

## **U.S. Position on the World Bank's Investment in the "Southern Agricultural Growth Corridor of Tanzania Investment Project"**

**March 10, 2016**

Agricultural development is key to long-term, sustainable growth for sub-Saharan Africa, accounting for one-third of the region's gross domestic product and three-quarters of employment. Agriculture is also central to the World Bank's poverty reduction mission and the achievement of many of the Sustainable Development Goals. Generally, growth in the agriculture sector is two to four times more effective in raising incomes among the poorest compared to other sectors. Agricultural growth also facilitates structural transformation of the economy by freeing up labor from farms and boosting employment in manufacturing and other industrial sectors. For these reasons, agriculture and food security are key development priorities for the United States. The United States welcomes the World Bank's robust levels of investment in the sector globally.

In that context, Tanzania's Southern Agricultural Growth Corridor (SAGCOT) Program is a promising initiative to attract greater investment into Tanzania's agriculture sector and to link smallholder farmers to private markets. The United States is providing support to SAGCOT through the U.S. Agency for International Development. The World Bank's proposed support of the Catalytic Trust Fund, the SAGCOT Centre, and the Tanzania Investment Centre is well-designed in most respects, drawing from the World Bank's previous experience with matching grants and support for smallholders. The United States appreciates the strong private sector focus of this project and the potential for this project to lead to future investments by the International Finance Corporation. This is exactly the type of World Bank Group cooperation in IDA countries that the United States would like to see more often.

However, despite strong support for the objectives and focus of the project, the United States cannot support the request to waive the Indigenous People's policy, and are concerned about the lack of quantitative water data for a project associated with large scale irrigation schemes in a zone with low seasonal water availability.

Any waiver of an operational policy should be underpinned by a thorough and convincing justification that is well documented and evaluated in the project appraisal document, and subject to appropriate consultation. In addition, as the United States has noted throughout the ongoing safeguards review, any request for a waiver of the Indigenous Peoples policy (OP 4.10) should demonstrate how the World Bank and the borrower would provide affected communities with the same level of protection.

In both of these areas this waiver request falls short. The justification for the waiver is limited to a few sentences in the project appraisal document that assert that application of OP4.10 is inconsistent with the Tanzanian constitution. The United States finds this argument unconvincing as Tanzania has previously applied OP4.10, including in the ongoing Productive Social Safety Net Project. OP4.10 does not confer special preferences to any groups, but rather provides protection to groups that are among the most marginalized and vulnerable segments of the population.

It is also unclear that the Vulnerable Groups framework that is being proposed as an alternative to application of OP 4.10 will provide the same level of protection to indigenous communities in the project area. As one example, the framework sets a lower bar for which subprojects must be approved by the World Bank before they are eligible for financing. The United States is also concerned that there have not been public consultations on the framework prior to the Board's consideration of this project. The failure to subject the project to public consultation prior to the Board's consideration is inconsistent with the requirements of OP 4.10 and undermines a key principle of sustainable project design and planning.

The proposed expansion of irrigated agriculture in a basin already showing signs of water scarcity is likely to have significant direct, indirect, and cumulative negative impacts, including on critical and natural habitats downstream. However, the United States did not see a quantitative assessment of the water supply, further information regarding the associated storage dams referenced in the Strategic Regional Environmental and Social Assessment (SRESA), or downstream impacts. The United States understands that the SRESA was published in 2013 and there has been significant progress to analyze water use impacts by other SAGCOT donors, including USAID. However, this additional information on water use impacts was not provided to the Board. The United States encourages all future work in SAGCOT to take advantage of this new information.

For these reasons and the unfortunate precedent that this waiver could set for future application of OP4.10 or its successor under a new Environmental and Social Framework, the United States wishes to be recorded as abstaining on this project. The United States requests that, in the future, should waivers be proposed to the Board, there should be: better consultation with the Board during the consideration and development of a waiver, a convincing justification of the waiver that is well documented and evaluated in the project appraisal document, and a clear demonstration that the project will provide the same level of protection to indigenous communities that is available under OP 4.10. The waiver process should be transparent, including consultation with the affected Indigenous Peoples. The evaluation of the validity of the country request and rationale provided to the Board should include views, at a minimum, from social scientists and the Indigenous Peoples themselves.

Finally, the United States strongly recommends that the Catalytic Trust Fund employ the Analytical Framework for Land-Based Investments in African Agriculture as the standard against which matching grant proposals are evaluated. The Analytical Framework is the definitive framework for private investors looking to make responsible investments that comply with the Voluntary Guidelines on Responsible Governance of Tenure of Land, Fisheries, and Forests in the Context of National Food Security and other environmental, social and governance commitments.