ETHIOPIA

High-Priority Country Plan

GLOBAL WATER STRATEGY | 2022-2027

In 2022, Ethiopia was redesignated as a High Priority Country (HPC) under the U.S. government Global Water Strategy (GWS or “Strategy”). USAID/Ethiopia will continue to work with the Government of Ethiopia (GOE), the private sector, and other stakeholders to strengthen sector governance, address key finance gaps, and increase access to sustainable water and sanitation services in both urban and rural settings. USAID/Ethiopia’s investment over the next five years will (1) increase access to basic water services for 500,000 people, (2) enable 350,000 people to gain access to sanitation services, (3) strengthen 120 water, sanitation, and hygiene (WASH) institutions, and (4) mobilize over $75 million for the WASH sector.

CONTEXT

Ethiopia has recently been affected by numerous national, regional, and global shocks including, but not limited to, the COVID-19 pandemic, internal armed conflict, persistent record-breaking droughts and floods, and desert locust outbreaks. These shocks, along with pre-existing systemic challenges, have led to a decline in socio-economic conditions, exacerbated inequalities, and have forced millions of Ethiopians to become internally displaced. Additionally, macroeconomic issues and the war in Ukraine have constrained the WASH sector. For instance, Ethiopia’s limited foreign exchange reserves are increasingly allocated to agricultural imports and fuel, thus limiting the import of WASH products. Consequently, Ethiopia’s progress toward its development goals, including those related to WASH, has been significantly impeded.

According to the UNICEF/WHO Joint Monitoring Program, only half of the population in Ethiopia has access to basic water services, while less than 10 percent of the population can access basic sanitation services. Access to basic WASH services is substantially lower among rural populations than urban. As of 2020, only 40 percent of Ethiopia’s rural population could access basic water, compared with 84 percent in urban areas. Rural and urban access to at least basic sanitation reflects a similarly large gap with only five percent of the rural population having access compared to 21 percent of the urban. It is reported that only 55 percent of health facilities have improved water supply. Since 78 percent (93.6 million people) of Ethiopia’s total population resides in rural areas, overcoming these access gaps is key to Ethiopia’s national development. On the other hand, rapid urban population growth—estimated to be nearly five percent per year—puts pressure on the need to maintain and expand water and sanitation infrastructure in Ethiopia’s cities and small towns. Furthermore, large inequities in access to basic WASH services also exist between wealth groups. These disparities between urban and rural, and the richest and poorest populations, are not unique to Ethiopia. However, without an increased focus on addressing equitable access to services, these inequities may continue to rise.

Ethiopia faces both significant challenges and opportunities in its capacity to deliver sustainable and affordable water and sanitation services, particularly in the lowland areas and among the growing number of internally displaced persons.
The impacts of climate change are exacerbating WASH and WRM development challenges. Ethiopia is one of the most vulnerable countries to climate variability and climate change due to its high dependence on rain-fed agriculture and natural resources, and relatively low adaptive capacity to deal with these expected changes. Flood impacts are already severe, especially in lowland areas, due to naturally high rainfall intensity and steep topography, as well as upper basin land use changes and deforestation. The interaction between upper basin land use changes that cause flooding and resulting reduction in groundwater recharge requires water resources management through cross-country partnerships as part of the WASH sector strategy. The increased frequency, magnitude, and scale of drought also raise the risk of famine and major economic losses, especially in eastern Ethiopia. Over the past 30 years, Ethiopia has had seven major droughts, which has resulted in five famines.

A financing gap in the water and sanitation sector limits growth and sustainability. Financing challenges, ranging from the need for large capital investments (for new infrastructure or manufacturing) to the lack of adequate household finance to pay for WASH products, are key barriers to achieving universal and sustainable WASH services. There is inadequate financing available to the WASH sector due to (1) insufficient overall government budget and allocation to the sector, (2) an ineffective spending plan that prioritizes new infrastructure, (3) limited ability of many users to pay full cost-recovery rates for WASH services, and (4) inadequate private sector investments. In general, revenues generated from user fees are insufficient to cover major mechanical or systems failure, but no other source of reliable funding has been developed to cover these costs.

