



Evaluation Study

Reference Number: SST: REG 2007-01
Special Evaluation Study
February 2007

Indigenous Peoples Safeguards

Operations Evaluation Department

Asian Development Bank

ABBREVIATIONS

ADB	–	Asian Development Bank
ADSDPP	–	ancestral domain sustainable development protection plan
CCO	–	chief compliance officer
CEMMA	–	Committee for Ethnic Minorities and Mountain Areas Minorities
DEC	–	Development Effectiveness Committee
DMC	–	developing member country
EA	–	executing agency
EIA	–	environmental impact assessment
EMDP	–	ethnic minority development plan
FPIC	–	free, prior and informed consent
IADB	–	Inter-American Development Bank
ICC	–	indigenous cultural community
IP	–	indigenous peoples
IPDF	–	indigenous peoples development framework
IPDP	–	indigenous peoples development plan
IPP	–	indigenous peoples plan
IPSA	–	initial poverty and social assessment
IR	–	involuntary resettlement
JFPR	–	Japan Fund for Poverty Reduction
Lao PDR	–	Lao People’s Democratic Republic
LNG	–	liquefied natural gas
MRM	–	management review meeting
NCIP	–	National Commission on Indigenous Peoples
NGO	–	nongovernment organization
OCR	–	ordinary capital resources
OD	–	operational directive
OED	–	Operations Evaluation Department
OM	–	Operations Manual
PCR	–	project completion report
PPR	–	project performance report
PRC	–	People’s Republic of China
RP	–	resettlement plan
RRP	–	report and recommendation of the President
RSDD	–	Regional and Sustainable Development Department
RSES	–	Environment and Social Safeguard Division, RSDD
SDAP	–	social development action plan
SES	–	special evaluation study
SpA	–	indigenous peoples specific action
SPRSS	–	summary poverty reduction and social strategy
TA	–	technical assistance
UN	–	United Nations

NOTE

- (i) In this report, “\$” refers to US dollars.

Key Words

adb indigenous peoples policy evaluation, adb social safeguards policy evaluation, asian ethnic minorities policy evaluation, indian social safeguards, vietnam viet nam vietnamese social safeguards, philippines social safeguards, china chinese social safeguards

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The guidelines adopted by the Operations Evaluation Department (OED) for avoiding conflict of interest in its independent evaluations were observed in the preparation of this report. Consultants provided some inputs for the study. They may not necessarily agree with all the conclusions reported in the evaluation. A consultant (Jose Antonio League) had no prior involvement in social safeguard operations supported by the Asian Development Bank (ADB). Others (Guoqing Shi, Shaojun Chen, Bingfang Zhong, and Arup Khan) did have some prior involvement, but not in the case study projects they were asked to review. Mary Grace Alindogan, Rasmiah Mayo-Malixi, and Maria Rosario Catalina Narciso did background research and administered the questionnaire surveys. Director General, OED had a long involvement in ADB's operations in the People's Republic of China (PRC). He did not review the detailed case studies undertaken in PRC. Although he (i) reviewed the report, (ii) made comments for inclusion in the main text, and (iii) approved the report, potential conflicts of interest are considered to have been adequately managed. The team leader of the study and his director had no prior involvement in ADB operations. To the knowledge of the management of OED, there were no conflicts of interest among the persons preparing this report.

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EXECUTIVE SUMMARY

This report presents the findings of a special evaluation study (SES) of the Policy on Indigenous Peoples (IP) (1998) of the Asian Development Bank (ADB). The evaluation was one of three that were included in the 2006 work program of the Operations Evaluation Department (OED) at the request of the Development Effectiveness Committee (DEC) of ADB's Board of Directors. The other two evaluations concerned (i) involuntary resettlement safeguards, and (ii) environmental safeguards. The studies were done to provide DEC with an independent assessment of, and to contribute to ADB's safeguard policy review, which will lead to a proposal by Management to the Board for consideration of a policy update in 2007.

This SES report (i) provides an overview of the scale and nature of IP safeguards in ADB operations; (ii) examines the extent of application of the IP policy; (iii) reviews trends; (iv) makes some comparisons with other multilateral banks; (v) gives OED's assessment of the IP policy's relevance, effectiveness, efficiency, and sustainability on the basis of evidence gathered; and (vi) provides recommendations that should be considered in the update of the safeguard policies. Given the need to complete the evaluation in time to feed into the safeguard policy update, the study had to be completed within a tight time frame. The amount of field work and consultations that could be undertaken was therefore limited.

Nature of the Indigenous Peoples Policy. The 1998 IP Policy required that a series of safeguard principles be upheld in preparing and implementing ADB-supported projects in areas with IP: (i) ensure that development interventions are compatible in substance and structure with the affected IP's social, cultural, and economic institutions, and that the interventions are consistent with the needs and aspirations of those peoples; (ii) design and implement projects to ensure that IP and populations are at least as well-off as they would have been without development interventions; and (iii) ensure that IP benefit from interventions. Fixed procedures were to be followed; these included screening, consultation, in certain cases the preparation of IP plans (IPPs) before the appraisal of the loan, and the establishment of monitoring and evaluation arrangements during project implementation. The procedures were set in motion when a mandatory initial social assessment identified IP that might be adversely and significantly affected.

Expanded Scope of Policy. Like the findings of the involuntary resettlement (IR) safeguard policy, OED assesses that decisions taken by Management expanded the scope of the original IP policy, especially since ADB's reorganization in 2002, which brought with it the safeguard compliance mechanism and the May 2004 Operations Manual (OM) Section F3 on IP safeguards. The OM provisions consolidated the emerging practices in IP planning, which had emphasized addressing all impacts of ADB-supported projects on IP. With the new de facto policy in the OM Section F3, ADB now prepares separate plans and budgets for projects that are foreseen to have either positive or adverse impacts on IP. The focus in the 1998 IP Policy on "adverse and significant" impacts has been reinterpreted to cover "adverse or significant" impacts. The procedures have also become more elaborate over the years. Whereas the 1998 IP Policy discussed only significant impacts, the OM distinguishes between significant and limited impacts (apart from "no impacts"). Significant impacts were to lead to IP development plans (IPDPs) or IP development frameworks (IPDFs), limited impacts to IP-specific actions. Formal compliance with this expanded interpretation of the IP policy has been pursued more rigorously as a result of a new safeguard policy compliance memorandum, which requires a sign-off by ADB's chief compliance officer on the quality of IP planning before loan appraisal. A fear among ADB staff of being "out of compliance," generated by two inspections since 2002 and a compliance review in 2005, has raised the profile of safeguard compliance.

Misunderstood Policy. The IP policy is misunderstood by ADB staff and clients, for a number of reasons. First, the distinction between IP and ethnic minorities is not always clear, and differs somewhat between the policy and the 2004 OM. The 1998 IP Policy states that only ethnic minorities for whom indigenous status is an issue are within its purview. The OM does not refer to this statement. Second, the policy is somewhat ambiguous about whether the definition provided by national legislation or a different, more expansive definition that can be derived from the ADB policy is to be followed. Third, there is overlap with the IR policy and environment policy. The most clearly adverse impacts of ADB-supported projects on IP relate to induced environmental change, loss of land and related livelihood, and resettlement. These are also the subject of the IR and environment policies and are primarily addressed in the resettlement plan and the environmental management plan. ADB's IR policy includes the need for mitigating negative impacts especially on vulnerable affected people, which could include IP. But if environment, land and livelihood loss, and resettlement impacts were discounted, then the impacts that trigger the IP policy would be less straightforward adverse impacts, related to cultural change, and perhaps integration into the economic mainstream and/or competition with non-IP when an area is opened up or developed. Neither the IP policy nor the OM give guidance on this potential duplication of effort in mitigation measures related to the three safeguard policies. Fourth, the need to prepare for IPDPs for projects with significant benefits to IP, and specific actions for projects with limited positive or negative impacts on IP, has left unclear the nature of these IPDPs and special actions. In practice, an acceptable scope for a separate IPDP in projects with an overall positive impact on IP has therefore proven difficult for ADB staff to define. Fifth, the required consultation of IP seems to have been expanded by the OM of 2004 to something very close to their full consent to the project. Little advice is given to ADB staff and Executing Agencies (EAs) on how to define an acceptable level of consent or how to document and measure it. The 1998 IP Policy was less ambitious in this respect. This is a major policy change, which is advocated as best practice by many civil society organizations. Some governments have different views on this subject. This major change should have been better defined in operational terms and approved by the Board rather than ADB Management.

Some executing agencies (EAs) find the policy difficult to deal with because they believe that the attention to be given to IP through IPPs is somewhat separate from the project design itself. Many specialized agencies are also ill equipped for activities other than their business. These activities are sometimes seen as interference with the core business of other organizations, sometimes giving rise to interagency conflict. In ADB-supported projects, EAs must implement a whole set of plans in addition to the main project (such as resettlement plans [RPs], environmental management plans, gender plans, and, in some cases, IPPs) that are outside their core area of business. This requirement, they find, complicates implementation.

Findings

The study drew on information available from ADB databases and documents; questionnaire surveys of ADB staff and EA staff; country visits to the People's Republic of China (PRC), India, Philippines, and Viet Nam; and seven case studies by consultants of ongoing and completed projects.

Relatively few IPDPs are prepared each year, and these vary in nature and quality. An assessment of the contents of 31 IPDPs on ADB's website for projects approved from 1998 to 2005 generally confirmed the problems of the policy—its inclusive nature and the resultant duplication of work related to other safeguard policies:

- (i) IPDPs have been prepared for a relatively small proportion of ADB supported projects. Until 2005, only 2–4 IPDPs and 4–6 IPDFs were issued yearly. IPDPs were prepared for only 5–10% of projects approved each year. Perhaps as a result of stricter enforcement of safeguard compliance and the issuance of the 2004 OM, the numbers more than doubled in 2005: nine IPDPs and 14 IPDFs were issued. In 2006, however, only two IPDPs and nine IPDFs were prepared. The growing attention for IP issues is demonstrated more clearly by the increasing numbers of IPDFs and Specific Actions since 2002. The IPDFs can in principle lead to a proliferation of IPDPs for individual subprojects during project implementation.
- (ii) One third of the IPDPs were for project areas in which IP were the majority of the population and for which IP issues should already have been fully taken into account in the central project design.
- (iii) Only three of the 31 projects with IPDPs were primarily for purposes other than the development of the area itself. These three country-focused projects required a plan to “compensate for the intrusion” and mitigate the predominantly negative impacts on IP. Much attention was paid to these IPDPs. Two of them were merged with the RPs and environment management plans. The same could also have been done, in fact, with the third IPDP, as the major mitigation measures required had to do with coping with land loss and resettlement. The other 28 projects with IPDPs were either area development projects or nationally oriented projects that included the development of the surrounding area. For example, some expressway projects extending the national road grid were complemented by sizable rural road and approach road components designed to spread the benefits of such projects in the road influence area.
- (iv) At least nine of the 31 IPDPs identified no risk mitigation measures, and in 19 of the other 22 cases, the risk mitigation was mainly about environmental change, land and livelihood loss, and resettlement, which are primarily covered by resettlement plans and environmental management plans. Only in 10 IPDPs were other risks identified. These 10 IPDPs covered 2% of the 464 projects approved from 1998 to 2005. Mitigation measures for serious risks other than land and livelihood loss, environmental change (including the preservation of cultural heritage), and resettlement were hard to find, and varied in nature between plans, even for similar projects. Some of these risks were related to the prevention of the spread of HIV/AIDS in an area, or the effect of not translating schoolbooks into the local language. Such impacts could be addressed by relatively simple add-on project components, and sometimes by loan covenants. Others were harder to address; these included the risk of the loss of indigenous knowledge systems, the dilution of culture, or increased competition for land and resources when new in-migrants follow a newly constructed road. The value added of risk mitigation in most IPDPs was small.
- (v) Few IPDPs fully documented the consultation process. The extent of the IP support for the project and the influence this had on project design were not always clear. This is a major weakness of the documentation process since, based on the record, it is not independently verifiable whether IP support the project and the proposed mitigation measures.
- (vi) As resettlement and environmental management budgets were already covered by RPs and environmental management plans, and many IPDPs did not define mitigation measures, very few IPDPs included a specified budget although this was required in the policy and OM. Many IPDPs seemed to function mostly as a public statement on how IP would be handled by the project and the national and

local governments. Very few were plans in the traditional sense of the word, with statements of goals, outcomes, and outputs; time-sequenced activity plans; budgets; and task assignments for various agencies.

Expanded Use of IPDFs and IP-Specific Actions. A review of the nature of IPDFs and the so-called IP Specific Actions (SpAs) reinforced the conclusion that the policy is misunderstood by ADB staff and EA staff. The use of IPDFs and SpAs has expanded since 2002, indicative of more inclusive and systematic review of IP issues in projects. However, the OM rules were not always followed to the letter. Some IPDFs were prepared even for projects that were foreseen to have limited impacts on IP, and SpAs were announced for projects even when the significant impacts on IP noted in the RRP were mainly positive. Some IPDFs for sector projects did not lead to IPDPs for subprojects, but little evidence was found to support the conclusion that IPDFs are sometimes used to avoid preparing IPDPs for core subprojects before loan approval. In the case of two IPDFs, after these were issued, ADB decided the exclusion of components during the implementation, on the grounds that IPDPs would take too much time to prepare and would delay project implementation. This transaction cost of the current IP policy has a perverse effect. The incentives for both ADB staff and EAs are to lessen ADB's involvement in challenging areas related to IP, with dubious consequences for IP. While the extent of the phenomenon could not be investigated entirely, ideally EAs should welcome ADB's involvement in addressing challenging issues related to IP.

Limited Coverage of Outcomes for IP by PCRs. Although at least 40 project completion reports (PCRs) for projects approved since 1994 noted that the project area included IP, only nine PCRs were for projects with IPDPs. Further, only three of the PCRs examined IP issues in more detail. When IP results were described, generally favorable results were reported, although these did not always directly result from the IPDP activities. Only nine of the 40 PCRs made one or more critical observations, but some mitigation of risks for IP, to enable them to cope with environmental changes, land or livelihood loss, or resettlement, was usually alleged to have been achieved even in those cases. The lack of detailed reporting on IP issues in PCRs, particularly on issues other than those related to the impact of environmental degradation and resettlement, is a weakness of ADB's monitoring and reporting systems.

Positive Outcomes but also Transaction Costs Confirmed. These findings were broadly confirmed in seven case studies conducted for the SES—four for ongoing projects, and three for completed projects. In most cases, the primary adverse impact was related to land and livelihood loss and resettlement. These impacts were generally mitigated by the application of the IR and environmental policies, rather than the IP policy. Seriously negative impacts involving cultural displacement were not observed.

Country Safeguard Systems Different from ADB's IP Policy. The SES briefly examined the extent to which the IP safeguards promoted by ADB were compatible with current systems and practices in the four case study countries: PRC, India, Philippines, and Viet Nam. Only the country system in the Philippines included requirements for consultations and special plans. Nevertheless, as in India, limited budgets and budgetary uncertainties reduced the likelihood of timely and adequate mitigation in the Philippines. Problems related to budgets were less critical in Viet Nam and especially the PRC, where there were elaborate programs for ethnic minorities, and more reliable implementation systems, but neither the consultation required under ADB's IP policy nor IPDPs were mandatory. Overall, ADB should approach IP safeguards in a manner that reflects the specific conditions in each developing member country (DMC). Some countries would need additional consultation, capacity building, and attention to

risk mitigation measures through the project. In others, consultation or mitigation could be left to the government, but with close monitoring of implementation.

Expansion of Capacity-Building Activities. ADB's technical assistance (TA) capacity-building program for IP development and safeguard issues has grown since the 1998 IP Policy, and especially after the 2004 OM, when safeguard compliance was more strictly enforced. IP-related TAs worth almost \$30 million were approved between 1998 and 2005. Part of the amount was used for the preparation of IPPs for individual projects. However, some useful EA capacity building has also been done. Since ADB has an IP policy, it could have given more attention to developing the legal and policy context for IP at the country level.

More Attention to IP Development through ADB-Administered Grant Funds. ADB has also administered more grant funds for special projects dealing with poverty reduction since the start of the new millennium, which is expected to benefit IP. The Japan Fund for Poverty Reduction has financed 11 projects dealing specifically with IP development, at a cost of \$20 million. At least 36 other projects in IP areas, costing \$80 million, have been designed to improve the lives of IP.

Assessment

Positive Outcomes for IP in Many ADB Projects. Although the evidence base is weak because of insufficiently detailed project monitoring and PCRs and lack of in-depth studies, there is little reason to suspect that ADB-funded projects since 1994 have regularly had serious adverse impacts on IP, although some cases were found where ADB supported projects have caused harm. These cases have been widely reported by several international nongovernment organizations (NGOs), and often involved older projects. The issues largely related to livelihood, resettlement, and environmental change. These were covered by the other safeguard policies and have been assessed in the two other safeguards SESs. A considerable number of area development projects in such sectors as agriculture, health, education, and water supply are expected to improve the lives and livelihoods of IP.

This SES assesses the role of the IP policy and the particular procedures adopted. In many cases, it is not clear that the IP policy and IPDPs contributed to the positive outcomes. A distinction is made between the relevance of the policy; its effectiveness in terms of outcomes for IP; the efficiency of inputs, processes, and systems; and the sustainability of the approach.

Relevance of the Policy to ADB and Its Clients. The SES assesses the existence of a policy for IP issues as consistent with ADB's overarching goal of poverty reduction in Asia and the Pacific, and with an internationally recognized need to pay special attention to IP issues in development work. The policy ensures more attention to IP issues. The current approach, which focuses more on safeguards and less so on an IP development strategy, is incomplete. There is no clear policy statement of the broader attention ADB wishes to give to IP in its operations. As a policy enabling compliance with safeguards, there are some deficiencies. In addition, policy drift has led to differences between the IP policy document and later OMs, which can cause confusion among ADB staff and with clients and other stakeholders.

Less Effective Outcomes for IP. Earlier OED evaluations, an ADB inspection, and NGO reports have reported cases of projects which have had negative impacts on IP. When studying these cases, it was found that they mainly resulted from land loss and resettlement of IP or environmental impacts on livelihoods. This SES found few instances of other negative effects and cultural displacement of ADB supported projects on IP. Nevertheless, it is not clear

that the IP policy, rather than ADB's standard guidelines for social dimensions or for poverty assessment, contributed significantly to identifying and mitigating such other adverse impacts on IP. A greater focus in the use of scarce staff resources on the projects with real and significant risks, including resettlement and environmental risks, and less on projects in IP areas that do not carry such risks, might have safeguarded IP interests better.

Less than Efficient ADB Inputs, Processes, and Systems. The IP and other safeguard policies have required a more structured approach during project processing to safeguard issues and the social dimensions associated with ADB supported projects. This is a positive finding. Nevertheless, too many IPDPs are prepared; the original policy intended these to focus on risk mitigation. The difference between risk mitigation measures and IP enhancement measures needs to be explained better, as they often represent different positions on a continuum. Many staff are confused about how IPDPs for area development projects that mainly benefit IP should be prepared. They lack guidance in handling expected adverse impacts other than resettlement and environmental impacts in IPDPs. Adverse impacts are variously identified and tackled in IPDPs. The three safeguard policies can easily lead to three consultation processes, different surveys, and separate documents. The OM of 2004 is not fully efficient in guiding operations, as it is not fully in line with the 1998 IP Policy. There were weaknesses in the project administration by ADB. Besides the duplicate coverage of IP issues in IPDPs and in resettlement and environmental planning, ADB provides inadequate supervision and monitoring of IPPs concerned with mitigation of serious risks during implementation and after construction. In sector projects, EAs sometimes pay excessive attention to IPDPs for subprojects beyond RPs, environmental management plans, and gender plans. At other times, the rules have been interpreted to avoid the need for many IPDPs. Although there may have been sensible reasons for this, it is unclear whether this is admissible under the compliance review mechanism.

Policy Approach Less Likely to be Sustainable. ADB's current approach to initiating and implementing IPDPs has created incremental and transaction costs that do not always result in significant value added. Transaction costs for projects without clear risks but with extensive IPDP preparation processes are apparent in longer preparation times for projects and delays in implementation, which in turn lead to extra costs due to frequent extensions of contractors and consultants, higher commitment charges for loans from ordinary capital resources, and higher interest payments. Ultimately, these translate into lower economic and financial returns for projects, with few gains in social returns. In two instances documented, the transaction costs created perverse incentives that led ADB staff to discourage the inclusion of components in a sector project involving IP. Transaction costs may be high in sector projects, especially if the present guidelines on the need for IPDPs in case of both negative and positive impacts on IP are enforced rigorously. In the absence of ADB involvement, EAs are unlikely to apply safeguards such as promoted by ADB, neither are they likely to apply these for locally funded projects. Hence, the assessment of less likely sustainability of the IP policy in its present form.

Key Recommendations for ADB

The following are the main recommendations arising from the SES. They are summarized from more elaborate recommendations presented in the last chapter.

- (i) The safeguard policy update should clarify the areas in the 1998 IP Policy that are misunderstood and address the policy drift in the OM/F3 and IP practice in

- ADB. Resettlement- and environment-related safeguards for IP should be integrated in the IR and environment policies.
- (ii) ADB should set goals for the development of IP and IP strategies for some DMCs where ADB's program requires constant interaction with IP.
 - (iii) The IP policy should have a results-based framework—distinguishing desired impact, outcomes, outputs, activities, and inputs at macro (country) and micro (project) level.
 - (iv) A sequential approach to policy development and capacity building in IP safeguards, focusing on a few DMCs first, should be adopted.
 - (v) While IP issues should be considered in the design of all projects with IP living in the project impact zone, IPDPs should be prepared for projects that have clear risks for IP, which need to be mitigated. If the risks are primarily related to loss of access to land, resettlement or environmental damage, then no IPDP is needed: the mitigation measures should be integrated in an RP or environmental management plan.
 - (vi) The safeguard policy update should describe the criterion to be used to determine whether the amount of consultation and broad communication support for a project and mitigation measures is adequate and in what circumstances ADB endorses the principle of free, prior and informed consent for the project from the side of IP. Clear documentation of the consultation process during project preparation and implementation should be made mandatory. Similar clarifications should be developed for the IR and environment safeguard policy updates.
 - (vii) To complement the safeguard policy update, there is a need for an IP policy implementation plan that reconciles the policy aspirations with organizational, budget, and human resource implications. This must cover activities both during project preparation and monitoring during project implementation, and in the post construction phase for selected projects where there is evidence that the mitigation measures have not been fully effective.

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I. INTRODUCTION

A. Need for the Study

1. This study evaluates safeguard aspects of the Asian Development Bank (ADB) 1998 Policy on Indigenous Peoples (IP).¹ The IP policy is one of ADB's three safeguard policies,² the other two being the policy on Involuntary Resettlement (IR) (1995)³ and the Environment policy (2002).⁴ The IP and IR policies are also known as the social safeguard policies of ADB.

2. The Regional and Sustainable Development Department (RSDD) of ADB announced a simultaneous review of all three safeguard policies in a concept paper issued 22 October 2004.⁵ The review was to determine appropriate revisions in the three policies, to be approved by ADB's Board of Directors. RSDD posted a discussion note on the ADB website in November 2005.⁶ In late October 2005 meanwhile, the Development Effectiveness Committee (DEC) of ADB's Board of Directors had requested the Operations Evaluation Department (OED) to contribute to the review process by providing independent assessments of the three safeguard policies. Special evaluation studies (SEs) would have to be carried out on a tight time schedule so that the results could feed into the discussion on the need for revised safeguard policies. The DEC also proposed that RSDD postpone its review so that it could take into account the findings of the studies and the views of the DEC. OED accepted the assignment while noting that the tight deadline would limit the depth, coverage, and amount of field work. OED would not duplicate the consultation processes begun by RSDD, but would instead review compliance with the policy during preparation and implementation, and assess results, within the available time and budget. The primary client of the study would be the DEC. RSDD agreed to postpone its review to incorporate OED's evaluation findings and the subsequent reactions of Management and the DEC. This SES covers the IP safeguards. OED has completed a parallel SES on IR safeguards⁷ and another on environment safeguards.⁸

B. Background

3. The 1998 IP Policy recognizes the difficulty of defining IP but provides the following working definition: "Indigenous peoples should be regarded as those with a social or cultural identity distinct from the dominant or mainstream society, which makes them vulnerable to being disadvantaged in the processes of development." While an informed decision needs to be made as to whether a group qualifies as IP, the IP policy mandates compliance with certain principles and procedures:

¹ ADB. 1998. *The Bank's Policy on Indigenous Peoples*. Manila. References to the 1998 IP Policy in this report use "policy" with a capital "P." Elsewhere in this report, "policy" is used generically (and with a lowercase "p") to reflect current consensus in ADB as to what it comprises: the provisions of Section F3 of the latest (2004) Operations Manual and the operating procedures and other arrangements made for the application of the policy.

² Available: <http://www.adb.org/Safeguards/default.asp>

³ ADB. 1995. *Involuntary Resettlement*. Manila.

⁴ ADB. 2002. *Environment Policy*. Manila.

⁵ ADB. 2004. *ADB Policy Statement on Environment and Social Safeguards*. Draft. Manila.

⁶ ADB. 2005. *Safeguard Policy Update: A Discussion Note*. Manila. Available: <http://www.adb.org/Documents/Policies/Safeguards/discussion-note.pdf>

⁷ ADB. 2006. *Special Evaluation Study on Involuntary Resettlement Safeguards*. Manila. Available: <http://www.adb.org/Documents/SES/REG/sst-reg-2006-14/SES-on-IR.asp>

⁸ ADB. 2006. *Special Evaluation Study of Environmental Safeguards*. Manila. Available: <http://www.adb.org/Documents/SES/REG/sst-reg-2006-13/ses-es.asp>

For development interventions it supports or assists, the Bank will ensure that affected populations and persons are at least as well-off as they would have been in the absence of the intervention, or that adequate and appropriate compensation [is] provided. Policy should ensure equality of opportunity for indigenous peoples. Policy must ensure that Bank interventions affecting indigenous peoples are (i) consistent with the needs and aspirations of affected indigenous peoples; (ii) compatible in substance and structure with affected indigenous peoples' culture and social and economic institutions; (iii) conceived, planned, and implemented with the informed participation of affected communities; (iv) equitable in development efforts and impact; and (v) not imposing the negative effects of development on indigenous peoples without appropriate and acceptable compensation.

The main procedure was stated as follows:

If the Initial Social Assessment determines that indigenous peoples are likely to be affected significantly by a Bank intervention or that indigenous peoples are disadvantaged or vulnerable in an intervention because of their social or cultural identity, a specific indigenous peoples plan addressing indigenous peoples and their concerns, that is time bound and that has appropriate budget provisions, must be developed (see paras. 37–40). This plan would be incorporated as an integral part of project design. A case-specific definition of “affected significantly” would be guided by existing Bank practice relating to this matter.

4. Before 1994, IP issues were addressed as part of social impact guidelines applied in the preparation of projects but were not given any special status. In February 1994, the ADB President directed the use of World Bank IP guidelines in the preparation and implementation of ADB-supported projects. The World Bank had formulated its IP Operational Directive 4.20 in September 1991. ADB approved its own IP policy in April 1998, and issued Operations Manual (OM) 53 on IP in December 2000. In May 2004, ADB issued a revised version of the policy in OM Section F3, which formalized a distinction that had already been made in practice since the end of 2001 between various kinds of IP plans (IPPs): (i) the indigenous peoples development plan (IPDP), (ii) the indigenous peoples development framework (IPDF), and (iii) the indigenous peoples specific action (SpA). In September 2006, a new Section F3/OP integrated the new disclosure requirements of ADB's Public Communications Policy (2005). A handbook on good practices in the handling of IP concerns in projects has been under preparation for a number of years. It is being prepared jointly by ADB, the World Bank, and the Inter-American Development Bank (IADB), an approach which should promote harmonization between the three institutions.

5. ADB has not reviewed its IP policy before; the 1998 IP Policy did not require such a review. OED evaluated the social and environmental safeguards for hydropower projects in 1999 but paid limited attention to IP and the implementation of IPPs and safeguards.⁹

⁹ ADB. 1999. *Special Evaluation Study on Social and Environmental Impacts of Hydropower Projects*. Manila (section IV.B.4).

C. Current Issues

6. Some IP policy issues are similar to those identified in the related SES on the IR safeguards. These issues can be summarized as follows:

- (i) The IP policy is perceived by ADB project mission leaders and some clients to be difficult to apply.
- (ii) Variable approaches are taken to IP issues in projects funded by international agencies and in those funded by national agencies. ADB has committed itself to implementing the Rome Declaration on Harmonization of 25 February 2003 and the Paris Declaration on Aid Effectiveness of 2 March 2005, which call for a harmonized funding agency approach aligned with country systems.
- (iii) The insufficiency of consultations and weaknesses in implementation and monitoring has been criticized by civil society. Nongovernment organizations (NGOs) active in the field feel that consultations, public disclosure, implementation, and monitoring should be improved.
- (iv) Some middle-income developing member countries (DMCs) claim that the required compliance with the safeguard policies has become a disincentive to seeking ADB financing for some projects, especially during periods of low interest rates and increased availability of project finance from sources other than international finance institutions. Some DMCs claim that their safeguard policies are of an acceptable standard, and that ADB needs to become more flexible in their use.

D. Scope and Methodology of the Evaluation

7. This SES report outlines the nature and scale of IP involvement in ADB operations and the extent of application of the IP policy in ADB operations, observes trends, and assesses the policy's relevance, effectiveness, efficiency, and sustainability in the context of past experience, changing circumstances, and new demands. Attention is paid to transaction costs and the value added of ADB. The report raises issues to be considered during the RSDD review and formulates a limited set of recommendations. In the rest of this report, the acronym "IP" is used as a generic term that may in practice refer to ethnic minorities, scheduled tribes, or other types of minorities identified as IP under the policy. Similarly, the acronym "IPDP" may refer also to (ethnic) minority development plans (EMDPs) or differently labeled IP plans in the DMCs.

8. **Sources of Information.** The SES drew on (i) ADB databases and documents, (ii) interviews with ADB staff and experts, (iii) questionnaire surveys, (iv) four country studies, and (v) seven project case studies. The databases and document studies were used to generate aggregate data on projects with IP, and analyze trends over the period 1994–2006 (1994 being the year when the ADB President instructed ADB staff to apply the World Bank's IP Policy, which is similar) and the first year for which categorized data is readily available). The questionnaire surveys covered ADB staff, and staff of executing agencies (EAs) involved in ongoing projects categorized as having impacts on IP. The surveys gathered 61 responses from ADB staff and 67 from EA staff, that also included questions for the environment and IR safeguard policies.¹⁰ The case study countries were the People's Republic of China (PRC),

¹⁰ Questionnaire responses regarding all three policies are reported in Appendixes 13 and 15 of the Special Evaluation Study on Involuntary Resettlement Safeguards (footnote 7).

India, Philippines, and Viet Nam. These are all countries with ADB-supported projects with IP activities. The PRC and India are DMCs that borrow only non-concessional loans from ordinary capital resources (OCR); the Philippines and Viet Nam have access to both OCR and concessional Asian Development Fund loans. In each of these countries, one to two projects were studied in depth. Most projects had some IR activities, in one of three main sectors: (i) transport; (ii) energy; and (iii) agriculture and natural resources. Research for the case studies included document study, interviews with project staff, rapid field assessments, and limited questionnaire surveys.

9. **Limitations of the SES.** The SES was not a full impact evaluation of the IP policy mainly because relatively few projects with IPDPs formulated in 1998 or afterwards had been completed and had project completion reports (PCRs). Earlier IPDPs might not have been representative of those approved after 2002, and have not been prepared with much rigor. Thus, there was limited evaluative evidence. There were time limitations as well. The seven project case studies were conducted in only 4 of ADB's 42 DMCs, and were mostly based on rapid field assessments, supported by a few surveys of IP, generally around 40–50 households. The case studies were also mostly combined with the studies for the IR Safeguards SES; this meant that their selection had a bias toward infrastructure projects. Although extensive desk reviews included all sectors, the field investigations did not include education and health case studies. One project case study (the Cordillera Highlands Agriculture and Resource Management Project in the Philippines) did not have resettlement,¹¹ and another (the Rural Roads Sector I Project in India) was not included in the IR SES.¹² For the Guizhou–Shuibai Railway project in the PRC,¹³ an additional sample survey of over 450 households was carried out in September and October 2006. Capacity related to IP in the four case study countries selected with respect to resettlement operations is perhaps higher than the average across all DMCs. Smaller DMCs were not included in the field missions, and regions such as the Pacific and Central Asia were not represented, except through a study of secondary sources. The SES did not address all issues raised in RSDD's discussion note (footnote 6)—particularly those regarding the consequences of the application of the IP policy for lending to the private sector, credit lines, and program loans. The SES took into account the findings of a parallel safeguards evaluation by the NGO Forum on ADB, but this gave limited attention to issues particular to the IP policy. Given time constraints, civil society views were not systematically canvassed, although the ADB and OED websites included requests for feedback. After its approval, this SES report will be sent for comments to the DMCs concerned and the NGOs tracking the safeguard studies. The comments received will be posted on the OED website, together with Management's response and the summary of the DEC chairperson.

E. Organization of the Report

10. Chapter II provides some background on IP and IP issues in Asia and in the international arena. The chapter also analyzes ADB's IP policy and changes made in the IR procedures over the years, examines ADB's organizational setup, and compares its policy and organization with that of some other multilateral banks. Chapter III analyzes the importance of IPPs in ADB's loan and technical assistance (TA) portfolio, the number and nature of IP affected, their distribution, and the nature of IP issues in ADB's operations. Chapter IV reviews a number of performance

¹¹ Loan 1421-PHI: *Cordillera Highland Agricultural Resource Management Project*. Manila, for \$9.5 million, approved 11 January 2006.

¹² Loan 2018-IND: *Rural Roads Sector I Project*, for \$400.0 million, approved 20 November 2003.

¹³ Loan 1626-PRC: *Guizhou-Shuibai Railway Project*, for \$140.0 million, approved 18 August 1998.

assessments conducted by the World Bank, IADB, and NGOs, and reviews relevant ADB project performance reports (PPRs), PCRs, and OED studies. Chapter V briefly reviews the country contexts and country safeguard systems in the four case study countries selected, including the level of convergence with ADB's IP policy. ADB's TA portfolio on IP, which focuses on both policy and capacity development, is also reviewed. Chapter VI reviews the findings of the case study projects in terms of level of consultation and findings of sector projects, and assesses the impact on IP, as well as the value added of ADB support to IP. The last chapter assesses the policy in terms of relevance of the policy and procedures; effectiveness of outcomes on IP and on EA capacity; efficiency of inputs, processes, and systems; and sustainability of the policy's approach. It concludes with recommendations for ADB's consideration.

