MORAL BANKRUPTCY

WORLD BANK REINVENTS TAINTED AID PROGRAM FOR ETHIOPIA

The Oakland Institute

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List of Acronyms and Terms

CDP	Commune Development Program
ESPES	Enhancing Shared Prosperity through Equitable Services
ESSA	Environmental and Social Systems Assessment
GRM	Grievance Redress Mechanism
JRIS	Joint Review and Implementation Support
MoFED	Ministry of Finance and Economic Development
PBS	Promoting Basic Services
PBS III	Promoting Basic Services, Phase III
PforR	Program for Results
Woreda	Third-level administrative units in Ethiopia after regions and zones

Executive Summary

On September 15, 2015, the World Bank announced US$600 million of financing for a new initiative in Ethiopia, *Enhancing Shared Prosperity through Equitable Services* (ESPES).[1] Its purported aim, like its predecessor, the Promoting Basic Services (PBS) program, is expanding access to basic services such as water, education, and healthcare.

The PBS has been associated with human rights abuses and the forced relocation of indigenous communities while paving the way for land grabs. Yet, rather than addressing the concerns raised about the program, the Bank has just launched an almost identical initiative under a new name.

Reports by The Oakland Institute and human rights organizations have demonstrated widespread human rights abuses associated with the PBS program.[2] In 2012, the Anuak people of Gambella, Ethiopia filed a complaint with the World Bank's Inspection Panel stating that the PBS program was linked with the Ethiopian Government's villagization program, which was forcibly evicting indigenous communities to make their land available to foreign investors.[3]

In early 2015, the Inspection Panel released a scathing report after examining these allegations. The report concluded that indeed, an "operational interface" between the villagization program (known as the "Commune Development Program" or CDP) and PBS had formed in regions like Gambella where the two programs were concurrently rolled out.[4]

Anuak woman crossing former village farmlands to access village
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A close examination of the ESPES program, in light of the Inspection Panel findings, raises major concerns.

First, ESPES uses the same block grant system as the PBS program to transfer funds from the Government of Ethiopia (the recipient of World Bank funding) to the *woredas,* where basic services are provided. The Inspection Panel confirmed several serious issues with this system, including the potential for World Bank funds to be diverted away from the PBS program and used to roll out the villagization program.[5] The proposed mechanisms to resolve these financial issues in the ESPES are insufficient.

Second, so-called "improved" systems for assessing and mitigating social risks associated with ESPES rely heavily on community engagement and self-reporting by severely marginalized communities. This ignores the fact that the rampant misuse of the country's laws, such as the 2009 Anti-Terrorism Proclamation, has created a culture of fear and intimidation in Ethiopia,[6] rendering these mechanisms useless.

Third, the agencies tasked with monitoring and evaluating the ESPES program are government agencies, which lack independence, and are thus incapable of providing protection to vulnerable peoples from social harm.

Finally, the above concerns, combined with further findings from the Inspection Panel, fail to address the renewed possibility for World Bank projects to have "operational interfaces" with problematic programs of the Ethiopian Government in the future.

The vote of the US Treasury in favor of the ESPES program also raises serious concerns. In accordance with several pieces of legislation, from the US Appropriations Bills of 2012 through 2016, the US Treasury should not have voted in favor of this program, both on account of forced evictions and inadequate safeguards for indigenous groups.[7]

The new World Bank financing for Ethiopia through ESPES is nothing more than a renaming of PBS, which continues to ignore the grave concerns associated with the program and human rights abuses in the country. In addition, by voting in favor of this program, the US Treasury is in violation of the requirements set out by the US Congress. Despite solid evidence of forced displacements and widespread human rights abuses, the US Treasury and the World Bank have chosen a business-as-usual approach in Ethiopia, while once again failing truly vulnerable communities in the country.

Kibbish, Omo Vallley © The Oakland Institute

Introduction

Since 2006, the World Bank has funded the Promoting Basic Services (PBS) program to expand access to fundamental services such as access to water, healthcare, and education in Ethiopia. In a country that faces chronic food insecurity and has a poverty rate of approximately 30 percent,[8] improving access to basic services is a laudable goal. However, for many years now, the PBS program has been marred with issues.

In 2012, the Anuak people of Gambella, Ethiopia filed a complaint with the World Bank's Inspection Panel stating that the PBS program was linked with the Ethiopian Government's highly problematic villagization program. This program forcibly evicted indigenous communities from their homes to make their ancestral land available to foreign investors.[9] The Oakland Institute's extensive field research has reported on these unjust relocations and associated human rights abuses.[10]

In early 2015, the Inspection Panel issued a scathing report after examining these allegations. It demonstrated that indeed, an "operational interface" between the villagization program (known as the "Commune Development Program" or CDP) and PBS had formed in regions like Gambella where the two programs were concurrently rolled out.[11]

Following the release of the grave findings, the Bank failed to halt or seriously examine and amend the PBS program. Instead, on September 15, 2015, the World Bank announced US$600 million of financing for a new initiative in Ethiopia, an almost identical program under a new name .[12] *Enhancing Shared Prosperity through Equitable Services* (ESPES) uses the Bank's Program for Results (PforR) lending mechanism and replaces most of the Bank's problematic PBS program.[13]

This report examines the new ESPES program in light of the findings of the Inspection Panel report, exposes its core shortcomings, and questions the legality of the United States Treasury's support for this program.

