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# LEAKED REPORT SAYS WORLD BANK VIOLATED OWN RULES IN ETHIOPIA

By [Sasha Chavkin](#) | January 20, 2015, 3:00 pm



## Internal watchdog finds link between World Bank financing and Ethiopian government's mass resettlement of indigenous group

The World Bank repeatedly violated its own rules while funding a development initiative in Ethiopia that has been dogged by complaints that it sponsored forced evictions of thousands of indigenous people, according to a leaked report by a watchdog panel at the bank.

The [report](#), which was obtained by the International Consortium of Investigative Journalists, examines a health and education initiative that was buoyed by nearly \$2 billion in World Bank funding over the last decade. Members of the indigenous Anuak people in Ethiopia's Gambella province charged that Ethiopian authorities used some of the bank's money to support a massive forced relocation program and that soldiers beat, raped and killed Anuak who refused to abandon their homes. The bank

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continued funding the health and education initiative for years after the allegations emerged.

The report by the World Bank's internal Inspection Panel found that there was an "operational link" between the World Bank-funded program and the Ethiopian government's relocation push, which was known as "villagization." By failing to acknowledge this link and take action to protect affected communities, the bank violated its own policies on project appraisal, risk assessment, financial analysis and protection of indigenous peoples, the panel's report concludes on page 78.

"The bank has enabled the forcible transfer of tens of thousands of indigenous people from their ancestral lands," said [David Pred](#), director of Inclusive Development International, a nonprofit that filed the complaint on behalf of 26 Anuak refugees.

The bank declined to answer ICIJ's questions about the report.

"As is standard procedure, World Bank staff cannot comment on the results of the Inspection Panel's investigation until the Executive Board of the World Bank Group has had the opportunity to review the Panel's report over the coming weeks," Phil Hay, the bank's spokesman for Africa, said in a written response.

In previous responses to the complaint, bank management [said there was no evidence](#) of widespread abuses or evictions and that the Anuak "have not been, nor will they be, directly and adversely affected by a failure of the Bank to implement its policies and procedures."

Because the panel's report has not yet been published, some of the language may be revised before a final version is released, but its basic conclusions are not expected to change.

The report stops short of finding the bank responsible for the most serious abuses. The panel did not attempt to verify the widely reported allegations of forced evictions and human rights violations, finding that the question was beyond the scope of its investigation. The bank did not violate its policy on forced resettlement, the report [says](#), because the relocations were conducted by the Ethiopian government and were not a "necessary" part of the health and education program.

Since 2006, the World Bank and other foreign donors have bankrolled the Promoting Basic Services (PBS) program, which provides grants to local and regional governments for services such as health, education and clean water. The PBS program was designed to avoid funneling aid dollars directly to Ethiopia's federal government, which had violently cracked down on its opposition after disputed 2005 elections.

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**World Bank**  
Leaked report says  
World Bank  
violated own rules  
in Ethiopia

By [Sasha Chavkin](#)



The World Bank repeatedly broke its own rules while funding a project dogged by complaints about forced evictions of thousands of indigenous people.

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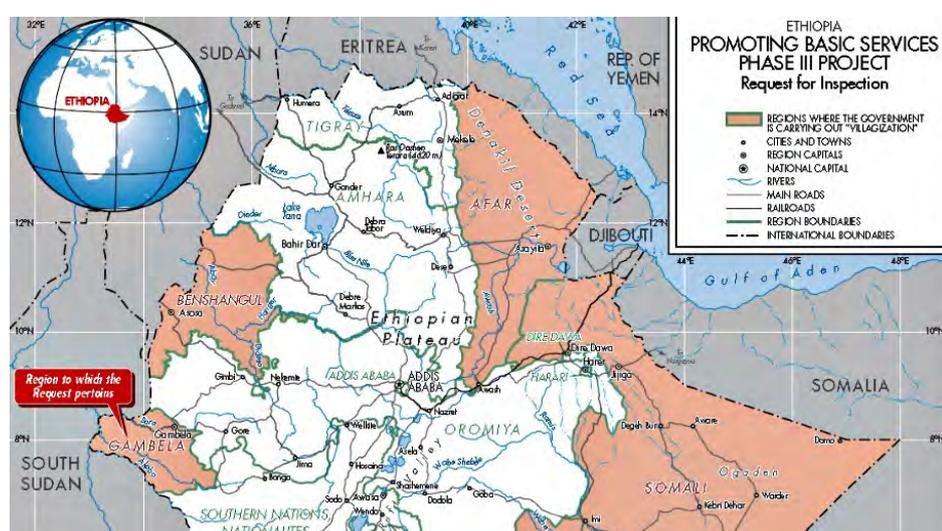


***"It is very clear that the regional government thought that people would not move happily or willingly. So they had to show their power."***

By 2010, federal and provincial authorities had embarked on an effort to relocate nearly 2 million poor people in four provinces from isolated rural homes to village sites selected by the government. In these new villages, authorities promised to provide the relocated communities with health care, education and other basic services they had lacked.

The government relocated 37,883 households in Gambella, roughly 60 percent of all households in the province, according to Ethiopian government statistics cited by the Inspection Panel. The Ethiopian government has said that all resettlements were voluntary.

Many members of the Anuak, a mostly Christian indigenous group in Gambella, have said they didn't want to move. Anuak and their advocates say that they were pushed off their fertile lands by soldiers and policemen, and that much of the abandoned land was then leased by the government to investors. The evictions were "accompanied by widespread human rights violations, including forced displacement, arbitrary arrest and detention, beatings, rape, and other sexual violence," according to a [2012 report by Human Rights Watch](#).



The Human Rights Watch report and Anuak refugees' complaint to the Inspection Panel contended that the bank's money was being used by local and regional authorities to support forced relocations. For example, they say, money from the PBS initiative was used to pay the salaries of government officials who helped carry out the evictions.

The bank continued to fund the PBS program throughout the villagization campaign. The bank approved new funding for PBS in 2011 and 2012, and its support for the program continues today. Since the nationwide health and education initiative launched, Ethiopia has reported strides in reducing child mortality and increasing primary school enrollment.

The villagization campaign ended in 2013, and is believed to have resettled substantially fewer than the nearly 2 million people anticipated by the government.

The Ethiopia case is one of several recent World Bank-financed projects that have drawn fire from activist groups for allegedly funding human rights violations. These projects include a loan to a [palm oil producer in Honduras](#) whose security guards have been accused by human rights advocates of killing dozens of peasants involved in a land rights dispute

with the company, and a conservation program by the Kenyan government that members of the Sengwer people say was used as [tool for pushing them out](#) of their ancestral forests.

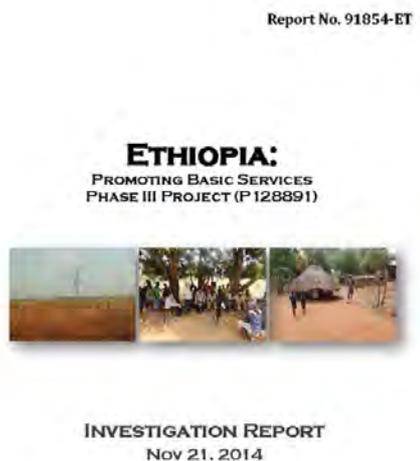
In the Ethiopia case, the Inspection Panel decided that the most severe allegations of forced evictions and violence were beyond its mandate, in part because bank rules limited its investigation to only the most recent funding installment of the PBS program.

During its investigation, the Inspection Panel asked [Eisei Kurimoto](#), a professor at Osaka University in Japan and an expert on the Anuak people, to travel to Gambella and help review the Anuak's complaint.

Kurimoto told ICIJ that Anuak he spoke with told him Ethiopian authorities used the threat of violence to force them to move.

Ethiopian officials who carried out the villagization program “always went with armed policemen and soldiers,” Kurimoto said. “It is very clear that the regional government thought that people would not move happily or willingly. So they had to show their power and the possibility of using force.”

Inclusive Development International's Pred said it is now up to World Bank president Jim Yong Kim to decide whether “justice will be served” for the Anuak. “Justice starts with the acceptance of responsibility for one's faults – which the Inspection Panel found in abundance – and ends with the provision of meaningful redress,” he said.



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FROM: The Corporate Secretary

## INSPECTION PANEL

### **Ethiopia: Promoting Basic Services Phase III Project**

#### **Inspection Panel Investigation Report**

1. Attached is a memorandum from the Executive Secretary of the Inspection Panel dated November 21, 2014, transmitting a memorandum to the Executive Directors from the Chairman of the Inspection Panel entitled “Inspection Panel Investigation Report - Ethiopia: Promoting Basic Services Phase III Project (P128891)”.

2. In accordance with paragraph 23 of the Resolutions establishing the Inspection Panel “within six weeks from receiving the Panel’s findings, Management will submit to the Executive

Directors for their consideration a report indicating its recommendations in response to such findings.” Management’s report will be circulated in due course.

#### Distribution:

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Inspection Panel



THE INSPECTION PANEL  
**OFFICE MEMORANDUM**

DATE: November 21, 2014

TO: Mr. Mahmoud Mohieldin, Corporate Secretary and President's Special Envoy, SECMM

FROM: Dilek Barlas, Executive Secretary, IPN



EXTENSION: 8-8120

SUBJECT: **Inspection Panel Investigation Report**  
**ETHIOPIA: Promoting Basic Services Phase III Project (P128891)**

Attached for distribution to the Executive Directors and Alternates, please find a Memorandum from the Chairman of the Inspection Panel entitled "*Investigation Report – ETHIOPIA: Promoting Basic Services Phase III Project (P128891)*", dated November 21, 2014 and its attachments.

Enclosures



**Gonzalo Castro de la Mata**  
**Chairman**

**IPN REQUEST RQ12/05**

November 21, 2014

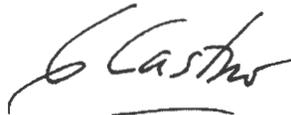
**MEMORANDUM TO THE EXECUTIVE DIRECTORS AND ALTERNATES  
OF THE INTERNATIONAL DEVELOPMENT ASSOCIATION**

**Inspection Panel Investigation Report  
ETHIOPIA: Promoting Basic Services Phase III Project (P128891)**

The Board of Executive Directors authorized the Inspection Panel, on July 12, 2013, to conduct an investigation on the matters alleged in the Request for Inspection received by the Panel relating to the above-referenced Project.

Pursuant to paragraph 22 of IDA Resolution 93-6 (the "Resolution") establishing the Inspection Panel, and paragraph 65 of the Panel's Operating Procedures, please find attached the above-referenced Report.

According to paragraph 23 of the Resolution, "*within six weeks from receiving the Panel's findings, Management will submit to the Executive Directors for their consideration a report indicating its recommendations in response to such findings.*"





**Gonzalo Castro de la Mata**  
Chairman

**IPN REQUEST RQ12/05**

November 21, 2014

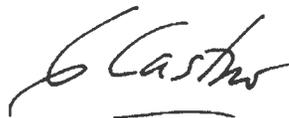
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# **ETHIOPIA:**

## **PROMOTING BASIC SERVICES PHASE III PROJECT (P 128891)**



## **INVESTIGATION REPORT**

### **Nov 21, 2014**



## **Acknowledgements**

The preparation of this Report would not have been possible without the support and valuable contributions of many people. The Panel wishes to thank the Anuak Requesters who met with the Panel team in South Sudan and Kenya; the Anuak communities the Panel met with in Gambella and Addis Ababa, Ethiopia, and the Requesters' representatives.

The Panel expresses its gratitude to the office of the Executive Director representing Ethiopia in the Board of Executive Directors of the World Bank for their invaluable guidance and support during the investigation. The Panel also thanks national government officials in Ethiopia with whom the Panel met during the eligibility visit and regional government officials in Gambella, who provided valuable information to the Panel team, and to all those that agreed to meet with the Panel in Ethiopia and provided information and comments.

The Panel expresses its appreciation Bank Management and Staff for their assistance in obtaining documents, providing the Panel with information, and responding promptly to written requests. The Panel also wishes to thank the World Bank Staff in Washington D.C. and in the Ethiopia office for assisting with logistical arrangements during the Panel team's visits to the Project area. The Panel would also like to thank representatives of the PBS Development Partners for meeting with the Panel team during its visits and sharing their insights.

The Panel is grateful for the expert advice provided by Dr. Alison Evans, Prof. Eisei Kurimoto, Prof. Stephen Peterson, and Mr. Roberto Mosse and appreciates the professionalism they exhibited at all times.

The Panel wishes to express its deepest gratitude Eimi Watanabe, former Panel Chairperson, who led ably this investigation and provided expert and invaluable guidance to the Panel team.

Finally, the Panel wishes to convey its gratitude and appreciation to the members of its Secretariat for their professional and resourceful handling of this investigation.



## Abbreviations and Acronyms

AF	Additional Financing
AfDB	African Development Bank
ARRA	Administration for Refugee and Returnee Affairs
BoFED	Bureau of Finance and Economic Development
BG	Benishangul-Gumuz
BP	Bank Procedure
CDP	Commune Development Programme
CPS	Country Partnership Strategy
CSO	Civil Society Organization
DA	Development Agent
DAG	Development Assistance Group
DFID	Department for International Development (UK)
DP	Development Partner
EIO	Ethiopian Institution of the Ombudsman
EPRDF	Ethiopian People's Revolutionary Democratic Front
EU	European Union
FRFT	Federal-to-region fiscal transfer
FY	Fiscal Year
GoE	Government of Ethiopia
GPDP	Gambella People's Democratic Party
GPLM	Gambella Peoples' Liberation Movement
GRM	Grievance Redress Mechanism
GTP	Growth and Transformation Plan
HRW	Human Rights Watch
ICR	Implementation Completion and Results Report
IDA	International Development Association
IDI	Inclusive Development International
IEG	Independent Evaluation Group
IGFT	Intergovernmental fiscal transfer
IL	Investment Lending
ISDS	Integrated Safeguard Data Sheet
JBAR	Joint Budget and Aid Review
JRIS	Joint Review and Implementation Support
KfW	Kreditanstalt fuer Wiederaufbau (Germany)
LIG	Local Investment Grant
M4R	Managing for Results
MDG	Millennium Development Goal
MOFA	Ministry of Federal Affairs
MoFED	Ministry of Finance and Economic Development
MOP	Memorandum of the President
NGO	Nongovernmental Organization
OMS	Operational Manual Statement

OP	Operational Policy
ORAF	Operational Risk Assessment Framework
P4R	Program for Results
PAD	Project Appraisal Document
PBS	Promoting Basic Services
PDO	Project Development Objective
PFM	Public Financial Management
PID	Project Information Document
PSIA	Poverty and Social Impact Assessment
PSNP	Productive Safety Net Project
ROC	Regional Operations Committee
RPF	Resettlement Policy Framework
RWFT	Region-to-woreda Fiscal Transfer
SA	Social Accountability
SIL	Specific Investment Loan
SNNPR	Southern Nations, Nationalities, and People's Region
SPLA	Sudan Peoples' Liberation Army
TOR	Terms of Reference
TS	Treasury System
UN	United Nations
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
VECOD	Vision Ethiopia for Congress of Democracy
VP	Villagization Program
WoFED	Woreda-level Office of Finance and Economic Development

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## **Executive Summary**

1. A Request for Inspection of the Ethiopia - Promoting Basic Services (PBS) Phase III Project was submitted on September 24, 2012 by two representatives on behalf of 26 Anuak people from the Gambella region of Ethiopia. The Requesters currently live in refugee camps in South Sudan and Kenya, and asked for their identities to be kept confidential.

### **The PBS Program and the PBS III Project**

2. The PBS Program is a nationwide multi-donor program contributing to expanding access and improving quality of basic services in five sectors (education, health, agriculture, water supply and sanitation, and rural roads). It consists of three phases, the first of which (the PBS I Project) started in 2006. The PBS III Project, which is the focus of this investigation, was approved in September 2012 for USD 600 million. PBS III contributes to the higher-level objective of expanding access and improving the quality of basic services by funding block grants that ensure adequate staffing and operations, and by strengthening the capacity, transparency, accountability and financial management of government at regional and local authorities' levels. PBS III has three components: a) Basic Service Block Grants; b) Strengthening Local Accountability and Transparency Systems (Citizen's Engagement, Local Public Financial Management and Procurement, and Managing for Results), which includes a Social Accountability Program and strengthening or establishing grievance redress mechanisms, and c) Results Enhancement Fund. PBS III serves approximately 84 million people in Ethiopia.

### **Key Claims and Management Response**

3. The Requesters state that they have been severely harmed by the PBS Program as a result of the Bank's non-compliance with its policies and procedures. They argue that the PBS Program is contributing directly to the Ethiopian Government's Villagization Program (officially known as the Commune Development Program or CDP<sup>1</sup>) in Gambella, that the Anuak indigenous people are being forced to leave their ancestral land under the CDP Program, and that the land is then leased to investors. The Request states that this is carried out under the pretext of providing better services and improving the livelihoods of communities. The Requesters further claim that the new relocation sites provided infertile land, no schools, clinics or other basic services. According to the Requesters, the safeguard policies on Indigenous Peoples and Involuntary Resettlement should have been applied. The Requesters also argue that PBS funds were diverted to finance the implementation of the CDP, and that government workers paid under the PBS Program were implementing the CDP.

4. Bank Management states that PBS III<sup>2</sup> neither finances the CDP, nor depends on it to achieve its objectives; therefore, in the management's view, the harm described in the Request does not arise from PBS III or a Bank failure in applying its policies. Management argues that there is no scope for the application of safeguards policies to CDP. Management explains that the

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<sup>1</sup> This Report uses the terms Villagization, "Commune Development Program," and CDP interchangeably.

<sup>2</sup> Management focuses its response on those aspects of the Request that relate to PBS III, explaining that Bank funding for PBS I was closed and PBS II more than 95% disbursed at the time the Request was submitted.

Government of Ethiopia (GoE) did not consult or advise the Bank or the other Development Partners (DPs) about the CDP, and that the Bank became aware of the CDP during an unrelated field visit in October 2010. Management explains that the Bank and other DPs have tried to achieve influence through policy dialogue with the GoE. Regarding the alleged human rights abuses, Management Response refers to the missions of DPs, which did not find evidence of forced relocations or systematic human rights abuses in the implementation of the CDP. Management also explains that allegations of misuse of funds have been raised since 2005, but were of a general nature and did not provide a basis for revising PBS implementation arrangements. Furthermore, local government officials often play multiple roles and it would not be feasible to limit their work to functions supported by PBS. Management argues that the PBS III arrangements enable close monitoring of the Project and tracing of resources.

## **Project Context**

5. Gambella, one of nine regions in Ethiopia, is located in the West of the country bordering South Sudan. According to the 2007 national census, Gambella's population included 307,000 people of the following ethnicities: Nuer (46%), Anuak (21%), highlanders (20%), Majangir (7%), Komo (3%), and Opuo (3%).

6. The Anuak belong to the Nilotic group, and live in the lowlands of Gambella and in the Pochalla and Akobo counties of South Sudan. They depend primarily on agriculture, fishing, hunting and gathering. The Anuak have a strong sense of territoriality: even though their territory is sparsely populated, there is no "empty" or "unused" land, as every inch of land is identified with distinct communities. Land has been significant to the Anuak's security for a long time, as they have used the forest to hide when threatened. The Anuak have undergone changes in their lifestyle and culture over the past decades, and many of their traditional institutions and customs have changed.

7. The Anuak have experienced a history of conflict. These conflicts also expand beyond the country's borders: political instability in South Sudan and a large influx of refugees contribute to a difficult environment for Gambella's ethnic groups. Questions of security impact the livelihoods and vulnerability of Gambella's women and children. Another area of contention which has received increasing attention in the past years is large-scale agricultural investment in Gambella.

8. According to Bank Management, the GoE began implementing the CDP in 2010 in four historically underserved regions, among them Gambella. CDP is a three-year program with the objective of facilitating more effective delivery of services through the voluntary congregation of dispersed populations around village centers. In the Gambella region, the regional government's strategy for improving access to basic services is described in the Villagization Program Action Plan of 2010, and planned for the resettlement of 45,000 households, which is close to 70% of all households in Gambella. According to information by the DPs, the regional government reported that the program formally ended in Gambella in mid-2013, after resettling a total of 37,883 or approximately 60% of households there.

### **PBS III and CDP: Operational Interface and Risks**

9. In its Report and Recommendation submitted to the Board on February 8, 2013, the Panel indicated that this investigation would have a specific focus by examining the risks of the concurrent implementation of the PBS and CDP programs in Gambella, Management's analysis of these risks, and subsequent Management actions. The Panel also stated that the investigation would not seek to verify allegations of specific human rights abuses linked to CDP, nor the underlying purposes of CDP as these are not within its mandate.<sup>3</sup>

10. **Assessment of the Link between PBS III and CDP.** The Panel notes that both PBS and CDP have the ultimate objective of providing improved basic services to the population. There was a chronological and geographic overlap in the two programs' implementation, as PBS and CDP were implemented concurrently in Gambella from 2010 to 2013, covering the same woredas.<sup>4</sup> CDP is a program that aims at restructuring settlement patterns, service infrastructure and livelihoods, including farming systems, and as such constitutes a significant part of the context in which PBS operates. In this sense, and from a development perspective, the two programs may influence each other's results. The Panel is of the view, therefore, that there is an operational link (interface) between the CDP and PBS in the woredas where there is concurrent implementation.

11. **Allegations of Harm.** The Request raised issues of harms that covered four broad aspects: (i) taking of people's customary land without their free and informed consent, (ii) use of force and intimidation to get people to relocate, (iii) lack of public services and assistance at relocation sites, and (iv) deterioration of livelihoods due to less fertile land and lack of other income generating opportunities at relocation sites.

12. As mentioned earlier, the investigation report does not include findings on the first two issues of harm. Nevertheless, in the course of the Panel's review of documents and interviews in the field, the Panel came across information regarding those allegations. Given that these issues were raised in the Request for Inspection, the Panel recorded this information in this Report but without attempting to verify it or otherwise.

13. The Panel's investigation and analysis instead focused on the third and fourth claims with operational links to PBS: lack of basic services in new villages, and resulting deterioration of people's livelihoods. The Report presents an account of information aligned with the PBS sectors gathered by the Panel during the field visit and provided in DP's reports following visits to Gambella and other regions where CDP was implemented. Overall, the Panel observed a mixed picture in the status of basic services, with some deterioration (e.g. agriculture) and some improvement (e.g. education), but in general noted that the level of basic services in the villages visited remained inadequate.

14. **Risk Assessment during Project Appraisal.** Following a number of missions to the regional states where CDP was being implemented, DPs indicated that they found no evidence of

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<sup>3</sup> Report and Recommendation: 21.

<sup>4</sup> *Woredas* constitute the third level (after regions and zones) in the country's decentralized administrative structure. Each *woreda* is composed of *kebeles* (villages), the smallest administrative units in Ethiopia.

systematic human rights abuses connected with the villagization process, and the World Bank determined that the CDP program was not linked to the PBS block grants. The Bank therefore considered more appropriate to address the issues posed by the implementation of the CDP at the country and portfolio levels. At the World Bank Regional Operations Committee (ROC) meeting to review the proposed PBS III Project documents prior to Board approval, it was acknowledged that there was an overlap between the PBS objectives of promoting improved access to basic services and the Government's objectives for its CDP. A re-evaluation of the risks was thus recommended with a focus on managing reputational risks for the institution.

15. Considering the magnitude of the operation, the nature of block grant financing, and the overlapping implementation between PBS III and CDP, **the Panel finds that Management did not carry out the required full risk analysis, nor were its mitigation measures adequate to manage the concurrent roll-out of the villagization program in four PBS III regions. The Panel finds that Management's approach did not meet the standards of a systematic or holistic assessment of risks, as called for in the Operational Risk Assessment Framework (ORAF) Guidance, which is aimed among other objectives at identifying adequate risk management measures for affected communities. The Panel finds these omissions in non-compliance with OMS 2.20 on Project Appraisal.**

16. The Panel notes that a social assessment would have been justified both to verify the robustness of the results chain that links the block grant mechanism to PBS results, and to assess any changes in the local governance context, which might put future results achievement at risk. Such an exercise might have identified a series of risks to watch during implementation, or an alternative set of risk management measures designed to avoid negative impacts from CDP.

17. **Risk Assessment during Project Implementation.** The issues raised by the Requesters were prominently discussed during the Board meeting for the approval of PBS III in September 25, 2012. In response to concerns raised by Executive Directors, Management committed to undertake a Poverty and Social Impact Assessment (PSIA) of PBS III to further verify that increasing funds, transparency, and accountability through citizens' engagement provide proportionately greater returns to marginal areas and vulnerable groups. The Panel appreciates that the PSIA analysis on resources allocation has shown that historically disadvantaged areas, including four Anuak woredas, are favored under the PBS spending framework. The Panel notes, however, that while higher allocation of resources is positive in itself, it does not automatically translate into better quality or coverage of services, nor does it address the issue of interface between PBS and CDP and their mutual impacts.

18. The Panel recognizes Management's efforts to address social accountability during PBS III implementation and appreciates that the establishment of the Grievance Redress Mechanism (GRM) and the implementation of the social accountability component were fast-tracked through the opening of the Ombudsman office in Gambella. The Panel understands and appreciates that more recently, Management has recognized the issue of the operational interface, and is currently supporting a study on the interface between World Bank-funded and nationally-funded programs to ensure coherence in their implementation.

19. Notwithstanding these facts, **it is the view of the Panel that the lack of recognition and analysis during appraisal of the operational interface between PBS III and CDP as required by the ORAF and described above, meant that the resulting risks were not adequately taken into account, neither were they properly managed and mitigated during PBS III implementation.**

#### **Application of Safeguards Policies**

20. **Application of Safeguards to Recurrent Expenditures.** The World Bank operational policies and procedures do not exclude the application of safeguard policies in Investment Lending (IL) operations that provide support for recurrent expenditures. **The Panel finds that to the extent that one or more safeguard policies are found to be relevant to the areas of operation of the proposed IL operation, Management should trigger and apply them.**

21. **Application of the Policy on Involuntary Resettlement (OP 4.12).** The Panel notes that the nationwide PBS was initiated in 2006 and is expected to close in 2018. Meanwhile, the CDP began in Gambella in 2010 and terminated in 2013. Therefore, while CDP in Gambella was contemporaneous with PBS, the latter was being implemented four years prior to the commencement of CDP, and is continuing after the conclusion of CDP. Furthermore, PBS was designed to cover the entire population of Gambella, irrespective of whether they relocated under CDP. Thus, the Panel does not consider CDP necessary to achieve the objectives of PBS III. **The Panel finds that paragraph 4 of OP 4.12 is not applicable, and that Management acted consistently with the provisions of OP/BP 4.12 by not triggering it.**

22. **Application of the Policy on Indigenous Peoples (OP 4.10).** Management indicated to the Panel that OP 4.10 was not applied to Bank operations in Ethiopia before 2013, including the PBS III project, because of the GoE's concern that the policy was not compatible with the Ethiopian Constitution and the country context. The Panel acknowledges the difficult context in which PBS III was prepared and the concerns expressed by the GoE regarding the definition of Indigenous Peoples and the application of the related policy in the Ethiopian context. The Panel also notes Management's indication that prior to December 2012, Bank operations, including PBS III, followed the approach known as "functional equivalence" with the policy.

23. The Panel, however, found no evidence in Project documents that the functional equivalence approach was applied to PBS III. In contrast, the PAD clearly noted that safeguard policies are not triggered as project financing is limited to recurrent expenditures for basic services. **The Panel finds that, barring the triggering of OP 4.10, Management should have adopted the "functional equivalence" approach in the design of PBS III.** The relevance and need of adopting such approach to the Anuak stem from the distinct characteristic of these groups that the Bank Policy OP 4.10 well lays out. **The Panel notes that livelihoods, well-being and access to basic services, which are closely tied to the Anuak's access to land and natural resources was not taken into account in the design of PBS III, in non-compliance with OP 4.10.**

## Agriculture and Livelihoods

24. PBS supports the agriculture sector by paying the salary of trained development agents that provide agricultural extension services for crops, livestock and natural resource management. Progress towards attaining the PBS Project Development Objectives in the agriculture sector is measured by the number of agriculture sector beneficiaries (direct beneficiaries); the intermediate results indicator is the number of specialized Development Agents (DAs) in villages; while the higher level objective of PBS III is increased agricultural productivity.

25. Availability of land and land-related issues (agricultural production and food) are of the greatest concern to people affected by CDP. The Panel observed a general trend in many villages where land was provided to resettled people, but they could not work it because the land had not been cleared and little or no support was provided for clearing it. As DPs also noted, livelihood options were limited and in some cases, lack of access to fishing and riverside mango trees worsened the situation. The effectiveness and quality of services in the agriculture sector is closely connected and influences the quality of livelihoods of villagers largely dependent on agriculture. Access to appropriate agricultural services is particularly important for indigenous groups such as the Anuak, whose livelihood is closely tied to the land.

26. The Panel concludes that access to services in the agriculture sector in Gambella, along with the possibility of achieving the higher level objectives of the Project (increasing agricultural productivity), was adversely affected by the CDP as it was implemented. The availability of workable land at the new resettlement sites is an aspect where CDP had an impact on the delivery of results under PBS. While the PBS results, indicated by the number of DAs and the number of direct beneficiaries were achieved, little can be said about the effectiveness and quality of the service delivered in the agriculture sector, let alone the high level objective of agricultural productivity. As noted by villagers that the Panel met, access to the services provided by DAs had minimal effect since beneficiaries could not make efficient use of such services for lack of workable land nearby.

**27. The Panel finds that, in accordance with Bank Policies, the operational interface between CDP and PBS should have been taken into account at the PBS project level, both during the appraisal and implementation phases, especially in a region such as Gambella where 60% of households, which are also PBS beneficiaries, were resettled as part of the Government's CDP. The Panel finds that Management's approach has not enabled PBS to mitigate or manage the harms described in the Request for Inspection with respect to access and quality of basic services in the agricultural sector and livelihoods of affected people in Gambella.**

28. The Panel finds that, while monitoring was expected to follow the principle of effectiveness and results, the quality of services in Gambella was not in alignment with actual conditions on the ground. In particular, there is no indication that the agricultural extension services was monitored and aligned to deliver appropriate results. It is the Panel's view that this lacuna in monitoring and reporting about impacts on the ground of the CDP, and how these impacts affected the quality and effectiveness of the services delivered under PBS, resulted from the failure to conduct a full risk analysis at Project appraisal and from a "thin" results framework for PBS, which "*put little*

*emphasis on the quality of or impact of basic service delivery,”*<sup>5</sup> as noted in an Independent Evaluation Group (IEG) evaluation of PBS I. Following a review of the results indicators for PBS I, II and III, it is the Panel’s view that such conclusion on the results framework is relevant to PBS III as well, especially with respect to indicators related to the agriculture sector.

29. **Since PBS III began implementation, three “Joint Review and Implementation Support” (JRIS) missions were undertaken, but the resulting reports are silent on the issues noted above. The Panel finds that this is not consistent with the supervision provisions of the Investment Lending Policy (OP/BP 10.00).**

### **Financial Risk Assessment and Management**

30. The Inspection Panel reviewed the claim of diversion of PBS funds to CDP activities at three levels: potential, detection and evidence. The Panel notes that the un-earmarked and discretionary nature of block grants raises the potential for diversion, because the transfers from the federal level to regions, and from regions to woredas (FRFT and RWFT) are not specified, and there is discretion as to their use. In addition, the potential for diversion of funds from PBS depends on the quality of the financial systems of the GoE. The Treasury System (TS) has been rated as high risk for PBS III. According to the PAD, there are weak internal audit controls at the federal and regional levels and continued inadequate follow up on audit reports. The Panel finds that the weakness of internal controls supports the possibility that funds could have been diverted (“potential”). It also means that diversion cannot be verified, and that the World Bank’s assertion that it can fully track expenditures cannot be supported.

31. The Panel did not have access to Government financial records to find evidence of diversion. Therefore, the Panel cannot present findings on this issue. In terms of detection of possible diversion, the Panel notes that the use of the TS, which is weak, compromises the Bank’s ability to detect diversion. One key means of detection that the Bank uses is timely and good-quality external audit reports; meanwhile for Gambella, the 2013 supervision mission found a five-year backlog in audits and an absence of internal audit. It is the Panel’s view that the Bank’s principal means of detecting diversion in Gambella lacks timeliness and quality. **The Panel finds that Management did not comply with the requirements of OMS 2.20 and OP/BP 10.02 in the design and appraisal of PBS III. The Panel notes that the Bank’s assertion that the funds can be tracked at the woreda level cannot be sustained.**

32. **Monitoring of Fiduciary Risks.** The March 2013 PBS III supervision mission found serious deficiencies in the Gambella region’s performance in financial management and on the Public Financial Management (PFM) Project Development Objectives (PDO) The starting point for both appraisal and monitoring of fiduciary risk is the adequacy of PDOs. **The Panel finds that, since PDO results indicators that directly address fiduciary risks were inadequate in the initial planning, and subsequently have not been adjusted, the supervision of those risks is not in compliance with Bank policy OP/BP 10.00.** Given the Panel's findings on the situation in Gambella, going forward, **it is hoped that particular attention may be paid to the woredas in**

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<sup>5</sup> Independent Evaluation Group (IEG) (2013): Project Performance Assessment Report. Ethiopia. Protection of Basic Services Project (IDA H2240-ET, IDA H3470-ET) (Report No.: 82528): x.

**developing regional states such as Gambella, to strengthen their capacity to ensure adequate implementation and monitoring of Project’s financial management arrangements.**

### **Human Resources Link Assessment**

33. The information gathered by the Panel is not sufficient to determine whether woreda workers financed by PBS were forced to participate in the implementation of the CDP against their will; if so, what kind of activities they carried out in this respect; and whether their salaries were decreased to finance activities under the CDP. Importantly, the Panel was also not able to find in JRIS or other reports any information from Gambella or from the other regions where CDP was being implemented, regarding the extent to which workers financed under PBS were undertaking additional or alternative work in relation to CDP, which may have impacted the achievement of PBS PDOs. The Panel notes that it does not have sufficient information to draw a firm conclusion on this issue, but again notes how the operational interface between the CDP and PBS, and mutual impacts affecting the achievement of results under PBS, were not adequately considered at appraisal or during implementation.

### **Conclusions**

34. The Panel acknowledges the important contribution that the PBS projects (all three phases), together with other related basic services projects, have made towards supporting Ethiopia’s achievement of the MDGs, as widely acknowledged by the international community. It is also considered a positive example of development partnership, collaboration and support by using an innovative mechanism of block grants which are in line with the “Paris – Accra – Busan” development effectiveness principles based on mutual accountability.

35. While fully appreciating the context of this Project, the Investigation has highlighted various ramifications of applying the block grant mechanism in terms of its limitations for monitoring the flow of resources, both financial and human, and for monitoring and assessing results to ensure that PBS is on the right course, or to take corrective actions as soon as possible when results are found to be “off track.”

36. It is the Panel’s view that when reports of villagization emerged, Management responded together with other DPs in the context of the DAG by recognizing the serious implications of CDP and pursuing high level policy dialogue with the GoE. The Panel appreciates the proactive leadership role that Management played in these delicate policy dialogues and in a difficult context, including through its leadership in the DAG. In the view of the Panel, however, Management distanced itself from recognizing the operational interface between CDP and PBS and as a result, from recognizing the impact that CDP was having and will continue to have on PBS results. The impact of CDP was not taken into account during the appraisal or supervision of PBS III.

37. The Panel understands that more recently, Management is currently supporting a study on the interface between WBG-funded and nationally-funded programs to ensure coherence in their implementation. The Panel welcomes this development.

38. As noted by IEG, PBS presents key features of the Bank's Program for Results (P4R) approach, linking disbursements to defined results with a special focus on strengthening institutions. The Panel does not question the application of the "quasi-P4R" PBS modality, which is in line with contemporary principles of aid effectiveness. Fundamental to the effective delivery of results and successful outcomes, however, the system of delivery needs to be robust and meet accepted environmental and social safeguards principles. This investigation has highlighted key challenges for effectively implementing a system in the context of sub-national levels in Gambella that requires capacity strengthening, and in an operating environment where an alternative program is having a significant impact on PBS operations.



# Chapter 1: Introduction and Background

## 1.1. Outline and Organization of the Report

39. This report presents the findings and analysis of the Request for Inspection of the Ethiopia - Promoting Basic Services Phase III Project (P128891), hereinafter the “Project” or “PBS III,” received by the Inspection Panel on September 24, 2012.<sup>6</sup>

40. The Request was submitted by two representatives on behalf of 26 Anuak people from the Gambella Region of Ethiopia (hereinafter the “Requesters”). Both the representatives and the Requesters have asked the Panel to treat their identities confidentially “*due to grave concerns about our personal security and that of our relatives in Ethiopia.*”<sup>7</sup> The Requesters no longer reside in Ethiopia, but live in refugee camps in South Sudan and Kenya.

41. In line with its mandate, the Panel investigation focuses solely on allegations of harm that may result from non-compliance by the Bank with its operational policies and procedures. The report includes five Chapters:

- Chapter 1 (this Chapter) describes the Bank-supported PBS Program and the PBS III Project, summarizes the claims made by the Requesters and the Bank’s Management Response, provides the Project context by describing the Gambella region and the specific historical and current situation of the Anuak people, and describes the Ethiopian government’s Commune Development Program (hereinafter “CDP” or “Villagization”)<sup>8</sup>. The Chapter concludes with a description of the Panel’s investigation process and framework.
- Chapter 2 addresses the potential links between PBS and CDP, and describes the four sets of harms alleged in the Request. The Chapter records information on claims related to forcible evictions but without an accompanying assessment. It also includes the Panel’s analysis of the Bank’s risk assessment during appraisal and implementation.
- Chapter 3 includes the Panel’s findings on the application of safeguard policies to PBS III, including the policy on Involuntary Resettlement, the specificities of the Indigenous Peoples policy in the context of this program, and the Panel’s analysis of the allegations of harm on access to basic services in the villages and livelihood conditions.
- Chapter 4 includes the analysis of possible financial and human resource linkages between PBS and CDP, and the Panel’s compliance analysis on these issues

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<sup>6</sup> The Request also refers to Protection of Basic Services Program Phase II - Additional Financing (P121727). However, at the time the Request for Inspection was received, PBS II-AF was around 97% disbursed and thus did not qualify for the Panel’s investigation, which therefore focused on PBS III.

The Request for Inspection is available at the Panel’s website at <http://ewebapps.worldbank.org/apps/ip/Pages/ViewCase.aspx?CaseId=88> (accessed November 10, 2014)

<sup>7</sup> Request for Inspection: 1.

<sup>8</sup> The terms “CDP” and “Villagization” refer to the same program and are used interchangeably in this report. For detailed information about the Program, see Chapter 1.5.5.

- Chapter 5 presents the Report’s main conclusions.

## 1.2. Description of the PBS Program and the PBS III Project

42. PBS is a nationwide program contributing to expanding access and improving quality of basic services defined as education, health, agriculture, water supply and sanitation, and rural roads<sup>9</sup>. It consists of three continuous operations and two Additional Financing (AF) components: PBS I, PBS I-AF, PBS II, PBS II-AF and PBS III<sup>10</sup>. PBS is a multi-donor program, involving the Government of Ethiopia (GoE), the World Bank, the African Development Bank (AfDB), the UK Department for International Development (DFID), the European Union (EU), and the Governments of Austria and Italy. The social accountability activities are funded by DFID, KfW, Irish Aid and the EU.<sup>11</sup>

43. **Basic Services and the MDGs.** According to the Project Appraisal Document (PAD) for PBS III, “*Ethiopia has achieved impressive development results in recent years. That progress is evidenced through rapid and significant improvements in basic service delivery indicators.*”<sup>12</sup> The government’s poverty reduction strategy paper, the *Growth and Transformation Plan*<sup>13</sup> (2010/11-2014/15), envisages the achievement of all Millennium Development Goals (MDGs), and the government recognizes the provision of greater access to quality decentralized services as a key to achieving the MDGs. According to Bank Management, the GoE is committed to increasing resources to *woreda*<sup>14</sup> authorities for the improvement of those services.<sup>15</sup> A 2010 study by the Overseas Development Institute which measures progress across countries in achieving the MDGs shows that Ethiopia ranks third globally in “absolute progress” (i.e., the largest positive change regardless of initial conditions<sup>16</sup>). The 2013 MDG Report lists Ethiopia among six African countries which are making especially impressive progress towards reaching the MDGs.<sup>17</sup> According to Management’s Poverty and Social Impact Assessment (PSIA) of PBS III, the Bank-supported PBS Program is the primary means by which the Bank assists Ethiopia in the achievement of the MDGs.<sup>18</sup>

<sup>9</sup> PBS III Project Appraisal Document (PAD): 10. Available online:

<http://documents.worldbank.org/curated/en/2012/08/16711203/ethiopia-third-phase-promoting-basic-services-project> (accessed November 12, 2014)

<sup>10</sup> This report pertains only to PBS III.

<sup>11</sup> In this Report, the PBS financiers are also referred to as PBS Development Partners (DPs).

<sup>12</sup> PBS III PAD: 1.

<sup>13</sup> Ethiopian Ministry of Finance and Economic Development (2010): The Federal Democratic Republic of Ethiopia: Poverty Reduction Strategy Paper: Growth and Transformation Plan 2010/11–2014/15 – Volume I. Available online: <https://www.imf.org/external/pubs/ft/scr/2011/cr11304.pdf> (accessed April 18, 2014)

<sup>14</sup> *Woredas* constitute the third level (after regions and zones) in the country’s decentralized administrative structure. Each *woreda* is composed of *kebeles* (villages), the smallest administrative units in Ethiopia.

<sup>15</sup> Management Response: 3. Available online:

<http://ewebapps.worldbank.org/apps/ip/Pages/ViewCase.aspx?CaseId=88> (accessed November 12, 2014)

<sup>16</sup> Overseas Development Institute (2010): Millennium Development Goals Report Card: Measuring Progress Across Countries: 9. Available online: <http://www.odi.org/publications/5027-millennium-development-goals-mdg-report-card-measuring-progress-across-countries> (accessed June 17, 2014)

<sup>17</sup> African Union Commission, UNECA and others (2013): MDG Report 2013: Assessing Progress in Africa toward the Millennium Development Goals. Food security in Africa: Issues, Challenges and Lessons. Available online: [http://www.zw.undp.org/content/dam/undp/library/MDG/english/MDG%20Regional%20Reports/Africa/MDG%20Report2013\\_ENG\\_Fin\\_12June.pdf](http://www.zw.undp.org/content/dam/undp/library/MDG/english/MDG%20Regional%20Reports/Africa/MDG%20Report2013_ENG_Fin_12June.pdf) (accessed June 17, 2014)

<sup>18</sup> Khan, Q., Faguet, J., Gaukler, C., Mekasha, W. (2014): Improving Basic Services for the Bottom Forty Percent. Lessons from Ethiopia. A World Bank Study. (Poverty and Social Impact Assessment – PSIA): 5.

44. **PBS III Development Objective.** PBS III, which is the focus of this investigation, was approved on September 25, 2012 for USD 600 million, and structured as a five-year Specific Investment Loan (SIL). The Program Development Objective of PBS III, as identified in the Financing Agreement, is “to contribute to the higher-level objective of expanding access and improving the quality of basic services, by funding block grants that ensure adequate staffing and operations, and by strengthening the capacity, transparency, accountability and financial management of government at Regional and Local Authorities levels”<sup>19</sup>. PBS III serves approximately 84 million people in Ethiopia.<sup>20</sup>

45. The PBS III includes three components:

- Sub-program A: Basic Service Block Grants (USD 6.2 billion total; World Bank USD 555 million);
- Sub-program B: Strengthening Local Accountability and Transparency Systems (Citizen’s Engagement, Local Public Financial Management and Procurement, and Managing for Results) (USD 114.6 million total; World Bank USD 40 million). This component includes a social accountability program and strengthening or establishing Grievance Redress Mechanisms;
- Sub-program C: Results Enhancement Fund (USD 78.2 million, DFID-administered; no World Bank funds).<sup>21</sup>

46. **Recurrent Expenditures and Decentralized Disbursement.** The Basic Service Block Grants under Sub-Program A provide for recurrent expenditures (salaries, operations and maintenance) in the five basic service sectors at the local level to ensure adequate staffing and operations. The funds are disbursed from the federal level to the regions and from the regions to the *woredas*.<sup>22</sup> The federal government provides “*un-earmarked block-grant financing*”<sup>23</sup> through the regional governments, which subsequently provide block grants to the *woreda* administrations. Each *woreda* allocates the resources to the five sectors as needed.<sup>24</sup> A large part of the Block Grant resources are used to fulfill salary obligations: 85 percent of the Block Grants finance recurrent expenditures, of which 80 percent is allocated to salaries.<sup>25</sup>

47. **Core PBS Principles.** PBS III is based on several interrelated core principles that are used to track progress, and the PAD<sup>26</sup> describes them as follows:

- *Development Effectiveness/Results:* The Effectiveness Review addresses the issues of adequate inter-sectoral resource allocation, balanced intra-sectoral allocation and results achieved in terms of access, quality and inclusiveness.
- *Sustainability:* The main objective of the Sustainability Review is to ensure that financing of basic services is sustainable in the long term, even without PBS. The main areas of focus

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<sup>19</sup> PBS III Financing Agreement: 4.

<sup>20</sup> Management Response: 3.

<sup>21</sup> PBS III PAD: 12ff.

<sup>22</sup> PBS III PAD: 12.

<sup>23</sup> PBS III PAD: 2.

<sup>24</sup> PBS III PAD: 12.

<sup>25</sup> PBS III PAD: 2f.

<sup>26</sup> PBS III PAD: 45ff.

for the review are the sources of financing for basic services and the cost of service delivery.

- *Additionality*: The main objectives of this principle are ensuring medium-term commitments to increase overall financing for federal Block Grants at the sub-national level, and the flow of resources in a predictable manner. The Additionality Test monitors federal Block Grants as part of total federal spending and sub-national spending on basic services.
- *Fairness*: This principle aims at ensuring that resource allocations between the different government levels are rule-based and transparent, and that federal block grants to the regions and from regions to woredas are actually disbursed.
- *Equity*: This Review's main objective is to track and assess access to basic services among different regions, woredas and between genders. Possible interventions in the case of discrepancies should be identified.
- *Fiduciary Probity and Transparency*: The PBS Program requires regular submission of financial reports and audits by the GoE and meetings to ensure adherence to standards and a timely follow-up on weaknesses. Another core principle aims at the promotion of greater transparency at all levels.
- *Predictability*: PBS III follows a two-pronged approach to monitor the parties' short and long term commitments. In the short term, the GoE and PBS Development Partners (DPs) conduct reviews through the Joint Review and Implementation Support (JRIS), and the Joint Budget and Aid Reviews (JBAR). In the long term, they engage in dialogue to develop a financing strategy for decentralized basic services.<sup>27</sup>

As explained in the Management Response, the Bank assures government compliance with these Core PBS Principles through semi-annual JRIS missions, and the further disbursement of the Basic Service Block Grants depends on the outcome of these missions.<sup>28</sup>

48. **Implementation Arrangements.** Ethiopia's Ministry of Finance and Economic Development (MoFED) is the government agency that is responsible for project implementation. Within it, a Coordinating Unit has been established to coordinate daily PBS activities across the ministries and sub-national government entities that are responsible for basic services. At the regional level, the Bureaus of Finance and Economic Development (BoFEDs) are the responsible agencies and at the local level, the *woreda* and urban administrations. Additionally, the DPs established a PBS Secretariat which facilitates and coordinates the dialogue on the program implementation, and which is funded through contributions to a Multi Donor Trust Fund.<sup>29</sup>

49. **Safeguard Policies.** According to the PAD, the safeguard policies were not triggered for PBS III, and the project was assigned an environmental category of "C." For PBS I and II the Environmental Assessment and Involuntary Resettlement policies were triggered because of small infrastructure works through a pilot Local Investment Grant (LIG), a specific purpose grant for capital investments at the *woreda* level. The LIG component, however, was not included in PBS III. With regards to the Involuntary Resettlement Policy, the PBS III Integrated Safeguard Data

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PBS III PAD: 45ff.

<sup>28</sup> Management Response: 5.

<sup>29</sup> PBS III PAD: 24ff.

Sheet (ISDS) at the appraisal stage reads that “*this project does not involve land acquisition leading to involuntary resettlement or restrictions of access to resources or livelihoods*”<sup>30</sup>.

### 1.3. Issues Raised in the Request for Inspection

50. The Requesters state that they have been severely harmed by the PBS Program as a result of the Bank's non-compliance with its policies and procedures. They argue that PBS is “*contributing directly to the Ethiopian Government's Villagization Program in Gambella Region.*”<sup>31</sup> The Requesters claim that Anuak indigenous people are being forced to leave their ancestral land under the CDP,<sup>32</sup> and that the land is then leased to investors. The Request letter states that “[*t*]hese mass evictions have been carried out under the pretext of providing better services and improving the livelihoods of the communities.”<sup>33</sup> The Requesters further claim that the new relocation sites, which they were forcibly moved to, provided infertile land, no schools, clinics or other basic services. According to the Requesters, the Safeguard Policies OP 4.10 (Indigenous Peoples) and OP 4.12 (Involuntary Resettlement) should have been applied.

51. The Request also states that the choice of lending instrument was inappropriate considering the design and implementation environment of the Project. According to the Requesters, PBS funds were diverted, including deductions from salaries or non-payment of salaries to finance the implementation of the CDP. It also alleges that government workers who receive their salaries out of the PBS budget were implementing the CDP.

52. The Requesters question the Bank's diligence with regards to its social and environmental risk analysis.<sup>34</sup> They argue that the Bank's risk assessment did not take into account social, historical, legal and other specific features of Ethiopia that would influence institutional performance at both the regional and *woreda* level, and decision-making processes did not consider sociological aspects of PBS activities.<sup>35</sup> The Request claims that the Bank should have engaged in communication with the different levels of government when it first became aware of the CDP, and should have conducted a risk assessment with respect to all affected people, including indigenous groups.<sup>36</sup>

### 1.4. Management Response

53. Bank Management focuses its response on those aspects of the Request that relate to PBS III, explaining that Bank funding for PBS I was closed and PBS II more than 95% disbursed at the

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<sup>30</sup> PBS III Integrated Safeguard Data Sheet (ISDS) - Appraisal Stage: 3.

<sup>31</sup> Request for Inspection: 1.

<sup>32</sup> The Requesters allege that “*villagization has been carried out by force and accompanied by gross violations of human rights.*” The Anuak “*have been victims of inter alia threats and harassment; arbitrary arrest and detention; beatings and assault in some cases leading to death; torture in custody; rape and other sexual violence; forced displacement from traditional lands, homes and livelihoods; destruction of property including housing and crops; and inhumane conditions at the new villages including a lack of access to food and livelihood opportunities, in some cases leading to starvation.*” (Request for Inspection: 7f.) They argue that the Bank did not fully consider the effects of the PBS Program on the people in the project area and did not ensure consistency with international agreements, such as human rights treaties.

<sup>33</sup> Request for Inspection: 1.

<sup>34</sup> Request for Inspection: 13.

<sup>35</sup> Request for Inspection: 14.

<sup>36</sup> Request for Inspection: 18.

time the Request was submitted. Management states that PBS III “*does not finance villagization and does not depend in any way on villagization in order to achieve its objectives*”<sup>37</sup> that it “*does not build upon villagization*”<sup>38</sup> and that it “*is not synchronized with villagization.*”<sup>39</sup> Management therefore argues that the harm described in the Request does not arise from PBS III or a Bank failure in applying its policies. Nevertheless, Management is “*deeply troubled by the reports*”<sup>40</sup> and “*takes these allegations of harm very seriously and has undertaken an extensive review of the allegations raised in the Request.*”<sup>41</sup>

54. Management explains that the GoE did not consult or advise the Bank or the other DPs about the CDP. It states that “[w]hen the Bank became aware of the villagization program in late 2010, the Bank quickly recognized that this program was an important element of the GoE’s development strategy in FY11 to FY13 for the Developing Regional States and that it was likely to face implementation challenges.”<sup>42</sup> The Bank and other DPs have tried to “*achieve influence*”<sup>43</sup> through policy dialogue with the GoE. Management explains that “[t]he Bank and other Development Partners concluded that the best approach to engaging in a dialogue on the villagization program would be through a separate and direct approach to the topic by DAG members, rather than through attempting to expand the scope of any partner-funded program.”<sup>44</sup>

55. With regards to the allegation of human rights abuses, Management refers to missions of the DAG<sup>45</sup> which included Bank staff and which did not find evidence of forced relocations or systematic human rights abuses in the implementation of the CDP. The Response also states that local government officials often play multiple roles and it would not be “*feasible nor desirable*”<sup>46</sup> to pursue arrangements where officials work exclusively on functions supported by Bank funds. Furthermore, the implementation support arrangements for PBS III enable a close monitoring of the Project.

56. Management sees no scope for the application of the safeguard policies on Indigenous Peoples (OP 4.10) and Involuntary Resettlement (OP 4.12) to the CDP, as the Bank does not finance this Program. Nevertheless, Management explains that it “*continues to have a close regard for environmental and social issues as they relate to the achievement of the project’s development objective.*”<sup>47</sup> It also states that PBS III supports strengthening of environmental and social assessments at the local level through assessing capacity, targeting capacity building and encouraging best practices in planning and implementation. Management also explains that the

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<sup>37</sup> Management Response: 16.

<sup>38</sup> Management Response: viii.

<sup>39</sup> Management Response: viii.

<sup>40</sup> Management Response: viii.

<sup>41</sup> Management Response: viii.

<sup>42</sup> Management Response: 19.

<sup>43</sup> Management Response: 10.

<sup>44</sup> Management Response: 19.

<sup>45</sup> The DAG was established in 2001 as a forum to share and exchange information, and comprises 27 development agencies active in Ethiopia, which are also referred to as Development Partners. Its main objective is to ensure more effective delivery and utilization of development assistance. For more information, please see: <http://www.dagethiopia.org> (September 1, 2014)

<sup>46</sup> Management Response: 15.

<sup>47</sup> Management Response: 18.

Bank is conducting analytical work on social and environmental issues specifically relating to PBS III.<sup>48</sup>

57. Extensive implementation support is also part of the Project’s approach: under PBS III, this includes JRIS missions with DPs and Government officials, extensive financial management review, monthly meetings with the DPs reviewing implementation progress, and constant close coordination with the Ministry of Finance and Economic Development (MoFED), regional governments, other relevant ministries, and DPs. The Task Team Leader in the country and a donor-financed Secretariat with a coordination mandate ensure extensive field-based presence.<sup>49</sup>

## 1.5. Project Context

58. The Panel gathered the information presented in this section from a number of sources, including research work by Dr. Eisei Kurimoto, an expert anthropologist on the Anuak people and their history, who assisted the Panel in its investigation.

### 1.5.1. The Gambella Region

59. Ethiopia has a population of 94 million and is divided into nine regions, of which Gambella is one of the smaller ones, covering about 25,000 sq. km., and located in western Ethiopia about 780 kilometers from Addis Ababa, bordering South Sudan. According to the Panel’s experts, the center-periphery structure of the Ethiopian state is an important feature for its societal and political dynamics. The Ethiopian population is divided into so-called highlanders and lowlanders. Social anthropologist Dereje Feyissa explains that the term highlander is “*as much a geographic description as it is a metaphor for power.*”<sup>50</sup>

60. The PSIA states that areas including today’s Gambella region, as well as Benishangul-Gumuz, Southern Nations and Nationalities, Afar, Oromia and Somali were incorporated into the Ethiopian empire in the late 19<sup>th</sup> century, and “[r]elations between the newly integrated areas and the historic center of the empire were troubled.”<sup>51</sup> The PSIA explains that “[o]wing to the structural weakness of the center, successive Ethiopian governments did not command effective control over the periphery”<sup>52</sup> and “exploitive economic policies promulgated by the center resulted in visible marginalization and relative underdevelopment at the periphery of the empire. This dynamic persisted through the socialist era.”<sup>53</sup> According to Dr. Feyissa, “the Ethiopian state has been introduced through, identified with and is represented by the highlanders.”<sup>54</sup> Also, as explained in Management’s Response, “the Gambella region was subject to neglect –

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<sup>48</sup> Management Response: 18.

<sup>49</sup> Management Response: 8f.

<sup>50</sup> Feyissa, D. (2005): Land and the politics of identity. The case of Anywaa-Nuer relations in the Gambella region. In: Evers S., Spierenburg, M., Wels, H. (2005): *Competing Jurisdictions: Settling Land Claims in Africa*. Brill, Leiden. Available online: <https://openaccess.leidenuniv.nl/bitstream/handle/1887/20610/ASC-075287668-172-01.pdf?sequence=2#page=211> (accessed August 10, 2014): 204.

<sup>51</sup> PSIA: 39.

<sup>52</sup> PSIA: 39.

<sup>53</sup> PSIA: 39.

<sup>54</sup> Feyissa (2005): 204.

*infrastructure and social services were virtually nonexistent*<sup>55</sup> until the end of Haile Selassie's rule in 1974.

61. According to the Panel's experts, the inclusion of Gambella into the Ethiopian empire by the end of the 19<sup>th</sup> century marked the beginning of a series of violent conflicts. Armies from the outside invaded the region, elephant tusks were exchanged for rifles, and some Anuak nobles became militarily powerful, controlling the trade and flow of arms. In the early 1900s, Gambella became a prosperous trading place. In the 1950s, and also after the socialist revolution of the 1970s, Anuak repeatedly revolted against the Ethiopian central government in the highlands.

62. According to Dr. Feyissa, the distinction between highlanders and lowlanders is also marked by a discourse on color: “[t]he ‘black indigenous’ are contrasted with the ‘red highlanders.’”<sup>56</sup> In the 1980s, the Derg regime resettled 60,000 highland farmers from northern and southern Ethiopia to the Gambella region. Today's Gambella is ethnically mixed: as of the 2007 national census, out of a total of 307,096 people, 46% are Nuer, 21% Anuak, 20% highlanders, 7% Majangir and 3% each Komo and Opuo.<sup>57</sup>

63. In 1991, the Ethiopian People's Revolutionary Democratic Front (EPRDF) overthrew the socialist Derg regime (1974-1991) and established a new federal government. At this time, Gambella, which was formerly a district, became a regional state.<sup>58</sup> The federal government also adopted a new system - often referred to as ethnic federalism. According to the PSIA, “[a] primary objective of this new government was to reverse the policy of ethnic homogenization and promote ‘equitable and broadly shared’ economic growth among all regions. Achieving this objective involved affirmative action in the form of increased budget allocations to historically less developed regions. Preferential treatment of previously disadvantaged ethnic groups within Ethiopia is helping to create a more equitable base for development.”<sup>59</sup> Accordingly, Gambella is designated as one of the four developing regional states.

### 1.5.2. The Anuak People

64. The Anuak (or Anywaa) people belong to the Nilotic group and live in the lowlands of Gambella and in the Pochalla and Akobo counties of South Sudan. The exact Anuak population is unknown as data is unreliable, but the majority of Anuak live in Ethiopia.<sup>60</sup> Linguistically, they belong to the Luo (or Lwo) group of the Western Nilotic languages, while the overwhelming majority of Ethiopians speak Afro-Asiatic languages. Unlike the Nuer or Dinka, who also belong to the Western Nilotic group and who are cattle pastoralists, the Anuak mostly depend on agriculture, fishing, hunting and gathering.<sup>61</sup>

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<sup>55</sup> Management Response: 13.

<sup>56</sup> Feyissa (2005): 204.

<sup>57</sup> For more information see: <http://www.csa.gov.et/index.php/2013-02-20-14-51-51/2013-04-01-11-53-00/census-2007> (accessed September 2, 2014)

<sup>58</sup> Feyissa (2005): 205, 213.

<sup>59</sup> PSIA: 39.

<sup>60</sup> Kurimoto, E. (1996): People of the River: Subsistence Economy of the Anywaa (Anuak) of Western Ethiopia, In: Essays in Northeast African Studies. Senri Ethnological Studies 43, 1996: 29f. Available online: [http://camel.minpaku.ac.jp/dspace/bitstream/10502/784/1/SES43\\_003.pdf](http://camel.minpaku.ac.jp/dspace/bitstream/10502/784/1/SES43_003.pdf) (accessed July 14, 2014)

<sup>61</sup> Kurimoto (1996): 30f.

65. According to the Panel’s experts, the Anuak mainly rely on crops, such as sorghum and maize, for their livelihoods; crop production dominates the rainy season, while fishing in the Baro and Akobo rivers is crucial during the dry season. The territory of the Anuak is sparsely populated, with an estimated population density of between four and five people per sq. km. Their land might therefore seem “empty” to outsiders, but suitable land for the specific Anuak means of livelihood is very limited as they mainly depend on the “riverain belt” which extends about 50 to 100 meters on each side of the river. The Anuak have a strong sense of territoriality, and the land of their ancestors is an important element for their self-identification. Since the 1994 census, the Anuak population grew much less than other groups in the Gambella region, and they have thus increasingly become a minority on their ancestral lands.

Picture 1: Gambella Landscape



66. During its investigation visit, the Panel team learned that every inch of land that may appear “empty” and “unused” to outsiders is identified with a specific community who may forage, hunt, collect building materials, or perform other activities in these areas. The Anuak have a very clear and precise understanding of the boundaries of their customarily owned lands. The Anuak’s strong ties to their land go far beyond agriculture and hunting; according to Feyissa, “[t]he spiritual dimension of the earth is expressed in everyday forms of greetings. While enquiring about personal well-being an Anywaa asks, *piny bede nidi* (how is the earth?) to mean how are you? One replies *piny ber jak* (the earth is fine) or *piny rac* (the earth is bad) to mean everything is well or things are bad, respectively. In Anywaa spiritual imagination the relationship between earth and the people living on it is a very intimate one and this is mediated through the *wat-ngomi*, who is entitled to allow or refuse human intervention in nature.”<sup>62</sup> The Panel team was also told that land is significant for Anuak’s security and for a long time the forest was used as a place of hiding when they found themselves under threat.

67. According to the Panel’s experts, the Anuak have a strong sense of ethnic identity, but do not have a single political system that encompasses everyone. The village is the central unit of their political and social organization. There are two types of political systems in the traditional

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<sup>62</sup> Feyissa (2005): 208.

Anuak society: that of the nobles, and that of the headmen. The Anuak have undergone drastic changes in their lifestyle and culture over the past decades, particularly since the 1974 socialist regime, when they were included into the state administration to a much larger extent than before. Primary schools were constructed in remote areas, peasant, women and youth associations were formed, and many traditional institutions and customs were abolished, as they were “*allegedly reactionary and anti-revolutionary.*”<sup>63</sup> The socialist regime deposed all nobles and headmen. After the fall of the regime in 1991, there was a move to restore the traditional rules, but this restoration remained quite limited.

### 1.5.3. Conflicts Involving the Anuak

68. The Anuak in Gambella have experienced a history of conflict, not only with the government and military, but also with other ethnic groups, particularly the Nuer. According to Bank Management, conflicts took place “*both between groups and within groups, with a variety of victims and aggressors.*”<sup>64</sup> Gambella’s ethnic groups faced difficult situations not only within the region and within Ethiopia, but also beyond the state borders. According to Management, during the Derg era “*Gambella was subject to armed conflict and instability as a by-product of military actions launched against Sudan by the Sudan Peoples’ Liberation Army (SPLA) from bases in Gambella. The Nuer mostly sought sanctuary in refugee camps, but the Anuak took up arms.*”<sup>65</sup> Dr. Jason Mosley, a Chatham House fellow, explains that “*Ethiopia’s frontiers have played a long and significant role in the country’s political economy: as a location to escape central authority, and also (most recently) as the base of the revolutionary movements that overthrew the state and took power in Ethiopia (and Eritrea) in 1991.*”<sup>66</sup>

69. The conflict between the Anuak and the Nuer can be traced back to the early 20<sup>th</sup> century.<sup>67</sup> The different livelihoods pursued by the two groups are a central cause: traditionally, they had arrangements whereby the agriculturalist Anuak would provide grazing land to the pastoralist Nuer and in return, the Anuak would benefit from milk and other cattle provisions. The effective traditional conflict resolution mechanisms between the two groups lost their impact over time due to administrative reforms by the federal government, growing population pressure, and increasingly scarce land and water resources.<sup>68</sup>

70. In the 1980s, the socialist Derg regime abolished the Anuak’s traditional political system and their cultural practices and promoted the Nuer elites to higher offices.<sup>69</sup> The Nuer dominated

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<sup>63</sup> Kurimoto (1996): 47.

<sup>64</sup> Management Response: 13.

For more information on the different types of conflicts in Gambella, see: Feyissa, D. (2009): A National Perspective on the Conflict in Gambella. In : Proceedings of the 16th International Conference of Ethiopian Studies, ed. by Svein Ege, Harald Aspen, Birhanu Teferra and Shiferaw Bekele, Trondheim 2009. Available online: <http://portal.svt.ntnu.no/sites/ices16/Proceedings/Volume%202/Dereje%20Feyissa%20-%20A%20National%20Perspective%20on%20the%20Conflict%20in%20Gambella.pdf> (accessed November 12, 2014)

<sup>65</sup> Management Response: 13.

<sup>66</sup> Mosley, J. (2012): Gambella violence and land deals: a link? Available online: <http://focusonthehorn.wordpress.com/2012/06/18/gambella-violence-and-land-deals-a-link/> (accessed September 2, 2014)

<sup>67</sup> UN Emergencies Unit for Ethiopia (2002): Breaking the Cycle of Conflict in Gambella Region: 3f.

<sup>68</sup> UN Emergencies Unit for Ethiopia (2002): 3f.

<sup>69</sup> Feyissa (2005): 213.

Gambella's local administration until 1991.<sup>70</sup> The Anuak established the Gambella People's Liberation Movement (GPLM), which then allied with the EPRDF to overthrow the Derg regime. After the regime change in 1991, the Anuak were politically promoted by the EPRDF because of their contribution to ending the Derg era, while the Nuer were initially associated with the defunct regime.<sup>71</sup>

71. According to Dr. Kurimoto, the 1994 national census, the first since the EPRDF came to power, showed that the Anuak only represented a little more than a quarter of the total population in the region they claimed to represent, and that the Nuer were in the majority. The Nuer consequently demanded more power and also founded their own party, the Gambella People's Democratic Party (GPDP). According to Management, the Anuak were *"dominating the regional political space and occupying most managerial posts in regional bureaus. The Nuer sought more equitable political representation, but it was not until after a conflict between the Anuak and Nuer in 2003 that a new power-sharing arrangement and an ethnically-balanced form of zonal administration were put in place. Based on this arrangement, the Nuer, as the ethnic group with the largest population in Gambella, have the largest representation in local councils."*<sup>72</sup>

#### 1.5.4. Recent Developments

72. In recent years, several major outbreaks of violence involving the Anuak have been reported. According to UNHCR, in December 2003, eight people travelling in a vehicle to a refugee site were killed in an ambush 18 km from Gambella town, among them three employees of the government's Department of Administration for Refugee and Returnee Affairs (ARRA), UNHCR's main implementing partner. This ambush sparked large-scale violence,<sup>73</sup> although it was unclear who was responsible for the killings.<sup>74</sup> Only a few weeks after these killings, another violent incident took place in Gambella.<sup>75</sup> In April 2012, unknown gunmen attacked the premises

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<sup>70</sup> UNICEF Addis Ababa (2006): Livelihoods & Vulnerabilities Study: Gambella Region of Ethiopia. Available online: <http://www.consciousbeingalliance.com/2012/08/unicef-ethiopia-report-on-anuak-genocide/> (accessed August 10, 2014): 16.

<sup>71</sup> Feyissa (2005): 213.

<sup>72</sup> Management Response: 13.

<sup>73</sup> World Organization against Torture (2004): Ethiopia and Sudan: "From today forward there will be no Anuak" – The attempted elimination of the Anuak people. Available online: <http://reliefweb.int/report/ethiopia/ethiopia-and-sudan-today-forward-there-will-be-no-anuak-attempted-elimination-anuak> (accessed September 2, 2014). The World Organization against Torture reports that *"424 people were reported to have been killed, with over 200 wounded and approximately 85 people remain unaccounted for."* According to the Norwegian Refugee Council's Global IDP Database compilation report for Ethiopia, *"[i]n December 2003 as they were blamed for the death of eight people, 5,000 Anyuak sought refuge in a church and between 60 and 424 others were killed"*. Available online: <http://www.internal-displacement.org/assets/library/Africa/Ethiopia/pdf/Ethiopia-July-2004.pdf> (accessed September 2, 2014) The Gambella Inquiry Commission found that *"65 persons died while close to 75 were wounded and thousands were displaced and fled across the border"*. Available online: <http://www.ethioembassy.org.uk/news/press%20releases/RESOLUTION%20ON%20THE%20REPORT%20SUBMITTED%20BY%20THE%20GAMBELLA%20INQUIRY%20COMMISSION.htm> (accessed September 2, 2014)

<sup>74</sup> UNHCR (2003): Ethiopia: Gambella situation still tense after killings. Briefing Notes. Available online: <http://www.unhcr.org/3fdee7a34.html> (accessed August 8, 2014)

<sup>75</sup> It was reported that *"one of Ethiopia's worst outbreaks of communal violence when about 200 people were killed in the Dima district of Gambella on January 30, 2004, most of them traditional miners. Reuters reported that, according to the Federal Affairs Ministry, the atrocity was conducted by over 200 men claiming to be Anuak leaders. Reuters in Addis Ababa (February 11, 2004): 200 killed in Ethiopian ethnic feud. Available online: <http://www.theguardian.com/world/2004/feb/12/ethiopia> (accessed August 8, 2014)*

of an agricultural and irrigation business in the Awobo woreda in Gambella and according to different news and government sources, at least five persons were killed.<sup>76</sup>

73. A 2006 UNICEF research study found that “[i]t is impossible to separate the problems of livelihood and vulnerability of Gambella’s women and children from their problems of security.”<sup>77</sup> The study notes that people interviewed uniformly noted that access to basic resources and their lives in general are profoundly affected by problems of security and protection.<sup>78</sup>

74. The influx of refugees has in the past decades caused stress to the political and economic situation in Gambella and continues today with increasing severity. According to a March 2014 article in *The Guardian*, when fighting erupted in Juba in December 2013, Gambella was home to more than 76,000 asylum seekers from South Sudan; UNHCR was preparing to accommodate an influx of 150,000 refugees, but the government was concerned that the actual number would be much higher.<sup>79</sup>

75. Agricultural investment in Gambella is another area that has received increasing attention in the past years. *The Guardian* reported in a March 2011 article that “[s]parsely-populated Gambella is at the center of the global rush for cheap land [...]. Nearly a quarter of its best farmland, and 896 companies have come to the region in the last three years.”<sup>80</sup>

#### 1.5.5. Description of the CDP

76. **Introduction of the CDP.** According to Management, “[t]he GoE began implementing the current villagization program in mid-2010 in the four Developing Regional States that are historically the most underserved areas of the country: Gambella, Afar, Benishangul-Gumuz and Somali. These regions collectively represent about 9 percent of the overall population. The Bank’s

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<sup>76</sup> <http://www.state.gov/j/drl/rls/hrrpt/2012/af/204120.htm>, <http://www.bloomberg.com/news/2012-05-30/saudi-star-offers-jobs-to-overcome-criticism-of-ethiopia-project.html>, [http://www.ethiomeia.com/2012\\_report/3750.html](http://www.ethiomeia.com/2012_report/3750.html) (accessed August 9, 2014)

<sup>77</sup> UNICEF Addis Ababa (2006): 13. The study found that “the deteriorating vulnerability situation in Gambella in the last two years is primarily due to the protection problems. These protection problems have been caused by the heavy ENDF presence and their actions to target the civilian population often--but not always--in collaboration with Regional authorities, as well as the targeting of civilians by paramilitary rebel groups.” UNICEF Addis Ababa (2006): 12.

<sup>78</sup> UNICEF Addis Ababa (2006): 12.

<sup>79</sup> Thomas Reuters Foundation. UNHCR source. Available online: <http://www.trust.org/item/20140714103912-f9ply/> (accessed August 8, 2014)

The Guardian reported that 95% of the people seeking refuge in Ethiopia were women and children. So far, local communities have hosted refugees and it has helped that both groups are from the same ethnic Nuer group. However, “the absorption of a huge number of people into a region with a population of about 307,000 is bound to present problems.” Jobson, E. for *The Guardian* (March 24, 2014): Humanitarian crisis looms as refugees from South Sudan pour into Ethiopia. Available online: <http://www.theguardian.com/global-development/2014/mar/24/humanitarian-crisis-refugees-south-sudan-ethiopia> (accessed August 8, 2014). In July 2014, it was reported that the conflict is driving 883 refugees into Ethiopia every day and that “UNHCR and its partners have now revised the planning figure upwards to 300,000”. <http://www.trust.org/item/20140714103912-f9ply/>

<sup>80</sup> Vidal, J. for *The Guardian* (2011): Ethiopia at centre of global farmland rush. Locals move out as international contractors seize opportunities offered by government to lease farmland at knockdown rates. Available online: <http://www.theguardian.com/world/2011/mar/21/ethiopia-centre-global-farmland-rush> (accessed September 2, 2014)

*understanding, based on official documentation available on the program and related discussions with Government, is that villagization has a three-year time horizon to transform the spatial distribution of willing, local populations in remote and under-served areas in the four regions to facilitate more effective delivery of services. Specifically, the program aims to congregate on a voluntary basis dispersed populations within kebeles around village centers in the same kebeles. It does not provide for any forced or long distance resettlement, nor for mixing people of different ethnic backgrounds. Villagization is not meant (despite the suggestion in the Request) to replace other development programs in the four regions in which it operates nor to provide all the services and facilities that are needed by the communities involved.”<sup>81</sup>*

77. According to the DPs, the CDP involves the relocation of around four million people in the four Developing Regional States into new communities or “development centers.” The office of the Ethiopian Ombudsman in Gambella explains that the Program “*would make social and economic services and modern technologies accessible and ensure sustainable food security and, hence, improve the living standards of the public at large.*”<sup>82</sup> According to a socio-economic baseline study and assessment of the impact of villagization commissioned by the Ministry for Foreign Affairs of Finland,<sup>83</sup> the participating communities would retain rights to their original lands, and people that moved could continue working on their old fields for two to three years. Land fertility and the availability of water resources were central criteria in the selection of villagization centers and, whenever possible, locations with already existing infrastructure were chosen rather than establishing entirely new villages. In cases where this was not possible, a plan was prepared on how to provide the needed infrastructure.<sup>84</sup>

78. **CDP Framework in Gambella.** In the Gambella region, the regional government’s strategy for improving access to basic services is described in the Villagization Program Action Plan of 2010,<sup>85</sup> which aims at providing “*access to basic socioeconomic infrastructure,*”<sup>86</sup> food security as well as “*socioeconomic & cultural transformation of the people.*”<sup>87</sup> The Panel was informed during its visits to Ethiopia that the Action Plan is carried out under the authority of a Steering Committee chaired by the Regional President. The Regional Bureau of Agriculture coordinates the Plan’s activities and several sectoral bureaus, which form a Technical Committee, are responsible for implementing the Action Plan. The Ministry of Federal Affairs assists the regional government. At the woreda level, Steering and Technical Committees are responsible for implementation.

79. **CDP Financing.** During its eligibility visit, government officials in Addis Ababa informed the Panel team that the costs of the CDP’s physical infrastructure were covered by the regional capital budget and the MDG Fund, while the operational costs were covered by the regional recurrent budget.

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<sup>81</sup> Management Response: 9.

<sup>82</sup> Institution of the Ombudsman of the Federal Democratic Republic of Ethiopia (2013): Report on Self-Initiated Investigation upon Villagization Program and Investment Land Allocation in the Gambella Peoples National Regional State: 7.

<sup>83</sup> Finnmap (2012): Socio-economic baseline study and assessment of the impact of the villagization: 1. The study was carried out between February and April 2012.

<sup>84</sup> Finnmap (2012): 19.

<sup>85</sup> Gambella Peoples’ National Regional State - Villagization Program Action Plan (2003 EFY)

<sup>86</sup> Villagization Program Action Plan: 1.

<sup>87</sup> Villagization Program Action Plan: 1.

80. **CDP Implementation Strategy in Gambella.** In Gambella, the CDP planned for the resettlement of 45,000 households, or close to 70% of the total of some 66,500 households<sup>88</sup> in villagization centers. 60,000 hectares of land were to be delineated and provided to the target beneficiaries. Each beneficiary household of the program would be provided access to three to four hectares of arable land. Regarding the investment in socio-economic infrastructure, the Action Plan mentions 19 primary schools, 51 water schemes, 22 health posts, 18 veterinary clinics, 40 flour mills, 49 warehouses and 195 km of roads, all of which would be established in the settlement areas. Another program activity is capacity building on how to allocate lands through training of surveyors, zonal administrators, *woreda* steering and technical committee members, local administrators and community leaders.<sup>89</sup>

81. The Action Plan describes the implementation strategies as: transparency, participation, timeliness, land certification, monitoring and evaluation. The Plan identified the following threats to the CDP: different cultural affiliations of the target beneficiaries that might change their opinion about the program, lack of resources and budget, and problems with project management and sequencing.<sup>90</sup>

82. **Implementation Outcomes.** According to the DPs, the regional government reported that the program formally ended in Gambella in mid-2013. The CDP had resettled a total of 37,883 or approximately 60% of households in Gambella, against the target of 45,000; the Program over-achieved its target of 15,000 in its phase I, when 20,243 households moved to new locations. Phase II, which aimed at 20,000, was behind target. In 2013, a DP mission noted that the government estimates that 3,000 to 4,000 households chose to return to their original lands. Across 95 resettlement areas, the government provided four hectares of land for each household, 46 schools, 46 health posts, 39 animal health posts, 370 water schemes, 85 grinding mills and warehouses, and 412 kilometers of rural roads.

## 1.6. The Panel's Investigation Process

83. **The Panel's Recommendation to Investigate.** The Panel reviewed the Request and Management Response and conducted a visit to Ethiopia, South Sudan and Kenya to meet with the government of Ethiopia, the Requesters, the DPs and staff at the Bank's country office. Following the visit, the Panel judged that further consultations with Management were necessary. Following these consultations, the Panel decided to recommend an investigation to the Board of Executive Directors on February 8, 2013.

84. In its Report and Recommendation, the Panel indicated that the investigation would have a specific focus, as it would examine the risks of the concurrent implementation of the PBS and CDP in Gambella, Management's analysis of these risks, and subsequent Management actions. The Panel also stated that the investigation would not seek to verify allegations of specific human rights abuses linked to the CDP, nor the underlying purposes of CDP, as these would exceed its

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<sup>88</sup> [http://www.csa.gov.et/newcsaweb/images/documents/surveys/Population%20and%20Housing%20census/ETH-pop-2007/survey0/data/Doc/Reports/National\\_Statistical.pdf](http://www.csa.gov.et/newcsaweb/images/documents/surveys/Population%20and%20Housing%20census/ETH-pop-2007/survey0/data/Doc/Reports/National_Statistical.pdf) (accessed November 5, 2014): 22.

<sup>89</sup> Villagization Program Action Plan: 1f.

<sup>90</sup> Villagization Program Action Plan: 4f.

mandate.<sup>91</sup> The Board of Executive Directors approved the Panel's recommendation to investigate on July 12, 2013.

85. **Investigation Process and Methodology.** The focus of the Panel investigation is to determine whether the harm alleged by the Requesters may result from a Bank's lack of compliance with its policies and procedures in the design, appraisal, and implementation of the PBS III.

86. The Panel conducted a two-part investigation led by Panel Chairperson Eimi Watanabe. The first part involved detailed research into Bank records related to the Project, as well as an extensive review of relevant Project documents. The second part entailed a fact-finding mission to the Project area and interviews with Bank staff involved in the Project. The Panel retained four independent experts to assist with the investigation: Prof. Stephen Peterson and Mr. Roberto Mosse, both financial management experts; Dr. Eisei Kurimoto, an anthropologist and expert on the Anuak indigenous peoples; and Dr. Alison Evans, an expert on risk assessment.

87. A Panel team composed of Panel Chairperson Eimi Watanabe, Deputy Executive Secretary Dilek Barlas, Senior Operations Officer Tatiana Tassoni, and expert consultant Eisei Kurimoto visited Ethiopia from February 1 to 10, 2014. During its investigation visit, the Panel team visited a number of villages in three woredas in Gambella and met with people affected by the CDP and PBS. The team also met with World Bank staff in the country office in Addis Ababa, representatives of the DAG, including officials of the European Union (EU), the African Development Bank, the UK Department for International Development (DFID), and the Embassies of Finland and Germany. In Gambella, the Panel also met with the local Ombudsman and with the Vision Ethiopia for Congress of Democracy (VECOD), which is involved in the implementation of the social accountability component of PBS.

88. About a month after the approval of the Panel's recommendation to investigate the claims alleged in the Request for Inspection (August 2013), the Panel published its Investigation Plan. This document indicated that the investigation would assess: a) whether the claim concerning links between PBS III and CDP are credible; b) whether the Bank's assessment of risks and integration of risk mitigating measures from the concurrent implementation of PBS III and CDP is in compliance with applicable Bank policies and procedures; c) whether the Bank's safeguard polices are applicable to PBS III, in particular OP 4.10 on Indigenous Peoples and OP 4.12 on Involuntary Resettlement; and in relation to these, specific issues of non-compliance, if any, that may have caused the harm alleged in the Request.

89. The investigation assessed whether the Bank complied with the following Operational Policies and Procedures:

- Project Appraisal – OMS 2.20
- Indigenous Peoples – OP/BP 4.10
- Involuntary Resettlement – OP/BP 4.12
- Financial Management – OP/BP 10.02
- Investment Project Financing (OP 10.00)

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<sup>91</sup> Report and Recommendation: 21.

## Chapter 2: PBS III and CDP - Operational Interface and Risk

90. The main claim of the Requesters is that the Government's CDP and the Bank-financed PBS III project are linked, and that PBS III enables the implementation of the CDP, which in turn is causing the alleged harms. This Chapter analyzes the link between PBS III and CDP, and how this was appraised, followed by the risk assessment under PBS III.

91. This Chapter is based on information gathered by the Panel during its field visits and provided in project documents and other relevant sources. The Chapter's analysis also draws from mission reports of the DPs, including the World Bank, which the Panel has carefully reviewed. These mission reports are not publicly available and as such the Panel also treats them as confidential information. While the Panel uses information included in these reports, it neither quotes nor provide references for them.

### 2.1. The Operational Link between PBS III and CDP, and Allegations of Harm

#### 2.1.1. Requesters' Claims and Management Response

##### a) Requesters' Claims

92. The Requesters argue that PBS is "*contributing directly to the Ethiopian Government's Villagization Program in the Gambella Region.*"<sup>92</sup> The CDP in Gambella is intended to improve access to basic services and its execution rests "*with regional and woreda government*" and has been under concurrent implementation since "*mid to late 2010 during phase II of PBS.*"<sup>93</sup> The Requesters claim that "*services and facilities supported through PBS are precisely the services and facilities that are supposed to be provided at new settlement sites under the Villagization Program.*"<sup>94</sup> They argue that it is therefore "*apparent that villagization is the regional governments' principle strategy for achieving the PBS objectives in Gambella.*"<sup>95</sup> The Request refers to the PAD for PBS II which explains that PBS is the major source of funding at the *woreda* level.<sup>96</sup> They argue that PBS provides "*the means to make villagization possible.*"<sup>97</sup>

93. The Requesters also argue that PBS I, II and III constitute a single continuous program with only minor modifications at each phase, and that the manner in which PBS III is designed provides critical resources to *woredas* for their implementation of designated local level development activities, villagization being among them.

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<sup>92</sup> Request for Inspection: 1.

<sup>93</sup> Request for Inspection: 5.

<sup>94</sup> Request for Inspection: 5.

<sup>95</sup> Request for Inspection: 6.

<sup>96</sup> Request for Inspection: 6.

<sup>97</sup> Request for Inspection: 6.

b) Management Response

94. Management explains in its Response that PBS III “*does not finance villagization and does not depend in any way on villagization in order to achieve its objectives*”<sup>98</sup> and also “*does not build upon villagization*”<sup>99</sup> and “*is not synchronized with villagization.*”<sup>100</sup> Management argues that “*villagization is neither meant to replace other development programs in the four regions in which it operates nor provide all services and facilities that are needed by these communities.*”<sup>101</sup> Management concludes that “*the harm described by the Requesters is unrelated to the Bank-supported PBS 3.*”<sup>102</sup>

2.1.2. Assessment of the Link

95. To assess whether there is a link between PBS III and the CDP, the Panel examined the following features that would point to the existence of such a link:

- i. Commonality of objectives,
- ii. Concurrent implementation and scope,
- iii. Mutual impacts on the two programs’ respective results, and
- iv. Contribution to the implementation of CDP: whether PBS resources were used to implement activities under the CDP program.

96. The last element is analyzed in depth in Chapter 4 of this Report. The paragraphs below consider the first three elements.

97. Commonality of Objectives. The Panel notes that both PBS and CDP have the objective of providing improved basic services to the population, which is a main element of the GoE’s overall development strategy. In a recent letter to the DAG group, the Government stated that the CDP is one among several approaches pursued to improve livelihoods, expand basic services and build grassroots institutions of communities.<sup>103</sup> Management outlines its understanding of the objective of the CDP as “*to cluster dispersed populations in sparsely populated regions into 'commune centers' over a period of three years on a voluntary basis to enable more efficient provision of basic services.*”<sup>104</sup> The Bank defines the objective of the PBS program as a “*nationwide program which contributes to expanding access to and improving the quality of basic services.*”<sup>105</sup>

98. Concurrent Implementation and Scope. The Panel examined the geographic overlap of the implementation of these programs. The stated aim of CDP in the Gambella region was to relocate 45,000 households (around 70% of households) over a period of three years, and the establishment of social and economic infrastructure in new settlement areas, including schools, health services,

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<sup>98</sup> Management Response: 16.

<sup>99</sup> Management Response: viii.

<sup>100</sup> Management Response: viii.

<sup>101</sup> Management Response: 23.

<sup>102</sup> Management Response: 14.

<sup>103</sup> Letter from the GoE to the DAG, dated March 18, 2014. Subject: - Reply to DAG Findings and Recommendations on CDP and South Omo (DAG/OU/3/2014A, 18 March 2014).

<sup>104</sup> Management Response: x.

