

U. S. Position on the World Bank’s Inspection Panel Investigation Report and the Management Report and Recommendation for the Ethiopia: Promoting Basic Services Phase III Project

February 26, 2015

The United States welcomes discussion of the Management Report and Recommendation (MRR) in response to the Inspection Panel Investigation Report for the Ethiopia: Promoting Basic Services Phase III Project (PBS III), a project that was implemented concurrently with the Government of Ethiopia’s Commune Development Program (CDP) that congregated dispersed populations around village centers. The United States appreciates the Panel’s thorough investigation of the risks of this concurrent implementation and whether harms raised by the Requesters – Anuak people from the Gambella region in Ethiopia – resulted from serious Bank failure to comply with its policies and procedures.

The United States concurs with the Panel’s finding that the Bank should have better taken into account the potential impact of CDP in the design and implementation of PBS III.

Concurrent implementation of a block grant basic services project in a region where close to 70 percent of all households, including indigenous peoples, were to be resettled under a government program should have been viewed as an operational risk to PBS III. As such, it should have been more explicitly factored into project design, appraisal, implementation, and supervision.

The United States is increasingly concerned that the World Bank Group focuses too much on “reputational risks” in projects, instead of actual operational risks to communities and the environment. All members of the World Bank Group – including the Board – need to take care in how and when “reputational risk” is invoked so as not to overlook actual risks to communities and the environment that a WBG project may create, and to ensure that the Bank has fully deployed the appropriate safeguards response.

The United States welcomes many of the features of Management’s Action Plan, most of which are already part of PBS III, and urges that it be implemented swiftly and monitored carefully. The United States agrees with the efforts to expand social accountability programs, increase citizen participation in budget decisions, and strengthen the Gambella Ombudsman’s Office as a key independent institution to protect rights and guard against corruption. The United States also finds it important that a key lesson learned from PBS III is the importance of improving citizen voice and accountability. The United States strongly encourages the Bank to advance these issues and institutions and maintain vigilance for their successful implementation.

Successful implementation of an Action Plan requires clear metrics for success, and the United States would like to see more precise timelines for the set of actions outlined in the MRR and Management’s statement of February 25, and a commitment to report back to the Board. Such clarity and specificity will enable the Board to adequately monitor the implementation of the Action Plan.

The United States welcomes Management’s commitment in its February 25 statement to discuss with the Government of Ethiopia expanding the scope of the Ethiopia Agriculture

Growth Project further, or developing a separate operation tailored to the specific conditions in Gambella, in order to provide strong support to the livelihoods of vulnerable people in Gambella, including the Anuaks. The United States encourages Management to accelerate these discussions and report back to the Board once Management knows whether or not this operation will come to fruition.

Finally, the United States wants to raise an important process point. The United States understands from discussions with the Panel that the Panel has found that the Bank's non-compliance with policies governing project design, appraisal, supervision, and Indigenous Peoples contributed to harms of (1) lack of public services and assistance at the relocation sites and (2) deterioration of livelihoods due to less fertile land and lack of other income generating opportunities at the relocation sites. **Unfortunately, this conclusion was not clearly conveyed in the Panel's report.** Instead, the report notes that the Bank's non-compliance has not enabled PBS to mitigate or manage these harms. In the future, the United States urges the Panel to avoid any ambiguity in its findings.

With these comments, the United States looks forward to robust implementation of the Action Plan, as augmented by Management's statement of February 25, for the continual improvement of livelihoods and basic services in the Gambella region and beyond, and to future reports to the Board.