II. ADB AND INDIGENOUS PEOPLES SAFEGUARDS

A. Indigenous Peoples' Rights

11. The broad context for ADB's IP policy is summarized in this section. The United Nations (UN) estimates IP to number from 300 million to 370 million in the world,¹⁴ composing over 5,000 distinct groups in 70 countries on five continents. Over 150 million IP live in Asia; 68 million of these are scheduled tribes in India, or Adivasis. These numbers correspond to the more restrictive definition of IP, as comprising mainly cultural groups that have a historical continuity or association with a given region, or parts of a region, and that formerly inhabited the region either before its subsequent colonization or annexation, or alongside other cultural groups during the formation of a nation-state, or currently inhabit the region; or that are independently or largely isolated from the influence of the claimed governance by a nation-state, and have maintained at least in part their distinct linguistic, cultural, and social or organizational characteristics, and in doing so remain differentiated in some degree from the surrounding populations and dominant culture of the nation-state.¹⁵ By this definition, IP constitute around 5% of the population in of Asia and the Pacific. The number could be larger if other types of vulnerable ethnic minorities who identify themselves as indigenous were included, as they are in the more expansive definition of the World Bank and ADB. For instance, the PRC recognizes 55 ethnic minorities comprising over 123 million people.

12. IP are among the poorest people on earth, and many are threatened with marginalization or extinction of their lives, livelihoods, cultures, and languages. IP issues include cultural and linguistic preservation, land rights, ownership and exploitation of natural resources, political determination and autonomy, environmental degradation, poverty, health, and discrimination. The need for special protection of the rights of IP has long been recognized internationally. There is a highly active movement for the rights of IP and many NGOs, including international NGOs like the International Work Group on Indigenous Affairs. Discussions on the rights of IP have been held in the UN for the past 21 years, and in 1993 a Declaration on the Rights of Indigenous Peoples was drafted. The draft was, however, debated and then abandoned for several years. Although it was eventually adopted 13 years later by the Human Rights Council on 29 June 2006, it is yet to be ratified by the UN General Assembly.¹⁶ The

¹⁴ Available: <http://www.iwgia.org/>

¹⁵ Available: http://en.wikipedia.org/wiki/Indigenous_peoples#_note-2

¹⁶ Ratification was deferred in December 2006, but a vote on the adoption needs to be taken before September 2007.

Declaration has 46 articles, among which is an article that states the right of IP to self-determination, autonomy, or self-government in matters relating to their internal and local affairs, and articles providing that IP shall not be forcibly removed from their lands or territories, and that relocation shall take place only with the free, prior, and informed consent of the IP concerned and after agreement on just and fair compensation and, where possible, with the option of return. Many commentators feel that if the General Assembly were to adopt the Declaration in 2007, that could well be a major step toward improved human rights for the around 6% of the world population that can be labeled as IP.¹⁷ Added legitimacy would then also be given to an ADB policy that relies on special consultations and informed consent by IP for projects.

B. Indigenous Peoples and Infrastructure Projects

13. IP issues raised for development projects are in practice often intimately connected with land acquisition, resettlement, and environmental degradation, but may go well beyond these in the sociocultural domain. Large dams are discussed in the SES on IR as among the most invasive in resettlement impact. Dams may cause not only the resettlement of some communities in, and immediately around, the reservoir area, but also other adverse impacts on communities and individuals in the upstream and downstream areas. As most IP depend directly on natural resources, changes in the ecosystem that forms the basis for the livelihoods of other IP communities surrounding the dam can destroy their identity. Communities uprooted lose not only homesteads and villages, but also all natural resources (communal lands), cultural resources (places of religious worship or symbols, ancestral lands or domains), and income and employment resources. Particular attention to IP issues is needed in the design and implementation of projects that induce massive and sudden changes in factors that affect IP.

14. Examples of other potentially invasive development projects are those dealing with extractive industries (minerals, oil, gas) in remote areas. How invasive these projects can be was analyzed by the World Bank's Independent Evaluation Group in an evaluation report that was released in 2005.¹⁸ ADB, however, has financed only a few such projects over the past 15 years or so. More importantly, only two have affected IP significantly. Of the three projects that ADB financed between 1998 and October 2006, only the Tangguh Liquefied Natural Gas (LNG) Project in Indonesia,¹⁹ a private sector project, was invasive.²⁰ From 1990 to 1995, ADB financed five public sector projects and extended two investment facilities to a mining company in the Philippines. Of these projects, only the Third Natural Gas Development Project in Bangladesh²¹ was located in an area with IP.

¹⁷ While the Declaration is not binding on governments, it can put pressure on them to live up to the objectives of the Declaration and would serve to reinforce such universal principles as justice, democracy, respect for human rights, equality, nondiscrimination, good governance, and good faith. The Declaration does not create new rights. It elaborates on existing international human rights norms and principles as they apply to IP.

¹⁸ World Bank, International Finance Corporation and Multilateral Investment Guarantee Agency. 2005. *Extractive Industries and Sustainable Development. An Evaluation of World Bank Group Experience*. Washington, D.C. Available: <http://ifcln1.ifc.org/ifcext/oeg.nsf/Content/EIE>

¹⁹ Loan 2214-INO and EI 7224-INO: *Tangguh Liquefied Natural Gas Project*, for \$350.0 million, approved 14 December 2005).

²⁰ IP were not significantly affected by the other two projects: Loans 2188/2189-BAN: *Gas Transmission and Development Project*, for \$230.0 million, approved 27 October 2005; and Loan 2146-PRC: *Coal Mine Methane Development Project*, for \$117.4 million, approved 20 December 2004.

²¹ Loan 1293-BAN: *Third Natural Gas Development Project*, for \$107.0 million, approved 21 December 1993.

15. Most other types of public sector infrastructure projects do not usually invoke large-scale resettlement, but can be environmentally invasive. In transport projects, the protection and preservation of indigenous communities is somewhat more straightforward, as their proximity to places of worship, work, communal lands, and employment nodes can often be retained. Although the projects can dislocate many IP, good project planning and implementation can mitigate many negative impacts. However, there can still be significant indirect adverse impacts, such as those caused by in-migration of groups of people with different customs that may be in a position to exploit the IP or the resources on which they rely, increased exposure to communicable diseases, or additional claims from new arrivals on limited natural and agricultural resources. Forestry projects, in turn, may have adverse implications for IP if they change the ecological balance and deplete the forest resources essential for IP to maintain their traditional way of life. Agriculture projects may alter the land and water resources and power relations on which fragile ecological agriculture systems are based. Even projects introducing schools and clinics may affect IP lives adversely in some aspects if they ignore indigenous knowledge systems.

C. ADB's IP Policy Framework: A Summary and Some Observations

1. Assessment of Need for Social Development Action in Projects

16. ADB's operational policies have mandated the conduct of initial social assessments during the preparation of projects since 1991; earlier these were recognized as good practice but were not required for all projects. In 1993 and 1994, comprehensive social impact guidelines were issued.²² In 1994, ADB issued an instruction that World Bank IP guidelines were to be followed in operations. From that year onwards, reports and recommendations of the President (RRPs) started having appendixes with IPPs. ADB's IP policy was applied from 1999 onward: it confirmed and specified the earlier informal guidelines. Since 1999, specific poverty analysis has been added to the required assessments. The initial poverty and social assessment (IPSA) during project preparation became mandatory. RRP's now routinely contain appendixes on social assessments such as a summary initial poverty and social analysis, and a summary poverty reduction and social strategy (SPRSS), apart from those on IR and IP. Addressing project impacts on vulnerable people is a key aspect of all these analyses. In addition to IP and people to be affected by land acquisition or resettlement, the assessments may include people affected by projects economically, female-headed households, households of elderly people without family support, orphaned and street children, child laborers, disabled people without supporting families, squatters, landless and casual laborers, as well as immigrants and international refugees. However, unlike IP, there are no special safeguard procedures for the latter groups.

17. Like IR concerns, some IP concerns were also addressed in environmental impact assessments (EIAs). In fact, EIAs used to pay special attention to both IR and IP before the IR and IP policies were approved and mandated the preparation of the related plans. The IP concerns in EIAs referred to potential impacts of projects on cultural heritage, religious, sacred, or other traditional sites, graves and burial sites, and traditional housing structures. Such impacts, in fact, continue to be taken into account in EIAs and summary environmental impact assessments, and are, as will be seen in this report, taken into account much less in IPPs, which focus more on IP economy and sociocultural and political issues. In all, the 1980s and

²² ADB. 1993. *Guidelines for the Incorporation of Social Dimensions in Bank Operations*. Manila.

1990s witnessed the follow-up of the EIAs and the social assessments by a variety of plans, such as community development plans, social development action plans (SDAPs), land acquisition plans, resettlement plans (RPs), as well as IPDPs. The amount of effort that ADB devoted to such matters during project processing increased substantially.

2. The IP Policy Analyzed

18. The IP policy has integrated IP concerns in ADB operations and laid down objectives, definitions, and procedures that are designed to help safeguard the interests of IP. Nevertheless, this SES report argues that some of the statements are not very clear and some of the interpretations made and procedures progressively adopted after 1998 have not all had the intended effect and improved the efficiency of policy implementation and overall ADB operations. As this report will argue later, the problem is not that ADB has missed out on important negative impacts on IP, but that the use of the policy's main instrument, the IPDP, has been overextended. Furthermore, ADB's definition of IP in the policy and in the later OM F3 of 2004²³ has complicated decisions on IP impact mitigation or enhancement plans for project officers and EAs. The concept of IP originated in Latin America, in most parts of which the descendants of immigrants to the continent and *mestizos* are in the majority. The vast majority of the people in the Asia Pacific Region have been native to the land from time immemorial. Peoples of Asia can be subdivided into groups and nations, and may have stronger or weaker bonds as groups, and longer or shorter histories of living in areas together. There are few examples of non-IP ruling over IP as a result of a colonial legacy in Asia. The Philippines may be the closest parallel to the Latin American context, and thus the notion of indigenous tribal groups makes sense in this country. But even in the case of the Philippines, it could be argued that the current majority populations have intermingled with the earliest residents of the archipelago for so many centuries that it is difficult to sort out which group is indigenous and which is not. Well-known IP such as the Aetas in Central Luzon originally inhabited the plains but colonialism resulted in their withdrawal into the mountains over the past few hundred years. These IP are now associated with the mountains, but whether they identify themselves with the mountains is less straightforward; they see themselves as nomadic. In regions such as the Pacific, the vast majority of the people are indigenous but the concept of minority population, under the second part of the definition (identity and institutions separate from the mainstream population), does not apply. Appendix 1 reflects key paras. 7–13 of the 1998 IP Policy regarding the definition of IP. Below are some of the sources of misunderstandings that could arise from the policy in its current formulation.

²³ ADB. 2004. *Operations Manual. Section F3/BP: Indigenous Peoples*. Manila (13 May), paras. 2 and 3:

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. 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.

19. **ADB Definition and National Law on IP.** Para. 12 states:

Indigenous peoples should be regarded as those with a social or cultural identity distinct from the dominant or mainstream society, which makes them vulnerable to being disadvantaged in the processes of development. Determination of a distinct identity for indigenous peoples would be based in the requirements of applicable national law *and the applicability of characteristics described in paras. 8–11 of the Policy* [italics added].

However, ADB's definition seems to include and, if necessary, override national definitions. The policy also recognizes that national legislation on IP may be absent, incomplete, or deficient.²⁴ The OM F3/BP sections of 13 May 2004 and 25 September 2006²⁵ mention that the national legislation "usually provides a basis for defining indigenous people, to the extent that the legislation covers the main points of ADB indigenous peoples policy."

20. **IP and Ethnic Minorities.** The 1998 IP Policy states:

The application of any definition of indigenous peoples should work to differentiate between indigenous peoples and other cultural and ethnic minorities for which indigenous status is not an issue; the broader protection of vulnerable groups is an issue addressed in other policies and practices of the Bank [italics added].

More guidance on the indigenous status being an issue as a way of distinguishing between groups would have been helpful. The relevance of the policy toward IP and ethnic minorities in urban contexts also requires more guidance.

21. **IP and Vulnerable Minorities.** The first line of the 1998 IP Policy states: "Indigenous peoples can be regarded as one of the largest vulnerable segments of society." ADB's IP policy interweaves the concepts of IP and ethnic minorities with the concept of people "vulnerable to being affected by projects" or "vulnerable to being disadvantaged in the processes of development." However, as the quotation in the previous paragraph implies, the IP concept is not deemed fully synonymous with the "vulnerable groups" concept. In Afghanistan and Pakistan, there are both ethnic and tribal groups but none of the larger ones would be labeled as either indigenous or vulnerable. The question then arises whether they should be covered by the IP policy. In other parts of south Asia, religious and linguistic differences between groups are as important, and the terms "scheduled tribes" and "scheduled castes" are used for populations that are regarded as different, for either anthropological or religious reasons. ADB is treating the former as IP but not the latter. This SES report regards a high level of economic, political, or sociocultural vulnerability of IP a better criterion for the triggering of a safeguard policy than the existence of IP as such.

²⁴ IP policy para. 19: "Few countries have enacted laws that recognize any rights of indigenous peoples to ancestral lands, or that support indigenous peoples regaining and strengthening their social, cultural, and legal institutions. In many cases, enforcement of laws that may exist has been inadequate." Para. 21: "At the national level, in some cases, new laws, policies, and other measures may be necessary to reconcile competing demands and conflicting interests, especially if interests of indigenous peoples are to be protected."

²⁵ This new OM version added requirements arising from ADB's 2005 Public Communications Policy (ADB. 2005. *The Public Communications Policy of the Asian Development Bank: Disclosure and Exchange of Information*. Manila).

22. **Lack of IP Development Strategy.** The IP policy is formulated mainly as a safeguard policy in individual projects; less emphasis is placed on the larger issue of development of IP in Asia and the Pacific and how ADB sees its role in that area.²⁶ If the policy were to include also an IP development strategy or refer to this, it would have required more explicit attention from ADB for areas with IP and choices as to types of projects and TA that address IP development best. The policy and procedures do not require that country poverty assessments assess IP issues explicitly and that country partnership strategies consider presenting a country IP development strategy or plan. The IP policy focuses on how development projects should deal with IP when these are encountered in the project impact zone. ADB should ensure that adverse impacts of projects are mitigated and make sure IP benefit from the project. The safeguard focus of the IP policy is similar to that of the IR policy. The environment policy is different in that it more comprehensively addresses the wider issue of environment development; safeguards in projects are only one element of the environment policy. The lack of a wider aspirational strategy to guide the choice of ADB supported projects may have contributed to the somewhat ambivalent interpretation later of the policy's "significant and adverse impacts" that trigger the application of the policy's central instrument, the IPP, and the focus of the latter on "enhancement measures" to improve the status of IP as separate from the primary objective of the project at hand.

23. **Overlap with Other Safeguard Policies.** As the IR policy explicitly addresses the mitigation of adverse effects on vulnerable people, including IP, there is considerable overlap between the IP policy and the two other safeguard policies, the IR policy and the Environment policy. Neither the 1998 IP Policy nor the 2004 OM Section F3 discusses the overlaps in detail. Neither specifies what to do when the significant adverse impact of a project on IP is confined to land access or livelihood loss or resettlement of IP. The IP policy and the OM imply that an IPDP will automatically need to be prepared, irrespective of whether the RP or the EIA also addresses the same issues. This necessarily leads to duplication of effort, inefficiency and some confusion among ADB staff and EAs. A practice seems to have grown in ADB: the RP takes precedence during implementation, but an IPDP is prepared as well, although in some cases the IP procedure can apparently be confined to designating IP-relevant actions in the RP or the environmental management plan as SpAs. It is not stated that, in such cases, the IPDPs are to focus on other impacts deemed significant and adverse.

3. Stretching of ADB's IP Policy

24. There has also been a measure of creep in the application of the IP policy over the years, especially when comparing the 2004 OM Section F3 with the 1998 IP Policy. This is not unlike the policy drift that occurred after the issuance of the 1995 IR policy, and may in part be a consequence of experiences with ADB's accountability mechanism and the later compliance review mechanism. Some elements are justifiable and improve the policy; others complicate it. The SES hypothesizes that, as with the IR policy, fear of being out of compliance has led to a propensity in ADB to err on the safe side and to interpret the IP policy in as wide a sense as possible, to protect against the inclusive interpretation generally made of procedures by inspection and compliance review panels when investigating cases.

²⁶ IP policy para. 6: "This policy initiative is undertaken in parallel with specific development interventions of the Bank that would address the needs and concerns of indigenous peoples—projects designed to provide specific developmental support to indigenous peoples." A strategy for the latter interventions could be envisioned.

25. From Groups for Which Indigenous Status Is an Issue, to All Ethnic Minorities. OM Section F3 states that “indigenous peoples” is a generic concept that includes cultural minorities, ethnic minorities, indigenous cultural communities, tribal people, natives, and aboriginals. This concept seems somewhat more inclusive than that used in the 1998 IP Policy itself, which excluded ethnic groups and minorities “for which indigenous status is not an issue,” and whose socioeconomic vulnerability was not a sufficient criterion for their inclusion as IP (para. 12). The IP impact categorization form for the chief compliance officer (CCO) asks only if IP or ethnic minorities are present in the area, and whether they maintain distinctive customs or economic activities that would make them vulnerable to hardship, before checking the potential impact of the project in various aspects.

26. From Adverse and Significant Impacts to Adverse and Positive Impacts. The definition of IP impacts “triggering” the preparation of IP documents and actions has widened over the years. The 1998 IP Policy did not categorize projects as to the severity of their impacts on IP beyond these being (i) adverse and significant, or (ii) not adverse and significant. Operational Procedure 53 issued 21 December 2000 clarified: “When the entire project is targeted at directly benefiting the indigenous peoples’ community, the concerns over the indigenous peoples will be addressed by the project, which will serve as an IPDP.”²⁷ This implied that in the case of positive impacts and in the absence of negative impacts, no separate IPDP would need to be prepared. With the introduction of the safeguard policy compliance memorandum (SPCM) in 2002, such a separate IPDP is now required also for projects with only positive impacts on IP. A mandatory screening process categorizes projects on three levels of significance of impact. Projects are in category A if impacts are significant enough to require an IPDP or an IPDF or both.²⁸ Projects are in category B if the impacts are limited but require *specific actions* for IP.²⁹ According to OM F3/OP para. 14, these actions may take the form of (i) incorporating IP (who might be excluded from the project) into the project beneficiary group, (ii) incorporating IP-specific needs (that may not be addressed by the project) into the project plan, and (iii) drawing up a common community action plan where IP groups live with the nonindigenous people in the same location. Projects are in category C if no impacts on IP that require special provisions are foreseen. ADB’s 2004 OM Section F3 codified this emphasis on the significance of impacts as the criterion for IPDPs and IPDFs rather than adverse impacts per se, clarifying that:

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,

²⁷ Operational Procedure 53 also stated in para. 5: “In some restricted cases, where multiple indigenous groups live in the same region or community and where targeting specific indigenous groups is not possible, general community action plans are substituted for IPDPs. In general, the government or executing agency is expected to prepare such plans.”

²⁸ ADB. 2004. Operations Manual. Section F3/OP: Indigenous Peoples. Manila (13 May), para. 10: “An IPDP/IPDF is needed when (i) an IP 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 IP.” An IPDF is a policy and procedural framework that is developed for subprojects, components, or investments, and that is the basis for more detailed IPDPs prepared and approved during loan implementation. An IPDF sets out the IP policy together with the screening and planning procedures for subprojects, components, or investments that are approved during implementation.

²⁹ A borrower or project sponsor prepares a specific action for IP when a project is expected to have limited impacts on IP or when there is a risk that the project may not bring the intended benefits to the affected IP.

livelihood, and social security status; or (v) alter or undermine the recognition of indigenous knowledge (para. 5) [italics added].

Even when positive and negative impacts are included, the criterion for determining the significance has remained unclear. In the view of this SES, points (iii), (iv), and (v) are, to a large extent, a matter of perspective and judgment. The perception of the significance of these impacts will inevitably vary between observers.

27. The already mentioned IP impact categorization form to be used in categorizing each project proposal at the start has further widened the definition. The form has been amended several times over the years, and the current version assigns the following characteristics to this category A listing that triggers an IPDP or IPDF:

- (i) impacts may preclude customary behaviors or undermine customary institutions;
- (ii) project will be located in, or pass through, areas of significant indigenous peoples' settlement or use; and
- (iii) 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.

28. The current practice of IPDPs being triggered by both positive and negative impacts exceeds the original intentions of the IPP as indicated in the 1998 IP Policy. The original policy had more emphasis on adverse impacts triggering an IPP. Para. 35 states:

If the ISA determines that indigenous peoples are likely to be affected significantly by a Bank intervention or that indigenous peoples are disadvantaged or vulnerable in an intervention because of their social or cultural identity, a specific indigenous peoples plan addressing indigenous peoples and their concerns, that is time bound and that has appropriate budget provisions, must be developed (see paras. 37–40).

Subsequently, para. 37 states:

For a Bank-assisted development project that affects indigenous peoples adversely and significantly, an indigenous peoples plan acceptable to the Bank must be prepared. Beyond addressing indigenous peoples populations and relevant social issues, the indigenous peoples plan must include specific measures and approaches to be taken to address issues affecting indigenous peoples. A project negatively affecting indigenous peoples must be appropriately redesigned to mitigate negative effects, or include an acceptable compensation plan; the provision of compensation should not be a substitute for efforts to avoid or mitigate negative effects a project may have.

The question here is what is significant and what the verb “affect” means. The policy gives somewhat ambiguous guidance. This SES views the safeguards to be ensured within IPPs as focusing on adverse impacts and “issues.” According to the interpretation adhered to later in the OM of 2004, the focus was on both adverse and beneficial impacts: even a project *only positively affecting IP significantly* would require an IPDP. This interpretation has increased the number of projects requiring the preparation of IPPs and, as evident from interviews held, caused confusion among ADB staff.

29. **From Consultation of IP to Consent from IP.** The appendix in the 1998 IP Policy states that “Consultation with indigenous peoples groups is key to developing an effective, accurate, responsive indigenous peoples development plan.” A passage in the main text reads: “Initiatives should be conceived, planned, and implemented, *to the maximum extent possible* [italics added], with the informed consent of affected communities, and include respect for indigenous peoples’ dignity, human rights, and cultural uniqueness.” This SES notes that the proviso “to the maximum extent possible” in practice does not endorse informed consent by IP as mandatory. One of the contentious points has been that the policy requires that IP are consulted adequately before and during implementation. The policy states that: “those preparing the project should promote the formation or strengthening of indigenous peoples’ organizations to facilitate their participation in project identification, planning, execution, and evaluation.” Where available, traditional representative IP institutions should be involved. Furthermore, qualified professionals would need to be involved in the formulation of plans and mitigation measures.

30. OM Section F3/OP para. 23 has sharpened the requirement of consultation to the level of the need for a formal “informed consent” (approval) by IP for an IPP: “When serious differences between project sponsors and affected indigenous peoples are evident with regard to 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.” Numbers or proportions of dissenting IP are not specified, neither is specified what to do in cases that hundreds of thousands of IP are involved. The World Bank’s IP policy as revised in 2005 also comes close to requiring consent for projects from IP.³⁰ Agencies like the International Finance Corporation (IFC) require that IP give “broad community support,” which is to be demonstrated and documented. The IADB’s new IP policy³¹ requires, for cases of particularly significant potential adverse impacts, that the project sponsor demonstrate that it has, through a good-faith negotiation process, obtained agreements regarding the operation and measures to address the adverse impacts as necessary to support the sociocultural viability of the operation. Many NGOs active in the field strongly advocate that projects affecting IP should go ahead with full informed prior consent of the affected people, including negotiated agreements. This can be at odds with the decision-making processes in many DMCs. ADB’s OM of 2004 is in line with these more recent and more inclusive interpretations of the various IP policies of other multilateral banks, but is more stringent in the level of consultations required than the original policy implied. This should be reconciled in the safeguard policy update, given some other public statements ADB has made (Box 1). The IP policy update should provide more guidance on the level of consultation that is necessary, ADB’s position on full, informed prior consent, and the methods to be used to verify the level of consent from IP through a census or comprehensive survey. These issues are both important and contentious and need to be decided by the Board and not Management and staff.

³⁰ One of the requirements of the World Bank IPP is: “a summary of results of the free, prior, and informed consultation with the affected Indigenous Peoples’ communities that was carried out during project preparation (Annex A) and that led to broad community support for the project” (OP 4.10, Annex B).

³¹ Inter-American Development Bank. 2006. *Operational Policy on Indigenous Peoples*. Washington, D.C. (22 February).

Box 1: Full, Prior, and Informed Consent

For some projects, there is an asymmetrical distribution between the project benefits and adverse impacts. For dams, for example, the benefits in terms of a more reliable supply of electricity are received by businesses and households far from the dam site. Potential adverse environmental resettlement and livelihood impacts are born by the people living in the project area, often IP. Such projects are often contentious, with one group of stakeholders arguing that the project should go ahead and others that the project should not be implemented. Resolving such divergent opinions is a major challenge for all stakeholders.

When the World Commission on Dams recommended the use of Full, Prior and Informed Consent as the measure of full approval for dams from those affected by them, ADB's initial response as published on its website by January 2002 was that all projects affecting IP must have an IPDP, and that this rarely involved substantive involvement by IP in deciding whether a project was to proceed. ADB viewed such decisions as a matter of national sovereignty and thus the government's responsibility. A related World Commission on Dams recommendation was that demonstrable public acceptance of all key decisions was to be achieved through agreements negotiated in an open and transparent process conducted in good faith and with informed participation of all stakeholders. ADB responded that formal agreements are entered into with individuals or communities only in terms of resettlement and compensation, not in overall agreement to the project itself. It was however also recognized that ADB increasingly supports mediation by a mutually accepted third party, respected for their independence, to achieve informed consent.

The issue was further considered during the review of ADB's Water Policy in 2004. The Policy at the time read (para. 32): "ADB will adopt a cautious approach to large water resource projects—particularly those involving dams and storage—given the record of environmental and social hazards associated with such projects. All such projects will need to be justified in the public interest, *and all government and nongovernment stakeholders in the country must agree on the justification* [italics added]. Where the risks are acceptable and ADB's involvement necessary, ADB will ensure that its environmental and social impact assessment procedures are rigorously applied. Any adverse environmental effects will be properly mitigated, the number of affected people in the project area will be minimized, and those adversely affected will be adequately compensated in accordance with ADB's policy on involuntary resettlement. In line with its energy sector policy, ADB will continue to extend its support for technically and economically feasible hydropower projects that form part of a country's least-cost energy development plan, provided their environmental (including impact on fisheries) and social effects can be satisfactorily managed in accordance with ADB policies."

Due to the different views of various stakeholders and concerns among some that the passage in bold might not be practical, it was proposed, after the consultation process, to replace it as follows: "and stakeholders must be provided with the opportunity to comment on the justification with their views considered. The ADB will promote the informed participation of government, civil society, and other stakeholders in the country in an open and inclusive manner towards this end." ADB's Board approved this revision of the Water Policy on 18 January 2005.

ADB = Asian Development Bank, IP = indigenous peoples, IPDP = indigenous peoples development plan.
Sources: ADB. 2002. *ADB's Planned Responses to the World Commission on Dams. Strategic Priorities, Good Practices, and Institutional Responses*. Manila. Available: http://www.adb.org/NGOs/adb_responses.asp; and ADB. 2004. *Proposed Revision of the Water Policy of the Asian Development Bank*. Manila. Available: <http://www.adb.org/Documents/Policies/Water/revision-water.pdf>. See also Nuera, A. 2005. *The Asian Development Bank and Dams*. NGO Forum on ADB. Manila.

31. Appendix 2 presents more information on how ADB's IP policy compares with that of the World Bank, International Finance Corporation, IADB, and African Development Bank.

32. In addition to the policy drift, formal approval of other policies in ADB has raised the bar for IP planning. Notable among these is the approval of the Public Communications policy in 2005. Standards for public disclosure of IPPs increased (Box 2): before IPDPs are posted, their drafts will also need to be posted for comments. The 2005 policy also requires the disclosure of schedules of project preparation consultations (including, presumably, those with IP), draft design and monitoring frameworks before the appraisal of projects, IPSAs upon their completion, project administration memorandums, and social and environmental monitoring reports required by loan agreements. Even before the approval of the policy, the trend toward formally stated and reflected endorsements of IPDPs by governments (if they had not been prepared by the EAs themselves), was already under way. These are positive developments, but require more attention, i.e., time and resources, from ADB staff, which can be realized only if there is an appropriate level of staff resources.

Box 2: Indigenous Peoples in ADB's New Public Communications Policy, 2005

83. The borrower or private sector sponsor shall make available to affected people who are indigenous peoples/ethnic minorities:

- (i) before appraisal - a draft indigenous peoples development plan;
- (ii) after completion of the final indigenous peoples development plan - such indigenous peoples development plan; and
- (iii) following revisions to the indigenous peoples plan as a result of detailed technical design or change in scope in the program or project^a - the revised indigenous peoples development plan.

84. The information from the documents can be made available as brochures, leaflets, or booklets in local languages. For non-literate people, other communication methods will be appropriate.

85. ADB shall make publicly available:

- (i) before appraisal - a draft indigenous peoples development plan or framework (or both);
- (ii) upon receipt of the final indigenous peoples development plan - the final indigenous peoples development plan; and
- (iii) upon receipt of a revised indigenous peoples development plan - the revised indigenous peoples development plan.

ADB = Asian Development Bank.

^a Dissemination of the plan or framework may be limited to those people affected by the change in scope.

Source: ADB. 2005. *The Public Communications policy of the Asian Development Bank: Disclosure and Exchange of Information*. Manila.

D. Organizational Arrangements for IP Policy Enforcement

33. The organizational structure for social safeguard enforcement and changes after 2002 were discussed in the IR SES. Before the 2002 reorganization, safeguards were part of the broader responsibilities of the Office of Environment and Social Development, which controlled the social development specialists in ADB. The organizational changes in 2002 included arrangements as a result of the creation of the function of a new Environment and Social

Safeguard Division in the RSDD (RSES) with two social safeguard specialists, one for IP and one for IR, the dispersion of other social development specialists across operations departments, and the creation of a CCO within the new RSDD, as well as the subsequent issuance of an instruction on the SPCM and Related Procedures on 27 February 2002. The SPCM requires a sign-off from the CCO, based on advice from RSDD, on the existence of a satisfactory (i) environmental assessment, (ii) initial poverty and social analysis, (iii) IR planning, and (iv) IP planning. All project and program proposals have to receive the certification before the management review meeting (MRM). The memorandum has had the effect of increasing the attention of the operations departments to safeguards during project preparation.³²

34. In 2000, ADB had 12 social development specialists. In June 2006, there were 19. This would indicate growth in the IP-related staff resources. However, in 2000, there were 10 poverty reduction specialists in ADB's offices of the directors general (plus 1 in the Office of Environment and Social Development); in 2006, 4 remained. The overall number of specialists in poverty and social assessments does not seem to have increased over the years in spite of the greater emphasis on compliance with social safeguards. The 1998 IP Policy was rather general with respect to resource requirements (para. 52):

Processing of projects that affect indigenous peoples may require longer processing times and additional resources for processing. Also required might be consultant and technical assistance resources. In addition to resources and time that would be required in preparing projects that affect indigenous peoples, projects that affect indigenous peoples may also involve efforts that address and work to alleviate structural constraints on the borrowing country and executing agency side. It would be necessary that adequate resources be made available.

Para. 53 ends with a statement that "It would be desirable to recruit at least one staff with relevant operational experience and skills in matters related to indigenous peoples." Although this has been done, social development specialists interviewed have stated that the lack of growth in specific expertise in IP issues within ADB reduces the time for preparing, checking, and implementing and monitoring IP-sensitive project designs and IPPs. The growing IR work that social development specialists are involved in appears to crowd out the time-consuming IP work. The lack of growth in in-house expertise is not in line with the fact that ADB has devoted a whole policy toward IP, and has elevated the IP policy to one of the three safeguard policies. However, a full analysis of the workload of staff in Manila and resident missions on account of the IP policy is not attempted here, given that actual and supposed workloads will depend on the different views on the inclusiveness of the IP policy.

³² It is unclear why the three policies were singled out for the safeguard memorandum (it could be argued that the memo also regards the poverty reduction strategy [ADB. 1999. *Poverty Reduction Strategy*. Manila] as a safeguard policy, although the OMs issued since 1999 do not reflect this). The reason may have been the growing familiarity with the term "safeguards" as used by the World Bank. The three are among the more contentious of ADB's policies, although it could be imagined that a chief compliance officer would also sign for other compliance, e.g., the adequacy of anticorruption safeguards. By mid-2003, the then CCO in RSDD had been appointed secretary of the Office of the Compliance Review Panel, a function with the wider mandate to ensure the compliance of operations departments with all Board decisions. The responsibility of the CCO to sign the memo was transferred to the DG, RSDD.

III. AN ANALYSIS OF INDIGENOUS PEOPLES PLANS

A. Overview

35. Stricter enforcement of the IP policy and policy drift has led to an increase in IP planning after 1998 (Table 1). The growing number of IPPs can be attributed to the establishment of new IPP tools after 2001 and the growth in the use of these tools in subsequent years. ADB posted 30 IPDFs on the website for projects approved between 1998 and 2005 (the IPDFs before 2002 reflected in Table 1 were actually IPDPs, reclassified as IPDFs on the website), and 81 SpAs (SpAs were also not labeled as such before 2002 but constituted actions of various kinds reclassified as SpAs on the website by RSDD). When relevant, SpAs are included in RPs, gender plans, community development plans, or SDAPs, or elaborated in a specific provision in the RRP or loan agreement. The number of IPDPs prepared per year grew from two to three before 1998 to three to four afterwards. The number of IPDPs approved from 1998 to 2005 has remained relatively stable over the years, except in 2005, the year after the issuance of ADB's OM F3 of May 2004, when nine were approved (Table 1).³³ Of the 31 IPDPs on the website that were approved before the end of 2005, 29 were connected with loans, one with a regional TA, and the other one with a project preparatory TA that was to lead to a loan approved in 2006. Given that ADB approved 605 projects over that period, this means that 22% of the projects had IPPs: IPDPs were formulated for 5% of the projects with RRPs, IPDFs for another 5%, and SpAs for another 13%. The proportion of projects with IPPs has grown fast; it increased from 7% in 1998 to between 30%–45% in the period 2003–2006.³⁴

Table 1: Number of Indigenous Peoples Plans, by Year (1998–2005), and Compared with Projects^a with Resettlement Planning

Year Approved	IPDP	IPDF	SpA	Total with IPPs	Total Projects ^a	% Projects ^a with IPPs	% Projects ^a with Resettlement Plans/Frameworks
1998	3	1	1	5	67	7	16
1999	2	0	5	7	62	11	18
2000	4	0	7	11	96	11	18
2001	4	1	10	14	77	18	25
2002	3	4	11	18	78	23	56
2003	2	5	17	22	69	32	37
2004	4	6	13	22	73	30	35
2005	9	13	17	37	83	45	41
Total	31	30	81	136	605	22	246

ADB = Asian Development Bank, IP = indigenous peoples, IPDF = indigenous peoples development framework, IPDP = indigenous peoples development plan, IPP = indigenous peoples plan, SpA = indigenous peoples specific action (number retrofitted on ADB IP safeguard website).

Note: ADB approved 2 IPDPs, 10 IPDFs, and 7 SpAs in 2006. Total projects^a approved: 59; 32% of IPPs. ADB also approved 19 Asian Development Fund grant-funded projects in 2005 and 16 in 2006; these could also have included IPPs.

