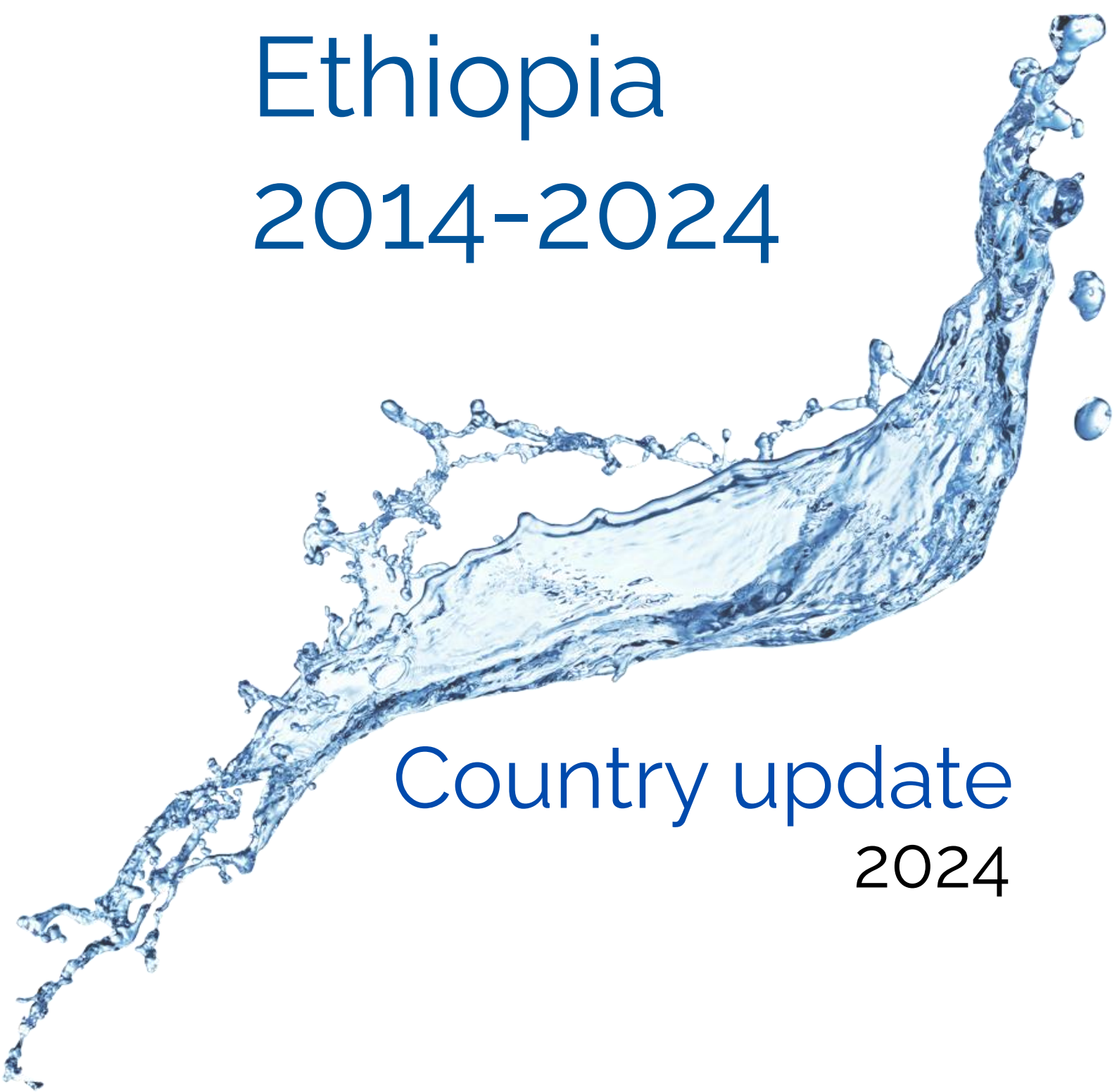


Ethiopia 2014-2024



Country update
2024

1. Ethiopia overview

1.1 About Aqua for All

Aqua for All is an international foundation working towards transforming the water and sanitation sector into a sustainable and inclusive economy. We believe that innovation, scalable solutions, and public and private capital are needed to bridge the service and financial gaps to achieve SDG 6.