Conflict threatens to reverse progress. One of the greatest risks to development gains in the current operating environment is conflict. Ethnic disputes over access to and use of resources have reinforced social divisions, while historical tensions increase the difficulty of resolution. Additionally, changes in administrative boundaries have exacerbated tensions, while non-state actors (e.g. Tigray People's Liberation Front and Oromo Liberation Army) contribute to the level of insecurity, causing mass internal migration. The armed conflict in Tigray is estimated to have reduced the rural and urban water supply coverage of the region by over 50 percent, exposing more than 3.7 million people in Tigray to a shortage of drinking water supply.

NATIONAL PRIORITIES

The GOE identifies water and sanitation as a priority for achieving sustainable economic growth, poverty reduction, and targeted health and social outcomes; water is identified as a critical priority in all regions and for all sectors. The GOE’s commitment and goals to strengthen the country’s WASH services are articulated in the Ten Years Development Plan (2021–2030). The GOE plan sets goals for reaching 100 percent access to safe drinking water in both rural and urban areas, with increasing water quantity available and increasing access to piped water. It also sets goals of 100 cities having sewerage systems, all rural residents having toilets, and all education and health facilities having water and sanitation services.

Implementation of the Ten Years Development Plan is coordinated through the One Wash National Program II (OWNP II), which is a sector-wide approach with the broad objectives of achieving WASH results in Ethiopia through official policies, strategies, and development plans. OWNP II is jointly implemented by the Ministries of Finance, Water and Energy, Health, and Education. A new Ministry of Water and Energy Secretariat, which USAID is supporting, convenes multiple sector working groups to advance the OWNP II. All development partners support the program, with some contributing to the pooled fund known as the Consolidated WASH Account II.

USAID APPROACH AND RESULTS FRAMEWORK

The goal of the GWS 2022–2027 is to improve health, prosperity, stability, and resilience through sustainable and equitable water resources management and access to safe drinking water, sanitation services, and hygiene practices.

USAID/Ethiopia’s WASH programming uses a systems-based approach that brings together the GOE, other development partners, the private sector, and civil society actors. This framework is integrated across USAID/Ethiopia’s WASH portfolio and focuses on three key intermediate results:
1. Strengthening WASH sector governance and the enabling environment through participatory dialogue, enhanced coordination, and capacity building.

2. Professionalization and expansion of WASH services through public, private, and financial actors.

3. Increased demand for and utilization of services by WASH consumers, especially women and girls.

In 2022 and 2023, USAID/Ethiopia awarded more than $65 million in new activities that will run until 2028/2029 to address these results and further the Agency’s progress in achieving GWS goals.

With effective policies, country-led processes, and institutions capable of implementing them, USAID believes Ethiopia will attract investment from both domestic and external sources, leading to a cycle of increased capacity, greater investor confidence, increased sector finance, and accelerated coverage of water and sanitation services. To achieve these results, the USAID/Ethiopia Mission has several primary WASH programs, including Transform WASH, Urban WASH, WASH business development support and access to financing through Market Systems for Growth, Markets for Sanitation, and Climate Resilient WASH, as well as two Resilience in Pastoral Areas (RiPA) projects.

**STRATEGIC OBJECTIVE 1**

**Strengthen Water and Sanitation Sector Governance, Financing, Institutions, and Markets**

Bottlenecks in national level policy and structures impede progress in the WASH sector. For example, clear policies could improve aspects of water service delivery such as public or private small scale water scheme operations and maintenance. Through Market Systems for Growth and other activities, USAID/Ethiopia will continue to support the Ministry of Water and Energy Secretariat in improving governance structures and developing robust and clear policy and implementation guidelines that can be followed at regional, zonal, and woreda levels.

**Intermediate Results (IRs):**

**IR 1.1 Develop, strengthen, and implement inclusive laws, policies, and regulations**

USAID/Ethiopia will work to address policy gaps and bottlenecks at the national level by enhancing coordination, providing evidence and learning from places new policies are piloted, advocating for change, and strengthening the regulatory frameworks that support policy. Through the Climate Resilient WASH activity, USAID/Ethiopia will support policy reforms that reduce the reliance on unsupported community managed systems. Several activities will also support policies that enable opportunities to expand the role of women in the WASH sector and strengthen the resilience of water and sanitation services.