<sup>105</sup> Management Response: vii.

water and sanitation facilities and improved marketing facilities.<sup>106</sup> The Panel was informed in meetings with the Ministry of Finance that over 70 villages were expanded or created under the CDP in Gambella. From the end of 2010, PBS and the CDP were implemented concurrently in the Gambella region covering the same woredas. In addition, the Panel notes that the civil servants who provide services under the CDP program, such as school teachers, health professionals and agricultural extension workers, are the same workers whose salaries are being paid under the PBS. Since its inception in 2010, CDP has been a priority development effort in most or all woredas in Gambella.<sup>107</sup>

99. Mutual Impacts. The results indicators linked to the higher-level objectives of PBS are the following: primary education enrolment rate, primary education completion rate, gender parity in primary schools, proportion of children vaccinated, pregnant women who received antenatal care, access to potable water, households with access to latrines, increase in agricultural productivity, and average time to nearest all-weather road.<sup>108</sup> The Panel notes that the PBS indicators also reflect the stated objectives of CDP noted above.

100. The Panel notes that Management is of the view that “*villagization is not directly or significantly related to PBS III, nor does PBS III depend on villagization in order to achieve the objectives described in the project document.*”<sup>109</sup> This statement seems to presuppose that the success or failure of either program, PBS and CDP, will not influence the other. In other words, that the PBS results indicators above are not dependent on the effects of CDP. The Panel is of the view that this is not a tenable position. CDP is a program that aims at fundamentally restructuring settlement patterns, service infrastructure and livelihoods, including farming systems in the Gambella region, and as such constitutes a significant part of the context in which PBS operates. In this sense, from a development perspective, the two programs may mutually influence each other’s respective results in the woredas where they are concurrently taking place. This point is illustrated further in Chapter 3.

101. The Panel is therefore of the view that there is an operational interface between the CDP and PBS in the woredas where there is concurrent implementation. This interface constitutes an operational risk for the Project, which required adequate analysis during Project appraisal, and this goes beyond the reputational risk that was recognized by Management. The adequacy of the PBS III risk assessment is discussed in Part C of this Chapter.

### 2.1.3. The Four Sets of Allegations of Harm

102. The Panel indicated in its Eligibility Report that the Request raised issues of harms that covered four broad aspects: (i) taking of people's customary land without their free and informed consent, (ii) use of force and intimidation to get people to relocate, (iii) lack of public services and assistance at relocation site, and (iv) deterioration of livelihood due to less fertile land and lack of other income generating opportunities at relocation site.

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<sup>106</sup> Villagization Program Action Plan: 1.

<sup>107</sup> Ombudsman (2013): 4.

<sup>108</sup> PBS III PAD: 37f.

<sup>109</sup> Management Response: xi.

103. As mentioned earlier, the Panel noted at the eligibility stage that the “*investigation will not seek to verify allegations of specific human rights abuses linked to VP, nor will it examine the underlying purposes of VP*”<sup>110</sup> as the Panel does not see this to be within its mandate. As a result, the investigation report does not include findings of facts and compliance on the first two issues of harm noted above. Nevertheless, in the course of the Panel’s review of documents and interviews in the field, the Panel came across information regarding those allegations. Given that these issues were raised in the Request for Inspection, the Panel records this information below, without attempting to verify them or otherwise.

a) Involuntary Taking of Land and Use of Force and Intimidation

104. The Requesters allege that under CDP, they did not have the right to refuse leaving their traditional lands. They claim that a prime political driving force behind CDP is to free land for long-term lease to private domestic and foreign investors, and accordingly, people did not have the option to object to relocation. They state that “*through this program, the Anuak Indigenous People are being forcibly transferred from their fertile ancestral land, which is then being leased to investors.*”<sup>111</sup> The Request also alleges that “*those farmers who opposed the relocation, and government workers who refused to implement the program, including the Requesters and/or their relatives, have been targeted with arrest, beating, torture and killing.*”<sup>112</sup>

105. Management states in its Response that it “*is deeply troubled by the Requesters’ reports they have suffered abuse in connection with villagization in Gambella. Management takes these reports very seriously, and has taken advantage of various opportunities outside of the context of any specific project agreements to raise these issues with the GoE. However, to date neither the Bank nor other Development Partners have been able to identify any evidence to substantiate possible links between reported abusive behavior and villagization of the kind described in the Request.*”<sup>113</sup> Management is of the view that there is lack of “*evidence to substantiate possible links between abusive behavior and villagization of the kind described in the Request*”.<sup>114</sup> Furthermore, Management notes that “*the harm described by the Requesters does not stem from the Bank-supported PBS 3, or from a failure by the Bank to apply its operational policies and procedures.*”<sup>115</sup>

106. The Government, in meetings with the Panel in January 2013, stated that the country has abundant unused land that can be operated by agri-businesses without posing a threat to the livelihood of smallholders. There are plans to allocate 3.3 million hectares by 2015 to investors, in addition to the 3.5 million already allotted by 2010.<sup>116</sup> They also categorically stated that there is no relationship between these plans and villagization. It was explained to the Panel that villagers who had opted to relocate would retain user rights to their original land for two years, when they would have to decide whether to move back or relinquish claims to the original land. In this two-

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<sup>110</sup> Report and Recommendation: 21. VP stands for Villagization Programme (CDP).

<sup>111</sup> Request for Inspection: 1.

<sup>112</sup> Request for Inspection: 1.

<sup>113</sup> Management Response: x.

<sup>114</sup> Management Response: 19.

<sup>115</sup> Management Response: viii.

<sup>116</sup> Rahmato, D. (2011): Land to Investors: Large-Scale Land Transfer in Ethiopia. Forum for Social Studies. Addis Ababa: 11. Available online: [http://www.landgovernance.org/system/files/Ethiopia\\_Rahmato\\_FSS\\_0.pdf](http://www.landgovernance.org/system/files/Ethiopia_Rahmato_FSS_0.pdf) (accessed November 12, 2014)

year period, people could use both the land allocated in the new resettlement site and their customarily held land. Government representatives also informed the Panel that coerced resettlement does not take place. They underscored that the Ethiopian Constitution protects people from being coerced, that “*abuse will be investigated,*” and that Regional governments have to get the consent of people; “*voluntarism is without any caveat.*”

107. During the Panel’s eligibility visit in January 2013, the Ministry of Federal Affairs (MOFA) organized an opportunity for the Panel mission to meet with Gambella regional government representatives and 15 villagers from five different ethnic groups from Gambella State to talk about the CDP. During the meeting, the Government officials noted the importance of CDP for their five-year plan to double economic growth and added that in the five developing regions where the CDP is being implemented there is vast land, water sources are available, and the population is scattered. They stated that CDP has a cost-effective and people-centered approach and no person can coerce another by force. The commune program can only happen if it is voluntary. They added that the objective of CDP is to improve the livelihoods of people participating in the program.

108. The 15 villagers at the meeting explained to the Panel team that people demand to move to new villages, and there needs to be more villagization centers. The villagers confirmed that no one can force the people to participate in the program and that CDP is implemented following meetings with the communities in the kebeles. They noted that they have been marginalized before and were now very happy with this program as it provided them with services, health, education, water, and even access to markets.

109. DP representatives whom the Panel met reiterated during the two visits that they do not have evidence of systemic human rights abuses related to CDP. They reported, however, that half of the people interviewed said they did not want to move to new places, and there were reports of some pressure and unmet promises.

110. These statements contrast with the interviews with the Requesters and others, whom the Panel met in January 2013 and who are refugees living in camps in South Sudan and Kenya. Several testified that their original land had been given to investors after people had moved to the relocation site. These testimonies referred to land in the Abobo and Gok *woredas*. The Requesters interviewed by the Panel described concrete incidents of people who had been beaten, detained and even, in some cases, killed by soldiers or police engaged in overseeing the relocation process when they were showing some resistance. Several of the Requesters stated that they fled because they feared for their lives. They were very concerned about the situation of relatives back home and of the prospects of being able to return to their ancestral lands. Some former civil servants stated that they were targeted as “trouble makers” when the villagers refused to move, and had to leave the country due to safety concerns after being beaten or put in jail.

111. While some Requesters specifically cited CDP as the reason for fleeing the country, others recounted instances of being or feeling threatened for reasons other than villagization. The Panel heard multiple reasons why people perceived to be vulnerable and insecure.

112. During its investigation visit, the Panel came across some villages designated as part of CDP where not all villagers had moved, and those not wanting to leave could remain. One village told the Panel that they were visited twelve times by authorities who tried to convince them to

relocate. The villagers persistently refused, irrespective of the presence of a number of Federal Policemen and army soldiers and ultimately did not relocate.

113. As stated earlier, the Panel does not consider it within its mandate to verify any of the above information, or otherwise.

b) Harms Related to Lack of Services at Relocation Sites and Deterioration of Livelihoods

114. The Panel's investigation and analysis focuses on the two sets of claims, which have, in the Panel's view, operational links to PBS: (i) lack of access to basic services in new villages and (ii) a resulting deterioration of people's livelihoods.

115. The Request states that promised basic services and facilities at the new sites were either not provided or were not operational, and there was little access to food or land suitable for farming. Management recognizes that the DAG-sponsored missions found that planning had often been inadequate, relocation was too rapid, the sequencing of site improvements was poor and poorly financed, and implementation capacity was weak. When the Panel team visited Gambella in early 2014, villagers complained that their situation had not changed and that livelihood opportunities, including availability of land to farm, were scarce, which they saw as the cause of an overall deterioration of their livelihoods.

116. Overall, the Panel found a mixed picture: there was some deterioration (e.g. in agriculture), some improvements (e.g. in education), but in general terms, the level of basic services in the villages the Panel visited was still inadequate. Below is an account of information gathered by the Panel during the field visit and provided by DPs following visits to Gambella and other states where CDP was implemented. The information is divided by sector and presents facts on access and quality of services in the five sectors covered by PBS.

Agriculture

117. This section presents information relating to land and agricultural production, and also includes information about food security and housing. These topics were raised together in most interviews, and are closely interrelated.

118. Panel Observations. During its investigation visit, the Panel found that many households had received land, but in some cases less than promised. In most of the villages that the Panel visited, people explained that their new land was not cleared and that they were not provided with the necessary tools to make the land useable for agriculture. Promised government assistance for clearing the land was not received. Many communities informed the Panel that they consequently had difficulty in securing their livelihoods. According to several people interviewed by the Panel, the government had also promised support for the construction of houses and provision of food aid but both services were lacking in many cases. Grinding mills, which had been provided in some villages, were allegedly not functional at most sites.

### Box 1: Panel Interviews in the Field - Land and Agriculture, Food And Housing

Clearing the land was described as a major challenge in most communities: “[i]t was only machetes (*panga*) that were given to us [...] We could only cut branches and grasses with them;” other communities were not given any tools. “We started building our own homes by ourselves. Because we were not given tools to work with, some of us who could not afford to buy tools were using whatever tools they could find to build their homes. Some of us who had small money bought the house materials and hired people to build the hut for them. There are some single women who have built their own huts by themselves.” Many people explained that the government had informed them that it would bring tractors to clear the farmland, would help building huts and provide food, but none of this happened. In one village, the Panel team was told that “[...] some of us who were not able to do this hard work had to look for the money to hire people to do the work for them. When it came to the weeding time most people ran out of money and gave up. They totally stopped farming.”

In several villages, the Panel learned that community members continued to cultivate the land in their previous sites, which was, in some cases, up to three hours walking distance away. Some people explained to the Panel that they had not been hindered from going back. In one case, the Panel team was told that the government had prohibited villagers to go back to their original lands, but nothing happened to those who decided to return nevertheless.

Locals in one village explained to the Panel that the food produced by those who went back to work on their old land was shared with the people who stayed. Others described to the Panel team that seeds of various crops were distributed to them; however, this happened at a time when it was too late for sowing, so the locals ate them. Several people reported that they did not receive any food rations, cooking material or cans for water. In one village, hunger was cited as the biggest problem of living there.

One villager explained to the Panel that his community had been told to build big huts that would provide enough room for the materials that would be provided. “So, I built a big hut like that [pointing at his own hut] and moved here. Before that I used to live on the river bank. This big house is empty. Nothing has been given...” The villager claimed that “[m]any things were promised, but they were not delivered. [...] Food aid was given only to the poor and disabled, not to all of us [...].”

One site, which can be considered a success case according to the Panel’s expert consultant, had more than 10 agricultural extension workers managing a demonstration farm, distributing crop seeds, and demonstrating how to do better bee keeping. Also, 16 women were trained to use cooking stoves in a better way, and 15 households were provided with goats and sheep, and accorded training. The villagers were supplied with axes and hoes. The Panel team, however, was also told that there was no good land available and therefore the villagers would look for more land in the vicinity. The villagers were provided with tools to clear the land, but food security remained a concern. A promised grinding mill had not been provided and women had to do the pounding manually.

119. Other Sources. DPs who undertook missions to Gambella encountered similar issues. In 2011, they noted that some land had been allocated prior to moving, but none of the communities had received agricultural inputs or assistance for clearing the land; the scale and speed of relocation disrupted livelihoods and threatened food security; in most cases, the new land requires mechanical clearance and communities need farming inputs. In 2012, DPs found improvement in conditions of villagized communities, though land clearance remained an issue and people emphasized continued problems with food security. In 2013, DPs reported that the communities visited said that they had received the services the government had promised them in the new villages, but grain mills in almost all villages were not functional; most communities explained that they were still able to access their previous lands and continued to use them for farming. The Gambella office of the Ethiopian Ombudsman in its Villagization Investigation Report notes that most grinding mills had broken down; better farming equipment supported by better technologies has not been

made available; the supply of seeds was not timely, and there was an insufficient level of awareness about modern agricultural technologies in some areas.<sup>117</sup> The issue of agricultural services linked to livelihoods and resettlement is examined in greater detail in Chapter 3.

Picture 2: Panel Team in Anuak Village in Gambella



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<sup>117</sup> Ombudsman (2013): 11f, 18.

## Education

120. Panel Observations. In most villages visited by the Panel team, schools existed before villagization and were upgraded as a result of it. In many cases, schools now include a higher grade level. Several communities reported that the number of students and teachers had increased. People in a few villages, however, expressed that not much had changed since the start of the CDP: villagers informed the Panel that village schools still did not have enough space and that they struggled with too few teachers, deteriorating quality of teaching or decreasing numbers of students.

121. Other Sources. In February 2011 DPs visited a number of communities, half of which reported that the access to education had improved. Education was found to be generally more accessible in the relocation sites, and more children appeared likely to attend school but they also reported a shortage of equipment in schools and, in some places, not enough school buildings or classroom space. In June 2012, DPs found that in all villages,

primary education was reported as better, more accessible and the journey to school safer than in previous locations. In October 2013, DPs found that all communities visited noted that children were now receiving a basic education in schools, generally at grades one to eight. The Ethiopian Ombudsman found that schools up to the secondary level had been built; however, problems with quality and insufficient space were found. The report also states that “[i]n some areas, students are compelled to attend classes in shades of trees.”<sup>118</sup>

### **Box 2: Panel Interviews in the Field - Education**

The Panel team learned in one village that the school had opened a seventh grade that year, but before villagization it only provided up to the fourth grade. The government had constructed four classrooms and the population had built two classrooms themselves using local materials; these two classrooms have since collapsed. The school employed 14 teachers and enrolled 136 pupils. Several other village schools had also opened new grade levels; some went up to the eighth grade. In one village, a new school had been promised, but was never built.

In one area, the Panel team learned that two small villages from the riverbank were merged together. A school had already existed but only went up to the fourth grade before the villages moved. Now, the school goes up to the seventh grade. There are 15 teachers and 136 students; the number of teachers increased after the number of grades also increased. In a different case, the number of students had increased from 400 to 600, and the number of teachers from 16 to 29.

In a village that rejected villagization, the Panel was told that basic services remained at a minimum: the school only went up to the fifth grade, and there were five teachers for 109 students. People were told to move to a different village with a school up to the eighth grade. Children above the sixth grade needed to walk four hours each-way every day.

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<sup>118</sup> Ombudsman (2013): 12.

## Health

122. Panel Observations. In the health sector, the information collected in the villages suggests inadequacies in the delivery of services: in most villages, local people explained to the Panel team that they lacked sufficient personnel and that medicines were largely unavailable. The Panel was not able to verify whether services had improved or deteriorated. Several of the communities visited by the Panel team had been promised a new health center, but none of them had been provided with one.

123. Other Sources. In February 2011, DPs found that healthcare was particularly problematic. Most communities reported that they relied on traditional medicines for minor illnesses, and took people to Gambella town in more serious cases. Health centers do not have sufficient medicine and health workers. In June 2012, DPs found that people generally did not find that health care had improved since moving. The main reasons cited were a lack of medicines and personnel. In October 2013, DPs noted that new health posts and health extension workers had been provided, and most communities reported that the situation had improved compared to that in their old villages. However, some health posts were in bad condition and the drug stock was limited or out of date. The Ombudsman found that “[f]ew health posts and veterinary clinics have been constructed but have not begun services; those that are already functional sustain shortages in the supply of pharmaceuticals.”<sup>119</sup> One of the advantages of the new locations, people said, is better access to roads that can take them to town in case of emergencies.

### **Box 3: Panel Interviews in the Field - Health**

In many communities that had a health center, the Panel team was told that the health workers could only provide limited help due to a lack of medicines. In one village, the health center was built before villagization and employed three female health workers. According to local people, there is very little medicine available, except for anti-malaria tablets and medicine for dressing wounds; the health center does not have any antibiotic medicine in stock. In another village, the Panel team was told that there was no health center and the only nurse had left because no medicines were available.

In several sites, the Panel team was told that patients with a serious sickness needed to walk between two and four hours to clinics in other towns. According to community members in one village, four children had died on the way to clinics in the past year.

In one location, community members told the Panel that they had mosquito nets: health workers gave the first nets to them, but they were not replaced when they broke, so the locals bought new ones. There were two health extension workers in the village but they did not have access to medicines.

The Panel team was told that since the community had moved near the road, people could call the woreda when somebody is sick, and the woreda would send a car to pick up the patient and drive them to the next clinic. In another village, the Panel heard a similar story of patients being brought to other clinics by the woreda.

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<sup>119</sup> Ombudsman (2013): 12.

## Water Supply and Sanitation

125. Panel Observations. During the Panel's interviews in the field, different issues with regards to water and sanitation were raised, but concerns with other services dominated. Most people in the communities visited by the Panel team did not mention major improvements or a deterioration of the situation.

126. Other Sources. In 2011, DPs found that 3 out of 12 communities reported improved access to drinking water. Nine stated that the number of pumps was too little for the population size. None of the communities visited had functioning latrines, and only one had any under construction. Sanitation, particularly waste disposal, is an issue that is almost completely unaddressed, and there is an increased risk of water-borne disease. Many communities that were using river or rainwater for drinking in the past now have access to safer water through hand pumps. In most cases, however, not enough pumps existed for the growing number of people. In 2012 DPs found that with the exception of one, all villages visited remarked that access to water was better than in their original villages. The community had pumps next to schools, health centers and in the village center, most of which were functional, although some of them produced salty water. Water for livestock was lacking. In 2013, people told DPs mission that access to clean water had improved substantially compared with their original locations. According to the DPs, some communities expressed that they would like to have more water pumps, but there was a general relief that the community no longer had to use dirty river water. Also, all villages had working latrines, but some communities used them more than others, who preferred open defecation. According to the Ethiopian Ombudsman, in some villages people face a shortage of potable water; in others, residents need to travel long distances to fetch water as water supply facilities are far away.<sup>120</sup>

127. In conclusion, the information gathered above from the Panel's limited visit, and from other reports, is not intended to be a systematic assessment of the impact of CDP on basic services delivery and outcomes, but simply to identify some trends. Available information indicates that the CDP was having an impact on PBS PDOs, and in some limited instances such as education this impact was positive.

### **Box 4: Panel Interviews in the Field – Water Supply and Sanitation**

People interviewed in several villages told the Panel that a few new boreholes were drilled: in one village people originally had two boreholes; after complaining with the government, two more were installed. In another village, after political changes in the region, a new borehole was drilled. Residents at a different site reported having four boreholes, of which one was new.

People in one location informed the Panel team that they were told to dig holes for pit latrines, which they did. The promised corrugated galvanized iron sheets, however, were not provided so the community ended up not using the pit latrines. The village had five boreholes: the first two were drilled during the Derg era, one by the Catholic Church and two by the current government, but one of them was broken.

People in one community explained to the Panel team that water from their only borehole was very salty and therefore not used by the community; the villagers continued to fetch water from the river. Some people told the Panel team that they had to pay 10 Ethiopian Birr per month for water.

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<sup>120</sup> Ombudsman (2013): 12.

## 2.2. Risk Assessment Analysis in PBS III Appraisal and Implementation

### 2.2.1. Requesters' Claims and Management Response

#### a) Requesters' Claims

128. The Request notes that the project risks were identified as substantial with respect to governance and commitment to social accountability in Project documents, the mitigation measures are inadequate to address these risks, which have eventually materialized.<sup>121</sup> The request argues that the lack of reference in the PAD to the CDP is “striking”<sup>122</sup> given the “troubled history of villagization in Ethiopia,” and the Bank’s diligence in carrying out social and environmental risks analysis “has to be called into question.”

129. The Request adds that the Bank did not fully consider the PBS Program’s effects on the well-being of people, including marginalized peoples like the Anuak, and that the Bank did not ensure consistency with applicable international agreements, including human rights treaties to which Ethiopia is a Party. Furthermore, the Bank in its risk assessment did not consider institutional issues at regional and *woreda* levels as well as the decision-making processes that could affect the achievement of project objectives, and did not consider the sociological aspects of PBS Program activities.<sup>123</sup>

#### b) Management Response

130. Management notes that the Bank first became aware of villagization in October 2010. Management states that, based on discussion with the GoE during the JRIS mission in November 2011 and on information gained from other project teams, “the Bank determined that villagization was not linked to the PBS block grants, and that it would be more productive and appropriate to address this issue through its policy dialogue.”<sup>124</sup> Together with other DPs working in Ethiopia and collaborating as the DAG, “the Bank has engaged with the GoE since late 2010 in a policy dialogue on villagization, including: (a) undertaking numerous meetings with both federal and regional officials to gather information about the program’s objectives, plans, funding and status of implementation; (b) providing advice to the GoE on good practice guidelines and principles for resettlement; (c) undertaking field visits to learn how the program is being implemented on the ground, and based on these observations; (d) raising concerns about inadequate planning, rapid pace of relocations, poor sequencing of site improvements and weak implementation capacity of the villagization program.”<sup>125</sup>

131. Management explains that visits by DAG-sponsored missions have, to date, not encountered evidence of forced relocations or systematic human rights abuses connected to the CDP implementation. The multi-agency missions to Gambella, first in February 2011, and later in June 2012, confirmed this finding, but reported that some communities stated “that they objected to relocating and were allowed to stay in their original location.”<sup>126</sup> DAG missions, however, “did

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<sup>121</sup> Request for Inspection: 12.

<sup>122</sup> Request for Inspection: 13.

<sup>123</sup> Request for Inspection: 13.

<sup>124</sup> Management Response: 31.

<sup>125</sup> Management Response: 26.

<sup>126</sup> Management Response: 10.

*find that planning had often been inadequate, relocation was too rapid, the sequencing of site improvements was poor and had inadequate finance, and implementation capacity was weak.*”<sup>127</sup> According to Management, “[t]he GoE accepted the feedback provided by the Bank and other DAG members on problems of implementation of the villagization program and acknowledged that implementation could be improved.”<sup>128</sup>

132. Management also notes that during the appraisal of PBS III, “the Bank took into account lessons from successful implementation of PBS 2 social accountability and financial transparency and accountability activities, as well as extensive political economy analysis [...] to design the citizens’ engagement component and identify potential risks to its implementation.”<sup>129</sup>

### 2.2.2. Applicable Bank Policies

133. Bank Policy OMS 2.20, applied during the appraisal stage of PBS III, states that “[i]rrespective of the specific form of analysis adopted for a project, the appraisal normally includes assessing the sensitivity of the project viability to changes in the key parameters of the project, together with a judgment on the likely variation from the basic assumptions. For projects with marginal returns or large risks, further quantification of the risks through formal risk analysis is also desirable. Where necessary, the appraisal also includes recommendations regarding precautionary measures which should be undertaken to reduce the risks [...]”<sup>130</sup> OMS 2.20 also states that “[f]or large and complex projects, consideration should be given to having a comprehensive risk analysis made by specialists in this field to determine whether risks could be reduced by design changes, and what types and amounts of insurance are most appropriate.”<sup>131</sup> Also, with regards to social impacts, OMS 2.20 states “[i]f appraisal determines that the project is likely to be highly risky in social terms, but inadequate information is available to support a firm conclusion, consideration should be given to either a pilot project or postponement of the project until sufficient information is available.”<sup>132</sup>

134. The Guidance Note on the Operational Risk and Assessment Framework (ORAF) dated July 2011, states that the main purpose of the ORAF is to help managers, project staff and the country team to “look systematically, holistically, in an integrated manner and in real time, at risks to achieving project development objectives (PDOs)”<sup>133</sup> ... [...] using the risk assessment during implementation to regularly scan the full spectrum of possible risks helps teams move quickly to identify and address emerging issues, including unanticipated risks.”<sup>134</sup> Far from being a one-off event, this Guidance makes clear that risk assessment and management is a dynamic process that takes place throughout the project cycle. It also states that “[i]f a risk management measure is not working, the team may consult with the client and agree to adjust the measure or even adjust the project [...]”<sup>135</sup>

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<sup>127</sup> Management Response: 27.

<sup>128</sup> Management Response: 27.

<sup>129</sup> Management Response: 31.

<sup>130</sup> OMS 2.20, para. 17.

<sup>131</sup> OMS 2.20, para. 23.

<sup>132</sup> OMS 2.20, para. 61.

<sup>133</sup> Guidance Note on the Operational Risk Assessment Framework (ORAF) (2011): 2.

<sup>134</sup> Guidance Note on the ORAF (2011): 2.

<sup>135</sup> Guidance Note on the ORAF (2011): 6.

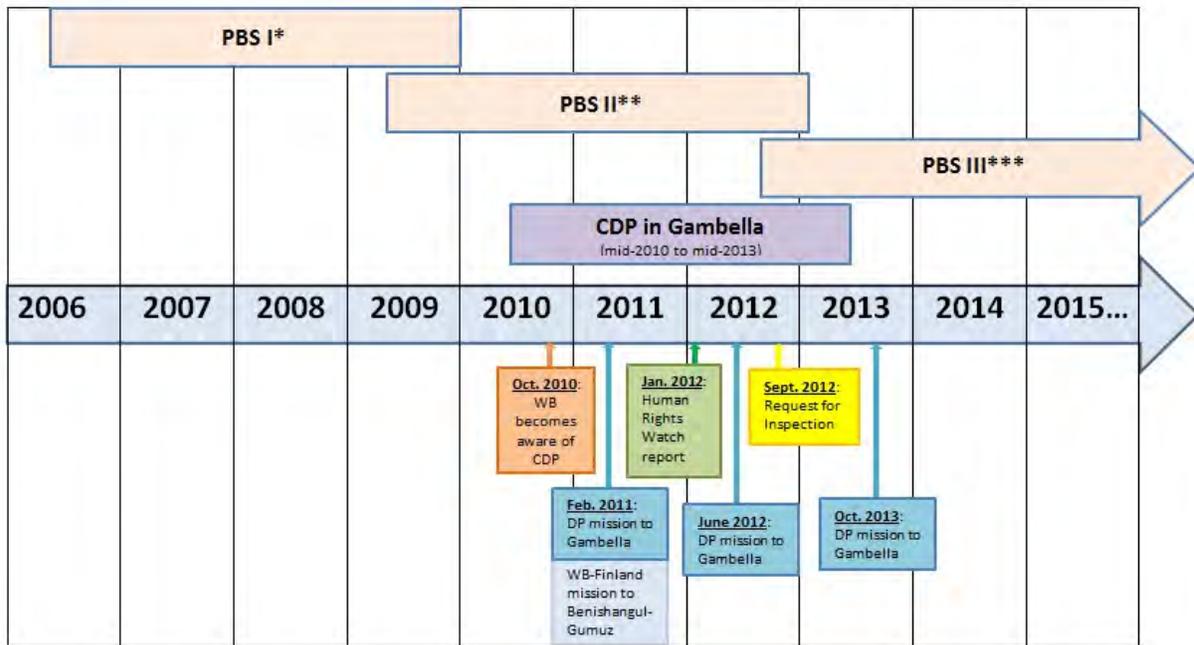
135. The Guidance proposes four levels of risk that should be considered as part of the ORAF:
- Stakeholder Risk: which includes the risk of opposition to a project that could in turn affect the achievement of project development objectives;
  - Operating Environment Risk: relating to the environment in which the project operates and not directly to the achievement of PDOs. Awareness of risk is key here as mitigation is not always possible. However, the potential impact of such risks on PDOs should be taken into account in other relevant risk sections of the ORAF i.e. Implementing Agency or Project Level Risk.
  - Implementing Agency Risk: risk related to specific agency (ies) implementing the project and influenced over the course of the project through mitigation measures and project design, and
  - Project Level Risk: Related directly to the preparation and implementation of the project and including: design risks, social and environmental risks, program and donor risks, delivery, monitoring and sustainability risk. This is where most scope for mitigation and management of risk lies, primarily through design and implementation.

136. According to the recently approved Investment Project Financing (IPF) Policy (OP/BP 10.00), which is applicable to the implementation phase of PBS III, during implementation the Bank monitors compliance by the Borrower with the obligations included in the legal agreements with the Bank, and provides implementation support “*by reviewing information on implementation progress, progress towards achievement of the Project’s development objectives and related results, and updates the risks and related management measures.*”<sup>136</sup> The Bank Procedure (BP 10.00) specifies that the Bank’s role is to assess the Project periodically, updating Project information and to identify “*follow up actions needed as appropriate.*”<sup>137</sup>

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<sup>136</sup> OP 10.00, para. 21.

<sup>137</sup> BP 10.00, para. 40.



\* Approval: May 25, 2006, Closing: Dec. 31, 2009, Additional Financing: Dec. 20, 2007

\*\* Approval: May 14, 2009, Closing: Jan. 7, 2013, Additional Financing: Feb. 22, 2011

\*\*\* Approval: Sept. 25, 2012, Closing: Jan 7, 2018

**Figure 1 Timeline of Events**

### 2.2.3. PBS III Risk Assessment

#### a) During Project Design and Appraisal

137. In interviews, Bank staff indicated to the Panel that the Bank first became aware of villagization in October 2010 during unrelated field visits and from press reports. They added that the issue of villagization was discussed among the DPs, and that two separate multi-agency fact-finding missions went to Gambella and Benishangul-Gumuz Regions in February 2011. DPs reported that their missions sought to better understand the CDP, its implementation, and any implications for their supported projects and programs.

138. DPs noted that while there may be practical and reputational risks and implications for international donors and UN-supported programmes with respect to possible aligning with the villagization program, villagization in Gambella was happening and was likely to continue. The need was thus emerging for the international community to identify the best way to engage to mitigate risks to communities and continue to provide support where needed.

139. DPs acknowledged that it was unlikely that any development financing would be provided in support of villagization and that a review of the program against international standards, such as the World Bank Resettlement guidelines, would be required. Following their visits, they recommended additional analyses of any implications for donor-funded developmental programs in order to guard against practical and reputational risks and the need to avoid promoting further relocations or perceptions that there was development support for villagization. DPs further

indicated that there could be opportunities to engage with issues regarding villagization without being directly involved with it, and to work at policy level so as to maximize benefits for communities and mitigate harm. This would have to be balanced against the reputational risk for the organizations and the mandates of each of them.

140. During the same period, Management took PBS II Additional Financing to the Board for approval. In response to queries from several Executive Directors on the issue, Management noted that they do not have sufficient information about this program and that DAG-sponsored fact-finding missions were underway to collect information and to assess potential implications for the Bank's Ethiopia portfolio and PBS. The Management Response notes that “[g]iven the separation between the PBS program and the villagization program, PBS 2 Additional Financing documents do not mention the latter.”<sup>138</sup>

141. The Management Response notes that the Bank, along with other Development Partners, subsequently followed up with the GoE to learn more about the objectives and modalities of the program. It adds that since the Bank is not financing the villagization program, “there is no scope to deploy the safeguards and other policies that are applicable to Bank financing instruments.”<sup>139</sup> The Response continues that “[i]nstead the Bank and the other partners have sought to achieve influence through policy dialogue on the environmental and social development impacts of the program.”<sup>140</sup>

142. In January 2012, Human Rights Watch published a report titled *Waiting here for Death*, which examines the first year of the villagization program in Gambella. The report presents information gathered through interviews with over 100 residents affected by the program and finds “widespread human rights violations at all stages of the program.”<sup>141</sup>

143. In mid 2012, DPs reiterated their dilemma about how to best engage with the GoE with respect to the villagization program. In this context, Gambella's significant development needs were assessed against the donors' reluctance to provide direct support for villagization. DPs presented recommendations, which included follow-up assessments to compare progress and challenges over time and use of donor programs' regular monitoring visits to assess overlap between these programs and CDP, if any. DPs also concluded that any of them who might engage in direct support to villagization should adopt a ‘do no harm’ and ‘conflict-sensitive’ approach.

144. The Bank's Regional Operations Committee (ROC)<sup>142</sup> meeting held on June 20, 2012, cleared the appraisal of PBS III but also discussed risks and safeguards related to the operation, among other issues. The meeting concluded that overall risks were understated and recommended

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<sup>138</sup> Management Response: 10.

<sup>139</sup> Management Response: 10.

<sup>140</sup> Management Response: 10.

<sup>141</sup> Human Rights Watch (2012): “Waiting here for Death” Forced Displacement and “Villagization” in Ethiopia's Gambella Region: 2. Available online: [http://www.hrw.org/sites/default/files/reports/ethiopia0112webwcover\\_0.pdf](http://www.hrw.org/sites/default/files/reports/ethiopia0112webwcover_0.pdf) (accessed November 12, 2014)

<sup>142</sup> The Regional Operations Committee (ROC) conducts corporate reviews of certain types of World Bank operations. Investment Lending operations that require corporate reviews are those with overall high risk as determined by the Operational Risk Assessment Framework (ORAF). The ROC is chaired by the Regional Vice President. Corporate reviews are tools to manage risks effectively, ensure common standards and high quality across the institution and to support learning and innovations in the institution.

to the project team to reevaluate the risks, possibly increase some of the risk ratings and strengthen mechanisms for monitoring and managing these risks.

145. The ROC meeting discussed the reputational risks of villagization and noted that “*there is a reputational risk linked to the Government’s villagization or commune program, which contributes to the government’s approach to basic service delivery in the regions of Somali, Afar, Gambella and Beneshangul-Gumuz.*”<sup>143</sup> The meeting concluded that this risk could not be eliminated but needs to be managed carefully throughout implementation. The meeting also noted that “*the program objectives of promoting improved access to basic services overlap with the Government’s objectives for its commune program.*”<sup>144</sup> According to the meeting notes, it was “*concluded that the program had triggered the appropriate safeguard policies. The risk management strategy should involve including in the oral statement to the Board that the villagization program does pose reputational risks and should describe some of the primary efforts taken to manage that risk. That will involve careful collaboration with other development partners in the broader context of the country program.*”<sup>145</sup>

146. The CDP is not mentioned in the main text of the PAD for PBS III. The only reference to CDP is in the ORAF in Annex 6 of the PAD, which describes the project stakeholder risks and notes the need for the DPs to “*continuously demonstrate that their funds are delivering basic service results and not leading to a reduction in political space.*”<sup>146</sup> The risk description adds that without credible, survey-based accountability mechanisms, the DPs might decide to withdraw support to maintain their institution’s reputation. Villagization is mentioned as one of two issues that have emerged over the past year and a half and described as: “*[a] ‘villagization’ program in the developing regions of Benishangul Gumuz, Gambella, Somali, and Afar have relocated more than 100,000 households to village clusters at the professed purpose of ensuring their access to basic services. However, the manner in which the relocation has taken place has been alleged by human rights groups to be coercive; [...].*”<sup>147</sup> The reference to CDP in the ORAF points to alleged concerns about the coercive nature of the relocation program and the possible reputational risk for the Bank and other DPs.<sup>148</sup> There is no further mention or analysis of risks relating to the concurrent implementation of the PBS and CDP.

147. Regarding the management of these risks, the ORAF notes that PBS III will “*continue to strengthen monitoring and evaluation systems that monitor progress towards the MDGs and*

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<sup>143</sup> PBS 3, Decision Note, ROC meeting: 3.

<sup>144</sup> ROC meeting: 3.

<sup>145</sup> ROC meeting: 3.

<sup>146</sup> PBS III PAD: 96. (ORAF)

<sup>147</sup> PBS III PAD: 96. (ORAF) The adoption of the CSO law is the other issue dealt with in this section.

<sup>148</sup> PBS III PAD: 96. (ORAF): Project Stakeholder Risks – Description: “*Development Partners need to continuously demonstrate that their funds are delivering basic service results and not leading to a reduction in political space. Without credible, survey-based evidence of results and strengthened transparency and accountability mechanisms, they might decide to withdraw support to maintain their institution’s reputation. There is also a risk to the Bank’s reputation if it is seen to be supporting or being associated with mechanisms or initiatives that do not include sufficient effort by the Government to open space for citizen engagement. Two issues that have emerged over the last 1.5 year make this particularly important: (i) A “villagization” program in the developing regions of Benishangul Gumuz, Gambella, Somali, and Afar have relocated more than 100,000 households to village clusters at the professed purpose of ensuring their access to basic services. However, the manner in which the relocation has taken place has been alleged by human rights groups to be coercive; [...]*”

*improved basic services.”*<sup>149</sup> The ORAF adds that the DPs “*will continue to monitor their effects and ensure coordinated responses, and engage in available policy forums such as those under the Development Assistance Group (DAG). In addition, the High Level Forum has already provided a venue to discuss villagization and the CSO law. As a result of that discussion, the development partners were informed about the process of villagization [...].*”<sup>150</sup> The PBS III project document does not include any further detailed discussion on villagization as Management considered villagization a country and portfolio-level risk.

148. The Board of Executive Directors approved PBS III on September 25, 2012 (one day after the Inspection Panel received the Request for Inspection), and following an extensive discussion on the issues raised in the Request.

b) During Project Implementation

149. During implementation, the Bank and the DPs noted the importance of monitoring and mitigating the issues and risks that affect the PBS program performance, including CDP. The May 2013 JRIS mission stated that “[*a]lthough the PBS Project pays only for recurrent costs and is not linked to the Commune Development Program (CDP), all parties agree to the importance of continuing to monitor separate programs that present perceived risks to PBS’ results.*”<sup>151</sup> The mission added that an independent assessment could be arranged if necessary, and DPs committed to accelerate the proposed PSIA agreed as part of the PBS III Equity Review.<sup>152</sup>

150. The JRIS report also referred to the Ethiopian Institution of the Ombudsman (EIO) and its key role in implementing the PBS III Grievance Redress Mechanism (GRM) sub-component. The EIO undertook an investigation related to the relocation of people in the Gambella Region. According to the JRIS report, the EIO “*will accelerate the opening of a branch office in Gambella and hasten the creation of grievance desks in regional bureaus involved with the CDP. DPs will examine the modalities for ensuring appropriate oversight of the GRM component.*”<sup>153</sup>

151. Finally, DPs recommended: (a) accelerating the implementation of the GRM in developing regional states; (b) summarize in one overarching document the Government’s policy on relocation and land tenure, including, resettlement, CDP and economically induced displacement; and (c) improved monitoring of the CDP, by Government and donors, including an independent assessment.

152. PBS III implementation monitoring focused on social accountability issues. The PSIA undertaken by Management explains that PBS aims at helping to strengthen existing GRM offices, including contributing to information and public awareness, delivering technical assistance to develop a common standard for GRM procedures, capacity development and training for grievance officers. PBS provides support for the opening of GRM offices in all regions and Ombudsman branch offices through dialogue and technical and financial support. The PSIA states that “[*a]lthough quantitative evidence is unavailable at present, descriptive evidence from the first*

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<sup>149</sup> PBS III PAD: 96. (ORAF)

<sup>150</sup> PBS III PAD: 96. (ORAF)

<sup>151</sup> Joint Review and Implementation Support (JRIS) Mission Report (May 8-10, 2013): 1.

<sup>152</sup> JRIS Mission Report (May 8-10, 2013): 2.

<sup>153</sup> JRIS Mission Report (May 8-10, 2013): 1.

*phase of the Ethiopia Social Accountability Program implies that structured feedback sessions involving citizens and service providers are strengthening citizens' participation in pilot areas. That evidence, together with the strong guidance emerging from governance and accountability theory, would appear to favor the continued application of social accountability tools and the development of policies to sustain their use in the Ethiopian context.*"<sup>154</sup>

153. Accordingly, PBS III fast-tracked the application of social accountability tools in Gambella, including the establishment of an Ombudsman's office as part of risk management and mitigation.

Picture 3: Panel meets with Ombudsman in Gambella



#### 2.2.4. Panel's Analysis of Risk Assessment and Compliance

##### a) Adequacy of the Risk Analysis undertaken during PBS III Preparation

154. The Panel notes Management's position, expressed in the Management Response, that there is no link between PBS and CDP. Moreover, and although the Bank during the ROC meeting as well as the DPs acknowledged in some instances that there may be an overlap between PBS and CDP, they confined the resulting potential risks to the "reputational" category only. The Bank therefore determined that concerns related to villagization would be more appropriately dealt at the country and policy levels.

155. The Panel appreciates that the Bank took prompt action after being informed of the Government's CDP by conducting fact-finding missions, assisting the Government on good practice guidelines and principles for resettlement, and raising concerns at the highest levels of Government. The Panel also understands the dilemma faced by the Bank and other DPs on how best to address development issues posed by the Government's CDP without being linked to the allegations of human right abuses. Nevertheless, as DPs and the Bank acknowledged, there is a clear overlap between the PBS and CDP in providing basic services delivery in four developing

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<sup>154</sup> PSIA: 44.

regions. The Panel is of the view that the risks posed by the concurrent implementation of CDP and PBS III were not limited to “*reputational*,” but also covered “*project operating environment*,” “*implementing agency*,” and “*stakeholders*” risks.

156. The **Stakeholder Risk** includes the concern expressed by DPs that the “*space for citizen’s formal political engagement in Ethiopia is narrowing*”<sup>155</sup> and that “[w]ithout credible, survey-based evidence of results and strengthened transparency and accountability mechanisms, they might decide to withdraw support to maintain their institution’s reputation.”<sup>156</sup> The ORAF also notes the added risk to the Bank’s reputation “*if it is seen to be supporting or being associated with mechanisms or initiatives that do not include sufficient effort by the Government to open space for citizen engagement*.”<sup>157</sup>

157. The description of Stakeholder Risk mentions two additional concerns: (i) the ‘villagization’ program and concerns that the “*manner in which the relocation has taken place has been alleged by human rights groups to be coercive*,”<sup>158</sup> and (ii) the recent policy decision by GoE requiring CSOs to ensure no more than 30% of their cost for administration and at least 70% for operations, which DP’s think could “*seriously limit CSO operations*.”<sup>159</sup>

158. The overall risk rating for Stakeholder Risk is ‘High’ (before mitigation). The proposed risk management approach is three fold:

- To continue strengthening PBS accountability mechanisms, in particular promoting local transparency and accountability through the Citizen’s Engagement sub-component and specifically providing support to improve grievance redress in service delivery,
- To strengthen monitoring and evaluation systems including independent survey-based quality checks on results, and
- To monitor the effects of PBS and related country policies on citizen space, to ensure coordinated responses by DPs and to engage in high-level dialogue with the GoE regarding matters such as villagization and the CSO law.

159. There is no mention in the PBS III ORAF of any specific Stakeholder Risks arising from the implementation of CDP in the four regions in which PBS III operates. The measures for managing Stakeholder Risk relate mainly to the design of the Citizen Engagement sub-component and the introduction of independent survey-based quality assurance on results. The Panel notes that the effectiveness of these risk management measures depends almost entirely on GRMs being available and utilized. If this is not the case, as claimed by the Requesters and confirmed by several DAG reports, these measures should have been reviewed and if necessary, adjusted (as per the Guidance) to ensure that grievances were received and appropriately addressed.

160. The Panel also notes that the PBS III ORAF contains no assessment of **Operating Environment Risk**. Operating Environment Risks are the types of risk that shape the context in which PDOs are being pursued and could eventually impact their achievement. The changes to the

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<sup>155</sup> PBS III PAD: 96. (ORAF)

<sup>156</sup> PBS III PAD: 96. (ORAF)

<sup>157</sup> PBS III PAD: 96. (ORAF)

<sup>158</sup> PBS III PAD: 96. (ORAF)

<sup>159</sup> PBS III PAD: 97. (ORAF)

CSO law and the roll-out of the villagization program should be considered key Operating Environment Risks deserving assessment and monitoring. Given the sheer scope and complexity of PBS, the Panel considers this to be a major oversight.

161. Bank Management did not consider the possibility that the concurrent roll-out of the CDP would affect the operating context for PBS III, nor that CDP could fundamentally change the critical path for the PDO's in the relevant regions. Instead, Bank Management seems to have assured itself that because the Project is focused on improving service delivery through the flow and management of block grant funds, anything outside of this does not qualify as a realistic or tangible risk to the Project.

162. **Implementing Agency Risks** focus on the problems of capacity, including high staff turnover at the local level, and the need to strengthen local accountability focusing on the weak capacity in procurement and financial management, especially at the woreda level. Given that the woreda administration is central to the design of PBS delivery, the mitigation measures lack concrete steps and time frames. Given also that the implementing agency for PBS and the CDP are one and the same at the woreda level, a clearer articulation of the possible risk of inadequate management capacity for concurrent implementation, and weak oversight arising from the dual mandates posed by PBS and the CDP would have been appropriate.

163. In the PBS III PAD, **Project Risks** are focused mainly on risks arising from complexity and weak citizen engagement at the local level, together with the risk to sustainability arising from the continued dependence on donors to fully fund the block grant mechanism. Social and environmental risks were not adequately assessed because of PBS III's focus on recurrent costs and capacity building of the local government staff and system.<sup>160</sup> Management's decision not to apply the safeguard policies to the operation is discussed in Chapter 3.

164. The Panel notes that some form of ex-ante social assessment would have significantly improved the quality and effectiveness of the risk assessment and may have resulted in the identification of a series of key risks to consider during implementation. The sensitivities that were clearly building around the Project, even if unverified at the point of appraisal, demanded the Project to include measures to address any potential increase in risk or negative social impact. The Panel recognizes that additional measures, such as the fast-tracking of social accountability mechanisms to Gambella were identified following the receipt of the Request by the Inspection Panel, following the Board meeting approving PBS III, and during Project implementation.

165. The Panel's analysis in Chapter 3 highlights the potential impact of CDP through its resettlement activities on the PDOs of PBS in the agricultural sector in Gambella, pointing to an operational interface that might have been taken into account in relevant risk sections of the ORAF i.e. Implementing Agency or Project Level Risk.

166. The Panel notes that during preparation of PBS III, a thorough assessment of **Operating Environment Risk** could have systematically reviewed:

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<sup>160</sup> PBS III PAD: 96. (ORAF)

- *Country-level risks*, not just macroeconomic risks, but also political, institutional, and social risks linked to shifts in the authorizing environment for PBS, i.e., changes in the policy space for citizen engagement and the priority assigned by the GoE to the CDP.
- *Specific sector and geographic risks* arising from the concurrent roll-out of PBS III and the CDP. The fact that the Bank was made aware of the planned villagization program around the time of the PBS III appraisal should have triggered revised Risk Assessments for those locations where the overlap between PBS and CDP was deemed greatest, and a consequent adjustment of the Risk Assessment at the Implementing Agency level. These should have included risks associated with weak capacity for effective oversight of PBS vs. CDP expenditures; inadequate staffing increasing the risk that staff fully funded under PBS would divert time to the CDP, and weak governance and accountability for the outputs of the two programs.

167. As noted above, a social assessment would have been justified both to verify the robustness of the results chain linking the block grant mechanism to PBS results, and to assess any changes in the local governance context (which would, it could be safely assumed, have identified the potential overlap with the CDP) that might put future results achievements at risk. Such an exercise might have identified a series of risks to monitor during implementation, or an alternative set of risk management measures designed to avoid potential negative impacts from the CDP.

168. The Panel notes that the PBS III ORAF does not meet the expectations set out in the Bank’s Guidance Note to “*look systematically, holistically, in an integrated manner and in real time, at risks to achieving project development objectives (PDOs)*”<sup>161</sup>... “[...] *using the risk assessment during implementation to regularly scan the full spectrum of possible risks helps teams move quickly to identify and address emerging issues, including unanticipated risks.*”<sup>162</sup> Considering the magnitude of the operation, the nature of block grant financing and the overlapping implementation between PBS III and CDP, **the Panel finds that Management did not carry out the required full risk analysis, nor were its mitigation measures adequate to manage the concurrent roll-out of the villagization program in four PBS III regions. The Panel finds that Management’s approach did not meet the standards of a systematic or holistic assessment of risks, as called for in the ORAF Guidance, which is aimed among other objectives at identifying adequate risk management measures for affected communities. The Panel finds these omissions in non-compliance with OMS 2.20 on Project Appraisal.**

b) Adequacy of the Risk Analysis undertaken during PBS III Implementation

169. During the Executive Board consideration of PBS III (September 25, 2012), there were extensive discussions among the Executive Directors and Management related to the issues raised by the Requesters. In its Response, Management states that reacting to concerns raised by Executive Directors during their discussion of PBS III, Management committed to undertake additional analysis “*through a Poverty and Social Impact Analysis, which would, amongst other things, aim to verify further the observed experience under PBS that increasing funds for the delivery of services across Ethiopia and increasing transparency and accountability through*

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<sup>161</sup> Guidance Note on the ORAF (2011): 2.

<sup>162</sup> Guidance Note on the ORAF (2011): 2.

*citizens' engagement provides proportionately greater returns to marginal areas and vulnerable groups.*"<sup>163</sup>

170. PBS III implementation paid particular attention to the establishment of GRMs and the implementation of the social accountability component of the program. Management fast-tracked the implementation of the Project's social accountability component and GRM in Gambella. A Regional Ombudsman's Office was created by the EIO in the Gambella Region. During its investigation visit, the Panel team met with the Ombudsman of the EIO's Gambella branch. The Ombudsman noted to the Panel team that the office was established officially in December 2013, but that he had started as the Ombudsman in Gambella in September 2013.

171. During its investigation visit, the Panel team also met with the representative of VECOD, the NGO responsible for the implementation of the social accountability component of PBS III in Gambella. The representative noted that the activities started in January 2013, and that he joined in August 2013. The representative explained VECOD's objective as providing grass-root level accountability for PBS sectors and to teach people their rights. The Panel understands that VECOD works in 5 woredas, including Anuak, Nuer, Mojang and mixed woredas, targeting 3 kebeles per woreda. VECOD representative noted to the Panel team that the communities mostly raise health and water issues. The VECOD representative noted that the NGO contract to provide social accountability services is ending in December 2014, and it is not clear what will happen after this date.

172. The PSIA states that "[t]his study attempts to determine the extent to which spending at the woreda level on basic services is associated with key policy outputs and human outcomes. [...] A parallel objective of the study is to assess the incidence of these expenditures by wealth quintile, in line with the World Bank's objective of achieving shared growth by reaching the bottom 40 percent. A final objective is to investigate whether the allocation of woreda-level block grants reflects the constitutional objective of providing additional resources to historically marginalized populations."<sup>164</sup> Accordingly, the Panel appreciates that the PSIA analysis has shown that "[s]ome historically disadvantaged areas are significantly favored under the current spending framework [...] [and] [f]our majority-Anyiwak woredas are noteworthy for receiving more public resources than all other woredas in the nation."<sup>165</sup> The Panel notes, however, that while higher allocation of resources is positive, it does not automatically translate into better quality and coverage of services, nor does it address the issue of interface between PBS and CDP and their mutual impact.

173. In its Eligibility Report, the Panel focused specifically on the PSIA, stating in its Recommendation that the "*Panel's investigation will report on steps and actions taken by Management during the course of the investigation to address issues of compliance and the concerns raised by the Requesters, including, if feasible, the outcomes of the proposed Poverty and Social Impact Analysis.*"<sup>166</sup> The Panel thus notes that while the PSIA showed favorable allocation of resources to Gambella, it did not address the issues of concerns raised by the Requesters.

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<sup>163</sup> Management Response: 21.

<sup>164</sup> PSIA: xvii.

<sup>165</sup> PSIA: 43.

<sup>166</sup> Report and Recommendation: 21f.

174. The Panel recognizes Management’s efforts to strengthen social accountability during PBS III implementation. As noted in the Implementation Completion and Results Report (ICR) of PBS II, there were delays in the implementation of the social accountability activities in PBS II.<sup>167</sup> The Panel welcomes the establishment of the Ombudsman office in Gambella and appreciates that the social accountability and grievance mechanism components have been fast-tracked in Gambella. It is hoped that moving forward, efforts for citizen engagement and social accountability and their effective implementation, which are essential for PBS service delivery, will be closely coordinated and monitored in a mutually reinforcing way.

175. The Panel understands and appreciates that, more recently, Management is currently supporting a study on the interface between World Bank-funded and nationally-funded programs to ensure coherence in their implementation.<sup>168</sup> The Panel welcomes this development and expects that the study will lead to necessary adjustments in project implementation, when called for.

176. Notwithstanding these developments, **it is the view of the Panel that the lack of recognition and analysis during appraisal of the operational interface between PBS III and CDP, as required by the ORAF and described above, meant that the resulting risks were not adequately taken into account or properly managed and mitigated during PBS III implementation.**

Picture 4: Anuak Village in Gambella



<sup>167</sup> For more information see: PBS II Implementation Completion and Results Report (2013): 18, 34, 46.

<sup>168</sup> Ethiopia – Country Partnership Strategy Progress Report (2014): 36.

## **Conclusion**

177. It is the view of the Panel that while Management was aware of CDP being implemented in four regions, the full spectrum of risks associated with its concurrent roll-out with PBS was not appraised. This inadequacy meant that mitigation measures were focused largely on country level dialogue through the DAG (with no specificity on timeframe or success indicators), and putting in place a social accountability program, most notably through GRMs. These measures, though effective to strengthen transparency and accountability in service delivery, did not address risks from CDP implementation. Furthermore, the risk assessment was not adequately adjusted during implementation to take account of the concurrent implementation of CDP in the relevant regions. The Panel recognizes that Management is now taking measures to study the interface between Bank-funded and nationally funded programs, with a view to ensuring coherence among the programs.

## Chapter 3: Application of Safeguard Policies and Distribution of Services in Gambella

### 3.1. Application of the Safeguard Policies to PBS III

178. This Chapter analyzes the Requesters' allegations that safeguard policies should have been applied to PBS III, in particular the policies on Indigenous Peoples and on Involuntary Resettlement, given that its implementation overlapped with the CDP program. The Chapter includes a discussion on the harms alleged by the Requesters regarding basic service delivery and livelihood conditions in resettled villages, and presents the Panel's findings and observations on whether these alleged harms resulted from Bank's non-compliance with its policies and procedures.

#### 3.1.1. Application of Safeguards to Projects Focused on Recurrent Expenditures

179. The Requesters believe that the social safeguard policies on Indigenous Peoples (OP 4.10) and Involuntary Resettlement (OP 4.12) should have been applied to the PBS Program. They refer to the Project Appraisal Document (PAD) of PBS II<sup>169</sup> which claims that "*the Bank decided that given that Subprogram A, the main component of PBS, only supports recurrent expenditures, social and environmental safeguard policies, including OP 4.10 and OP 4.12, are not triggered.*"<sup>170</sup> The Requesters argue, however, that "*neither the instrument utilized for PBS nor the decision to fund only recurrent expenditures negate the Bank's obligation to trigger and comply with relevant safeguard policies;*"<sup>171</sup> rather, the high level of discretion allowed by the financing instrument requires strong Bank oversight.<sup>172</sup>

180. In its Response, "*Management disagrees with the Requesters' assertion that the Bank's safeguard policies should have been triggered in PBS 3 to address potential environmental and social risks related to villagization because [...] the PBS project is not linked to the villagization program.*"<sup>173</sup> Management argues that therefore "*there is no scope or justification to apply the Bank's safeguards policies to that program as demanded by the Requesters.*"<sup>174</sup> The Response adds that the decision not to apply safeguard policies in PBS III is consistent with the overall approach for the three phases of the PBS program "*as well as for several other Bank investment operations involving recurrent costs.*"<sup>175</sup> Management notes that "*the application of safeguards is calibrated in view of the potential environmental and social impacts*"<sup>176</sup> of the proposed operation and, in this context, PBS III's impacts were evaluated as justifying the environmental category rating of 'C.'<sup>177</sup>

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<sup>169</sup> Request for Inspection: 15. (reference to PBS II PAD: 9.)

<sup>170</sup> Request for Inspection: 15.

<sup>171</sup> Request for Inspection: 15.

<sup>172</sup> Request for Inspection: 15.

<sup>173</sup> Management Response: ix.

<sup>174</sup> Management Response: 15.

<sup>175</sup> Management Response: 16.

<sup>176</sup> Management Response: 16.

<sup>177</sup> Management Response: 16.

181. The Panel addresses the general issue on whether there is scope for the application of safeguard policies in projects providing for recurrent expenditures. **The Panel notes that Bank policies do not exclude the application of safeguard policies in Investment Lending (IL) operations providing only for recurrent expenditures. The Panel finds that to the extent that one or more safeguard policies are found to be relevant to the areas of operation of the proposed project under the World Bank Operational Policies and Procedures, Management should trigger and apply them.** The Panel does not concur with Management’s assertion that recurrent expenditures, *a priori*, do not have any environmental and social impacts, as further elaborated below.

### 3.1.2. The Involuntary Resettlement Policy

182. The Requesters maintain that the Policy on Involuntary Resettlement (OP 4.12) should have been applied to the PBS Program. In their view, had OP 4.12 been triggered, the PBS Program would have required adequate safeguards for the resettlement of people under the CDP and would have ensured processes in respect of human rights. They argue that it was the responsibility of the Bank to take measures that would make sure that people were relocating voluntarily and were adequately informed, consulted, compensated and received resettlement assistance in accordance with the Bank policy. As noted in other parts of this Report, they believe that the villagization program is “*directly and significantly related to PBS, and indeed is the means by which the regional government officially aimed to achieve PBS objectives, using PBS funds.*”<sup>178</sup>

183. Management states that there is “*no scope*” for application of the safeguard policies to the CDP, as the Bank does not finance it and PBS III does not involve any involuntary taking of land, thus arguing that the decision not to trigger the policy on involuntary resettlement (OP 4.12) was correct. Management further notes that OP 4.12 is not applicable to PBS III because the project supports only recurrent expenditures and does not involve taking of land or restriction of access. In addition, PBS III does not depend on villagization to achieve its objectives and therefore, even if the resettlement under the program was involuntary, such Government activities would fall outside of the scope of the policies applicable to the Bank supported project.<sup>179</sup> Management adds that its position with respect to the applicability of OP 4.12 has been consistent through the three PBS phases and other Bank operations involving recurrent costs.

184. OP 4.12 applies to Involuntary Resettlement in development projects as it is recognized that “*if unmitigated, [involuntary resettlement] often gives rise to severe economic, social and environmental risks*”<sup>180</sup> and general impoverishment of the people affected by the relocation. The policy covers “*direct economic and social impacts*”<sup>181</sup> that are caused by an involuntary taking of land as a result of a Bank-financed project. The policy applies to all components of the project that cause involuntary resettlement, regardless of the source of financing. It also applies to other activities that result in involuntary resettlement that, “*in the judgment of the Bank are a) directly and significantly related to the Bank-assisted project, b) necessary to achieve its objectives as set forth in project documents; and c) carried out, or planned to be carried out, contemporaneously with the project.*”<sup>182</sup> In other words, OP 4.12 applies to involuntary resettlement that is the direct

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<sup>178</sup> Request for Inspection: 18.

<sup>179</sup> Management Response: ix.

<sup>180</sup> OP 4.12, para. 1.

<sup>181</sup> OP 4.12, para. 3.

<sup>182</sup> OP 4.12, para. 4.

result of activities under the Bank-financed project, or activities that are directly and significantly related to the design and the performance of the Bank project, and is necessary to achieve the objectives of the Bank Project.

185. Taking into account that activities financed under PBS III do not require involuntary taking of land, the question at hand is whether the Government-financed CDP, which *is* a resettlement program, is directly and significantly related to the Bank-assisted project, necessary to achieve its objectives and carried out contemporaneously with the project as argued by the Requesters.

Picture 5: Panel meets with Anuak Village in Gambella



186. The Panel notes that Management analyzed whether OP 4.12 would be applicable in the context of World Bank-funded programs. A joint World Bank-Finland mission to Benishangul-Gumuz (BG) was carried out in 2011 to understand the CDP program, its design and implementation, and to determine whether there was a linkage with other donors' programs in BG, but also in the other states where CDP was implemented. Bank staff also assessed the applicability of OP 4.12. According to internal Bank documents reviewed by the Panel, the Bank mission concluded that Bank-supported projects in the region may be carried out contemporaneously with the CDP and could provide indirect support to it, albeit "*coincidentally,*" in Bank staff's words. The mission also determined that the criteria of OP 4.12 discussed above (direct, significantly related and necessary to achieve objectives) were not met.

187. The Panel notes that the PBS program is a nationwide program which was initiated in 2006, and is expected to close in 2018. The CDP program began in Gambella in 2010 and terminated in 2013. Thus, while CDP in Gambella was contemporaneous with PBS, the latter was being implemented four years prior to the commencement of CDP, and is continuing after the conclusion of CDP. Furthermore, PBS was designed to cover the entire population of Gambella, irrespective of whether they relocated under CDP. Thus, the Panel does not consider CDP a necessary activity to achieve the objectives of PBS III.

**188. The Panel finds that paragraph 4 of OP 4.12 is not applicable and that Management acted consistently with the provisions of OP/BP 4.12 by not triggering it.**

### 3.1.3. The Indigenous Peoples Policy

#### a) Requester's Claims

189. With regard to the safeguard policy on Indigenous Peoples (OP 4.10), the Requesters claim that “*the Anuak fall squarely into any definition of ‘indigenous peoples’ and possess the precise characteristics described in OP 4.10*”<sup>183</sup> and thus the policy should have been applied. The Requesters go on to argue that “*it was impossible for PBS not to affect Indigenous Peoples. Yet not a single reference is made to Indigenous Peoples in project appraisal documentation.*”<sup>184</sup> Furthermore, they argue that “[*i*]t appears from publically available information that the Bank did not conduct a robust screening to identify whether Indigenous Peoples are present in, or have collective attachment to, the project area, which in the case of PBS is every region in the country.”<sup>185</sup> Also, the Requesters state that no social assessment evaluating potential adverse effects on Indigenous Peoples was conducted and no measures taken to address potential effects and to ensure culturally appropriate project benefits.<sup>186</sup> The Requesters claim that if the Policy had been applied “*PBS funds could not have been used to implement any aspects of villagization as a means to improve access to basic services that required Indigenous People, including the Anuak, to move away from their ancestral lands*”<sup>187</sup>.

#### b) Management Response

190. With regard to the safeguard policy on Indigenous Peoples, Management explains that the GoE “*has had concerns that if applied without due care the policy would be inconsistent with the Ethiopian Constitution and might also create tensions between ethnic groups rather than reduce them.*”<sup>188</sup> According to Management, the GoE has been concerned about the application of OP 4.10 to IDA-lending to Ethiopia because it worries about “*singling out ethnic groups for distinct treatment, which is inconsistent with certain principles of the Ethiopian Constitution, in particular Article 39(5) which defines the concept of ‘Nation, Nationality or People’*”<sup>189</sup> and grants each group equal protection. The concept of ‘*Nation, Nationality or People*’ is described in similar terms to those of the Bank’s policy on Indigenous Peoples. Thus, the GoE argues that, based on the country’s Constitution, all people in Ethiopia are indigenous according to the Policy.<sup>190</sup>

#### c) Indigenous Peoples in Ethiopia’s Constitution

191. Article 8 of Ethiopia’s constitution reads that “*1. [a]ll sovereign power resides in the Nations, Nationalities and Peoples of Ethiopia. 2. This Constitution is an expression of their sovereignty.*”<sup>191</sup> A Nation, Nationality or People is defined in the Constitution as “*a group of people who have or share a large measure of a common culture or similar customs, mutual*

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<sup>183</sup> Request for Inspection: 15f.

<sup>184</sup> Request for Inspection: 16.

<sup>185</sup> Request for Inspection: 16.

<sup>186</sup> Request for Inspection: 16.

<sup>187</sup> Request for Inspection: 16.

<sup>188</sup> Management Response: 37.

<sup>189</sup> Management Response: 37.

<sup>190</sup> Management Response: 16f.

<sup>191</sup> Constitution of the Federal Democratic Republic of Ethiopia (1995). Available online: <http://www.refworld.org/docid/3ae6b5a84.html> (accessed July 5, 2014)

*intelligibility of language, belief in a common or related identities, a common psychological make-up, and who inhabit an identifiable predominantly contiguous territory.”*<sup>192</sup>

192. The Constitution guarantees every Nation, Nationality and People an unconditional right to self-determination, including the right to secession, the right to speak, write, and develop an own language, to develop and promote its culture and to preserve its history.<sup>193</sup> Article 41(3) states that “[e]very Ethiopian national has the right to equal access to publicly funded social services”<sup>194</sup>

d) Background and Chronology relating to the Application of OP 4.10 in Ethiopia

193. In its Response, Management indicates that OP 4.10 was not applied to Bank operations in Ethiopia before 2013, including the PBS project, because of the GoE’s concern that the policy was not compatible with the Constitution and country context.<sup>195</sup> The Response notes that discussions with the GoE were ongoing since mid-2009 about how to apply the Policy for future Bank operations in Ethiopia, and a joint World Bank-GoE workshop, aimed at enhancing the government’s familiarity with OP 4.10, was held in 2011. The issue was further discussed with the Ethiopian delegation at the WB-IMF Annual Meetings in 2011, and a proposal for the application of the policy was sent to the GoE. This delegation reiterated the difficulties of applying the policy but noted that a joint resolution between the government and the Bank was needed. The issue was then raised again during the Annual Meetings in 2012, this time in the specific context of the present Request (which had been registered by that time), and the GoE reconfirmed its commitment to respond to the concerns. In mid-2012, the government and the Bank agreed on the Terms of Reference for a screening of the ethnic groups in five regions of Ethiopia.<sup>196</sup>

194. In early 2013, a World Bank-commissioned field-based screening process was carried out to assess both the relevance and appropriateness of applying OP 4.10 in the Ethiopian context. Sixty four Nations, Nationalities and Peoples in five regions (Afar, Oromia, Somali, SNNPR and Gambella) were screened against the Bank policy’s reference to “distinct, vulnerable, social, and cultural groups” and the four elements of paragraph four of OP 4.10 which define ‘indigenous peoples’ to which the policy is applied. However, most groups fulfilled all four elements. Thus, the research team decided to additionally use the government’s four categories (regional and intra-regional disparity in human development indicators, historical marginality of pastoralist areas and national minorities) for their screening process. They then identified 34 groups as vulnerable, for which they recommended the application of OP 4.10. The Anuak are among those 34 groups and meet all screening criteria to a large degree.<sup>197</sup>

195. Staff informed the Panel that during the preparation of PBS III, there was an understanding that OP 4.10 would not be applied, given the position of the GoE, but, “*where necessary for certain groups, due diligence would be conducted.*” The Panel was also informed that Bank’s social protection experts were of the opinion that the Project, as designed, protected indigenous peoples because “*everybody was treated the same.*” Staff also noted that a vulnerability assessment could have been carried out as part of due diligence.

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<sup>192</sup> Constitution, Article 39(5).

<sup>193</sup> Constitution, Article 39.

<sup>194</sup> Constitution, Article 41(3).

<sup>195</sup> Management Response: 16.

<sup>196</sup> Management Response: 16f.

<sup>197</sup> This study was available to the Panel for review but it is at the moment confidential and not publicly available.

196. The Panel notes that neither Project preparation documents nor Management’s Response mention specific due diligence actions carried out during Project preparation with respect to certain groups meeting the criteria of OP 4.10. The Response describes the concerns of the Government in relation to the application of OP 4.10 and the “*uncertainty as to its compatibility with the country context*”<sup>198</sup>, but also indicates that, in general, the application of safeguards is calibrated with the Project’s social and environmental impacts, and PBS III, as designed, was considered a category C project, likely to have minimal or no environmental and social impacts.<sup>199</sup>

197. The Panel also notes that Management’s Response refers to the concept of “*functional equivalence with the policy*” on Indigenous Peoples as applicable to projects that would normally trigger OP 4.10.

e) The Concept of Functional Equivalence

198. In early 2012, prior to the start of the negotiations for the Productive Safety Net Project (PSNP APL III) Additional Financing, discussions about the application of OP 4.10 in Ethiopia had taken place, based on which senior management approved a course of action referred to as functional equivalence.<sup>200</sup> The Memorandum of the President (MOP) on a proposed additional credit to Ethiopia for the PSNP APL III, dated March 1, 2012, outlines the discussion with the GoE up until the point when the Bank sent its proposal for the application of OP 4.10 in 2011, stating: “*if agreement is reached on appropriate application of this policy in the Ethiopia portfolio, but in any event starting with operations approved after December 2012 [...], it will be applied to the extent that it is found to be relevant to the areas of operation of the proposed projects. Relevant operations presented to the Board in the meantime will endeavor to contain features that approach functional equivalence with the policy even when it is not formally triggered.*”<sup>201</sup>

199. The Management Response mentions the concept of functional equivalence by referring to the Board discussion of the Country Partnership Strategy (CPS) for Ethiopia.<sup>202</sup> The CPS was adopted in August 2012, a few months after the issuance of the PSNP MOP. The CPS includes a footnote explaining that a note, which appears in the MOP of every Board package for Ethiopia since February 2012, has summarized the situation as follows: “*(a) dialogue between GoE and the Bank on OP 4.10 is ongoing, (b) when agreement is reached, but in any event starting with operations considered by the Board after December 2012, the policy would be applied to the extent that it is found to be relevant to the areas of operation of the proposed projects; and (c) relevant operations presented to the Board in the meantime will endeavor to contain features that approach functional equivalence with the policy even when it is not formally triggered. In lieu of agreement with GoE on application of OP 4.10, in some projects, task teams have been able to achieve much*

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<sup>198</sup> Management Response: 16.

<sup>199</sup> OP 4.01, para 8.

<sup>200</sup> Confidential Internal Memorandum. The Panel was informed during interviews with staff that an earlier memo dated 2009 had mentioned functional equivalence, but had not been issued because of the difficult relationship with GoE with regards to indigenous peoples at that time.

<sup>201</sup> Memorandum and Recommendation of the President of the International Development Association to the Executive Directors on a Proposed Additional Credit to Democratic Republic of Ethiopia for the Productive Safety Net Project (PSNP APL III): 2.

<sup>202</sup> Management Response: 17.

*of the intent of OP 4.10 without triggering the policy (through the Environmental Assessment or Involuntary Resettlement policies and procedures).’’<sup>203</sup>*

200. According to Bank staff, the core of OP 4.10 is reflected in the concept of functional equivalence, which is based on five principles: free, prior and informed consultation leading to broad community support, mitigation of adverse impacts on people who would trigger the policy, culturally appropriate benefit sharing, grievance redress mechanisms, and monitoring and evaluation of outcomes for indigenous peoples.

201. The Panel notes that from January 2013 and when relevant, OP 4.10 was triggered for proposed projects in Ethiopia to be approved by the Board. The Panel also draws attention to the PAD of the Productive Safety Net Phase 4 which states: “*OP 4.10 Indigenous Peoples is triggered as it is determined that the physical and sociocultural characteristics of the sites where subproject activities could be implemented, and the people living in these sites, meet the policy requirements. The decision to trigger the policy is also based on the Ethiopian Constitution, which recognizes the presence of different sociocultural groups, including historically disadvantaged or underserved communities, as well as their rights to their identity, culture, language, customary livelihoods and socio-economic equity.*”<sup>204</sup> (Emphasis added)

f) The Panel’s Analysis

202. As noted above, the Bank commissioned-screening study determined that the Anuak people meet the criteria set forth in OP 4.10 and can be considered indigenous peoples under the Bank policy. While acknowledging the difficult context in which PBS III was prepared, the concerns expressed by the GoE regarding the definition of Indigenous Peoples, and the application of the related policy in the Ethiopian context, the Panel also notes Management’s indication that based on an agreement with the GoE, OP 4.10 would be applied to operations considered by the Board after December 2012. As noted above, this is consistent with the Ethiopian Constitution. Prior to December 2012, Bank operations would follow the approach known as functional equivalence with the policy.

203. Bank staff informed the Panel that the concept of functional equivalence was discussed during Project preparation and that the Bank applied the “*spirit of functional equivalence*” to PBS III. It was explained to the Panel that at that time, the screening study had not been completed, and staff felt that the GoE would not have accepted a report on Indigenous Peoples; furthermore, waiting to apply the policy would have delayed the Project for one year. Staff explained to the Panel, however, that the PBS III social accountability mechanisms at the community level had the

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<sup>203</sup> Country Partnership Strategy for Ethiopia (2012): 47 (footnote 87). Bank staff informed the Panel that the GoE changed its policy on indigenous peoples after the Management Response had been submitted: in January 2013, Management had announced the application of the policy to MoFED and had held back 1.3 million USD of lending until the government agreed to the policy application in June 2013. Since then, the Bank applies OP 4.10 in Ethiopia. Staff informed the Panel that the GoE agreed that Social Assessments and Action Plans in PADs or ESMPs could be public; however, the GoE did not want the term Indigenous Peoples to appear in PADs, but rather favors calling them ‘*people who trigger OP 4.10*’. According to Bank staff, there are two options for applying the policy: one, to apply it according to the letter of the policy; two, to apply it to groups who also meet a vulnerability criterion, which is an ad-hoc criterion not explicitly mentioned in the policy, which creates difficulties and could lead to conflict with excluded groups. The Panel was told that Management now reviews the policy application with the government on a project-by-project basis. The General Education Quality Improvement Project II and the Sustainable Land Management Project II applied OP 4.10 in Ethiopia.

<sup>204</sup> PSNP 4 PAD: 26.

five core principles of OP 4.10 embedded in their procedures. In this regard, staff noted that the social accountability component, community consultations and grievance redress mechanisms are among the measures the Project employs to “cover the basis of OP 4.10”. Management notes in the Response that the preparation of PBS III “has benefited from a number of studies and evaluations of the impact of PBS, including of opportunities under the program to promote improved engagement, voice and services for vulnerable groups [...] [and] includes numerous elements to ensure that the operation promotes fairness, equity and transparency in service delivery results and strengthens citizens’ engagement and social accountability.”<sup>205</sup>

204. The Panel notes that the PAD for PBS III, the PID, and other preparation documents the Panel has reviewed, do not mention the concept of functional equivalence with the policy, as discussed or applied to PBS III. The PAD includes a general statement that “as Project financing is limited to recurrent expenditures for basic services and does not include financing for capital investment or civil works, World Bank safeguard policies are not triggered.”<sup>206</sup> The PAD does not include a discussion of Project impacts on vulnerable groups, as Management Response suggests.

205. In this regard, the Management Response indicates the intention to carry out a PSIA aimed at verifying that under PBS, “increasing funds for the delivery of services across Ethiopia provides proportionately greater returns to marginal areas and vulnerable groups.”<sup>207</sup> The Terms of Reference (TORs) for the PSIA specify that while the Project is designed to provide fair and efficient service delivery through a transparent and equitable distribution of resources to local administrations, PBS does not target directly the needs of vulnerable groups. The PSIA would then ascertain whether under PBS, there is inequitable access to services between different ethnicities.<sup>208</sup>

206. The Panel notes that the Bank policy on Indigenous People states that: “The Bank recognizes that the identities and cultures of Indigenous Peoples are inextricably linked to the lands on which they live and the natural resources on which they depend. These distinct circumstances expose Indigenous Peoples to different types of risks and levels of impacts from development projects, including loss of identity, culture, and customary livelihoods, as well as exposure to disease. As social groups with identities that are often distinct from dominant groups in their national societies, Indigenous Peoples are frequently among the most marginalized and vulnerable segments of the population. As a result, their economic, social, and legal status often limits their capacity to defend their interests in and rights to lands, territories, and other productive resources, and/or restricts their ability to participate in and benefit from development.”<sup>209</sup>

207. The PBS III preparation took place when the agreement with the GoE to adopt an approach of functional equivalence with OP 4.10 in project areas where indigenous peoples are present was being applied. The Panel reviewed Project documents, Management’s Response and discussed with various stakeholders, but it did not find indications, prior to the interviews with staff that Management applied the functional equivalence approach to PBS III, although many groups affected by the Project qualify as indigenous peoples under the Bank’s policy. In contrast, Project

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<sup>205</sup> Management Response: 17 (footnote 8).

<sup>206</sup> PBS III PAD: 34.

<sup>207</sup> Management Response: 18.

<sup>208</sup> PSIA TORs (PSIA TRUST FUND - Application Form for Africa Region – FY13)

<sup>209</sup> OP 4.10, para. 2.

preparation documents illustrate Management’s position that safeguard policies in general do not apply to projects providing exclusively for recurrent expenditures, such as PBS III.

208. The Panel finds that, barring the triggering of OP 4.10, Management should have adopted the “functional equivalence” approach in the design of PBS III. The relevance and need for adopting such approach to the Anuak is strictly related to their distinct characteristics that the Bank policy OP 4.10 well lays out. While indigenous peoples, in general, may be characterized as vulnerable groups, the reasons for their vulnerability differ from that of other groups, e.g. street children or the disabled, and are historically rooted in their attachment to ancestral land and territories. **The Panel notes that livelihoods, well-being and access to basic services, which are closely tied to the Anuak’s access to land and natural resources was not taken into account in the design of PBS III, in non-compliance with OP 4.10.**

### 3.2. Delivery of Services and Livelihoods

#### 3.2.1. Summary of the Requesters’ Claims and Management Response

##### a) Requesters’ Claims

209. The Requesters claim that, through the GoE’s CDP Program, “[t]he Anuak have been relocated to infertile land, which is unsuitable for farming, and forced to build new villages there”<sup>210</sup>, which was carried out “under the pretext of providing better services and improving the livelihoods of the communities”<sup>211</sup>. The Requesters argue that at the new locations “they found not only unfertile land, but also no schools, clinics, wells or other basic services.”<sup>212</sup> They explain that the Anuak had been forced to leave their crops right before the harvest season and did not receive any food assistance from the government. Consequently, many families who had moved faced hunger and some vulnerable people, including children, died from starvation.<sup>213</sup>

210. The Annex to the Request for Inspection elaborates that the “promised basic services and facilities at the new sites were either not provided or were not operational and there was little access to food or land suitable for farming at the time that they were forced to move.”<sup>214</sup>

##### b) Management Response

211. Management states in its Response that the Requesters “are not able to demonstrate that the Promotion of Basic Services program Phase III (PBS 3) has harmed them or is likely to harm them”<sup>215</sup> and that the Bank is not financing CDP.

212. With regard to the alleged inadequacy of service delivery and food insecurity, Management states that “DAG-sponsored missions did find that planning had often been inadequate, relocation was too rapid, the sequencing of site improvements was poor and had inadequate finance, and

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<sup>210</sup> Request for Inspection: 1.

<sup>211</sup> Request for Inspection: 1.

<sup>212</sup> Request for Inspection: 1.

<sup>213</sup> Request for Inspection: 1.

<sup>214</sup> Request for Inspection: 8.

<sup>215</sup> Management Response: 22.

*implementation capacity was weak.*<sup>216</sup> According to the Management Response, the GoE accepted feedback by the Bank and other members of the DAG about implementation issues and acknowledged that the implementation of CDP could be improved. A June 2012 visit (at the end of the second year of CDP implementation) suggested improvements of the situation on six out of eight key measures compared to February 2011. Management explains in its Response that “[f]ood insecurity and malnutrition are major concerns in certain, localized areas across Ethiopia, sometimes as an acute problem requiring humanitarian relief, and sometimes as a chronic development challenge”<sup>217</sup>; therefore, the government and DPs have implemented a variety of policies and programs for rural economic development and food security.<sup>218</sup>

### 3.2.2. The Panel’s Analysis on Agriculture and Livelihoods

213. In Chapter 2, the Panel provided information on basic services in the villages visited, supplemented by additional information from existing reports. This section deepens the analysis on services under agriculture. Attention to this sector is important because the Government looked upon the CDP in Gambella as a type of agriculture project assigned to the Gambella agriculture department. The Villagization Program Action Plan for Gambella indicates that that “*although the Gambella Region is endowed with natural resources suitable to expand agricultural production it is one of food unsecured areas of the country. Traditional/cut & burn farming practices; scattered settlement; and river side settlement are the causes for the vulnerability among others. To alleviate the problem the regional government has developed strategy on villagization program on voluntarily, participatory and upon thorough investigation.*”<sup>219</sup>

214. It is the Panel’s view that the agriculture sector and livelihood issues have been particularly affected by the CDP’s resettlement operations, and as a result, the quality and effectiveness of service delivery in the agriculture sector under PBS were adversely affected. The Panel finds that, by not considering such risks during appraisal, Management was not attuned to developments and specific results during implementation for this sector in Gambella. The Panel also believes that delivery of agriculture services for the Anuak as indigenous peoples calls for particular attention to their special circumstances and livelihood needs. The paragraphs below illustrate these points.

215. The Request referred to the “*inhumane conditions at the new villages including a lack of access to food and livelihood opportunities, in some cases leading to starvation*”<sup>220</sup>. Management, in its Response, stated that it “*continues to have a close regard for environmental and social issues as they relate to the achievement of the project’s development objective*”<sup>221</sup> and argues that PBS III supports strengthening of environmental and social assessments at the local level through assessing capacity, targeting capacity building and encouraging best practices in planning and implementation.

216. The PBS program supports the agriculture sector by paying the salary of trained development agents, intended to provide agricultural extension services for crops, livestock and natural resource management. According to the PAD for PBS III, one of the underlying rationales

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<sup>216</sup> Management Response: 27.

<sup>217</sup> Management Response: 27.

<sup>218</sup> Management Response: 26f.

<sup>219</sup> Villagization Program Action Plan: 1.

<sup>220</sup> Request for Inspection: 7f.

<sup>221</sup> Management Response: 18.

of this is that a “*large, trained group of nationally deployed public sector agriculture agents is a potentially valuable asset to help deliver results in agricultural productivity.*”<sup>222</sup> According to the PAD, the progress towards attaining the PBS Project Development Objectives in the agriculture sector are measured by the number of “*agriculture sector beneficiaries (direct beneficiaries) of the project;*”<sup>223</sup> the number of specialized development agents in villages is an intermediate results indicator, while the achievement of higher level objectives of PBS III is an increased agricultural productivity.<sup>224</sup>

217. Based on interviews with villagers in the field, the Panel found that availability of land and land-related issues (agricultural production and food) are of the greatest concern to people affected by the CDP program. The Panel observed a general trend in many villages where land was provided to resettled people, but they could not work it because the land had not been cleared and little or no support was provided for clearing it. Thus, plots of land at the resettlement site stay unused while a large number of people keep going back to the fields they used to work before moving, in many cases located at several hours walking distance away. Some have moved back to their original villages, as already described in Chapter 2. Some Requesters complained that the new land was dry and the soil not suited for their traditional staple crops. In another village, people told the Panel team that only some are able to work on their old fields while for others, the distance makes this impossible; the former then share their produce with the other families, who would otherwise have nothing to eat.<sup>225</sup> While in two villages the Panel heard from local level officials that food has become more plentiful after relocation, in another village the Panel was told that “*they need to go very far to get fire woods, poles and grasses for construction, which has made their livelihood difficult.*”

218. The considerations above point to the grave impact from resettlement on villagers’ livelihood and their food security. As DPs noted, livelihood options were limited and in some cases, the lack of access to fishing and riverside mango trees worsened the situation. In 2012, DPs noted that the scale and speed of relocations were significantly disrupting livelihoods and that there was a need to address promptly the concerns over land and agricultural inputs to prevent worsening of the food security situation and to guarantee sustainable livelihoods to resettled people.

219. Government representatives that the Panel met in January 2013 are of the view that the four hectares of land allocated per household is adequate to maintain people’s livelihood. It is acknowledged that the relocation will imply changes in farming practices, and hence the Government’s emphasis on strengthening agricultural extension services, including with support from PBS. The Panel met several newly hired agricultural extension workers, also known as Development Agents (DAs) in each village visited. In one of the larger villages, the team was told that there are 18 DAs.<sup>226</sup> In some villages, people complained that DAs cannot help them because the plots of lands they were given after moving are not cleared and thus not workable. In one village, the DAs told the Panel that they are encouraging people to go back to their old fields so as

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<sup>222</sup> PBS III PAD: 5.

<sup>223</sup> PBS III PAD: 39.

<sup>224</sup> PBS III PAD: Annex 1.

<sup>225</sup> The interpreter who was assisting the Panel was carrying a bag of cereals for his relatives in his native village, because there was food scarcity in that village.

<sup>226</sup> At a meeting with a regional official in Gambella, he informed that Panel that there are now too many Development Agents employed, with the job is being given to large numbers of jobless 10<sup>th</sup> grade graduates.

to be able to farm and produce some food for their families, but not all villagers have the option to do that.

220. There seems to be a broad recognition that the speed of resettlement under CDP has not been met with commensurate resources and capacity, thus affecting basic services provision in Gambella, especially in the early years. As noted above, the Government representatives the Panel met during its eligibility visit referred to three challenges: lack of human resources in Gambella (i.e., people with required skills); very few contractors with the required capacity (“*it may take a year to build a health post*”); and not enough services to meet demands.

Picture 6: Panel Team meets with Anuak Village in Gambella



221. The effectiveness and quality of services in the agriculture sector is closely connected and influences the quality of livelihoods of villagers largely dependent on agriculture. Access to appropriate agricultural services is particularly important for indigenous groups such as the Anuak. As described in Chapter 1, the Anuak have a close attachment to their land and territories and depend predominantly on a subsistence economy. Livelihood for the Anuak is essentially determined by a combination of agriculture, fishing, gathering and hunting. Impacts of CDP in Gambella included the inability for villagers to farm the land in the new sites or the necessity to walk long distances to be able to farm, as well as difficulty in accessing rivers for fishing and forests for accessing building materials, fuel and fodder, with detrimental impacts for their livelihood.

222. The Panel notes that the pattern of land utilization and residence is based on the strong sense of Anuak identification with land and village. The Panel understands that in addition to other factors, this strong attachment to land and village is relevant to understanding, at least in part, Anuak’s resistance towards relocation, even if within the same woreda.