We leverage our funds received from the Netherlands Ministry of Foreign Affairs through strategic granting and partnerships.

By catalysing private capital for market development and increasing access to finance, we accelerate access to affordable, climate-resilient water and sanitation services globally, especially in Africa and Asia.

1.2 Aqua for All in Ethiopia

Aqua for All started working in Ethiopia to increase water and sanitation service delivery through targeting entrepreneurship and mobilising finance a decade ago. Our first initiative in the country as part of this strategy dates back to 2014 when we started a collaboration with the Millennium Water Alliance (MWA) Ethiopia and its partners to pilot a project to increase water accessibility using an innovative approach to household-led self-supply water distribution systems¹).

Between 2016 and 2020 a project called 'Making WASH everybody's business'² was implemented with AMREF. In this project, the microfinance sector, government markets, and communities worked together to ensure sustainable access and use of water and

¹ <https://www.ircwash.org/resources/self-supply-end-line-evaluation>

² [https://amref.org/ethiopia/water-sanitation-and-hygiene/urban-wash/projects/mweb/#:~:text=Making%20WASH%20Everybody's%20Business%20\(MWEB,Netherlands%20and%20Aqua%20for%20All](https://amref.org/ethiopia/water-sanitation-and-hygiene/urban-wash/projects/mweb/#:~:text=Making%20WASH%20Everybody's%20Business%20(MWEB,Netherlands%20and%20Aqua%20for%20All)

sanitation. It targeted people living in informal settlements in selected urban and semi urban areas of Afar, Oromia, and Addis Ababa.

Our journey was further shaped through extensive desk research in 2016, conducted in collaboration with local stakeholders. The research focused on the distribution of household water treatment and safe storage products (HWTS) through utilities in Ethiopia. As a result, it identified urban water utilities as the ideal partners for delivering safe water at point of use using a business model.

In the same year, we launched a pilot project to sell water filters in Finote Selam town, Amhara region. The project involved distributing water filters through the Finote Selam Town Water Utility, which became a cornerstone of Aqua for All's portfolio in Ethiopia.

Building upon the success of this pilot, Aqua for All embarked on a scaling-up strategy. This included expanding the water filter distribution programme to 14 towns within the West Gojjam zone and 64 additional utilities across three adjacent zones in western Amhara between 2018 and 2022.

There are over 230 utilities in the Amhara region, which prompted Aqua for All to adopt a more systemic approach. This led to creating the “Aggregator Safe Water at Point of Use” programme in collaboration with the Amhara Town Water Utilities Association. This programme aimed to reach the entire region, increasing Aqua for All's impact.

Because of the limitations of focusing solely on urban areas, Aqua for All initiated the “Safe Water at Point of Use” programme through cooperatives. This programme targeted agricultural multipurpose unions (cooperatives) in Amhara as delivery channels and beneficiaries to reach underserved rural communities.

Through our HWTS projects, it became apparent that the water, sanitation and hygiene (WASH) market in Ethiopia was nascent. Therefore, in 2021, we started acceleration programmes for small and medium enterprises (SMEs) to cultivate a culture of innovation and entrepreneurship within the Ethiopian WASH sector. The first accelerator, the “WASH Incubation Programme (WSIP)”, supported nine micro, small and medium enterprises (MSMEs). Two of them - 3BL and Clara- demonstrated exceptional potential, prompting us to continue our partnership and to provide support on a one-to-one basis.

We continued to strengthen market-based approaches of SMEs with the WASH Ventures (WAVE) accelerator, co-financed by USAID. WAVE supported 53 WASH enterprises in overcoming scaling challenges and increasing market penetration. A follow up phase of the WAVE programme (STREAM) is currently being implemented. It supports high-performing WASH SMEs to scale and increase access to finance by enhancing their investment readiness and facilitating connections with financial institutions, including microfinance institutions (MFIs).

