

**PROGRAM-FOR-RESULTS INFORMATION DOCUMENT (PID)
APPRAISAL STAGE**

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I. Country Context

1. Ethiopia is a large and geographically diverse country, with a representation of 98 nationalities and peoples who speak 93 languages, a total population of about 90 million, and a population growth rate of 2.6 percent (2013). At that rate, the United Nations estimates that the population will reach 130 million by 2025, and Ethiopia is projected to be among the world's 10 largest countries by population in 2050. IDA commitments to Ethiopia in recent years have been over US\$1 billion per year. Making progress on the two goals of the World Bank Group in Ethiopia is therefore important both for global progress and for the country itself.

2. Ethiopia remains one of the world's poorest countries but has achieved high levels of economic growth and made substantial progress on social and human development over the past decade. The country's per capita income of US\$470 (2013) is substantially lower than the regional average of US\$1,257 and among the 10 lowest worldwide. Ethiopia is ranked 173 out of 187 countries on the Human Development Index of the United Nations Development Programme (UNDP). However, economic growth has helped reduce poverty in both urban and rural areas. Since 2005, 2.5 million people have been lifted out of poverty, and the share of population below the poverty line has fallen from 38.7 percent in 2004/05 to 29.6 percent in 2010/11 (using a poverty line of close to US\$1.25/day). Ethiopia is among the countries that have made the fastest progress on the Millennium Development Goals (MDGs) and Human Development Index ranking over the past decade. It is on track to achieve the MDGs for gender parity in education, child mortality, HIV/AIDS, and malaria. Good progress has also been made in universal primary education, although the MDG target may not be met.

3. Ethiopia's constitution ensures a federal, democratic system. Ethiopia's current

government system was established in the early 1990s by the Ethiopian People’s Revolutionary Democratic Front, which took over the country in 1991 after militarily defeating the previous regime. Since 2003 the country has actively pursued decentralization of governance to the regional and woreda levels—a woreda is a district with an average population of 100,000. Ethiopia marked an important milestone in August 2012—the first peaceful and constitutional transition of power in Ethiopia’s modern history—with the appointment of H.E. Hailemariam Desalegn as prime minister, following the death of Meles Zenawi, who had led Ethiopia since the Ethiopian People’s Revolutionary Democratic Front took over.

4. The government of Ethiopia (GoE) is currently implementing its ambitious Growth and Transformation Plan (GTP) (2010/11–2014/15), which sets a long-term goal for Ethiopia to become a middle-income country by 2025, with growth rates of at least 11.2 percent per year during the plan period. To achieve the GTP goals and objectives, the GoE has followed a “developmental state” model with a strong role for the government in many aspects of the economy. It has prioritized key sectors such as industry and agriculture as drivers of sustained economic growth and job creation. The GTP also reaffirms the GoE’s commitment to human development. The programs of development partners (DPs) are broadly aligned with GTP priorities. A successor to the GTP, covering 2015/16 to 2020/2021, is currently under preparation.

5. The Bank Group’s Country Partnership Strategy (CPS) for FY13–16 sets out the principles for engagement within this framework, as recently reviewed in the 2014 CPS Progress Report. The CPS supports the GoE in implementing the GTP. It includes two primary pillars and seven strategic objectives. Pillar One (Fostering Competitiveness and Employment) aims to support Ethiopia in achieving the following strategic objectives: (a) a stable macroeconomic environment; (b) increased competitiveness and productivity (a particular area of focus for the IFC); (c) increased and improved delivery of infrastructure; and (d) enhanced regional integration. Pillar Two (Enhancing Resilience and Reducing Vulnerabilities) aims to support Ethiopia through (e) improved delivery of social services, and (f) comprehensive social protection and risk management. The CPS also has a foundation of (g) good governance and state building. In line with the GTP, gender and climate change have been included as cross-cutting issues in the CPS. The CPS Progress Report reconfirmed these strategic objectives while noting that the Bank Group will place renewed emphasis on a stable macroeconomic environment, increased competitiveness and productivity, regional integration, and the urbanization process.

