I. Introduction and Context

Country Context

Ethiopia has achieved impressive development results in recent years. That progress is evidenced through rapid and significant improvements in basic service delivery indicators: an ODI study noted that Ethiopia is making the third fastest improvements of any country towards reaching the Millennium Development Goals. For example, as discussed in greater detail in the sectoral context section below, the latest Ethiopia Demographic and health Survey data show that child mortality has fallen from 123 per thousand in 2005 to 88 in 2010, and primary net enrollment rates rose from 68 percent in 2004/2005 to 82 percent in 2009/2010. This progress on basic service delivery is coupled and reinforced by an impressive growth record over the past 10 years. GDP grew on average 11 percent per annum during 2004/5-2009/10, according to official estimates. Initially led by agriculture, growth has become more broad-based, with a rising contribution from the mining, services and manufacturing sectors. Together, a sharp focus on equitable, decentralized basic service delivery and rapid growth have led to overall improvements in welfare: based on official data, the population below the poverty line fell from 33.8 percent in 2007 to 27.7 percent in 2011.

These MDG, growth and poverty results spring from a long-term, concerted Government commitment to pro-poor development. Building on the Sustainable Development and Poverty Reduction Program 2002-2004/5 and A Plan For Accelerated and Sustained Development to End Poverty 2005-2010 (PASDEP), the Government’s current development plan, the Growth and Transformation Plan (GTP), aims to achieve the Millennium Development Goals by 2015 and middle-income status for Ethiopia by 2020-2023. The plan reaffirms the Government’s commitment towards human development, including expanding access to and ensuring the quality of basic services. The GTP’s objectives are to (a) attain high growth within a stable macroeconomic framework; (b) achieve the MDGs in the social sectors; and (c) establish a stable democratic and developmental state. To accomplish these objectives, the GTP identifies the following strategic pillars: (i) sustained rapid growth; (ii) agriculture; (iii) industrialization; (iv) infrastructure investments; (v) enhanced social development; (vi) strengthened governance; and (vii) empowerment of youth and women.

While progress to date on basic service and growth results and continued commitments to reach the MDGs are encouraging, Ethiopia still faces serious challenges. There are outstanding questions about the overall financing framework for the GTP. While each of the ambitious sectoral plans included within it may be individually appropriate, it is not clear how, when aggregated, all these plans together can be jointly paid for given available or likely-to-be-available resources. Further, one year into the GTP, inflation has risen and remains stubbornly high, despite concerns expressed from all segments of the Government (viz National Bank and MOFED). These challenges are part of the overall environment within which the Government seeks to pursue its ambitious and laudable goals for rapid pro-poor growth and improved basic service delivery.

Sectoral and Institutional Context

The Government of Ethiopia promotes the GTP’s basic service goals of reaching MDG targets by seeking to provide stronger decentralized services. The Government and PBS DPs consider health, education, water and sanitation, agriculture and natural resources and rural roads to be the basic services sectors that are most essential to serving poor people. Accordingly, the GTP seeks to increase resources to woreda (district) authorities so that they can improve these basic services. As outlined below, each of the basic service sectors has adopted tailored approaches to improve local service access and quality. To support these interlinked sectoral goals, each of which rely on local service providers, the Government has established and developed a decentralized system of economic governance. That system supports information, resource and accountability flows between different levels of government and between service providers and citizens. Centered on woredas, this decentralized economic
governance system provides the essential platform for improved service delivery necessary to reach MDG and GTP targets.

While Ethiopia’s federal system is complex, allowing strategies, resources, and information to flow between three layers of government to more than 800 woreda administrations, that economic governance system is robust. Overall, the Public Expenditure and Financial Accountability ratings for Ethiopia place it third in Africa, behind South Africa and Mauritius. While that system is strong in design, there are some indications that the execution of that woreda-level economic governance system is faltering and needs to be made more resilient.

As noted above, with local woreda administrations as the front line, the GTP continues to make social service delivery a top priority. As detailed below over the last five years, expansion of access to basic amenities and social services has been significant. As part of pro-poor development strategy, the Government has focused resources particularly on the basic services provided by woredas. However, across woreda-level basic service sectors, there are significant challenges to maintain equitable quality of services and to ensure that the woreda-level platforms for service delivery rest on solid foundations of fiduciary, administrative, and information governance. Below, we highlight the progress made in the basic service sectors to achieve results, but also how there remain constraints to progress because of cross-cutting, woreda-level, economic governance constraints.

