

**MINISTRY OF WATER, IRRIGATION AND  
ELECTRICITY**

**ETHIOPIAN NILE IRRIGATION AND DRAINAGE  
PROJECT**

**ADDENDUM TO THE LIVELIHOOD  
RESTORATION PLAN FOR RIBB DAM AND  
RESERVOIR**

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ADDIS ABABA

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## ***Addendum to the Livelihood Restoration Plan (LRP) Monetization Approach***

### **1. Introduction**

The WB has received a request from the GoE to use IDA credit to pay cash for LRP implementation using monetization option. The Ribb Dam and Reservoir project has affected people found in five kebeles of Ebinat and Farta Woredas. The scope of impacts cuts across farm lands, tree lands, residential houses, grazing lands, houses and other infrastructures, etc. The validation and census survey of the LRP preparation identified 1,486 PAPs living in the dam, the reservoir, camp site, road construction, dumps and quarry sites. The LRP includes mechanisms for income-generation for the targeted vulnerable groups. This Addendum describes the LRP monetization and valuation approach, including institutional and contractual implementation arrangements, GoE's obligations; how the proposed approach will ensure objective of livelihood restoration; and how the fund will be channeled to re-establish PAPs' livelihoods and reduce elite capture; stakeholders consultations and disclosure process prior to payment of the monetized amount to each PAP.

### **2. LRP Monetization approach and Institutional Arrangements and how the Approach will ensure the Objective of Livelihood Restoration**

#### **2.1 LRP Monetization Approach**

The criteria for monetization of the livelihood restoration activities set out in the Livelihood Restoration Plan will be based on the established economic interest of each PAP and the primary intent of the LRP dated January 31, 2016. These include, degree of impact of the project on each PAP, preference of PAPs, valuation of their lost assets and income, marketing of the product, gender sensitivity, special provision for vulnerable groups, experience on existing livelihoods, skill and management capacity of the PAPs, availability of labor including family labor, capacity of implementing and supporting institutions. Therefore, the monetization process will have entailed a cost aggregation of each PAP's economic interest/activity as quantified in cash and will be paid directly to each PAP's bank account.

The LRP valuation methodology is designed with special attention to the scope of impact and preference survey (need assessment) findings that indicate the occupational profile of PAPs in the LRP, and the related inputs needed by the PAPs. These inputs are already costed in the LRP and now individually monetized, and the amount will be paid directly to the individual PAP's account in a given financial institution.

To be eligible for LRP cash payment, the NPCO must submit the list of PAPs, with corresponding amount for each person by October 19, 2017. Due to the large number of PAPs, the required Account numbers will be submitted to the WB before November 15, 2017.

#### **2.2 Institutional Arrangements**

The implementation of the LRP requires close collaboration among all the project stakeholders with a properly constituted structure agreed with key stakeholders. The roles and responsibilities of all relevant stakeholders in the continuing implementation and administration of the LRP are presented below:

**MoWIE and NPCO the Regional Government and RPCO:** committed to financing/hiring the safeguards specialist at the National and Regional level. While the regional government is committed to providing facilitation and extension services, including financing salaries of facilitators and extension services at Woreda and kebele levels as well as salary for sector office specialists, transport expenses, allowances or per diem, including costs for administration, monitoring and evaluation of the LRP implementation support throughout Feb 28, 2017 and beyond.

Overall, MoWIE will be responsible for coordination of activities, provides an oversight and advisory role in overall project management, including LRP implementation, establishes and maintains the project management systems.

**Implementation support and monitoring** will be at different levels, NPCO, RPCO, Regional Administration, Woreda and kebele levels. While the first two will be based on the current ENIDP project implementation, the Regional Administration will establish a committee at the region level to follow up on the implementation and achievement of the LRP objective. The Region will be responsible for the oversight and compliance of LRP implementation matters, produce detailed action plan for the day to day implementation of the LRP, coordinate all cash payment activities, ensure the effective monitoring and evaluation of the LRP implementation, guide the implementation of the LRP grievance redress measures and technical aspects of the LRP implementation.

**Woreda:** Will be responsible for consultations, sensitization, awareness campaign for the LRP and interact with community stakeholders and the community facilitators. Coordinates activities at local level including participating in resolving grievances and complaints, monitor implementation of LRP activities and oversees community facilitators, and facilitates each of the livelihood restoration activities, respective institutions and actors for the successful implementation of the restoration plan; ensure whether each stakeholder is meeting its delineated assignment; monitor and evaluate the proper and on time implementation of each of the livelihood activities.

