The Inspection Panel

Report and Recommendation

Ethiopia: Protection of Basic Services Program Phase II Project Additional Financing (P121727) and Promoting Basic Services Phase III Project (P128891)

February 8, 2013
A. Introduction

1. In accordance with the Resolution (hereinafter “the Resolution”)\(^1\) establishing the Inspection Panel (hereinafter “the Panel”), the purpose of this Report and Recommendation on Request for Inspection (hereinafter “the Report”) is to make a recommendation to the Board of Executive Directors as to whether the Panel should investigate the matters alleged in this Request. The Panel’s recommendation is based on its consideration of the technical eligibility of the Request and its assessment of other factors as stipulated in the Resolution.

2. The Panel’s determination of the technical eligibility of the Request, in accordance with the 1999 Clarification to the Resolution,\(^2\) is set out in Section E (1) below, and Section E (2) summarizes the Panel’s observations on other factors considered before making a recommendation to the Board. The Panel’s recommendation is presented in Section F.

3. On September 24, 2012, the Panel received a Request for Inspection (the “Request”) related to the Ethiopia: Protection of Basic Services (PBS) Phase II Project Additional Financing and to the Promotion of Basic Services Phase III Project, which form part of the Protection of Basic Services Program. (“PBS Program” or “PBS”) The Request was submitted by two local representatives on behalf of 26 Anuak people from the Gambella region of Ethiopia (the “Requesters”). Two groups of Anuak living in different locations authorized the local representatives to submit the Request. The local representatives and the Requesters have asked the Panel to keep their identities confidential “due to grave concerns about our personal security and that of our relatives in Ethiopia.”


4. The Request is composed of a letter, to which an Annex is attached, in addition to affidavits with signatures of the affected people that authorize the local representatives to submit the Request on their behalf. The Annex, which elaborates on the Request’s claims, was prepared by Inclusive Development International (IDI), a Non-Governmental Organization, and the Requesters ask the Panel to consider it an integral part of the Request. Due to security concerns, the Requesters also appoint IDI as their contact reference for all correspondence related to this Request.

5. The Panel registered the Request on October 9, 2012. On October 15, 2012, Management requested an extension for the submission of its Response\(^3\) to the Request for Inspection. This Panel’s Report and Recommendation was originally due on December 18, 2012. The Panel requested the Board to approve an extension of the deadline to January 18, 2013 for reasons related to logistic and travel arrangements for the Panel’s eligibility visit. However, following the field visit, the Panel judged that further consultations with Management on the issues raised in the Request were necessary prior to submitting a recommendation to the Board on whether an investigation is warranted. It thus requested of the Board a second postponement of the deadline for the submission of this Report.

B. The Project

6. The Request for Inspection raises concerns about the Bank support to the PBS Program. The World Bank involvement in the PBS Program started in May 2006 and is composed of four continuous operations, including 2 Additional Financing (AF): PBS I, PBS I-AF, PBS II, PBS II-AF, PBS-Social Accountability Program and PBS III.\(^4\) Donors and Government’s overall total cost of these operations has exceeded USD 13 billion. The Bank’s total commitments have amounted to almost USD 2 billion.

7. Only PBS II-AF and PBS III were still ongoing at the time of receipt of the Request for Inspection. PBS II was approved by the Bank on May 14, 2009 for USD 540 million and benefitted from PBS II-AF on February 22, 2011 for USD 420 million. PBS II-AF closes on January 7, 2013. The World Bank Board approved PBS III on September 25, 2012, for a total amount of USD 600 million. At the time of the receipt of the Request for Inspection PBS II-AF was around 97% disbursed.

8. According to the Project Appraisal Document (PAD) of PBS III, the Program Development Objective is to contribute to expanding access and improving the quality of basic services in education, health, agriculture, water supply and sanitation, and rural roads delivered by sub-national governments, while continuing to deepen transparency and local accountability in service delivery. The PAD of PBS III states that the Bank’s support 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 government at Regional and Local

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\(^3\) 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), November 19, 2012, World Bank (hereinafter “Management Response”).

\(^4\) Different phases of the PBS program are interchangeably referred to in this Report as PBS I, PBS II and PBS III or PBS 1, PBS 2 and PBS 3
Authorities Level. The program defines basic services as education, health, agriculture, water supply and sanitation and rural roads.” PBS is a nationwide program.

9. According to the PAD, PBS III includes three Components:
   - Sub-program A: Basic Service Block Grants (USD 6.2 billion of which the Bank contribution is 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 114.9 million of which the Bank contribution is USD 40 million);
   - Sub-program C: Results Enhancement Fund (USD 35 million of which the Bank contribution is USD 10 million).

10. Sub-program A, the provision of Basic Service Block Grants to woredas, provides for “recurrent (salaries, operations and maintenance) expenditures in the five basic service sectors (education, health, agriculture, water and sanitation, and rural roads) at local levels.” According to the PAD, the Basic Service Block Grants are disbursed from the federal level to the regions and from the regions to the woredas. Within Ethiopia’s federal administrative structure, the Government provides “un-earmarked block-grant financing” through regional governments, which in turn provide block grants to woreda administrations.

11. According to the PAD, the safeguard policies were not triggered. The environmental category for PBS III is determined to be C. The Integrated Safeguard Data Sheet, clearly states that as far as the Involuntary Resettlement Policy is concerned, “this project does not involve land acquisition leading to involuntary resettlement or restrictions of access to resources or livelihoods.” The PAD adds that in PBS I and PBS II the Environmental Assessment and Involuntary Resettlement Policies were triggered because of small infrastructure works provided through “a pilot Local Investment Grant (LIG), which was a Specific Purpose Grant from the Federal Government to selected woredas for capital investments in the five basic services sectors.” The LIG component is not included in PBS III.

12. PBS III’s Operational Risk Assessment Framework (Annex 6 of the PAD) notes that over the last year and a half the issue of “villagization” has emerged as an issue of concern. It states that a “villagization” program in the developing regions of Benishangul-Gumuz, Gambella, Somali and Afar “has relocated more than 100,000 households to village clusters at the professed purpose of ensuring their access to basic services.” According to the PAD, it has been alleged by human rights groups that the manner in which the relocation has taken place was coercive.

13. **Financing.** The Bank supports the PBS program through a specific investment loan of USD 600 million the majority of which are for Sub-Program A: Basic Services Block Grants. As for PBS I and II, PBS III will receive substantial contributions from other Development Partners including DFID, AfDB and EU.

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5 “Woredas” constitute the third level in Ethiopia’s decentralized administrative structure, which includes the following tiers: regions, zones and woredas.
14. **Implementation arrangements.** The Ministry of Finance and Economic Development (MOFED) is the overall responsible government agency for project implementation. A Coordinating Unit has been created within MOFED to coordinate daily activities of PBS across the basic service ministries and sub national government entities. At the regional level, the responsible agencies are the Bureaus of Finance and Economic Development (BoFEDs). At the local level, woredas and urban administrations implement PBS. Additionally, to facilitate and coordinate dialogue on the implementation of the PBS program, donors created a PBS Secretariat, which is funded through contributions to a Multi Donor Trust Fund.

C. **The Request**

15. What follows is a summary of the Request for Inspection. The Request is attached to this Report as Annex I.

16. The Request states that the Requesters, Anuak indigenous peoples, have been harmed by the Bank-supported PBS Program as a result of World Bank’s non-compliance with its policies and procedures because the PBS Program is “contributing directly to the Ethiopian Government’s Villagization Program in the Gambella Region”.

17. In 2010, Government of Ethiopia (GoE) launched the Commune Centre Development Plan and Livelihood Strategy, which is commonly referred to as the commune program or villagization program (hereinafter “the VP”). The Request states that under the VP, Anuak people are being forced to leave their ancestral lands, which is then leased to investors. The letter states that “these mass evictions have been carried out under the pretext of providing better services and improving the livelihoods of communities” but in reality, in the new sites where they were forcibly moved, the Requesters found infertile land, and no schools, clinics or other basic services. The Request adds that Government workers whose salaries are paid under the PBS Program have implemented the VP. The Request also states that some of these workers opposed the implementation of the VP and, as a result, they have been the targets of arrests, beating, torture and killing.

18. The Request states that the concerns of the Requesters have been brought to the attention of the Bank Management who, according to the Request, stated that the Bank has nothing to do with the harm suffered by the Requesters. In addition, the Request reports that Bank staff clarified to them that PBS III would be presented to the Board without applying the Bank’s Indigenous Peoples and the Involuntary Resettlement policies. The Requesters are unsatisfied with the Bank’s response and request the Panel to carry out an investigation of the matters raised in the Request for Inspection.

19. The Request’s claims are further elaborated in the Annex, which forms part of the Request. The Annex is entitled “Policy and Legal Analysis of the Ethiopia PBS Request for Inspection”, a summary of which follows.

20. The Annex to the Request describes the Requesters as Anuak indigenous peoples with a “unique language and culture” who are “intimately tied to the land and rivers of Gambella”. There are two Anuak clans: the Lul, upland forest dwellers who practice shifting cultivation (they work a parcel of land for a number of years before moving to a different area), and the Openo who are riverside Anuak practicing more sedentary agriculture and fishing.
21. **Linkage between the PBS Program and the VP.** According to the Annex, the PBS Program “aims to increase decentralized delivery of basic services [and is] designed to provide discretionary funds to sub-national governments.” The Annex adds that in Gambella the regional government’s program for improving access to basic services is the so-called “Villagization Program Action Plan,” which started during phase II of the PBS Program. Under a three-year plan the VP was to be implemented in all woredas of Gambella and 45,000 households were to be resettled in new villages where basic services, such as schools, clinics, water schemes, infrastructures, would be provided.

22. The Annex states that 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”. It is argued that it is “therefore apparent that villagization is the regional governments’ principle strategy for achieving the PBS objectives in Gambella”, because the PBS Program is the major source of funding for woredas. The Requesters, according to the Annex, object to statements by Bank representatives that the Bank does not contribute directly to the villagization. The Requesters maintain that some of the public servants paid through the PBS Program are charged with implementing the VP and have testified to a number of organizations that they were ordered to implement villagization in Gambella. The Annex presents some testimonies of these public servants who state that they were threatened in various ways, such as with beatings and detentions, to coerce them into carrying out villagization. The Annex thus states that “it does not appear […] 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.”

23. **Harm suffered.** According to the Annex, the Requesters perceive that the VP, which in their view is supported by the PBS Program, “has been carried out by force and accompanied by gross violations of human rights.” The Requesters speak of arbitrary arrests, beatings and assaults leading to deaths, torture, rape and violence, forced displacement, destruction of properties and inhuman conditions at the new villages. The Requesters assert that basic services at the new villages were not provided, and there was little access to food or land suitable for cultivation. Some Requesters have told stories of people dying from starvation. In such conditions, many Anuaks fled Ethiopia and sought asylum in Kenya or South Sudan.

24. **Alleged policy violations.** The Annex goes on to elaborate on the Bank’s non-compliance with various policies and alleges that the Bank violated the policies related to Project Appraisal, Indigenous Peoples, Involuntary Resettlement, Project Supervision and Economic Evaluation of Investment Operations.

25. **Economic evaluation of investment operations.** According to the Annex, the PBS Program is a “sector investment lending instrument” which was “designed to replace budget support” to ensure a steady flow of resources for basic services, and “which through block grants, leaves almost complete discretion” to the national and sub-national government on implementation of the project. It is argued that the choice of lending instrument in the environment in which it was designed and implemented is inappropriate and not in compliance with the Policy on Economic Evaluation of Investment Operations (OP 10.04).
26. **Project appraisal.** According to the Annex, the PAD of PBS II identifies the project risks as substantial with respect to governance and commitment to social accountability, however, the mitigation measures identified in the PAD are inadequate to address the corresponding risks, which have eventually materialized. It is argued that the lack of reference in the PAD to the VP is “striking” because “coercive” villagization “has been used historically in Ethiopia as a means of ‘development’ of certain populations and in particular to deliver basic services”, and the Bank’s diligence in carrying out social and environmental risks analysis has to be called into question.

27. The Annex adds that the Bank did not fully consider the PBS Program’s effects on 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.

28. **Application of safeguards policies.** According to the Annex, Bank representatives justified the non-application of the policies on Indigenous Peoples and Involuntary Resettlement by stating that the main component of the PBS Program supports only recurrent expenditures and thus social and environmental policies are not triggered. It is argued that this does not “negate the Bank’s obligations to trigger and comply with relevant safeguards policies”, and that the high level of discretion that the type of instrument used for the PBS Program allows, requires strong measures and oversight by the Bank to ensure that funds are not used in violation of Bank policies and human rights.

29. **Indigenous Peoples.** The Annex states that the policy on Indigenous Peoples (OP 4.10) should have been applied to the PBS Program, and that the Anuak are indigenous peoples meeting the definition of Indigenous Peoples of OP 4.10. It is argued 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.” As a result, no safeguards guaranteed by the policy, including prior informed consultation leading to broad community support, were applied to protect the interests of the Requesters. The Annex states that if OP 4.10 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 Peoples, including the Anuak, to move away from their ancestral lands.”