### 3.2.3. Project Appraisal

223. According to OP 4.10 (paragraph 2), the Bank recognizes that the identity, the culture and the livelihood of Indigenous Peoples are inextricably linked to the lands on which they live and

the natural resources on which they depend. Moreover, the policy acknowledges that their economic, social, and legal status often limits their capacity to defend their interests in and rights to lands, territories, and other productive resources, and restricts their ability to participate in and benefit from development.

224. The Panel finds that the application of OP 4.10 to PBS III, albeit under the form of functional equivalence, would have highlighted the need to prepare a social assessment of PBS beneficiaries meeting the criteria of the IP policy, and may have highlighted the impact that CDP was having on PBS beneficiaries, known and documented in a number of reports at the time of Project preparation, which could possibly affect PBS III's results achievement. This further underscores the need for a risk analysis in the appraisal of PBS III regarding the impacts of a program aimed at resettling 70% of household, which are PBS beneficiaries in Gambella, and for identifying adequate mitigation measures that could warrant delivery of quality services for IPs.

225. Moreover, the Panel notes that the CDP program started its implementation in 2010 and PBS III preparation began concomitantly with the implementation of PBS II in 2011/2012. The Panel notes that JRIS mission reports under PBS II and PBS III do not mention the kind of issues noted above in their reporting on progress in PBS implementation. Furthermore, the Panel has noted that the PSIA study, which includes disaggregated agriculture sector results for regions, has omitted all data related to the agriculture sector's results in Gambella, and is therefore unable to observe the specific results being achieved in agriculture in Gambella under PBS.<sup>227</sup>

226. It is the conclusion of the Panel that access to services in the agriculture sector in Gambella, along with the possibility of achieving the higher level objectives of the Project, was adversely affected by the CDP program as it was implemented. The lack of availability of workable land at the new resettlement sites is an aspect of CDP program which has had an impact on the delivery of results under PBS. The Panel notes that while the PBS results, indicated by the number of DAs and the number of direct beneficiaries, were achieved, the Panel was unable to find information on the effectiveness and quality of the service delivered in the agriculture sector, let alone the higher level objective of increased agricultural productivity in Gambella. As noted by the villagers the Panel met, access to the services provided by DAs had minimal effect when beneficiaries could not make efficient use of such services for lack of workable land nearby. The Panel's position is that the above is also the result of a "thin" results framework for PBS, which "*put little emphasis on the quality of or impact of basic service delivery*"<sup>228</sup> as already noted in an IEG evaluation of PBS I. Following a review of the results indicators for PBS I, II and III, it is the Panel's view that such a conclusion on the results framework is relevant to PBS III as well, especially with respect to indicators related to the agriculture sector.

**227. The Panel finds that, in accordance with Bank Policies, the operational interface between CDP and PBS should have been taken into account at the PBS project level, both during the appraisal and implementation phases, especially in a region such as Gambella where 60% of households, which are also PBS beneficiaries, were resettled as part of the Government's CDP. The Panel finds that Management's approach has not enabled PBS to mitigate or manage the harms described in the Request for Inspection with respect to access**

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<sup>227</sup> PSIA: Appendix D.

<sup>228</sup> IEG (2013): x.

## **and quality of basic services in the agricultural sector and livelihoods of affected people in Gambella.**

### 3.2.4. Monitoring during PBS III Implementation

228. As noted in Chapter 1, PBS is monitored through interrelated "Core PBS Principles" for tracking progress towards common objectives. One of these principles is *Effectiveness*, which focuses on how to carry out effective service delivery while identifying ways to improve them. Service delivery effectiveness is measured by looking at adequate sectoral resource allocation, balanced intra-sectoral allocation, and results achieved.<sup>229</sup> In turn, results achieved are also measured with an Effectiveness Review, which examines results in the various sectors in terms of access, quality and inclusiveness.<sup>230</sup> The PAD indicates that each JRIS mission will report on effectiveness (as on the other Core Principles) and will also review action plans for effectiveness of service delivery.

229. With respect to results in the agriculture sector, the May 2014 JRIS report presented the results of the recently completed PSIA study stating that the study showed that "*woreda-level spending in education, health and agriculture has been effective in achieving important results*"<sup>231</sup> and "*it is increasing productivity in agriculture.*"<sup>232</sup> The November 2013 JRIS, in reviewing the effectiveness principle, indicated that the donors had agreed to focus on health and agriculture results during this mission and thus participants received summaries of the results: although crop productivity was seen to be slightly declining, overall progress was encouraging and such developments were attributed, by the Government, to its efforts to scale up technologies and share best practices across farming communities.<sup>233</sup>

230. The Panel notes that PBS III also includes a "Managing for Results" component (M4R) aimed at enhancing the project effectiveness by ensuring that data, systems and analytic capacity are strengthened to deliver results throughout implementation. Under this component, PBS results will be monitored and targeted surveys and studies will be undertaken, to better understand how PBS results can be sustainably achieved. An Effectiveness Review on Agriculture, linking financing with results, is to be carried out under the M4R component.

231. It is the Panel's position that, while monitoring was expected to follow the principle of effectiveness and results, the quality of services in Gambella was not in alignment with actual conditions on the ground. In particular, there is no indication that the agricultural extension services that are of paramount importance for the livelihood of rural populations was being monitored and aligned to deliver appropriate results for beneficiaries.

232. The Panel notes the results of the PSIA: "*The evidence assembled here implies that decentralized spending at the woreda level is both effective and pro-poor*"; "[...] support for decentralized services in Ethiopia appears to be an effective use of development partners' resources from both an efficiency and equity perspective. The only exception to these findings is

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<sup>229</sup> PBS III PAD: 12.

<sup>230</sup> PBS III PAD: 45.

<sup>231</sup> JRIS Mission Report (May 12-15, 2014): 4.

<sup>232</sup> JRIS Mission Report (May 12-15, 2014): 5.

<sup>233</sup> JRIS Mission Report (November 11-14, 2013): 26.

*agriculture, for which the impact of PBS-financed IGFT expenditure was smaller for the bottom quintile. In this instance, a wide array of factors is likely to be at work, especially poor farmers' inability to buy inputs or the poor quality of their land."* <sup>234</sup> The Panel finds that results in agriculture seem to be particularly valid for Gambella and realities on the ground observed by the Panel and others during multiple visits to Gambella to review the implementation of the PBS and the CDP program. The Panel reiterates that there was an operational interface between the implementation of the CDP program and the PBS III project, by virtue of which the results of one were mutually impacted by the performance of the other.

**233. Since PBS III began implementation, three JRIS missions were undertaken, and the related reports are silent on the issues noted above. The Panel finds that this is not consistent with the supervision provisions of the Investment Lending Policy, OP/BP 10.00.**

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<sup>234</sup> PSIA: 43f.

## Chapter 4

### Financial and Human Resources Link Analysis

234. The Requesters claim that government workers in the woredas, who receive their salaries out of the PBS budget, have been forced to implement the CDP program. Bank Management maintains that PBS funds were not diverted and can be fully tracked. Management adds that it is “neither feasible nor desirable”<sup>235</sup> to require all officials, whose functions are being partly financed by the Bank, to work exclusively on those functions. This Chapter addresses these claims by analyzing the financial risk assessment and management issues raised in the Request, followed by the claims related to human resource issues.

#### 4.1. Financial Risk Assessment and Management

##### 4.1.1. Requesters’ Claims and Management Response

###### a) Requesters’ Claims

235. The Request claims that funds are transferred through country financial systems, pooled with other funds and transferred to the regions and woredas through existing government systems; it states that “[t]here are no separate bank accounts beyond the initial entry point into the Treasury and no separate disbursement or accounting procedures.”<sup>236</sup> The Requesters also claim that there is “no publically available information that shows the precise source of financing for the villagization budget.”<sup>237</sup> The Requesters cite the 2011 Study on Strengthening Grievance Redress Mechanisms for PBS, which was commissioned by the GoE and its DPs and states that “[i]n effect, one can argue that PBS pays a portion of the compensation of all regional government and local government employees (not just salaries and benefits in the five sectors enumerated above) because PBS funds are commingled with funds from other sources that regional state and local governments use to pay employee compensation.”<sup>238</sup>

236. The Request also refers to a meeting between Bank Management and IDI, where the Bank “insisted that PBS funds do not contribute directly to the Villagization Program in Gambella or elsewhere. Bank representatives stated that they were able to track how PBS funds are spent down to the woreda level, and emphasized that PBS funds were used to pay the salaries of public servants such as schoolteachers, health professionals and agricultural extension workers”<sup>239</sup>.

237. The Requesters also argue that PBS funds were diverted through deductions from their salaries or non-payment of their salaries to finance the implementation of the CDP Program. IDI was informed by a teacher that “he was told that the budget from the federal government for implementation of the Villagization Program ran out, so woreda-level civil servants [...] had 5% of their salaries deducted from their payroll in order to cover the shortfall”<sup>240</sup>.

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<sup>235</sup> Management Response: 15.

<sup>236</sup> PBS II PAD: 11.

<sup>237</sup> Request for Inspection: 6.

<sup>238</sup> Randolph, R., Edjeta, B. (2011): Study on Strengthening Grievance Redress Mechanisms for the Protection of the Basic Services (PBS) Program in Ethiopia: 9.

<sup>239</sup> Request for Inspection: 6.

<sup>240</sup> Request for Inspection: 7.

238. The Requesters conclude by stating that “[i]t is therefore apparent that Bank funds through PBS are substantially contributing to the implementation of the Villagization Action Plan.”<sup>241</sup> The Requesters add that from publicly available information, or the explanation provided by the Bank it is not clear how the Bank financial tracking and accountability systems for PBS would detect the diversion of funds towards the implementation of villagization.

b) Management Response

239. In its Response, Management notes that since 2005, there were allegation of misuse of funds related to programs in Ethiopia supported by DPs. Management adds that PBS has always been one of the programs that have been subject to such allegations. Management states that given the general nature of the allegations, there was no basis to re-visit the implementation support arrangements for PBS, which were carefully thought through, strengthened over time, and were considered robust.<sup>242</sup>

240. Management explains that “Villagization is administered by the GoE, along with decentralized levels of government, but it has a separate budgetary authority, and separate implementation arrangements.”<sup>243</sup> The Response argues that the Bank does not finance the CDP Program and that “the regular implementation support arrangements for PBS have never found any evidence of funds diversions of the kind alleged”<sup>244</sup>. Management then explains that it “considers this finding credible in view of the careful arrangements in place within the program to track the use of funds”<sup>245</sup>.

241. The Management Response states that “[o]nly recurrent expenditures (salaries, operations and maintenance) in the relevant service sectors are eligible for financing from pooled PBS donor and Government sources. In depth reviews have been undertaken by the Bank for the last four years to track the resources it makes available by category and usage at the woreda and regional levels”<sup>246</sup>. In the Annex, the Response then outlines the financial tracking and management procedures of the Bank in detail.<sup>247</sup>

242. The Management Response explains the choice of lending instrument and notes that an investment lending instrument enables the Bank to finance recurrent expenditures at woreda-level for defined basic services. Management adds that through extensive project implementation support, “the Bank tracks eligible expenditures to woreda level.”<sup>248</sup>

243. Management states that the Bank conducts extensive financial management review of program resources. The Management Response elaborates on the financial tracking and states that the Bank ensures that when block grant funds for the program are disbursed, they are separately deposited in a Designated Account at the federal level. Separate books and documentation are

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<sup>241</sup> Request for Inspection: 7.

<sup>242</sup> Management Response: 11.

<sup>243</sup> Management Response: 22.

<sup>244</sup> Management Response: 23.

<sup>245</sup> Management Response: 23.

<sup>246</sup> Management Response: 25.

<sup>247</sup> For more information, please see the Management Response: 25.

<sup>248</sup> Management Response: 7.

maintained at the federal level. Management adds that before the funds are disbursed to lower levels, they are put through the GoE treasury systems and pooled with Government resources. Management states that block grant allocations from the federal level to regions and from regions to woredas are determined based on objective criteria and publicly available formulae. Management clarifies that these formulae provide more per capita resources to regions with lower development outcomes to address equity concerns. Management states that, on a per capita basis, Gambella receives more than three times the national average block grant allocation.<sup>249</sup>

Management notes that at the woreda level, the funds are spent according to dedicated budget lines. Records are kept, sectors keep an appropriate record of staff payments and the attendance register. Also, fund lines for salaries from the program are complied with. Management notes that the GoE requires woredas to submit monthly reports to regional governments, where the reports are consolidated and reported to the federal level. These reports inform quarterly expenditure and Interim Unaudited Financial Reports, which the Bank uses to track fund flows and expenditures. Management notes that, “*based on these financial controls, the Bank will only disburse Basic Service Block Grant resources if PBS 3 financial reports are found acceptable.*”<sup>250</sup> Management adds that no diversion of funds has been indicated to date.<sup>251</sup>

#### 4.1.2. Panel’s Analysis

244. The PBS III PAD notes that, since the inception of the PBS program in 2006, the World Bank used investment lending instruments to support the PBS program. According to the PAD, PBS III continues to use this category of instrument and was structured as a five year Specific Investment Loan (SIL). The Basic Service Block Grants component, which is the sub-program A of PBS III, with a total amount of US\$6.2 billion, including IDA financing of US\$555 million, to finance recurrent (salaries, operations and maintenance) expenditures in five basic service sectors (education, health, agriculture, water and sanitation, and rural roads) at local levels, constitutes the largest component of PBS III.

245. Management in its Response explains that it carefully considered alternative lending instruments, such as Development Policy Operations (DPOs) and the new Program for Results (PforR), but did not find these instruments superior to the investment lending approach of PBS: the chosen investment lending instrument allows fast disbursements through government systems combined with significant efforts to strengthen the systems’ capacities. It allows the Bank to support recurrent expenditures based on joint monitoring of principles and results. Through incorporating reviews about the progress of systems strengthening, PBS “*allows a frank and productive dialogue on progress and constraints [...]*”<sup>252</sup>. Management further explains that the chosen investment lending instrument lets the Bank define eligible expenditures and, through extensive implementation support, track the eligible expenditures to the woreda level.<sup>253</sup>

246. According to the Bank’s Independent Evaluation Group (IEG), the PBS program “*presents an unusual case in which the Bank provides large scale financial support for expanded service*

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<sup>249</sup> Management Response: 25.

<sup>250</sup> Management Response: 8.

<sup>251</sup> Management Response: 24f.

<sup>252</sup> Management Response: 7.

<sup>253</sup> Management Response: 7.

*delivery*”<sup>254</sup>, which, unlike conventional DPOs, “*is multi-year, does not rely on annual programs built around ‘prior actions’ and ‘triggers’, and is in keeping with Paris Declaration principles placing program ownership firmly in the hands of Government*”<sup>255</sup>. This program “*effectively takes on key features of the Bank’s new Program for Results that links disbursements to defined results.*”<sup>256</sup>

247. The IEG report notes that, responding to concerns that the PBS program could release funds for the government to exercise control over the population, or that the government could steer funding away from opposition regions towards those it considered loyal, the Bank needed to build tests of additionality and transparent and fair allocation into its operation. Partnerships with CSOs were also regarded as crucial to support the good governance agenda.<sup>257</sup>

248. According to the IEG Report, PBS is technically an investment program; however, most of the program consists of budget support for block grants.<sup>258</sup> The PBS program was intended as a short-term response to a crisis situation, supplementing the Bank’s DPOs, which provided large amounts of budget support. Therefore, some important aspects, such as the end-result of the project, were not sufficiently considered, if at all. The IEG evaluation rates the project objectives of PBS as substantial, as a continuation of general budget support would not have been backed by other donors. The PBS approach was designed to strengthen the government’s own system to manage decentralization, and it increased the Bank’s and other donors’ access to regional and local governments.<sup>259</sup> However, the IEG evaluation concludes that the most important PBS instrument, the basic services block grant, was set up as a Sector Investment Loan, but it was apparent from the start that it was “*simply an alternative mechanism for continuing to derive the perceived benefits of budget support*”<sup>260</sup>.

249. Against this overall context in the understanding of the financing mechanism, the Panel’s analysis deals with three issues raised by the Requesters:

- i. Whether there was diversion of financial resources from PBS to CDP,
- ii. What lessons did the Bank take from PBS II and incorporate in the design of PBS III to mitigate fiduciary risk, especially since it became aware of CDP in the late stages of PBS II, and
- iii. Whether the Bank’s appraisal and supervision of government arrangements for the financial management of PBS III comply with Bank policy.

c) Diversion of Financial Resources

250. The Inspection Panel reviewed three issues with regards to the claim of diversion: potential, detection and evidence. The analysis below follows this structure.

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<sup>254</sup> IEG (2013): xii.

<sup>255</sup> IEG (2013): xii.

<sup>256</sup> IEG (2013): xiii.

<sup>258</sup> IEG (2013): 27.

<sup>259</sup> IEG (2013): ix, x, 5f.

<sup>260</sup> IEG (2013): 6.

## Potential for Diversion

251. The potential for diversion from PBS funds to CDP activities has to be assessed by reviewing both: (a) the fiscal transfer system, and (b) the regional expenditure system. Regarding the fiscal transfer system, PBS uses a block grant, which comingles Development Partners (DP) funds with domestic funds and does not earmark them. Regarding the regional expenditure system, PBS III, similar to all phases of PBS, uses the government's financial system.

252. **The Fiscal Transfer System.** The principal source of funding for regions (approximately 80% or more) comes from the federal-to-region fiscal transfer (FRFT). Once the block grant reaches the region, it is combined with the region's revenue collected from three tiers – region, zone and woreda. This pool of funds is then allocated to regional sector bureaus (e.g. Bureau of Health), zone sector departments (e.g. Department of Health) and then to woredas through a region-to-woreda fiscal transfer (RWFT). In accordance with GoE's policy to decentralize service delivery to woredas, regions transfer the bulk of regional resources, without specification as to the amount, including what has been received through the FRFT, to woredas by a block grant. The RWFT provides nearly all of the financial resources available to a woreda though there are other sources of funds such as project support from foreign aid agencies that do not flow through the treasury system.

253. The guiding principle for both the FRFT and the RWFT – and a cornerstone of Ethiopia's fiscal devolution – is that the recipient has discretion as to the use of these funds. While there are multi-year plans at the national and regional level and in some woredas, the plans are for guidance. They do not determine how the transfer is translated into the budget of regions, zones and woredas. Restated, there is no document issued by the federal government to a region that accompanies the FRFT that specifies the use of funds. The same is true for the RWFT—the region cannot specify to the woreda how it is to allocate the funds.<sup>261</sup>

254. The pool of funds available to the federal government for allocation to the regions through block grants has increased through all phases of PBS.<sup>262</sup> Comingled with domestic funds, PBS funds increase the size of the FRFT and thus in turn the RWFT.

255. The following Table 1 presents the budgeted and actual expenditures in Gambella for the period 2007/08 to 2011/12. PBS is meant to sustain the level of recurrent expenditures for basic services. The region has more than maintained the level and has increased it over time at both the region and woreda levels (Table 1, rows 5 and 7)<sup>263</sup>. Since the World Bank became aware of CDP in 2010, the budgeted recurrent expenditures for basic services at the regional level increased

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<sup>261</sup> By examining the annual budget law of the federal and regional governments it can be inferred that both the FRFT and RWFT are not specified. At the federal level the law appropriates to each region a lump sum without specification of sectors for it to be used. The same practice occurs at the regional level for their woredas - a lump sum is appropriated for each woreda.

<sup>262</sup> PSIA: 6. Table I.1.

<sup>263</sup> The table presents the budgeted and actual expenditures in Gambella for the period 2007/08 to 2011/12. The budget listed in Table 1 includes the FRFT and all revenue collected in Gambella region. The FRFT which includes PBS funds accounts for approximately 80% or more of Gambella's resources. The percentage of the FRFT in recent years is as follows: 87% for 2009/10, 84.6% for 2010/11, and 79.4% for 2011/12. Calculated from Table 1 and Figure 8 in PBS Secretariat (2013a): Briefing Book: PBS Supervision Mission Cross-Cutting Issues Gambella National Regional State. (March 18-22, 2013): 13.

206.5% and the actual expenditure from these budgets increased 28.5%. For the same period, the budgeted recurrent expenditures for basic services at the woreda level increased 174.1% and the actual expenditure from these budgets increased 40.2%. What this means is that, since the World Bank has become aware of CDP, funds flow for basic services to both the regional and woreda have not only been maintained, but have increased substantially.

	2007/08			2008/09			2009/10			2010/11			2011/12		
	Bgt.	Actual	Perf. (%)												
<b>Total Budget</b>															
<b>Bureau</b>															
Recurrent	70.1	90.7	129.3	83.5	89.0	106.6	166.1	146.8	88.3	232.0	169.2	72.9	131.2	224.1	170.8
Capital	19.0	11.7	61.5	17.3	16.9	97.6	56.5	36.6	64.8	46.1	117.7	255.4	276.5	328.1	118.7
<b>Woreda</b>															
Recurrent	88.5	127.8	144.4	101.3	140.1	138.3	124.6	160.4	128.7	147.0	202.1	137.4	189.5	286.9	151.4
Capital	16.9	3.3	19.7	2.0	1.7	85.6	10.4	2.7	25.8	12.4	5.1	41.5	7.9	7.9	99.4
<b>Basic Service Sectors Budget</b>															
<b>Bureau</b>															
Recurrent	35.6	40.5	113.8	41.7	41.2	98.8	65.9	68.5	103.9	72.0	81.0	112.6	278.5	101.5	36.4
Capital	7.4	7.3	98.4	7.8	7.4	94.0	44.7	25.6	57.4	35.3	80.6	228.5	307.4	145.4	47.3
<b>Woreda</b>															
Recurrent	47.0	69.3	147.6	54.4	78.5	144.4	90.0	104.2	115.8	105.5	132.2	125.3	289.2	185.4	64.1
Capital	4.7	0.0	0.0	2.0	0.0	0.0	6.5	2.8	42.6	9.9	0.0	0.0	11.6	2.3	19.6

Source: MoFED

**Figure 2 Gambella - Budget Performance (in million birr)**

256. The PBS III PAD recognizes that woredas have access to “*unearmarked resources*” through block grants.<sup>264</sup> The use of FRFT and RWFT has two implications with respect to the issues raised in the Request. The Panel notes that the unearmarked and discretionary nature of block grants raises the potential for diversion. The Panel also notes that, the fact that FRFT and RWFT are not specified and give discretion as to their use means that Management’s claim that they can track PBS funds at the woreda level is not supported

257. **The Regional Expenditure Systems.** A key principle of the PBS Program, including PBS III, is to use the financial systems of the Government of Ethiopia. Therefore, the potential for diversion of funds from PBS depends on the quality of these systems. PBS II and III funds are disbursed through the Government’s Treasury System (TS), the principal conduit for the disbursement of domestically raised funds.<sup>265</sup> The TS has seven components (budget, disbursement, accounts, reporting, internal control, external audit, and legislative scrutiny), which, with some exceptions, operate at four tiers of government (federal, region, zone, woreda). To use the TS means that funds are managed by the full array of the seven components of financial management and that funds flow through three critical processes: they are proclaimed in a budget so expenditure has legal authority; they are disbursed through Government facilities; and they are recorded and reported in consolidated government accounts.<sup>266</sup> The Government reports to DPs on

<sup>264</sup> PBS III PAD: 2f.

<sup>265</sup> Management Response: 25.

<sup>266</sup> The Treasury System is often referred to as the “Channel 1” system. There are six other “Lines of Financial Management” used by government and/or donors to disburse funds to regions and woredas. The TS disburses funds through the finance organizations at the respective tiers of government/administration where expenditure are incurred:

any funds disbursed through the TS. The TS is supported by a financial information system (IBEX 1.3), which operates selectively at all tiers of government and facilitates the recording and consolidating of financial reports.

258. The TS has been rated as high risk for PBS III.<sup>267</sup> The PAD for PBS III considered both overall inherent risk and control risk to be high.<sup>268</sup> Of particular concern is the PAD's finding that "*there remain weak internal audit controls at the federal and regional levels and continued inadequate follow up on audit reports.*"<sup>269</sup> The supervision mission to Gambella found that there has been no significant reduction in fiduciary risk and the country financial system has serious weaknesses. The areas of greatest concern it noted were the weakness in internal control and the absence of internal audit.<sup>270</sup>

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the Ministry of Finance and Economic Development (MoFED) at the federal level; Bureau of Finance and Economic Development (BoFED) at the region level; Department of Finance and Economic Development (DoFED) at the zone level; and Office of Finance and Economic Development (OoFED) at woreda level.

<sup>267</sup> The World Bank has defined fiduciary risk as: [T]he risk that Bank funds will not be used for the intended purposes, or that they will be used without due attention to economy and efficiency. In projects using country FM systems, Bank funds are commingled with the country's own funds: therefore, a fiduciary risk assessment also needs to consider broader country PFM risks that could affect the fiduciary risk. The fiduciary risks are mainly 'control' risks, whereas the broader PFM risks are mainly 'inherent' risks. (World Bank (2009): Assessment of Fiduciary Risks in the Use of Country FM Systems in Bank Financed Investment Projects: Interim Guidance Note for FM Staff: 7.)

The World Bank's CFAA guidance note defines fiduciary risk as: [A]n assessment of the risk to World Bank funds that are managed through the country's PFM system. (This risk also applies to the country's own funds and those of other development partners that are managed through the PFM system)...The main component of financial management risk is the probability that the PFM system will not provide appropriate management of all public funds. Also at issue in financial management risk is whether there is sufficient transparency (quality of information) to determine how funds are spent or managed. (World Bank (2003): Country Financial Accountability Assessment Guidelines to Staff: 6.)

<sup>268</sup> PBS III PAD: 70f.

<sup>269</sup> PBS III PAD: 30.

<sup>270</sup> PBS Secretariat (2013a): 10f.

## Box 5: Financial Management in Gambella (March 2013)

### Financial Management in Gambella (March 2013)

- *Budgeting.* A complete approved budget for EFY 2005 is not yet captured in IBEX as some woredas did not complete the budget form properly.
- *Staffing.* Staffing and staff capacity is a key constraint to effective accounting and reporting. Within the Office of the Regional Auditor General (ORAG), only 57 percent of available positions are filled due to budget constraints. Three-quarters of ORAG's auditors hold only diploma. Within the Bureau of Finance and Economic Development's (BOFED) IBEX data entry section, only 2 staff are handling the significant responsibility of capturing woredas', zones and region's financial reports.
- *Reporting.* The Region's accounts for EFY 2002, 2003 and 2004 were not published and submitted to ORAG for audit. Although the year-end accounts for EFYs 2000 and 2001 were recently submitted to the ORAG, the accounts are not yet audited due to the Office's operational budget constraints and staff capacity problem. As such, **there is presently an audit backlog of 5 years (from EFY 2000 to EFY 2004)** (approximately Fiscal Years 2007 to 2011) (emphasis added).
- *Internal controls.* Cash management control at the visited woredas was weak. Regular cash reconciliation and monthly bank reconciliation is not performed. This is also true at BoFED (the Bureau of Finance and Economic Development at the regional level). The effort being made to control property management is encouraging, this is not likely to be sustained given the staffing issues.
- *Internal audit.* At the visited woredas, the mission noted that the internal auditing is not done. The assigned staff does not have the relevant qualifications or experience.

Source: *PBS Secretariat (2013b): Report. PBS Supervision Mission. Gambella National Regional State. (March 18-22, 2013): 11f.*

259. The high financial risk of the TS, which is used to implement PBS, has two implications. The weakness of internal controls supports the possibility that funds could have been diverted. It also means that diversion cannot be verified, and that the World Bank's assertion that it can fully track expenditures cannot be supported.

#### Evidence of Diversion

260. The Panel did not have access to Government financial records, which would have been necessary, to find evidence of diversion. Therefore, this analysis cannot present findings on this issue.

#### Detection of Diversion

261. Regarding the detection of diversion, the relevant issue is the robustness of the PBS III measures to report and monitor PBS-eligible expenditures to detect distortions in allocations of

resources. The issue of whether the FRFT and RWFT promote detection is particularly relevant in assessing the capacity of PBS III to detect diversion of funds.

262. The use of the block transfer system (the FRFT and RWFT) means that detection can be done only in terms of aggregate flows. Moreover, the use of the TS, which is weak, compromises the Bank's ability to detect diversion. One key means of detection that the Bank uses is timely and good-quality external audit reports. For Gambella, the 2013 supervision mission found a five-year backlog of audits and an absence of internal audit.<sup>271</sup> Given the backlog of external audit and absence of internal audit in Gambella, the Bank's principal means of detecting diversion lacks timeliness and quality. In addition, the detection system itself is not improving; the 2013 Supervision Mission found that no woreda fully implemented the prior period's audit recommendations.<sup>272</sup> The PBS III PAD acknowledged these weaknesses: "*Some challenges to the timely submission of quality report and audits remain: there remain weak internal audit controls at the federal and regional levels and continued inadequate follow up on audit reports.*"<sup>273</sup>

#### d) Fiduciary Risk Management

263. Given that the World Bank became aware of the CDP in late 2010, the Panel's analysis includes what lessons from the previous phases of the program were taken into account in the design of PBS III to mitigate fiduciary risk.

264. One of the important lessons to improve the fiduciary management includes financial capacity building at the woreda level.<sup>274</sup> The PBS III PAD also outlines perceived financial management risks to PBS III and suggested mitigation measures. The fiduciary risks mainly cover: (a) weak capacity at the federal, regional and woreda levels, (b) high staff turnover, (c) quality and timeliness of external and internal audits.

265. The PAD notes that overall staffing issues are being addressed by the Civil Service Reform Program. Strengthening of monitoring and supervision activities at the federal, regional and woreda levels is also mentioned as a risk mitigation measure. The PAD states that "*[l]ate reporting is being dealt with by taking appropriate measures including withholding funds to woredas and Regions that report late.*"<sup>275</sup> The PAD also refers to a separate PFM component to address woreda level weaknesses as part of the overall program.

266. As outlined in Box 5 above, many of the fiduciary risks outlined in the PAD continue to exist for Gambella. Although several improvements took place, as noted in the latest JRIS reports, there are still outstanding issues related to the quality and timeliness of audit reports in Gambella.<sup>276</sup> Furthermore, despite the five-year backlog of audits in Gambella, the Panel did not

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<sup>271</sup> See Box above.

<sup>272</sup> PBS Secretariat (2013b): Report. PBS Supervision Mission. Gambella National Regional State. (March 18-22, 2013): 13.

<sup>273</sup> PBS III PAD: 30. The recent JRIS Aide Memoire from the May 2014 mission shows a low rate of some indicators, including the number of woredas producing IBEX and IFMIS-based financial management reports. (JRIS Mission Report (May 12-15, 2014): 38.)

<sup>274</sup> PBS III PAD: 21ff.

<sup>275</sup> PBS III PAD: 70.

<sup>276</sup> JRIS Mission Report (November 11-14, 2013): 18.

find any information regarding any funds being withheld due to late reporting, as stated as a mitigation measure in the PAD.

267. Thus, in conclusion, despite efforts through PBS as well as other projects, the government's financial system remains weak and its key elements have persistently been rated as high risk.<sup>277</sup>

e) Compliance with Bank Operational Policies and Procedures

Relevant Bank Policies

268. The World Bank policy on Financial Management applicable during the design and approval of PBS III (OP/BP 10.02 on Financial Management) states that “[f]or each operation supported by a Bank loan, the Bank requires the borrower to maintain financial management arrangements that are acceptable to the Bank and that, as part of the overall arrangements that the borrower has in place for implementing the operation, provide assurance that the proceeds of the loan are used for the purposes for which the loan was granted.”<sup>278</sup>

269. This policy adds that “[t]he Bank assesses the adequacy of the borrower’s financial management arrangements during the preparation and implementation of each operation and requires the borrower to undertake appropriate measures, including institutional capacity strengthening, to mitigate risks posed by weaknesses that are identified.”<sup>279</sup> According to the policy, “[i]f the borrower fails to maintain acceptable financial management arrangements, or to submit the required financial reports by their due dates, the Bank takes action to rectify the situation.”<sup>280</sup>

270. The Bank policy related to financing of recurrent expenditures, applicable during the appraisal and approval of PBS III (OP/BP 6.00 on Bank Financing), states as one of the guiding principles for the Bank to finance recurrent expenditures is to have “acceptable oversight arrangements, including fiduciary oversight arrangements, are in place to ensure that such loan proceeds are used only for the purposes for which the loan is granted, with due attention to considerations of economy and efficiency.”<sup>281</sup>

271. The Bank policy on Supervision (OP/BP 13.05) and the Bank policy on Investment Project Financing (OP/BP 10.00), which replaced OP/BP 13.05 in April 2013, both indicate the Bank’s responsibility to monitor “the Borrower’s or the Project Participants’ compliance, with its (or their) obligations as set out in the legal agreements with the Bank.” The policy adds that “[t]he Bank also provides implementation support to the Borrower or the member country by reviewing information on implementation progress, progress towards achievement of the Project’s development objectives and related results, and updates the risks and related management measures.”<sup>282</sup>

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<sup>277</sup> PBS III PAD: 71.

<sup>278</sup> OP 10.02, para. 1.

<sup>279</sup> OP 10.02, para. 2.

<sup>280</sup> OP 10.02, para. 5.

<sup>281</sup> OP 6.00, para.1.

<sup>282</sup> OP 10.00, para. 21.

272. In determining the Bank’s compliance with its policies, the Panel analyzed whether: (a) the Bank adequately assessed the GoE’s financial management arrangements during project appraisal in accordance with World Bank policy; and (b) the Bank adequately supervised and provided adequate implementation support with regards to the financial arrangements in accordance with Bank policy.

### Project Appraisal

273. The PBS III PAD recognized the persistent high levels of fiduciary risk facing the project.<sup>283</sup> As in PBS I and II, PBS III uses the country system and the country’s institutions to manage the Project’s finances, to ensure acceptable financial performance and mitigate fiduciary risk. The PBS III PAD states that “[w]hile Ethiopia’s federal system is complex, allowing strategies, resources, and information to flow between ten regional/urban governments and then to more than 1000 woreda administrations, its fiduciary and economic governance system is robust. [...] While strong in design, execution of that woreda-level economic governance system needs to be made more resilient, particularly in some jurisdictions”.<sup>284</sup>

274. Accordingly, a key focus of PBS III was to build financial capacity at the woreda level.<sup>285</sup> However, a problem that was highlighted repeatedly was staffing. The PBS III PAD noted, at the woreda level, that there is “high staff turnover, estimated to be 25 percent per annum, where PFM (and other) woreda staff frequently move into and out of their positions. Often this staff turnover involves those without fiduciary training taking on financial management or procurement tasks.”<sup>286</sup> The March 2013 supervision mission found staffing to be a key constraint at both the regional and woreda levels, the result of “inadequate civil service management.”<sup>287</sup>

275. According to the Bank Policy on Financial Management, OP/BP 10.02, “the Bank requires the borrower to maintain financial management arrangements that are acceptable to the Bank and that, as part of the overall arrangements that the borrower has in place for implementing the operation, provide assurance that the proceeds of the loan are used for the purposes for which the loan was granted.”<sup>288</sup>

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<sup>283</sup> PBS III PAD: 70f.

Control risk was disaggregated into the following components and their scores: budgeting (satisfactory), accounting (high), internal control (high), funds flow (satisfactory), financial reporting (high) and auditing (high). Of particular concern is the finding of the PBS III PAD that “there remain weak internal audit controls at the federal and regional levels and continued inadequate follow up on audit reports.”(PBS III PAD: 30.)

<sup>284</sup> PBS III PAD: 3.

<sup>285</sup> “The Woreda PFM and Procurement Strengthening Sub-Component will provide support to woreda-level PFM systems. [...], the sub-component will provide technical support to woredas, help strengthening the existing PFM committees at zones and woredas to provide hands-on support to woredas on PFM issues, support strengthened internal control and procurement systems at woredas (that PFM studies have repeatedly pointed out as the weakest parts of the PFM system) [...]” (PBS III PAD: 58.)

<sup>286</sup> PBS III PAD: 16.

<sup>287</sup> PBS Secretariat (2013b): 11f.

While the Government’s Zone and Woreda PFM committees are to provide technical support, training is to be delivered through the Regional Management Institutes (RMIs). The very institutions that were to manage PBS III funds and mitigate fiduciary risk are themselves at risk.

<sup>288</sup> OP 10.02, para. 1.

276. The Bank policy on Appraisal, OMS 2.20 also requires the Bank to give due consideration to the capacity of the borrower’s financial management institutions and systems and introduce adequate mitigation measures. Considering the specific features of the block grant mechanism to finance basic services, which uses the Government systems and, as confirmed by the IEG, is in essence a budget support, this was particularly important.

277. As noted above, the PBS III PAD acknowledged the overall inherent risk and control risk related to fiduciary arrangements to be high. The PBS III PAD also noted weaknesses in PFM systems at the federal, regional and woreda levels, capacity issues, high staff turnover and issues related to the timeliness and quality of internal and external audit. Weak internal audit controls at the federal and regional levels and continued inadequate follow up on audit reports are also described in the PAD. Furthermore, although these fiduciary risks have been acknowledged in PBS III documents, the mitigation measures were not adequate.

278. The PBS III PAD specifies mainly three PDO results indicators for financial management:

- i. Woreda-level Offices of Finance and Economic Development (WoFEDs) that have effectively rolled out IBEX.
- ii. Audit coverage of the annual budget (in terms of woreda offices and federal agencies and ministries that are audited annually, and of woredas that have implemented prior audit recommendations).
- iii. Regions that submit quarterly Interim Financial Reports without major deficiencies.<sup>289</sup>

279. The institutional means for mitigating fiduciary risk, principally at the woreda level, is the establishment and functioning of Zone and Woreda PFM committees, yet there is no PDO results indicator for these institutions. None of the PDO results indicators addresses the fiduciary risk created by the lack of internal control. It is the view of the Panel that the PBS III PDO results indicators that are relevant to the sources of fiduciary risk were not adequate.

280. This inadequacy was critical, in that the central tenet of the risk framework as per ORAF Guidelines is that the risks being assessed are risks to achieving PDOs. Thus, according to the ORAF Guidelines, the initial risk analysis can only be completed after PDOs and selected PDO results indicators have been established. In using ORAF to identify and assess risks, and to monitor risk management and mitigation during implementation, the starting point, according to the Guidelines, is always the PDOs and progress towards their achievement. Accordingly, in the Panel’s view, inadequacy in establishing appropriate results indicators for financial management meant that the framework for risk identification, assessment, as well as for monitoring progress, remained incomplete.

281. The Panel notes that while the “*Financial Management and Disbursement Arrangements*,” in Annex 4 of PBS III PAD scores both “*Overall Inherent Risk*” and “*Overall Control Risk*” as

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<sup>289</sup> PBS III PAD: 40f.

high<sup>290</sup>, the ORAF risk assessment in Annex 6 of the PAD scores the implementing agency risk and project risk as “*moderate*,” despite the many known weaknesses.<sup>291</sup>

282. The Bank policy related to financing of recurrent expenditures, applicable during the appraisal and approval of PBS III (OP/BP 6.00 on Bank Financing), states as one of the guiding principles for the Bank to finance recurrent expenditures is to have “*acceptable oversight arrangements, including fiduciary oversight arrangements, are in place to ensure that such loan proceeds are used only for the purposes for which the loan is granted, with due attention to considerations of economy and efficiency.*”<sup>292</sup>

283. Based on the above, **the Panel finds that Management did not comply with the requirements of OMS 2.20 and OP/BP 10.02 in the design and appraisal of PBS III. The Panel notes that the Bank’s assertion that the funds can be tracked at the woreda level in Gambella cannot thus be sustained.**

### Supervision

284. The ORAF Guidance Note states that “***Risk assessment is a dynamic process starting with preparation and continuing through implementation.*** (emphasis in the original). *The assessment will help to continuously monitor the evolution of risks; to identify the emergence of new risks; to assess progress with, and impact of the implementation of risk management measures; and, as necessary, to devise appropriate adjustments to support the achievement of the project’s results.*”<sup>293</sup> Accordingly, missions have assessed performance in financial management as below.

285. The March 2013 PBS III supervision mission found serious deficiencies in the Gambella region’s performance in financial management and on the PFM PDOs results indicators.<sup>294</sup> The supervision mission to Gambella found that there has been no significant reduction in fiduciary risk and the country financial system has serious weaknesses. The areas of greatest concern it noted were the weakness in internal control and the absence of internal audit. It noted the absence of results indicators for internal control and proposed the addition of new ones: the number of WoFEDs that (a) have connected to WoredaNET for online connection to IBEX, (b) have strong internal audit units; (c) have sound cash management control; and (d) have sound property and inventory management control.<sup>295</sup> The Panel recognizes that noting the absence of PDOs results indicators for internal control is in line with the ORAF Guideline. However, the proposal to add new ones has not been adopted; no new PDOs and indicators have been added to PBS III.

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<sup>290</sup> PBS III PAD: 70f.

<sup>291</sup> Staff turnover; lack of trained staff; little or no internal control; reliance on weak institutions (zone and woreda PFM committees); reliance untested regional institutions (Regional Management Institutes to deliver in-service training in financial management); and, the creation of new institutions (woreda support units). (PBS III PAD, pp. 40f.)

<sup>292</sup> OP 6.00, para 1.

<sup>293</sup> Guidance Note on the ORAF (2011): 1.

<sup>294</sup> PBS Secretariat (2013b): 13.

<sup>295</sup> Kalua, S., Mkandawire, A., Kalu, U. M., Wole, Bonsu, V. (2010): Ethiopia: Draft Consolidated Report on In-Depth Financial Management of Productive Safety Net (I, II, & III): Food Security: Protection of Basic Services (PBS I & II): WASH: Rural Capacity Building: RSDP (I & II): ULGDP: 21.

286. The financial management review mission, which was conducted from October 2013 to December 2013 as part of the JRIS, concluded that “*there is reasonable adequacy that the FM system in place provides the necessary reasonable assurance that Bank loan proceeds are being used for the intended purposes and that the reports being produced by the system can be relied upon to monitor project. However, certain areas were identified to need management attention, action and follow up*”<sup>296</sup>, including regular analysis of budget and explanation of variances between actual and budgeted expenditures, more clarity as to the roles and responsibilities of accountants, further regular trainings on the PFM system and Bank procedures to curb turnover issues, and others.<sup>297</sup>

287. The Panel was also informed during its visit to Gambella that due to a combination of frequent staff turnover, capacity issues, as well as unreliable electricity and inaccessibility, unless the project accountants go regularly to assist some of the weakest woredas, they are not able to send their accounts as required.

288. The Panel notes that Management paid attention to problems in financial management through these missions. However, the starting point for both appraisal and monitoring of fiduciary risk is the adequacy of PDO results indicators, as discussed already. **The Panel finds that, since PDO results indicators that directly address fiduciary risks were inadequate in the initial planning, and subsequently have not been adjusted, the supervision of those risks is not in compliance with Bank policy OP/BP 10.00.**

289. Nevertheless, the Panel notes that the issue of variance among woredas is recognized in the design of PBS III and is being addressed through sub-component B, which acknowledges that the country's decentralized, integrated system of fiduciary, administrative and information governance should continue to be strengthened, particularly in the large number of very diverse woreda administrations. The Sub-program B, Strengthening Local Accountability and Transparency Systems, aims at maintaining and strengthening these systems by focusing on the woreda as the “*frontline of administration with responsibility for PBS objectives.*”<sup>298</sup> The sub-program includes three interrelated components: Citizen's Engagement, Local Public Financial Management, and Managing for Results. Given the Panel's findings on the situation in Gambella, going forward, **it is hoped that particular attention may be paid to the woredas in developing regional states such as Gambella, to strengthen their capacity to ensure adequate implementation and monitoring of Project's financial management arrangements.**

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<sup>296</sup> Financial Management Review Mission, part of Joint Review and Implementation Support (JRIS) Mission (October 2013 – December 2013): 2.

<sup>297</sup> For more information, see Financial Management Review Mission, part of JRIS Mission (October 2013 – December 2013): 2ff.

<sup>298</sup> PBS III PAD: 14.

## 4.2. Human Resources Link Analysis

### 4.2.1. Requesters' Claims and Management Response

#### a) Requesters' Claims

290. The Requesters claim that government workers in the woredas, who receive their salaries out of the PBS budget, have been forced to implement the CDP program; those who refused to take part in the implementation of the program, have been targeted with arrest, beating, torture and killing.<sup>299</sup> The Annex to the Request states that “*former teachers and agricultural workers from Gambella region, who are among the Requesters, have testified to IDI and Human Rights Watch that they and other civil servants were ordered to implement the Villagization Program in Gambella*”<sup>300</sup>. During the eligibility visit, affected people who met with the Panel in South Sudan also told the team that their salaries were decreased by 5% to fund activities under the CDP program.

#### b) Management Response

291. Management claims that there may be some situations at the woreda level, where local government workers paid under PBS may have responsibilities relating to the CDP Program; however, “[t]his reflects the reality of governments everywhere, in which officials, particularly at local level, have multiple roles in discharging government policy”<sup>301</sup>. According to Management, the institutional arrangements for the CDP implementation include steering and technical committees at the regional level and a similar structure at the zone, woreda and kebele level. PBS III, which contributes to cover the cost of all staff working in the five basic service sectors, also contributes to the salaries of those working in the committees. The Management Response states that “*it would be neither feasible nor desirable to pursue an arrangement under which all officials, whose functions are being partly supported by Bank finance, are required to work exclusively on those functions. While such an arrangement might protect the Bank from allegations such as those raised in this Request, it would be highly dysfunctional and inefficient and burden the borrower with fragmented administration and additional costs. Moreover, it would run counter to the ongoing international efforts and agreements for Aid Effectiveness*”<sup>302</sup>. Management continues to argue that the key concern for PBS III must be whether each government worker has discharged her/his duties under PBS III as the basis for the payment of salaries.<sup>303</sup>

### 4.2.2. Panel's Analysis

292. The Panel heard a range of different testimonies on this issue. Affected people, whom the Panel met during the eligibility visit in South Sudan, told the Panel that civil servants in Gambella were forced into helping in the implementation of the CDP and suffered retaliation and reprisals if they refused or complained, or were labeled as agitators and arrested. During the visit to Gambella, the Panel team was informed of civil servants involved in the resettlement of people in one village. Villagers told the Panel of teachers or Development Agents (DAs from other kebeles) who were

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<sup>299</sup> Request for Inspection: 1.

<sup>300</sup> Request for Inspection: 6.

<sup>301</sup> Management Response: 24.

<sup>302</sup> Management Response: 15.

<sup>303</sup> Management Response: 15.

called to their own village to assist with clearing the land, building houses, cutting grass etc. They added that all woreda workers in the village contributed 4% of one month salary to pay those who came to help. They described the 4% amount as a “voluntary contribution” they gave after their salaries were paid, rather than a deduction from the salary before it is paid.

293. The Panel was unable to find conclusive information on this claim by the Requesters. The information gathered by the Panel is not sufficient to determine whether woreda workers, financed by PBS, were forced to participate in the implementation of the CDP program against their will, or what kind of activities they carried out in this respect; whether their salaries were decreased to finance activities under the CDP or whether the CDP was partially financed with so-called voluntary contributions of civil servants. As Management notes in its Response, woreda workers did participate in the implementation of the CDP.

294. Importantly, the Panel was also not able to find in JRIS or other reports any information from Gambella or from the other regions where CDP was being implemented, regarding the extent to which workers financed under PBS were undertaking additional or alternative work in relation to CDP, which may, or may not have impacted on achieving PBS PDOs.

295. The Panel notes that it does not have sufficient information to draw a firm conclusion on this issue but it again notes how the operational interface between the CDP and PBS, and mutual impacts affecting the achievement of results under PBS, were not adequately considered at appraisal nor during implementation and therefore that this human resources link cannot be overruled.

## Chapter 5 Conclusions

296. This investigation has proven to be among the most challenging for the Inspection Panel for several reasons. First, although the Requesters' claim of harm is focused on the CDP, they allege that PBS enabled this harm caused by CDP. This presented a methodological challenge in terms of determining whether there was a link between the alleged harms and the Bank-financed PBS project.

297. Second, Bank funding is intermingled with financing from GoE and other development partners to pay for recurrent expenditures at the woreda level based on joint monitoring of core principles and program results. This lending instrument therefore does not allow for attribution of specific project outputs or outcomes at the woreda level exclusively to Bank financing.

298. Third, the Request concerned the Anuak of Gambella, an indigenous group that have suffered a long history, in their narration, of abuse, injustice and violence, which in turn has led to a heightened sense of vulnerability and marginalization, leading them, in some cases, to flee from the country. In this context, their sense of being victimized, acutely felt by many, stem from a combination of causes, some overlapping, which are difficult to disentangle. It has not been the intent of the Report to do so.

299. Fourth, the extent of external attention focused on this request heightened tension around the Panel process, making it more complicated than usual, and resulting in a rather lengthy investigation. This combination of methodological and contextual challenges resulted in a report that is less orthodox and unequivocal than is generally the norm.

300. Furthermore, regarding the issue of Indigenous Peoples, Management's Response states that the GoE "*remains uncomfortable with the [World Bank] policy's potential application in Ethiopia,*"<sup>304</sup> and "*the GoE contends that based on its Constitution, all its people are indigenous.*"<sup>305</sup> Therefore, progress has been slow in reaching a joint understanding with the GoE on the application of the Indigenous Peoples policy. The Panel recognizes and appreciates that Management has been diligently pursuing action on this sensitive issue and, as planned, started to apply OP 4.10 for projects being presented to the Board since early 2013. The Panel also notes that Management indicates in the PAD of a project recently approved by the Executive Board that the decision to trigger OP 4.10 is stated as being "*based on the Ethiopian Constitution.*"<sup>306</sup>

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<sup>304</sup> Management Response: 17.

<sup>305</sup> Management Response: 17.

<sup>306</sup> For example, OP 4.10 was recently triggered for the project, PSNP4 that was approved by the Board in September 30, 2014. The PAD states that "*OP 4.10 Indigenous Peoples is triggered as it is determined that the physical and sociocultural characteristics of the sites where subproject activities could be implemented, and the people living in these sites, meet the policy requirements. The decision to trigger the policy is also based on the Ethiopian constitution, which recognizes the presence of different sociocultural groups, including historically disadvantaged or underserved communities, as well as their rights to their identity, culture, language, customary livelihoods and socio-economic equity.*" (PSNP4 PAD: 25f.)

301. The Panel recognizes that the investigation was equally challenging for Management, as well as for the Board of Executive Directors, and thus appreciates the full collaboration and support that it has received from all quarters in pursuing its work.

302. Importantly, the Panel acknowledges the important contribution that the PBS projects (three phases), together with other related basic services projects, have made towards supporting Ethiopia's achievement of the MDGs, as widely hailed by the international community. This is also considered a positive example of development partnership, collaboration and support, using an innovative mechanism of block grants, in line with the "Paris – Accra – Busan" development effectiveness principles and based on mutual accountability.

303. As stated in the ICR of PBS I, there was a particular set of circumstances in early 2006, including *"a political crisis that had resulted in key donors withdrawing direct budget support at a critical time when the Government of Ethiopia (GOE) had committed to significantly expand financing for decentralized delivery of basic services and for improvement of the Millennium Development Goals (MDGs)."*<sup>307</sup> It was against this background that PBS was developed as an alternative instrument that allowed *"the Bank, other donors and the GOE to: (i) follow-through on the commitment to scale-up financing and delivery of basic services, thus protecting the poor from suffering unduly as a result of the political crisis; (ii) support continued strengthening of local government service delivery systems"*<sup>308</sup> as well as to sustain aid inflows and avoid a macroeconomic crisis. Accordingly, the IEG Report rates the relevance of the PBS project objectives as substantial, and characterizes the project as *"a creative response to a difficult situation."*<sup>309</sup>

304. To support basic services delivery, the GoE developed a decentralized system of economic governance, focused on the woreda level. PBS III is thus characterized by the use of the financing mechanism of Block Grants, with Bank's resources co-mingled with those of other development partners and the GoE. Disbursement of the Block Grants depends on the Bank being assured, through semi-annual JRIS missions, that GoE has followed the Core PBS Principles of Effectiveness, Sustainability, Additionality, Equity, Transparency, Fiduciary Probity, and Predictability.

305. While fully appreciating the context of the Project, the Report has brought out the ramifications of applying this mechanism, in terms of its limitations to monitor the flow of resources, both financial and human, in the context of the decentralized system of governance. Additionally, the limitations in monitoring and assessing results in ways that ensure that *"the PBS is on the right course and to take corrective actions as soon as possible when results are found off track."*<sup>310</sup>

306. Reports of villagization, followed by publication of reports linking it to PBS, emerged at a time when the Bank was engaged in the implementation of PBS II, and preparation and appraisal of PBS III. Instead of investigating or acknowledging these linkages, the initial reaction of DPs, including the Bank, was to distance PBS from CDP by not acknowledging links between the two.

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<sup>307</sup> PBS I Implementation Completion and Results Report (ICR) (2010): 1.

<sup>308</sup> PBS I ICR: 1.

<sup>309</sup> IEG (2013): x.

<sup>310</sup> JRIS Mission Report (May 12-15, 2014): 18.

Management responded together with other DPs in the context of the DAG by recognizing the serious implications of CDP and pursuing high level policy dialogue with the GoE, expressing concerns, attempting to obtain independent verification, and even providing “best practice” advice on resettlement activities.

307. The Panel notes that Management has been increasingly active in the context of this delicate policy dialogue, and appreciates the proactive leadership role that Management has played in a difficult context, including through its leadership of the DAG. It is the view of the Panel, however, that by distancing itself from acknowledging the operational interface between CDP and PBS, Management failed to recognize the impact that CDP was having and will continue to have on PBS results, given the relocation of over 60% of households in Gambella. This was not taken into account during Project appraisal or monitoring of PBS III. This happened despite the fact that the ROC clearance of the appraisal for PBS3 noted that *“the program objectives of promoting improved access to basic services overlap with the Government’s objectives for its commune program.”*<sup>311</sup>

308. The Panel notes that for the Government of Ethiopia, the stated objective of CDP was always the improvement of livelihoods through resettlement and expansion of basic services as confirmed in a recent letter from Ethiopia’s Ministry of Finance and Ministry of Federal Affairs to DAG, that the *“CDP is only one among several approaches pursued to improve the livelihoods, expand basic services and build grassroots institutions of communities. This is clearly outlined in Agricultural and Rural Development Policy and Strategy, as well as in the GTP.”*<sup>312</sup>

309. The Panel has found that there is an operational interface between CDP and PBS as developed in Chapter 2. From a development perspective, the two programs mutually influence the results of the other, have the objective of providing improved basic services to the same populations, operate in the same geographical areas, and overlapped during a span of more than three years (2010-2013) when they were implemented concurrently.

310. Regarding the four issues of harm alleged by the Requesters, the first two (involuntary taking of land and use of force and intimidation) are alleged consequences of the resettlement under CDP and thus the Bank clearly cannot be held accountable for them. Although the last two (lack of services at relocation sites and deterioration of livelihoods), are not a direct consequence of PBS either, it is the view of the Panel that given the operational overlaps between CDP and PBS, this operational interface should have been recognized and addressed throughout appraisal and during monitoring; if this had happened, there may have been opportunities for PBS to mitigate and manage some of the negative consequences of CDP, especially in the earlier years.

311. In reviewing the first two allegations of harm, specifically the claim of human rights violations, the Panel had stated in its eligibility report that the *“Investigation will not seek to verify allegations of specific human rights abuses linked to VP, nor will it examine the underlying*

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<sup>311</sup> PBS 3, Decision Note, ROC meeting: 3.

<sup>312</sup> Letter from the GoE to the DAG, dated March 18, 2014. Subject: - Reply to DAG Findings and Recommendations on CDP and South Omo (DAG/OU/3/2014A, 18 March 2014): para. 2.

*purposes of VP*”<sup>313</sup> as the Panel does not see this to be within its mandate.<sup>314</sup> In the course of the Panel’s review of documents and its interviews in the field, however, the Panel came across information regarding the above allegations, and these are presented in the Report without attempting to verify them or otherwise.

312. The issue at hand for the investigation, however, is not in determining the veracity of these allegations, which as stated are alleged consequences of CDP and not of PBS; what is relevant is that these allegations were being widely raised in-country during the time of appraisal of PBS III. The Panel found that the Project ORAF referred to the villagization program as a potential “reputational risk” only, with the consequent risk mitigation measures limited to coordinated responses and policy dialogue. In the Panel’s view, the reliance on dialogue to manage the high level stakeholder relationships is to be expected in a project of this nature, and the Panel recognizes Management’s increasingly proactive role in this regard, but the Panel also found that the approach was imprecise, lacking milestones for success and clear responsibilities. This is in non-compliance with the standards of a systematic or holistic assessment of risk as called for broadly in OMS 2.20 and in the ORAF Guidance.

313. The Panel understands and appreciates that, more recently, Management is currently supporting a study on the interface between World Bank-funded and nationally-funded programs to ensure coherence in their implementation.<sup>315</sup> The Panel welcomes this development and expects that the study will lead to necessary adjustments in project implementation, when called for.

314. On the alleged harms resulting from lack of services at the relocation site and deterioration in livelihoods, there is wide agreement, including by DPs and the Ethiopian Ombudsman, that services were not adequate, especially in the first years of the CDP program. The Panel notes that there is broad recognition that the speed of the CDP has not been met with commensurate resources and capacity to provide basic services. During the Panel’s visit, some improvement in services was observed, especially in the education sector. With regards to the alleged harm pertaining to the deterioration of livelihoods resulting from CDP, while the Panel heard some positive comments, many affected villagers informed the Panel how they have lost access to their farms, or had to travel long distances back to their former farms, in order to survive. Reports of the DPs also raised serious concerns around affected livelihoods.

315. The Panel focused specifically on the basic services sector of agriculture, as linked to the livelihoods issue, also recognized as a concern by DPs. The Panel notes that the Regional Government of Gambella considers CDP to be primarily an agricultural program that addresses livelihood security issues. It is the view of the Panel that access to services in the agriculture sector in Gambella under PBS, along with the possibility of achieving the higher level objectives of increasing agricultural productivity, was adversely affected by CDP through inadequate availability of workable land at the new resettlement sites or sometimes, restrictions in accessing old farms. The Panel also found that restricted access to the river and forests had a negative impact on the Anuak, for whom these played a central role in their livelihood strategies. It is the Panel’s

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<sup>313</sup> Report and Recommendation: 21f.

<sup>314</sup> 1999 Clarification, para. 13. If the request alleges a material adverse effect and the Panel finds that it is not totally or partially caused by Bank failure, the Panel’s report will so state without entering into analysis of the material adverse effect itself or its causes.

<sup>315</sup> Ethiopia – Country Partnership Strategy Progress Report (2014): 13f.

position that while the PBS results indicated by the number of DAs and the number of direct beneficiaries may have been achieved at the national level, little can be said about the effectiveness and quality of the service delivered specifically for Gambella.<sup>316</sup> As noted by most villagers the Panel met with, access to the services provided by DAs had minimal effect when beneficiaries could not make use of such services for lack of workable land nearby. This was also recognized by DPs in 2012.

316. The lack of recognition of the operational interface at appraisal therefore resulted in inadequate attention during the implementation stage to the consequences of CDP on the achievement of agriculture sector PDOs. It is the view of the Panel that the concurrent rollout of CDP, with overlapping objectives concerning improved delivery of services and agricultural productivity affects significantly the operating context of PBS III in the regions where CDP is being implemented, and in this particular instance, Gambella, where 60% of households are being moved.

317. Regarding the allegation of non-compliance due the non-application of the Indigenous People's Policy, the Panel concludes that, applying the "*functional equivalence*" of OP 4.10 was necessary to adequately take into consideration how the customary livelihoods of the Anuak in the implementation of the agricultural services component.

318. The Panel notes that PBS III component 3b (Managing for Results), aims, among other objectives, to undertake targeted surveys and studies that fill crucial gaps in the Government's and DP's understanding of how PBS results can be sustainably achieved. The Panel notes that under this component, an effectiveness review of agriculture, linking financing with results, is to be carried out. While the Panel welcomes this focused attention on agriculture, the review might also address the quality of agricultural services and their impact, especially on livelihoods, and lead to concrete measures that guarantee sustainable livelihoods to resettled people, as stated by DPs already in 2012.

319. The Requesters also raised an issue of non-compliance with the Policy on Involuntary Resettlement. The Panel does not concur with Management that PBS' focus on provision of resources for recurrent expenditure automatically implies that safeguards are not triggered. The Panel, however, finds that CDP and its resettlement activities were not a necessary activity to achieve the objectives of PBS and thus finds that Management is in compliance with OP 4.12.

320. The Requesters also claim that PBS funding was diverted towards the implementation of CDP. Management states that through extensive project implementation support the Bank tracks eligible expenditure to woreda level. In addressing the question of whether there was diversion of funds from PBS to CDP, the Panel examined three issues: potential for diversion, evidence of it, and capacity and systems built into PBS III to detect any diversion. The Panel finds that there was potential for diversion of funds to the CDP because of the fiscal transfer systems from federal to regional governments and from regional governments to woredas. Once the transfers are made, the weakness of the government's expenditure system means that it is unable to ensure with full

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<sup>316</sup> It is noted that the recently published PSIA includes a series of detailed tables on development results in the agricultural sector, e.g., increases in crop production; unfortunately, data for Gambella was consistently missing in the regional breakdowns and thus the Panel was not able to review whether results have been improving for the region. PSIA: 77-94.

certainty the uses of funds. While potential for diversion exists, without access to government financial records it was not possible for the Panel to affirm the existence of evidence of such diversion. The Panel experts did not find that PBS III measures to report and monitor PBS-eligible expenditures were sufficiently robust to detect distortions in allocations of resources given the weakness of the financial system. Therefore, neither the Requesters' allegation that funds were diverted to CDP, nor the assertion by World Bank Management that they can track expenditures to the woreda level, can be supported.

321. Based on information gathered on the situation in Gambella, the Panel finds that the Bank's appraisal of the Government's financial management arrangements and their implementation did not comply with Bank policies on project appraisal (OMS 2.20 and OP/BP 10.04). The Bank did not adequately assess the Government's institutional capacity, include project development objectives (PDOs) to address fiduciary management, or adopt additional PDO results indicators in this area, as recommended by the March 2013 Bank supervision mission to Gambella.<sup>317</sup> The Panel also finds that the World Bank did not incorporate lessons from PBS II into the design of PBS III to mitigate fiduciary risk.

322. With regards to the Requesters claim that public servants such as school teachers, health professionals and agricultural extension workers, "*were ordered to implement the Villagization program in Gambella,*"<sup>318</sup> the Panel was unable to find conclusive information on this claim. The Panel emphasizes, however, the operational interface between the CDP and PBS, and potential mutual impacts affecting the achievement of results under PBS were not adequately considered during project appraisal.

323. IEG described PBS as "*effectively takes on key features of the Bank's new Program for Results that links disbursements to defined results.*"<sup>319</sup> P4R is characterized as supporting government programs and linking the disbursement of funds directly to the delivery of defined results with a special focus on strengthening institutions, which very much fits the description of PBS III. When the P4R instrument was launched in 2012, the Inspection Panel issued observations, appreciating the importance of results-based lending approaches in the context of the principles of aid effectiveness and better outcomes, but raised questions as to whether the instrument fully fostered key dimensions of mutual accountability.

324. In the case of PBS III, the Panel does not question the application of the "quasi-P4R" modality, which is in line with the accepted principles of aid effectiveness. Fundamental to the effective delivery of results and successful outcomes, however, is that the system of delivery is robust and meets the Bank's environmental and social safeguards principles.

325. In this context, this investigation brought out the challenges of effectively implementing a system in the context of the sub-national level in Gambella that requires capacity strengthening, and in an operating environment where a concurrent program (i.e. CDP) is having a significant impact on PBS operations and results.

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<sup>317</sup> PBS Secretariat (2013b): 22.

<sup>318</sup> Request for Inspection: 6.

<sup>319</sup> IEG (2013): xiii.

## Annex A: Table of Findings

### Panel Investigation of the Ethiopia: Promoting Basic Services Phase III Project

Issue	Findings and Compliance
PBS III and CDP: Operational Interface	The Panel finds an operational interface between the CDP and PBS programs because of a) commonality of their objectives, b) mutual impacts on each other's results, c) geographical overlap and d) concurrent implementation.
Risk Assessment during Project Appraisal	<p>Considering the magnitude of the operation, the nature of block grant financing, and the overlapping implementation between PBS III and CDP, the Panel finds that Management did not carry out the required full risk analysis, nor were its mitigation measures adequate to manage the concurrent roll-out of the villagization program in four PBS III regions. The Panel finds that Management's approach did not meet the standards of a systematic or holistic assessment of risks, as called for in the Operational Risk Assessment Framework (ORAF) Guidance aimed at identifying adequate risk management measures for affected communities. The Panel finds these omissions in non-compliance with OMS 2.20 on Project Appraisal.</p> <p>The Panel notes that a social assessment would have been justified both to verify the robustness of the results chain that links the block grant mechanism to PBS results, and to assess any changes in the local governance context, which might put future results achievement at risk.</p>
Risk Assessment during Project Implementation	<p>The Panel recognizes Management's efforts to address social accountability during PBS III implementation. The Panel also appreciates that the establishment of the grievance redress mechanism and the implementation of the social accountability component of PBS III were fast-tracked in Gambella. The Panel understands and appreciates that, more recently, Management has recognized the issue of the operational interface, and is currently supporting a study on the interface between World Bank-funded and nationally-funded programs to ensure coherence in their implementation.</p> <p>It is the view of the Panel, that the lack of recognition and analysis, at appraisal, of the operational interface between PBS III and CDP, as required by the ORAF and described above, meant that the resulting risks were not adequately taken into account and properly managed and mitigated during PBS III implementation.</p>
Application of Safeguards Policies	The Panel finds that the World Bank operational policies and procedures do not exclude the application of safeguard policies in Investment Lending (IL) operations providing only for recurrent expenditures. The Panel finds that to the extent that one or more safeguard policies are found to be relevant to the areas of operation of the proposed IL operation, Management should trigger and apply them.
Application of OP 4.12 on Involuntary Resettlement	The Panel does not consider CDP a necessary activity to achieve the objectives of PBS III. The Panel finds that paragraph 4 of OP 4.12 is not applicable and that Management acted consistently with the provisions of OP/BP 4.12 by not triggering it.

Issue	Findings and Compliance
Application of OP 4.10 on Indigenous Peoples	<p>The Panel found no evidence in Project documents that the functional equivalence approach was applied to PBS III. In contrast, the PAD clearly noted that World Bank safeguard policies are not triggered as project financing is limited to recurrent expenditures for basic services. The Panel finds that, barring the triggering of OP 4.10, Management should have adopted the “functional equivalence” approach in the design of PBS III, which is centered on promoting access to basic services.</p> <p>The Panel notes that livelihoods, well-being and access to basic services, which are closely tied to the Anuak’s access to land and natural resources was not taken into account in the design of PBS III, in non-compliance with OP 4.10.</p>
Agriculture and Livelihoods	<p>The Panel notes that access to services in the agriculture sector in Gambella, along with the possibility of achieving the higher level objectives of the Project (increasing agricultural productivity), was adversely affected by the CDP program as it was implemented.</p> <p>The Panel finds that, in accordance with Bank Policies, the operational interface between CDP and PBS should have been taken into account at the PBS project level, both during the appraisal and implementation phases, especially in a region such as Gambella where 60% of households, which are also PBS beneficiaries, were resettled as part of the Government’s CDP. The Panel finds that Management’s approach has not enabled PBS to mitigate or manage the harms described in the Request for Inspection with respect to access and quality of basic services in the agricultural sector and livelihoods of affected people in Gambella.</p> <p>The Panel finds that, while monitoring was expected to follow the principle of effectiveness and results, the quality of services in Gambella was not in alignment with actual conditions on the ground. In particular, there is no indication that the agricultural extension services that are of paramount importance for the livelihood of rural populations, and especially indigenous groups was being monitored and aligned to deliver appropriate results for beneficiaries. Since PBS III has begun implementation, three JRIS missions were undertaken, but the resulting reports are silent on the issues noted above. The Panel finds that this is not consistent with the supervision provisions of the investment lending policy, OP/BP 10.00.</p>
Financial Analysis	<p>The Panel finds that Management did not comply with the requirements of OMS 2.20 and OP/BO 10.02 in the design and appraisal of PBS III. The Panel notes that the Bank’s assertion that the funds can be tracked at the woreda level cannot be sustained.</p> <p>The Panel finds that, since PDO results indicators that directly address fiduciary risks were inadequate in the initial planning and subsequently have not been adjusted, the supervision of those risks is not in compliance with Bank policy OP/BP 10.00.</p>
Human Resources	<p>The Panel notes that it does not have sufficient information to draw a firm conclusion on this issue but it again notes how the operational interface between the CDP and PBS, and mutual impacts affecting the achievement of results under PBS, were not adequately considered at appraisal or during implementation.</p>

## Annex B: About the Panel

1. The Inspection Panel was created in September 1993 by the Board of Executive Directors of the World Bank to serve as an independent mechanism to ensure accountability in Bank operations with respect to its policies and procedures. The Inspection Panel is an instrument for groups of two or more private citizens who believe that they or their interests have been or could be harmed by Bank-financed activities to present their concerns through a Request for Inspection. In short, the Panel provides a link between the Bank and the people who are likely to be affected by the projects it finances.

2. Members of the Panel are selected “*on the basis of their ability to deal thoroughly and fairly with the request brought to them, their integrity and their independence from the Bank’s Management, and their exposure to developmental issues and to living conditions in developing countries.*”<sup>320</sup> The three-member Panel is empowered, subject to Board approval, to investigate problems that are alleged to have arisen as a result of the Bank having failed to comply with its own operating policies and procedures.

### Processing Requests

After the Panel receives a Request for Inspection it is processed as follows:

- The Panel decides whether the Request is *prima facie* not barred from Panel consideration.
- The Panel registers the Request—a purely administrative procedure.
- The Panel sends the Request to Bank Management, which has 21 working days to respond to the allegations of the Requesters.
- The Panel then conducts a short 21 working-day assessment to determine the eligibility of the Requesters and the Request.
- If the Panel recommends an investigation, and the Board approves it, the Panel undertakes a full investigation, which is not time-bound.
- If the Panel does not recommend an investigation, the Board of Executive Directors may still instruct the Panel to conduct an investigation if warranted.
- Three days after the Board decides on whether or not an investigation should be carried out, the Panel’s Report (including the Request for Inspection and Management’s Response) is publicly available through the Panel’s website and Secretariat, the Bank’s Info Shop and the respective Bank Country Office.
- When the Panel completes an investigation, it sends its findings and conclusions on the matters alleged in the Request for Inspection to the Board as well as to Bank Management.
- The Bank Management then has six weeks to submit its recommendations to the Board on what actions the Bank would take in response to the Panel’s findings and conclusions.
- The Board then takes the final decision on what should be done based on the Panel’s findings and the Bank Management’s recommendations.
- Three days after the Board’s decision, the Panel’s Report and Management’s Recommendation are publicly available through the Panel’s website and Secretariat, the Bank’s Project website, the Bank’s Info Shop and the respective Bank Country Office.

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<sup>320</sup> IBRD Resolution No. 93-10; IDA Resolution No. 93-6.

## Annex C: Biographies

Stephen Peterson is a Professor of Public Finance at the Melbourne School of Government. He was a member of the faculty of Harvard University 25 years where he taught graduate courses and the executive program in public financial management, which trained over 1,600 senior government officials. He has worked as a project director, consultant, and technical advisor in nineteen countries in Africa, Asia, Latin America, North America, and the Middle East, plus Australia. His work in PFM encompasses medium-term expenditure planning, fiscal transfers, budgeting, accounting, treasury, and financial information systems. He advised the Palestinian National Authority and with the U. S. Treasury Tax Advisory Service advised several governments in Eastern Europe and the former Soviet Union. He was an advisor to the Government of Kenya for eight years (1986-1994). In 2008, he completed a twelve-year reform in Ethiopia that changed that country's budgeting, accounting, cash management and financial information systems. He is the author of numerous publications on public sector and financial reform including his forthcoming book on the Ethiopian PFM reform: *Public Finance and Economic Growth: Lessons from Ethiopia's Reforms* (Routledge, May 2015). He holds a doctorate from the University of California at Berkeley and an MBA in finance and accounting from the Anderson School of Business, UCLA.

Roberto Mosse is presently a retiree-pensioner of World Bank Group (WBG) but continued to work as a consultant to the Bank. While a consultant to TWBG from April 1999 to the present he worked mainly in East Asia and Latin America and provided analytical evaluations of country portfolios; carried out country and project financial management accountability and fiduciary assessments; designed project financial management and institutional arrangements; supervised project implementation; and designed and carried out project performance monitoring and evaluation assessments. During his employment at the WBG from 1972 through 1999 he held various responsibilities, the last one from 1993 through 1999 as Operations Adviser to the Managing Directors for Operations. Previously he was a Senior/Principal Operations Officer, Financial Analyst and Team leader for transportation, industrial and energy privatization projects in Latin America. Prior to joining the WBG, he worked as a Public Accountant for Wallace, McMullin and Partners Chartered Accountants in Melbourne, Australia, and for Mauricio Hochschild/Mantos Blancos in Santiago, Chile.

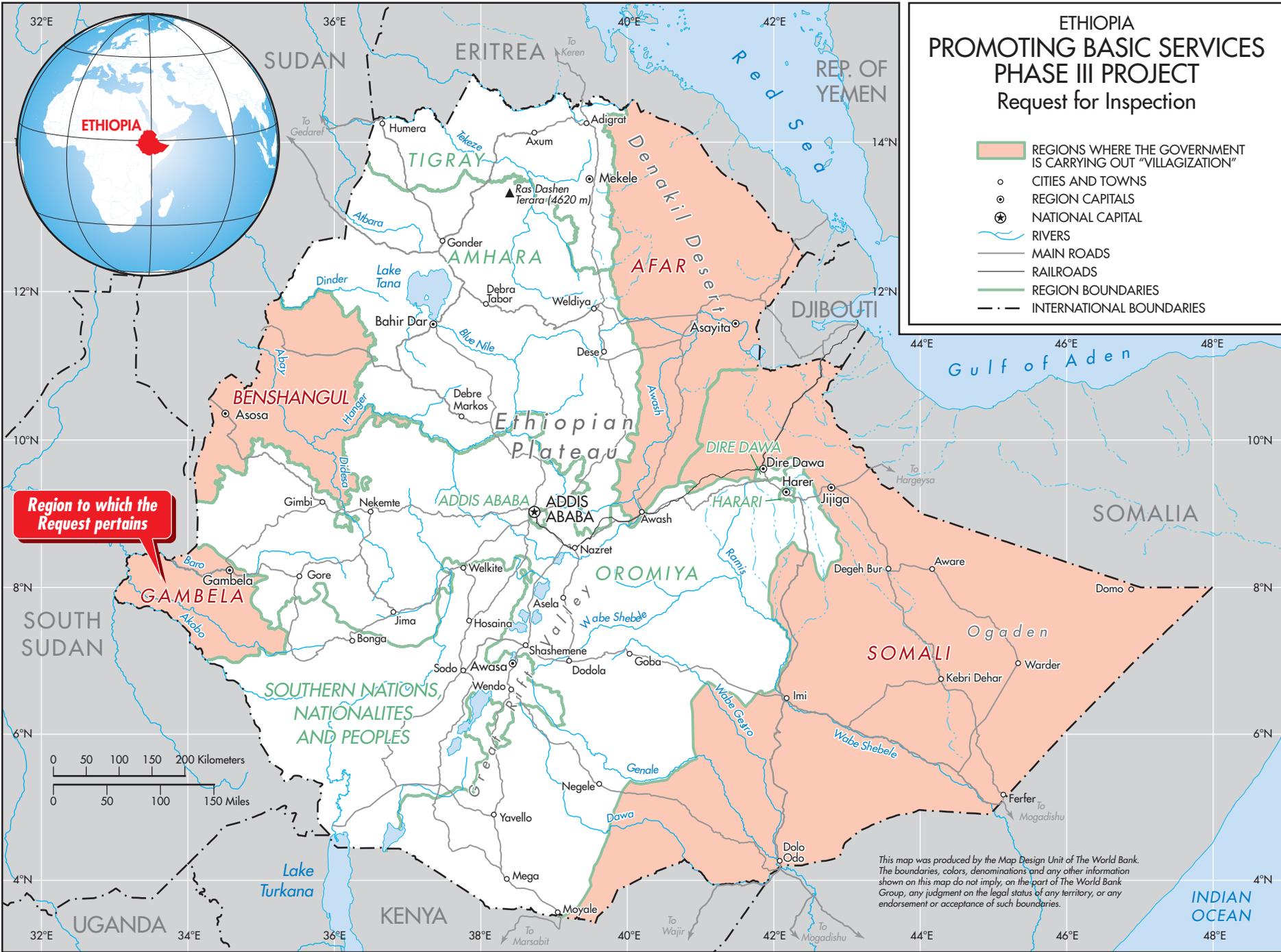
Biographies of Dr. Alison Evans and Dr. Eisei Kurimoto to be provided prior to publication of this Report.

# ETHIOPIA PROMOTING BASIC SERVICES PHASE III PROJECT Request for Inspection

- REGIONS WHERE THE GOVERNMENT IS CARRYING OUT "VILLAGIZATION"
- CITIES AND TOWNS
- REGION CAPITALS
- NATIONAL CAPITAL
- RIVERS
- MAIN ROADS
- RAILROADS
- REGION BOUNDARIES
- INTERNATIONAL BOUNDARIES



**Region to which the Request pertains**



This map was produced by the Map Design Unit of The World Bank. The boundaries, colors, denominations and any other information shown on this map do not imply, on the part of The World Bank Group, any judgment on the legal status of any territory, or any endorsement or acceptance of such boundaries.

**MANAGEMENT RESPONSE TO  
REQUEST FOR INSPECTION PANEL REVIEW OF THE  
ETHIOPIA: PROTECTION OF BASIC SERVICES PROGRAM PHASE II  
ADDITIONAL FINANCING (P121727) AND PROMOTING BASIC SERVICES  
PHASE III PROJECT (P128891)**

Management has reviewed the Request for Inspection of the Ethiopia: Protection of Basic Services Program Phase II Additional Financing (P121727) and Promoting Basic Services Phase III Project (P128891), received by the Inspection Panel on September 24, 2012 and registered on October 9, 2012 (RQ12/05). Management has prepared the following response.

**November 19, 2012**



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### **Map**

Map 1. IBRD No. 39635

### **Annexes**

- Annex 1. Claims and Responses
- Annex 2. Overview of Missions and Consultations undertaken for PBS 3
- Annex 3. Sample Format for Financial Management Reports Used to Track PBS 3 Fund Flows and Expenditures

## ABBREVIATIONS AND ACRONYMS

BoFED	Bureau of Finance and Economic Development
BP	Bank Procedures
CSO	Civil Society Organization
DAG	Development Assistance Group
DFID	Department for International Development (United Kingdom)
EPG	Ethiopian Partners' Group
EPRDF	Ethiopian People's Revolutionary Democratic Front
ESAP	Ethiopian Social Accountability Program
EU	European Union
FTA	Financial Transparency and Accountability
FY	Fiscal Year
GoE	Government of Ethiopia
GPLM	Gambella Peoples' Liberation Movement
GRM	Grievance Redress Mechanisms
GTP	Growth and Transformation Plan
HRW	Human Rights Watch
IDI	Inclusive Development International
JBAR	Joint Budget and Aid Reviews
JRIS	Joint Review and Implementation Support
KfW	Kreditanstalt fuer Wiederaufbau (Germany)
LIG	Local Investment Grant
M&E	Monitoring and Evaluation
MDG	Millennium Development Goals
MoFED	Ministry of Finance and Economic Development
NGO	Nongovernmental Organization
OECD/DAC	Organization for Economic Cooperation and Development/ Development Assistance Committee
OMS	Operational Manual Statement
OP	Operational Policy
PBS	Promoting Basic Services
PDO	Project Development Objective
REF	Results Enhancement Fund
RPF	Resettlement Policy Framework
SA	Social Accountability
SNNPR	Southern Nations, Nationalities, and People's Region
SPLA	Sudan Peoples' Liberation Army
UN	United Nations
USAID	United States Agency for International Development
WaSH	Water Supply, Sanitation and Hygiene

**Currency Unit  
as of November 19, 2012**

USD 1.00 = ETB 17.96

ETB 1.00 = USD 0.05



## EXECUTIVE SUMMARY

### The Project

- i. Ethiopia's Promoting Basic Services Program (PBS) is a nationwide program, which contributes to expanding access to and improving the quality of basic services. The World Bank's Board of Executive Directors approved Promoting Basic Services Phase III (PBS 3) in September 2012. The Project has not yet become effective.
- ii. PBS 3 supports the commitment of the Government of Ethiopia (GoE) to strengthen decentralized service delivery and enhance local transparency and accountability mechanisms by funding block grants that ensure adequate staffing and recurrent expenditures; strengthening the capacity, transparency, accountability and financial management of local *woreda* (district level) governments in the delivery of basic services in the areas of education, health, agriculture, water supply and sanitation, and rural roads; and promoting local level citizens' engagement and social accountability.
- iii. PBS 3 is funded by the GoE and supported by a number of Development Partners including the World Bank, the African Development Bank, the United Kingdom's Department for International Development (DFID), the European Union (EU), Austria, and Italy. DFID, Germany (KfW), Irish Aid, and the EU are funding the social accountability activities.

### The Request for Inspection

- iv. The Request for Inspection concerns the Ethiopia: Protection of Basic Services Program Phase II Additional Financing (P121727) and Promoting Basic Services Phase III (P128891) financed by the International Development Association (the Bank).
- v. The Request for Inspection was submitted by "two local representatives" on behalf of 26 Anuak people from the Gambella region of Ethiopia (the "Requesters"). The Requesters have been authorized by two groups of Anuak now living in different locations outside Ethiopia to submit the Request. The Requesters have asked the Panel to keep their identities confidential. Inclusive Development International (IDI), a United States-based nongovernmental organization (NGO), has provided the annex to the Request, which puts forth arguments as to how the Requesters' concerns relate to Bank policy.
- vi. The Requesters claim serious human rights abuses by the GoE through its "villagization" program, which seeks to cluster dispersed populations in sparsely populated regions into "commune centers" to enable more efficient provision of basic services. These allegations of abuse include forced relocation and dispossession, and atrocities committed by the police and army. The Request further alleges that implementation of villagization has been made possible in part by the Bank's support for the PBS program, because it finances recurrent costs of civil servants (such as teachers, health workers, agricultural extension workers, etc.) who may be involved in facilitating and enforcing villagization, along with the police and army. The Request also claims that villagization

is “inextricably linked to PBS” and therefore the Bank should have triggered and implemented safeguard policies on involuntary resettlement and Indigenous Peoples.

### **Management’s Response**

vii. *Management’s response to the Request for Inspection focuses on PBS 3.* In line with the Inspection Panel Resolution, neither PBS 1 nor PBS 2 (including the Additional Financing) are eligible for inspection as more than 95 percent of the credit and grant proceeds for each of these projects had been disbursed at the time of registration of the Request. Management also notes that the Request is largely based on the project documents for PBS 1 and 2 and not PBS 3.

viii. *Management has extensively reviewed the allegations raised in the Request with regard to the Bank’s support for PBS 3, and maintains that the harm described by the Requesters does not stem from the Bank-supported PBS 3 nor from a failure by the Bank to apply its policies.*

ix. *Management wishes to clarify that, contrary to the Requesters’ assertion, PBS 3 is not linked to villagization. PBS 3 does not build upon villagization, it is not synchronized with villagization, and does not require villagization to achieve its objectives. Furthermore, the Bank does not finance the GoE’s villagization program.*

x. *In Management’s view there is no basis to claim that PBS 3 is directly or inextricably linked to villagization.* The link asserted by the Requesters is based on the fact that government officials at the local woreda level with responsibility for basic service provision, part of whose salary is being paid under PBS 3, may also have responsibilities relating to villagization. This observation, however, reflects the reality of government everywhere, in which officials, particularly at local level, have multiple roles in discharging government policy. It also reflects the situation that the Bank and other donors face in many projects or programs they support. In Management’s view it would be neither feasible nor desirable to pursue an arrangement under which all officials whose functions are being partly supported by Bank finance are required to work exclusively on those functions. Such an arrangement would be highly dysfunctional and inefficient and burden the borrower with fragmented administration and additional costs. Moreover, it would run counter to the ongoing international efforts and agreements for Aid Effectiveness.

xi. *Nevertheless, Management is deeply troubled by the reports of harm which the Requesters raise, and which their representatives discussed with the senior Bank staff they met in Kenya.* Management takes these allegations of harm very seriously and has undertaken an extensive review of the allegations raised in the Request.

### **Application of Bank Policies in PBS 3**

xii. *It is Management’s assessment that the harm described by the Requesters does not stem from the Bank-supported PBS 3, or from a failure by the Bank to apply its operational policies and procedures. Based on the terms of the Panel Resolution, Management does not agree that the Requesters have been or are likely to be harmed by the Bank’s actions or omissions.* Management is furthermore not able to find relevant in-

stances of non-compliance in preparation of PBS 3 with regard to the provisions of its policies and procedures, including Project Appraisal (OMS 2.20), Economic Evaluation of Investment Operations (OP 10.04), Project Supervision (OP 13.05), Involuntary Resettlement (OP 4.12) and Indigenous Peoples (OP 4.10). Concerning the Requesters' allegations against the GoE's villagization program, Management reiterates that the Bank does not finance this program.

xiii. *Management disagrees with the Requesters' assertion that the Bank's safeguard policies should have been triggered in PBS 3 to address potential environmental and social risks related to villagization because, as noted above, the PBS project is not linked to the villagization program.*

xiv. *Management maintains that its decision not to trigger the Bank's Operational Policy on Involuntary Resettlement (OP 4.12) for PBS 3 was correct, as the project involves no involuntary taking of land or restriction of access.* PBS 3 is focused exclusively on supporting recurrent costs related to salaries of local workers in five sectors and activities designed to strengthen the capacity of local and regional governments for service delivery. Furthermore, villagization is not directly or significantly related to PBS 3, nor does PBS 3 depend on villagization in order to achieve the objectives described in the project document. Hence villagization cannot be considered a "linked" activity to which OP 4.12 should apply.

xv. The Bank's Operational Policy on Indigenous Peoples (OP 4.10) is not triggered in PBS 3, as it currently is not applied in Ethiopia due to possible incompatibility with the Ethiopian Constitution, and to the risk that the application of the policy could potentially exacerbate tensions between ethnic groups. However, the PBS 3 project preparation and appraisal process did seek to understand the impact of the PBS program nationwide, including on vulnerable groups; explore opportunities to promote enhanced citizen engagement in local service delivery; and ensure fairness, equity and transparency in program implementation. With regard to the overall country portfolio, Management is in discussions with the GoE to identify an appropriate approach to applying the Indigenous Peoples policy.

xvi. *Although the safeguard policies have not been triggered, the Bank continues to act on its concern for environmental and social issues related to the achievement of PBS 3 development objectives.* PBS 3 includes support for strengthening environmental and social assessment, through assessing the capacity to conduct such assessments in the basic service sectors at the local level; targeted capacity building on Environmental and Social Appraisal for basic service sector offices; strengthened horizontal linkages between the basic service sectors and environment offices at local level; and encouraging best practices in environmental and social management in planning and implementation of projects regardless of funding source.