^a Includes programs, credit lines, and technical assistance loans.

Sources: ADB website on IPPs; 2006: ADB's Regional and Sustainable Development Department.

³³ In 2006, only two IPDPs were approved, so whether there is a lasting upward trend is not yet clear.

³⁴ This proportion is somewhat comparable with that of the World Bank in its regions. An World Bank evaluation conducted in 2002 concluded that, of 92 projects reviewed in the South Asia, East Asia, and Pacific regions, 35 (38%) affected IP. However, only 16 IPDPs (17% of projects) had been prepared for the World Bank portfolio.

36. **Distribution across Countries.** IPPs have been most frequently prepared for projects in PRC, Lao People’s Democratic Republic (PDR), Viet Nam, India, Indonesia, and Nepal (Table 2). Conspicuous by their absence are most countries in the Pacific (except Papua New Guinea) and Central Asia. Given the large population in Pakistan commonly labeled as tribal, it is, at first sight, surprising that the RRP’s for projects in this country have focused on SpAs and have not yet included any IPDP or IPDF.³⁵

Table 2: Number of Indigenous Peoples Plans, by Country (1998–2005)

Country	IPDP	IPDF	SpA	Total with IP Planning	Total Projects ^a	% with IP Planning
People’s Republic of China	8	1	14	23	64	36
Lao People’s Democratic Republic	4	3	11	18	21	86
Viet Nam	7	3	10	18	40	45
India	3	9	7	17	53	32
Indonesia	3	7	5	14	40	35
Nepal	1	0	8	9	22	41
Cambodia	2	0	6	8	26	31
Sri Lanka	0	3	5	7	41	17
Bangladesh	1	2	3	6	35	17
Philippines	1	1	2	4	35	11
Pakistan	0	0	4	4	54	7
Uzbekistan	0	1	2	3	16	19
Afghanistan	0	0	2	2	12	17
Regional	1	0	0	1	22	5
Kyrgyz Republic	0	0	1	1	16	6
Mongolia	0	0	1	1	17	6
18 Other Countries	0	0	0	0	91	0
Total	31	30	81	136	605	22

IPDF = indigenous peoples development framework, IPDP = indigenous peoples development plan, SpA = indigenous peoples specific action.

^a Includes programs, credit lines, and technical assistance loans.

^b Other countries: Azerbaijan, Bhutan, Cook Islands, Federated States of Micronesia, Fiji Islands, Kazakhstan, Kiribati, Maldives, Marshall Islands, Nauru, Papua New Guinea, Samoa, Solomon Islands, Tajikistan, Thailand, Tonga, Tuvalu, and Vanuatu.

Source: Asian Development Bank website on indigenous peoples plans.

37. ADB’s poverty reduction strategy and its current commitment to finance more infrastructure projects in Asia imply that an increasing proportion of ADB supported projects may be located in areas with IP. Increasing due diligence on ADB’s part with respect to IP issues in projects is another important reason for the increasing number of IPPs. In the PRC, the “Great Western Development Campaign” is taking development toward the western and southwestern provinces and regions, which have the highest proportion of ethnic minority and poverty areas. In Viet Nam, a government priority has been to focus on the central highlands

³⁵ This issue has caused significant discussion within ADB. In the context of the preparation of a project in Pakistan’s Federally Administered Tribal Areas (FATA), ADB undertook a study following MRM to assess whether the situation in FATA, on the border with Afghanistan, should trigger a response under ADB’s IP policy. The study findings and conclusions posited that projects in FATA “tribal” would not need to follow the IP policy and that the various Pathan tribes did not constitute a minority in the constitutional sense in the national legislation and did not consider themselves a minority. Since the policy would not need to be invoked in FATA, neither would it need to be for the Baloch in Baluchistan, nor for the Sindhis in Sindh. The project eventually included a covenant to ensure that smaller tribes in the project area would benefit as much as the main tribes.

and to some extent the northern highlands, where the IP are concentrated. In India, the focus on the construction of rural roads and highways will also bring ADB into more contact with areas dominated by scheduled tribes. ADB's private sector portfolio, which has been expanding rapidly, may include the financing of investments in hydropower, forest, gas, and mineral development, often located in IP-dominated areas. Middle-income DMCs generally do not borrow from OCR to finance projects in IP areas with traditionally more unambiguously positive impacts for IP, such as in health, agriculture, and education.

38. Indigenous Peoples Development Frameworks. IPDFs have been prepared since 2002, on the basis of a classification system. This distinguishes between categories A, B, and TBD, the latter a category that recognizes that in certain projects, for example, sector and credit line projects, the areas to be affected by the project cannot be foreseen before its approval. Notable is the number of IPDFs prepared for projects in India (nine) and Indonesia (seven) over the period. This correlates with the sector nature of the loans approved in these countries. It also indicates that projects in India and Indonesia will generally have more planning work on IP actions after loan approval, increasing the workload of project implementation units, and perhaps accounting for the critical attitude of agency staff of sector projects interviewed by the study team regarding IP safeguards that are seen to be imposed by ADB. The safeguard policy update needs to carefully look into the most opportune timing of IP planning, before or after project approval, taking into account the generally limited time available for planning work in a loan-funded project once it is under implementation.

39. Distribution by Sector. Most of the IPDPs and IPDFs reviewed were for projects in ADB's transport and communications sector and agriculture and natural resources sector, notably for road and agriculture projects (Table 3). The Medium Term Strategy II identified transport as one of the core sectors in which ADB operations are expected to grow. If ADB support goes increasingly to roads in IP-dominated areas, the application of the current policy will require the preparation of more IPDPs. In the case of road sector projects, ADB's policy will lead to IPDFs, which in the present safeguard compliance context could trigger a multitude of tailored IPDPs, possibly one for each road. Appendix 3 contains a description of the types of IPDPs by sector. The risks, mitigation measures, and enhancement measures identified by IPDPs are described in Appendix 4. From these appendixes, the following conclusions can be derived:

- (i) Twelve of the 31 IPDPs identify no risks, only benefits, and do not include clear mitigation measures. They sometimes include a number of enhancement measures, such as providing schoolbooks in the IP language or giving training in skills to develop tourism.
- (ii) There is considerable variation in the identification of risks, benefits, mitigation measures, and enhancement measures between IPDPs. Some identify adverse impacts of roads on traditional culture; others do not, for unclear reasons. While it is not desirable to have a boilerplate format or approach, more guidance on typical risks and mitigation measures by sector is needed.

Table 3: Number of Indigenous Peoples Plans, by Sector
(1998–2005)

Sector	IPDP	IPDF	SpA	Total Projects with IPPs	Total Projects	% with IPPs
Transport and Communications	14	7	10	28	105	27
Agriculture and Natural Resources	5	7	20	30	81	37
Energy	2	4	8	13	56	23
Multisector	3	5	13	21	87	24
Education	2	3	15	19	48	40
Water Supply, Sanitation, and Waste Management	1	3	4	9	45	20
Health, Nutrition, and Social Protection	4	1	4	9	27	33
Law, Economic Management, and Public Policy	0	0	3	3	42	7
Finance	0	0	3	3	86	3
Industry and Trade	0	0	1	1	28	4
Total	31	30	81	136	605	22

IP = indigenous peoples, IPDF = indigenous peoples development framework, IPDP = indigenous peoples development plan, IPP = indigenous peoples plan, SpA = indigenous peoples specific action.

Notes: A total of 142 IPPs for 136 projects were approved from 1998 to 2005. The table is sorted according to the number of IPPs. Total projects include programs, credit lines, and technical assistance loans.

Source: Asian Development Bank databases.

B. IPDPs Analyzed

40. IPDPs required in the 2004 OM are not always labeled as such in practice. Most are called EMDPs, in line with legislation in the countries to which they refer. Others are integrated social plans or gender and ethnic minority plans, or poverty and minority plans, combining various activities (Appendix 5). The length of the plans and the degree of their specificity vary greatly. While the variation in titling observed is appropriate and indicates the attempts at consolidation and integration made on the basis of the specific situation in each country, the very different lengths and attention to details in the documents would seem to call for a more systematic structuring by sector, as with the identification of risks and mitigation measures.

41. **Number of Affected IP across DMCs.** It is difficult to aggregate the number of IP benefiting from, or adversely affected by ADB-supported projects. This is due to the variable nature of the direct and indirect impacts across projects of widely different natures. This report cannot, therefore, present the number of IP affected by year. An attempt to isolate the numbers of IP as provided in 31 IPDPs is made in Appendix 6 with pertinent data regarding the total estimated beneficiaries of the associated projects, the proportion of IP in this number, and the nature of the IP concerned. This gives a sense of the variation in the numbers of IP affected in each project. The numbers oscillate between 1,150 affected households for the Lao Nam Theun II Hydroelectric Project³⁶ to over six million people for the Chattishgarh State Road Development Project in India.³⁷ A relatively high number of IPDPs, 10, did not identify an exact number of affected households (but three of these were sector projects and so could not be expected to estimate this figure), and two did not quantify the IP beneficiaries of the project. What is clear is that, according to the RRP and IPDPs, IP beneficiaries outnumber, by the tens of millions, the IP households registered as being adversely affected. Projects with large numbers of IP are mainly found in the countries already mentioned as having more IPPs in both the absolute and the relative sense. The PRC stands out. The large populations living in the areas where many

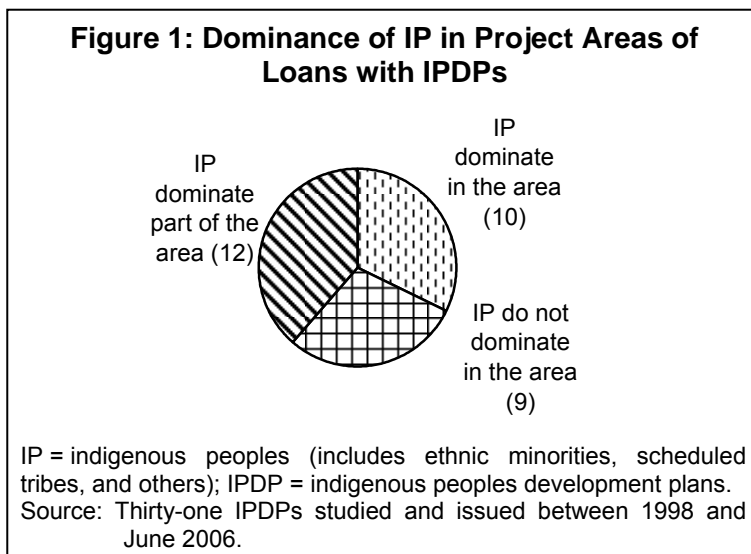
³⁶ Loan 2162-LAO: *Greater Mekong Subregion Nam Theun II Hydroelectric Project*, for \$20.0 million, approved 4 April 2005.

³⁷ Loan 2050-IND: *State Road Development Project*, for \$180.0 million, approved 24 November 2003.

ADB-supported projects are generally planned, in combination with the infrastructure and particularly road and railway focus of the projects in the PRC, explain in part this large bias.

42. Dominance of IP in Project Areas.

The level of predominance of IP within project impact zones was investigated to see if there were many IPDPs for areas where the design of the project should already have been fully concerned with IP development. Of the 31 IPDPs reviewed, 10 covered project areas in which IP were dominant (i.e., where IP constitute 50% or more of the total population), 9 were for projects in areas where IP composed less than 50% of the overall population, and the other 12 were for projects that covered both

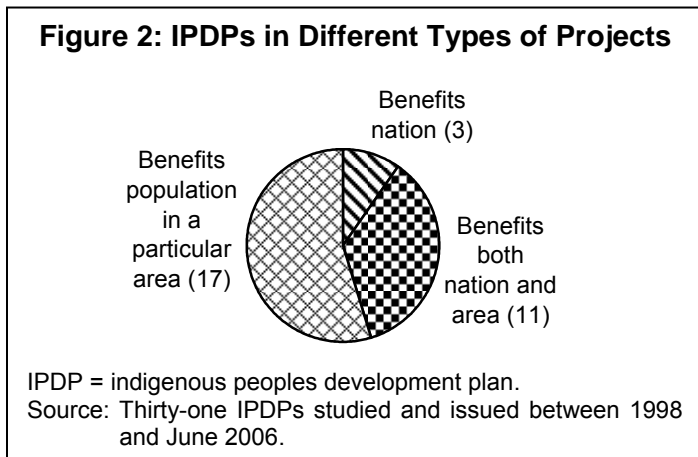


areas where IP dominated and those where they did not (Figure 1). This report questions the need to prepare IPDPs for projects in IP-dominated areas, because IP issues should already have been a central concern in the project design. IPDP preparation would be justified in such circumstances only exceptionally, such as for projects that do not benefit the local population in the area.

43. Projects in areas dominated by IP were mainly located in the PRC, India, Indonesia, Lao PDR, and Viet Nam. IPDPs in other countries were usually for projects that did not solely cover IP or IP areas. In these cases it could be argued that there was more justification for including special measures to ensure that IP would benefit.

44. **Nature of Projects and IPDPs.** An equally pertinent classification of IPDPs is that based on the nature of the project at hand. Arguably, infrastructure projects could be classified as follows: (i) projects benefiting the nation or economy but not necessarily and primarily the project area and the population living there (i.e., country-focused projects); (ii) projects benefiting both the nation and the beneficiaries in the project area or the immediate vicinity (i.e., country- and area-focused projects); and (iii) projects whose main aim is benefiting the population living in a particular area of the country (i.e., area development-focused). The first category would consist mainly of (i) large reservoir dams for hydropower to feed the national grid or for water supply outside the immediate vicinity of the reservoir itself; (ii) mining or oil or gas pipeline projects based on the extraction of natural resources in an area and their transfer out of it; and (iii) highways or expressways that connect main cities of a country or link up hitherto unconnected parts of a national grid, but with only secondary positive impacts on the population within the area crossed by the expressway. The second category would include those projects that not only build expressways but also have major works on rural roads and connector roads to open up the area to the outside. The third category of projects would include main area development projects, sector projects, and in general more regionally confined projects in such sectors as agriculture, education, health, urban development, and water supply and sanitation.

45. For *country-focused projects*, adverse impacts on IP living in particular areas could easily be imagined, because of the asymmetrical distribution of project benefits and costs. Preparation of an IPDP would generally make sense in such cases. Especially in DMCs that do not have strong programs for IP, the IPDP would focus on mitigating harm and on ensuring that IP got a fair share of the benefits generated. For *combined country- and area-focused projects*, the need for IPDPs could be needed if serious adverse impacts in certain subareas had to be mitigated. However, the enhancement measures would normally be part and parcel of the project itself, and would at the most be highlighted in an IP statement, rather than be part of a separate plan with a separate budget. These projects would essentially be oriented towards addressing poverty reduction in the area and IP development. The third category, *area-focused projects*, would likely only need an IP due diligence statement, or a social safeguard due diligence statement. This type of categorization is illustrated in Figure 2.³⁸



46. Figure 2 shows that over half of the IPDPs were prepared for projects whose main aim was to benefit the population within a particular area; only three, or less than one tenth of the IPDPs were for projects with the main aim of benefiting the country's economy but not primarily the area's population. Such projects in IP areas were the private sector Tangguh LNG Project, the Nam Theun II Hydroelectric Project, and the Guizhou–Shuibai Railway Project. The Guizhou-Shuibai Railway was designed to facilitate through railway traffic and to support mineral extraction to benefit the national economy.³⁹

47. The type of project correlated strongly with the size of the IPDPs as reflected in their average number of pages (as posted on the ADB website): (i) 171 for country-focused projects, (ii) 24 for combined country and area focused projects, and (iii) 10 for area-focused projects.⁴⁰

48. Most of the combined country- and area-focused projects with IPDPs were in the PRC: the Central Sichuan Roads Development Project,⁴¹ the Hunan Roads Development III Project,⁴² the Dali-Lijiang Railway Project,⁴³ the Guangxi Roads Development II Project,⁴⁴ the Hunan

³⁸ This would be in line with the World Bank's 2005 Bank Procedures that state (BP 4.10, para. 10): "When IP are the sole or overwhelming majority of direct project beneficiaries, the annex to the Project Appraisal Document includes a summary of how the Project complies with the Policy."

³⁹ The project also had some employment benefits for the local population, even though special enhancement measures for these were not included in the project design.

⁴⁰ If the Tangguh and Nam Theun II IPDPs were excluded, the correlation would be much less significant between year of approval and length of IPDP—with page averages of 6 in 1998, 17 in 1999, 6 in 2000, 18 in 2001, 12 in 2002 and 2003, 22 in 2004, and 19 in 2005.

⁴¹ Loan 2181-PRC: *Central Sichuan Roads Development Project*, for \$600.0 million, approved 22 September 2005.

⁴² Loan 2219-PRC: *Hunan Roads Development III Project*, for \$208.0 million, approved 15 December 2005.

⁴³ Loan 2116-PRC: *Dali-Lijiang Railway Project*, for \$180.0 million, approved 2 December 2004.

⁴⁴ Loan 2094-PRC: *Guangxi Roads Development II Project*, for \$200.0 million, approved 21 October 2004.

Roads Development II Project,⁴⁵ the Chongqing-Guizhou Roads Development Project,⁴⁶ and the Southern Yunnan Road Development Project.⁴⁷ Other projects in this category were the Chhattisgarh State Road Development Project in India,⁴⁸ the Road Network Development Project in Nepal,⁴⁹ the Lao Northern Economic Corridor Project,⁵⁰ and the Provincial Roads Improvement Sector Project in Viet Nam.⁵¹ These were major highway projects with significant rural or local roads rehabilitation components added on to them, and sometimes other components as well, such as education support and even water supply projects. For the PRC projects, an average EMDP would generally have 25 to 52 pages. For the projects in other countries, the IPDPs were generally less than 10 pages long.

49. Most area-focused projects with IPDPs were in Viet Nam (six). The other projects in this group were in Bangladesh (one), Cambodia (two), Greater Mekong Subregion (one), India (two), Indonesia (two), Lao PDR (two), and Philippines (one). All of these area-focused projects were designed to improve the social well-being and economic and income status of the population living in the area. The projects were designed to deliver health-care services, education, water supply and sanitation, community empowerment, agriculture and irrigation development, and improvement of livelihoods in a wider sense. Perhaps as a consequence of the fact that these projects were designed to improve the lives of IP and covered significant parts of the area's population, the IPDPs were generally short (less than five pages each) and had the nature of an IP statement. Most were not really plans in the normal sense of the word. Only the Central Region Livelihood Improvement and Forest Livelihood Improvement projects in the Central Highlands and the Chittagong Hill Tracts Rural Development project had more conventional and elaborate IPDPs. The preparation of IPDPs in such circumstances is questionable as many appear to add little to the project design or quality of the decision making. The preparation appears to be simply an administrative requirement. In fact, some staff did not view the relegation of the mitigation and enhancement measures in these IPDPs to an appendix of the RRP as conducive to their implementation. Their integration in the main project design, as discussed in the main text of the RRP, was seen as more effective.

C. Issues in IPDPs

50. The SES analyzed some issues brought out in IPDPs. The main issues were: (i) land loss, resettlement, and environmental change; (ii) other risk issues; (iii) budget allocations; and (iv) the nature of consultations with IP.

1. Land Loss, Resettlement, and Environmental Management in IPDPs

51. ADB's IR policy mandates the preparation of an RP for all projects resulting in loss of access to land or population displacement, with special attention for vulnerable groups, and the preparation of an environmental management plan for projects affecting the environment,

⁴⁵ Loan 2089-PRC: *Hunan Roads Development II Project*, for \$312.5 million, approved 9 September 2004.

⁴⁶ Loan 1784-PRC: *Chongqing-Guizhou Roads Development Project*, for \$200.0 million, approved 21 November 2000.

⁴⁷ Loan 1691-PRC: *Southern Yunnan Road Development Project*, for \$250.0 million, approved 24 June 1999.

⁴⁸ Loan 2050-IND: *Chhattisgarh State Roads Development Sector*, \$180.0 million, approved 15 December 2003.

⁴⁹ Loan 1876-NEP: *Road Network Development Project*, for \$46.0 million, approved 13 December 2002.

⁵⁰ Loan 1989-LAO[SF]: *Greater Mekong Subregion: Northern Economic Corridor Project*, for \$30.0 million, approved 20 December 2002.

⁵¹ Loan 1888-VIE: *Provincial Roads Improvement Sector Project*, for \$70.0 million, approved 18 December 2002.

including the environment of IP. Hence, from the efficiency standpoint, it could be argued that an IPDP should not deal with land loss, resettlement, or environmental management and leave such matters to the land acquisition and resettlement plans and environmental management plans. However, despite the existence of RPs, 16 of the 31 IPDPs reviewed still identified and discussed resettlement or land acquisition actions, and one more reviewed issues that would normally be handled in environmental management plans (Appendix 8).

52. **Country-Focused Projects.** The main impact of all three country-focused projects on IP—arising from land loss and resettlement—was discussed in the IPDPs, as were the resulting secondary impacts such as change in livelihood and loss of land and community assets (sacred sites, religious temples, cemeteries, and others). Some details are provided in Box 3.

Box 3: Resettlement of Indigenous Peoples in Three Country-Focused Projects

The Lao Nam Theun II Hydroelectric Project involved the flooding of an area in the Nakai Plateau. The construction and operation of the Nakai reservoir required the relocation of 1,149 households from 16 of 17 villages in the area, all of whom were IP. The Indonesian Tangguh Liquefied Natural Gas (LNG) Project necessitated land acquisition and the physical relocation of the Tannah Merah community with 127 households. The Sowai, Wayuri, and Simuna clans of the Sumuri tribe relinquished 3,466 hectares of clan lands; these lands were acquired through negotiated agreements. The construction of the 121-kilometer-long rail line of the Guizhou-Shuibai Railway Project in the People's Republic of China (PRC) required the relocation of at least 210 ethnic minority households.

To make sure that there would be continuity of cultural practices and less social stress, efforts were made to select resettlement sites within existing traditional and spiritual territories. All projects used a participatory approach in selecting the resettlement sites. The Nam Theun II Project consulted the tribes on the design of houses to be built in the resettlement site.

The loss of agricultural lands and forest areas also affected traditional practices and livelihoods. In Nam Theun II, the loss of some areas where herbs roots were gathered had an impact on the indigenous health practices of the tribes of Nakai. Traditional health specialists (priests and spirit doctors) were recruited as local health workers to adopt indigenous knowledge in modern health. Physical relocation required appropriate rituals and ceremonies and these were respected by the project. Appropriate rituals were performed for the relocation of gravesites. Alterations were made to ensure that sacred sites would not be affected. In the Tangguh LNG project, the sacred Kumapa rocks were considered when the Combo Dock facility was relocated, while the design of the plant and facilities was altered to ensure that the site would not be affected. For sacred sites and burial sites that could not be avoided, intensive consultations were held to agree on a schedule of transfer.

Many projects in the PRC and Viet Nam provided monetary compensation to ethnic minority households that lost houses, agricultural lands, and access to forest and marine resources. The Nam Theun II Project provided land of the same size and comparable yield to replace the lost lands. The Guizhou–Shuibai project covered the transportation costs of the relocation and provided subsistence allowance for 2 months to affected ethnic minority families. Two of the three country-focused projects also gave preference to hiring minorities in construction activities.

Enhancement measures provided included access to social services: (i) basic education, educational awareness programs, vocational training, and scholarship programs; (ii) good-quality health services; (iii) capacity-building programs; and (iv) poverty reduction programs, including microfinance and microenterprise development and livelihood support programs.

Sources: Indigenous peoples development plans.

53. Table 4 summarizes the risks, mitigation, and enhancement measures found in the IPDPs for the country-oriented projects. In all three projects the typical risks were addressed and led to mitigation and compensatory enhancement measures.

Table 4: Summary of Risks and Measures in IPDPs for Three Country-Focused Projects

Item	No. of Projects
Risks Identified	
Resettlement and land acquisition	3
Encroachment on cultural heritage sites	3
Impact on natural resources and change and loss of livelihood	3
Mitigation Measures	
Monetary compensation or replacement of loss of structure, land, and assets	3
Selection of resettlement sites according to IP traditions	3
Recovery and relocation of sites and artifacts with historical/cultural significance	2
Enhancement Measures	
Poverty reduction program	3
Access to education, vocational training, and scholarships	2
Access to good-quality health services	2
Access to water and sanitation	2
Community development	2

IPDP = indigenous peoples development plan.

Sources: IPDPs for three country-focused projects.

54. **Country and Area-Focused Projects.** Nine of the 11 combined country- and area-focused projects also identified land acquisition, resettlement, and encroachment on cultural heritage and historical sites as the main impacts on IP. The latter effects were, however, most often identified in the summary environmental impact assessments, not in the IPDPs.⁵² Box 4 gives some details of the kind of issues reflected in the IPDPs. Generally, environmental management plans and RPs could have handled the main IPDP mitigation measures identified.

55. Table 5 below summarizes the risks and mitigation and enhancement measures common to the 11 combined country and area-focused projects. Two IPDPs identified no risks whatsoever.

⁵² (i) Central Sichuan Roads Development Project (footnote 41), (ii) Hunan Roads Development III Project (footnote 42), (iii) Guangxi Roads Development II Project (footnote 44), (iv) Hunan Roads Development II Project (footnote 45), (v) Northern Economic Corridor Project (footnote 50), (vi) Road Network Development Project (footnote 49), and (vii) Chongqing-Guizhou Roads Development Project (footnote 46).

Box 4: Resettlement of Indigenous Peoples in 11 Combined Country- and Area-Focused Projects

All nine indigenous peoples development plans (IPDPs) with land acquisition and resettlement issues were for transport-oriented activities that needed to obtain right-of-way to construct the main thoroughfares and upgrade rural roads for easier access for ethnic minority communities. The plans set out to provide both monetary and nonmonetary compensation. The mitigation measures included (i) replacement of lands or houses or provision of the monetary equivalent of the lost asset and other affected assets of the minority groups such as telecommunications, electric structures, and even tombs and trees; (ii) consideration of local customs in the selection of resettlement sites and the construction of new houses; (iii) use of special funds to help vulnerable people; and (iv) provision of livelihood training, adult education, and construction employment opportunities for income restoration.

As identified in the summary environmental impact assessment, the IPDPs for nine of the 11 country- and area-focused projects identified encroachment on cultural sites and heritage as an issue to be addressed. Most of the alignment of road construction sites passed through areas with cultural relic sites such as places of worship, graveyards, and tombs. As a mitigation measure, archeological surveys were conducted together with authorities on archeological relics. For the temples affected by the relocation, consultations were held with local people and the temples were moved only with the approval of the community. For the Road Network Development Project in Nepal, sacred trees identified along the road right-of-way were avoided during road formation.

Ten of the 11 combined country- and area-focused projects envisaged poverty programs as enhancement measures. However, most did not set aside separate budgets for these.

Sources: Indigenous peoples development plans.

Table 5: Summary of Risks and Measures in IPDPs of 11 Combined Country- and Area-Focused Projects

Item	No. of Projects
Risks Identified	
None identified	2
Construction-related disturbances such as construction noise and other hazards	7
HIV and drug trafficking risks	7
Resettlement and land acquisition	9
Encroachment on cultural heritage sites	9
Impact on natural resources and change and loss of livelihood	6
Influx of migrants, potentially leading to dilution of local culture and customs	4
Mitigation Measures	
None identified	2
Protection of community from construction disturbances	7
Control of communicable diseases through awareness and prevention in a culturally appropriate manner	7
Monetary compensation or replacement of loss of structure, land, and assets	8
Livelihood options and income recovery for resettled families	5
Recovery and relocation of sites and artifacts with historical and cultural significance	9
Enhancement Measures	
None identified	1
Poverty reduction program	9
Microcredit	7
Forestation	6
Agricultural development	9
Education development and training programs	8

IPDP = indigenous peoples development plan.

Note: Reflects those issues mentioned four times or more by different IPDPs.

Sources: Eleven IPDPs studied.

56. **Area-Focused Projects.** The IPDPs for eight of the 17 area-focused projects reviewed claimed that the projects had no significant adverse impacts on IP and identified no mitigation measures.⁵³

57. Four IPDPs, however, noted that the ethnic minority beneficiaries would be affected by land acquisition and resettlement—something that was already addressed in the RP.⁵⁴ Another four IPDPs mentioned that the improved roads might gain access for non-IP to remote areas such that the culture and traditional way of life of minorities might be threatened and diluted (similar projects did not mention this risk). Three IPDPs said that culture and traditions would hinder project implementation and participation. Issues identified in this regard included (i) cultural restrictions on public interaction of women and men that could hinder women's participation, (ii) provision of projects such as microfinance that might not recognize inherent tribal cultures and group lending practices and could therefore destabilize the traditional way of life, and (iii) traditions in entertaining guests that could be a heavy burden on poor villages.

58. Ten IPDPs did not identify enhancement measures because beneficial programs had already been implemented. Others mentioned some enhancement measures, but as part of the overall design of the project and not as special issues for the IPDPs. This was especially true for the projects with resettlement activities that provided some poverty intervention, education development and training, access to good-quality health services, and promotion of culture and traditions, especially the use of indigenous language in participatory discussions and instructional materials for education.

59. Five⁵⁵ of the 17 area-focused IPDPs neither identified risks nor presented mitigation or enhancement measures. Table 6 summarizes the risks, mitigation, and enhancement measures common to area-focused projects.

⁵³ This was most likely because of the nature of the projects: (i) health improvement (four projects); (ii) agriculture improvement, irrigation, and water supply and sanitation (four); (iii) rural roads development and improvement (three); (iv) education development (two); (v) livelihood improvement (two); (vi) community empowerment (one); and (vii) area development and conservation (one).

⁵⁴ Three projects would require land acquisition and resettlement of IP: (i) Loan 2223-VIE: *Central Region Water Resources Project*, for \$74.3 million, approved 19 December 2005; (ii) Loan 2018-IND (footnote 12); and (iii) Loan 1795-LAO: *Rural Access Roads Project*, for \$25.0 million, approved 7 December 2000. A fourth project (Loan 1605-INO: *Central Sulawesi Integrated Area Development and Conservation Project*, for \$32.0 million, approved 27 January 1998) required the resettlement of the Besoa people, who were forest squatters in Katu village.

⁵⁵ (i) TA 6194-REG: *Regional Communicable Disease Control Project*, for \$600,000, approved 20 October 2004; (ii) Loan 1940-CAM: *Health Sector Support Project*, for \$20.0 million, approved 21 November 2002; (iii) Loan 1864-CAM: *Education Sector Development Program*, for \$20.0 million, approved 4 December 2001; (iv) Loan 2269-VIE: *Forests for Livelihood Improvement in the Central Highlands Project*, for \$45.0 million, approved 26 October 2006; and (v) Loan 1765/1766-INO: *Community Empowerment for Rural Development Project*, for \$115.0 million, approved 19 October 2000.

Table 6: Summary of Risks and Measures in IPDPs for 17 Area-Focused Projects

Item	No. of Projects
Risks Identified	
None mentioned	8
Resettlement and land acquisition	4
Influx of migrants, potentially leading to dilution of local culture and customs	4
Cultural traditions hindering project implementation and participation	3
HIV and drug trafficking risks	1
Mitigation Measures	
None mentioned	8
Consultation process with the locals in the local language	5
Monetary compensation or replacement of loss of structure, land, and assets	3
Control of transmittable disease through awareness and prevention in a culturally appropriate manner	1
Monitoring of activities that may affect local culture and traditions	1
Hiring of locals	1
Enhancement Measures	
No enhancement measures identified	10
Poverty reduction program	
Microcredit	2
Livelihood improvement	2
Education development and training	4
Access to good-quality health services	4
Promotion of traditional customs, cultural preservation, and indigenous language	4

IPDP = indigenous peoples development plan.

Sources: Seventeen IPDPs studied.

60. **Summary.** Ten of the 31 IPDPs, about one-third, identified no risks and only enhancement measures. Risks in other IPDPs were mostly related to loss of land, structure, and assets and to resettlement or livelihoods, particularly in the case of infrastructure projects. For road projects, a risk often identified was the spread of HIV infection due to the influx of construction workers for the roads or transport workers after the roads were completed. Mitigation measures planned for these risks were compensation for loss of structures and land, HIV awareness campaigns, provision of relocation allowance, inclusion of clauses in contracts requiring contractors to inform workers of HIV risks, and, more generally, assurances from EAs that IP would be consulted during implementation. Except for the last-mentioned risk, all these risks applied to non-IP as well and were built into the overall project design. Enhancement measures usually focused on poverty reduction. The IPDPs identified livelihood programs, provision of small infrastructure support (health, education, water, etc.), education support, microcredit, skills development, reforestation, capacity building, and tourism development. The enhancement measures were mostly packaged within existing government programs, especially in the PRC, and were not designed as project components, and therefore did not represent value added for the IPDPs. The IPDPs usually identified the provision of temporary labor for construction as a direct benefit to IP. Several IPDPs stressed the need for clauses in contracts to ensure preferential treatment for IP when seeking such employment. Such recommendations could have been covenants in the loan agreements. Overall, the IPDPs for area-focused projects had limited benefits and value added. From an effectiveness and efficiency point of view, it is not clear that the IPDPs needed to be prepared; SpAs requiring some monitoring arrangement during implementation would have sufficed. Table 7 presents the number of IPDPs with identified risks, mitigation measures, and enhancement measures, for different types of projects. Only 40% of the projects that did not include resettlement planning had IPDPs that

identified risks in need of mitigation measures. If resettlement risks and environmental risks were excluded, few IPDPs defined serious risks that could be mitigated in individual projects.

Table 7: IPDPs with Defined Risks, Mitigation Measures, and Enhancement Measures, by Type of Project

Item	Combined				
	Country-Focused Projects (%)	Country- and Area-Focused Projects (%)	Area-Focused Projects (%)	Projects with Resettlement (%)	Projects without Resettlement (%)
With Identified Risks	100	90	53	100	40
With Mitigation Measures	100	90	53	100	40
With Enhancement Measures	100	100	41	94	40
With Resettlement	100	80	24		

Sources: Thirty-one indigenous peoples development plans issued from 1998 to 2005.

2. Budget Allocation for IPDPs

61. As a measure of the confusion wrought by the demand for IPDPs even in projects that brought only benefits to IP, it is telling that only 16 of the 31 IPDPs identified budgets necessary to implement the recommended actions. For the rest, the unclear mitigation and enhancement measures made it difficult to assign budgets to IPDPs—despite instructions to identify budgets in both the 1998 IP Policy and the 2004 OM. Two IPDPs identified amounts exclusively for its monitoring activities: the Central Sichuan Roads Development Project allocated \$50,000, and the Hunan Roads Development III Project \$80,000. The EAs were to fund the activities themselves.

62. Two IPDPs—those for the Guangxi Roads Development and Dali–Lijiang Railway projects in the PRC—identified an amount for cultural protection measures. The Guangxi Roads Development Project allocated \$241,636 for the support of Ganzhahuang Folk Song Fair, a program funded by the Tainyang government. To support the Dali–Lijiang loan, the West Yunnan Railway Company requested ADB to provide a small-scale TA⁵⁶ to enhance the project benefits for the poor, mostly ethnic minorities, and to help develop feasibility studies for the preservation of local culture. The TA, approved in December 2004, had three components: (i) capacity-building and skills enhancement programs for the poor, vulnerable groups, and ethnic minorities, a focus of which was the identification of tourism and training needs; (ii) two feasibility studies—one on the protection of successor folk culture and rescue and classification of ancient works and the other on the identification, classification, translation, and restoration or preservation of ancient books, and oral records and inscriptions; and (iii) assessment measures taken or planned for the preservation of local cultures.

