

ANNUAL REPORT



International Federation of Red Cross and Red Crescent Societies
Fédération internationale des Sociétés de la Croix-Rouge et du Croissant-Rouge
Federación Internacional de Sociedades de la Cruz Roja y de la Media Luna Roja
الاتحاد الدولي لجمعيات الصليب الأحمر والهلال الأحمر

ETHIOPIA

May, 2001

This Annual Report is intended for reporting on the Federation's Annual Appeals only.

Appeal No. 01.45/2000

Appeal Target: CHF 1,139,000

The Context

Ethiopia is one of the poorest countries in the world with a per capita income of USD 100 per year; 85 per cent of its population lives in rural areas and is dependent on agriculture for their livelihood. Yet this sector is not productive enough to support the present level of population. Over half of all Ethiopians face chronic food insecurity. In a normal year, these households find it difficult to subsist, which had a major impact on health indicators. More than two thirds of children are stunted and as many as one in ten show signs of malnutrition. Ethiopia scores low on many of the human development indicators with, for instance, only 50 per cent of the population having access to health services, 26 per cent with access to clean drinking water and an illiteracy rate of 67 per cent. The disasters that occur, such as drought and floods, have a disproportionate effect on an already vulnerable population.

The Ethiopian Red Cross Society (ERCS) is a well functioning national society with a long tradition in providing emergency assistance and developmental services to the country's most vulnerable. For instance, it runs 10 blood banks which provide 70 per cent of the blood and blood products in the country. Also, the ERCS operates 28 pharmacies which dispense essential drugs and runs an ambulance service in all major towns. Through its 31 branches and 42 sub-branches, it implements programmes relating to HIV/AIDS prevention, water and sanitation, community health and first aid. Last year, it provided emergency assistance to over 100,000 people. The ERCS recently underwent a change process which aimed to make it a more responsive organization able to deliver services at the community level. This change involved, *inter alia*, restructuring at headquarters and decentralization to the regions and zones. This process was not completed and the establishment of regional offices still must be finalized along with upgrading of branch and volunteer management systems. Developments of these kind will establish a bedrock on which ERCS will build closer contacts with communities and design and implement more focused and responsive programmes.

The International Federation has been assisting the ERCS for nearly two decades. Its primary focus, in the past, was on responding to populations in need of emergency support. As ERCS began the process, in the mid-1990s, of reinventing itself and becoming more of a community based organization, the nature of Federation assistance changed, mirroring ERCS developments.

The main goal of the Federation is to build a more efficient ERCS that has increased capacity to manage and implement more focused and responsive programmes. Four strategies were adopted in

2000 for the achievements of these objectives: 1) improving delegation management; 2) providing competent support and assistance to ERCS management at the headquarters and branch levels; 3) ensuring proper co-ordination of participating national society and donor support to the ERCS; and, 4) developing links with the government, NGOs, UN agencies, embassies and the Organization of African Unity (OAU). The role that the Federation's delegation adopted during the year was one of technical advisor, facilitator, enabler, monitor and a mobilizer of resources.

Objectives, Achievements and Constraints

Disaster Response

Objective: to assist the Ethiopian Red Cross in the development of its capacity to run and manage emergency programmes.

Achievements

ERCS had not run, until last year, a major relief programme for some time. Recent appeals were not particularly successful. In March 2000, time and circumstances conspired to give the ERCS the opportunity to again play a part in emergency response. Following a drought and four consecutive early season rain failures, the Federation issued two appeals, one in April and a revised appeal in May for CHF 10 million, to run programmes in South Wollo and Northern Borena. These interventions started in May, finished in December in Northern Borena and, following another appeal, continued in South Wollo until June 2001, providing emergency assistance to over 100,000 people. The response to the appeal was good and the operational capacity of the national society's headquarters and the two branches was up to the job of delivering resources to the most affected. In September 2000, a switch was made in South Wollo from gratuitous food to payment of cash in return for work undertaken on employment generation schemes of the beneficiaries. This proved to be successful and was an innovative response to an emergency situation that had long term structural causes. Markets proved to be functional and responsive enough to cope with a large injection of cash into the local economy. An evaluation of this aspect of the programme is in the process of being finalized.