Background

PBS, Villagization, and Human Rights Abuses in Ethiopia

The controversy regarding the PBS program stems from its interaction with the Commune Development Program. The CDP, also known as villagization, was launched by the Ethiopian Government in 2010, with the aim to resettle up to 1.5 million people under the guise of providing better access to basic services and less arid lands[14] in several regions including Somali, Afar, Gambella, and Benishangul-Gumuz.[15]

Reports by The Oakland Institute have demonstrated that rather than providing basic services, the CDP has cleared land for large-scale land grabs.[16] These land grabs are at the heart of the government's development strategy and have taken place at a rapid rate: by 2011, approximately 3.6 million hectares (ha) of land in Ethiopia (an area larger than Belgium) had been awarded to investors, nearly 900,000 ha of which was from Benishangul-Gumuz and Gambella alone.[17] This included a 99-year lease for 300,000 ha of fertile land in the Gambella region to the Indian company Karuturi for rice, palm oil, maize, and sugarcane production,[18] and a lease for 10,000 ha along the Alwero River in Gambella to Saudi Star Agriculture Development Plc—a food company owned by billionaire Sheikh Mohammed al-Amoudi[19]—to cultivate rice.[20] More recently, a 2015 investment guide released by the Ethiopian Investment Commission advertised 11.55 million ha of agricultural land in the country available to investors.[21]

The Oakland Institute's research also revealed that the villagization program has forcibly – *not voluntarily* – resettled communities using threats, intimidation, arrest, harassment, and violence against those who resist.[22] Many of the communities targeted are indigenous groups, who practice pastoralism or shifting cultivation, and have deep ancestral ties to the land.[23] In addition to facing violence and arrest, these communities have been forced to abandon crops at the harvest season, resettled to inferior quality land, and the promised basic services have often not materialized.[24] Displaced from their land and livelihoods, many relocated populations now have limited access to food or farming, and cases of starvation have been reported.[25] The abuses experienced by groups such as the Anuak in Gambella have been so severe and widespread that thousands have fled the country (see Box 1).[26]

The World Bank-funded Promoting Basic Services program was underway in Ethiopia at the same time as the government-sponsored CDP. PBS, launched in 2006 and rolled out in three phases, was a multi-donor program aimed at expanding access to and the quality of basic services in five sectors: education, health, agriculture, water and sanitation, and rural roads.[27] PBS had the same stated goals of providing basic services as the CDP program, and was rolled out concurrently in the regions slated for villagization.

Several organizations, including The Oakland Institute, have documented the connections between PBS and the villagization program.[28] In September 2012, just one day before the World Bank approved Phase III of the PBS program, members of the Anuak community in Gambella filed a complaint to the World Bank Inspection Panel.[29] The complaint detailed the linkages between the villagization program and PBS, and demonstrated that Bank-approved PBS funding was being used to forcibly resettle Anuak people so that land investments could move forward.[30] The complaint also revealed that had the World Bank followed its own operational policies and procedures including its safeguards to ensure the safety of marginalized peoples, these harms could have been avoided.[31]

In 2014, the Inspection Panel undertook an investigation, and in early 2015 it released a scathing report. It confirmed that indeed an "operational interface" between the CDP and PBS had formed in regions like Gambella where the two programs were concurrently rolled out.[32] The Inspection Panel went on to note serious deficiencies in the PBS risk assessment processes, fiduciary oversight, and more.[33]

While these findings are important, the scope of the Inspection Panel's investigation was quite limited. Early on, the Panel ruled that it would not examine specific human rights allegations related to the villagization program, such as the use of force to get people to relocate, or the taking of land without the free, prior, and informed consent of the people.[34] Had the Inspection Panel examined these issues, the findings would be even more shocking.

Following the release of the report, in February 2015, the UK's Department for International Development, the largest donor to PBS, withdrew its funding to the program.[35] While officials claimed the decision was because of Ethiopia's "growing success" economically and "impressive progress" towards the Millennium Development Goals, many believe it was in reaction to the Panel's report and growing concerns about the program.[36]

Then, in September 2015, the World Bank approved a loan of US$600 million to the Government of Ethiopia for the ESPES program. ESPES replaced the majority of the PBS III program, which was originally slated to run until January 2018.[37] Shockingly, rather than halt or seriously examine and amend the PBS program in light of the Inspection Panel's findings, the Bank conveniently launched an almost identical program under a new name.

Box 1: Voices from Ethiopia: Stories of Forced Eviction and Displacement in Gambella[38]

My village refused to move. So they forced us with gunshots ... They wanted our land because our land is the most fertile and has access to water. So the land was promised to a national investor ... The promises of food and other social services made by the government have not been fulfilled. So people go back to their former farms. Money that was promised for schools and clinics has not come through. No medicine is provided in old clinics. The government gets money from donors but it is not transferred to the communities ... We have no power to resist. We need support. In the villages, they promised us tractors to help us cultivate. If money is given to the government for this purpose, we don't know how it is used. But we did not get the money or the tractors ... In the lands where our farms were, we had many fruit trees—we had bananas and mangoes. It is hard to plant again in a new place and wait until they produce. We face hunger. People are intimidated—we are forced to say positive things about villagization, but really refuse to accept the program. If you challenge, the government calls you the mastermind of conflict. I am told, "your finger is in it." One of the government officials was opposed to the government. They wanted to put him in prison. He escaped and is now in Kenya, living as a political refugee.

