the WASHCO with a Funding Agreement (Annex H), which the chairpersons of the WWT and WASHCO will sign. Annex J (General conditions of the funding agreement) will also apply to the agreement.

The CMP Supervisor (in collaboration with the WASHCO) will draft a schedule for project implementation and respective payments, indicating the technical assistance and supervision inputs by the WoW and WWT members.

6. FINANCIAL MANAGEMENT OF CMP

6.1 CMP BUDGETING

Based on the woreda WASH targets set by the region and the budget ceilings set by BoF, each woreda sector office prepares its WASH annual budget, with the CMP investment grant separately itemised. The WWT works with the sector offices to prepare an annual WASH plan for approval by the Woreda Council.

Annual work plans with approved unit rates, determined annually by the RSU and approved by the RWSC, provide the basis for budget preparation. The RSU and COWASH focal person of each WASH sector bureau prepare the budget for each activity using the following budget categories (of which only the investment component is allocated to the community):

- Investment: The costs of constructing water supplies, including fees for artisans, materials, pumps, equipment and tools, operational cost of WASHCOs, etc.
- Capacity building: The costs of capacity building, such as training, physical facilities (vehicles, office equipment, etc.), and associated expenses.
- Technical assistance: The costs of providing support, technical assistance and monitoring at the regional, zonal and woreda levels, including costs associated with studies, design, monitoring and supervision.
- Operational costs: Fuel costs, maintenance of office equipment, per diem and related operational costs and expenses.

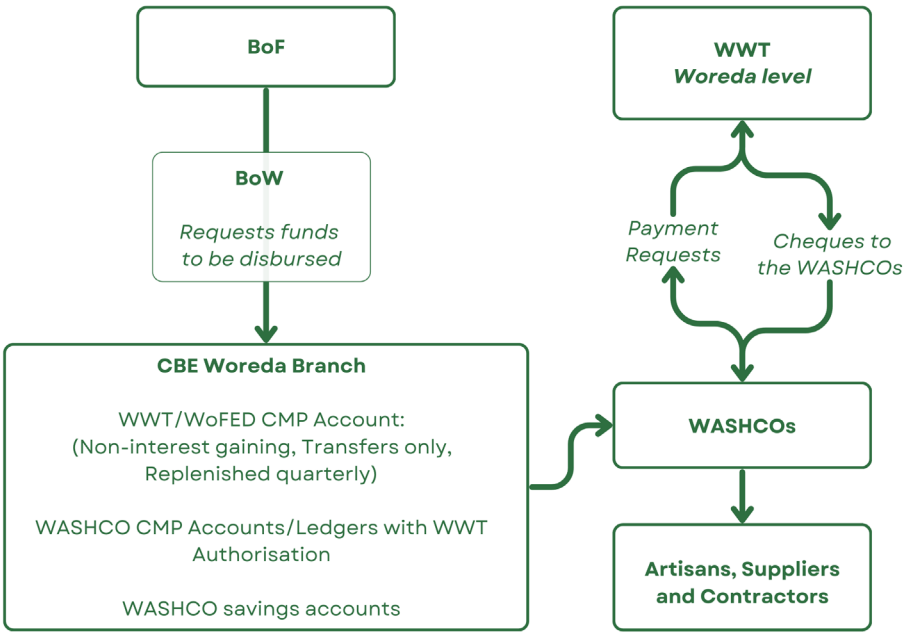
WoFED establishes the budget allocated for each sector office based on the approved annual WASH plans. WoW provides support by collecting financial reports from communities' periodic inspections of works and procurement.

The main tools for budget control are ledger cards, which identify the approved budget, any additions or deductions, the committed and uncommitted budget, payments made for budget expenditures, and the budget balance.