The above will be done through the **Woreda Technical Committee** (WTC) composed of sector offices already established and functioning, and will continue to assist and participate in preparation and implementation of the livelihood restoration activities, facilitation and coordination of service delivery, including capacity building trainings, such as financial literacy and business development advise, provision of relevant extension service; resolves any obstacles and drawbacks or disputes that may arise in the process which will help PAPs spend the LRP cash payment for the intended livelihood restoration activities, continue to assist and participate in preparation and implementation of the livelihood restoration activities.

The WTC will ensure the achievement of the following livelihoods restoration objectives:

- Facilitate each of the livelihood restoration activities;
- Facilitate the coordination of respective institutions and actors for the successful implementation of the restoration plan;
- Ensure whether each stakeholder is meeting its delineated assignment;
- Monitor and evaluate the proper and on time implementation of each of the livelihood programs/activities;

- Facilitate and provide the necessary supports, including coordinating, taking charge of procurement process for bulk purchase of inputs for the implementation of livelihood activities;
- Devise the systematic mechanism to ensure the sustainability of the livelihood restoration activities.

**Kebele:** Receive, assess, process and decide on complaints related to LRP, support PAPs in resolving issues related to LRP, including recording grievance and resolving cases within stipulated timeframe, inform the Woreda/Region about any serious cases and report to the aggrieved parties about the decisions regarding their cases.

**PAPs:** Receive cash payment and use it for livelihood restoration purposes, provide feedback on improving the quality of the LRP implementation and submit concerns through the right grievance redress channel, consult/seek assistance from facilitators, follow through on agreed obligations in the MOU, participate in business training at financial institution level prior to being able to use the funds.

**World Bank and MoWIE:** Oversight role to ensure compliance with the safeguards policies, conduct regular supervision for satisfactory LRP implementation, and provide support role during the implementation and monitor the progress of the LRP implementation, recommend additional measures for strengthening the implementation performance. If the WB considers the implementation process not acceptable, it might recommend strengthening institutional capacity building measures for the LRP implementation.

### 2.3. Approach to Ensure Objective of Livelihood Restoration

The inclusion of appropriate government partners in the monetization process will ensure that the income generating needs of the PAPs are considered and integrated into a common livelihoods frame of the GoE, as well as assist the PAPs in using the money for the intended purpose of restoring their livelihoods. This approach also recognizes complexity of livelihoods, as noted in the LRP Report, and draws on a pragmatic option of self-reliance activities, driven in part by their own preferences/priorities and vulnerability types.

PAPs participating in the LRP related enterprise/cooperative/economic interest groups are part of the 1,486 PAPs, and will receive monetized LRP cash payment directly to their individual accounts and each person is at liberty to continue to contribute towards the enterprise/cooperative/economic interest group already established to which they belong. GoE through an MoU agreed with the PAPs and or enterprises will continue to provide facilitation and extension service support, including sharing of best practices, capacity building, monitoring and reporting, necessary partnership arrangement, and follow up on day to day monitoring activities of the LRP implementation.

### 3. Financial management

**Payment Procedures for LRP cash payments:** There are 1,486 Project Affected Persons (PAPs) who are entitled to receive LRP cash payments. Most of the financial management arrangements for the payments will be similar to the cash payment for land take except for certain fund flow and reporting arrangements. To smoothly implement this, the following detailed procedures have been agreed:

- i. **Approved beneficiary list** – the 1,486 PAPs beneficiary list prepared by the RPCO and NPCO and approved by the regional government and the MoWIE is submitted to the WB on October 25, 2017 for final approval. The list of beneficiaries has clearly indicated the entitlements in monetary terms. The names of all the beneficiaries should be clearly spelled out and should be verified for completeness and accuracy.
- ii. **Court cases** – In cases where the beneficiary lists have vague names or unidentified beneficiaries due to court cases. These cases should be clearly and separately identified as these cannot be financed by the proceeds from the credit and presented for the government to cover the LRP payment once the court cases are settled.
- iii. **Bank accounts** –
  - a. **Project level:** the designated account already opened for the project at MoWIE will be used to receive the resources from IDA. Woredas will open separate local currency bank accounts and notify the NPCO (MoWIE).
  - b. **Beneficiary level:** All 1,486 LRP beneficiaries have opened personal bank accounts at Amhara Credit and Saving Micro Finance Institution (ACSI) and notified the WB on October 25, 2017 to make the payment.
- iv. **Fund flow** – the full amount for the LRP payments will be deposited into the designated account by IDA. The total entitlement will be transferred to the project account at the Amhara Regional

Land Administration and Use Bureau (BoLAU) is responsible for the supervision and implementation of this component. This bureau is already an implementing entity of the project and hence will use its existing project account. The BoLAU will enter an agreement with the ACSI and will transfer the resources to the ACSI for deposit into the personal accounts of each beneficiaries. It has been confirmed to the mission that the ACSI will not be charging any service fee for this service. The RPCO will determine the standard business days to effect all payments and monitor accordingly.