### **Ethiopia's Villagization Program**

xvii. The GoE began implementing the current villagization program in the third quarter of 2010 for the four Developing Regional States – Gambella, Afar, Benishangul-

Gumuz and Somali. The Bank and other Development Partners were not consulted in advance about the new villagization program nor informed of its launch. The Bank's understanding, based on official documentation available on the program and related discussions with Government, is that villagization is intended to cluster dispersed populations in sparsely populated regions into "commune centers" over a period of three years on a voluntary basis to enable more efficient provision of basic services. It does not provide for any forced or long-distance resettlement, or for mixing people of different ethnic backgrounds.

xviii. This current villagization program of the GoE must not be confused with the efforts of earlier Governments that were also labeled "villagization." These earlier efforts of encouraging resettlement and villagization in Ethiopia began in 1958 and were aimed at addressing the overcrowded situation of the Ethiopian highlands. These efforts continued with various interruptions until 1988 and included forced long-distance resettlements and explicit mixing of ethnic groups. The current Ethiopian Government disavows any efforts at reviving these earlier villagization programs.

### **Donors' Dialogue with the GoE on Villagization and Reports of Abuse**

xix. ***Management is deeply troubled by the Requesters' reports they have suffered abuse in connection with villagization in Gambella.*** Management takes these reports very seriously, and has taken advantage of various opportunities outside of the context of any specific project agreements to raise these issues with the GoE. However, to date neither the Bank nor other Development Partners have been able to identify any evidence to substantiate possible links between reported abusive behavior and villagization of the kind described in the Request.

xx. ***Independent of PBS, the Bank and other Development Partners have actively pursued a policy dialogue with the GoE to highlight the environmental and social development challenges posed by villagization.*** Together with these partners through the Development Assistance Group (DAG), the Bank has engaged with the GoE since late 2010 in a policy dialogue on villagization, including meetings at all levels of government, undertaking numerous field visits, and providing advice to the GoE based on OECD/DAC good practice guidelines for resettlement. Based on the engagement to date, Management has not encountered any evidence to support allegations of forced relocations or systematic human rights abuses in villagization. However, the DAG-sponsored missions did find that the settlement sites observed were not as well prepared as would be desirable, and that allocation of farm land and related livelihood support was lagging. These concerns have been expressed to the GoE. The Bank will continue this engagement and understands other partners will do likewise.

xxi. ***Management has focused on promoting systemic approaches to address the possibility of abuses at local level, as well as investigating specific reports.*** Management has pursued discussions of these reports through a variety of joint meetings between Development Partners and the GoE, including the High Level Forum, which is chaired by the Minister of Finance. In addition, Management has raised concerns bilaterally with the new Prime Minister as well as with the Minister of Finance, Minister of Federal Affairs

and their senior officials. Through upstream dialogue Bank staff have urged the GoE to make clear its position. GoE Ministers have consistently stressed, both publicly and privately, most recently in November 2012, that they do not condone any such abuses and have stated their willingness to investigate and address any abuse that they find to have taken place. GoE Ministers have made this position clear both in discussions with Development Partners, and also in separate conversations with representatives of decentralized levels of government.

xxii. Going forward, Management will ensure that Bank staff in Ethiopia continue to work closely with other DAG members to follow up on any reports of abuses by Ethiopian officials, whether or not related to a Bank-financed program or project. Management considers that the best framework for such engagement is the broader development dialogue, rather than trying to link such issues to any particular operation. In this regard Management will work with the DAG to continue to closely monitor the progress of the villagization program, and explore with the GoE ways to improve program implementation.

## **Conclusion**

xxiii. ***In Management's view, there is no basis for the Requesters' assertion that the alleged harm is related to the Bank's non-compliance with its policies and procedures, as required by the Inspection Panel Resolution. Based on extensive review, Management maintains that the Bank has complied with the applicable operational policies and procedures in the design, appraisal and preparation of PBS 3.*** In Management's view, the Requesters are asking that the Bank apply its safeguard policies to address environmental and social issues arising outside the scope of PBS 3. Such a broad application of Bank policies beyond the scope of agreed Bank support would be inconsistent with the Bank's governing legal and policy framework. Nonetheless, Management will ensure that issues pertaining to the Request continue to be brought to the GoE's attention in the context of its broader country dialogue and with other Development Partners as stated above.



## I. INTRODUCTION

1. On October 9, 2012, the Inspection Panel registered a Request for Inspection, IPN Request RQ 12/05 (hereafter referred to as “the Request”), concerning the Ethiopia: Protection of Basic Services Program Phase II Additional Financing (P121727) and Promoting Basic Services Phase III (P128891) financed by the International Development Association (the Bank).

2. *Structure of the Text.* The document contains the following sections: following this introduction, Section II describes the Request; Sections III and IV provide country and project background, respectively; Section V discusses special issues and Section VI presents Management’s response. Annex 1 contains the Requesters’ claims, together with Management’s detailed responses, in table format. Annex 2 provides an overview of missions and consultations undertaken for PBS 3 and Annex 3 contains a sample format for PBS 3 financial management reports.

## II. THE REQUEST

3. The Request for Inspection was submitted by “two local representatives” on behalf of 26 Anuak people from the Gambella region of Ethiopia (the “Requesters”). The representatives have been authorized by two groups of Anuak now living in different locations outside of Ethiopia to submit the Request. The Requesters have asked the Panel to keep their identities confidential.

4. Attached to the Request is an annex and affidavits with signatures of the affected people that authorize the representatives to submit the Request on their behalf. Inclusive Development International (IDI), a United States-based nongovernmental organization (NGO), has provided the annex to the Request which puts forth arguments on how the Requesters’ concerns relate to Bank policy, and which forms part of the Request. No further materials were received by Management in support of the Request.

5. The Request contains claims that the Panel has indicated may constitute violations by the Bank of various provisions of its policies and procedures, including the following:

OMS 2.20, Project Appraisal

OP/BP 4.10, Indigenous Peoples

OP/BP 4.12, Involuntary Resettlement

OP/BP 10.04, Economic Evaluation of Investment Operations

OP/BP 13.05, Project Supervision.

6. The Requesters claim serious human rights abuses by the Ethiopian Government through its “villagization” program, which allegedly includes forced relocation and dis-possession, and various abuses committed by the police and army. The Request further claims that implementation of villagization has been made possible in part by the Bank's support for the PBS program, because the project finances recurrent costs of civil servants (such as teachers, health workers, agricultural extension workers, etc.) who may be involved in facilitating and enforcing villagization. The Request also claims that villagization was “*inextricably linked to PBS*” and hence the Bank should have triggered and implemented safeguard policies on involuntary resettlement and Indigenous Peoples.

### III. COUNTRY BACKGROUND

7. Despite recent rapid growth, Ethiopia remains one of the world's poorest countries. At USD 400, Ethiopia's per capita income is much lower than the developing Sub-Saharan African average of USD 1,255 (FY2011), ranking it as the sixth poorest country in the world (Gross National Income, Atlas Method). Given the country's low starting point, addressing poverty and deprivation requires continued and accelerated investment and improved policies to achieve some of the Millennium Development Goals (MDGs) by 2015.

8. In 1991, the current government, led by the Ethiopian People's Revolutionary Democratic Front (EPRDF), overthrew the repressive military-socialist Derg regime. A phased approach to decentralization has been pursued since the adoption of a federal constitution in 1995. The dominance of the EPRDF and its allies has allowed them to establish a strongly interventionist “developmental state” system, which is often perceived as limiting the space and role of nongovernment actors in the development process, including NGOs and CSOs, private media outlets, and private sector investors. Weak opposition groups have struggled for space in this context, with Ethiopia's most competitive elections to date concluding in 2005 in bitter post-election contestation and violence, followed by the reconsolidation of the position of EPRDF. The May 2010 parliamentary elections resulted in a 99.6 percent victory for the ruling EPRDF and its allies, reducing the opposition from 174 to only two seats in the 547 member lower house. This weakening of the opposition and marginal role that other non-state actors are playing has created a polarized dialogue on many key political and economic issues outside Ethiopia, as well as within.

9. Ato Meles Zenawi, the Prime Minister who had led Ethiopia since the EPRDF came to power in 1991, died in late August 2012. Since his death, the Government of Ethiopia (GoE) has completed a peaceful and constitutional transition to a new Government, for the first time in modern history. The new Prime Minister, Hailemariam Desalegn, has reconfirmed his commitment to political stability and to holding national elections in 2015 as previously planned.

10. Ethiopia occupies a difficult but important strategic position geographically. Its neighbors include Somalia, Eritrea, Sudan and South Sudan, with all of whom it has difficult cross-border problems, often involving cross-border communities, of which those

in Gambella are one example. Ethiopia's lowland peripheries have long been affected by instability, and its relatively strong state, security and military systems are regularly deployed domestically – and sometimes also regionally – to promote government interests in national stability and security. Ethiopia's strategic position also offers important potential for regional and global cooperation and collaboration to promote peace and stability more widely.

11. The current Government is committed to reducing poverty and making progress on the MDGs. Its five-year development plan (2010/11-2014/15), the Growth and Transformation Plan (GTP), envisions a major leap in terms of economic structure and income levels but also of social indicators, including achievement of all MDGs. To achieve MDG targets the GoE seeks to provide greater access to quality decentralized services. Accordingly, it is committed to increasing and sustaining resources for *woreda*<sup>1</sup> (district) authorities to improve these services. To this end, each of the basic service sectors has adopted tailored strategies focused on the *woreda* to improve access and quality. The Bank and other Development Partners work with and support the GoE on these sectoral development plans.

12. The GoE's commitment has delivered results, as Ethiopia has achieved rapid and significant improvements in basic service delivery indicators. An Overseas Development Institute study<sup>2</sup> noted that Ethiopia is making the third fastest improvements of any country towards reaching the MDGs. The latest Ethiopia Demographic and Health Survey data show that child mortality has fallen from 123 per thousand in 2005 to 88 in 2010. Between 2004/2005 and 2009/2010, primary net enrollment rates rose from 68 percent to 82 percent and primary completion rates rose from 34 to 49.4 percent. During the same period, the share of rural population with access to clean water rose from 35 to 66 percent.

#### IV. PROJECT BACKGROUND

13. ***Promoting Basic Services (PBS) 3 will contribute significantly to Ethiopia's efforts to improve basic service delivery and to help beneficiaries hold service providers accountable.*** With national, *woreda*-level coverage, PBS 3 serves approximately 84 million people across Ethiopia. Since 2006 PBS Phases 1 and 2 helped hire over 100,000 new primary school teachers, 38,000 health extension workers and 45,000 agricultural extension workers. Further, the program has promoted increased citizens' engagement, posting local budgets in 94 percent of *woredas* and encouraging civil society to provide feedback for greater social accountability.

14. ***The Project Context.*** In 2006 the GoE, the Bank, and other Development Partners launched the nationwide PBS program to improve primary health, education, agriculture,

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<sup>1</sup> Ethiopia's decentralized administrative structure involves regions, within which are zones, within which are *woredas* or districts. There are more than 1,000 *woredas* within the country, which frequently split, increasing the total number of *woredas*.

<sup>2</sup> Overseas Development Institute, *Millennium Development Goals Report Card: Measuring Progress Across Countries*, September 2010.

water and sanitation and rural roads,<sup>3</sup> focusing on woredas as the front line for basic service delivery. The program supports these decentralized basic services through block grants that pay for woreda-level recurrent expenditures and measures to increase the transparency and accountability of woreda-level systems to deliver basic service results. Support for the PBS program through investment lending allows for extensive accountability mechanisms, intensive supervision with all levels of Government, and technical assistance to strengthen local governance and public financial management.

15. The PBS block grants have enabled Ethiopia's impressive improvements in decentralized basic service provision and MDG indicators noted above. The program has encouraged significant and valuable increases in nationwide, decentralized human resources, including hiring primary teachers, health and agriculture extension workers, water staff, and, roads desk officers.

16. The PBS program has included capacity building components, focused particularly on citizens' engagement and public financial management. Ethiopia has a limited tradition of citizens' engagement, where local authorities wield significant power and have been unlikely to seek citizens' input. In this difficult environment, through its support for citizens' engagement, the PBS program has improved opportunities for citizens to understand what resources are available for local service delivery and to provide feedback to service providers. At the beginning of the PBS program, budget information was not publicly available in any woreda; at present, budgets and service delivery information are available in 94 percent of woredas. An ongoing activity for enhancing social accountability is designed to support CSOs that improve opportunities for citizens to provide feedback to local administrators and service providers, piloting social accountability activities in 86 woredas.

### **Project Objectives**

17. Building on the lessons learned from implementation of PBS 1 and 2, PBS 3 will contribute to the higher-level objective of expanding access and improving the quality of basic services by funding block grants that ensure adequate staffing and operations, and by strengthening the capacity, transparency, accountability and financial management of local governments. The program defines basic services as education, health, agriculture, water supply and sanitation and rural roads. The program component costs and sources of financing are shown below.

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<sup>3</sup> Support for rural roads was added at the launch of Phase 2 of the PBS program in May 2009.

Program Components (US\$ Millions)	Program Costs	GOE Financing		DPs	IDA	%IDA	B Gap
		MEFF	A Gap*				
Sub-Program A: Basic Service Block Grants	6,192.9	3,170.8	1,482.9	984.2	555.0	9.0%	
Sub-Program B: Strengthening Local Transparency and Accountability Systems							
B1: Citizen's Engagement	35.0	-	-	8.6	10.0	28.6%	16.4
B2: Local PFM & Procurement	52.6	-	-	32.6	20.0	38.0%	-
B3: Managing for Results	27.0	-	-	12.0	10.0	37.0%	5.0
Sub-Program C: Results Enhancement Fund	78.2			78.2			
Unallocated					5.0		
<b>Total (US\$ Millions)</b>	<b>6,385.7</b>	<b>3,170.8</b>	<b>1,482.9</b>	<b>1,115.6</b>	<b>600.0</b>	<b>9.4%</b>	<b>21.4</b>
* GOE will likely seek DP contributions to reduce this gap for Sub-program A. However, GOE has committed to cover from its own resources any remaining gaps in block grants beyond DP commitments in any given year.							

18. *PBS 3 is funded by the GoE and supported by a number of Development Partners including the World Bank, the African Development Bank, the United Kingdom's Department for International Development (DFID), the European Union (EU), Austria, and Italy.* The social accountability component is supported by DFID, Germany (KfW), Irish Aid, and the EU. The Government will finance 49.6 percent of program costs, IDA 9.4 percent, and other donors 17.5 percent, while 23.5 percent of the five year program remains to be financed. The program is a good example of harmonized support by donors to improve basic services in a low-income country. It has a Secretariat to facilitate and coordinate the dialogue on the program and its implementation, and provide analytical support.

### Project Components

19. *Basic Service Block Grants (Sub-program A – USD 6.2 billion, IDA USD 555.0 million)* finance woredas' recurrent expenditures (salaries, operations and maintenance) in the five basic service sectors (education, health, agriculture, water and sanitation, and rural roads) as a contribution to supporting improved service delivery, and, with other complementary inputs, MDG and GTP results. The Basic Service Block Grants are disbursed from the federal level to the regions, and from the regions to the woredas. Each woreda decides the allocation to the five basic service sectors based on their needs.<sup>4</sup>

20. Disbursements for Basic Service Block Grants depend on the Bank being satisfied that the Government has followed the Core PBS Principles, which are Effectiveness, Sustainability, Additionality, Equity, Transparency, Fiduciary Probit and Predictability. As described in greater detail in the section on Implementation Support arrangements, it obtains this assurance through semi-annual Joint Review and Implementation Support (JRIS) missions.

<sup>4</sup> Based on 2010/2011 actual spending for eligible expenditures for the PBS program, the largest allocation goes to education (48%), followed by health (17%), agriculture (17%), water and sanitation (10%), and rural roads (8%).

21. ***Strengthening Local Accountability and Transparency Systems (Sub-program B – USD 114.6 million, IDA USD 40.0 million)***. The sub-program helps improve local service delivery through a woreda-level system for transparency and accountability that is socially inclusive and responsive to local needs.

22. ***Citizens' Engagement (Component B1 – USD 35.0 million, IDA USD 10.0 million)***. From the start, PBS has supported opportunities for citizens to get information about local budgets and service delivery objectives, as well as to provide feedback to those responsible for service delivery. PBS 3 seeks to expand, deepen and link these ongoing efforts to promote citizens' engagement, as set out below. It also seeks to institutionalize them, so that citizens' engagement can be sustained beyond the end of PBS.

- ***Financial Transparency and Accountability (Sub-component B1a)***. Building on achievements under PBS 1 and 2, this sub-component aims to deepen citizens' access to budget, expenditure and service delivery information, thereby enhancing citizens' participation in planning and budget preparation. It also provides resources to strengthen systems for woreda-level environmental and social impact assessment, including building capacity in the basic sectors to mainstream environmental and social issues in project design and implementation.
- ***Social Accountability Program (Sub-component B1b)***: Planned to operate in 170 woredas, the social accountability program promotes citizens' groups and community feedback to service providers. It is now the largest such program in Sub-Saharan Africa. These social accountability activities are not part of the IDA financing but are supported through a Bank administered programmatic multi-donor trust fund financed by the UK (DFID), Germany (KfW), Irish Aid, and the EU. During PBS 3, the program will use tools piloted through the PBS program to date, including Community Score Cards, Citizen Report Cards, and Participatory Budgeting. In participating woredas, there will be interface meetings among service users, service providers, and woreda and *kebele* (sub-district) officials. Further, community groups will develop agreed action plans, implementation of which will be monitored by joint committees of service users and providers.
- ***Grievance Redress Mechanisms (GRM) (Sub-component B1c)***. PBS 3 will help to strengthen the existing regional GRM offices in Ethiopia, seeking to expand the successes of those regional offices that reach international standards and contribute to information and public awareness of the services they provide.

23. ***Local Public Financial Management and Procurement (Component B2 – USD 52.6 million, IDA USD 20.0 million)***. While Ethiopia's public financial management system is strong, given the scope, complexity and diversity of the decentralized economic governance system in the country, there are regions and aspects of its operation that urgently need to be strengthened. Focused on the woreda, this component will support training and system strengthening as part of the Government's broader public financial management action plan.

24. **Managing for Results (Component B3 – USD 27.0 Million, IDA USD 10.0 million).** Reliable, timely and available data and results analysis are essential for monitoring progress towards GTP and PBS goals and analysis of why some regions or sectors are delivering basic service results and others are not. Component B3 seeks to ensure that data, systems, and analytic capacity are strengthened.

25. **Results Enhancement Fund (Sub-Program C – DFID administered, GBP 50.0 million or USD 78.2 million).** As an affiliated sub-program supporting innovations to improve basic service and fiduciary results, the Results Enhancement Fund (REF) will support specific accomplishments that help to overcome constraints to service delivery. The benchmarks of the fund will be defined based on the overall principles of equity and learning. Following the Core PBS “Equity” Principle, less developed regions and woredas should be more likely to receive disbursements.

### **Choice of Investment Lending Instrument**

26. The Request has raised questions about the design of PBS 3 as an investment loan. Hence, Management believes it is useful to explain this choice of instrument.

27. After careful consideration of the alternatives for supporting Ethiopia’s progress on basic service delivery, including a Development Policy Operation or the new Program for Results instrument, the Bank rejected these alternatives for PBS 3. It ascertained that these alternatives were not clearly superior to the proven and successful, results-focused, investment lending approach implemented since 2006. The Bank and Development Partners did not consider the alternative of ending support, as this was seen as jeopardizing Ethiopia’s progress to achieve the MDGs through decentralized basic services.

28. An investment lending instrument allows the Bank and Development Partners to combine fast-disbursing support through government systems with significant efforts to strengthen the capacity of those systems. Similar to several successful, results-focused, programmatic investment lending operations the Bank finances elsewhere, this instrument allows the Bank to support recurrent expenditures based on careful joint monitoring of core principles and program results, moderating disbursements if those agreed principles are not followed. By integrating reviews of progress on system strengthening (through the semi-annual JRIS missions and ongoing dialogue between reviews), the PBS instrument allows a frank and productive dialogue on progress and constraints of that decentralized economic governance system.

29. Further, an investment lending instrument enables the Bank to define a set of eligible expenditures for the program, in this case, recurrent expenditures at woreda-level for defined basic services. Through extensive project implementation support, the Bank tracks eligible expenditures to woreda level.

30. Finally, using an investment lending instrument, PBS 3 is a strong example of development effectiveness principles, as summarized in the Paris, Accra and Busan agreements:

- It enjoys *strong country ownership and alignment*, by supporting an existing and credible government program. Bank and Development Partner funding complements Government resources for the PBS program. As evidence of its ownership, the Government provides the largest financial contribution.
- PBS demonstrates *harmonization* of Bank and Development Partner resources. Beyond the GoE and the Bank, 10 other Development Partners have contributed to the PBS program, committing a total of USD 1.6 billion.
- PBS 3 further works with *Government systems*, providing resources through and enhancing the capacity of those systems, including procurement.
- It promotes *mutual accountability* through review mechanisms that encourage timely and predictable financing when benchmarks are met.
- Finally, PBS 3 demonstrates a strong focus on *results*, using a jointly-agreed results framework along with significant dedicated resources to strengthen national data collection and monitoring and evaluation systems.

### **Implementation Support Arrangements**

31. As an investment lending operation, PBS 3 allows and requires extensive implementation support. This has several components. Semi-annual JRIS missions provide opportunities for the Bank, jointly with Government, including the Ministry of Finance and Economic Development (MoFED), sectoral ministries, and regional authorities, and Development Partners to review performance according to Core PBS Principles. During PBS 2 implementation, the average number of participants in JRIS missions has been 250 persons: 127 from federal basic service ministries, 92 from regional government offices, and 31 from the Bank and other Development Partners. JRIS missions also involve extensive field visits rotating through the regions and focusing on different basic service sectors. Disbursement for the Basic Service Block Grants depends on overall performance according to these principles. Beyond this regular cycle, both the Bank and other financing partners mount missions from time to time that may be location or topic specific. Annex 2 summarizes missions and consultations for the PBS program.

32. Beyond JRIS affirmation that Core PBS Principles have been met, the Bank has extensive financial management review of program resources. The GoE requires a monthly report from woredas to regional governments, where such reports are consolidated and reported to the MoFED at the federal level. It is these reports that inform quarterly Interim Unaudited Financial Reports, which the Bank uses to track fund flows and expenditures, subjecting them to rigorous review. The format under PBS 3 for such reports is provided in Annex 3. Based on these financial controls, the Bank will only disburse Basic Service Block Grant resources if PBS 3 financial reports are found acceptable.

33. Given the size, scope and complexity of the PBS program, implementation support for PBS 3 is extensive. The program involves constant, close coordination with MoFED, specifically with the Channel One Programs Coordinating Unit, but also with other directorates. In addition, PBS seeks to build linkages with regions, other sub-

national governments and with sectoral ministries supporting basic services. Finally, given the Bank's role administering the program's multi-donor trust funds, implementation support involves extensive coordination with Development Partners. There are also monthly donor meetings to assess progress on program implementation. Overall, PBS implementation support is staff and time intensive.

34. Bank experience to date firmly demonstrates that effective implementation support for PBS requires an extensive field based presence. The Task Team Leader, a Lead Social Protection Economist, is based in Addis, as is the co-Task Team Leader, a Senior Social Protection Economist. For each of the sub-programs, a senior level, field-based staff takes responsibility as a focal point or Sub-program Task Team Leader. Further, a donor-financed PBS Secretariat, headed by a senior, internationally recruited staff member, coordinates activities between all Development Partners and Government agencies involved in the Program and provides critical analytical inputs to inform the ongoing dialogue. This extensive implementation support has averaged ca. USD 1.4 million per year since the launch of PBS 1, and is more than ten times the average Bank-wide implementation support budget. Annex 2 includes a list of consultations and field missions undertaken through the PBS program to date.

## V. SPECIAL ISSUES

### Villagization

35. *The GoE began implementing the current villagization program in mid-2010 in the four Developing Regional States that are historically the most underserved areas of the country: Gambella, Afar, Benishangul-Gumuz and Somali.* These regions collectively represent about 9 percent of the overall population. The Bank's understanding, based on official documentation available on the program and related discussions with Government, is that villagization has a three-year time horizon to transform the spatial distribution of willing, local populations in remote and under-served areas in the four regions to facilitate more effective delivery of services. Specifically, the program aims to congregate on a voluntary basis dispersed populations within kebeles around village centers in the same kebeles. It does not provide for any forced or long distance resettlement, nor for mixing people of different ethnic backgrounds. Villagization is not meant (despite the suggestion in the Request) to replace other development programs in the four regions in which it operates nor to provide all the services and facilities that are needed by the communities involved. (See Map 1.)

36. *The current villagization program of the GoE must not be confused with the efforts of earlier Ethiopian Governments that were also labeled "villagization."* A policy of encouraging resettlement in Ethiopia began in 1958, when the imperial Government established the first known planned resettlement due to overcrowding on the Ethiopian highlands. Shortly after the 1974 revolution, as part of its land reform, it became Derg policy to accelerate involuntary resettlement in order to accommodate those who remained with little or no land. By 1986, the Government had resettled more than 600,000

people. These resettlement efforts continued with various interruptions until they were finally suspended in 1988.

37. ***The Bank and other Development Partners were not consulted in advance about the new villagization program, and indeed were not even advised by the GoE about its launch.*** The Bank initially became aware of the program in October 2010 during unrelated field visits and from press reports. The Bank, along with other Development Partners, subsequently followed up with the GoE to learn more about the objectives and modalities of the program.

38. ***The Bank is not financing the villagization program, so there is no scope to deploy the safeguards and other policies that are applicable to Bank financing instruments.*** Other Development Partners that are active in Ethiopia have faced a similar challenge. Instead the Bank and the other partners have sought to achieve influence through policy dialogue on the environmental and social development impacts of the program. Together with those partners (collaborating as the Development Assistance Group or DAG), the Bank has engaged with the GoE since late 2010 in a policy dialogue on villagization, including: (a) undertaking numerous meetings with both federal Ministers and regional officials to gather information about the program's objectives, plans, funding and status of implementation; (b) providing advice to the GoE on good practice guidelines and principles for resettlement; (c) undertaking field visits to learn how the program is being implemented on the ground, and, based on these observations; (d) raising concerns about instances of inadequate planning, rapid pace of relocations, poor sequencing of site improvements, inadequate financing, and weak implementation capacity of the villagization program. The Bank will continue this engagement going forward and understands other partners will do likewise.

39. ***DAG-sponsored missions including Bank staff and Development Partners have not encountered any evidence to support reports of forced relocations or systematic human rights abuses in connection with the implementation of the villagization program.*** The DAG includes several United Nations (UN) agencies that have a permanent field presence in Gambella. Since these agencies have been made aware of the launch of villagization, field-based staff have not reported any abuses affiliated with villagization of the type described by the Requesters. Two multi-agency (DFID, USAID, UN and Irish Aid) missions to Gambella in February 2011 and June 2012 reported that they encountered no complaints of forced relocation or systematic human rights abuses, though some communities told the missions that they objected to relocating and were allowed to stay in their original location.

40. ***The DAG-sponsored missions did find that planning had often been inadequate, relocation was too rapid, the sequencing of site improvements was poor and had inadequate finance, and that implementation capacity was weak.*** The GoE accepted the feedback provided by the Bank and other DAG members on problems of implementation of the villagization program and acknowledged that implementation could be improved. The second visit to Gambella in June 2012 (end of the second year of implementation of the villagization program) suggested that the situation had improved on 6 out of 8 key meas-

ures, including, inter alia, access to water, latrines, education and land, compared to what was observed in February 2011 (middle of the first year of implementation).

### **DAG Funded Programs and Reports of Abuse**

41. ***Reports about abuses in Gambella have arisen in the past, pre-dating villagization. Management recognizes that these reports raise concerns including questions about potential links to government programs that are supported by Development Partners.***

42. Since the post-election violence in Ethiopia in 2005, many CSOs outside Ethiopia have expressed increasing concern about a possible discrepancy between the provisions of the Ethiopian constitution, regarding democracy and human rights, and actions of the GoE. These concerns have been expressed in regard to a number of issues, including Parliamentary Proclamations (Laws) regulating the media and CSOs, which have been criticized as designed to repress freedom of opinion and eliminate dissent. The enforcement of anti-terrorism legislation and the arrest of a number of journalists and members of the political opposition have been criticized on similar grounds. Reports of violent behavior by policemen and soldiers in Gambella, pre-dating the villagization program, have been used to substantiate such concerns. Many Governments represented in Ethiopia have asked their diplomatic representatives to take up these concerns with the GoE, which they have done on a regular basis, both through bilateral discussions and through the coordinating forum for political issues, the Ethiopian Partners' Group (EPG).

43. Recognizing the leadership of EPG, and having regard to the terms of the Bank's Articles of Agreement, Bank staff have generally not taken leadership in such discussions, leaving that role to others, for example the UN Resident Coordinator, and the Office of the UN High Commissioner for Human Rights, for whom it is part of their core mandate. However, the Bank did associate itself with the discussions on some topics, notably regarding civil society legislation, which it was feared would undermine the developmental effectiveness of a variety of programs, including PBS. At the time, the Minister of Finance explicitly reassured Development Partners that the civil society legislation would be interpreted so as to avoid any impact on implementation of the PBS social accountability activities.

44. ***Since at least 2005, general and unspecific reports alleging misuse of funds have surrounded many programs in Ethiopia supported by Development Partners.*** PBS has always been one of the programs that have been subject to such allegations, but given the general nature of the allegations, they did not in themselves provide any basis for revisiting the implementation support arrangements for PBS, which were carefully thought through, had been strengthened with development of each phase of support, and are considered robust. Partners did not dismiss the allegations out of hand, but considered that there were mechanisms in place that would provide evidence if such allegations had substance. Moreover, the DAG had a continuing work program to review and explore ways to further strengthen monitoring of PBS and other major, multi-donor programs in Ethiopia. As noted above, the Bank and other Development Partners did look into concerns

related to the villagization program, but have been unable to find any evidence to confirm the anxieties that have been expressed.

45. The first specific allegation making a link with PBS was provided by Human Rights Watch (HRW) in early 2012 in its report “*Waiting Here for Death*,” which says:

*“Foreign donors to Ethiopia assert that they have no direct involvement in the villagization programs.....Human Rights Watch’s research on the ground in Gambella contradicts this finding. We believe that donors to the Protection of Basic Services (PBS) Program that underwrites the creation of infrastructure<sup>5</sup> in the new villages, such as the World Bank, European Union (EU), and United Kingdom, are involved in a program that is doing more to undermine the rights and livelihoods of the population than to improve them.”*

46. PBS does not support the creation of infrastructure as suggested by HRW’s report. Nevertheless, Management was concerned to understand and investigate this allegation. Bank staff had several meetings with HRW, including in Addis Ababa in September 2011 and Washington DC in March 2012, at which HRW expressed concern about the grave allegations regarding human rights abuses in the villagization program. Management noted that staff had participated in a joint field visit with representatives from the DAG to one of the areas where the villagization program was being implemented (Benishangul-Gumuz) to: (a) observe “on the ground” how relocations under the villagization program were being administered; (b) get first-hand, detailed information about the GoE’s plans, methodologies, capacities and activities underway to cluster citizens as part of the program in the region; and (c) meet with involved citizens and get their feedback on what impact the clustering had had on them. Based on what was seen during the field visit, the relocation appeared to be voluntary, and was not a direct consequence of Bank-assisted investment projects implemented in the region; the mission also observed that while some Bank-supported projects in the region were being carried out contemporaneously with villagization, they did not provide direct support to its implementation. In some instances, households had been encouraged to voluntarily cluster in communities where Bank and other donor-financed infrastructure already existed or was planned to be provided in order to have easier access to water points, schools, health centers and other services. The situation would be periodically monitored as part of supervision of the portfolio of Bank-financed projects and would address any new developments with the Ethiopian authorities as appropriate.

47. Following an email and letter exchange with IDI in August and September 2012, Bank representatives also travelled to Nairobi to meet with some of the Anuak refugees, HRW, and IDI on September 14, 2012. During this meeting, participants discussed the refugees’ allegations, addressing the questions raised by IDI in their communications, including the relationship of the PBS program to villagization and the Bank’s decision

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<sup>5</sup> The HRW report incorrectly states that PBS supports the creation of infrastructure. As noted in the Project Description of this response, capital expenditures for the creation of infrastructure are not eligible within the PBS program.

not to trigger the safeguard polices for PBS 3. Management has raised with the GoE at the highest levels the allegations made by the Anuak concerning human rights abuses in Gambella and other regions.

### **Ethnic Tensions and Conflict in Gambella**

48. *While the Request suggests that ethnic tensions and conflict are a result of or related to villagization, it is important to note the Gambella region's longstanding history of ethnic tensions and conflict.*

49. The Gambella region was incorporated into Ethiopia following territorial expansion by both imperial Ethiopia and the then colonial rulers of Sudan, as part of a 1902 boundary agreement, which was based on strategic and geographic concerns, not ethnic boundaries. The area in which the Anuak live straddles the border between current day South Sudan and Ethiopia. The Nuer, the other prominent ethnic group in Gambella, live in largely the same areas in South Sudan and Ethiopia.

50. For more than a century, there have been ethnic tensions in Gambella involving the long-term inhabitants (Anuak, Nuer, Majangir, Opo and Komo) and the highland people, mainly from Oromiya and Amhara. Currently the Anuak make up some 27 percent of the population; Nuer 40 percent; Majangir 6 percent; Opo and Komo 3 percent; and highlanders 24 percent. The conflicts have been both between groups and within groups, with a variety of victims and aggressors. For example, there is a long-standing conflict between the Anuak and Nuer because the sedentary Anuak regard the pastoral Nuer as encroaching into Anuak territory. Up to the end of Haile Selassie's rule, the Gambella region was subject to neglect – infrastructure and social services were virtually nonexistent. From 1902 to 1991 the highland people had the ascendancy in the region. However, after 1991 political dominance was held by the Anuak, and more recently shared between Anuak and Nuer, although the highlanders remain the best educated, and dominate both skilled labor and the regional economy. All the non-highland peoples of the Gambella region, not just the Anuak, were marginalized as a result of integration into Ethiopia.

51. During the Derg regime the large-scale resettlement referred to by the Requesters occurred, when people from the highlands were forcibly and unwillingly resettled in vil-lages on Anuak lands. Also at that time, Gambella was subject to armed conflict and instability as a by-product of military actions launched against Sudan by the Sudan Peoples' Liberation Army (SPLA) from bases in Gambella. The Nuer mostly sought sanctuary in refugee camps, but the Anuak took up arms. The resulting liberation movement, the Gambella Peoples' Liberation Movement (GPLM) eventually allied with the Ethiopian People's Revolutionary Democratic Front (EPRDF) and participated in offensives against the Derg.

52. Following the accession to power by the EPRDF, in 1991, the Gambella Peoples Regional State was created, and the Anuak-led GPLM took control of the regional government, with the Anuak dominating the regional political space and occupying most managerial posts in regional bureaus. The Nuer sought more equitable political represen-

tation, but it was not until after a conflict between the Anuak and Nuer in 2003 that a new power-sharing arrangement and an ethnically-balanced form of zonal administration were put in place. Based on this arrangement, the Nuer, as the ethnic group with the largest population in Gambella, have the largest representation in local councils.

## VI. MANAGEMENT'S RESPONSE

53. The Requesters' claims, accompanied by Management's detailed responses, are provided in Annex 1.

54. *Management has carefully reviewed the claims raised in the Request and the Bank's support for PBS 3 and maintains that the harm described by the Requesters is unrelated to the Bank-supported PBS 3, and as such is unrelated to any failure by the Bank to apply its policies and procedures under PBS 3.* Management maintains that it has complied with its policies in preparation of PBS 3. As a consequence, Management disagrees that the Requesters have been or are likely to be harmed by the Bank's actions or omissions.

55. *In Management's view the allegations raised in the Request for Inspection are matters that are not related to compliance with Bank policy under PBS 3.* In its response below, Management presents its view that there is no basis for the Requesters' assertion that the alleged harm is related to Bank compliance or non-compliance with its policies and procedures, as required by the Inspection Panel Resolution. Instead, in Management's view, the Requesters' reports of abuse relate to risks arising outside the scope of the project, and which are therefore beyond the reach of Bank safeguards and other policies.

56. *Management, however, is deeply troubled by the Requesters' reports they have suffered abuse in connection with villagization in Gambella, reports which their representatives discussed with senior Bank staff whom they met in Kenya.* Management takes these reports very seriously, and has taken advantage of various opportunities outside of the context of any specific project agreements to raise these issues with the GoE. These opportunities include the joint GoE-Development Partner High Level Forum. In addition, senior Management has raised concerns about implementation of villagization with the new Prime Minister, as well as with the Ministers of Finance and Federal Affairs in Ethiopia, as part of the formal discussions during the recent Spring and Annual Meetings, as well as in the Bank's regular dialogue with the GoE in-country.

### Eligibility Considerations

57. *Management's response to the Request for Inspection focuses on PBS 3.* In line with the Inspection Panel Resolution, neither PBS 1 nor 2 (including the additional financing for PBS 2) can be considered eligible for inspection as more than 95 percent of the proceeds of each grant and credit had been disbursed at the time of registration. Management also wishes to note that the Request for Inspection is largely based on project documents for PBS 1 and 2 and not PBS 3.

### **PBS 3 Not Linked to Villagization**

58. *In Management's view there is no basis to claim that PBS 3 is directly linked to villagization, based on the fact that some government officials at the local woreda level, part of whose salary is being paid under PBS 3, may also have some responsibilities relating to villagization.* Management recognizes that at the woreda level, there may be some situations in which local government officials, part of whose salary is paid for under PBS 3, may also have some responsibilities relating to villagization. However, this reflects the reality of government everywhere, in which officials, particularly at local level, have multiple roles in discharging government policy. The formally assigned institutional arrangements for the implementation of the villagization program provide for steering and technical committees at the regional level, with the structure being mirrored at the lower levels (zone, woreda and kebele). Since PBS 3 contributes to the costs of all staff working on the five basic sectors at woreda level, it also contributes to the salary of those staff.

59. In Management's view it would be neither feasible nor desirable to pursue an arrangement under which all officials, whose functions are being partly supported by Bank finance, are required to work exclusively on those functions. While such an arrangement might protect the Bank from allegations such as those raised in this Request, it would be highly dysfunctional and inefficient and burden the borrower with fragmented administration and additional costs. Moreover, it would run counter to the ongoing international efforts and agreements for Aid Effectiveness.

60. *For PBS 3 the key concern must be whether each official has discharged the PBS-related duties which are the basis for paying her/his salary.* To this end, Ethiopia has established job descriptions which specify what is expected from the various positions at woreda level, and which include no reference to work on villagization. Regarding the conduct of government officials, Management notes that the GoE has a clearly articulated ethics policy for its public service in place, which has been refined through the Public Sector Capacity Building Program that the Bank has been supporting since 2004. Management is familiar with this policy and is confident that it can provide remedies for individual instances of behavior that breach Government ethical codes in Ethiopia. The DAG's inquiries have consistently demonstrated that the overall policy and specific guidance provided by the GoE do not propose, or indicate any tolerance for, any kind of abusive behavior.

### **PBS 3 and Bank Policies**

61. *Since the Bank is not financing the GoE's villagization program there is no scope or justification to apply the Bank's safeguard policies to that program as demanded by the Requesters.*

62. *Management maintains that its decision not to trigger Bank OP 4.12 for PBS 3 was correct.* The objective of OP 4.12 is to avoid or minimize involuntary resettlement under Bank financed projects, or to assist displaced people in improving or at least restoring their livelihoods and standard of living. However, OP/BP 4.12 was not intended to be

a comprehensive social policy, and does not cover indirect impacts. Its covers “*direct economic and social impacts that both result from Bank-assisted projects, and are caused by... (i) the involuntary taking of land ...and... (ii) the involuntary restriction of access to legally designated parks and protected areas.*”<sup>6</sup> PBS 3 supports recurrent costs related to salaries of local workers in five sectors and activities designed to strengthen the capacity, transparency, accountability and financial management of local and regional governments. The project involves no involuntary taking of land or restriction of access.

63. ***The Requesters’ argument that PBS 3 and villagization are linked activities for purposes of OP 4.12 is incorrect.*** The Requesters rightly point out that OP 4.12 may apply to activities outside a Bank project: (a) that are directly and significantly related to a Bank-assisted project; (b) that are necessary to achieve its objectives; and (c) that are carried out contemporaneously with the project. However, as already explained, PBS 3 does not finance villagization and does not depend in any way on villagization in order to achieve its objectives – namely, to contribute to “*expanding access and improving the quality of basic services by funding block grants that ensure adequate staffing and operations, and by strengthening the capacity, transparency, accountability and financial management of governments at the regional and local authorities levels.*” Hence, even if villagization activities conducted by the Government have involved involuntary resettlement (a claim that, as noted, the Bank and other Development Partners have not been able to confirm), such activities would properly fall outside the scope of OP 4.12. Management reiterates that it views the Requesters’ reports of abuses, including displacement, with great concern. However, it has appropriately pursued serious discussions of these issues with the Government as a wider development issue, not as a matter related to the application of OP 4.12.

64. ***Management’s position concerning the non-applicability of OP 4.12 is consistent with its overall safeguards approach for all three phases of PBS, as well as for several other Bank investment operations involving recurrent costs.*** In any Bank investment operation, the application of safeguards is calibrated in view of the potential environmental and social impacts of those operations. In the case of PBS 3, based on the design and nature of the support being provided, Management determined that these impacts justified a Category C rating. The Basic Service Block Grant funding under Sub-program A covers recurrent expenditures in five sectors at woreda level on a nationwide scale. It primarily supports the hiring of government education, health, agricultural extension, water and rural road workers to fulfill certain broadly defined job descriptions. PBS 3 does not include financing for capital investment or civil works. Instead, the focus of PBS 3 is on ensuring a sufficient and appropriate provision of resources from central to local levels to enable basic staffing needs in key sectors to be met in woredas all over Ethiopia.

65. ***The Bank’s Operational Policy on Indigenous Peoples (OP 4.10) has not been applied in Ethiopia, in part because of GoE concerns, but also because of uncertainty as to its compatibility with the country context.*** To address the situation, discussions

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<sup>6</sup> OP 4.12, paragraph 3.

with the GoE on how to apply the policy have been ongoing since mid-2009. To enhance GoE familiarity with the policy, a joint Bank-GoE workshop was held in early March 2011. The GoE remains uncomfortable with the policy's potential application in Ethiopia. The Ethiopian Constitution defines equal protection for all "Nations, Nationalities and Peoples," which are identified in terms very similar to those contained in the Bank's policy on Indigenous Peoples.<sup>7</sup> Accordingly, the GoE contends that, based on its constitution, all its people are "indigenous" according to the policy. Progress has been slow in reaching a joint understanding of how to apply the policy in Ethiopia in a way consistent with the Ethiopian Constitution. The issue was again discussed with the Ethiopian Delegation at the 2011 Annual Meetings, following which Management sent a letter to the GoE with a proposal which remains under discussion. At the 2012 Spring Meetings the GoE delegation reiterated its difficulties with the policy, but noted the need for the GoE and the Bank to jointly resolve this issue.

66. The Board has been informed about this issue, most recently through the Board discussion of the Ethiopia Country Partnership Strategy (CPS), which summarizes the situation as: (a) dialogue between the GoE and the Bank on OP 4.10 is ongoing; (b) when agreement is reached, but in any event starting with operations considered by the Board after December 2012, the policy would be applied to the extent that it is found to be relevant to the areas of operation of the proposed projects; and (c) relevant operations presented to the Board in the meantime will endeavor to contain features that approach functional equivalence with the policy even when it is not formally triggered.<sup>8</sup> In lieu of agreement with the GoE on application of OP 4.10, in some projects, task teams have been able to achieve much of the intent of OP 4.10 without triggering the policy (through the Environmental Assessment or Involuntary Resettlement policies and procedures). These issues were again raised during the Annual Meetings, in the specific context of this Request, which had by then been registered. The GoE reconfirmed its commitment to respond seriously to the concerns raised. To prepare for application of OP 4.10 starting in 2013, the GoE recently agreed with the Bank on Terms of Reference for a screening of ethnic groups in five regions, including Gambella, against the defining criteria in OP 4.10, and this work is expected to be initiated in December 2012.

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<sup>7</sup> Article 39 (5) of the constitution defines a "Nation, Nationality or People" as "a group of people who have or share large measure of a common culture or similar customs, mutual intelligibility of language, belief in a common or related identities, a common psychological make-up, and who inhabit an identifiable, predominantly contiguous territory."

<sup>8</sup> Through preparation and appraisal of PBS 3, the Bank has benefited from a number of studies and evaluations of the impact of PBS, including of opportunities under the program to promote improved engagement, voice and services for vulnerable groups. These include "Ethiopia: Multi-Annual Review of the PBS Programme," "The Political Economy of Decentralization in Ethiopia: Understanding Incentives and Strengthening Accountability," multiple rounds of analysis of the Woreda and City Administrations Benchmarking Survey, and an environmental and social sustainability study. In addition, PBS 3 design benefited from numerous consultations and field visits undertaken for the PBS program (see Annex 2). As a result of this analysis and consultation, as highlighted in the Project Components section above, PBS 3 includes numerous elements to ensure that the operation promotes fairness, equity and transparency in service delivery results and strengthens citizens' engagement and social accountability.

67. ***Although safeguard policies have not been triggered for PBS 3, the Bank continues to have a close regard for environmental and social issues as they relate to the achievement of the project's development objective.*** For example, as noted in the Project Appraisal Document, paragraphs 6.24-6.25, PBS 3 will support strengthening environmental and social assessment at the local level. Building on the capacity development efforts under earlier PBS phases, this will be achieved through assessing the capacity to conduct environmental and social assessments in the basic service sectors at local level; targeted capacity building on Environmental and Social Appraisal in basic service sector offices; strengthened horizontal linkages between the basic service sectors and environment offices at the local level; and encouraging best practices in environmental and social management in planning and implementation of projects regardless of funding source.

68. ***The Bank has an ongoing program of analytic work on social and environmental issues.*** This program includes a number of studies in recent years that looked carefully at distributional issues in Ethiopia, at the impacts of specific programs on vulnerable groups and on the political economy of local service delivery and citizens' engagement. This analytic program began before PBS was launched and has continued to feed into successive iterations of PBS, also drawing on lessons learned from it. The Bank remains keen to work with the GoE to support its efforts to ensure that the provisions of the Ethiopian Constitution regarding equality of opportunity<sup>9</sup> are effectively implemented as regards development outcomes. This includes for example the Equity Review, which is planned as part of PBS 3 to track any discrepancies in access to basic services among the different regions and woredas and between the woredas, with a view to identifying possible interventions.

69. In this regard, as part of this program of continuous learning and specifically in light of the discussion Executive Directors had regarding PBS 3, Management intends to build further on the existing stock of analysis by undertaking a Poverty and Social Impact Analysis, which would, amongst other things, aim to verify further the observed experience under PBS that increasing funds for the delivery of services across Ethiopia provides proportionately greater returns to marginal areas and vulnerable groups.

70. ***Consistent with the requirement of the policies related to project appraisal (OMS 2.20) and supervision, (OP/BP 13.05), the implementation support arrangements for PBS 3 ensure that the Bank and other funding partners are able to monitor very closely whether the program is being implemented in ways consistent with its design.*** In particular, these arrangements ensure that principles of fairness, equity and transparency operate as agreed and are being realized in practice so that PBS 3 resources reach their target groups and achieve basic service results. Notably, these arrangements allow all funding partners to monitor what is happening at the local level, on a regular basis, and to take up with the GoE any resulting concerns. Further, consistent with procedures related to economic evaluation (OP/BP 10.04), PBS 3 was designed based on a careful aware-

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<sup>9</sup> For example, Article 88 (2) provides that "Government shall respect the identity of Nations, Nationalities and Peoples. Accordingly Government shall have the duty to strengthen ties of equality, unity and fraternity among them."

ness and understanding of the benefits of the operation and the political economy of decentralization in the country.

### **Donors' Dialogue with the GoE on Villagization and Reports of Abuse**

71. *When the Bank became aware of the villagization program in late 2010, the Bank quickly recognized that this program was an important element of the GoE's development strategy in FY11 to FY13 for the Developing Regional States and that it was likely to face implementation challenges.* As a direct consequence the Bank worked through the DAG to engage with the relevant Ministries (Ministry of Federal Affairs and MoFED) in the ways described in paragraph 38 above. In their dialogue with the GoE, the Bank and other Development Partners were and are able to bring to bear a full range of knowledge and many years of experience. In addition to the staff based in the Bank's country office, the Bank has brought in specialists to advise on individual topics, and Senior Safeguards Staff have visited Ethiopia on a number of occasions. The GoE for its part has accepted the feedback provided by the Bank and other DAG members on problems of implementation and acknowledged that implementation could be improved. The GoE however has made clear consistently that it will manage and finance the program independently of any formal Bank or other partner engagement.

72. *To date neither the Bank nor other DAG members have been able to identify any evidence to substantiate possible links between abusive behavior and villagization of the kind described in the Request.*

73. *Since 2005 DAG members have on several occasions considered how best to support strong development progress in Ethiopia, and have consistently concluded that the most effective approach is to comply with the recommendations from the successive High Level Fora on Aid Effectiveness in Paris, Accra and Busan.* Those fora have agreed on the importance of government leadership and supportive partnership by external partners, based on a commonly agreed agenda. Ethiopia has such a common agenda, the GTP, which Executive Directors discussed on September 8, 2011, and which they endorsed as a valid basis for the Bank's engagement. The Bank Country Partnership Strategy for Ethiopia, which Directors discussed on September 25, 2012, builds on the GTP, and identifies selected elements of it to form the basis for Bank engagement from FY13 to FY16.

74. *The Bank and other Development Partners concluded that the best approach to engaging in a dialogue on the villagization program would be through a separate and direct approach to the topic by DAG members, rather than through attempting to expand the scope of any partner-funded program.* Collectively the Development Partners collaborate on a range of multi-donor supported, Government-led programs in Ethiopia. Within the framework of each of these programs, partners have had and continue to have extensive dialogue with the GoE on key strategic and policy issues, as well as implementation experience. While the quality and flavor of this dialogue naturally varies from program to program, partners have generally found them to be reasonably effective vehicles for dialogue on program related issues, and on related policy reforms. However, quite

reasonably, the GoE has always resisted any attempt to use any such program as a vehicle for discussing topics clearly beyond the program's remit.

75. Nevertheless, Bank Management recognizes that Ethiopia is a country in which the space for the contestation of ideas has been curtailed. This environment inhibits the willingness of individuals to report cases of abuse, or challenge government officials. That is one of the reasons why PBS includes a Sub-Program B, which exists to strengthen local accountability and transparency, as a way to better ensure people understand their entitlements and are encouraged to complain through several different mechanisms, about wrong-doings of any kind, on the part of officials involved in delivering basic services.

76. ***Management takes very seriously the reports of harm*** by the Requesters and will continue to ensure that as part of its country dialogue issues pertaining to the Request are brought to the GoE's attention. The Bank has consistently pursued such reports with the GoE as part of its broader dialogue, while having regard to its overall mandate.

77. ***Management has ensured that the GoE is made aware of any alleged abuses brought to the attention of the Bank, whether or not they relate to Bank financing.*** Management has pursued discussions of these reports through a variety of joint meetings between Development Partners and the GoE, including the High Level Forum, which is chaired by the Minister of Finance. In addition, Management has raised concerns bilaterally with the new Prime Minister as well as with the Minister of Finance, Minister of Federal Affairs and their senior officials.

78. ***Management has focused on promoting systemic approaches to address the possibility of abuses at local level, as well as investigating specific reports.*** Through upstream dialogue Bank staff have pressed the GoE to make clear its position. GoE Ministers have consistently stressed, both publicly and privately, most recently in November 2012, that they do not condone any such abuses and have stated their willingness to investigate and address any abuse that they find to have taken place. GoE Ministers have made this position clear both in discussions with Development Partners, and also in separate conversations with representatives of decentralized levels of government. However, any investigation of individual complaints would require the disclosure of specific details of abuse cases, including names, locations and times. Since the Requesters whom Bank staff met in Nairobi were unwilling to provide such details, as they feared retribution and further abuse, no progress could be achieved on that level.

79. ***Going forward, Management will ensure Bank staff in Ethiopia continues to work closely with other DAG members to follow up on any reports of abuses by Ethiopian officials,*** whether or not related to a program or project which involves Bank finance. Management considers that the best framework for such engagement is the broader development dialogue, rather than by trying to link such issues to any particular operation. In this regard Management will work with the DAG to continue to closely monitor the progress of the villagization program, and explore with the GoE ways to improve further program implementation.

## Conclusion

80. ***Management has carefully reviewed the issues raised by the Requesters and does not agree with the allegations of harm stemming from non-compliance with Bank policy.*** Management believes that the Bank has complied with policies and procedures applicable to the matters raised by the Request. As a result, Management believes that the Requesters' rights or interests have not been, nor will they be, directly and adversely affected by a failure of the Bank to implement its policies and procedures.

81. ***In Management's view the allegations raised in the Request for Inspection are outside the questions of compliance with Bank policy.*** Management considers that there is no basis for the Requesters' assertion that the alleged harm is related to the Bank's non-compliance with its policies and procedures, as required by the Inspection Panel Resolution. Instead, in Management's view the Requesters' allegations refer to social and environmental risks arising outside the scope of a Bank financed project and are therefore beyond the reach of Bank safeguards and other policies. Management notes the Requesters' desire that such risks should be addressed by the Bank. The Bank's current legal and policy framework does not provide for such intervention to address issues outside the scope of agreed Bank support.

82. ***However, Management takes very seriously the reports of harm*** by the Requesters and will continue to ensure that as part of its country dialogue issues pertaining to the Request are brought to the GoE's attention. The Bank has consistently pursued such reports with the GoE as part of its broader dialogue. On the same basis, the Bank has extensively explored implementation experience of the villagization program, without so far being able to substantiate any link between the reported abuse and that program.

83. Management considers that PBS 3 is a well-designed and robust program, which is built on an extensive stock of analysis of the economic, social and environmental circumstances of Ethiopia, and that arrangements for implementation support are comprehensive. However, responding to concerns raised by Executive Directors during their discussion of PBS 3, Management supports the undertaking of additional analysis, to further research the reach and impact of PBS 3, through a Poverty and Social Impact Analysis, which would, amongst other things, aim to verify further the observed experience under PBS that increasing funds for the delivery of services across Ethiopia and increasing transparency and accountability through citizens' engagement provides proportionately greater returns to marginal areas and vulnerable groups.

## ANNEX 1 CLAIMS AND RESPONSES

No.	Claim	Response										
1.	<p>The Requesters have all been severely harmed by the World Bank-financed Ethiopia Protection of Basic Services Project (PBS), which is contributing directly to the Ethiopian Government's villagization program in Gambella Region. Through this program, the Anuak Indigenous People are being forcibly transferred from their fertile ancestral land, which is then being leased to investors. The Anuak have been relocated to infertile land, which is unsuitable for farming, and forced to build new villages there. These mass evictions have been carried out under the pretext of providing better services and improving the livelihoods of the communities. However, once they moved to the new sites, they found not only unfertile land, but also no schools, clinics, wells or other basic services. They were forced to abandon their crops just before harvest and were not given any food assistance from the government during the move, which left many relocated families facing hunger. Some vulnerable people and children died from starvation as a result of the villagization program. Government workers in the woredas, whose salaries are paid by the PBS project, have been forced to implement this program. Those farmers who opposed the relocation, and government workers who refused to implement the program, including the Requesters and/or their relatives, have been targeted with arrest, beating, torture and killing.</p>	<p><b>Management's response to this claim may be summarized as follows.</b> <b>First</b>, in Management's view, the Requesters are not able to demonstrate that the Promotion of Basic Services program Phase III (PBS 3) has harmed them or is likely to harm them. <b>Second</b>, the Bank and PBS 3 are not financing the villagization program, either in Gambella or elsewhere. <b>Third</b>, Management takes reports of abuses in Gambella seriously and has expressed its concerns to the Government of Ethiopia (GoE). <b>Fourth</b>, Despite extensive inquiries, Bank staff and other Development Partners have not found any evidence that the villagization program is responsible for the harms reported by the Requesters. <b>Fifth</b>, as part of its broader program of work in Ethiopia, the Bank has undertaken extensive studies on issues of social impact and now proposes to build on that work further.</p> <p><b>Management's response focuses on PBS 3.</b> In line with the Inspection Panel Resolution neither of the predecessor projects, PBS 1 or PBS 2, is eligible for inspection as more than 95 percent of the loan proceeds have been disbursed.</p> <p><b>PBS 3 is led and administered by the GoE</b> through the Ministry of Finance and Economic Development (MoFED), working together with decentralized levels of government, including at the regional and district (woreda) levels. PBS 3 funds woreda-level recurrent expenditures through block grants, and strengthens the capacity, transparency, accountability and financial management of sub-national governments as a contribution to expanding access and improving the quality of basic services in education, health, agriculture, water supply and sanitation and rural roads. It is a national program covering over 900 woredas.</p> <p>IDA is one of a number of financing sources for PBS 3, contributing about 9 percent of the total program cost. The overall financing framework (in USDm) for 2013-2018 is:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <tbody> <tr> <td>Total Cost:</td> <td style="text-align: right;">6,386</td> </tr> <tr> <td>GoE</td> <td style="text-align: right;">3,170</td> </tr> <tr> <td>IDA</td> <td style="text-align: right;">600</td> </tr> <tr> <td>Other Donors</td> <td style="text-align: right;">1,116</td> </tr> <tr> <td>To be financed</td> <td style="text-align: right;">1,500</td> </tr> </tbody> </table> <p><b>Villagization is a separate program from PBS.</b> It is being implemented in four regions of Ethiopia, the Developing Regional States of Afar, Benishangul-Gumuz, Gambella, and Somali. These are historically the most underserved regions of the country. PBS 3 is not financing the villagization program, either in Gambella or elsewhere. Villagization is administered by the GoE, along with decentralized levels of government, but it has a separate budgetary authority, and separate implementation arrangements. While staff working on PBS may also be asked to work on the villagization program, it is Management's view that Bank safeguard policies cannot reasonably or effectively be applied to all Government programs when the Bank partly supports Government workers' salaries.</p> <p><b>Management takes reports of harm related to villagization seriously</b>, and avails itself of various opportunities outside of formal project agreements to raise sensitive issues. These op-</p>	Total Cost:	6,386	GoE	3,170	IDA	600	Other Donors	1,116	To be financed	1,500
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		<p>portunities include the joint GoE-Development Partner High Level Forum. In addition, senior Management has raised concerns about implementation of villagization, most recently with the new Prime Minister, as well as with the Ministers of Finance and Federal Affairs.</p> <p><b>Management notes that villagization is a significant part of the GoE's overall development strategy in FY11 to FY13 for the Developing Regional States.</b> The Bank and many other Development Partners active in Ethiopia, including both bilateral agencies and United Nations (UN) agencies, have therefore engaged in dialogue with the GoE regarding the implementation of this program, in order to understand its objectives and progress, along with problems that may arise, and to provide advice on ways to improve the program. The GoE has consistently recognized that the implementation of the program has yet to achieve the quality it would like to see, and has welcomed Development Partners' views and insights. As part of this engagement there have been a number of field visits to review the progress of villagization in the four regions concerned. During those visits, staff of the Bank and other Development Partners have never encountered examples of the kinds of abuses reported by the Requesters, nor have they heard stories reporting such claims.</p> <p><b>The Bank has undertaken a number of studies in recent years that looked carefully at distributional issues in Ethiopia,</b> and at the impacts of specific programs on vulnerable groups and on the political economy of local service delivery and citizens' engagement. The Bank remains keen to work with the GoE to support its efforts to ensure that the provisions of the Ethiopian Constitution regarding equality of opportunity (e.g., Article 88 (2)) are effectively implemented as regards development outcomes. This includes for example the Equity Review, which is planned as part of PBS 3 to track any discrepancies in access to basic services among the different regions and woredas and between the woredas, with a view to identifying possible interventions.</p> <p>In this regard, and in light of the discussion Executive Directors had regarding PBS 3, <b>Management intends to build further on the existing stock of analysis by undertaking a Poverty and Social Impact Analysis,</b> the objective of which would be to verify further the observed experience under PBS that increasing funds for the delivery of services across Ethiopia provides proportionately greater returns to marginal areas and vulnerable groups.</p>
2.	<p>The services and facilities supported through PBS are precisely the services and facilities that are supposed to be provided at new settlement sites under the villagization program. This was confirmed by the Ethiopian Minister of Federal Affairs Shiferaw Teklemariam in a letter to Human Rights Watch (HRW) in December 2011. The Minister states that the villagization program "targets are to provide efficiency and effective economic and social services (safe drinking water, optimum Health care, Education, improved agronomy practices, market access etc.), create an access to infrastructure (road, power, telecommunica-</p>	<p><b>PBS 3 does not fund villagization nor does it require villagization to achieve its objectives.</b> The formally assigned institutional arrangements for the implementation of the villagization program do not build or depend on PBS 3. While local staff who receive PBS 3 support may also be asked to work on villagization, the regular implementation support arrangements for PBS have never found any evidence of funds diversion of the kind alleged. Management considers this finding credible in view of the careful arrangements in place within the program to track the use of funds, as described below.</p> <p><b>Villagization is neither meant to replace other development programs in the four regions in which it operates</b> nor to provide all services and facilities that are needed by these communities. The Bank's understanding, based on official documentation available on the GoE's villagization program and</p>

<p>tions etc.)...” It is therefore apparent that villagization is the regional governments’ principle strategy for achieving the PBS objectives in Gambella.</p> <p>Moreover, PBS 1s providing the means to make villagization possible. There is no publically available information that shows the precise source of financing for the villagization budget. However, as previously stated, PBS funds “constitute the major source of funding for <i>woredas</i>.” PBS funds cover or significantly contribute to the salaries of regional and <i>woreda</i> government officials involved in the delivery of basic services. As the 2011 Study on Strengthening Grievance Redress Mechanisms for PBS, commissioned by the GoE and its Development Partners, explains: “In effect one can argue that PBS pays a portion of the compensation of all regional government and local government employees (not just salaries and benefits in the five sectors enumerated above) because PBS funds are commingled with funds from other sources that regional state and local governments use to pay employee compensation.”</p> <p>In a meeting with IDI on 14 September 2012, Bank Management insisted that PBS funds do not contribute directly to the villagization program in Gambella or elsewhere. Bank representatives stated that they were able to track how PBS funds are spent down to the <i>woreda</i> level, and emphasized that PBS funds were used to pay the salaries of public servants such as schoolteachers, health professionals and agricultural extension workers. However, former teachers and agricultural workers from Gambella region, who are among the Requesters, have testified to IDI and Human Rights Watch that they and other civil servants were ordered to implement the villagization program in Gambella.</p> <p>One man who worked for the Bureau of Agriculture as a development agent told Human Rights Watch: “Villagization was under our mandate. I was to go the village to mobilize people...I went to the villages by myself, although sometimes with other regional government officials...I went to many villages -Pinkao, Abol, Nikwoa, Akedi, Ilea, Itang, along Openo, Akuna, Perbongo, Pokedi, Gog-Depache, Jingjor, Chyaba -mainly the 4 districts of Itang, Gambella, Abobo and Gog. This was from Dec until Apr 2011... This all has started at the federal level. I</p>	<p>related discussions with the GoE, is that villagization is meant to cluster dispersed populations in sparsely populated regions into “commune centers” over a period of 3 years, to enable more efficient provision of basic services.</p> <p>Apart from PBS 3, there are many other donor-financed programs that focus on delivery of basic services and operate in Gambella. All of these programs operate contemporaneously with but separately from the villagization program. Many were operating before the initiation of villagization, and they and programs like them will continue to be needed for the provision of basic services and facilities in the Gambella region after the 3-year villagization program concludes in FY13. Because PBS is a national program, the activities it supports geographically overlap with the GoE’s villagization program. However, PBS was initiated 5 years before the GoE’s villagization program began in FY2011, and PBS will continue after the villagization program. PBS did not and does not require villagization, or any other type of resettlement, to achieve its development objectives.</p> <p>PBS 3 contributes to the higher level objective of improved basic services by financing recurrent expenditures, including mainly salaries of teachers, health workers, and agricultural extension workers, but also some non-salary operating expenses, such as office materials and routine maintenance. <b>These expenses do not finance villagization.</b> The Request quotes a consultant report which alludes to “fungibility” to assert that, because resources are fungible, PBS “provides the means to make villagization possible.” Conceptually, all development assistance is “fungible” – donor financing frees up government resources to fund other activities. But PBS 3 is only one among many external financing contributions to Ethiopia, all of which are in principle subject to this same critique. It is not reasonable to hold PBS 3 responsible for all Government programs. The GoE has advised that the villagization program is funded entirely from its own revenues, as indicated by dedicated line-items in national and regional budget documents which are publically available. In late 2010, the Minister of Federal Affairs advised the Bank that the FY11 budget for villagization was funded through a transfer from the “major” regions to the “emerging” regions amounting to about 60 million Birr per each of the four “emerging” regions. This was explained by the Bank to Inclusive Development International (IDI) and HRW at a meeting in Nairobi on September 14, 2012.</p> <p>At the <i>woreda</i> level, there may be some situations in which local government officials, whose salary is paid for under PBS 3, may also have some responsibilities relating to villagization. This reflects the reality of governments everywhere, in which officials, particularly at local level, have multiple roles in discharging government policy. It would not be feasible or desirable to pursue an arrangement under which all officials working in a Bank-supported national project are removed from all other functions that they may have. While such an arrangement might protect from the claims raised in the Request, it would be both dysfunctional and inefficient, working counter to the principles of harmonization and partnership expressed at the various High Level Fora on Aid Effectiveness, and would burden the borrower with fragmented administration and additional costs.</p> <p><b>There is no evidence of funds diversion of the kind alleged, including the reported 5 percent deduction from salary.</b></p>
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<p>never saw a document or plan about any of this; it was only shared with those at the top. There was a fear that it would get around. Federal officials are in the <i>woredas</i>... Basically they are pushing and encouraging the <i>woreda</i> officials to implement these plans.”</p> <p>The former head of a zone education department in Gambella explained to IDI how he was appointed, along with the health, agriculture and water-sanitation department heads, to implement the villagization program in their zone by informing farmers in different <i>kebeles</i> that they would have to move. He said that when he reported back to the regional government that the farmers did not accept, he was beaten severely by Ethiopian Defense Forces and forced to return with them to the <i>kebeles</i> to force the communities to move.</p> <p>One teacher told IDI: “What we were told, everybody and anybody on the payroll of the government, they have to do their part. And not only the teachers, all the administration, everybody has to participate and do the work. And people who are opposing it, they will be detained. They will be jailed, or taken to the military camp....”</p> <p>The same teacher explained that he was told that the budget from the federal government for implementation of the villagization program ran out, so <i>woreda</i>-level civil servants, including teachers, agriculture and health workers, had 5% of their salaries deducted from their payroll in order to cover the shortfall. These funds were used to pay the overtime of the officials tasked with mobilizing the people to move to the new villages. Several other former civil servants interviewed by IDI between September 8 and 18, 2012 corroborated this information.</p> <p>It is therefore apparent that Bank funds through PBS are substantially contributing to the implementation of the villagization Action Plan. It does not appear from publicly available information, or the explanation provided by the Bank to IDI, that Bank financial tracking and accountability systems for PBS would detect the diversion of funds towards the implementation of villagization in the manner described by the Requesters.</p> <p>It should be noted that while the Requesters are from Gambella region, villagization is occurring or has occurred in other regions in Ethiopia, including Beni-</p>	<p>Only recurrent expenditures (salaries, operations and maintenance) in the relevant service sectors are eligible for financing from pooled PBS donor and Government sources. In depth reviews have been undertaken by the Bank for the last four years to track the resources it makes available by category and usage at the <i>woreda</i> and regional levels. Implementation support missions review the project's financial management systems, including the operation of the Designated Accounts, the quality of budgets, financial management reports, statements of expenditures, internal controls, audit reporting and follow-up and others. Random reviews of financial statements have also been undertaken.</p> <p><b>Bank financial tracking and management of the program has proceeded as follows.</b> The Bank ensures that when block grant funds for the program are disbursed to the GoE, they are separately deposited in a Designated Account at the federal level. Separate books and documentation are maintained at this level. Before the funds are disbursed to lower levels, they are put through the GoE treasury systems and pooled with Government resources, which constitute the majority share of funding for the Basic Service Block Grants. Block grant allocations from the federal level to regions and from regions to <i>woredas</i> are determined based on objective criteria and publicly available formulae. In an effort to address equity concerns, these formulae provide more per capita resources to regions with lower development outcomes. For example, given Gambella's relatively lower outcomes, on a per capita basis it receives more than three times the national average block grant allocation. PBS 3 builds on the experience of PBS 1 and 2 to conduct twice yearly fairness tests to ensure that these formulae are being strictly followed, as they have been shown to be consistently since program launch. At the regional level, governments contribute as well and spending is undertaken according to budget. At the <i>woreda</i> level, the funds are spent according to dedicated budget lines where records are kept, sectors keep an appropriate record of staff paid and their attendance register, and fund lines for paying salaries which come from the program are strictly adhered to. The GoE itself requires a monthly report from <i>woredas</i> to regional governments, where such reports are consolidated and reported to the MoFED at the federal level. It is these reports which inform quarterly Interim Financial Unaudited Reports and quarterly expenditure reports which the Bank uses to track fund flows and expenditures, subjecting them to rigorous review. The format under PBS 3 for such reports is attached as Annex 3.</p> <p>Further to the above processes, the following steps are also used to track expenditures:</p> <ul style="list-style-type: none"> <li>• Every quarter, the block grants, from which salaries are paid, are subject to audit. Results from these audits have not indicated any diversion or people being paid for work performed outside their job description for delivering services in any of the five sectors covered under the program.</li> <li>• Annual audits by external auditors/Office of the Auditors General are undertaken every year on block grants with no diversion of resources identified.</li> <li>• Government internal auditors review salary expenditures and at times attend wage pay-outs. The results of these activities are shared with the Bank during missions and no</li> </ul>
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	shangul-Gumuz, Somali, Afar, and the Southern Nations, Nationalities, and People's Region (SNNPR). Human Rights Watch cites published reports that suggest that villagization in the five regions involves the resettlement of approximately 1.5 million people.	diversion of funds has been indicated to date.
3.	<p>In the Gambella region, villagization has been carried out by force and accompanied by gross violations of human rights. Through the villagization program, the Anuak people, including the Requesters and their families and communities, have been victims of <i>inter alia</i> threats and harassment; arbitrary arrest and detention; beatings and assault in some cases leading to death; torture in custody; rape and other sexual violence; forced displacement from traditional lands, homes and livelihoods; destruction of property including housing and crops; and inhumane conditions at the new villages including a lack of access to food and livelihood opportunities, in some cases leading to starvation.</p> <p>A male Requester detailed his experience in a letter to the World Bank Ethiopia Country Director (Letter from a male affected person to World Bank Ethiopia Country Director Guang Zhe Chen, transmitted on September 12, 2012): "The relocation was not voluntary, I was not asked if I wanted to be relocated nor did I give my consent to being moved. My village was forced by the government to move to the new location against our will. I refused and was beaten and lost my two upper teeth. My brother was beaten to death by the soldiers for refusing to go to the new village. My second brother was detained and I don't know where he was taken by the soldiers."</p> <p>The Requesters assert that promised basic services and facilities at the new sites were either not provided or were not operational and there was little access to food or land suitable for farming at the time that they were forced to move. Human Rights Watch confirmed these circumstances in its report, "Waiting Here for Death", which was based on 100 interviews with affected people. According to Human Rights Watch:</p> <p>Instead of enjoying improved access to government services as promised in the plan, new villagers often go without them altogether. The first round of forced relocations occurred at the worst possible time of the year in October and November, just as villagers were preparing to</p>	<p><b>The Bank takes reports of human rights abuses very seriously and has taken a number of steps, with other Development Partners, to inquire into such reports, so far without finding any supporting evidence. However, Bank staff and Development Partners have found that implementation of villagization could be improved.</b></p> <p><b>The reports of forced relocations and of abusive behavior by soldiers and police are disturbing.</b> The Bank does not countenance any such abuses and closely monitors all activities that it is funding to ensure they do not permit such abuses. Management has ensured that the GoE is made aware of any alleged abuses brought to the attention of the Bank, whether or not they relate to Bank financing. <b>Management has pursued discussions of these reports through a variety of joint meetings between Development Partners and the GoE,</b> including the High Level Forum, which is chaired by the Minister of Finance. In addition, Management has raised concerns bilaterally with the new Prime Minister as well as with the Minister of Finance, Minister of Federal Affairs and their senior officials. In numerous discussions the GoE has consistently stressed that it does not condone any such abuses and will investigate and address as appropriate any that it finds to have taken place. However, the GoE states that it cannot act without specific details of abuse cases, including the name of the complainant, and the location and time. The Requesters with whom Bank staff met in Nairobi were unwilling to provide such details, as they feared retribution and further abuse.</p> <p>The Bank is not financing the villagization program, so there is no scope to deploy the safeguard procedures that are applicable to Bank financing instruments (see Item 12). Instead <b>the Bank has sought to achieve influence through policy dialogue on the environmental and social development impacts of the program.</b> Together with other Development Partners working in Ethiopia (collaborating as the Development Assistance Group or DAG), the Bank has engaged with the GoE since late 2010 in a policy dialogue on villagization, including: (a) undertaking numerous meetings with both federal and regional officials to gather information about the program's objectives, plans, funding and status of implementation; (b) providing advice to the GoE on good practice guidelines and principles for resettlement; (c) undertaking field visits to learn how the program is being implemented on the ground, and based on these observations; (d) raising concerns about inadequate planning, rapid pace of relocations, poor sequencing of site improvements and weak implementation capacity of the villagization program. The Bank will continue this engagement going forward and understands other partners will do likewise.</p> <p>Through the visits made by DAG-sponsored missions Management can confirm that to date <b>staff of the Bank, and of Development Partners in Ethiopia, have not encountered any evidence to support reports of forced relocations or systematic human rights abuses in connection with implementation of the villagization program.</b> The report of a</p>

<p>harvest their maize crops. The land in the new villages is also often dry and of poor quality. Despite government pledges, the land near the new villages still needs to be cleared while food and agricultural assistance – seeds, fertilizers, tools and training – are not provided. As such, some of the relocated populations have faced hunger and even starvation.</p> <p>As one villager told Human Rights Watch: ‘The government is killing our people through starvation and hunger. It is better to attack us in one place than just waiting here together to die. If you attack us, some of us could run, and some could survive. But this, we are dying here with our children. Government workers get this salary, but we are just waiting here for death.</p> <p>A female Requester wrote to the Ethiopia Country Director (Letter from a female affected person to World Bank Ethiopia Country Director Guang Zhe Chen, transmitted on September 12, 2012): Services were not made available in the new village as promised by the government: no farmland was prepared, no food aid, and no health services. Because we had no access to food in the new village I went back to my old village with my daughter to bring food. One of my relatives was also there retrieving the maize he was forced to leave behind when we moved. Suddenly, soldiers came and accused us of feeding rebels and shot our relative dead. They beat me and my daughter and raped us both. My daughter’s right knee was dislocated. She lost consciousness and we all suffer the trauma of these abuses.</p> <p>As a result of these abuses, thousands of Anuak have fled Ethiopia and sought asylum in neighboring Kenya and South Sudan.</p>	<p>second multi-agency (DFID, USAID, UN and Irish Aid) mission to Gambella in June 2012 concluded that, as with the first multi-agency mission to Gambella in February 2011, there were no reports of forced relocation or systematic human rights abuses, though some communities reported that they objected to relocating and were allowed to stay in their original location.</p> <p><b>However, the DAG-sponsored missions did find that planning had often been inadequate, relocation was too rapid, the sequencing of site improvements was poor and had inadequate finance, and implementation capacity was weak.</b> The GoE accepted the feedback provided by the Bank and other DAG members on problems of implementation of the villagization program and acknowledged that implementation could be improved. The second visit to Gambella in June 2012 (end of the second year of implementation of the villagization program) suggested that the situation had improved on 6 out of 8 key measures, including <i>inter alia</i> access to water, latrines, education and land, compared to what was observed in February 2011 (middle of the first year of implementation).</p> <p><b>Food insecurity and malnutrition are major concerns in certain, localized areas across Ethiopia</b>, sometimes as an acute problem requiring humanitarian relief, and sometimes as a chronic development challenge. In consequence, the GoE and Development Partners have developed and implemented a variety of policies and programs designed to provide basic social protection and to help communities move, over time, towards food security, under the broader heading of Rural Economic Development and Food Security. For the last 6 years, there have been humanitarian relief operations in Gambella Region. The caseloads in people per year have been:</p> <table border="1" data-bbox="760 1073 1414 1150"> <thead> <tr> <th>2006</th> <th>2007</th> <th>2008</th> <th>2009</th> <th>2010</th> <th>2011</th> <th>2012</th> </tr> </thead> <tbody> <tr> <td>50,200</td> <td>43,400</td> <td>66,500</td> <td>27,000</td> <td>75,060</td> <td>52,863</td> <td>94,300</td> </tr> </tbody> </table>	2006	2007	2008	2009	2010	2011	2012	50,200	43,400	66,500	27,000	75,060	52,863	94,300
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50,200	43,400	66,500	27,000	75,060	52,863	94,300									
<p>4. Requesters believe that the underlying reason for villagization is to dispossess the Anuak of their fertile lands so that they can be transferred to domestic and foreign investors. Indeed, many of the Requesters claim that their old land was leased out to investors soon after they were moved. Similarly, Human Rights Watch and the Oakland Institute have reported that the villagization program is taking place in areas where significant land investment is planned and/or occurring and there is evidence that the forced evictions are occurring from fertile lands leased for commercial agriculture. According to Oakland Institute, 42% of the</p>	<p><b>The Bank is not in a position to positively confirm or deny this speculation regarding land use. However, the reports Management has seen including the evidence presented by the Requesters rely on expressed anxieties and hearsay rather than credible evidence.</b></p> <p>While “many of the Requesters claim that their old land was leased out to investors soon after they were moved,” no evidence is presented for these claims. They refer to evidence that the forced evictions are occurring from fertile lands, but no such evidence is presented in the Request for Inspection, nor in the Human Rights Watch (HRW) or Oakland Institute reports. Instead, these reports present fears and concerns, as referenced below.</p> <p>In the HRW Report “Waiting Here for Death”, it is stated (p. 15),</p>														

	<p>total land area of Gambella is either being marketed for lease to investors or has already been awarded to investors. Finnmap reports that affected people that they interviewed (in Benishangul-Gumuz region) thought that “releasing land to investors was a hidden agenda in the [villagization program].”</p>	<p>referring to villagization, that <i>“the local populations, however, fear that it is a tool to expropriate their land for commercial agriculture and natural resource extraction.”</i></p> <p>HRW Report, p. 31: <i>“Human Rights Watch is concerned that an underlying reason for the urban-based displacement is government support for private investment”.</i></p> <p>HRW Report, p. 54 states: <i>“...there is evidence that a major government aim is to make land available for commercial agriculture. Government officials have told villagers that land is to be leased to investors – former government officials involved in the villagization program have confirmed such allegations with HRW – and lands being leased to investors are in the areas villagization is happening.”</i></p> <p><i>“Residents of six communities told HRW that government officials informed them that the underlying reason for villagization is to provide land to investors.”</i></p> <p>These statements are not supported by any evidence and it is stated (p.58) that while claims are being made by residents, HRW has been unable to corroborate these claims, and that <i>“the role of agricultural investors in the villagization process remains unclear.”</i> Further, none of the images they are presenting from GeoEye show any evidence of the vacated land being in use.</p> <p>Oakland Institute, p. 40: Many community members suspected there were other reasons for the forced relocations, including ..... <i>“ that officials wanted them off the land so the land could be given to investors. Obviously this is difficult to verify....”</i></p> <p>Oakland Institute, p. 41: <i>“Ol’s visits to the investment lease areas and to adjacent villages did not render any evidence of displacement from settlements as a direct result of land investment activities..... There is certainly the potential (and a strong suspicion among local people) that villagization is being used as an excuse.”</i></p> <p>Development partners, in their missions to learn more about the villagization program in Gambella, have also directly looked into the claims that the aim of villagization is to free up land for investors. The February 2011 mission to Gambella reported that some communities were suspicious of the motivations for the relocations, fearing that their original land would be granted to private investors. That mission, as well as the follow-up mission in June 2012, concluded that there were no reports of any former settled land actually being used for commercial farming. All villages bar one (which had security issues preventing them from returning to their original land), reported that they continued to have access to their original land and that it was reported as unchanged since they moved.</p>
<p>5.</p>	<p>The Requesters also perceive villagization to be a part of the systematic discrimination and persecution that the Anuak have experienced under the current and previous Ethiopian regimes. There is a lengthy history of conflict and human rights violations against Gambella’s indigenous populations going back to the early 20<sup>th</sup> century, due in part to its strategic location and abundant supplies of fertile land and water. More recently, the</p>	<p><b>There is a long and complex history of conflict in the Gambella region involving the Anuak, as both victims and aggressors, which pre-dates the villagization program.</b></p> <p><b>The Gambella region was incorporated into Ethiopia as part of the 1902 boundary agreement</b> between the colonial rulers in Sudan and imperial Ethiopia. The area in which the Anuak live straddles the border between current day South Sudan and Ethiopia. The Nuer, the other prominent ethnic group in Gambella, live in largely the same areas in South Sudan and Ethiopia, and there is a long-standing ethnic conflict between these two groups because the Anuak regard the pas-</p>

	<p>disastrous resettlement and villagization policies of the 1980s and 1990s have led to inter-ethnic conflicts and a widespread resentment amongst the indigenous populations towards the Ethiopian state and the country's highlanders that were resettled in Gambella. There are widespread perceptions amongst the Anuak community that this discrimination and marginalization continues today in relation to education opportunities, access to health care, and access to investment and economic opportunities.</p>	<p>toralist Nuer as encroaching into Anuak territory.</p> <p><b>All the peoples of the Gambella region, not just the Anuak, were marginalized</b> as a result of integration into Ethiopia. Up to the end of Haile Selassie's rule, the Gambella region was subject to neglect—infrastructure and social services were virtually non-existent.</p> <p>During the Derg (military-socialist) regime (1974-1991) the large-scale resettlement referred to by the Requesters occurred, when people from the highlands of Ethiopia were forcibly and unwillingly resettled in villages on Anuak lands. Also at that time, Gambella was subject to armed conflict and instability, as a by-product of military actions launched against Sudan by the Sudan Peoples' Liberation Army (SPLA) from bases in Gambella. The Nuer mostly sought sanctuary in refugee camps but the Anuak took up arms. The resulting liberation movement, the Gambella Peoples' Liberation Movement (GPLM), eventually allied with the Ethiopian People's Revolutionary Democratic Front (EPRDF) and participated in offensives against the Derg.</p> <p><b>Following the accession to power of the EPRDF, in 1991, the Gambella Peoples Regional State was created, and the Anuak-led GPLM took control of the regional government,</b> with the Anuak dominating the regional political space and occupying most managerial posts in regional bureaus. The Nuer sought more equitable political representation, but it was not until after a conflict between the Anuak and Nuer in 2003 that a new power-sharing arrangement and an ethnically-balanced form of zonal administration with more equitable inclusion of the Nuer were put in place. Based on this arrangement, the Nuer, as the ethnic group with the largest population in Gambella, have the largest representation in local councils.</p>
<p>6.</p>	<p><b>Violations of International Law</b></p> <p>The harms described above constitute gross violations of several human rights treaties to which Ethiopia and many shareholders of the World Bank are party. The harms suffered by the Anuak during the villagization program breach <i>inter alia</i> the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights, the Convention on Elimination of All Forms of Racial Discrimination, the Indigenous and Tribal Peoples Convention (ILO 169), the African Charter on Human and Peoples' Rights and the prohibition of torture and other cruel, inhuman or degrading treatment under customary international law.</p> <p>We note that as a specialized agency of the United Nations, the World Bank is bound to observe the provisions of the UN Charter, and specifically article 55 which requires "[u]niversal respect for, and observance of, human rights and fundamental freedoms for all..."</p>	<p><b>The Bank has always acknowledged the link between its development work and human rights.</b></p> <p>In its support to various projects and programs, the Bank gives high priority to relevant social and environmental factors, and may assist in pursuing development objectives that support the realization of a borrower's human rights obligations. However, the Bank's responsibilities in this regard must be understood in accordance with the mandate vested in the Bank by its shareholders through the <i>Articles of Agreement</i>. As has been recognized by the International Court of Justice, international organizations such as the Bank are fundamentally "<i>unlike states</i>" in that they "<i>do not possess a general competence</i>" and are established by the agreement of member states for the specific purposes set out in their constitutive instruments. As such, their powers and responsibilities must be assessed primarily against the provisions of their respective constitutive instruments, and in the case of the Bank, its <i>Articles of Agreement</i>. As noted throughout this Response, Management views with great concern the claims of abuses raised by the Requesters, and has engaged the Government with other development partners in serious discussions of these issues. Management considers, however, that the Requesters have mistakenly conflated the obligations of international organizations with the obligations that bind State parties to the International Covenant on Economic Social and Cultural Rights, among other human rights obligations in International Law to which Ethiopia is party.</p>