II. Multi-sectoral and Institutional Context

6. Over the last 10 years, Ethiopia’s overall record of achievement in basic service delivery has been striking. Table 1 charts the evolution of key service delivery indicators and results in Ethiopia since 2006, showing commendable results across the board—for example, in reducing child mortality and increasing net enrollment rates (NERs) and the share of the rural population with access to clean water. The fact that the country is on track to meet several MDG targets is due in part to increased access to basic services. In this context, it is noticeable that the Bank’s Ethiopia Poverty Assessment (2014) identified access to basic services as one of the three main drivers of poverty reduction in Ethiopia, along with broad-based agriculture growth and targeted programs such as the Productive Safety Net Program (PSNP). This implies that improving access

to basic services such as education and health not only promotes long-term growth but also helps reduce poverty, contributing to both pillars of the Bank’s global strategy.

7. In parallel, the government’s financing for service delivery has grown from 58 percent in 2007 to 80 percent in 2014, reflecting a strong level of national commitment and ownership. The government’s broad program of support is primarily in the form of the Intergovernmental Fiscal Transfer (IGFT) or block grant system, complemented by specific donor-financed programs and the recently introduced MDG Support Fund, which finances capital expenditures. This program of support is reflected in ambitious GTP service delivery targets, many of which have been achieved.

Table 1. Evolution of Key Service Delivery Indicators and Results during 2006–2014

<i>Indicator</i>	<i>Start of Protection of Basic Services Program (2006)</i>	<i>2014</i>	<i>Source</i>
Child mortality (ages 1-4) per 1,000	72	31	Demographic Health Survey (DHS)
Contraceptive acceptance rate (modern method)	14%	40%	DHS
Access to antenatal care	28%	41%	DHS
Immunization (DPT 3)	72.6%	91.1%	Health Management Information System (HMIS)
Net enrollment rate for grades 1–8	77.5%	90%	Education Management Information System (EMIS)
Gross gender parity index for grades 1–8	0.84	0.92	EMIS
Improved sanitation	38%	66%	DHS
People with access to agriculture extension services	4.04 million	13.09 million	Admin data from the Ministry of Agriculture (MoA)
Cereal productivity in quintals per hectare	15	20	Agriculture Sample Surveys
Access to improved rural water supply	46%	75.5%	Ministry of Water and Energy
<i>Kebeles</i> connected all-weather roads	20%	64%	Admin data

8. The country’s achievements in service delivery are supported by a decentralized system

of governance that supports flows of information, resources, and accountability between different levels of the government and between service providers and citizens. Ethiopia's decentralized administrative structure involves regions, zones, and *woredas* (districts), and the constitution and legal framework commit the government to maintaining the integrity and capacity of decentralized administration down to the *woredas*. The federal government uses an allocation formula approved by the parliament to distribute block grants to regions. Most of the regions also use formulas to allocate block grants to *woredas*. The *woredas* rely on these block grant transfers to deliver important services such as education, agriculture, and health extension services and water and sanitation. This administrative and financial structure provides timely and predictable financing that has supported a steady and impressive increase in basic services throughout the country.

9. Service delivery efforts have also been bolstered by a set of game-changing citizen engagement activities, reflecting accountability measures recommended in the World Development Report (WDR) 2004 "Making Services Work for Poor People." The 2004 WDR recommended that improving service providers' direct and indirect accountability to service users is the most effective way to improve basic services for the poor. Direct accountability includes citizen voice and feedback directly to service providers, while indirect accountability includes voice expressed through governments.

10. Since 2006, the government's overall program for service delivery has been complemented by evolving DP support that has seen critical shifts through the Protection of Basic Services (PBS) Program 1 and 2 (2006, 2009) and PBS 3. For example, PBS 1 catalyzed a new space for dialogue on service delivery. PBS 2 complemented this support with enhanced technical capacity, with a special focus on strengthening public financial management (PFM) in the basic services sector. PBS 3 consolidated these previous efforts, focusing on results and the imperative of a long-term governance agenda. DP financing has been a significant but considerably smaller share of overall program support, averaging approximately 27 percent per year over 2006–2014.

