

ETHIOPIA SOCIAL ACCOUNTABILITY PROGRAM 2 (ESAP2)
MIDTERM REVIEW (MTR)
FINAL REPORT¹

June 2014

I. Overview and Key Findings

Objectives

1. The objectives of the midterm review were to (i) assess progress toward contribution to the PBS overall development objectives, (ii) review implementation progress across all project elements, (iii) review and discuss key strategic and implementation level emerging issues with a view to seeking workable solutions, (iv) consult with, and seek guidance from the ESAP2 Steering Committee (SC) and other key stakeholders on options for the forward looking plans for the program.

Summary findings and discussions

2. **The Government of Ethiopia remains committed to implementation of ESAP2.** It seeks to position the program as a critical part of its Good Governance Strategy and displays high level support in seeking options to address the issues outlined in subsequent sections at the strategic and implementation levels. In addition to the high level steering committee chaired by the Minister of State for Economic Development in the Ministry of Finance and Economic Planning (MoFED), which ensures sustained leadership in provision of oversight and guidance to the implementation of the program, it was discussed during the MTR mission that a technical level committee with representatives of stakeholders in the ESAP2 SC to deepen dialogue on SA and other demand-side governance initiatives may be useful. The SC recommended that based on what existed under ESAP1, the former's terms of reference be revised to provide for operationalization of the technical committee on social accountability (TC) and that related regular meetings be revived to facilitate desired technical level discussions under the auspices of the SC. The TC will be an important platform to explore options for anchoring SA in the Government's medium term development strategies and help to review, discern and refine recommendations on addressing emerging issues before consideration by the SC.
3. **Implementation on the ground is starting to generate results.** By the end of March 2014, ESAP2 was being implemented by 49 Social Accountability Implementing Partners (SAIPs) in 223 woredas spread across all regions of Ethiopia and directly reaching over 71,000 citizens in terms of sensitization on their entitlement and responsibilities to plan and monitor basic services with indirect benefits to several of the rest of the citizenry in participating woredas. Similar achievements have been attained with respect to the citizens supported to make their own choices and hold decision

¹ This report is a deliverable of the MTR field mission that was conducted from April 14 through 19 2014. Additional work was done during April 28 through May 2. The report was done by the World Bank team with inputs from ESAP2 Management Agency, MoFED focal points for ESAP2 and donors. The World Bank team included Alex Kamurase (Task Team Leader/Sr. Social Protection Specialist), Mesfin Temesgen (Social Protection Specialist), Shomikho Raha (Social Development Specialist), Abiy Belay (Sr. Financial Management Specialist), Binyam Bedelu (Sr. Procurement Specialist) and Sofia Said (Program Assistant). The mission team worked closely and consulted with Yoseph Abdissa (Sr. Social Protection Specialist), Laura Campbell (Social Protection Specialist), Salman Alibhai (Impact Evaluation Specialist), Colin Andrews (Sr. Social Protection Specialist/Acting Coordinator PBS Secretariat) and received guidance from Qaiser Khan (HD Sector Leader and PBS TTL).

makers accountable for services, and citizens groups, local government officials and service providers trained on social accountability (SA). Application of SA tools which experienced challenges in taking off initially has now gained momentum and 36% of all woredas covered by ESAP2 had completed woreda level interface meetings and elaborated joint service improvement action plans. The woredas and the citizenry are implementing those service improvement action plans at different progress levels. Expressed in terms of the 142 woredas covered by the 1st cohort SAIPs (since the second cohort had been implementing for only 6 months by end of March), over 56% woredas have completed interface meetings and elaborated joint service improvement action plans. Although the overall rate of 36% is less than 50% at MTR, the mission team was optimistic that faster progress will be attained over the next year given that implementers have now become more familiar with the processes and tools based on lessons learned so far.

4. **Budget execution is still low but improving steadily.** As of end of June 2014, the Bank had disbursed to the project US\$ 13.3 million equivalent to 56.82% of the total MDTF proceeds (US\$ 23.4 million). A review of the Interim Financial Report (IFR) for the quarter ended March 31 2014 shows that the utilization of the whole grant as of March 2014 is 30%. In addition, US \$6,638,432.85 (49%) out of the budget for Grants to SAIPs which is the biggest component (US\$13,538,193 or 57.8% of the total project) has been disbursed by the MA but the utilization rate is low at US\$ 2,540,387 (18.7%). This reflects a low level of budget execution at midterm. However, with the understanding that there were delays in implementation at the start of the project, there is optimism that this rate will be improved more significantly in the coming year given that all SAIPs are now focused on implementation on the ground.
5. **Two of the three indicators that measure ESAP2 contribution to PBS2/3 monitoring and evaluation have been surpassed:** As of end of March 2014, (i) Woredas where PBS Social Accountability Implementing Partners (SAIPs) facilitate the use of Social Accountability tools 223 against a target of 100 in 2013 from a baseline of zero; (ii) SAIP Woredas that have developed joint action plans for service quality improvement based on the interface meetings between service users and providers are 80 against a target of 70. Progress on the third indicator that measures “percentage of citizens who report that Woreda officials have actively sought the views of people in their Kebele on improving quality of basic services” which was measured at 36% in an operational baseline survey conducted by the MA in mid 2013 will be tracked again within the end-line survey currently scheduled for November – December 2015 when the project will be ending. In addition, the MA tracks a lot more information at the program level that will feed into the final evaluation of the project to allow credible assessment of project results on the ground.
6. **It can thus be argued that there are significant quick wins from program implementation progress.** Whereas the impacts of the program will be ascertained at the end of implementation, it is evident there is positive responsiveness to the application of social accountability by the citizens, service providers and public officials and progress on all milestones is promising. The desired citizens-state constructive dialogue focused on basic service delivery is gaining momentum in implementing areas. A number of implementation challenges that implementers have grappled with relate to low capacity, coordination at implementation level, finding more practical ways to enhance linkages with the supply-side aspects of citizens engagement and ensuring that citizens follow the

prescribed processes for applying the tools as designed. At a strategic level, the key issues emerging include how to ensure continuity and scale-up of implementation and maximize learning and building evidence on social accountability impacts and benefits, strengthen linkages with supply driven interventions such as the Financial Transparency and Accountability (FTA) and identify more evidence based options for *institutionalization and sustainability*.

7. **Institutionalization and Sustainability.** Dialogue on institutionalization and sustainability of social accountability in Ethiopia after ESAP2 has already started. A study on FTA-SA links was commissioned and adopted by the ESAP2 SC and an action plan to implement its recommendations is being elaborated. This is expected to facilitate institutionalization in the short and medium term among other measures. In addition, the MA is documenting lessons on potential for mainstreaming SA tools in some of the existing community based organizations, including sectoral initiatives e.g. in health, education and water sectors without eroding the desired independency of the SA objectives. An overarching important element of institutionalization and sustainability will be whether alternative funding for SA implementation can also be identified and provided other than the current donor-project funding. The future SC meetings will make key decisions on medium term institutionalization and sustainability issues based on evidence from implementation on the ground.
8. **Donors currently providing funding to ESAP2 largely remain committed to the current program and to supporting social accountability beyond December 2015 when the current program closes.** In particular, discussions with Irish Aid re-affirmed continued support including ensuring continuity of implementation until the end of the current project by providing additional financing. More details on additional needs for support during the current program are discussed in the section on implementation progress and emerging issues.

Proposed priorities until December 2015

9. The following priorities were agreed with the Government and stakeholders as the main areas of focus to help position social accountability as an increasingly important element of the Government's good governance strategy in the short to medium term period.
 - i. *Fast-tracking implementation on the ground to display that SA works.* The MA in collaboration with SAIPs, citizens and service providers should further accelerate efforts displayed over the last one year to ensure that all woredas achieve the milestone on service improvement action plans and good progress with implementation of the activities in the plans based on how woredas have managed to mobilize resources to do so. The immediate overall aim would be to ensure the program proves that SA is working in the 223 woredas and get firm buy-in from woredas and citizens. This will go hand-in-hand with the need to enhance budget execution levels and strengthening related interim financial management reporting and procurement management at the MA and SAIP levels.
 - ii. *Mobilizing resources to ensure continuity in implementation by all SAIPs.* Stakeholders supported the importance of ensuring that all the 49 SAIPs exhaust implementation of planned activities within the project life and that there is continuity and a deepening of social accountability implementation to allow for more robust lessons. Table 1 under implementation progress section provides an update on progress per region. The MA is also undertaking a self-assessment to generate individual SAIP

experience and progress. Irish Aid (IA) has agreed to provide additional financing in support of the need for continued implementation by all SAIPs until September 2015. The World Bank will make immediate follow-up to ensure the funding is processed by end of October 2014 per IA requirements. The World Bank and the MA will work on a detailed proposal for additional funding from IA following the approval of this recommendation by the June 19 SC.

- iii. *Deepening the dialogue on linkages, institutionalization and sustainability.* The dialogue that is currently happening at the ESAP2 SC and among implementers could involve consultations with the broader audiences, research work and systematic documentation of lessons from ongoing implementation to inform medium and long term choices. MoFED, the donors and the MA will seek to strengthen this dialogue through the SC and the proposed TC.
- iv. *Elaborate a roadmap and articulate SA priorities for the medium term.* The above processes could lead to elaboration of a roadmap that provides guidance in the medium term and fosters articulation of priority strategies for institutionalization and sustainability. The recommendations of the SA-FTA linkages study provide a good starting point on the linkages side. Mainstreaming application of SA tools in sector specific structures and initiatives (e.g. in health and education) and using already existing community based organizations have been sighted as good examples to explore. But options may differ from region to region and details of how such mainstreaming can be done, including refining the requirements for accompaniment in terms of coaching and mentoring need to be well thought through. The SAIP level assessments that the MA will implement in the next few months will provide support information for the choices to be made.