63. Only four IPDPs, including three combined country- and area-focused projects, identified exclusive budgets for the implementation of enhancement activities for IP. The IPDP for the Central Sichuan Roads Development Project in the PRC, with programs for microcredit, new farm land development, and tourism development, was budgeted at \$4.9 million. This amount was to come from (i) tax rebates on the project expenditures, (ii) the county government, and (iii) a poverty fund of the county poverty reduction office and branches of the Agricultural Bank of China. The IPDP for the Hunan Roads Development II Project, also in the PRC, specified a

⁵⁶ TA 4455-PRC: *Support to Ethnic Minorities Development Plan*, for \$150,000, approved 2 December 2004.

budget of \$13.5 million for farmland reclamation and afforestation activities funded from taxes paid to the Land and Resources Bureau and the Forestry Bureau. The Provincial Roads Improvement Sector Project in Viet Nam committed \$1.5 million in government funds for the IPDPs in the sector project. Another project in Viet Nam, the Central Region Water Resources Project, allocated the equivalent of \$38,764 in government funds for the implementation of the IPDP. The budget range is very large and there seems to be no common practice for budgeting funds from different sources.

64. Budgets were not specified for the other 11 IPDPs, but some mitigation and enhancement measures may have been part of the resettlement budget, the EIA budget, or the overall project budget. Regular government programs and their budgets were often deemed sufficient to mitigate the risks caused by the projects, although some projects did indicate that they would make sure those mitigation measures were indeed implemented. Some government budgets for ethnic minority programs, such as those in the PRC and Viet Nam, were referred to as enhancement measures that could deal adequately with IP development issues. Thus, ADB staff responsible for preparing the IPDPs, rightly or wrongly, saw no need to add specific mitigation and enhancement activities.

65. For country-focused or large-scale infrastructure projects, such as Nam Theun II and Tangguh LNG, enhancement measures were budgeted for in the resettlement plan or the umbrella integrated social program and financed under the loan. The Tangguh LNG Project allocated \$77 million for the implementation of its Integrated Social Program (which included the implementation of the IPDP and the RP). The Nam Theun II Hydroelectric Project budgeted \$45.4 million in its RP for resettlement and for IP enhancement measures (relocation of the villages affected, reconstruction of new villages, relocation of historically important artifacts and religious buildings, mitigation measures to cushion the impact of loss of traditional medical practices, etc.).

3. Consultations with IP

66. The confusion within ADB regarding the nature of the IPDPs extends to the consultation processes to be held. The SES investigated the statements made in all IPDPs on the website regarding the consultation process conducted in preparation for the projects (Appendix 9).⁵⁷ Of the 31 IPDPs, 22 mentioned that a socioeconomic survey had been conducted. Most of these surveys were done during the project preparatory TA but were intended for the entire project and not solely for IP, although they covered IP issues. Rarely was there a breakdown of the findings along IP and non-IP lines. The preparation of the IPDP for the Dali–Lijiang project, however, was an exception. Five extension surveys were conducted with 419 participants.

67. Four IPDPs based their assessment of census and socioeconomic issues on the latest national data.⁵⁸ Seventeen mentioned that special consultations had been held with IP and non-IP affected people. Three did not mention any socioeconomic survey or any other consultation. The IPDPs did not specify how many members of ethnic minority groups took part

⁵⁷ Feasibility studies and/or project preparatory TAs may have conducted surveys which were not (adequately) summarized or even referred to in IPDPs; these were not checked by OED.

⁵⁸ Those for the Regional Communicable Disease Control Project in the Greater Mekong Subregion (footnote 55 [i]), Preventive Health System Support Project (Loan 2180-VIE, for \$27.9 million, approved 25 August 2005) and Health Care in the Central Highlands Project (Loan 2076-VIE, for \$20.0 million, approved 9 January 2004) in Viet Nam, and Education Sector Development Program in Cambodia (footnote 55 [iii]).

in the project preparatory TA surveys and consultations. Other IPDPs made general statements, particularly on consultation during implementation and during monitoring and evaluation. Statements like this were typical: “A participatory approach from planning to implementation phase will be conducted and participants from national to village level will be involved.”

68. Only 14 of the IPDPs reviewed identified and gave the number of the participants in the surveys or consultations. But the information given was generally not enough to prove the existence of broad IP community support. In some cases, the IP or non-IP status of the participants was not identified. Ten IPDPs mentioned the time and duration of the surveys and consultations held with the affected people. Overall, the descriptions of consultation processes in IPDPs do not meet the international standards currently expected and do not seem to substantiate the OM’s requirement for close consultation with IP. The lack of solid information on the consultation process and survey results in the IPDPs is disappointing, especially in cases where projects were expected to carry risks. It calls into question the seriousness of the consultation process and weakens the quality of the baseline data available for assessing the future impact of the project.

69. Two of the country-focused projects documented a detailed consultation process. Fortunately these were the projects with the most unambiguous risks to IP. The Nam Theun II Project and the Tanguh LNG Project gathered extensive baseline data regarding IP, and used a participatory approach involving in-depth interviews with individuals and families, discussions with local leaders, discussions with ritual practitioners to assess the implications of relocation, and focus group discussions (Appendix 10).

70. The main conclusions are: (i) Consultations with stakeholders and participation were reported on in all IPDP documents, but mostly in general statements. Some project preparatory TA reports prepared by consultants gave more details on the consultation process than the IPDPs did. These reports were not, however, public documents in the past. (ii) The two IPDPs that discussed the consultation process in detail focused mostly on resettlement, income generation, and socioeconomic issues. (iii) With the exception of two cases, generally the reporting of the consultation process falls far short of the documentation that ADB would need to support and ascertain that there was broad based support among IP for more contentious projects.⁵⁹

D. Analysis of Indigenous Peoples Development Frameworks

71. The SES examined all 35 loans with IPDFs that were approved in the period from 1998 to mid 2006. Unlike an IPDP, an IPDF usually provides only a brief description of IP affected by the project and summarizes the policies and procedures to be followed after project approval. IPDFs are normally appended to RRP and briefly discuss (i) the type and nature of consultation to be held with IP, (ii) internal and external monitoring of impacts and measures for IP, (iii) cultural effects, (iv) resettlement and land acquisition impacts on IP, and (v) nature of the budget to be prepared. The results of the analysis of the IPDFs are presented below.

⁵⁹ For more guidance, see ADB. 2006. *Strengthening Participation for Development Results. A Staff Guide to Consultation and Participation*. Manila.

72. **Availability of IPDFs.** Eleven IPDFs were included in the corresponding RRP as a core appendix and 23 IPDFs as a supplementary appendix available on request.⁶⁰ Only one project⁶¹ was found to have a full-length IPDF apart from the summary version available on the web.

73. **Lending Modality.** Two thirds of the IPDFs were connected with sector loan projects; most of the others pertained to direct project loans and grants. One IPDF was for a program loan and one for a private sector loan. This pattern was expected. IPDFs set out the guidelines for the preparation of subsequent IPDPs during project implementation. Sector loans do not specify the exact type or location of all subprojects financed. If the project area covers IP, then the subprojects may require IPDPs.

74. **Significance of Project Impacts on IP.** The significance of the IP impact is to be categorized on an IP categorization form, and a summary included in the SPRSS. Of the 29 projects reviewed for which this document was available to the SES, 10 had assessed the impacts on IP as “significant.” Fifteen (52%) anticipated limited impacts on IP (meaning that there was a need for an SpA rather than an IPDF which is for anticipated significant impacts). Three projects did not provide an assessment of the significance of the impacts in the SPRSS. One project had “no impacts,” whether positive or negative, on IP. In such a case, no IPDF should have been prepared, according to the OM.⁶² Of the 10 projects with significant impacts, seven had prepared one or more IPPs subsequently, and the other three were relatively new.

75. **Subsequent IPDP/SpA.** The question can be raised whether IPDFs are effective instruments for determining the need for IPDPs for individual subprojects later on. Thirty-one IPDFs discussed the need to prepare a subsequent IPDP under certain conditions, as would be expected. Five IPDFs, however, did not state the need for a subsequent IPDP during project implementation. At the time of this SES, 11 of the 35 IPDFs were either in the initial stage or required no stand-alone IPDP for any of the subprojects appraised thus far. Six projects had prepared IPDPs subsequent to the IPDFs,⁶³ and nine had already concluded that no stand-alone IPDP would be prepared after the IPDF. Nine projects had prepared sample IPDPs for core subprojects during project preparation along with the IPDFs;⁶⁴ of these, only two had prepared more IPDPs by the time of this SES. Given these findings, it is too early to assess how effective IPDFs are in guiding the preparation of IPDPs for subprojects in sector projects. They were not entirely ineffective, given the number of IPDPs that were prepared subsequently. However, while IPDPs had subsequently been prepared for six projects, IPDPs were considered unnecessary for nine other projects. It could not be established whether less pressure from the safeguard compliance mechanism during project implementation had kept any of these nine from preparing subsequent IPDPs for subprojects. Some ADB staff have argued in comments to a draft of this report that, in many sector projects, project teams tend to prepare the IPDF to comply with safeguards before the MRM. These preliminary plans exhaust planning resources such that none is left for revising the draft IPDF or for preparing IPDPs for subprojects.

⁶⁰ RRP related to two of the IPDFs that were posted were still being prepared and had not been considered by the Board at the time of this study.

⁶¹ Loan 2195-VIE: *Central Region Transport Networks Improvement Sector Project*, for \$94.5 million, approved 11 November 2005.

⁶² During project preparation for the Power Grid Transmission Project in India (Loan 2152-IND, for \$400.0 million, approved 21 December 2004), no indigenous groups or populations were found in any of the five project sites: Arasur, Karur, Tirunaveli in Tamil Nadu, Warangal in Andhra Pradesh, and Pondicherry. A project with no impact on IP should be classified as category “C.”

⁶³ These IPPs were prepared for five sector loans and one private sector project.

⁶⁴ These IPPs were prepared for eight sector loans and one grant.

76. **Assurances.** Almost all RRP with IPDFs included assurances for IP. Similarly, all but one of the 33 loan agreements reviewed had one or more covenants for IP. As with IPDPs and RPs, however, there were large differences in the specificity of the covenants across loan agreements. Ten had general statements referring to IPDF. Twenty-two reflected more specific measures to mitigate or enhance project impacts, such as the need for (i) compliance with both applicable laws and the IP policy; (ii) the preparation of an IPDP or specific actions; (iii) the participation of IP in planning and implementation teams; (iv) ADB's concurrence with the IPDP or SpA; (v) the recruitment of a social development specialist or community officer; (vi) independent IP monitoring; (vii) the submission of progress reports; (viii) the availability of sufficient funds; (ix) the inclusion of IP in extension, training, and demonstrations; and (x) the inclusion of IP in satisfactory compensation, resettlement, and special assistance arrangements. A more consistent approach is needed for the drafting of IP covenants.

E. Analysis of Indigenous Peoples Specific Actions

77. Forty-three of the 81 SpAs were for project loans. Twelve SpAs were for program loans, 11 for sector loans, six for credit line projects, and five for grants (and technical assistance).⁶⁵

78. **Significance of the Impacts.** For eight of the 57 projects reviewed, "significant impacts" were noted in the SPRSS but all of these were expected to benefit IP. As the SpA is supposed to focus on limited impacts, IPDPs should, in fact, have been prepared for these eight, even when no adverse impacts, and only positive impacts, were expected, as provided for in the 2004 OM. Thirty-five projects (61%) anticipated limited impacts on IP; 14 of these projects specifically stated this, while noting that the impacts would be only beneficial. No answer was provided in the SPRSS for three projects, while for three others the impacts were deemed "uncertain." Three projects (5%) were assessed to have no impact at all, and should therefore not have been on the list of SpAs.⁶⁶ Although the SPRSS as such is not a safeguard document, and may have been marked wrongly, it is a public document, unlike the IP categorization form signed by the CCO.⁶⁷ The SPRSS should be made consistent with the categorization form and used as for safeguard information disclosure.

79. For the eight projects that identified only beneficial impacts on IP, it was claimed that the IP in the project areas had been mainstreamed and had no distinct cultural characterization, and that no need IPP was therefore needed for any of the project components. One of the eight projects with an SpA was actually categorized as "C" for IP safeguards.⁶⁸

80. A total of 21 SpAs on the website referred only to the SPRSSs that indicated that the projects had limited impacts on IP, without mentioning what was to be done to mitigate these impacts. Ten SpAs showed conditions typical of an IPDF and required the preparation and implementation of an IPP.⁶⁹ Thirteen merely stated that activities for IP would be integrated in project design or that strategies for IP participation would be developed. In nine SpAs, there

⁶⁵ In four cases, data were not available.

⁶⁶ Details of three projects were unavailable for review, as they were either not on the SpA list on the ADB IP website (two projects) or not in the web page link (one).

⁶⁷ The categorization form is the IP checklist filled out by the project officer and endorsed by the chief compliance officer. It is the sole basis for deciding whether or not an IPP should be prepared for a project.

⁶⁸ Loan 1998-MON(SF): *Second Health Sector Development Project*, for \$14.0 million, approved 5 June 2003.

⁶⁹ Fourteen projects (25%) would provide planning documents for IP in the form of (i) an IPDF (10 projects); (ii) an IPDP (one); (iii) a vulnerable groups development plan (one); and (iv) gender, caste, and ethnicity strategies (two).

was a discussion of mitigating measures for affected IP, related to land acquisition and RFs. In three of these nine, the adverse impacts were addressed in RPs, and the enhancement measures in SDAPs.

81. As with the IPDPs, there seems to be no standard for determining the beneficial or adverse impacts of projects in various sectors. Some SpAs on the website do not indicate any impacts that should be mitigated, and their main use may be to show that ADB is aware that a project is in an IP area and should look out for possible impacts on IP during implementation.

82. **Conclusions.** The findings in this section lead to the following conclusions: (i) Some SpAs should not have been prepared at all. (ii) Some SpAs should have been IPDPs. (iii) There is a degree of confusion among ADB staff about the assessment of impacts between various IPDPs and SpAs. What is an impact to be mitigated in one project is not identified as such in another similar project.

IV. PERFORMANCE ASSESSMENTS

A. Performance Assessment Conducted by the World Bank

83. The World Bank issued a comprehensive evaluation of its 1991 IP policy (i.e., its Operational Directive [OD] 4.20) in 2002 and 2003. This was one of the factors that led to a revision of the policy in 2005. The evaluation consisted of a “phase I” desk review,⁷⁰ and a “phase II” field-based evaluation of results.⁷¹ The desk review studied all 234 World Bank projects in 34 countries appraised after January 1992 and closed by May 2001. It concluded that the policy was highly relevant, particularly to the regions of Latin America, South Asia and East Asia, and the Pacific. The policy had strengthened the knowledge base for World Bank assistance that affected IP, shaped World Bank assistance to several countries by integrating measures to protect IP, and encouraged IP participation in the implementation of World Bank operations. However, the OD was found to have been unevenly applied. Of the 89 projects that the World Bank evaluation viewed as potentially affecting IP (38% of all projects), the OD had been applied in only 62%. Out of the 62%, only a little over half were assessed to have applied the policy in a satisfactory manner.⁷² The identification of IP under the policy was judged to be problematic, and equity in treatment between regions not ensured. The OED evaluation also examined the 170 most recently approved projects in the 34 countries, to see if any improvements were likely. Although the application of OD 4.20 to projects that affected IP remained the same in the view of OED (it was applied in 62% of the projects where the policy could have been applied), the evaluation found progress in the quality of application. Seventy-seven percent of the projects where OD was applied were judged to apply the policy in a satisfactory manner, and 95% of the ongoing projects that were likely to have “adverse” effects on IP included IPDPs or elements thereof, as compared with only 42% of the closed projects.

⁷⁰ Operations Evaluation Department, World Bank. 2002. *Implementation of Operational Directive 4.20 on Indigenous Peoples: An Independent Desk Review (2002)*. Washington, D.C.

⁷¹ Operations Evaluation Department, World Bank. 2003. *Implementation of Operational Directive 4.20 on Indigenous Peoples: an Evaluation of Results*. Washington, D.C. (10 April).

⁷² Figures were specified for the regions of East Asia and Pacific, and South Asia, where the focus on IP was mainly in India. In East Asia and the Pacific, out of 60 projects reviewed, 20 affected IP in the view of OED but only 11 identified IP and took steps to protect their interests. The corresponding figures for South Asia were 32 projects reviewed, 15 projects with affected IP, and 10 projects that identified IP and provided for their protection.

However, equity in treatment between regions (i.e., continents), and sometimes within countries themselves, continued to be an issue. As the previous chapter has shown, most of these findings are also issues in ADB. As in the World Bank, policy application became more comprehensive in ADB after 1998 and particularly after 2002.

84. Phase II of the World Bank evaluation examined the achievement of IP objectives in 47 completed projects identified in phase I as affecting IP and applying the policy, to determine whether these projects had mitigated adverse effects on IP, and ensured that IP benefited. The projects were prepared mainly from 1993 to 1995, and, if somewhat older, represented all projects that applied the policy during the evaluation period. The evaluation found that only 38% of these projects had generated satisfactory results for IP. At the sector level, results for IP were generally rated satisfactory in human development and other sectors where the potential of adversely affecting IP was relatively low. IP had benefited from access to better quality education and health infrastructure, greater access to water, and capacity building. Project results for IP were not deemed satisfactory in the energy and mining, transportation, and environment sectors, which composed 65% of World Bank commitments evaluated for this second phase, and included projects with significant potential to harm IP. The majority of these projects were found to neither mitigate adverse effects on IP nor ensure that they received an equitable share of benefits. The reasons for the latter conclusions were not self-evident to the present SES, and they were disputed by World Bank Management, which noted that 80% of the projects studied were judged successful in achieving their overall development objectives, higher than the overall average. Management also noted that currently applied environmental and social safeguard procedures had a better chance of mitigating adverse impacts. The previous chapter of this SES highlighted the discrepancy in the assessments made by different individuals regarding particularly the effects of ADB-supported road projects. The World Bank's evaluation took a quite severe look at the effects of such roads on traditional IP communities, perhaps rightly so. But in the experience of OED, and confirmed by at least three case studies of rural road projects, better roads are generally proudly supported by the people living in the project area, even after their sociocultural impacts are considered.⁷³

85. The World Bank evaluation concluded that an IPDP is essential when a project can have potential *adverse* effects on IP. All projects with IPDPs (but only seven of the 47 projects with potential adverse impacts on IP had an IPDP at the time) had satisfactory results for IP, as opposed to only a third or less of the projects that had specific actions *other* than IPDPs (like covenants), partly because of greater DMC commitment to a self-standing IPDP. Having a separate IPDP (but focusing on mitigating adverse impacts) was regarded as being more effective than integrating IP concerns in RPs or environmental action plans. In projects where there was a potential benefit rather than a potential adverse effect, the World Bank's evaluation did not view the need for a separate IPDP as evident, although there was a need for a considered strategy to ensure that IP would benefit from the project.

86. Finally, the World Bank evaluation found that the policy's project-level focus had constrained its effective implementation. Adopting standards at the project level inconsistent with nationally accepted norms was considered to lead to diminished impact and unlikely to lead to sustainable development. A need was identified to augment the project focus with a more strategic and country-level focus in undertaking analytical work and in identifying IP. The lack of

⁷³ See also Cook, C.C., T. Duncan, S. Jitchuson, A. Sharma, W. Guobao. 2005. *Assessing the Impact of Transport and Energy Infrastructure on Poverty Reduction*. Manila: ADB.

a diversified strategy, suited to each regional or country context, was seen as perhaps the most important problem constraining the effective implementation of the policy.

87. The phase II evaluation recommended that the World Bank should (i) adopt regional or country approaches, or both, to IP issues to guide the implementation of the policy at the project level; (ii) provide the necessary resources to undertake social assessments in projects that affect IP, to ensure their effective participation during project design and implementation, and to systematically monitor project outputs, outcomes, and impacts on IP; and (iii) increase the effectiveness and relevance of IPDPs by (a) requiring a self-standing IPDP only in case of likely adverse effects on IP, (b) summarizing its key elements in the project appraisal document, (c) committing the DMC to implement the IPDP in legal documents, and (d) including a credible mechanism for dispute resolution. Point (a) contradicts ADB's current OM Section F3, which requires an IPDP for both significant beneficial and adverse impacts. Point (d) is addressed only indirectly as part of the continuing consultation process throughout the life cycle of the project. Appendix 11 summarizes the evaluation findings for World Bank projects in different sectors. Another evaluation of 10 IP-oriented projects, conducted by IADB's Office of Evaluation and Oversight, is summarized in Appendix 12.

B. ADB's Performance Assessments Prior to This Study

88. Using a different, more limited approach than the World Bank's OED evaluation, this SES has not attempted to determine independently how many projects approved since 1998 should have applied the IP policy, as compared with the number of projects in which the policy was actually applied. Such an approach was considered too demanding on human resources, and the definitional problems in identifying IP and their supposed and actual needs would have made the findings less robust, as the dispute between the World Bank evaluation and Management about project effectiveness in mitigating IP risks indicates. The SES was also unable to conduct a large number of field visits to IP-oriented projects. The SES assessed PPRs, IPDPs, IPDFs, back-to-office reports, PCRs, and project performance evaluation reports (PPERs) to obtain different perspectives on the application of the policy. A brief study of the database of responses RSES has made to requests for comments on draft project proposals since 2002 points to thorough consideration of all projects that could have implications for the policy. In this sense the SES is reasonably confident that projects approved since 2002 have not overlooked IP issues to the degree identified by the World Bank evaluation for World Bank projects in the 1990s.

1. Project Performance Reports

89. ADB staff monitor the progress of ongoing projects in a variety of ways, the most important of which are annual or semiannual review missions for the projects, and quarterly or semiannual progress reporting by EAs and by consultants. Project officers' day-to-day project administration regarding ADB concurrence with approvals for procurement and consultant consultation is another source of information. Formal progress reports are supplemented by e-mail and other correspondence. Information reported through all these sources is to be entered into ADB's online PPRs, so that senior staff and management can monitor portfolio performance and hold portfolio reviews, based on risk assessments. Because of the limited time, not all PPRs were studied. Rather, the SES concentrated on all 68 ongoing (in 2006) infrastructure projects with IR impacts, and then checked the effects of the projects on IP.

90. This process identified 35 ongoing projects in 13 countries⁷⁴ that had projects with both IR and IP impacts. Out of the 35 projects, 16 had prepared IPDPs, and 19 had prepared IP guidelines or frameworks (either during project preparation or during implementation). Eight⁷⁵ of the 35 had no social covenants in the loan agreements regarding the IP policy, despite having IPDPs or IPDFs (either at loan approval stage or later).

91. Another analysis of loan agreements for 29 projects with IPDPs demonstrated that seven had no related covenants and that, of the 22 that had, 17 covenants referred to the actual IPDP (which is better) while five referred only to the ADB IP policy. These findings show the inconsistent enforcement of the policy in the past. However, several IPPs have not identified any adverse impact. Conversely, two cases (14%) were identified in which neither an IPDP nor guidelines or frameworks for assisting IP affected by the projects had been prepared, but where social covenants in the loan agreement nevertheless stipulated some form of guidance for the project authorities regarding IP.⁷⁶

92. Three cases in the PPR database had no social covenant for IP in the loan agreement but, after finding IP during implementation, had prepared an IPDP or guidelines/framework.⁷⁷ These show the importance of continued screening for IP issues during the project implementation period. Three other cases with no social covenants for IP had prepared an IPDP or SpA during the RRP stage.⁷⁸

93. The following IP issues were observed from a review of available PPRs for projects with IPDFs: (i) two projects reported the need to exclude project components that concerned IP,⁷⁹ on the grounds that preparing an IPP would delay project implementation; and (ii) in only 13 of the 29 IPDFs that referred to RFs were rehabilitation measures specific to IP defined. The first point illustrates the perverse incentives associated with ADB's three safeguard policies. Because of the nature of the policies and concerns about the compliance review mechanism, the incentives for both EAs and ADB staff are to avoid projects or components that deal with complex IP issues.⁸⁰ The second point shows that RFs have similar problems with singling out IP from other

⁷⁴ Bangladesh, People's Republic of China, Cambodia, India, Indonesia, Lao PDR, Mongolia, Nepal, Pakistan, Philippines, Sri Lanka, Uzbekistan, and Viet Nam.

⁷⁵ (i) Loan 1710-LAO(SF): *Water Supply and Sanitation Sector Project*, for \$20.0 million, approved 16 November 1999; (ii) Loan 1989-LAO(SF) (footnote 50); (iii) Loan 2085-LAO(SF): *Roads for Rural Development Project*, for \$17.7 million, approved 28 June 2004; (iv) Loan 2102-NEP(SF): *Community-Managed Irrigated Agriculture Sector Project*, for \$20.0 million, approved 17 November 2004; (v) Loan 2064/2065-INO: *Participatory Irrigation Sector Project*, for \$19.0 million and \$54.0 million, respectively, approved 19 December 2003; (vi) Loan 2050-IND (footnote 37); (vii) Loan 1981-IND(SF): *Railway Sector Improvement Project*, for \$313.6 million, approved 19 December 2002; and (viii) Loan 2128-VIE: *Northern Power Transmission Sector*, for \$120.0 million, approved 13 December 2004.

⁷⁶ Loan 2087-MON(SF): *Regional Road Development Project*, for \$37.13 million, approved 22 July 2004; and Loan 1986-SRI(SF): *Road Sector Development Project*, for \$56.6 million, approved 19 December 2002.

⁷⁷ Loan 2064/2065-INO(SF) (footnote 75 [v]), Loan 1710-LAO(SF) (footnote 75 [ij]), and Loan 2102-NEP(SF) (footnote 75 [iv]).

⁷⁸ Loan 1605-INO: *Central Sulawesi Integrated Area Development and Conservation Project* for \$32.0 million, approved 27 January 1998; Loan 1989-LAO(SF) (footnote 50); and Loan 2102-NEP(SF) (footnote 75 [iv]).

⁷⁹ India's Railway Sector Improvement Project (Loan 1981-IND, for \$313.6 million, approved 19 December 2002) and Indonesia's Renewable Energy Development Sector Project (Loan 1982-INO, for \$161.0 million, approved 19 December 2002) proposed the exclusion of subprojects with IP.

⁸⁰ This finding was confirmed during some interviews and in a written reaction from one operations department to a draft of this study report. Project implementing agencies were observed to drop subprojects with IP issues to avoid IPDPs. Or they would go ahead with subproject implementation without formulating an IPDP, after stating that there were no IP issues in the subproject area.

affected people. If the CCO now requires an IPDF whenever a project is in an area where IP live, even if no risks can be identified at the preparation stage, then this requirement should be codified. But this SES report would recommend that “C” projects be recategorized as either “B” or “A” during project implementation, as soon as project monitoring establishes the need for this.

94. The following conclusions can be drawn:

- (i) The social covenants in the loan agreements had been copied into most PPRs, so progress reporting against these could be done. The consistency of wording of the IP covenants, however, varied greatly, some referring directly to the policy, others to the IPDP or IPDF, others only elaborating some key issues. As with the IR covenants, occasionally statements were found that would require the agencies involved to implement any future amendments to an existing policy, such as in the case of Rural Roads Sector I (Loan 2018-IND): “Wherever applicable, Madhya Pradesh and Chhattisgarh shall ensure that the implementing agencies implement the subprojects in accordance with the ADB’s policy on Indigenous Peoples, 1998, *as amended from time to time*” [italics added].⁸¹ Fortunately, ADB has stopped using such loan covenants in recent years.
- (ii) Progress reported in 30 PPRs reflecting IP covenants or IP issues can be classified as follows: (a) covenanted activities were registered as not yet due (7 projects), (b) “ongoing” (8 projects), or (c) “complied with” (3 projects). In all cases, there was no further explanation in the PPRs. Only in 12 cases (40%) was a short narrative provided, usually consisting of one or two sentences. The most detailed reporting on progress was for projects in Viet Nam, where there were three cases of ongoing infrastructure projects with IP planning.
- (iii) Only one PPR reported an issue. The PPR for the Second Red River Basin Sector Project in Viet Nam (Loan 1855-VIE[SF]) reported that a covenant was “partly complied with: although consultations had been held, no specific arrangements were in place yet to consult the poor and disadvantaged groups.” All the other PPRs gave reassuring statements despite considerable start up problems in 2005, such as in the Rural Roads Sector I project: “Ongoing. MP is now initiating the process of recruitment of NGO as discussed with the inception mission in August 2005.”

95. These examples illustrate that the PPR is used as an administrative tool and not a tool for highlighting or solving problems. The overall conclusion is that the information in the PPR is generally inadequate for senior staff to clearly understand the status of IP issues. ADB does not use PPRs to monitor the status of IPPs in much detail. The PPRs lack information regarding procedural and substantive compliance and, most importantly, the impact of the implementation of the IPPs. The overall impression gained from the PPR database is that there are no problems in the field of IPP implementation, a conclusion that in part is not surprising as so many IPDPs were noted to be relatively devoid of actionable points. OED is not in a position to confirm whether this is a true representation of actual events or whether it reflects inadequate

⁸¹ ADB. 2003. *Review of the Inspection Function: Establishment of a New ADB Accountability Mechanism*. Manila requires the compliance review panel to determine compliance with the relevant IP policy applicable at the time of Board approval (for formulation and design issues), and at the time of the alleged breach (for implementation issues).

monitoring by ADB in the field. The latter is more likely in some cases, given the weaknesses reported in project monitoring in other OED reports.⁸²

2. Chief Compliance Officer's Safeguard Compliance Control

96. With the creation of the safeguard compliance mechanism in 2002, it was agreed that the CCO would report annually to the President on the achievement and maintenance of social and environmental safeguard compliance. Internal reports issued by the CCO in 2004 and 2005 show that the safeguard compliance mechanism has been successful in achieving procedural compliance between the stages of MRM and Board approval. Due to lack of staff and resources, RSES could, however, field only three review missions for independent IP policy supervision since 1998. All three missions observed smaller or larger problems in identifying IP and in applying ADB's definition of IP in the context of the DMC's own IP policy and the national policy of promoting local autonomy. Box 5 provides some of the findings of the RSES compliance review mission in 2003 for a project in Indonesia. This shows how valuable field monitoring input from RSES can be and, more generally, the value of monitoring of IP issues by specialists during implementation compared with the drafting of "empty" IPDPs.

97. The CCO reports called for greater attention to substantive issues to ensure that safeguards contributed positively to achieving development impacts. Key challenges identified in these reports were to (i) ensure an appropriate complement of safeguard specialists across operations departments, (ii) enhance awareness of safeguards among project teams, (iii) increase the emphasis on ensuring the implementation of safeguards after Board approval, (iv) address rigidity in existing safeguard procedures that do not allow flexibility in application, and (v) clarify policy and procedural provisions. With regard to the quality of the IP planning documents, the 2004 report identified: (i) need for a substantively acceptable IPP with clear mitigation and enhancement measures; (ii) lack of detail in the description of IP socioeconomic conditions, project impacts on IP, and measures to address the impacts; (iii) lack of documented evidence of consultation with IP; (iv) lack of clarification of provisions for IPDP implementation; (v) lack of clarity and specificity of budget provisions; and (vi) lack of itemized provision for the monitoring and evaluation of specific measures under the IPDP. The report then added:

Unsatisfactory IPPs often did not adequately address significant impacts on IP and specified the required mitigation measures. Generally, project reports did not show evidence of consultation with IP. It may be noted, however, that the OM F3 requires consultation with affected IP but is not specific about what participation and consultation entail.

These observations were generally confirmed by this SES. Given that these issues have been known to the President for 2 years, one would expect the update of the IP policy to provide a clear road map to address them. A first step would be to ensure that better data on IP was recorded in the PPRs.

⁸² ADB. 2006. *Annual Report on Loan and Technical Assistance Portfolio Performance for the Year Ending 31 December 2005*. Manila; and special evaluation studies on involuntary resettlement and environmental safeguards (footnotes 7 and 8).

**Box 5: Community Empowerment for Loan 1765/1766-INO[SF]:
Rural Development Project**

The findings of the compliance review mission in 2003 to address IP-related issues were:

- (i) Two years' delay had affected the social mobilization, including IP participation, and had undermined the participatory and community empowerment process.
- (ii) There was a problem with the application of ADB's definition of IP in the context of Indonesia.
- (iii) Selection criteria for participating villages were contradictory and may have excluded IP communities.
- (iv) Facilitators seemed to have overlooked the issue of IP's access to land, the severity of their poverty, and ability to participate in the project.
- (v) Site selection of subprojects may have caused conflict between IP and migrant households.
- (vi) In villages located near forests, the new roads had made it easier for loggers to transport the forest production. The mission urged the local government to have an environmental management plan to anticipate the influx of spontaneous migrants.
- (vii) Facilitators were viewed to be in need of training.
- (viii) Clearer measures to incorporate IP concerns in all activities and to monitor IP participation in project activities were recommended.

ADB = Asian Development Bank, IP = indigenous peoples.

Source: Review of Project Compliance with ADB's Environmental and Social Safeguard Policies in 2003.

98. ADB's performance in IP planning can, in principle, be more fully gauged from a review of the PCRs for projects with impacts on IP. Out of the 898 projects/loans approved over the period 1994–2006,⁸³ 262 have been completed. PCRs were available for 218 of these completed projects by October 2006. Forty PCRs mentioned IP. Thirty-one of these indicated no negative impacts, and 13 did not discuss project impacts. Eighteen or so mentioned positive impacts. Appendix 12, Table A12 provides a list of the PCRs and a summary of impacts and assessments. For 12 of the 27 PCRs that indicated impacts, the preceding RRP had not highlighted IP issues at the time of loan approval—a sign perhaps of the relative lack of attention to IP issues in the 1990s. Even in recent years, attention to IP remains lacking occasionally, although it has improved. Two PCRs made no mention at all of the existence of IP, even though the projects had IPDPs. Of the 40 PCRs that mentioned IP, nine were for projects that included an IPDP/IPDF/IP strategy.⁸⁴ Supplementary Appendix A reflects the main statements in 12 RRPs and the assessments made in the PCRs.

99. **Positive impacts on IP as assessed by PCRs.** The review shows that the operations departments regard (i) the nine projects with IPDP/IPDF/IP strategy generally as either successful or highly successful, (ii) four projects as highly successful,⁸⁵ (iii) five as successful,

⁸³ The 2006 list was not complete list at the time of writing.

⁸⁴ In addition, three completed projects had not prepared IPDPs but had prepared IP guidelines or frameworks for addressing the needs of ethnic minorities likely to be affected: Loan 1417-PRC: *Fujian Mianhuatan Hydropower Project*, for \$170 million, approved 14 December 1995; Loan 1439-PRC: *Daxian-Wanxian Railway Project*, for \$100.0 million, approved 4 June 1996; and Loan 1544-PRC: *Zhejiang-Shanxi Water Supply Project (Phase I) Project*, for \$100.0 million, approved 24 September 1997.