***

There is fear ... Before investor arrived, the community used forests for fruits, food, medicines, tuber roots, for building tukuls [traditional round, mud huts], *hunting, and shelter for animals. Now it is all cleared by the investors. But it is difficult to resist. If you talk for land, against deforestation, you will be in prison.*

***

I was born in Gambella. Almost five years ago, Karuturi [an India-based flower and agribusiness that has leased 300,000 ha in Gambella for export-oriented agriculture] *came. When Karuturi came, we lost the benefit from the forest because they took the land beside the village and cleared all the land. The first time they came, they made relations with federal authorities, then regional. We were told "We are coming to live with you. We have agreed with the federal and regional authorities and they give us land." We said, "This land is useful for us—for our homes, cultivation. How can you take this?" Disagreement erupted between the two sides. Regional authorities came to tell us that we must give in. The community asked again, what are we going to do for resources like tree [or] grass for houses, etc.? So, they told us that Karuturi will only take the demarcated area, not all of our lands. But when they started, they cleared all areas because there was no sign for demarcation. The community complained to regional authorities. The vice president of the region came to the village and explained to us that now this land has been given to Karuturi. They paid much money to the regional government, so it won't stop. Now villagers fear since the word came from the VP, and they might go to jail if they protest.*

It has been five years, but nothing is done that was promised. They do nothing. But we were told by the former VP "if someone complains about them, we will put him/her in jail."

Now many other investors come, foreign and from the highlands. We have no information on them, but, as the investors increase, our problems increase. They take away our land and forests that we depend upon.

Enhancing Shared Prosperity Through Equitable Services: Business-As-Usual in Ethiopia

Enhancing Shared Prosperity through Equitable Services, which is slated to run until May 2019, has replaced Sub-program A of the PBS III program.[39] Sub-program A, which accounted for 92.5 percent of total PBS III project funding, was responsible for funding basic services at the *woreda* level in Ethiopia, and was the primary component of PBS III that was investigated by the Inspection Panel. [40]

The new ESPES program mirrors PBS III in many ways. Like PBS III, ESPES has a goal of providing basic services across the country; it partners with the Ethiopian Ministry of Finance and Economic Development (MoFED) to oversee the project; and it uses a "block grant" system to transfer funds from MoFED to the regional and then *woreda* levels, where services are offered.[41] As with PBS, the majority of the funds go to recurrent expenditures – primarily salaries – to increase access to services including water, agricultural development, education, health, and roads.[42]

One difference between the two programs is the lending instrument. ESPES uses a relatively new World Bank lending instrument, Program for Results (PforR), which differs from traditional lending instruments in several ways. First, a cornerstone of PforR programs is an agreement on a series of "disbursement-linked indicators" that are meant to ensure that certain results are achieved before further funding is released.[43] Second, PforR programs are not subject to World Bank social and environmental safeguards.[44] Instead, these programs use the borrower country's existing institutions to manage social and environmental risks in an attempt to build and improve the capacity of national institutions.

Given the findings of the Inspection Panel, there are four primary concerns with the ESPES program: continued weak financial management systems; inadequate social assessment and mitigation systems; lack of independent monitoring and evaluation; and the ongoing potential for ESPES to form linkages with problematic government programs. Additionally, the Inspection Panel never investigated the serious claims of human rights abuses and forced resettlements raised by the Anuak, and thus the new program does virtually nothing to address these issues. They remain a significant concern as the government continues on its path of leasing indigenous land to large-scale investors.

Failure of Financial Management and Block Grants

One of the major issues raised in the Inspection Panel complaint was that regional employees, paid by the PBS program, were forced to implement villagization, and were threatened with violence and arrest if they did not oblige.[45] A key part of this claim was the allegation that the PBS program lacked proper systems for tracking and monitoring the use of their funds, allowing for these financial diversions to occur.[46]

Allegations of the misuse of funds associated with World Bank programs in Ethiopia began to surface in 2005, but little to nothing was done to investigate or respond to them.[47] The Inspection Panel confirmed serious issues with how PBS funds were tracked and monitored, highlighted various concerns with the Bank's system of tracking finances, and confirmed the potential for funds to be diverted and used for the villagization program.[48] It is no surprise that "serious deficiencies" regarding financial management were found in the Gambella region, where some of the greatest abuses and forced resettlements have taken place.[49]

The Bank claims to have addressed these issues by making the disbursement of ESPES funds contingent on improved financial systems, through the use of "disbursement-linked indicators."[50] However, only three percent of total ESPES funding is tied to improving financial systems at the *woreda* level.[51] In addition, many of the financial indicators are "scalable" which means that the amount of funding disbursed "can be proportional to the process made toward achieving relevant results."[52] As a result, only a very small portion of funding is tied to improved financial performance in *woredas* subject to villagization.

The project appraisal document for ESPES goes on to classify the fiduciary risk for the program as "substantial after risk mitigation measures"[53] and describes myriad ongoing weaknesses at the *woreda* level ranging from inadequate staff training and high turnover to weak cash control and audit backlogs of up to five years.[54] This demonstrates both the severity of the financial problems associated with this program and the need for serious financial oversight and monitoring.

Together, these findings and the lack of robust financial improvements paint a stark picture. Without sound oversight and proper mitigation channels to correct for improper financial management, the World Bank cannot account for how its funds are being spent. More importantly, the Bank cannot guarantee that funds are not being diverted and used for other programs such as the villagization scheme. Despite these grave concerns, ESPES continues to use block grants as its funding mechanism.