II. Context

10. The Protecting Basic Services (PBS) - Ethiopia Social Accountability Program 2 (PBS-ESAP2) is financed through a US \$23.4 million World Bank administered Multi Donor Trust Fund (MDTF). The MDTF Grant Agreement (GA) was signed between the World Bank and the ESAP2 Management Agency (MA) on October 11, 2011 and became effective on April 27, 2012. The project has been under implementation for over 2 years and is scheduled to close on December 2015. ESAP2 is part of the PBS, which is implemented by the Government of Ethiopia with support of various donors². At the leadership level, a Steering Committee (SC) chaired by the State Minister in the Ministry of Finance and Economic Development (MoFED) and constituting representatives from donors, Civil Society Organizations (CSOs) and the World Bank meets regularly to discuss program strategic and implementation issues and provide overall oversight and guidance to its implementation. At the technical level, the MA delegated by MoFED and selected competitively using World Bank procurement procedures, the VNG (Association of Municipalities in the Netherlands), is in charge of daily national coordination of implementation of the program.
11. The ESAP2 has a countrywide scope and facilitates articulation of the needs and concerns of citizens regarding their access to improved quality of basic services in five sectors of education, health, water and sanitation, agriculture and rural roads. The program is currently implemented by 49 competitively selected CSOs referred to as Social Accountability Implementing Partners (SAIPs) in 223 woredas

² The donors who finance the PBS3 include DFID, EU, The World Bank, Irish Republic, Austria, Italy, and the African Development Bank.

representing all regions of Ethiopia. The program supports SAIPs to open up channels of communication between citizens, responsible government bodies and public service providers, an engagement that helps to foster constructive citizens-state dialogue on the quality of basic service delivery and foster options for joint solutions to make desired improvements. *The project overall objective is to strengthen the use of social accountability tools, approaches and mechanisms by (a) citizens and citizens groups, (b) Social Accountability Implementing Partners (SAIPs), (c) local government officials and (d) service providers as a means to make basic service delivery more equitable, effective, efficient, responsive and accountable.*

12. Implementation agreements with the first 30 SAIPs became effective in January 2013 while the second batch of 19 signed agreements in October 2013. In principle, the SAIPs launched activities in January and October 2013 respectively but experience, especially for the first cohort, shows that due to start-up procedures and logistical preparedness requirements, it took a SAIP an average of about 6 months before implementation on the ground actually became effective. Based on the operating environments, cultures and other regional or even woreda specific factors, field visits have also revealed that implementation progress varies by SAIPs and across woredas. Both cohorts of SAIPs are expected to implement the grants received in 2 years as established by the ESAP2 SC. Accordingly, the first and second cohorts SAIPs are expected to complete their activities in December 2014 and October 2015 respectively.
13. ESAP2 advances the work done under ESAP1, a pilot intervention that was implemented between January 2008 and June 2009 in 86 woredas albeit with a limited number of activities, in selected regions and federal cities covering four sectors. Evaluation of ESAP1 revealed that the use of appropriate SA mechanisms can work in Ethiopia, leads to benefits for actors involved and improves the quality of basic service delivery. The pilot was found to have increased citizens' awareness of their rights, responsibilities and entitlements to the selected basic services. Even though there was no significant difference in respondents' views on whether they had been orientated and made aware of their rights, responsibilities and entitlements to basic services in participating compared to non-participating areas (84% and 86% respectively), there was evidence to suggest that the depth of understanding and appreciation in ESAP1 areas was better.
14. The rest of this report is structured in five additional sections. Section three reviews implementation progress focusing on (i) implementation by SAIPs, (ii) implementation and coordination arrangements, (iii) procurement, (iv) financial management, and (v) monitoring and evaluation. Sections four and five provide updates on linkages with the supply-side interventions (particularly with regard to the SA-FTA linkages) and collaborative scale-up efforts to other flagship programs like the Productive Safety Nets Program respectively. Section six provides an assessment of the key emerging issues and lessons where the latter can be possibly identified and Section seven attempts to provide a number of actions on which it may be important that agreements be reached to chart a way forward with concrete and practicable next steps³ with regard to social accountability policy dialogue and implementation in Ethiopia.

³ Some of the action points in this section are part of the PBS3 November 2014 JRIS deliverables. Where this is the case, it has been indicated against those actions in the action matrix at the end.

III. Implementation Progress and Contribution to Program Development Objectives (PDO)

Contribution to the PBS Program Development Objectives

15. As part of the PBS2 and PBS3 citizens' engagement component, ESAP2 contributes to three main indicators within the former's results framework. Based on the latest reporting available, 2 of the 3 indicators have been surpassed: as of end of March 2014, (i) woredas where PBS Social Accountability Implementing Partners (SAIPs) facilitate the use of Social Accountability tools 223 against a target of 100 in 2013 from a baseline of zero; (ii) SAIP woredas that have developed joint action plans for service quality improvement based on the interface meetings between service users and providers are 80 against a target of 70. The third indicator, "Citizens' who report that Woreda officials have actively sought the views of people in their kebele on improving quality of public basic services", at 36% actual falls short of the 50% target at project effectiveness and a number of factors deserve understanding with regard to the less than desired progress : i) the baseline and targets were set based on ESAP1 experience when coverage and awareness among the citizenry were low, ii) the 36% actual, a finding of an operational evaluation undertaken by the MA in 2013 is almost one year old and does not take into account the huge implementation that has happened over the last one year, and iii) a more realistic actual will come from the operational impact evaluation that will be undertaken at the close of the project. While it is anticipated that the trend will change for the FY15 target given the outstanding performance on the other two indicators as shown in the table below, it could be that the falling trend in the indicator on citizens' perceptions is also to do with the enhanced awareness and increased expectations by the citizenry. Based on the performance across the 3 indicators and the rest of the ESAP2 program level indicators, the program is expected to positively contribute to the PBS overall objectives.

Table 1: Progress in PBS2-ESAP2 Performance Indicators⁴

PBS3-ESAP2 Indicator	UoM	FY11	FY12	FY13 (target)	FY13 (actual)
Citizens who report that Woreda officials have actively sought the views of people in their Kebele on improving quality of basic services.	%	48	49	50	36
Woredas where PBS Social Accountability Implementing Partners (SAIPs) facilitate the use of Social Accountability tools.	no.	50	Na	100	223
SAIP Woredas that have developed joint action plans for service quality improvement based on the interface meetings between service users and providers.	no.	na	Na	70	80

Implementation by Social Accountability Implementing Partners (SAIPs)

16. As of April 30, 2014, ESAP2 activities are being implemented by the lead 49 SAIPs (and 61 sub-partners) in the 223 woredas across the country and in the five PBS basic service delivery sectors. SAIPs follow a five step process in implementing social accountability activities that involve (i) citizens mobilization and access to information, (ii) application of SA tools, (iii) interface meetings between representatives of the citizens groups, members of Social Accountability Committees (SACs), local governments officials and service providers, (iv) developing joint service improvement action plans/reform agendas and (v) monitoring implementation of plans and continuous access to Information interventions. Within and between these four main steps, a series of several other

⁴ The indicators were set under PBS2 but continue to be used for purposes of providing ESAP2 updates for purposes of PBS3, following completion of the PBS2.

activities are implemented by SAIPs with the support of the MA that strengthens readiness for implementing the main steps. The most significant activity that has proved to take even longer time than was earlier envisaged as mentioned earlier is the awareness work that precedes actual application of SA tools as well as the need for continuous coaching and mentoring to ensure that appropriate corrective accompaniment is ensured during the entire SA process and even after .

17. The table below provides a snapshot of ESAP2 presence in woredas and status in applying SA tools. What is probably imperative to note is that ESAP2 is currently implemented in 223 out of about 948 woredas implying 24% of the woredas. But in these participating woredas, it is also worthy to note that SA tools are only implemented in a few kebeles⁵ - out of 4683 kebeles in the 223 woredas, ESAP2 if formally implemented in 669 equivalent to 14%.