11. Service delivery in Ethiopia now stands at a crossroads, around which DP support is realigning itself. Government financing and ownership of the block grant system is at a peak and is nearing levels of complete financial sustainability. At the same time, DPs recognize that sustainability depends not only on financing but also on the quality of the institutional mechanisms that support service delivery capacity. Therefore, capacity support has become a major area of focus for DPs, to ensure that gains in areas such as citizen engagement, PFM, and monitoring and evaluation (M&E) systems strengthening are fully institutionalized.

12. Equitable services and planning around the Sustainable Development Goals have emerged as major priorities to be reflected in the upcoming GTP 2 process. While Ethiopia has made great progress in improving access to basic services and moving to reach many of the MDG targets by 2015, a lot more effort is needed beyond these targets, including reducing horizontal (geographic) and vertical (income/wealth) discrepancies.

13. The proposed PforR represents a new framework for engagement on service delivery, building on the lessons and successes of the PBS series. The PforR will replace Bank support to

Subprogram A of the PBS, which finances *woreda* block grants through the IGFT system. PBS Subprogram B will continue through January 2018, but its focus will shift to building capacity at the *woreda* level and improving data collection to monitor results.

14. The choice of instrument—a PforR—allows the program to address critical institutional capacity-building needs identified in the Inspection Panel report. This includes:

- Institutionalizing citizen engagement in social accountability, grievance redress mechanisms, financial transparency, and accountability. Interventions under the PforR are anchored around linking such initiatives to the client’s good governance agenda.
- Providing a critical vehicle to address key safeguard issues by introducing a dedicated program of support for environmental and social capacity management to strengthen risk assessment from the ground up.
- Minimizing operational risks through strong fiduciary support, including a focus on enhanced PFM capacity and performance assessment, coupled with deepened financial oversight, procurement, and control mechanisms.

III. Program Scope

15. Enhancing Shared Prosperity through Equitable Services (ESPES) is devised as a new framework for engaging in decentralized basic services in Ethiopia. Building on almost 10 years of support for basic services delivery. The ESPES focuses on leveraging the government’s broad program of service delivery support to promote equity, enhance capacity, and institutionalize critical systems for service delivery, especially at the *woreda* level.

16. The operation supports the government’s system for the delivery of basic services, which is supported by the Federal Government through the IGFT to the *woredas*—Ethiopia’s main instrument to finance decentralized service delivery. Under this program of support, the *woredas* are responsible for the delivery of basic education, primary health care, agriculture extension, water supply, and rural road maintenance. The IGFT or block grant mechanism is primarily focused on recurrent expenditure: salaries and operational and maintenance costs. Approximately 85 percent of local-level allocations finance recurrent expenditures, the majority of which are for the salaries of front-line service providers, for example, teachers, agricultural development agents (DAs), and HEWs.

17. The total program expenditure anticipated for *woreda*-level service delivery from 2015–2018 is US\$6.1 billion, of which the government is currently expected to finance 86 percent (including the identified financing gap). The proposed PforR is projected to account for approximately 9.8 percent of total financing for this period (see Table 2). The estimate of the government’s program of expenditure is based on the GoE’s Macroeconomic and Fiscal Framework (MEFF), which provides rolling estimates of medium-term (five years) government expenditure forecasts. Based on forecasts of federal block grant transfers obtained from the MEFF, *woreda* block grant transfers for the program period were estimated using historical trends. Support from other DPs includes resources from the African Development Bank (AfDB) and Italian Development Cooperation.

Table 2. Overall Government Program and Contribution of PforR

(preliminary costs and financing in US\$ millions)

	<i>2015/16</i>	<i>2016/17</i>	<i>2017/18</i>	<i>Total</i>
<i>Woreda</i> block grants total value ^a	1,703.7	2,028.2	2,414.6	6,146.5
Government contribution ^b	1,137.7	1,354.4	1,612.4	4,104.4
IDA contribution	200.0	200.0	200.0	600.0
Other DPs	89.2	84.0	84.0	257.2
IDA share	11.7%	9.9%	8.3%	9.8%
Financing gap	276.8	389.8	518.2	1,184.9

^a Projected based on historical trends.