Education. Within the GTP and with IDA support, the Government has promoted an Education Sector Development Plan to reach MDG goals. Primary school (grade 1-8) net enrollment rose from 68 percent in 2004/5 to 82 percent in 2009/2010; and primary school completion rate (grade 8) increased from 34 percent to 48 percent during this period. Secondary gross enrollments also improved, from 27 percent to 39 percent for grades 9-10, and from 3 percent to 7 percent for grades 11-12. Besides enrollment expansion, indicators of education quality also suggest some progress: student-teacher ratio fell from 66:1 in 2004/05 to 51:1 in 2009/10 for primary education, and the ratio for secondary education fell from 51:1 to 36:1.

Despite these improvements in access to education and inputs made available for primary education delivery, significant efforts continue to be needed for the government to reach the MDG goal of universal primary education. Despite increases overall, progress on education access has slowed. While there are many potential causes for this, one important factor may be that the quality of primary education has not increased as quickly as the number of primary places available, so that some families may not see the value of sending their children to school.

Health. In line with the GTP and Health Sector Development Plans, the Government has been making strong efforts to provide health services for local communities, achieving impressive results in service expansion. Between 2005 and 2010, the number of health posts rose from 4211 to 14,416; the number of health centers increased from 519 to 2,689; and public hospitals rose from 79 to 111. As a result of these expanded health facilities, Ethiopia has shown impressive improvements in key maternal and child health indicators between 2005 and 2010, measured primarily through the Ethiopia Demographic and Health Survey (EDHS). Contraceptive prevalence increased to 29 percent from 15 percent and coverage of at least one antenatal visit reached 34 percent from a baseline of 28 percent. Remarkable improvement have been achieved in the under-5 mortality rate, with the rate declining from 123 (per 1000 live births) in 2005 to 88 per 1000 live births in 2010. Infant mortality dropped from 77 to 59.

Despite these improvements, the country faces challenges in maternal mortality, which declined to 590 per 100,000 live births from 673, a large drop, though not sufficiently large to make reaching the MDG likely. Similarly, skilled delivery remains very low, although it has improved to 10 percent in 2011 from 6 percent in 2005 (EDHS). There are also discrepancies between data sources, which points to an overall issue to ensure accurate accountability systems: for instance EDHS reports the percentage of fully immunized children as 24 percent in 2010 (EDHS), as opposed to that which is reported by the 2010/1022 Federal Ministry of Health (FMOH) Annual Performance Report of 74.5 percent. To address this discrepancy in results indicators between sources, the FMOH is undertaking a focused mini-survey.

Agriculture and Natural Resources. The GTP continues the Government's long-standing focus on agriculture and smallholder farming. The sector remains crucially important for the economy, especially employment, poverty reduction and food security; and will be central to the implementation of the country's ambitious plans for a Climate Resilient Green Economy (CRGE). The GTP aims to maintain the improvements in agricultural productivity of the last years: yield per hectare rose to 17.6 quintals in 2011 from 15.0 in 2007.

The capacity of the public sector in agriculture needs to continue to be strengthened, including by providing public services and investments such as agricultural research and extension services including for animal health, breeding, soil fertility and cooperative development; services to ensure food security and manage disaster risks; environmental services including related to land management, watershed and forestry development; and services related to irrigation and other rural infrastructure. Crucially, there are some uncertainties about the reliability of data produced for the agriculture sector. Though the Government is taking efforts to improve agriculture data quality, there are still significant efforts needed to strengthen monitoring and evaluation in the sector.

Water and Sanitation. There has likewise been progress on water and sanitation services. For example, by 2010, the proportion of the rural population with access to potable water rose to 65.8 percent, from 46 percent in 2006. The GTP aim to achieve universal access to water supply at the end of its implementation period in 2015.

Ground water is the source for most of the rural water supply which, when combined with the government's plan for multiple use of this source including for small scale irrigation, will demand an improvement in planning, investigation, choice of appropriate technology, and capacity to implement and sustain the schemes functionality. The slow pace of implementing the integration
between water supply and sanitation institutions is due among others to capacity limitation at the local levels. Lack of a well developed M&E system is also a constraint for acquiring reliable sector data for planning and effective monitoring. Continuation of the assistance provided to the establishment and rolling out of M&E-MIS for the Water Supply, Sanitation, and hygiene (WASH) sector is essential.