Table 2: ESAP2 Coverage and SAIPs Progress in Summary – On 1st and 2nd cohort implementation variations, refer to annex 3

Region	Woredas (all)	Woredas (ESAP2)	SAIPs (#)	Salient characteristics on implementation status
Addis Ababa	116	18	9	1 woreda completed service improvement action plan and is monitoring implementation; 9 are applying SA tools while 8 are at the community mobilization stage.
Afar	32	9	7	2 woredas completed service improvement action plans and are monitoring their implementation; 5 are applying SA tools while 2 are at the community mobilization stage.
Amhara	166	30	14	15 woredas completed elaboration of service improvement action plans and are monitoring implementation; 7 are applying SA tools while 8 are at the community mobilization stage.
Benishan-gul Gumuz	22	6	4	1 woreda has completed elaboration of service improvement action plan and is monitoring their implementation.
Dire Dawa	49	4	2	No woreda has completed elaboration of service improvement action plan; all the 4 are applying SA tools. DD is also one of the few woredas that need extra hand-holding.
Gambella	13	5	1	No woreda has completed elaboration of service improvement action plan. Gambella presents a particular case of lagging implementation but efforts have been made to ensure additional support is provided over the last quarter.
Harari	9	2	2	1 woreda completed elaboration of service improvement action plan and is monitoring implementation and 1 is at the community mobilization stage.
Oromia	304	77	29	27 woredas completed elaboration of service improvement action plans and are monitoring their implementation; 21 are applying SA tools while 26 are at the community mobilization stage.
SNNP	157	37	14	20 woredas completed elaboration of service improvement action plans and are monitoring their implementation; 10 are applying SA tools while 7 are at the community mobilization stage.
Somali	74	10	3	4 woredas completed elaboration of service improvement action plans and are monitoring their implementation; 1 is at interface meeting stage and 5 are applying SA tools. Somali region has significantly improved progress over the last six months.
Tigray	46	25	6	9 woredas completed elaboration of service improvement action plans and are monitoring their implementation; 7 are applying SA tools while 9 are at the community mobilization stage.
Total	948	223	N/A⁶	

Source: ESAP2 MA reports and administrative data

18. There are variations in progress across the board. The first 30 SAIPs are generally more advanced in implementation due to the advantages accruing from early start as compared to the second batch of 19. Other variations in implementation seem to mainly stem from factors such as the degree of

⁵ To have a complete picture of coverage, the MA will collect information on the number of participating kebeles in the 223 woredas vs. the total number of kebeles in the same woredas.

⁶ Some SAIPs overlap in more than one woredas which makes this total inconsistent with the otherwise 49 total SAIPs that implement ESAP2.

remoteness, how fast regions embraced social accountability principle and practice, and capacity by SAIPs to conduct desired local dialogue and secure required support from key stakeholders. Yet, some SAIPs showed early good progress because of experience gained in similar or related activities in which they have been involved with other programs. There is particular need to fast-track and provide specific implementation support to regions that are lagging like Dire Dawa and Gambella and the MA has already initiated focused technical assistance on the lagging regions to seek solutions to their particular challenges.

19. Overall, implementation on the ground has improved over the last year given that most among the first 30 SAIPs completed requirements for processes and procedures and focused their efforts to actual implementation. Both the MA and SAIPs have also learnt from the first few months and made necessary adjustments on processes. As of end of March 2014, 80 woreda level interface meetings had been completed resulting into jointly agreed service improvement action plans which represent 36% of those required for each woreda to reach this milestone. Only 10% of the woredas had gone past the interface meetings to actual implementation and monitoring while 34% are applying SA tools to review the service delivery in selected sectors. An estimated 30% are at the community mobilization stage. It is noted that all the woredas that have reached interface meetings are exclusively from the 142 that are covered by the first cohort SAIPs. Considering this factor, this would alternatively translate into a 56% rate of completion of service improvement action plans.
20. Recent field visits and discussions with the M&E team at the MA reveal that, at this pace, and given a strong and increasing focus on implementation by all the implementing partners across all woredas, most of the woredas would be able to achieve the step of “service improvement action plans” before the project closing date in December 2015. An issue that is probably worth exploring though is the fact that for the first 30 implementing partners, the requirement to implement their activities in a maximum of 2 years implies that the closing date for implementation of their grant will be December 2014, which raises a number of concerns. First, a preliminary assessment by the MA in terms of activities completion reveals that some activities may well go beyond the current closing date, especially the extra information, education and communication (IEC) activities that accompany the citizens following interface meetings and to provide required accompaniment during implementation of service improvement action plans. These activities are considered critical to the continuity and sustainability of SA and need to be implemented in a well thought and organized way, and their absence may result into adverse effects.
21. Second, to fully implement desired activities by the first 30 SAIPs within an appropriate framework, assuming the ESAP2 SC would grant an extension of the implementation period, will require an additional financing. The MA has forecasted that the activities that the 30 implementing partners will likely implement after December 2014 requires a total budget of US \$2.8 million. But the financial forecast also reveals that about US \$1 million is expected to be carried forward at the end of the current closing date. Thus, an additional funding of US \$1.8 million would be required to sustain all implementers in the program at least until September 2015. In addition, there may be additional financing requirements to supplement logistical needs for the MA to sustain support to the implementation on the ground if the first cohort SAIPs get extension. A discussion was held on the need to facilitate the SA focal team at MoDFED to support its capacity development needs and

enable them more effectively perform activities related to coordination, facilitation and participation in field level monitoring. Last but not least, there will be needs for more funding to undertake an end-line impact evaluation survey. Additional financial forecast needs will be finally firmed up after receiving information from a detailed self-evaluation exercise by SAIPs that the MA is currently facilitating.

22. Discussions with stakeholders reveal that they consider continuity of implementation during the economic life of ESAP2 as important and recommend that the 49 implementers are sustained in the program through September/October 2015. The motivation for this can be summarized in four points namely: i) putting in place prerequisites for SA tools implementation was underestimated and it tended to take SAIPs more than 6 months on average making them use more time for actual implementation on the ground than was anticipated, ii) SA activities are just gaining momentum and a number of implementers are going back and forth to ensure that the citizens' representatives (especially the SACs), the service providers and other stakeholders fully understand the principles of SA to avoid inappropriate application of tools and potential reversal of achievements made so far, iii) the final year of implementation will provide an opportunity to strengthen linkages between the policy dialogue and implementation on the ground hence important that significant engagement with communities is sustained and iv) the first 3 factors will allow implementers to consolidate lessons, identify regional variations and promote learning among the regions. Sustaining implementation by all these implementers will thus ensure that there is a holistic approach to documentation of results and lessons drawn from a critical mass of implementers over a fairly sufficient period of time to inform decisions on options and choices for taking forward SA in Ethiopia.

Implementation and Coordination Arrangements

23. The current arrangements are that the ESAP2 MDTF is administered by the World Bank with all the donors contributing to the TF through the Bank. The MoFED is the recipient of the funds on behalf of the Federal Republic of Ethiopia and has delegated a Management Agency, the VNG, to coordinate implementation by SAIPs at the federal level by providing a No Objection to the World Bank to directly disburse the MDTF funds to the MA. Under a Grant Agreement signed by the MA and SAIPs, the latter receive grants consistent with the WB procedures and subject to a no objection on its overall plans and budgets by the World Bank and oversight clearance by ESAP2 SC.
24. The SC provides overall guidance and oversight to program implementation through quarterly meetings. A donors' only technical group, the Transparency and Accountability Group (TAG) meets monthly to discuss issues pertinent to and share information on ESAP2 but also on other two sub-components of the PBS under the citizens' engagement component namely: the Financial Transparency and Accountability (FTA) and the Grievances Redressal Mechanism (GRM). A gap in the current implementation and coordination arrangement is the absence of a technical working group (TWG) that brings together stakeholders⁷ (e.g. as is the arrangement with the SC membership) to engage in intensive technical level dialogue to explore options before making recommendations for consideration by the high level SC. This additional arrangement would become even more important as dialogue deepens on key issues of continuity, institutionalization and sustainability.

⁷ MoFED, the World Bank, Donors to ESAP2, the MA, CSO representatives and other key stakeholders that may be deemed appropriate to discuss SA issues and, as may be agreed in coordination with institutions responsible for the FTA and GRM.

25. In addition, communication between the MA and MoFED is perceived to be weak and largely undefined. The proposed TC would contribute to bridging this gap. Discussions in the TC would also provide an opportunity to the MA to ascertain regular demands by MoFED and donors and plan to make arrangements to respond to bilateral information requirements on a more regular basis.

Procurement Management

26. The MA has dual procurement responsibilities under the project. The MA engages procurement activities of its own based on the procurement plan that is approved by the World Bank, and provides oversight, monitoring and support to procurement activities carried out by SAIPs. To discharge its dual procurement tasks properly, the MA has assigned a dedicated Procurement Specialist in its Addis Ababa Branch Office.
27. A Procurement Manual that is applicable to SAIPs was prepared, distributed to them and awareness on the application of the manual undertaken prior to the start of implementation of activities on the ground. The MA then supported the preparation of initial procurement plans for 49 SAIPs and facilitated their approval by the World Bank before disbursement of funds to SAIPs. The procurement plans were prepared using a simplified format specifically prepared for the use of SAIPs.
28. Apart from the initial engagement, however, the mission did not find evidence that the MA proactively monitored and supported procurement implementation by SAIPs. Additional information from discussions with the MA suggests that internal audit and training activities have tended to include procurement related functions. The MA needs to continuously monitor and support the SAIPs during implementation and ensure that the implementers are engaging in procurement activities with adherence to the provisions of the procurement manual.
29. A revised procurement plan for the MA was approved on September 4 2013. The plan includes goods procurement amounting to \$447,000 and consultancy procurement with total amount of \$3.2 million. According to the contract register shared by the MA, goods procurement amounting to \$355,000 is undertaken to date. The register further indicates, the MA has deployed 102 individual consultants and has utilized \$2.7 million out of the budgeted 3.8 million. All goods procurements are undertaken through shopping method as they all fall within the shopping threshold.
30. A Post Procurement Review (PPR) was carried out by a World Bank consultant on goods procurement procedures on sample basis as part of the midterm review. The PPR recommends improvements are made on the following issues:
- accepting out of stock responses by suppliers as valid quotation and evaluating and awarding single supplier e.g. purchase of toner,
 - applying Direct Contracting (DC) method for printing and hotels without Bank no objection,
 - demanding two month price validity for shopping which is practically impossible. If this criteria was strictly applied all quotations will be rejected,
 - failure to package similar items e.g. mobile apparatus procured twice within 15 days difference, laptop computers procured three times to mention a few examples.