Failure to Apply Safeguards & Social Protection Tools

A second aspect of the Inspection Panel complaint was the World Bank's operational policies and safeguards were not applied to the PBS program, leading to social risk and harm.[55]

World Bank safeguards, which cover issues including involuntary resettlement, the rights of indigenous peoples, forests, natural habitat, water systems, and more, have been developed over the past 20 years to mitigate environmental and social harm.[56] The World Bank's management chose not to apply the safeguards to PBS III, arguing that because the program focused on recurrent expenditures (e.g. salaries), the safeguards were unnecessary.[57] The Inspection Panel disagreed with this assessment and noted that had a proper social assessment taken place, it "may have resulted in the identification of a series of key risks to consider during implementation."[58]

Rather than taking the Panel's findings into account, ESPES is not subject to the Bank's safeguards,[59] which have instead been replaced by a few paltry actions.

First, after the Anuak complaint was initially submitted in 2012, the Bank established a new "Grievance Redress Mechanism" and opened an office of the Ethiopia Institute of Ombudsman in Gambella to help mitigate future social harm.[60] Both of these tools have been rolled into the new ESPES program, and are fraught with a lack of trust and security.

Second, before the approval of the ESPES program, an Environmental and Social Systems Assessment was conducted in March 2015,[61] which offered several recommendations for the ESPES program to avoid social harm. These recommendations are part of the new ESPES social protections and include:

- Creating an Operational Manual that includes instructions on how to identify and mitigate possible environmental and social harms;
- Increasing capacity to address social and environmental risks at the *woreda* level through hiring and training specific positions (this fails to acknowledge that the turnover of *woreda* level staff is extremely high);
- Improving opportunities for citizen engagement, including through the previously established Grievance Redress Mechanism (GRM); and
- Holding an annual event to reward *woredas* that demonstrate excellence in environmental and social management.[62]

Finally, ESPES has tied several disbursement-linked indicators to improved environmental and social accountability.[63]

These responses, however, fail to address the very real social risks associated with the ESPES program.

First, in its appraisal of the ESPES program, the World Bank vastly underplays the potential for social harm, despite the serious social issues that arose during the predecessor program. It states, "activities to be financed by the ESPES are not expected to directly create negative and social effects," but then goes on to state, "sectors supported by the ESPES are likely to implement projects that may require mitigating measures related to the loss of assets."[64] This is shocking given the grave human rights abuses and forced displacements that resulted from the roll out of the PBS program in parts of Ethiopia and the lack of meaningful differences between the PBS and ESPES programs.[65]

The Bank also puts tremendous emphasis on increased citizen engagement and the Grievance Redress Mechanism as tools for reporting and addressing social harm, and relies on Ethiopia's supposedly "adequate institutional and legal framework for environmental and social management" to protect communities affected by this program.[66] This flawed analysis overlooks major concerns with Ethiopia's current legal system and the oppressive use of various laws, especially the 2009 Anti-Terrorism Proclamation, to crack down on free speech and public critique of government programs and policies (see Box 2).

The ESPES Environmental and Social Systems Assessment itself points out the inadequacy of the Grievance Redress Mechanism (GRM), especially for already vulnerable communities:

> There are wide variations in the availability and application of GRM across regions. The enforcement and oversight of GRM at [the] woreda level is a concern across regions. There is a general lack of confidence in, and knowledge

Box 2: Cracking Down on Voices of Dissent

In 2009, the Government of Ethiopia enacted its Anti-Terrorism Proclamation (No. 652/2009). The law has been analyzed and sharply criticized by many, including lawyers from reputable international law firms in a recent report released by The Oakland Institute and the Environmental Defender Law Center.[70] Numerous international bodies have also condemned the law including the UN Commissioner for Human Rights; UN Special Rapporteurs on Counter-Terrorism and Human Rights, Human Rights Defenders, the Rights to Freedom of Peaceful Assembly and of Association, and the Independence of Judges and Lawyers; the African Commission on Human and People's Rights; the governments of the United States and the United Kingdom; and the European Union.[71]

The law's broad language has been used to prosecute journalists, concerned citizens, indigenous people protesting land grabs, students, and opposition party members, and to stifle people's rights to free speech and assembly. A few of the many that have been charged under the law include journalist Eskinder Nega, Norwegian citizen Okello Akway Ochalla, and opposition politician Bekele Gerba.

Eskinder Nega was arrested in September 2011 after publishing an article that criticized the government's use of the Anti-Terrorism Proclamation to arrest journalists.[72] In June 2012, Eskinder was finally sentenced, ironically under the same law he was critical of, to 18 years in prison.[73] Since his arrest, Eskinder has been awarded two prestigious international awards – PEN America's "Freedom to Write" prize, and the World Association of Newspapers and News Publishers "Golden Pen of Freedom."[74] Both cite his bravery and commitment to truth.

