

## OPERATIONS MANUAL BANK POLICIES (BP)



OM Section F3/BP  
Issued on 25 September 2006  
Page 1 of 4

*These policies were prepared for use by ADB staff and are not necessarily a complete treatment of the subject.*

### INDIGENOUS PEOPLES

#### A. Introduction

1. This OM section briefly describes ADB policy and procedures in addressing indigenous peoples issues in ADB projects.<sup>1</sup> The policy applies to all project components,<sup>2</sup> regardless of whether the source of financing is ADB, its cofinanciers, or the government.

#### B. Definitions

2. ADB defines “indigenous peoples” as groups with social or cultural identities distinct from that of the dominant or mainstream society. “Indigenous peoples” is a generic concept that includes cultural minorities, ethnic minorities, indigenous cultural communities, tribal people, natives, and aboriginals.

3. Two significant characteristics of indigenous peoples are (i) descent from population groups present in a given area before modern states or territories were created, and (ii) maintenance of cultural and social identities separate from mainstream or dominant societies or cultures. Additional characteristics include (i) self-identification and identification by others as being part of a distinct indigenous cultural group, and the display of the desire to preserve their cultural identity; (ii) a linguistic identity different from that of the mainstream or dominant society; (iii) social, economic, and political traditions and institutions distinct from the mainstream society; (iv) an economic system oriented more toward a traditional system of production than toward the mainstream production system; and/or (v) a unique tie with and attachment to traditional habitat and ancestral territory and its natural resources.

4. The government, regional and national indigenous organizations, nongovernment organizations, and relevant experts must be consulted to ensure appropriate identification of indigenous peoples who are, or are likely, to be affected by a development intervention in a developing member country (DMC). The national legislation of a country in which a development intervention is to take place usually provides a basis for defining indigenous peoples, to the extent that the legislation covers the main points of ADB indigenous peoples policy. The national legislation includes constitutional, statutory, and customary law, and international conventions to which the country is a party. Policy and practice addressing indigenous peoples at the country level should be considered within the context of national

<sup>1</sup> ADB projects include public sector loans, program loans, sector loans, sector development program loans, financial intermediation loans, private sector loans or equity investments and guarantees for funding of specific projects or subprojects.

<sup>2</sup> The term “project components” excludes other associated facilities that are not under the influence of the borrower or the project sponsor.



## OPERATIONS MANUAL BANK POLICIES (BP)

OM Section F3/BP  
Issued on 25 September 2006  
Page 2 of 4

---

development policies and approaches in determining whether a particular group is considered “indigenous” for purpose of ADB projects.

### **C. The Policy**

5. Reducing poverty and improving the quality of life of all people in Asia is ADB’s overarching objective.<sup>3</sup> Poverty is defined by ADB as “a deprivation of essential assets and opportunities to which every human is entitled” (footnote 3). The poor may be denied access to assets because they belong to an ethnic minority or a community considered socially inferior. Therefore, poverty reduction and improvement in the quality of life realized from development must be extended equitably and reach each segment of society, including indigenous peoples.

6. As ADB recognizes the potential vulnerability of indigenous peoples in the development process, development interventions that affect indigenous peoples should ensure that they have opportunities to participate in and benefit equitably from the interventions.

7. As appropriate, concern for indigenous peoples should be reflected in and integrated into each step of the policy development cycle, country programming, project design, project processing, project implementation, and project monitoring and evaluation processes.

8. ADB’s interventions affecting indigenous peoples should (i) be consistent with the needs and aspirations of affected indigenous peoples; (ii) be compatible in substance and structure with affected indigenous peoples’ cultures and social and economic institutions; (iii) be conceived, planned, and implemented with the informed participation of affected communities; (iv) be equitable in terms of development efforts and impacts; and (v) not impose the negative effects of development on indigenous peoples, but, if such effects are unavoidable, appropriate and acceptable compensation must be ensured.

### **D. Scope of the Policy**

9. The indigenous peoples policy is designed to promote the participation of indigenous peoples in project preparation and implementation, to ensure that they benefit from development interventions that would affect them, and to provide effective safeguards against any adverse impacts.