31. A draft Procurement Manual for the MA has been prepared and is under discussion with the Bank for review and approval. The outstanding issue in the manual is to fix a threshold for DC method that will not require Bank's no objection for procurements related to training and workshop activities based on the MA's past expenditure experience for similar activities.
32. Given the heavy consultancy uptake due to the nature of the project, the mission recommends that the MA provides quarterly information on consultancy procurement forecasts to the World Bank and includes this information as part of the QPRs (annex) for purposes of transparency in consultancy management.
33. Procurement performance is rated *Moderately Satisfactory*.

Financial Management (FM)

34. A partial assessment to ascertain whether project FM arrangements are adequate was undertaken. The assessment involved a desk review of quarterly financial reports, external audit reports, and disbursement trends. The review also considered some specific aspects related to budgeting, accounting, internal control, and funds flow management. The review focused on assessing the status and adequacy of the project's FM arrangements and compliance with the legal covenants. It is the conclusion of this assessment that there is reasonable adequacy that the FM system provided the necessary reasonable assurance that the MDTF grant proceeds are being used for the intended purposes.
35. Of the US \$23,408,614 total amount allocated to the project, US \$ 13,538,193 equivalent to 57.8% is allocated to the "Grants to subprojects" component which finances grants to SAIPs. As of end of June 2014, the Bank had disbursed to the project US\$ 13.3 million equivalent to 56.82% of the total MDTF proceeds (US\$ 23.4 million). A review of the Interim Financial Report (IFR) for the quarter ended March 31 2014 shows that the utilization of the whole grant as of March 2014 is 30%. In addition, US \$6,638,432.85 (49%) out of the budget for Grants to SAIPs which is the biggest component (US\$13,538,193 or 57.8% of the total project) has been disbursed by the MA but the utilization rate is low at US\$ 2,540,387 (18.7%).
36. The mission recommends that management ensures due attention to the following key areas and makes necessary follow up.
 - Disbursement trends. There is need to improve the current disbursement trends, i.e. from IDA⁸ (The World Bank) to the Project, by sending Withdrawal applications with statement of expenses (SOEs) and necessary documentation as appropriate at least once per month to avoid the Designated Account being inactive.
 - A constant follow up on advances made to SAIPs balances and liquidation thereof should be accelerated to ensure that advances of SAIPs are promptly accounted for to allow for recording and reporting by the MA.

⁸ IDA is an abbreviation for International Development Association, the World Bank Group arm that provides support to the developing countries.

- Internal audit units should continue to conduct internal audit of project activities regularly and provide recommendations for improvement.
- The external audit report for the year ended December 31, 2013 should be submitted to the Bank before June 30, 2014. The audit report should address the issues and quality concerns raised in the last report.
- Interim Financial Reports (IFRs) should continue to be submitted on time.

37. The overall summary rating on the financial management arrangements of the project is assessed as *Moderately Satisfactory*. The total FM risk rating remains as *Moderate*.

Monitoring and Evaluation (M&E)

38. **Regular monitoring at program level by the MA.** The MA implements regular monitoring activities that involve field supervisions and quarterly data collection through the supervisions that culminate into quarterly implementation reports that are submitted by each of the implementing partners. The mission noted that an operational impact evaluation was undertaken by the MA in June 2013 and a follow-up one is planned at the end of the project. These arrangements should be able to provide fairly adequate information on progress of operational performance as well as generate program and beneficiary information. In pursuit of continuous improvements to ESAP2 Logical Framework (LF), the mission reviewed and made further suggestions to strengthen the LF. The proposed amendments are mainly focused on tweaking wording for some of the indicators to make them more understandable and strengthen their relevance with regard to the project objectives and activities, changing positioning of some indicators to place them in potentially most suitable results areas in the LF and highlighting indicators that may pose challenge with measurement at project end. Proposed changes to the ESAP2 LF are provided in *annex 2*.

39. During the mission, the joint Bank and MA teams reviewed the current program LF to assess quality, timeliness and adequacy of information. The team undertook a detailed review of the LF. The current LF has sufficient information and data to facilitate assessment of implementation progress. A major output from this process was an updated version of the LF with indicator values that are due and available. The MA provided the updated LF as annex to the quarterly progress report (QPR) for the quarter ending March 30, 2014 with all indicators updated until then and highlighting those that will still pose a challenge to collect data with suggestions on possible corrective actions. The mission recommended that similar LF updates are submitted with future QPRs.

40. **Program Impact Evaluation (IE).** To complement the MA M&E efforts and enhance potential for program impact measurement, the World Bank initiated an impact evaluation that is based on a rigorous Randomized Controlled Trial (RCT) at the woreda level. The RCT based IE was designed to ensure that the treatment and control groups are statistically comparable, and is envisaged to enable an unbiased estimate of the average program impact at the end of ESAP2. The baseline study for the IE was approved by the ESAP2 SC on March 28, 2013 and Selam Development Consultants was competitively selected to undertake the survey and produce a detailed survey report and contracted in June 2013. Baseline data collection began in November 2013. A timeline of two months was initially envisioned for baseline data collection, but later extended because the World Bank's supervision team observed some data quality challenges when monitoring and auditing the data collection done.

Based on the World Bank supervision team's analysis and observations, Selam re-surveyed 4 of the study's 38 woredas in order to produce a final data set which was approved by the World Bank. A draft baseline report was submitted by Selam Consultants on April 20, 2014.

41. The survey collected baseline information on the extent of knowledge of and participation/engagement in basic public services delivery; household access to and usage of basic services; and their perceptions of basic service delivery in the intervention sectors, especially its quality. In addition, information on a wide variety of 'control' variables such as level of education, poverty profile, and occupational status of the household members, in order to understand how different populations interact and are impacted differently by ESAP 2 programming was done. The results of the ESAP 2 on initial analysis yielded findings comparable to previous studies of citizen engagement in service delivery in Ethiopia, and to other household level data sets in Ethiopia⁹. In general, the data suggests significant room for improvement in citizen engagement with services, relationships with public officials, and service quality. A detailed comparison of the results of this baseline and the results of the ESAP 2 operational baseline survey undertaken by the Management Agency is underway.
42. The TAG held discussions about highlights from the IE findings on May 8, 2014. The full draft report from the consulting firm together with a summary report prepared by the Bank team will be shared with the TAG for information and feedback during May followed by a presentation at the ESAP2 SC meeting. The finally agreed report findings will serve to inform subsequent communications and results stories about ESAP2 that the Bank team may plan or be requested to undertake in future. An end-line survey is planned at the end of the project¹⁰. A detailed overview of findings of the World Bank implemented IE is provided in **annex 4**.

IV. Linkages with the Financial Transparency and Accountability (FTA)

43. The Government and development partners have shown strong interest in linking activities within the citizens' engagement component of the PBS3 to strengthen synergy and enhance effectiveness and provide entry points for institutionalization of the activities. Based on this assertion, a study was conducted by a team composed of the MoFED, World Bank and ESAP2 MA to assess opportunities for linking SA, FTA, and possibly the Grievance Redress Mechanism (GRM) subcomponents of the Citizen Engagement Component of PBS. The study was asked to make recommendations identifying potential areas of linkage and collaboration supported by a more effective management and coordination arrangement in the short- and long-term and provide early insights on opportunities the institutionalization and sustainability of the sub-components. The draft output of the study was presented in the November 2013 JRIS, ESAP2 Learning Benchmark and FTA-SA Linkage workshop,

⁹ Basic characteristics of households in the ESAP 2 data – such as household size, wealth, literacy, and education - closely resemble the characteristics of households in Ethiopia's National Census (Central Statistics Agency, 2007), in the National Demographic and Health Survey (Central Statistics Agency, 2011), and in the Ethiopia Living Standards Measurement Survey (Central Statistics Agency and World Bank, 2013). Data on citizen engagement indicators echoes findings of Ethiopia's largest study on citizen engagement, the Woreda Citizen Benchmarking Survey (World Bank, 2013).

¹⁰ The exact timeline will be determined by the decision on whether the first 30 SAIPs will continue into the program until December 2015 or close in December 2014.

and feedback received informed the final report. The final report has been forwarded for consideration and adoption by the ESAP2 SC.