7.	<p>The forcible and violent nature of the Gambella villagization program is also indicative of crimes against humanity. The Rome Statute provides the most recent, authoritative definition of crimes against humanity under international law. The Gambella villagization program appears to have fulfilled each of [the Rome Statute on crimes against humanity]. First, the Anuak people are being subjected to inhumane treatment, including forced displacement from the lands in which they are lawfully present by expulsion and coercive measures. Second, a pattern indicative of a systematic attack has emerged in the implementation of the villagization program, whereby villagers are ordered by <i>woreda</i> officials to relocate and when they object they face beatings, arrest, torture, killing and other abuses at the hands of Ethiopian Defense Forces. Third, the villagization program is directed at 45,000 civilian households in Gambella. Finally, the forced population transfer is being carried out in furtherance of a State policy, namely the Gambella regional government's villagization Action Plan. While the plan asserts that the villagization process is voluntary, the evidence points to a process that is far from voluntary and which is being carried out systematically by local officials, together with the Ethiopian military, with orders from the federal government.</p>	<p><b>The Bank has always acknowledged the link between its development work and human rights.</b></p> <p>The Rome Statute of the International Criminal Court is an international treaty that was negotiated and has now been ratified by a total of 121 countries around the world. It reflects international legal commitments that bind state parties to the treaty. The allegations raised and described by the Requesters as being within the meaning of the term "crimes against humanity" in the Rome Statute, are indeed extremely serious. However, as noted above, these allegations are grounded in international human rights instruments which are negotiated and are binding on states that commit to them. Those commitments go beyond the bounds of the Bank's institutional mandate.</p>
8.	<p><b>Project Appraisal and Risk Analysis (OMS 2.20 and OP/BP 10.04)</b></p> <p>Throughout the 1990s and early 2000s the World Bank and other donors supported the GoE by providing direct budget support through a series of Structural Adjustment Credits and Poverty Reduction Support Operations, in addition to a number of specific-purpose grants and loans. This financing relationship changed in 2005. In the aftermath of the national election that year, State security forces reacted to protests with excessive force, killing 200 and arresting over 30,000 people. These State-perpetrated abuses led to a suspension of direct budget support by the World Bank and other members of the Development Assistance Group (DAG), a consortium of 26 donors to Ethiopia.</p> <p>The Bank decided that despite the suspension of direct budget support, it should not "abandon its critical support for the delivery of services." PBS was designed to replace direct budget support</p>	<p><b>PBS 3 continues successful support for basic service results using an investment lending instrument. The operation was carefully and properly prepared in compliance with OMS 2.20 and OP/BP 10.04, but does not include detailed discussion of villagization as it is not relevant for the achievement of the project's development objective.</b></p> <p><b>Through PBS 1 and PBS 2, the program supported impressive improvements in basic service delivery nationwide</b>, enabling, for example, the hiring of an additional 100,000 primary school teachers and 38,000 health extension workers. Evaluations exploring Ethiopia's significant improvements in Millennium Development Goal (MDG) health outcomes attribute them to the availability of additional community health workers, which support for recurrent expenditures enabled. Further, the program has promoted increased citizens' engagement, posting local budgets in 94 percent of woredas and encouraging civil society to provide feedback for greater social accountability. Given this progress on basic service results, the Bank's Board of Executive Directors decided on September 25 to maintain support for the program through PBS 3.</p> <p><b>After careful consideration of the alternatives of either a development policy operation or the new Program for Results approach, the Bank chose to continue with an investment lending instrument for PBS 3.</b> This instrument allows the Bank to follow Aid Effectiveness principles, focusing</p>

<p>with a new financing instrument to ensure that resources for basic service delivery were not cut as a result of the suspension “but rather continue to grow steadily.” As noted above, PBS is a sector investment lending instrument, which through block grants, leaves almost complete discretion for the manner and means by which the project will be implemented to national and sub-national governments. The modality and design chosen for PBS closely resembles direct budget support. As noted previously, “[t]here are no separate bank accounts beyond the initial entry point into the Treasury and no separate disbursement or accounting procedures.” PBS utilizes Government public financial management systems and service delivery structures and has “no direct mechanism to influence choices made at the local government level.”</p> <p>Acknowledging the obvious parallels between direct budget support and the PBS modality the PID states: <i>What sets the approach of the PBS apart from the previous modality of direct budget support, is the way in which the PBS operation will involve more timely and detailed reporting on the use of resources, explicit monitoring and oversight of the fairness of the transfers, monitoring of service delivery results at the Regional/sub-national levels rather than national levels, and the introduction of measures to encourage local accountability to support Government’s commitment to distribute resources for basic service delivery equitably.</i>[Emphasis in original.]</p> <p>Despite these assurances, project documents do not contain a description of robust measures or mechanisms to ensure genuine social accountability, including protection from harm of project-affected people. The social accountability pilots, according to the Phase II PAD, involve funding of Ethiopian civil society organizations (CSOs) to implement tools of reporting (eg. citizens’ report cards, community score cards) and citizen monitoring of services. The effectiveness of these tools of social accountability are particularly dubious in light of the passage of the Charities and Societies Proclamation in January 2009 and widespread reports that any critical CSO advocacy is met with retaliation, including criminal sanctions, by the GoE. We note that Human Rights Watch found that in reality “there is no mechanism for communities to express their views or have a constructive dialogue.” This finding is supported</p>	<p>on results, working through and strengthening existing public financial management systems, and pooling Development Partner resources. It also provides more opportunity to monitor local government spending and to engage with federal, regional and local governments. Items 2 and 15 highlight the extensive PBS 3 fiduciary controls and implementation support strategy which an investment lending instrument allows.</p> <p>The Requesters accurately note that the PBS 2 PAD does not mention the risk of villagization. The Bank first became aware of villagization in October 2010, while the PBS 2 PAD was finalized in April 2009. Based on discussion with the GoE during the November 2010 Joint Review and Implementation Support (JRIS) mission and from information gained from other project teams, the Bank determined that villagization was not linked to the PBS block grants, and that it would be more productive and appropriate to address this issue through its policy dialogue, as discussed in Item 3. As noted in Management’s response to Executive Director queries at the Board presentation for PBS 2 Additional Financing, DAG-sponsored fact finding field visits to Benishanghul-Gumuz and Gambella were underway in February 2011. Given the separation between the PBS program and the villagization program, PBS 2 Additional Financing documents do not mention the latter. At the time of PBS 3 appraisal in July/August 2012, the villagization program was viewed as a potential Project Stakeholder Risk for the Bank’s Ethiopia portfolio as a broader development issue, not specifically linked to PBS 3.</p> <p>The Requesters also cite the PBS 2 PAD (April 2009) to highlight possible lack of Government commitment as a risk for successful implementation of the project social accountability component. During PBS 3 Appraisal, the Bank took into account lessons from successful implementation of PBS 2 social accountability and financial transparency and accountability activities, as well as extensive political economy analysis, as noted in Item 9, to design the citizens’ engagement component and identify potential risks to its implementation.</p>
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<p>by information gathered by Finnmap, as reported its 2012 study on villagization in Benishangul-Gumuz, on the futility of submitting formal complaints about villagization. Requesters confirmed to IDI that no meaningful social accountability exists in relation to basic service delivery in Gambella.</p> <p>The choice of lending instrument and design for PBS, which closely resembles direct budget support, was and remains exceedingly inappropriate in the high-risk environment of Ethiopia. IDI believes that the decision by the Bank to utilize this instrument and design and the omission to rigorously consider, and indeed select, a more appropriate alternative to suit the discernible risks, amounts to non-compliance with OP/BP 10.04.</p> <p>The PAD for PBS Phase II rates the overall risks as substantial. Several of the risks identified relate to governance issues. It notes, for instance, “strong concerns from some partners/stakeholders on democratic governance” and also identifies the risk of deterioration in the political governance environment “resulting in calls for suspension of PBS 1nstrument.” A lack of commitment to social accountability principles and objectives at sub-national levels is also identified as a risk. However, the mitigation measures set out in the PAD are not adequate to address the substantial risks identified, and which are evidently being realized. Measures outlined include “a common development partner position on governance” and a joint communication strategy as well as regular consultations with, inter alia, CSO representatives.</p> <p>The PAD does not refer anywhere to villagization as a potential means for service delivery by national or sub-national governments or the potential for forced relocations as a risk factor. This omission is striking because of the well-publicized fact that villagization, often coercive in nature, has been used historically in Ethiopia as a means of “development” of certain populations in general and in particular to deliver basic services. Given the sheer scale and magnitude of the Ethiopian Government’s current villagization program, which was launched soon after PBS Phase II commenced, it is curious that the Bank did not have any prior knowledge of these plans at the time of appraisal as professed by the Bank at the 14 September meeting with IDI. If it, indeed, did not have prior knowledge, then</p>	
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	<p>this calls into question the rigor with which the Bank undertook due diligence in assessing the social and environmental risk of the program. By the time documentation for additional funding for the PBS Phase II project was being prepared in late 2010 and early 2011, the villagization programs in both Gambella and Benishangul-Gumuz were both well underway; yet no reference is made in the documentation to the programs or associated risks of PBS funds being used to implement villagization and forced relocations.</p> <p>IDI believes that the above amounts to non-compliance with OMS 2.20 on Project Appraisal and OP/BP 10.04 on Economic Evaluation of Investment Operations.</p>	
<p>9.</p>	<p>IDI notes in particular the striking lack of critical analysis of the political-economy environment in the PAD and the failure of Management to identify obvious risks and set out meaningful mitigation measures, despite the government-perpetrated human rights abuses that led to the decision to suspend direct budget support just months earlier. These omissions are at the root of the inadequacy of safeguards and accountability mechanisms for PBS, which has allowed PBS funds to be diverted to underwrite human rights abuses resulting in severe harm to the Requesters.</p>	<p><b>In compliance with Operational Policies on Project Appraisal (OMS 2.20) and Economic Evaluation (OP 10.04), the Bank has undertaken extensive analysis of political economy issues affecting development outcomes in Ethiopia, including for, but not limited to, PBS 3. This analysis informs all the Bank’s work in Ethiopia, including PBS 3.</b></p> <p><b>The Bank undertakes such analysis for all the countries</b> with which it works. It uses the findings to inform the dialogue it has with client counterparts and to help understand how both the Bank’s programs and individual operations can be most effective. However, both the sensitivity of the topics analyzed, and the importance of maintaining a frank and trusting dialogue with clients, mean that much of that analysis and dialogue are appropriately not in the public domain.</p> <p><b>At country level the primary analytical framework for the Bank’s engagement is the Country Partnership Strategy (CPS).</b> For Ethiopia, a new strategy, which builds on the GoE’s Growth and Transformation Plan (GTP), was discussed by Executive Directors during the meeting at which they approved PBS 3. That strategy is underpinned by a variety of analyses, including the results of an internal working group on political economy and governance. Bank Management meets frequently with the Ethiopian Prime Minister and his senior colleagues, and uses those meetings to explore sensitive topics of mutual interest.</p> <p><b>Apart from the CPS, other country studies look at political economy issues.</b> Concurrent with PBS 3 preparations, the Bank undertook analytic work on decentralized service delivery in Ethiopia, through a study entitled “The Political Economy of Decentralization in Ethiopia: Understanding Incentives and Strengthening Accountability.” The study examines the history, ideology and political economy of decentralization and service delivery, policy and legislative frameworks, power relations, and the political and institutional context for citizen access to information. This analysis was based on extensive literature review and field work. Further, the Bank supported the WIDE 3 analysis, which involves long term anthropological engagement in specific communities to understand the dynamics of basic service delivery, citizens’ engagement and the role of local authorities. Finally, through the Woreda and City Administra-</p>

		<p>tions Benchmarking Surveys that revisit a sample of respondents periodically, the Bank has been able to analyze changing outcomes on citizens' engagement and service delivery.</p> <p>The absence of a detailed discussion of the broader political economy, in the PBS documents, reflects among other things the fact that those documents are operation-specific, and not describing the overall country engagement. However, Bank operations clearly build on the analytical work done at the country and sector level.</p> <p>The Requesters' comments refer to PBS 1 documents. By the time PBS 3 was appraised in July 2012, seven years had passed since the political difficulties around the 2005 elections and the PBS program had been in operation for more than six years. Thus, a political economy analysis of those events was not dealt with extensively in the PBS 3 project documents.</p>
10.	<p>In addition to other possible areas on non-compliance with OMS 2.20, the Bank did not ensure that, given the fungibility of resources, the Project was "part of a sound sectoral development program, including an appropriate set of sectoral policies." The Bank should have ensured that sectoral development programs and policies for service delivery were socially and culturally appropriate to beneficiary groups in each region, and based on consultations with intended beneficiaries in each region, including the Anuak in Gambella.</p>	<p><b>The Bank did ensure that PBS 3 is situated within an appropriate set of country and sectoral policies, in compliance with policies on Project Appraisal (OMS 2.20).</b></p> <p><b>The Bank's 2008 Country Assistance Strategy and 2012 CPS both set out an overall analytic framework for the Bank's engagement with Ethiopia.</b> The selection of operations to be financed takes place within that framework, which among other things is designed to ensure the effective allocation and use of Bank resources, consistent with country needs and priorities. To this end, the PBS 3 operation contributes to the higher level objective of expanding access and improving quality of basic services, which is identified as a high priority in the GoE's GTP.</p> <p><b>PBS 3 complements national sectoral development programs for each of the basic service sectors,</b> with support to the worda level as a platform to deliver those services. The Bank directly supports many of those sectoral development plans through sector specific lending operations. Examples of these programs include the General Education Quality Improvement Program; Water and Sanitation Program, and the International Health Partnership for Ethiopia.</p> <p><b>The Bank has conducted extensive consultations about the implementation, difficulties and benefits of the PBS program</b> at all institutional levels nationwide. Over the course of the PBS program, these consultations have involved field visits, public information campaigns, training, analytic work and discussions with stakeholders at all institutional levels.</p>
11.	<p>The Bank did not consider the Project's possible effects on the well-being of people, and in particular marginalized and vulnerable groups, including the Anuak, who have faced systematic discrimination and abuse, including most blatantly the massacre of several hundred Anuak by the Ethiopian military in 2003. The Project did not adapt appropriate standards of protection or ensure that the Project plan was consistent with applicable international agreements, as required by OMS 2.20, including the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights and</p>	<p><b>The rationale for PBS 3 is based on the goal of improving the well-being of people across Ethiopia. In designing PBS 3, the Bank was very aware of the social, historical, legal and other country-specific features of institutional performance related to PBS 3 objectives.</b></p> <p>A crucial element of institutional performance is the GoE's commitment to and progress on improving basic services. <b>PBS 3 recognizes the strength of the Government's implementation capacity, commitment to the MDGs, and care in public financial management.</b> Further, the program places high priority on increasing the capacity for local citizen engagement, through the social accountability, financial transparency and accountability, and grievance redress mechanisms, objectives to which the GoE jointly commits.</p> <p>As noted in Item 2, <b>PBS 3 continues the practice carried out</b></p>

<p>the African Charter on Human and People's Rights, all of which Ethiopia has ratified. All of these international agreements have been violated in the course of the implementation of villagization in Gambella.</p> <p>The Bank did not consider in its appraisal the social, historical, legal and other country-specific features that would influence institutional performance at the regional and <i>woreda</i> levels, as required by OMS 2.20. While the Bank aimed to promote decentralized provision of service delivery in order to better meet the needs of beneficiary populations, it did not, for instance, meaningfully assess the way in which this objective would be affected by the lack of separation in practice between the State and ruling party, a factor that pervades decision-making in government institutions at all levels. It also did not assess the existent ethnic rivalries and the dominance of certain ethnic groups over others and how these factors might affect institutional decision-making in relation to the achievement of PBS objectives for certain groups.</p> <p>The Bank did not consider in its appraisal the sociological aspects of the Project, including "the social organization, tradition and values bearing upon the feasibility, implementation and operation" of the Project. OMS 2.20 notes that these aspects are particularly important for projects "whose success depends upon participation by the beneficiaries (e.g., rural development, urban, education, population, and health projects)." In particular the Bank did not appraise "the cultural acceptability of the project and its compatibility with the behavior and perceived needs of the intended beneficiaries" or "the social strategy for project implementation and operation needed to elicit and sustain beneficiaries' participation." This component of appraisal was especially important given the complex sociological setting in Ethiopia and the architecture of the PBS program, which disbursed large amounts of discretionary funds to federal and regional governments. The repercussions of these omissions are evident with respect to the way in which PBS was implemented in Gambella through villagization and the harms suffered by the Anuak people. The omissions are likely to have had adverse repercussions upon other ethnic groups that face marginalization and discrimination in Ethiopia.</p>	<p><b>under PBS 1 and 2 to conduct fairness tests</b> as part of semi-annual implementation support missions. These tests ascertain whether program resources flowing to local administrations follow objective, transparent and verifiable formulae. Over the course of six years of program implementation, the fairness test has always been satisfied. As an innovation for PBS 3, the program will now involve an Equity Review, which will track and assess any discrepancies in access to basic services among the different regions and woredas and between genders, with a view towards identifying ways to reduce those discrepancies.</p> <p><b>Management is very cognizant of the lack of separation between the state and the party</b>, based on analysis conducted as part of the Bank's overall portfolio as well as project specific analysis for PBS 3. The overall political economy and sociological considerations inform the country strategy as well as PBS operations. As noted in Item 9, concurrent with and informing PBS 3 design, the Bank undertook extensive analysis on the political economy of decentralization, service delivery and opportunities for citizen engagement at the local level. Further, through its sector specific dialogue, the Bank has conducted social assessments, including of the impact of education interventions in Gambella.</p> <p><b>The Bank's duty under OMS 2.20 to review compliance with international agreements as part of project appraisal is specifically targeted to environmental agreements.</b> See Items 6 and 7 above.</p>
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<p>12. <b>Social Safeguard Policy Application</b></p> <p>As previously noted, the Bank selected a Sector Investment and Maintenance Loan instrument for PBS 2. The PAD notes that this lending instrument and its associated fiduciary safeguards is critical to supporting capacity building at the sub-national government level particularly on public financial management and transparency/accountability aspects. Yet, the Bank decided that given that Subprogram A, the main component of PBS, only supports recurrent expenditures, social and environmental safeguard policies, including OP 4.10 and OP 4.12, are not triggered. The same argument is made by the Bank in the PID for PBS 3, which involves only recurrent expenditures and for which Management states safeguard policies will not be triggered for any component.</p> <p>It is unclear why only recurrent and not capital expenditures are eligible for financing from PBS funds (other than through the LIG pilot in PBS 2, which appears to have been dropped in the proposed PBS 3). The PAD for PBS 2 states: "Although there is concurrent Government financing for capital development in the basic services sectors that will enhance the development outcomes of Sub-Program A Part A1, this is not necessary to achieve the objectives of PBS 2." This assertion is questionable since it is apparent that capital expenditures for the construction of inter alia schools, health posts, farmer training centers, roads, and water infrastructure is required in order to improve access to these services in many underdeveloped parts of Ethiopia. Indeed, this need is recognized by the Management in the same PAD a few paragraphs later, which highlights the importance of the "dual focus on <i>infrastructure</i>... to enhance access in underserved remote rural areas...and on ensuring adequate <i>staffing</i>" as a noteworthy feature of decentralized service delivery. Both infrastructure (capital expenditure) and staffing (recurrent expenditure) are regarded as essential to achieving the objectives of improving access to basic services. The PAD also states that the GoE will report on both recurrent and capital expenditures as part of Joint Budget and Aid Reviews (JBARs). It appears to IDI that the rationale for the restriction of PBS funds to recurrent expenditures may have been to avoid the application of Bank safeguard</p>	<p><b>The Bank's safeguard policies, described below, do not provide a complete treatment of the Bank's engagement in social and environmental issues. The application of safeguards is calibrated in view of the potential environmental and social impacts of a proposed project. Even when specific safeguard policies are not triggered by a project, environmental and social issues that may arise are addressed in the course of Bank due diligence. As noted under Item 1, the Bank has undertaken a number of studies in recent years that looked carefully at distributional issues in Ethiopia, and at the impacts of specific programs on vulnerable groups.</b></p> <p><b>In the case of PBS 3, based on the design and nature of the support being provided, Management judged these impacts sufficiently modest to justify a Category C rating. This decision derives from the overall safeguards approach that Management has adopted for PBS 3, and that it has consistently applied to earlier phases of PBS and other investment operations involving recurrent cost support in other regions.</b></p> <p><b>The Bank's safeguards policies are designed to mitigate project activities that have certain environmental and social impacts, which are defined in each Operational Policy.</b> (see Item 13 below on the Indigenous Peoples policy and item 14 on the Involuntary Resettlement policy) The key to managing risk in a project like PBS 3 is careful design, strong supervision, and an ongoing constructive country dialogue. The Bank's legal, fiduciary, and supervision policies provide an adequate framework for addressing any issues which may affect the proper implementation of the project.</p> <p><b>The decision to revise the Project Development Objective (PDO) and adjust the program activities in PBS 3 was not an attempt to avoid the application of the Bank's safeguard policies.</b> Under PBS 1 and 2, the policies were only triggered for certain components. For PBS 3 the GoE and Development Partners decided to streamline implementation arrangements and simplify the program structure. Thus, PBS 3's PDO was refined to focus on contributing to the higher-level objective of expanding access and improving the quality of basic services by funding block grants that ensure adequate staffing and operations, and by strengthening the capacity, transparency, accountability and financial management of governments at the regional and local levels.</p> <p><b>PBS 3 does not include the Local Investment Grant (LIG) pilot that was in the previous PBS projects, as it has been taken up in another way.</b> Though the LIG pilot program was evaluated as successful in PBS 1 and 2, it was conducted on a pilot basis in 99 woredas. The GoE's MDG fund, which is adopting a similar approach, while managed at the regional level, will provide for capital expenditures on basic services, especially roads and water, at the woreda level. These activities are distinct from the PBS program, are not necessary to achieve the objectives of PBS 3, and are not associated with the project.</p> <p><b>Even though PBS 3 does not trigger the Bank's safeguard policies, the project builds on the LIG safeguards work and strengthens environmental and social assessment at local levels, given its size and coverage. This will be done, among others, through:</b></p>
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	<p>policies.</p> <p>Nonetheless, in our view neither the instrument utilized for PBS nor the decision to fund only recurrent expenditures negate the Bank's obligation to trigger and comply with relevant safeguard policies. Indeed, the high-level of discretion vested in the national and local governments, requires especially strong measures and oversight by the Bank to ensure that its funds are not used in ways that adversely affect vulnerable groups in breach of operational policies and human rights. This is particularly the case given Ethiopia's well-known history of forced villagization as a "development" tool and to facilitate the delivery of services, and the increasingly repressive political climate in the country as demonstrated during the violent aftermath of the 2005 election.</p>	<ul style="list-style-type: none"> <li>(i) Assessing the capacity to conduct environmental and social assessments in the basic service sectors at local level;</li> <li>(ii) Targeted capacity building on environmental and social assessment to basic service sector offices;</li> <li>(iii) Strengthening horizontal linkages between the basic service sectors and environment offices at local levels; and</li> <li>(iv) Encouraging best practices in environmental and social management in planning and implementation of projects regardless of funding source.</li> </ul> <p>Thus, building on the capacity building effort of the previous two PBS phases for environmental and social assessment, PBS 3 is supporting the five basic services sectors to mainstream environmental and social assessment in project/program planning and implementation at local levels. This will help the sectors to provide the basic services in a more environmentally and socially sustainable manner.</p>
<p>13.</p>	<p><b>Indigenous Peoples Policy (OP/BP 4.10)</b></p> <p>Amongst other tribes and native ethnic groups in Ethiopia, the Anuak fall squarely into any definition of "indigenous peoples" and possess the precise characteristics described in OP 4.10 on Indigenous Peoples: the Anuak are a distinct cultural, social and linguistic group with a collective attachment to their ancestral territory and the natural resources that they depend upon in Gambella. Due to its design, and the many and diverse tribes in Ethiopia, including the Anuak, it was impossible for PBS not to affect Indigenous Peoples. Yet not a single reference is made to Indigenous Peoples in project appraisal documentation. It appears from publically available information that the Bank did not conduct a robust screening to identify whether Indigenous Peoples are present in, or have collective attachment to, the project area, which in the case of PBS 1s every region in the country. Instead, the Bank decided not to trigger OP 4.10 for any phases or any component of PBS. As a result none of the crucial safeguards for Indigenous Peoples, including free, prior and informed consultation to ascertain broad community support, were afforded to the Requesters by the PBS project in Gambella.</p> <p>No social assessment was conducted to evaluate potential adverse effects on Indigenous Peoples, and particularly on vulnerable and marginalized indigenous communities, including the Anuak. No measures were taken, including through project design modification, to address</p>	<p><b>The application of the Bank's policy on Indigenous Peoples (OP/BP 4.10) in Ethiopia has been actively discussed with the GoE in recent years. The GoE has had concerns that if applied without due care the policy would be inconsistent with the Ethiopian Constitution and might also create tensions between ethnic groups rather than reduce them. Management has been working with the GoE to identify an approach that will address these concerns and expects the policy to apply as from January 2013.</b></p> <p>OP/BP 4.10 recognizes that social groups with identities that are distinct from mainstream groups in society are often the most marginalized and vulnerable. Its applicability is determined on the basis of the following characteristics in varying degrees: (a) self-identification as members of a distinct indigenous cultural group and recognition of this identity by others; (b) collective attachment to geographically distinct habitats or ancestral territories in the project area; (c) customary cultural, economic, social, or political institutions that are separate from those of the dominant society and culture; and (d) an indigenous language, often different from the official language of the country or region.</p> <p><b>The GoE has been concerned with the application of OP/BP 4.10 to IDA lending</b> to Ethiopia because of concerns about singling out ethnic groups for distinct treatment, which is inconsistent with certain principles of the Ethiopian Constitution, in particular Article 39(5) which defines the concept of "Nation, Nationality or People." This concept lies at the center of Ethiopia's constitutional framework and is the basis for conferring the right to self determination on sub-national peoples and the multiplicity of ethno-linguistic groups. While it is a potential entry point, it is not clear whether the concept lays out discrete ethno-social categories nor are the operational implications of such categories apparent.</p> <p><b>Management has been discussing with the GoE the application of OP/BP 4.10 in this context.</b> The Board has been informed about this issue, most recently through the Board discussion of the Ethiopia Country Partnership Strategy, which summarizes the situation as: (a) dialogue between the GoE and the Bank on OP 4.10 is ongoing; (b) when agreement is</p>

<p>potential adverse effects and to ensure Indigenous Peoples would receive culturally appropriate project benefits from PBS. It is well established that measures to ensure that basic services are delivered in a manner that is culturally appropriate and acceptable to Indigenous Peoples are necessary for project sustainability as well as to safeguard against exclusions and other harms. Villagization as a means for delivering basic services is patently not culturally sensitive given the deep connection of the Anuak with their ancestral lands, and the irrecoverable dislocation that forced villagization causes to their traditional way of life. Indeed, the Gambella regional state villagization plan explicitly aims at “socioeconomic and cultural transformation of the people.”</p> <p>Had OP 4.10 been triggered and meaningfully applied, PBS funds could not have been used to implement any aspects of villagization as a means to improve access to basic services that required Indigenous People, including the Anuak, to move away from their ancestral lands. OP 4.10 recognizes that physical relocation of Indigenous Peoples is particularly complex and is only permitted in exceptional circumstances and where there is broad community support. PBS and the use of its funds to implement forced villagization of Anuak exemplifies the necessity of triggering and applying the Indigenous Peoples’ Policy to safeguard against harms, especially to indigenous communities that face marginalization and discrimination. The failure of the Bank to do so in this case has resulted in irrecoverable and grave harms to a marginalized Indigenous People.</p> <p>In the case of sector investment operations, such as PBS, in which Indigenous Peoples are likely to be present in the project area, OP 4.10 requires the borrower to prepare an Indigenous Peoples Planning Framework (IPPF). The Framework provides for the screening and review of sub-projects or programs in a manner consistent with the policy. An IPPF should have been prepared for PBS (both phase I and II) and regional governments should have been required to prepare an Indigenous People’s Plan as a part of their preparation and planning for the decentralized delivery of services in their region under PBS. The Bank’s omission to ensure that the above steps were taken is contrary to the spirit and letter of OP 4.10. As a result sub-national</p>	<p>reached, but in any event starting with operations considered by the Board after December 2012, the policy would be applied to the extent that it is found to be relevant to the areas of operation of the proposed projects; and (c) relevant operations presented to the Board in the meantime will endeavor to contain features that approach functional equivalence with the policy even when it is not formally triggered. In lieu of agreement with the GoE on application of OP 4.10, in some projects, task teams have been able to achieve much of the intent of OP 4.10 without triggering the policy (through the Environmental Assessment or Involuntary Resettlement policies and procedures). To prepare for application of OP 4.10 in 2013, the Bank has recently agreed with the GoE on Terms of Reference for a screening of ethnic groups in five regions, including Gambella, against the four defining criteria in OP 4.10. This work is expected to be initiated in November 2012.</p> <p>As noted under Item 1, the Bank has an ongoing program of analytic work on social and environmental issues which looks at distributional issues in Ethiopia, at the impacts of specific programs on vulnerable groups and on the political economy of local service delivery and citizens’ engagement. This analytic program began before PBS was launched and has continued to feed into successive iterations of PBS, also drawing on lessons learned from it. As part of this program of continuous learning, and specifically in light of the discussion Executive Directors had regarding PBS 3, Management intends to build further on the existing stock of analysis by undertaking a Poverty and Social Impact Analysis, which would, amongst other things, aim to verify further the observed experience under PBS that increasing funds for the delivery of services across Ethiopia provides proportionately greater returns to marginal areas and vulnerable groups. Such a study would necessarily look at the experience of the Anuak among other groups.</p> <p><b>Management acknowledges the Learning Review’s conclusions and notes that the report details the significant challenges of applying OP 4.10 in the African context,</b> given the multi-ethnic nature of most nations, with tribal and local affiliations often cutting across geographical boundaries and national identities. In addition, with migration and assimilation, the concepts of “place” and “group identity” are often unclear. While governments understand that the policy is aimed at social inclusion and addressing specific vulnerabilities, they are sensitive about applying the policy in a context where its application may provoke conflict among different ethnic groups, Management has been undertaking a review of the policy’s application in the African context, with the aim of providing appropriate guidance to staff and governments on its effective application.</p>
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	<p>governments were and continue to spend their basic services budgets on moving indigenous peoples away from their ancestral lands and livelihoods, causing immeasurable suffering and in some cases irrevocably disrupting their way of life.</p> <p>We wish to draw the Panel's attention to a World Bank Learning Review published in August 2011 that assesses the implementation of OP 4.10. The Review found that the percentage of Bank projects between 2006 and 2008 that triggered the policy was lowest in the African region and there was evidence that selected projects should have triggered the policy but did not. Similarly, an IEG study on OD 4.20 published in 2003 found that found that the policy was applied in only 62 percent of the projects that affected Indigenous Peoples.</p>	
<p>14.</p>	<p><b><i>Involuntary Resettlement Policy (OP/BP 4.12)</i></b></p> <p>Under international human rights law, including the International Covenant on Economic, Social and Cultural Rights to which Ethiopia is party, it is never acceptable to forcibly relocate a group of people as a means to improve their access to services (as opposed to unavoidable involuntary resettlement to, for example, construct infrastructure that will improve general access to basic services currently lacking). The principle that forced displacement should only occur where absolutely necessary, is reflected in the primary objective of OP 4.12: "involuntary resettlement should be avoided where feasible... exploring all viable alternative project designs." Thus the application of OP 4.12 to PBS would require safeguards to be put in place to avoid, and indeed preclude, the involuntary nature of resettlement under the villagization program. The Bank should have taken measures to ensure that relocations under villagization were at all times, and without exception, genuinely voluntary. Appropriate protections and processes in line with the measures required in OP 4.12 should have been established to ensure that any and all relocation under the project fully respected the human rights of affected people. These measures, including access to information, consultation, compensation and assistance to resettle, are equally as applicable to voluntary resettlement processes as they are to those of an involuntary nature. Indeed, those that consent to relocation to achieve project objectives</p>	<p><b>PBS 3 is not financing involuntary resettlement, nor is it linked to other non-Bank activities resulting in involuntary resettlement. The provisions of paragraph 4 of OP 4.12 thus are not applicable to PBS 3.</b></p> <p>The Bank's Policy on Involuntary Resettlement (OP/BP 4.12) is a key policy to achieve sustainable development. Its objective is to avoid or minimize involuntary resettlement under Bank financed projects, or to assist displaced people in improving or at least restoring their livelihoods and standard of living. However, OP/BP 4.12 was not intended to be a comprehensive social policy, and does not cover indirect impacts. Its coverage is stated as follows: "This policy covers direct economic and social impacts that both result from Bank-assisted projects, and are caused by... (i) the involuntary taking of land ...and... (ii) the involuntary restriction of access to legally designated parks and protected areas resulting in adverse impacts on the livelihoods of the displaced persons." Given that no direct economic or social impacts caused by involuntary taking of land or restriction of access were anticipated to result from Bank assistance, OP 4.12 was not applied to PBS 3.</p>

<p>should be “assisted in their efforts to improve livelihoods and standards of living or at least restore them, in real terms, to pre-displacement levels...”</p> <p>While PBS and villagization raise complexities with regard to involuntary resettlement that may not have been envisaged by the drafters of OP 4.12 or the Board upon their approval of the policy, in undertaking due diligence during project preparation and appraisal, it is incumbent upon the Bank to apply the policy where its protections are necessary to safeguard against relevant harms to project-affected people. In this case, the Bank should have triggered the policy upon identifying the risk that regional governments may use villagization as a means to achieve PBS objectives. OP 4.12 applies to activities resulting in involuntary resettlement that are “directly and significantly related to the Bank-assisted project”; that are necessary to achieve its objectives; and that are carried out contemporaneously with the project. As described in detail above, the villagization program in Gambella is directly and significantly related to PBS, and is indeed the means by which the regional government officially aimed to achieve PBS objectives, using PBS funds.</p> <p>According to OP 4.12, for sector investment operations “that may involve involuntary resettlement, the Bank requires that the project implementing agency screen subprojects to be financed by the Bank to ensure their consistency with” the policy. The borrower submits, prior to appraisal, a resettlement policy framework that “estimates, to the extent feasible, the total population to be displaced and the overall resettlement costs.” Resettlement plans based on the principles, organizational arrangements, and design criteria established in the framework are later required for project components involving involuntary resettlement “after specific planning information becomes available.” There is no apparent reason why this process could not have been applied with respect to PBS, with a Resettlement Policy Framework submitted at project appraisal stage and location-specific resettlement plans submitted for approval when regional or district villagization programs were selected as the means of implementation of PBS.</p> <p>IDI believes that the Bank’s decision not to trigger OP 4.12, other than for the specific circumstances of compulsory acqui-</p>	
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	<p>sition of land for the construction of small-scale civil works under the LIG sub-component of PBS, amounts to non-compliance with the policy and contributed to the severe harms suffered by the Requesters.</p>	
<p>15.</p>	<p><b>Project Supervision (OP/BP 13.05)</b></p> <p>As described above, PBS was designed so that block grants could be used by regional governments in a discretionary manner to achieve PBS objectives. In 2010, the Gambellan regional government released its villagization program Action Plan, with key objectives of delivering basic services matching those of PBS. At the time this Action Plan became known to the Bank, it should have engaged in communications with the federal and regional government in relation to the means and processes by which villagization would be carried out, mechanisms in place to ensure the process would be voluntary, and the appropriateness of this plan to the Indigenous Peoples of the region. Upon becoming aware of the Gambellan government's Action Plan the Bank should have assessed the risks of harm to the Anuak and other groups, and promptly and thoroughly engaged with the government to agree on mechanisms to avoid and mitigate those risks.</p> <p>In January 2011 the Development Assistance Group (DAG), the collective of foreign donors agencies active in Ethiopia issued "Good Practice Guidelines and Principles Regarding Resettlement" with the aim of encouraging "good practice" with respect to villagization. While donor officials told Human Rights Watch that the Ethiopian government had promised to abide by these guidelines, they were not made a contractually binding requirement of donor support to PBS to safeguard against harm to the Anuak and other groups as a result of the implementation of villagization. It is evident from the testimonies of the Requesters as well as the research findings of Human Rights Watch that the Guidelines have not been applied to villagization in Gambella.</p> <p>In February and March 2011, the World Bank undertook an assessment of villagization in Benishangul-Gumuz region. According to Human Rights Watch, the Bank stated that this assessment involved a high-level delegation of World Bank resettlement experts and the team found it unnecessary to trigger OP 4.12 determining that there was no evidence that relocation under villagization was</p>	<p><b>Implementation support for PBS 3 fully meets policy requirements. In addition, even though villagization is not part of PBS or other Bank-financed projects, because large-scale resettlement is an important country development issue, the Bank along with other members of the DAG have engaged with the Government in a policy dialogue on villagization.</b></p> <p>As part of the DAG discussion of villagization, the Bank has:</p> <ul style="list-style-type: none"> <li>• Engaged extensively with federal and regional government at all levels to gain an understanding of the program's objectives, plans, funding and status of implementation;</li> <li>• Provided lessons learned from global experience on resettlement;</li> <li>• Distilled these lessons into specific guidelines for resettlement;</li> <li>• Participated in DAG-sponsored field visits to learn how the program is being implemented on the ground, and</li> <li>• Provided feedback to the GoE on the findings of these missions.</li> </ul> <p>Villagization has also been discussed extensively with the Government through the High Level Forum, which convenes heads of Development Partners and Government Ministers to discuss relevant topics in the country.</p> <p><b>Despite the assertions in the Request, Management is aware of no evidence that Bank or other donor financing has been used "to implement villagization and carry out attendant human rights abuses."</b> No such evidence has been presented to the Bank or in the Request. Management is therefore not in a position to confirm or deny whether the alleged specific abuses took place. Nonetheless, two DAG-sponsored field visits to Gambella – the first in February 2011 and the second in June 2012 – found no evidence of forced relocations or systematic abuse. The report of the June 2012 mission states: "As in the previous mission, there were no reports of forced relocation or systematic human rights abuses, but half of the people interviewed said they didn't want to move and there were reports of some pressure and unmet promises linked to movement. Those communities that objected to moving have been allowed to stay, and although service provision is on-going, they sense that they are being neglected." This mission met more than 400 people, and no government officials were present during the discussions. Villages were randomly selected on a day-to-day basis by the mission members, independently of government.</p> <p>For a description of the financial management of the program, including assurances that the funds to woredas are appropriately used for the intended purposes, please see Item 2.</p>

	<p>involuntary and that Bank-funds did not directly contribute to villagization.</p> <p>In November 2011, Human Rights Watch brought the findings of its research on forced villagization in Gambella to the attention of the Bank. The Bank did not react with due concern and rigor to the overwhelming evidence of grave human rights violations reported by Human Rights Watch. Human Rights Watch, IDI and Anuak representatives have repeatedly called on the Bank to interview Anuak refugees, who are able to speak more freely outside the repressive environment of Ethiopia, about villagization. These entreaties have so far not been acted upon by the Bank, beyond one meeting held in September 2012 at the request of IDI in which the Bank interviewed several affected people.</p> <p>Despite evidence that Bank funds have been used to implement villagization and carry out the attendant human rights abuses, no efforts were made by the Bank to rectify the situation. Despite the opportunities for redesigning the Project when Management sought approval for additional financing for PBS 2 in late 2010 and early 2011 to respond to the changing circumstances and evidence of harmful practices, no appropriate modifications were recommended.</p> <p>Despite the harrowing testimonies of Anuak directly affected by forced villagization in Gambella heard by four members of the World Bank Task Team and Management on 14 September 2012, Bank Management appears set to submit PBS phase III to the Board for approval without modifications on September 25, 2012.</p> <p>IDI believes that the above amounts to non-compliance with OP 13.05 on Project Supervision.</p>	
16.	<p><b><i>Prior Contact with Bank Management</i></b></p> <p>IDI believes that the Requesters have satisfied the requirement for prior contact with Bank Management in order to submit a Request for Inspection. In this regard it must be noted that it is extremely difficult for Anuak in Gambella or those residing in refugee camps in South Sudan and Kenya to communicate with the World Bank. As reported by several human rights organizations, including Human Rights Watch, Oakland Institute and Harvard Law School International Human Rights Clinic, the Anuak are unable to</p>	<p><b>Management confirms that HRW, IDI, and some of the refugees have over the last year contacted the Bank about reports concerning human rights abuses in the villagization program and its link to the PBS program.</b></p> <p>Management met HRW representatives in October 2011 in Addis Ababa and subsequently sent an email explaining that:</p> <ul style="list-style-type: none"> <li>• The Bank's safeguard policies require an assessment of possible environmental and social impacts directly attributable to Bank-financed projects or activities, as well as any ancillary aspects that are coincidentally present in the areas where such projects are being implemented.</li> <li>• Management had participated in a joint mission with representatives from the DAG to one of the areas where the vil-</li> </ul>

<p>freely express criticism or opposition to government policy or actions without fear of serious reprisals. This situation essentially precludes attempts to communicate with the Bank's office in Addis Ababa about villagization.</p> <p>Anuak refugees in South Sudan and Kenya, who have recently fled Ethiopia after falling victim to human rights abuses associated with villagization, have communicated with the World Bank about their grievances with the assistance of IDI. These communications have involved the following:</p> <p>a. Following a request by Anuak refugees, IDI sent a letter on 20 August 2012 to the Country Director for Ethiopia setting out our understanding of the links between PBS and the villagization program in Gambella, the human rights abuses experienced by the Anuak during the course of implementing the villagization program, and our contentions with respect to noncompliance with Bank operational policies. In that letter, IDI requested responses to a number of specific questions by 10 September and invited the Bank to meet with us and Anuak refugees in Nairobi later that month to discuss our concerns and the grievances of the Anuak.</p> <p>b. IDI forwarded 19 letters from Anuak refugees, including Requesters, to the World Bank on 12 September 2012. These letters set out the Requesters' grievances and requested the Bank to take action to address their concerns. The letters also authorized IDI to represent them in dialogue with the World Bank, given the numerous challenges they faced in directly communicating with the Bank.</p> <p>c. No written response was received from the Bank to the questions and concerns raised in the letters. However, the Bank agreed to meet with IDI and Anuak refugees in Nairobi.</p> <p>d. On September 14, 2012, four representatives of Bank Management and the Task Team met with IDI, Human Rights Watch and six Anuak refugees at the World Bank office in Nairobi. The Anuak directly affected by villagization gave a first hand account of their experiences and the situation on the ground. Management insisted that PBS does not directly fund villagization and confirmed that PBS 3 would be submitted to the Board on 25 September in its current</p>	<p>lization program was being implemented (Benishangul-Gumuz) to: (a) observe "on the ground" how relocations under the villagization program were being administered; (b) get first-hand, detailed information about the Government's plans, methodologies, capacities and activities underway to cluster citizens as part of the program in the region; and (c) meet with involved citizens and get their feedback on what impact the clustering had had on them.</p> <ul style="list-style-type: none"> <li>• Based on what was seen during the mission, the relocation appeared to be voluntary, and was not a direct consequence of Bank-assisted investment projects implemented in the region; the mission also observed that while some Bank-supported projects in the region were being carried out contemporaneously with villagization, they did not provide direct support to its implementation. In some instances, households had been encouraged to voluntarily cluster in communities where Bank and other donor-financed infrastructure already existed or was planned to be provided in order to have easier access to water points, schools, health centers and other services.</li> <li>• The situation would be periodically monitored as part of supervision of the portfolio of Bank-financed projects and would address any new developments with the Ethiopian authorities as appropriate.</li> </ul> <p>Management subsequently met HRW in Washington, D.C. in March 2012 and expressed its concern about the grave reports regarding human rights abuses in the villagization program. Management also reiterated its earlier points above, based on the Bank's observations.</p> <p>Following an email and letter exchange with IDI in August and September 2012, Bank representatives also met some of the Anuak refugees, HRW, and IDI on September 14, 2012 and discussed the refugees' reports, as well as addressing the questions raised by IDI in their communications, including the relationship of the PBS program to villagization and the Bank's decision not to trigger the safeguard polices for PBS 3. It should be noted that, until just before the September 14 meeting, Management was unable to confirm if the Requesters had asked IDI to represent them. Among the requests that IDI made in its August 20, 2012 letter to the Country Director were:</p> <ul style="list-style-type: none"> <li>(a) To produce evidence that Bank funds are definitely not contributing to or facilitating any aspect of the implementation of villagization programs and that this evidence be provided to IDI and publicly disclosed in the interest of transparency and accountability; and</li> <li>(b) To make public any assessments carried out in relation to any villagization programs in Ethiopia or otherwise provide evidence from those assessments that relocations under villagization programs are in all cases voluntary.</li> </ul> <p>IDI requested that Management withdraw the project from consideration by the Board until the issues raised in its letter had been addressed. Management refused, explaining that there was a fundamental difference of opinion between Management and IDI about the reports regarding PBS 3, and that the Executive Directors would decide on the project, based on the explanation provided by Management in the PAD and taking into consideration any other information they had received. IDI subsequently corresponded with the Executive Directors prior to</p>
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<p>form without triggering any safeguard policies. Beyond committing to policy level dialogue with the GoE, Management did not agree to take any further steps to address Requester's grievances. Management did not agree to send a written response to IDI's letter of 20 August as the letter was addressed to the Country Director, who was not present at the meeting.</p> <p>e. On September 14, following the meeting, IDI sent an email to Management, including all four representatives at the meeting and the Country Director. The email sought clarification on whether the Bank intended to provide a written response to IDI's letter of August 20 and requested that any response be sent by no later than September 18. In addition, IDI requested that the Bank confirms promptly whether our understanding of the Bank's position presented in the meeting is accurate:</p> <ul style="list-style-type: none"> <li>• PBS funds do not in any way contribute to the villagization program or any forced relocation happening in Gambella.</li> <li>• Therefore the Bank has no remedies to address these issues other than through its policy dialogue with the Government of Ethiopia.</li> <li>• The Bank does not intend to apply its safeguard policies, including OP 4.10 and 4.12, to the "block grants" for basic service delivery in PBS 3, which will be presented to the Board for approval on September 25.</li> </ul> <p>f. As of September 23, IDI has not received a response to our email.</p> <p>The Requesters are unsatisfied with the Bank's position and have in IDI's view exhausted attempts to resolve their grievances through communications with Bank Management.</p>	<p>the Board meeting on September 25, 2012 (at which PBS 3 was approved) and informed them it had submitted a Request for Inspection to the Inspection Panel on behalf of the Anuak. The Panel registered the Request on October 9, 2012.</p> <p>As Management is preparing the Management Response, there will be no further correspondence with IDI. Management may discuss further with the Requesters some proposed steps to address their concerns.</p> <p>Management has raised with the GoE at the highest levels the reports made by the Anuak concerning human rights abuses in Gambella and other regions. Management will monitor this situation closely and will supervise PBS 3 carefully to ensure the project is achieving its objectives.</p>
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## ANNEX 2. OVERVIEW OF MISSIONS AND CONSULTATIONS UNDERTAKEN FOR PBS 3

**Overview.** The PBS program entails a comprehensive approach to monitoring and supervision. In addition to the semi-annual Joint Review and Implementation Support (JRIS) missions, the PBS Secretariat organizes and leads regular field-based supervision missions to examine sector performance as well as the full range of cross-cutting issues (i.e., fiduciary, procurement, and financial transparency and accountability [FTA], and safeguards issues) that are essential to the program's success by ensuring that funds are used for intended purposes.

Given the program's strong focus on systems-strengthening (mostly training and capacity building), the program also offers formal training as well as hands-on training and technical assistance in the areas of FTA, Social Accountability (SA), financial reporting, procurement, and audit. Over time, the program has also included the increasingly frequent use of media to raise awareness (e.g., around procurement management and probity) and especially FTA.

The table below is meant to provide an overview of the range of monitoring and supervision activities as well as other opportunities for engaging program beneficiaries.

Date	Topic	Location/Participants	Outcome
<b>Semi-Annual JRIS Missions, Semi-Annual Field-Based Supervision Missions, and other Relevant Workshops</b>			
July 14-24, 2006	1 <sup>st</sup> PBS JRIS Mission	Addis Ababa – World Bank, DFID, CIDA, Irish Aid, Netherlands, EC, IMF, AfDB, PBS Secretariat, federal and regional government officials.	PBS launched. Reach agreement on the parameters for the October JRIS mission and related data needs. Next steps for October JRIS mission.
May 2-16, 2007	4 <sup>th</sup> PBS JRIS Mission and PBS I Mid-Term Review	Addis Ababa – World Bank, DFID, CIDA, Irish Aid, Netherlands, EC, AfDB, PBS Secretariat, federal and regional government officials.	Review of Additionality and Fairness tests, undertake JBAR, as well as assess progress and challenges by component to inform adjustments to program implementation. Deliverables agreed for October/ November 2007 JRIS mission.
July 16 – August 3, 2007	PBS I Additional Financing	Addis Ababa – World Bank, DFID, CIDA, Irish Aid, Netherlands, EC, AfDB, PBS Secretariat, federal and regional government officials.	Reviewed main technical components of the proposed Additional Financing. Agreed allocation of resources across components. Agreed performance indicators. Agreed next steps leading to Appraisal and Negotiations.
October 30 – November 14, 2007	5 <sup>th</sup> PBS JRIS Mission	Addis Ababa – World Bank, DFID, CIDA, Irish Aid, Netherlands, EC, AfDB, Sida, Italian Cooperation, PBS Secretariat, federal and regional government officials.	Review of Additionality and Fairness tests, undertake JBAR, as well as assess progress and challenges by component to inform adjustments to program implementation. Deliverables agreed for April 2008 JRIS mission.
April 2008	Review of sector spending and results, PFM, Financial Management/ Reporting, procurement, and FTA	Field Visits to Afar, SNNPR, Dire Dawa, Harar.	Joint review of challenges facing the budget planning cycle, civil service retention, FTA, accounting, and reporting. Next steps/actions to inform April 2008 JRIS mission.

Date	Topic	Location/Participants	Outcome
April 22 – 30, 2008	6 <sup>th</sup> PBS JRIS Mission	Addis Ababa – World Bank, DFID, CIDA, Irish Aid, Netherlands, EC, AfDB, Sida, Italian Cooperation, PBS Secretariat, federal and regional government officials.	Review of Additionality and Fairness tests, undertake JBAR, as well as assess progress and challenges by component to inform adjustments to program implementation. Deliverables agreed for the November 2008 JRIS mission.
August 25-28, 2008	Two Field Missions on Monitoring and Evaluation (M&E)	Oromiya and Amhara Regions – list of participating DPs not available, but included federal, regional, and district officials.	Rapid assessment of data collection and M&E systems at the woreda level in both regions. Recommendations to inform the November 2008 JRIS mission.
November 10-12, 2008	7 <sup>th</sup> PBS JRIS Mission	Addis Ababa – World Bank, DFID, CIDA, Irish Aid, Netherlands, EC, AfDB, Sida, Italian Cooperation, PBS Secretariat, federal and regional government officials.	Review of Additionality and Fairness tests, undertake JBAR, as well as assess progress and challenges by component to inform adjustments to program implementation. Deliverables agreed for the May 2009 JRIS mission.
March 23-25, 2009.	Field Mission on the Fairness Test to investigate low block grant disbursement rates to the districts	SNNPR – CIDA, KfW, AfDB, JICA, federal, regional, and district officials.	A range of issues were identified, including: incomplete data was input into IBEX and not updated regularly, a one-off increase to public servant salaries also altered disbursement rates mid-year.
May 11-15, 2009	Review of sector spending and results, PFM, Financial Management/ Reporting, procurement, and FTA	Tigray Region – PBS Secretariat, CIDA, EC, Japan, World Bank, federal, regional, and district officials.	Joint review of challenges facing the budget planning cycle, civil service retention, FTA, accounting, and reporting. Next steps/actions to inform May 2009 JRIS mission.
May 11-15, 2009	Review of sector spending and results, PFM, Financial Management/ Reporting, procurement, and FTA	Amhara Region - DFID, EC delegation, Irish Aid, AfDB, federal, regional, and district officials.	Joint assessment of challenges facing the budget planning and budgeting cycle, FTA, accounting, and reporting. Next steps/actions to inform May 2009 JRIS mission.
May 20-22, 2009	8 <sup>th</sup> PBS JRIS Mission	Addis Ababa - World Bank, DFID, CIDA, Irish Aid, Netherlands, EC, IMF, AfDB, PBS Secretariat, federal and regional government officials.	Review of Additionality and Fairness tests as well as overall program progress by components. Deliverables agreed for November 2009 JRIS mission.
October 2009	Multi-sector review of spending, results, PFM, Financial Management/ Reporting, procurement, FTA, Social Accountability	Gambella Region – list of participants not available.	Joint Review of progress and challenges facing PBS sectors in Gambella as well as normal semi-annual review of fiduciary as well as FTA/SA issues. Next steps/actions for discussion at November 2009 JRIS mission.

Date	Topic	Location/Participants	Outcome
October 2009	Multi-sector review of spending, results, PFM, Financial Management/ Reporting, procurement, FTA, Social Accountability	Oromiya Region – list of participants not available.	Joint Assessment of progress and challenges facing PBS sectors in Oromiya as well as normal semi-annual review of fiduciary as well as FTA/SA issues. Next steps/actions for discussion at November 2009 PBS federal JRIS mission.
November 12-20, 2009	9 <sup>th</sup> PBS JRIS Mission	Addis Ababa - World Bank, DFID, CIDA, Irish Aid, Netherlands, EC, IMF, GTZ, KfW, JICA, Spain, AfDB, PBS Secretariat, federal and regional government officials.	Review of Additionality and Fairness tests as well as overall program progress by components. Deliverables agreed for April 2010 JRIS mission.
March 2010	Field Mission to review budgeting, planning, accounting, financial reporting, and safeguards	Afar Region –List of which DPs participated not available, but included federal, regional, and district officials.	Joint assessment with recommendations to inform the April JRIS mission.
April 2010	Field Mission to follow-up on November 2009 questions regarding the timeliness of SNNPR disbursements to district governments. Mission also examined FTA activities	SNNPR – list of DP participants not available, but included federal, regional, and district officials.	Joint assessment with recommendations to inform the April JRIS mission.
April 12-23, 2010	10 <sup>th</sup> PBS JRIS Mission	Addis Ababa – World Bank, DFID, CIDA, Irish Aid, Netherlands, EC, IMF, GTZ, KfW, JICA, Spain, AfDB, PBS Secretariat, federal and regional government officials.	Review of Additionality and Fairness tests as well as overall program progress by components. Deliverables agreed for the October/November 2010 mission.
October 18-25, 2010	Water/WaSH and Education spending and results, PFM, Financial Management/ Reporting, procurement, FTA, Social Accountability	Tigray Region – PBS Secretariat, Irish Aid, Spain, EC, federal, regional, and district government officials.	Review of progress and challenges facing water/WaSH and education issues in Tigray as well as normal semi-annual review of fiduciary as well as FTA/SA issues. Next steps/actions for discussion at November 2010 PBS federal JRIS mission.
October 18-25, 2010	Water/WaSH and Education spending and results, PFM, Financial Management/ Reporting, procurement, FTA, Social Accountability	Benishangul-Gumuz Region – PBS Secretariat, Irish Aid, EC, federal, regional, and district government officials.	Investigate progress and challenges facing water/WaSH and education in Benishangul-Gumuz plus normal semi-annual review of fiduciary as well as FTA/SA issues. Next steps/actions for discussion at November 2010 PBS federal JRIS mission.

Date	Topic	Location/Participants	Outcome
November 8 – December 9, 2010	11 <sup>th</sup> PBS JRIS Mission (followed by Appraisal for Additional Financing, December 14-15)	Addis Ababa – World Bank, DFID, CIDA, Irish Aid, Netherlands, EC, Austria, KfW, Spain, AfDB, PBS Secretariat, federal and regional government officials.	Review of Additionality and Fairness tests as well as overall program progress by components. Deliverables agreed for the May 2011 JRIS mission.
April 4-7, 2011	Rural Roads spending & results, PFM, Financial Management/ Reporting, procurement, FTA, Social Accountability. Mission included meeting with citizens using rural roads	Amhara Region – World Bank, EC, PBS Secretariat, federal, regional, and district government officials.	Diagnosis of specific challenges facing rural roads in Amhara as well as regular program-wide fiduciary and FTA/SA issues. Recommendations for May 2011 PBS federal JRIS mission.
April 11–15, 2011	Agriculture spending & results, PFM, Financial Management/ Reporting, procurement, FTA, Social Accountability	SNNPR – Irish Aid, Spain, IFPRI, PBS Secretariat, federal, regional, and district govt officials.	Review progress and challenges facing agriculture spending in SNNPR and regular review of fiduciary and FTA/SA issues. Recommendations for May 2011 PBS federal JRIS mission.
May 4-14, 2011	12 <sup>th</sup> PBS JRIS Mission	Addis Ababa – World Bank, DFID, CIDA, Irish Aid, Netherlands, EC, Austria, KfW, Spain, AfDB, IMF, PBS Secretariat, federal and regional government officials. Also included two CSOs: Rift Valley Children and Women Development Association; the Jerusalem Children and Community Development Organization, and IFPRI.	Review of Additionality and Fairness tests as well as overall program progress by components. Report from CSOs on FTA and SA work. Deliverables agreed for the October/November 2011 JRIS mission.
October 17-21, 2011	Water/WaSH spending and results, PFM, Financial Management/ Reporting, procurement, FTA, Social Accountability	Oromia Region – World Bank, AfDB, SNV, PBS Secretariat, federal, regional, and district government officials.	Diagnosis of progress and challenges facing water/ WaSH spending in Oromia and regular review of fiduciary and FTA/SA issues. Recommendations for November 2011 PBS federal JRIS mission.
October 19-22, 2011	Health spending and results, PFM, Financial Management/ Reporting, procurement, FTA, Social Accountability	SNNPR – Irish Aid, World Bank, EC, DFID, Spain, Italy, PBS Secretariat, federal, regional, and district government officials.	Review of progress and challenges facing health spending and results in SNNPR as well as regular program review of fiduciary and FTA/SA issues. Recommendations for the November 2011 federal JRIS mission.

Date	Topic	Location/Participants	Outcome
October 31 – November 14, 2011	13 <sup>th</sup> PBS JRIS Mission	Addis Ababa – World Bank, DFID, CIDA, Irish Aid, Netherlands, EC, Austria, KfW, Spain, Italy, AfDB, IMF, PBS Secretariat, federal and regional government officials. Also included: SNV, KPMG, VNG International.	Review of Additionality and Fairness tests as well as overall program progress by components. In addition, heard KPMG's audit of district-level procurement, update from independent Management Agent on Social Accountability activities, and independent consultant report on Grievance Redress Mechanism. Deliverables agreed for the May 2012 JRIS mission.
March 25-31, 2012	Education spending and results, PFM, Financial Management/Reporting, procurement, FTA, Social Accountability. Done jointly with General Education Quality Improvement Program Mid-Term Review	Afar – AfDB, WFP, PBS Secretariat, federal, regional, and district government officials.	Investigate progress and challenges facing education spending and results in Afar plus normal semi-annual review of fiduciary as well as FTA/SA issues. Next steps/actions for discussion at May 2012 PBS federal JRIS mission.
March 26-30, 2012	Education spending and results, PFM, Financial Management/Reporting, procurement, FTA, Social Accountability. Done jointly with General Education Quality Improvement Program Mid-Term Review	SNNPR – DFID, KfW, PBS Secretariat, federal, regional, and district government officials.	Review progress and challenges facing education spending and results in SNNPR plus normal semi-annual review of fiduciary as well as FTA/SA issues. Next steps/actions for discussion at May 2012 PBS federal JRIS mission.
April 17-20, 2012	Agriculture spending & results, PFM, Financial Management/ Reporting, procurement, FTA, Social Accountability	SNNPR – Irish Aid, EC, DFID, PBS RED/FS Secretariat, Secretariat, federal, regional, and district government officials.	Review progress and challenges facing agriculture spending in SNNPR and regular review of fiduciary and FTA/SA issues. Recommendations for May 2012 PBS federal JRIS mission.
May 7–18, 2012	14 <sup>th</sup> PBS JRIS Mission	Addis Ababa - World Bank, DFID, CIDA, Irish Aid, Netherlands, EC, Austria, KfW, Spain, Italy, AfDB, IMF, PBS Secretariat, federal and regional government officials.	Review of Additionality and Fairness tests as well as overall program progress by components. Deliverables agreed for the November 2012 JRIS mission.
May 16-17, 2012	Workshop on Woreda Block Grant Transfers (organized by the PBS Secretariat)	Debre Zeit – All Bureaus of Finance and Economic Development (BoFED), PBS Secretariat, WB, AfDB, Irish Aid	Improved exchange and learning on woreda block grant formulas. Recommendations for PBS dialogue and investigation.

Date	Topic	Location/Participants	Outcome
October 8-12, 2012	Cross-cutting issues, with a focus on PFM, Financial Management/Reporting, procurement, FTA, Social Accountability	Tigray – DFID, EC, KfW, World Bank, PBS Secretariat, federal, regional, and district government officials.	
October 22-26, 2012	Water/WaSH spending and results, PFM, Financial Management/ Reporting, procurement, FTA, Social Accountability. To be done jointly with WaSH 7 <sup>th</sup> Joint Technical Review	TBD – DFID and PBS Secretariat confirmed thus far.	
November 5 – 16, 2012	15 <sup>th</sup> PBS JRIS Mission	Addis Ababa.	Aside from normal review of Additionality and Fairness Tests, and reviews of component progress, this JRIS will begin to define the frameworks for the new Equity, Effectiveness, and Sustainability Reviews that will take place under PBS 3.
<b>Other Supervision Missions and Related Workshops</b>			
April 11-15, 2011	Woreda (District) spending on basic services and financial reporting. Mission to SNNPR, Tigray, and Somali Regions undertaken following agreement at November 2010 JRIS to investigate apparent declines in the share of woreda budgets being spent on basic services	SNNPR – World Bank, PBS Secretariat, federal, regional, and district officials.	Joint assessment of weaknesses in financial reporting.
April 11-15, 2011	“	Tigray – DFID, Irish Aid, federal, regional, and district government officials.	
April 11-15, 2011	“	Somali – World Bank, EC, AfDB, federal, regional, and district government officials.	
May 16-17, 2011	Workshop on Woreda Block Grant Transfers (organized by the PBS Secretariat)	Debre Zeit – All BoFEDs, PBS Secretariat, WB, AfDB, Irish Aid	Improved exchange and learning on woreda block grant formulas. Recommendations for PBS dialogue and investigation.
<b>Public Financial Management, Financial Reporting, Procurement, and Other Fiduciary Issues</b>			
<b>Procurement</b>			

Date	Topic	Location/Participants	Outcome
October 17, 2011	15 minute FM broadcast providing information on the purpose and mission of the PPPAA	National Coverage	Online answer for public questions
October 24, 2011	15 minute FM broadcast providing information on procurement legal documents	National Coverage	Online answer for public questions
October 31, 2011	15 minute FM broadcast providing information on bid specification preparation	National Coverage	Online answer for questions and creating awareness
November 7, 2011-	15 minute FM broadcast providing information on procurement methods	National Coverage	Creating awareness
November 14, 2011	15 minute FM broadcast providing information on suppliers' obligations and challenges	National Coverage	Online answer for public questions
November 21, 2011	15 minute FM broadcast providing information on bid advertisement and floating period	National Coverage	Online answer for public questions
November 28, 2011	15 minute FM broadcast providing information on bid evaluation and selection of a winning bidder	National Coverage	Creating awareness
December 5, 2011	15 minute FM broadcast providing information on procurement complaint handling procedures	National Coverage	Online answer for public questions and creating awareness
December 12, 2011	15 minute FM broadcast providing information on procurement bid guarantees	National Coverage	Creating awareness
December 19, 2011	15 minute FM broadcast providing information on suppliers' rights and obligations	National Coverage	Creating awareness
December 26, 2011	15 minute FM broadcast providing information on required ethical conduct for bidders and procuring entities	National Coverage	Creating awareness

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Date	Topic	Location/Participants	Outcome
January 2, 2012	15 minute FM broadcast providing information on contract Administration	National Coverage	Creating awareness
January 9, 2012	15 minute FM broadcast providing information on procuring through framework contracts and a summary of the programs	National Coverage	Creating awareness
June 14, 2012	Discussion Forum sharing experience among stakeholders on the federal and regional procurement systems	MoFED Conference Hall, PPPAA officials, Regional representative, Representative from federal agencies and parliament, Donor partners, Suppliers	To bring a harmonized procurement system in the country
June 15, 2012	Discussion forum with suppliers regarding SME benefit from government procurement and Contract administration	MoFED Conference Hall, PPPAA officials, Suppliers, Representative from federal agencies and parliament, Donors	Helps to create a sense of mutual understanding and partnership between government agencies and suppliers
December 14, 2011	Forum to discuss the differences between the federal and regional procurement proclamations, CPAR 2010 draft report	MoFED Conference Hall, PPPAA officials, Regional representative, Representative from federal agencies and parliament, Donor partners, Suppliers	Created understanding of the difference in the legal framework between federal and regions
December 15, 2011	Discussion with suppliers regarding procurement of works contract	MoFED Conference Hall, PPPAA officials, Suppliers, Representative from federal agencies and parliament, Donor partners,	Creating understanding of the challenges within the legal framework and procurement documents for the private sector (Contractors)
June 14, 2011	Workshop to discuss draft TOR for the Joint Federal and Regions Forum on Public Procurement	MoFED Conference Hall, PPPAA officials, Suppliers, Representative from federal agencies and parliament, Donor partners,	Forum was established and MOU between regions and the federal PPPAA signed

Date	Topic	Location/Participants	Outcome
June 15, 2011	Forum to discuss TOR for the joint PPPAA and Suppliers' Forum	MoFED Conference Hall, PPPAA officials, Suppliers, Representative from federal agencies and parliament, Donor partners,	Forum was established and MOU signed between Ethiopian Chamber of Commerce
May 30, 2012	Half-day workshop on public procurement in the Southern Nations Nationalities and People Region	Central Hotel, Awassa, BoFED officials and Suppliers and ethics officers	Creating awareness among suppliers of the region on the procurement documents and procurement processing in the region
September 12, 2011 - September 10, 2012 – each week for 30 minutes (15 minutes Wednesday, 15 minutes Saturday)	Public procurement documents, procedures in the region and complaint handling system	Mostly SNNPR	Creating awareness of government procurement in the region, increasing number of complaint
October 28, 2011	Half-day workshop on the findings and recommendation of the Independent Procurement Auditor	MOFED Conference Hall, MoFED officials, regional representatives, federal agencies, DPs	Creating consensus on the findings of the auditors and encouraging or improvement in the procurement processing
October 28-30, 2010	Procurement training and capacity building activities and procurement implementation under PBS II (pre JRIS field Visit)	Tigray regional Government, PBs Secretariat, BoFED officials and Staff, officials and staff in Enda Mohoney woreda and Maichew City Administration	Creating understanding of the status of the procurement reform activities and procurement implementation, correction of bad performances and encouraging good procurement performances
April 4-7, 2011	Procurement implementation at the Local Investment Grant woreda (pre JRIS field mission)	Jili Tumuga, Anba Giorgis and Wogera woredas of the Amhara region, World Bank, PBS DPs, PBs Secretariat, BoFED officials and officials and staff in woredas	Creating understanding of the status of the procurement reform activities and procurement implementation, correction of bad performances and encouraging good procurement performances
October 19-21, 2011	Procurement capacity building activities and procurement implementation under PBS II (pre JRIS field Visit)	Awassa and Shebedino woreda, World Bank, PBS DPs, PBs Secretariat, BoFED officials and officials and staff in the woredas	Creating understanding of the status of the procurement reform activities and procurement implementation, correction of bad performances and encouraging good procurement performances

Date	Topic	Location/Participants	Outcome
August 23-27, 2010	Procurement Training	Debre Zeit Management Institute, procurement experts and officials of the PBS II implementing agencies, procurement advisors from regions	Creating understanding of the best procurement practices, and the requirement of the PBS II procurement agreed procedures
October 4-22, 2010	Basic Procurement Training	GIMPA Ghana, Basic Procurement training from PPPAA and regions (10 persons)	Strengthening the procurement implementation and oversight capacity of the government
October 3-21, 2011	Basic Procurement Training	GIMPA Ghana, 14 participants from PPPAA and regions	Strengthening the procurement implementation and oversight capacity of the government
<b>Local Investment Grant</b>			
September 14 - October 6, 2010	Trainings on Financial Management and Reporting (LIG); Procurement; Safeguards; and Project planning,	Debre Zeit, Hawassa, Bahir Dar, and Dire Dawa / 450 PBS LIG accountants, facilitators and local government administrators	PBS LIG ( local investment grant) implementers and concerned local officials were capacitated and through interactive discussions challenges were identified ;
<b>Financial Transparency and Accountability (FTA)</b>			
Many different times	FTA Initiative: Information disclosure, Budget Literacy Training and the use of innovative ideas and mass media	Location: Addis Ababa/MOFED, Expenditure Management and Control Program (EMCP) Office, EMCP Steering Committee), Oromia region(regional BoFED, Adama and other training centers), Addis Ababa City Administration, SNNPR (Hosana, Butajira, Silte), Harari and Dire Dawa	Many different times

Date	Topic	Location/Participants	Outcome
<p>Participants: BLT Trainers (three person per Woreda drawn from Woreda offices and Trainees (community elders, religious leaders, youth, women, Woreda and Kebele council members, regional and Woreda officials)</p>		<p>(a) Common understanding reached with MOFED and BoFED officials on the FTA initiative, (b) the FTA tools designed, rolled out to regions, customized to their local languages and requirements, (c) Training of Trainers provided for 65 core trainers and 3000 second level trainers, (d) Budget Literacy Training (BLT) provided for more than 120,000 citizens (24% women) all over the country, (e) budget/expenditure and service delivery information posted in public places using simplified visual FTA Templates in 84% of Woredas and in more than 50% of service facilities (schools, health centers, agricultural training/veterinary centers and water offices) (f) the BLT, the disclosure of public finance information and the awareness creation activities through innovative cultural ways and through the media (TV and radio) have enhanced awareness on role of citizens and citizen representatives in the budget process and Woreda officials have started receiving feedbacks from citizens on budget allocation and implementation, (g) the percentage of citizens who reported having information on the Woreda budget increased from 13% in 2008 to 20% in 2011.</p>	<p>Participants: BLT Trainers (three person per Woreda drawn from Woreda offices and Trainees (community elders, religious leaders, youth, women, Woreda and Kebele council members, regional and Woreda officials)</p>

Date	Topic	Location/Participants	Outcome
<b>Social Accountability (SA)</b>			
July 17-18, 2007	PBS I Ethiopian Social Accountability Program (ESAP 1 ) Federal Knowledge Sharing workshop	UNECA conference center Addis Ababa /150 CSOs and gov't representatives	Knowledge sharing events; presenters from ANSA South Africa, Senegal and Uganda presented their experience in Social Accountability and the Social Accountability tools used
June 24-August 10, 2007	ESAP 1 Regional Launching workshops	Adama, Hawassa Bahir Dar, and Mekelle/ 340 participants from CSOs and local gov't representatives	Social Accountability concepts, tools, methodology and clarification on ESAP 1 were delivered
February 18-21, 2008	ESAP1 Induction Workshop	Addis Ababa Hilton and ILRI/95 participants from all tiers of gov't CSOs	Social accountability networking, participation, transparency and M&E
May 22-June 18, 2008	ESAP1 workshop on Budget Literacy, Moderation and Facilitations	Adama, Mekelle, Jimma, Bhair da, Dir Dawa/295 participants from CSOs and local gov't representatives	Training on Participatory Budgeting as social accountability tool with emphasis on Budget Literacy and the fundamentals of moderation and facilitations in connection with SA were conducted
September 22, 2008	ESAP 1 Training on External Communication	Addis Ababa, Ghion Hotel/30 representatives from SA implementing CSOs	The basics of verbal, written and visual communications skills and the methods of documenting and disseminating the SA endeavors were delivered
May 2008–June 2009	ESAP 1 implementing CSOs on several topics	In 85 woredas (districts)/ thousands of community representatives and basic service providers	Social Accountability implementing CSOs conducted many training session on SA concepts tools; facilitated focal group discussions, interface meeting between community reps and service providers and drew reform agendas to improve the provision of basic services.
February– March 2012	ESAP 2; One Federal and 5 Regional Launching workshops	Addis Ababa, Adama, Hawassa, Dire Dawa, Bahir Dar and Mekelle / more than 600 participants from all tiers of gov't, CSO's and PBS donors	Clarifications were given on ESAP2 project design and objectives, call for proposal, fiduciary, administrative, technical issues.
<b>Safeguards</b>			
March-June 2010	Environmental and Social Assessment Framework (ESMF) and Resettlement Policy Framework (RPF) implementation Review	Nine woredas in five regions	Improved implementation of the ESMF/RPF as a result of hands-on training on the application of the tools for officials in the visited woredas
June 2010	Training and awareness creation on LIG ESMF and RPF	Debre Zeit – Officials from regional BoFED and Environmental Protection Offices	Improved awareness on ESMF/RPF by regional officials to support woredas in the implementation of the ESMF/RPF

Date	Topic	Location/Participants	Outcome
September 14-17, 2010	Training and awareness creation on LIG ESMF and RPF	Debre Zeit – Woreda Officials from LIG pilot woredas in Oromia and Gambella regions	Improved awareness on ESMF/RPF by woreda officials to support better implementation of the ESMF/RPF
October 5-8, 2010	Training and awareness creation on LIG ESMF and RPF	Debre Zeit – Woreda Officials from LIG pilot woredas in Oromia and Gambella regions	Improved awareness on ESMF/RPF by woreda officials to support better implementation of the ESMF/RPF
October-December 2010	Environmental and Social Assessment Framework (ESMF) and Re-settlement policy Framework (RPF) implementation Review	Five woredas in four emerging regions	Improved implementation of the ESMF/RPF as a result of hands-on training on the application of the tools for officials in the visited woredas
June 2011	PBS Environmental and Social Sustainability study	20 sample LIG woredas (there were 99 pilot LIG woredas)	Report on the implementation of LIG safeguards instruments (ESMF and RPF); recommendations on further strengthening and mainstreaming environmental and social assessment at local level

*Ethiopia*

**ANNEX 3. SAMPLE FORMAT FOR FINANCIAL MANAGEMENT REPORTS USED TO  
TRACK PBS 3 FUND FLOWS AND EXPENDITURES**

**Financial Monitoring Reports  
Ministry of Finance and Economic Development  
Promoting of Basic Services Program Phase III Project  
Sub Program A  
Interim Unaudited Financial Report**

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**Content**

**Discussion of Financial performance, Notes & Explanations**

**Consolidated Statement of Sources and Uses of Fund**

**Statement of use of fund by program activity**

**Statement of Expenditure forecasts**

**Statement of Cash Forecasts**

**Statement of Designated accounts by each sub program**

**Statement of recurrent Expenditure summery**

Ministry of Finance and Economic Development (MOFED)  
Promoting of Basic Services Program Phase III Project (PBS)

**Discussion of Financial performance, Notes & Explanations**

**Ministry of Finance and Economic Development (MoFED)**  
**Promoting Basic Services Program Phase III Project (PBS)**  
**Consolidated Statement of Sources & Uses of funds**  
**For the Quarter Ending XXXXX In Million ETB**

*In Birr*

	Quarter (ii)		Cumulative (ii)	
<u>Opening Balance</u>				
Designated Account Sub-Program A/ <sup>iii</sup>	xxxxxx			
<b>Total Opening Balance</b>		xxxxxx		
<b>Sources:</b>				
Government	xxxxxx		xxxxxx	
IDA	xxxxxx		xxxxxx	
Donor xxx (TF)	xxxxxx		xxxxxx	
Donor yyy (TF)	xxxxxx		xxxxxx	
Donor zzzz	xxxxxx		xxxxxx	
<b>Total Sources</b>		xxxxxx		xxxxxx
<b>Available Funds</b>		xxxxxx		xxxxxx
<b>Program Expenditure :</b>				
<b>Sub Program A</b>				
Basic Sector Expenditure	xxxxxx		xxxxxx	
<b>Total Expenditure</b>		xxxxxx		xxxxxx
Excess of income over Expenditure		xxxxxx		xxxxxx
Add: Gain from foreign exchange rate difference		xxxxxx		xxxxxx
<b>Net Available Fund</b>		xxxxxx		xxxxxx
Less: Bank service Charges		xxxxxx		xxxxxx
<b>Closing Balance</b>		xxxxxx		xxxxxx
Designated Account Sub-Program A/ <sup>iii</sup>		xxxxxx		xxxxxx
<b>Total Closing Balance</b>		xxxxxx		xxxxxx

**Note:**

- i) The amounts are drawn from the accounts of the Program
- ii) From the start of the program to date.
- iii) The following exchange rates were used for conversation: 1US Dollar=xx Birr (for both opening and closing balance of DA)
- iv) These other balances include cash, receivables and payables, if any
- v) Expenditure Segration based on Agreed Jabar Form

**Ministry of Finance and Economic Development (MoFED)**  
**Promoting Basic Services Program Phase III Project (PBS)**  
**Consolidated Statement of Sources & Uses of funds**  
**For the Quarter Ending XXXXX In Million ETB**

*In USD*

	Quarter (ii)		Cumulative (ii)	
Opening Balance				
Designated Account Sub-Program A/ <sup>iii</sup>	XXXXXX			
	XXXXXX			
<b>Total Opening Balance</b>		XXXXXX		
<b>Sources:</b>				
Government	XXXXXX		XXXXXX	
IDA	XXXXXX		XXXXXX	
Donor xxx (TF)	XXXXXX		XXXXXX	
Donor yyy (TF)	XXXXXX		XXXXXX	
Donor zzzz	XXXXXX		XXXXXX	
<b>Total Sources</b>		XXXXXX		XXXXXX
<b>Available Funds</b>		XXXXXX		XXXXXX
<b>Program Expenditure</b>				
<b>Sub Program A</b>				
Basic Sector Expenditure	XXXXXX		XXXXXX	
<b>Total Expenditure</b>		XXXXXX		XXXXXX
Excess of income over Expenditure		XXXXXX		XXXXXX
Add: Gain from foreign exchange rate difference		XXXXXX		XXXXXX
<b>Net Available Fund</b>		XXXXXX		XXXXXX
Less: Bank service Charges		XXXXXX		XXXXXX
<b>Closing Balance</b>		XXXXXX		XXXXXX
Designated Account Sub-Program A/ <sup>iii</sup>		XXXXXX		XXXXXX
<b>Total Closing Balance</b>		XXXXXX		XXXXXX

**Note:**

- i) The amounts are drawn from the accounts of the Program
- ii) From the start of the program to date.
- iii) The following exchange rates were used for conversation: 1US Dollar=xx Birr (for both opening and closing banance of DA)
- iv) These other balances include cash, receivables and payables, if any
- v) Expenditure Segration based on Agreed Jabar Form

**Ministry of Finance and Economic Development (MoFED)**  
**Promoting Basic Services (PBS) Program Phase III**  
**Statement of Uses of Funds by Program Activity Sub Program A1**  
**For the Quarter Ending \_\_\_\_\_ in birr 000'**

Sub-Component Activities/i	Actual/II		Plan		Variance	
	Current Quarter	Cummulative to Date/iii	Current Quarter	Cummulative to Date/iii	Current Quarter	Cummulative to-Date/iii
1. Education						
2. Health						
3. Agri. and Rural Dev. & Natural Res.						
4. Water Supply and Sanitation Services						
5. Rural Roads						
<b>Grand total Expenditures/<sup>iv</sup></b>						

**Apportionment**

No.	Financers	Financing Share (%)	Actual Expenditure of the Quarter Million ETB	Actual Expenditure of the Quarter Million USD
1.	Federal/Regional Government			
2.	IDA			
3.	Donor xxxxxx(TF xxxx)			
4.	Donor yyyyyy (TF xxxx)			
<b>Total</b>				

**Notes:**

/i: The items under "Program Activities" will be those agreed between the Borrower and the Donors at the time of appraisal, as reflected in the PAD

/ii: The amounts are drawn from the ledger accounts of the Program

/iii: These are from the start of the program to date figures

/iv: Agrees with total expenditures noted in the "Statement of Sources and uses of fund"

/v: The numbers in this column are obtained by multiplying the total expenditure by the financing share of each partner noted in the previous column.

Ministry of Finance and Economic Development  
Promoting Basic Services (PBS) Program Phase III  
Block Grant transfer Forecast  
For the Quarter Ended on XXXXXXXXX  
In Birrs and USD dollars

Component/Sub Component	Cash Requirement for Quarter ending XXXXXXX Birr	Cash Requirement for Quarter ending XXXXXXX Birr	Cash Requirement for the 6 months ending XXXXXXX Birr	Cash Requirement for the months ending XXXXXXX Birr
<b>Sub Program A</b>				
Health				
Agriculture & Nat res				
Education				
Water & Sanitation				
Roads				
<b>Sub total-Sub Program A</b>				
<b>Grand Total</b>				

Note:

**Ministry of Finance and Economic Development (MoFED)**  
**Promoting Basic Services (PBS) Program Phase III**  
**Summary of Cash Forecast**  
**As at xxxxxxxxxxxx**

*In Birrs and USD dollars/ii*

	(a)	(b)	(c)	(d)
	Cash Requirement for Quarter ending xxxxxxx	Cash Requirement for Quarter ending xxxxxxx	Cash Requirement for the 6 months ending xxxxxxx	Cash Requirement for the 6 months ending xxxxxxx
Component/Sub Component	Birr	Birr	Birr	USD/iii
Forecasted total Expenditure/i				
Sub Program A				
<b>Total</b>				
Less: Cash Balance at xxx				
Designated Account Sub-Program A				
Cash and Bank				
Receivables				
Payables				
<b>Total</b>				
Net Cash Requirement				
Appointionment of Net Cash requirement by fairness:				
Government				
IDA				
Donor XXX (TF)				
Donor yyy (TF)				
Donor zzz(TF)				
<b>Total</b>				

**Note:**

- /i: Agrees with the Forecast expenditure statement shown below
- /ii: Assume Designated Account currency is US dollars (USD)
- /iii: Notes down Exchange rates ruling on the reporting dates are used to convert Birr to USD and vise versa (USD to Birr)
- /iv: Same as the closing balance of the Designated Account shown in Designated Account (IDA) Statement

**Ministry of Finance and Economic Development (MoFED)**  
**Protection of Basic Services Program Phase III Project (PBS)**  
**Designated Account (DA) Statement Sub Program A**

**For the Quarter on xxxxxxxx**

**In USD Dollar**

Discription	Total	IDA	Donor xxx	Donor yyy	Donor zzz	USD	
Opening Balance							
Donor advance during the period							
Refunded to Donors from DA during the quarter							
Available							
Less:							
Transfers out of the DA to the treasury during the quarter							
Bank Services Charges							
Total Transfer and Bank Service Charges							
DA closing balance as at xxxxxxx							

**Ministry of Finance and Economic Development (MOFED)**  
**Protection of Basic Services Program Phase II Project (PBS)**  
**Statement of Recurrent Expenditure at Regional and Woreda Level**  
**For the First Quarter Ended xxxxxx million ETB**

	Regionla total								
	Bureau Level			Woreda Level			Regional Level		
	Salary	Oper. Expn.	Total	Salary	Oper. Expn.	Total	Salary	Oper. Expn.	Total
Administration & Gen. Serv.									
Organ of the State									
Regional council									
Audit Beuro									
Population Office									
Justice									
Public Order									
o/w Police									
General Service									
Information									
Finance & Economic Devel. Beauro									
Revenue Beuro									
Civil Service									
Investment Office									
Economic Service									
Agriculture & Rural Development									
o/w: Food Security									
Natural Resource									
o/w Water									
Trade & industry, tourism									
Mining & Energy									
Trade & Tourism									
Transport & Communication									
Construction									
o/w									
Raod Construction									
Urban Development									
Social Service									
Education									
o/w									
Primary & Junior Education									
Secondary School Education									
Technical Education									
Higher Education									
Culture & Sport									
Health									
o/w									
Primary Health, Clinic & Health Station									
Hospitals									
Malaria Prevention									
Nurses Training									
HIV/AIDS Office									
Social Affaires									
DPPC									
Miscellaneous.									
<b>Grand Total</b>									

<b>Basic Services Sub Program A1 Recurrent Expenditure</b>									
Description	Bureau Level			Woreda Level			Regional Level		
	Salary	Oper. Expn.	Total	Salary	Oper. Expn.	Total	Salary	Oper. Expn.	Total
Education(excluding higher education)									
Health (including HIV/AIDS)									
Agriculture & Rural Development									
Natural Resource									
Water Supply and Sanitation									
Rural Road									
<b>Total</b>									


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## Our Team



### David Pred

#### Co-Founder, Managing Director

[david@inclusivedevelopment.net](mailto:david@inclusivedevelopment.net)

David Pred is a co-founder and the Managing Director of IDI. A vocal advocate and organizer for land, housing and natural resource rights, David has worked to support grassroots movements around the world to hold governments, corporations and financial institutions accountable for land-grabs, forced displacement and related human rights violations. He has successfully represented communities in cases before a range of international human rights and accountability mechanisms and has advocated for human rights reforms at international financial institutions and in global trade regimes. Prior to establishing Inclusive Development International, David founded and served from 2003-2011 as Executive Director of Bridges Across Borders Cambodia (BABC), an international solidarity organization working to support people's action for human rights, social justice and equitable development in Cambodia. In 2012, he oversaw the localization and transformation of BABC into Equitable Cambodia, which is today one of Cambodia's leading national human rights organizations. David also co-founded the Cambodian Housing Rights Task Force (HRTF), a coalition of local and international organizations working to end forced evictions and promote the right to adequate housing in Cambodia. David has extensive experience developing community education and empowerment materials on corporate accountability and the defense of land, housing and natural resource rights. He has organized and facilitated training workshops on a range of human rights topics in Cambodia, Timor Leste, Papua New Guinea, Kenya and South Sudan.

David has a Bachelors Degree in Political Science and International Relations from the University of Florida and a Masters Degree with distinction in the Theory and Practice of Human Rights from the University of Essex.



### Natalie Bugalski

#### Co-founder, Legal Director

[natalie@inclusivedevelopment.net](mailto:natalie@inclusivedevelopment.net)

Natalie Bugalski is a co-founder and the Legal Director of IDI. She is a human rights lawyer with expertise in housing, land and natural resource rights. Over the past decade Natalie has advocated at the local and international level, including at UN human rights bodies, the World Bank and Asia Development Bank, on land tenure policy, resettlement and displacement issues, and on behalf of communities threatened with forced eviction. She has authored and edited numerous reports and articles on housing and land rights issues and produced human rights analyses of draft laws, resettlement policies and eviction cases. She has prepared submissions to international accountability mechanisms, including the World Bank Inspection Panel, the Asian Development Bank's Compliance Review Panel and the Australian Human Rights Commission, on behalf of communities in Cambodia, Kenya and South Sudan. She has researched and prepared reports for the UN Special Rapporteur on the Right to Adequate Housing and assisted her to develop *Guiding Principles on Security of Tenure for the Urban Poor*. Natalie has organized and facilitated many training sessions, workshops and conferences on housing rights and forced evictions in Cambodia, Timor-Leste and Papua New Guinea. She has authored community and practitioner guides on a range of topics, including housing rights, land laws, resettlement policies, and advocacy and negotiation skills.