10. The approaches to be used in ADB’s interventions are as follows:

- (i) ADB’s interventions will aim to achieve the greatest possible reduction of poverty among the affected indigenous peoples.

---

<sup>3</sup> ADB. 1999. *Fighting Poverty in Asia and the Pacific – The Poverty Reduction Strategy of the Asian Development Bank*. Manila. (R179-99, 9 November).

## OPERATIONS MANUAL BANK POLICIES (BP)



OM Section F3/BP  
Issued on 25 September 2006  
Page 3 of 4

- (ii) When negative impacts are unavoidable, they should be minimized as much as possible, and appropriate measures will be taken to mitigate the adverse impacts.
- (iii) In enhancing the benefits of a development intervention for indigenous peoples or reducing negative impacts of a development intervention, clear mechanisms for accurate and objective analysis of their circumstances will be prepared.
- (iv) The mechanisms for any intervention must be transparent and should ensure accountability.

11. If indigenous peoples are likely to be affected significantly by ADB's intervention, the borrower and project sponsors must be informed of the ADB's indigenous peoples policy. The responsibility for preparing an indigenous peoples plan (IPP) acceptable to ADB and for its implementation rests with the borrower or project sponsors.<sup>4</sup> A draft IPP should be submitted to ADB by the borrower or project sponsor along with the feasibility study for the project (footnote 4). The IPP will include an executive summary. The salient issues of the IPP will be included in the draft report and recommendation of the President (RRP) to be considered in the management review meeting, and in the final RRP for the Board of Directors' consideration (footnote 4 [para.39]). An acceptable IPP must be completed before project appraisal (footnote 4). The plan must provide measures to ensure that benefits will accrue to the affected indigenous peoples, and that any adverse effects will be mitigated.

12. The impacts of ADB's projects on indigenous peoples will be considered significant if they positively or negatively (i) affect their customary rights of use and access to land and natural resources; (ii) change their socioeconomic status; (iii) affect their cultural and communal integrity; (iv) affect their health, education, livelihood, and/or social security status; and/or (v) alter or undermine the recognition of indigenous knowledge.

13. The strategies and approaches to be employed by ADB should build on the existing strengths in its strategic framework and operational experience. A policy to address indigenous peoples must complement and support other ADB policies and vice-versa. Compliance with the indigenous peoples policy does not obviate the need to comply with other ADB policies (footnote 4 [para. 33]).

---

<sup>4</sup> ADB. 1998. *Policy on Indigenous People*, para. 38. Manila.



## OPERATIONS MANUAL BANK POLICIES (BP)

OM Section F3/BP  
Issued on 25 September 2006  
Page 4 of 4

---

**Basis:** This OM Section is based on:

ADB. 1998. Doc. R55-98. *The Bank's Policy on Indigenous Peoples*. 17 April. Manila.

This OM section is to be read with OM Section F3/OP.

**Compliance:** This OM section is subject to compliance review.

**For inquiries:** Questions may be directed to the Director, Environment and Social Safeguard Division, Regional and Sustainable Development Department.

**OPERATIONS MANUAL  
OPERATIONAL PROCEDURES (OP)**



OM Section F3/OP  
Issued on 25 September 2006  
Page 1 of 8

*These procedures were prepared for use by ADB staff and are not necessarily a complete treatment of the subject.*

**INDIGENOUS PEOPLES**

**A. Introduction**

1. These operational procedures briefly describe the application of ADB's indigenous peoples policy to ADB's public and private sector operations, including public sector project loans, program loans, sector loans, sector development program loans, financial intermediation loans, private sector loans, equity investments and guarantees for funding of specific projects or subprojects, and all project components, regardless of the source of financing. The policy applies to all project components,<sup>1</sup> regardless of whether the source of financing is ADB, its cofinanciers, or the government. The operational procedures define the instruments and methods by which the policy is applied to both lending and non-lending modalities.

2. The instruments and methods used in applying the policy include screening, planning, appraisal and approval processes, project administration and supervision, and monitoring and evaluation.