Roads. As for the other basic service sectors, in its GTP and Road Sector Development Plan Phase 4, the Government makes a strong commitment to improving access to rural roads, along with improvement and maintenance of the main and rural road networks. The average distance to an all-weather road decreased to 3.5 hours in 2011 from 4.5 hours in 2007. The Government’s plan provides an opportunity to transform the road sector by significantly increasing rural accessibility and improving the condition and standard of Ethiopia’s road network. GoE is embarking on a Universal Rural Road Access Program (URRAP), an ambitious program that aims to connect all kebeles by all-weather roads, providing year-round access to meet the needs of rural communities. For this ambitious roads sector plan to provide sustained rural transport services, it will need to include a financing and administrative plan to maintain rural roads. That sustainable roads network will require local roads sector personnel, sustainable woreda-level resources for maintenance and upkeep, as well as improved woreda capacity to administer contracts for roads maintenance.

Overall, across the basic service sectors, there has been important progress. However, in several sectors, improvements in service access have not been matched by improvements in service quality. While there are dedicated sectoral programs to support continued improvements in access and quality, there are likewise complementary cross-sectoral efforts aimed at strengthening woreda-level capacity and addressing constraints in these crucial local platforms for service delivery. These efforts to strengthen local local governance systems involve improvements to accountability and fiduciary systems, access to and quality of data, and appropriate staff skills and longevity.

Relationship to CAS

The existing Country Assistance Strategy aims to support Ethiopia in achieving four main strategic objectives: (i) fostering economic growth, (ii) improving access to and quality of basic service delivery, (iii) reducing Ethiopia’s vulnerability, and (iv) fostering improved governance. The Phases 1 and 2 of the PBS program has been a key instrument for promoting pro-poor basic service delivery by sub-national governments in Ethiopia and promoting local-level transparency and accountability. As with these previous programs, the Phase 3 of the PBS program will be designed to align closely with CAS objectives, especially with the second and the fourth.

Further, concurrent with PBS 3 design, the Ethiopia Country Team will be developing a new Country Partnership Strategy. Several PBS 3 task team members also have central roles in the preparation of the new Country Partnership Strategy. The task team will work closely with the rest of the Ethiopia country team to ensure complementarity and alignment between PBS 3 and the new CPS.

PBS is one of a number of operations supported by IDA to assist the Government in achieving its goals for MDG achievement and poverty reduction. IDA also supports operations that improve the quality of general education through the General Education Quality Improvement Program (GEQIP), provide opportunities for improved local agricultural investments through the Agricultural Growth Program (AGP), support improved local water and sanitation (WASH), improved urban and local governance (ULGDP) and public sector capacity building and governance (PSCAP). As an operation that enhances local government capacity and systems for strengthened decentralized basic service delivery, the PBS III operation complements and supports these sectoral operations within the Ethiopia portfolio.

II. Proposed Development Objective(s)

Proposed Development Objective(s)

PBS 3 will contribute to expanding access and improving quality of basic services in education, health, agriculture, water supply and sanitation, and rural roads delivered by sub-national governments, while continuing to deepen transparency and local accountability in service delivery.

Key Results

PBS 3 will support the continued promotion of better services in Ethiopia, including ensuring sustained and further gains in access paired with an increased focus on quality of services. Further, the program will deepen its support for local system strengthening by supporting improved transparency and accountability systems at the woreda level. Key results expected from PBS 3 are: improved net primary school enrollment; strengthened primary health care services; gains in agricultural extension and technical support, improved rural water supply; strengthened transparency and accountability of local government budgets and planning systems; improved accountability and fiduciary systems; and increased capacity to collect and use results information to inform management decisions.

III. Preliminary Description

Concept Description

The Government of Ethiopia has demonstrated a commitment to reach the MDGs and capacity to strengthen decentralized basic service delivery. For more than a decade, Development Partners, including IDA, have supported this commitment and worked with Government to enhance local-level capacity. Strong results have been shown from this approach as noted in the previous sections.
PBS follows aid effectiveness principles. The PBS program supports objectives firmly shared between the Government and Development Partners of improving decentralized services to reach MDG and GTP targets. Further, the PBS program supports the woreda as a platform for improving local service delivery and local governance. While significant strides have been made in improving capacity at woreda-level, the Government, IDA and DPs agree that woreda-level fiduciary, administrative and accountability performance needs to build on these efforts to be made stronger and more resilient. The PBS program therefore includes a commitment to continue to strengthen local-level economic governance through improved transparency and accountability.