44. The study assessed the existing opportunities and challenges for linkage through a careful review of the implementation of the three sub-components, and their management and coordination mechanisms. Several opportunity factors for the linkages were identified which include but are not limited to the political will on side of the government that is displayed by a committed leadership enshrined in the ESAP2 Steering Committee, willingness of development partners to finance the sub-components, and positive attitude of the stakeholders including different implementers. The existence of Public Finance Management (PFM) Team to facilitate the linkage at regional and woreda levels, and formation of Social Accountability Committees (SAC) at woreda and kebele levels were identified as major platforms for making the linkage a reality. These platforms would also help to strengthen the sometimes loose ownership of Social Accountability at regional level, and facilitate the medium term plans to address issues of institutionalization and sustainability.
45. It was recommended that institutionalization in the short term should start with linking SA and FTA. The areas of linkage that were identified for immediate implementation include joint training sessions for local officials on budget disclosure and transparency, proactive collaboration by FTA teams with SAIPs during participatory planning and budgeting discussions and interface meetings at the local levels, sharing of annual training plans among the two sub-components implementers and collaborating the training manuals used by both programs. In addition, documentation of lessons common to implementation of the linkage and joint disclosure in media should also be encouraged. The above will call for joint field monitoring and quarterly reviews, establishing joint discussion forums and continuous follow ups based on the joint linkage action plan.
46. With regard to coordination, the study concluded that the function should be given to the Channel One Programs Coordination Unit (COPCU) at MoFED while the ESAP2 SC and the EMCP SC would play an oversight role. At regional level, there is a need to establish a Linkage Coordinating Committee at BoFED chaired by BoFED Deputy Head with members from regional Channel One Programs Coordinator, FTA focal person, NGOs desk officer, and a representative of SAIPs operating in the region. At the zonal/Woreda levels, ZoFED/WoFED regular staff supported by the PFM Team will be responsible for the day to day coordination and implementation. The proposed improvements in the implementation, management and coordination arrangement at national and sub-national levels would enable to lay the foundation for deepening collaboration around the linkage of the two sub-components.
47. The long run perspective is to strengthen and enhance local accountability structures. The implementation and coordination structure envisaged for the short- term will facilitate strengthening and enhancing local accountability structures such as the kebele assemblies, Woreda councils, and regional councils which are considered to be as appropriate structures to ensure institutionalization and sustainability of FTA and SA activities in the long-term. Further detailed study is recommended to assess institutionalization of SA/FTA initiatives and the Grievance Redress Mechanism to support the government's effort of improving good governance including demand-side good governance.

V. Cooperation with the PSNP

48. Recognizing that the cooperation between ESAP2 and PNSP that had been under discussion for some time would yield mutual benefits both to the PSNP and PBS-ESAP2, the ESAP2 SC, approved the Concept Note, “*PSNP Cooperation with PBS Social Accountability Program (ESAP2)*”, on 26 March, 2014. The Concept Note was developed jointly by Food Security Coordination Directorate (FSCD)/MoA, MoFED, ESAP2 MA and World Bank PBS and PSNP Teams after a phase of lesson learning and exploration. The approval has now paved the way for smooth cooperation between ESAP2 and the PSNP. It will ensure that transaction costs that would otherwise arise from fragmented initiatives with similar overall goals are avoided, and promote a shared sense of social accountability development.
49. Piloting is currently underway to test PSNP collaboration with ESAP2, with early positive responsiveness from the citizenry and service providers. Since ESAP2 is already underway, piloting must align with the already ongoing ESAP2 without disrupting its flow. Four pilot woredas¹¹ were selected with this principle in mind. The Pilot takes a “learning by doing” approach with the PSNP team spending a substantial amount of time in each of the four woredas, working with CSOs¹², PSNP implementers and woreda officials. Activities to date have focused on including PSNP beneficiaries and implementers in sensitization trainings, SACs and inclusion of PSNP related social accountability indicators in Community Score Card and Citizen Report Card processes in addition to orientation and capacity building of CSOs, government officials and community members.
50. The next phase of PSNP that is under preparation is envisaged to scale up the current pilot. The design process for PSNP IV is currently underway and it has been already agreed to incorporate this approach to allow programme clients and other citizens opportunity to communicate their views on the quality of service provision and any areas of improvement needed to woreda level service providers, with onward communication to regional and federal level coordinators. PSNP clients are expected to subsequently learn how to use SA tools in their community to strengthen their engagement with those responsible for delivering the PSNP services to them.

VI. Key Emerging Issues

51. Lessons from ESAP1 informed the design of ESAP2 and led to application of a wider range of SA tools with more geographical coverage extended to more economic sectors (refer also to section on context). Operational and impact evaluations have also been established under the current program in an effort to strengthen the results and impact story. In 223 woredas, SA interventions are now being implemented by different SAIPs using various tools¹³. Field visits made over the last one year reveal that implementation needs deepening to entrench the SA culture, understanding and principles amongst citizenry. In addition, there is need to strengthen the scope and significance of lessons drawing from ESAP2 implementation experience to strengthen the credibility and robustness of the evidence base so as to duly inform the forward looking plans for SA in Ethiopia. Yet, to sustain current momentum, ensure continuity and kick-start practicable steps that will evolve into

¹¹ The pilot woredas are Shebadino in SNNP, Kuyo in Oromia, Raya Azebo and Erob in Tigray.

¹² CSOs include Hope for the Children, Pro-Development Network, Adigrat Catholic Dioceses Secretariat and Hundee.

¹³ As of end of March 2014, SA tools were applied by woredas as follows: 83% (community score card), 42% (participatory planning and budgeting), 17% (citizens report cards), 6% (gender responsive budgeting) and 5% (public expenditure tracking survey).

increasingly steady coverage, institutionalization and sustainability, there is need to have follow-up medium term programmatic approach to implementation of SA and to enshrine the latter in medium to long term government strategies. The key policy/strategy and implementation issues are discussed in the next sub-sections.

Policy and Strategy Issues

52. *Medium term policy and strategic orientation.* Government of Ethiopia (GoE) has shown a strong commitment to social accountability as a key element of its good governance policy by establishing leadership for ESAP2 at the federal level and lobbying and encouraging regions to follow suit. ESAP2 will be completed in December 2015. By this time, it is extremely essential that dialogue on (i) implementing SA beyond ESAP2, and (ii) a long term policy and medium term strategy on SA shall have been defined. The opportunity to elaborate the policy and strategies on SA could take advantage of the ongoing elaboration of the second Growth and Transformation Plan (GTP2) and ensure alignment to the latter. By putting in place policy and strategic orientation for SA, this would also serve as a platform to facilitate donor decisions for financial and technical support for future program elements.
53. *Boosting technical dialogue drawing on lessons from the high level policy dialogue that has worked effectively through the ESAP2 SC.* The ESAP2 SC has played an important role to provide leadership and oversight to the implementation of the program as mentioned in previous sections. As the implementation deepens, technical dialogue and discussions will become intensive and require cross sectoral, cross donor and inter-institutional efforts for it to be an important underpinning for the policy dialogue at the SC level. Such a dialogue forum that brings together relevant government official, donors, CSOs would help to provide technical guidance to achieve recommendations proposed in this report.
54. *Opportunities to strengthen ESAP2 remain strong.* ESAP1 emerged in a context of the Government having developed a Good Governance Package and engaged in a high profile capacity building program of local government, which included also the setting up of service standard benchmarks. The Government continues to pursue the good governance agenda through civil service reform and with an active interest in engaging citizens to better inform the government itself on the delivery of essential services. As noted above, this support is manifested through the high level leadership provided at the ESAP2 SC at the federal level. At the local level, implementation of ESAP2 is considered by government officials as one of the instruments of promoting good governance. Its importance currently is even boosted by the implementation of FTA that can be complemented by initiatives that build the capacity of citizens to participate in budget planning and to assisting with public expenditure tracking (through SA tools like PETS). ESAP2 has already tailored its current activities and future plans to better link with FTA. With the support of MoFED and the BoFEDs, this FTA-SA linkage will be important for government support in sustaining the objectives of ESAP2 in the longer term.

Implementation Issues

55. *Sustaining Implementation Momentum until project closing date in December 2015.* Significant progress and results from ESAP2 implementation have been registered over the last one year,

especially from the first 30 SAIPs: SA is now an accepted norm at the federal and regional/woreda levels, implementation on the ground is progressing well and dialogue on SA is getting entrenched. In addition, issues of continuity, creating linkages, institutionalization and sustainability are now being discussed at policy and technical levels. But even for the 30 SAIPs, stakeholders at the level of implementation are still grappling with full understanding of processes and principles for implementing SA. In Indonesia, it took almost 15 years to have SA entrenched and establish villages as self-governing entities capable of engaging in constructive dialogue with the state on issues of governance including basic service delivery¹⁴. Sustaining the momentum achieved so far through December 2015 is thus imperative to sustainability of SA beyond ESAP2. This timeline will provide ample time for SAIPs to complete implementation of all activities planned currently in a more constructive way and follow-up on emerging issues. SAIPs will also be able to cover up for the delays experienced at the start of implementation as they dealt with putting in place processes and procedures to comply with fiduciary, reporting and other implementation requirements. In addition, stakeholders consulted had a shared view that continuity in implementation by all the current partners will facilitate more robust lessons to be learned and provide better evidence to inform decisions on the future of social accountability beyond December 2015.

56. *Requirements to retain the first 30 SAIPs until ESAP2 closing date.* Discussions on requirements to facilitate the first 30 SAIPs fully implement all activities until end of September 2015, assuming the ESAP2 SC grants an extension of the implementation period, reveals that this will require additional financing. The MA has forecast that the activities that the 30 implementing partners will likely implement beyond December 2014 required a total budget of US \$2.8 million. About US \$1 million is expected to be carried forward at the end of the current closing date. An additional funding of US \$1.8 million would be required to sustain all implementers in the program until September 2015. Irish Aid, one of the current funders of ESAP2 has expressed commitment to provide additional support for this purpose. This proposal and requisite next steps to process and access the funding will be tabled in the next ESAP2 SC meeting expected by mid-June or earlier.
57. *Options for ESAP beyond December 2015.* GoE has pronounced its vision for social accountability in the long term as a key ingredient of its good governance policy and that measures should be taken to explore entry points for institutionalization and accountability. Program implementation could probably be sustained by linking SA activities through sectors, SACs, local councils and various other community based-organizations and associations. There are opportunities for strengthening awareness using media of different types including radios, newspapers, television, etc. All the current ESAP2 donors namely: the DFID, Irish Aid (IA), KFW and European Commission (EC) expressed continued commitment to support social accountability implementation in Ethiopia in the medium term. Some, like the EC have already made tentative budgetary allocations for the medium term. Availability of policy and strategic instruments as discussed above will even provide a strong basis for donors to firm up commitments to finance the program implementation in the medium term. But future medium term implementation should go hand-in-hand with implementation of linkages, institutionalization and sustainability strategies. As part of developing a proposed medium term strategy, a number of background analyses could be initiated to provide options for decisions making on critical issues needing decisions. These may include, but are not limited to the following.