^b Projected based on past growth rate of government contribution to the block grants.

18. The PforR will prioritize local-level financing for education, health, and agriculture. The vast majority of basic service delivery expenditure at woreda level covers education (62%), agriculture (18%), and health (17%). A World Bank report (84215-ET) assessed this system to be pro-poor, effective in getting results, and adding good value for money (VfM). The report also noted the importance of transparency and accountability in driving overall results and ensuring the pro-poor focus. The Bank study mentioned earlier demonstrated that the IGFT system is not only pro-poor, but also generally benefits women, more specifically for health and education, which account for almost 80 percent of the expenditure. This PforR will advance this achievement by focusing on those in the lowest income quintiles.

19. The PforR beneficiaries are the whole population benefiting from basic service delivery, particularly the bottom 20 percent of income groups and most poorly performing woredas. Notwithstanding the pro-poor nature of the IGFT, recent evidence indicates that the extremely poor have not benefited equitably from Ethiopia's recent rapid economic growth. The PforR ESPES program aims to ensure that the whole population benefits equitably from these services.

20. Reflecting lessons from previous program implementation experiences and the Environmental and Social System Assessment (ESSA), gender mainstreaming aspects have been incorporated into the program. Sectoral interventions in health and agriculture include gender aspects in their design by encouraging an increase in trained HEWs with expertise in birth attendance and in the share of female trained DAs. A major conclusion emerging from the ESSA is the need to enhance the gender sensitiveness of public consultations by improving guidelines and leveraging women's groups. Under citizens engagement activities for this program, specific gender targets have been set in the pre-budget discussions for financial transparency, and gender participation principles are followed in budget discussions under social accountability. The gender composition of training conducted to support the program will also be separately monitored. Finally, separate support is also provided to the Central Statistical Agency (CSA) to address gender gaps in basic service data identified through recent analytical efforts.

21. The key challenges for maintaining the gains achieved so far include ensuring that IGFT grants follow predictable patterns by using regional fiscal distribution formulas, having adequate ground-level service delivery staff, and maintaining strong fiduciary controls. A major challenge for local governments has been the high levels of staff attrition in both service delivery and

fiduciary management. There have also been issues with appropriate follow-up of audit recommendations and slow internal audits, which may be related to frequent staff turnover. Demand-side good governance is generally a new phenomenon in Ethiopia, and pilots in this area have been highly appreciated by both service providers and citizens. However, as yet it is implemented in under a quarter of the woredas; there is increasing demand to introduce similar activities in a more institutionalized and sustainable manner in new woredas and kebeles. Finally, evidence is emerging that those at the bottom of the income groups are not benefiting from service expansion as much as the national average. In particular, there is a high primary school dropout rate and, despite growing neonatal service, insufficient use of skilled birth attendants. This points to the need for a special focus on ensuring that low-income groups stay in the system and continue to use services.

22. The following lessons learned are integrated into program design.
- Investment in decentralized basic services is transformative and can promote geographic and wealth equity.
 - Development partner support for decentralized basic services is now focused on the delivery of a system that is both financially and institutionally sustainable.
 - The continuation of decentralized basic service delivery needs to be associated with a long-term program of enhanced capacity building and management, especially to strengthen the functioning of critical systems for service delivery
 - Supporting citizen engagement efforts alongside service delivery programs has the potential to radically improve governance and accountability.
 - Social accountability, FTA, and GRM activities have opened up space for citizens engagement at the local level.
 - There is a strong imperative to ensure that the PforR adequately addresses any operational interface with the GoE-financed programs, including the CDP.
 - A harmonized and coordinated approach among government, DPs, and other complementary programs is essential to strengthening decentralized service delivery.
 - Effective support to basic service delivery is strengthened by results-oriented interventions, including data verification, sectoral M&E systems strengthening, and rigorous analytical studies.