30. **Involuntary resettlement.** The Annex states that the Policy on Involuntary Resettlement (OP 4.12) should have also been applied to the PBS Program. Had OP 4.12 been triggered, the PBS Program would have required adequate safeguards for the resettlement of people under the VP and would have ensured processes in respect of human rights. It is argued that the policy should have been triggered after identifying the risk that regional governments could use PBS Program funds to achieve VP objectives.

31. **Project supervision.** The Annex states that when the Bank became aware of the VP it should have engaged in communication with the federal and regional governments about the program and its implementation and should have assessed its risks with
respect to affected people, including indigenous peoples. Also it is questioned why the “Good Practice Guidelines and Principles Regarding Resettlement” issued by the Development Assistance Group were not made a binding requirement of donor support to the PBS Program. In addition, the Annex refers to a World Bank assessment of villagization in the Benishangul-Gumuz region was carried out in early 2011, and states that the Bank team “found it unnecessary to trigger OP 4.12 determining that there was no evidence that relocation under villagization was involuntary and that Bank funds did not directly contribute to villagization.” The Annex adds that Anuak representatives “repeatedly called on the Bank to interview Anuak refugees” who were affected by villagization but the Bank did not react to this, nor did the Bank make an effort to correct the situation in spite of evidence of Bank funds being used for the VP. This, it is believed, is evidence of non-compliance with the policy on Supervision.

32. Prior contact with Bank Management. The Annex presents details of the efforts made by the Requesters and their representatives to bring their issues related to the PBS Program to the attention of Bank Management. It also notes that it is difficult for Anuaks in Gambella or those in refugee camps outside Ethiopia to communicate with the Bank, and that Anuaks fear serious reprisals for speaking up and expressing criticism of the Government. A number of letters were sent in August and September 2012 to the Bank, including by Anuak refugees, but no written response was received. Bank representatives met on September 14, 2012, with some of the Requesters and reiterated the Bank’s position: that Bank funds do not contribute to the VP, that no remedies can be offered by the Bank to address the Requesters’ issues other than continuing dialogue with the Government, and that the Bank will not apply its policies on Indigenous Peoples and Involuntary Resettlement to the PBS III.

D. The Management Response

33. A summary of Management Response follows, and a complete copy is attached to this Report as Annex II.

34. Management indicates that the Response focuses on PBS III, although the Request centers on PBS I and II, because the latter projects are over 95% disbursed and thus, Management states, they are not eligible for investigation.

35. Choice of lending instrument for PBS III. In response to the Requesters’ questions about the choice of financing instrument for PBS III, Management states that PBS III was designed as an investment loan because this approach has proven successful and results-focused since 2006 when the first phase of the PBS Program commenced. Other alternatives, such as a development policy operation or a program for result approach, were not considered superior to an investment loan, which allows supporting recurrent expenditures based on a careful monitoring of core principles and results, and reviewing the progress on capacity strengthening of government systems. Moreover, not only does the loan structure enable the definition of a set of eligible expenditures for specific basic services at the woreda level, it also tracks these expenditures.

36. Implementation arrangements. Extensive implementation support is also part of the investment lending approach. Implementation support under PBS III takes several forms: joint review and implementation support missions with Development Partners (DPs) and Government officials, which review the performance with Core PBS Principles (Effectiveness, Sustainability, Additionality, Equity, Transparency,
Fiduciary Probity and Predictability); extensive financial management review of program resources; constant close coordination with MOFED, regional and subnational governments, ministries supporting basic services, and with development partners; and monthly donor meetings to review progress on implementation. In addition, extensive field based presence is guaranteed with the Task Team Leader in country and a donor-financed Secretariat that was created to coordinate activities between DPs and Government agencies.

37. **General response to the Request.** Management states that the harm described in the Request for Inspection does not arise from PBS III or from a failure of the Bank to apply its policies. In response to the Requesters’ main claim that PBS is inextricably linked to the Ethiopian Government’s villagization program, Management’s position is that PBS III “is not linked to villagization….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 VP. ⁶

38. Management argues that the fact that some government officials at *woreda* level, whose salaries are paid in part by PBS III, may have responsibilities related to the VP is not a basis to claim that PBS III is directly linked to villagization. Management states that government officials at local level often have multiple roles, and that the VP implementation arrangements provides for steering and technical committees at regional, zone, *woreda* and *kebele* level. The Response further explains that since PBS III “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” who may be in villagization committees. ⁷ Management adds that it would not be “feasible nor desirable” to pursue arrangements where officials work exclusively on functions supported by Bank funds because it would be dysfunctional, highly inefficient and would represent a higher administration cost for the borrower. It also notes that “the key concern must be whether each official has discharged the PBS-related duties which are the basis for paying her/his salary”.

39. Management emphasizes nevertheless that it is “deeply troubled by the reports of harm” the Requesters have raised and “takes these allegations very seriously and has undertaken an extensive review of the allegations raised in the Request.” ⁸ In addition, Senior Management has raised these concerns with the new Prime Minister and the Ministries of Finance and Federal Affairs and in the Bank’s regular dialogue with the Government of Ethiopia.

40. **The VP and Bank’s Response.** The Response describes the VP, which began in mid-2010 in four developing regions of Ethiopia including Gambella, as a program aimed at voluntarily congregating sparsely populated communities within *kebeles* (communities; ‘neighborhoods’ in Amharic) around village centers in the same *kebele*. According to the Response, the VP does not provide forced or long distance resettlement, does not mix people of different backgrounds, does not replace other development programs in the four regions, nor does it provide all services and facilities for the communities involved.

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⁶ Management Response, p. viii.
⁷ Management Response, ¶ 58.
⁸ Management Response, p. viii.
41. Management states that neither the Bank nor other Development Partners were consulted by the GoE about the villagization or advised in advance, and that Management learned of it in October 2010 during an unrelated field visit. Management notes that because the Bank does not finance villagization, there is no scope for the application of the safeguard policies; rather the Bank and the DPs have tried to “achieve influence” with the GoE with respect to the impacts of villagization through policy dialogue.\(^9\) In addition, missions of the Development Assistance Group (DAG), which included Bank staff and other DPs representatives, have not found evidence of forced relocations or systematic human rights abuses in the implementation of the VP. The DAG-sponsored missions found, however, poor planning, too rapid relocations, inadequate sequencing of resettlement, poor service provisions and weak implementation capacity. In this context, therefore, the Bank has engaged with the GoE, since first learning of the VP, to provide feedback to the Government through meetings with Government ministries, advice on good practice guidelines and principles of resettlement, field visit to observe implementation and raising concerns about issues related to planning, sequencing and capacity in carrying out villagization.

42. Management states, nonetheless, that it is aware of reports of abuses in Gambella that predate the villagization, and of other most recent concerns, such as the issuing of a Civil Society Organizations law, which was criticized as repressive of freedom of opinion. As a result, the Bank “did associate itself with discussions on some topics”, especially regarding the CSO law, but did not take leadership in these discussions in recognition of the leadership of the Ethiopian Partners Group and with regard to the provisions of the Bank’s Articles of Agreement. In addition, allegations of misuse of funds with regard to DP supported programs including PBS have surfaced since 2005 but they did not provide a basis for revising the implementation arrangements for PBS. Management also notes that there are mechanisms in place to provide evidence of such allegations if substantive.

43. With respect to the concerns raised about villagization, Management maintains that neither the Bank nor the DPs have been able to substantiate those concerns. Management notes that the resettlement appears to be voluntary, and Bank supported projects in the Gambella do not provide direct support to villagization. It adds that the situation “would be periodically monitored as part of the supervision of the portfolio of Bank-financed projects and would address any new developments with the Ethiopian authorities as appropriate.”\(^10\)

44. Management Response also addresses the claim that ethnic tension and conflicts in Gambella are a result of villagization. The Response notes that Gambella has a long-standing history of ethnic tensions and conflicts including the Anuak, the Nuer, and people from the highland who have settled in the area.

45. **Application of Bank safeguard policies.** Management states that there is “no scope” for application of safeguard policies to the VP, as the Bank does not finance it, thus arguing that the decision not to trigger the policies on involuntary resettlement (OP 4.12) and indigenous peoples (OP 4.10) was correct. Nevertheless, the Bank has a

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\(^9\) Management Response, ¶ 38.

\(^10\) Management Response, ¶ 47.
“close regard for environmental and social issues as they relate to the achievement of the project’s development objectives” and PBS III supports strengthening environmental and social assessment at local level by assessing capacity, targeting capacity building and encouraging best practices in environmental and social management in planning and implementation of activities.

46. The Bank also has an ongoing program of analytic work on social and environmental issues and in relation specifically to PBS III, Management indicates that it “intends to build further on the existing stock of analysis by undertaking a Poverty and Social Impact Analysis 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.”

47. 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. 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.

48. Management Response notes that the policy on Indigenous Peoples has not been applied in Ethiopia because of Government’s concerns and “uncertainty as to its compatibility with the country context.” The Government argues that all people in Ethiopia are indigenous according to the country’s constitution. In this context, discussions with the Government on how to apply the policy have been ongoing since 2009.

49. With respect to the policies on project appraisal (OMS 2.20) and supervision (OP 13.05), Management states that the implementation support arrangements for PBS III enable a close monitoring by the Bank and the funding partners of PBS implementation so that the PBS Program is consistent with its design and its resources reach the target groups and achieve the program’s results at the local level.

50. **Conclusion.** The Response notes that when the Bank became aware of the VP it recognized that such a program was important in the GoE development strategy but that it could face implementation challenges. Relevant Ministries in the government were engaged in dialogue through the DAG, Bank safeguard specialists visited Ethiopia and feedback was provided to the Government on problems encountered in the implementation of villagization. However, Management reiterates that neither the Bank nor other DAG members found evidence of the abusive behavior described in the Request in connection with villagization. The Bank and DPs also agreed that the best approach to a dialogue with the Government on villagization was to be separate from partners-funded programs, and direct to the topic. Nevertheless, because individuals may not feel free to report cases of abuse, PBS III’s design includes a Sub-Program B, which is aimed at strengthening local accountability and transparency to make sure

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people understand their entitlements and may complain through different mechanisms about wrong doings of any kind by officials involved in delivering basic services.

51. Management reiterates that it takes very seriously the reports of harm by the Requesters and has made sure that the GoE is made aware of these alleged abuses, while at the same time “promoting systemic approaches to address the possibility of abuses at local level as well as investigating specific reports.” Management states that it will ensure that Bank staff in Ethiopia work closely with DAG members to follow up on reports of abuses whether or not related to a Bank-funded program. Management proposes to undertake a Poverty and Social Impact Analysis that would, among other things, verify further that PBS “provides proportionately greater returns to marginal areas and vulnerable groups.”

52. Management concludes that in its view the Request’s claims are “outside the question of compliance with Bank policy” and that there is no basis to the claim that the harm alleged by the Requesters is a result of Bank’s non-compliance with its policies and procedures.

E. Panel Review of the Request and Management Response

53. The Panel Chairperson Alf Jerve, Panel Member Zeinab ElBakri, together with Deputy Executive Secretary Dilek Barlas and Senior Operations Officer Tatiana Tassoni, visited Ethiopia from January 8-11, 2013; South Sudan from January 11-12, 2013 and Kenya from January 12-14, 2013. During its visit, the Panel team met with the Requesters who currently reside in South Sudan and Kenya. It also met in Ethiopia with Government officials of the Ministry of Finance and Development and the Ministry of Federal Affairs, with regional government officials from Gambella and with woreda officials and community representatives from Gambella. The Panel moreover met with DPs, including representatives from the African Development Bank, UK’s Department for International Development (DFID), the European Union and the German Embassy in Ethiopia. The Panel team finally met with Bank staff in the country offices of Ethiopia, South Sudan and Kenya and had the chance to discuss with staff involved in the PBS program residing outside of Ethiopia.

54. The Panel wishes to express its appreciation to all those mentioned above for sharing their views and exchanging information and insights with the Panel. The Panel also wishes to thank the Government of Ethiopia for meeting with the Panel team and facilitating meetings with regional officials and community members from Gambella. The Panel also extends its thanks to the DPs’ representatives who met with the Panel team and to the Country Director and the World Bank Country Offices in Ethiopia, South Sudan and Kenya for meeting with the Panel team, discussing the issues and providing relevant information, and assisting with logistical arrangements.

55. The Panel’s review is based on information presented in the Request, on the Management Response, on other documentary evidence, and on information gathered during the site visit, and meetings with Requesters and Bank Management.

12 Management Response, ¶ 83.
56. This review covers the Panel’s determination of the technical eligibility of the Request, according to the criteria set forth in the 1999 Clarification, including an analysis relating to Management’s discussion on the eligibility of the Request (section A), and observations on other factors supporting the Panel’s recommendation (section B).