The successful implementation of this programme gave the ERCS both the experience and confidence to run relatively large scale emergency interventions. Weaknesses such as in the area of logistics are in the process of being addressed. A disaster preparedness programme, which will aim to rectify some of the problems of capacity at the branch level, will be implemented in 2001.

Institutional and Resource Development

Objective 1: to assist in the development of the management and operational capacities at the Ethiopian Red Cross through strengthening the structures and systems at headquarters and in its branches.

Achievements and Constraints

The main thrust of the Federation's support was in the development of management and financial information systems. Activity based budgeting was developed and is now used for most programmes, providing a clearer and more coherent approach to costing interventions. This allows for an easier reporting mechanism, although it has to be mentioned that improvements still need to be made in the area of narrative and financial reporting. Key to this is the development and implementation of financial software for processing and reporting transactions and financial information. Terms of reference were developed for this and a tendering process was undertaken. A software supplier was selected at the end of the year and the development and training was started at the beginning of 2001. There are many constraints still to be overcome including upgrading staff skills, hiring of a suitably

qualified person to oversee the implementation and restructuring of the finance department and establishing a more enabling environment for inputting and processing of data.

Better management information systems, for the appropriate collection, storing, communication and analysis of information, need to be developed within the ERCS to ensure better decision making. Considerable progress was made with regular meetings, the establishment of a LAN system and the partial development of an intranet web page. However, flow of information is still not timely, relevant or complete and further improvements need to be made. It is unfortunate that a consultancy on this very issue failed to capture the problems and propose suitable solutions.

The ERCS has, over the last year, developed a number of guidelines for branches as well as held a number of governance and management workshops. A financial management workshop for branch personnel was also held. The gradual establishment of regional offices is aimed at developing better co-ordination of and reporting from the branches. Support to and reporting from branches still remain issues of major concern to the ERCS. However, the capacity of branches to respond effectively in emergency situations is impressive and this was demonstrated by two branches, Borena and South Wollo, running major relief programmes during the year.

Objective 2: to support the Ethiopian Red Cross in the implementation and monitoring of the comprehensive development programme as well as twinning programmes with particular emphasis on health, water and sanitation, disaster preparedness and the “Local Capacities for Peace” project.

Achievements

The ERCS ran activities in a number of areas such as health and water and sanitation through the comprehensive development programme (CDP) and twinning projects in 2000. Five pilot branches under the CDP implemented small scale interventions in their respective zones. A number of meetings were held during the year to discuss next steps with particular reference to programme development. Two main issues were addressed through the development of a strategic development plan by the end of 2000 in time for the partnership meeting. This included the integration of bilateral and vertical programmes into an overall strategic framework, something missing from the old CDP, and the incorporation of new global initiatives and themes outlined, for instance, through the Federation’s *Strategy 2010* and the Pan African Ouagadougou conference in September 2000.

The strategic development plan of the ERCS outlines three main strategic directions for the next five years:

1. that ERCS programmes that are more responsive to community based needs;
2. a better functioning ERCS that has strengthened its headquarters and branches: and,
3. an ERCS that has built long term partnerships and a funding base.

Programmes fall within four core areas of disaster response and preparedness, health and promotion of humanitarian values. The Federation will support the efforts of the ERCS in the implementation of the strategic development plan through technical advice and support, fund-raising and providing an enabling environment for bilaterals to operate. A memorandum of understanding for the partners was developed and will be signed in early 2001. Federation support will be given to the ERCS for the development of national HIV/AIDS prevention, disaster preparedness and water and sanitation programmes in 2001. Support for the polio eradication campaign will be continued in 2001 after all 31 branches participated in the national immunization days in 2000. The Federation will continue to fund and support the “Local Capacities for Peace” project (now renamed as the Better Programming Initiative) in one branch. This follows on from Federation involvement in similar initiatives over the last few years.

