

## Explanation of IP Impact Categorization

### A. Summary of Categorization

The IP categorization depends on the nature and magnitude of the project's potential positive and negative impact on indigenous peoples, which may result from its location, the type and scale of the project, and sensitivity of indigenous peoples' issues.

- Category A - Indigenous Peoples Development Plan (IPDP) and/or Indigenous Peoples Development Framework (IPDF) is required
- Category B - Specific action is required, but not within the framework of an IPDP
- Category C - No impact

### B. Definition of Categories

#### **Category A**

A proposed project is classified as Category A if it is likely to have significant positive or negative impacts on indigenous peoples. An Indigenous Peoples Development Plan (IPDP) and/or Indigenous Peoples Development Framework (IPDF) is required for Category A Project to avoid negative impacts and ensure appropriate benefits. The circumstances where an intervention is considered having a significant impact on indigenous peoples include:

- (i) positive or negative effects on their customary rights of use and access to land and natural resources;
- (ii) positive or negative effects on their socioeconomic and cultural integrity;
- (iii) positive or negative effect on their health, education, livelihood, and social security status;
- (iv) impacts that may alter or undermine indigenous knowledge, preclude customary behaviors or undermine customary institutions;
- (v) project will be located in, or pass through, areas of significant indigenous peoples' settlement and/or use; and
- (vi) project proposes to specifically target indigenous peoples in one or more of its main activities; or is anticipated to have significant negative effects on indigenous peoples (Appendix 7<sup>1</sup>).

In terms of community impacts, the impact area may be considerably broader than the immediate area physically affected by a project. Category A applies to project and its impact area where indigenous peoples maintain distinctive customs or economic activities that may make them particularly vulnerable to hardship. It also applies to project that is likely to adversely affect or disrupt community life. A full-blown IPDP should include specific deliverables, budget and schedules.

An IPDF is required for a project if it is financed under sector investment loans, financial intermediary loans, or a credit line or equity investment to a third party, and other ADB-assisted project with multiple sub-projects, which are anticipated to have either positive or negative significant impacts on indigenous peoples but where the nature of the impacts cannot be determined until the sub-projects are prepared or until after the detailed technical/engineering design is completed, or following a process of community consultation.

Other projects that require an IPDF include program, sector development program, and sector loans that are likely to cover an area where indigenous peoples live. 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. An IPDF provides a strategy to ensure that the requirements of the Policy on Indigenous Peoples are met.

#### **Category B**

A proposed project is classified as Category B if it will have 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. Specific action in favor of indigenous peoples is required in order to ensure appropriate benefits and mitigate adverse impact, which action is not necessarily within the framework of a full-blown Indigenous Peoples Development Plan. The favorable action does not require specific deliverables, budget and schedules since it can be embedded in project components or dealt with through the Resettlement Action Plan, the general Community Participatory Plan, or any other appropriate means.

#### **Category C**

A project is classified as Category C if it is likely to have very minimal or no adverse or significant impact on indigenous peoples. For this category of project, no IPDP or specific action is required although impact on indigenous peoples still needs to be properly reviewed.

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<sup>1</sup> An appendix of the *Handbook for Poverty and Social Analysis* (ADB. 2001. *Handbook on Poverty and Social Analysis*. Manila).