Okello Akway Ochalla was the Governor of Gambella in 2003 when a brutal massacre of the Anuak people took place.[75] An Anuak himself, Okello fled Ethiopia and eventually obtained Norwegian citizenship with his family. He was openly critical of the government's role in the 2003 massacre and the ongoing human rights abuses in Gambella, which made him a target of the Ethiopian Government. In March 2014, while visiting friends and family in South Sudan, Okello was kidnapped and renditioned to Ethiopia Intelligence Services and renditioned to Ethiopia, where he has languished in jail ever since.[76] Okello has been charged under the Anti-Terrorism Proclamation, and his trial is ongoing. The only evidence against Okello is a "confession" that he allegedly signed while in solitary confinement in Ethiopia's notorious Maekelawi prison.[77]

Bekele Gerba, deputy chairman of the Oromo Federalist Congress, a political party that represents one of the country's largest ethnic groups, was arrested under the same law in August 2011 just four days after meetings with a delegation from Amnesty International.[78] The delegation reported being photographed by security officials while leaving Bekele's office. On the same day that Bekele was arrested, the delegation was told to leave the country by Ethiopian authorities.[79] Bekele was later interrogated about the content of the meeting, and sentenced to eight years in jail, after a trial that human rights groups say was "marred with irregularities."[80] Bekele was released in July 2015, in advance of President Barak Obama's trip to Ethiopia.[81] He was rearrested on December 23, 2015, as protests spread over the expansion of the municipal boundary of the capital, Addis Ababa.[82]

These are three of hundreds, if not thousands, of cases where vocal government critics have been arrested as terrorists.[83]

Combined with other repressive laws, such as the Charities and Societies Proclamation (No. 621/2009), which severely limits the abilities of local and international human rights groups,[84] the Government of Ethiopia has created a culture of fear and repression, in which ordinary people who speak up against government policies and programs are arrested and confined under horrific and abusive conditions.

Land cleared by Saudi Star © Felix Horne / The Oakland Institute

> of, GRM. In addition, the GRM procedures are not always adapted to the special needs of the most vulnerable, and there tends to be a general lack of documentation of GRM cases … The most vulnerable and underserved citizens tend to feel uncomfortable expressing their individual views directly to service providers or through a GRM.[67]

Finally, the actual achievements tied to the disbursement-linked indicators are completely lackluster.[68]

It is highly questionable whether the actions noted above – implementing an operational manual, a complaints system that vulnerable people are afraid of using, training new staff to address risks when high staff turnover is a recurrent problem, putting emphasis on increased citizen engagement as a vehicle for addressing human rights abuses, and an awards ceremony to highlight well-functioning *woredas* – will be effective in addressing the serious risks and social harms identified. To make matters worse, the group tasked with verifying data and information related to the social accountability indicators is a government agency, the Central Statistics Agency.[69] The body intended to address social grievances – the Ethiopia Institute of Ombudsman – reports directly to the Parliament, which is 100 percent held by the ruling party. Given the grave human rights abuses perpetrated by the Ethiopian Government (see Boxes 2 and 3 and the discussion below), how can these government-led institutions be trusted to report on and address social risks?

Failure of Monitoring & Evaluation Tools

A key tool for monitoring PforR projects is the use of disbursement-linked indicators that require certain standards to be achieved before further funding is provided. The project appraisal document for ESPES states that "a majority of its disbursement-linked indicators … focus on the priority elements" mentioned in the Inspection Panel report.[85] Of the 11 indicators agreed upon for this project, five relate to the expansion of basic services, two focus on increasing citizen engagement and social and environmental management capacity, three relate to increased fiduciary oversight, and one focuses on monitoring the quality of data service delivery.[86] The ESPES program does not have any indicators directly related to the allegations made against the PBS III concerning forced displacement and the treatment of indigenous communities. The focus of the indicators, instead, relies on citizen engagement activities to address social risks and abuses. Already inadequate, this response is further obscured by the fearful environment citizens who dare speak out find themselves in.

The monitoring of the indicators itself is problematic. Instead of having an independent third party monitor and evaluate the project, the Government and the Bank "jointly assess overall progress toward the program's development objectives, using the Government's own [monitoring and evaluation] mechanisms."[87] It is thus the government agencies that lack independence and impartiality that are responsible for collecting data, analysing results, and reporting to the Bank.

These provisions ignore the egregious human rights record of the Ethiopian Government, including extra-judicial killings at student protests in Oromia,[88] the arbitrary arrest of journalists and bloggers,[89] and the criminal misuse of the anti-terrorism law to persecute those who criticize the government, including opposition party members.[90] In

Village in Karuturi lease area © Felix Horne / The Oakland Institute

relation to the PBS program, one of the translators for the World Bank Inspection Panel investigation was arrested one week after the report's release and charged under the Anti-Terrorism Proclamation (see Box 3). Numerous others from the Gambella region have been arrested, killed, or have fled the country because of the actions of the Government.[91] Given the above, it seems highly irresponsible to rely on government agencies for the monitoring of this project.

A third mechanism for monitoring and reporting is the *Joint Review and Implementation Support* (JRIS) mission trips. These semi-annual mission trips, involving government staff as well as donor representatives,[92] are meant to report on the effectiveness of the project under review, and generally supervise project implementation.[93] However, in its review of the PBS III program, the Inspection Panel noted that the three JRIS missions that took place during PBS III were "silent" on the issues brought before the Inspection Panel.[94] The Panel found that "this is not consistent with the supervision provisions" raising additional questions about the effectiveness of the procedures for monitoring and oversight.[95]

Possibility of Linkages with the Villagization Program

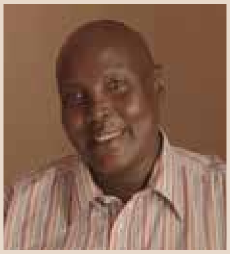
Another core question is whether or not linkages will form again between ESPES and problematic programs, such as the CDP. In asking this question, three points are relevant.

First, while investigating the claim that staff paid for by the PBS program were also carrying out the CDP, the Panel confirmed that "the civil servants who provide services under the CDP program, such as school teachers, health professionals and agricultural extension workers, are the same workers whose salaries are being paid under the PBS."[104] In response, the World Bank's management wrote, "it is commonplace for government officials at the local level, across the world, to play multiple roles in discharging government policy."[105] Despite the Inspection Panel findings, the Bank does not plan to specifically monitor the potential for these types of human resource overlaps in the future.