¹⁴ A village law was adopted in early 2014.

- Facilitated Self-evaluation by SAIPs to reveal a cross section of experiences from implementation. The MA has already planned this analysis and received no objection from the World Bank on the ToRs for the activity.
 - Assessment of institutionalization and sustainability entry points that exist and are feasible in each region taking into account regional disparities in terms of capacity, existing initiatives and structures, cultures and preferences etc.
 - Analysis of other existing social accountability initiatives in Ethiopia within priority sectors and programs to make recommendations on how to enhance coordination, standardize approaches and tools and harmonize efforts overtime.
58. It is therefore possible to maintain momentum by designing a follow-up ESAP with an economic life long enough to incorporate elaborate, mold and start implementation of strategies on institutionalization and sustainability.
59. *Accelerating budget execution and implementation by SAIPs.* Of the US \$23,408,614 total amount allocated to the project, US \$ 13,538,193 equivalent to 57.8% is allocated to the “Grants to subprojects” component which finances grants to SAIPs. As of end of June 2014, the Bank had disbursed to the project US\$ 13.3 million equivalent to 56.82% of the total MDTF proceeds (US\$ 23.4 million). A review of the Interim Financial Report (IFR) for the quarter ended March 31 2014 shows that the utilization of the whole grant as of March 2014 is 30% and it is 18.7% for SAIPs grants component. Based on experience over the last two years, it will be imperative that future IFRs and QPRs provide a clear and holistic assessment of the budget execution performance both on the quarter under review and across all budget categories. In particular, for the period ending June 30, 2014, this information will be useful to inform critical decisions on how to manage the remainder project life.
60. *Significant capacity issues remain with several of the project SAIPs and partner CSOs.* There are partner CSOs within ESAP2, which are very small organizations with limited infrastructure and human resource capacity to undertake activities of SA capacity building of SACs or assisting the facilitation of well-prepared interface meetings. The MA recognizes this constraint is already engaged in providing capacity enhancement support that responds to some CSOs specific needs. This kind of support becomes even more needful as implementation nears holding of interface meetings.
61. *Challenges for the MA in managing 49 lead SAIPs and 61 additional partner organizations.* The MA has undergone its own learning process over the last year in managing a program such as ESAP2, which was a novel enterprise also for MA staff. The MA experimented with regional coordinators and is currently organized along thematic streams (capacity development & training (CDT), M&E, grant management, finance management and support functions such as communications). Some activities, however, necessarily have to be undertaken sequentially that have contributed in the past to delays. For instance, reports submitted by SAIPs have been analyzed by finance management team, the M&E team, and with the CDT subsequently analyzing the narrative for budget forecasting before the grant management team clears a further tranche of funds. The delays in this process resulted in some SAIPs suspending their activities due to the absence of finances. The MA has addressed this

issue by releasing two tranches as SAIP reporting is analyzed by the MA for further transfer of funds without breaking the SAIP's schedule of activities.¹⁵

62. *SACs operating without any financial support.* At present, SACs can be operating at the woreda-level or at the kebele-level. Since SACs function solely on a voluntary basis, it may difficult, particularly for those at the woredas to undertake any activities of monitoring the implementation of the Action Plans especially in distant areas requiring travels facilitation, given the absence of funds to cover any travel costs. SACs at the kebeles are however sufficiently localized to be able to cover oversight of Action Plans without the need for transport costs, but even these SAC members may expect as a very minimum refreshments. Such refreshments and others costs related to SAC meetings are currently borne by the SAIPs, but this would not be sustainable after the project ceases to fund the SAIPs to facilitate these meetings. Moreover, the disadvantage of creating more SACs at the kebele-level is the additional transaction costs for the MA or implementing agency that manages these in addition to the SACs at the woredas with already an overstretched team. The present position of MoFED is that SACs should work on a voluntary basis to sustain the SA process and the results achieved. Hence, it would be necessary to provide adequate awareness and training to SACs to enable them have a clear understanding on the sustainability issue. On the government side, it is hoped that the knowledge gained by members of SACs from a continues awareness and training programs facilitated by MA and SAIPs, and the ability to apply the relevant SA tools whose popularity and demand are growing because of their use value to communities cannot easily be reversed in all areas the program has been implemented.
63. *Sustainability of engaging CSOs with SACs without ESAP2/MA presence.* The CSOs/SAIPs participating in ESAP2 are acutely aware that engaging in SA-type activities requires full support from the government to allow them to operate at the woredas and kebeles. TheSC provides the SAIPs and CSOs with the necessary support to engage with local councilors, service providers and BoFED officials. Especially given the context of the Government's 2009 proclamation for the registration and regulation of charities and societies, including the directive of 30% (for administrative costs) and 70% (for program costs), CSOs and SAIPs are wary of their ability to engage on SA-type activities without the current support from MoFED provided through ESAP2. The mobilization role that is currently played by SAIPs and partner CSOs, it is feared, may not be possible for SACs to fully undertake on their own and without any financial resources.
64. *Considerable turnover of officials and local government staff.* The investment in training and capacity building of service providers and local officials within ESAP2 is significant. Yet, the existence of a considerable turnover of such individuals may limit the effectiveness of such capacity building on social accountability mechanisms and their importance. The MA reports that in some cases, local officials/service providers pay less attention to the complaints of citizens and do not follow up the services that they are rendering due to such turnover of service providers. The effectiveness of the Action Plans and the improvements in service delivery outcomes may consequently suffer in ways that ESAP2 design and intervention logic did not necessarily account for. This may cause for plans to

¹⁵ The overall total amount disbursed to all 49 SAIPs by 31 December 2013 was US\$ 5,793,354.28 which is roughly 44% of the total amount allocated for ESAP2 grant activities and therefore on schedule (accounting for the 19 SAIPs having started at a later date).

that ensure continuous capacity building support and implementation of orientation and fresher training programs for new staff.

65. *Regional variation and local contextual factors.* The ESAP2 experience so far suggests high regional variables in mobilization. In Tigray, for instance, the recent legacy of “struggle” makes the relationship between citizens and their local government very close and citizens’ capacity to speak up is comparatively better compared to other parts of Ethiopia. In fact, citizens have been actively engaged in the past which explains also the high level of local organization (e.g. the youth, and women associations). In other regions, citizens may not be capable of speaking up even when sensitized on SA mechanisms for various reasons, and being further constrained with very low levels of community organization (e.g. only through the church, or Iddir). The project log frame does not suitably accommodate such regional differences and so there may be a need for ESAP2 to develop additional regional strategies with different milestones and trajectories for improving basic services.

VII. Proposed Next Steps

66. The table below provides a summary of proposed actions for potential agreement and next steps based on issues discussed in the preceding sections. The list in the table is a working and tentative list and some of the actions may be undertaken based on further discussions with the Government, donors and other stakeholders. Information intended to be collected from some of the proposed activities may also be generated from data and information available at the MA level and will thus no need extra initiatives but rather close monitoring, discussion and guidance by the SC, the TAG and the revived TC. More and specific recommendations are included against issues that were discussed.

Table 3: Possible Actions Agreed and Next Steps

No.	Activity
	Policy and Strategic
1	Based on MTR Findings of ESAP 2 and SAIPs level evaluation by the MA, conduct a stakeholder consultation workshop to discuss key emerging issues, strategies and next steps for SA sustainability after ESAP2 (November 2014 JRIS deliverable).
2	Elaborate and agree on a medium term roadmap to implement the strategies for continuity of SA initiatives post ESAP2 [includes options for sustaining implementers on the ground] (November 2014 JRIS deliverable).
	Coordination and Collaboration
3	Establish a technical committee to revive the work of the technical oversight committee (TOC) that existed before to foster technical dialogue that duly informs high level policy dialogue at the ESAP2 SC.
4	Analysis of other existing social accountability initiatives in Ethiopia to make recommendations on how to enhance coordination, standardize approaches and tools and harmonize efforts overtime.
	Implementation
5	The MA to facilitate a self-evaluation by SAIPs to reveal a cross section of experiences from implementation. This could be done as part of the benchmarking workshops that are planned in mid-August.
6	Assessment of institutionalization and sustainability entry points as well as drivers of social accountability in each region taking into account of regional disparities in terms of capacity, existing initiatives and structures, cultures and preferences etc.
7	Undertake a value for money and cost effectiveness audit among the current SAIPs to inform future implementation options. This information could be generated from the MA administrative data but would need to be complemented by information other SA interventions either in Ethiopia or other countries to allow comparison.
8	The MA to strengthen fiduciary reporting and related capacity building for SAIPs – see more recommendations on procurement and financial management under respective sections in the implementation progress section.
9	The MA to provide a comprehensive assessment of SAIPs at the next SC meeting to facilitate the discussion on possible extension of implementation period by the first 30 SAIPs.
10	MA to provide quarterly consultants procurement forecasts to the World Bank and include this information as part of the QPRs (annex) for purposes of transparency on relevancy and appropriateness in consultancy management.