⁸⁵ Loan 1487-VIE(SF): *Second Road Improvement Project*, for \$120.0 million, approved 21 November 1996; Loan 1626-PRC (footnote 13); Loan 1573-INO *Second Junior Secondary Education Project*, for \$160.0 million, approved

and (iv) none as partly successful. When these ratings are compared with the success ratings for the 32 PCRs of projects that referred to IP but had no IPDPs, then the average success rate becomes somewhat higher. After a study of the cases, this SES has come to the conclusion that project success may not be directly related to the implementation of the IPPs as such, but that the projects with IPPs may have been generally prepared better overall, and had greater acceptance from IP and other beneficiaries.⁸⁶ Hence, whether an IPP was prepared after the social assessments was immaterial. The findings support the possible relation between the quality of the IP analysis and social assessments, on the one hand, and later project success, on the other, that the World Bank reported in the 2002 evaluation of its IP policy. Unfortunately, reporting on IP policy implementation in PCRs has remained patchy in ADB, so this SES cannot fully corroborate these hypotheses. Only three PCRs had dedicated an appendix to the assessment.⁸⁷ These are summarized in Box 12.1 in Appendix 12.

100. Adverse Impacts on IP as Assessed in PCRs. At least nine of the PCRs made some mention of IP impacts in less-than-positive terms. One was Loan 1318-PRC: Hunan Lingjintan Hydropower Project,⁸⁸ approved in 1994. There was no mention of IP issues in the RRP, but the PCR mentioned that there were some 800 Tujia ethnic minorities among the 6,100 affected people after the dam inundated 25.8 square kilometers, and 425 hectares of agricultural land. According to the PCR, affected inhabitants were resettled as close as possible to their original homes. A 2000 OED study⁸⁹ found that while resettlers were generally happy with these new homes (as they were superior to their old houses), most were concerned about their lower potential to generate income, mainly because their agricultural land had been reduced by about 50%. Other examples are provided in Box 12.2 of Appendix 12. Most concerned resettlement impacts. At least two of the nine critical PCRs expressed concerns about the IP not benefiting because the project as such had failed.

101. These examples illustrate the level of focus on IP impacts in PCRs. The focus is on the impacts of land loss, resettlement and environmental change on IP. They call for continued attention to IP issues when there are related risks. Three qualifications need to be repeated here: (i) since most of the projects are still being implemented, there have been few PCRs on projects with IPDPs since 1998, when the policy was codified; (ii) often the most serious impacts were related to loss of access to land, diminished livelihood opportunities, and resettlement (in eight of the 27 PCRs); and (iii) many IPDPs were prepared more as IP statements than as separate plans with project budgets, so that the PCRs, particularly for projects with the main purpose of area development, may yet have given a better analysis of poverty and development

6 November 1997; and Loan 1685-PRC: *Northeast Flood Damage Rehabilitation Project*, for \$110.0 million, approved 22 April 1999. The other five were rated successful: Loan 1421-PHI (footnote 11); Loan 1460-VIE(SF): *Population and Family Health Project*, for \$43.0 million, approved 19 September 1996; Loan 1521-BAN(SF): *Second Primary Education Sector Project*, for \$100.0 million, approved 22 May 1997; Loan 1644-PRC: *Yunnan Dachaoshan Power Transmission*, for \$100.0 million, approved 27 November 1998; and Loan 1691-PRC (footnote 47).

⁸⁶ The proportion of transport projects was also somewhat higher in the sample of projects with IPDPs—three out of the nine were transport projects—whereas in the sample of projects without IPDs, only five out of the 31 were in the transport sector. Transport projects often have higher success rates than projects in some other sectors such as agriculture and natural resources.

⁸⁷ ADB. 2005. *Project Completion Report on the Guizhou-Shuibai Railway Project in the People's Republic of China*. Manila; ADB. 2006. *Project Completion Report on the Southern Yunnan Road Development Project in the People's Republic of China*. Manila; ADB. 2004. *Project Completion Report on the Population and Family Health Project in Viet Nam*. Manila.

⁸⁸ ADB. 2003. *Project Completion Report on the Hunan Lingjintan Hydropower Project in the People's Republic of China*. Manila.

⁸⁹ ADB. 1999. *Special Evaluation Study on the Social and Environmental Impacts of Selected Hydropower Projects*. Manila.

in areas where IP constitute the majority of the population than is reflected in the above assessment, which focuses on safeguard aspects. From this perspective, the assessment changes somewhat. There is a high probability that when an area development project in an IP-dominated area is rated as having succeeded in its main objectives, most IP must have benefited. However, as some World Bank and IADB evaluations have sometimes shown, the IP may not always and may not automatically have benefited as much as other people living in the same area.

102. Overall, two thirds of relevant PCRs identified positive impacts for IP, and one third identified some negative impacts, mainly related to resettlement. This result seems in line with overall trends in success rates for ADB-supported projects. However, many of the impacts had been mitigated, as reported in the four cases where an IPP had also been implemented (Guizhou–Shuibai Railway Project, Yunnan Dachaoshan Power Transmission Project, and Southern Yunnan Road Development Project, all in the PRC, and Second Road Improvement Project in Viet Nam). Of those with positive impacts, (i) six projects had an impact on livelihood; (ii) six improved education; and (iii) two projects each targeted improvements in health, social infrastructure, and land tenure.

4. Findings of Earlier OED Studies

103. This SES is OED's first evaluation of IP issues, but some other OED reports have produced findings on related issues. Of interest are the following studies: *Social and Environmental Impacts of Selected Hydropower Projects* (1999) (footnote 9) and *Pathways Out of Rural Poverty* (2006).⁹⁰ While this section does not describe the companion studies on environmental and IR safeguards, it is clear that these safeguards can overlap with IP safeguards for the sustainability of livelihoods.

104. **The SES on social and environmental impacts of selected hydropower projects** is summarized in the SES on IR safeguards (Appendix 1 of that study). That impact study assessed four hydropower projects, all approved and completed in the 1980s and 1990s. Two of these were in areas dominated by IP: the Indonesian Batang Ai Hydropower Project approved in 1991 (the Iban), and the 1994 Theun–Hinboun Hydropower Project in Lao PDR (various minority nationalities). Several shortcomings related to environmental and social impacts were noted that should have been avoided or compensated for with more due diligence by the DMC agencies and ADB. The study expressed the view that the policy guideline on IP was diluted by the declaration that “each of the elements of policy and practice addressing indigenous people would be considered within the context of national development policies and approaches, and the fundamental relationship between the Bank and governments would be the basis for country-specific operations in a given country.” In situations where the interests of the IP may be violated by national policies, according to the study report, it would be more advisable to narrow the scope of the resettlement guidelines applicable to IP to a few principles, such as livelihood restoration, compensation, and the protection of cultural heritage. The impact study report also argued that some of ADB's policy guidelines may lend themselves to interpretation and action prejudicial to the best interests of the affected people. For instance, the 1997 OM guidelines relating to IR stated that “appropriate patterns of social organization should be promoted and existing social and cultural institutions of resettlers and their hosts should be

⁹⁰ ADB. 2006. *Special Evaluation Study on Pathways out of Rural Poverty and the Effectiveness of Poverty Targeting*. Manila.

supported and used to the greatest extent possible.” However, the SES viewed that “appropriate patterns of social organization” could be decided by the government and not by the people’s traditional patterns of livelihood, their communities, and their culture. Batang Ai and Theun–Hinboun, in which the government considered swidden agriculture and the gathering of forest products to be detrimental to the people and the economy, were cited as examples. This approach was viewed as counter to ADB’s IP policy, which is designed to safeguard IP habitat, livelihood, and sociocultural identity. In these instances, ADB was advised to use a detailed sociocultural study to delineate principles of organization of the would-be affected people of a project. The impact study report argued that if the sociocultural study showed that the project was likely to damage the social organization, then a clear covenant should be included in the loan agreement to avoid such damage.

105. **Pathways Out of Rural Poverty.** The SES observed a new trend in ADB to provide add-on components to certain projects to make them more pro-poor.⁹¹ The addition of rural road upgrading components in many expressway projects was seen as an example, as were IPDPs. The latter often fell under the mandate of local governments and not of the project implementing agency, which generally had no expertise in these issues.

“Instead of being driven by demand from borrowers, the inclusion of the add-ons seemed to be supply-driven by ADB to meet its desire to address social issues, or to show its efforts to satisfy demands from donor countries. Since the add-ons did not mitigate the key constraints to poverty reduction in the particular project areas, their impact was more rhetorical than real.”

106. The SES recommended that the long-term goal should be economic growth and poverty reduction, through simple projects, not diluted by add-on components addressing symptoms of poverty.

Due partly to internal demand in ADB for direct and quantifiable indicators, many projects measured their impacts on poverty reduction by project inputs, activities, or short-term outputs, which were direct and quantifiable but not very relevant to poverty exit. Such indicators typically included the number of beneficiaries who were poor or female, of beneficiary groups and group members, of training courses or trainees, of kilometers of rural roads upgraded, of irrigation or drinking water systems constructed, or of short-term jobs, mostly in earthworks, created by subproject construction. These indicators distracted project staff from a sharp focus on the objective of sustainable poverty reduction.⁹²

107. The SES argued that the following poverty reduction interventions worked well in the situations visited: (i) government interventions to promote economic growth and job creation, such as expressway projects in PRC; (ii) policies or programs to reduce barriers to labor mobility or facilitate migration; (iii) projects making commercial credit easily available (less paperwork) to the majority of rural residents, such as a rural credit project in Viet Nam; and

⁹¹ This phenomenon was also noted in ADB. 2004. *Review of the Poverty Reduction Strategy*. Manila: “Some projects diluted the technical focus by adding pro poor components so as to increase project benefits to the poor.”

⁹² To measure poverty exit and its sustainability, key indicators may include changes in (i) rural employment; (ii) sources and levels of household income; (iii) household capacity to cope with shocks; (iv) sustainability of the natural resource base; and (v) the prospect of the next generation escaping or remaining in poverty, such as their education level and potential employment prospects.”

(iv) policies or programs reducing household vulnerability, such as free education and health services in Malaysia. The following interventions were viewed as largely ineffective: (i) upgrading of isolated rural roads in some remote and poorly endowed regions, which remained poor after the project investment; (ii) add-on components satisfying ADB's "pro-poor" objective without sufficient demand from clients (training, etc.); and (iii) household and geographic targeting used in some investment projects, which did not address the key causes of poverty, with a simple assumption that funds flowing into poor regions or benefits received by the poor would automatically and sustainably lead to poverty reduction.

108. The foregoing studies provide a comment on the approach currently taken in many IPPs, and point to a need identified by the World Bank's IP evaluation, to sharply distinguish between mitigation and enhancement measures even though they are often part of the same continuum—mitigation measures being essential, but enhancement measures being of a different category, requiring a more in-depth study of the causes of continuing poverty of IP prior to the intervention, and strong government ownership, so that measures do not become add-on components with little effect. These views are in line with recent ADB changes with respect to poverty analysis. While the poverty impact of ADB operations will now be assessed primarily at the level of country programs, some of the poverty analysis (after the IPSA) is no longer required as part of the preparation of certain types of project interventions.⁹³ This may well reduce the pressure on project officers to include explicit poverty reduction 'add-on' components in interventions that promote economic growth and reduce poverty only indirectly.

C. International NGOs

109. International NGOs such as the Bank Information Center, the International Rivers Network (IRN), Oxfam Australia and the NGO Forum on ADB monitor ADB policies and operations with a critical eye. These NGOs—and a large number of affiliated international and national NGOs—are particularly concerned about the process and outcome of ADB's safeguards update. Appendix 13 lists the projects that were the subject of particular attention from NGOs and persons affiliated with the NGO Forum on ADB at the time of preparation of this SES. The list is taken from the Forum's website,⁹⁴ and covers 18 ADB-supported projects criticized in 2005 on the grounds of safeguard issues, and 23 in 2006.⁹⁵ While most of the projects have been criticized for their role in relation to the environment and IR, some also involve IP. In all cases studied where IP were involved, it was found that the concerns were invariably related to the environment and IR safeguard issues; no cases involving IP were criticized for other impacts. Unfortunately, at the time of preparation of this SES, not all the projects were discussed beyond their titles on the website. By the time this SES is issued, more information on each case may have become available on that website.

110. One of the two ADB inspection cases to date involved an area with IP, and an IP issue raised by an NGO. In response to a complaint channeled to ADB by the Bank Information Center—violation of ADB's IP policy was part of the complaint—ADB organized an inspection of the Chashma Right Bank Irrigation Project (Stage III)⁹⁶ in 2003. The findings of this inspection

⁹³ ADB. 2006. *Poverty Handbook. Analysis and Processes to Support ADB Operations. A Working Document*. Manila.

⁹⁴ Available: http://www.forum-adb.org/adb_proj.html#DAMSINBURMA (site visited 31 January 2007)

⁹⁵ Three of the projects listed for 2005 were still "campaigning" in 2006; the list for 2005 contains several cases that are unclear.

⁹⁶ Loan 1146-PAK: *Chashma Right Bank Irrigation Project (Stage III)*, for \$185.0 million, approved 17 December 1991.

are discussed in Appendix 10 of the SES on IR safeguards, as they also concerned the IR policy. The inspection essentially corroborated the concerns of project-affected people and NGOs that local irrigation systems based on indigenous knowledge of the Seraiki tribe (traditional hill torrent farmers) had been insufficiently investigated during the design stage of the new irrigation system and disregarded. The IP were affected as a result.⁹⁷ The case nevertheless also showed that the IP issue would not have arisen if the environment policy and the OM F2 section on IR had been properly applied.

111. As its contribution to the debate on the ADB safeguard update, the NGO Forum issued four documents up to January 2007: (i) *Snapshots of ADB Disasters*,⁹⁸ with photographs, for instance, of the Nam Theun II Hydropower Project in Lao PDR and the Kali Gandaki Hydropower Project in Nepal—allegedly affecting IP; (ii) *Development Debacles: A Look into ADB's Involvement in Environmental Degradation, Involuntary Resettlement and Violation of Indigenous People's Rights*,⁹⁹ with case studies of 10 projects, most of which were approved before the approval of the safeguard policies and earlier highlighted by NGOs, and at least four of which were stated to have explicit or implicit adverse effects on IP¹⁰⁰—findings that were sometimes independently supported by OED studies, such as the Industrial Tree Plantation Project (footnote 100 [iii]) in Lao PDR,¹⁰¹ which was rated unsuccessful; and (iii) *Untold Realities: How the ADB Safeguards Have Been violated in Bangladesh, India, Lao PDR and Pakistan*,¹⁰² with five new case studies provided in reaction to the ADB safeguard policy update process, four of which included IP issues, such as the lack of consultation of poor including IP in slums under two Urban Infrastructure Development Projects in Karnataka,¹⁰³ India, and of poor tribes in the Left Bank Outfall Drain Project¹⁰⁴ in Pakistan. In the 1998 Basic Education (Girls) project in Lao PDR, ADB had not anticipated involuntary resettlement effects that resulted from the construction of schools, which the Government arranged sometimes far away from the location of the ethnic minority upland communities. The fourth report was published by Oxfam Australia, in association with the NGO Forum on ADB: “*Safeguarding or disregarding? Community Experiences with the Asian Development Bank's Safeguard Policies*.”¹⁰⁵ It relied on 12 case studies, of which 2 had not been presented earlier, however, these concerned environmental and resettlement issues, in which IP were not involved. Regarding the Bangladesh Chittagong Hill Tracts Rural Development Project, the report criticized the broader context of the eradication of shifting agriculture, and argued that the decision on this major change in lifestyles that this would engender should be made by IP themselves, “rather than the ADB”. It also criticized ADB's assistance to the Bangladesh government to create a Forestry Master Plan and amend

⁹⁷ The report stated that the feasibility study and appraisal document that were the bases for approving the loan did not address the issues of “rights of tribal/ethnic minorities, cultural integrity and traditional land use control,” as specified in ADB. 1986. *Staff Instructions on Socio-cultural Impacts of Bank Projects*. Manila.

⁹⁸ Available: <http://www.forum-adb.org/pub/snapshots/snapshots.pdf>

⁹⁹ Available: <http://www.forum-adb.org/pub/Dev%20Debacles/Safeguards%20Briefers.pdf>

¹⁰⁰ (i) Loan 1146-PAK (footnote 96); (ii) Loan 1295-LAO: *Industrial Tree Plantation Project*, for \$11.2 million, approved 22 December 1993; (iii) Loan 1820-NEP: *Melamchi Water Supply Project*, for \$120.0 million, approved 21 December 2000; and (iv) Loan 1889-PNG: *Nucleus Agro-Enterprises Project*, for \$5.9 million, approved 18 December 2001.

¹⁰¹ ADB. 2005. *Sector Assistance Program Evaluation for the Agriculture and Natural Resources Sector in the Lao People's Democratic Republic*. Manila.

¹⁰² Available: <http://www.forum-adb.org/pub/Untold%20Realities/Untold%20Realities.pdf>

¹⁰³ Loans 1415/1416-IND: *Karnataka Urban Infrastructure Development Project*, for \$105.0 million, approved 14 December 1995; Loan 1704-IND: *Karnataka Urban Development and Coastal Environment Management Project*, for \$175.0 million, approved 26 October 1999.

¹⁰⁴ Loan 700-PAK: *Left Bank Outfall Drain Project (Stage I)*, for \$122.0 million, approved 25 October 1984.

¹⁰⁵ This report was not yet available on the internet when it was received by OED at end January 2007.

forestry law, leading to growth of commercial plantations and the rapid extraction of timber and other forest resources. It was alleged that due to increased private sector investment in forestry, deforestation was contributing to the impoverishment of indigenous Koch and Garos peoples.

112. From these and earlier case studies, it is clear that NGOs have raised many procedural issues and irregularities (insufficient consultation) especially in the older projects, approved before the OM of 2004 was issued. They also questioned some technical assessments and have criticized the insufficient inclusiveness of ADB's safeguard policies. In most cases, the violation of environmental and resettlement policies was stressed more than that of the IP policy. What comes across is that ADB can do a better job of integrated social and environmental assessment as well as subsequent implementation and monitoring. Since similar issues have been identified in some OED reports, including the three safeguard evaluations, the NGO concerns should not be ignored or dismissed out of hand.

D. Staff Experience and Views

113. **Interviews.** The majority of ADB's social development specialists at ADB headquarters were interviewed for this evaluation. In general, there was considerable frustration regarding the inadequate definition of what constitutes an IP in different DMCs and the exacting demands of RSES in carrying out the IP policy. A number felt that (i) formulating IPDPs in areas where IP were in the majority provided little value added, (ii) the requirements for consultations with IP did not give sufficient guidance as to the level and nature of the consultation, and (iii) the policy needed to be streamlined. Some felt that countries like the PRC or India had adequate provisions for IP and had no need for ADB's IP policy. In cases where the most serious impact was on land and resettlement, the issue was raised about whether to respect IP wishes to invest in religious pilgrimages, weddings, funerals, etc., rather than in direct livelihood. Livelihood restoration for affected people is the goal of the IR policy. Some staff had doubts whether enhancement measures taken for IP could ever adequately compensate for the loss of IP culture and social living context in the same way that economic compensation was provided to displaced people. Some worried that IPDPs and the related consultation might create false expectations of significant projects to be implemented as compensation for cultural displacement of IP, when in fact little budget and time was available for such measures. This was a particular concern when EAs were responsible for implementing IPDPs without financial support from ADB. The fact that the IP policy did not yet have a handbook was taken by some ADB staff to indicate that IP was not a high corporate priority for ADB.

114. The written comments received on an earlier draft of this study also make clear that appreciation of the IP policy varies greatly among specialists, not only between those in RSES and those in operations, but also among staff in different departments. There are also different ideas on the appropriateness of the policy and its main instrument, the IPDP. Some highlighted the good progress made with the interpretation and application of the policy over the years, claiming that present-day IPDPs are better than earlier ones. They attributed many problems to the lack of understanding of the policy among nonspecialist staff and a very limited number of experienced IP specialists in ADB. Others felt that with more specialized resources, the policy could be made to work better, and with better consultants and staff, the IPDPs could be better formulated, implemented and monitored.

115. **Questionnaire.** To complement the interviews with specialists, the SES used a questionnaire to gauge overall staff views regarding the three safeguard policies delivered through ADB's online daily magazine. There were 61 responses from the over 600 staff included in the survey population.¹⁰⁶ Fifty, or about 80%, of the respondents had had experience with the IP policy, ranging from some to significant experience. The main views and experience concerning IP are summarized below.¹⁰⁷

116. Over half of the survey respondents declared that they had had little experience with IP before coming to ADB. Sixty percent stated that they had received some training in IP safeguards. Eight of the 26 mission leaders (31%) in the sample indicated they did not have IP specialists in their division and received relatively little specialist advice. Insufficient time and resources to prepare and implement IPDPs was another common complaint. Four factors related to ADB that would contribute most to better IP safeguard policy outcomes were (i) more time taken in IPDP preparation (44%), (ii) streamlined ADB safeguard policies (43%), (iii) more time and staff for project administration (41%), and (iv) more training provided to EAs (35%). Similar feedback was received for the environmental and IR safeguards, although the criticism was less pronounced for IP safeguards, perhaps indicative of the more infrequent nature of the application of the IPDP instrument. Fewer problems were identified than for the other two safeguard policies. However, the view that ADB should streamline its interpretation of the IP policy was expressed more frequently than for the other two safeguard policies. About 30% of the respondents stated that safeguard compliance processes and internal disagreements regarding policy application were contributing to delays in project implementation.

117. Nineteen percent of respondents stated that the IP safeguard procedures had added no value, and 24% gave no answer to this question. Forty-one percent were noncommittal, indicating some value in some cases. Only 17% stated that the IP procedures had added value in all projects where it was applied. Generally, IP value added was felt to be less than for the other two safeguards. Only 17% of respondents felt that the IP policy had added value to improving safeguard project design, as opposed to 38% and 23% for environment and IR, respectively. Smaller numbers also corroborated that the IP safeguards had succeeded in making IP suffer less or benefit more, or providing a demonstration effect beyond the project. The limited reported value added of the IP safeguards is consistent with OED's assessments in Chapter III.

118. In narrative comments added to the questionnaire, several respondents used the term "black box" to describe the IP policy, and asked for clearer direction on how to develop IPDPs. Four countries where the IP policy had led to a declining demand for ADB lending were mentioned: India, Indonesia, Philippines, and Viet Nam. Six countries were reported as declining to borrow from ADB on account of the IP policy on at least one occasion: India, Indonesia, Kazakhstan, Lao PDR, Malaysia, and Viet Nam. A specific explanation repeatedly given was that ADB in-house expertise was "inadequate and confused" in defining IP, and "external consultants' capacity and guidance was much better and added greater value." A respondent complained that the "RSES approach was completely defensive," another that it

¹⁰⁶ Consisting of (i) professional staff in operations departments, RSES, and the Office of the General Counsel in headquarters, and (ii) all operations staff in resident missions.

¹⁰⁷ The quantitative results were tabulated for all three safeguard policies in Appendix 14 of the Special Evaluation Study on Involuntary Resettlement Safeguards.

was “risk averse,” and several that RSES tended to unnecessarily delay and prolong project processing such that it “subtracted value” from the project.

E. DMC Views and Experience

119. **Questionnaire Survey.** Client views were sought through a questionnaire survey of all ongoing ADB supported projects that were registered as having resettlement planning by mid-2006.¹⁰⁸ Sixty-seven of the 137 EAs contacted responded, a response rate of 49%. For IP, there were 24 valid responses, reflecting that the IP policy is perceived to be invoked in relatively few ADB projects. The bias of the survey was toward EAs for infrastructure projects. The significant numbers of education and health projects with IPPs were not covered. Most of the responses came from five countries: Bangladesh, PRC, Lao PDR, the Philippines, and Viet Nam.

120. Eighteen reported that there was an IPDF, with or without an IPDP, and 13 had an IPDP. Almost half of the respondents reported that IPPs for their projects were fairly recent; some were being implemented within the last 6 months. Close to 30% reported that the IPP had been under implementation for more than 2 years. The small number of responses limits the robustness of the conclusions. The tabular results of the EA survey are given in Appendix 14; the main findings are summarized below.

121. **NGO Assistance, ADB Training, Guidelines, and Missions.** Compared with the resettlement or environment safeguards, there were fewer staff working on projects or components with IP. The participation of NGOs, however, was generally higher than for projects with resettlement planning. Sixty percent of EA respondents said either that they were unaware of ADB IP training or that they had not participated in such training.

122. **Pros and Cons of Using the Safeguard Policy.** Sixty percent of respondents reported that the requirements and guidelines were usable. About 40% either were unfamiliar with the guidelines or thought they were unclear or did not resolve IP project issues. Respondents stated that they had experienced delays associated with safeguard implementation, both at ADB headquarters and resident missions, and within their agency. One of the reasons for delays was the difference between country systems and ADB’s IP policy. Only one respondent reported that extra consultant costs were incurred because this safeguard was included in the project operations. More than half of the respondents answered that there were few incremental costs associated with applying safeguards beyond country systems. This finding is not surprising, given that so few IPDPs have budgets, and consultants financed from grant-based project preparatory TAs usually prepared the IPDPs or IPDFs along with other social assessments.

123. Close to 60% of respondents experienced difficulties in meeting additional ADB safeguard requirements; 21% reported that compliance is difficult because they also have to follow the system in their country or agency. More than a quarter believed that the safeguard policy was a reason for the EA’s refusal to pursue ADB financing for a project component. This feedback complements earlier findings from the analysis of the PPRs that in some cases the IP safeguards lead to decisions not to involve ADB financing in some areas.

¹⁰⁸ The executing agency questionnaire was completed in July 2006; the same survey was used as basis for examining EA views for the evaluation study of ADB’s Involuntary Resettlement Policy (1995).

124. The five most important factors related to ADB contributing to better IP outcomes were (i) more training for EA staff (67%), (ii) ADB funding of land acquisition costs¹⁰⁹ (54%), (iii) ADB following country or agency IP systems (42%), (iv) more IP consultants assigned (38%), and (v) more streamlined ADB safeguard policies. The two most important country- or agency-related factors identified as contributing to better IP results were (i) the creation of more capacity in EAs (88%), and (ii) greater availability of EA counterpart funds (67%).

125. **Effectiveness of the Safeguards.** The EA respondents were somewhat more positive than ADB staff about ADB's IP involvement, but still the views were mixed and noncommittal (but the number of responses either way was also low, because so many IPDPs were only in the early stages). Half of the respondents reported that the IP safeguard procedures improved some or all components of the project. Noticeable improvements in projects included (i) more due diligence and transparency (38%), (ii) more experience in EA (38%), and (iii) less adverse effects on the environment and on the affected people than would otherwise be the case without ADB involvement (33%). Almost half of the respondents believed that the IP safeguard policy had been, or was going to be, effective in mitigating adverse impacts on IP. Problems encountered were mainly related to delays in implementation, which were caused primarily by the difference between the ADB and country systems, and a lack of capacity in the EA.

V. COUNTRY SAFEGUARD SYSTEMS AND CAPACITY BUILDING

A. Review of Country IP Safeguard Systems

126. This section briefly reviews the extent to which some country safeguard systems are compatible with the ADB IP policy. This review covers the four case study countries: the PRC, India, the Philippines, and Viet Nam. The review will demonstrate that, given ADB's present IP policy, there may be no DMC system that meets ADB's criteria in all respects and that projects funded by ADB would thus need complementary safeguards of a varying nature in most DMCs.

127. **People's Republic of China.** The PRC's 1954 constitution promotes equality and protects the rights of all minority nationalities to develop and use their own language and characters, and to promote their customs, beliefs, and development. The rights of ethnic minorities have been gradually expanded. By 2003, the PRC had established 155 autonomous governments including five autonomous regions,¹¹⁰ on the basis of the concentration of ethnic minorities in the area. The areas have a higher degree of autonomy in decision making regarding the preferred kind of development, the use of local finances, type of schooling, and ethnic culture. Forty-four out of the 55 ethnic groups and 71% of the IP in the PRC live in the autonomous areas.

128. The Government provides special assistance to support the development of autonomous areas and provides special training for minority cadres.¹¹¹ The assistance includes (i) border affairs allowance, to support infrastructure projects in frontier areas, especially those dominated by minorities; (ii) a special minority development fund to support infrastructure projects; and (iii) poverty reduction funds for minority poverty counties, such as funds for small and medium-

¹⁰⁹ ADB has been allowed to finance land acquisition costs since 2005.

¹¹⁰ Guangxi (Zhuang), Inner Mongolia (Mongolia), Ningxi (Hui), Tibet (Tibetan), and Xinjiang (Uygur).

¹¹¹ The head of the county can appoint a cadre from a dominant minority group in every minority autonomous county.

sized enterprises for minorities, clothing-and-food funds addressing particular problems of minority areas, and work-for-loan funds, which focus on middle, western, and minority poverty areas. Other privileges for officially recognized ethnic groups include tax subsidies for autonomous areas and the permission to set up their own tax regulation and tax collection. The national Government has given IP other special benefits such as (i) an additional score in university entrance examinations; (ii) permission given to rural minority couples to have up to three children, while Hans may have only one to two; and (iii) special capacity-building programs. Because of these benefits, some Hans convert to ethnic minority status in or from mixed marriages or when an ancestor belonged to an ethnic minority.

129. The PRC does not mandate the holding of special consultation processes to obtain prior and informed IP consent for individual projects from ethnic minorities regarding development projects in their areas. The PRC relies on its autonomous area governments, local government poverty bureaus, and ethnic minority bureaus to work out the arrangements. They are also charged with monitoring and grievance redress. PRC seems to have relatively fewer problems in providing financing for IP projects than some other countries like India and the Philippines, although there is still a need for follow up on commitments from the side of projects and ADB. Substantial funds are committed to ethnic minority programs and autonomous regions and a larger proportion gets spent. ADB-supported projects in areas with ethnic minorities could coordinate with these programs and support their role. IPDPs would then need fewer special measures and could be more integrated with the Government's own programs. However, there remain some disparities between ADB's IP policy and public disclosure policy, and the PRC's procedures. The IP policy would require ADB to institute some special consultation processes and disclosure arrangements, and to strengthen the monitoring system to pursue commitments made and the spending of the allocations.

130. **India.** Several provisions in the constitution of India protect and safeguard scheduled tribes from social injustice and other forms of discrimination and exploitation such as the abolition of untouchability. The constitution also promotes the economic interests of scheduled tribes, and provides other special arrangements such as for education. India's Ministry of Tribal Affairs was constituted in October 1999. It promotes social security and is in charge of policy formulation, and the planning and coordination of development programs and projects for scheduled tribes. In 2005 it prepared a draft Scheduled Tribes (Recognition of Forest Rights) Bill that was cleared by the Law Ministry. The Ministry of Environment and Forests has concerns about the bill, namely that it will be detrimental to safeguarding forests and wildlife.

131. The objectives for promoting the welfare of scheduled tribes are to be achieved in India through the national Tribal Sub-Plan strategy. The plan allocates funds for development projects for the tribal areas proportionate to the population of scheduled tribes in the area, allotted from the budget of central ministries and Financial Institutions. In practice, allocated funds do not always materialize because of fiscal constraints on government. Because of this, ADB-supported projects may have to require inclusion of special funding arrangements through projects. India does not mandate special consultation processes and special disclosure and monitoring arrangements, such as promoted by ADB, or use the principle of prior and informed consent to gauge the interest of scheduled tribes in the project. India does not have a fixed process for recognizing ancestral domain rights. Land rights can be allocated to scheduled tribes living in forested areas, but the allocation is in practice hampered by scheduled tribes' fears of being taxed after land registration is completed.

132. **Philippines.** In Asia, the Philippines and Malaysia have the legislation that assigns the most rights to IP. The Indigenous People's Rights Act (Republic Act 8371, adopted in 1997)

recognizes and promotes the rights and best interests of IP in the Philippines. It goes farther than most similar legislation in Asia as it explicitly protects IP's rights to their ancestral domains, and recognizes their rights to self-governance. The act also emphasizes social justice and the human rights of indigenous cultural communities (ICCs), and provides a framework for preserving and protecting IP culture, traditions, and institutions. The National Commission on Indigenous Peoples (NCIP) was created under this act, to be the primary government agency tasked to carry out the policies set by the law. It employs some 1,400 staff at its headquarters and other offices.

133. The act requires IP communities to prepare an ancestral domain sustainable development protection plan (ADSDPP¹¹²) to provide a framework for the enforcement of their rights. NCIP supports the process of formulating the ADSDPPs. The plans elaborate on (i) the ancestral domain and community situationer (which also documents the indigenous knowledge systems and practices, and IP development needs); (ii) their development plans and programs; and (iii) implementation policies and mechanisms. When approved, the document prevails in case of conflict with other municipal, provincial, or national plans. In case of conflict with other plans, the ADSDPP shall prevail.

134. Any development-oriented project in the Philippines is required to undergo a field-based investigation to check whether the project site has ICCs or IP present or is covered by an ancestral domain, or land applied for as domain by an ICC. The NCIP requires projects within an ancestral domain area to follow the principle of free and prior informed consent (FPIC). The FPIC process is to be carried out and funded by the project sponsor. The FPIC process goes farther than the consultative processes required for projects supported by ADB (or the World Bank). The FPIC process has the following mandatory activities: (i) posting of notices of the date and venue of meetings in conspicuous places, (ii) validation of the list of elders or leaders of the IP community to secure genuine representation of the community, (iii) a preliminary consultative meeting, (iv) consensus building, and (v) community assembly. The council of elders or leaders of the whole domain are required to give their free and prior informed consent. As such, they can veto a proposed project, including large projects in the national interest, such as mining. However, the period allowed for the FPIC process has been reduced from 180 to 90 days over the years, to meet the pressures for speedy project approvals. The budget assigned to NCIP to further the interests of IP communities has remained limited. Consequently, it could be argued that there is still some role for ADB to ensure adequate due diligence in ADB-supported projects.

135. **Viet Nam.** Viet Nam's 1980 constitution protects and promotes the rights of all "nationalities," and allows the use of their own language and the maintenance and development of artistic traditions and traditional customs. Viet Nam's lead coordinating agency for ethnic groups, the Committee for Ethnic Minorities and Mountain Areas (CEMMA), has ministerial status. CEMMA develops and implements policy for Viet Nam's ethnic minorities. When interviewed, the agency clarified that Viet Nam has no IP as such; it therefore does not honor rights to ancestral domains. Viet Nam does not go through special consultations and due

¹¹² ADSDPPs consolidate the plans of ICCs and IP within an ancestral domain for the sustainable management and development of their land and natural resources, as well as of human and cultural resources, based on their indigenous knowledge, systems, and practices. Such plans are to be the basis of the Five-Year Master Plan for ICCs/IP (see National Commission on Indigenous Peoples [NCIP] Administrative Order No. 1, Series of 2004).

diligence processes for ethnic minorities when a project is located in their area. Viet Nam, however, has its own set of comprehensive national programs specifically for ethnic minorities:

- (i) Program 135: provides infrastructure projects such as roads, irrigation, schools, electricity, clinics, and water supply specifically targeted to ethnic minorities in difficult areas.
- (ii) Program 134: facilitates the allocation of land for ethnic minorities.
- (iii) Project 137 and the 5MHR Program: promotes reforestation.
- (iv) Program 139 or the health and education subsidies program: provides health cards to ethnic minorities for the delivery of free medical treatment and provides subsidized education programs, school supplies, and boarding schools for ethnic minorities in remote areas.
- (v) Hunger Eradication and Poverty Reduction Program: includes infrastructure projects, resettlement programs, agricultural extension, health, education, and job creation.