1) Determination of technical eligibility

57. The Panel is satisfied that the Request meets all six technical eligibility criteria provided for in paragraph 9 of the 1999 Clarifications.

58. The Panel notes that its confirmation of technical eligibility, which is a set of verifiable facts focusing to a large extent on the content of the Request as articulated by the Requesters, does not involve the Panel’s assessment of the substance of the claims made in the Request. It follows from this interpretation that technical eligibility in and of itself would not be a sufficient basis for recommending an investigation.

59. Criterion (a): “The affected party consists of any two or more persons with common interests or concerns and who are in the borrower’s territory.” The Panel confirms that the Requesters lived in local government areas benefitting from PBS financing at the time most of the alleged harm occurred, and continue to have common interests and concerns in that they, their families in Gambella and their land may potentially be affected under PBS III. They share common concerns with respect to the PBS Program as designed and implemented and believe that they are suffering, or may suffer, harm as a result of the Bank non-compliance with its policies and procedures in the design and implementation of the Program. The requirement of paragraph 9(a) is met.

60. Criterion (b): “The request does assert in substance that a serious violation by the Bank of its operational policies and procedures has or is likely to have a material adverse effect on the requester.” The Requesters assert that PBS has harmed them since it is contributing directly to the VP in Gambella region, and that this has happened as a result of Management’s non-compliance with Bank policies and procedures. In meetings with the Panel during its visit, they asserted their concern that these harms are likely to continue under PBS III due in part to inadequate application of Bank policies. In general, they assert that proper assessments and supervision under the Bank policies on project appraisal and supervision would have led to the determination that PBS and VP are inextricably linked thus requiring the application of the Bank’s safeguard policies. The Requesters claim that they were forcibly resettled to villages where PBS is supporting provision of basic public services; that the services promised were not delivered, and peoples’ livelihood was severely affected. They also state that public officials whose salaries are paid under the PBS Program were involved in the implementation of VP. The Panel is thus satisfied that the requirement of paragraph 9(b) is met.

61. Criterion (c): “The request does assert that its subject matter has been brought to Management’s attention and that, in the Requester’s view, Management has failed to respond adequately demonstrating that it has followed or is taking steps to follow the Bank’s policies and procedures.” The Requesters state that they have raised their concerns with Bank staff on several occasions through meetings and via e-mail. They are not satisfied with the responses they have received from the Bank and how the Bank has addressed their concerns. The Panel is satisfied that this criterion has been met.
62. Criterion (d): “The matter is not related to procurement”. The Panel is satisfied that the claims with respect to harm and non-compliance included in the Request for Inspection do not raise issues of procurement under the Project and hence this criterion is met.

63. Criterion (e): “The related loan has not been closed or substantially disbursed”. The Request for Inspection raises issues related to two phases of the PBS Program: PBS II Additional Financing and PBS III. At the time the Panel received the Request for Inspection – September 24, 2012 – PBS II Additional Financing was 97% disbursed, while PBS III had not yet been approved by the Board of Directors. The Board approved financing for PBS III on September 25, 2012. As provided for in the 1996 Clarifications to the Resolution, the Panel may hear Requests for projects or programs under consideration by Bank Management as well as projects approved by the Board. Therefore, the Panel is satisfied that this criterion has been met.

64. Criterion (f): “The Panel has not previously made a recommendation on the subject matter or, if it has, that the request does assert that there is new evidence or circumstances not known at the time of the prior request”. The Panel confirms that it has not previously made a recommendation on the subject matter of the Request.

2) Observations on other factors supporting the Panel’s recommendation

65. In making its recommendation to the Board, the Panel also takes into account whether there is a plausible causal link between the harm alleged in the Request and the activities supported by the Bank, whether the alleged harm potentially may be of a serious character, and whether the possible non-compliance by the Bank with its operational policies and procedures may be of a serious character. In sections (i), (ii) and (iii) below, the Panel records its preliminary observations on these elements, noting that the Panel can only make a definitive assessment of the Bank’s compliance with its policies and procedures, and any adverse material effect this may have caused, through an investigation. The Panel also takes into account statements of any remedial actions to address the matters raised in the Request provided by Management.

(i) The issues of link between the PBS and alleged harm

66. The Requesters claim that the Bank-financed PBS is contributing directly to the VP in the Gambella Regional State causing significant harms to the local population. This alleged causal link is a main area of contention. The Panel notes that, in 2010, GoE launched the Commune Centre Development Plan and Livelihood Strategy, which is commonly referred to as the commune program or villagization program. This program covers the four regions of Ethiopia: Gambella, Benishangul-Gumuz, Afar and Somali. The VP in Gambella region started in the second half of 2010 based on a “Villagization Programme Action Plan” (issued in August 2010).

67. The Panel notes that Management focuses its response with reference only to PBS III, as Bank’s support to PBS I was closed and PBS II was more than 95% disbursed when the Request was submitted. With respect to PBS III, Management maintains that it “does not finance villagization and does not depend in any way on villagization in
order to achieve its objectives” \(^\text{13}\), and concludes that “the harm described by the Requesters is unrelated to the Bank-supported PBS 3” \(^\text{14}\). In short, Management states that the Bank does not finance the VP and notes that there is no basis to claim that PBS III is directly or inextricably linked to villagization.

68. The harm experienced by the Requesters and described in the Request took place prior to the start of disbursement under PBS III. The Requesters do maintain, however, that there is a constant risk of Anuaks being coerced to relocate to new cluster villages in the coming years as long as the VP is in force. They argue, furthermore, that PBS I and II, and the recently approved PBS 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, thus adding to the harm they have already suffered.

69. The Panel notes that PBS II and PBS II-AF cannot directly be subject to the Panel’s review for reasons of technical eligibility, while PBS III falls within the Panel’s purview. The way in which planning and appraisal of PBS III relied on analysis and experiences from PBS II and PBS II-AF may form part of a Panel review of PBS III.

70. The important question for the Panel at this stage in the Panel process is to establish whether a plausible link exists between PBS III and VP. The assessment below takes into account that PBS III is a continuation of the earlier phases of PBS, and the Panel considered the following issues:

- Commonality of objectives
- Contribution to the implementation of VP
- Mutual impacts on results.

71. In addressing the first issue, the Panel considered the following factors:

**Commonality of objectives.** The Panel notes that both PBS and VP have the objective of providing improved basic services to the population, which is a main element of the GoE’s overall development strategy. 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." \(^\text{15}\) Management outlines its understanding of the objective of the VP 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 (emphasis added)." \(^\text{16}\)

72. **Concurrent implementation.** Another factor considered by the Panel is the geographic overlap of the implementation of these programs. The stated aim of VP in Gambella region is the relocation of 45,000 households over a period of 3 years, and the establishment of social and economic infrastructure in new settlement areas, including schools, health services, water and sanitation facilities and improved

\(^{13}\) Management Response, ¶63.  
\(^{14}\) Management Response, ¶54.  
\(^{15}\) Management Response, p.vii.  
marketing facilities. Hence, from end of 2010, PBS and the VP have been implemented concurrently in the Gambella region covering the same woredas.

73. Considerable scope of both programs. In Gambella region, according to a recent report, 20,243 households relocated to new sites during the first phase (2010/11) and 6-12,000 have moved in the second phase (2011/12). The Panel was informed in meetings with the Ministry of Finance that over 70 villages have been expanded or created under the VP in Gambella region. Relocation of some 30,000 households is equivalent to approximately 40% of the regional population. It follows that the VP has been a priority development effort in most, if not all, woredas since its inception in 2010. PBS provides a major part of the recurrent budget of all woredas in Gambella region.

74. With respect to the second issue above, the Panel considered the following factors.

75. Recurrent and capital costs and the role of PBS. The Panel notes that, according to official reports, VP in Gambella region provided 30 primary schools, 40 health posts, 29 animal health posts and 212 water points during the first two phases. Not all of these facilities may yet be operational given that both Government and other sources report considerable delays in social service provision due to lack of competent contractors, problems of supply of materials and slack in recruitment and posting of required personnel. Nonetheless, the achievement of these development results required mobilization of considerable budgetary and human resources.

76. In meetings with Government, the Panel was informed that costs of physical infrastructure in support of the VP were covered from the Regional capital budget and “the MDG Fund”, whereas operational costs are covered from the Regional recurrent budget. Management Response does not provide any details on the financing of VP beyond stating that it has “a separate budget authority, and separate implementation arrangements”. The Panel understands that individual woreda administrations are responsible for implementation of the VP, supported through grants from the Region. Under the Ethiopian federal government, system woredas receive block grants for both capital and recurrent expenditures from their respective regional government determined by set formulas, and have considerable autonomy with respect to management of their budgets. This notwithstanding, Management is of the view that the financial management systems established for PBS ensure that disbursements from PBS are used only for recurrent expenditures.

17 In comparison, to further illustrate the intended scale of the VP, the following has been reported from the Benishangul-Gumuz Region (BG): “The Head of the Food Security Office in Assosa ... explained that during 2011, 15 out of the 20 woredas in the three zones in BG region were included in the programme. 93 centres (sometimes more than one centre in one kebele) were established and 18 047 households moved to these. For 2012, further 87 centres have been identified and 19 776 households have been requested to move. For 2013, some 14 000 households are expected to move (without specifying the centre). This gives a total of 52 000 households moved during the three years to at least 180 villagisation centres. Assuming that at least some 20 new centres will be identified for the 14 000 remaining households for the year 2013, the total number of villagisation centres will be around 200 centres.” (Ministry for Foreign Affairs of Finland, “Socio-economic baseline study and assessment of the impact of the villagisation”, Final Report, May 2, 2012, p.19) This means that a total population of about 260,000, or about 40% of the rural population are involved in villagization in BG region.

18 Management Response, Annex 1, p. 22.
77. The Panel understands that PBS, and other special purpose grants, that enhance the capability and capacity at woreda level constitute part of the resource base available to woreda administrations. Hence, in new settlements/villages created under VP, PBS represents a critical source of financing for the woredas to ensure adequate staffing and operation of new services. Given its ambitious targets and reported achievements, it is most likely that PBS, through block grants for recurrent expenditures, has been instrumental in establishing and operating services in new villages created under the VP.

78. **The role of civil servants paid under PBS.** The Panel understands that civil servants, such as school teachers, health professionals and agricultural extension workers, whose salaries are being paid under the PBS, have been involved in the implementation of VP in Gambella. During its eligibility visit, the Panel team heard testimonies from several former teachers and agricultural extension workers who claimed they had been instructed to mobilize the farmers to move and clear the land for the new village.

79. Management argues that the fact that some government officials, whose salaries are paid in part by PBS, may have responsibilities related to VP is not a sufficient basis to claim that PBS is linked to villagization. Management notes that government officials at local level often have multiple roles. Management states that PBS “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” who may be in villagization committees. Management adds that it would not be “feasible nor desirable” to pursue arrangements where officials work exclusively on functions supported by Bank funds because it would be dysfunctional, highly inefficient and would represent a higher administration cost for the borrower. Management notes that “[f]or 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”. This leaves open the question of the extent to which staff funded through PBS were undertaking work in connection with VP, and the type of work involved.

80. **Diversion of funds from PBS to VP.** Requesters also testified how PBS funds were diverted, including deductions from their salaries or non-payment of their salaries for a couple of months, to finance the implementation of the villagization program. Management states that “the regular support arrangements for PBS have never found any evidence of funds diversions of the kind alleged” and adds that “Management considers this finding credible in view of the careful arrangements in place within the program to track the use of funds”.

81. With respect to the **third** question above, the Panel notes the following:

82. **PBS results indicators.** 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 received antenatal care, and access to potable water. The Panel notes that these indicators also reflect the stated objectives of VP.

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19 Management Response, ¶ 60.
83. **Synergies with other programs.** The Panel notes, that development partners generally have underscored that PBS cannot be viewed in isolation, and that its development objectives can only be reached in synergy with other efforts. DFID in its review of PBS II emphasizes that “PBS was intended to help GoE to finance and roll out the sector programmes supported by DFID at a federal level in education (GEQIP), health (MDG Fund), roads (ETTRP), water (WASH), AGP Agriculture and public sector and PFM reform (PSCAP).” DFID further observes that “[D]espite recent efforts to strengthen the PBS linkages with the sectors, the hoped-for stronger alignment and working relationship with the sectors has not materialised to the extent planned at the outset of PBSII.”

84. The Panel notes that Management is of the view that “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”. This statement seems to presuppose that the success or failure of either program, PBS and VP, will not influence the other. In other words, that the results indicators above are not dependent on the effects of VP. The Panel is of the view that this is not a tenable position. VP 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 context in which PBS operates In this sense, from a development perspective, the two programs depend on each other, and may mutually influence the results of the other.

85. **Panel’s review.** Based on the above, it is the Panel’s assessment that there is a plausible link between PBS and VP. However, at this stage in the Panel process, and without further fact-finding, it is not possible for the Panel to make definitive findings with respect to this link.