Prior to co-founding IDI, Natalie consulted for human rights organizations, including the UN Office of the High Commissioner for Human Rights and Amnesty International, and worked as the Legal Officer at the Centre on Housing Rights and Evictions (COHRE)'s Asia Programme. She has practiced law in Australia in the areas of refugee law and public interest litigation and taught Constitutional law at the Faculty of Law, Monash University, Australia. Natalie has a Bachelor of Laws with first class honors and a PhD in law, both from Monash University. Her doctoral thesis explored the impact of the policies of the World Bank and other international development institutions on the right to adequate housing

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and in particular security of land tenure and access to water, with a focus on Cambodia, Timor-Leste and Vanuatu.



## Mark Grimsditch

### Research Associate

[mark@inclusivedevelopment.net](mailto:mark@inclusivedevelopment.net)

Mark Grimsditch is a Research Associate at IDI. Mark has lived in Asia for since 2006, including four years in Cambodia and four in China. During his time in Cambodia, Mark worked as an advisor at Bridges Across Borders Cambodia, supporting the development of the organization's community legal and human rights awareness program, developing curriculum, and conducting critical research to support the organization's advocacy work. Since 2011, Mark has consulted for various local and international organizations working in the region.

Mark has published a number of interactive community training manuals focusing on issues including land and housing rights, personal security for human rights defenders, and the mining and agribusiness sectors. He has also conducted in-depth research and published a number of reports and papers on Cambodian land policies and issues, and comparative research and analysis of safeguard policies at the World Bank, International Financial Corporation, China Development Bank and China Eximbank. Mark has extensive experience investigating specific investment projects, unpacking the links between companies and their financial backers. He is closely following trends in both private and state-backed investment in Southeast Asia, and has particular expertise in the relationship between China and the mainland Mekong region.



## Dustin Roasa

### Research and Media Associate

[dustin@inclusivedevelopment.net](mailto:dustin@inclusivedevelopment.net)

Dustin Roasa is an investigative journalist who has reported from Asia for *The Guardian*, *Foreign Policy*, *The Los Angeles Times*, *The Washington Post* and others. He was the first Western journalist to write in-depth about Vietnam's nascent pro-democracy movement, and he has covered truth and reconciliation in Cambodia, gay rights in Malaysia, and freedom of speech in Myanmar. Dustin has a master's degree in journalism from New York University.



23532 Calabasas Road, Suite A, Calabasas, California USA 91302 • Tel: +1 (818) 225-9150 • Email: [info@inclusivedevelopment.net](mailto:info@inclusivedevelopment.net)



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**AMERICAS**

# World Bank Is Criticized for Honduran Loan

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By ELISABETH MALKIN JAN. 10, 2014

MEXICO CITY — The [World Bank](#) ombudsman issued a stinging critique Friday of the bank's private-sector arm over a loan to a Honduran palm-oil company engaged in a violent conflict with farm workers over land tenure.

[The study](#) concluded that the [International Finance Corporation](#), which lends to companies in developing countries, failed to follow its own requirements when it first approved the 2009 loan to Corporación Dinant, and that its supervision afterward was inadequate.

The lush Bajo Aguán Valley, where [a land dispute](#) boiled over after [a 2009 coup](#), and where Dinant is the largest single landowner, is a microcosm of many of the problems facing [Honduras](#), one of the poorest and most violent countries in the hemisphere. The vast gap between rich and poor drives continuing social conflict, and because the rule of law is so weak, impunity flourishes.

Since 2009, almost 100 people had been killed in Bajo Aguán, the country's human rights commissioner, Ramón Custodio, said in June.

Most of them were farm workers, although some Dinant security guards were also among the dead. The killings occurred in a climate of violence “practiced by all parties and tolerated by different authorities,” according to the commissioner’s office.

Antonio Trejo, the lawyer for one of the main groups of workers, [was killed in 2012](#). His brother was killed the following year after complaining that the slaying had not been investigated.

“We practically have a war of psychological operations against peasants,” said Juan Almendarez, director of [Friends of the Earth Honduras](#), one of the groups that requested the audit.

In a statement Friday, Dinant said it would defend its reputation against “unfounded comments” in the report, and pointed to a series of actions it was taking to improve its social and environmental standards, with the International Finance Corporation as a “strategic partner.”

The corporation had agreed to lend the company \$30 million to expand its oil-palm plantations and snack-food business. It disbursed \$15 million in 2009; the rest has yet to be paid out.

In its response to the audit, the corporation defended its approval of the project, noting “there was no evidence of land claims in the legal system or otherwise,” even though the audit found a series of public references to the conflicts in Bajo Aguán.

As turmoil spread in the region, the corporation “chose to remain engaged and work with Dinant” to improve its policies “particularly in security and community engagement,” according to a letter signed by Oscar Chemerinski and Morgan Landy, directors of two departments in the corporation with responsibility for the project.

Dinant agreed to hand over almost 10,000 acres to the Honduran government in 2012 as part of a plan to redistribute land to farm workers. But putting the plan into practice has been difficult, said Yoni Rivas Baire, a leader of the farm workers, because of disputes over the land’s value.

The nongovernmental groups that requested the audit said the World Bank’s president should withhold further financing to Dinant and press it more on human rights and land issues.

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A version of this article appears in print on January 11, 2014, on page A7 of the New York edition with the headline: World Bank Is Criticized for Honduran Loan. [Order Reprints](#) | [Today's Paper](#) | [Subscribe](#)

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# “WAITING HERE FOR DEATH”

Displacement and “Villagization” in Ethiopia’s Gambella Region



# **“Waiting Here for Death”**

Forced Displacement and “Villagization” in  
Ethiopia’s Gambella Region

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Printed in the United States of America

ISBN: 1-56432-854-6

Cover design by Rafael Jimenez

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Human Rights Watch is an international organization with staff in more than 40 countries, and offices in Amsterdam, Beirut, Berlin, Brussels, Chicago, Geneva, Goma, Johannesburg, London, Los Angeles, Moscow, Nairobi, New York, Paris, San Francisco, Tokyo, Toronto, Tunis, Washington DC, and Zurich.

For more information, please visit our website: <http://www.hrw.org>



# “Waiting Here for Death”

## Forced Displacement and “Villagization” in Ethiopia’s Gambella Region

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## **GLOSSARY OF ABBREVIATIONS**

<b>AAAS</b>	American Association for the Advancement of Science
<b>ACHPR</b>	African Commission on Human and Peoples' Rights
<b>CAT</b>	United Nations Committee Against Torture
<b>DAG</b>	Development Assistance Group
<b>DFID</b>	United Kingdom Department for International Development
<b>DRS</b>	Developing Regional States
<b>EDF</b>	Ethiopian Defense Force
<b>EIA</b>	Environmental Impact Assessment
<b>EPRDF</b>	Ethiopian People's Revolutionary Democratic Front
<b>EU</b>	European Union
<b>GPLM</b>	Gambella People's Liberation Movement
<b>ICCPR</b>	International Covenant on Civil and Political Rights
<b>ICESCR</b>	International Covenant on Economic, Social, and Cultural Rights
<b>ILO</b>	International Labour Organization
<b>NGO</b>	Nongovernmental Organization
<b>OLF</b>	Oromo Liberation Front
<b>PBS</b>	Protection of Basic Services
<b>PSNP</b>	Productive Safety Net Program
<b>SNNPR</b>	Southern Nations, Nationalities and Peoples' Region
<b>SPLA</b>	Sudanese People's Liberation Army
<b>TPLF</b>	Tigray People's Liberation Front
<b>UNHCR</b>	United Nations High Commissioner for Refugees
<b>UNICEF</b>	United Nations Children's Fund
<b>USAID</b>	United States Agency for International Development
<b>WFP</b>	United Nations World Food Program
<b>ZPEB</b>	Zhoungyuan Petroleum Exploration Bureau

## SUMMARY

The Ethiopian government is forcibly moving tens of thousands of indigenous people in the western Gambella region from their homes to new villages under its “villagization” program. These population transfers are being carried out with no meaningful consultation and no compensation. Despite government promises to provide basic resources and infrastructure, the new villages have inadequate food, agricultural support, and health and education facilities. Relocations have been marked by threats and assaults, and arbitrary arrest for those who resist the move. The state security forces enforcing the population transfers have been implicated in at least 20 rapes in the past year. Fear and intimidation are widespread among affected populations.

By 2013 the Ethiopian government is planning to resettle 1.5 million people in four regions: Gambella, Afar, Somali, and Benishangul-Gumuz. The process is most advanced in Gambella; relocations started in 2010 and approximately 70,000 people were slated to be moved by the end of 2011. According to the plan of the Gambella regional government, some 45,000 households are to be moved over the three-year life of the plan. Its goals, as stated in the plan, are to provide relocated populations “access to basic socioeconomic infrastructures ... and to bring socioeconomic & cultural transformation of the people.” The plan pledges to provide infrastructure to the new villages and assistance to those being relocated to ensure an appropriate transition to secure livelihoods. The plan also states that the movements are voluntary.

Human Rights Watch interviewed over 100 residents affected in the first round of the villagization program in Gambella and found widespread human rights violations at all stages of the program. For example, immediately after the move to a new village, soldiers would force villagers to build their own *tukuls* (traditional huts) and villagers would be threatened or assaulted for resting or talking during the building process.

Instead of enjoying improved access to government services as promised in the plan, new villagers often go without them altogether. The first round of forced relocations occurred at the worst possible time of year in October and November, just as villagers were preparing to harvest their maize crops. The land in the new villages is also often dry and of poor

quality. Despite government pledges, the land near the new villages still needs to be cleared while food and agricultural assistance—seeds, fertilizers, tools, and training—are not provided. As such, some of the relocated populations have faced hunger and even starvation. Residents may walk back to their old villages where there is still access to water and food, though returning to their old fields they have found crops destroyed by baboons and rats.

Human Rights Watch's research shows that the program is not meeting the government's aims of improving infrastructure for Gambella's residents. On the contrary, it threatens their access, and right, to basic services. Due to this lack of service provision in the new villages, children have not been able to attend school, women are walking farther to access water thereby facing harassment or beatings from soldiers, and few residents are receiving basic healthcare services.

The impact of these forcible transfers has been far greater than the normal challenges associated with adjusting to a new location. Shifting cultivators—farmers who move from one location to another over the years—are being required to plant crops in a single location. Pastoralists are being forced to abandon their cattle-based livelihoods in favor of settled cultivation. In the absence of meaningful infrastructural support, the changes for both populations may have life-threatening consequences. Livelihoods and food security in Gambella are precarious, and the policy is disrupting a delicate balance of survival for many.

The villagization program is taking place in areas where significant land investment is planned and/or occurring. The Ethiopian federal government has consistently denied that the villagization process in Gambella is connected to the leasing of large areas of land for commercial agriculture, but villagers have been told by local government officials that this is an underlying reason for their displacement. Former local government officials told Human Rights Watch the same thing.

Since 2008 Ethiopia has leased out at least 3.6 million hectares of land nationally (as of January 2011) to foreign and domestic investors, an area the size of the Netherlands. An additional 2.1 million hectares of land is available through the federal government's land bank for agricultural investment (as of January 2011). In Gambella, 42 percent of the total land area of the region is either being marketed for lease to investors or has already been

awarded to investors, and many of the areas where people have been forcibly removed under the villagization program are located within these parcels.

Areas essential to livelihoods such as grazing areas, forests, and fields for shifting cultivation have been taken from the local populations with no meaningful consultation or compensation. The indigenous peoples of these areas, ethnic Anuak and Nuer among others, have never had formal title to the land they have lived on and used. The government simply claims that these areas are “uninhabited” or “underutilized” and thus skirts the Ethiopian constitutional provisions and laws that would protect these populations from being relocated.

Such population transfers are not new. Ethiopia has a long and brutal history of failed attempts at resettling millions of people in collectivized villages, particularly under the Derg regime, in power until 1991, but also under the current government of the Ethiopian People’s Revolutionary Democratic Front (EPRDF). The villagization concept has now been reborn in Gambella under the guise of “socioeconomic and cultural transformation.”

Foreign donors to Ethiopia assert that they have no direct involvement in the villagization programs, although several donors concede that they may indirectly support the program through general budget support to local governments and by underwriting basic services in the new villages. As a result of their potential responsibilities and liabilities, donors have undertaken assessments into the villagization program in Gambella and in Benishangul-Gumuz and determined that the relocations were voluntary.

Human Rights Watch’s research on the ground in Gambella contradicts this finding. We believe that donors to the Protection of Basic Services (PBS) Program that underwrites the creation of infrastructure in the new villages, such as the World Bank, European Union (EU), and United Kingdom, are involved in a program that is doing more to undermine the rights and livelihoods of the population than to improve them.

Human Rights Watch calls on the government of Ethiopia to halt ongoing human rights violations being committed in the name of villagization. Relocations should be voluntary and populations should be properly consulted and compensated. Mass displacement to make way for commercial agriculture in the absence of a proper legal process contravenes Ethiopia’s constitution and violates the rights of indigenous peoples under international law.

International donors should ensure that they are not providing support for forced displacement or facilitating rights violations in the name of development. They should press Ethiopia to live up to its responsibilities under Ethiopian and international law, namely to provide communities with genuine consultation on the villagization process, ensure that the relocation of indigenous people is voluntary, compensate them appropriately, prevent human rights violations during and after any relocation, and prosecute those implicated in abuses. Donors should also seek to ensure that the government meets its obligations to respect, protect, and fulfill the economic and social rights of the people in new villages.

# RECOMMENDATIONS

## To the Government of Ethiopia

- Uphold the rights under the Ethiopian constitution and international human rights law of Gambella’s indigenous populations prior to any further villagization including, at a minimum:
  - Implementing a land tenure registration system that increases land tenure security (including for shifting cultivators and for communal or grazing areas);
  - Protections from expropriation;
  - Implementation of compensation procedures.
- Engage Gambella’s indigenous groups on alternative livelihood provisions prior to the implementation of any further villagization, resettlement, or significant land investment activities. This process should respect indigenous values and rights while allowing development activities to be undertaken for the benefit of Ethiopia.
- Permit residents relocated by villagization to return to their old farms in the interim and take other necessary steps to ensure that affected populations have adequate access to water, food, and other necessities.
- Ensure that forcibly relocated indigenous communities have adequate redress, preferably by restitution or if not possible, just, fair, and equitable compensation for the lands, territories, and resources that they have traditionally owned or otherwise occupied or used.
- Ensure that future villagization efforts meet international standards prohibiting forced eviction and protecting indigenous peoples, in particular:
  - Involve communities in all aspects of program planning;
  - Are genuinely voluntary and allow the right of return to old farms and residences at any time without intimidation, violence, or other rights violations;
  - Occur only after required and promised infrastructure is in place and operational in new villages. This also includes the clearing of land, appropriate training, agricultural input provision, and appropriate interim food aid to ensure transitions to secure livelihoods;
  - Recognize the unique needs of agro-pastoral populations such as the Nuer, including provision of dry season water sources, ongoing access to grazing lands, among others;
  - Involve communities in site selection: sites should be fertile, adjacent to adequate year round water supplies, and old vacated areas should not be transferred to investors for a period of time in order to allow for the voluntary right of return;

- Occur only after land tenure provisions have been fully implemented in the villagized area;
- Are timed so as not to disrupt critical agricultural production times, namely harvesting and planting periods.
- Take all necessary measures, including issuing clear guidelines to regional and *woreda* (district) government officials, to ensure that the military and police abide by international human rights standards; minimize the role of the military in the villagization process.
- Discipline or prosecute as appropriate all government and military officials, regardless of position, implicated in human rights violations associated with villagization.
- Repeal or amend all laws that infringe upon the rights to freedom of expression, association and peaceful assembly, including the Charities and Societies Proclamation, the Mass Media and Freedom of Information Proclamation, and the Anti-Terrorism Proclamation, to bring them into line with international standards.
- Allow independent human rights organizations and the media unimpeded access throughout the Gambella region.
- Treat all individuals taken into custody in accordance with international due process standards.

### **To Ethiopia's Foreign Donors in the Development Assistance Group (DAG)**

- Ensure that no form of support, whether financial (direct or general budget support), diplomatic, or technical, is used to assist in the villagization process in Gambella until the government investigates human rights abuses linked to the process, abides by donors' Good Practice Guidelines and Principles on Resettlement and takes appropriate measures to prevent future abuses.
- Support the prompt implementation of land tenure security provisions for the area's indigenous populations; press the Ethiopian government to ensure this happens prior to further villagization efforts.
- Press the government of Ethiopia to engage with Gambella's indigenous populations about alternative livelihood provisions prior to the implementation of any further villagization, resettlement, or significant land investment activities.
- Publicly call on the Ethiopian government to amend or repeal the Charities and Societies Proclamation, the Mass Media and Freedom of Information Proclamation, and the Anti-Terrorism Proclamation to bring them into line with international standards.
- Increase independent on-the-ground humanitarian monitoring in Gambella to identify humanitarian needs in anticipation of emergencies.

## To Agricultural Investors

- Conduct due diligence to ensure that no people were forcibly displaced to make way for any concession, and ensure that the government is abiding by donors' Good Practice Guidelines and Principles on Resettlement in respect of any people moved in relation to a concession.
- Potential investors should not enter into leases with the Ethiopian government until:
  - A land tenure registration system has been implemented for customary users of the proposed lease area;
  - Environmental Impact Assessments (EIA) have been carried out that identify potential impacts and strategies to mitigate these impacts. These EIAs should be available publically and to impacted communities;
  - The investor has consulted with local indigenous communities. These communities must give their free and informed prior consent prior to the lease and compensation should be provided by the government, as per Ethiopian law, to any customary users of the land, including shifting cultivators and agro-pastoral populations.

## METHODOLOGY

This report is based on over 100 interviews undertaken over a four-week period in Ethiopia from May to June 2011, and one week interviewing refugees at the Ifo refugee camp in Dadaab and Nairobi, Kenya, where many Gambellans are presently located. Another 10 donors and federal government officials were interviewed in Addis Ababa during August 2011. Interviewees from across the Gambella region included community leaders, farmers with direct experience of the villagization process in their communities, students, nongovernmental organization (NGO) workers, and former government officials.

Human Rights Watch visited 5 of the 12 *woredas* where the villagization process is presently being implemented, and obtained testimony from 16 of the villages affected during the first year of the program. The *woredas* visited were within the Anuak and Nuer zones. No Majangere areas were visited due to difficulty of access.

In addition, Human Rights Watch conducted 10 telephone interviews with members of the United States and Europe-based diaspora community, academics, and members of NGOs involved in Gambella. Human Rights Watch wrote to the government of Ethiopia and to the Development Assistance Group on November 16, 2011, summarizing our findings and requesting an official response. We received a response from the government of Ethiopia on December 19, 2011, and a response from the DAG on December 12, 2011. Both responses are included as appendices to this report.

Human Rights Watch identified interviewees through various contacts (including government officials, journalists, and Ethiopian diaspora). Efforts were made to interview a wide range of people across gender, age, ethnicity, urban and rural, and geographic lines. Interviews with villagers were conducted in safe and secluded locations, often in interviewees' villages, and were conducted in English, Amharic, Anuak, or Nuer, using local interpreters where necessary. Villages were chosen based largely on road access, researcher knowledge of those villages, and security considerations. In Kenya efforts were made to interview former residents who left Gambella from areas where villagization was being carried out and when the program was being implemented.

Human rights research and monitoring is very challenging in Ethiopia for both foreign researchers and Ethiopian individuals and organizations. This is the result of various factors: laws that severely infringe on the functioning of NGOs including the Charities and Societies Proclamation and the Anti-Terrorism Proclamation; restrictions on media freedoms; the government's intolerance of political dissent; and the intimidation and fear generated by government officials that permeates life in Ethiopia. Given this environment, it was very difficult to locate, identify, and interview individuals in a manner that respected the safety and security of interviewer and interviewee. The vast majority of interviewees in Gambella expressed concern over possible retribution from the government. Human Rights Watch has omitted names and identifying characteristics of individuals and certain locales to minimize the likelihood of government action against them and their communities.

## BACKGROUND TO VILLAGIZATION IN ETHIOPIA

Ethiopia has a long history of brutally displacing rural populations through resettlement and so-called villagization programs during the former Derg regime and under the current government of the Ethiopian People's Revolutionary Democratic Front.<sup>1</sup> Often publicized as intended to provide remote populations with better services and socio-economic infrastructure, or to improve food and water distribution, in most cases the programs failed the populations that they were supposed to help.<sup>2</sup>

Displacement in the past has occurred primarily in two ways: resettlement from the highlands to the lowlands, and through villagization, defined as the clustering of agro-pastoral and/or shifting cultivator populations into more permanent, sedentary settlements. Past villagization programs were rife with problems: forced displacements of populations accompanied by serious human rights violations in which dissenting opinions were silenced by fear of retribution. A leading scholar on villagization wrote in 1991 about the Derg-era programs:

The verdict on villagization was not favorable. Thousands of people fled to avoid villagization; others died or lived in deplorable conditions after being forcibly resettled.... There were indications that in the short term, villagization may have further impoverished an already poor peasantry. The services that were supposed to be delivered in new villages, such as water, electricity, health care clinics, schools, transportation, and agricultural extension services, were not being provided because the Government lacked the necessary resources.... Denied immediate access to their fields, the peasants were also prevented from guarding their crops from birds and other wild animals.<sup>3</sup>

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<sup>1</sup>The Derg governed Ethiopia with extreme brutality from the fall of Emperor Haile Selassie in 1974 until 1991, when it was ousted by a coalition of insurgent groups led by the Tigrayan People's Liberation Front (TPLF). Since 1991 the TPLF has dominated the ruling ethnic-based coalition of political parties known as the Ethiopian Peoples' Revolutionary Democratic Front.

<sup>2</sup> Human Rights Watch/Africa, *Evil Days: Thirty Years of War and Famine in Ethiopia*, (New York: Human Rights Watch, September 1991), <http://www.hrw.org/reports/1991/09/01/evil-days-thirty-years-war-and-famine-ethiopia>.

<sup>3</sup> Mulatu Wubne, "Resettlement and Villagization," in Thomas P. Ofcansky and LaVerle Berry, eds., *A Country Study: Ethiopia* (Library of Congress Federal Research Division, 1991), <http://lcweb2.loc.gov/cgi-bin/query/r?frd/cstdy:@field%28DOCID+eto056%29>, (accessed July 4 2011).

## The History of Villagization

Villagization has the objective of grouping scattered farming communities into small villages of several hundred households each. Villagization in Ethiopia has a lengthy history, with dramatic impacts on rural populations, and was a key component of the Derg's socialist agricultural collectivization policies. The Derg's villagization program was ambitious: more than 30 million rural peasants—two-thirds of the total population—were planned to be moved into villages over a nine-year period.<sup>4</sup> By 1989 the government had villagized 13 million people, when international condemnation, deteriorating security conditions, and lack of resources caused the program to dramatically slow down.<sup>5</sup> Unlike the current program, villagization was not widespread for pastoralist and shifting cultivator communities.

The official rationale for villagization was to promote rational land use; conserve resources; strengthen security; and provide access to clean water, health and education infrastructure.<sup>6</sup> However, these new villages were often the source of forced labor for government projects—whether for road construction, agricultural production, or other infrastructure development. For the most part villagization was implemented with the threat of force, rather than outright force, with some exceptions. For example, in Harerghe (in eastern Ethiopia) and Illubabor (modern day Gambella), government security forces implementing the process committed theft, arbitrary detention, extrajudicial executions, torture, rape, and burning of property.<sup>7</sup>

Many villagers fled the newly created villages. One estimate suggests that 50,000 people from the Oromo ethnic group fled their villages in Harerghe in 1986 and became refugees in Somalia.<sup>8</sup> Between 1984 and 1986 as many as 33,000 settlers across the country (5.5 percent of the total number of people moved) may have died from starvation and tropical diseases, while at least 84,000, or 14 percent more, are believed to have fled these new settlements.<sup>9</sup>

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<sup>4</sup> Mulatu Wubne, "Resettlement and Villagization," <http://lcweb2.loc.gov/cgi-bin/query/r?frd/cstdy:@field%28DOCID+eto056%2>.

<sup>5</sup> Ibid.

<sup>6</sup> Ibid.

<sup>7</sup> Human Rights Watch/Africa, *Evil Days*.

<sup>8</sup> Thomas P. Ofcansky and LaVerle Berry, eds., *Ethiopia: A Country Study* (Library of Congress Federal Research Division, 1991), <http://lcweb2.loc.gov/cgi-bin/query/r?frd/cstdy:@field%28DOCID+eto103%29>, (accessed July 23, 2011).

<sup>9</sup> Gebru Tereke, *The Ethiopian Revolution: War in the Horn of Africa* (New Haven: Yale University, 2009), p. 380.

## Past Villagization and Rights Violations in Gambella

Many of the residents of Gambella<sup>10</sup> who spoke to Human Rights Watch view the current villagization program as merely the latest in a long line of the government's discriminatory campaigns.<sup>11</sup> Gambella's first large-scale displacements for commercial agriculture began in 1979. Many of Gambella's indigenous Anuak were evicted en masse when the government set up irrigation schemes on the Baro River, the main navigable waterway in the region, with Amhara settlers brought from the highlands to farm the schemes.<sup>12</sup> In 1984, 150,000 settlers from the food insecure highland areas of Tigray, Amhara, and Oromia arrived in Gambella,<sup>13</sup> a significant number for a region that today has a population of just over twice that, approximately 307,000.<sup>14</sup>

Some Anuak who lived along the riverbanks refused to be relocated. Government tractors cleared their crops and lands to "encourage" the river dwellers to move to the resettlement schemes. Conflict increased between settlers and indigenous populations over the loss of land and forested areas, while an increased military presence restricted indigenous people's movement around their traditional lands.<sup>15</sup>

Villagization of the rural Anuak began in 1986 with the new villages being described as "more akin to forced labor camps."<sup>16</sup> Villagized and resettled Anuak, along with many highlander settlers, were forced to work on the new state farms, clearing forests, or building infrastructure. Government security forces beat, detained, and intimidated those who resisted, and many fled into southern Sudan. The Anuak were prevented from moving freely outside of the villages, and one source suggests that Anuak were denied access to

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<sup>10</sup> Unless otherwise noted in this report "Gambella" refers to the Gambella region.

<sup>11</sup> Human Rights Watch interviews, Gambella and Dadaab, Kenya, May and June 2011.

<sup>12</sup> Human Rights Watch/Africa, *Evil Days*.

<sup>13</sup> While various sources list the figure as 150,000, several other reliable sources suggest the figure may be as low as 70,000.

<sup>14</sup> Central Statistical Authority, Office of Population and Housing Census Commission, Federal Democratic Republic of Ethiopia, "2007 Gambella Census", 2007, <http://www.csa.gov.et/>, (accessed May 12, 2011).

<sup>15</sup> See Gugo O. Kwot, "1984 – 1985 Ethiopian Resettlement Program and its curse on the Anyuaks Culture," July 27, 2006, <http://www.anyuakmedia.com/com727062.html>, (accessed August 15, 2011); and Genocide Watch, "The Anuak of Ethiopia," January 8, 2004, [http://www.genocidewatch.org/images/Ethiopia\\_23\\_Jan\\_04\\_The\\_Anuak\\_of\\_Ethiopia.pdf](http://www.genocidewatch.org/images/Ethiopia_23_Jan_04_The_Anuak_of_Ethiopia.pdf), (accessed August 15, 2011); and Human Rights Watch, *Targeting the Anuak: Human Rights Violations and Crimes against Humanity in Ethiopia's Gambella Region*, March 23, 2005, <http://www.hrw.org/en/reports/2005/03/23/targeting-anuak>.

<sup>16</sup> Genocide Watch, "The Anuak of Ethiopia," [http://www.genocidewatch.org/images/Ethiopia\\_23\\_Jan\\_04\\_The\\_Anuak\\_of\\_Ethiopia.pdf](http://www.genocidewatch.org/images/Ethiopia_23_Jan_04_The_Anuak_of_Ethiopia.pdf), and Human Rights Watch, *Targeting the Anuak*.

the Baro River for fishing activities—a crucial part of Anuak livelihoods and identity. The authorities often beat those who were caught.<sup>17</sup>

Opposition to the Derg’s resettlement and villagization policies resulted in the formation of the Gambella People’s Liberation Movement (GPLM),<sup>18</sup> allied with the Oromo Liberation Front (OLF).<sup>19</sup> The Derg and the GPLM committed human rights abuses as the Ethiopian government targeted the GPLM and rural populations accused of supporting the GPLM, while the GPLM attacked individuals perceived to be linked to the government.<sup>20</sup>

Tensions remained high culminating on December 13, 2003, when, in response to an attack on a government vehicle that killed seven Ethiopian highlanders and one Anuak, the Ethiopian military and highlander militia groups massacred hundreds of people over several days in Gambella town, Abobo town, and surrounding areas.<sup>21</sup> Throughout 2004 the military then carried out a campaign of violence against Anuak communities amounting to crimes against humanity.<sup>22</sup>

Sporadic, isolated, and disorganized attempts at forced displacement have occurred since that time, with one effort in November 2008 involving the forced displacement of Gambellans from Laare and Puldeng villages to a new area. The villagers resisted and the police responded, reportedly killing livestock, burning homes, and killing nine people and wounding 23.<sup>23</sup>

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<sup>17</sup> Sandra Steingraber, “Resettlement and Villagization – Tools of Militarization in SW Ethiopia,” *Militarization and Indigenous Peoples: Part 2 Africa, Asia, and the Middle East*, 1987, <http://www.culturalsurvival.org/ourpublications/csq/article/resettlement-and-villagization-tools-militarization-sw-ethiopia>, (accessed August 7, 2011).

<sup>18</sup> The GPLM was founded in 1987 in opposition to the policies of both the Derg government and the Sudanese People’s Liberation Army (SPLA) who were active in Gambella at the time. The GPLM engaged in “armed struggle” against both the Derg and the SPLA. In collaboration with the EPRDF, the GPLM governed Gambella from 1991 to 1998.

<sup>19</sup> The Oromo Liberation Front stems from Oromo nationalist movements in the 1960s. After a tenuous alliance with the TPLF against the Derg, the OLF’s relations with the EPRDF deteriorated by 1992, and the organizations took up what it called “armed struggle” against the current government. See Human Rights Watch, *Suppressing Dissent: Human Rights Abuses and Political Repression in Ethiopia’s Oromia Region*, May 9, 2005, <http://www.hrw.org/node/11759/section/5>. The OLF has been outlawed in Ethiopia and is frequently declared a terrorist organization by the Ethiopian government.

<sup>20</sup> Sandra Steingraber, “Resettlement and Villagization,” <http://www.culturalsurvival.org/ourpublications/csq/article/resettlement-and-villagization-tools-militarization-sw-ethiopia>.

<sup>21</sup> For a full description of the events of the period, see Human Rights Watch, *Targeting the Anuak*.

<sup>22</sup> *Ibid.*

<sup>23</sup> Internal Displacement Monitoring Centre, “Ethiopia: Monitoring of conflict, human rights violations and resulting displacement still problematic,” January 20, 2011, <http://www.internal-displacement.org/8025708F004CE90B/%28httpCountrySummaries%29/ABE954230B08D5B5C125781700374C91?OpenDocument&count=10000>, (accessed May 11, 2011).

## Background to the Current Villagization Program

Livelihoods and food security in Gambella are precarious. Policy changes are going to affect the survival of hundreds of thousands of people. According to the government, renewed villagization in Gambella is intended to improve socio-economic infrastructure. The local populations, however, fear that it is a tool to expropriate their land for commercial agriculture and natural resource extraction.

### *Livelihoods in Gambella*

In comparison with the drier, relatively cool, and heavily populated highlands, the Gambella region is oppressively hot, richly endowed with high quality soils, abundant water supplies (part of the White Nile watershed), widespread forest cover, low relative population densities, and other natural resources.<sup>24</sup> According to the most recent census of 2007, the population of Gambella is about 307,000. Of those, 229,000 people—some 46,000 households comprising various ethnic backgrounds—live in rural areas. Approximately 46 percent of the total population is Nuer, 21 percent Anuak, 20 percent Highlander Ethiopian, 7 percent Majangere, 3 percent Opo, and 3 percent Komo.<sup>25</sup> In addition, there are approximately 19,000 (mainly Anuak) refugees from the Sudan civil war (in Pugnido),<sup>26</sup> along with thousands of Lou Nuer who arrived in 2009 following conflict with the Murle in South Sudan. Nuer and Anuak are by far the largest ethnic groups in terms of population and relative political power.

The livelihoods of the Anuak and Nuer are dramatically different from each other. As a result, displacements of any kind have radically different impacts on each ethnic group.

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<sup>24</sup> For example, Amhara has a population density of 116 persons per square kilometer, whereas Gambella has a population density of just 10 persons per square kilometer. Central Statistical Authority, “2007 Gambella Census,” <http://www.csa.gov.et/>, and “1994 Population and Housing Census of Ethiopia: Results for Amhara Region,” vol. 1, part 1, December 2005, [http://www.csa.gov.et/surveys/Population%20and%20Housing%20Census%201994/surveyo/data/docs%5Creport%5CStatistical\\_Report%5Ck03%5Ck03\\_part1.pdf](http://www.csa.gov.et/surveys/Population%20and%20Housing%20Census%201994/surveyo/data/docs%5Creport%5CStatistical_Report%5Ck03%5Ck03_part1.pdf), (accessed October 8, 2011).

<sup>25</sup> Central Statistical Authority, “2007 Gambella Census,” <http://www.csa.gov.et/>. There are widespread perceptions in Gambella that census numbers dramatically underestimate the true population numbers, as remoteness, difficulty of access, and the shifting or pastoral nature of the population present significant challenges in acquiring accurate and thorough information.

<sup>26</sup> World Food Program, “Ethiopia: Joint Mission (JAM),” 2008, WFP/UNHCR/ARRA, <http://home.wfp.org/stellent/groups/public/documents/ena/wfp221068.pdf>, (accessed August 3, 2011).

Anuak tradition suggests the Anuak moved into the Gambella region approximately 400 years ago.<sup>27</sup> Their language, from the Nilo-Saharan language group, is unique to the Gambella region, and is not understood by neighboring ethnicities. Their culture is also unique to the region, as is their reliance on shifting cultivation as a livelihood strategy. Their identity is intimately tied to the land and the rivers along which they live, and until recently, have had a traditional land base in Gambella that is used solely by their ethnic group. Tension between Nuer and Anuak over access to land has been an issue in Gambella.

The Anuak largely fall into two livelihood groups: the Openo clan who live along the region's main rivers and are thus more sedentary, and the upland or forest dwellers called the Lul clan. As a result, the Anuak are spread out geographically throughout the forest and along the major riverbanks, with more dense agglomerations in the towns.

The upland Anuak practice a pattern of shifting cultivation, whereby one parcel of land is worked for several years before moving on to another area. Two or three cycles of cultivation are carried out before returning to the first plot in seven to ten years. The Anuak typically live in small settlements of several families each, and utilize low levels of agricultural technology, resulting in low productivity. Maize and sorghum are the most common crops, and their livelihoods are enhanced through access to fish and forest products, such as roots, leaves, nuts, and fruits. Their agricultural knowledge and livelihood strategies are based on this continual shifting—a striking contrast to the more sedentary living envisioned under the villagization program. The riverside Anuak lead a more sedentary existence and their livelihood and identity is tied intricately to the rivers. In addition to agriculture that keeps them in one place, their livelihood also depends on fish and fruit trees.

The Nuer have a more recent history in the region. It has been suggested that the Nuer, along with other Nilotic groups, settled along the rivers of eastern South Sudan around the 14<sup>th</sup> century.<sup>28</sup> The Nuer first moved into the Gambella region during the late 19<sup>th</sup> century.<sup>29</sup> The seasonal movement throughout “Nuerland” is based largely on finding appropriate

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<sup>27</sup> John Burton, “Anuak,” *Encyclopedia of World Cultures*, <http://www.encyclopedia.com/doc/1G2-3458001460.html>, 1996.

<sup>28</sup> John Burton, “Nuer,” *Encyclopedia of World Cultures*, 1996, <http://www.encyclopedia.com/topic/Nuer.aspx>, (accessed December 13, 2011).

<sup>29</sup> Dereje Feyissa, “The Ethnic Self and the National Other: Anywaa Identity Politics in Reference to the Ethiopian State System,” in Bahru Zewde, ed., *Society, State and Identity in Africa History*, (Addis Ababa: Forum for Social Studies, 2008), p. 130.

grazing lands for the Nuer's cattle—a practice directly threatened by the villagization process. The population also increased dramatically due to influxes related to the war in Sudan during the 1980s. As agro-pastoralists, the majority of Nuer have little experience living in sedentary settlements. These cattle are uniquely tied to their livelihood strategy, ethnic identity, and cultural patterns. They are a source of food, wealth, and prestige for the Nuer. Nuer language is unique within the Gambella region, and cannot be understood by any of the region's other ethnicities. The Nuer are also well-known for their unique cultural practices, including their ritual scarification.<sup>30</sup>

### *Agricultural Land Investment in Gambella*

One of the more dramatic recent trends in Ethiopia, and Gambella in particular, is the leasing out of large land areas to agricultural investors. Since 2008 Ethiopia has leased out at least 3.6 million hectares of land nationally as of January 2011—an area the size of the Netherlands. An additional 2.1 million hectares of land is available through the federal government's land bank for agricultural investment. In Gambella 42 percent of the total land area is either being marketed for lease to investors or has already been awarded to investors.<sup>31</sup> This land is being awarded to large-scale foreign investors<sup>32</sup> and small-scale Ethiopian or diaspora investors with no meaningful consultation and no compensation to farmers for lost farmland.<sup>33</sup>

The environmental and social impacts of land investment in Gambella are significant, and are contributing to rapidly decreasing levels of food security for the poor and marginalized, particularly the indigenous population. There are no limits on water use, little in the way of accountability, and nothing in place to protect the rights and livelihoods of local communities in the vicinity of these investments.<sup>34</sup> While direct displacement from populated areas has thus far been minimized, farmland has been taken and many areas

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<sup>30</sup> African Commission on Human and Peoples' Rights (ACHPR), *Indigenous Peoples in Africa: The Forgotten Peoples?* (Banjul: ACHPR, 2006), p. 15. The ACHPR lists the Nuer as one of the groups indigenous to Ethiopia.

<sup>31</sup> Oakland Institute, "Understanding Land Investment Deals in Africa: Country Report: Ethiopia," 2011, <http://media.oaklandinstitute.org/understanding-land-investment-deals-africa-ethiopia>, (accessed August 1, 2011).

<sup>32</sup> The two best known foreign investors are India's Karuturi and Saudi Arabia's Saudi Star, which is owned by Ethiopian/Saudi billionaire and EPRDF supporter Mohammed Hussein al-Amoudi.

<sup>33</sup> Oakland Institute, "Understanding Land Investment Deals in Africa," <http://media.oaklandinstitute.org/understanding-land-investment-deals-africa-ethiopia>.

<sup>34</sup> Oakland Institute, "Understanding Land Investment Deals in Africa," <http://media.oaklandinstitute.org/understanding-land-investment-deals-africa-ethiopia>.

that contribute to livelihood provision have been taken by investors with no advance notice such as areas of shifting cultivation, and forest.

As has historically been the case, the government considers these areas to be “unused” or “underutilized,” and therefore available for transfer to industrial agriculture.<sup>35</sup> Metasebia Tadesse, minister counselor at the Ethiopian embassy in New Delhi, sums up this perspective: “Most Ethiopians live on highlands; what we are giving on lease is low, barren land. Foreign farmers have to dig meters into the ground to get water. Local farmers don’t have the technology to do that. This is completely uninhabited land. There is no evacuation or dislocation of people.”<sup>36</sup>

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<sup>35</sup> For example see Anupama Chandrasekaran and Vidya Padmanabhan, “Investments in Ethiopia farming face criticism from activists”, *Livemint.com*, September 5, 2011, <http://farmlandgrab.org/post/view/19211>, (accessed September 7, 2011).

<sup>36</sup> *Ibid.*



## GAMBELLA'S VILLAGIZATION PROCESS

### The Government Villagization Plan

The Ethiopian federal government's current villagization program is occurring in four regions—Gambella, Benishangul-Gumuz, Somali, and Afar. According to published reports, this involves the resettlement of approximately 1.5 million people throughout the lowland areas of the country—500,000 in Somali region, 500,000 in Afar region, 225,000 in

Benishangul-Gumuz, and 225,000 in Gambella.<sup>37</sup> The movements in Afar and Somali are all one-year programs, while Gambella and Benishangul-Gumuz are three-year programs that started in the latter half of 2010. As of November 2010, 150,000 Somalis had been moved, with the remainder to be moved throughout the rest of the year.<sup>38</sup> Recent reports from Ethiopian state media indicate that involuntary displacements in the Southern Nations, Nationalities, and Peoples' Region (SNNPR) associated with irrigated sugar plantations are now being classified as part of a villagization program, with 10,995 pastoralist household villagized in 2010/2011 and over 20,000 more to be villagized imminently.<sup>39</sup>

According to Minister of Federal Affairs Shiferaw Teklemariam, the programs in Somali and Afar are “primarily to resettle people in less arid areas near the Wabe Shebelle and Awash rivers,” while the Gambella and Benishangul-Gumuz movements are for “improved service provision.”<sup>40</sup> In a December 2011 letter to Human Rights Watch the minister said that “the villagization programs in Gambella ... are efforts to tackle poverty and ignorance” and that in addition “the targets are to provide efficient and effective economic and social services (safe drinking water, optimum Health care, Education, improved agronomy practices, market access etc.), create an access to infrastructure (road, power, telecommunication etc.) and ensure the citizens’ full engagement in good governance and democratic exercise.”<sup>41</sup>

According to the Gambella Regional Government’s “Villagization Program Plan 2003 EFY” for 2010, the goal of Gambella’s program is to “provide basic socioeconomic infrastructures” and “ultimately to enable them food secured [their food security] and to bring socioeconomic & cultural transformation of the people.”<sup>42</sup> The original concept was to resettle 45,000 households across Gambella region over the three years of the life of the

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<sup>37</sup> William Davison, “Ethiopia plans ambitious resettlement of people buffeted by East African drought,” *Christian Science Monitor*, August 1, 2011, <http://www.csmonitor.com/World/Africa/2011/0801/Ethiopia-plans-ambitious-resettlement-of-people-buffeted-by-East-Africa-drought>, (accessed August 1, 2011).

<sup>38</sup> William Davison, “Ethiopia Relocates 150,000 People in Eastern Somali Region in Five Months,” *Bloomberg*, November 29, 2010, <http://www.bloomberg.com/news/2010-11-29/ethiopia-relocates-150-000-people-in-eastern-somali-region-in-five-months.html>, (accessed August 1, 2011).

<sup>39</sup> “State to villagize over 20,000 pastoralist households,” *Waltainfo*, December 26, 2011, [http://www.waltainfo.com/index.php?option=com\\_content&view=article&id=1111:state-to-vilagize-over-20000-pastoralist-households&catid=52:national-news&Itemid=291](http://www.waltainfo.com/index.php?option=com_content&view=article&id=1111:state-to-vilagize-over-20000-pastoralist-households&catid=52:national-news&Itemid=291), (accessed December 28, 2011).

<sup>40</sup> William Davison, “Ethiopia Relocates 150,000 People,” <http://www.bloomberg.com/news/2010-11-29/ethiopia-relocates-150-000-people-in-eastern-somali-region-in-five-months.html>.

<sup>41</sup> Letter from Minister of Federal Affairs Shiferaw Teklemariam to Human Rights Watch, December 19, 2011.

<sup>42</sup> Gambella Peoples’ National Regional State, “Villagization Program Action Plan (2003 EFY)”, August 2002 EC (Ethiopian calendar), (2010 for the European calendar).

project, with approximately 15,000 households the first year. However, according to media reports and a subsequent implementation plan,<sup>43</sup> 26,000 households will be moved in the first year because, according to Gambella Governor Omod Obang, “the resettlers are showing keen interest for the program.”<sup>44</sup> In his letter to Human Rights Watch, Shiferaw Teklemariam stated that 20,243 households were moved the first year (2010/2011).<sup>45</sup>

While implementation responsibilities lie with the regional and lower levels of government, it is widely understood that the federal government is the originator of the policy throughout the four regions. Former regional and *woreda* civil servants in Gambella informed Human Rights Watch that a “coordinator” from the federal government has been posted with the regional government and there are two federal representatives in each of the *woredas* to oversee the villagization process.<sup>46</sup>

Many communities were told by the authorities they would be required to move for “improved infrastructure provision,” while others were told they were to be moved either to mitigate the problems associated with the annual flooding of the Baro River or for security reasons (mostly for Nuer communities that fear cattle-raiding).<sup>47</sup>

Villagization is to occur in all *woredas* in Gambella, and is intended, according to government plans, to move people from smaller, more scattered settlements—whether practicing riverside agriculture, shifting cultivation, or agro-pastoralism—into larger settlements of 500 to 600 households each. People are to be moved within their *woreda* only—there is no intention of resettlement from one *woreda* to another.<sup>48</sup>

Some of the 49 villages that people were being moved to in the first year of the plan already exist and have some infrastructure, while in other cases the new village is being developed from the ground up. According to the plan, newly developed infrastructure

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<sup>43</sup> A copy of the plan was provided to Human Rights Watch by a former government worker, and contains information for those that are implementing it on the ground.

<sup>44</sup> “Villagization Process well in progress in Gambella State,” *Waltainfo*, January 11, 2011, [http://www.waltainfo.com/index.php?option=com\\_content&task=view&id=24991&Itemid=52](http://www.waltainfo.com/index.php?option=com_content&task=view&id=24991&Itemid=52), (accessed September 1, 2011).

<sup>45</sup> Letter from Minister of Federal Affairs Shiferaw Teklemariam to Human Rights Watch, December 19, 2011.

<sup>46</sup> Human Rights Watch interview with former regional and *woreda* government employees, Dadaab, Kenya, June 18 and 19 2011. A *woreda* is an administrative district in Ethiopia, managed by a local level of government. *Woredas* are made up of village-level administrations called *kebeles*. The 12 *woredas* in Gambella make up the Gambella Regional State.

<sup>47</sup> Human Rights Watch interviews, Gambella, May 2011.

<sup>48</sup> Gambella Peoples’ National Regional State, “Villagization Program Action Plan (2003 EFY),” p. 2.

includes 19 primary schools, 25 health clinics, 51 water schemes, 41 grinding mills, 18 veterinary clinics, 195 kilometers of rural roads, and 49 warehouses/storage facilities. At the end of the program, the intention is that all Anuak, Nuer, and other indigenous peoples (not including South Sudanese refugees) will be gathered in towns of 500 to 600 households each farming on three to four hectares of land.<sup>49</sup> There is no mention in the plan of what will happen to the Nuer cattle under the villagization program. The widespread fears are that shifting cultivation, riverside cultivation, and agro-pastoralism will disappear.

The budget for the first year of the plan was 61.9 million Birr (approximately US\$3.7 million),<sup>50</sup> which does not include the 58.2 million Birr (US\$3.4 million) of food aid required.<sup>51</sup> According to the plan, the “implementer” of the food aid requirements is supposed to be Non Governmental Organizations.<sup>52</sup> The rest of the budget items are to be implemented by various levels of government. The plan is silent on human rights protections.

## Affected Communities

Over the three years of this program all households of the indigenous inhabitants of rural Gambella are to be moved. In the first year, 2010/2011, villagization has occurred in *woredas* in Gambella region: Gambella, Godere, Gog, Abobo, Dimma, and to some extent in Itang and Jor. These *woredas* are for the most part Anuak, and these are the areas that are closest to the major infrastructure of the region, such as the main roads and the largest towns. These are also the areas of most intensive agricultural land investment.

Eight villages out of the total of sixteen that Human Rights Watch obtained testimony from already existed prior to the villagization process—villagers were being moved from scattered settlements to an existing village. The other eight villages were mostly located in dry, arid areas away from any dry season water sources such as a major river. Usually the areas were known to the Anuak as they often had used that land in the past as part of a shifting cultivation land use pattern, but had abandoned it due to decreased soil fertility.<sup>53</sup>

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<sup>49</sup> Gambella Peoples' National Regional State, “Villagization Program Action Plan (2003 EFY),” pp. 1-3.

<sup>50</sup> Ibid., p. 9.

<sup>51</sup> The food aid as described is to “overcome the lean period” according to the plan; Ibid., p. 3.

<sup>52</sup> The plan does not name the NGOs, nor whether they are local or international NGOS. It also does not indicate if these are resources that have already been committed by NGOs or whether they are resources that will be requested of NGOs.

<sup>53</sup> Human Rights Watch interviews, Gambella, June 2011.

Indigenous communities were moved within their own *woreda*, and movements thus far have respected ethnic or clan lines. Anuak fall into two main livelihood groups: those living along the rivers (more sedentary) and those in the upland forest (who usually practice shifting cultivation). All the new villages are located in the upland forest, and so Anuak relocated from the riverbank are facing an additional adjustment and interruption to their livelihoods by being relocated from the water sources on which they depend for water and to grow food.

Human Rights Watch visits to the Anuak and Nuer areas showed a very different government approach to villagization between each of those ethnic groups.

While the villagization process in the Anuak areas has severely affected the livelihoods of those affected, the loss of livelihoods in the Nuer areas is even more dramatic. The Nuer are agro-pastoralists and the needs of their cattle are of critical importance. The Nuer were told they would be villagized for security purposes—to reduce the likelihood of cattle raids from neighboring tribes, such as the Murle from South Sudan.<sup>54</sup> The Nuer interviewed by Human Rights Watch stated that the new locations and larger community size made the villages easier to defend. However, given the complete lack of a dry season water source, Nuer could not keep their cattle anywhere near the village. As a result, two new Nuer villages that had been created by the villagization process had already been completely abandoned.<sup>55</sup>

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<sup>54</sup> Human Rights Watch interviews, Gambella, May 22, 2011.

<sup>55</sup> Human Rights Watch interviews, Gambella, May 23, 2011.



A newly constructed but virtually abandoned Nuer village. In this village, villagers were often forced to build *tukuls* (traditional huts) that they will likely never live in. Additionally, the village lacked dry season water access and was vulnerable to Murle cattle raids.

Villagization is also happening to Anuak town residents who are not civil servants in certain areas of Gambella town, Pugnido town (Gog *woreda*), Dimma town (Dimma *woreda*), and Abobo town (Abobo *woreda*). Residents said that they were told that if they did not have a job with the government in these urban areas, then they must go to the villages.<sup>56</sup>

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<sup>56</sup> Human Rights Watch interviews, Dadaab, Kenya, June 18 and 19, 2011.

## HUMAN RIGHTS ABUSES IN THE VILLAGIZATION PROCESS

We want you to be clear that the government brought us here... to die... right here.... We want the world to hear that government brought the Anuak people here to die. They brought us no food, they gave away our land to the foreigners so we can't even move back. On all sides the land is given away, so we will die here in one place.

—An Anuak elder in Abobo *woreda*, May 2011.

The government's plan asserts that the villagization process is voluntary, as does the letter from the minister of federal affairs which states that "[villagization] was fully conducted on voluntary basis and with the full consent and participation of the beneficiaries."<sup>57</sup> But Human Rights Watch's research found the process to be far from voluntary and has been accompanied by widespread human rights violations, including forced displacement, arbitrary arrest and detention, beatings, rape, and other sexual violence. Residents have been denied their rights to food, education, and adequate housing. These problems were similar for all areas in Gambella that Human Rights Watch visited.

The villagization process began in mid to late 2010, depending on the area. The first meetings between government officials and the community would be held several months before the move was to occur. In most cases these meetings were held in mid-2010. Government officials were usually from the *woreda* level, although for larger communities or those close to major towns regional or federal officials would be present. Usually there would be some regional police present, but participants said that security forces were usually at a minimum for the first meeting.

It was at these initial meetings that communities were first notified that they would be moved in the coming months. If communities were not cooperative, or indicated their

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<sup>57</sup> Letter from Minister of Federal Affairs Shiferaw Teklemariam to Human Rights Watch, December 19, 2011.

refusal to move, the next meeting, usually several weeks later, involved visits from the Ethiopian army, regional police, local militias, and government officials.<sup>58</sup>

Residents described to Human Rights Watch that any refusal or inquiries was met with beatings, arrests, or intimidation from the army. A woman from Abobo *woreda* said:

The first meeting was just with the *kebele* government officials, but we refused their [villagization] plan. They then arrested the village chief at night; the soldiers took him to the police station and he was there for one month. Then the next time the district officials, police, army, and militias showed up. They called a meeting, and nobody said anything because of the soldiers' presence.<sup>59</sup>

In some cases the authorities told the villagers ahead of time when they should move. But for the most part, when it was time to go, government officials, accompanied by police and military, arrived and told them they should move.

Soldiers accompanied the villagers to the new sites and supervised the multi-week *tukul* (traditional hut) construction period. The distance from the old to the new villages typically involved a walk of two to five hours, though in Dimma *woreda* some people were relocated up to 12 hours away by foot. Once the villagers built the *tukuls*, the army typically left.

The moves began in October or November 2010, just prior to harvest time. Stated government promises were similar for all villages: the authorities would provide schools, health clinics, access to water, grinding mills, cleared land for crops, and food aid for seven to eight months. However, despite the promises of schools and clinics, the regional government's plan shows that these were not planned for the majority of villages. In short, the authorities did not tell the villagers the truth.<sup>60</sup> Some communities were also promised tools, agricultural inputs, clothes, and mosquito nets.

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<sup>58</sup> Militias refer to armed groups of 5 to 10 villagers per village that were trained by the federal army over several months to undertake basic policing and security functions within the villages. This process happened just as the villagization process was commencing in the villages. The positions are unpaid.

<sup>59</sup> Human Rights Watch interview with a former resident of Abobo *woreda*, Dadaab, Kenya, June 19, 2011.

<sup>60</sup> According to the plan, of the 49 *kebeles* where villagization was to occur, the authorities planned to build 19 schools and 22 health clinics.

Human Rights Watch found that the actual assistance to the villagers invariably fell far short of the promises. Of the villages visited by Human Rights Watch, a grinding mill building had been completed in two, and a school and clinic had been built in one, but none of these was operational.<sup>61</sup> The authorities provided a very limited amount of food aid to only five of these villages, and just two villages had any land cleared by the government for agricultural production. When it became apparent that little or none of the promised infrastructure or food was to be provided, some villagers simply abandoned the new villages. Some returned to their old farms, while many of the able-bodied men fled into the bush, to South Sudan, or to the UNHCR refugee camps in Kenya, leaving women, children, the sick, and the elderly behind.<sup>62</sup>

The claims by Human Rights Watch that Gambellans are leaving Gambella to the refugee camps of Kenya were refuted by Minister of Federal Affairs Shiferaw Teklemariam who claims that this assertion is “further evidence of baseless allegation and total fabrication” and that “if this was even remotely true, there must certainly have been an official report from UNHCR....There is no such report, simply because there are no such refugees.” According to UNHCR, Kenya’s refugee camps have 1,474 refugees and asylum seekers of Gambellan origin as of May 2011<sup>63</sup> and 2,155 Gambellans as of December 2011,<sup>64</sup> an increase of 681 in the last seven months. Fifty recent arrivals were interviewed by Human Rights Watch at the UNHCR refugee camp in Dadaab in June 2011. Community leaders within Dadaab’s Anuak community report that 613 Anuak have arrived at UNHCR’s Ifo refugee camp in Dadaab during the last four months of 2011 (October to December 2011).<sup>65</sup> The photo below taken in June 2011 shows an Anuak refugee cultural celebration at the UNHCR camp in Kenya.

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<sup>61</sup> Human Rights Watch site visits, Gambella, May 2011.

<sup>62</sup> Human Rights Watch interviews, Gambella and Dadaab, Kenya, May and June 2011.

<sup>63</sup> Email communication from UNHCR to Human Rights Watch, June 17, 2011.

<sup>64</sup> Email communication from UNHCR to Human Rights Watch, January 10, 2011.

<sup>65</sup> Email communication with Anuak community leader [name withheld] in Dadaab, Kenya, December 28 2011.



Anuak community members conducting an Anuak cultural celebration dance, at the UNHCR refugee camp in Dadaab, Kenya on June 19, 2011. Ethiopia's Minister of Federal Affairs claims there is no evidence of refugees in Kenya an South Sudan fleeing the villagization program, but according to Anuak community leaders, 623 Anuak arrived in Dadaab between October 2011 and December 2011 alone.

## Forced Displacement

We were told, “If somebody refuses, the government will take action”—so the people went to the new village—by force.

—Villager in Abobo *woreda*, May 2011.

Gambella’s first year of the three-year villagization program has mirrored the forced displacements of Ethiopia’s past villagization efforts.<sup>66</sup>

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<sup>66</sup> Ofcansky and Berry, eds., *Ethiopia: A Country Study*, <http://lcweb2.loc.gov/cgi-bin/query/r?frd/cstdy:@field%28DOCID+eto103%29>.

Virtually all of the villagers interviewed by Human Rights Watch said that their move was an involuntary, forced process. While all villages reported being engaged in some form of “consultation,” it took the form of government officials “informing” people that they would be moved to a new location. Villagers said that in many of these meetings, they did not utter a word for fear of reprisal by the authorities. And their fears were justified: those who expressed concern or question the government’s motives were frequently threatened, beaten, and arrested by police or soldiers. A villager told Human Rights Watch:

The government came and talked to the village elders and those that are influential. Then the government together with the soldiers and elders called us for a meeting where we were told we were to be moved. There was no consultation or opportunity for dialogue, they were just informing us. Those that spoke up are considered “inciters,” and five of them were arrested from the two villages. They were in prison for between 20 days and one month, and were released on the condition they do not speak against villagization. So either they are silent or they flee.

Despite the intimidation, arrests, and beatings, some communities refused to move to the new villages. The government tried different techniques to persuade them, including dialogue, intimidation, and violence, but several of these communities continued to refuse and have been allowed, thus far, to stay put, but for some of them at a very high cost. A person from Dimma *woreda* said: “People left their crops behind then tried to return. Those who refused to go had their houses burned down by soldiers. Crops were destroyed. In [the village], where there were many mangoes and some sugar cane, government soldiers burned 100 houses.”<sup>67</sup>

In Abobo and Gog *woredas* people who left the new villages tried to return to their old farming areas. Some communities have been allowed to go back to their old farms, given the absence of food available at the new villages. In the majority of these cases women, children, and the sick have remained in the new villages. The minister of federal affairs stated that “They have also all the right to return to their original locations whenever and if they want.”<sup>68</sup> It is evident that this has not occurred in all cases. A former Okula resident

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<sup>67</sup> Human Rights Watch interview with former a Dimma resident, Dadaab, Kenya, June 19, 2011.

<sup>68</sup> Letter from Minister of Federal Affairs Shiferaw Teklemariam to Human Rights Watch, December 19, 2011.

said: “If you go back [to the farm] to get materials or for washing, you get harassed and beaten. They [the army] say we are *shiftas* [bandits]. They say that ‘You black men are our slaves.’”<sup>69</sup> A former Dimma *woreda* resident said: “The [army] told us ‘If you go back, we will destroy the old hand pump.’ There is no hand pump in our new village.”<sup>70</sup>

## Forced Displacement from Urban Centers

Without providing a credible reason, the government is also moving Anuak from urban areas into new rural villages. In at least four urban areas (Gambella town, Dimma town, Pugnido, and Abobo town), Anuak—and only Anuak—who were not civil servants or among the few Anuak business owners, were told by the authorities that they needed to leave town and settle in nearby villages. This process began in November 2010.

An Anuak from Dimma town recounted:

People from Dimma town were moved too. “We have a project here and you must go. Civil servants and businesses can stay—all other Anuak must go,” government told us. There are more and more Highlanders in Dimma town now. As Anuak move out of Dimma, Highlanders move in immediately—from Tigray, Amhara, Wollo. There is very good business in Dimma for gold. Even students had to leave Dimma—“There is a school where you are going” [there was not]. All Anuak have left Dimma, if you do not go, you get arrested.<sup>71</sup>

None of the reasons stated by the government, or the rationale expressed in the plan, readily explain urban displacement. The Gambella Regional Government’s Villagization Plan makes no mention of moving indigenous people such as the Anuak from urban areas to the new villages.

In Gambella town two main types of displacement are occurring: people who live along the Baro River on prime agricultural land on the periphery of town and those who live in the more dense areas of Gambella, where *tukuls* are more common. Many of the most egregious abuses were reported from those displaced from Gambella town. According to an attendee at

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<sup>69</sup> Human Rights Watch interview with a former Okula, Dimma, resident, Dadaab, Kenya, June 18, 2011.

<sup>70</sup> Human Rights Watch interview with a former Dimma resident, Dadaab, Kenya, June 18, 2011.

<sup>71</sup> Human Rights Watch interview with a former Dimma student, Dadaab, Kenya, June 18, 2011.

a public meeting in December 2010, the Gambella regional governor told people: “Lands you are using are not utilized. We have investors coming who will use more efficiently. Those who resist we will take all possible action.”<sup>72</sup> Several other interviewees who attended the same public meeting provided similar accounts of the governor’s statement.<sup>73</sup>

Displaced Anuak from Gambella town were told to go to the village of Wan Carmie. By May 2011 virtually no one remained in Wan Carmie, fleeing elsewhere. At the time, many Anuak were still present in Gambella town. Human Rights Watch is concerned that an underlying reason for the urban-based displacement is government support for private investment. Instead, individuals were being told that the reason for the forced relocation was the poor standard of their houses. A former resident explained:

We were told this place should have this type of buildings, and so on and [the authorities would say] “You have not done that so we will relocate you to Carmie. You should have certain building standards, so we will allocate this land to the Highlanders who will build to the standards contained in the Master Plan. You are not in the right area for that type of construction.”<sup>74</sup>

A woman moved to Carmie was told by government officials when they visited her farm: “We have some projects to implement here. [Saudi investor name withheld] needs to use this area for a market so you must go.”<sup>75</sup> Similar testimonies were received from three different villagers who were displaced from along the Baro River.<sup>76</sup>

A former resident of Pugnido town said he was told by *woreda* officials: “You have no land here. You take your tools and go build a house in the village. We don’t want people here doing nothing. We will make this area for business and farming.”<sup>77</sup>

A former Dimma resident told us: “They held a town meeting in Dimma where we were told ‘if you have no job, all Anuaks should go away.’ A few days later, soldiers and district

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<sup>72</sup> Human Rights Watch interview, Dadaab, Kenya, June 19, 2011.

<sup>73</sup> Human Rights Watch interviews, Dadaab, Kenya, June 18 and 19, 2011.

<sup>74</sup> Human Rights Watch interview with a former resident of Gambella town, Dadaab, Kenya, June 18, 2011.

<sup>75</sup> Human Rights Watch interview with a former resident of Gambella town, Dadaab, Kenya, June 19, 2011.

<sup>76</sup> Human Rights Watch interviews with former farmers, Dadaab, Kenya, June 18 and 19, 2011.

<sup>77</sup> Human Rights Watch interview with a former resident of Pugnido town, Dadaab, Kenya, June 19, 2011.

officers were in town to tell people it was time to go ... some people resisted, so soldiers were ‘active.’”<sup>78</sup> In three of the four *woredas* where urban Anuak are being relocated (Gambella, Abobo, and Gog *woredas*) significant agricultural land investment is happening. In the fourth *woreda* (Dimma) there is increasing investment in the gold mining industry.<sup>79</sup>

## Suppressing Dissent

The Ethiopian government’s longtime tactic of stifling opposition to programs and policies through fear and intimidation is evident in the implementation of the villagization program. Citizens cannot voice their concerns without fear of reprisal, including possible arrest or mistreatment. The government has effectively silenced any public opposition to the program; there is no mechanism for communities to express their views or have a constructive dialogue; and many indigenous people inside Ethiopia were nervous about speaking to Human Rights Watch for fear of reprisal by the government.

The army or police were present at many, perhaps most, public meetings—an intimidating presence given the longstanding history of military abuses against the local population.<sup>80</sup> The security forces carried out many beatings and arbitrary arrests in a public fashion, perhaps to show what would happen to those that oppose the policy.<sup>81</sup> One resident opposed to the villagization process said: “If we say any of this to them, they twist it and we go to jail.”<sup>82</sup>

One man described what happened to his friend following a public meeting on villagization in Gambella town:

“If people are not being told why, do we have to go?” my friend [name withheld] said at the public meeting. This meeting took place in the day, then in the night, people were beaten by the EDF [Ethiopian Defense Force, army] and accused of mobilizing farmers against villagization. Two of my friends were beaten, arrested, and taken to hospital [he showed photos of

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<sup>78</sup> Human Rights Watch interview with a former resident of Dimma town, Dadaab, Kenya, June 18, 2011.

<sup>79</sup> Kaleyesus Bekele, “Chinese Mining Giant commences operations in Ethiopia”, *The Reporter*, July 16, 2011, <http://www.thereporterethiopia.com/News/chinese-mining-giant-commences-gold-exploration-in-ethiopia.html>, (accessed August 1, 2011).

<sup>80</sup> For example, see Human Rights Watch, *Targeting the Anuak*.

<sup>81</sup> Human Rights Watch interviews, Gambella and Dadaab, Kenya, May and June 2011.

<sup>82</sup> Human Rights Watch interview, Gambella *woreda*, May 26, 2011.

two beaten friends]. The next day there was another meeting. And my friend [who had spoken up the day before] got emotional at the meeting. When the meeting was over the EDF followed him into town at night and shot him from behind through the neck [showed photograph]. The two army officers were at the earlier meeting.<sup>83</sup>

The Ethiopian government has permitted very little media coverage of the program within Ethiopia. As a result, outside of affected areas there appears to be very little if any awareness of the program among ordinary Ethiopians. International media attention has also been stifled, with journalists subjected to questioning when staying in villages in areas where villagization is taking place. A Human Rights Watch researcher was questioned by *woreda* officials who told him, “We hear that foreigners are poking around trying to find out about villagization, and taking what villagers say, twisting it, and making our government look bad.”<sup>84</sup>

Fear of speaking out about the villagization program and the suppression of information and dissent also extends to government employees. According to former civil servants who spoke to Human Rights Watch, many government employees are afraid to say anything for fear of losing their job or other forms of reprisal. For those who expressed concern about the program or seek clarification, the outcome was threats, demotion, or, in at least three cases known to Human Rights Watch, arrest.<sup>85</sup>

A regional government worker, who was demoted twice and eventually imprisoned for three months for questioning villagization, explained:

I asked “Why do people need to go?” If you ask this then they will target you. I said “We should consult with them to see what they want, then it could be successful. They told me I was anti-government: “We have told you to go and tell the villages. You have refused. From this day on we will study you and your background.” Once you raise a question you are always targeted from regional to village level and your name will be recorded.<sup>86</sup>

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<sup>83</sup> Human Rights Watch interview, Dadaab, Kenya, June 18, 2011.

<sup>84</sup> Abobo *woreda* officials to Human Rights Watch, Gambella, May 26, 2011.

<sup>85</sup> Human Rights Watch interview with former regional and *woreda* civil servants, Dadaab, Kenya, June 19, 2011.

<sup>86</sup> Human Rights Watch interview with former regional civil servants, Dadaab, Kenya, June 18, 2011.

If villages resisted in any way or the program was not being carried out as quickly as desired, *woreda* or other junior government officials were targeted and blamed for the problems. Often this targeting took the form of demotion, firing, or occasionally arrest.<sup>87</sup> This happened at both the regional level and the *woreda* level. A former *woreda* development agent told Human Rights Watch:

Farmers in our *woreda* did not want to go. The *woreda* reported to the region that farmers are refusing to accept. The governor asked the *woreda* chairman to investigate. He did—“Yes, they are resisting. What shall we do?” he asked the governor. The governor told him that five development agents should be suspended from their job, and that he will bring in the soldiers. So that is what happened.<sup>88</sup>

## Arbitrary Arrest and Detention

The Ethiopian government has arrested individuals who expressed concern about the villagization process during meetings, traditional leaders of “anti-villagization” communities, and elders or young men accused of “inciting people to refuse.” In several *woredas* where communities were not cooperative, government officials were also detained or arrested. Human Rights Watch received credible accounts of arbitrary arrests in 9 of the 16 villages we obtained testimony from; the overwhelming majority were men who had spoken up during the initial meetings.

Those arrested have typically been detained for under two weeks, though some have been held much longer. Human Rights Watch is unaware of any of these individuals being charged with any offense, or appearing before a judge.<sup>89</sup> Many of the arrests appear to have been carried out publicly, and appear to have been used as a tool to intimidate and instill fear among the rest of the population.

Human Rights Watch interviewed three community leaders who were detained for openly questioning the government’s policy during the meetings. They were not charged, were never brought before a judge, and were released after several weeks on the condition that

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<sup>87</sup> This was described by four former *woreda* and regional government employees during Human Rights Watch interviews, Dadaab, Kenya, June 2011.

<sup>88</sup> Human Rights Watch interview with a former *woreda* civil servant, Dadaab, Kenya, June 18, 2011.

<sup>89</sup> Human Rights Watch interviews, Gambella and Dadaab, Kenya, June 19, 2011.

they would support the moves, would no longer speak out against the policy, and would mobilize their community to move.<sup>90</sup> Another community leader said:

In our village, old men were arrested because they expressed concern—five of them. They were told they were “anti-villagization.” They are still in Gambella prison since [their arrest] around November [2010]. These village heads had a private meeting and they decided against villagization, and they would tell government when they came. They told them two weeks later, and they were arrested for “not being cooperative.”<sup>91</sup>

## Beatings and Assaults

There have been many reports of government soldiers assaulting and beating people during the villagization process. Available information suggests that the overwhelming majority of these beatings happened when people expressed concern about villagization during meetings, or when they actually resisted when it was time to move. This happened mainly between October 2010 and January 2011 in many villages, including almost all of the villagized areas in Dimma and Gog *woredas*; Ukuna and Chobokir in Abobo *woreda*; Opagna and Wan Carmie in Gambella *woreda*; and around Gambella town.

Many beatings also took place during construction of the *tukuls* in the new villages, where displaced people were forced to build their own new homes. Soldiers supervised the building of these *tukuls*; in some cases soldiers were camped out near the villages, in other cases they would arrive in the morning and leave in the evening. In these cases, soldiers were there to intimidate and ensure that the villagers built their *tukuls* swiftly. If villagers were too slow or were seen talking in a group, they became potential targets for beatings and assaults by government troops. Often this would involve a kick, slap, punch, or hitting with the butt of a rifle, but other times the beatings would be more severe. According to one villager:

During construction, there were three situations in which you were beaten: one, if you are found outside the construction area; two, are sitting in a group; or three, if two people are seen talking. ‘You are mobilizing,’ they

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<sup>90</sup> Human Rights Watch interviews, Dadaab, Kenya, June 18, 2011.

<sup>91</sup> Human Rights Watch interview with a former Gog Depache resident, Nairobi, Kenya, June 19, 2011.

would say. More than 10 were beaten in our village and most of them ran off and haven't returned. It was mostly men beaten.<sup>92</sup>

Human Rights Watch documented at least seven credible accounts of people dying as a result of the beatings inflicted by the military and heard of many more that could not be corroborated. One resident said:

My father was beaten for refusing to go along [to the new village] with some other elders. He said, "I was born here—my children were born here—I am too old to move so I will stay." He was beaten by the army with sticks and the butt of a gun. He had to be taken to hospital. He died because of the beating—he just became more and more weak. Two other villagers were taken to Dimma prison.<sup>93</sup>

The military appears more likely to use violence against relocated villagers in less populated areas. For example, more arbitrary arrests, beatings, and deaths were reported in remote Dimma than in relatively more populous Gambella town. Most of those reported beaten in the new villages were village leaders or young men, although women and children were also occasional victims of beatings. One eyewitness said:

One day I went to visit relatives at a [neighboring village]. I immediately saw the mobilization of people to cut trees. It was almost 5 p.m. One of the community leaders expressed concern at the late start.... This person was then beaten in front of everyone and taken away. His hands were tied behind his back, he was beaten as people watched. They were unable to do anything, afraid to intervene. Police and *woreda* officials were also involved in this beating; they said he was "anti-villagization." He was held in jail for one month. There are eight of them that are in danger in that village and are being intimidated by the army because they were accused of forming an anti-villagization group.<sup>94</sup>

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<sup>92</sup> Human Rights Watch interview with a former Gog *woreda* resident, Dadaab, Kenya, June 19, 2011.

<sup>93</sup> Human Rights Watch interview with a former Dimma *woreda* resident, Dadaab, Kenya, June 18, 2011.

<sup>94</sup> Human Rights Watch interview with a former Abolkir resident, Dadaab, Kenya, June 18, 2011.

News of the military’s targeting of young men—considered to be the biggest threat to the authorities—has spread throughout the region. In some communities elders have told young men not to come to the government meetings to avoid interacting with the soldiers, while in many villages young men have just fled into the bush and to South Sudan.<sup>95</sup> A young villager said:

When I went back to my old village to gather belongings I was told [by a soldier] “Why are you here? You are thieves.” I was then beaten with sticks, and I still have chest pain. The day before this a friend was killed by soldiers. He was beaten with guns and sticks, was vomiting blood and died before we could treat him. He was 19 [years old]. Anuak were crying during the beating but no one could intervene—there were many soldiers there—and we are scared of them.<sup>96</sup>

A woman, formerly of Gog Depache, said:

There was one day we were sitting under the trees, eating green cabbage. Soldiers called five boys and just beat them badly—three were taken to hospital, two of them died. The other three are still in serious condition. There were eight arrests. If you cry for someone who has been arrested or beaten they say, “He is a *shifita* [bandit].” They are still in prison. After witnessing all of this I fled. People are showing up dead along the roadside or in villages. Two old men were found dead along the road—they were the ones who had expressed concern at the meeting. Their throats had been cut. Those that were arrested were those that expressed concern and those that tried to go back to their farms.<sup>97</sup>

## Rape and Sexual Violence

Human Rights Watch learned of many instances of rape and other sexual violence by soldiers connected to villagization, and at least one instance of girls being abducted by soldiers to become their “wives.”

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<sup>95</sup> There is also a large group of young Anuak men in the refugee camps in Dadaab, Kenya.

<sup>96</sup> Human Rights Watch interview with former Dimma resident, Dadaab, Kenya, June 19, 2011.

<sup>97</sup> Human Rights Watch interview with a former Gog Depache resident, Dadaab, Kenya, June 18, 2011.

Few young men inhabit the new villages created under the villagization process. Many have gone back to their original areas to farm. Others have fled military abuses that are frequently directed at them. The net effect is that in many of the new villages, women, children, the sick, and the elderly are left largely to themselves. Without the presence of male villagers the women have been at greater risk of rape and other sexual violence from soldiers. Rapes appear to occur particularly in areas where women are isolated and alone, and after dark.

The lack of available water at the new villages has increased the risk of sexual assault as women are walking longer distances to access water sources. Human Rights Watch is aware of about 20 rapes in three areas, most of which were alleged to have occurred when women were alone or travelling long distances to access water. Most of the rapes were alleged to have involved more than one soldier. Victims of sexual assault with whom Human Rights Watch spoke displayed various visible injuries. There were also multiple interviewees from one village that told us that when the army left after *tukul* construction, they took with them seven girls to become “their wives.” One eyewitness said:

When the soldiers finally left after the construction period they took seven young girls with them “for forced marriage.” They took them back to the Highland areas. I know the girls personally. They were taken right in front of their parents. They did not resist because the soldiers have guns. They were all taken in the same day, just at the end of construction.<sup>98</sup>

At the time of the interviews there was no information of the girls having been returned to their village.

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<sup>98</sup> Human Rights Watch interviews with former Gog Depache residents, Dadaab, Kenya. June 18 2011.

# VIOLATIONS OF ECONOMIC, SOCIAL, AND CULTURAL RIGHTS

## Infrastructure Commitments

The government of Ethiopia contends that villagization is being undertaken to ensure more efficient delivery of services to rural populations. But failure to provide promised infrastructure was a major failing of Ethiopia's past resettlement and villagization efforts and remains so today.<sup>99</sup> In at least 7 of the 16 villages visited by Human Rights Watch, residents were being moved from villages where infrastructure—schools, clinics, access to water—existed and was operational, to villages where infrastructure was non-existent.

In the new villages, villagers either were doing without this critical infrastructure or were walking to their old villages to access necessities. The government's claim that it is improving infrastructure is belied by the return of so many villagers to their old homes to access food, water, and health care. Some government officials have conceded that they did not have a budget to put the infrastructure in the new villages in place.<sup>100</sup> But there are indications that the 56 million Birr (US\$3.3 million) needed for the first year of infrastructure provision was provided by foreign donors, so it is not clear how these funds were spent.<sup>101</sup>

Of the 12 communities Human Rights Watch visited that were part of the government's implementation plan,<sup>102</sup> infrastructure provision was planned to involve thirteen water schemes, seven flour mills, eight warehouses, two new health clinics, and two primary schools, along with roads and other public goods.<sup>103</sup> Visits to these villages revealed that just two water schemes were operational. One new school and one clinic in Tegne, Abobo

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<sup>99</sup> T. Assefa, "Resettlement Impact on Environment and Host Communities," unpublished paper, December 19, 2005, Forum for Social Studies.

<sup>100</sup> Human Rights Watch interviews with a former regional government official and a former *woreda* official, Dadaab, Kenya, June 2011. Several village residents who spoke to Human Rights Watch also said they were told this by government officials.

<sup>101</sup> For example, a former regional government official as well as villagers from three separate villages told Human Rights Watch of a joint assessment in early 2011 by representatives from DFID, UNICEF, USAID, and others to "see how their money was being spent." DFID acknowledged that an assessment had been carried out but declined to provide a copy of the assessment to Human Rights Watch and to a member of Parliament in the British House of Commons.

<sup>102</sup> The other four villagized areas that we obtained testimony for were not listed in the Regional Government Plan for 2010/2011.

<sup>103</sup> Gambella Peoples' National Regional State, "Village level land holding registration and measurement in Gambella region; program for January 18-27, 2011," translated from Amharic.

*woreda*, had been built but were not operational. The buildings for the grinding mills were built in Atangi, Itang *woreda*, and Perbongo, Abobo *woreda*, but were not operational.

It is conceivable that the promised infrastructure and service delivery were provided to these villages since the time of the Human Rights Watch May 2011 visit, however the government plan identified the importance of having this infrastructure in place prior to villagers moving “when possible.”<sup>104</sup> For many of these communities the lack of infrastructure means that children are now not going to school, food is not available locally, illnesses are going untreated, and livelihoods have been decimated.

## Right to Food and Food Security

In this village, we used to hear the pounding of maize all the time. Now listen, ... you hear nothing.... The silence is deafening.

—Elder in Gambella *woreda*, May 2011

One of the most common concerns voiced when government officials and soldiers showed up saying it was “time to go” was that communities were often just getting ready to harvest their maize crops, the staple of Anuak diets. Several villagers told Human Rights Watch that soldiers told people to come back for their crops at a later time. For example, a man in Dimma *woreda* said soldiers told them: “You must go now. Do not worry about your crops. You can come back for them after you have built your houses.”<sup>105</sup>

Residents were usually not able to leave their new villages until the army departed. In almost every situation investigated by Human Rights Watch in which people were allowed to return to their original homes, they found that the maize crop had been destroyed by baboons, termites, or rats. In short, the timing of villagization could not have been any worse for those being moved. While individual experiences of villagization in Gambella vary largely among the *woredas*, the overwhelming majority of forced movements occurred precisely at or just before harvest time—a critical time for the communities. The livelihood disruption from the resettlement of villagers during harvest time was one of the major international criticisms of Derg-era resettlement programs, but the lesson appears to have been lost on the current Ethiopian government.<sup>106</sup>

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<sup>104</sup> Gambella Peoples’ National Regional State, “Villagization Program Action Plan (2003 EFY)”, p. 2.

<sup>105</sup> Human Rights Watch interview with a former Dimma resident, Dadaab, Kenya, June 19, 2011.

<sup>106</sup> Ofcansky and Berry, eds., *Ethiopia: A Country Study*, <http://lcweb2.loc.gov/cgi-bin/query/r?frd/cstdy:@field%28DOCID+eto103%29>.



**A new village with land for maize cleared by hand by villagers, despite government promises to have such land cleared.**

One of the government's commitments to the residents of new villages was the provision and clearing of adjacent land on which food could be grown.<sup>107</sup> Officials also pledged to provide food assistance for between six to eight months until the transition had been made to a more sedentary form of agriculture in place of shifting cultivation or agro-pastoralism.<sup>108</sup> In addition, communities were promised training in the necessary farming techniques as well as input provision (seeds, etc). The government villagization plan suggests that three extension workers would be posted in each village to assist with implementation.<sup>109</sup>

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<sup>107</sup> Villagers were promised between two and four hectares per household from government officials based on Human Rights Watch interviews. The plan shows "up to 3-4 ha /hh," Gambella Peoples' National Regional State, "Villagization Program Action Plan (2003 EFY)," p. 1.

<sup>108</sup> Villagers appear to have been promised between six to eight months of food assistance from government officials, according to Human Rights Watch interviews. The villagization plan shows "grain ration and cooking oil shall be considered for utmost [at most] 8 months." Ibid., pp. 3-4.

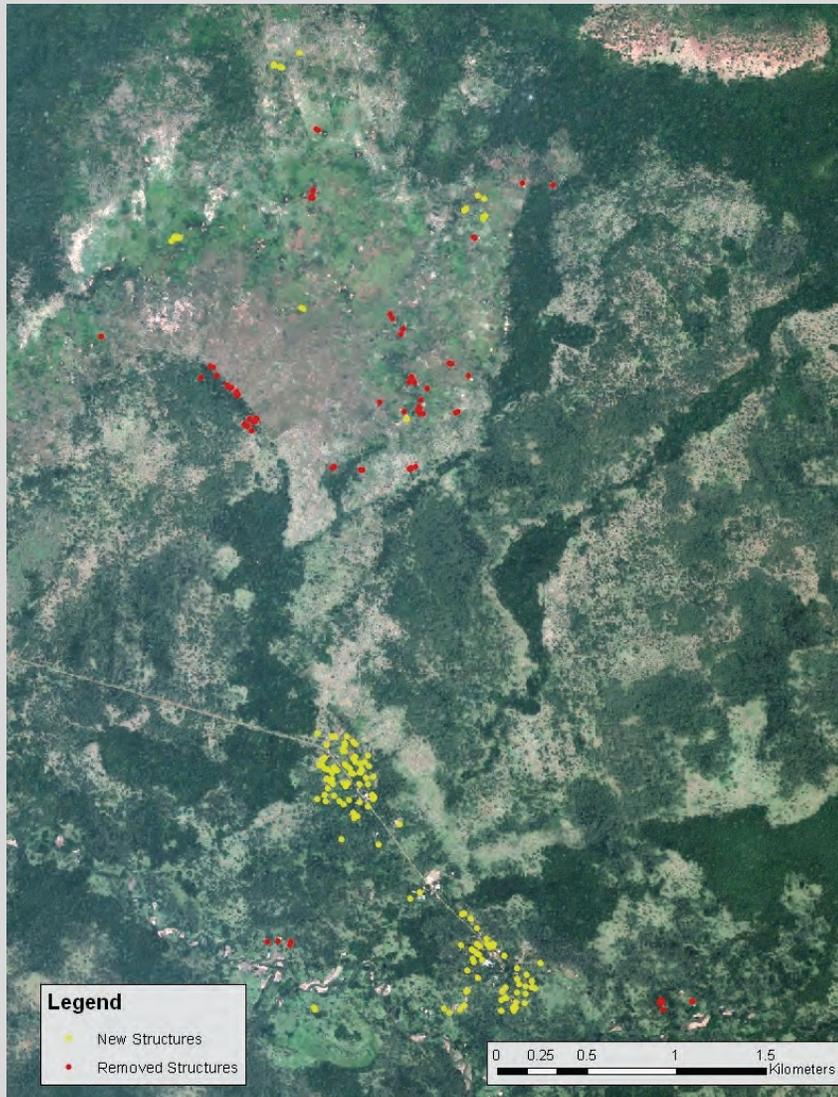
<sup>109</sup> Ibid., p. 3.

## Evidence of Rural Displacement and Villagization in the Akuna Area

In October 2011 villagers were told they were to be relocated from their existing homes to the village of Akuna:

*“In this location we have had more than enough food for the last 10 years, and enough now. [In the new location] there will be no food. They say there will be lots of water, small place for tukuls, and backyard for vegetables. They said they will provide relief food for the rest, but they never keep their promise, and here we can grow our own food.”*

There was a verbal commitment from government to the villagers of four hectares of cleared land per household. The Regional Government Plan states that land would be provided for each household “up to 3-4 hectares.”



©2011 GeoEye, Inc. Location: 7°53'06"N, 34°39'27"E.

The image shows that 68 scattered structures in the area surrounding Akuna that were present in June 2009 no longer existed in December 2011. During that period an additional 124 structures were constructed in the central village of Akuna.

Major infrastructure already existed in Akuna prior to villagization. No evidence exists in the images of any new infrastructure.

## Cleared Land in Akuna Area

There was a verbal commitment from government to the villagers of four hectares of cleared land per household. The Regional Government Plan states that land would be provided for each household “up to 3-4 hectares.”

In contrast to this pledge, villagers were told in April 2011 that 0.5 hectares would now be given for every two households. The lower red figure shows the area that was cleared adjacent to the new structures for agriculture: 32 hectares for 124 structures, which approximates to 0.25 hectares per household.

