



January 24, 2025

## Statement on the Inspection Panel's Recommendation to Not Investigate the Strengthening the National Statistical System Project in Ecuador

In 2024, BIC supported six Ecuadorian civil society organizations to submit a [complaint](#) to the World Bank Inspection Panel, on behalf of themselves and the project-affected community regarding the World Bank's [Strengthening the National Statistical System](#) Project. The borrower, the Government of Ecuador, received \$80 million to support the National Statistical Office (INEC) in implementing a 2020 Population and Housing Census, which was delayed until 2023 due to the coronavirus pandemic.

The complaint focuses on the failure of INEC and the World Bank to implement measures described in project documents, including allowing for self-identification in the census and engaging with marginalized communities and women's collectives on the design of census questions. INEC also did not conduct adequate stakeholder engagement with marginalized groups on census implementation or execute a public relations campaign to socialize the census, which was in line with requirements in the World Bank project documents. These failures resulted in an undercount of marginalized groups, such as Indigenous Peoples, Afro-Ecuadorians, female-headed households, and the LGBTI+ community. The Inspection Panel [acknowledges](#) these implementation failures, and "could see a potential plausible link to the alleged underreporting and misclassification." In Ecuador, the government determines funding allocation for social, health, education, and other services by population based on census data. Because of the poorly implemented census, marginalized communities face budget cuts and a dilution of their political power to advocate for increased resources. INEC and the World Bank's noncompliance with project documents also impacted women and girls, including underestimating the number of female-headed households, which limits the design and availability of childcare, access to credit, and housing for women.

On January 15, 2025, the Inspection Panel released its [Report and Recommendation on a Request for Inspection](#) on the complaint. In the report, the Panel does not recommend an investigation into the World Bank's failure to comply with its operational policies in this project. The Panel's refusal to recommend an investigation is a missed opportunity to support marginalized communities and push the Bank to effectively implement the safeguards outlined in project documents on the ground. The Panel argues that "policymaking is based on several inputs and deliberations, and therefore, policy decisions are not based solely on census results." While it is true that political and governmental decisions influence social benefit outcomes, this does not diminish the central role census data plays in shaping those decisions. On the contrary, the Panel could have also argued that this dynamic warrants an investigation because

the census serves as the foundation upon which the government makes policy, as recognized in Ecuadorian law, particularly the Código Orgánico de Planificación y Finanzas Públicas (COPFP).<sup>1</sup> This law demonstrates that census data are not merely one input among many but a legally mandated determinant of resource distribution.

In effect, the Panel's decision in this case, due to technicalities, opens the door to allowing the World Bank to argue that it can't be held responsible for negative impacts and harm resulting from its investments if there was any intervening action by the government. Accepting this argument from Bank management sets a serious and disturbing precedent.

The implications of this complaint are particularly concerning regarding the Bank's commitment to "enhance nondiscrimination, transparency, participation, accountability and governance." In its Report, the Panel states that it "considers that the LGBTI+ community's claims relate to their expectations, rather than to a Project-related adverse impact." However, the World Bank's [Environmental and Social Framework \(ESF\)](#) requires the Bank to "ensure that there is no prejudice or discrimination toward project-affected individuals or communities and give particular consideration to Indigenous Peoples, minority groups, and those disadvantaged or vulnerable, especially where adverse impacts may arise or development benefits are to be shared." There was clear discrimination toward LGBTI+ individuals during the implementation of the census, which was not in line with project documents or the ESF, resulting in an undercount. Further, the ESF requires the Bank to take particular considerations when adverse impacts may arise. The undercount of LGBTI+ individuals in the census marginalizes the community and prevents them from gaining political representation, which is critical as they fight for basic social benefits and protections from the state. While the Panel claims this dynamic doesn't lead to direct harm, this argument fails to acknowledge the struggle and reality of this marginalized group in Ecuador. Making this assertion based on this group's current lack of social protections, benefits, and political circumstances is not only a watered-down interpretation of the ESF and the Inspection Panel Policy, but allows management to make similar claims in the future.

Byron Villacis Crus, who was the Head of the National Institute of Statistics and Censuses and led the 2010 Population Census in Ecuador, shared: "The idea that if census results do not directly translate into budget allocation and public policy, then they cannot cause harm, is entirely misguided. In reality, the census plays both a direct and indirect role in shaping much of Ecuadorian policymaking. It informs decisions ranging from the allocation of assembly seats to identifying vulnerable areas eligible for cash transfers. Refusing to investigate the census on the grounds that it is not the sole factor influencing policy is as illogical as arguing that the tools used in a crime should not be examined because they are not the only elements involved in committing the crime."

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<sup>1</sup> Article 22 of the COPFP mandates that the distribution of public resources relies on population data provided by official sources, such as the INEC. Article 85 further establishes that public institutions must use accurate and reliable data from the INEC to guide planning and budget allocation.

As reported in the complaint, it is clear that there was a significant gap between the actions that INEC and the World Bank were supposed to take, as required by the project documents, and what happened on the ground. Unfortunately, the World Bank's lack of capacity or willingness to effectively implement its policies and project document commitments is part of a larger and concerning trend. Time and again, we see a significant [gap](#) between what project documents and World Bank policy require and what actually happens at the project level during implementation. Though implementing project documents and the World Bank's primary safeguards document, the ESF, is difficult, these strong standards provide the Bank's key added value to development projects by preventing its projects from causing harm directly or indirectly and by maximizing access to project benefits. This is why it's critical that the Inspection Panel holds the Bank accountable and recommends an investigation when it receives a credible complaint linking World Bank policy noncompliance with harm, such as in the Strengthening the National Statistical System Project complaint. Going forward, we encourage the Panel to take a more critical stance toward Bank management and reflect on its role in supporting communities harmed by World Bank projects.