In parallel with the market-based approaches, Aqua for All's Ethiopia programme supported a project to capacitate and strengthen five MFIs and two Rural Savings and

Credit Cooperatives (RuSACCOs). The goal of the programme was to ensure the availability of financial resources for SMEs and households wanting to gain access to improved WASH services. In total, more than €3.5 million in WASH loans was disbursed, reaching more than 17,540 clients.

The successful experience with the five MFIs laid the foundation for a new programme to upscale WASH lending by MFIs in Ethiopia. The programme is being designed and will be jointly financed by Aqua for All and the C.N. Hilton Foundation. The programme will target 86,500 people in the coming two years. Not only will this initiative provide immediate access to safe water, but also will create job opportunities for more than 2,600 young people.

Self-supply acceleration in Ethiopia (July 2014 to December 2017)

Between 2014 and 2017, Aqua for All collaborated with the Millenium Water Alliance (MWA) Ethiopia programme, with a primary focus on household-led self-supply acceleration (SSA) using an innovative approach. The programme was designed to support the Ethiopian government's approach and guidelines regarding self-supply, as a strategy to improve water access for rural and scattered settlements that prove hard-to-reach by conventional water supply methods.

The project pilot was implemented across five woredas in Ethiopia. It was designed as a first step in establishing services to accelerate the transition from the lowest, most affordable, but most risky level of technology - open well without protection- towards more conventional and safer alternatives, such as pumps, protected wellheads and safe household water treatment and storage solutions.

The approach involved creating demand within communities, building government interest and expertise in self-supply, sharing new technology options; strengthening the capacity of the private sector capacity through training to enhance their skills in social marketing and monitoring and expanding the loan portfolios of microfinance institutions (MFIs) to accommodate loans for WASH. These approaches were new in Ethiopia.

Aqua for All's additional financial and expert support to the programme, which centred on promoting and raising awareness to create demand, offering advice and various technology options, strengthening the private sector and establishing supportive financial systems. These financial systems included access to loans for self-supply through MFIs, which was undertaken in collaboration with Water.org.

Aqua for All's contribution resulted in various outcomes, including raising awareness raising and building an enabling environment for WASH entrepreneurship. Furthermore, the project facilitated technical and business training for fifteen local grassroots entrepreneurs, empowering them to upgrade over 1000 WASH facilities at the household level as well as the onboarding of two MFIs to provide WASH loans.

The SME **Tripple Bottom Line (3BL)** engineers, builds, and manages radically affordable piped water systems for rural homes. This project served as an example for establishing a private water service provider company in Ethiopia.

Clara is a water treatment technology. It effectively disinfects water flowing through a pipeline by automatically producing and dosing sodium hypochlorite, which is similar to chlorine. With only salt and water as inputs, this solution is low-cost and available locally, simplifying the operation. Clara's solution solves several problems, including the high cost and limited accessibility of chlorine, the bad chlorine taste of treated water and the challenges of using the right chlorine dosage, which result in water quality risks and potential water borne diseases.

We have continued to strengthen market-based approaches of SMEs with the WASH Ventures (WAVE) accelerator. WAVE supported 53 WASH enterprises in overcoming scaling challenges and increasing market penetration. We are currently designing the third phase of the WAVE programme. It will support high-performing SMEs to increase their access to finance by enhancing their investment readiness and facilitating connections with financial institutions, including microfinance institutions (MFIs).

In parallel with the market-based approaches, to ensure the availability of financial resources for SMEs and households wanting to gain access to improved WASH services, Aqua for All's Ethiopia programme launched a project to capacitate and strengthen five MFIs and two Rural Savings and Credit Cooperatives (RuSACCOs). This project, led by our partner Fair and Sustainable, contributed to providing financial services for WASH for households and SMEs. In total, more than €3.5 million in WASH loans was disbursed, reaching more than 17,540 clients.

Through these activities, Aqua for All's portfolio in Ethiopia evolved into a comprehensive set of complementary initiatives and partnerships with key local stakeholders. This approach has primed the water, sanitation and hygiene (WASH) sector to grow, laying the groundwork for a sustainable ecosystem with quantifiable achievements and lasting influence.

Alongside our projects, we have also been working to strengthen the enabling environment for market-based approaches in Ethiopia. The focus on innovation alongside Aqua for All's research and research-based advocacy efforts has influenced the development of Ethiopia's new WASH Financing Strategy.