**B. Application of the Policy**

3. The application of the policy requires the preparation and implementation of an indigenous peoples plan for projects with impact on indigenous peoples. An indigenous peoples plan (IPP) may take the form of indigenous peoples development plan (IPDP), indigenous peoples development framework (IPDF), or indigenous peoples specific action.

**1. Screening**

4. Projects are categorized by the significance of their impacts on indigenous peoples. The significance is decided by scrutinizing the type, location, scale, nature, and magnitude of a project's potential impacts on indigenous peoples. The categories are as follows:

- (i) Category A. Such projects are expected to have significant impacts that require IPDP and/or IPDF.
- (ii) Category B. Such projects are expected to have limited impacts. Specific action for indigenous peoples, specified in the report and recommendation of the President (RRP) and in related plans, is required to address the limited impacts.

<sup>1</sup> The term "project components" excludes other associated facilities that are not under the influence of the borrower or the project sponsor.



## OPERATIONS MANUAL OPERATIONAL PROCEDURES (OP)

OM Section F3/OP  
Issued on 25 September 2006  
Page 2 of 8

---

- (iii) Category C. Such projects are not expected to have impacts on indigenous peoples, and therefore do not require special provisions for them.

5. The impacts of ADB's projects on indigenous peoples will be considered significant if they positively or negatively (i) affect their customary rights of use and access to land and natural resources; (ii) change their socioeconomic status; (iii) affect their cultural and communal integrity; (iv) affect their health, education, livelihood, and social security status; or (v) alter or undermine the recognition of indigenous knowledge.

6. ADB's indigenous peoples policy requires that each stage of a project should be screened in order to ascertain its impact on indigenous peoples, including (i) the project identification stage, (ii) an initial poverty and social assessment (IPSA) during the fact-finding prior to the project preparatory technical assistance (PPTA) or "due diligence," and (iii) in-depth poverty and social assessment during the PPTA or when "due diligence" is performed.

7. Initial screening for project impacts on indigenous peoples is to be conducted as early as possible in the project cycle, (i.e., at the project concept stage), to categorize the impacts and identify subsequent approaches and resource requirements to address indigenous peoples issues. Screening is a continuing process, and the indigenous peoples category can be changed at any time with the approval of the chief compliance officer (CCO) as more detailed information becomes available and project processing proceeds.

8. A thorough and systematic screening is to be conducted during the IPSA. The IPSA is a mandatory analysis to be undertaken as early as possible in the project cycle, and preferably before fact-finding for a PPTA or other project preparatory study or due diligence. The IPSA helps to determine appropriate measures to follow and to provide sufficient resources for the feasibility study. If the IPSA indicates that indigenous peoples are likely to be affected by the proposed project, the indigenous peoples plan will be prepared at the feasibility study stage.

### **2. Indigenous Peoples Plan**

9. The borrower/project sponsor prepares an IPDP for a category A project. For sector or financial intermediation projects with significant impacts on indigenous peoples, and when the project location cannot be determined prior to loan approval, the planning document may be an IPDF. An IPDF is a policy and procedural framework for IPDPs that are developed for subprojects, components, or investments, and that are to be approved during loan implementation. An IPDF sets out the indigenous peoples policy together with the screening and planning procedures, which apply to subprojects, components, or investments that are to be approved during loan implementation. A borrower/project sponsor prepares a specific action for indigenous peoples for a category B project with limited impacts on indigenous peoples or when there is a risk that the project may not bring the intended benefits to the affected indigenous peoples within a specific plan.

**OPERATIONS MANUAL  
OPERATIONAL PROCEDURES (OP)**



OM Section F3/OP  
Issued on 25 September 2006  
Page 3 of 8

---

10. An IPDP/IPDF is needed when (i) an indigenous peoples community is the main beneficiary of a development project, (ii) a project component may significantly benefit the community; and/or (iii) the project or project component may have significant adverse impacts on indigenous peoples.

**a. Indigenous Peoples Development Plan (IPDP)**

11. An IPDP as an integral part of the project design includes provisions for project implementation, monitoring, and evaluation. The IPDP is time-bound, with an adequate budget for its implementation.