6.2 FUND CHANNELLING

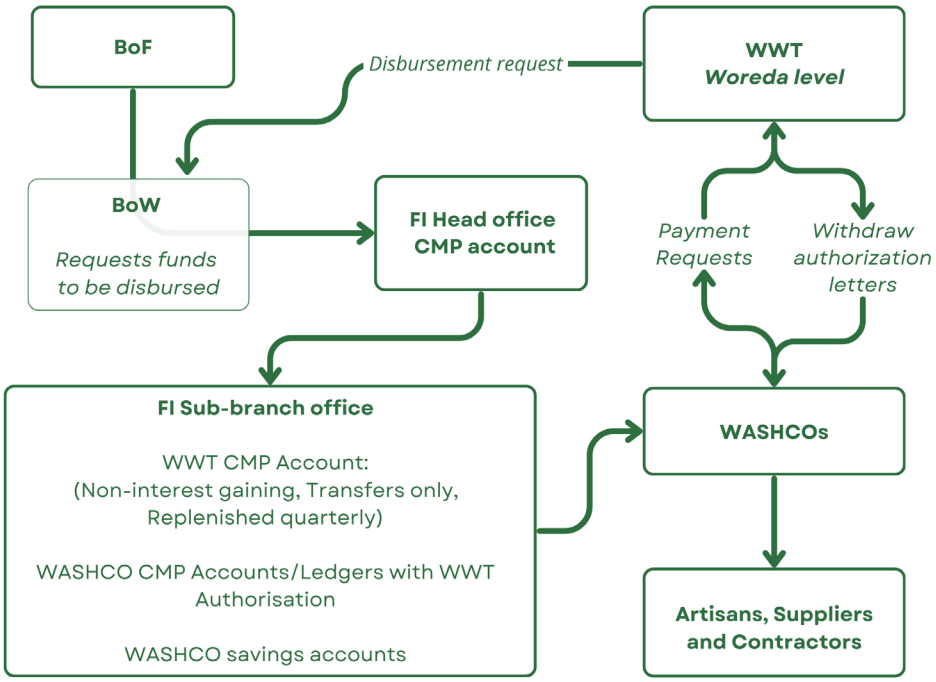
The flow of funds from BoF to the WASHCOs using WoFED (currently used in Central Ethiopia, Sidama, South Ethiopia, and South-West Ethiopia Peoples regions) is shown diagrammatically as follows:

Fig 6.1. Flow of Funds for CMP Water Schemes Construction via WoFED



The flow of funds from BoF to the WASHCOs via MFIs (currently used in Amhara, Benishangul-Gumuz, Oromia and Tigray regions) is shown diagrammatically as follows:

Fig 6.2. Flow of Funds for CMP Water Schemes Construction via MFI



6.3 ACCOUNTS

For the CMP WASH grant transfer, each woreda will open a Woreda WASH Bank Account, typically at the Commercial Bank of Ethiopia (CBE). Communities must also open a savings account at a recognised financial institution before submitting their project application as a precondition for receiving the CMP funds. The woreda will decide the amount of this upfront contribution, preferably covering at least one year's O&M costs. A copy of the deposit slip should be submitted to the CMP Supervisor for filing.

The community's cash contribution for construction may also be saved in the O&M savings account, but the amounts deposited for each must be clear. Any construction materials procured or labour payments made from the community cash contribution must be reported to the Woreda CMP Supervisor via a Community Cash Contribution Use Report (Annex ZB3).

6.4 DISBURSEMENT

The WWT approves how much may be used for investment in the fiscal year. The first instalment can be made after:

- The WWT and community representatives have signed a funding agreement
- The community has opened a savings account for upfront contributions for O&M costs
- WWT has issued a written letter to WoFED/MFI, authorising payments.

WASHCO requests for funds must include the following, with payments allowed up to four times per project, provided that receipts have correctly verified 80% of any previous payment:

- A completed fund release request form (Annex ZD)
- WASHCO investment funds' register/ledger, prepared in two copies, one filed with the WoFED CMP Accountant's office, and one returned to the WASHCO (Annex N)
- Original receipts of the payments made by WASHCOs
- Payment certificates and other supporting documents such as minutes of meetings, invoices, etc.