136. The Government supports area-targeted programs for the development of ethnic minority regions such as the Central Highlands, the Mekong Delta, and the Northern Mountains. They should normally reduce the need for designing special risk mitigation and enhancement packages in the context of individual projects supported by ADB. However, the Viet Nam country IP system does not mandate the conduct of special consultations that would flow from the recognition of a special status for ethnic minorities. ADB would need to undertake such consultations to gauge IP views on projects expected to have impact on IP. Also, the country system does not include special disclosure and monitoring arrangements for projects affecting ethnic minorities, although field offices of CEMMA play a role in monitoring projects and promoting the implementation of the special programs at the local level. Overall, there are differences between ADB's IP policy and Viet Nam's country safeguard system.

137. **Conclusion.** The countries differ considerably in their legal, policy, capacity, and physical infrastructure for IP. The culture and poverty status of IP also differ considerably between countries and parts of countries. As the policy has recognized, each country needs its own customized measures and systems to safeguard IP interests. The "triggering" of IPDPs in accordance with fixed criteria, reinforced by the OM F3 section of 2004 (and 2006), may have to take this into account. In some countries the IPDP instrument, and also other IP instruments, may have to be invoked more frequently than in other countries, or be of a different nature. Appropriate measures will need to be based on detailed equivalence analysis with the ADB IP policy and take into account not only national legislation and policy and practice, actual implementation and also international conventions to which the country is a signatory, which may emphasize certain rights of IP that are not yet formally enacted. They may have to include either more, or less, measures for risk mitigation. In some countries, specific actions added to the project design rather than full blown plans may be sufficient, even if impacts are expected to be significant. Given the above analysis, it is unlikely that any country safeguard system can be fully utilized in the short term in a way that would render ADB's safeguard system redundant.

B. ADB's TA and Trust Funds for Indigenous Peoples

138. **Trends in IP Technical Assistance.** ADB's IP policy, the more strict application of the safeguard compliance arrangements since 2002, and the greater availability of special funds for

poverty reduction all contributed to increasing IP-related TAs¹¹³ and regional TAs, especially after 2003. Eighteen advisory IP TAs, 13 project preparatory IP TAs, and 13 IP regional TAs, for a total of \$29.4 million, have been approved since then (Appendix 15). Given that many TAs are related to either capacity building in EAs or to IPDP preparation, it can be assumed that the rise was related to ADB's increased attention to safeguard compliance. The terms of reference for several project preparatory TAs specifically included the preparation of IPDPs. The importance of capacity development is highlighted in the 1998 IP Policy. However, most national advisory TAs have not had much focus on improving the policy and legal context for IP, although some regional TAs have addressed this issue.

139. **Regional TAs.** The first major IP regional TA was TA 5953-REG¹¹⁴ under which (i) a poverty assessment of IP in the four case study countries was conducted; (ii) the impact of ADB's interventions that address the vulnerability and poverty of IP in the countries concerned was evaluated and assessed; and (iii) capacity-building assistance was provided to governments, NGOs, and IP groups to allow them to participate in the formulation of action plans and ADB-sponsored projects. The regional TA led to workshops, monographs, and action plans, and thereby increased awareness of IP issues. Seven reports on the TA project were published in four Asian countries (Cambodia, Indonesia, Philippines, and Viet Nam) and the Pacific region. These provided useful summaries of IP information. One important point made was the interaction between law and policy, and the need for support for development of legal frameworks in the DMCs. The reports noted that in Asia, only the Philippines had a specific law for IP and identified the main challenges of policy implementation.¹¹⁵ The TA completion report rated the TA as highly successful. Although the TA outputs recognized the need to examine the implementation of ADB's policy in the individual countries, there was no follow-up TA, and no other DMCs were studied in the same way (e.g., the PRC and India were not studied).

140. A focus of IP-related TA has been the Mekong subregion. Six IP-related regional TAs have addressed or are addressing the following issues: (i) improving upland communities through improved forestry, (ii) instituting new policy paradigms for sustainable livelihood protection and natural resource management, (iii) promoting advances in agricultural science and technology, (iv) preventing trafficking of women and children and promoting safe migration, (v) controlling communicable diseases in the region, and (vi) providing for health and education needs. Three other regional TAs, all approved in 2005, have a wider coverage and address the following: (i) strengthening malaria control for ethnic minorities, (ii) providing legal empowerment to women and disadvantaged groups, and (iii) developing and implementing communication strategies to reduce HIV/AIDS vulnerability and risk among ethnic minority groups. Two IP regional TAs dealt with law development; one on policy familiarization and harmonization, and one on legal empowerment.¹¹⁶

¹¹³ The definition of a TA related to IP is not always clear from the title. This SES, for the most part, adopts the RSES definition, as reflected in the presence of the TA on ADB's IP website.

¹¹⁴ TA 5953-REG: *Indigenous Peoples/Ethnic Minority Issues and Poverty Reduction*, for \$400,000, approved 21 November 2000.

¹¹⁵ ADB. 2002. *Indigenous Peoples, Ethnic Minorities, and Poverty Reduction: Proceedings of a Regional Workshop*. Manila.

¹¹⁶ TA 5637-REG: *Regional Forum on Indigenous Peoples Policies for Development Assistance in Asia*, for \$100,000, approved 13 July 1995; TA 6248-REG: *Legal Empowerment for Women and Disadvantaged Groups*, for \$550,000, approved 19 July 2005.

141. **National TAs.** The 14 advisory IP TAs in the individual DMCs covered Lao PDR (five), PRC (four), Viet Nam (two), Afghanistan (one), Nepal (one), and Philippines (one). They dealt with a variety of issues and sectors, though principally for education, land tenure and administration, agriculture, and gender equality. Many were concerned with EA capacity building but few were concerned with policy development. The capacity-development efforts were reasonably well distributed across DMCs, but some populous countries such as Indonesia and Pakistan stand out as not having had advisory IP TAs.¹¹⁷ Only one TA for the capacity building of a government department specifically in charge of ethnic minorities—the Department of Ethnic Minority Education in the PRC—was approved. Most likely as a result of ADB's increasing safeguard compliance requirements, project preparatory TAs covering IP issues increased in 2003 and thereafter.

142. Only 17 (39%) of the 44 TAs on the IP website identified IP as the target beneficiary. Most of the IP TAs with IP as main target population were in the agriculture and natural resources (five), education (four), and health (four) sectors, not in infrastructure sectors such as transport, communications or energy. For the other 27 TAs, IP were only one of a number of target populations.

143. **TA Completion Reports.** Completion reports were available for only six IP-related TAs at the time of this SES. All of these were for TAs that were approved between 1995 to 2000. One was rated highly successful, four successful or satisfactory, and one partly successful. This follows the usual pattern of success rates registered from TA completion reports, which are based on views of operating departments implementing the TA; IP TAs seem to be no more or less successful than average.¹¹⁸ Lessons from TA completion reports included the following: (i) EAs' limited absorption capacity, and sometimes lack of ownership, in implementing programs; (ii) the need for the participatory approach to be long-term and to be built into the TA design; and (iii) the need for sustained efforts to attain the overall objective (usually capacity initiatives).

144. **Japan Fund for Poverty Reduction and Other Trust Funds.** The Government of Japan approved the Japan Fund for Poverty Reduction (JFPR) with a grant of about \$90 million in 2000. Several new contributions have been made since, and the total commitment had reached \$344 million by the end of 2006. The ADB IP website lists 11 JFPR projects approved from 2001 to 2006, for a total cost of over \$20 million. At least 26 of the 89 approved JFPR projects, for a total cost of over \$70 million equivalent, were related to IP¹¹⁹ (Appendix 16).

145. ADB also used other new trust funds for TA for IP development. These trust funds included the Poverty and Environment Fund, the Gender and Development Cooperation Fund, the Poverty Reduction Cooperation Fund, and the Cooperation Fund for the Water Sector. The relevant TAs that these newer funds financed are included in the TAs listed in Appendix 15.

146. With the help of poverty-oriented trust funds, ADB has been able to look seriously at IP issues beyond mitigation aspects. This is particularly true for the countries more traditionally associated with IP, such as the PRC, countries in the Mekong Region, and the Philippines. ADB has done less IP work of this nature in the Central Asian republics, the Pacific region, and South

¹¹⁷ Indonesia was part of TA 5953-REG (footnote 114).

¹¹⁸ OED results, in general, suggest that TA completion report ratings have a positive bias.

¹¹⁹ Only 11 of these are reflected on ADB's IP website.

Asia, where group vulnerabilities differ from those that ADB identifies with IP. ADB has also done relatively little in the area of law and policy development related to IP. IP issues have been more systematically addressed in project preparatory TAs since the turn of the century.

VI. IMPACTS, TRANSACTION COSTS, AND ISSUES

147. This chapter supplements earlier findings from IPDPs and PCRs by presenting some relevant features of seven projects with IPDPs that were visited by the operations evaluation mission in the period March–April 2006. Local consultants prepared the case studies mostly for the SES on IR safeguards, but paid special attention to IP issues. The projects were at various stages of implementation or operation: four were ongoing at the time of field work for this SES, while three others had been completed (Table 8). The findings serve to illustrate the variety of processes and outcomes connected with IPDPs and to validate findings from other sources. Details are given in Appendix 17 and highlights are summarized below. The case study findings confirm positive outcomes but also highlight the transaction costs of sector projects.

Table 8: Seven Project Case Studies Conducted

Country	Loan No.	Approval Date	Project Title	Estimated Cost (\$ million)	Loan Amount (\$ million)	Project Status
PHI	1421/ 1422	Jan-96	Cordillera Highland Agricultural Resource Management	41.4	19.0	Completed
PRC	1626	Aug-98	Guizhou–Shuibai Railway	381.0	140.0	Completed
PHI	1668	Dec-98	Southern Philippines Irrigation Sector	102.0	60.0	Ongoing
PRC	1691	Jun-99	Southern Yunnan Road Development	770.3	250.0	Completed
VIE	1855	Nov-01	Second Red River Basin Sector	156.2	70.0	Ongoing
VIE	1888	Dec-01	Provincial Roads Improvement Sector	100.0	70.0	Ongoing
IND	2018	Nov-03	Rural Roads Sector I	571.0	400.0	Ongoing

IND = India, PHI = Philippines, PRC = People's Republic of China, VIE = Viet Nam.

Sources: Asian Development Bank databases.

A. Findings from Case Studies

148. **Positive Outcomes for IP, Limited Value Added of IPDPs.** In most of the non-sector projects studied, the primary adverse impact observed was related to land and livelihood loss and resettlement. Such impacts were generally mitigated by the application of the IR and environmental policies, rather than the IP policy. In many cases, external developments compensated for the negative impact of projects on IP. For example, for the Philippines' Cordillera Highland Agricultural Resource Management Project, which did not require land acquisition or resettlement, the effect on IP was positive because of the support for the legalization of six ancestral domains of IP of considerable size, following the approval of the national enabling legislation. This was mainly the result of proactive project management rather than the IPDP for the project, which had not anticipated the approval of the 1998 Indigenous People's Rights Act.

149. The Guizhou–Shuibai Railway project in the PRC also showed that most of the risk mitigation measures addressing IP concerns would have taken place even without the IPDP. The Government's own minorities peoples programs and to some extent the RP had mitigated

some major potentially adverse impacts of railway construction on IP livelihoods. The project impact zone benefited from national policies, offering tax advantages for autonomous areas, leading to relatively larger local government budgets. The project area also benefited from special opportunities offered for the education of ethnic minorities. Local governments provided compensation for land loss and assisted with the resettlement of Hans and ethnic minorities where needed, to an extent that, as a survey bore out, did not disadvantage the groups seriously as compared with others that were not affected. This was in spite of the fact that many more households lost land and needed to resettle than was anticipated. Although the IPDP did not reflect agreements on this, the railway company had hired more IP staff in the operation and maintenance crews. This move had mitigated the effect of coal mines and related services hiring proportionately more Hans than ethnic minorities, although other factors may have played a role as well—notably the possible greater affinity of IP with farming rather than other more industrial or mining-oriented activities. The development of the mines made possible by the railway transport provided by the project led to more investments in the area, which both benefited IP and Han. More important for risk mitigation was the significant rise in incomes for both Hans and ethnic minorities as a result of economic growth in the area and in the country over the period of project implementation. Labor migration had become a more important source of income for the area as a result. On aggregate basis, it provided for over half of the income of both Hans and ethnic minorities. The experience of the Guizhou-Shuibai Railway Project shows that government programs that are appropriately funded and well-implemented can be far more effective than any project-level mitigation measures, and often compensate for the lack of these.

150. The completed Southern Yunnan Road Development Project corroborated the findings of the Guizhou–Shuibai railway case: although not everything had gone well, special government programs, the RPs, and economic growth in the project area had mostly cushioned the negative impacts of road construction on both IP and non-IP populations. The IPDP added little to what the project RP and environmental plan already offered.

151. **Inconsistent Enforcement of IP Requirements in Sector Projects.** Of the four ongoing roads and irrigation sector projects studied, particularly the Provincial Roads Improvement Sector Project in Viet Nam showed that considerable incremental costs may be involved in IP planning for potentially dozens of subprojects when it is done fully in accordance with the provisions of the OM Section F3. IPDPs were required for 40 of the 90 roads to be improved, mainly on the strength of this being the number of stretches with more than 25% of the beneficiaries constituting IP. This was in addition to 79 RPs being required, and 90 initial environmental examinations. Incremental costs may be particularly high when projects with mainly positive impacts on IP status, such as those relating to rural road rehabilitation, also need to trigger the preparation of an IPDP. The IPDPs argued that, although road rehabilitation mainly has positive impacts, there are also some risks specific to IP. An example given was more outside middlemen and other outside migrants coming into the area, which might dilute IP culture and cause marginalization. The risk mitigation measures were, however, concentrated on HIV/AIDS risks and education, already subjects of sizeable national IP programs in Viet Nam. The IPDPs were also constrained by a prior agreement that the Government would set aside \$1.5 million equivalent for them; on average \$35,000 for each. Other sector projects, such as Rural Roads Sector I in India, showed that ADB's approach may be inconsistent across similar projects across countries. The Indian project did not require the same level of detail of IPDPs for individual (or district-wise) road stretches as was required for the project in Viet

Nam.¹²⁰ Further, RP-specific actions, such as providing affected households of scheduled tribes with an additional lump-sum compensation of Rs2,000 beyond the legal compensation for land losses, were not complied with by the Government (the OED mission and consultant regarded the lump-sum provision itself as questionable). Likewise, the Southern Philippines Irrigation Sector project also avoided the requirement to prepare detailed subproject IPDPs, with some justification in the view of this SES. The need for clear goals for IP development within country programs and perhaps within ADB as a whole was demonstrated by the Second Red River Basin Sector Project in Viet Nam. After loan approval, the project could not identify any economically viable upland irrigation system so that the upland component was canceled and IP did not benefit from productive investment. The experience shows the difficulties in weighing social and economic returns in the case of poverty reduction and IP-oriented projects.

152. Difficulty in Determining Cultural Displacement. The World Bank 2003 IP evaluation (footnote 69, para 3.5) found that World Bank assistance had supported changes in the way of life and livelihoods of IP. Projects had changed diets, supported greater reliance on markets, encouraged the adoption of modern attire, created a need for cash incomes and migration, and reduced the use of traditional resources and knowledge. The evaluation, however, found no consensus among IP on whether these results were “culturally compatible.” Some IP stakeholders wanted to benefit from the development process, while others wished to preserve their traditional ways. The field assessments and surveys undertaken for this SES corroborate these findings. IP themselves noted differences in outlook between IP men and women and across generations. In the surveys, IP often wanted and endorsed change. However, people interviewed for the Cordillera Highlands Agriculture and Resource Management Project argued that one could not put a price on cultural displacement. In their view, the IP policy’s prescription to compensate for cultural losses (other than those related to livelihoods) or “loss of culture” could not be calculated with any precision. Neither could it be always established easily whether what replaced the culture lost was on balance worth it or not, as it often involved comparing advantages in one area against disadvantages in another. More generally, the question can be asked what would happen if there were no area development project that concerned itself with promoting the well-being of IP, or if there were no national development, as sometimes fueled by key extractive industries, hydropower or road investments, with the same ultimate goal. In the absence of a clear IP country development strategy, the IP safeguard policy seems to be predicated on the perception that a project creates a disturbance in an otherwise static, and perhaps even idyllic, IP existence. However, IP situations are rarely static or idyllic. Often, poverty is pervasive, access to health and education is limited, and IP are cut off from the mainstream, even if they aspire to be part of the mainstream. Short-term disruption can precede long-term improvement, and vice versa. The safeguard policy review should provide greater clarity to guide ADB staff in this difficult area. The differing views among IP identified during the fieldwork undertaken for this evaluation underscores the need for good consultative and participatory approaches that are well documented.

B. Wider Positive Impacts of the IP Policy

153. Like the IR policy, ADB’s IP policy (as has been the case in other multilateral development banks) has had some wider positive impacts. The policy, as implemented by these agencies, has raised public attention for government-funded projects that involve IP, and has set standards for their treatment that have influenced government and public opinion.

¹²⁰ This was the case at least at the time of the field visit; the project was still under implementation.

The problems created for governments have indirectly led to greater acceptance of special hearings, which are now more common. Other wider impacts have been capacity development in EAs and some policy and law development impacts, notably in the PRC and the Philippines, and perhaps in the near future in India, among the four case study countries. An interesting recent sign of the impact of the performance standards of international financial institutions such as ADB is demonstrated by the adoption of the Equator Principles¹²¹ regarding environmental and social safeguards by 43 large private sector companies as of end 2006.

C. Incremental Costs and Transaction Costs: Some Notes

154. Although many wider impacts may be positive from the perspective of benefits for people directly affected by ADB-supported projects, they need to be weighed against the cost of preparing and implementing IPDPs. As with all other investments, there is an opportunity cost of investment with special attention to IP. Alternative uses of funds may provide greater benefits. There are various kinds of costs: direct financial costs, “additional” expenses resulting from the application of ADB assistance rules, and indirect costs from delays due to confusion in implementation, related to a lack of specificity in ADB’s procedures, lack of capacity to implement, and other transaction costs.

155. **Incremental and Transaction Costs to ADB.** Incremental costs incurred by ADB when preparing IPPs under the policy arise from (i) larger surveys of affected people that also cover IP in a statistically significant way, as part of initial poverty and social assessments and for the purpose of determining the characteristics of vulnerable people; and (ii) more consultations and negotiations with IP than the government would have conducted to obtain their suggestions for the compensation and assistance mitigation packages. During loan administration, ADB needs to bear the cost of extra supervision, to make sure that the additional conditions imposed by the policy are met. Transaction costs to ADB are mainly related to EAs shying away from projects for which ADB demands more surveys, analysis and enhancement measures than the DMC country safeguard system requires, due to the nature of the IP policy, when another approach would be for ADB to focus the enhancement of the status of IP through a different program.

156. **Incremental Costs to Borrowers and Clients.** For borrowers and clients, the incremental costs beyond the country system result from (i) the preparation of IPDPs that are not prescribed under most national systems; (ii) the involvement of the agencies administering IP programs; (iii) compensation and assistance to vulnerable IP that exceed what is prescribed by the country’s law or policy; (iv) the time and resources needed for additional due diligence, monitoring, and reporting to ADB; and (v) the costs of “add-on components” that ADB sometimes promotes to deepen poverty reduction impacts or benefit IP. The question is whether the additional expenses allow the project to remain economically or financially viable. No general answer to this question can be given, other than that ADB is concerned with poverty reduction and that the preservation of culture and indigenous status must be seen as a way to achieve this goal.

157. **Transaction Costs for Borrowers and Clients.** Infrastructure development projects that address IP issues through special components require more coordination among agencies concerned than similar projects that do not involve IP. Single-sector projects handled by one or a few agencies often become multisector projects involving a multiplicity of implementing

¹²¹ Available: <http://www.equator-principles.com/>

agencies. This makes project design and implementation more complex, and sometimes requires EAs to build up expertise outside of their core business areas. Many EAs view this as a transaction cost, as they need to invest in IP-related capacity building solely for the project. However, without countrywide social safety nets or effective government programs in the area, ADB sometimes sees no alternative to this, and regards capacity building for mitigating IP-related risks in infrastructure agencies as an added long-term benefit. ADB also needs to take into account also (i) the reputational risks involved in not dealing carefully with IP issues, and (ii) the transfer of the social costs of not implementing safeguards to others in society, who then need to deal with the resulting impoverishment and cultural alienation at a later stage. When considering these factors, a good amount of attention to IP issues in project design and implementation is well worth pursuing.

VII. ASSESSMENT AND RECOMMENDATIONS

158. This chapter assesses the relevance of the IP policy to ADB operations, its effectiveness in terms of outcomes for IP and DMC capacity, the efficiency of inputs, processes and systems, and the sustainability of the policy's approach. The SES uses a scale of four possible ratings for each criterion.¹²² The assessments of relevance, efficiency, and sustainability are based on the analysis undertaken for this evaluation, complemented by the results of interviews and questionnaire surveys. The assessment of effectiveness is based on (i) analysis of the seven case studies selected from a portfolio of a few hundred projects approved since 1994, complemented by (ii) PCRs and other ADB reports, and (iii) NGO studies.

A. Assessment of the Indigenous Peoples Policy

159. As the policy was approved in 1998 and changes in its nature and enforcement have been made later, it is difficult to rate the overall on the ground impact of IP operations that have been informed by it. Very few such operations have been completed and are at a stage where a good evaluation can be done. When a somewhat longer time perspective is taken, starting from the year that the President issued instructions to ADB staff to follow World Bank guidelines on IP in 1994, it has to be concluded that the policy, like that of the World Bank, was inconsistently applied up to at least 2001. Only when a new safeguard compliance mechanism was created in 2002 was a more comprehensive and inclusive approach enforced. The IP policy and its current enforcement mechanisms, particularly the SPCM and in the background the threat of the compliance review mechanism, have helped raise the profile of IP issues in ADB's operations and in the development process. Much experience has been gained with the designation of groups as IP or non-IP, and with resettlement issues in particular. However, the policy was reinterpreted, and this led to IPDPs becoming mandatory even for projects that had only positive impacts. The SES questions the need for IPDPs when only positive impacts of projects on IP are anticipated. In cases where project objectives are not primarily oriented toward area development, where there are asymmetrical costs and benefits, and where there are clear risks, the stricter application of the policy can be considered a positive step for IP. Fortunately, there were only a few handfuls of such cases. In a number of other cases, the projects included major "added" components to implement national IP programs in specific areas (e.g., combining

¹²² The various factors assessed were rated as follows: (i) highly relevant, relevant, partly relevant, and irrelevant; (ii) highly efficient, efficient, less efficient, and inefficient; (iii) highly effective, effective, less effective, and ineffective; and (iv) most likely sustainable, sustainable, less likely sustainable, and unsustainable.

expressway construction with rural road improvements). In the view of this SES, some add-ons make sense if they can be made central to the project's overall objectives and do not disturb the simplicity and efficiency of the project's implementation model. However, in other cases, add-ons, including those sometimes promoted in IPDPs, make less sense (e.g. highway construction with microcredit or water supply components). Such additional components seem to serve mostly to protect ADB's reputation and complicate project design rather than help to significantly achieve development results. Complex projects often experience difficulties during implementation. In the IPDPs for exclusively area development projects, the IP-oriented measures were central to the overall project design, and were, in fact, summarized from the RRP. In such cases, there was little added value from presenting such material in a separate plan and in some cases organizing a separate consultation process for this. The existing material on the significance of impacts on IP in the SPRSS should be sufficient for purposes of communication and disclosure.

1. Relevance of the Policy and Its Procedures

160. The IP policy predated ADB's 1999 poverty reduction strategy, which made poverty reduction ADB's overarching objective. As many IP are poor and vulnerable, the policy is consistent with ADB's current focus on poverty reduction. ADB's focus on infrastructure development and on private sector development also warrant special safeguards for IP (the latter particularly regarding forestry and extracting industries). The IP policy is furthermore consistent with an internationally recognized need to pay special attention to IP issues in development work. The current IP policy is written mostly as a safeguard policy, and focuses on mitigating adverse impacts and the risk that IP will not have the same access to project benefits as other groups. As a consequence, the policy places considerable attention on IP due diligence during project preparation in areas where IP reside. This is appropriate.

161. This SES regards an approach that focuses on safeguards but does not similarly stress an IP development strategy as incomplete. A clear statement of the broader attention ADB wishes to give to IP in its operations is missing. Such a statement could be elaborated in the policy or in ADB long-term strategy documents. The strategy statement would specify the preferred level of attention to be given to IP issues and areas, and the nature of projects to be prioritized. Country partnership strategy documents should elaborate the approach when, or if, it is appropriate for the circumstances in the country and the selected focus of ADB operations. Such a strategy would place safeguard measures in their proper light, as these would be seen as complementary to operations that have IP development as a primary or secondary objective. Perhaps this would reduce the tendency to include enhancement measures in IP projects that are unrelated to the primary project objective.

162. The IP policy is most relevant as a safeguard policy if it (i) enforces a structured planning and implementation process that pays systematic attention to IP issues, (ii) applies a limited definition of IP and links it clearly with vulnerability, and (iii) clearly defines IP risks and can formulate good risk mitigation measures. In the assessment of this SES, the policy is clear on the first requirement but less so on the second and third. A number of unclear areas in the 1998 IP Policy have been discussed in chapter II, and also a number of areas in which the policy has drifted, witness the differences between the 1998 IP Policy and the 2004 OM section F3 and IP practice. In the view of this SES, a truly relevant policy must be accompanied by clear directions as to the human and financial resources needed to implement it. Consistent with other policies drafted at the time, the IP policy did not estimate the resources needed for implementation.

163. In summary, this SES deems the current IP policy as relevant due to its compatibility with ADB's poverty reduction strategy and the institution of a compliance system since 2002. A rating of highly relevant would have been provided if (i) a number of unclear areas had been clarified by the OM rather than exacerbated, (ii) a developmental IP strategy had complemented it, and (iii) the policy had better addressed the lack of resources for effective implementation.

2. Effectiveness of Outcomes for IP and for DMC/EA Capacity

164. This evaluation reviewed instances where ADB-supported projects were reported to have had serious negative impacts on IP, including some that NGOs have highlighted. The SES concluded that most of these impacts mainly resulted from land loss and resettlement of IP, or environmental impacts on livelihoods, when the environment was insufficiently protected, and/or compensation and assistance provided were insufficient to enable restoration of IP livelihoods. As the SES on IR safeguards concluded, most cases dealing with adverse IR impacts concerned projects approved relatively longer ago, and the SES assessed that there were likely to be fewer such cases in the recently approved portfolio. Thus, it concluded, tentatively, that the IR policy was broadly effective in its outcomes for affected people. The SES on environmental safeguards concluded that the current environmental safeguard procedures have been generally effective in avoiding significant adverse environmental impacts. Beyond such cases related to resettlement and environment (particularly the use of forest), this SES finds few instances of other negative effects and cultural displacement of ADB-supported projects on IP. In part this may be related to the institution of a preparation process with more structured attention to the three types of safeguards, leading to project designs with due attention to social and environmental aspects. For another part, it may be due to the fact that cultural displacement is difficult to define and gauge, while other negative impacts, such as related to communicable diseases, may take longer to manifest themselves. This then makes it difficult to conduct the assessment. Overall, it is not clear that the IP policy contributed significantly to identifying and mitigating other adverse impacts on IP.

165. Recent projects in IP areas that were of an extractive nature or those with a particularly asymmetrical distribution of benefits and costs were few in number, although they may have significant impacts where they occur. ADB has treated these cases (Nam Theun II, Tangguh LNG) with a great deal of attention to IP issues. Some older projects such as the Chashma Right Bank Irrigation (Stage III) Project in Pakistan (approved in 1991) and the Lao Industrial Tree Plantation project (approved in 1993) however got less attention and consequently harmed IP interests. ADB has increasingly tried to make "asymmetrical" projects more inclusive, sometimes losing goodwill with clients that have a more limited concept of a project. In many expressway projects in the PRC, for example, ADB added rural road components and otherwise broadened the project objectives so that project benefits were spread to local IP. ADB has done this, although not all EAs appreciated these initiatives.

166. The experience with ADB's IP TAs has been mixed. Such TAs have often had value in building EA capacity. But specialized agencies whose main focus is not IP development are unlikely to apply separate consultation processes and provide for additional mitigation measures for IP when ADB financing is not involved. ADB, for its part, could have done more to help improve the policy context for IP issues. Lack of specialist staff to prepare and administer such ambitious and specialized TAs has undoubtedly been one reason for this. On the other hand, special poverty reduction funds, like the JFPR, have promoted IP development in recent years. But this is not strictly to do with IP safeguards.

167. This SES assesses the IP policy as less effective in terms of improving the outcomes for IP and DMC/EA capacity. This assessment necessarily takes into account aspects of implementation, and thus judges the policy in a wider sense, including in it the resources ADB has made available for implementing the policy directives (footnote 1). The SES notes that there are a considerable number of projects which have not caused severe trauma, and have appeared to have had positive results for IP overall, as per their PCRs and validated by some case studies undertaken for this SES. The SES assumes that the mandatory attention during preparation for (i) the incorporation of social dimensions, (ii) IR and environment safeguards, and (iii) targeted poverty interventions, has improved overall quality of the project design. Nevertheless, this SES is not convinced that the IP safeguard processes as such made much difference in many cases. A greater focus in the use of scarce staff resources on the projects with real and significant risks, including resettlement and environmental risks, and less on projects in IP areas that do not carry such risks, might have safeguarded IP interests better.

3. Efficiency of Inputs, Processes, and Systems

168. Progress has been made since 2000 with the categorization of IP in different country contexts and with the screening for IP impacts. In written comments on a draft of this study, some specialists have stated that they now know better how to define and address risks through IPDPs, have more actions and better budgets, and are therefore able to add value. This is positive. However, this SES identified at least five problems: (i) many staff remain confused about how to write IPDPs for area development–type projects that mainly benefit IP; (ii) there is insufficient guidance on how to handle resettlement and environmental impacts in the context of IPDPs; (iii) there is insufficient guidance on the level of consultation needed for different types of projects; (iv) some policy tools are not yet fully absorbed by staff (e.g., some SpAs turned out to be IPDPs, and vice versa); and (v) typical mitigation and enhancement measures are not well defined and therefore there is wide variation in the way that these are employed in IPPs across regions, countries and types of projects. The lack of specificity in the types of potential impacts is a serious shortcoming in the application of the IP policy in the IPPs. The absence of a good handbook for many years did not help in this regard, although progress is now being made to produce it in partnership with the World Bank and IADB.

169. The three safeguard policies can all be invoked separately in IP areas for different reasons. This can easily lead to three consultation processes, different surveys, and separate documents. A more integrated safeguard approach would be to demand a single report in cases of risks in two or three areas of focus. This move saves costs, has efficiency gains, and may mean different specialists operating as one team.

170. Projects were not always administered efficiently enough by ADB. Projects with few risks may get too much attention, others with more serious risks too little. The special evaluations of the environment and resettlement safeguards documented the inadequacy of ADB supervision and monitoring arrangements during implementation. Operations departments need to ensure that EAs have project performance management systems that cover IP issues for all projects with IP in the project impact zone, and that they monitor IP issues during implementation. The SES noted that PPRs include insufficient information on the implementation of the IPPs. Special monitoring arrangements for IP safeguards, such as those involving third parties, could well be adding little value in cases where actually few risks exist, while in other cases with more risks they are not done or are insufficient. The actual performance of third party monitoring is unclear. Very few social monitoring reports have been collected so far and also very few have been posted on the website since 2005 as required by ADB's public communications policy. Although the IP review missions undertaken by RSDD are helpful, they cover only one project per year at

the most. More such missions are required. Lack of implementation of safeguard measures sometimes results in tension between affected people and civil society and ADB and EAs, or between ADB and EAs.

171. In sector projects in IP areas, or with IP as main beneficiary, the attention paid under the present guidelines to IPDPs beyond RPs, environmental management plans, gender plans, and possibly other more appropriate community and social development action plans is leading to plan congestion. The Provincial Road Improvement Sector Project in Viet Nam produced 40 IPDPs apart from 79 RPs and 90 initial environmental examinations for 90 rural road rehabilitation jobs, with much consultation but very limited budget and limited action under the IPDPs themselves. In some sector projects (e.g., the Rural Road Sector I Project in India), the rules were being interpreted to avoid the need for many IPDPs. Such practices may well be defensible in certain cases but whether they would be regarded as admissible under the compliance review mechanism is unclear. The experience to date is that inspections and compliance reviews that focus on projects where things have gone wrong generally follow a very inclusive line in the procedures to be followed. A more consistent approach to IP issues in sector projects is required.

172. Many current IPDPs are devoid of concrete actionable points, and address only enhancement measures, but without a clear system and budget for implementation. In some IPDPs, many measures are highlighted; in others, very few. Many SpAs reflected on the website did not reflect actionable points either. Overall, the inputs, processes, and systems for implementing the IP policy are assessed as less efficient.

4. Sustainability of the IP Policy's Approach

173. ADB's current approach to initiating and implementing IPDPs for (i) projects without serious risks, (ii) projects with IP risks that are mainly related to resettlement and environmental change, but that also have RPs and environmental plans, and (iii) sector projects, has created incremental costs and transaction costs that do not result in significant value added. The use of resources in a way that does not help to achieve better development results raises questions about the sustainability of the IP policy. Transaction costs for projects without clear risks but with extensive IPDP preparation processes are apparent in longer preparation times for projects, delays in implementation due to special arrangements, extra costs due to contract extensions, and higher commitment charges for OCR loans and interest payments. Ultimately, these translate into lower economic and financial returns for projects, with uncertain gains in social returns. Transaction costs are also apparent in some risk-averse behavior by ADB staff and a tendency to add on small IP enhancement components to projects with uncertain benefits but complicating project implementation. This may lead clients to avoid ADB when considering ways to mobilize financing for challenging projects that impact on IP.

174. This SES assesses the IP policy in its present form as less likely to be sustainable. In the absence of ADB involvement, EAs are unlikely to apply it, neither are they likely to apply it for locally funded projects. To make the IP policy more sustainable, ADB must clarify its scope, and recognize that sociocultural change induced by projects in IP communities is inherently difficult to control, because of the variable secondary effects in the short and the long term. Ultimately, the updated policy will become more sustainable as a result of greater clarity on identifying and assessing adverse sociocultural impacts.

B. Recommendations

175. The recommendations below are intended to feed into the RSDD safeguard review. Rather than being prescriptive, the SES is designed to raise issues for consideration as RSDD undertakes more country and civil society consultations and consider future policy options.