Annex 1: List of People Met

Names	Organizations and Title
H.E Dr. Abraham Tekeste	Minister of State, MoFED
Getachew Negera	Head of COPCU/Director of Treasury, MoFED
Belay Asrat	Social Accountability Expert, MoFED
Demile Yismaw	Social Accountability Expert, MoFED
Colleen Wainwright	Senior Social Development Adviser, DFID Ethiopia
Mieraf Mergia	Social Development Advisor, DFID Ethiopia
Belay Addis	Education Advisor, DFID Ethiopia
Ben Siddle	Deputy Head of Development, Irish Aid, Ethiopia
Bizuwork Ketete	Irish Aid Ethiopia
Makda Getachew	Irish Aid Ethiopia
Stephanie Carette	European Commission
Rolf Hunink	Team Leader, ESAP2 Management Agency
Lucia Nacy	Social Accountability Expert, ESAP2 MA
Zemedkun Abebe	Deputy Team Leader, ESAP2 Management Agency
Tenaw Mengist	M&E Manager, ESAP2 MA
Beredu Tessema	Woreda ESAP2 Project Coordinator
Mohammed Ail	Woreda Finance and Administration Manager
Lemma Tesfaye	ESAP2 M&E Officer
Fita Degu	SAC member
Tigist Mekonnen	Service Provider – Bureau of Women and Children
Abiy Mohammed	
Service Provider and SAC member	Bureau of Education
Alemayehu Belachew	CSO Representative, PANE
Holie Folie	CSO Representative, CORHA
Dr. Meshesha Shewarega	CSO Representative, CCRDA
Haileselassie G/Michael	CSO Representative, ChSA

Annex 2: Suggested Changes to the Project Logframe

The ESAP2 Project Logframe has been recently revised (prior to the MTR) where indicators have been reworded or better aligned to the objectives of the PDOs stated also in the main Protection of Basic Services (PBS) program of which it is a sub-component.

Based on the latest Logframe reviewed at MTR, some further changes or modifications are suggested for consideration.

(A) Rephrasing Indicators

Outcome indicators (current)	Proposed revised wording of Outcome indicator
2.1 In each sector at least 2 improved basic services in the ESAP2 involved woredas.	In ESAP2 involved woredas, improvements reported in at least 2 basic services based on satisfaction surveys
2.2. Percentage of citizens in the ESAP2 woredas that judge the quality of the services provided improved has increased by 50% at project end.	Percentage of citizens in ESAP2 woredas that judge the quality of the services provided as <i>good or satisfactory</i> ¹⁶ (increase through ESAP2 intervention by 50%)
2.3. Percentage of women in the ESAP2 woredas that judge the quality of the services provided has improved will have increased by 50% at project end.	Percentage of women in ESAP2 woredas that judge the quality of the services provided as <i>good or satisfactory</i> (increase through ESAP2 intervention by 50%)
2.4. Implementation of action plans by service providers incorporating citizen needs has increased by 10% at project end.	Implementation of action plans by service providers incorporate citizen needs (increased through ESAP2 by 10% at project end)

(B) Moving Indicators within the Logframe to better align with Objectives

The following indicator from Output 2 to Output 4 (as a new indicator 4.3):

(Current Indicator 2.6): Percentage of citizens and citizen groups in the ESAP2 program that participate in: a) budget formulation and b) action plan development has increased by 60% at project end.

¹⁶ Select either 'good' or 'satisfactory' based on what was used to determine the baseline figure

Rationale: The indicator above contributes better to “**Citizens and citizen groups are aware of their responsibilities to plan, budget, implement and monitor public basic service delivery**” than where it is currently placed.

(C) Indicators where there will be measurement issues and concerns

2.7. At least half of the joint action plans developed under ESAP2 are gender sensitive and address needs and concerns of women at project end.
3.4 The number of women organizations and networks (e.g. iddirs) in the project woredas that demand an improvement of basic public services has increased by 50% at project end.

(D) Consider replacing Specific Objective 5 on SAIPs with an Objective more directly concerning Sustainability efforts (including activities towards SA-FTA linkage)

As ESAP2 continues, issues of sustainability and institutionalization will become increasingly important. This was a subject addressed at the MTR with all key stakeholders (Government/COPCU, donors, SAIPs/CSOs). It is becoming clear that the SA-FTA linkage will be an important element in linking better the ‘demand-side’ activities that is the focus of ESAP2 with the ‘supply-side’ reform efforts such as FTA, which are driven also by MoFED.

Currently, Objective 4 within the Logframe (“Citizens and citizen groups are aware of their responsibilities to plan, budget, implement and monitor public basic service delivery”) captures the progress ESAP2 is making in preparing citizens to better participate and engage with FTA. There may be a possibility following the discussions at the MTR, the creation of the new Technical Group within MoFED and the further discussion on the FTA-SA Linkage Report prepared with the Government for ESAP2 to distil some key activities specifically fostering such a linkage to be monitored within the Logframe. For instance, the participation of PFM/FTA teams in ESAP2 trainings and capacity building as well as their presence in interface meetings that focus on participatory budgeting or PETS is being seen as important indicators to ensure coordination going ahead. The Project Logframe may try to accommodate this better.

The ESAP2 Logframe is already long in the numbers of it indicators it currently comprises. In order to keep the Logframe succinct, there is also the suggestion that present Objective 5 (“Increased capacity of SAIPs to empower citizens and citizen groups on using SA tools, approaches and mechanisms”) be reconsidered. Much of the indicators and activities within this objective are captured elsewhere in the Logframe since trained and effective SAIPs are the key interim outputs for Objectives 2, 3 and 4 or, stated differently, SAIPs are the mobilizers for the awareness of public basic service providers becoming responsive, awareness of citizens to demand better services and for citizens to be aware of their responsibilities to participate in the plans, budget and implementation of basic services. Output 5.3 currently has a set of indicators that may be reconsidered, since the basis for their measurement is left unclear (e.g. all SAIPs have *pertinent* action plans) and may be assumed as an essential part of the implementation process which will not change at the MTR or at the End-line.

Annex 3: Explanatory Note on sequencing of first and second cohort SAIPs and related Issues

The Ethiopia Social Accountability Program (ESAP2) is implemented in two phases. On 1 January 2013, a first group of 30 Social Accountability Implementing Partners (SAIPs), chosen following a strict set of selection criteria, started implementation of their project activities for a period of 24 months until 31 December 2013. Due to the fact that additional financial resources became available through the Multi Donor Trust Fund (MDTF), an additional group of 19 SAIPs started with implementation of their project activities on 1 October 2013 also for a period of 24 months, until 30 September 2015. In total, ESAP2 works currently with 49 SAIPs being the lead partner organizations and direct access point for the Management Agency (MA).

The first group of 30 SAIPs clearly suffered from “teething problems” which were caused by the fact that for both the SAIPs as well as the MA, the extensive grant program turned out to be a new and challenging experience. Staff employees of the SAIPs had to become acquainted with the rules and regulations of the grant program, both technical as well as financial. For this group, a pre-disbursement training program was organized in the period January-March 2014. Four separate rounds of pre-disbursement training were organized in this period. Immediately after completion of this training, SAIPs were expected to start implementing project activities. However, to finance these activities, SAIPs required financial resources. Unfortunately and due to various administrative proceedings, a major one being the fact that the SAIP management more than once had to improve their budget forecasts, the first disbursement transfers could only be effectuated as of the end of March 2013. As a result, the first group of 30 SAIPs had already lost three valuable months of their implementation period which effectively meant that they had only 21 months of project implementation left. In the months following the first disbursement transfer it turned out to be difficult for the MA to guarantee that advance payments reached the SAIPs on time mainly due to the fact that the financial reports submitted by SAIPs lacked crucial information. A cumbersome and time consuming process to make sure that all documentation reached the MA on time was the result, which created additional delays for financial transactions to be made to the SAIPs.

In July, the MA intervened rigorously with a simplification of the financial rules as well as a request to the SAIPs to submit budget forecasts for a six rather than three month period. Main aim of this intervention was to accelerate the overall approval and implementation process. This new procedure became effective immediately and paid off instantly. As of September 2013, the first group of 30 SAIPs received their financial resources preceding their forecasted period rather than with a considerable delay. Today, only in exceptional cases budget transfers to SAIPs are delayed primarily due to the fact that the SAIP financial administration is not in accordance with the ESAP2 rules and regulations.

As of 1 October 2013, a second group of 19 new SAIPs signed an agreement with the MA for a period of 24 calendar months. All staff of these new SAIPs participated jointly in one pre-disbursement training session organized early October which lasted for five consecutive days. In this way, the MA minimized the theoretical instruction phase and made sure that the new SAIPs could start instantly with project implementation.

Both technical and financial lessons learned during the first phase of project implementation could be applied and ensured a smoother preparation (through the pre-disbursement training) as well as implementation of the grant program.

Clearly, the second group of 19 SAIPs benefited from the fact that both the MA as well as the first group of 30 SAIPs had to associate with the theoretical and practical arrangements of ESAP2. Today, it is fair to observe that all “teething problems” have been overcome and emphasis can be fully addressed to a successful implementation and completion of the ESAP2 project activities currently focused on 223 Woredas in Ethiopia.