IV. Program Development Objective(s)

23. The objective of the proposed program is to improve equitable access to basic services and strengthen accountability systems at the decentralized level.

24. The project development objective (PDO) monitoring indicators are as follows:

- a. Per capita increase in federal government block grant transfers to regions, excluding Addis Ababa
- b. Improved geographic equity in NER outcomes
- c. Improved geographic equity in Penta3 outcomes¹

¹ Penta3: Pentavalent vaccine that combines five different vaccines in a single vial to protect against five diseases, namely, diphtheria-pertussis-tetanus, hepatitis B, and Haemophilus influenza type B (Hib), and which is administered in three dose.

- d. Increased women receiving agricultural advisory services
- e. Improved environmental and social management capacity at the local level
- f. Increased woredas screening projects for their environmental and social effects
- g. Increased woredas conducting pre-budget discussions
- h. PFM Benchmarking Rating system established in all regions

V. Environmental and Social Effects

25. The ESSA reviewed the existing government systems related to the basic sectors supported by the ESPES, with regard to their capacity to plan and implement effective measures for environmental and social impact management at the federal, regional, and woreda levels. More specifically, the ESSA reviewed the government's regulatory and administrative framework and the relevant implementing agencies' capacity in this area, against the environmental and social effects that are likely to be associated with the ESPES-supported basic sectors (education, health, agriculture, water, and rural roads). The aim was to determine whether any measures are required to strengthen the government's environmental or social management system, especially at the woreda level; such measures would be detailed in a mutually agreed PAP.

26. The ESSA was guided by the six elements of environmental and social impact management incorporated in the World Bank's OP/BP 9.00, Program-for-Results Financing: (a) General Principle of Environmental and Social Management; (b) Natural Habitats and Physical Cultural Resources; (c) Public and Workers Safety; (d) Land Acquisition and Loss of Access to Natural Resources; (e) Indigenous Peoples and Vulnerable Groups; and (f) Social Conflict.

27. Activities to be financed by the ESPES are not expected to directly create negative environmental and social effects. However, the ESPES provides an opportunity to strengthen environmental and social assessment and management systems for managing activities in the ESPES-supported sectors that might give rise to such effects. The environmental effects of the activities of the sectors supported by the ESPES at the *woreda* level are assumed not to be significant, considering that most of the works are relatively small and confined to limited geographical areas. However, where there are environmental risks, (a) mitigation works can effectively reverse the potential negative environmental and social effects, and (b) public participation and consultation, possibly using local knowledge, could contribute to reducing or avoiding negative effects. Experiences from the implementation of the PBS 2 Local Investment Grant Pilot indicate that negative environmental and social effects can, for the most part, be prevented or mitigated with standard operational procedures and proper use of the country Environmental Impact Assessment (EIA) proclamation, procedures, and guidelines.

28. Although the ESPES project will not fund any activities that have negative social impacts, sectors supported by the ESPES are likely to implement projects that may require mitigating measures related to the loss of assets. Because the six core elements go beyond the traditional coverage of the EIA, the ESSA covered issues such as conflict resolution and health and safety in addition to potential issues related to the equitable access to services delivered by the five basic sectors supported by the ESPES and the ability of these services to meet the needs of Ethiopia's most vulnerable and underserved groups. The findings of the recent (2015) PBS 3

Enhanced Social Assessment and Consultation have been integrated in the ESSA to address the area of indigenous peoples and vulnerable groups, which goes beyond the traditional coverage of the EIA in Ethiopia.

29. The ESSA confirms that Ethiopia has an adequate institutional and legal framework for environmental and social management, including in the ESPES-supported basic sectors at the *woreda* level. However, despite the comprehensive laws that are in place, there are implementation shortcomings, particularly at the *woreda* level, that may affect the sectors' ability to respond to potential environmental and social impacts. An assessment of the institutional capacity, guidelines and procedures, and practices in environment and social management in the ESPES-supported sectors at the *woreda* level concludes that medium-level environmental and social risks are associated with their activities. Risks largely emanate from (a) lack of capacity and commitment; (b) wide variation in the provision of guidelines and procedures across *woredas* and regions; (c) inefficient coordination between the different sector offices; and (d) a lack of operational budget dedicated to environmental and social management at the *woreda* level.