The CMP Supervisor receives and checks the documents and prepares an acknowledgement of receipts of accounts (Annex S) for forwarding to the CMP Accountant at WoFED to check and co-sign if the documents are in order. Once approved, the WWT prepares a letter of authorisation (Annex U) for the WoFED/FI sub-branch to transfer the approved amount to the WASHCO CMP investment fund account or ledger. After that, the WASHCO can withdraw the money to pay its suppliers, contractors, and artisans.

The WASHCO must retain copies of all financial transaction documents. The WoFED accountant will maintain a general ledger for the WWT CMP Account. The CMP supervisor shall conduct periodic monitoring to ensure adherence to this CMP Financial Management Manual and the WASHCO procurement guideline (Annex ZN).

6.5 MANAGING BUDGETS DURING CONSTRUCTION

6.5.1 Budget Limits

The maximum grant funding stipulated in the Funding Agreement is based on the project budget estimates. It becomes final only after the project is completed and the final expenses and receipts are presented.

Sometimes, the final CMP contribution is higher than the planned budget. The WWT can approve justified exceptions, provided that approval criteria are strictly applied. Exceptions should not threaten annual targets for WASH facilities and must be financed within the total woreda CMP budget allocation. WWTs must review cost estimates carefully to avoid the extra work in managing exceptions.

6.5.2 Failure to Meet the Objectives of the Funding Agreement

If the community fails to implement the WASH facilities as agreed in the Funding Agreement, the WWT reserves the right to terminate it and notify WoFED to cease payments. The WWT can also reduce the budget and demand full or partial repayment of the funds already released if the community does not fulfil the terms of the Funding Agreement.

If any expenses claimed by the WASHCO cannot be verified, they shall bear the costs of those expenses and return the remaining balance to the woreda. If they fail to return the balance, the WWT will initiate a collection procedure, with notice of such an event published on the woreda administration information board, before taking the appropriate administrative measures as per Ethiopian Law.

6.5.3 Amendments to the Funding Agreement and Budget Variations

Any modification of the Funding Agreement and budget variations must be outlined in a written amendment to the original Funding Agreement. However, as per Article 7 of the General Conditions (Annex J), some modifications may simply be notified to the WWT.

Variations which exceed the total budget are considered in the following ways:

i. If the variation is up to 10% of the approved budget, the WASHCO should inform the CMP supervisor, in writing, who is authorised to approve the variation if justified.
ii. If the variation is between 10% and 30% of the approved budget, the WASHCO should inform the CMP Supervisor in writing of the reasons for the expected variation, who will forward it for the approval of the WWT, together with their recommendation (see Annex ZE and Annex ZF for the variation assessment and approval/decision forms). If the WWT accepts the causes of the variation, a Funding Agreement amendment will be prepared in two copies and signed by the WWT and the WASHCO.
iii. If the variation exceeds 30% of the approved budget, project implementation should be suspended while the WWT considers WASHCO's appeal. The WWT may request expert support from the respective zone office or regional bureau to help them evaluate the variation. If the WWT accepts the causes of the variation, implementation may resume, and the Funding Agreement amendment should be prepared. A decision should be reached within 15 days.

In case of an increase in the construction cost, the community contribution must also increase accordingly to maintain the defined minimum community contribution.

6.6 FINANCIAL REPORTING

Beneficiaries of CMP grants must provide quarterly expense reports. The CMP Supervisor, in collaboration with the WoFED accountant, collects and summarises those expenditures as a basis for their quarterly and annual reports.

The WoFED accountant must produce quarterly and annual CMP financial reports for submission to the Regions, comprising the trial balance, fund transfer report, expenditure report, receivable report, payable report, and monthly bank reconciliation statement (Annex Q). A schedule showing the budget versus actual expenditure or utilisation of the allocated fund must also be included. These reports will confirm that the funds disbursed to programmes are used for their intended purpose, that implementation is on track, and that budgets will be maintained.