**(ii) Allegations of harm**

86. The harms described in the Request cover four aspects: (1) taking of people's customary land without their free and informed consent, (2) use of force and intimidation to get people to move, (3) lack of public services and assistance at relocation site, and (4) deterioration of livelihood due to less fertile land and lack of other income generating opportunities at relocation site.

87. **Involuntary taking of land.** The Requesters allege that under VP they did not have the right to refuse leaving their traditional lands. It is claimed by Requesters that a prime political driving force behind VP is to free land for long-term lease to private investors, domestic as well as foreign, and accordingly people do not have the option to object to relocation. The Panel notes that the issue of land transfers to investors is central in most of the media reports on VP.

88. The Government is of the view that the country has abundant unused land that can be operated by agri-businesses without posing a threat to the livelihood of small holders. There are plans to allocate 3.3 million hectares by 2015 to investors, in addition to the

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22 Management Response, p. xi.
3.5 million already allotted by 2010. Government, in meetings with the Panel, 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-year period, people could use both the land allocated in the new resettlement site and their customary held land.

89. Some donor representatives told the Panel that Government had provided “compelling evidence” that there is no such link. A field mission endorsed by the DAG Group stated that “[A]lthough a concurrent plan for agriculture investment in Gambella is under way, this June 2012 mission again concluded that there were no reports of any former settled land being used for commercial farming. All villages but one reported having continued access to their original land and that it was reported as unchanged since they moved.” This mission visited nine locations where villagization was going on. The names of the locations are not mentioned in the report.

90. These statements contrast with the testimonies of Requesters whom the Panel met, who are refugees living 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 Abobo and Gor woredas. Other reports confirm that local people strongly believe there is a connection between the agriculture investment program and villagization, and that this link explains why in many instances they were forced to relocate.

91. **Use of force and intimidation.** Government representatives 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”. Development partner representatives, whom the Panel met, reiterated what seems to be the prevailing view that they do not have evidence of systemic human rights abuses related to VP. The last DAG mission report 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”.

92. The Requesters on the other hand, interviewed by the Panel, described concrete incidences 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

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24 DFID, USAID, UN and Irish Aid. “Multi-agency “Villagisation” mission to Gambella Regional State, Ethiopia”, Report. 3-8 June 2012 (hereinafter “DAG (2012)”).
refused to move, and had to leave the country due to safety concerns after being beaten or put to jail.

93. **Lack of services at relocation sites.** Management reports that “[T]he GoE has consistently recognized that the implementation of the program [i.e. VP] has yet to achieve the quality it would like to see, and had welcomed Development Partners’ views and insights.”

According to the most recent DAG mission “[S]cale, speed, sequencing and implementation capacity remain an issue, although new Government MDG Fund resources appear to be providing the opportunity to catch up on service provision.”

There seems to be a broad recognition that the speed of villagization has not been met with commensurate resources and capacity. Government representatives 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.

94. The Requesters’ testimonies, including from those who fled Gambella region during the last twelve months, include descriptions of non-existent or non-functioning services. “Women are now suffering in the villages because the men are not there, there is no farming, there is no food, no health facility”. “There was no school in the new village so I moved back to the old village but life was not the same and I packed and left.”

95. **Deterioration of livelihood.** There are several reports and testimonies from people confirming that settlers have struggled to make a living at the new sites. This has led to some moving back to their original lands, while others have tried to cultivate land at both sites. Some Requesters complained that the new land was dry and the soil not suited for their traditional staple crops.

96. Government representatives, whom the Panel met, are of the view that the 4 hectares of land allocated per household is adequate. 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 recent DAG mission confirms that “the scale and speed of relocation is causing major disruptions to livelihoods”, and the team advises “[I]n order for the government stated goal of the programme, ‘sustainable improvement livelihoods’ to be realized, and to prevent the worsening of the level of food security, the concern over land and agricultural inputs would appear to be an urgent priority to advance”.

97. **Panel’s review.** The Panel notes that all four issues above constitute potential serious harm to the Requesters. It further notes that Management, as well as GoE, acknowledge deficiencies in the villagization process with respect to two of the issues, i.e. timely provision of services and livelihood assistance to people during a transitional period. Collectively, the Development Partners have engaged in dialogue with GoE on these issues, and have shared advice based on international best practice guidelines for resettlement programs. With respect to the other two issues, namely the involuntary nature of resettlement and abusive behavior in forcing people to move, Management is of the view that there is lack of “evidence to substantiate possible links between

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27 Management Response, Annex 1, p. 23.
abusive behavior and villagization of the kind described in the Request”.

At this stage in the Panel process, the Panel cannot make a definitive assessment of whether these issues of harm go beyond the Project in terms of its compliance with Bank policies and procedures.

98. The Panel wishes to acknowledge Management’s statement that it “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 Panel notes Management’s proposal to undertake a Poverty and Social Impact Analysis that would, among other things, verify whether PBS “provides proportionately greater returns to marginal areas and vulnerable groups.” Furthermore, the Panel was informed by GoE and Management of the intention to fast track the implementation of the Social Accountability and the Grievance Redress Mechanism components of PBS III in Gambella region. The Panel also notes Management’s commitment, in its Response, to 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.” The Panel is also aware of the high-level dialogue between Government of Ethiopia and Development Partners on aspects of the ongoing villagization, and acknowledges the importance of this dialogue going forward.

(iii) Issues of compliance

99. The Requesters assert that neither the lending instrument utilized for PBS nor the decision to finance recurrent expenditures “negate the Bank’s obligation to trigger and comply with relevant safeguard policies.” The Requesters state that the Anuak are indigenous peoples meeting the definition of Indigenous Peoples in the Bank Policy on Indigenous Peoples (OP 4.10), and that this should have been applied to PBS. Similarly, the Requesters claim that the Bank’s Policy on Involuntary Resettlement (OP 4.12) should also have been applied. In addition, the Requesters claim that many aspects of Bank’s Policy on Project Appraisal (OMS 2.20) and Policy on Economic Evaluation of Investment Operations (OP 10.04) were not complied with.

100. On the other hand, Management states that there is “no scope” for application of safeguard policies to VP as the Bank does not finance this program. Management also notes that the decision not to trigger the policies on involuntary resettlement and indigenous peoples to PBS III was a correct one. Since PBS III includes only financing of recurrent costs, Management determined that the potential environmental and social impacts of PBS III justified a Category C rating leading to non-application of safeguard policies. In addition, Management states that it complied with the requirements of policies on project appraisal and economic evaluation of investment operations. It adds that the implementation support arrangements for PBS III will ensure that the program is being implemented consistent with its design.

101. Panel’s review. The Panel notes that the Bank became aware of the villagization program much earlier than the preparation and appraisal of PBS III.

30 Management Response, ¶ 69, 83.
32 Management Response, p. xi.
Management Response notes that the Bank has engaged in a policy dialog with GoE on villagization since late 2010, and refers to the two multi-agency missions to Gambella region to understand the implementation of VP on the ground. The Panel notes that ‘villagization’ is mentioned in the Bank’s risk assessment of PBS 3 among project stakeholder risks with an overall “high” rating. The proposed risk management in this regard refers to the High Level Forum that “has already provided a venue to discuss villagization”.

102. The Panel notes that under its Articles of Agreement, the Bank is required to ensure that the proceeds of any loan are used for the purposes for which the loan was granted with due regard to economy and efficiency. Bank’s Policy on Supervision (OP 13.05) repeats this principle and states the Bank’s supervision responsibility to ensure that the Bank funds are used for its intended purposes. The Panel further notes that the Policy on Project Appraisal (OMS 2.20) envisages that the Bank should ensure that projects contribute to broader sectoral policies. Bank policy also provides that Management must identify project risks during preparation and appraisal of projects, and report to the Board on actions to address these risks. The Panel is of the view that Management’s assessment of possible links and risks associated with the contemporaneous implementation of PBS and VP, and identification of actions to address these risks, raises issues of potential serious non-compliance with Bank policy.

F. Recommendation

103. The Requesters and the Request meet the technical eligibility criteria set forth in the Resolution that established the Inspection Panel and the 1999 Clarifications.

104. The Panel notes that there are conflicting assertions and differing views on the issue of linkage between the PBS and VP, the evidence on harm claimed by the Requesters, as well as the issue of the Bank’s compliance with policies and procedures of relevance to the claims of harm raised in the Request for Inspection. In order to ascertain the linkage between PBS III and the allegation of harm, and the compliance or lack thereof with Bank policies and procedures in the design and implementation of the PBS III, the Panel must conduct an appropriate review of all relevant facts and applicable policies and procedures. This can be done only in the course of an investigation.

105. In light of the observations noted above, the Panel recommends that an investigation be carried out on issues raised by the Request as far as they pertain to the Bank’s application of its policies and procedures.

106. The recommended investigation will have a specific focus. It will examine in greater depth risks stemming from the concurrent implementation of VP and PBS in Gambella region, and Management’s analysis and subsequent management of these risks under PBS III. 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. 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

33 IDA Articles of Agreement, Article V, Section 1(g).
by the Requesters, including, if feasible, the outcomes of the proposed Poverty and Social Impact Analysis.
ANNEX I
Executive Secretary  
The Inspection Panel  
1818 H Street, NW  
Washington, DC  20433  
USA  
Via Email: ipanel@worldbank.org  

24 September 2012  

Re:  Request for Inspection by World Bank Inspection Panel  

World Bank Inspection Panel,  

We submit the following Request for Inspection on behalf of 26 Requesters from the Gambella region of Ethiopia. We are two local representatives who have been authorized by two groups of Requesters in different locations to submit this request on their behalf. Both the Requesters and we wish for our identities to remain confidential due to grave concerns about our personal security and that of our relatives in Ethiopia.

Due to these security concerns, we appoint Inclusive Development International (IDI) as the contact for this request. IDI's mailing address is 22231 Mulholland Hwy, Suite 209, Calabasas, California 91302, USA and its email address is info@inclusivedevelopment.net.

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.

The Requesters believe that these harms have resulted from World Bank non-compliance with its operational policies and procedures. We attach in the annex to this request for inspection an analysis of the World Bank’s policy non-compliance, prepared by Inclusive Development International. We ask that this annex form an official part of this Request for Inspection.

Some of the Requesters sent letters to the World Bank Country Director about their concerns, and representatives of the Requesters met with a team from the World Bank in
Nairobi on September 14 to discuss these concerns. However the Bank team stated in
the meeting that they do not believe the Bank has anything to do with the harms that the
Requesters have suffered. Moreover, the Bank team stated that they intend to submit
Phase III of the PBS project to the World Bank Board of Directors on September 25
without applying the Involuntary Resettlement Policy or the Indigenous People’s Policy,
despite the mass evictions being carried out in Gambella and other regions of Ethiopia
by government workers paid by the Project. The Requesters are deeply unsatisfied with
this response from the World Bank and believe that this makes the Bank complicit in the
crimes being perpetrated against the Anuak people.

For these reasons, we request that the World Bank Inspection Panel conduct an
investigation into the matter.

Sincerely,

Local Anuak Representatives
ANNEX

Policy and Legal Analysis of the Ethiopia PBS Request for Inspection

1. Inclusive Development International (IDI) is an independent, non-profit association working to make the international development paradigm more just and inclusive. IDI has prepared this policy and legal analysis at the request of the Requesters.

2. The Requesters are Anuak, an Indigenous People with a unique language and culture, whose livelihood and identity is intimately tied to the land and rivers of Gambella. The Anuak consist of two clans: the “Lul” clan, who are upland forest dwellers and the “Openo” clan, who live along the region’s main rivers. 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 this are carried out before returning to the first plot in 7 to 10 years. Maize and sorghum are the most common crops, and their livelihoods are augmented through access to fish and forest products (roots, leaves, nuts and fruits). The riverside Anuak practice more sedentary agriculture, in addition to fruit tree cultivation and fishing.

3. The Requesters assert that they and their Anuak community have been severely harmed by the World Bank-administered Ethiopian Protection of Basic Services (PBS) Project as explained below.

The PBS Project

4. The PBS project commenced in 2006 and was renewed through a second phase (PBS II) in 2009. Additional financing was approved in 2011, which extended the PBS II operation by one year from December 31, 2011 until January 7, 2013. The International Development Association (IDA) has contributed 1.4 billion USD in grants and loans to the Government of Ethiopia (GoE) through PBS Phase I and II. A third phase of the project, PBS III (renamed Promoting Better Services), is being submitted to the Board for approval on September 25, 2012.

5. The PBS project phases I and II, as well as the proposed phase III, constitute a single continuous program with minor modifications in design at each phase. The PBS program is supported through a partnership between the GoE, IDA, and eleven other development partners (DPs). In addition to its financial contributions, IDA coordinates development partner contributions to the PBS program, managing several Multi-Donor Trust Funds on behalf of DPs. The PBS program is the largest donor funded program in Ethiopia in terms of both financial contribution and sectoral spread. References below to “the PBS program” refer to the ongoing multi-donor and GoE partnership encompassing all phases beginning in 2006. References to particular phases of PBS are clearly indicated.