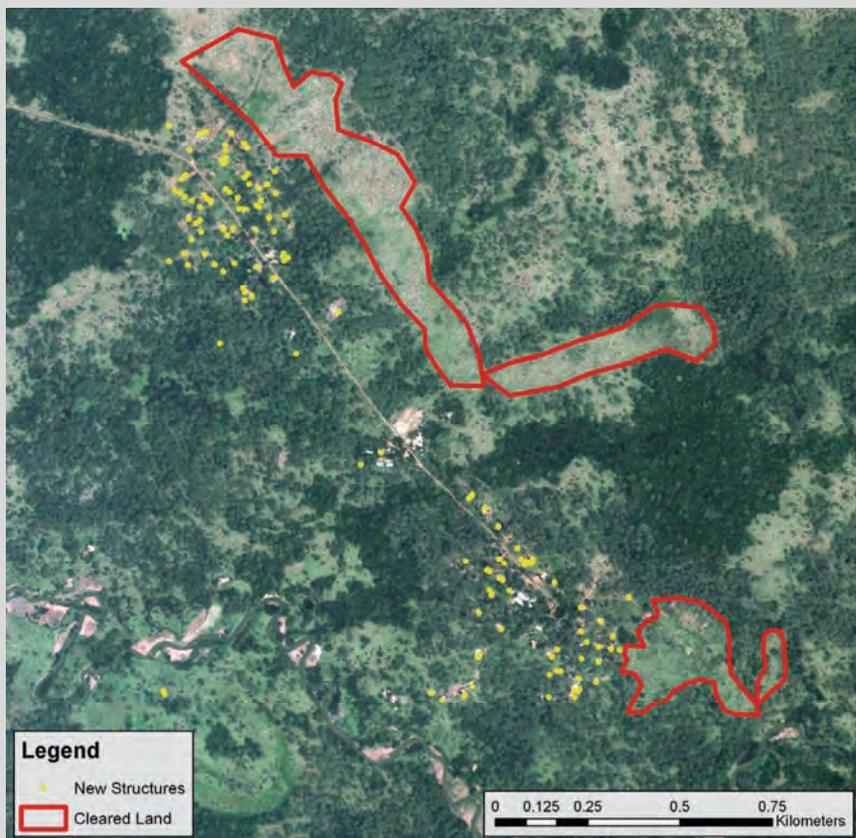


Image ©2011 GeoEye, Inc. Location: 7°53'12"N, 34°39'23"E.

A woman at a new village said:

*“We expect a major starvation next year because they did not clear in time. If they cleared we would have food next year but now we have no means for food. We are starving. They promised food-enough and excess for the first eight months, then no more [after 8 months] we would be on our own. But they have brought virtually nothing. Half a hectare is not nearly enough for a family. So after we came to [Akuna to] build tukuls, both men and women, we went back [to our old farms] to get our maize and it was gone—the termites had taken care of it all.”*



June 2009. Image ©2011 GeoEye, Inc. Location: 7°54'36.2"N, 34°38'53"E.

## Removed Structures in Akuna

In 2009, the Akuna farming community is visible, with multiple small structures visible near small agricultural fields. By late 2011, however, all these structures are missing (indicated by circles), and the adjacent fields have been abandoned.



December 2011. Image ©2011 GeoEye, Inc. Location: 7°54'36.2"N, 34°38'53"E.

The regional plan states that households will have access to “up to 3-4 hectare[s]” and the letter from Minister of Federal Affairs Shiferaw Teklemariam to Human Rights Watch states that “through villagization program, a household is given an average of four hectares of land.”<sup>110</sup> Of the 16 communities where we obtained testimony none had received inputs and only two had any land cleared. In one of these communities, clearing was being done when Human Rights Watch visited, and the other village had cleared just 0.5 hectares (1.2 acres) per household for one-half of the households.<sup>111</sup> One woman complained about the lack of clearing: “The officials need to come with a grader. We are not forest people, we do not know how to cut trees. They need to clear.”<sup>112</sup>

Approximately one-third of these villages had received one small delivery of food (which seemed to last about two weeks), while the remaining two-thirds had no food deliveries at all. One villager expressed his sense of desperation:

The government is killing our people through starvation and hunger. It is better to attack us in one place than just waiting here together to die. If you attack us, some of us could run, and some could survive. But this, we are dying here with our children. Government workers get this salary, but we are just waiting here for death.<sup>113</sup>

The United Nations World Food Program (WFP) runs a program for “targeted beneficiaries” in some of the more food-insecure areas of Gog *woreda*. As part of their food deliveries under this program in chronically food-insecure areas, there were several food deliveries to the new villages. There were several accounts of *woreda* officials intercepting this food aid and eventually delivering it themselves to the affected populations. It is not clear how much of the intended assistance actually made it to the intended recipients. Human Rights

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<sup>110</sup> Letter from Minister of Federal Affairs Shiferaw Teklemariam to Human Rights Watch, December 19, 2011.

<sup>111</sup> This claim was verified by the analysis of satellite imagery carried out for Human Rights Watch by the American Association for the Advancement of Science (AAAS). The analysis shows that for this village approximately 32 hectares of land was cleared for the 68 new structures—approximately 0.25 hectares per household.

<sup>112</sup> Human Rights Watch interview with a villager who was relocated from the banks of the Openo River (Baro River) to an upland location in the forest, May 22, 2011.

<sup>113</sup> Human Rights Watch interview, Abobo *woreda*, May 25, 2011.

Watch documented the politicization of food aid and food-for-work programs in various regions of Ethiopia in 2010.<sup>114</sup> A resident of Gog told Human Rights Watch:

The government would not provide food if people did not come [to the new villages]. There was a tiny distribution of wheat at first. When they saw people starting to come to the village they stopped distribution [of food]. Then the World Food Program came with 50 kilograms [of wheat] for every three families, as well as some beans. We had to collect from [nearby village], but then the *woreda* interfered and handed out [the WFP food deliveries] themselves.<sup>115</sup>

Many of the new villages are in areas known to the residents. They had left these lands in the past because the soil was no longer fertile. In many other areas, vegetation is dense and large trees are present, making the area difficult to clear, particularly for a malnourished and often elderly population. This lack of clearing and the late arrival of the rains for the third straight year meant that, as of mid-2011, most farmers had not planted their crops; they usually would have been planted one to two months prior to this time.

“We expect major starvation next year because they did not clear in time,” said a resident of Abobo. “If they cleared we would have food next year but now we have no means for food.”<sup>116</sup>

The disruption at harvest time, the lack of any food reserves, the lack of food aid, and the lack of planting for the upcoming season (maize would be ready for harvest in approximately four months) is making an always precarious food security situation much worse. Almost every villager Human Rights Watch spoke to in Gambella said that the biggest problem they are facing with the villagization process is the lack of food. Seemingly out of touch with the reality in the villages, the minister of federal affairs told Human Rights Watch in December 2011 that “The villagers for the first time in their history started to produce excess product—maize, sorghum, rice, potatoes, beans, vegetables, fruits, etc.—beyond and above their family consumption.”<sup>117</sup>

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<sup>114</sup> See Human Rights Watch, *Development Without Freedom: How Aid Underwrites Repression*, October 2010, <http://www.hrw.org/reports/2010/10/19/development-without-freedom-o>.

<sup>115</sup> Human Rights Watch interviews with a community resident, Gog *woreda*, May 26, 2011.

<sup>116</sup> Human Rights Watch interviews, Abobo *woreda*, May 24 2011.

<sup>117</sup> Letter from Minister of Federal Affairs Shiferaw Teklemariam to Human Rights Watch, December 19, 2011.

## Perbongo Settlement Increase

In the above image (collected May 4, 2011), the red circle indicates the existing structures of Perbongo in 2007. The orange box represents the area of growth that occurred in the period from 2007-December 2010. The green box delineates the area where growth occurred between December 2010 and May 2011, involving 20 new structures.

An Anuak woman living in Perbongo in May 2011 said:

*“There were many of us living along the [Alwero] riverbank, all have been moved. The other side of the river has been cleared by Saudi Star. There is lots of clearing now along the river. [We] used to collect wild honey, fruits, and roots over there, but [it is] all cleared now.”*

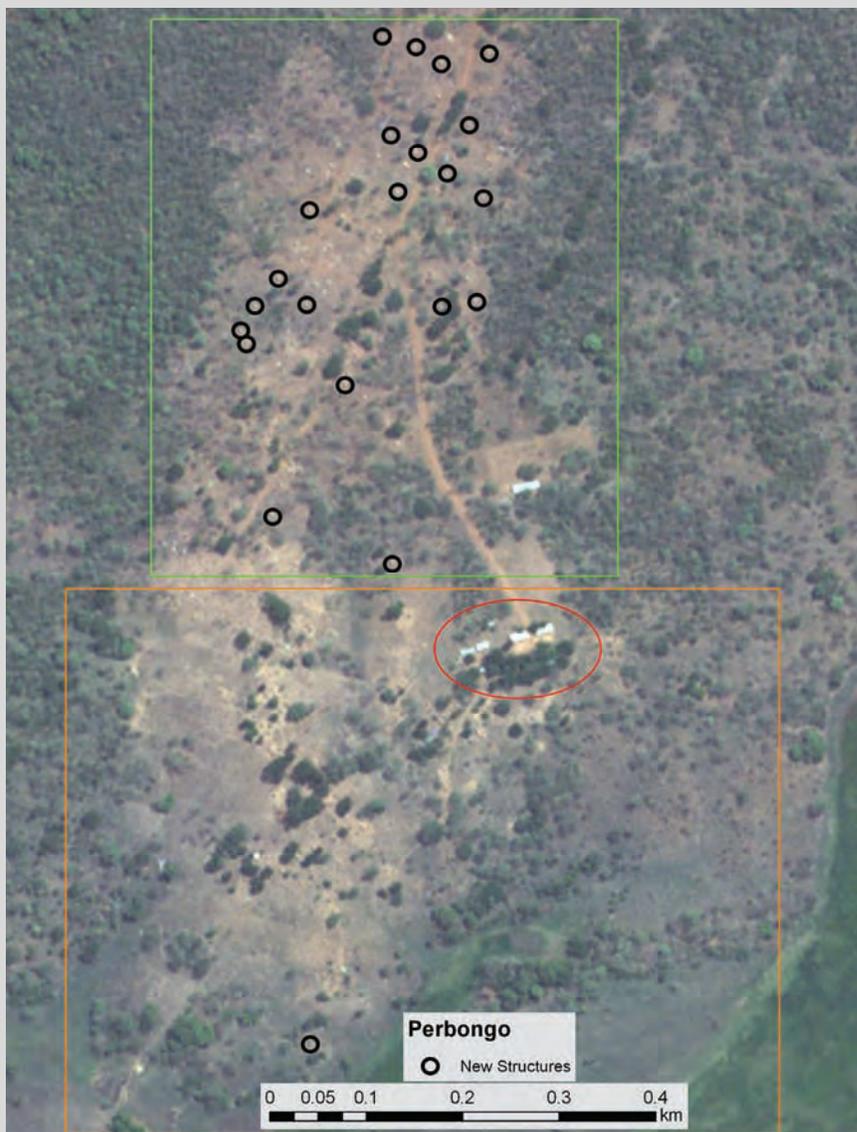


Image ©2011 DigitalGlobe, Inc. Location: 34°27'31.15"E, 7°54'11.4"N.

One villager asked: “We are living on roots, with no maize yields. This is all we will have, we can also hunt for honey, but for how long can we eat honey?”<sup>118</sup>

In past times of famine, the Anuak would turn to the forest to act as a buffer against insecurity, harvesting wild fruits, nuts, plants, fish, and game. Several of the communities we visited were subsisting solely on a starchy wild root while others were living off of the green leaves of several wild plants that were common around the village. But many spoke of the increasing inability to feed themselves from the forest as the forests have been taken and cleared by agricultural investors. Said one elder: “This year no wild fruits. We pray that next year will be different, but they are clearing the forest.”<sup>119</sup>

A woman from a village forced to move during harvest time and whose crops at her old home were destroyed by monkeys said, “Now we eat only green leaves. On the riverbank we had much food: our crops, our fish, and our fruit.”<sup>120</sup>

Several villagers spoke of people that had recently “starved to death.” Some were elderly and some were younger people who had collapsed during foraging activities in the remaining forests nearby. In one village, an Anuak elder, clearly distraught, came into the *tukul* where Human Rights Watch was interviewing to announce that his 25-year-old son, a father of two, had just died:

He was out to look for wild fruits because he and his family are so hungry.... He was out with two friends, and then just collapsed. He was carried back very weak to the village by his two friends. Some watered-down maize [the remains of *quon*]<sup>121</sup> was given to him. He took a few sips, said he needed a nap, and never woke up.<sup>122</sup>

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<sup>118</sup> Human Rights Watch interviews, Gog *woreda*, May 26, 2011.

<sup>119</sup> Ibid.

<sup>120</sup> Human Rights Watch interview, Itang *woreda*, May 26, 2011.

<sup>121</sup> *Quon* is a staple of the Anuak diet and is predominantly ground maize. It is similar to Kenyan *ugali* or Zambian *nshima*.

<sup>122</sup> Human Rights Watch interview, Gog *woreda*, May 25, 2011

## Right to Education

International human rights law provides for the right to education and requires that governments provide universal and compulsory primary education.<sup>123</sup> Several villagers with whom Human Rights Watch spoke said that they had been cautiously optimistic about moving to the new villages in part because they were led to believe that their children would be closer to schools.<sup>124</sup> However, not only have operational schools been completely absent from the new villages, but the government's villagization plan did not even envision schools for the majority of new villages.<sup>125</sup>

This has meant that some children are walking back to their old villages to attend school. However, in most cases the children are not attending school but spending the day with their mothers. The increased army presence in the area has raised concerns among parents about allowing their children, particularly older boys, to walk long distances to go to school, out of fear of them being assaulted.<sup>126</sup> One resident said:

There is a psychological impact on children. No learning is happening. There was a school in the old village, here there is none. No one is going to school now, as they are afraid. Who will protect them going to the old village? Even the children themselves are refusing to go.<sup>127</sup>

Those in school were also at risk. In several schools in which villagization was not occurring at that time government officials had compelled students to provide labor for *tukul* construction at nearby villages. They said that *woreda* officials told them that they would not be allowed to “write their Grade 10 examination” if they did not come. They would typically cut grass or wood.<sup>128</sup>

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<sup>123</sup> International Covenant on Economic, Social and Cultural Rights (ICESCR), adopted December 16, 1996, G.A. Res. 2200A (XXI), 21 U.N. GAOR Supp. (No. 16) at 49, U.N. Doc. A/6316 (1966), 993 U.N.T.S. 3, entered into force January 3, 1976, art. 13.

<sup>124</sup> Human Rights Watch interviews, Gambella and Dadaab, Kenya, May and June 2011.

<sup>125</sup> Gambella Peoples' National Regional State, “Villagization Program Action Plan (2003 EFY)”, pp. 10-12.

<sup>126</sup> Human Rights Watch interviews, Abobo *woreda*, May 24, 2011.

<sup>127</sup> Ibid.

<sup>128</sup> Human Rights Watch interviews with a teacher and students, Gog *woreda*, May 26, 2011.

The expulsion of Anuak from urban areas has affected many Anuak youth, who have been compelled to leave their schools in town. This happened in Pugnido, Dimma town, and, to a lesser degree, Gambella town.<sup>129</sup> One boy, who is now a refugee in Kenya, said:

I was a student in Pugnido attending the primary school. During vacation I came to visit my family. That was the day they showed up to tell everyone to go. “This is a national campaign, so you are involved,” I was told. I refused twice. So I was beaten by the police then taken to the police station with the militias for two days. Elders came to prison to talk to me: “It’s happening to us all. Just do it. It will be easier for you.” So I was released in order to go build *tukuls* in the new village, and I just then went to Pugnido and fled to South Sudan. I no longer go to school.<sup>130</sup>

One village that previously had full infrastructure was relocated less than one kilometer away to an area without infrastructure. Students were walking to school at their old location, but teachers told us that the absence of food available in the communities resulted in students who were lethargic and uninterested in learning. Eventually they just stopped going. According to a village elder, teachers have also stopped appearing at school, and now there are plans to close the school.<sup>131</sup>

A government worker in Itang *woreda* told Human Rights Watch:

Before we had school underneath a mango tree, with teachers from our community, which was fine. Now we have a building, but with no teachers, no nothing, and the children do not go to school. But the government can now show the world that there is a “school” whereas before there was “nothing.”<sup>132</sup>

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<sup>129</sup> Human Rights Watch interviews, Dadaab, Kenya, June 18 and 19, 2011.

<sup>130</sup> Human Rights Watch interviews with a former Dimma student, Dadaab, Kenya, June 19, 2011.

<sup>131</sup> Human Rights Watch interview, Gog *woreda*, May 25, 2011.

<sup>132</sup> Human Rights Watch interviews, Itang *woreda*, May 26, 2011.



©2011 DigitalGlobe, Inc. Settlement A: 34°30'12.55"E, 7°34'50.16"N.

## New Construction in Gog Jingjor Area

Two villagized settlements in the Gog Jingjor area. Structures identified were added between January 2010 and May 2011. Interviews were carried out in Settlement A. A school and other community infrastructure were in place in the existing village located just below A (inside the red circle). Villagers in the new structures in Settlement A were moved from the existing settlement (around the red circle) to their new locations 200-500 meters along the road, moving them further away from existing infrastructure.

An Anuak elder said: *"We were moved from literally two minutes away—we were moved to the new village about 400 meters away from the old village. We were not given a reason other than that we needed to be seen by the roadside in order to be called a village—we debated and we argued. But here we are."*

A schoolteacher from the original village described the transfer: *"All of them [the villagers] resisted. There were arguments, but were told to go so they did. They moved further away from the school and clinic. The decision has now been made to close the school because children don't attend anymore because they are starving."*



Settlement B: 34°29'21.27"E, 7°35'38.23"N.



*tukul* in Gog Depache, Gambella. Officials built “model *tukuls*” in many new villages to show relocated villagers how to build their own, usually under close military supervision.

## Forced Labor and the Right to Adequate Housing

The government’s villagization plan endorsed a “participatory approach” as one of its implementation principles, whereby the target beneficiaries should contribute local material and labor.<sup>133</sup> What this meant in practice was that villagers who were moved from their homes to the new locations were all required to build their own *tukuls* without any compensation. The army supervised this process, and slowdowns in work were met with intimidation, beatings, and other abuses.

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<sup>133</sup> Gambella Peoples’ National Regional State, “Villagization Program Action Plan (2003 EFY)”, p. 4.

Additionally, in several *woredas*, government workers were also required to assist in the building of houses in the new villages. This order applied to most government workers, whether they were civil servants, nurses, or teachers: all had to come and help for one to three weeks.<sup>134</sup>

As noted above, the authorities also brought in students from schools in neighboring villages to cut grass or wood for *tukul* construction.<sup>135</sup> Government officials would show up at the schools and tell students that “tomorrow they would go to cut.” Students typically were brought in in the morning and returned in the evening. A teacher said: “As teachers we were told to organize students to cut grasses, usually on weekends but sometimes on Fridays.... The students are not happy about cutting grass. But what can they do?”<sup>136</sup>

In Gog *woreda* and other villages, government officials would show up with trucks, order the men to get in, and take them to neighboring villages to work. Women were brought to cook food for those having to work. In some cases, they returned to their home villages the same day, while in others they stayed for longer until the construction of *tukuls* was finished, sometimes for as long as three weeks. None of the workers was paid, nor was the work voluntary.

During the *tukul* construction process, many people slept under trees in their new communities, while those whose old communities were nearby returned home in the evenings. No food was provided for those villagers who were building their own *tukuls* and many said they feared being mistreated by the soldiers for slow work. One told Human Rights Watch that the “lack of nourishment made it very difficult to build at the speed the army demanded.”<sup>137</sup>

Like other rights violations associated with villagization in Ethiopia, these abuses are not new. The Derg-era resettlement and villagization programs in Gambella were criticized for

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<sup>134</sup> Human Rights Watch interviews, Gambella and Dadaab, Kenya, May and June 2011.

<sup>135</sup> Human Rights Watch interview, Gog *woreda*, May 25, 2011.

<sup>136</sup> Human Rights Watch interviews, Gog *woreda*, May 25, 2011.

<sup>137</sup> Numerous Human Rights Watch interviewees provided similar perspectives. Human Rights Watch interviews, Gambella and Dadaab, Kenya, May and June 2011.

their use of forced labor of the indigenous population to build the new resettlement areas and other government infrastructure projects.<sup>138</sup>

## Displacement, Agricultural Investment, and Indigenous Land Rights

We were told all our old land will be used for rice by Highlanders. We were told this by Government when they came.

—Farmer from Gambella *woreda*, June 2011

Despite official claims that the villagization program is being carried out primarily to ensure better government services to rural populations in Gambella, there is evidence that a major government aim is to make land available for commercial agriculture. Government officials have told villagers that land is to be leased to investors—former government officials involved in the villagization program have confirmed such allegations with Human Rights Watch—and lands being leased to investors are in the areas where villagization is happening.

Residents of six communities told Human Rights Watch that government officials informed them that the underlying reason for villagization is to provide land to investors. One farmer said that during the government’s initial meeting with his village, *woreda* officials told them: “We will invite investors who will grow cash crops. You do not use the land well. It is lying idle.”<sup>139</sup>

A former regional civil servant said that the link between villagization and the transfer of land for agricultural investment was well known within the government: “The [regional] Bureau of Agriculture head told me that land that is left will be given to investors. This all has started at the federal level. I never saw a document or plan about any of this. It was only shared with those at the top. There was a fear that it would get around.”<sup>140</sup>

As there is little transparency about land investment deals between the government and companies in Ethiopia, there is no precise information or mapping available on where land investments have been awarded. But there does appear to be a correlation between where land is being leased to investors and where villagization is focused. In general terms,

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<sup>138</sup> Jason W. Clay and Bonnie K. Holcomb, *Politics and the Ethiopian Famine 1984-1985*, (Cambridge, Mass.: Cultural Survival, 1985), p. 53.

<sup>139</sup> Human Rights Watch interview with a former farmer from Itang *woreda*, Nairobi, Kenya, June 19, 2011.

<sup>140</sup> Human Rights Watch interview with a former regional government official, Dadaab, Kenya, June 18, 2011.

agricultural investment in Ethiopia is focused on the regions of Benishangul-Gumuz, Gambella, Afar and Somali—the same regions where villagization programs are being undertaken. The Oakland Institute, a policy think-tank that has done field investigations of land issues throughout sub-Saharan Africa, reports that, as of November 2010, 42 percent of Gambella’s total land area and 27 percent of the total land area of Benishangul-Gumuz had either been leased to investors or was being actively marketed by the federal government. Federal government marketing efforts have focused on three of the four villagization regions: Afar, Benishangul-Gumuz, and Gambella.<sup>141</sup> In the fourth marketed region, the SNNPR, forced displacement is also occurring to the indigenous populations<sup>142</sup> and has only recently been referred to as “villagization” by the state media.<sup>143</sup> Within Gambella, areas awarded to investors include the Abobo, Itang, and Gog *woredas*, and along the Baro and Alwero Rivers—the very areas where the first year of villagization was focused.<sup>144</sup>

According to the Oakland Institute report, areas vacated for villagization in Gambella have been quickly taken by investors. For example, Ochak Chilla farmland has been leased by Saudi Star.

The village of Abol lost farmland to a London-based diaspora investor. Farmland used by Ilea village is now leased by one of Ethiopia’s largest investors, Karuturi Global Ltd. (“Karuturi”), an Indian company.<sup>145</sup>

In a response to questions sent by Human Rights Watch, Karuturi stated that the company “has not caused in any manner, any displacement of human habitation in order to make way forward for the project and is living in peaceful harmony with the people of

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<sup>141</sup> Oakland Institute, “Understanding Land Investment Deals in Africa,” <http://media.oaklandinstitute.org/understanding-land-investment-deals-africa-ethiopia>.

<sup>142</sup> See forthcoming Human Rights Watch report, *‘What Will Happen if Hunger Comes?’ Agricultural Development and Abuses Against the Indigenous Peoples of the Omo Valley*.

<sup>143</sup> “State to villagize over 20,000 pastoralist households,” *Waltainfo*, December 26, 2011, [http://www.waltainfo.com/index.php?option=com\\_content&view=article&id=1111:state-to-vilagize-over-20000-pastoralist-households&catid=52:national-news&Itemid=291](http://www.waltainfo.com/index.php?option=com_content&view=article&id=1111:state-to-vilagize-over-20000-pastoralist-households&catid=52:national-news&Itemid=291), (accessed December 28, 2011).

<sup>144</sup> Human Right Watch visited the *woredas* where the most intensive commercial agricultural investment was occurring. The majority of the forced evictions associated with villagization seem to be occurring in these same *woredas*. Discussions with former residents of other *woredas* (including Mengesh, Jikao, and Jor *woredas*) in Dadaab, Kenya, and in Gambella town indicated that both agricultural investment and forced evictions have been occurring on a more limited basis in those districts.

<sup>145</sup> Karuturi Global Ltd. has leased 10,000 hectares of land in Bako, Oromia; 100,000 hectares of land in Gambella; and an option for 200,000 hectares of additional land in Gambella. Karuturi Global Ltd. also operates a 435 hectare flower farm.

Gambella.”<sup>146</sup> However, Human Rights Watch’s visit to the Karuturi lease area in May 2011 found that Anuak maize, sorghum, and groundnut crops had been cleared without consent. Some residents moved as a result.<sup>147</sup> Furthermore, the federal government has been actively marketing over 800,000 hectares of large land parcels in Gambella (32 percent of the total land area) for agricultural land investment, and many of the areas that have been moved for villagization are located within these parcels.<sup>148</sup> The regional government also has the authority to grant additional land parcels under 5,000 hectares (approximately 12,300 acres) to investors.<sup>149</sup>

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<sup>146</sup> Letter from Sai Ramakrishna Karuturi, founder and managing director, Karuturi Global Ltd., to Human Rights Watch, December 9, 2011.

<sup>147</sup> Human Rights Watch interviews with residents of Ilea, Gambella, May 2011 and interviews with former Ilea residents, Dadaab, Kenya, June 19, 2011.

<sup>148</sup> Oakland Institute, “Understanding Land Investment Deals in Africa,” <http://media.oaklandinstitute.org/understanding-land-investment-deals-africa-ethiopia>.

<sup>149</sup> Ibid.



**Saudi Star’s irrigation canals. Several small villages used to exist at this location and were moved to make way for Saudi Star’s 10,000 hectare farm development. The irrigation canals were first dug in mid-2010, and the villages were moved in November 2010.**

The residents who were moved from their homes to the new villages expressed concerns about the land being used for agricultural investment, but have received no clear answers. An Anuak now in Kenya said: “We ask them, ‘Have you sold our land?’ They say no. But investors are working on it. Why don’t they go where there are no people?”<sup>150</sup>

An Anuak from Gog *woreda* said: “Just before we were told to move, a Highlander came to check the soil—they took it in their fingers and looked at it. They came to check the quality

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<sup>150</sup> Human Rights Watch interview, Gambella, May 26, 2011.

of the land, and elsewhere we know forests are being cleared for investors, so we believe that it is coming.”<sup>151</sup>

In *woredas* with other significant natural resources, land is being cleared for other ventures. In Jor and elsewhere there is oil exploration.<sup>152</sup> In Dimma *woreda* there is gold exploration. Residents said that villagization is being used as an excuse to clear populations in Dimma, although Human Rights Watch was unable to corroborate their claim. A former Anuak miner described what happened there:

After people were villagized, an airstrip was built near the gold mines. The indigenous are now laborers, investors are Highlanders, laborers provide materials. There are no foreigners there, and many soldiers are in the goldfields. In the last year, everything has changed in the goldfields and everything is under the control of the government.<sup>153</sup>

Similar testimonies were provided by several other interviewees from Dimma *woreda*.<sup>154</sup>

The role of the agricultural investors in the villagization process remains unclear. Two commercial agricultural investors interviewed said they were aware of the villagization process but that it was a “government policy” in which they had no role.<sup>155</sup> There is little evidence of direct involvement of investors in transferring populations, with a couple of exceptions. One former regional government official described a [domestic] investor indirectly paying for villagization:

[I]n Gog, 1 million Birr [US\$59,000] was brought to the district chairman to help this process. “What is this money for?” the *woreda* officials enquired.

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<sup>151</sup> Human Rights Watch interview, Gog *woreda*, Gambella, May 25, 2011.

<sup>152</sup> The Gambella geological basin is an extension of South Sudan’s Melut basin. Exploration drilling last took place in Gambella in early 2006 by Zhongyuan Petroleum Exploration Bureau (ZPEB) under contract from Malaysian giant Petronas. For more information, see Kaleyesus Bekele, “Chinese Oil Company Starts Drilling”, *The Reporter*, March 4, 2006, <http://allafrica.com/stories/200603060328.html>, (accessed August 4, 2011). Reports in November 2011 indicate that Ethiopia’s South West Energy is on the verge of taking over the Gambella concession. South West currently has petroleum concessions around Jimma and in the Ogaden. For more information, see Mahlet Mesfin, “Ministry to Sign Exploration Agreement with South West”, *Addis Fortune*, November 14, 2011, <http://allafrica.com/stories/201111150694.html>, (accessed November 21, 2011).

<sup>153</sup> Human Rights Watch interview with a former Dimma *woreda* resident, Dadaab, Kenya, June 19, 2011.

<sup>154</sup> Human Rights Watch interviews with former Dimma *woreda* resident, Dadaab, Kenya, June 18 and 19, 2011.

<sup>155</sup> Interviews with agricultural investors, Gambella, November 2010.

The investor told them “I was told to bring this by [senior regional official, name withheld].” So *woreda* officials went to the [senior regional official] who told them: “Do you want to do the villagization work or not? Take the money and go do some work.”<sup>156</sup>

One of the largest investors in Gambella, the Indian conglomerate Karuturi Global Ltd., was reportedly told in early 2010 by the regional government that it could relocate the village of Ilea.<sup>157</sup> According to the same media report, Karuturi declined. In response to questions from Human Rights Watch (see Appendix VII), Karuturi denied any knowledge of the offer to move Ilea village and stated that the company has “neither been involved in any way with the Ethiopian Government’s policy on villagization [sic] or re-settlement of people nor is aware of any such program of the Ethiopian Government in any greater detail.”<sup>158</sup> However, residents of Ilea have now been told by the government that they will be moved in the 2011/2012 year of the villagization program.<sup>159</sup>

A United States Agency for International Development (USAID) official who spoke to Human Rights Watch said that his agency had concerns about the underlying motives of the program, and that they had been trying without success to get the government to respond to the allegations of a link with land investment.<sup>160</sup>

Human Rights Watch is unaware of any compensation being offered to any of the villagers for their farms. The regional government plan is silent on the issue of compensation. Villagers with whom Human Rights Watch spoke were generally not aware of their rights in this regard. The strong constitutional and legal basis in Ethiopian law for compensation only applies to those who have registered title and no such land tenure system exists in the regions where villagization is happening.<sup>161</sup> But there is nonetheless an obligation to provide compensation under international law.<sup>162</sup>

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<sup>156</sup> Human Rights Watch interview with a former *woreda* civil servant, Dadaab, Kenya, June 18, 2011.

<sup>157</sup> Mary Fitzgerald, “The New Breadbasket of the World,” *Irish Times*, January 30, 2010.

<sup>158</sup> Letter from Sai Ramakrishna Karuturi, founder and managing director, Karuturi Global Ltd., to Human Rights Watch, December 9, 2011.

<sup>159</sup> Human Rights Watch interview with a former resident of Ilea, Dadaab, Kenya, June 19, 2011.

<sup>160</sup> Human Rights Watch interview with USAID, Addis Ababa, Ethiopia, September 7, 2011.

<sup>161</sup> For example, Proclamation 455 of 2005 outlines expropriation procedures, which includes compensation equivalent to the replacement cost of any improvements/property on the land, and 10 times the average annual income from the previous five years.

<sup>162</sup> See the Legal Framework section below.

Several communities said they were told by the authorities that the new cleared plots of land would be formally registered,<sup>163</sup> and the plan includes “land certification” as one of its implementation strategies “[t]o avoid land disputes and to make sure the land use rights vested to the people in the constitution [are respected], land certification system should be in place.”<sup>164</sup> As of June 2011 no plots of land had been formally registered. The only form of land registration in Gambella is for those investors who have leased land from the federal and regional governments.<sup>165</sup>

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<sup>163</sup> Human Rights Watch interviews, Gambella, May 2011.

<sup>164</sup> Gambella Peoples’ National Regional State, “Villagization Program Action Plan (2003 EFY).”

<sup>165</sup> Human Rights Watch interviews with former regional and district government employees, Dadaab, Kenya, June 18 and 19, 2011.

## ROLE OF INTERNATIONAL DONORS

Ethiopia's foreign donors have a complicated relationship with Ethiopia's villagization program. On the one hand, they clearly understand the risks associated with relocating large numbers of people and have actively encouraged the Ethiopian government to follow best practice and to refrain from using force. On the other hand, through their ongoing budgetary support to regional and local governments, they are, in part, paying for the construction of schools, health clinics, roads, and water facilities in the new villages. They are also funding agricultural programs directed towards resettled populations and the salaries of the local government officials who are implementing the policy.

Encouraging the government to follow best practice and to avoid common abuses associated with resettlement programs such as expropriation, forced displacement, and violations of economic and social rights is positive. However, foreign aid agencies should ensure that their assistance is not contributing to the very same violations by underwriting abusive programs.

### Donor Efforts to Encourage Best Practice

The Development Assistance Group, the collective of foreign government donor agencies in Addis Ababa, coordinates development programs and the donor relationship with the Ethiopian government. The DAG was initially concerned about the villagization program and the risk of rights abuses resulting from a poorly planned and implemented program. They issued a set of guidelines, the "Good Practice Guidelines and Principles Regarding Resettlement" (the "Guidelines"), for the Ethiopian government on best practice for resettlement programs (see Appendix II). In interviews with Human Rights Watch, donor officials repeatedly referred to these guidelines, and that the Ethiopian government had promised to abide by them.<sup>166</sup>

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<sup>166</sup> DFID has publicly stated that the "Government of Ethiopia approached the international community for support for its villagization program" in February 2011. DFID said that in response to this it collaborated with other international agencies and "developed a set of guidelines and principles for transparent and fair villagization/resettlement processes in Ethiopia. These were discussed with and accepted by the Government of Ethiopia. DFID has also provided the Government with examples of good practice relating to resettlement and villagization processes." UK House of Commons Parliamentary Debate, September 12, 2011, <http://services.parliament.uk/hansard/Commons/bydate/20110912/writtenanswers/parto13.html> (accessed October 15 2011).

The DAG Guidelines recognize important concerns related to the villagization program. First, they note that the Ethiopian government is relocating communities at least in part because of a desire to increase commercial investment in Developing Regional States (DRS)—the states of Afar, Benishangul-Gumuz, Somali, and Gambella, where villagization is happening. Second, they point out that the Ethiopian government concedes that safeguards are not yet in place.<sup>167</sup>

Donors to Ethiopia were approached by the government to support the villagization process but as the Guidelines state, “Beyond humanitarian assistance, it is problematic for international partners to respond to such requests in the absence of clear information regarding the policy frameworks, objectives, principles and strategies that federal and regional governments have adopted and on which these activities are based.”<sup>168</sup> Further, the Guidelines note:

Many international development partners employ specific policies and guidelines in relation to resettlement. This is because past experience in a number of countries has shown that where people are resettled without adequate planning and consultation, against the will of individuals and communities such population movements can impact negatively on the wellbeing and livelihoods of those who were intended to benefit. In addition, such movements can create tensions and conflict between resettling groups and host communities which undermine the conditions necessary for effective development and economic growth.<sup>169</sup>

The World Bank, for example, has specific guidelines on involuntary resettlement that set out criteria that the development partner (in this case the government of Ethiopia) must

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<sup>167</sup> The guidelines state: “We also recognize the government’s desire to improve access to basic services and sustainable livelihood opportunities, increase commercial investment to achieve higher rates of sustainable economic growth.... As part of its pursuit of these objectives in the DRS, the government is relocating communities and has indicated that specific process and safeguards need to be put in place to ensure that relocation processes of different kinds are effective and successful.” See Appendix II, Development Assistance Group, “Good Practice Guidelines and Principles Regarding Resettlement,” January 24, 2011, p. 1.

<sup>168</sup> Ibid., p. 1.

<sup>169</sup> Ibid., p. 1.

follow where projects using World Bank funds involve resettlement.<sup>170</sup> The DAG Guidelines closely mirror the principles elucidated in the World Bank policy. Donors are clearly well aware of the risks posed by large-scale resettlement programs. They appear to be less clear on what to do when the Ethiopian government does not abide by the guidelines that it has set out, nor on what the implications of a badly conceived and implemented resettlement policy are for their own involvement in government programs that are directly implicated in paying for the villagization process.

Human Rights Watch research shows that the Ethiopian government's villagization process in Gambella fails to meet the standards set out in the Guidelines. For instance, the program has given little regard to the Guidelines call that, "the development of necessary basic infrastructure and services (for example road access, water, sanitation, health and education) must be in place before relocation takes place."<sup>171</sup> Other major problems—the absence of meaningful consultation and participation in the planning process; the lack of choices about alternatives; the forced nature of the process; and, the complete lack of compensation and redress—demonstrate that the Ethiopian government's policy in Gambella is more an example of worst practice.

In early 2011 as the program got underway, several donors were concerned and commissioned their own assessments of villagization. While these assessments underscored concerns with poor planning and issues relating to food insecurity, donors were not overly alarmed with what they found, and deemed the processes, as noted below, to be voluntary.<sup>172</sup> This finding is inconsistent with Human Rights Watch's field research.

As of September 2011, two official assessments had been carried out by international donors: one in Gambella in March 2011 by the United States Agency for International Development (USAID), the United Nations Children's Fund (UNICEF), and the United Kingdom Department for International Development (DFID), and one in Benishangul-Gumuz in February/March 2011 by the World Bank and the Finnish embassy. Donor

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<sup>170</sup> See World Bank, "OP 4.12 – Operational Policy on Involuntary Resettlement," December 2001 (revised February 2011), <http://web.worldbank.org/WBSITE/EXTERNAL/PROJECTS/EXTPOLICIES/EXTOPMANUAL/0,,contentMDK:20064610~menuPK:64701637~pagePK:64709096~piPK:64709108~theSitePK:502184,00.html>, (accessed January 10, 2012).

<sup>171</sup> Development Assistance Group, "Good Practice Guidelines," p. 4.

<sup>172</sup> Human Rights Watch interviews with the World Bank and the Finnish Embassy, September 9, 2011. These assessments were carried out in Gambella Region by DFID, USAID, EU, and UN agencies, and the Benishangul-Gumuz Region by Finland and the World Bank.

officials told Human Rights Watch that they were relatively free to move around the regions and villages as they deemed appropriate without government interference, although some of the visits in Benishangul-Gumuz were accompanied by government officials.

The USAID/UNICEF/DFID assessment has not been made public. However, officials told Human Rights Watch that the team in Gambella visited 12 villages in March 2011 and reportedly found that aid and infrastructure had not been delivered as promised. It also found that people moved primarily because of the promises of aid. A follow-up visit in June/July found that a lot of people were moving back to their old areas which, according to USAID, provided evidence of the voluntary nature of the move.<sup>173</sup> Negative aspects they identified included the speed, scale, and timing of the moves. DFID and the other participants in this assessment reported similar findings.<sup>174</sup>

The World Bank assessment in Benishangul-Gumuz has also not been made public. Officials told Human Rights Watch that they visited 30 sites out of a possible 75 villages and a follow-up assessment was carried out in July 2011. The World Bank told Human Rights Watch that for their initial assessment of the villagization process in Benishangul-Gumuz they brought in a high-level delegation of World Bank experts on resettlement to assess compliance with World Bank's Operational Policy on Involuntary Resettlement, OP 4.12. The team did not find it necessary to trigger their involuntary resettlement safeguards under OP 4.12, determining that villagization was "voluntary." The World Bank would not publish the assessment but summarized their two key findings of their assessment as:

1. The relocation of households under the Government of Ethiopia commune program<sup>175</sup> in Benishangul-Gumuz appeared to be voluntary, and was not a direct consequence of Bank-assisted investment projects implemented in the region.
2. Some Bank-supported projects in the region are being carried out contemporaneously with the GoE [Government of Ethiopia] commune program, but do not provide direct support to its implementation.<sup>176</sup>

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<sup>173</sup> Human Rights Watch interview with USAID, Addis Ababa, September 7, 2011.

<sup>174</sup> Human Rights Watch interviews with DFID and USAID, Addis Ababa, September 7 and 8, 2011.

<sup>175</sup> Donors now refer to the villagization program as the "commune" program.

<sup>176</sup> Human Rights Watch email communication with World Bank, Sustainable Development Division, Africa Region, October 6, 2011.

As evidence of the program’s voluntary nature, officials cited the relatively small distances people were told to move; the fact that people had chosen to move, motivated by greater access to services; and that people were told they could return to their original homes. The assessments also concluded that the observations of villagers going out and getting their own building materials and building their own *tukuls* (traditional huts) was evidence of their buy-in toward the program. It should be reiterated that this assessment was for Benishangul-Gumuz region, and not for Gambella, the focus of this report.

## Donors’ Involvement

The World Bank commissioned an assessment to establish whether Bank-supported projects were implicated in the implementation of the villagization program. The DAG Guidelines also highlight donor concerns with supporting resettlement programs. And yet, donors may well be supporting villagization without explicitly agreeing to do so.

The largest multilateral assistance program in Ethiopia is the Protection of Basic Services (PBS), a multi-billion dollar, multi-year program coordinated by the World Bank that provides budget support to local governments in Ethiopia in five sectors: health, education, water, roads, and agriculture.<sup>177</sup> The PBS program goes to *woreda* budgets, so at a minimum donor funds account for around 30 percent of health and education expenditure in the *woredas*.<sup>178</sup> In this way, donor funds could be being used for villagization to the extent that they are paying for new infrastructure in the destination villages: schools, hospitals, roads, agricultural programs, and likely food aid in the interim while livelihoods are in transition. For its part, the government is keen to stress donor buy-in. A spokesperson for the Ministry of Agriculture said that “there is financial support through the Productive Safety Net Program (PSNP),” the food for work program that provides a safety net across food insecure areas of the country.<sup>179</sup>

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<sup>177</sup> See Human Rights Watch, *Development Without Freedom*. The largest donors to PBS are the European Union and the United Kingdom. Total project costs for the PBS Phase II program as of February 2011 was US\$4.14 billion, with US\$2.2 billion from donors including the World Bank, and US\$1.9 billion contributed by Ethiopia. Donors are expected to provide an additional US\$366 million. See World Bank, *Projects & Operations*, s.v. “Ethiopia Protection of Basic Services Phase 2 Project,” 2011,

<http://web.worldbank.org/WBSITE/EXTERNAL/PROJECTS/0,,contentMDK:22886509~menuPK:64282138~pagePK:64614770~piPK:64614834~theSitePK:40941,00.html>, (accessed January 10, 2012).

<sup>178</sup> No publicly available audit is available showing how much of *woreda* expenditure is provided by the Ethiopian government and how much by donors; assistance is, in this sense, budget support.

<sup>179</sup> The Productive Safety Net Program (PSNP) aims to provide predictable transfers of food or cash to food-insecure households through a public works program, or direct transfers to those who cannot work. The program targets between 7 and 8 million beneficiaries and is run by the World Bank and the Ethiopian government. For more information see World Bank,

Western donors told Human Rights Watch that they recognized that villagization might be indirectly funded through the PBS program and food aid programs, like the PSNP. Because they have no way of disaggregating *woreda* expenditure, they do not know.<sup>180</sup> However, given that the PBS funds basic services across the country, indeed this is one of its aims, then it is almost impossible for donor funds not to be contributing to basic services in new villages. At least one other donor said that some of their water-sanitation projects were likely taking place in communities that had been villagized.<sup>181</sup> Several donors said that some infrastructure might have been built in villagized areas with their support and also spoke of the role they played in encouraging the government to ensure that the program complied with the World Bank's operational policy on involuntary resettlement.<sup>182</sup> One major donor to Ethiopia suggested to Human Rights Watch that "since [the] government has endorsed the [World Bank's] principles, [the donor] has been more flexible about the use of [its] funds for the program."<sup>183</sup>

In an email communication the World Bank told Human Rights Watch that "in some instances households had been encouraged to voluntarily cluster in communities where World Bank and other donor-financed infrastructure already exists or is planned to be provided in order to have easier access to water points, schools, health centers and other services." The World Bank noted that the "Government of Ethiopia has not requested financial and/or advisory support from the World Bank for the commune [villagization] program."<sup>184</sup>

However this does not mean that existing World Bank programs like the PBS are not being used to pay for infrastructure in the new villages. The assessment in Benishangul-Gumuz referred to above says that bank-supported projects are being carried out "contemporaneously" with the villagization program but are not providing "direct support

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*Projects & Operations*, s.v. "Public Works and Grants Create Safety Net," 2009, <http://web.worldbank.org/WBSITE/EXTERNAL/PROJECTS/o,,contentMDK:21395349~menuPK:64282138~pagePK:64614770~piPK:64614834~theSitePK:40941,00.html>, (accessed January 10, 2012).

<sup>180</sup> Human Rights Watch interviews with donor officials, Addis Ababa, September 2011.

<sup>181</sup> Human Rights Watch interview with the Ministry of Agriculture spokesperson, Addis Ababa, September 9, 2011.

<sup>182</sup> Human Rights Watch interview with donor officials, Addis Ababa, September 2011; for an overview of the World Bank policy on involuntary resettlement, see World Bank, "OP 4.12," <http://web.worldbank.org/WBSITE/EXTERNAL/PROJECTS/EXTPOLICIES/EXTOPMANUAL/o,,contentMDK:20064610~menuPK:4564185~pagePK:64709096~piPK:64709108~theSitePK:502184,00.html>.

<sup>183</sup> Human Rights Watch interview with a donor official, Addis Ababa, September 9, 2011.

<sup>184</sup> Human Rights Watch email communication with World Bank, Sustainable Development Division, Africa Region, October 6, 2011.

to its implementation,” without spelling out what that means. The assessment in Benishangul-Gumuz should be made public and the World Bank should make clear whether PBS funds are being used in this way. If PBS funds are being used in the construction of new villages, then it would appear to constitute the World Bank’s “direct support” for the implementation of the villagization program.

Since the Protection of Basic Services is such a huge program involving block grants to regional governments and since audit procedures are vague, it is hard to determine how donor funds are being used in specific *woredas*.

Furthermore, without seeing the Benishangul-Gumuz assessment, it is not clear how the World Bank determined that villagization was voluntary, and thus why its findings did not trigger resettlement safeguards. If it had found that the process was involuntary, then according to Bank policy Ethiopia would have had to draw up “resettlement instruments,” including a resettlement framework and policy that complied with the Guidelines. This would add a major new dimension to the PBS program, requiring additional approval by the Bank’s board and which, if Ethiopia failed to implement the policy satisfactorily, would result in supervision by the bank.<sup>185</sup>

A cursory examination of the requirements of OP 4.12 (summarized in the Guidelines in the Appendix) shows that Ethiopia has met virtually none of those requirements in Gambella. Human Rights Watch is deeply concerned that the World Bank’s approach in Benishangul-Gumuz may be the basis for its actions in Gambella. While Human Rights Watch did not undertake research in the Benishangul-Gumuz region and so cannot assess compliance with OP 4.12, were the World Bank’s assessment in Benishangul-Gumuz to be applied to the villagization process in Gambella, alarm bells should ring.

Requests for access to copies of these assessments were denied, but discussions with donors indicate that donor assessments only included testimonies from villagers still present in the villagized areas.

Donor investigations did not seek personal accounts from those who had recently left the region. Human Rights Watch found significant differences between interviews conducted

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<sup>185</sup> World Bank, *Operation Manual*, s.v. “Archived: Operation Manual: BP 4.12 – Involuntary Resettlement,” December 2001, <http://web.worldbank.org/WBSITE/EXTERNAL/PROJECTS/EXTPOLICIES/EXTOPMANUAL/o,,contentMDK:20064675~menuPK:64701637~pagePK:64709096~piPK:64709108~theSitePK:502184~isCURL:Y,oo.html>

outside of Ethiopia, where people are free to speak without fear of retribution, and interviews conducted in Ethiopia, where fear and intimidation limit the freedom to speak openly and where witnesses speaking to foreign human rights monitors and media are subjected to questioning, suspicion, and intimidation.

This general atmosphere of intimidation and fear that surrounds the expression of dissenting opinions in Ethiopia in general, and Gambella in particular, is critical to understanding the level of “voluntariness.” It is critical that donor assessments of programs are conducted independently of the Ethiopian government and include those who have left the new villages as well as those who remain.

Donors did recognize some areas of concern regarding villagization, but it is unclear to what extent those concerns affected their practices in the country. They found, as did Human Rights Watch, that government consultation with affected communities was limited and information provided was poor.<sup>186</sup> This should have been of particular concern in a situation involving the transfer of an indigenous population that has had customary use of land for grazing and shifting cultivation. Donors should be concerned about any potential facilitating role they have in such expropriation.

Donors also recognized that regional governments were putting pressure on national and international nongovernmental organizations to support villagization by effectively telling NGOs, “either you support our villagization effort or you are out.” At least one donor has raised this issue with the federal government after receiving complaints from some of their partner NGOs in Gambella.<sup>187</sup>

International NGOs are concerned that no humanitarian needs assessment has been conducted in Gambella during 2011.<sup>188</sup> Such an assessment is normally conducted in all food insecure areas of the country and would be crucial to determining whether relocated populations need humanitarian assistance. International nongovernmental staff said they were concerned that the government may have been blocking such an assessment because

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<sup>186</sup> Human Rights Watch interview with DFID and the World Bank, Addis Ababa, September 8 and 9, 2011.

<sup>187</sup> Human Rights Watch interview with a donor official, Addis Ababa, September 7, 2011.

<sup>188</sup> Human Rights Watch telephone interview with two staff from international NGOs active in Ethiopia, December 21 and 22, 2011.

it wanted to avoid revelations of people starving in the new villages.<sup>189</sup> A joint donor-NGO monitoring group on the humanitarian impact of villagization had been set up in January 2011 but rapidly stopped meeting. Humanitarian assessments for all villagized areas should be a priority to measure the impact of villagization and provide assistance where necessary.

Donors also voiced their concern about the increased potential for conflict in Gambella as a result of this process, including the exacerbation of clan divisions within the Nuer communities and the potential exacerbation of the Nuer-Anuak conflict over political representation.

Some donors also expressed concern about the link between villagization and land investment, with USAID continuing to press the Ethiopian government over the potential links.<sup>190</sup> Other donors, including the World Bank, have said that they have not found any evidence of such a link, although it is not clear how that conclusion was reached.<sup>191</sup>

Ultimately the donors have sought to distance themselves from villagization by claiming that any role they play is indirect, and focusing instead on engagement. As one donor put it, we are “engaging but not supporting.”<sup>192</sup> They emphasized their role was one of playing “quiet diplomacy.” Given the enormous amount of funds flowing through the PBS to every *woreda* in the country, however, Human Rights Watch believes donors’ claims of no responsibility in the villagization process to be disingenuous.<sup>193</sup>

Human Rights Watch calls on Ethiopia’s donors to fully monitor the villagization program—speaking to affected individuals both inside and outside the country—and ensure that no form of support is given to the program, including through the construction of infrastructure in new villages using the PBS program, until rights violations associated with the program are investigated and measures for consultation and compensation are in place. Provisions in the Ethiopian constitution guaranteeing land tenure security, consultation, and protections from inappropriate expropriation need to be respected, as should Ethiopia’s obligations under international human rights law.

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<sup>189</sup> Ibid.

<sup>190</sup> Human Rights Watch interview with USAID, Addis Ababa, September 7, 2011.

<sup>191</sup> Human Rights Watch interview with a donor official, Addis Ababa, September 7, 2011.

<sup>192</sup> Human Rights Watch interview with a donor official, Addis Ababa, September 8, 2011.

<sup>193</sup> Human Rights Watch interviews with donors, Addis Ababa, September 6-9, 2011.

# LEGAL FRAMEWORK

## Land Tenure under Ethiopian Law

The Ethiopian constitution decrees that all land in Ethiopia is state-owned. But in practice Ethiopia's land tenure system is a complex mix of traditional and modern systems of land tenure. As a result the nature of state-owned land has long been a divisive issue.

When the Derg came to power in 1974, it largely abolished existing customary land tenure systems and instituted communal (state) ownership of land. Since Prime Minister Meles Zenawi's EPRDF took power in 1991, the Ethiopian government has reaffirmed state ownership of land on the ostensible grounds "that opening land markets would provide inroads for involuntary dispossession of land from poor and vulnerable peasants."<sup>194</sup> Since that time, the EPRDF has taken several steps toward a more private land tenure model including permitting land to be rented and, more recently, the government's long-term leasing out of large parcels of land to foreign investors.

The Ethiopian government has partially implemented a formal land tenure system with significant donor support in four of Ethiopia's nine regions (Amhara, SNNPR, Oromia, and Tigray). Different land tenure systems have been undertaken in each of those regions based on the intricacies of the regional legislation.<sup>195</sup> But no formal system of land tenure is yet in place in the four regions where villagization is occurring. Benishangul-Gumuz recently passed enabling land administration legislation and land registration was scheduled to begin earlier this year,<sup>196</sup> while the Somali and Afar regions are in the process of passing enabling legislation.<sup>197</sup> Gambella has not yet passed regional legislation that would enable the development of a formal land tenure system. International NGOs have been very active in assisting with land registration processes under these land tenure

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<sup>194</sup> Tesfaye Teklu, "Land Scarcity, Tenure Change and Public Policy in the African Case of Ethiopia: Evidence on Efficacy and Unmet Demands for Land Rights," 2005, <http://homepages.wmich.edu/~asefa/Conference%20and%20Seminar/Papers/2005%20papers/Tesfaye%20Teklu%20on%20Land%20Tenure%20in%20Ethiopia.pdf> (accessed July 18, 2011), p. 6.

<sup>195</sup> For example, in Tigray region alone the land tenure system permits ex-TPLF fighters and early migrants to maintain rural land even if they live in urban areas.

<sup>196</sup> Personal communication, Benishangul-Gumuz Regional Government Bureau head, November 2010.

<sup>197</sup> USAID Land Tenure and Property Rights Portal, "USAID Program Brief: Land Tenure and Property Rights in Ethiopia," 2011, <http://usaidlandtenure.net/usaidltpproducts/program-briefs/program-brief-ethiopia> (accessed September 3, 2011), p. 1.

systems to increase tenure security, with some success. Generally speaking, these processes have involved granting leases or certificates of land holdings to farmers, residents, and other land users.

In Gambella land is managed and administered according to traditional systems. Boundaries are understood according to local customs and land-based conflicts are resolved in traditional forums. As described by the Oakland Institute:

Everyone in the village knows the territory, and where the traditional demarcation is. The territory is respected as people fear the ancestral spirits.... [L]and according to the village is divided into agriculture, (shifting cultivation all over your own territory but not in another without consultation and permission), used for fishing (rivers and ponds), alluvial soil used for permanent agriculture, areas used for hunting (called *dwa*), and some areas are used for protection (dense forest) during times of conflict. These areas are respected. Some areas have trees to be worshipped in that place.<sup>198</sup>

The Ethiopian government has not recognized traditional systems of land tenure in Gambella, continuing to call the land “unused” or “underutilized.” This is despite there being a strong basis in the constitution for the recognition of customary rights. Article 40(5) of the constitution states: “Ethiopian pastoralists have the right to free land for grazing and cultivation as well as the right not to be displaced from their own lands. The implementation shall be specified by law.”<sup>199</sup>

Historically, Ethiopia has disregarded pastoralist land rights and the system of communal land use that underpin these pastoral traditions.<sup>200</sup> The lack of a formal land tenure system greatly diminishes security of tenure for Gambella’s population and provides a more limited legal recourse for displacements and expropriations.

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<sup>198</sup> Oakland Institute, “Understanding Land Investment Deals in Africa,” <http://media.oaklandinstitute.org/understanding-land-investment-deals-africa-ethiopia>.

<sup>199</sup> Constitution of the Federal Democratic Republic of Ethiopia, No. 1/1995, art. 40(5).

<sup>200</sup> Tobias Hagmann, “Confronting the Concept of Environmentally Induced Conflict,” *Peace, Conflict and Development*, Issue 6, January 2005.

Nonetheless, the Ethiopian constitution and to lesser degree federal legislation provide protection from expropriation and the right to compensation. The constitution states:

Ethiopian peasants have the right to obtain land without payment and the protection against eviction from their possession. The implementation of this provision shall be specified by law.<sup>201</sup>

Without prejudice to the right to private property, the Government may expropriate private property for public purposes subject to payment in advance of compensation commensurate to the value of the property.<sup>202</sup>

All persons who have been displaced or whose livelihoods have been adversely affected as a result of State programs have the right to commensurate monetary or alternative means of compensation, including relocation with adequate State assistance.<sup>203</sup>

This constitutional framework is codified in federal legislation. “A Proclamation to Provide for the Expropriation of Land Holdings for Public Purposes and Payment of Compensation” outlines expropriation and compensation procedures.<sup>204</sup> Crucially, however, this legislation is only applicable to land where the individuals have legal title. As discussed, in all of the regions where villagization is taking place, none of the inhabitants have legal title. For those without legal title but having customary or other entitlements to land, there are no other expropriation or compensation procedures under Ethiopian law to implement the constitutional provisions.

Human Rights Watch did not find a single example where Gambella’s populations that had been forced to relocate were offered any compensation, alternative resettlement options,

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<sup>201</sup> Constitution of the Federal Democratic Republic of Ethiopia, No. 1/1995, art. 40(4).

<sup>202</sup> *Ibid.*, art. 40(8).

<sup>203</sup> *Ibid.*, art. 44(2).

<sup>204</sup> A Proclamation to Provide for the Expropriation of Land Holdings for Public Purposes and Payment of Compensation, Proclamation No. 455/2005, Federal Democratic Republic of Ethiopia, <http://www.ethiopian-law.com/federal-laws/substantive-law-legislations/property-and-land-laws/land-laws/150-expropriation-of-land-for-public-purposes-proc-no-455-2005.html> (accessed September 10, 2011). Compensation is to be equivalent to the replacement cost of property on the land, any improvements (value of capital and labor) made to the land and 10 times the average annual income from the previous five years.

or any avenue for redress. Not only has the villagization program in Gambella been in contravention of the Ethiopian constitution, it has resulted in violations of fundamental human rights protected under international law.

## **International Human Rights Law, Forced Evictions, and Indigenous Peoples' Rights**

### *International Human Rights Law*

Ethiopia is a party to the key international human rights conventions including the International Covenant on Civil and Political Rights (ICCPR),<sup>205</sup> the International Covenant on Economic, Social, and Cultural Rights (ICESCR),<sup>206</sup> and the African Charter on Human and Peoples' Rights.<sup>207</sup> These multinational treaties set out fundamental rights to which all persons are due, including rights to the security of the person; to be free from arbitrary arrest; to have access to a livelihood, food, and housing; to education; and to the highest obtainable standard of health. This report details numerous instances in which the Ethiopian government violated these and other rights in the course of its ongoing villagization program.

Under international law, states have an obligation to investigate grave violations of human rights and to punish the perpetrators.<sup>208</sup> They also have an obligation to ensure that victims of abuses have an effective remedy and that persons claiming such a remedy shall have their rights determined by competent judicial, administrative, or legislative authorities.<sup>209</sup>

### *Forced Evictions*

International human rights law protects the right to property. The Universal Declaration of Human Rights, which is broadly recognized as customary international law, states that

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<sup>205</sup> International Covenant on Civil and Political Rights (ICCPR), adopted December 16, 1966, G.A. Res. 2200A (XXI), 21 U.N. GAOR Supp. (No. 16) at 52, U.N. Doc. A/6316 (1966), 999 U.N.T.S. 171, entered into force March 23, 1976. Ethiopia ratified the ICCPR in 1993.

<sup>206</sup> Ethiopia ratified the ICESCR in 1993.

<sup>207</sup> African [Banjul] Charter on Human and Peoples' Rights, adopted June 27, 1981, OAU Doc. CAB/LEG/67/3 rev. 5, 21 I.L.M. 58 (1982), entered into force Oct. 21, 1986. Ethiopia ratified the Banjul Charter in 1998.

<sup>208</sup> The duty to try and punish those responsible for grave violations of human rights has its legal basis in various treaties, including the ICCPR, art. 2(2).

<sup>209</sup> See ICCPR, art. 2(3). Guidance on reparation to victims can be found in the UN Basic Principles and Guidelines on the Right to a Remedy and Reparation for Victims of Gross Violations of International Human Rights Law and Serious Violations of International Humanitarian Law, G.A. Res. 60/147, U.N. Doc. A/RES/60/147 (December 16, 2005). The Principles reaffirm that a state should provide adequate, effective, and prompt reparation to victims for acts or omissions constituting violations of international human rights norms.

“[e]veryone has the right to own property alone as well as in association with others.” Furthermore, “[n]o one shall be arbitrarily deprived of his property.”<sup>210</sup> Nonetheless, governments are generally entitled to expropriate land for public purposes, if done, as noted below, according to law with public participation, due process, and adequate compensation.

Whether or not they are considered to be in ownership of the property in question, individuals are protected from human rights violations that may arise out of forced evictions.<sup>211</sup> In its general comment on forced evictions, the UN Committee on Economic, Social and Cultural Rights discussed the interrelationship between forced evictions and violations of other human rights, such as the right to the security of the person and the right to an adequate standard of living.<sup>212</sup> It noted that forced displacement can take place in connection with forced population transfers and in the name of development.<sup>213</sup> The committee concluded that before an eviction can occur the authorities must explore all feasible alternatives in consultation with affected groups, and that those evicted must receive adequate compensation for affected property. Forced evictions may only be carried out if they are in accordance with general human rights law.<sup>214</sup>

Other UN bodies have made statements regarding forced evictions that highlight their impact on other human rights. For instance, the UN Commission on Human Rights Resolution 1993/77 affirms that forced eviction constitutes a gross violation of human rights, particularly the right to adequate housing.<sup>215</sup> The UN Human Rights Fact Sheet No.

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<sup>210</sup> Universal Declaration of Human Rights, G.A. res. 217A (III), U.N. Doc A/810 at 71 (1948), art. 17. See, for example, Banjul Charter, art. 14, “The right to property shall be guaranteed. It may only be encroached upon in the interest of public need or in the general interest of the community and in accordance with the provisions of appropriate laws.”

<sup>211</sup> “Forced evictions” have been defined as “the permanent or temporary removal against their will of individuals, families and/or communities from the homes and/or land which they occupy, without the provision of, and access to, appropriate forms of legal or other protection.” CESCR, General Comment No. 7 on the right to adequate house; forced evictions (1993), para. 3.

<sup>212</sup> *Ibid.*, para. 4. The UN Committee Against Torture (CAT), which monitors state compliance with the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment, has held on several occasions that forced evictions can amount to acts of cruel, inhuman or degrading treatment or punishment. In 2004, for example, the CAT expressed concern regarding the ill-treatment of Roma in Greece who were forcibly evicted or relocated by the authorities. Conclusions and Recommendations of the Committee against Torture regarding the fourth periodic report of Greece, UN Doc. CAT/C/CR/33/2 (10/12/2004), sec. 5(j), Annex 31.

<sup>213</sup> CESCR, General Comment No. 7, paras. 1-7

<sup>214</sup> *Ibid.* paras. 11, 13, and 14.

<sup>215</sup> UN Commission on Human Rights, Resolution 1993/77, para. 1.

25 on Forced Evictions and Human Rights focuses on treating forced evictions as a serious human rights violation rather than as a side-effect of some broader issue.<sup>216</sup>

### *Indigenous Peoples' Rights*

Populations affected by the relocations in Gambella include the Anuak, Nuer, and other groups that identify themselves as indigenous to the area. While it has not adopted an official definition of “indigenous peoples,” the UN and its specialized agencies consider self-identification as a fundamental criterion for indigenous status.<sup>217</sup>

Indigenous peoples' rights derive from the core international human rights instruments to which Ethiopia is party.<sup>218</sup> For instance, there are specific references to indigenous peoples in the Convention on the Rights of the Child and in the UN Committee on the Elimination of Racial Discrimination's General Recommendation 23 on Indigenous Peoples. Many of the communications brought under article 27 of the ICCPR on the protection of minorities have been submitted by members of indigenous peoples.<sup>219</sup>

The treaty provisions most applicable to indigenous populations are reflected in the UN Declaration on the Rights of Indigenous Peoples, which was adopted by the UN General Assembly in 2007 after many years of negotiation.<sup>220</sup> The declaration interprets key rights, including those regarding lands and resources.<sup>221</sup>

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<sup>216</sup> UN Office of the High Commissioner for Human Rights, Fact Sheet No.25, Forced Evictions and Human Rights, Vienna Declaration and Programme of Action (Part 1, para. 30), adopted by the World Conference on Human Rights, Vienna, June 23, 1993 (A/CONF.157/24 (Part 1), Chapter 3, <http://www.ohchr.org/Documents/Publications/FactSheet25en.pdf>, (accessed January 10, 2012).

<sup>217</sup> There is no formal definition of indigenous people under international law. However, the *Study of the problem of discrimination against indigenous populations*, E/CN.4/Sub.2/1986/7, 1986 (known as the Martínez-Cobo Study), provided a widely accepted definition of indigenous peoples as: “having a historical continuity with pre-invasion and pre-colonial societies that developed on their territories, consider themselves distinct from other sectors of the societies now prevailing in those territories, or parts of them. They form at present non-dominant sectors of society and are determined to preserve, develop and transmit to future generations their ancestral territories, and their ethnic identity, as the basis of their continued existence as peoples, in accordance with their own cultural patterns, social institutions and legal systems.”

<sup>218</sup> For instance, the UN Committee on Economic, Social and Cultural Rights in General Comment No. 7 on Forced Evictions recognizes that indigenous peoples are often affected disproportionately by forced evictions.

<sup>219</sup> See Manfred Nowak, *UN Covenant on Civil and Political Rights: CCPR Commentary* (Kehl: NP Engel, 2005, 2<sup>nd</sup> ed.), p. 651.

<sup>220</sup> Declaration on the Rights of Indigenous Peoples, G.A. Res. 61/295, U.N. Doc. A/RES/47/1 (2007).

<sup>221</sup> See also International Labour Organization, *Indigenous and Tribal Peoples Convention*, 1989 (No. 169), art. 1(2).

Then-UN Special Rapporteur on the situation of human rights and fundamental freedoms of indigenous peoples, Rodolfo Stavenhagen, stated in his February 2007 report that the Declaration on the Rights of Indigenous Peoples:

[M]ust be a fundamental part of the discussion about future international standards relating to indigenous peoples, not only at the international level, but also in regional or specialized areas. Its adoption also gives a strong impetus to the clarification of emerging customary law concerning indigenous rights at the international level, and should similarly energize the processes of legislative reform and domestic court proceedings.<sup>222</sup>

Indigenous land rights under international law are guided by contemporary understandings of cultural integrity and self-determination.<sup>223</sup> The UN Committee on the Elimination of Racial Discrimination in its general recommendation on indigenous peoples calls upon states to:

[R]ecognize and protect the rights of indigenous peoples to own, develop, control and use their communal lands, territories and resources and, where they have been deprived of their lands and territories traditionally owned or otherwise inhabited or used without their free and informed consent, to take steps to return those lands and territories. Only when this is for factual reasons not possible, the right to restitution should be substituted by the right to just, fair and prompt compensation. Such compensation should as far as possible take the form of lands and territories.<sup>224</sup>

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<sup>222</sup> United Nations, Report of the Special Rapporteur on the situation of human rights and fundamental freedoms of indigenous people, Rodolfo Stavenhagen, UN Doc. A/HRC/4/32 (2007), sec. 79, annex 15. See generally, United Nations Permanent Forum on Indigenous Issues, “Frequently Asked Questions: Declaration on the Rights of Indigenous Peoples,” <http://www.un.org/esa/socdev/unpfii/documents/FAQsindigenousdeclaration.pdf> (accessed August 13, 2011). Ethiopia did not take a position on this Declaration and was absent from the vote when the Declaration was passed at the UN General Assembly.

<sup>223</sup> See S. James Anaya, *Indigenous Peoples in International Law*, (Oxford University Press: New York, 1996), pp. 104-107.

<sup>224</sup> Committee on the Elimination of Racial Discrimination, General Recommendation 23 on Indigenous Peoples (Fifty-First Session, 1997) U.N. Doc. A/52/18, Annex V. Ethiopia has been a party to the International Convention on the Elimination of All Forms of Racial Discrimination since 1976. The relationship between indigenous peoples and land and its legal implications was earlier developed in the International Labor Organization (ILO) Convention No. 169 concerning Indigenous and Tribal Peoples in Independent Countries. ILO Convention No. 169 sets out that governments shall respect the special importance for the cultures and spiritual values of indigenous peoples of their relationship with the lands they occupy or otherwise use. ILO Convention (No. 169) concerning Indigenous and Tribal Peoples in Independent Countries, adopted June 27, 1989, 76th Session of the General Conference of the ILO, entry into force, Sept. 5, 1991, art. 13(1).

The Declaration on the Rights of Indigenous Peoples provides that states should put into place mechanisms for prevention of any action that has the aim or effect of dispossessing indigenous peoples of their lands, territories or resources, or any form of forced population transfer that similarly violates or undermines their rights.<sup>225</sup> Indigenous peoples shall not be forcibly removed from their lands or territories: “[n]o relocation shall take place without the free, prior and informed consent of the indigenous peoples concerned and after agreement on just and fair compensation and, where possible, with the option of return.”<sup>226</sup> They shall have the right to the lands, territories, and resources that they have traditionally owned, occupied, or otherwise used or acquired.<sup>227</sup>

In accordance with the Declaration, states shall establish and implement, in conjunction with indigenous peoples concerned, a fair, independent, impartial, open and transparent process, giving due recognition to indigenous peoples’ laws, traditions, customs, and land tenure systems, to recognize and adjudicate the rights of indigenous peoples pertaining to their lands, territories, and resources, including those which were traditionally owned or otherwise occupied or used. Indigenous peoples shall have the right to participate in this process.<sup>228</sup> Where indigenous peoples are entitled to redress, this should be by restitution or, when this is not possible, just, fair and equitable compensation, for the lands, territories, and resources that they have traditionally owned or otherwise occupied or used.<sup>229</sup>

Several regional and international bodies have been created to promote respect for the rights of indigenous peoples, including the Working Group on Indigenous Populations/Communities of the African Commission on Human and Peoples’ Rights, the UN Working Group on Indigenous Populations, the UN Special Rapporteur on the rights of indigenous peoples, and the UN Permanent Forum on Indigenous Issues.

International indigenous rights case law is expanding on the meaning of the rights

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<sup>225</sup> Declaration on the Rights of Indigenous Peoples, art. 8(2)(b-c).

<sup>226</sup> *Ibid.* art. 10.

<sup>227</sup> *Ibid.* art. 26. Ownership of land by indigenous and other peoples’ has been recognized regardless of title deed. In *The Mayagna (Sumo) Awas Tingni v Nicaragua*, the Inter-American Court of Human Rights ruled that “[a]s a result of customary practices, possession of the land should suffice for indigenous communities lacking real title to property of the land to obtain official recognition of that property.” *The Mayagna (Sumo) Awas Tingni Community v. Nicaragua*, Judgment of August 31, 2001, Inter-Am. Ct. H.R., (Ser. C) No. 79 (2001), secs. 151-152, <http://www1.umn.edu/humanrts/iachr/AwasTingnicase.html>.

<sup>228</sup> Declaration on the Rights of Indigenous Peoples, art. 27.

<sup>229</sup> *Ibid.* art. 28.

discussed in the Declaration.<sup>230</sup> A February 2010 decision by the African Commission on Human and Peoples' Rights, in the first ruling of an international tribunal finding a violation of the right to development, found that the eviction of Kenya's Endorois people, with minimal compensation, violated their rights as an indigenous people to property, health, culture, religion, and natural resources, and ordered Kenya to restore the Endorois to their historic land and provide compensation. This landmark ruling could prove to significantly advance the rights of indigenous peoples over their traditional lands in Africa.<sup>231</sup>

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<sup>230</sup> Inter-American Commission on Human Rights, "Indigenous and Tribal Peoples' Rights over their Ancestral Lands and Natural Resources," 2009, <http://www.cidh.org/countryrep/Indigenous-Lands09/Chap.VI.htm> (accessed August 30, 2011).

<sup>231</sup> African Commission on Human and Peoples' Rights, Case 276 /2003, Centre for Minority Rights Development (Kenya) and Minority Rights Group International on behalf of Endorois Welfare Council v Kenya (February 4, 2010), [http://www.hrw.org/sites/default/files/related\\_material/2010\\_africa\\_commission\\_ruling\\_o.pdf](http://www.hrw.org/sites/default/files/related_material/2010_africa_commission_ruling_o.pdf); see also, "Kenya: Landmark Ruling on Indigenous Land Rights," Human Rights Watch news release, February 4, 2010, <http://www.hrw.org/en/news/2010/02/04/kenya-landmark-ruling-indigenous-land-rights>.

## ACKNOWLEDGEMENTS

This report was written by Felix Horne, a consultant to Human Rights Watch, based on research by Felix Horne and Laetitia Bader, Africa researcher at Human Rights Watch. It was edited by Ben Rawlence, senior Africa researcher, and Rona Peligal, deputy director of Human Rights Watch's Africa Division. It was reviewed by Chris Albin-Lackey, senior researcher in the Business and Human Rights program, James Ross, legal and policy director, and Babatunde Olugboji, deputy program director. Maps were produced by Grace Choi. Analysis of satellite imagery was courtesy of the Geospatial Technologies and Human Rights Project as part of the Scientific Responsibility, Human Rights and Law Program of the American Association for the Advancement of Science (AAAS). Jamie Vernaelde prepared the report for publication. Grace Choi and Fitzroy Hepkins provided publication assistance.

**APPENDIX I: GAMBELLA PEOPLES' NATIONAL REGIONAL STATE,  
"VILLAGIZATION PROGRAM ACTION PLAN (2003 EFY)"**



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**Gambella Peoples' National Regional State**

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**Villagization Program Action Plan (2003  
EFY)**

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August 2002 E.C  
Gambella

## 1. Preamble

Although the Gambella Region is endowed with natural resources suitable to expand agricultural production it is one of food unsecured areas of the country. Traditional/cut & burn farming practices; scattered settlement; and river side settlement are the causes for the vulnerability among others. To alleviate the problem the regional government has developed strategy on villagization program on voluntarily, participatory and up on thorough investigation.

This program has got support from the beneficiaries and is meant to give access to socio-economic infrastructures and to exercise good governance and the program would have been done before to find solution to this paradox. This program will be launched in all districts of the region on selected kebeles. It has a three years life span and it is targeted to resettle 45,000 households. The program is started in 2003 EFY having 15,000 households target beneficiaries.

It is also envisaged that the resettlement will be based on watershed and each beneficiary household will have access to arable land up to 3-4 hectare. The 2003 EFY action plan of the program is described here with in detail.

### Goal

- To have access to basic socioeconomic infrastructures of those people who are settled scattered and along the riverside which are prone to flood hazard and those who practiced cut & burn shifting cultivation & ultimately to enable them food secured and to bring socioeconomic & cultural transformation of the people.

### Objectives

- 45,000 rural households (in 2003-05 EFY) of which 15,000 HH will be settled on voluntarily basis in selected 49 kebeles.
- 60,000 ha area will be delineated and given for housing and arable land for the targeted beneficiaries.
- Socio-economic infrastructures will be erected on those settlement areas, viz-a- viz; 19 primary schools, 51 water schemes, 22 health posts, 18 vet. Clinics, 40 flour mills, 49 ware houses/ storages and 195 km roads.

### Enabling Environment and opportunities

The program has backup by the political leaders from federal to the grass root level. Accordingly, the objective and the strategy of the program is propagated to the

community stakeholders in different sessions and reached at consensus. In some parts of the regional districts the community has inquired the local authority to resettle some years before.

Villagization according to this program is to move the beneficiaries within the same locality. That is to say there is no movement from one zone to the other and from one wereda to the other. Therefore, the people will shift from the vulnerable area to the new nearby area with no significance distances from their original land. It is rather clustering the people in the ideal place up on their interest and makes ease of delivering development services to bring tangible and radical change to the lives of the rural community.

Implementation arrangement is also set so that from the region to the local levels steering & technical committees has been established with their respective duties and responsibilities. (Implementation manual has prepared and endorsed by the regional government council)

## **2. Program activities**

### **2.1 Capacity building**

Cognizant to this continuous awareness raising is mandatory to different stakeholders at all levels. This is critical to make the program achievable. There is no idea left to be dubious. The role of the government and the role of the community should be identified & put clearly so that the program will be implemented in coordination between the two parties.

Training will also be rendered to surveyors, zonal administrators; wereda steering & technical committee members; local administrators (kebele) and community leaders on how to allocate lands for housing and arable farming.

### **2.2 Socio-economic infrastructure development**

The erection of socioeconomic infrastructure is paramount important and should be in place before moving the target population to the new sites. However, this needs an outlay of huge amount of money. Therefore, the following infrastructures will be set in the new settlement sites which did not have infrastructure before.

#### **Rural road**

Road is an essential part of infrastructure for any development. None the less, it demands huge investment. Thus, a total of 195 km rural roads will be opened to the sites and this will be done either on labor base or using machines.

**Education**

Universal access to primary education is one of the millennium development goals. To this end, the federal and the regional governments have given due attention and considerable result had obtained. Concerted effort to the accessibility and quality will continue to be vested up on the sector in general. Hence 19 primary schools will be constructed in the settlement sites.

**Health**

Similarly, to achieve the health sector policy which is geared to give primary health education through deployment of health extension agents in the initial plan period 22 health posts will be erected in the settlement areas.

**Animal health clinics**

Where the livestock resources are the domain for the lives of the target beneficiaries 18 animal health clinics will be constructed.

**Water**

Depending on the area or the locality where the settlement is due 51 water schemes will be constructed of which 10 schemes are on spot spring development.

**Flour mills & ware houses**

The rural community especially women are subjected to arduous work in preparing flour using partly buried wooden made mortar for the meals of the society. Therefore, to mitigate the problem 40 flour mills are going to be purchased & installed in the settlement sites. Together, 49 ware houses for the mill and other goods (grains) should also be constructed.

**2.3 Provision of Agricultural & other inputs**

The outcome of this program is to realize the target beneficiaries whom production and productivity is boomed so that they are capable of making wealth. To do so, provision of extension services is mandatory. Under the policy framework of the agriculture & rural development, three agricultural extension agents should be engaged at each kebeles. And the extension agents should enthusiastically follow and consult the target beneficiaries.

In the program entry point the beneficiaries rarely had assets to overcome the lean period till they enjoy the first year agricultural production. Therefore, agricultural inputs like improved/quality crop seeds, farm implements (agricultural hand tools including oxen for

plowing) will be rendered. In addition, grain ration and cooking oil shall be considered for utmost 8 months.

In the mean time villagization activities are logically interconnected with the natural resource use. Hence, due consideration will be given not to destruct the natural resource recklessly. In this regard, nursery sites should be established and tree seedlings will be raised to replenish the loss that would be used for construction, fuel wood, etc.

#### 2.4 Establishment of cooperatives

On voluntarily basis, the target beneficiaries should establish cooperatives in order to get synergy to manage and sustainably use the common properties in their respective kebeles as flour mill and to have access to credit among others.

### 3. Implementation strategy

This villagization program is the regional government development agenda and it is regulated by the regional government through the structural arrangement which were in place to the grass root level. It is also implemented per the principles put clearly in the implementation manual. Of which partnership is one of the principles. Though the government plays the leading role any developer be it private or company including NGOs does have its own stake to realize the plan.

In general terms, the capacity of the regional government is limited and only industrial products and services will be delivered to erect the socio-economic infrastructures in the new villagization sites. In virtue of this to change the existing fertile land and abundant water resource that the region is naturally endowed much is expected from the people (target beneficiaries).

To this end, the role of the government officials, experts and other partners is also critical to add value to the aforementioned endeavors.

The following points are some of the implementation strategies;

- **Transparency** and clear understanding of the objectives and goals of the program at all levels should be made;
- **Participatory approach**-the target beneficiaries should contribute local material & labor; and encouragement of private sectors & NGOs involvement;
- **Timeliness**: as far as possible those infrastructures (as packages-water, health, education, etc) should be in place before the relocation of target beneficiaries; and those agricultural inputs should also be delivered in time;

- **Land certification**-to avoid land disputes and to make sure the land use rights vested to the people in the constitution, land certification system should be in place;
- **Monitoring & evaluation (M&E)**-it is one of the management tools to realize the plan and it should be done at all levels continuously.

#### **4. Threats**

- Owing to different cultural affiliation the target beneficiaries might change their ideas against the program;
- Lack of resource/budget;
- Some of the deliverables may not be in place in a logically sequenced manner due to project management problems (late of erection of basic infrastructures, etc.).

Table 1: Villagization Action Plan for 2003 EFY

S. No	Activities	Unit of measure' mt	Target	Implementer	Implementation Schedule													
					1 <sup>st</sup> Quarter			2 <sup>nd</sup> Quarter			3 <sup>rd</sup> Quarter			4 <sup>th</sup> Quarter				
					July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June		
1	Training on land measurement & allotment		783			783												
	Surveyor	No.	30	Region		30												
	Weredas' & kebeles' Steering & Tech. committees and zonal administrators	No.	753	Region		753												
2	Awareness raising on the program at various levels	No.	2411			141	870											
	Zone & Woreda Administrators	No.	141	Region		141	-											
	Das & kebele administrators	No.	560	Zone, woreda		560												
	Community stakeholders	No.	210	Zone, woreda		210												
	Target beneficiaries	No.	15,000	>>														
3	Land arrangement for settlement & due of land certificate	No	15,000															
	Godere Woreda	No.	850	Zone, W./K		X	X	X										
	Other Woredas	No.	14,150	Zone, W./K			X	X	X	X	X							
4	Infrastructure Building																	
	Primary Schools	No.	19	BoE		X	X	X	X	X	X							
	Health posts	No.	22	BoH		X	X	X	X	X	X	X						
	Vet. clinics	No.	18	Wore/keb		X	X	X	X	X								
	Ware houses	No.	49	Coops agency		X		X	X	X	X							
	Procurement of flour mill	No.	40	BoARD		X	X	X										
	Rural road	kms	195	R/R/Authority		X	X	X	X	X	X	X						
	Water schemes	No.	51	BoWMED		X	X				X	X	X					

S. No	Activities	Unit of measure' mt	Target	Implementer	Implementation Schedule											
					1 <sup>st</sup> Quarter			2 <sup>nd</sup> Quarter			3 <sup>rd</sup> Quarter			4 <sup>th</sup> Quarter		
					July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
5	Provision of Agricultural inputs & food grain															
	Food grain (ration)	Qts.	90,000	NGOs	1125	1125						1125	1125	1125	1125	1125
	Cost of pounding & oils	Birr ('000)	4,200	>>	525	525						525	525	525	525	525
	Oxen (plowing)	No.	200	BoARD								200				
	Farm Implements	No. ('000)	105	BoARD			105									
	Agricultural Inputs	Qts	3,940	BoARD								3940				
	Cuttings (sweet potato)	No. ('000)	750	BoARD										750		
6	House Construction & resettlement	No.	15,000	Reg/Zone/W /Kebeles					X	X	X	X	X	X		
7	Monitoring & Evaluation	Rounds	12/4/4	Woreda/Z/R	X	X	X	X	X	X	X	X	X	X	X	X

Table 2: Activity plan in respect of financial flow

S. No	Activities	Unit of measure/mt	Target	Implementation Schedule								Total Budget	Budget Source	
				1 <sup>st</sup> Quarter		2 <sup>nd</sup> Quarter		3 <sup>rd</sup> Quarter		4 <sup>th</sup> Quarter				
				Physical	Financial	Physical	Financial	Physical	Financial	Physical	Financial			
1	Training on land measurement & allotment													
	Surveyor	No.	30	30	80,000									290,000 80,000
	Wereda & kebele Steering & Tech. committees and zonal administrators	No.	753	753	210,000									210,000
2	Awareness raising on the program at various levels	No.	2,411	2,411										
	Zone & Woreda Administrators	No.	141	141										
	Das & kebele administrators	No.	560	560										
	Community stakeholders	No.	210	210										
	Target beneficiaries	No.	15,000	15,000										
3	Land arrangement for settlement & due of land certificate													140,000
	Land allotment	Ha	60,000			3,400		56,600						
	House construction	No.	15,000			850		14,150						
4	Infrastructure Building						49,545,000							49,545,000
	Primary Schools	No.	19			19	9,500,000							9,500,000
	Health posts	No.	22			22	2,200,000							2,200,000
	Vet. clinics	No.	18			18	1,800,000							1,800,000
	Ware houses	No.	49			49	4,900,000							4,900,000
	Procurement of flour mill	No.	40			40	3,200,000							3,200,000
	Rural road	kms	195			195	19,500,000							19,500,000
	Water schemes	No.	51				8,445,000							8,445,000

S. No	Activities	Unit of measure <sup>mt</sup>	Target	Implementation Schedule								Total Budget	Budget Source
				1 <sup>st</sup> Quarter		2 <sup>nd</sup> Quarter		3 <sup>rd</sup> Quarter		4 <sup>th</sup> Quarter			
				Physical	Financial	Physical	Financial	Physical	Financial	Physical	Financial		
5	Provision of Agricultural inputs & food grain												
a	Food grain (ration)	Qts.	90,000					45,000		45,000		54,000,000	NGOs
b	Cost of pounding & oils	Birr ('000)	4,200						2,100,000		2,100,000	4,200,000	NGOs
	<b>S. Total</b>											58,200,000	
c	Oxen (plowing)	No.	200					200	300,000			300,000	
d	Farm Implements	No. ('000)	105			105,000	3,080,000					3,080,000	
	• Spade	No.	15,000			15,000	675,000					675,000	
	• Machetes	No.	15,000			15,000	450,000					450,000	
	• Sickle	No.	15,000			15,000	455,000					455,000	
	• Axe	No.	15,000			15,000	600,000					600,000	
	• Traditional plow sheer (Maresha)	No.	15,000			15,000	225,000					225,000	
	• Wogel (Iron metal)	No.	15,000			15,000	225,000					225,000	
	• Hoe	No.	15,000			15,000	450,000					450,000	
	<b>Sum (c &amp; d)</b>											<b>3,380,000</b>	
e	Agri. Seeds												
	• Maize	Qts	1,875					1,875	2,531,250			2,531,250	
	• Sorghum	Qts	563					563	281,500			281,500	
	• Rice	Qts	1,000					1,000	1,000,000			1,000,000	
	• Sesame	Qts	500			500	75,000					75,000	
	• Sweet potato cuttings	No.	500,000							500,000	100,000	100,000	
	• Vegetable seeds	Qts	3							3	100,000	100,000	
	• Tree seeds	Qts	2							2	50,000	50,000	
f	Input Transportation cost	Birr	500,000									500,000	
6	Monitoring & Evaluation	Birr	800,000		200,000		200,000		200,000		200,000	800,000	
	<b>Total</b>											<b>58,792,750</b>	
	<b>Contingency (5.2%)</b>											<b>3,107,250</b>	
	<b>Grand Total</b>											<b>61,900,000</b>	

N.B: The cost for food grain (a & b) which is amounted to Eth. Birr 58,200,000 is not included in the Grand Total Cost estimation.