Regional Sector offices will publish quarterly financial reports on total expenses incurred at the regional level. Annual reports consolidating the reports for the four quarters are also required.

6.7 AUDITING

Auditing is required to verify that disbursement procedures and systems are followed, basic accounting records are adequately maintained, actual expenditures incurred and fund transfers received at regional and woreda levels are used for project purposes, and internal controls are adequate regarding payments, purchases, requests, and authorisations.

Internal audit reports of CMP accounts shall be submitted to WoFED and BoF. Based on their recommendations, corrective actions shall be taken, and subsequent audit reports shall specify the actions taken. Summarised findings, including mitigation plans and actions taken, should be sent to FTAT, who will advise actions to avoid recurring issues and strengthen accountability.

Audits of CMP funds will be conducted along with audits of other WASH programs. For specific community grants, the office of the regional Auditor General will conduct the audit.

Copies of the audit reports covering the CMP funds will be sent to relevant regional and federal bodies. The RSUs and FTAT will advise on appropriate measures based on the audit findings.

Additionally, a Public Audit is required upon the completion of the project. To this end, the WASHCO presents a completion report (Annex ZL) to the community detailing the quantities of work, the costs incurred, the money collected for operation and maintenance, the money deposited in the bank, etc. Annex ZM presents a checklist for the Public Audit. If the public has any suspicions about the financial management, a detailed Woreda Finance Office audit may be proposed.

6.8 DOCUMENTING OF WASHCO FILES

Annex X (Duties and Responsibilities of Various Actors) sets out the duties and responsibilities of the two main parties involved in receiving and documenting the WASHCO files. In general, the CMP Supervisor (CMPS) is responsible for the non-financial management-related processes and the WoFED accountant for the financial management-related processes, as shown below:

Table 6.1 Responsibility of CMPS & WoFED Accountant in Documenting WASHCO Files

No.	Annex No.	File name	Received and documented by	
			CMPS	WoFED
A	Preparatory activities related documents & formats			
1	Annex A	Filled water point application form	x	
2	Annex D	Filled desk appraisal form	x	
3	Annex E	Filled field appraisal form	x	
4	Annex F	Signed acknowledgement of application form	x	
5	Annex G	Signed WWT Approval form	x	
6	Annex I	Signed WWT approval letter	x	
7	Annex H	Signed funding agreement between WWT & WASHCO	Copy	Original
B	Implementation related documents & formats			
8		Signed construction contract agreement between WASHCO & artisan/contractor	Original	Copy
C	Procurement related documents & formats			
9		Signed WASHCO procurement minute		x
D	Financial management related documents & formats			
10		Filled & signed WASHCO cash payment receipt		x
11	Annex N	Filled & signed WASHCO account form/ledger		x
12	Annex S	Filled & signed acknowledgment of receipt of WASHCO account		x
13	Annex U	Signed WASHCO cash withdrawal from		x
14	Annex Y	Signed WASHCO account opening letter		x
15	Annex ZD	Filled & Signed WASHCO fund release request form		x
16		Approved construction payment certificate	Copy	Original
E	Construction progress recording & reporting formats			
17	Annex M	Filled & signed daily construction progress record by WASHCO	x	
18	Annex ZA1	Filled & signed daily community labour contribution record	x	
19	Annex ZA2	Filled & signed daily community material contribution record	x	
20	Annex ZB1	Filled & signed community labour contribution summary form	x	
21	Annex ZB2	Filled & signed community material contribution summary form	x	
22	Annex ZB3	Filled & signed Community cash contribution use report summary form	x	

7. PROCUREMENT OF GOODS AND SERVICES FOR CMP

The basic procurement principle in CMP is that the communities procure services and goods (including transportation). However, moulds, pipe threaders, and other specialist tools may be borrowed from the Woreda Water Offices.