1.3 Results

Reaching households with clean water

Aqua for All's portfolio has become a driving force to advance the WASH sector in Ethiopia, weaving together tangible results with lasting influence. By leveraging partnerships, fostering innovation, and influencing policy, Aqua for All has made a measurable difference in the lives of Ethiopians and has contributed to fostering progress towards achieving SDG 6. To date, Aqua for All's programme has facilitated the distribution of 55,000 water filters, benefitting over 275,000 people.

The Self-Supply Acceleration programme has directly benefitted approximately 18,275 people through its pilot project. Furthermore, the project facilitated technical and business training for fifteen local grassroots entrepreneurs, empowering them to upgrade over 1,000 WASH facilities at household level as well as the onboarding of two MFIs to provide WASH loans.

'Making WASH everybody's business' impacted 200,000 people with access to safe water and sustainable sanitation solutions, and hygiene and sanitation education. 20 enterprises generated income from their WASH services and 344 people benefitted economically from these services provided. Finally, ETB 1.2 million in loans was disbursed by five financial institutions as loans for WASH services.

3BL services have benefitted 236 households, totalling 1,180 people, to date. Moreover, since August 2023, Clara has installed five safe water systems with Aqua for All support, leveraging commercial sales, and benefitting 4,800 people.

In 2023, €3.5 million was disbursed in over 17,500 WASH loans by five MFIs, as a result of our collaboration with Fair and Sustainable, which benefitted 87,500 people with WASH services and products.

Unlocking financial resources

Aqua for All's impact extends beyond direct interventions. Partnering with utilities yielded a 4.3:1 leverage ratio, mobilising €730,000 in additional resources. The additional resources to implement the project were mobilised from the Water Bureau structure, urban water utilities and the municipality. Aqua for All facilitated this public-private partnership (PPP) and contributed to establishing an enabling environment while the actual implementation was done by governmental structures and the private sector (PPP).

Climate change mitigation by selling water filters

Besides increasing access to clean and safe drinking water, water filters have the added benefit of reducing the need to boil water. This reduction directly translates into reduced greenhouse gas emissions resulting from the combustion of firewood and/or charcoal biomass, which supports climate change mitigation. Every water filter used for a year is expected to reduce the emissions by 1 tonne of CO₂ equivalent. At the same time, there is no need to harvest trees for firewood and/or charcoal biomass.

Gender and women entrepreneurship

In Ethiopia, fetching water is the responsibility of women, girls and boys. In addition, nursing sick people due to water borne or any other diseases is also the responsibility of women and girls. Improving water access and quality at household level contributes to addressing gender equality.

Women do not face social restrictions to market and promote water filters at household level, unlike boys and men. Women also reap economic advantages through initiatives like their water filter businesses, which provides them with opportunities to generate income and contribute to their financial independence. Currently, a minimum of one-third of the distributing SMEs are owned by women. By eliminating the need to spend time fetching water, particularly from distant sources, women can use this time to engage in income generating activities. This can also enable girls who would otherwise be tasked with water collection to attend school. Moreover, the reduction in travel distance for water collection mitigates the risks of rape and abduction faced by women and girls.

Projects like the cooperative-led safe water at point of use have special policies to facilitate access to credit for women. Therefore, women will benefit from access to finance from RuSACCOs and running their businesses. They will have better income from the sales and marketing of water filters through last-mile distribution to households. This can be considered as an outcome of gender mainstreaming and reflects the impactful contribution of Aqua for All's Ethiopia Programme.

1.4 Progress timeline (2014 - 2024)

2014

- Aqua for All, the Millenium Water Alliance (MWA) Ethiopia programme and its partners launched a pilot project focusing on household-led self-supply acceleration (SSA). The pilot project benefitted around 18,275 people directly.

2016

- Aqua for All's efforts in Ethiopia continued with desk research and a pilot project in Finote Selam town (Amhara). During the pilot, water filters were distributed to 15,000 households through one water utility reached.

- “Making WASH everybody’s business” was ;designed for 3 regions (Addis Ababa - Kechene area, Oromiya-Adama, Metehara and Welnychity and in the Afar region (Awash, Worer and Gewane) towns targeting the community residing in slum areas.