Second, the ESPES appraisal document notes that there is a "strong imperative" to ensure that operational linkages do not form with problematic programs again.[106] However, the mechanisms to avoid linkages are ongoing country-level dialogue with the Ethiopian Government and a screening tool to mitigate risks in areas slated for villagization.[107] Given the severity of the abuses undertaken with the CDP, these mechanisms are insufficient to address the earlier failures, and instead, leave ESPES open to making the same mistakes.

Lastly, as previously mentioned, when the Inspection Panel began its investigation, it specifically decided not to investigate allegations of human rights abuses and forced resettlements, noting that because the Bank was not directly funding villagization, these issues fell outside of the scope of the investigation.[108] This decision raises serious questions about the responsibility and willingness of the World Bank to assess, mitigate, and properly take action when abuses arise *indirectly* from a program. As a multilateral institution with a mission to end poverty, which disburses billions annually, how can the Bank justify not considering both direct and indirect consequences of its programs, especially when they interface with indigenous populations? This vital question remains unanswered.

Box 3: The Arrest and Continued Detention of Pastor Omot Agwa



On March 15, 2015, Pastor Omot Agwa, originally from Gambella, was detained by the Ethiopian authorities at the international airport in Addis Ababa with six others, while attempting to travel to Nairobi to attend an international conference on food security. After many months in Ethiopia's notorious Maekelawi jail, Pastor Omot and two others – Ashinie Astin and Jamal Oumar Hajele – were finally charged on September 7, 2015 under the Anti-Terrorism Proclamation.[96] The key charge is that the workshop they were scheduled to attend was a terrorist meeting.[97]

The alleged "terrorist meeting" was, in fact, a workshop organized by Bread for All, a Protestant development organization from Switzerland, in conjunction with the indigenous group Anywaa Survival Organization and the international NGO GRAIN.[98] The objective of the workshop was to exchange "experience and information among different indigenous communities from Ethiopia and experts from international groups around food security challenges."[99]

Pastor Omot was an interpreter for the World Bank's Inspection Panel in the Gambella region in February 2014. While Pastor Omot was not named as a facilitator and interpreter for the investigations, a picture of him appeared in early copies of the report.[100] Just a week after the report was released, Pastor Omot notified international colleagues that he feared for his life and that threats were being made against him by Ethiopian security. Very shortly thereafter, he was arrested.[101]

In response to international campaigns to free Pastor Omot, the World Bank has stated that they were assured by Ethiopian officials that his arrest had nothing to do with the World Bank's investigation.[102] However, the Inspection Panel, in a statement from September 2015, officially expressed its concern over Pastor Omot's situation.[103]

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Statement of the Inspection Panel Regarding the Charges Filed Against Pastor Omot Agwa in Ethiopia

The Inspection Panel expresses its concern regarding the recent charges filed against Pastor Omot Agwa of Ethiopia, detained since March of this year. Pastor Agwa facilitated our field work during the recent investigation of the PBS-3 Program in that country. Since his arrest, we have been in close contact with Bank senior management who have made inquiries with the Government of Ethiopia regarding his integrity and safety. The Panel calls on the Government of Ethiopia to ensure that Pastor Omot's rights to due process and other protections under the rule of law are respected.

Washington, September 25, 2015

US Treasury Violates US Laws

The United States plays a unique and powerful role in the World Bank. It is the Bank's largest shareholder, has its own Executive Director, and is the only World Bank member to have the power to veto changes to the Bank's structure.[109] The United States Department of the Treasury leads the US Government's engagement with the Bank,[110] and the US Executive Director votes on all World Bank projects that seek approval. The Department of the Treasury and the Executive Director are responsible for upholding congressional laws relating to World Bank financing.[111]

By voting in support of the ESPES program, the US Treasury and the Executive Director have violated the terms set out in several Appropriations Bills between 2012 and 2016.

US Voting Record on Ethiopia and the 2014-2016 Appropriations Bills

Over the past decade, the United States has chosen not to vote in support of numerous World Bank projects in Ethiopia – the US abstained from voting on all three phases of the PBS program, the last time citing "fiduciary weakness, inadequate grievance mechanism, and alleged politicization of aid allocation," issues that remain relevant today.[112]

The US also voiced serious concern with the PBS program after the release of the Inspection Panel report in February 2015. In its statement, the US wrote that more could and should have been done in the design and implementation of PBS III to ensure no linkages were formed with the CDP.[113] The statement went on to lambast the Bank for focusing more on "reputational risks" than on actual risks experienced by communities and reinforced the need for applying appropriate safeguards.[114]

In the Appropriations Bills voted on between 2014 and 2016, the US Congress provided important directives to the Treasury regarding World Bank financing in Ethiopia. The annual Consolidated Appropriations Acts of 2014 and 2015 state, "the Secretary of the Treasury shall instruct the United States executive director of each international financial institution to oppose financing for any activities that directly or indirectly involve forced evictions in Ethiopia."[115] The 2016 Appropriations Bill repeats the language that can be applied at the national level in Ethiopia.[116]

Since these Appropriations Bills came into effect, the US abstained from voting on World Bank projects in Ethiopia at least three times, citing concerns with social risk mitigation measures and the Treasury's "forced eviction mandate" in Ethiopia.[117]

Given the history and the clear directives laid out by Congress, the US vote in support of the ESPES program in September 2015 is shocking.[118] This vote ignores ongoing concerns about fiduciary reporting capabilities, inefficient grievance redress mechanisms, and most importantly, evidence from the previous PBS III program of forced evictions. The US Appropriations Bills of 2014-2016 clearly state that the Executive Director of the World Bank is to "*oppose or vote against financing that directly or indirectly involves or supports forced evictions in Ethiopia*."[119] Thus the US vote in favor of the ESPES violates United States congressional law.