If the community cannot handle the procurement process, they may prefer a turnkey contract for the whole project; the woreda should approve this, with the WWT providing support. The WWT will also check that the costs align with known market prices and cost estimates and that the community contribution in the Funding Agreement remains intact. The contract should stipulate that the artisan/contractor takes responsibility for the quality of the materials.

If the WASHCO cannot handle a turnkey contract, it may delegate the WWT to handle the procurement process on its behalf as long as the WASHCO approves and affects payments to the contractor.

The procurement methods used by WASHCOs should follow federal directives. However, with regional approvals, these methods may be adapted to enable WASHCOs to handle procurement more efficiently, considering their limited capacity, the voluntary nature of their work, and the remoteness of their locations. Accordingly, a separate WASHCO procurement guideline is used to implement community water supplies in COWASH (Annex ZN).

7.1 WOREDA PROCUREMENT

Subject to regional and woreda WASH Team approval, the woreda may bulk-purchase and store specialised equipment and materials such as hand pumps or generators; the WASHCOs must follow the woreda water office procedures to obtain such equipment from their stores.

The woreda may procure goods on behalf of the communities if the communities provide written authorisation. Community representatives must approve the payments for any goods and services delegated. The communities should receive copies of the signed agreements between the woreda and the supplier or contractor.

8. CMP CAPACITY BUILDING AND TRAINING

8.1 LEVELS OF TRAINING

The introduction of CMP requires intensive capacity building from federal to woreda level and an unwavering commitment from all parties to facilitate the process. Annual training is required at all levels, with training programs suitable for the relevant parties' needs.

8.1.1 Federal Level

Capacity development at the federal level focuses on human resource development, especially increasing knowledge of policy and strategy. Federal-level training courses, workshops, seminars, and learning alliances should be organised jointly with WASH stakeholders in-country and abroad. FTAT focuses on training regional and zonal personnel, including the RSU teams.

8.1.2 Regional Level

Physical capacity building is carried out at regional, zonal and woreda levels. Finance for this is included in respective work plans and budgets, which include improving private sector capacity, for example, by training artisans on the CMP approach.

The RSUs organise, support, and report on capacity development. FTAT prepares training materials for zonal and woreda WASH technical training. All WASH stakeholders must cooperate to effectively use resources, avoid overlapping or contradictory activities, and ensure that the CMP process is fully understood.

Regional specialists should also have opportunities to participate in workshops, conferences, and training courses in-country and abroad.

The RSUs need strengthening to support the zones and woredas in implementing the CMP schemes. They also require resources such as vehicles, LCD projectors, computers, printers, filing cabinets, and copy machines.

FTAT conducts 'training of trainers' at the regional level, which cascades downwards in the model defined in the WIF. Woreda-level training by regional and zonal staff should be included in regional plans. Regional governments should be encouraged to grant formal, legal recognition to properly constituted WASHCOs, including recognition of a WASH mandate for sanitation and hygiene improvements and environmental protection of water supplies.

8.1.3 Zonal Level

Zonal WASH Teams must be strengthened (or established) to plan and coordinate WASH training and capacity building. Zones receive the same human resource development capacity building as regions. Their role is to provide capacity building in new woredas and refreshment training for experts in woredas where the CMP approach is already in use.

8.1.4 Woreda Level

Special attention should be paid to awareness creation and improving the understanding of woreda administrators on the requirements for successful implementation of the CMP approach. WWTS must receive extensive capacity building for CMP management.

Zone WASH Teams and WASH personnel from RSU and regional bureaus train technical personnel in the woreda water, health, and education offices in CMP promotion, application preparation, desk and field appraisal, project approval, monitoring and evaluation, CLTSH, operation and maintenance management, and water safety planning. The Woreda Finance and Economic Development Office and other financial intermediaries will be trained in CMP financial management and procurement.