30. The ESPES provides an opportunity to contribute to improved environmental and social management systems by addressing the environmental and social management challenges of the ESPES-supported sectors, particularly at the *woreda* level. In this respect the ESSA identifies a key set of recommendations and priorities that can be successfully addressed during the program:

- a. ESMS OM: The ESMS will include procedures for due diligence, identification of potential environmental and social effects, mitigation measures, implementation and monitoring plan, and performance assessment. This will help *woreda* staff screen projects for their environmental and social effects and monitor the implementation of any mitigation measures.
- b. Institutional capacity building: Key positions, including environmental and social management specialists at different levels, will be filled to ensure adequate mechanisms and capacity to screen the environmental and social risks of investments in the ESPES-supported sectors, particularly at the *woreda* level. The staff will be provided proper training to undertake their activities related to environmental and social management. An annual performance assessment of environmental and social safeguard specialists will be undertaken.
- c. *Continuing and strengthening the citizen engagement activities linked to ESAP and PBS 3 Sub Program B (on capacity development)*, including the following:
 - *FTA*: Continue the FTA component and strengthen the quality of FTA training, ensuring that more women and physically challenged groups are included in FTA activities (especially budget literacy training).
 - *Grievance redress*: Continue the GRM component of PBS 3 and ensure that *woreda*-level GRM officers receive training to be able to work with illiterate and the most vulnerable community members to ensure that their grievances

are documented and addressed, build confidence in the GRM system, and post and publicize examples of successful GRM cases to make citizens aware that the system is working. Innovative communications approaches, including multimedia use, should be used to strengthen awareness about the availability of the GRM.

- *Social accountability*: Continue the ESAP-2 and further strengthen linkages with the PBS FTA component to ensure that the most vulnerable communities have the necessary information to be able to engage in social accountability. The participation of the most vulnerable and underserved groups can be strengthened by including specific steps in the Social Accountability Guidelines and providing training for the SAIPs to ensure that the specific needs of the most vulnerable are accommodated.

- d. *Recognition and reward*: An annual event will be organized to recognize and reward better-performing regions/woredas whose activities demonstrate sound environmental and social management.

31. The environmental and social risks associated with the program will be managed with two important priorities in mind. First, the overarching focus is to build countrywide capacity in environmental and social management by developing an environmental and social management system operational manual to be adopted by regions and *woredas*, and training *woreda*-based staff on the manual and its use in project design and implementation. Second, for *woredas* where CDP is still under implementation, a screening tool that is agreed with the government will be applied to manage the potential risks from the interface between Bank-financed projects and CDP. *Woreda*-based staff and DAs who are implementing Bank-financed projects in the *woredas* with active CDP will be trained in the application of the screening tool. The tool will be rolled out as soon as the sectoral and regional consultations on its application are completed.

32. Communities and individuals who believe that they are adversely affected as a result of a Bank-supported PforR operation, as defined by the applicable policy and procedures, may submit complaints to the existing program GRM or the Bank's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed to address pertinent concerns. Affected communities and individuals may submit their complaint to the Bank's independent Inspection Panel, which determines whether harm occurred, or could occur, as a result of the Bank's noncompliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the Bank's attention and Bank management has been given an opportunity to respond. Information on how to submit complaints to the Bank's corporate GRS is available on the website <http://www.worldbank.org/GRS>. Information on how to submit complaints to the Bank's Inspection Panel is available on the website www.inspectionpanel.org.