12. An acceptable IPDP addresses the (i) aspirations, needs, and preferred options of the affected indigenous peoples; (ii) local social organization, cultural beliefs, ancestral territory, and resource use patterns among the affected indigenous peoples; (iii) potential positive and negative impacts on indigenous peoples; (iv) measures to avoid, mitigate, or compensate for the adverse project effects; (v) measures to ensure project benefits will accrue to indigenous peoples; (vi) measures to strengthen social, legal, and technical capabilities of government institutions to address indigenous peoples issues; (vii) the possibility of involving local organizations and non-governmental organizations with expertise in indigenous peoples issues; (viii) budget allocation; and (ix) monitoring.

**b. Indigenous Peoples Development Framework (IPDF)**

13. An acceptable IPDF includes the (i) project background; (ii) objectives of the IPDF; (iii) strategy for ensuring the participation of the affected indigenous peoples; (iv) strategy to ensure project benefits will accrue to indigenous peoples, and to mitigate any adverse impact; (v) institutional arrangements for preparing and implementing the IPDP for subprojects; (vi) a budget for formulating and implementing IPDFs for subprojects; and (vii) programs for monitoring and evaluation.

**c. Indigenous Peoples Specific Action**

14. A specific action may take the form of: (i) incorporating indigenous peoples (who might be excluded from the project) into the project beneficiary group, (ii) incorporating indigenous peoples' specific needs (that may not be addressed by the project) into the project plan, and (iii) a common community action plan where indigenous groups live with the non-indigenous peoples in the same project location. Project should avoid any unnecessary distinctions or inequalities between indigenous peoples and other poor and marginal groups who live in the same locality.

**3. Submission of IPP**

15. A draft IPP should be submitted to ADB by the borrower or project sponsor along with the feasibility study for the project.<sup>2</sup> The IPDP/IPDF will include an executive summary. The salient issues

---

<sup>2</sup> ADB. 1998. *Policy on Indigenous Peoples*, para. 38. Manila.



## OPERATIONS MANUAL OPERATIONAL PROCEDURES (OP)

OM Section F3/OP  
Issued on 25 September 2006  
Page 4 of 8

---

of the IPDP/IPDF should be included in the draft RRP to be considered in the management review meeting (MRM),<sup>3</sup> and in the final RRP for the Board Directors' consideration (footnote 2 [para. 39]). An acceptable IPDP/IPDF must be completed before project appraisal.<sup>4</sup> The IPP must provide measures to ensure that benefits will accrue to the affected indigenous peoples, and to mitigate adverse effects, if any.

#### 4. Specific Requirements by Lending Modality

##### a. Project Loans

16. Project loans follow the general requirements as stated in paras. 4–8 and 15.

##### b. Sector Loans

17. ADB's portfolio includes loans with subprojects or components that may have impacts on indigenous peoples. This may include loans for which all or part of the impact area cannot be determined before the appraisal, owing to incipient technical designs, and/or the lack of clearly defined sites. A sector loan likely to have significant impacts on indigenous peoples requires an IPDF. The borrower and/or project sponsor will submit the IPDF for ADB's review before the MRM. During implementation, the executing agency (EA) or project sponsor will prepare an IPDP for each subproject in accordance with the policy and procedures spelled out in the IPDF, and will submit it to ADB for review and approval.

##### c. Program Loans

18. ADB requires that likely impacts on indigenous peoples due to policy actions associated with program loans must be evaluated, and that appropriate mitigation measures must be identified and incorporated as loan covenants. If an investment component is included in the program loan and specific projects are identified as a part of the program loan, these projects follow the general requirements in accordance with paras. 4–8 and 15.

##### d. Emergency Assistance Loans

19. Emergency assistance loans must comply with the indigenous peoples policy. However, in view of the fast processing of such loans, the timing of the submission of the IPDF may be flexible. An

---

<sup>3</sup> For private sector projects, a Private Sector Credit Committee Meeting is equivalent to an MRM. ADB. 2001. *Business Processes for the Reorganized ADB*, para. 85. Manila, states: "The Credit Committee will assume the role of the traditional MRM, but with a focus on credit review and guidance for PSOD's due diligence."