8.1.5 Community Level

For CMP to succeed, the WASHCOs representing kebele and community members must be trained to manage and maintain their facilities. They must understand CMP construction and financial management, operation and maintenance management, hygiene and sanitation,

gender, environmental protection, and water safety planning. They will also need to be able to conduct climate risk screenings.

WASHCOs should table their constitutions for local discussion and approval. Opportunities should be taken to empower women and persons with disabilities to ensure that their capacity, opinions and demands are respected.

8.1.6 WASH Service Providers

WASH service providers, such as artisans, spare part suppliers, maintenance specialists, and sanitation marketing entrepreneurs, play an important role in service. Depending on regional policies, woreda capacity building should extend to certifying and registering these services as Micro and Small Enterprises or Artisan Cooperatives/Associations.

8.2 TRAINING FOR EFFECTIVE IMPLEMENTATION OF THE CMP APPROACH

For the effective implementation of the CMP approach at all levels, the following types of training are recommended:

- CMP concept and principles awareness training for federal WASH sector ministries
- CMP management training for WASH-related staff at regional, zonal and woreda levels, focusing on the benefits of CMP, roles and responsibilities, application and decision-making
- Appraisal team training for Woreda WASH office members, with emphasis on the application process and decision-making
- Training of trainers by the PMU and zonal staff for the woreda team who will cascade training onto community groups
- Training for kebele WASH Team members to promote CMP and assist communities in preparing applications and managing the processes
- Training for community group/WASHCO members to understand CMP processes, quality assurance, financial management of community contributions and accountability
- Training for kebele pump attendants in maintenance and spare part management and sourcing.
- Hands-on training for artisans in the construction of hand-dug wells and springs.

Training courses can range from 3 to 60 days (for artisans) and combine presentations, discussions, role-play, practical demonstrations/constructions and site visits.

9. REPORTING

Reporting is an indispensable part of the CMP project cycle and a key input for performance evaluation. Performance reporting allows proper control of management, progress, accounting, and O&M. The results indicate where corrective action is required. FTAT provides planning and reporting formats to enable this.

9.1 REGULAR REPORTING

Regular reporting by WASHCOs to woreda sector offices supports transparency and improves community management. The following reports should be produced:

- Monthly report: A physical construction and maintenance report prepared by the WASHCO and submitted to the WoW.
- Quarterly report: The woreda sector offices should submit quarterly performance reports to the WoW and the respective zonal and regional sector offices. These reports will provide data on the projects' progress and any notable trends, needs, or requirements.
- Annual report: The regional sector offices and RWCO should assess quarterly reports received from woredas and compile them into annual reports for submission to all regional WASH bodies and the Regional Government.

Uniform reporting formats are paramount for allowing zonal and regional sector offices to compare and evaluate performance and for WASHCOs and woredas to grade themselves against each other. However, formats must also be flexible to adapt to particular circumstances.

9.2 PROJECT COMPLETION

9.2.1 Final Funding Instalment and Retention Payments

The final instalment from the woreda WASH fund to the WASHCO account is made following a written request showing the exact amount to be paid. The kebele WASH Team should assist the WASHCO in this regard.

Upon completion, the WASHCO submits its final receipts. If the total amount received exceeds the actual payments made, the WASHCO must return the balance to the woreda. The woreda will hold a retention sum for an agreed-upon period (typically one year) to ensure that work has been completed to the required standard; it will later be released to the WASHCO.

A project completion checklist is provided in Annex ZM.

9.2.2 Records and Accounts of the Operation

WASHCOs have the obligations described above to maintain accurate and regular records of construction and accounts. The WASHCO must retain their records in a safe place for five years after the end of the project. Original receipts and accounts handed to the woreda finance office accountant will be kept in the Woreda Finance and Economic Development Office archive or other suitable and safe location for audit purposes.