PBS is now a government program supported by donors. As evidence of its ownership of the PBS program, the Government provides the largest financial contribution. For PBS Phase 1 and 2, it provided approximately US$4 billion on regional-level recurrent expenditure in the basic service sectors. For Phase 2, Government yearly contributions for the basic service block grants were averaged US$448 million. IDA and the other Development Partners have contributed or committed approximately US$2.7 billion for these woreda-level basic service block-grant expenditures to date, with an average yearly expenditure during PBS 2 of US$423 million.

PBS also provides a platform for donor harmonization and collaboration. IDA has supported PBS through four lending operations. Through PBS 1, PBS 1 Additional Financing, PBS 2, and PBS 2 Additional Financing, total IDA commitments have been US$1.4 billion to date. Beyond the Government and IDA, 10 other DPs contribute to the PBS program. A total of US$1.6 billion have been committed to the PBS program by DPs across all PBS sub-programs.

PBS supports the Government’s commitment to strengthen decentralized service delivery and enhance local transparency and accountability mechanisms. It combines (A) a high-volume, fast-disbursing sub-program that finances recurrent expenditures for basic services at sub-national levels, and (B) a local system strengthening sub-program with four components to improve transparency and accountability systems at woreda-level. Through this combination of fast-disbursing sub-program based on shared objectives and an integrated sub-program for system strengthening, IDA’s support to the PBS program is unusual. The central characteristics that make it uniquely appropriate for Ethiopia are the Governments and DPs strong shared commitment to improve basic service delivery and the effective accountability and public finance systems to ensure that resources deliver basic service results.

Because the IDA instrument to support PBS through an investment lending framework is unusual, IDA support to the PBS program could be restructured to follow the new Program for Results (P4R) modality. The Task Team has considered this possibility. However, currently, three factors weigh against using this approach. The PBS program delivers results, as noted in the sectoral context section above, there is significant progress towards the PBS program development objectives. Stakeholders to the PBS program, including the Government, IDA, and numerous DPs find the instrument uniquely well-suited to support Ethiopia’s GTP and progress towards the MDGs. Further, the Government of Ethiopia is currently skeptical of the P4R instrument and is not interested in using it to support a program that is so central to its GTP goals. This skepticism is reinforced by a lack of clarity at the time of this PCN as to the final specifics of the P4R instrument, for it has not yet been approved by the World Bank Board of Directors.

PBS 3 will be a 3 year Sector Investment Loan. In keeping with its donor-harmonization role, there will likely be significant contributions from Development Partners, particularly from those that have been contributing to the Basic Service Block Grants. Though early indications are that total DP contributions are likely to remain of the same magnitude as for PBS 2 over the proposed three year period of Phase 3, during PBS 2 design, the DPs contributions will be solidified.

Basic Service Block Grants (Sub-program A) will finance recurrent (salaries, operation and maintenance) expenditures in the five basic service sectors (education, health, agriculture, water, and rural roads) at local levels. IDA and DP funds are combined with Government’s own resources and distributed to regional and local governments through Federal Block Grant transfers. Local level expenditures are then recorded using the country’s financial management reporting system. As the program transfers resources through the Government’s fiduciary and governance systems in line with the Paris and Accra agendas on effectiveness of development assistance, the project, through both Sub-programs A and B, builds capacity of the public financial management system.

The Basic Service Block Grants are based on common principles to assure that they reflect joint understandings of how to reach the PBS development objectives. To track progress towards shared objectives and agreements, the PBS Program relies on a matrix of shared principles that guide program implementation. The “Sustainability in Additionality” principle ensures the Government maintains its commitment to sustainable financing of improved decentralized basic services in a stable macro-economic environment. “Accountability and Fairness” reflects a shared commitment to provide citizens with transparent information about budgets and to follow verifiable rules in allocating resources to different jurisdictions. “Fiduciary Standards” promotes improved decentralized public financial management, including timely and quality financial reporting, audits and procurement procedures. Finally, the ”Effectiveness” principle demonstrates a commitment to ensuring that enhanced resources for decentralized service providers indeed generate improved services, strengthening the data quality and analysis of progress towards MDG and GTP goals.

In Phase 3, the Government and Development Partners will update and deepen these principles guiding Basic Service Block Grants. Through PBS 3 preparation, the Government, World Bank Task Team and Development Partners will work to deepen the
dialog on the fiscal sustainability of the PBS program. This will include developing a clear strategy for the PBS Program over time to be fully taken on by Government financing, including revenue inputs from different government levels. And it will promote efforts to measure commitments to PBS principles through service delivery effectiveness outcomes.