2017 to mid-2018

- The HWTS water filterpilot project proved successful. It demonstrated the potential of the utility approach for scalability and cost-effectiveness in 14 woreda towns within the West Gojjam zone. The Finote Selam town is where the zonal utility is located and it served as a warehouse.

Mid 2018-2021

- Scaling: The HWTS project expands to 14 woreda towns within the West Gojjam zone and 64 utilities in adjacent zones (Awi, East Gojjam and South Gondar zones), which multiplied its outreach and impact to 80 utilities.
- Institutionalisation: The "Aggregator" project is launched to reach all 230+ Amhara utilities. It significantly increased the programme's scope and involved the regional water bureau for enhanced coordination and sustainability.
- Cooperatives’ project: A separate project targeting six agricultural cooperative unions started to serve communities beyond the reach of utilities by selling water filters. This showed adaptability and diversification to target both urban and rural populations.

2022

- IceAddis: Aqua for All supports nine MSME incubators with training and technical assistance. This is the beginning of Aqua for All's focus on fostering WASH innovation and entrepreneurship in Ethiopia.
- WAVE Accelerator Programme: The 18-month programme supports 53 WASH enterprises through supporting WASH businesses and fostering innovation. It also showcased increased investment to maximise the amount of lendable funds (liquidity) and to reach more people through WASH financing. The programme was launched in collaboration with USAID.

2023

- WAVE Accelerator Programme: 53 WASH SMEs graduated from the programme. Two very promising SMEs, 3BL and Clara, have entered into individual partnerships with Aqua for All.
- MFI Intervention: Aqua for All's technical assistance enables five MFIs to disburse over €3.5 million in WASH loans. This experience contributed to developing a new national WASH financing strategy for Ethiopia. This shows that leveraging on the role of financial institutions contributes to reaching a wider population and promoting sustainable financing mechanisms.
- Catalytic funding: Through a partnership with a US-based foundation, we aim to secure US\$1 million to leverage additional lendable funds from banks and MFIs. This would target over 86,500 people and create job opportunities. This initiative

exemplifies Aqua for All's evolving approach to mobilising more resources for generating greater impact on the WASH sector.

- Policy influencing: Aqua for All's success stories and research contribute significantly to shaping Ethiopia's new WASH financing strategy and the water sector financing chapter of the National Water Policy and Strategy. This highlights Aqua for All's growing influence on national WASH policies aiming for systemic change.

2024 (Ongoing)

- Catalytic funding project: We are in the process of securing funding for the project “Upscaling WASH lending by MFIs in Ethiopia”. This project will facilitate (climate-smart) WASH loan access for households and MSMEs. It aims to reach over 86,500 people and create job opportunities.
- STREAM (WAVE 2.0): Advanced acceleration programme coordinated by Iceaddis, targeting ten well-performing WASH SME's and assisting them to scale and access loan capital from MFIs.

1.5 Outlook

According to the 2021 National WASH Inventory, Ethiopia faces significant challenges regarding its water supply, with a coverage of only 55.7%, and the sanitation coverage of only 28%. Aqua for All prioritises accelerating access to WASH services by providing direct support to public and private water service providers. Besides, we contribute to increasing access to finance for WASH through strategic partnerships and catalysing funds for the sector.

With Ethiopia's ratification of the One WASH National Programme (OWNP)³ to achieve SDG 6, our interventions are not only more relevant but also aligned with the government's policy and strategy.

Over the past eight 8 years, Aqua for All has finetuned a roadmap for the upcoming phase of its new programme which will be launched end 2024. In addition, we are engaging with other like-minded partners and donors to increase our leverage and co-funding, and to scale our efforts. Our continued commitment to generate more impact and leverage through strategic partnerships and innovative finance solutions will continue to strengthen the market of- and expand access to services and finance for sustainable, affordable and inclusive WASH solutions in Ethiopia.

Contact Aqua for All

For questions or more information on our work and/or partnership opportunities, please contact: info@aquaforall.org.

³ <https://www.unicef.org/ethiopia/reports/one-wash-national-program-ownp>