**IR 1.2 Effectively mobilize and target public and private financing**

USAID/Ethiopia will take a multipronged approach toward strengthening financial sustainability by (1) fostering private sector financial investments for WASH, (2) improving the allocation of public resources to operations and maintenance, and (3) supporting budgeting for investments to improve resilience. For example, the Market Systems for Growth activity will work with the government to improve policies that enable WASH service distributors and providers to access finance, including through microfinance loans, taxation, tariff collection, and/or interest payments.

**IR 1.3 Improve the capacity and performance of national and subnational institutions**

Officials at decentralized levels of government are often unaware of new national policies and plans, or they lack the human and financial resources to implement the OWNP II’s plans and systems. USAID/Ethiopia will therefore work to enhance and operationalize the OWNP II at all institutional levels by contextualizing and disseminating policies to sub-national levels (including working with water utilities) and training local officials on implementation, emphasizing the full engagement of all four line ministries that are part of the OWNP II. USAID/Ethiopia will also assist utilities and other sector interests to improve revenue collection, thereby building the commercial viability of service providers and meeting operations and maintenance needs.

**IR 1.4 Advance transparency, accountability, equity, and efficiency through participatory, data-driven decision-making**

USAID/Ethiopia will support efforts to strengthen the monitoring and regulation necessary to ensure high quality, reliable WASH services are available at affordable prices sufficient to sustain utility operations and support water regulatory authorities. This will include supporting the development of a legal framework and implementing
structures for promoting private sector and civil society participation in policy and regulatory processes, particularly among women, and supporting the connection between consumers' associations and regulators. To improve monitoring and regulation at the sub-national level, USAID will work with woreda and regional officials to develop and operationalize systems for ensuring water point functionality and consistent water quality monitoring, ensure that data is of high quality and shared publicly, and develop standard operating procedures to use data to address quality issues and better monitor tariff collection and allocation.

**STRATEGIC OBJECTIVE 2**

**Increase Equitable Access to Safe, Sustainable, and Climate-Resilient Drinking Water and Sanitation Services and Adoption of Key Behaviors**

WASH product and service providers must be able to deliver high quality, reliable services that the population is willing to pay for in order to achieve long-term viability. USAID/Ethiopia will work to build the systems for woreda-wide water and sanitation services, encompassing households, schools, health facilities, and other public buildings. Recent successes at engaging the private sector in WASH have demonstrated the potential for public-private partnerships. USAID will therefore strengthen public sector WASH providers, while also engaging private companies in testing new business models and reducing the risks related to scaling up production, for instance through the Markets Systems for Growth and Markets for Sanitation activities.

**Intermediate Results (IRs):**

**IR 2.1 Increase area-wide access to safe, equitable, and affordable sanitation services**

USAID/Ethiopia will work to accelerate access to safe, inclusive, and resilient sanitation services across urban, peri-urban, and rural areas. The Urban WASH activity will work to professionalize WASH service providers, strengthen service delivery and accountability, and foster markets for pro-poor services in urban and peri-urban areas. In the rural lowlands, the Climate Resilient WASH activity will work to strengthen the enabling environment for climate-resilient water and sanitation services, support professionalization of services, increase adoption of key hygiene behaviors, and work to end open defecation. The Transform WASH and Markets for Sanitation activities will increase sanitation product availability through market-based approaches.

**IR 2.2 Increase access to equitable, safe, reliable, and affordable drinking water services**

Insufficient capacity and fragmentation of local institutions, a weak regulatory system, limited private sector participation, and negative social norms around women's empowerment challenge access to safe and affordable water. The Urban WASH activity will seek to strengthen operations, maintenance, and cost recovery of local water service providers to maintain and expand service to underserved groups in urban and peri-urban areas. The Climate Resilient WASH program will work to accelerate access to sustainable water services in the pastoralist areas of the lowlands through professionalization, enhanced service reliability and management, and by strengthening the enabling environment. The Market Systems for Growth activity will support the WASH private sector by working closely with WASH activity implementers to address access to finance gaps for WASH service providers. This will mobilize funding for system improvements and expansion that will support utility operations.