**Strengthening Local Accountability and Transparency Systems (Sub-program B).** Basic Service Block Grants provide resources through Ethiopia's decentralized economic governance system to woredas, as the administrative level responsible for local basic services. While the country's fiduciary, administrative and information system is robust, the Government and Development Partners recognize that it can and should continue to be strengthened, particularly in its implementation in the large number of very diverse woreda administrations throughout Ethiopia. Sub-program B will complement the block grants sub-program with a system-strengthening sub-program with four inter-related components. Together these take a comprehensive approach to strengthen systems necessary to improve basic service delivery by including improving local transparency and accountability. Though the details of their contents will be further developed in collaboration with Government and DPs through PBS3 design, the four components will strengthen capacity for (B1) Demand for Good Local Governance, (B2) Decentralized Public Financial Management, (B3) Local Investment Planning and Management, and (B4) Managing for Results.

**Demand for Good Local Governance (Component B1).** The PBS program to date has supported opportunities for citizens to get information about local budgets and local service delivery objectives, as well as to provide feedback to those responsible for service delivery. For example, the PBS Social Accountability program aims to institutionalize mechanisms for social accountability, channeling resources and training to local civil society organizations that provide opportunities for citizens to evaluate local services and provide feedback to authorities on the quality and priorities of service providers. Under PBS 2, social accountability activities are being rolled out to 170 participating woredas in collaboration with 50-60 CSOs. Opportunities for citizens to provide feedback depend on whether information is available to them. Accordingly, on a nationwide-scale PBS has also supported woreda-level Financial Transparency and Accountability (FTA) activities. FTA activities aim to increase citizens' ability to meaningfully engage in public budgeting procedures. These activities have quickly taken root in Ethiopia and so far more than 70,000 people have participated in budget literacy training. Woreda-level budgets are now systematically posted, promoting transparency in service provision and encouraging citizens to participate in public budget discussions and provide feedback on service delivery.

Through preparation of the Demand for Good Local Governance Component for PBS 3, the Government and PBS Development Partners will seek to develop stronger links between the social accountability and financial transparency and accountability program. This will include creating a community of practice that provides opportunities for local governments and citizens to learn from the experiences of other woredas and other countries about efforts to promoting the demand for good local governance, institutionalize mechanisms for improved posting and citizen response to service delivery results, and develop stronger citizen grievance mechanisms.

**Decentralized Public Financial Management (Component B2).** To strengthen Public Financial Management from Federal to woreda-level, the PBS Program has supported the Government’s ongoing Expenditure Management and Control Program (EMCP). During PBS Phase 2, that support included a range of activities to ensure that decentralized fiduciary systems are becoming more robust. The Program supports initiatives for improved financial management, including rolling out an automated financial management software (IBEX) from region to woreda levels. It has also financed activities to strengthen the internal and external auditing capacity, cash management, budget and account reforms and the PBS Continuous Audit process. Further, it has built woreda procurement capacity by publishing and disseminating revised public procurement manuals, directives and proclamations; as well as provided technical assistance and training for the Federal and Regional Public Procurement and Property Administration Agencies.

Concurrent with PBS 3 preparation, the Government has launched a process to develop a comprehensive PFM reform and capacity building strategy. The key pillars of that strategy are to strengthen the capacity of woreda-level PFM systems and staff, ensuring stronger financial accountability and fiduciary systems for funds flows, procurement. PBS 3 will provide a mechanism for supporting key elements of this PFM strategy, promoting a results- and performance-based approach.

**Local Investment Planning and Management (Component B3).** To enhance the ability of woredas to have decentralized authority and citizens have opportunities to express their feedback about local priorities, then woreda budgets need to include more discretionary capital resources. Through PBS Phase 2, a pilot Local Investment Grant (LIG) Sub-Program introduced a multi-sector, Specific Purpose Grant from the Federal Government for woredas to make capital investments on basic services. The objective of the Pilot LIG is to understand woredas’ constraints to managing increased capital budgets and to support the development of policies and instruments to address these constraints. Supporting learning-by-doing, it works to strengthen local-level coordination mechanisms across sectors, particularly to ensure that the outcome of this process reflects citizens’ needs and priorities. Additionally, it supports rolling-out and testing of new national standards for procurement and environmental screening of woreda-level capital projects.