VI. Financing

Source:	(\$m.)
Borrower/Recipient	4,104.40
IBRD	

IDA	600.00
Others (ADB, DFID UK, EU, Austria Development Cooperation, Italian Development Cooperation)	401.20
Financing Gap	1049.9
Total	6146.50

VII. Program Institutional and Implementation Arrangements

33. This PforR will rely on similar institutional structures and implementation arrangements developed for the PBS. IDA financing for block grants will switch to a PforR mode, and financing for block grants: the EU disburses through a Bank-managed multidonor trust fund (MDTF), and other partners—the AfDB, Austria Development Agency, and Italian Development Cooperation—disburse directly to the MoFED. In this respect Program Expenditures under PBS Sub Program A will end July 6, 2015; with all IDA and Multi Donor Trust Funds for Sub Program A being exhausted at that point Program expenditures under the PforR will commence on July 7, 2015.

34. The MoFED, the implementing agency for the PBS program, will continue in that role for the PforR, given its overall responsibility for supporting financial flows from the federal level to more decentralized levels and for ensuring that PFM systems work smoothly. Within the MoFED, the Channel One Programs Coordinating Unit (COPCU) will be responsible for coordinating the day-to-day PforR activities across the basic service ministries, government bodies, and subnational government entities and for ensuring compliance with joint legal agreements. Improvements in COPCU staffing and management have demonstrated the government's willingness to tackle implementation challenges.

35. The regional governments' Bureaus of Finance and Economic Development (BoFEDs) will continue to have responsibilities at the regional level similar to those that the MoFED has at the federal level. In late 2011, all BoFEDs created new regional-level positions for Channel One coordinators. This structure will continue under the PforR and will help strengthen the overall system's capacity for ESPES implementation and follow-up. The BoFEDs' responsibilities include (a) receiving, consolidating, and transferring financial and expenditure reports from the Woreda Office of Finance and Economic Development (WoFED) to the MoFED; (b) receiving woreda-level plans for the basic service sectors and assisting woredas in reconciling their plans within the agreed budget; (c) allocating budgets to woredas in line with the agreed fiscal transfer formulas; and (d) reviewing and consolidating results reports from the woreda governments.

36. At the local level, the WoFEDs and Urban Administration Offices of Finance have responsibilities similar to those of the BoFEDs. Their responsibilities also include (a) undertaking regular M&E and coordination with the woreda sector offices; (b) undertaking operational tasks such as planning, supervision, and FM; (c) submitting to the BoFEDs consolidated monthly reports, including monthly reconciliation of expenditures; and (d) reporting monthly on the actual use of block grants, including basic services subprogram resources at the local level and overall performance in relation to service delivery targets.

37. Councils at the regional, zonal woreda, and kebele levels (a) provide general oversight of the subnational government institutions involved in the PforR implementation; (b) review and approve annual development plans and budgets; and (c) facilitate information sharing and involve citizens in the planning, budgeting, and management of basic services delivery.

38. Emphasis will be placed on effective coordination mechanisms to ensure that parallel capacity support programs are effective under the program. The results of the ESPES will rely on effective implementation, especially under PBS Subprogram B and ESAP. In this respect a range of measures will be put in place: (a) the program's semiannual supervision mission will be done concurrently with PBS, and will be informed by ESAP implementation; (b) training will be provided to both the government implementation team and the donor harmonization team, on ESPES and parallel support measures; (c) the ESPES team will be part of the design team for the future rollout of ESAP, including its bridging phase, to ensure consistency; and (d) a designated task team lead and supporting team will remain on the ground in Ethiopia to ensure high-level implementation support. In addition, donor harmonization efforts under a new coordination entity will evolve under ESPES, charging the new coordination team with an enhanced focus on risk management and sector linkages.

VIII. Contact point

World Bank

Contact: Qaiser Khan
Title: Program Leader
Tel: 251-11-517-6051
Email: qkhan@worldbank.org

Borrower/Client/Recipient

Contact: Federal Democratic Republic of Ethiopia
Title: Ministry of Finance and Economy Development
Tel: +251 111 552400

Implementing Agencies

Name of Agency: Ministry of Finance and Economy Development
Contact: Ato Getachew Negera
Title: Head, Channel One Programs Coordinating Unit
Tel: +251 111 569215
Email: getnegera@yahoo.com

IX. For more information contact:

The InfoShop
The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 458-4500

Fax: (202) 522-1500

Web: <http://www.worldbank.org/infoshop>