<sup>4</sup> ADB. 1998. *Policy on Indigenous Peoples*, para. 38. Manila. An acceptable IPDP/IPDF should contain the features mentioned in para. 12 and/or 13 of this OM section. An acceptable IPDP/IPDF may not necessarily be a final document. Finalization of the document will be required when more information about the design and location of the project is available.

**OPERATIONS MANUAL  
OPERATIONAL PROCEDURES (OP)**



OM Section F3/OP  
Issued on 25 September 2006  
Page 5 of 8

---

IPDF that applies during loan implementation must be presented before loan negotiations. The RRP must justify the departure from standard procedures prescribed in the OM section, outlining the specific circumstances of the individual project and the processing schedule.

**e. Financial Intermediation Loans**

20. ADB's assistance through financial intermediaries may involve credit lines or other means whereby investments or operations targeted for ADB financing are to be selected and processed during implementation. If such loans may have a significant impact on indigenous peoples, the financial intermediaries or project sponsor submit an IPDF for review and approval by ADB before MRM. The financial intermediary or project sponsor screens the investments or subprojects to be financed by ADB and prepares an IPDP or specific action as needed in accordance with the indigenous peoples policy and this OM Section. If any subproject, investment, or component, identified for financing during the first year of project implementation has significant impacts on indigenous peoples, the financial intermediary or project sponsor must submit to ADB an IPDP conforming to the IPDF.

**f. Private Sector Loans and Investments**

21. Although ADB adopts a flexible procedure in dealing with private sector loans and investments, the substance of the policy requirements for indigenous peoples as applied to private sector investments is the same as those that apply to the public sector. For loans and equity investments with specific identified projects, the general requirements are applied as stated in paras. 4–8, 15, and 17. For indirect assistance in the form of credit lines to or equity investments in a financial intermediary or an investment vehicle where subprojects to be financed with ADB funds will be known only during project implementation, the requirements for financial intermediaries under para. 20 apply.

**C. Consultation, Participation and Disclosure**

22. The policy requires consultation with and participation by project-affected indigenous peoples in formulating development interventions to ensure that these adequately deal with their needs, priorities, and preferences.

23. When project sponsors and project-affected indigenous peoples have serious differences over project design and implementation, adequate time must be allowed for the government or the project sponsor to resolve these differences, before ADB commits its support for the project.

24. The borrower or private sector sponsor shall make available the following documents to the project-affected indigenous peoples:

- (i) a draft IPDP, before appraisal;



## OPERATIONS MANUAL OPERATIONAL PROCEDURES (OP)

OM Section F3/OP  
Issued on 25 September 2006  
Page 6 of 8

---

- (ii) a final IPDP, after completion of such an IPDP; and
- (iii) the revised IPDP, following the detailed technical design or change in scope in the project.<sup>5</sup>

25. The information from the documents specified in para. 24 can be made available as brochures, leaflets, or booklets in local languages. For nonliterate people, other communication methods will be appropriate.

26. ADB shall post on its website:

- (i) a draft IPDP or draft IPDF (or both) before appraisal;
- (ii) a final IPDP no later than 14 calendar days after receipt; and
- (iii) the revised IPDP no later than 14 calendar days after receipt.

27. A loan agreement may require that certain social monitoring reports be prepared during the course of a project. Such social monitoring reports shall be posted on ADB's web site upon submission to ADB. ADB shall require private sector sponsors to make social monitoring reports available to affected people and to submit these to ADB for web posting.

### **D. Implementation of the Policy**

#### **1. Preparation**

28. The need for an IPDP or IPDF is to be included in the terms of reference for the PPTA if the project is identified as likely to have significant impacts on indigenous peoples. The IPDP and IPDF should be prepared in consultation with and participation of key stakeholders in the proposed project.

29. The full implementation cost of the IPDP must be included in the project costs to ensure timely availability of required resources for its proper implementation. If requested by the government or sponsor, eligible costs of the IPDP may be considered for inclusion in ADB loan financing for the project. The IPDP must be reflected in the logical framework of the project.