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1 Project Paper on a Proposed Additional Grant and Credit for the PBS Phase II Project, January 2011, para 2.
6. The harms suffered by the Requesters described in the paragraphs below have occurred during the period of implementation of PBS II, including its extension through additional financing. The objectives, design and operation of PBS II and the way in which PBS II has contributed to the harms suffered by the Requesters are thus described below.

7. PBS II is a Sector Investment and Maintenance Loan. The objective of PBS II is to contribute to expanding access and improving the quality of basic services in education, health, agriculture, water supply and sanitation, and rural roads delivered through sub-national governments, while continuing to deepen transparency and local accountability in service delivery. Subprogram A supports the decentralized delivery of basic services by sub-national governments in the above five sectors through (i) financing of federal block grants for recurrent expenditures (salaries, operations and maintenance); and (ii) the implementation, on a pilot-basis, of a multi-sector Specific Purpose Grant for capital investments in the same five sectors (referred to as a Local Investment Grant (LIG) Pilot). Other sub-programs support Ethiopia’s health sector strategy through flexible funding for priority activities; strengthening of transparency and accountability activities in the areas of procurement and public financial management as well as social accountability; and strengthening of existing national and sectoral monitoring and evaluation systems and assessments.

8. According to the PAD for PBS II, “PBS is the major aid instrument supporting improved and more accountable decentralized basic services.” Funds from IDA and other DPs are disbursed through PBS to the Federal GoE, which then disburses “block grants” to sub-national governments for salaries of public servants and operations and maintenance in the five basic service sectors. These transfers or block grants are distributed to all regions, and from each region to its districts (woredas), “constituting the major source of funding for woredas.” In addition, through the LIG Pilot, PBS Phase II funds are allocated to capital expenditures of basic services in the same sectors in all regions. (Gambella, for example was set to receive resources through the LIG component of PBS II for two fiscal years (2009/10 to 2010/11)). According to the PAD, the LIG is scaled so that the funds transferred to each local government represent 30% of their total budget.

9. According to the PAD, funds are transferred using country financial systems and are pooled with other Treasury funds and then sent down to regions and woredas using existing intergovernmental transfer systems. The PAD states: “There are no separate bank accounts beyond the initial entry point into the Treasury and no separate disbursement or accounting procedures.”

10. According to the PAD, the achievement of PBS II objectives were to be monitored through nine key indicators: the primary school net enrollment rate and associated

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3 Project Appraisal Document (PAD), PBS Phase II Project, 2009; and Project Paper on a Proposed Additional Grant and Credit for the PBS Phase II Project, January 2011.
4 Ibid.
5 Project Appraisal Document (PAD), PBS Phase II Project, 2009 [hereafter PAD Phase II].
6 Ibid, at para 12.
7 Ibid, at para 227.
8 Ibid, at para 228.
9 Ibid, at para 36.
Gender Parity Index; (ii) the proportion of children vaccinated against DPT3+HepB3+Hib3 and Measles; (iii) the proportion of births attended by skilled health personnel; (iv) lab-confirmed new malaria cases; (v) the proportion of rural and urban population with access to potable water; (vi) the cumulative number of farmers (in millions) trained in the agricultural minimum package; (vii) the percentage of kebele (community) centers connected by all-weather roads; (viii) the proportion of citizens who report knowledge about the woreda budget; and (ix) the proportion of citizens who report that woreda officials have actively sought the views of people in their kebele on quality of basic services.12

11. The PBS program aims to increase decentralized delivery of basic services. It is therefore designed to provide discretionary funds to sub-national governments.13 The responsibility for designing, planning and implementing the service delivery programs for their populations rests with regional and woreda governments. In particular, at the regional level, Bureaus of Finance and Economic Development are responsible for coordinating project implementation, and at the local level the woreda Finance and Economic Development Offices and Urban Administration Offices of Finance are responsible for managing and coordinating day-to-day implementation of activities.14 Councils at regional, woreda and kebele levels are responsible for reviewing and approving annual development plans and budgets and reviewing progress.

Implementation of PBS by the regional government of Gambella

12. In Gambella, the regional government’s program for improving access to basic services is the “Villagization Program Action Plan”, which commenced in mid to late 2010 during phase II of PBS.15 According to the Action Plan, “villagization” is to occur in all woredas in Gambella with the goal of creating “access to basic socioeconomic infrastructures of those people who are settled scattered and along the riverside…and those who practiced cut & burn shifting cultivation…[sic]”16 Under the three-year plan, 45,000 households were to be resettled in new villages in which schools, water schemes, health posts, roads and other infrastructure would be erected in order to facilitate better access to basic services, improve food security, and “bring socioeconomic and cultural transformation of the people.”17

13. 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, telecommunications etc.)…”18 It is

13 Ibid, at para 36.
14 Ibid, at para 106.
15 Note that the Ethiopian calendar is 7.5 years behind the Gregorian calendar. References to years in the Ethiopian calendar will be indicated as “EC” or “EFY”.
17 Ibid.
18 This letter is reprinted in full in Human Rights Watch, “Waiting Here for Death” 2012, Appendix
therefore apparent that villagization is the regional governments’ principle strategy for achieving the PBS objectives in Gambella.

14. Moreover, PBS is 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 woredas.”19 PBS funds cover or significantly contribute to the salaries of regional and woreda government officials involved in the delivery of basic services.20 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.”21

15. 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 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. 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.

16. 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, Jingior, 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 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 woredas...Basically they are pushing and encouraging the woreda officials to implement these plans.”22

17. 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 kebeles 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

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19 PAD Phase II, page 3.
22 HRW interview conducted at Ifo refugee camp, Kenya, June 18, 2011.
Ethiopian Defense Forces and forced to return with them to the kebeles to force the communities to move.23

18. 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….24

19. The same teacher explained that he was told that the budget from the federal government for implementation of the Villagization Program ran out, so woreda-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.25 Several other former civil servants interviewed by IDI between September 8 and 18, 2012 corroborated this information.

20. 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.

21. It should be noted that while the Requesters are from Gambella region, villagization is occurring or has occurred in other regions in Ethiopia, including Benishangul-Gumuz, Somali, Afar, and the Southern Nations, Nationalities, and People’s Region (SNNPR). 26 Human Rights Watch cites published reports that suggest that villagization in the five regions involves the resettlement of approximately 1.5 million people.27

Harms Suffered by the Requesters

22. 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 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

23 IDI focus group discussion held at Gorom refugee camp, South Sudan, September 16, 2012.
24 IDI interview conducted at Gorom refugee camp, South Sudan, September 17, 2012.
25 Ibid.
new villages including a lack of access to food and livelihood opportunities, in some cases leading to starvation.

23. A male Requester detailed his experience in a letter to the World Bank Ethiopia Country Director:

“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.”

24. 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:

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 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.

25. 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.

26. A female Requester wrote to the Ethiopia Country Director:

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

28 Letter from a male affected person to World Bank Ethiopia Country Director Guang Zhe Chen, transmitted on September 12, 2012.
dislocated. She lost consciousness and we all suffer the trauma of these abuses.\textsuperscript{31}

27. As a result of these abuses, thousands of Anuak have fled Ethiopia and sought asylum in neighboring Kenya and South Sudan.\textsuperscript{32}

28. 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.\textsuperscript{33} According to Oakland Institute, 42\% of the total land area of Gambella is either being marketed for lease to investors or has already been awarded to investors.\textsuperscript{34} 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].”\textsuperscript{35}

29. 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\textsuperscript{th} century, due in part to its strategic location and abundant supplies of fertile land and water. More recently, the 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.

Violations of International Law

30. 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 \textit{inter alia} 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.

31. 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…” 36

32. 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. 37 According to the Rome Statute, “deportation or forcible transfer of population” is one of the acts that constitutes crimes against humanity when it is carried out as part of “a widespread or systematic attack directed against a civilian population.” 38 Deportation or forcible transfer of population is defined as “forced displacement of the persons concerned by expulsion or other coercive acts from the area in which they are lawfully present, without grounds permitted under international law.” 39 The Rome Statute identifies four elements of crimes against humanity. First, the act must be of an inhumane character, which intentionally causes great suffering, or serious injury to body or to mental or physical health. 40 Second, the attack must be either widespread or systematic (fulfilling both is unnecessary). 41 Systematic is generally understood to mean an organized attack carried out according to a pattern. 42 Third, the act must form part of an attack directed against a civilian population, which means a course of conduct involving the multiple commission of prohibited acts against any civilian population. 43 Finally, the acts must be committed with knowledge of the attack, which means pursuant to or in furtherance of a State or organizational policy to commit such attack. 44

33. The Gambella Villagization Program appears to have fulfilled each of these elements. 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 woreda 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.

37 While Ethiopia has not signed the Rome Statute, the prohibition of crimes against humanity has been recognized as customary international since the International Military Tribunal in Nuremberg.
39 Ibid.
40 Ibid.
41 Ibid.
43 Rome Statute, art 7.
44 Ibid.
Non-compliance with Operational Policies

Project Appraisal and Risk Analysis (OMS 2.20 and OP/BP 10.04)

34. IDI wishes to draw the Panel’s attention to the circumstances that led to the establishment of the PBS program in 2006 since it is directly relevant to the question of compliance with OMS 2.20 and OP/BP 10.04.

35. 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.

36. Noting the risks of continuing direct budget support in this political environment, the introductory paragraph of the 2006 Project Information Document (PID) for PBS phase I stated:

…Heightened risks on the governance front have become apparent, with concerns that the political tensions have the potential to adversely impact economic governance and the larger development agenda. Ethiopia’s development partners have suspended direct budget support which had been providing significant levels of support for increasing pro-poor spending at local levels, and also served as a platform for broad-reaching dialogue around the key issues of growth, governance, vulnerability, service delivery, and the macroeconomic picture. Partners based this decision on their perception of increased risks relating to governance, particularly the risk that unconstrained budget support could be vulnerable to political capture or diversion from the core priority of basic service delivery. Furthermore, donor support for scaling-up appears unlikely without some clear improvements on the governance front.

37. 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 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

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46 Project Information Document (PID), PBS Project, 2006 [hereafter PID], page 1.
48 Ibid, page 3.
49 PAD Phase II, at para 36.
management systems and service delivery structures and has “no direct mechanism to influence choices made at the local government level.”

38. Acknowledging the obvious parallels between direct budget support and the PBS modality the PID states:

"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."

39. 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 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.

40. 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.

41. 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 instrument.” 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.  

42. 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 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.

43. 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. 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.

44. 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.

45. 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

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58 Ibid., risk matrix, page 33 and 34.  
60 Project Paper on a Proposed Additional Grant for PBS Phase II Project, 2011.  
61 OMS 2.20, at para 11.  
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 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.

46. 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 woreda 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.

47. 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 repercussion 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.

Social safeguard policy application

48. As previously noted, the Bank selected a Sector Investment and Maintenance Loan instrument for PBS II. 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

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63 OMS 2.20, at para 24.
64 OMS 2.20, at para 32.
65 OMS 2.20, at para 55.
66 OMS 2.20, at para 55.
67 OMS 2.20, at para 55.
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 III, which involves only recurrent expenditures and for which Management states safeguard policies will not be triggered for any component.

49. 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 II, which appears to have been dropped in the proposed PBS III). The PAD for PBS II 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 II.” 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 infrastructure… to enhance access in underserviced remote rural areas…and on ensuring adequate staffing” 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 policies.

50. 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.

Indigenous Peoples Policy (OP/BP 4.10)

51. Amongst other tribes and native ethnic groups in Ethiopia, the Anuak fall squarely into any definition of “indigenous peoples” and possess the precise characteristics

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68 PAD Phase II, at para 99.
70 Integrated Safeguards Data Sheet Appraisal Stage, PBS Phase III Project, July 2012.
71 PAD Phase II, page 9.
72 Ibid, para 8.
73 PAD Phase II, at para 68.
74 See above.
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 is 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.

52. 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 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.”

53. 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.

54. 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

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75 OP. 4.10, at para 6 and 8.
Indigenous People’s Plan as a part of their preparation and planning for the
decentralized delivery of services in their region under PBS.80 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 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.

55. We wish to draw the Panel’s attention to a World Bank Learning Review published in
August 2011 that assesses the implementation of OP 4.10.81 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.82 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.83

Involuntary Resettlement Policy (OP/BP 4.12)

56. 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).84 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.”85
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 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…”86

82 Ibid, page 40.
84 See, for example, UN CESCR, General Comment 7: Forced evictions, and the right to adequate housing (1997); and
the Basic Principles and Guidelines on Development-Based Evictions and Displacement, Report of the Special
Rapporteur on adequate housing as a component of the right to an adequate standard of living, Miloon Kothari to the
85 OP 4.12, at para 2.
86 OP 4.12 at para 2.
57. 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.

58. 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.

59. IDI believes that the Bank’s decision not to trigger OP 4.12, other than for the specific circumstances of compulsory acquisition 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.