176. **The safeguard policy update should clarify the areas that cause misunderstanding in the 1998 IP Policy and address the policy drift related to OM Section F3 and IP practice in ADB.** Areas where clarification is needed include: (i) the definition of IP and the role of the vulnerability criterion in it; (ii) the overlap with other ADB safeguards; (iii) the type of risks and expected impacts that “trigger” various instruments of the policy, such as IPDPs, IPDFs, and SpAs; (iv) the difference between risk mitigation and IP enhancement measures; and (v) the extent of consultation and consent required from IP for projects or project approaches.

177. **ADB should set goals for the development of IP and IP strategies for some DMCs where ADB’s forward program involves considerable interaction with IP.** ADB might also do these in the context of a general vulnerability strategy or an updated poverty reduction strategy that pays more attention to sociocultural issues, non-income poverty, and marginalization of IP than the present poverty reduction strategy does. These goals should guide the selection of projects and other operations of direct benefit to IP. Since IP are generally poor and score poorly on Millennium Development Goals and Human Development Indicators, they should be covered as part of country poverty analyses and the poverty reduction elements of ADB’s country strategies. If the DMC agrees that ADB’s program should, directly or indirectly, address IP needs, initiatives need to be undertaken to define and identify IP in the DMC, so that ADB-supported interventions can target IP and support can be given to strengthening the IP legal and policy framework and institution capacity with the long-term goal of developing systems for each country. This will require specific TA input. This SES recognizes that country strategies need to be focused and that not all DMCs would request ADB to play a leading role related to IP. One output should be an ADB IP website that includes an overview of the specific laws and definitions of IP in separate countries in the Asia Pacific Region (similar to that on IADB’s interactive website¹²³). Such an easily accessible storehouse of IP-related information would be particularly useful given the wide variety of state policies that ADB and EAs must consider.

178. **If ADB maintains a stand-alone IP policy, it should include a results-based framework—distinguishing desired impact, outcomes, outputs, activities, and inputs, both at macro (country) and at micro (project) level.** This will allow ADB to set clear targets and make policy implementation better manageable and easier to monitor. At the macro level, the policy should then have the desired impact of IP that are treated fairly and equitably, with respect for their culture, traditions, and preferences, and able to sustain their livelihood and to develop themselves as IP. The outcome should be a country IP safeguard system, standards, and obligations, coupled with satisfactory implementation capacity, that are consistent with international conventions such as the ILO Convention 169 and the UN Declaration of the Rights of Indigenous Peoples. For most countries, this would be an outcome achieved only in the long term. The outputs of the IP policy would then be IP that are consulted properly and given the means and opportunities necessary to avoid harm and to benefit. At the individual project level, the application of the IP policy should have the desired impact of avoiding the adverse effects of

¹²³ Available: http://www.iadb.org/sds/IND/site_3152_e.htm

projects, minimizing the disruption to livelihood and culture of those unavoidably affected, providing those affected with means for the restoration of their livelihoods and culture, and improving the standard of living of IP and their opportunities for cultural expression. The actual wording will depend on whether changes are going to be made in the current, very inclusive, OM on IR. If the new IR policy is less inclusive, more attention to livelihood loss may have to be given by the IP policy or a social safeguard policy. The outcome of the policy would be opportunities seized by IP, necessary for realizing the desired impact. The outputs of the policy would be a project that recognizes the special position of IP and has no adverse effects or mitigates these significantly and with consent of IP (or the majority of IP in case the population is large). Activities would have to be specified for ADB and EAs and other agencies involved. Among the activities to be conducted by the EA would be the pursuit of broad support for the project by clients, EAs, and IP regarding procedures and mitigation packages through a well-documented process. As in ADB's design and monitoring frameworks for projects, ADB and EA can only contribute to the desired impacts and outcomes. EAs are responsible for outputs; ADB and EAs, for an agreed set of inputs and activities.

179. **A sequential approach to policy development and capacity building in IP safeguards should be adopted, focusing on a few DMCs first.** This approach is needed because of the differing DMC systems and capacity, ADB's limited expertise, and the related resource implications. ADB should recognize that the same approach to IP safeguards is not appropriate for all DMCs. ADB should recognize country differences. Proposals for projects with risks for IP in some countries should continue to follow the full set of ADB's IP safeguard procedures, including improved ADB project administration and IP monitoring. In other DMCs, some aspects of the country system could be relied on. There is a need and a demand for more training of EA staff in social safeguards.

180. The present IP categorization system should be reviewed, with a view to enabling a different use of the main risk mitigation instruments. RPs and environment management plans should be included in the toolbox of the IP policy. While IP issues should be considered carefully in the design of all projects with IP living in the project impact zone, **IPDPs should be prepared for projects that have clear risks for IP, which are capable of being mitigated through project interventions.** An IPDP should contain the plan for implementation, agreed budget estimates, and the arrangements for third party monitoring. If the risks are primarily related to adverse impacts on livelihoods as a result of loss of access to land, resettlement, or environmental damage, then there is no need for an IPDP: the mitigation measures should be integrated in an RP or environmental management plan. The World Bank's IP policy of 2005 also prescribes the use of the RP to deal with physical relocation of IP or restrictions of their access to resources. Similarly it states that the IPP is to be prepared in a flexible and pragmatic manner, and that when IP are the sole or the overwhelming majority of direct project beneficiaries, the elements of an IPP should be included in the overall project design; a separate IPP would then not be required. IPDPs would be prepared only in cases where risks to IP are not covered in the resettlement and environment policies. This should help to reduce duplication and lower transaction costs. For each project, the SPRSS should include a statement that the project area does or does not include IP, plus a statement on the significance of the expected impacts and how the project's design has addressed these. This requirement is already provided for in the SPRSS and should be maintained; the discussion could, however, be more elaborate than it is at present. The SPRSS could also usefully be provided with hyperlinks to ADB's IP website. For each project with an impact zone that includes IP, at the very minimum the loan agreement should state the applicability of the IP policy. If a project includes an IPDP, IPDF, or SpA, the loan agreement should include a covenant referring to these.

181. **Conceptual work and case study work is needed to lay out the particular risks for IP associated with different categories of investments, as there is currently a high degree of divergence in approaches to the definition of these risks.** The impacts considered should include the relative marginalization of IP by the appropriation of project benefits by non-IP. The actions should include “measures to ensure project benefits accrue to IP.” These measures are not enhancements; they are part of the mitigation measures as they help avoid deterioration of the position of IP vis-à-vis the mainstream population. After the policy review, the IP handbook, which is under preparation, could usefully elaborate on typical actionable impacts by sector, especially beyond those related to land loss, resettlement, and environmental change.

182. **The safeguard policy update should describe the criterion to be used to determine whether the mount of consultation and broad communication support for a project and mitigation measures is adequate and in what circumstances ADB endorses the principle of free, prior and informed consent for the project from the side of IP.** Clear documentation of the consultation process during project preparation and implementation should be made mandatory. IFC’s broad community support concept may provide some guidance; its new policy excludes the funding of projects that impinge on lands owned or claimed under adjudication by IP without their full documented consent. The World Bank’s IP policy states that where physical relocation of IP cannot be avoided, the borrower will not carry out such relocation without obtaining broad support for it from the affected IP communities as part of the free, prior, and informed consultation process. An earlier response provided by ADB to World Commission on Dams proposals was that the approval of projects should essentially be a decision of the central government and that consent from the side of IP should concern mainly mitigation measures offered. Different consultation approaches to situations involving IP communities IP living scattered among mainstream population may need to be worked out. Thresholds for acceptable consent, reflecting broad community support, need to be established, e.g., 80% in favor of the mitigation measures proposed. Similar clarifications should be developed for the IR and environment safeguard policy updates. In case of project proposals that carry high risks for IP and are controversial and easily misunderstood, ADB may need to consider reputational risks. Similar clarifications should be developed for the IR and environment safeguard policy updates.

183. **To complement the safeguard policy update, there is a need for an IP policy implementation plan that reconciles the policy aspirations with organizational, budget, and human resources implications.** This must cover activities both during project preparation and monitoring during project implementation, and in the post construction phase for selected projects where there is evidence that the mitigation measures have not been fully effective. An implementation plan is especially necessary if ADB does not have the staffing required to implement the aspirations in the current IP policy and the requirements stated in the draft IP handbook being prepared in conjunction with the World Bank and IADB. Otherwise, ADB will have unfunded mandates that may, in the end, lead to adverse impacts on IP and to lost compliance review cases.

**INDIGENOUS PEOPLES POLICY 1998:
RELEVANT PARAGRAPHS ON THE DEFINITION OF INDIGENOUS PEOPLES**

7. Developing a single, specific definition or identification for indigenous peoples would be difficult. Within the Asian and Pacific Region, individual indigenous peoples communities reflect tremendous diversity in their cultures, histories and current circumstances. Country by country, the relationships between indigenous peoples and dominant or mainstream groups of society vary.

8. From the perspective of developing a working definition of indigenous peoples for use in Bank operations, several aspects must be considered. A starting point would be to define indigenous peoples on the basis of characteristics they display. Two significant characteristics would be (i) descent from population groups present in a given area, most often before modern states or territories were created and before modern borders were defined, and (ii) maintenance of cultural and social identities, and social, economic, cultural, and political institutions separate from mainstream or dominant societies and cultures. In some cases, over recent centuries, tribal groups or cultural minorities have migrated into areas to which they are not indigenous, but have established a presence and continue to maintain a definite and separate social and cultural identity and related social institutions. In such cases, the second identifying characteristic would carry greater weight.

9. Additional characteristics often ascribed to indigenous peoples include (i) self identification and identification by others as being part of a distinct indigenous cultural group, and the display of desire to preserve that cultural identity, (ii) a linguistic identity different from that of the dominant society, (iii) social, cultural, economic, and political traditions and institutions distinct from the dominant culture, (iv) economic systems oriented more toward traditional systems of production than mainstream systems, and (v) unique ties and attachments to traditional habitats and ancestral territories and natural resources in these habitats and territories.

10. Indigenous peoples also are described with reference to their ways of life. In many cases, indigenous peoples live in separated communities or cultural or ethnic groupings. Such communities and groupings often are located in areas geographically distant from urban centers and often function at the periphery of the political, social, cultural, and economic systems of the dominant or mainstream society. At the same time, however, it is not unusual to find indigenous peoples communities on the fringes of urban areas, comprising indigenous peoples who have migrated but remain distinct from the mainstream. Indigenous peoples communities in a given country can reflect varying degrees of acculturation and integration into the dominant or mainstream society.

11. In specific development interventions supported by the Bank, the national legislation of the country in which the development intervention is taking place provides a basis for defining indigenous peoples. This includes constitutional, statutory, and customary law, as well as international law, including any international conventions to which the country is a party. It would be necessary that other country-specific considerations be taken into account.

12. As a working definition to be employed in the Bank's operations as they affect indigenous peoples, indigenous peoples should be regarded as those with a social or cultural identity distinct from the dominant or mainstream society, which makes them vulnerable to being disadvantaged in the processes of development. Determination of a distinct identity for indigenous peoples would be based in the requirements of applicable national law and the

applicability of characteristics described in paras. 8-11 above. The application of any definition of indigenous peoples should work to differentiate between indigenous peoples and other cultural and ethnic minorities for which indigenous status is not an issue; the broader protection of vulnerable groups is an issue addressed in other policies and practices of the Bank.

13. Case-specific identification of indigenous peoples affected by Bank operations and approaches to addressing specific indigenous peoples' concerns would be addressed in the process of initial social assessment and the preparation of an indigenous peoples plan (see paras. 34–40 and the Appendix).

INDIGENOUS PEOPLES POLICIES IN OTHER ORGANIZATIONS

1. **World Bank.** The World Bank's Indigenous Peoples (IP) Policy of 1991 was articulated in Operational Directive (OD) 4.20. To replace it in the Operational Manual, the World Bank published OP 4.10 and BP 4.10 in July 2005. Much of the basic IP policy developed in 1991 remains in place, but an external desk review concluded by the World Bank's then Operations Evaluation Department (OED) in June 2002 called for more careful identification of IP and the need for more intensive consultation with IP affected by projects. This new emphasis was strengthened in the new OD, but stopped short of requiring full consent.

2. A principal difference between the World Bank and the Asian Development Bank (ADB) is the World Bank's considerably larger reservoir of social (and environmental) safeguard specialists, who are available to help with project administration, both at headquarters and at regional and national levels. They are to be seen as a separate team, unlike ADB where they are integrated with the operations departments. However, the World Bank is reorganizing, and it is not quite clear how this process will affect the enforcement of safeguard compliance. At any rate, because of the larger number of staff available at World Bank headquarters and in the field offices, there is usually more opportunity for teamwork and less reliance on written documents in situations that are unfamiliar to safeguard compliance staff. But, in spite of all this, World Bank safeguard policies, like ADB's, are sometimes also perceived to be difficult to meet, such that clients tend to avoid financing from the World Bank.¹

3. The World Bank's use of the IP policy in Asia has, to some extent, paralleled ADB's practice of preparing plans that for the most part follow country systems in recognizing IP as ethnic minorities, scheduled tribes, or highland peoples. As with the ADB, there are no clear examples of compensation made for cultural displacement, other than specific local actions that are limited in scope and generally focused on mitigation measures, such as enhancing education, tourism, health, and cultural development opportunities. Compensation has centered on involuntary resettlement (IR) of IP.

4. **International Finance Corporation (IFC).** In early 2005, IFC decided to institute new safeguards policies that stress vulnerability and sustainability issues over the preservation of IP cultures and the priority of CS influence on policy implementation. This received considerable criticism from nongovernment organizations (NGOs) and other indigenous rights groups. One of these, the Bank Information Center, published the following statement on its website:

IFC's new standards do not specify when consultation with local populations affected by its operations will take place, do not adequately protect the rights of IP to their lands and natural resources-including their right to free prior informed consent, undermine existing World Bank policy with respect to resettlement, and do not require independent assessment and verification of project impacts, relying heavily instead on companies' self-reporting.²

5. In February 2006, however, the IFC established a new safeguards policy that was based on a thoroughgoing review of its policy, claiming to institute new safeguard standards that "are stronger, better and more comprehensive than those of any other international finance institution working with the private sector. They clearly define the roles and responsibilities of

¹ World Bank. 2002. *Safeguard Policies: Framework for Improving Development Effectiveness*. Discussion Note. Environmentally and Socially Sustainable Development and Operations Policy and Country Services. Washington, D.C.

² Available: http://www.bicusa.org/bicusa/issues/international_finance_corporation/2650.php (visited 22 June 2006).

IFC and its client companies.”³ The new policy released on April 2006 specifically excludes projects that impinge on “lands owned, or claimed under adjudication by Indigenous Peoples, without full documented consent of such peoples.”⁴ Performance Standards 7 and 8 require the “free, prior, and informed consultation and informed participation” of IP, “good faith” negotiation, and documentation of their informed participation.⁵

6. **Inter-American Development Bank (IADB).** For many years the IADB had an IP strategy but no IP safeguards policy. Its recently issued Operational Policy on Indigenous Peoples distinguishes between strategic considerations regarding “promoting development with identity” and “safeguards in Bank operations” in determining projects eligible for IADB financing. The safeguards are concerned with adverse impacts. Once IADB decides to proceed with the processing of a project with potential adverse impacts, it will verify compliance by the project proponent with the following requirements: (i) preparation of sociocultural evaluations and the project environmental and social review process; (ii) implementation of socioculturally appropriate and duly documented consultation and good-faith negotiation processes with the affected IP; and (iii) incorporation into the project of enforceable measures for mitigation, restoration, and compensation, and detailed plans for indigenous protection, compensation, and development, or other timely instruments.

7. The IADB Policy articulates a country or regional approach. It pays particular attention to each country’s state policy regarding IP. In addition to IADB’s own technical evaluation of the particular definition of an affected IP, IADB describes different state policies at the national level on its interactive website.⁶ In its 22 February 2006 OP on IP, IADB specifically calls attention to the role of colonialism and the time of contact with the dominant cultures, such that the term “indigenous peoples” refers to descendants of populations

- (i) inhabiting Latin America and the Caribbean at the time of conquest or colonization;
- (ii) retaining some or all of their own social, economic, political, linguistic, and cultural institutions and practices; and
- (iii) recognizing themselves as belonging to indigenous or precolonial cultures or peoples.⁷

8. **African Development Bank (AfDB).** AfDB, by comparison, has so far resisted the use of the label “IP” for subpopulations of nations in Africa, instead preferring to refer to ethnic and regional populations (nor does it use the term “tribe” in its documents). While its October 2003 social safeguards review, Integrated Environmental and Social Impact Assessment Guidelines, does use the term “indigenous peoples” in a section on preserving quality of life and outlining enhancement and mitigation measures, no special policy or consideration is given to IP.⁸

³ Available: <http://www.ifc.org/ifcext/enviro.nsf/Content/EnvSocStandards> (visited 14 July 2006).

⁴ Available: [http://www.ifc.org/ifcext/enviro.nsf/AttachmentsByTitle/pol_ESRP2006/\\$FILE/ESRP2006.pdf](http://www.ifc.org/ifcext/enviro.nsf/AttachmentsByTitle/pol_ESRP2006/$FILE/ESRP2006.pdf), page 14 (visited 18 July 2006).

⁵ Available: [http://www.ifc.org/ifcext/enviro.nsf/AttachmentsByTitle/pol_ESRP2006/\\$FILE/ESRP2006.pdf](http://www.ifc.org/ifcext/enviro.nsf/AttachmentsByTitle/pol_ESRP2006/$FILE/ESRP2006.pdf), page 27 (visited 14 July 2006).

⁶ This interactive website of national policies toward IP in Latin American can be found at: www.iadb.org.

⁷ Inter-American Bank. 2006. *Operational Policy on Indigenous Peoples*. Sec. 1.1, 22 February, page 1. Available: <http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=686395> (visited 1 July 2006).

⁸ Available: http://www.afdb.org/pls/portal/docs/PAGE/ADB_ADMIN_PG/DOCUMENTS/ENVIRONMENTALANDSOCIALASSESSMENTS/IESIA.PDF, page 151 (visited 10 November 2006).

DESCRIPTION OF INDIGENOUS PEOPLES DEVELOPMENT PLANS, BY SECTOR

1. **Social Sectors.** There were two education indigenous peoples development plans (IPDPs) in the sample, and these identified no risks at all. Consequently, no risk mitigation measures were identified either. The IPDP for the Upper Secondary Education Development Project¹ identified no enhancement measures, but saw the project benefits as improved access of indigenous peoples (IP) to secondary education, enhanced quality and efficiency of secondary education, and training of teachers. The Education Sector Development Program in Cambodia² specified the following project benefits in its IPDP: reduced cost of schooling, which would improve the participation of ethnic minorities in basic education, increased access through provision of facilities, an increase in the number of teachers in ethnic communities through the redeployment of teachers, an established new curriculum framework addressing ethnic minority concerns and the local language instruction issue, multigrade teaching in small villages completing the full primary circle, and increased spending power as a result of the provision of an operational budget.

2. The IPDPs for three health projects were of a similar nature. They mainly provided an overall statement on the relevance of the project to IP. The Preventive Health System Support Project in Viet Nam³ identified no risks or risk mitigation measures, and proposed the following enhancement measures: identification of training needs for health staff in areas with a high concentration of ethnic minorities, and the identification of ways in which district and commune health staff could help to strengthen the surveillance system, such as the tracking of diseases by ethnicity. The IPDP listed as project benefits the improvement of the health of ethnic minorities through the strengthening of the capacity of preventive health staff, increased accessibility and acceptability of preventive health services in ethnic minority communities, and the training of commune and district preventive health staff in the 17 priority provinces. The Health Sector Project in Cambodia⁴ also did not identify risks, mitigation measures, or enhancement measures. In Viet Nam, the IPDP for the Health Care in the Central Highlands Project⁵ identified HIV as the only risk, and proposed an awareness program. Enhancement measures specifically for ethnic minorities were not identified, but the project benefits were defined as increased access to culturally compatible and improved health services, through the upgrading of facilities, the provision of culturally compatible health information materials, and full incorporation of ethnic minority needs through extensive consultation into the new materials developed.

3. In the water supply sector, one IPDP was issued from 1998 to 2005, for the Water Supply and Sanitation Sector Project in Lao People's Democratic Republic.⁶ The IPDP did not define risks specific to ethnic minorities, mitigation measures, or enhancement measures, but listed the following project benefits: (i) improved health of the people in small towns and peri-urban areas following the provision of potable water, (ii) elimination of water-borne diseases, and (iii) improved quality of life especially among women who traditionally carry and fetch water, as a result of better access to safe and sanitary water.

4. **Agriculture and Natural Resources Sector.** Three irrigation development-oriented projects over the period included an IPDP. The Central Region Water Resources Project in Viet

¹ Loan 1979-VIE, for \$55.0 million, approved 17 December 2002.

² Loan 1864/1865-CAM, for \$38.0 million, approved 4 December 2001.

³ Loan 2180-VIE, for \$27.9 million, approved 25 August 2005.

⁴ Loan 1940-CAM, for \$20.0 million, approved 21 November 2002.

⁵ Loan 2076-VIE, for \$20.0 million, approved 9 January 2004.

⁶ Loan 1710-LAO(SF), for \$20.0 million, approved 16 November 1999.

Nam⁷ mentioned resettlement as the only risk under this project, affecting ethnic minorities, but this was also dealt with by the resettlement plan (RP): the IPDP stated that ethnic minorities would get extra transition subsistence payment for relocation. The IPDP identified the following enhancement measures: programs in literacy and numeric skills, and social marketing training. Training courses were also to be provided in health and nutrition, livestock raising, and credit use and management. The Southern Philippines Irrigation Sector Project⁸ did not identify a need for resettlement of IP but identified as IP risks (i) the low literacy of Maranao Women; and (ii) the fact that the main dam and some canals in the project were situated inside an ancestral domain. Given IP legislation in the Philippines, free prior informed consent had to be obtained for the dam component of the project, and this was achieved. Also, the IPDP announced the preparation of information in local dialects, and the participation of women in the planning process.

5. The IPDP for the Chhattisgarh Irrigation Development Project in India⁹ identified as the only risk the possible effects on social and cultural conditions during construction due to the anticipated influx of outside workers, leading to negative impacts on family kinship roles and responsibilities within the communities. Mitigation measures for this risk were, however, not indicated. The IPDP announced that contractors would be encouraged to hire local people as unskilled labors and that the contractors would be sensitized to local customs and traditions and issues.

6. The IPDP placed on the Asian Development Bank's (ADB) website for the Forest for Livelihood Improvement in the Central Highlands project in Viet Nam, which was to be approved in 2006, did not identify specific risks or risk mitigation measures in its IPDP; however, it included a technical assistance (TA) grant to assist the IP communities in building up capacity to manage a community development fund and to provide the selected communities with advice in using farming systems, as well as in carrying out planning and monitoring. The IPDP prepared for the Community Empowerment for Rural Development Project in Indonesia¹⁰ and the IPDP for the Chittagong Hill Tracts Rural Development Project in Bangladesh¹¹ did not identify any negative impact on IP either, and only listed the positive project benefits to the local population, including IP. Lastly, the Central Sulawesi Integrated Area Development and Conservation in Indonesia¹² had an IPDP that discussed only the impacts of the resettlement of forest squatters in Katu village (201 people). This could have been left to the RP. Extensive mitigation and enhancement measures were put in place. The IPDP meanwhile listed the following benefits of the project to IP: All IP communities would be able to confirm their claim to farm lands, increase their agricultural productivity, be encouraged to seek alternative income-generation opportunities, enhance their capability to participate in decision making, and get increased public recognition of their cultural heritage. There would be training activities to improve the skills and knowledge base of IP; environmental education to increase awareness of issues related to land use; park protection and sustainable management of natural resources; access to technical services to improve farming practices, livestock management, and skills in implementing income-generating activities; and access to investment credit. The IPDP also provided for a social cohesion grant to support cultural activities and assist IP in improving knowledge and getting more public recognition of their cultural heritage. IP were to be

⁷ Loan 2223-VIE, for \$74.3 million, approved 19 December 2005.

⁸ Loan 1668-PHI, for \$60.0 million, approved 18 December 1998.

⁹ Loan 2159-IND, for \$46.10 million, approved 29 March 2005.

¹⁰ Loans 1765/1766-INO, for \$115.0 million, approved 19 October 2000.

¹¹ Loan 1771-BAN, for \$30.0 million, approved 26 October 2000.

¹² Loan 1605-INO, for \$32.0 million, approved 27 January 1998.

represented on the management boards of credit cooperatives and on the social cohesion grant committee.

7. **Transport Sector.** Eleven of the 31 IPDPs were written for road projects. A review of the risks for IP showed, first of all, that, despite the existence of RPs, land acquisition and resettlement was still discussed as a main risk in eight of the 11 IPDPs. The risk mentioned next most often (four times) was the spread of HIV/AIDS, a risk that was generally dealt with through awareness programs. Construction-related disturbances were mentioned in three IPDPs, and damage to cultural relics, in two. The increased proneness of IP to road accidents was highlighted in two IPDPs. Few IPDPs reported a risk of outside influences entering into the area, and of those that did report this, few knew how to mitigate it. Overall, the risks due to road construction in IP areas did not seem to be systematically discussed in the IPDPs, and construction disturbances (inconvenience due to temporary loss of accessibility, noise, dust, etc.) were discussed in some IPDPs but not in others. Several IPDPs discussed resettlement risks only, and the associated risk mitigation measures. With respect to enhancement measures, however, the IPDPs often proposed many activities, even when these were usually to be financed and implemented by local governments and without an ADB share. Several IPDPs proposed microcredit, livelihood training programs, literacy programs, farm reclamation, food security activities, and ethnic minority village road construction. One IPDP proposed activities in the area of security of tenure. For three of the 11 IPDPs, ADB had attracted funds for such activities from other foreign aid agencies, mainly Japanese funds such as the Japan Fund for Poverty Reduction (JFPR), which ADB administers. Seven of the 11 mentioned that local IP would benefit from employment during the construction of the road; three of the seven specified that IP would be given preference.

8. Two IPDPs concerned railway construction projects: (i) the Guizhou–Shuibai railway, and (ii) the Dali–Lijiang railway projects.¹³ The first had an IPDP that focused on resettlement issues as main risk to IP (when there was already an RP), and announced that IP would be given preference in the contracting of construction labor. The IPDP also described a poverty reduction program that the local governments routinely implemented, focusing on infrastructure development, credit, and agricultural improvements. For the Dali–Lijiang railway project in the southwest of PRC, in Yunnan Province, a much more elaborate IPDP was prepared, mainly in view of the fact that a small group of Tibetan IP might be involved and there were reputational risks. The IPDP was written with the help of a special ADB TA grant. The following risks were identified: (i) construction-related disturbances such as noises and other hazards, (ii) HIV risks, (iii) resettlement of ethnic minorities, (iv) the possibility of unexplored historical and archeological sites in the proposed alignment, (v) the weakening of the cultural realm of ethnic minorities due to culture shock, (vi) exposure of young people to behavior conflicting with traditional society and weakening of traditional family structures, (vii) destruction or deterioration of cultural relics and sites through increased tourism, and (viii) competition for employment with outsiders. Mitigation measures mentioned subsequently were: (i) protection of ethnic minority villages from construction disturbances, (ii) HIV/AIDS awareness and prevention, (iii) programs to raise awareness of cultural habits and heritage protection, (iv) income recovery for resettlement-affected people, (v) preferential treatment for vulnerable groups affected by resettlement (also in RP), (vi) an awareness program on the impact of public safety and railway operations, (vii) studies by cultural relic authorities and local cultural bureaus before construction, (viii) training of tour guides to make tourists aware of cultural sensitivities, (ix) strict enforcement of laws for conflicting behavior, (x) employment of local people in tourism,

¹³ Loan 1626-PRC, for \$140.0 million, approved 18 August 1998; Loan 2116-PRC, for \$180.0 million, approved 2 December 2004.

(xi) tourism skills training and training of local entrepreneurs to encourage them to return to producing authentic crafts, and (xii) strengthening of traditional values and systems through education and preservation of cultural heritage (with the help of an ADB grant). Enhancement measures formulated were the following: (i) afforestation, (ii) the monitoring of government poverty reduction interventions and the pro-poor rural roads program, (iii) cultural preservation measures, and (iv) pilot implementation of community-based tourism.

9. **Energy Sector.** Dam projects are discussed in Appendix 9 of the special evaluation study on involuntary resettlement. ADB's involvement in dam reservoirs from 1970 to mid-2005 composed around 4.4% of the portfolio, and the proportion decreased over time. Only seven projects were approved from 2000 to 2005. In 2006, however, there was a resurgence in the number of reservoir dam financing proposals under consideration: ADB considered financing eight new dams over the period 2006–2007. (By the time of completion of this study, the number has gone down.)

10. **Mining Sector.** Of special interest are the projects dealing directly with the extraction of natural resources like gas, minerals, and oil. ADB had only three such projects over the period: the Gas Transmission and Development Project in Bangladesh,¹⁴ the Tangguh Liquefied Natural Gas (LNG) Project in Indonesia,¹⁵ and the Coal Mine Methane (CMM) Development Project in the People's Republic of China.¹⁶ Before the IP Policy, ADB financed five public sector projects and extended two investment facilities to a mining company in the Philippines.

11. In the Coal Mine Methane Development Project, the objective was to establish a CMM development project that covered all aspects of effective and efficient CMM and Coal Bed Methane production, capture, and utilization by applying the latest technologies. Part A was the production of CMM and CBM for a 120 MW power plant, including the establishment of a 120 MW CMM-fired power plant, and the expansion of power transmission lines and the upgrading of some power distribution systems. As regards social issues and poverty reduction, the project would undertake specific poverty reduction initiatives such as the expansion of the Sihe Mine Hospital in Jiafeng county in 2004, with an additional CNY1 million investment, to serve over 70,000 local community people, including about 7,000 poor people; a 15% reduction in medical costs per person-visit for those poor living under the minimum living guarantee; and the construction of a local road from 2005 to 2006 to serve 5,000 people, including 500 poor people in the poverty county where the CMM-fired power plant was located. CBM production from surface wells would require 9.36 hectares of land lease for 20 years and affect seven households comprising 18 persons. The compensation rate for land lease for the CBM production from surface wells component was CNY140,055 per hectare for farmers and CNY4,170 per mu for collectives. The impact on IP was rated not significant, and a plan was not required, only a specific action. There were about 900 minority persons in the area, including Hui, Mongolian, Tibetan, Miao, Yi, Buyi, Korean, Manchurian, and Tujia, who were thought to stand to benefit from the improved CMM supply. About two Hui minority households in the project area would be affected by the land acquisition and resettlement. Particular attention and special provisions would be paid to them to ensure the protection of their interests and rights and sociocultural customs. These provisions were included in the resettlement plans.

¹⁴ Loans 2188/2189-BAN, for \$230.0 million, approved 27 October 2005.

¹⁵ Loan 2214-INO and EI 7224-INO, for \$350.0 million, approved 14 December 2005.

¹⁶ Loan 2146-PRC, for \$117.4 million, approved 20 December 2004.

¹⁸ ADB. 2005. *Summary Environmental Impact Assessment Proposed Tangguh LNG Project (Indonesia)*. Manila.

12. ADB's loan for the Indonesian Tangguh LNG Project¹⁸ was approved on 14 December 2005, and the core of the project consisted of the offshore operation of three gas fields in the bay of Bird's Head on the west side of Irian Jaya province, which required piping to an LNG plant to be built on an area of almost 3,300 hectares of land, including a seaport, an airstrip, and an ecological buffer zone. BP and a number of partners financed most of the project. ADB financed \$350 million, and was involved in the design of an integrated 5-year social program focusing on IP. The program was designed to comply with the conditions of ADB's IP Policy and to be a model for similar projects. In size alone, this project was clearly one where ADB pulled out all the stops. The IPDP had 207 pages.¹⁹

13. Risks identified in the IPDP included the following: (i) adverse impacts on natural resources such as water quality and flora and fauna, reduction of shoreline vegetation, and reduction of onshore fauna; (ii) adverse impacts on cultural sites and disruption of and changes in access to sacred sites; (iii) loss of 3,466 hectares of lands by the Sowai, Wayuri, and Simuna clans of the Sumuri tribe; (iv) relocation of the Tanah Merah community; (v) development-induced marginalization of IP; and (vi) influx of migrants, potentially leading to dilution of local culture and customs. Some main mitigation measures proposed in response were (i) support for traditional customs (*adat*) and traditional rights to resource utilization; (ii) non-disturbance of sacred sites; (iii) realignment and relocation of plant site; (iv) recognition of villagers' preferences regarding the location and schedule of relocation of cemeteries, and support for the construction of new spirit houses; (v) provision of an appropriate level of compensation including *adat* payments (cash and in-kind benefits); (vi) provision of registered titles to land and construction of new houses; (vii) socioeconomic activities associated with the resettlement program; (viii) strengthening of civil society organizations and *adat* institutions; (ix) recruitment of a local workforce for construction activities (a nonlocal workforce would work in more distant locations); and (x) maintenance of a closed camp and cashless site, thereby reducing interaction with local communities. The enhancement measures were evident in the comprehensive integrated social program, which comprised a total of 14 programs targeting Papua, Bird's Head, District Teluk Bintuni, and 14 directly affected and resettlement-affected villages. At the level of Papua, a revenue management program was proposed, targeting improved stakeholder awareness or revenue management vis-à-vis the Papuan Special Autonomy Law and Bird's Head governance and capacity building. At the level of Bird's Head, five programs were proposed: (i) civil society strengthening; (ii) strengthening of *adat* institutions; (iii) Bird's Head business empowerment, to improve the capacity of Papuan business to compete for business opportunities associated with the construction and operation of the LNG plant; (iv) management of workforce recruitment and industrial affairs, among other things, to ensure the participation of local, Papuan, and Indonesian people in the workforce; and (v) mitigation of in-migration and adverse impacts. At the district level, there were also five enhancement programs: (i) a governance program, looking at the regency government, village government, and integrated community-based security; (ii) a health program; (iii) an education program; (iv) a vocational training program; (v) a women's empowerment program; and (vi) a microfinance and micro enterprise program. Lastly, at the level of the 14 villages, community action plans and land acquisition and resettlement plans were proposed.

14. The 2005 Nam Theun II Hydroelectric Project in Lao PDR,²⁰ lastly, was to produce power sold mainly to Thailand, by creating a dam and flooding 45,000 hectares of land of the tribes of Nakai Plateau (Brou, Tai Bo, Upland Tai, Vietic, and Sek). Upstream and downstream effects were identified beyond the resettlement of 1,069 ethnic households out of the reservoir

¹⁹ Available: <http://www.adb.org/Documents/IndigenousPeoples/INO/38919-INO.asp>

²⁰ Loan 2162-LAO, for \$20.0 million, approved 4 April 2005.

area; 1,100 ethnic households would be affected by land acquisition. The project cost was estimated at \$1,250 million, of which the ADB loan, approved on 4 April 2005, funded \$20 million. The project took 10 years to prepare, and the documentation contained separate IPDPs for ethnic groups on the Nakai Plateau and in the downstream areas. The two IPDPs combined contained 294 pages (225+69), many of which were descriptive of the tribes and their culture, and contained the baseline data collected. The implementation cost of the IPDP was estimated at over \$45 million.