**IR 2.3 Improve performance and climate resilience of water and sanitation service providers**

USAID/Ethiopia activities will leverage data, research, innovation, and learning to promote data-sharing, evidence-based decision-making, and innovative solutions such as market-based approaches to improve the performance of service providers. The Climate Resilient WASH activity will work to improve contingency planning, budgeting, and disaster risk reduction to strengthen climate resilience. The Urban WASH activity will work with providers and civil society organizations to develop consumer-responsive services, products and payment options, and performance monitoring systems to enhance the quality of services.

**IR 2.4 Increase adoption of key hygiene practices**

To complement this work, USAID/Ethiopia will also work to address the persistent barriers to practicing positive hygiene behaviors (including handwashing with soap, safe disposal of feces, and menstrual hygiene management) through social and behavior change (SBC) and market-based approaches. This will be especially important in the lowlands regions, a focus area for the Climate Resilient WASH activity, where practice of hygiene behaviors lags the rest of the country and unique social norms impede progress.
The sustainable provision of drinking water is dependent on the availability of water resources, and in particular how they are managed in times of stress and shock. Nowhere is that need greater than in the water-stressed regions of the lowlands. USAID will (1) work with a wide range of actors seeking to protect, recharge, and conserve source waters, (2) promote nature-based solutions and ecosystem-based adaptation measures, and (3) conserve, restore, and change land use practices in source watersheds.

**Intermediate Results (IR):**

**IR 3.1 Allocate and use water resources more equitably and efficiently**

The Climate Resilient WASH activity will improve the technical and management capacity of WASH service providers to increase the reliability of WASH services. It will also increase private sector capacity to provide demand-driven WASH products and services and support improved community-led sanitation and hygiene practices. Urban WASH will work to improve the management of water resources for better water supply and sanitation services. The Resilience in Pastoral Areas (RiPAs) and the Transform WASH activities will also rehabilitate water points and irrigation infrastructure and improve their management, particularly in conflict- and drought-affected communities. These actions will enable fair allocation of water resources and strengthen climate-resilient water management.

**IR 3.2 Enhance reliability and quality of water resources through watershed management, including protection, restoration, and nature-based solutions**

Water stress is felt year-round in many areas of Ethiopia, even in seasons when the watersheds typically receive reasonable amounts of rainfall and generate large quantities of run-off, which increasingly results in floods of expanding size. The RiPA activities focus on reducing and harvesting surface runoff through simple, replicable earthworks and agroecological approaches. Natural revegetation strategies will help enhance soil and pasture performance and improve runoff infiltration into sub-surface levels. The RiPA North activity strengthens water resources management within its Participatory Rangeland Management (PRM) systems, based on prior assessments of water infrastructure investments. The Bureau of Humanitarian Assistance-funded Title II Resilience Food Security Activities (RFSAs) also contribute by harnessing the public works component of Ethiopia’s Public Safety Net Program to rehabilitate and build infrastructure for watershed restoration and support surface source water management. These public works activities include check dams and flood control measures to improve water management on productive farmland and contribute to the restoration of degraded communal lands.

**IR 3.3 Improve the climate resilience of water resources management**

The Climate Resilient WASH activity will work to strengthen upstream water resources management for climate-resilient and sustainable water supply downstream. RiPA North will strengthen water resources management and RiPA South’s Dynamic Research-Informed System for Managing Risk (D-RISK) process will design strategies for key water resources management interventions focusing on watershed rehabilitation and strengthening natural resource management. Other activities may include mapping of groundwater and surface water resources for improved management.
Where access to water in sufficient quantity and quality is limited, competition risks triggering or exacerbating conflict. Even when water is not directly connected to the conflict, water insecurity interacts with underlying political, socioeconomic, institutional, and cultural factors to increase conflict risks. Therefore USAID/Ethiopia will work to ensure that water is managed effectively and cooperatively as a means of conflict prevention and peacebuilding, and these efforts will align with the current Disaster Risk Management protocols and upcoming activities on that theme.