Project Supervision (OP/BP 13.05)

60. 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

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89 OP 4.12, at para 26. (See also para 28.)
91 PAD Phase II, at para 476.
promptly and thoroughly engaged with the government to agree on mechanisms to avoid and mitigate those risks.

61. 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.

62. 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 involuntary and that Bank-funds did not directly contribute to villagization.92

63. 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.

64. 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.

65. 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 II in late 2010 and early 2011 to respond to the changing circumstances and evidence of harmful practices, no appropriate modifications were recommended.

66. 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.

67. IDI believes that the above amounts to non-compliance with OP 13.05 on Project Supervision.

68. The above may not be an exhaustive list of all World Bank Operational Policies and Bank Procedures being violated by PBS.

**Prior contact with Bank Management**

69. 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

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92 HRW 2012, Op cit., page 64.
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 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.

70. 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:

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 non-compliance 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.

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.

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.

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 III would be submitted to the Board on 25 September in its current 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.

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:
• PBS funds do not in any way contribute to the Villagization program or any forced relocation happening in Gambella.
• Therefore the Bank has no remedies to address these issues other than through its policy dialogue with the Government of Ethiopia.
• 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.

f. As of September 23, IDI has not received a response to our email.

71. 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.
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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## Abbreviations and Acronyms

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<th>Description</th>
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<tr>
<td>BoFED</td>
<td>Bureau of Finance and Economic Development</td>
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<td>BP</td>
<td>Bank Procedures</td>
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<td>CSO</td>
<td>Civil Society Organization</td>
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<td>DAG</td>
<td>Development Assistance Group</td>
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<td>DFID</td>
<td>Department for International Development (United Kingdom)</td>
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<td>EPG</td>
<td>Ethiopian Partners’ Group</td>
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<td>EPRDF</td>
<td>Ethiopian People’s Revolutionary Democratic Front</td>
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<td>ESAP</td>
<td>Ethiopian Social Accountability Program</td>
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<td>EU</td>
<td>European Union</td>
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<td>FTA</td>
<td>Financial Transparency and Accountability</td>
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<tr>
<td>FY</td>
<td>Fiscal Year</td>
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<tr>
<td>GoE</td>
<td>Government of Ethiopia</td>
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<td>GPLM</td>
<td>Gambella Peoples’ Liberation Movement</td>
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<td>GRM</td>
<td>Grievance Redress Mechanisms</td>
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<td>GTP</td>
<td>Growth and Transformation Plan</td>
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<td>HRW</td>
<td>Human Rights Watch</td>
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<td>IDI</td>
<td>Inclusive Development International</td>
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<td>JBAR</td>
<td>Joint Budget and Aid Reviews</td>
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<td>JRIS</td>
<td>Joint Review and Implementation Support</td>
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<tr>
<td>KfW</td>
<td>Kreditanstalt fuer Wiederaufbau (Germany)</td>
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<tr>
<td>LIG</td>
<td>Local Investment Grant</td>
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<tr>
<td>M&amp;E</td>
<td>Monitoring and Evaluation</td>
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<td>MDG</td>
<td>Millennium Development Goals</td>
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<td>MoFED</td>
<td>Ministry of Finance and Economic Development</td>
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<tr>
<td>NGO</td>
<td>Nongovernmental Organization</td>
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<tr>
<td>OECD/DAC</td>
<td>Organization for Economic Cooperation and Development/Development Assistance Committee</td>
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<td>OMS</td>
<td>Operational Manual Statement</td>
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<td>OP</td>
<td>Operational Policy</td>
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<td>PBS</td>
<td>Promoting Basic Services</td>
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<td>PDO</td>
<td>Project Development Objective</td>
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<tr>
<td>REF</td>
<td>Results Enhancement Fund</td>
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<tr>
<td>RPF</td>
<td>Resettlement Policy Framework</td>
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<tr>
<td>SA</td>
<td>Social Accountability</td>
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<tr>
<td>SNNPR</td>
<td>Southern Nations, Nationalities, and People’s Region</td>
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<td>SPLA</td>
<td>Sudan Peoples’ Liberation Army</td>
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<tr>
<td>UN</td>
<td>United Nations</td>
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<tr>
<td>USAID</td>
<td>United States Agency for International Development</td>
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<td>WaSH</td>
<td>Water Supply, Sanitation and Hygiene</td>
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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 dispossession, 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\(^1\) (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\(^2\) 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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\(^1\) 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.

water and sanitation and rural roads, 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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3 Support for rural roads was added at the launch of Phase 2 of the PBS program in May 2009.
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.4

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.

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4 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\(^5\) 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

\(^5\) 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.
Promoting Basic Services 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 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.

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 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.” 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
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. 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. 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.

7 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.”

8 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.
Ethiopia

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 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-

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

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<th>No.</th>
<th>Claim</th>
<th>Response</th>
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<tr>
<td>1.</td>
<td>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.</td>
<td>Management’s response to this claim may be summarized as follows. First, 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. Second, the Bank and PBS 3 are not financing the villagization program, either in Gambella or elsewhere. Third, Management takes reports of abuses in Gambella seriously and has expressed its concerns to the Government of Ethiopia (GoE). Fourth, 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. Fifth, 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. Management’s response focuses on PBS 3. 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. PBS 3 is led and administered by the GoE 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. 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:</td>
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<td></td>
<td>Total Cost: 6,386</td>
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<tr>
<td></td>
<td>GoE 3,170</td>
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</tr>
<tr>
<td></td>
<td>IDA 600</td>
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<tr>
<td></td>
<td>Other Donors 1,116</td>
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<td></td>
<td>To be financed 1,500</td>
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<td>Villagization is a separate program from PBS. It is being implemented in four regions of Ethiopia, the Developing Regional States of Afar, Benishangul-Gumuz, Gambella, and Somalia. 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. Management takes reports of harm related to villagization seriously, and avails itself of various opportunities outside of formal project agreements to raise sensitive issues. These op-</td>
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opportunities 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.

Management notes that villagization is a significant part of the GoE’s overall development strategy in FY11 to FY13 for the Developing Regional States. 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.

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 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.

In this regard, and 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, 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.

2. 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-

PBS 3 does not fund villagization nor does it require villagization to achieve its objectives. 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.

Villagization is neither meant to replace other development programs in the four regions in which it operates 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
tions etc.)...” It is therefore apparent that villagization is the regional governments’ principle strategy for achieving the PBS objectives in Gambella.

Moreover, PBS is providing the means to make villagization possible. There is no publicly 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 woredas.” PBS funds cover or significantly contribute to the salaries of regional and woreda 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.”

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 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. 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.

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 Itarg, Gambella, Abobo and Gog. This was from Dec until Apr 2011... This all has started at the federal level. I 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.

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.

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. These expenses do not finance villagization. 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 publicly 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.

At the woreda 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.

There is no evidence of funds diversion of the kind alleged, including the reported 5 percent deduction from salary.
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 woredas... Basically they are pushing and encouraging the woreda officials to implement these plans.”

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 kebeles 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 kebeles to force the communities to move.

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...." The same teacher explained that he was told that the budget from the federal government for implementation of the villagization program ran out, so woreda-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.

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.

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-

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 woreda 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.

Bank financial tracking and management of the program has proceeded as follows. 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 woredas 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 woreda 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 woredas 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.

Further to the above processes, the following steps are also used to track expenditures:

- 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.
- Annual audits by external auditors/Office of the Auditors General are undertaken every year on block grants with no diversion of resources identified.
- 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
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3. In the Gambella region, villagization has been carried out by force and accompanied by gross violations of human rights. Through the villagization program, the Anua people, including the Requesters and their families and communities, 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.

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.”

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:

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

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.

The Bank has sought to achieve influence through policy dialogue on the environmental and social development impacts of the program. 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.

Through the visits made by DAG-sponsored missions Management can confirm that to date 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. The report of a
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.

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.

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.

As a result of these abuses, thousands of Anuak have fled Ethiopia and sought asylum in neighboring Kenya and South Sudan.

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

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.

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. 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 *inter alia* access to water, latrines, education and land, compared to what was observed in February 2011 (middle of the first year of implementation).

Food 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. 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:

<table>
<thead>
<tr>
<th>Year</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
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<tr>
<td></td>
<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>
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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.

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.

In the HRW Report “Waiting Here for Death”, it is stated (p. 15),
Ethiopia

Total land area of Gambella is either being marketed for lease to investors or has already been awarded to tors. 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.”

Referring to villagization, that “the local populations, however, fear that it is a tool to expropriate their land for commercial agriculture and natural resource extraction.”

HRW Report, p. 31: “Human Rights Watch is concerned that an underlying reason for the urban-based displacement is government support for private investment”.

HRW Report, p. 54 states: “…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.”

“Residents of six communities told HRW that government officials informed them that the underlying reason for villagization is to provide land to investors.”

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 “the role of agricultural investors in the villagization process remains unclear.” Further, none of the images they are presenting from GeoEye show any evidence of the vacated land being in use.

Oakland Institute, p. 40: Many community members suspected there were other reasons for the forced relocations, including….. “that officials wanted them off the land so the land could be given to investors. Obviously this is difficult to verify…..”

Oakland Institute, p. 41: “O/’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.”

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.

5. 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 20th century, due in part to its strategic location and abundant supplies of fertile land and water. More recently, the

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.

The Gambella region was incorporated into Ethiopia as part of the 1902 boundary agreement 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-
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 healthcare, and access to investment and economic opportunities.

All the peoples of the Gambella region, not just the Anuak, were marginalized 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. 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.

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, 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.

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…”

6. **Violations of International Law**

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 *inter alia* 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.

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…”

The Bank has always acknowledged the link between its development work and human rights. 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 Articles of Agreement. As has been recognized by the International Court of Justice, international organizations such as the Bank are fundamentally “*unlike states*” in that they “*do not possess a general competence*” 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 *Articles of Agreement*. 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 and Social and Cultural Rights, among other human rights obligations in International Law to which Ethiopia is party.
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 woreda 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.

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.

The Bank has always acknowledged the link between its development work and human rights.

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**Project Appraisal and Risk Analysis (OMS 2.20 and OP/BP 10.04)**

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.

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 through PBS 1 and PBS 2, the program supported impressive improvements in basic service delivery nationwide, 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.

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. This instrument allows the Bank to follow Aid Effectiveness principles, focusing...
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.”

Acknowledging the obvious parallels between direct budget support and the PBS modality the PID states: 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.[Emphasis in original.]

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 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.

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 Benishangul-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.

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.
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.

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.

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 instrument.” 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.

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...
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.

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.

<table>
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<th>9. 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.</th>
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<tr>
<td>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. The Bank undertakes such analysis for all the countries 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.</td>
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<td>At country level the primary analytical framework for the Bank’s engagement is the Country Partnership Strategy (CPS). 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.</td>
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| Apart from the CPS, other country studies look at political economy issues. 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 Administr-
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.

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).

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. A crucial element of institutional performance is the GoE’s commitment to and progress on improving basic services. PBS 3 recognizes the strength of the Government’s implementation capacity, commitment to the MDGs, and care in public financial management. 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.

As noted in Item 2, PBS 3 continues the practice carried out...
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.

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 woreda 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.

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.

under PBS 1 and 2 to conduct fairness tests 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.

Management is very cognizant of the lack of separation between the state and the party, 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.

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. See Items 6 and 7 above.
12. **Social Safeguard Policy Application**

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.

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 infrastructure... to enhance access in underserviced remote rural areas... and on ensuring adequate staffing” 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 policies.

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.

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.

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. (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.

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. 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.

**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.** 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.

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:

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.

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.

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.

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.

The GoE has been concerned with the application of OP/BP 4.10 to IDA lending 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.

Management has been discussing with the GoE the application of OP/BP 4.10 in this context. 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
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.”

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.

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 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.

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.

**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, 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.**
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.

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.


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

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.

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.
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…”

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.

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.

IDI believes that the Bank’s decision not to trigger OP 4.12, other than for the specific circumstances of compulsory acqui-
that relocation under villagization was determined that there was no evidence that relocation under villagization was conducted randomly selected on a day-to-day basis by the mission members, 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.

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.

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

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<th>15.</th>
<th><strong>Project Supervision (OP/BP 13.05)</strong></th>
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<td>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.</td>
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<td>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.</td>
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<td>As part of the DAG discussion of villagization, the Bank has:</td>
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<td>• 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;</td>
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<td>• Provided lessons learned from global experience on resettlement;</td>
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<td>• Distilled these lessons into specific guidelines for resettlement;</td>
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<td>• Participated in DAG-sponsored field visits to learn how the program is being implemented on the ground, and</td>
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<td>• Provided feedback to the GoE on the findings of these missions.</td>
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<td>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.</td>
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<td>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.” 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.</td>
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<td>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.</td>
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involuntary and that Bank-funds did not directly contribute to villagization.

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.

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.

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.

IDI believes that the above amounts to non-compliance with OP 13.05 on Project Supervision.

16. **Prior Contact with Bank Management**

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

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.