**Reporting** - The established financial management arrangements for the Project will continue to be used. In more detail the following procedures will be followed:

**From CBE to woreda and from ACSI to RPCO:** Once the CBE and ACSI transfer the resource into the beneficiary accounts, both will submit the evidence of the transaction to the WoFED and the RPCO respectively.

**Beneficiary to woreda:** The WoFED will prepare a sheet for LRP which shows the name of the beneficiaries, their entitlements, bank accounts and provides for a space for signing by the beneficiaries to confirm receipt of the resources. This serves like a payroll sheet and must be checked and approved by the woreda officials. Each beneficiary will sign on payroll sheet and the bank payment vouchers prepared by the WoFED confirming their receipt of their entitlements. The WoFED then will attach all supporting documents such as bank advice, the Bank payment

vouchers and the payroll sheet and submit the documents to the RPCO and ultimately to NPCO for final verification and approval.

**NPCO to the Bank:** The Interim Financial Report (IFR) and the Statement of Expenditure (SoE) to be submitted by the NPCO should have a section which clearly shows the following statements: (i) the initially approved list of beneficiaries, their entitlement, the amounts and date of the deposits to the personal beneficiary accounts as evidenced by the bank advices and a section which shows which beneficiaries have not yet been paid. (ii) the payroll sheet for each of the woredas which should be reviewed by the Bank before withdrawal applications are submitted online. (iii) a reconciliation statement which shows the amount received from IDA for the LRP, the amount transferred to final beneficiaries and the remaining amount either at CBE, ACSI or the woredas.

**Eligible expenditure:** All payments to the preapproved list of beneficiaries through bank accounts should be completed within the disbursement deadline date of the project, which is February 28, 2018. Any payment not made to the final beneficiaries within this deadline will be refunded back to the Bank.

**Auditing:** The external audit TOR for the project which is amended to include a section which requires the auditor to form a special opinion the internal control, system and procedure adopted for the compensation and LRP payments is attached to this report. This includes testing on sample basis whether only the entitled beneficiaries have received the amount that is already approved beforehand.

**Monitoring and supervision:** The MoWIE will closely follow up on the cash payments for the LRP expenditures and report to the World Bank at least on monthly basis. NPCO and RPCO should instruct all woredas, CBE and ACSI on the agreed up on procedures without further delay. The World Bank may recruit a consultant who will be responsible for providing implementation support and supervising if payments are effected as per the agreed up on procedures. The World Bank will closely follow up payments including checking of payments made to beneficiaries against officially provided preapproved list. Spot checks will be conducted to test the payments made, the system and the process followed.

#### 4. Summary of Stakeholder Consultations on Monetization of the LRP

The WB and GoE recognize that public consultation and participation are essential process that afford PAPs and the public the opportunity to contribute to both the design and implementation of the project activities and reduce the likelihood of conflicts or grievances. The participation of the PAPs and local level people in the planning and management processes improve development outcome to the broad benefit of all communities in the project.

Consultations were held with stakeholders located within the Ribb Dam and Reservoir areas (relevant communities), particularly affected by the project and vulnerable groups. Through this process, stakeholders' concerns were addressed, views and inputs were also obtained about the likely social impacts of the monetization approach and proposed mitigation/enhancement measures were obtained. Stakeholders from relevant Regional and Woreda Administrative Agencies, community groups and leaders were also consulted to assess potential and associated

impacts of the monetization approach, identify institutional arrangements, their buy in and additional capacity training needs for implementing and monitoring of the LRP. Overall, the stakeholders consulted on include but not limited to political leaders in Kebele, Woreda, Zone, and Region, community heads, and more importantly individual people that are directly or indirectly affected.

During the consultation, PAPs and community members were provided information and consulted on LRP options available to them, and offered opportunities to participate in planning, implementing, and monitoring LRP as well as the grievance redress mechanism. The PAPs, specifically, were told that it is their right to air their concerns and suggestions and that their concerns and suggestions will be incorporated to the extent possible in LRP implementation. The PAPs discussed their concerns and views about the LRP monetization approach; and expressed happiness and willingness to support the monetization approach. Stakeholders were commended for their willingness to support the project. The highlights of the meetings, including the concerns raised and how they were responded are presented in attached report

**f. Disclosure of all critical LRP Information**

It was also agreed that the outcome of the consultation, including queries/observations and the responses given to the PAPs/Stakeholders will be publicly disclosed in a timely and accessible manner before October 30.