Based on the results of the pilot and the recent introduction of the Government’s MDG Support Fund, the Government and project team will explore whether to scale up this direct support for woredas’ capacity to manage capital in PBS 3. In this budget year, the Government has introduced the MDG Support Fund, which provides extensive capital resources to regions for them to manage woreda-level investments that will help reach the MDGs. While regions will have discretion in the use of these funds, investments will primarily be for roads in the large four regions and for water points in developing regional states. When considering PBS support for woreda-level capital management capacity, it will be important to understand the degree of Government commitment to
decentralize authority over capital resources to woredas and to build capacity at woredas to manage these resources. This will be assessed during project preparation.

Managing for Results (Component B4). To date the PBS program includes monitoring and evaluation activities that improve the quality of basic service data collection, so that there is more reliable and transparent information about progress to improve basic service results. To that end, activities work to (i) strengthen existing national and sectoral M&E systems, and (ii) support the Central Statistics Agency (CSA) to improve surveys and data quality that will better link the inputs of PBS to its results. M&E activities include assessments of the quality and reliability of administrative and financial data and activities to strengthen data collection and reporting processes at all levels. Targeted support is also given to CSA to strengthen surveys and to expand its network connectivity to remote sites.

Through PBS 3 preparation, the Government, Task Team and Development Partners will work to strengthen the quality and accessibility of decentralized results information. PBS 3 will aim to apply the Ethiopia Data Quality Assessment Framework for all basic service sectors and to support actions identified through data quality assessments. Further, it will seek to promote greater access to decentralized data and analysis of that data, so that there are greater opportunities at woreda-level to understand basic service results and to compare those results across local government units. It will also seek to strengthen central agency’s capacity to coordinate decentralized results information and to ensure the quality and accessibility of that information for each of the basic service sectors. Finally, through this component, the PBS program will support targeted studies on PBS program effectiveness.

Proposed Program Modifications. While the PBS program has proven effective to support decentralized basic service delivery and local transparency and accountability, it will continue to evolve to respond to changes and emerging issues. In this light, the Government and the Task Team propose to change the formal name of the third phase of the program from “Protecting Basic Services” to “Promoting Better Services”. This name change reflects that in the past six years, the Government, the World Bank and DPs have shown that they are committed to protecting basic services, even when the political and economic environment has been uncertain. While the formal name will change, the program will still be referred to by its common acronym of PBS. Having demonstrated this commitment, the next phase of PBS support will entail improving the foundation upon which sectoral activities can better improve the quality of decentralized services.

The overall architecture of PBS 3 will remain largely unchanged. It will continue to include support for basic service block grants based on shared principles and complement this support with efforts to build decentralized capacity. Within that architecture and based on implementation experience, the task team nonetheless proposes to modify the elements of the PBS program structure.

- Separate Health MDG Support Operation. The PBS program will no longer include a dedicated program to support health MDGs: IDA is preparing a separate operation to provide direct support to health sector results.
- Link Social Accountability and Financial Transparency and Accountability. Further, to promote closer links between efforts to promote opportunities for citizens to get information about service delivery and provide feedback about those services, Phase 3 of the program will combine the financial transparency and accountability and social accountability programs into the Demand for Good Local Governance Component.
- Advance and Deepen Sub-program Progress. Finally, as outlined in the brief description of Phase 3 design above, for each of the sub-programs, the Government, Task Team and Development Partners will seek to build on and deepen progress made to date through the program.

Beyond these component-specific changes, during PBS 3 preparation, the following strategic cross-cutting issues will be considered and included into evolution of the overall program design:

- Service Quality. While in general there has been strong progress on access to decentralized basic services, there continues to be more efforts on improving the quality of those services. In general, IDA and DP sector-specific support focuses on improving service quality. However, as a complement to these sector programs, the government and task team will explore ways to build a foundation for service delivery that can support sectoral programs’ ability to improve quality.
- Uneven Results. On average, Ethiopia has shown impressive progress to improve basic services and to reach the MDGs. However, these averages mask significant variations in results across local governments. The team will explore how the PBS program can support efforts to encourage lagging local jurisdictions to catch-up to those that are making the quickest progress, improve equality in gender outcomes, and improve targeting of basic services to vulnerable groups.
- Continuity of Expertise. Despite strong systems for decentralized economic and fiduciary governance, frequent staff turnover and mismatches between job-requirements and staff skills often reduces the effectiveness of woreda administration. Project preparation will look into how the PBS program can complement other IDA supported efforts to improve incentives for the civil service and improve the continuity of staff service within woredas and front-line services.

### IV. Safeguard Policies that might apply

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