Management met HRW representatives in October 2011 in Addis Ababa and subsequently sent an email explaining that:

- 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.
- Management had participated in a joint mission with representatives from the DAG to one of the areas where the vil-
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.

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:

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.

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.

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.

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 form.

lagization 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.

- 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.

- 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.

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.

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 policies 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:

(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

(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.

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

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Ethiopia

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.

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:

- PBS funds do not in any way contribute to the villagization program or any forced relocation happening in Gambella.
- Therefore the Bank has no remedies to address these issues other than through its policy dialogue with the Government of Ethiopia.
- 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.

f. As of September 23, IDI has not received a response to our email.

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.

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.

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.

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.
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.

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</tr>
<tr>
<td>August 25-28, 2008</td>
<td>Two Field Missions on Monitoring and Evaluation (M&amp;E)</td>
<td>Oromiya and Amhara Regions – list of participating DPs not available, but included federal, regional, and district officials.</td>
<td>Rapid assessment of data collection and M&amp;E systems at the woreda level in both regions. Recommendations to inform the November 2008 JRIS mission.</td>
</tr>
<tr>
<td>March 23-25, 2009</td>
<td>Field Mission on the Fairness Test to investigate low block grant disbursement rates to the districts</td>
<td>SNNPR – CIDA, KfW, AIDB, JICA, federal, regional, and district officials.</td>
<td>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.</td>
</tr>
<tr>
<td>Date</td>
<td>Topic</td>
<td>Location/Participants</td>
<td>Outcome</td>
</tr>
<tr>
<td>----------------------</td>
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</tr>
<tr>
<td>October 2009</td>
<td>Multi-sector review of spending, results, PFM, Financial Management/ Reporting, procurement, FTA, Social Accountability</td>
<td>Oromiya Region – list of participants not available.</td>
<td>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.</td>
</tr>
<tr>
<td>March 2010</td>
<td>Field Mission to review budgeting, planning, accounting, financial reporting, and safeguards</td>
<td>Afar Region – List of which DPs participated not available, but included federal, regional, and district officials.</td>
<td>Joint assessment with recommendations to inform the April JRIS mission.</td>
</tr>
<tr>
<td>April 2010</td>
<td>Field Mission to follow-up on November 2009 questions regarding the timeliness of SNNPR disbursements to district governments. Mission also examined FTA activities</td>
<td>SNNPR – list of DP participants not available, but included federal, regional, and district officials.</td>
<td>Joint assessment with recommendations to inform the April JRIS mission.</td>
</tr>
<tr>
<td>October 18-25, 2010</td>
<td>Water/WaSH and Education spending and results, PFM, Financial Management/ Reporting, procurement, FTA, Social Accountability</td>
<td>Tigray Region – PBS Secretariat, Irish Aid, Spain, EC, federal, regional, and district government officials.</td>
<td>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.</td>
</tr>
<tr>
<td>Date</td>
<td>Topic</td>
<td>Location/Participants</td>
<td>Outcome</td>
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<tr>
<td>ber 9, 2010</td>
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</tr>
<tr>
<td>May 4-14, 2011</td>
<td>12th PBS JRIS Mission</td>
<td>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.</td>
<td>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.</td>
</tr>
<tr>
<td>Date</td>
<td>Topic</td>
<td>Location/Participants</td>
<td>Outcome</td>
</tr>
<tr>
<td>---------------------</td>
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</tr>
<tr>
<td>May 16-17, 2012</td>
<td>Workshop on Woreda Block Grant Transfers (organized by the PBS Secretariat)</td>
<td>Debre Zeit – All Bureaus of Finance and Economic Development (BoFED), PBS Secretariat, WB, AfDB, Irish Aid</td>
<td>Improved exchange and learning on woreda block grant formulas. Recommendations for PBS dialogue and investigation.</td>
</tr>
<tr>
<td>Date</td>
<td>Topic</td>
<td>Location/Participants</td>
<td>Outcome</td>
</tr>
<tr>
<td>--------------------</td>
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</tr>
<tr>
<td>October 22-26, 2012</td>
<td>Water/WaSH spending and results, PFM, Financial Management/Reporting, procurement, FTA, Social Accountability. To be done jointly with WaSH 7th Joint Technical Review</td>
<td>TBD – DFID and PBS Secretariat confirmed thus far.</td>
<td></td>
</tr>
<tr>
<td>November 5 – 16, 2012</td>
<td>15th PBS JRIS Mission</td>
<td>Addis Ababa.</td>
<td>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.</td>
</tr>
</tbody>
</table>

Other Supervision Missions and Related Workshops

<table>
<thead>
<tr>
<th>Date</th>
<th>Topic</th>
<th>Location/Participants</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 11-15, 2011</td>
<td>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</td>
<td>SNNPR – World Bank, PBS Secretariat, federal, regional, and district officials.</td>
<td>Joint assessment of weaknesses in financial reporting.</td>
</tr>
<tr>
<td>April 11-15, 2011</td>
<td>&quot;</td>
<td>Tigray – DFID, Irish Aid, federal, regional, and district government officials.</td>
<td></td>
</tr>
<tr>
<td>May 16-17, 2011</td>
<td>Workshop on Woreda Block Grant Transfers (organized by the PBS Secretariat)</td>
<td>Debre Zeit – Al BoFEDs, PBS Secretariat, WB, AfDB, Irish Aid</td>
<td>Improved exchange and learning on woreda block grant formulas. Recommendations for PBS dialogue and investigation.</td>
</tr>
</tbody>
</table>

Public Financial Management, Financial Reporting, Procurement, and Other Fiduciary Issues

Procurement
<table>
<thead>
<tr>
<th>Date</th>
<th>Topic</th>
<th>Location/Participants</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>October 17, 2011</td>
<td>15 minute FM broadcast providing information on the purpose and mission of the PPPAA</td>
<td>National Coverage</td>
<td>Online answer for public questions</td>
</tr>
<tr>
<td>October 24, 2011</td>
<td>15 minute FM broadcast providing information on procurement legal documents</td>
<td>National Coverage</td>
<td>Online answer for public questions</td>
</tr>
<tr>
<td>October 31, 2011</td>
<td>15 minute FM broadcast providing information on bid specification preparation</td>
<td>National Coverage</td>
<td>Online answer for questions and creating awareness</td>
</tr>
<tr>
<td>November 7, 2011-</td>
<td>15 minute FM broadcast providing information on procurement methods</td>
<td>National Coverage</td>
<td>Creating awareness</td>
</tr>
<tr>
<td>November 14, 2011</td>
<td>15 minute FM broadcast providing information on suppliers’ obligations and challenges</td>
<td>National Coverage</td>
<td>Online answer for public questions</td>
</tr>
<tr>
<td>November 21, 2011</td>
<td>15 minute FM broadcast providing information on bid advertisement and floating period</td>
<td>National Coverage</td>
<td>Online answer for public questions</td>
</tr>
<tr>
<td>November 28, 2011</td>
<td>15 minute FM broadcast providing information on bid evaluation and selection of a winning bidder</td>
<td>National Coverage</td>
<td>Creating awareness</td>
</tr>
<tr>
<td>December 5, 2011</td>
<td>15 minute FM broadcast providing information on procurement complaint handling procedures</td>
<td>National Coverage</td>
<td>Online answer for public questions and creating awareness</td>
</tr>
<tr>
<td>December 12, 2011</td>
<td>15 minute FM broadcast providing information on procurement bid guarantees</td>
<td>National Coverage</td>
<td>Creating awareness</td>
</tr>
<tr>
<td>December 19, 2011</td>
<td>15 minute FM broadcast providing information on suppliers’ rights and obligations</td>
<td>National Coverage</td>
<td>Creating awareness</td>
</tr>
<tr>
<td>December 26, 2011</td>
<td>15 minute FM broadcast providing information on required ethical conduct for bidders and procuring entities</td>
<td>National Coverage</td>
<td>Creating awareness</td>
</tr>
<tr>
<td>Date</td>
<td>Topic</td>
<td>Location/Participants</td>
<td>Outcome</td>
</tr>
<tr>
<td>------------------</td>
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</tr>
<tr>
<td>January 2, 2012</td>
<td>15 minute FM broadcast providing information on contract Administration</td>
<td>National Coverage</td>
<td>Creating awareness</td>
</tr>
<tr>
<td>January 9, 2012</td>
<td>15 minute FM broadcast providing information on procuring through framework contracts and a summary of the programs</td>
<td>National Coverage</td>
<td>Creating awareness</td>
</tr>
<tr>
<td>June 14, 2012</td>
<td>Discussion Forum sharing experience among stakeholders on the federal and regional procurement systems</td>
<td>MoFED Conference Hall, PPPAA officials, Regional representative, Representative from federal agencies and parliament, Donor partners, Suppliers</td>
<td>To bring a harmonized procurement system in the country</td>
</tr>
<tr>
<td>June 15, 2012</td>
<td>Discussion forum with suppliers regarding SME benefit from government procurement and Contract administration</td>
<td>MoFED Conference Hall, PPPAA officials, Suppliers, Representative from federal agencies and parliament, Donors</td>
<td>Helps to create a sense of mutual understanding and partnership between government agencies and suppliers</td>
</tr>
<tr>
<td>December 14, 2011</td>
<td>Forum to discuss the differences between the federal and regional procurement proclamations, CPAR 2010 draft report</td>
<td>MoFED Conference Hall, PPPAA officials, Regional representative, Representative from federal agencies and parliament, Donor partners, Suppliers</td>
<td>Created understanding of the difference in the legal framework between federal and regions</td>
</tr>
<tr>
<td>December 15, 2011</td>
<td>Discussion with suppliers regarding procurement of works contract</td>
<td>MoFED Conference Hall, PPPAA officials, Suppliers, Representative from federal agencies and parliament, Donor partners, Suppliers</td>
<td>Creating understanding of the challenges within the legal framework and procurement documents for the private sector (Contractors)</td>
</tr>
<tr>
<td>June 14, 2011</td>
<td>Workshop to discuss draft TOR for the Joint Federal and Regions Forum on Public Procurement</td>
<td>MoFED Conference Hall, PPPAA officials, Suppliers, Representative from federal agencies and parliament, Donor partners, Suppliers</td>
<td>Forum was established and MOU between regions and the federal PPPAA signed</td>
</tr>
<tr>
<td>Date</td>
<td>Topic</td>
<td>Location/Participants</td>
<td>Outcome</td>
</tr>
<tr>
<td>------------------</td>
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</tr>
<tr>
<td>June 15, 2011</td>
<td>Forum to discuss TOR for the joint PPPAA and Suppliers’ Forum</td>
<td>MoFED Conference Hall, PPPAA officials, Suppliers, Representative from federal agencies and parliament, Donor partners,</td>
<td>Forum was established and MOU signed between Ethiopian Chamber of Commerce</td>
</tr>
<tr>
<td>May 30, 2012</td>
<td>Half-day workshop on public procurement in the Southern Nations Nationalities and People Region</td>
<td>Central Hotel, Awassa, BoFED officials and Suppliers and ethics officers</td>
<td>Creating awareness among suppliers of the region on the procurement documents and procurement processing in the region</td>
</tr>
<tr>
<td>September 12, 2011 - September 10, 2012 – each week for 30 minutes (15 minutes Wednesday, 15 minutes Saturday)</td>
<td>Public procurement documents, procedures in the region and complaint handling system</td>
<td>Mostly SNNPR</td>
<td>Creating awareness of government procurement in the region, increasing number of complaint</td>
</tr>
<tr>
<td>October 28, 2011</td>
<td>Half-day workshop on the findings and recommendation of the Independent Procurement Auditor</td>
<td>MOFED Conference Hall, MoFED officials, regional representatives, federal agencies, DPs</td>
<td>Creating consensus on the findings of the auditors and encouraging or improvement in the procurement processing</td>
</tr>
<tr>
<td>October 28-30, 2010</td>
<td>Procurement training and capacity building activities and procurement implementation under PBS II (pre JRIS field Visit)</td>
<td>Tigray regional Government, PBs Secretariat, BoFED officials and Staff, officials and staff in Enda Mohoney woreda and Maichew City Administration</td>
<td>Creating understanding of the status of the procurement reform activities and procurement implementation, correction of bad performances and encouraging good procurement performances</td>
</tr>
<tr>
<td>April 4-7, 2011</td>
<td>Procurement implementation at the Local Investment Grant woreda (pre JRIS field mission)</td>
<td>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</td>
<td>Creating understanding of the status of the procurement reform activities and procurement implementation, correction of bad performances and encouraging good procurement performances</td>
</tr>
<tr>
<td>October 19-21, 2011</td>
<td>Procurement capacity building activities and procurement implementation under PBS II (pre JRIS field Visit)</td>
<td>Awassa and Shebedino woreda, World Bank, PBS DPs, PBs Secretariat, BoFED officials and officials and staff in the woredas</td>
<td>Creating understanding of the status of the procurement reform activities and procurement implementation, correction of bad performances and encouraging good procurement performances</td>
</tr>
</tbody>
</table>
## Date
### August 23-27, 2010

**Topic:** Procurement Training  
**Location/Participants:** Debre Zeit Management Institute, procurement experts and officials of the PBS II implementing agencies, procurement advisors from regions  
**Outcome:** Creating understanding of the best procurement practices, and the requirement of the PBS II procurement agreed procedures.

