

## **Interview with Michael O'leary , team leader (Posch and Partners) Technical Assistance to the WRDF for the Urban Water Supply program**



**Question: - Would you please briefly tell us about Posch and Partners Consulting Engineers?**

Ans: - Posch and Partners (P&P) is a firm of consulting engineers providing services and solutions in the water, energy and environmental sectors. It works on projects internationally, but is headquartered in the city of Innsbruck in Austria.

The firm was founded some 30 years back and over the years has completed a large number of assignments. Besides its location in Innsbruck, the firm also has offices in Batumi, Georgia and in Almaty, Kazakhstan.

Besides our work in Ethiopia, P&P has also undertaken projects in the following Sub-Saharan countries: Mozambique, Malawi, Sierra Leone, Kenya, Ghana, Lesotho, and Namibia.

**Question: - What is Basket Fund Program and for what objectives was it established?**

Ans: - A basket fund is simply the pooling of funding resources from a number of providers, so that a common objective can be met. In the case of the Ethiopian "Urban water Supply Program" it was decided to create a basket fund to finance investments in the provision of Water and sanitation services in small towns across the country. Three International Development Partners (Italian AICS, European EIB, and French AFD, collectively the "DPs") decided to participate in this program and they signed financing agreements with MOFEC.

A second important idea is incorporated into this, namely the concept of a "revolving fund". This implies that the funds are loaned to the beneficiary towns under favorable conditions, with the intention that they are repaid over a loan period, i.e. 20-25 years. Re-paid funds go back into the basket for the financing of new projects.

The Urban Water Supply Program has a funding pool of EUR 85 m available to it from the DPs, for investment in projects, while a further grant of EUR 6.5 m is available for technical assistance to the program.

**Question: - What are the major assignments done by Posch and Partners in the Basket Fund Program and what are its major achievements so far?**



Ans: - Our current assignment with the WRDF is aimed at providing supportive services ("Technical Assistance") to the implementation of the Basket Fund Program.

Basically, the WRDF has to consider and evaluate the feasibility and viability of each individual project and after approval of the project, assist the Regional Authorities to implement it in accordance with the requirements of the International Development Partners and laid down Ethiopian Government norms.

Since the program really got into gear in August 2016 (3 years ago), P&P together with WRDF has been able to develop the required program procedures to cover most of the administrative tasks. For example, much effort has been spent in preparing detailed procurement procedures and templates for tender and contract documents. These are now really coming into use in the large number of consultancy and works contracts currently under tender or about to be signed. Several rounds of training on these procedures have also taken place.

We must emphasize that successful implementation of a large program such as this one can only come about through the collective efforts of several institutions (the "Stakeholders"). For this reason, we are reluctant to claim any of the progress made so far as ours alone. We have actively promoted and assisted in convening a number of Multi-Stakeholder Workshops, at which program progress has been evaluated and learning points between projects shared among the larger

**Question: - In which areas do Posch and Partners jointly work with WRDF?**

Ans: - We stand side by side with our colleagues at WRDF and at the RWBs as they face all the day to day challenges that come about on this program. This involves travelling on field visits to project towns, attending technical meetings, drafting of various reports, interacting with the DPs, providing support and advice at meetings, drafting and agreeing various documents covering administrative procedures for the program managers. In all of these matters, we are not the ultimate decision takers, but we provide guidance and the benefit of our experience.

**Question; - What are the major administrative and technical challenges encountered in water project implementation processes?**

Ans: - Considering that the Basket Funding now includes some 47 towns that are spread across four of the regions of Ethiopia, the logistical challenges are huge. All project towns have to be visited regularly in order that checking of work quality and adherence to technical standards can be done. If one adds up the consulting contracts, the drilling contracts and the works contracts, there is probably close to 100 contracts to administer and monitor. This places an enormous administrative burden on the WRDF staff, as well as on the people working in the RWBs.

Also, one is dealing with different Regional Authorities, each of which has its own methods of going about project implementation. For each project, the Regional Authority (RWB-Regional Water Bureau) together with a number of local authorities is obliged to make a financial contribution ("matching fund") of at least 25% to each and every project. So, from the financial point of view all transactions and cash flows have to be continuously monitored in order to ensure compliance with financing agreements as well as auditing requirements. Finally, in terms of project preparation, a project cannot proceed to the construction phase until the water sources have been verified. This process includes evaluation of perennial springs and streams in the vicinity of the town, as well as drilling and testing of boreholes to verify the local ground water resources.


**Question: - Do you have some recommendations which may help to improve WRDF's future work endeavor?**

Ans: - We strongly support the idea of pooling of resources into a basket fund, in order to achieve a common objective of the funders. The concept has great merit for a country such as Ethiopia that has a vast population living in many hundreds of urban settlements across the country.

From our experience with the current Basket Fund Program in this country, we would recommend the following approach for future program

- Spend a greater time and effort to prepare each project for implementation. Consider the candidate projects, and ensure that accu-





rate baseline data is collected for them. Selection and approval of projects for implementation should include prior affirmation that the needed natural water resources are available for that particular town. This saves time once the funding is mobilized as one can then move rapidly to implementation.

- Preselect a small number of consulting engineering companies to carry out the project preparations and detailed design works. Ensure that those companies have a clear and common set of design standards to apply to the projects.
- Ensure that implementing agencies, be they the RWBs or even the towns themselves, are adequately resourced with staff to follow each project from feasibility, to design, to construction. The staff needs to have all the required skills in technical design, procurement and project management.