Table 3: Program Targeted Kebeles and Woredas with the proposed socio-economic infrastructures

S. No	Woreda	Kebele	Primary Schools	Health Posts	Vet. Clinics	Water Schemes	Flour Mills	Ware House	Rural Road (Kms)	Remarks
1	Godere	5	1	-	-	5	3	5	50	
		Gelesha				1 (Spring)		1		
		Goshinie				1 (Spring)		1		
		Dunchai				1 (Spring)	1	1	15	
		Chemi				1 (Spring)	1	1		
2	Mengeshi	Gonchi	1	1		1 (Spring)	1	1	35	
		5	-	3	-	5	3	5	4	
		Baya		1		1 (Spring)	1	1		
		Kumi		1		1 (Spring)		1	4	
		Kokori				1 (Spring)	1	1		
3	Gog	Dushi		1		1 (Spring)		1		
		Godere Mission				1 (Spring)	1	1		
		3	-	1	-	3	2	3	10	
		Jangjor				1 (SHW)	1	1		
4	Abobo	Awkoy		1		1 (SHW)	1	1	10	
		Dipach				1 (SHW)		1		
		4	1	1	-	4	2	4	6	
		Tegne	1	1		1 (SHW)	1	1		
5	Gambella	Ukuna				1 (SHW)		1		
		Chebokir				1 (SHW)		1	3	
		Perpengo				1 (SHW)	1	1	3	
		6	-	1	-	6	4	6	7	
		Abolkir				1 (SHW)	1	1	1	
		Pignkew				1 (SHW)	1	1		
6	Dima	Opagna				1 (SHW)	1	1	6	
		Pimoli		1		1 (SHW)	-	1		
		Gnekwo				1 (SHW)	-	1		
		Uchoi & Elay				1 (SHW)	1	1		
		2	1	1		4	2	2		

S. No	Woreda	Kebele	Primary Schools	Health Posts	Vet. Clinics	Water Schemes	Flour Mills	Ware House	Rural Road (Kms)	Remarks
		Akula	1	1	-	2 (SHW)	1	1		
		Achagna	-	-	-	2 (SHW)	1	1		
7	Jor	4	2	4		4	4	4		
		Utel-01		1		1 (SHW)	1	1		
		Shentewa-02		1		1 (SHW)	1	1		
		Alemi		1		1 (SHW)	1	1		
		Olew		1		1 (SHW)	1	1		
8	Itang	3	1		3	3	3	3		
		Drowong	1		1	1 (SHW)	1	1		
		Puldeng			1	1 (SHW)	1	1		
		Wankey			1	1 (SHW)	1	1		
9	Jikawo	4	2	2	4	4	4	4	17	
		Bildak		1	1	1 (SHW)	1	1		
		Kwatguar	1		1	1 (SHW)	1	1	4	
		Lekchour	1	1	1	1 (SHW)	1	1	5	
		Nibnib			1	1 (SHW)	1	1	8	
10	Wantwa	4	4	3	4	4	4	4	13	
		Gadie	1	1	1	1 (SHW)	1	1	3	
		Cholpiew	1	1	1	1 (SHW)	1	1	3	
		Pajing	1	1	1	1 (SHW)	1	1	7	
		Moun	1		1	1 (SHW)	1	1		
11	Lare	5	3	2	3	5	5	5	12	
		Katir			1	-	1	1	12	
		Koworly	1			1 (SHW)	1	1		
		Kwotnewal				1 (SHW)	1	1		
		Kowormechar	1	1	1	1 (SHW)	1	1		
		Etai	1	1	1	2 (SHW)	1	1		
12	Akobo	4	4	4	4	4	4	4	76	
		Buye	1	1	1	1 (SHW)	1	1	7	
		Tore	1	1	1	1 (SHW)	1	1	12	
		Kochair	1	1	1	1 (SHW)	1	1	20	

S. No	Woreda	Kebele	Primary Schools	Health Posts	Vet. Clinics	Water Schemes	Flour Mills	Ware House	Rural Road (Kms)	Remarks
		Yiryir	1	1	1	1 (SHW)	1	1	37	
	<b>Total</b>	<b>49</b>	<b>19</b>	<b>25</b>	<b>18</b>	51 (10 springs)	<b>41</b>	<b>49</b>	<b>195</b>	

# APPENDIX II: DAG, “GOOD PRACTICE GUIDELINES AND PRINCIPLES REGARDING RESETTLEMENT”

Guidelines and Principles for Resettlement, 24 Jan 2011

## Good Practice Guidelines and Principles Regarding Resettlement

### Introduction

International development partners fully support the need to accelerate development in the four Developing Regional States. We also recognise the government’s desire to improve access to basic services and sustainable livelihood opportunities, increase commercial investment to achieve higher rates of sustainable economic growth and reduce risk and vulnerabilities to natural disasters. As part of its pursuit of these objectives in the Developing Regional States, the government is relocating communities and has indicated that specific processes and safeguards need to be put in place to ensure that relocation processes of different kinds are effective and successful.

Development partners currently working in DRS regions have been approached to support government initiatives that involve the relocation of individuals and communities. Beyond humanitarian assistance, it is problematic for international partners to respond to such requests in the absence of clear information regarding the policy frameworks, objectives, principles and strategies that federal and regional governments have adopted and on which these activities are based. Development partners therefore wish to request that both federal and regional government make available as a basis for dialogue the relevant documents regarding:

- The vision for accelerated development in Developing Regional States and the contribution that relocating populations will make to achieving these objectives as described in existing policies, strategies and plans.
- Guidelines and principles that have been developed regarding the relocating of populations in the different regions.
- Any background information, needs assessment, analysis and feasibility studies that have been carried out to support the planning for relocating communities.

While these approaches have been variously referred to as *villagization*, *clustering* or as a *commune strategy*, all of these concepts fit within what most development partners define as *resettlement* in that they involve a process to assist people who relocate through the provision of basic infrastructure and services and support to build sustainable livelihoods. Many international development partners employ specific policies and guidelines in relation to resettlement. This is because past experience in a number of countries has shown that where people are resettled without adequate planning and consultation, against the will of individuals and communities such population movements can impact negatively on the wellbeing and livelihoods of those who were intended to benefit. In addition, such movements can create tensions and conflict between resettling groups and host communities which undermine the conditions necessary for effective development and economic growth.

For this reason, and at the request of the Government of Ethiopia, development partners have developed this paper to share a proposed set of good practice guidelines and principles governing resettlement processes. This document therefore sets out:

1. Key elements of resettlement processes that should be implemented,
2. A set of proposed guidelines and principles governing resettlement.

**1. Key elements of resettlement processes:**

**A. Information and Consultation**

Information is made available to all affected and host communities and the public in concerned regions and woredas, regarding:

- a. The rationale and policy objectives for resettlement
- b. Alternatives to resettlement that have been considered (eg alternative models of service delivery, livelihoods diversification options etc)
- c. Options available to affected communities and how these choices can be implemented
- d. The rights of individuals and communities in relation to resettlement, clear eligibility criteria and procedures to access resettlement support and compensation where appropriate and mechanisms available to consider complaints and grievances (*see below*)

Relevant stakeholders including potential resettling and host communities should be consulted at all stages of the decision-making, design and planning of resettlement including:

- a. Public consultation meetings are widely advertised and the results of consultation are made public and taken into account in the decision-making process and planning of resettlement
- b. Resettlement plans are made publicly available to all people and organisations in the concerned woredas and to development partners and other stakeholders

**B. Development of a Resettlement Plan**

A comprehensive resettlement plan is developed with the full participation of the affected communities. The resettlement plan should include

- a. Objectives of the resettlement and identification of potential social, economic, environment and cultural impacts
- b. Analysis of the needs of resettling communities in terms of:
  - basic social service requirements,
  - economic opportunities disruption of existing livelihoods and support required to restore and improve livelihoods, with a timeline for implementation.
  - likely impact on existing tensions between clans and ethnic groups and mechanisms to ensure harmonious coexistence and the peaceful resolution of potential conflicts, endorsed by both the resettling and the host communities.
  - environmental impact on proposed resettlement sites and appropriate mechanisms for the sustainable management of natural resources.
- c. Detailed land use plans and technical feasibility studies to support the selection and design of infrastructure development on the resettlement sites
- d. Implementation arrangements for developing resettlement sites including organisational responsibilities and a clear timeline for implementation
- e. Costing and budget for implementing resettlement including identification of available resources and funding mechanisms
- f. Outline of governance arrangements for resettlement including
  - Criteria for eligibility and access to resettlement support and compensation for loss of property and access to other resources
  - Grievance procedures to address complaints regarding the resettlement process (*See below*)
  - Monitoring and evaluation arrangements (*See below*)

**C. Implementation of the Resettlement Plan before relocation of populations**

The implementation of infrastructure, basic social services and other resettlement support services is put in place according to the resettlement plan before populations are moved from their current place of residence to resettlement sites.

**D. Mechanisms for monitoring, safeguards, appeals and redress put in place**

Safeguards are put in place to ensure that households and communities are resettled in a manner that protects their basic human rights and respects their choices. This includes developing mechanisms through which communities or individuals can confidentially petition and receive a hearing regarding decisions that involve their potential resettlement. There are several options for such a system, these include:

- a. *Administrative and judicial mechanisms* that allow grievance and complaints from individuals, families or communities related to resettlement to be dealt with using existing administrative and judicial systems. Such as woreda or kebele development planning mechanisms, administrative complaints procedures or the courts.
- b. *Community / traditional dispute resolution mechanisms* where grievances and complaints are brought to community governance bodies for discussion and where community governance structures are empowered to mediate with government and other partners to obtain resolution.
- c. *Independent, third party mechanisms* through which grievances and complaints are brought to bodies operating or established in the community for discussion and these organisations are empowered to mediate with parties to obtain resolution.
- d. *Specific programme based monitoring and redress mechanisms* established as part of the resettlement process with the specific mandate to monitor implementation, identify potential conflicts and injustices and report these to the appropriate authorities or intervene directly to resolve them. These bodies should conduct regular monitoring visits to all resettlement sites. For example a special unit at regional government level or a committee at woreda level to report on progress and investigate and/or resolve complaints and grievances or refer these for resolution to the programme oversight bodies. There could, for example, be a quarterly meeting of the programme oversight bodies preceded by site visits to the resettlement sites at which issues arising can be discussed and resolved.

**2. Guidelines and Principles related to resettlement:**

- 1- Resettlement of communities should be avoided where feasible, or minimized, exploring all viable options and alternatives first.
- 2- Where resettlement is considered it should be on a voluntary basis and resettled persons and communities should be meaningfully consulted and should have opportunities to participate in planning and implementing resettlement programmes.
- 3- Individuals and communities affected by resettlement should be:
  - (i) informed about their options and rights pertaining to resettlement;
  - (ii) provided with technically and economically feasible resettlement alternatives
  - (iii) able to make choices between these alternatives on the basis of informed consent.
- 4- Processes for planning resettlement should allow sufficient time for adequate needs assessment, feasibility studies, infrastructure and land use planning and consultation and dialogue with resettling and host communities,

- 5- The focus of resettlement planning should be on creating the environment and incentives to encourage people to relocate to areas where their improved standard of living is assured. This means that the development of necessary basic infrastructure and services (eg road access, water, sanitation, health, education) must be in place before relocation takes place.
- 6- In the new resettlement sites, infrastructure and public services should be provided to an acceptable standard to improve, restore, or maintain accessibility and levels of service for the displaced persons and host communities. Alternative or similar resources should be provided to compensate for the loss of access to community resources (such as fishing areas, grazing areas, fuel, or fodder).
- 7- Resettled persons and communities should be assisted in their efforts to improve their livelihoods and standards of living or at least to restore them, in real terms, to at least pre-resettlement levels. Possible disruption to existing livelihoods and coping mechanisms must be analysed and measures put in place to ensure these are minimized.
- 8- Any resettlement should include measures to ensure that the resettled persons are provided prompt and effective compensation at full replacement cost for losses of assets attributable directly to the resettlement, based on clear entitlement criteria.
- 9- Resettlement should respect cultural and ethnic boundaries and dynamics and should be compatible with the cultural preferences of the resettled population and the hosting community. Patterns of community organization in the resettlement area should be based on choices made by the displaced persons. To the extent possible, the existing social and cultural institutions of resettlers and any host communities are preserved and resettlers' preferences with respect to relocating in preexisting communities and groups are honored. Resettlement planning should include the definition of mechanisms to mitigate and resolve conflicts between resettling and host communities.
- 10- Provision should be made for regular monitoring of resettlement processes, including appropriate and accessible grievance mechanisms to which individuals and groups can take complaints and seek redress.

## HUMAN RIGHTS WATCH

350 Fifth Avenue, 34<sup>th</sup> Floor  
New York, NY 10118-3299  
Tel: 212-290-4700  
Fax: 212-736-1300  
Fax: 917-591-3452

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## APPENDIX III: HUMAN RIGHTS WATCH LETTER TO THE GOVERNMENT OF ETHIOPIA ON GAMBELLA

November 16, 2011

Dr. Shiferaw Teklemariam  
Minister of Federal Affairs  
Ministry of Federal Affairs  
PO Box 5718  
Addis Ababa, Ethiopia

*Via email: shiferawtmm@yahoo.com*

### RE: Villagization and Rights Abuses in Ethiopia's Gambella Region

Dear Dr. Shiferaw,

Human Rights Watch is an international organization that conducts research and advocacy on human rights issues in over 70 countries worldwide.

We would like to share with you the key findings of recent research we have been carrying out on the "villagization" process in Gambella Regional State in Ethiopia. Under the villagization process, the authorities are displacing the population of entire villages from their original locations to new larger locations. The government claims the purpose of the exercise is to enhance access to services.

Human Rights Watch conducted interviews with over 100 individuals who have been part of this process in its first year. Approximately 50 were interviewed in Gambella, and another 50 interviews were carried out among newly arrived refugees from Gambella interviewed in Kenya. Researchers visited two thirds of the locations where villagization was underway during year one of the program.

Our research found that in Gambella, the villagization process is not voluntary, and is accompanied by various human rights abuses. Government soldiers frequently beat or arrested individuals who questioned the motives of the program or refuse to move to the new villages. Community leaders and young men are targeted. There have also

been credible allegations of rape and sexual assault by government soldiers. Fear and intimidation was widespread.

The Regional Government plan lists challenges in providing infrastructure for a scattered rural population as one of the justifications for the program, but the early implementation of the program appears to refute that justification. Virtually none of the infrastructure promised has been provided, and some communities were walking back to their old communities to access old infrastructure. Women were walking further to access water, and most residents no longer have access to even basic healthcare services. Children were not going to school due to lack of buildings in the new villages, long distances to access old schools, and fear of the soldiers present in the area. Former local government officials told Human Rights Watch that in fact the real reason for the displacement is to clear the way for the leasing of land for commercial agriculture. Villagers had been told the same by current local government officials.

In the new locations villagers were being forced to build their own *tukuls* (traditional huts) under the close supervision of the military. Resting or communication between villagers was met with threats and violence from soldiers. In some other cases, the *woreda* government forcibly led neighboring villagers (and in one case school students) to assist in *tukul* construction.

The food security situation in many new villages is dire. The forced movements to the new village occurred at the worst possible time – at the beginning of the harvest– and the areas where people have been moved are often dry with poor-quality soil. When villagers returned to their old fields, they found crops destroyed by baboons and rats. Despite government pledges, land had not been cleared in the new villages, and agricultural extension services or input provision had not been provided. Food aid provided was minimal. Livelihoods have been decimated.

There is also involuntary displacement of the indigenous Anuak population from several urban areas to nearby villages, where there is little infrastructure, food, or available shelter.

Gambella is the only one of Ethiopia's 10 regions where land certification processes are not being implemented. Without these land certification processes, the region's shifting cultivators, agro-pastoralists, and sedentary farmers have no security of land tenure. Despite strong constitutional guarantees, they have no protection from expropriation, receive no compensation, and international standards on the protection of indigenous rights are ignored– a serious concern in a region where 42 percent of the land area is either being marketed as available for agricultural land investment or has already been leased to investors.

As a result of the rights violations associated with the villagization program, many villagers have fled to the bush or to refugee camps in South Sudan or Kenya. In many of the new villages, women, children, the elderly and the ill are the only individuals remaining.

Human Rights Watch would appreciate the Government of Ethiopia's response to the above findings. In addition, we would welcome your feedback on the following questions:

1. Does the government of Ethiopia intend to undertake years two and three of the villagization program in Gambella as scheduled?
2. Is the Government of Ethiopia undertaking a land use planning process for Gambella? If so, what is the status of the process and how are civil society and indigenous people being consulted in its development?
3. Will the Government of Ethiopia allow people to freely return to their own villages? What steps is the government taking to ensure that those who do so do not face threats and violence from the military or the police?
4. What is the Government of Ethiopia's rationale for the displacement of Anuak from Gambella's urban areas? What steps has the government taken – or will it take – to ensure that no Anuak is displaced involuntarily?
5. Why has Ethiopia not implemented a land tenure security system in Gambella for shifting cultivators/pastoralist peoples, thereby providing some tenure security for the region's inhabitants, as outlined in the Constitution, prior to villagization or agricultural land investment? Compensation procedures in the Constitution do not differentiate between shifting cultivators/pastoralists and sedentary agriculture, so why has compensation not been given to shifting cultivators/pastoralists?

We would appreciate your response to these questions by December 15, 2011 so that it can be reflected in our published report. We would also be pleased to discuss these questions in person with you at your earliest convenience.

Sincerely,



Rona Peligal  
Deputy Director, Africa Division  
Human Rights Watch

Cc:

Bereket Simon, Minister for Government Communications  
Wondirad Mandefro, Minister for Agriculture  
Shimeles Kemal, Chief Prosecutor  
Ambassador Girma Birru, Special Envoy to the United States

## **APPENDIX IV: REPLY FROM THE GOVERNMENT OF ETHIOPIA TO HUMAN RIGHTS WATCH REGARDING GAMBELLA**

To: Rona Peligal, Deputy Director, Africa Division

Human Rights Watch

**Re: Combined Response to Human Rights Watch Enquiry, “Villagization in Gambella and development initiatives in South Omo Research findings”**

Dear Ms. Peligal,

The Federal Democratic Republic of Ethiopia has long put in place development policies and strategies that have and give due consideration to local reality and context while at the same time drawing relevant lessons from successful experiences elsewhere. The basic objective of these policies and strategies is to fight against poverty and ignorance that has bedeviled the country for decades. Since 1991 a series of medium term poverty alleviation plans were implemented that have over the years achieved remarkable growth and brought development dividend for citizens. The Current five year Growth and Transformation Plan (2010-2015) is an extension of this process that builds on the experiences of average growth of 11% of the last consecutive eight years. The villagization programs in Gambella as well as the development interventions in South Omo are efforts to tackle poverty and ignorance and to usher in a new era of Ethiopian renaissance. It is also the government’s constitutional commitment to deliver special intervention packages that help safeguard economic and political equality among minorities in Ethiopia.

Hoping that setting the record straight might help the Human Rights Watch research group to re-examine their research methodology and to think twice about their groundless allegations, the following remarks are given by way of explanation on the numerous issues raised and allegations made in your letters.

The villagization (commune program) program in Gambella regional state has single objective: improved livelihood within the framework of national Growth and Development Plan. The targets are to provide efficient and effective economic and social services (safe drinking water, optimum Health care, Education, improved agronomy practices, market access etc.), create an access to infrastructure (road, power, telecommunication etc.) and ensure the citizens’ full engagement in good governance and democratic exercise.

The villagization programs as well as other development interventions were implemented in accordance with FDRE constitution and relevant democratic principles. It was fully conducted on voluntary basis and with the full consent and participation of the beneficiaries. The sites for commune program were selected with full study into the availability of surface & ground water and adequate arable and grazing land. Utmost care was taken to make sure the critical social and economic services i.e. water, health services, education and improved agronomy practices are put in place before the beneficiaries were relocated to the new areas. The commune program was largely conducted in the very vicinities of the beneficiary communities. Most locations are even merely a

walking distance from the original location; with no challenges of customization to a different environmental setup and climatic adaptations. It is in their own village or district and most of the time in areas where already a good number of dwellers had settled before. They have also all the right to return to their original locations whenever and if they want. Therefore, so-called research findings regarding forced displacement, the allegation that the new locations being unproductive and the possibility of new security threats lack evidence and credibility.

The Gambella Regional state covers an area of 34,063 square kilometers and population density is calculated at 9.01 persons per square kilometer. Based on the recent census the population of the region is estimated at 306,916. About 20,243 households have already become beneficiaries of the year one program out of the total three years plan for commune program. The actual plan of action for the fiscal year was 15,000 households, though the performance surpassed by more than 5,000. This was a clear and bold sign of not only volunteerism but also an active demand by the beneficiaries themselves.

In the 43 villagization ( commune program) sites of Gambella, 22 Health facilities, 19 Schools, 72 water schemes, 128 kilometer rural road , 18 animal health clinics, 30 grain mill facilities, 407 water pumps and 27 farmers training centers were newly constructed and are functional. These facilities were built within one year in order to cater in time for the beneficiaries at their new commune sites. No allegation or fabricated report could detract from the reality on the ground and mislead citizens who are actually enjoying the benefits; a fact that could be verified by anyone who cares to know. About 50,000 citizens now enjoy these facilities with better agronomic practices and improved productivity. The other villages do have these facilities already.

The villagers for the first time in their history started to produce excess product—maize, sorghum, rice, potatoes, beans, vegetables, fruits, etc.—beyond and above their family consumption. The agronomy practices are supported by agricultural extension programs and by the provision of improved inputs. They have already begun to bring their products to close-by markets thereby earning additional income and have even started to send children to schools. The new institutions have certainly created access for the most needy and neglected people including children and mothers. This is in line with our constitutional responsibility for our citizens, five years Growth and Transformation Plan, and the Government’s commitment to achieving Millennium Development Goals.

The commune program in Gambella is a new program which the regional state is conducting as part of its Growth and Development Plan for the next five years. Thanks to the age-long alienation by successive regimes, Gambella regional state had long remained one of the worst off regions of Ethiopia in terms of access to development facilities. The efficacy of development endeavors already underway in the region and the capacity to deliver effective and efficient results must therefore be seen in the context of this reality. The obstacles created all along by anti-development, anti-peace and rent-seeking elements who tried their level best to derail the progress in the region have also often played havoc with the speed and effectiveness of development projects. Such elements are not only averse to any prospect of growth and development in the region but also have done

everything to set the clock back on the region's progress through a concerted campaign with the support of their foreign handlers. For such elements growth and development militate against their hideous political objectives and thus would not stop at nothing to sabotage the success of any and all development projects in the region. In fact, these elements have several times attempted to achieve their sinister objectives by producing a series of fictitious reports with a view to misleading beneficiaries until their duplicitous campaign was finally revealed by the people to be utterly false. Yet another challenge in this regard was the delay in few villages under the commune program to complete in time the necessary facilities mainly because of financial constraints and lack of efficiency on the part of contractors. If anything, the experience from the execution of phase one of the commune program has helped develop better planning, implementing and monitoring capacity for the forthcoming development programs.

The objective of the commune program is not and it will not be what the tendentious report of the so-called Human Rights Watch research makes out to be. The allegations that military and police force was used to implement the commune program; that the Anuak were displaced from Gambella's most urban areas; that military and police were forcefully obstructing settlers from freely returning to their own villages; and claims that police and the military are routinely deployed in this commune program etc. are downright fabrications. Contrary to what your report alleges, there has not been and never will be a need for the deployment of the police, much less the military in these projects. The totally uncalled for—totally inaccurate, no less--assertion that the “Anuak population” is involuntarily displaced from several urban areas clearly betrays HRW's game plan: using false allegations to ignite a conflict among the regions' inhabitants thereby creating a contrived fact on the ground. This rather outrageous claim in fact clearly shows the ill-disguised motive of the Human Rights Watch research group to unfairly paint a dark image of Ethiopia.

The allegation that no facilities of school, health, safe water, and infrastructure were available in the commune program demonstrates how the HRW's claim of having visited two third of villagization sites was a total lie and an exercise in imagination. It is simply a mere fabrication with no factual basis at all. Unbiased, genuine and fact finding mission could be conducted to look into the reality in the respective 43 villagization sites. The so-called research finding willfully ignores the fact that more than 50, 000 people are utilizing these services from the newly built and functional institutions. The fact finding mission from Ethiopia Donor Assistance Group visited Gambella and observed these facilities while they were up and running. Human Rights Watch could get valid information from this group if it wants. If past its pattern is any guide, however, Human Rights Watch never has the stomach for the truth other than for their Nairobi-based projection of virtual reality.

The reference to “newly arrived refugees in Kenya and South Sudan” fleeing the commune program and interviewed by Human Rights Watch researchers could again be a further evidence of baseless allegation and total fabrication. The report mentioned that Gambella is left only with women, children and the elderly with the rest having already fled to the refugee camps in South Sudan and Keya. If indeed this was even remotely true, there must certainly have been an official report from

UNHCR or the Governments of Kenya and South Sudan about such major event and it would have reflected on the population pyramid of Gambella. There is no such report, simply because there are no such refugees.

Quite simply, “Human Rights Watch research group and informants in Ethiopia” are phantom characters in HRW ‘researchers’ fertile imagination. This case is a crystal clear indication that Human Rights Watch mission in Ethiopia is more political and ideological than part of any genuine concern for human rights as such. It is clear that Human Rights Watch is not an institution concerned with human rights when in fact it is callously standing against Ethiopia’s endeavors to address the deep rooted poverty and ignorance in the country.

Despite Human Rights Watch’s fatuous claim to have visited two thirds of the commune program sites, the findings nonetheless reflect more grave problems in the research methodology, and on the motives of ‘researchers’ and ‘informants’ and/or their credibility thus casting huge doubt on the true intentions of Human Rights Watch.

The report also stated that the basic reason for commune program is to clear the way for the leasing of land for commercial agriculture. As we stated earlier, the basic objective of the commune program is to ensure improved livelihood for our own citizens. It is common knowledge that scattered population lacks the effective means—in the face of given resource constraint—for collective voice and universal access to improved social and economic services as well as good governance. It is also a fact that one need not displace anyone in Gambella to secure a commercial land as there is an adequate land that is not owned by anyone else. The average size of shifting land owned by one household in Gambella is 0.42 hectares. Through villagization program, a household is given an average of four hectares of land. First level land certification was conducted and at year two all villagers will get the second level certificate. The commune program is also in line with the land use development corridor study conducted in the region. We also believe a robust land use study reconciling different objectives is an imperative and this is currently being considered by the Gambella regional state.

With a total area of 34,063 square kilometers and density of 9 persons per square kilometer and cultivable land mass of 3,400,063 hectares of land, close to 1.226 million hectares of land has already been identified to be appropriate for commercial purposes in Gambella. Even out of the identified amount of land it is only about 225,012 (18%) hectares of land that has been transferred to local and international investment firms in a very transparent and environment friendly manner . In addition to technology transfer, such investment brings comprehensive area development that in turn creates a great employment opportunity for the residents of the regional state. The above facts and figures speak for themselves and it is not entirely clear why the government would be suspected of displacing people to prepare land for commercial purposes.

The same also holds true for allegations about South Omo development projects. They reflect more the personal biases of Human Rights Watch’ informants’ in Ethiopia rather than the reality on the ground. Here again the methodology used and the informants deployed must have been

politically and ideologically driven and far removed from reality. The so called “study findings” have no merit and are not worth the paper they are written on.

Allegations about the engagement of military and police emanate from the willful ignorance of Human Rights Watch Research group in Ethiopia about the discipline of Ethiopian security forces. In fact, no military is deployed in these areas nor is there a need to. The government of Ethiopia will not displace a single person involuntarily whether in Gambella or elsewhere in the country. The FDRE constitution and the EPRDF Government’s commitment to the cause of the peoples of Ethiopia means that no citizen will be forced out of his/her location without their individual will for resettlement or any other purpose. If such complaint is filed by any one, the justice system and governance structures in the country have put in place mechanisms for redress.

The South Omo valley projects outlined in the report is part of the Plan towards accelerated and sustainable development to end poverty in Ethiopia. The government of Ethiopia is open so far and will be open in the future to ensure access to donor agencies and media with proper knowledge and permission from appropriate government authority for fact finding or similar missions meant in good faith. This was of course what the Ethiopia based Donor Assistance Group did and there is no reason why this will not continue if and when a legitimate request is made. There already is a joint working group mechanism in place for this purpose that needs to be further strengthened.

It is rather mind-boggling to see HRW claim that the fight against poverty is indeed a violation of human rights. On the contrary, though, any sabotage against development interventions to end citizens’ poverty can be clearly labeled as Human Rights Violation.

With regard to your seemingly innocuous query, we would like to indicate that all the concerns mentioned about environmental and social impacts of these projects were well studied including the consultations with the neighboring countries and beneficiary communities in South Omo.

The project site and the selected locations in South Omo are not anywhere close human dwellings to disturb inhabitants’ lifestyle. It is an area which is hardly inhabited at all except at a widely scattered pattern. The population density in Selamago woreda, South omo project site; is below 5 persons per square kilometer. The project has designated about 1700 hectares of land and will be provided with access to irrigation schemes. Social and economical facilities and infrastructures will be provided that will certainly impact the livelihood and quality of life in positive terms. Rural Road access of 18 kilometers is under construction to connect the project area with the district capital, Hana.

An irrigated land of 0.75 hectares of land each is prepared for 2050 households. There will not be any land scarcity for any family with a capacity to produce more. Training on improved agronomy practices, technology inputs and livestock management including range land will be provided.

The projects also create a job opportunity for a wider mass in the SNNPR region and the whole nation including an out grower options for those who would like to join the same in Selamgo district. Such initiatives and actions in South Omo, Selamago district will go a long way in ensuring

that the citizens enjoy their national development dividend rather than face Human Rights violations. These development interventions will in fact lift the South Omo minority populations out of their dismal living conditions.

The concern about the indigenous culture and group identity could only be a mere diversion. The FDRE constitution respects all individual and group rights as opposed to the beliefs of Human Rights Watch, which clearly is averse to group rights. Therefore, Human Rights Watch has no moral ground to criticize Ethiopia for issues related to group rights when in fact this is one of the pillars of our constitution in addition to individual rights which are equally sacred.

Finally, we would like to assure Human Rights Watch that the Federal Democratic Republic of Ethiopia lives up to its commitment to the cause of the peoples of Ethiopia and to the FDRE constitution. We do also respect and implement to our level best international human rights conventions which also form integral part of Ethiopia's laws. However, as we pointed out at several occasions, Human Rights Watch's research methodology, choice of informants, and content of report follows the same baseless fabrications replete with biased 'testimonies' of people who have an axe to grind with the government. Africa's regional director for your organization springs to mind. While the decision remains entirely yours, your reports must be based on facts, figures, and two sided consultations and unbiased for them to serve any positive purpose. The FDRE government on its part would also be open to discuss any issues if in fact there is a good faith move on your part.

Best regards,

Shiferaw

## HUMAN RIGHTS WATCH

350 Fifth Avenue, 34<sup>th</sup> Floor  
New York, NY 10118-3299  
Tel: 212-290-4700  
Fax: 212-736-1300  
Fax: 917-591-3452

### AFRICA DIVISION

Daniel Bekele, *Executive Director*  
Rona Peligal, *Deputy Director*  
Aloys Habimana, *Deputy Director*  
Siphokazi Mthathi, *South Africa Director*  
Elizabeth Ashamu, *Fellow*  
Laetitia Bader, *Researcher*  
Maria Burnett, *Senior Researcher*  
Corinne Dufka, *Senior Researcher*  
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Neela Ghoshal, *Researcher*  
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Eric Guttschuss, *Researcher*  
Charlene Harry, *Research Assistant*  
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Lindsey Hutchison, *Associate*  
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# APPENDIX V: HUMAN RIGHTS WATCH LETTER TO THE DAG ON GAMBELLA

November 15, 2011

Eugene Owusu  
UN Resident Coordinator/UNDP Resident Representative  
United Nations Development Program  
PO Box 5580  
Addis Ababa, Ethiopia  
(On behalf of the Development Assistance Group)

*Via email: eugene.owusu@undp.org*

## RE: Villagization and Rights Abuses in Ethiopia's Gambella Region

Dear Mr. Owusu,

Human Rights Watch is an international organization that conducts research and advocacy on human rights issues in over 70 countries worldwide.

We would like to share with you the key findings of recent research we have been carrying out on the "villagization" process in Gambella Regional State in Ethiopia. Under the villagization process, the authorities are displacing the population of entire villages from their original locations to new larger locations. The government claims the purpose of the exercise is to enhance access to services.

Human Rights Watch conducted interviews with over 100 individuals who have been part of this process in its first year. Approximately 50 were interviewed in Gambella, and another 50 interviews were carried out among newly arrived refugees from Gambella interviewed in Kenya. Researchers visited two thirds of the locations where villagization was underway during year one of the program.

Our research found that in Gambella, the villagization process is not voluntary, and is accompanied by various human rights abuses. Government soldiers frequently beat or arrested individuals who questioned the motives of the program or refuse to move to the new

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villages. Community leaders and young men are targeted. There have also been credible allegations of rape and sexual assault by government soldiers. Fear and intimidation was widespread.

The Regional Government plan lists challenges in providing infrastructure for a scattered rural population as one of the justifications for the program, but the early implementation of the program appears to refute that justification. Virtually none of the infrastructure promised has been provided, and some communities were walking back to their old communities to access old infrastructure. Women were walking further to access water, and most residents no longer have access to even basic healthcare services. Children were not going to school due to lack of buildings in the new villages, long distances to access old schools, and fear of the soldiers present in the area. Former local government officials told Human Rights Watch that in fact the real reason for the displacement is to clear the way for the leasing of land for commercial agriculture. Villagers had been told the same by current local government officials.

In the new locations villagers were being forced to build their own *tukuls* (traditional huts) under the close supervision of the military. Resting or communication between villagers was met with threats and violence from soldiers. In some other cases, the *woreda* government forcibly led neighboring villagers (and in one case school students) to assist in *tukul* construction.

The food security situation in many new villages is dire. The forced movements to the new village occurred at the worst possible time – at the beginning of the harvest– and the areas where people have been moved are often dry with poor-quality soil. When villagers returned to their old fields, they found crops destroyed by baboons and rats. Despite government pledges, land had not been cleared in the new villages, and agricultural extension services or input provision had not been provided. Food aid provided was minimal. Livelihoods have been decimated.

There is also involuntary displacement of the indigenous Anuak population from several urban areas to nearby villages, where there is little infrastructure, food, or available shelter.

Gambella is the only one of Ethiopia's 10 regions where land certification processes are not being implemented. Without these land certification processes, the region's shifting cultivators, agro-pastoralists, and sedentary farmers have no security of land tenure whatsoever. Despite strong constitutional guarantees, they have no protection from expropriation, receive no compensation, and international standards on the protection of indigenous rights are ignored – a serious concern in a region where 42 percent of the land area is either being marketed as available for agricultural land investment or has already been leased to investors.

As a result of the rights violations associated with the villagization program, many villagers have fled to the bush or to refugee camps in South Sudan or Kenya. In many of the new villages, women, children, the elderly and the ill are the only individuals remaining.

Human Rights Watch would welcome your feedback on the above findings and on the following questions:

1. What role have DAG members played in the villagization program in Gambella (or any other region), including financial, technical, or other form of support? What is DAG's general assessment of the program?
2. Has DAG received reports of human rights abuses occurring in the villagization program? What steps has it taken in response to such reports? Would DAG be willing to share the reports of any independent assessments that have been carried out, notably the March 2011 DFID-led assessment in Gambella?
3. Does DAG conduct monitoring activities in Gambella to reduce the chance of human rights abuses being committed in the program?
4. Would DAG consider assisting the government of Ethiopia in implementing a land tenure security system in Gambella for shifting cultivators/pastoralist peoples to provide some tenure security for the region's inhabitants?

We would appreciate your response to these questions by December 15, 2011 so that your response can be reflected in our published report, unless you specifically request that it be kept confidential. We would also be pleased to discuss these findings in more detail with you at your earliest convenience.

Sincerely,



Rona Peligal  
Deputy director, Africa Division  
Human Rights Watch

Cc: Members of the Development Assistance Group

African Development Bank  
Australian Agency for International Development (AusAid)  
Austria Development  
Spanish Agency for International Development (AECID)

Canadian International Development Agency (CIDA)  
UK Department for International Development (DFID)  
Delegation of the European Commission to Ethiopia  
Embassy of Belgium to Ethiopia  
Embassy of Denmark to Ethiopia  
Embassy of Finland to Ethiopia  
Embassy of France to Ethiopia  
Embassy of Germany to Ethiopia  
Embassy of India to Ethiopia  
Embassy of Japan to Ethiopia  
Embassy of the Netherlands to Ethiopia  
Embassy of Norway to Ethiopia  
German Development Cooperation (GIZ)  
International Monetary Fund  
Irish Aid  
Italian Cooperation  
Japan International Cooperation Agency  
Norwegian Agency for Development Cooperation (NORAD)  
Swedish International Development Cooperation Agency (SIDA)  
Turkish International Cooperation Agency  
United Nations Children's Fund (UNICEF)  
US Agency for International Development (USAID)  
World Bank  
World Food Program (WFP)

# APPENDIX VI: REPLY FROM THE DAG TO HUMAN RIGHTS WATCH REGARDING GAMBELLA



December 9, 2011

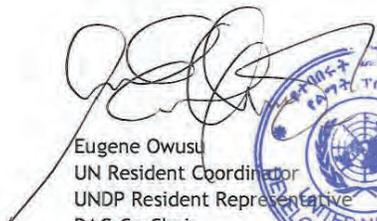
Dr Rona Peligal,  
Deputy Director, Africa Division  
Human Rights Watch

**Re: Allegations of Rights Abuses in Gambella and South Omo**

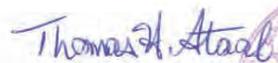
This is to acknowledge receipt of your letters dated November 15th and 16th, the contents of which have been noted.

As we have expressed to your organization in the past, we take any allegations of human rights abuses seriously. We look forward to receiving your full report and evidence of the incidents that you refer to in your letter.

Regards,

  
Eugene Owusu  
UN Resident Coordinator  
UNDP Resident Representative  
DAG Co-Chair

The logo of the United Nations Development Programme (UNDP). It is a circular emblem with the United Nations logo in the center, surrounded by the text "UNITED NATIONS DEVELOPMENT PROGRAMME" and "1975-2015".

  
Thomas H. Staal  
Mission Director  
USAID Ethiopia  
DAG Co-Chair

The logo of USAID Ethiopia. It is a circular emblem with the USAID logo in the center, surrounded by the text "USAID Ethiopia" and "U.S. Agency for International Development".

## HUMAN RIGHTS WATCH

350 Fifth Avenue, 34<sup>th</sup> Floor  
New York, NY 10118-3299  
Tel: 212-290-4700  
Fax: 212-736-1300  
Fax: 917-591-3452

# APPENDIX VII: HUMAN RIGHTS WATCH LETTER TO KARUTURI GLOBAL LTD. ON GAMBELLA

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### AFRICA DIVISION

Daniel Bekele, *Executive Director*  
Rona Peligal, *Deputy Director*  
Aloys Habimana, *Deputy Director*  
Siphokazi Mthathi, *South Africa Director*  
Elizabeth Ashamu, *Fellow*  
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Ida Sawyer, *Researcher*  
Carina Tertsakian, *Senior Researcher*  
Anneke Van Woudenberg, *Senior Researcher*  
Jamie Vernaelde, *Associate*  
Matthew Wells, *Researcher*

November 22, 2011

Sai Ramakrishna Karuturi  
Managing Director  
Karuturi Global Ltd  
#204, Embassy Centre  
11 Crescent Road  
Bangalore, India, 560 001

*Via facsimile: +91-80-22259782*

## RE: Villagization and Rights Abuses in Ethiopia's Gambella Region

Dear Mr. Karuturi,

Human Rights Watch is an international organization that conducts research and advocacy on human rights issues in over 80 countries worldwide.

We are writing to you as you are a major investor in Ethiopia's Gambella Regional State. We would like to share with you the key findings of recent research we have carried out into the "villagization" process in Gambella. Under this process, Ethiopia's state authorities are displacing and combining the populations of entire villages from their existing locations to a smaller number of new locations. The government asserts the purpose of the program is to enhance access to government services and infrastructure, although this has been slow to materialize. There is evidence to suggest that an additional underlying motive may be to facilitate agricultural investment in those recently vacated areas.

Human Rights Watch conducted interviews with over 100 individuals who have gone through the villagization process in its first year. About half were interviewed in Gambella, with the other half in refugee camps in Dadaab, Kenya. Our researchers visited two-thirds of the locations where villagization is taking place.

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We found that in Gambella the villagization process is not voluntary, and is accompanied by serious human rights violations. Government soldiers frequently beat or arrest individuals who question the motives of the program or refuse to move to the new villages. Community leaders and young men are targeted, and beatings and arrests serve as a warning to others as to what will happen to those who oppose government programs. The interviewees also provided credible allegations of rape and sexual assault by government soldiers.

The government cites the challenges in providing infrastructure for a scattered rural population as one of the justifications for the program, but the new villages seem to provide even fewer resources than the existing ones. Virtually none of the infrastructure promised has been provided, and some communities are walking back to their old communities to access old infrastructure. Children are not going to school due to lack of schools in the new villages, long distances to access schools in the old locations, and fear of the soldiers present in the area. Women are walking farther to access water, and most residents no longer have access to even basic healthcare services.

Human Rights Watch also found evidence of coerced labor. In the new locations, villagers were forced to build their own *tukuls* (traditional huts) under the close supervision of the Ethiopian military. Resting or communication between villagers was met with threats and violence from soldiers. In some other cases, the government forcibly led neighboring villagers (and in one case school students) to assist in *tukul* construction.

The food security situation in many new villages is dire. The forced movements to the new village occurred at the worst possible time – at the beginning of the harvest time – and the areas where people have been moved are often dry with poor-quality soil. When villagers have returned to their old fields, they have found crops destroyed by baboons and rats. Despite government pledges, land has not been cleared in the new villages, and agricultural extension services or input provision has not been provided. Food aid provided has been minimal. Livelihoods have been decimated.

There is also involuntary displacement of the indigenous Anuak population from several urban areas to nearby villages, where there is little infrastructure, food, or available shelter.

Gambella is the only one of Ethiopia's 10 regions where land certification processes are not being implemented. Without these land certification processes, the region's shifting cultivators, agro-pastoralists, and sedentary farmers have no security of land tenure. Despite strong constitutional guarantees, they have no protection from expropriation, receive no compensation, and international standards on the protection of indigenous rights are ignored – a serious concern in a region where 42 percent of the land area is either being marketed as available for agricultural land investment or has already been leased to investors.

As a result of the rights violations associated with the villagization program, many villagers have fled to the bush or to refugee camps in South Sudan or Kenya. In many of the new villages, women, children, the elderly and the ill are the only individuals remaining.

Numerous media reports quote Karuturi Global Limited as suggesting that Gambella's regional government offered to relocate the village of Ilea, but that Karuturi declined the government's offer. Human Rights Watch has found that residents of Ilea are nonetheless being told by government officials that they will be relocated during the upcoming 2011/2012 villagization process. In addition, Human Rights Watch found that villagers living along the Openo (Baro) River within the boundaries of Karuturi's concession are being displaced.

Human Rights Watch would welcome your feedback on the above findings and on the following questions:

1. The October 25, 2010 lease agreement between Karuturi and Ethiopia's Ministry of Agriculture and Rural Development requires the development of an Environmental and Social Impact Assessment, to be conducted and delivered by January 25, 2011. Has this assessment been completed? If so, how have the impacts to livelihoods been mitigated? If such an assessment has been completed would you be able to share a copy with us?
2. How were local communities in the vicinity of your lease areas consulted? This includes not only Ilea, but those Anuak communities located along the banks of the Openo River. What were their concerns? How were their concerns addressed by Karuturi? Did they give their free and informed prior consent either to the government or your company for your agricultural operation?
3. There is documented evidence that Anuak used and occupied land that is now part of Karuturi's lease area. What process has Karuturi undertaken to ensure that appropriate compensation, as per Ethiopian law and international best practices, has been paid out to local farmers?
4. Has Karuturi been involved in any discussions with the Ethiopian government regarding the involuntary displacements described above? Has Karuturi expressed any concerns to the Ethiopian government regarding these involuntary displacements and their legality under international human rights law? What steps will Karuturi undertake to ensure that it is not lending any form of support to any of these activities that violate international human rights law?
5. According to several sources, Ilea is scheduled to be part of the villagization program in 2011/2012. What steps has or will Karuturi take to make sure that any displacement is in accordance with Ethiopian and international human rights law and that appropriate consultation and compensation is provided?

6. There have been reports of Karuturi requesting Anuak families to relocate from along the Openo River. What steps is Karuturi taking to ensure that no displacements are involuntary, in violation of international human rights law? Has Karuturi found incidents of involuntary displacement, and, if so, what steps has it taken in response and to prevent such abuses in the future?
  
7. What steps has Karuturi taken to ensure that the rights violations described in this letter do not occur within Karuturi's concession area?

We would appreciate your response to these questions by December 22, 2011 so that your response can be reflected in our published report. We would also be pleased to discuss these findings in more detail with you at your earliest convenience.

Sincerely,



Rona Peligal  
Deputy Director, Africa Division  
Human Rights Watch

## APPENDIX VIII: REPLY FROM KARUTURI GLOBAL LTD. TO HUMAN RIGHTS WATCH REGARDING GAMBELLA

12/12/2011 05:21

#4381 P.001/005



Date: 09/Dec/2011

To,  
Rona Peligal  
Deputy Director, Africa Division  
Human Rights Watch  
350 Fifth Avenue, 34<sup>th</sup> Floor  
New York, NY 10118-3299

Ref: Reply to your letter dated Nov 22nd 2011 regarding Villagization and Rights abuse in Ethiopia's Gambela region

Dear Ms. Peligal,

This refers to your mail dated 22<sup>nd</sup> Nov 2011. Our comments to the questions by you are as under:

1. We have conducted Environmental and Social Impact study (ESIA) from a reputed Institution recognized by the World Bank. The study has been conducted with reference to the internationally standardized code of practices. The report has been submitted to the Minister of Agriculture in Addis and the regional government in Gambela. The conclusion of the ESIA is as mentioned below:  
Quote : *To conclude with, the Environmental Impact Study has considered all feasible alternatives which may include different methods of understating the project and minimizing the adverse impacts and came up with conclusion that it is better development alternative as far as the development of lower Gambela Plain is concerned. There are no conditions that lead to "no - go" options provided all mitigation and enhance measures are strictly taken and recommendations are implemented in due time.* Unquote

Karuturi Global Limited

2. Karuturi has initiated agriculture operations in the Gambella region with our base camp near Ilea village. Karuturi is working only on the land given by the government and that is free from any of the possession claims by communities / farmers. Karuturi respects the laws of land and concerns of the locals and as such has voluntarily moved back from the river Baro as the local community people were cultivating maize and sorghum in those areas. Also, based on the EIA study, Karuturi has provided for about 10000 Ha of land as a wild life corridor on the western side of the farm near Jikaw even after having made significant developments and investments on the land.  
Our presence in the area has given effect to employment, skill up gradation, training and other CSR activities like drinking water and providing electricity. Our ever changing boundaries of the maps to accommodate local concerns are a testimony of our flexibility in favor of local communities and environment. We are now proposing to volunteer to build a 25 km road into the forest to facilitate and encourage tourists and view Exhaustive wild life. We are also building a camp site near to the wild life reserve to facilitate wild life tourism which will bring much needed prosperity to the local community.
3. It is indeed true that Anuak community use and occupy land within the Karuturi's lease area without any disturbance. Karuturi has made no efforts to disturb their habitation and they still live in that area. Karuturi co-exist with them. Karuturi has learnt from them how and when to plant maize as their traditional knowledge and history though not documented is invaluable for our agriculture operations.
4. Karuturi has neither been involved in any way with the Ethiopian Government's policy on villagization or re-settlement of people nor is aware of any such program of the Ethiopian Government in any greater detail.

It would be of interest to know that Gambela is very sparsely populated with a population of 306916 people (census 2007 data) over a 25,802 sq km land area. The population density in Gambela is around 11.9 people per square km and one of the lowest in the world. Hence, our biggest challenge in Gambela is the absence of people and not the presence of people. Karuturi has been in Gambela for the last 3 yrs and we have been working in harmony with the constituents of the local ecosystem. We respect the local people, their customs and traditions and will continue to do so and exist in peaceful harmony with a mutual win-win relationship. At Karuturi, people are synonymous with assets and we employ around 5000 people in Ethiopia and 7500 people across the world. Karuturi has not caused in any manner, any displacement of human habitation in order to make way forward for the project and is living in peaceful harmony with the people of Gambela. As a matter of fact our first camp site has been built near village after due permission by the village chief. The farm is 80km long and we propose to build 6 camp sites, each of these camp sites will accommodate 2000 people in addition to the existing local population as we require a large workforce to enable us to achieve our objective.

5. Ilea village has a population in excess of 1000 people and has it has fully functional primary as well as high school with large no of students, has a functional hospital, a beautiful brick and mortar Church has been recently constructed and Karuturi has initiated electrification of the village. Karuturi does not have any knowledge beyond this with respect to the concerns raised by you in your letter.

Some of the photos of the developments in Ilea are as annexed below.



Ilea Church



Ilea School



Polyclinic in Ilea

6 & 7. Already covered in the previous answers

Karuturi has been working relentlessly to ameliorate the impending grave food crisis that this part of the world is likely to witness in the coming years. There are currently over 400 Indian investment projects in Ethiopia which shall undoubtedly have a positive impact on the lowest common denominator and ensure the fulfillment of basic needs of the local population.

'Every small change counts' is the inspiration for Karuturi's CSR efforts. The company aims to build a new tomorrow with its CSR Initiatives. In Ethiopia, one of the biggest social initiatives is "Ban the Can", where the goal is to provide tap water to people who are currently fetching water using jerry cans from distant areas. The company has contributed USD 75,000 towards drinking water supply project in Holetta town. At Gambela, we have already provisioned 25 bore holes as part of our mission "Ban the can". In Kenya, Karuturi runs a full fledged hospital with state of the art facilities providing free health care to the localities and employees. It also runs a school with 2,200 students to create a new and better tomorrow. We are attempting to provide electricity for lighting; piped drinking water, permanent housing, schools and hospitals apart from entertainment facilities including cinemas and sporting clubs for people in our ecosystem to live a balanced life. It also is a proud sponsorer of Karuturi Football team and the Kenyan National Cricket team. Future generations of

4

Ethiopians will find the FDI into Ethiopian Agriculture leading to surplus lower inflation apart from a significant employment generation directly for over 25,000 jobs and in directly by up to 100,000 jobs. Karuturi has a vision for Gambela: "To see Gambela transform into another Amhara, the current food bowl of Ethiopia"

Some pictures of our CSR activities in Ethiopia and Kenya are annexed below for your reference:



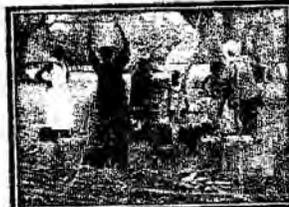
Chairman distributing food to the Gambela children



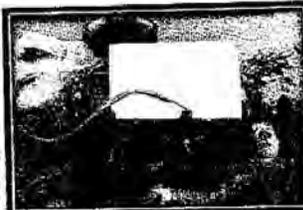
Full fledged hospital with state of the art facilities providing free health care



School for 2200 children



Providing drinking water by "ban the can" initiative



Electrification of Nea village inaugurated by Vice President, Gambela



I really appreciate your concern and shall be available for any further clarifications. Please feel free to contact me for any further clarifications.

Thanking you.

Yours sincerely,

Sai Ramakrishna Karuturi  
Founder and Managing Director  
Karuturi Global Limited

# “WAITING HERE FOR DEATH”

## Displacement and “Villagization” in Ethiopia’s Gambella Region

The Ethiopian government has forcibly relocated to new villages some 70,000 mostly indigenous people during the first year of a three-year “villagization” program. Under the program, the Ethiopian government plans to move 200,000 people in Gambella region and 1.5 million in four other regions during the next three years. Human Rights Watch found that contrary to government claims that the transfers would improve access to infrastructure and basic services, the relocations were not voluntary, and that promised schools, hospitals, and agricultural support were not provided in the new villages.

*“Waiting Here for Death”: Displacement and “Villagization” in Ethiopia’s Gambella Region* is based on interviews with over 100 transferred villagers, including refugees presently in Kenya. It details the inadequate consultation, the lack of compensation and intimidation, assaults and arbitrary arrests committed by state security forces against those who questioned the villagization program or refused to move. The food security situation in many new villages is dire because of disrupted harvests and insufficient food aid. Livelihoods have been disrupted, health care inadequate, and access to education and other services greatly limited.

Villagization is happening in areas where the Ethiopian government is marketing and leasing land to investors for commercial agriculture. Villagers were told the reason for their displacement was because they were not farming the land productively and that commercial investors would make better use of it.

Human Rights Watch calls upon the government of Ethiopia to halt ongoing human rights violations in the name of villagization and punish the perpetrators. Transfers to new villages should be voluntary, adequate compensation provided, and infrastructure should first be in place before people are relocated to these new villages.

Ethiopia’s foreign donors are concerned about the villagization program and have commissioned assessments of its effects but have not published their findings. The villagization program is indirectly funded in part by Western donors through the Protection of Basic Services (PBS) program. Human Rights Watch urges Western donors to ensure that no aid goes towards the villagization program.



*The new village of Bildak in Ethiopia's Gambella region, which the semi-nomadic Nuer who were forcibly transferred there quickly abandoned in May 2011 because there was no water source for their cattle.*

*All Photos © 2011 Human Rights Watch.*



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Latin America &amp; the Caribbean

# Honduras / Dinant-01/CAO Vice President Request



### Complainant

CAO Vice President Request

### Date Filed

April 17, 2012

### Concerns

Evictions, security concerns, project due diligence

### Case Status

Open - Compliance

### SYNOPSIS

#### Background

IFC provided Corporación Dinant, a vertically-integrated palm oil and food company in Honduras, with a corporate loan to enable it to develop young palm oil plantations, increase production capacity in its snacks and edible oils divisions, expand and upgrade its distribution network, and build a biogas facility to generate electricity for own and third-party consumption. The total project cost was estimated at \$75 million, and IFC's proposed investment was a \$30 million loan.

Dinant is headquartered in Tegucigalpa, Honduras. It owns palm oil plantations across the Aguan and Lean Valleys and operates two palm oil mills and an edible oil refinery near the cities of Tocoa and La Ceiba. The company also operates a port storage facility at Puerto Castilla; owns vegetable greenhouses and a food processing plant in the Comayagua Valley; and has a snacks plant in San Pedro Sula.

In April 2012, the CAO Vice President informed IFC that CAO was initiating an appraisal of IFC's investment in Corporación Dinant in response to concerns raised in a letter to the World Bank president in November 2010 and subsequent discussions between CAO and local NGOs. Key allegations in relation to the project are as follows:

### PROJECT INFORMATION

**Institution**  
IFC

**Project Name & Number**  
Dinant 27250

**Department**  
Agribusiness

**Company**  
Corporación Dinant

**Sector**  
Agribusiness

**Region**  
Latin America & the Caribbean

**Country**  
Honduras

**Environmental Category**  
B

**Commitment**  
US\$30m (A loan)

- that IFC's client (Dinant) conducted, facilitated or supported forced evictions of farmers in the Aguan Valley;
- that violence against farmers on and around Dinant plantations in the Aguan Valley occurred because of inappropriate use of private and public security forces under Dinant's control or influence.
- that IFC failed to identify early enough and/or respond appropriately to the situation of Dinant in the context of the declining political and security situation in Honduras, and specifically in the Aguan Valley, following the ouster of President Zelaya in June 2009.

#### **CAO Action**

Having conducted a preliminary appraisal of IFC's investment in Dinant, CAO found that IFC's social and environmental performance warranted further enquiry. Thus, in accordance with its Operational Guidelines, in August 2012, CAO prepared terms of reference for a compliance audit with regard to the following questions:

- whether IFC exercised due diligence in its review of the social risks attached to the Project;
- whether IFC responded adequately to the context of intensifying social and political conflict surrounding the project post commitment; and
- whether IFC policies and procedures provide adequate guidance to staff on how to assess and manage social risks associated with projects in areas that are subject to conflict or conflict prone.

CAO's audit was conducted with input from two expert panelists. According to CAO's mandate, the audit focuses on IFC's performance and does not make findings in relation to the allegations against the IFC client.

The audit made a number of key findings related to IFC's environmental and social due diligence, and environmental and social performance during supervision. Specifically:

#### ***Environmental and Social (E&S) Review***

- IFC accepted an overly narrow definition of project E&S risk, without adequate consideration of project context or contemporaneously available sources of information regarding land conflict and insecurity in the Bajo Aguán.
- CAO found that IFC's E&S review was not in compliance with the requirements set out in the Sustainability Policy (2006) and Environmental and Social Review Procedure (ESRP). In a sector and country where risks of conflict and violence around land were or should have been known to the team, CAO finds that IFC's review was not "commensurate to risk", and thus did not meet a key requirement of the Sustainability Policy.

### ***Integrity Due Diligence***

- IFC was or should have been aware of a series of public allegations and negative perceptions in relation to its client that went significantly beyond those that were considered in the course of its integrity due diligence process.
- As a result, CAO found that the more detailed six part integrity due diligence process should have been adhered to. IFC's failure to do this was out of compliance with the relevant procedure.

### ***Environmental and Social Categorization of the Project***

- IFC's E&S review process provided the IFC team with insufficient information to categorize the project appropriately.
- Given compliant E&S review and IDD processes, the project would properly have been assigned E&S category A (significant adverse impact) rather than B (potential limited adverse E&S impact)

### ***Disclosure & Consultation***

- IFC's failure to disclose the Dinant E&S Assessment was not compliant with its Policy on Disclosure of Information (para. 13). IFC remains non-compliant on this point.
- IFC failed to ensure that the Dinant E&S Assessment met the consultation requirements set out in Performance Standard 1 (para. 21). CAO found no evidence that the communities living most proximate to Dinant's properties were consulted during the preparation of the E&S Assessment,

### ***Adequacy of Review of Conditions of Disbursement***

- CAO concludes that IFC did not ensure that E&S conditions of disbursement were met by the client. IFC disbursed US\$15 million to a client that was in apparent non-compliance with its E&S undertakings in a risk environment that had deteriorated significantly since appraisal a year earlier.
- IFC investment staff did not keep E&S staff apprised of developments in relation to land disputes, and occupations around the client's plantations of which they were aware.

### ***General Supervision (post-disbursement)***

- CAO finds IFC's supervision to have been inadequate in that it failed to "develop and retain the information needed to assess the status of [its client's] compliance with the Performance Standards (PSs)" as required by the ESRP.
- In particular, CAO finds no indication that IFC supervised its client's PS4 obligations: (a) to investigate credible allegations of abusive acts of security personnel; or (b) that the use of force by security personnel would not be sanctioned other than for "preventative and defensive purposes in proportion to the nature and

extent of the threat.”

#### **IFC Policy, Procedure and Practice**

- IFC non compliance identified in the report are due in large part to problems with the interpretation and application of existing policies and procedures.
- The combination of client relationship, operational and compliance functions within project teams can generate conflicts of interest and conflicting incentives for staff and management.
- At a time when the Bank Group is being challenged to expand its risk appetite, CAO finds it crucial to also invest in structures that provide management with assurance that E&S risk is being rationally identified and managed.

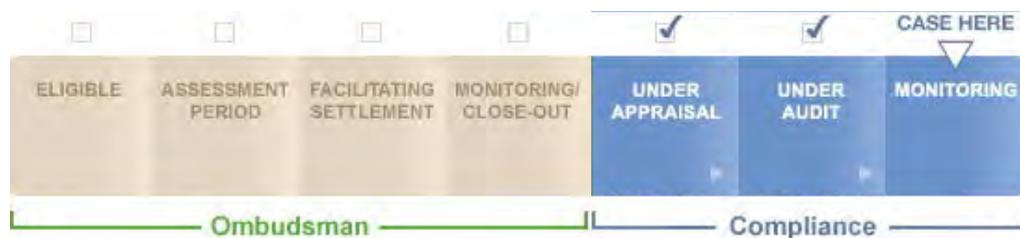
#### **Status**

CAO released the audit report on January 10, 2014 together with a response from IFC. CAO will monitor actions taken by IFC to address its findings of non-compliance. The undertakings in IFC's response will be taken into consideration as part of this process. The CAO audit report, IFC's response and Consultation Draft: Dinant Enhanced Action Plan, a summary of the key findings, and related documents are available under "View Documents" below. CAO will prepare a monitoring report in relation to this audit. In the normal course of events, a CAO monitoring report is released not less than one year from the date of public disclosure of an audit report.

*Status as of August 12, 2014*

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#### CASE TRACKER



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In Honduras, Land Struggles Highlight Post-Coup Polarization



Edgard Garrido Carrera for The New York Times

A settlement of farmworkers on the Maraones plantation. The workers are laying claim to the land, which is owned by one of the richest men in Honduras.

By ELISABETH MALKIN
Published: September 15, 2011

TOCOA, Honduras — The settlement on the giant Maraones plantation looks like a refugee camp, where children play between rows of huts and chickens peck at garbage heaps. But the farmworkers living here plan to stay, laying claim to land owned by one of the country's richest men.

Enlarge This Image



The New York Times

Fifteen people have been killed recently over land near Tocoa.

Enlarge This Image



Edgard Garrido Carrera for The New York Times

A flag outside the settlement demands "Justice, Liberty, Land."

At the gate, a handful of men sit guard with shotguns and machetes under a red flag painted with defiant words: "Justice, Liberty, Land."

"If they give land to the people, the problem can be resolved," said Marcos Tulio Paredes, one of the community's leaders.

In the past few weeks, a long-running battle over land in Bajo Aguán, this fertile valley near Honduras's northern coast, has flared. At least 15 people have been killed in recent weeks alone, including two of the workers' leaders, and the people here are on edge, fearful that the unrest could spread.

The conflict in Bajo Aguán is the most volatile example of the social divide that burst into view in this tiny impoverished country two years ago, when the country's power brokers orchestrated a military coup to expel the president at the time.

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A veneer of normality has returned. A new president was elected on schedule, and the ousted former president finally returned from exile in May. But the political polarization that the coup revealed and [the violence it stoked](#) — including [the murders of journalists](#) and government opponents — have persisted, and no place more so than in Bajo Aguán.

“The opportunity was lost to introduce some very significant reforms that were sorely needed in Honduras,” said Kevin Casas-Zamora, an expert on Central America at the Brookings Institution in Washington. “Honduras is a country with obscene social imbalances, and very little is being done to address that.”

In Bajo Aguán, where oil palm tree plantations occupy most of the farmland, President Porfirio Lobo has alternated between sending troops and brokering agreements between farmworker groups and the businessmen who own vast sections of the valley. But events rapidly slip beyond the government’s control.

“This is a country where there are no institutions,” said Elvin Hernández, a researcher at the Jesuit-supported Reflection, Research and Communication Team in the city of El Progreso. “It is the law of the strongest and Aguán is the place where you see that most clearly.”

The government appeared to move forward on negotiating a solution last week, when Congress approved a mechanism to guarantee bank loans that would allow the farmworkers to buy land. An estimated 4,000 families will be eligible for 15-year loans to buy more than 11,000 acres.

But the 1,400 families camped on the Marañones plantation since last year have been frozen out of the latest pact. Without a title, they fear they could be evicted at any time.

“It is better to die here,” said one leader, who asked that her name not be used because she had received threats. “We don’t have anywhere else to go. We can’t give up on the struggle. Where would that leave the deaths of our comrades? In vain?”

The presence of hundreds of troops sent here after the latest round of violence could also set off more conflict. “It’s a very critical situation,” said Sandra Ponce, the Honduran attorney general for human rights. “What is latent elsewhere has already developed in Bajo Aguán.”

The conflict here goes back to the early 1990s, when wealthy landowners bought up plantations from farmer cooperatives. Farmworker groups argue that these purchases were illegal because members of the cooperatives were tricked by their leaders or signed deals they did not understand.

The largest single landowner in the region is [Corporation Dinant](#), owned by Miguel Facussé, the octogenarian patriarch of one of the handful of families controlling much of Honduras’s economy. The company owns about one-fifth of all the agricultural land in Bajo Aguán, more than 22,000 acres of well-groomed plantations that supply oil for export and for its snack foods, margarine and cooking oil business. It acquired that land legally, said Roger Pineda, the company’s treasurer.

“The country needs agrarian reform,” Mr. Pineda said. “Too many people don’t have land. But not on the lands that are already under production. It can’t be, ‘I like your car, and then I take it.’”

Just days before he was ousted in June 2009, former President Manuel Zelaya intervened in the disputes, signing an agreement to start talks on redistributing land. In December that year, farmworkers staged coordinated land invasions to put pressure on Mr. Lobo.

The occupations cost Dinant \$20 million in lost revenue last year, Mr. Pineda said. In addition, pressure by rights groups this year prompted a German investment bank [to withdraw a loan](#), he said.

The choreography of evictions in Bajo Aguán unfolds violently but fails to sap the workers’



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In June, 300 families who had been living for 11 years on a farm of orange groves outside the hamlet of Rigores were expelled by soldiers and police officers who gave them two hours to gather their possessions. Then the men torched and bulldozed their houses, their two churches and their school. Three days later, the farmworkers came back to the farm and began to rebuild.

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Honduran President Is Ousted in Coup



Esteban Felix/Associated Press

Soldiers entered the presidential palace in the capital, Tegucigalpa, and disarmed the presidential guard on Sunday, military officials said

By ELISABETH MALKIN Published: June 28, 2009

MEXICO CITY — President Manuel Zelaya of Honduras was ousted by the army on Sunday, capping months of tensions over his efforts to lift presidential term limits.

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Electricity was cut off for much of Sunday in Honduras.

In the first military coup in Central America since the end of the cold war, soldiers stormed the presidential palace in the capital, Tegucigalpa, early in the morning, disarming the presidential guard, waking Mr. Zelaya and putting him on a plane to Costa Rica.

Mr. Zelaya, a leftist aligned with President Hugo Chávez of Venezuela, angrily denounced the coup as illegal. "I am the president of Honduras," he insisted at the airport in San José, Costa Rica, still wearing his pajamas.

Later Sunday the Honduran Congress voted him out of office, replacing him with the president of Congress, Roberto Micheletti.

The military offered no public explanation for its actions, but the Supreme Court issued a statement saying that the military had acted to defend the law against "those who had publicly spoken out and acted against the Constitution's provisions."

Leaders across the hemisphere, however, denounced the coup, which American officials on

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Sunday said they had been working for several days to avert.

[President Obama](#) said he was deeply concerned and in a statement called on Honduran officials “to respect democratic norms, the rule of law and the tenets of the Inter-American Democratic charter.

“Any existing tensions and disputes must be resolved peacefully through dialogue free from any outside interference,” he said. His quick condemnation offered a sharp contrast with the actions of the Bush administration, which in 2002 offered a rapid, tacit endorsement of a short-lived coup against Mr. Chávez.

The [Organization of American States](#) issued a statement calling for Mr. Zelaya’s return and said it would not recognize any other government. The organization’s secretary general, José Miguel Insulza, called an emergency meeting of the group to weigh further actions.

The arrest of Mr. Zelaya was the culmination of a battle that had been simmering for weeks over a referendum, which was to have taken place Sunday, that he hoped would lead to a revision of the Constitution. Critics said it was part of an illegal attempt by Mr. Zelaya to defy the Constitution’s limit of a single four-year term for the president.

Early this month, the Supreme Court agreed, declaring the referendum unconstitutional, and Congress followed suit last week. In the last few weeks, supporters and opponents of the president have held competing demonstrations. On Thursday, Mr. Zelaya led a group of protesters to an Air Force base and seized the ballots, which the prosecutor’s office and the electoral tribunal had ordered confiscated.

When the army refused to help organize the vote, he fired the armed forces commander, Gen. Romeo Vásquez. The Supreme Court ruled the firing illegal and reinstated General Vásquez.

As the crisis escalated, American officials began in the last few days to talk with Honduran government and military officials in an effort to head off a possible coup. A senior administration official, who briefed reporters on the condition of anonymity, said the military broke off those discussions on Sunday.

The two nations have long had a close military relationship, with an American military task force stationed at a Honduran air base about 50 miles northwest of Tegucigalpa. The unit focuses on training Honduran military forces, counternarcotics operations, search and rescue, and disaster relief missions throughout Central America.

In Costa Rica, Mr. Zelaya told the Venezuelan channel Telesur that he had been awoken by gunshots. Masked soldiers took his cellphone, shoved him into a van and took him to an air force base, where he was put on a plane. He said he did not know that he was being taken to Costa Rica until he landed at the airport in San José.

“They are creating a monster they will not be able to contain,” he told a local television station in San José. “A usurper government, that emerges by force, cannot be accepted, will not be accepted by any country.”

*Marc Lacey contributed reporting from El Amatillo, Honduras, and Mark Mazzetti from Washington.*

A version of this article appeared in print on June 29, 2009, on page A1 of the New York edition.

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# In Honduras, Land Struggles Highlight Post-Coup Polarization



Edgard Garrido Carrera for The New York Times

A settlement of farmworkers on the Maraones plantation. The workers are laying claim to the land, which is owned by one of the richest men in Honduras.

By ELISABETH MALKIN  
Published: September 15, 2011

TOCOA, Honduras — The settlement on the giant Maraones plantation looks like a refugee camp, where children play between rows of huts and chickens peck at garbage heaps. But the farmworkers living here plan to stay, laying claim to land owned by one of the country's richest men.

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The New York Times

Fifteen people have been killed recently over land near Tocoa.

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Edgard Garrido Carrera for The New York Times

A flag outside the settlement demands "Justice, Liberty, Land."

At the gate, a handful of men sit guard with shotguns and machetes under a red flag painted with defiant words: "Justice, Liberty, Land."

"If they give land to the people, the problem can be resolved," said Marcos Tulio Paredes, one of the community's leaders.

In the past few weeks, a long-running battle over land in Bajo Aguán, this fertile valley near Honduras's northern coast, has flared. At least 15 people have been killed in recent weeks alone, including two of the workers' leaders, and the people here are on edge, fearful that the unrest could spread.

The conflict in Bajo Aguán is the most volatile example of the social divide that burst into view in this tiny impoverished country two years ago, when the country's power brokers [orchestrated a military coup to expel the president](#) at the time.

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A veneer of normality has returned. A new president was elected on schedule, and the ousted former president finally returned from exile in May. But the political polarization that the coup revealed and [the violence it stoked](#) — including [the murders of journalists](#) and government opponents — have persisted, and no place more so than in Bajo Aguán.

“The opportunity was lost to introduce some very significant reforms that were sorely needed in Honduras,” said Kevin Casas-Zamora, an expert on Central America at the Brookings Institution in Washington. “Honduras is a country with obscene social imbalances, and very little is being done to address that.”

In Bajo Aguán, where oil palm tree plantations occupy most of the farmland, President Porfirio Lobo has alternated between sending troops and brokering agreements between farmworker groups and the businessmen who own vast sections of the valley. But events rapidly slip beyond the government’s control.

“This is a country where there are no institutions,” said Elvin Hernández, a researcher at the Jesuit-supported Reflection, Research and Communication Team in the city of El Progreso. “It is the law of the strongest and Aguán is the place where you see that most clearly.”

The government appeared to move forward on negotiating a solution last week, when Congress approved a mechanism to guarantee bank loans that would allow the farmworkers to buy land. An estimated 4,000 families will be eligible for 15-year loans to buy more than 11,000 acres.

But the 1,400 families camped on the Marañones plantation since last year have been frozen out of the latest pact. Without a title, they fear they could be evicted at any time.

“It is better to die here,” said one leader, who asked that her name not be used because she had received threats. “We don’t have anywhere else to go. We can’t give up on the struggle. Where would that leave the deaths of our comrades? In vain?”

The presence of hundreds of troops sent here after the latest round of violence could also set off more conflict. “It’s a very critical situation,” said Sandra Ponce, the Honduran attorney general for human rights. “What is latent elsewhere has already developed in Bajo Aguán.”

The conflict here goes back to the early 1990s, when wealthy landowners bought up plantations from farmer cooperatives. Farmworker groups argue that these purchases were illegal because members of the cooperatives were tricked by their leaders or signed deals they did not understand.

The largest single landowner in the region is [Corporation Dinant](#), owned by Miguel Facussé, the octogenarian patriarch of one of the handful of families controlling much of Honduras’s economy. The company owns about one-fifth of all the agricultural land in Bajo Aguán, more than 22,000 acres of well-groomed plantations that supply oil for export and for its snack foods, margarine and cooking oil business. It acquired that land legally, said Roger Pineda, the company’s treasurer.

“The country needs agrarian reform,” Mr. Pineda said. “Too many people don’t have land. But not on the lands that are already under production. It can’t be, ‘I like your car, and then I take it.’ ”

Just days before he was ousted in June 2009, former President Manuel Zelaya intervened in the disputes, signing an agreement to start talks on redistributing land. In December that year, farmworkers staged coordinated land invasions to put pressure on Mr. Lobo.

The occupations cost Dinant \$20 million in lost revenue last year, Mr. Pineda said. In addition, pressure by rights groups this year prompted a German investment bank [to withdraw a loan](#), he said.

The choreography of evictions in Bajo Aguán unfolds violently but fails to sap the workers’



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resolve.

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23 September 2012 Last updated at 20:43

## Antonio Trejo, Honduras rights lawyer, killed at wedding



"No more peasant murders in the Aguan region," reads the banner held by protesters in Honduras.

**A human rights group in Honduras says a prominent lawyer who represented peasants in disputes with large land owners has been killed.**

Antonio Trejo was shot dead by unknown gunmen after walking outside the church, where he was attending a wedding, to answer a phone call.

Mr Trejo represented lands rights groups in the Bajo Aguan, a fertile palm-oil-producing region.

Dozens of people have been killed in land conflicts there in recent years.

A statement by the Peasants Movement of the Valley of Bajo Aguan, known by its Spanish acronym, Marca, says he was shot five times outside a church in Tocontin, in the outskirts of the capital, Tegucigalpa.

He was taken to a nearby hospital but died of his wounds.

### Biofuels

Human rights groups have called on the Central American government to investigate the deaths of dozens of peasants and campaigners in the Bajo Aguan area, in Honduras' northern Colon department.

"A long-simmering land conflict erupted in May 2011 when peasants occupied land being cultivated by large privately owned agricultural enterprises," [says the pressure group Human Rights Watch](#) in a report.

"Many victims were members of peasant associations who were allegedly gunned down by security guards working for the enterprises."

The palm oil produced in the area is used mostly to make biofuels for vehicles.



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President Porfirio Lobo's government says criminal gangs, who claim to be peasants, are to be blamed for many of the conflicts in the region.

Antonio Trejo also spoke out against a government project to build privately run cities in Honduras, with their own police and tax system.

Just hours before being killed, Trejo had taken part in a televised debate in which he accused politicians of using such projects to raise campaign funds, says the AP news agency.

Honduras has the world's highest murder rate: 86 murders per 100,000 people.

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## Environmental sustainability

# World Bank accuses itself of failing to protect Kenya forest dwellers

Leaked document says World Bank violated its own safeguards in dealings with Sengwer people evicted from their lands



Families from the Sengwer community leave their homes in Embobut, Kenya. Photograph: Forest Peoples Programme

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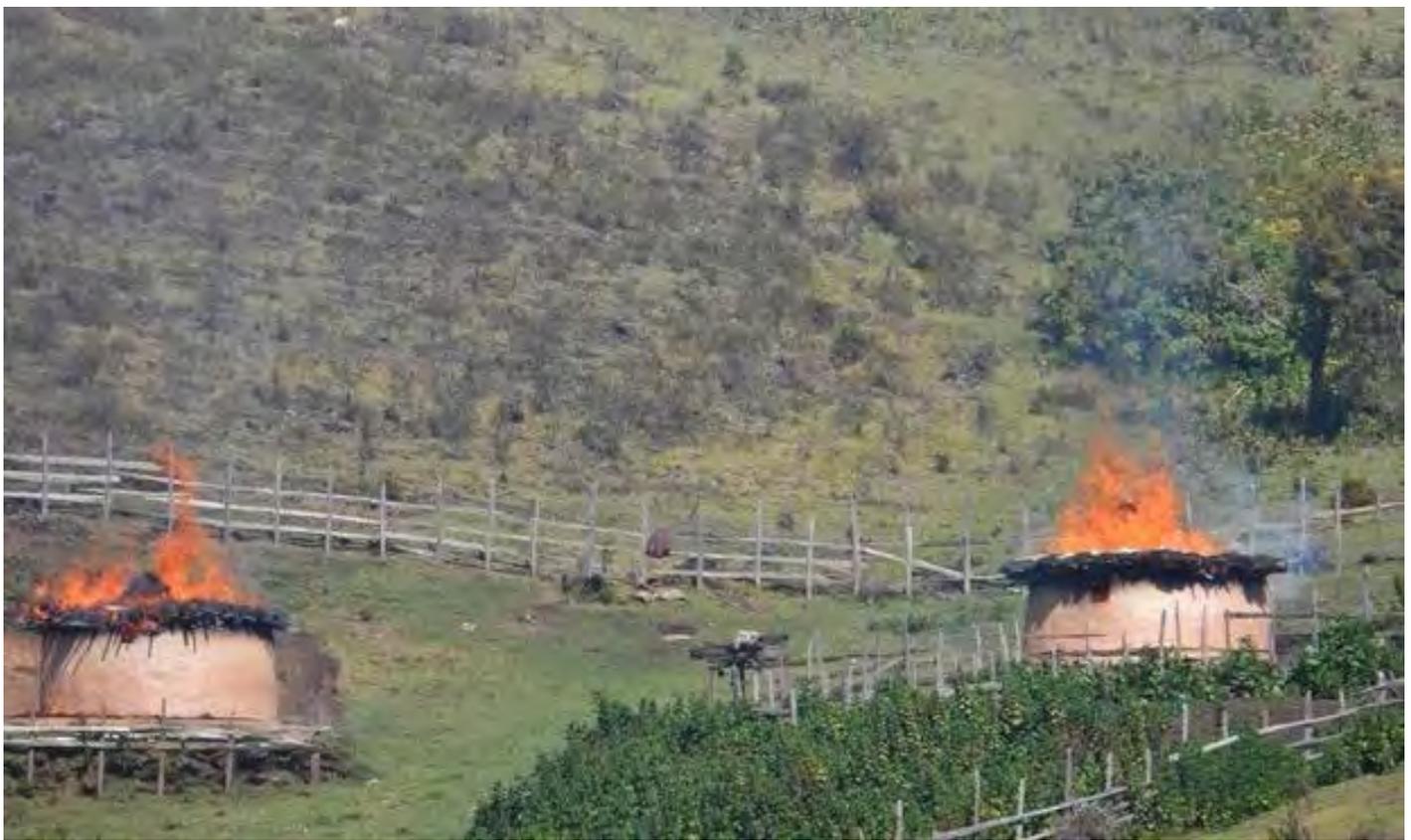
A leaked copy of a World Bank investigation seen by the Guardian has accused the bank of failing to protect the rights of one of Kenya's last groups of [forest people, who are being evicted](#) from their ancestral lands in the name of climate change and conservation.

Thousands of homes belonging to hunter-gatherer Sengwer people living in the Embobut forest in the Cherangani hills were burned down earlier this year by [Kenya](#) forest service guards who had been ordered to clear the forest as part of a carbon offset project that aimed to reduce emissions from deforestation.

The result has been that more than 1,000 people living near the town of Eldoret have been classed as squatters and forced to fee what they say has been government harassment, intimidation and arrest.

The evictions were condemned in February by the UN special rapporteur on the rights of indigenous peoples and the UN committee on the elimination of racial discrimination, and drew in the president of the World Bank, Jim Yong Kim, who expressed alarm at what was described by 360 national and international civil society organisations and individuals as "cultural genocide". An [Avaaz petition](#) collected 950,000 names calling for the bank to urgently halt the "illegal" evictions.

Following a request by the Sengwer to assess the impact of the bank's funding of the project, the bank's inspection panel decided in May that it had violated safeguards in several areas. At the same time, the bank's management decided to ignore most of the independent panel's recommendations.



Homes of Sengwer people stand burning in Embobut, Kenya. Photograph: Forest Peoples Programme

“Unfortunately, the World Bank’s own leaked management response to the report denies many of the findings, evidently sees little importance in the fact that violation of safeguard policies has occurred, and presents an inadequate action plan to be considered by the bank’s board. It simply proposes more training for forest service staff, and a meeting to examine what can be learnt,” said a spokesman for the UK-based [Forest Peoples Programme](#).

“President Kim said the bank would not be bystanders, but only by taking seriously the many breaches of its own safeguards and approving the action plan requested by the Sengwer people themselves to overcome the human rights violations that these breaches have contributed to will the bank be able to demonstrate that the president has been true to his word,” said Peter Kitelo, a representative of Kenya’s Forest Indigenous Peoples Network.

A final decision on the project will be made on Tuesday when the [World Bank](#) board meets in Washington under the chairmanship of Kim to decide on the bank’s response to the inspection panel report. If the board decides to endorse the action plan, the evictions are certain to be completed. More than half the people evicted are thought to have returned to their lands.

“The eviction of such ancestral communities leaves the indigenous forests open to

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exploitation and destruction; whereas securing such communities rights to their lands and responsibility to continue traditional conservation practices, protects their forests,” said the Forest Peoples Programme.

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## Eisei Kurimoto

GLOCOL O.B.  
2007.08–2011.08 Director, GLOCOL

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### Education

- B.A., University of Kyoto, 1980
- M.A., University of Kyoto, 1982
- Ph.D., University of Kyoto, 1985

### Academic Professional Experiences

- 1987–1992  
Research Fellow, Institute for the Study of Languages and Cultures of Asia and Africa, Tokyo University of Foreign Studies,
- 1992–1993  
Research Fellow, National Museum of Ethnology, Osaka
- 1993–2000  
Associate Professor, National Museum of Ethnology, Osaka
- 2000–2003  
Associate Professor, Graduate School of Human Sciences, Osaka University
- 2001–2003  
Visiting Associate Professor, Graduate School of Asian and African Area Studies, Kyoto University
- 2003–present  
Professor, Graduate School of Human Sciences, Osaka University
- 2003–2005  
Visiting Professor, Japan Center for Area Studies, National Museum of Ethnology, Osaka
- 2007–2011  
Director, Osaka University Global Collaboration Center
- 2011–present  
Jointly Appointed Professor, Osaka University Global Collaboration Center

### Academic Affiliations with Institutions in Africa

- 1978–1979, 1982–1986  
Research Associate, College of Social Sciences, University of Juba
- 1985  
Part-time Lecturer, College of Social Sciences, University of Juba
- 1988–1999  
Visiting Scholar, Institute of Ethiopian Studies, Addis Ababa University
- 2002, 2004  
Visiting Scholar, Institute of African and Asian Studies, University of Khartoum
- 1998–present  
Member of the Board, Centre for Advanced Studies of African Society (CASAS), Cape Town

### Field of Research

Social Anthropology, African Ethnography

### Research Interests

Since 1978 I have conducted anthropological fieldwork among two Nilotic speaking ethnic groups, namely the Pari and Anywaa (Anuak), in South Sudan and western Ethiopia. I have spent about six years in North East

Africa, mostly in Sudan and Ethiopia, but also in Kenya and Uganda. In recent years my major interests are: civil war, ethnic conflict and inter-ethnic relations, refugee and IDP issues, state and society. Between 2000 and 2004 I worked as leader of a research project on forced migration in North East Africa and Great Lakes region, and since 2005 I have been working as leader of a research project on post-war reconstruction and peace-building in the Sudan.

#### Keywords

Civil War, Ethnic Conflict, Inter-Ethnic Relations, Refugee and IDP Issues, State and Society

#### Membership of Professional Associations

Japan Association for African Studies, Japan Association for Nilo-Ethiopian Studies, Japanese Society of Cultural Anthropology

#### Major Publications

- 2009 'Changing Identifications among the Pari Refugees in Kakuma', *Changing Identifications and Alliances in North-East Africa, Volume II: Sudan, Uganda and the Ethiopia-Sudan Borderlands*, Gunther Schlee & Elizabeth E. Watson (eds.), Oxford: Berghahn Books, pp.219-233.
- 2005 'Resurgence in the Midst of Predicaments: Studies on North East Africa by Japanese Anthropologists, 1996-2005'. *Japanese Review of Cultural Anthropology* 5: 69-103.
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- 2002 Wendy James, Donald L. Donham, Eisei Kurimoto and Alessandro Triulzi (eds), *Remapping Ethiopia* (edited with). Oxford: James Currey, Addis Ababa: Addis Ababa University Press, Athens: Ohio University press.
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- 2001 Kurimoto Eisei (ed.), *Rewriting Africa: Toward a Renaissance or Collapse?* Osaka: The Japan Center for Area Studies, National Museum of Ethnology.
- 2001 'Introduction, Rewriting Africa: Toward Renaissance or Collapse?'. In Kurimoto Eisei (ed.), *Rewriting Africa: Toward a Renaissance or Collapse?* Osaka: The Japan Center for Area Studies, National Museum of Ethnology. Pp. 1-9.
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- 2000 Umesao Tadao, Kurimoto Eisei and Takashi Fujitani (eds), *Japanese Civilization in the Modern World XVI: Nation-State and Empire*. *Senri Ethnological Studies* 51 Osaka: National Museum of Ethnology.
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- 1997 'Politicisation of Ethnicity in Gambella', Fukui, Katsuyoshi, Eisei Kurimoto & Masayoshi Shigeta (eds), *Ethiopia in Broader Perspective: Papers of the XIIIth International Conference of Ethiopian Studies*, vol.2, Kyoto: Shokado Book Sellers, pp. 798-815.
- 1997 Katsuyoshi Fukui, Eisei Kurimoto and Masayoshi Shigeta (eds), *Ethiopia in Broader Perspective: Papers of the XIIIth International Conference of Ethiopian Studies*, 3 vols. Kyoto: Shokado Book Sellers.
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#### Images