## Date
### October 4-22, 2010

**Topic:** Basic Procurement Training  
**Location/Participants:** GIMPA Ghana, Basic Procurement training from PPPAA and regions (10 persons)  
**Outcome:** Strengthening the procurement implementation and oversight capacity of the government.

## Date
### October 3-21, 2011

**Topic:** Basic Procurement Training  
**Location/Participants:** GIMPA Ghana, 14 participants from PPPAA and regions  
**Outcome:** Strengthening the procurement implementation and oversight capacity of the government.

## Local Investment Grant
### September 14 - October 6, 2010

**Topic:** Trainings on Financial Management and Reporting (LIG); Procurement; Safeguards; and Project planning,  
**Location/Participants:** Debre Zeit, Hawassa, Bahir Dar, and Dire Dawa / 450 PBS LIG accountants, facilitators and local government administrators  
**Outcome:** PBS LIG (local investment grant) implementers and concerned local officials were capacitated and through interactive discussions challenges were identified ;

## Financial Transparency and Accountability (FTA)
### Many different times

**Topic:** 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  
**Outcome:** Many different times
<table>
<thead>
<tr>
<th>Date</th>
<th>Topic</th>
<th>Location/Participants</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>(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.</td>
<td>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)</td>
</tr>
</tbody>
</table>

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)
<table>
<thead>
<tr>
<th>Date</th>
<th>Topic</th>
<th>Location/Participants</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Accountability (SA)</td>
<td>PBS I Ethiopian Social Accountability Program (ESAP 1) Federal Knowledge Sharing workshop</td>
<td>UNECA conference center Addis Ababa /150 CSOs and gov’t representatives</td>
<td>Knowledge sharing events; presenters from ANSA South Africa, Senegal and Uganda presented their experience in Social Accountability and the Social Accountability tools used</td>
</tr>
<tr>
<td>June 24-August 10, 2007</td>
<td>ESAP 1 Regional Launching workshops</td>
<td>Adama, Hawassa Bahir Dar, and Mekelle/ 340 participants from CSOs and local gov’t representatives</td>
<td>Social Accountability concepts, tools, methodology and clarification on ESAP 1 were delivered</td>
</tr>
<tr>
<td>February 18-21, 2008</td>
<td>ESAP1 Induction Workshop</td>
<td>Addis Ababa Hilton and ILRI/95 participants from all tiers of gov’t CSOs</td>
<td>Social accountability networking, participation, transparency and M&amp;E</td>
</tr>
<tr>
<td>May 22-June 18, 2008</td>
<td>ESAP1 workshop on Budget Literacy, Moderation and Facilitations</td>
<td>Adama, Mekelle, Jimma, Bhair da, Dir Dawa/295 participants from CSOs and local gov’t representatives</td>
<td>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</td>
</tr>
<tr>
<td>September 22, 2008</td>
<td>ESAP 1 Training on External Communication</td>
<td>Addis Ababa, Ghion Hotel/30 representatives from SA implementing CSOs</td>
<td>The basics of verbal, written and visual communications skills and the methods of documenting and disseminating the SA endeavors were delivered</td>
</tr>
<tr>
<td>May 2008–June 2009</td>
<td>ESAP 1 implementing CSOs on several topics</td>
<td>In 85 woredas (districts)/ thousands of community representatives and basic service providers</td>
<td>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.</td>
</tr>
<tr>
<td>February–March 2012</td>
<td>ESAP 2; One Federal and 5 Regional Launching workshops</td>
<td>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</td>
<td>Clarifications were given on ESAP2 project design and objectives, call for proposal, fiduciary, administrative, technical issues.</td>
</tr>
<tr>
<td>Safeguards</td>
<td>Environmental and Social Assessment Framework (ESMF) and Resettlement Policy Framework (RPF) implementation Review</td>
<td>Nine woredas in five regions</td>
<td>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</td>
</tr>
<tr>
<td>June 2010</td>
<td>Training and awareness creation on LIG ESMF and RPF</td>
<td>Debre Zeit – Officials from regional BoFED and Environmental Protection Offices</td>
<td>Improved awareness on ESMF/RPF by regional officials to support woredas in the implementation of the ESMF/RPF</td>
</tr>
<tr>
<td>Date</td>
<td>Topic</td>
<td>Location/Participants</td>
<td>Outcome</td>
</tr>
<tr>
<td>-----------------------</td>
<td>------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>September 14-17, 2010</td>
<td>Training and awareness creation on LIG ESMF and RPF</td>
<td>Debre Zeit – Woreda Officials from LIG pilot woredas in Oromia and Gambella regions</td>
<td>Improved awareness on ESMF/RPF by woreda officials to support better implementation of the ESMF/RPF</td>
</tr>
<tr>
<td>October 5-8, 2010</td>
<td>Training and awareness creation on LIG ESMF and RPF</td>
<td>Debre Zeit – Woreda Officials from LIG pilot woredas in Oromia and Gambella regions</td>
<td>Improved awareness on ESMF/RPF by woreda officials to support better implementation of the ESMF/RPF</td>
</tr>
<tr>
<td>October-December 2010</td>
<td>Environmental and Social Assessment Framework (ESMF) and Resettlement policy Framework (RPF) implementation Review</td>
<td>Five woredas in four emerging regions</td>
<td>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</td>
</tr>
<tr>
<td>June 2011</td>
<td>PBS Environmental and Social Sustainability study</td>
<td>20 sample LIG woredas (there were 99 pilot LIG woredas)</td>
<td>Report on the implementation of LIG safeguards instruments (ESMF and RPF); recommendations on further strengthening and mainstreaming environmental and social assessment at local level</td>
</tr>
</tbody>
</table>
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

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 XXXXXX In Million ETB

<table>
<thead>
<tr>
<th>Source Description</th>
<th>Quarter (ii)</th>
<th>Cumulative (ii)</th>
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<td>Designated Account Sub-Program A/ii</td>
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<tr>
<td><strong>Total Opening Balance</strong></td>
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<td>xxxxxx</td>
</tr>
<tr>
<td><strong>Sources:</strong></td>
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<tr>
<td>Government</td>
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<td>IDA</td>
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</tr>
<tr>
<td>Donor xxx (TF)</td>
<td>xxxxxx</td>
<td>xxxxxx</td>
</tr>
<tr>
<td>Donor yyy (TF)</td>
<td>xxxxxx</td>
<td>xxxxxx</td>
</tr>
<tr>
<td>Donor ===</td>
<td>xxxxxx</td>
<td>xxxxxx</td>
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<tr>
<td><strong>Total Sources</strong></td>
<td>xxxxxx</td>
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<tr>
<td><strong>Available Funds</strong></td>
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<td><strong>Program Expenditure:</strong></td>
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<tr>
<td>Sub Program A</td>
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<tr>
<td>Basic Sector Expenditure</td>
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<td><strong>Total Expenditure</strong></td>
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</tr>
<tr>
<td>Excess of income over Expenditure</td>
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</tr>
<tr>
<td>Add: Gain from foreign exchange rate difference</td>
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<tr>
<td><strong>Net Available Fund</strong></td>
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</tr>
<tr>
<td>Less: Bank service Charges</td>
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<tr>
<td><strong>Closing Balance</strong></td>
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<td>xxxxxx</td>
</tr>
<tr>
<td>Designated Account Sub-Program A/iii</td>
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<td>xxxxxx</td>
</tr>
<tr>
<td><strong>Total Closing Balance</strong></td>
<td>xxxxxx</td>
<td>xxxxxx</td>
</tr>
</tbody>
</table>

**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 Segregation based on Agreed Jabbar 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

<table>
<thead>
<tr>
<th>Opening Balance</th>
<th>Quarter (ii)</th>
<th>Cumulative (ii)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Designated Account Sub-Program A/iii</td>
<td>xxxxxx</td>
<td>xxxxxx</td>
</tr>
<tr>
<td>Total Opening Balance</td>
<td>xxxxxx</td>
<td>xxxxxx</td>
</tr>
</tbody>
</table>

Sources:
- Government: xxxxxx
- IDA: xxxxxx
- Donor xxx (TF): xxxxxx
- Donor yyy (TF): xxxxxx
- Donor xxxx |

Total Sources: xxxxxx

Available Funds: xxxxxx

Program Expenditure: xxxxxx

Sub Program A
- Basic Sector Expenditure: xxxxxx

Total Expenditure: xxxxxx

Excess of income over Expenditure: xxxxxx

Add: Gain from foreign exchange rate difference: xxxxxx

Net Available Fund: xxxxxx

Less: Bank service Charges: xxxxxx

Closing Balance: xxxxxx

Designated Account Sub-Program A/iii: xxxxxx

Total Closing Balance: 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 Segregation based on Agreed Jabar Form
<table>
<thead>
<tr>
<th>Sub-Component Activities</th>
<th>Actual/II</th>
<th>Plan</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Current Quarter</td>
<td>Cumulative to Date/iii</td>
<td>Current Quarter</td>
</tr>
<tr>
<td>1. Education</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Health</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Agri. and Rural Dev. &amp; Natural Res.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Water Supply and Sanitation Services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Rural Roads</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Grand total Expenditures</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Apportionment

<table>
<thead>
<tr>
<th>No.</th>
<th>Financers</th>
<th>Financing Share (%)</th>
<th>Actual Expenditure of the Quarter Million ETH</th>
<th>Actual Expenditure of the Quarter Million USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Federal/Regional Government</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>IDA</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Donor xxxxxx(TF xxxx)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Donor yyyy yyyy (TF xxxx)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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 XXXXXXXX
In Birrs and USD dollars

<table>
<thead>
<tr>
<th>Component/Sub Component</th>
<th>Cash Requirement for Quarter ending XXXXXXXX Birr</th>
<th>Cash Requirement for Quarter ending XXXXXXXX Birr</th>
<th>Cash Requirement for the 6 months ending XXXXXXXX Birr</th>
<th>Cash Requirement for the months ending XXXXXXXX Birr</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sub Program A</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agriculture &amp; Nat res</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water &amp; Sanitation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Roads</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sub total-Sub Program A</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grand Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note:
**Summary of Cash Forecast**

*As at xxxxxxxxxxxx*

<table>
<thead>
<tr>
<th>Component/Sub Component</th>
<th>(a)</th>
<th>(b)</th>
<th>(c)</th>
<th>(d)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Birr</td>
<td>Birr</td>
<td>Birr</td>
<td>USD/iii</td>
</tr>
<tr>
<td>Forecasted total Expenditure</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sub Program A</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less: Cash Balance at xxx</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Designated Account Sub-Program A</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Cash Requirement</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Appointment of Net Cash requirement by fairness:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>IDA</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donor XXX (TF)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donor yyy (TF)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donor zzz(TF)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**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
<table>
<thead>
<tr>
<th>Description</th>
<th>Total</th>
<th>IDA</th>
<th>Donor xxx</th>
<th>Donor yyy</th>
<th>Donor zzz</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening Balance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donor advance during the period</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Refunded to Donors from DA during the quarter</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Available</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers out of the DA to the treasury during the quarter</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank Services Charges</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Transfer and Bank Service Charges</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DA closing balance as at xxxxxxxx</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
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

<table>
<thead>
<tr>
<th>Description</th>
<th>Bureau Level</th>
<th>Woreda Level</th>
<th>Regional Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration &amp; Gen. Serv.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organ of the State</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regional council</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Audit Bureau</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Population Office</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Justice</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public Order</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>o/w Police</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Service</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Information</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Finance &amp; Economic Devel.Bureau</td>
<td></td>
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<td></td>
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<tr>
<td>Revenue Bureau</td>
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<tr>
<td>Civil Service</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment Office</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Economic Service</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agriculture &amp; Rural Development</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>o/w: Food Security</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Natural Resource</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>o/w Water</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade &amp; industry, tourism</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mining &amp; Energy</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade &amp; Tourism</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transport &amp; Communication</td>
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<td></td>
</tr>
<tr>
<td>Construction</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>o/w Road Construction</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Urban Development</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social Service</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>o/w Primary &amp; Junior Education</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secondary School Education</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technical Education</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Higher Education</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Culture &amp; Sport</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>o/w Primary Health, Clinic &amp; Health Station</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hospitals</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Malaria Prevention</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nurses Training</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HIV/AIDS Office</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social Affairs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GEF</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Miscellaneous</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Grand Total</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

Basic Services Sub Program A1 Recurrent Expenditure

<table>
<thead>
<tr>
<th>Description</th>
<th>Bureau Level</th>
<th>Woreda Level</th>
<th>Regional Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education(excluding higher education)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health (including HIV/AIDS)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agriculture &amp; Rural Development</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Natural Resource</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water Supply and Sanitation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rural Road</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>