Conclusions

The year 2000 was a dynamic and difficult year for the ERCS and the Federation in Ethiopia. Major challenges and organizational and programme problems were faced and overcome. A willingness to learn and adapt to a changing and dangerous environments were the features of the year. Support through the International Red Cross and Red Crescent Movement enabled ERCS to meet the needs of hundreds of thousands of vulnerable people through the implementation of the relief programme and multifaceted development projects.

2001 will be devoted to improving three areas: firstly, the continuing strengthening of organizational structures and systems within ERCS, with particular emphasis on headquarters for providing guidance and feedback to the branches, branches communicating their achievements to headquarters and branch and volunteer management systems being strengthened; secondly, the implementation of the strategic development plan with emphasis on the design and implementation of the HIV/AIDS programme as well as further development of DP and water and sanitation programmes; thirdly, the continuation of the drought relief programme in South Wollo, responses to emergencies such as the meningitis epidemic and the further development of the cash for work programme with a more developmental slant to it. Funding for the latter needs to be found.

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All International Federation Operations seek to adhere to the Code of Conduct and are committed to the Humanitarian Charter and Minimum Standards in Disaster Response (SPHERE Project) in delivering assistance to the most vulnerable.

For further information concerning Federation operations in this or other countries, please access the Federation website at <http://www.ifrc.org>.

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Annual Financial Reports 2000

- Explanatory Note -

1. Consolidated Response to the Appeal

- This report provides a global picture on the funding situation of a specific appeal at a specific time.
- The cash column indicates all cash contributions channelled through the Federation, together with the balance carried forward from the previous year. Financial statements in support of the reported income are available upon request.
- The in-kind contributions (goods and services provided in response to the appeal objectives) are registered in a stand-alone system, based on the information provided by the respective donor. The values of these donations are based on information received from donors, and will be reported as such in the income and expenditure part of the consolidated report.
- Direct cash or in kind contributions made to Operating National Societies or in kind donations made to the Federation Delegations in response to the appeal are recorded as in-kind contributions in the report.

2. Balance of Funds - Cash Only

This report is a summary cash statement, providing the information on the balance carried forward from the previous year, cash income (including reallocations), cash expenditure (including reallocations - ref. part III of the consolidated report), and the closing balance at the end of the year.

3. Budget Analysis / Breakdown of Expenditures

This section of the report provides a comparative analysis of the total expenditures (cash and in-kind) versus the last approved budget of the appeal.

- The cash column reports on all expenditures booked against the Federation projects and cost centres . It relates only to the use of cash contributions received by the Secretariat for the specific appeal. Financial statements in support of the reported expenditure are available upon request.
- The in-kind columns (goods/services and personnel) report on the in-kind contributions donated in response to appeals, as per the information received from donors. This information is shown both as contribution and as expenditure against the specific appeal, and is consolidated, together with the cash expenses, against the appeal budget. As financial information is not always available from PNS, and for consistency reasons, a flat rate is applied for the calculation of personnel costs.
- The consumption rate represents the level of total expenditures (cash and in-kind) compared to the total income available (opening balance, cash and in-kind contributions),

4. Pledges vs. Contributions

Attached to this financial report is the list of pledges against the respective appeal.

- The comparative analysis of the list of pledges and the list of actual contributions provides a clear insight into any outstanding pledges in response to the appeal.
- Any differences in values between the two reports are due to fluctuations in exchange rates at the time of booking and the time of reception of the contribution.