Failure to Protect Indigenous Peoples in Ethiopia

The 2012 US Appropriations Bill clearly laid out that World Bank PforR projects that affect indigenous peoples must be subject to the Bank's own policies.[120] The 2015 Appropriations Bill states that the US must vote against any World Bank loans that implement social policies that provide *less* protection than that offered by the current World Bank safeguards.[121] Both bills thus suggest that the World Bank's Indigenous Peoples Policy (OP 4.10) should have been applied to ESPES, and if not, the US should have voted against the project.

Citing constitutional principles of equal protection, the Government of Ethiopia has historically taken issue with the use of the term "indigenous" to apply different treatment to certain groups in the country. This is purportedly why the Bank decided not to apply the policy to programs in Ethiopia for many years.[122] However, after several years of negotiations, a World Bank commissioned study finally concluded that 34 groups in Ethiopia – including the Anuak – are indigenous.[123] As such, they deserve special considerations owing to their unique cultures, traditional livelihoods, and connection with ancestral lands. In addition, in 2012 the Bank and the Ethiopian Government came to an agreement to apply the Indigenous Peoples Policy to projects where it was relevant, starting in December 2012.[124]

Despite these changes – and the Inspection Panel's conclusion that PBS III should have, but failed to, comply with the Indigenous Peoples Policy[125] – this important safeguard was not applied to the ESPES program.[126] Instead, the Bank conducted an Environmental and Social Systems

Maize harvest in Gambella © Felix Horne / The Oakland Institute

Assessment (ESSA).[127] While the ESSA includes a section on Indigenous Peoples and Vulnerable Groups, this assessment bears no resemblance to OP 4.10's specifications and offers significantly less protection.

The World Bank's OP 4.10 Indigenous Peoples Policy sets out a series of steps that must be taken during project preparation to avoid and mitigate harm to indigenous peoples. These include: screening to identify the presence of indigenous groups; a social assessment of the situation; engaging in a process of free, prior and informed consent to "fully identify" the views of the community and ascertain their support; and preparing an Indigenous Peoples Plan.[128] Projects that do not have the broad support of indigenous communities are not to move forward.[129]

The ESPES ESSA does much less. Rather than consulting with indigenous peoples and preparing an Indigenous Peoples Plan, the ESSA predominantly examines existing government policies and systems for addressing social and environmental harm.[130] With regard to indigenous peoples and other vulnerable groups, the ESPES ESSA notes the existence of various Government policies and constitutional rights.[131] It does not mention the loss of livelihood and land experienced by the Anuak, nor does it assess whether the Government genuinely upholds its laws in vulnerable regions.

The ESSA does state that regarding land rights "Ethiopian law makes no specific accommodations for potentially vulnerable groups."[132] In addition, community consultation processes are weak, consisting merely of informational meetings for already-approved projects.[133] However, the report recommendations are lackluster and will not ensure that this situation is adequately rectified.[134]

By voting in support for the ESPES program, the US has violated both the 2012 and 2015 Appropriations Bills. The US should thus take the necessary steps to rectify the situation, or explain why Ethiopia's indigenous communities no longer need or deserve these important protections.

Conclusion

In October 2015, the United Nations announced that 8.2 million Ethiopians required food aid, warning the number could jump to 15 million later in 2016.[135] International solidarity and support is vital for a country that faces chronic food insecurity and a high poverty level. However, it is imperative that such support protects the most vulnerable, and does not disregard serious issues of human rights abuses, loss of livelihoods, and the forced relocation of indigenous communities.

As a major donor to Ethiopia, the World Bank has a responsibility to ensure that its development financing does not lead to social harm. However, rather than addressing allegations of social harm when they first surfaced, the World Bank's management purportedly "distanced itself" from recognizing the connections between CDP and PBS.[136]

The World Bank had an opportunity to demonstrate its commitment to protecting vulnerable groups in Ethiopia when it launched the ESPES program. Rather than living up to this responsibility and genuinely addressing the concerns raised about the PBS program, the Bank has launched an almost identical program under a new name. This business-as-usual approach demonstrates the Bank's lack of regard and concern to protect vulnerable and indigenous populations in Ethiopia.

The United States likewise has a responsibility – both as a significant donor to the World Bank and Ethiopia, and to uphold laws voted by the US Congress – to protect indigenous groups in Ethiopia from social harms including forced relocation and other human rights abuses. In voting in favor of the ESPES program, the United States has reneged on this responsibility. The US Congress should make the US Treasury explain its actions in relation to the provisions outlined in the Appropriations Bills from 2012 to 2016, and immediately take action to correct the situation.

In September 2012, the US Treasury commented that the Bank has a "special burden ... to ensure the highest possible standards" regarding social well-being in Ethiopia.[137] As the largest donor shareholder with a powerful leadership role within the Bank, the United States, too, has a special burden to hold the Bank to these standards.