Annex 4: ESAP 2 Impact Evaluation Baseline Study - Summary of Main Findings

Strengthening the relationship of accountability between service providers and citizens is increasingly viewed as critical for improving public service delivery. But even as some recent experimental studies find that community monitoring can significantly improve both the quality and quantity of service provision,¹⁷ a broad evidence base on the effectiveness of different forms of such interventions is yet to be established. Preliminary results suggest that social accountability interventions vary in their effectiveness, and that the most effective interventions have the potential to significantly enhance service delivery and human development outcomes in targeted communities.¹⁸

The ESAP 2 impact evaluation aims to rigorously measure the impact of the ESAP 2 intervention, as well as to contribute to the emerging literature on the effectiveness of social accountability interventions. The findings of the ESAP 2 impact evaluation baseline study provide a benchmark against which to measure changes on key indicators in both treatment and control communities over the duration of the ESAP 2 program. The survey questionnaire, which was administered to over 17,000 citizens in 4,400 households, focused in on three outcome areas: citizen engagement, service delivery, and human development. What follows is a brief summary of key findings at baseline in each of these thematic areas.

This summary intends to summarize some basic tabulations in each of the major outcome areas. The more voluminous baseline report prepared by Selam Consultants provides an exhaustive list of tabulations on a larger set of indicators captured in the survey questionnaire. The project team at the World Bank is also working on a more detailed synopsis of the baseline findings which will build on the present document by providing (i) a detailed comparison of means on a comprehensive set of indicators across treatment and control groups, and (ii) detailed regression analyses examining other analytical trends in the baseline data set.

Data Benchmarking

The ESAP 2 study data yields very similar findings to other large, national surveys on key indicators. On citizen engagement indicators, such as participation in discussions on basic services, levels of trust, access to services, and overall levels of satisfaction, the ESAP 2 data reflects similar findings from the Woreda Citizen Benchmarking Survey V (World Bank, 2014) and the ESAP 2 Operational Baseline Study (VNG, 2013). On basic household indicators such as household size, literacy rates, and poverty levels, the ESAP 2 households are largely similar to national averages captured in the Ethiopia Demographic and Health Survey (Central Statistics Agency, 2012), the Living Standards Measurement Survey (World Bank, 2013), and the National Census (Central Statistics Agency, 2007).

There are no systematic or recurrent differences on key indicators between treatment and control communities in the ESAP 2 sample, implying that the randomization method employed by the study did

¹⁷ Bjorkman, M. and J. Svensson, 2007. 'Power to the People: Evidence from a Randomized Field Experiment of a Community-Based Monitoring Project in Uganda'. Working Paper.

¹⁸ Banerjee et al, 2008. 'Pitfalls of Participatory Programs: Evidence from a Randomized Evaluation in Education in India', NBER Working Paper 14311

indeed establish statistically comparable ‘treatment’ and ‘control’ groups. The existence of these two groups that are statistically “the same” before the program began enables an examination of changes in outcomes over time to be attributed to the impact of the ESAP 2 program.

Findings: Citizen Engagement

Across surveyed households, a large number of citizens are already engaging in service delivery in varying forms. Many citizens have participated in meetings to discuss service delivery, and there is a healthy incidence of complaints about services, suggesting that citizens are involved and taking ownership over basic services in their communities. At the same time, levels of confidence in public officials are low, and there is significant gender disparity in participation and interaction with officials.

- *Participation in meetings:* 52.5% (n=4484) of households participated in a meeting to discuss service delivery in water, agriculture, health, education, or rural roads in the past 12 months. On average, these households had participated in four to five meetings over the course of the year. Usually these meetings were organized by their kebele council or kebele officials.
- *Complaints about services:* Overall, a sizeable portion of citizens had complained to authorities or service delivery staff about basic services. 19.4% (n=2131) of men and 15.2% (n=2353) of women had complained about some issue of basic service delivery in their community. Complaints about water services were most common.
- *Levels of Trust:* Despite involvement in basic services meetings and healthy rates of complaint, citizens’ relationships with public officials are not as strong as they could be, although relationships with kebele officials are slightly better than those with woreda officials. When asked how much they trust their woreda council, 36.7% (n=4484) of citizens said “not much” (mode). When asked how much they trust their kebele council, 32.2% (n=4451) of citizens said “not much” (mode).

Findings: Service Delivery Quality

Citizens’ level of satisfaction with basic services – one proxy for measuring service quality - is fairly high. In this survey and in other major data sources on citizen engagement in Ethiopia, citizen satisfaction is high in agriculture, education and health, and lower in water services. However, more detailed analysis finds that many citizens face real challenges in accessing services in their communities.

- *Satisfaction Levels:* When parents of school-aged children were asked how satisfied they are with the primary school in their local community, for example, 85.7% (n=2913) of citizens said they were ‘very satisfied’ or ‘moderately satisfied’. When asked about satisfaction with the local health center, 78.2% (n=4484) said they were ‘very satisfied’ or ‘moderately satisfied’. When asked about satisfaction with water services, a lower 64.7% (n=4460) were satisfied. *High Satisfaction as Low Expectation?* Citizen satisfaction with basic services has been measured in several surveys in Ethiopia using the question “How satisfied are you with services in _____ (education/water/health/agriculture)”. The most recent studies to examine this indicator are WCBS V (World Bank, 2014), Financial Transparency and Accountability Evaluation (Selam Consultants, 2012), and ESAP 2 Operational Baseline Survey (VNG, 2013).

The table below summarizes satisfaction data from three surveys, which all show a trend towards high satisfaction, with the lowest rates of satisfaction occurring for water services. Citizens generally see services having improved over time, suggesting that high satisfaction may partially be a function of low expectations. The ‘mean satisfaction’ is simply the mean of the four other rates.

“How satisfied are you with services you receive in....?” <i>ESAP 2 IE: (% responding ‘very satisfied’ or ‘somewhat satisfied’) [n=4484]</i> <i>WCBS V: (% responding ‘very satisfied’ or ‘somewhat satisfied’) [n=10,909]</i> <i>ESAP 2 Operational: (% responding ‘excellent’, ‘very good’, ‘good’) [n=410]</i>					
Data Source	Agricultural Extension	Primary School	Health Centre	Water Services	Mean Satisfaction
<i>ESAP 2 Impact Evaluation (2013)</i>	83%	80%	77%	63%	75%
<i>Woreda Citizen Benchmarking Survey 5 (WCBS V) (2013)</i>	89%	90%	70%	62%	78%
<i>ESAP 2 Operational (2013)</i>	70%	83%	77%	55%	71%

- *Perceived Challenges:* A more illuminating understanding of citizen perceptions of service quality can be gleaned from an examination of the common shortcomings that citizens report in their local schools and health centers. For example, 33% (n=4484) of citizens state that wait times in their local clinic are very long and 35% (n=4484) of citizens state that medical staff are not regularly available in the center when they visit. Although overall levels of satisfaction are relatively high, there is a high incidence of reporting of specific challenges such as shortage of supplies, overcrowded classrooms, and absenteeism. Tracking these specific indicators over time will shed light on the extent and the manner in which citizen satisfaction with services is changing as a result of ESAP 2.

Findings: Human Development

In addition to measuring changes in service quality, the study also measured basic human development indicators in treatment and control communities. Comparable studies have found that effective social accountability programming in health can improve both health service quality and community health outcomes.¹⁹

¹⁹ For example, Bjorkmann and Svensson (2009) reported a 33% reduction in under-5 mortality over one year, attributable to a program which implemented citizen report cards for primary health dispensaries. See: Bjorkmann, M. and J. Svensson, 2011. ‘When is Community-Based Monitoring Effective? Evidence from a Randomized Experiment in Primary Health in Uganda’. Working Paper.

- *Community Health:* The baseline survey found that 22.3% (n=4240) of households had a member who had suffered from malaria in the past month, and 16.9% (n=4240) had a member who had suffered from diarrhea in the past twelve months. The study also captured the incidence of maternal and infant deaths in households. Disease prevalence and infant and maternal deaths in study woredas are similar to national averages. Highly effective programming in ESAP 2 woredas could improve these indicators over time, as health service quality improves and utilization increases.

Next Steps

The initial findings of this baseline data collection exercise must be complemented by data from a follow-up panel survey of the same households in treatment and control communities at the end of the ESAP 2 intervention. Measuring the difference on main indicators between baseline and follow-up for treatment and control communities will enable the study to measure the changes attributable to the ESAP 2 intervention. Ideally, follow-up (endline) data collection should be conducted at the same time of year, in order to avoid any seasonal variations in response patterns. At the same time, data collection should not be delayed too far beyond the end date of the project.

Tentatively, endline data collection is anticipated for November – December 2015, assuming a project wrap-up date of September 2015. In the interim, a tracer study which would simply verify the location of surveyed households in early 2015 would help to reduce any attrition of sample households at endline. In-depth qualitative research such as focus group studies and key informant interviews in study communities could potentially be conducted at the same time, in order to add depth and insight into key findings.

Conclusion

The baseline survey found that although citizens are already engaging in varying ways in service delivery, there is significant room for improvement in areas such as the relationship with service providers and officials; the perceived quality of service delivery; and on basic health and education indicators. These indicators and a variety of others will be tracked in both treatment and control communities through an endline survey administered to the same households after the conclusion of the project. The difference in outcomes between treatment and control communities from baseline to endline will yield insight into the changes brought about by the ESAP 2 interventions, and the improvements in citizen engagement, service quality, and human development indicators attributable to ESAP 2.