Appeal No & title: 01.45/2000 Ethiopia						
Period: year 2000						
Project(s): P30350, PET001						
Currency: CHF						
III - Budget analysis / Breakdown of expenditures						
Description	Appeal Budget	CASH Expenditures	KIND & SERVICES		TOTAL	Variance
			Goods/services	Personnel	Expenditures	
SUPPLIES						
Shelter & Construction						
Clothing & Textiles						
Food/Seeds		221			221	-221
Water						
Medical & First Aid						
Teaching materials	2'000					2'000
Utensils & Tools		2'304			2'304	-2'304
Other relief supplies	1'200					1'200
Sub-Total	3'200	2'524			2'524	676
CAPITAL EXPENSES						
Land & Buildings						
Vehicles		37'700			37'700	-37'700
Computers & Telecom equip.		4'108			4'108	-4'108
Medical equipment						
Other capital expenditures	14'700	348			348	14'352
Sub-Total	14'700	42'157			42'157	-27'457
TRANSPORT & STORAGE						
	79'435	66'734			66'734	12'701
Sub-Total	79'435	66'734			66'734	12'701
PERSONNEL						
Personnel (delegates)	508'573	167'925		231'127	399'052	109'521
Personnel (local staff)	135'516	75'654			75'654	59'862
Training						
Sub-Total	644'089	243'578		231'127	474'705	169'384
GENERAL & ADMINISTRATION						
Assessment/Monitoring/experts		23'262			23'262	-23'262
Travel & related expenses	35'443	55'770			55'770	-20'327
Information expenses	4'001	22'389			22'389	-18'388
Administrative expenses	138'796	65'002			65'002	73'794
External workshops & Seminars						
Sub-Total	178'240	166'424			166'424	11'816
PROGRAMME SUPPORT	113'666	39'178			39'178	74'488
OPERATIONAL PROVISIONS						
Transfer to National Societies		7'581			7'581	-7'581
TOTAL BUDGET	1'033'330	568'176		231'127	799'303	234'027
Consumption rate:						
	Expenditures versus income		99%			
	Expenditures versus budget		77%			

Ethiopia						ANNEX 1
APPEAL No. 01.45/2000		PLEDGES RECEIVED			29.03.2001	
DONOR	CATEGORY	QUANTITY	UNIT	VALUE CHF	DATE	COMMENT
CASH						
REQUESTED IN APPEAL CHF ----->				1033000		TOTAL COVERAGE 82.7%
Balance carried forward from 1999				-6230		
AMERICAN - RC		25000	USD	44338	14.09.00	INSTITUTIONAL DEVELOPMENT
AMERICAN - RC		30000	USD	50250	02.09.00	BETTER PROGRAMMING INITIATIVE
BRITISH - RC		2950	GBP	7 582	19.06.00	CDP ACTIVITY PLAN FOR ERCS FINANCE DEPT
BRITISH - GOVT				150000	19.01.00	DFID 3.2
BRITISH - RC		7865	GBP	20370	19.09.00	
BRITISH - RC		3500	GBP	8855	13.12.00	STRATEGIC PLANNING REVIEW
CYPRUS - RC				55	13.01.2000	
DENMARK - GOVT/RC		52196	CHF	52196	01.11.2000	COMPREHENSIVE DEVT. PRGM.
DENMARK - GOVT/RC		750000	DKK	153450	15.08.00	COMPREHENSIVE DEVT. PRG.3RD & 4TH QUARTER
GERMAN - GOVT				388	09.06.00	EU SYMPOSIUM
ICRC				27156	27.06.00	DIRECTLY TO THE DELEGATION
NETHERLANDS - RC		40000	NLG	27630	20.12.00	LOCAL CAPACITIES FOR PEACE PROJECT
NORWEGIAN - RC		150000	NOK	28380	14.07.00	COMPREHENSIVE DEVT. PRGM.
NORWEGIAN - GOVT/RC				19000	12.12.00	
SWEDEN GOVT/RC		250000	SEK	46925	30.05.00	ID
SUB/TOTAL RECEIVED IN CASH				622763	CHF	60.3%
KIND AND SERVICES (INCLUDING PERSONNEL)						
DONOR	CATEGORY	QUANTITY	UNIT	VALUE CHF	DATE	COMMENT
Denmark	Delegate(s)			87'227		
Germany	Delegate(s)			29'897		
Great Britain	Delegate(s)			114'003		
SUB/TOTAL RECEIVED IN KIND/SERVICES				231127	CHF	22.4%
ADDITIONAL TO APPEAL BUDGET						
DONOR	CATEGORY	QUANTITY	UNIT	VALUE CHF	DATE	COMMENT
SUB/TOTAL RECEIVED				0	CHF	
THE FOLLOWING PROJECTS ARE LINKED TO THIS APPEAL:						
P30350,PET001.						