In an era of large-scale land acquisitions, which are resulting not in investments in local economies but in land grabs from local communities, it is imperative to respect the rights and livelihoods of all citizens of Ethiopia.

The World Bank and the United States can and need to do better.

Anuak children © Felix Horne / The Oakland Institute

Endnotes

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114 *Ibid.*

115 Consolidated Appropriations Act, 2014, *Op. Cit.* Sec. 7042(d)(4)*; Consolidated and Further Continuing Appropriations Act, 2015, Op. Cit.* Sec 7042(d)(4).

116 Section 7042(d)(1) reads: "(A) Funds appropriated by this Act for assistance for Ethiopia may not be made available for any activity that supports forced evictions. (B) The Secretary of the Treasury shall instruct the United States executive director for each international financial institution to vote against financing for any activity that supports forced evictions in Ethiopia." Consolidated Appropriations Act, 2016. *Op. Cit.*

117 See, for example, the US Treasury voting record for: March 26, 2015, "Ethiopia: Second Agriculture Growth Project" https://www.treasury.gov/resource-center/international/development-banks/Documents/MDB%20Voting%20record%20March%202015.pdf (accessed November 23, 2015); October 21, 2014, "Ethiopia: Regional Pastoralist Livelihoods Resilience Project – Addt'l. Financing" https://www.treasury.gov/resource-center/international/development-banks/Documents/MDB%20VOTING%20

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119 Emphasis added. Consolidated Appropriations Act, 2014, *Op. Cit.* Sec. 7042(d)(4); Consolidated and Further Continuing Appropriations Act, 2015, *Op. Cit.* Sec 7042(d)(4).; Consolidated Appropriations Act, 2016. *Op. Cit.* Sec 7042(d)(1)(B).

120 The exact language states that the US is to "require that projects with potentially significant adverse social or environmental impacts and projects that affect indigenous peoples are either excluded from P4R or subject to the World Bank's own policies" Consolidated Appropriations Act, 2012, *Op. Cit.* Sec. 7082(7).

121 "The Secretary of the Treasury shall instruct the United States Executive Director of the International Bank for Reconstruction and Development and the International Development Association to vote against any loan, grant, policy, or strategy if such institution has adopted and is implementing any social or environmental safeguard relevant to such loan, grant, policy, or strategy that provides less protection than World Bank safeguards in effect on September 30, 2014." Consolidated Appropriations Act, 2015, *Op. Cit.* Sec 7029(b).

122 "According to [World Bank] Management, the [Government of Ethiopia] has been concerned about the application of OP 4.10 to IDA-lending to Ethiopia because it worries about '*singling out ethnic groups for distinct treatment, which is inconsistent with certain principles of the Ethiopia Constitution, in particular Article 39(5) which defines the concept of 'Nation, Nationality or People''* and grants each group equal protection … Thus the [Government of Ethiopia] argues that, based on the country's constitution, all people in Ethiopia are indigenous." World Bank Inspection Panel. *Ethiopia: Promoting Basic Services Phase III Project (P128891), Investigation Report. Op. Cit.* p. 44.

123 *Ibid,* p. *45.*

124 *Ibid,* p. 46.

125 The Panel wrote that "livelihoods, well-being and access to basic services, which are closely tied to the Anuak's access to land and natural resources was not taken into account in the design of PBS III, in non-compliance with OP 4.10." *Ibid,* p. xi.

126 This is because all PforR projects are exempt from the safeguards, and opt instead to use borrow countries home institutions to address social and environmental harms. This is a point often critiqued about PforR programs. See, for example, *World Bank Safeguards and Program-for-Results (P4R) Financing. Op. Cit.*

127 World Bank. *Enhancing Shared Prosperity through Equitable Services (ESPES) Program-for-Results Operation Environmental and Social Systems Assessment. Op. Cit.*

128 World Bank. "Operation Manual: Op 4.10 – Indigenous Peoples." http://go.worldbank.org/UBJJIRUDP0 (accessed December 10, 2015).

129 *Ibid.*

130 The ESSA included some field work, with visits to groups in woredas from four regions: Amhara, Benshangul-Gumuz, SNNPR, and Afar. The ESSA also examined data collected from "some of the most vulnerable and underserved communities" in Ethiopia as part of an Assessment and Consultation process and published by Ethiopia's Ministry of Finance and Economic Development. World Bank. *Enhancing Shared Prosperity through Equitable Services (ESPES) Program-for-Results Operation Environmental and Social Systems Assessment. Op. Cit.* p. 1.

131 *Ibid,* p. 29.

132 *Ibid,* p. 55.

133 *Ibid,* p. 3.

134 *Ibid,* pp. 65-66.

135 United Nations Office for the Coordination of Humanitarian Affairs. *Eastern Africa: El Niño Snapshot.* (October 23, 2015). http://reliefweb.int/sites/reliefweb.int/files/resources/El%20Ni%C3%B10_Snapshot_Final%2023%20Oct.pdf (accessed December 2, 2015).

136 World Bank Inspection Panel. *Ethiopia: Promoting Basic Services Phase III Project (P128891), Investigation Report. Op. Cit.* p. xiv.

137 United States Department of the Treasury. *Ethiopia: ISA Credit for Promoting Basic Services Phase III (PBS 3) Project and Country Partnership Strategy, U.S. Position.* United States Department of the Treasury, September 21, 2012. https://www.treasury.gov/resource-center/international/development-banks/Documents/Ethiopia%20PBS%20III%20and%20CPS%20Position.pdf (accessed December 8, 2015).

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