30. The draft IPDP/IPDF are to be reviewed by the government (provincial, district, and local authorities) or by the project sponsor prior to MRM. The salient issues in the IPDP/IPDF need to be included in the RRP to be reviewed by MRM.

---

<sup>5</sup> Dissemination of the plan or framework may be limited to those people affected by the change in scope.

**OPERATIONS MANUAL  
OPERATIONAL PROCEDURES (OP)**



OM Section F3/OP  
Issued on 25 September 2006  
Page 7 of 8

---

**2. Appraisal**

31. Appraisal verifies the adequacy of the policy and legal framework; capabilities of the implementing agencies; and adequacy of the allocated technical, financial, and human resources. Appraisal also examines whether the indigenous peoples have participated in the formulation of the IPDP.

**3. Implementation and Supervision**

32. The status of IPDP components must be reviewed throughout the project implementation. As appropriate, ADB's review missions include periodic review of IPDP implementation as well.

**4. Monitoring and Evaluation**

33. The progress of implementing the IPDP/IPDF must be monitored regularly and the executing agencies must report semiannually to ADB on the progress. Where applicable, the progress reports update the implementation status of the IPDP/IPDF. Independent monitoring agencies or individuals are assigned to submit project periodic monitoring reports to the executing agencies and ADB. The project team provides guidance in preparing the terms of reference for independent monitoring. Upon completion of the project, the operations department concerned prepares a project completion report.

34. The Operations Evaluation Department prepares the performance audit and evaluation report as independent evaluations of the effectiveness of the IPDP/IPDF in achieving its intended objectives.

35. Overall performance with regard to ADB's safeguard policies and procedures is measured through the compliance monitoring system, which is implemented by Environment and Social Safeguard Division (RSES) of Regional Sustainable Development Department (RSDD).

**5. Changes in Scope**

36. A major change is one that materially alters or fundamentally affects the project's purpose (immediate objectives), components, costs, benefits, procurement, or other implementation arrangements as approved by the Board.<sup>6</sup> All major changes in scope need to be screened by operations departments for their impacts on indigenous peoples, and categorized in accordance with paras. 4–7. The revised IPDP resulting from a change in scope shall be posted on ADB website no later than 14 calendar days after receipt.

---

<sup>6</sup> Project Administration Instruction 5.04 on Change on Project Scope or Implementation Arrangements.



## OPERATIONS MANUAL OPERATIONAL PROCEDURES (OP)

OM Section F3/OP  
Issued on 25 September 2006  
Page 8 of 8

---

### 6. Unanticipated Impacts on Indigenous Peoples

37. Where unanticipated impacts on indigenous peoples become apparent during project implementation, ADB assists EAs and other relevant government authorities to assess the significance of the impacts and identify measures to mitigate any adverse impacts and ensure that benefits accrue to the indigenous peoples. Project completion review missions should review any unanticipated impacts on indigenous peoples.

#### E. Organizational Implications

38. The operations departments and the Private Sector Strategy Department, supported by RSDD, are responsible for implementing the indigenous peoples policy. At the country level, the country strategy and program process is the principal entry point for policy dialogue on each developing member country's specific needs and priorities. The operations departments are responsible for categorizing all loans in consultation with the government/project sponsors and RSES. The project teams are responsible for the planning and supervising IPDPs/IPDFs, and social development specialists in operations departments review the performance of IPDPs/IPDFs. The institutional capacity and resources available at the country level to supervise the implementation of IPDPs/IPDFs must be considered carefully.

39. The operations departments are responsible for complying with the policy. Questions of interpretation of terminology used in this OM Section will be decided by the CCO. The CCO, assisted by RSES, is responsible for monitoring compliance with ADB safeguard policies, and advising and assisting operations departments. The CCO advises the ADB's Management on safeguard policy issues and projects' compliance with the indigenous peoples policy.

**Basis:** This OM Section is based on OM Section F3/BP and the documents cited therein, and on OM Section L3 (Public Communications) and the documents cited therein.

**Compliance:** This OM section is subject to compliance review.

**For inquiries:** Questions may be directed to the Director, Environment and Social Safeguard Division, Regional and Sustainable Development Department.