**Intermediate Results (IR):**

**IR 4.1 Strengthen capacity to predict, prepare for, and adapt to shocks affecting water and sanitation systems in fragile settings**

USAID/Ethiopia seeks to improve contingency planning, budgeting, and disaster risk reduction measures, including through the utilization of climate information services. This will be achieved through technical support to service providers in developing business continuity plans, climate-resilient Water Safety Plans, and building rapid response capacity (including budgets, contingency plans, and personnel to proactively manage and respond to acute shocks and restore water services when crises strike). As a component of proactive management, the Climate Resilient WASH activity will seek to leverage and build capacity of service providers to use timely, accurate, and actionable climate and weather information (e.g., engaging with the National Meteorology Agency), early warning products, and tools to help manage risk.

**IR 4.2 Address humanitarian water, sanitation, and hygiene needs**

Humanitarian assistance-focused WASH responses, including water trucking, are significantly more expensive over the long term than developing climate-resilient water systems. Given that the lowlands are prone to recurrent emergencies, more resilient and responsive approaches are vital to water programming. WASH service agreements and infrastructure design as part of the Climate Resilient WASH activity will facilitate effective and efficient humanitarian response by incorporating features such as excess capacity, emergency water delivery points, and contracts with emergency response clauses. RiPA South will focus on reducing and harvesting surface runoff through simple, replicable earthworks and agroecological approaches to lessen the need for water trucking.

**IR 4.3 Strengthen cooperation and reduce conflict over water**

USAID/Ethiopia understands that climatic changes are likely to contribute to conflict as water resources become scarce or unreliable. RiPA South’s Dynamic Research-Informed System for Managing Risk process will design strategies for key water resources management interventions focusing on watershed rehabilitation and strengthening natural resource management. Community engagement for collaborative natural resource management and participatory resource management plans, including water agreements, will contribute to peaceful coexistence among pastoralists where there is conflict over scarce resources. The Climate Resilient WASH activity will work to aid water scarcity and improve reliability, thereby helping to mitigate water conflict.

**IR 4.4 Strengthen coherence across humanitarian development and peace approaches to water and sanitation programming**

The Climate Resilient WASH activity will work to increase coordination between humanitarian and development actors to promote sustainable access to water and sanitation services. The activity will support climate forecasting with the National Meteorological Agency to better predict periods of drought and floods, incorporate disaster risk reduction measures to mitigate against water conflict, support proactive management, and build capacity to respond to acute shocks and restore water services when crises strike.
PRINCIPLES

Investments made by USAID/Ethiopia will all be designed to **strengthen the systems** for WASH service delivery in Ethiopia. The following principles are intended to serve as a framework for the plan’s conceptualization and implementation: building self-reliance, **pro-poor** and **gender-inclusive approaches**, bolstering the resilience of vulnerable communities, working through local systems and promoting local solutions, and working collectively with partners to achieve results. USAID/Ethiopia will also target activities to provide **catalytic investments** to help address key WASH sector challenges and gaps. Cross-cutting priorities of our investments are to build sector capacity, climate resilience, and youth and women’s employment and leadership opportunities through a continuous learning and adapting approach.

MISSION RESULTS FRAMEWORK

USAID/Ethiopia’s WASH programming advances the Mission’s existing development priorities to increase private sector engagement, advance localization, and invest in innovative solutions, as defined in the Ethiopia Country Development Cooperation Strategy results framework. Specifically, activities will address the following development objectives (DOs):

**DO1 – Disaster risk management strengthened**: Through the Climate Resilient WASH activity, USAID/Ethiopia will address the Mission’s IR 1.2, **Institutional Risk Management Capacity Strengthened** by professionalization and expansion of water services capable of managing water risks due to climate change and strengthen the enabling environment to improve institutional risk management.

**DO2 – Resilience of vulnerable populations to key shocks increased**: Through the Transform WASH, Urban WASH, Climate Resilient WASH, RiPA, and highlands resilience activities, USAID/Ethiopia will address IR 2.3, **Natural Resource and Water Management Improved**, and IR 2.4, **Barriers to Social Services Reduced**, through participatory water resources management efforts and by working to connect marginalized and underserved households with water and sanitation services that will reduce disease and aid resilience.

**DO3 – Private sector-led economic growth promoted**: Activities like Climate Resilient WASH, Market Systems for Growth, and Transform WASH will directly address IR 3.3, **Inclusive Market Systems Improved** and IR 3.4, **Women’s Economic Empowerment Enhanced**, through the creation of sanitation markets and WASH financing. Markets for Sanitation will prioritize gender equity and women’s empowerment as a foundational factor in accelerating access to improved water supply and sanitation through catalytic investments for sustainable, market-based WASH service delivery.

**DO4 – Sustained improvement in essential service delivery outcomes focused on women and girls**: The Transform WASH, Climate Resilient WASH, Market Systems for Growth, and Urban WASH activities focus on developing sustainable and affordable water and sanitation services that serve women/girls and those in vulnerable situations. These activities will directly support IR 4.1, **Sustainable WASH Services Improved, With an Emphasis on Women and Girls**. Menstrual hygiene and health interventions will also be incorporated into the Urban WASH, Climate Resilient WASH, and Markets for Sanitation activities to address menstruation challenges for Ethiopian women and girls of reproductive age.

KEY RISKS AND MITIGATION STRATEGIES

Several challenges present risks to WASH programs in Ethiopia, but the Mission foresees that the two main risks are (1) climate change and (2) internal conflict/instability. USAID/Ethiopia assumes that droughts, conflicts, and other shocks will continue, but the GOE, with support from USAID and other donors, will adapt and take appropriate actions to more effectively manage them.

**Climate change.** The Famine Early Warning System Network (FEWSNET) analysis of rainfall patterns shows that droughts in both the lowlands and highlands of Ethiopia are becoming more severe and more frequent. At the same time, heavy rains cause flooding along river valleys without reinforced banks or other disaster prevention measures. As water sources dry up, this will result in migration to urban areas and areas with water availability. Migration will stress existing water services in these locations, creating further risks to the development of safe and affordable water and sanitation services. To mitigate the impacts of climate change, USAID/Ethiopia ensures that all activities conduct Climate Risk Management screening prior to implementation and that all interventions take into account climate resilience. The Mission takes a proactive approach to mitigating the impacts of climate on water through a number of interventions, including the RiPAs and Climate Resilient WASH. In addition, USAID/Ethiopia uses adaptive approaches for responding to shocks and stressors such as droughts and floods to support household
and community resilience, and coordinates closely with the Mission’s Humanitarian Assistance activities to enhance complementarity in areas of greatest vulnerability.

**Government partnerships, conflict, and instability.** Current partnerships with the GOE under the OWNPII are strong, but an increase in political instability or significant deterioration of regional stability in the Horn of Africa may pose challenges. Worsened access to foreign exchange, import duties, or taxation may all create barriers to sanitation or other WASH products entering the market. Other major constraints include allowing water utilities to charge a viable rate for service, collect revenues, and allow independent regulators as well as the private sector to function fully in areas the government perceives to be its domain.

Moving forward, a commitment to post-construction support, private sector engagement, and collaboration between national and regional governments will be important to deliver WASH services country-wide.

USAID/Ethiopia requires a steady level of resources to allow for continuity of programs and will continue to advocate for increased WASH resources to achieve country-level objectives.

**BUDGET**

This plan is budgeted based on prior year resources still available for programming and the FY 2022 estimated allocation of $21.5 million. Additional contributions will be made from secondary activities using BHA, health, agriculture, and nutrition funding streams.

**EXPECTED RESULTS**

From 2022 to 2027, USAID activities are estimated to provide Ethiopia with:

- **500,000 people** gaining access to basic and safely managed drinking water
- **350,000 people** gaining access to basic and safely managed sanitation services
- **400,000 people** benefiting from the adoption and implementation of measures to improve water resources management
- **11 WASH utilities** increasing performance by 50 percent against standard benchmarks
- **120 institutions strengthened** to manage water resources or improve water supply and sanitation services
- **$250 million generated** through commercial sales and installation of home sanitary facilities
- **$75 million mobilized** for climate-resilient water supply, sanitation, and hygiene
Endnotes

1 WHO/UNICEF JMP 2021: Progress on household drinking water, sanitation, and hygiene, 2000–2020
2 Progress on WASH in health care facilities 2000–2021: special focus on WASH and infection prevention and control (launch version)
3 The World Bank Data (2021), Urban population growth (annual %) - Ethiopia.