15. Some of the risks identified for ethnic minorities in the surrounding areas were (i) resettlement of tribes in the Nakai Plateau (although there was also an RP); (ii) changes in livelihood—less reliance on forest produce and more on agriculture; and (iii) loss of areas where herbs, roots, and other items used in indigenous health practices were gathered. Risk mitigation measures were the following: (i) a stipulation that the relocation site would be chosen by the tribal clan, and specific rituals would be held; (ii) the design of the houses, including village layouts, in accordance with the needs of the ethnic minorities; (iii) the recovery and relocation of archeological or historical artifacts flooded by the reservoir; (iv) support for the relocation of village monasteries and stupas, buildings or religious structures such as spirit houses, and local rituals; (v) the performance of appropriate rituals for gravesites flooded by the reservoir; (vi) the provision of livelihood options for resettled families; (vii) the study of traditional health practices and ingredients by the Traditional Medicine Research Center; (viii) the establishment of links with studies of ethnobotany, and the identification of rare or commercially interesting species for a herbarium in the Plateau; (ix) the employment of traditional health specialists (priests, spirit doctors, healers, and midwives) as local health workers so as to gradually integrate indigenous knowledge with modern health care; and (x) careful monitoring of the harvesting of species used in indigenous medicine and health practices. Enhancement measures approved were programs in education, agricultural extension, and training in forestry, fisheries, livestock management, wetland rice farming, upland irrigation techniques, vegetable and fruit cultivation, nutrition and health, and community development. The project benefits accruing to IP were identified as employment of locals during construction, new and upgraded roads, supply of electricity to the villages, and supply of water, both for domestic use and for irrigation.

**THIRTY-ONE INDIGENOUS PEOPLES DEVELOPMENT PLANS APPROVED OVER THE PERIOD 1998–2005;
SOME STATISTICS**

Year	Country	Project	Document Title	No. of Pages	Dominance of IP in Project Area^a	Category of Impact^b
2005	GMS	Regional Communicable Disease Control Project	Ethnic Minority Development Plan	4	3	III
	PRC	Central Sichuan Roads Development Project	Ethnic Minority Development Plan	24	2	II
		Hunan Roads Development III Project	Ethnic Minority Development Plan	43	1	II
	India	Chhattisgarh Irrigation Development Project	Indigenous Peoples Development Framework and Plan	11	2	III
	Indonesia	Tanggung Liquefied Natural Gas (LNG) Project	Indigenous Peoples Development Plan	207	1	I
	Lao PDR	Nam Theun 2 Hydroelectric Project	Nakai Plateau EMDP	225	3	I
			EMDP for Downstream Areas	69		
	Viet Nam	Central Region Water Resources Project	Ethnic Minority Development Plan	5	3	III
		Preventive Health System Support Project	Ethnic Minority Development Plan	24	2	III
2004	PRC	Dali–Lijiang Railway Project	Ethnic Minority Development Plan	52	1	II
		Guangxi Roads Development II	Minorities, Women, and Vulnerable Groups Plan	9	1	II
		Hunan Roads Development II Project	Ethnic Minority Development Plan	25	2	II
	Viet Nam	Health Care in the Central Highlands Project	Ethnic Minority Development Plan	3	2	III
2003	India	Rural Road Sector I Project	Preliminary Indigenous Peoples Development Plan	3	2	III
		Chhattisgarh State Road Development Project	Preliminary Indigenous Peoples Development Program	20	3	II
2002	Cambodia	Health Sector Support Project	Ethnic Minority Development Plan	4	3	III
	Lao PDR	Northern Economic Corridor Project	Social Action Plan	29	1	I
	Viet Nam	Upper Secondary Education Development	Gender and Ethnic Minorities Action Plan	3	3	III
2001	Cambodia	Education Sector Development Program	Indigenous Peoples Development Plan	4	2	III
	Nepal	Road Network Development Project	Poverty Intervention and Ethnic Minority Development Plan	3	3	II
	Viet Nam	Central Region Livelihood Improvement Project	Indigenous Peoples Development Plan	33	1	III
		Forest for Livelihood Improvement in the Central Highlands	Livelihood Improvement and Ethnic Minority Development Plan	39	1	III
		Provincial Roads Improvement Sector Project	Resettlement and Ethnic Minority Development Plan	9	3	II
2000	Bangladesh	Chittagong Hill Tracts Rural Development Project	Indigenous Peoples Development Plan	20	3	III
	PRC	Chongqing–Guizhou Roads Development	Minority Peoples Development Plan	17	3	II
	Indonesia	Community Empowerment for Rural Development Project	Indigenous Peoples Plan	2	3	III

Year	Country	Project	Document Title	No. of Pages	Dominance of IP in Project Area ^a	Category of Impact ^b
	Lao PDR	Rural Access Roads Project	Resettlement and Ethnic Minority Development Plan	5	2	III
1999	PRC	Southern Yunnan Road Development Project	Minority Peoples Development Plan	30	1	II
	Lao PDR	Water Supply and Sanitation Sector Project	Ethnic Minority Peoples Development Plan	3	1	III
1998	PRC	Guizhou–Shuibai Railway Project	Indigenous Peoples Development Plan	13	2	I
	Indonesia	Central Sulawesi Integrated Area Development and Conservation	Indigenous Peoples Development Plan	2	1	III
	Philippines	Southern Philippines Irrigation Sector Project	Indigenous Peoples Development Plan	5	3	III

GMS = Greater Mekong Subregion, IP = indigenous peoples, Lao PDR = Lao People's Democratic Republic, PRC = People's Republic of China.

^a 1 = IP in project area > 50% of total population, 2 = IP dominant in some areas of the project impact zone, 3 = IP in project area < 50% of total population.

^b I = country focused project, II = country and area focused project, III = area focused project.

Source: Asian Development Bank Safeguards website. Available: <http://www.adb.org/Safeguards/default.asp>

**PROJECTS WITH INDIGENOUS PEOPLES DEVELOPMENT PLANS APPROVED
FROM 1998 TO 2005, WITH NUMBERS OF BENEFICIARIES
AND INDIGENOUS PEOPLES**

Country	Year of Loan Approval	Project	No. of Beneficiaries indicated	No. of Affected Indigenous People indicated	Percentage of IP Beneficiaries indicated	Indigenous Peoples Involved
GMS	2005	Regional Communicable Disease Control Project	About 100,000,000 for the three countries (Cambodia, Lao PDR, and Viet Nam)	No exact figure	Cambodia = 10%; Lao PDR = 32%; Viet Nam = 14%	Cambodia = hill tribes of the provinces of Rattanakiri, Mondolkiri, Stung Treng, and Kratie Laos PDR = Hmong, Khmu, Phutai, Kor, and Katu Viet Nam = found in 45 provinces in the Northern Uplands and Central Highlands
BAN	2000	Chittagong Hill Tracts Rural Development Project	338,000	192,660	51%	Bawm, Chak, Chakma, Khyang, Khumi, Lushai (Mizo), Pankhua (Pankho), Tanchangya, and Tipra (Tripura)
CAM	2002	Health Sector Support Project	5,000,000	No exact figure	(2 of 21 provinces) Mondolkiri: 23%, Ratanakiri: 62% of the provincial population	Hill tribes of the provinces of Rattanakiri, Mondolkiri (otherwise known as Khmer Loeu)
CAM	2001	Education Sector Development Program	155,000	7,750	5%	Highland minorities of Ratanakiri, Nodulkiri, Kratie, Preah Vinhear, and Steung Treng; Chams; Chinese; Vietnamese; and Lao
PRC	2005	Central Sichuan Roads Development Project	939,000	156,700	17%	Yi, Tibetans, Quang, Hui, Mongolian, and Bai
PRC	2005	Hunan Roads Development III Project	929,000	734,000	79%	Miao, Tujia (others include Muslim Hui, Yao, Dong, Man)
PRC	2004	Dali-Lijiang Railway Project	1,100,000	803,000	73%	Bai, Naxi, Yi, Lisu, Zang, Pumi, Miao, and Mosou
PRC	2004	Guangxi Roads Development II	1,888,000	1,700,000	90%	Zuang, Yao, Hui
PRC	2004	Hunan Roads Development II Project	1,850,000	777,000	42%	Bai, Miao, Tujia, Yao, Hui, and Uygur
PRC	2000	Chongqing-Guizhou Roads Development	3,291,200	519,080 (in two of the townships)	16%	Gelau, Miao and Tujia, Buyi, Dong
PRC	1999	Southern Yunnan Road Development Project	724,322 in project area	491,581	68%	Bai, Bulang, Dai, Hui, Lahu, Pumi, Yao, and Yi minority people

Country	Year of Loan Approval	Project	No. of Beneficiaries	No. of Affected Indigenous People	Percentage of IP Beneficiaries	Nature of IP/EMs
PRC	1998	Guizhou–Shuibai Railway Project	624,600	237,348	38%	Yi, Miao, Buyi, Bai
IND	2005	Chhattisgarh Irrigation Development Project	600,000	No exact figure	35% of the state population	Scheduled tribes
IND	2003	Rural Road Sector I Project	621 affected households (in a few sample districts)	116 affected HH (in a few sample districts)	20% in Madhya Pradesh and 45% in Chhattisgarh	Scheduled tribes and scheduled castes
IND	2003	Chhattisgarh State Road Development Project	20,700,000 in the State	6,624,000 in the State	32%	Scheduled tribes (Adivasi) and scheduled castes and other tribes (Muriyas/Dandami or Gonds, Dorla Halba, Dhanwar, Bhinjar, Sawar, Bharia, Oraon, Majhwar, Bharia, Agaria, Nagasia, Khairwar, Korwa, Bhinjar, Saur Sawar, Halba, Bhunjia, Baiga, Pardhi)
INO	2005	Tangguh LNG Project	Not identified	No exact figure	Not identified	Sumuri, Irarutu, Kuri, Wamesa, Soub, Sebyar/Kamberam, and Moskona
INO	2000	Community Empowerment for Rural Development Project	550,000	No exact figure	Percentage not identified	Dayak Ngaiu Danum, Dayak Naiu, Dayak Dasun Malang, Dayak Taboyan, Dayak Ut Danum, Dayak Bukit, Dayak Kaharupan, Rampi, Wana, Rana, Tolare, Tahio, Pendala, Sajuan, Lanje, Kori, Bajo, and Tolaki
INO	1998	Central Sulawesi Integrated Area Development and Conservation	122,000	82,960	68%	Kaili, Pekurehua, Besoa, Bada, Pamona, Saluan, Belantak, Bangai
Lao PDR	2005	Nam Theun 2 Hydroelectric Project	Not identified	1,150 households affected by resettlement	Not identified	Vietic, Brou, Bo, Tai, and Sek
Lao PDR	2002	Northern Economic Corridor Project	88,843	81,735	Louang Namtha province: 97.7%; in Bokeo 86% are ethnic minorities	Lao, Leu, Kalom, Nyouan, Tai, Dam, Nhang (Yay), Khmou, Khmou Ou, Kwen, Ngouan, Sam Tao, Lamet, Bit, Panna, Lahu Shi (Kui), Kim Moun (Lanten), Hmong
Lao PDR	2000	Rural Access Roads Project	4,277 households within zone of influence	1,668 households	39%	Lao Theung, Lao Sung

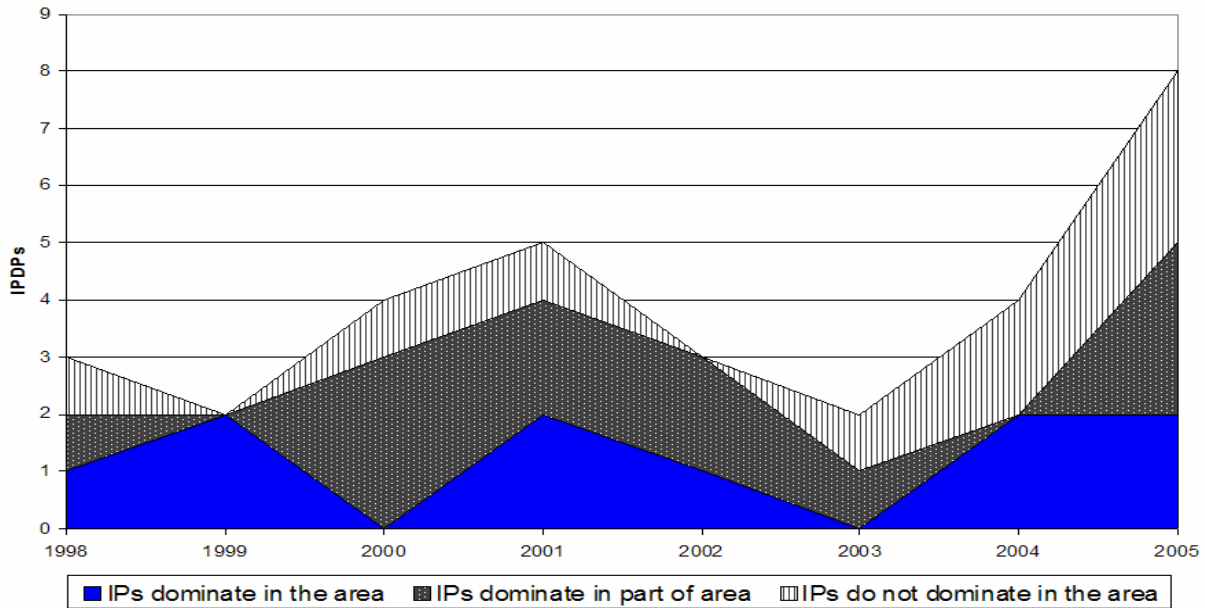
Country	Year	Project	No. of Beneficiaries	No. of Affected Indigenous People	Percentage of IP Beneficiaries	Nature of IP/EMs
Lao PDR	1999	Water Supply and Sanitation Sector Project	165,000	9,900	60%	Lao Soung, Lao Theung
NEP	2001	Road Network Development Project	745,932	No exact figure	Not identified	Baniya Kami, Bhote, Chhetri, Choudhari, Damai, Dusadh, Giri, Gurung Damai, Gurung, Kami, Kumal, Limbu, Magar, Magar Rai, Maji, Malala Satar, Malar, Marwadi, Musahar, Newar, Rajbansi, Sahani, Sami, Sarki, Satar, Sherpa, Tamang, Thakuri, and Yadev
PHI	1998	Southern Philippines Irrigation Sector Project	531,000	No exact figure	93% Maranaos in Muslim area (rest are less than 10%)	Lumads (Surigaonon, Maman-wa, Manobo, Butuanon) and Muslim Maranaos
VIE	2005	Central Region Water Resources Project	400,484	No exact figure	58% in one project area and 5% for the rest (five areas)	Muong, Hre
VIE	2005	Preventive Health System Support Project	58,730,400 in 46 provinces covered	826,000	14%	53 ethnic minority groups)
VIE	2004	Health Care in the Central Highlands Project	4,400,000	1,500,000	34%	Gia Lai, Kon Tum, Dak Lak, and Lam Dong
VIE	2002	Upper Secondary Education Development Project	460,000	142,500	31%	Not identified
VIE	2001	Central Region Livelihood Improvement Project	345,000	207,000	60%	Bana, Braum Bru–Van Kieu, Chut, K'Tu, Gia Rai, Gie Trieng, Hre, Ta Oi, R'Mam, and Sedang
VIE	2001	Forest for Livelihood Improvement in the Central Highlands**	80,000	No exact figure	Ranges from 50% to 100%	K'Ho, Ma, Cham H'roi, M'nong, Tay, Dao Man, Ja-Rai, Ba'Na, and Ede
VIE	2001	Provincial Roads Improvement Sector Project	19,000,000 in northern areas	No exact figure	49% to 95% of the population	K'Ho, Ma, Cham H'roi, M'nong, Tay, Dao Man, Ja-Rai, Ba'Na, and Ede

BAN = Bangladesh, CAM = Cambodia, EM = ethnic minorities, GMS = Greater Mekong Subregion, IND = India, INO = Indonesia, IP = indigenous peoples, Lao PDR = Lao People's Democratic Republic, PHI = Philippines, PRC = People's Republic of China, VIE = Viet Nam.

Sources: All IP development plans approved from 1998 to 2005 as posted on the Asian Development Bank's safeguards website.

INDIGENOUS PEOPLES DEVELOPMENT PLANS FROM 1998 TO 2006

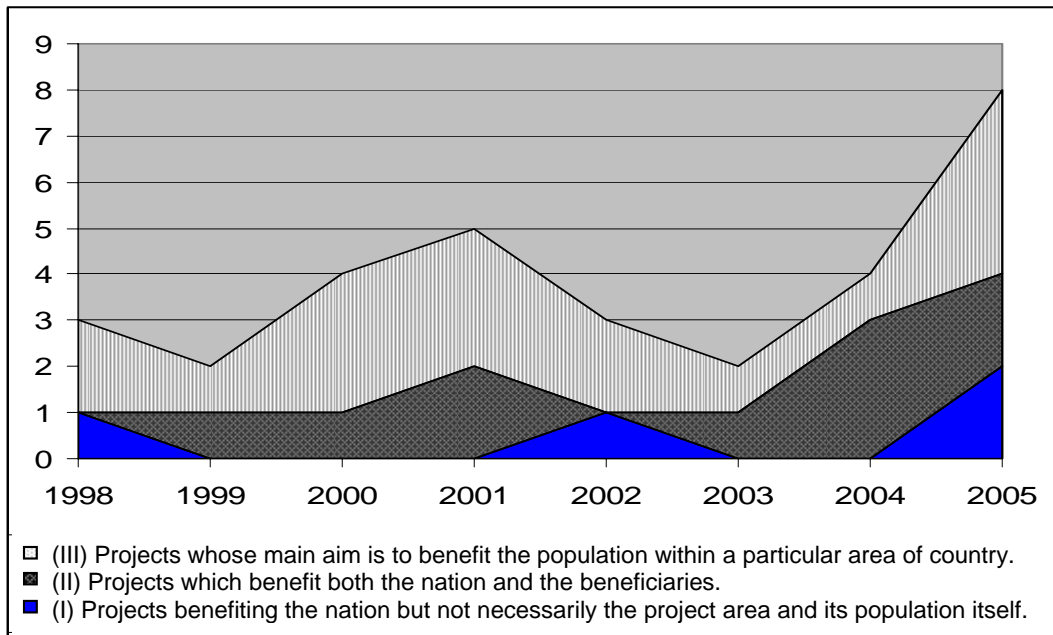
Figure A6.1: Predominance of IP in Projects Approved Between 1998 and June 2006



IP = indigenous peoples (includes ethnic minorities, scheduled tribes, etc.), IPDP = indigenous peoples development plan.

Sources: Thirty-one IPDPs studied, issued from 1998 to June 2006.

Figure A6.2: Category According to Project Nature by Year



Sources: Thirty-one indigenous peoples development plans issued from 1998 to 2005.

NATURE OF RISKS IDENTIFIED IN ALL 22 INDIGENOUS PEOPLES DEVELOPMENT PLANS WITH RISKS

Year	DMC	Project	With Identified Risks?	Relating to Resettlement?	Relating to Environment?	Relating to Culture?	Other Than Culture?	Risk Identified Not Relating to Resettlement or Environment
2005	PRC	Central Sichuan Roads Development Project	Yes	Yes	Yes	No	Yes	(i) Construction-related disturbances such as noises, (ii) HIV and drug trafficking, and (iii) gender equality
2005	PRC	Hunan Roads Development III Project	Yes	Yes	Yes	No	Yes	(i) Construction-related disturbances such as noises, (ii) HIV and drug trafficking, and (iii) increase in accidents
2005	INO	Tangguh Liquefied Natural Gas Project	Yes	Yes	Yes	Yes		(i) Development-induced marginalization of indigenous people; and (ii) influx of migrants, potentially leading to dilution of local culture
2005	LAO	Nam Theun 2 Hydroelectric Project	Yes	Yes	Yes	Yes		Loss of areas where herbs and roots used in traditional health practices are gathered
2005	VIE	Central Region Water Resources Project	Yes	Yes	No	No		None identified
2004	PRC	Dali-Lijiang Railway Project	Yes	Yes	Yes	Yes	Yes	(i) Construction-related disturbances such as noises, (ii) HIV and drug trafficking, (iii) increase in accidents, (iv) weakening of cultural realm of ethnic minorities due to cultural shock, and (v) exposure of young people to behavior that conflicts with traditional society and weakens traditional family structures
2004	PRC	Guangxi Roads Development II	Yes	Yes	Yes	No	Yes	(i) Construction-related disturbances such as noises, and (ii) HIV risks
2004	PRC	Hunan Roads Development II Project	Yes	Yes	Yes	No	Yes	(i) Construction-related disturbances such as noises, (ii) HIV risks, and (iii) increase in accidents
2004	LAO	Northern Economic Corridor Project	Yes	Yes	Yes	Yes	Yes	(i) Increased access to commercial mechanical logging, leading to possible loss of habitat, food security, and cultural heritage of highland indigenous people; and (ii) HIV and human trafficking
2004	VIE	Health Care in the Central Highlands Project	Yes	No	No	No	Yes	HIV risks
2003	IND	Chhattisgarh Irrigation Development Project	Yes	No	No	Yes		Influx of outsiders, which may disrupt cultural conditions
2003	IND	Rural Road Sector I Project	Yes	Yes	No	No		None identified

Year	DMC	Project	With Identified Risks?	Relating to Resettlement?	Relating to Environment?	Relating to Culture?	Other Than Culture?	Risk Identified Not Relating to Resettlement or Environment
2001	NEP	Road Network Development Project	Yes	Yes	Yes	Yes		Influx of labor, posing cultural and social tension between IP and outsiders (risk identified in EIA)
2001	VIE	Central Region Livelihood Improvement Project	Yes	No	No	Yes		(i) Influx of migrants, posing threat to IP; (ii) programs (microfinance) that do not recognize inherent cultures, causing destabilization in traditional way of life; and (iii) possible failure to respect traditions
2001	VIE	Provincial Roads Improvement Sector Project	Yes	Yes	No	Yes	Yes	(i) Increased exposure of IP to exploitation, (ii) increased migration/influx into zone of influence, (iii) disruption during construction, and (iv) increased exposure to communicable diseases
2000	BAN	Chittagong Hill Tracts Rural Development Project	Yes	No	No	Yes		(i) Influx of migrants, posing threat to IP; and (ii) programs (microfinance) that do not recognize inherent cultures, causing destabilization in traditional way of life
2000	PRC	Chongqing–Guizhou Roads Development	Yes	No	Yes	No		None identified
2000	LAO	Rural Access Roads Project	Yes	Yes	No	No		None identified
1999	PRC	Southern Yunnan Road Development Project	Yes	Yes	Yes	No		None identified
1998	PRC	Guizhou–Shuibai Railway Project	Yes	Yes	Yes	No		None identified
1998	INO	Central Sulawesi Integrated Area Development and Conservation	Yes	Yes	No	No		None identified
1998	PHI	Southern Philippines Irrigation Sector Project	Yes	No	Yes	Yes		Cultural restrictions on public interactions of men and women, and low level of education and literacy of Maranao women hindering participation
			Yes = 22	Yes = 16 No = 6	Yes = 13 No = 9	Yes = 10 No = 12	Yes = 8	

BAN = Bangladesh, EIA = environmental impact assessment, IND = India, INO = Indonesia, IPDP = indigenous peoples development plan, LAO = Lao People's Democratic Republic, NEP = Nepal, PHI = Philippines, PRC = People's Republic of China, VIE = Viet Nam.

Source: Thirty-one IPDPs approved from 1998 to 2005.

**SUMMARY OF CONSULTATIONS HELD
FOR 31 INDIGENOUS PEOPLES DEVELOPMENT PLANS**

Project/ Year	Consultation and Public Participation Method	No. of Participants	Time Frame
2005			
GMS: Regional Communicable Disease Control Project	None mentioned; national data used in the EMDP document	Not mentioned	Not mentioned
PRC: Central Sichuan Roads Development Project	Conducted household social economic survey during PPTA (includes Han population, 24% of the persons surveyed are YI ethnic minority)	2,522 persons (or 600 HH)	July–Aug 2004
PRC: Hunan Roads Development III Project	PPTA field survey conducted; survey included Tujia/Han (40 HH), Miao (84 HH) ethnic groups	124 ethnic HH in 20 villages	Not mentioned
	Focus group discussions (90% were from minority groups)	126 women	Not mentioned
	Participatory assessment sessions, consultations, discussions, and interviews	Not mentioned	Not mentioned
IND: Chhattisgarh Irrigation Development Project	Household survey conducted during PPTA and consultations held with tribal groups (participatory rural appraisal through focus group discussions), 50% of which were scheduled tribes	58 households	Not mentioned
INO: Tangguh LNG Project	Pre-project village consultations held (20 town and village consultations, with all the participants from ethnic groups)	1,665 persons	July–Aug 2000
	Village consultations held and socioeconomic survey conducted	2,500 persons	May 2000–May 2002
LAO: Nam Theun 2 Hydroelectric Project	Village consultations held and socioeconomic survey conducted (in Nakai Plateau; all participants were from ethnic minorities)	1423 persons	Phase 1: 1996; Phase 2: May–Aug 2004; Phase 3: July 2004
	Village consultations held and socioeconomic survey conducted (for downstream areas; all participants were ethnic minorities from downstream areas)	587 persons	Jan 2005
VIE: Central Region Water Resources Project	Social survey conducted during PPTA (in the Tra Cua subproject the social survey samples taken for the resettlement plan were all from relocating Hre HH)	Not mentioned	Not mentioned
VIE: Preventive Health System Support Project	EMDP information based on Viet Nam National Health Survey (2001–2002) and 1999 national census	Not mentioned	Not mentioned
2004			
PRC: Dali-Lijiang Railway Project	Surveys, participatory assessment sessions, consultations, discussions, and interviews conducted with minority population during field assessment (mixed population; no EM distinction)	3,828 persons	September 2002–August 2004
	EMDP extension survey	419 persons	21 May–14 June 2004
PRC: Guangxi Roads Development II	Consultation held with ethnic minority during project TA	Not mentioned	Not mentioned

Project/ Year	Consultation and Public Participation Method	No. of Participants	Time Frame
	Stakeholder consultations held (not only for EMDP but for the entire project) including (i) feasibility study assessment (200 individuals), (ii) evaluation of the preliminary design (150), (iii) social and economic survey (2,000), and (iv) preparation of final reset	4,000 individuals consulted	Not mentioned
PRC: Hunan Roads Development II Project	Poverty and social assessment field survey conducted during PPTA (ethnic minority communes)	342 households	January 2000–August 2003
	Participatory assessment sessions, consultations, discussions, and interviews held	Not mentioned	Not mentioned
	Public consultations held (mixed population; no EM distinction but conducted within 38 minority villages)	3,370 people consulted	
VIE: Health Care in the Central Highlands Project 2003	EMDP information based on Viet Nam National Health Survey (2001–2002)	Not mentioned	Not mentioned
IND: Rural Road Sector I Project	Socioeconomic survey conducted in two states in a few sample districts (mixed population; no scheduled tribes distinction)	164 HH (98 HH in Madhya Pradesh and 66 HH in Chhattisgarh)	Nov 2002 in Madhya Pradesh and Dec 2002 in Chhattisgarh
	Consultative meetings and participatory consultations with stakeholders held (24 in Madhya Pradesh and 6 in Chhattisgarh)	345 participants in Madhya Pradesh and 65 participants in Chhattisgarh	Not mentioned
IND: Chhattisgarh State Road Development Project 2002	Community consultations, focus group discussions, and surveys related to indigenous people conducted	Not mentioned	Not mentioned
CAM: Health Sector Support Project	Not mentioned (EMDP was based on previous studies in Cambodia, including TA 5794-REG, addressing the Health and Education Needs of Ethnic Minorities in Greater Mekong Subregion, and TA 5953-REG: Capacity Building for Ethnic Minorities)	Not mentioned	Not mentioned
LAO PDR: Northern Economic Corridor Project	Household survey conducted and consultations with ethnic minorities along the road held	Not mentioned	During technical assistance
VIE: Upper Secondary Education Development 2001	No mention of survey and consultation during preparation stage	Not mentioned	Not mentioned
CAM: Education Sector Development Program	EMDP information based on national literacy survey	Not applicable	Not applicable
NEP: Road Network Development Project	Census and survey of affected villages conducted, informal meetings held (100% census of potentially affected HH; EMs not distinct)	Not mentioned	During 1998/1999 ISA and May–June 2001

Project/ Year	Consultation and Public Participation Method	No. of Participants	Time Frame
VIE: Central Region Livelihood Improvement Project	Survey of households, focus group meetings, and consultations with local officials (representatives of four communes) held	120 HH (or 368 individuals)	Not mentioned
VIE: Forest for Livelihood Improvement in the Central Highlands	Participatory appraisals and participatory research carried out in sample communities (at the commune community, village leadership and council, focal group, and household levels) and focus group discussions held (some villages had Kinh population present; no EM distinction)	Not mentioned	Not mentioned
VIE: Provincial Roads Improvement Sector Project	Participatory approach combined with workshops, individual meetings, key informant interviews, and field surveys of 21 roads (EMs not distinct)	Not mentioned	During project preparation
	Study tour and field survey (socioeconomic survey) conducted	126 HH (or 679 individuals) in Lai Chau province	Not mentioned
2000			
PRC: Chongqing- Guizhou Roads Development	Social survey, participatory rural appraisal (PRA), consultations, and interviews conducted (EMs not distinct)	432 persons	May 1996– February 2000
BAN: Chittagong Hill Tracts Rural Development Project	Socioeconomic survey of households and consultations conducted (all participants were from ethnic groups: Bangali, Bawm, Chak, Chakma, Khumi, Kheyang, Lushei, Marma, Mro, Pankhua/Pankko, Tanchangya, Tripura, and Rakhain)	600 households	12 Participatory rapid rural appraisal and three project formulation workshops
INO: Community Empowerment for Rural Development Project	Not mentioned	Not mentioned	Not mentioned
LAO PDR: Rural Access Roads Project	Detailed resettlement survey carried out along the alignments under the proposed project (included no EMs; EMs not distinct)	Not mentioned	April–May 2000
1999			
PRC: Southern Yunnan Road Development Project	Socioeconomic survey of households, field investigations, participatory rural appraisal, and rapid rural appraisal facilitated; interviews with village leaders and key informants and group discussions providing special attention to women and elderly; workshop organized to refine information from field investigation (included Yi people, Lahu people, and Dai people, all from minority groups)	10 villages	Not mentioned
LAO PDR: Water Supply and Sanitation Sector Project	Problem census survey carried out by NGOs to find needs and priorities of the communities; socioeconomic surveys conducted	Not mentioned	Not mentioned

Project/ Year	Consultation and Public Participation Method	No. of Participants	Time Frame
1998			
PRC: Guizhou-Shuibai Railway Project	Social survey of minority groups conducted (66 HH were from Han nationalities) Public consultations and township meetings held (public officials and affected persons were consulted)	125 households 93 individuals	Aug 1997 Aug 1993– Aug 1997
INO: Central Sulawesi Integrated Area Development and Conservation	Social survey conducted (featured participatory planning sat the community/household level; indigenous peoples participated in decisions on types of development assistance); forums and workshops conducted	Not mentioned	Not mentioned
PHI: Southern Philippines Irrigation Sector Project	Conducted social survey, Consultations with representatives of the Maranao community and participatory planning	Not mentioned	Not mentioned

EM = ethnic minority, EMDP = ethnic minority development plan, HH = households, IND = India, INO = Indonesia, LAO PDR = Lao People's Democratic Republic, LNG = Liquefied Natural Gas, NGO = nongovernment organization, PPTA = project preparatory technical assistance, PRC = People's Republic of China, TA = technical assistance, VIE = Viet Nam.

Sources: All thirty-one indigenous peoples development plans issued from 1998 to 2005.

CONSULTATION PROCESSES FOR THE INDIGENOUS PEOPLES DEVELOPMENT PLANS FOR THE TANGGUH LIQUEFIED NATURAL GAS AND NAM THEUN II HYDROELECTRIC PROJECTS

1. **Tangguh Liquefied Natural Gas (LNG) Project in Indonesia.**¹ The private sector Tangguh LNG project necessitated land acquisition and the physical relocation of the Tennah Merah community, with 127 households (or 694 persons). The Sowai, Wayuri, and Simuna clans of the Sumuri tribe also relinquished 3,466 hectares of clan lands.

2. The social and environmental impact analysis for the Tangguh LNG Project entailed (i) public disclosure through national and provincial media (radio and newspapers); and (ii) public consultations at the national, provincial, regency, district, and village levels. At the village level, 15 meetings, at which 51 villages were represented, were held; each meeting usually took 3–5 hours. Separate consultations were held for women if a limited number were represented during the regular consultations. Almost 2,500 people participated in the consultation process and over 2,000 written suggestions, concerns, and recommendations were sent in by the stakeholders at the national, provincial, district, town, and village levels. Each consultation with ethnic minorities was clearly documented and discussed in the indigenous peoples development plan. Key concerns raised by the ethnic communities were associated with (i) opportunities to participate in the project through supply of goods and services and provision of trade markets for their produce; (ii) the development of the people through education, training, and the provision of health services and water and sanitation facilities; (iii) the need to respect local culture and customs especially with the influx of migrant construction workers; and (iv) prevention or avoidance of negative project-induced impacts (such as in-migration of construction workers, alcohol, sexually transmitted diseases). The concerns identified by the community were used as basis for the terms of reference for the social and environmental impact analysis (SEIA) and the integrated environmental and social impact analysis (AMDAL²). These two documents were then used as inputs in developing the integrated social development plan for the project.

3. Different consultations were held from the time the project was first announced publicly on 2 May 2000 and the time the final SEIA was presented in April 2002 in Jayapura and May 2002 in Jakarta. The SEIA's project design and potential impacts should be seen as a reflection of the views of the communities. For the subsequent AMDAL, several consultation methods were used as well. These methods included the following:

- (i) public announcements through the printed and electronic media at the national and local levels;
- (ii) consultations with interested groups in Jakarta and in Papua;
- (iii) preparation of information materials targeted at different stakeholder groups;
- (iv) presentation to various stakeholder groups, including local communities, local government, community leaders, nongovernment organizations (NGOs), local universities, and media;
- (v) workshops addressing the concerns of affected people, at which information was provided on the nature of the project, environmental and social impacts, and proposed management measures and monitoring plans;

¹ Loan 2214-INO and EI 7224-INO, for \$350.0 million, approved 14 December 2005.

² The Indonesian acronym for "integrated environmental and social impact assessment." AMDAL has three components: the assessment (ANDAL), the mitigation plans (RKL), and the monitoring and compliance plan (RPL).

- (vi) consultations with local NGOs participating in site tours, and national and international NGOs;
- (vii) capacity building of selected representatives (through training by local university and government specialists) as part of the AMDAL public consultation process, to ensure that the participants were aware of and properly understood the project and the AMDAL process;
- (viii) a study tour of the Bontang LNG facilities in East Kalimantan by community representatives; and
- (ix) appropriate response to concerns raised through the public consultation process related to environmental and social programs.

4. Consultations were continued during project implementation. The stakeholders were government, nongovernment organizations, civil society organizations, and communities. Annual meetings were held with NGOs and community, and regular meetings with the government. Targeted beneficiaries were also consulted as part of the program design and project implementation. Quarterly meetings were held in Kabupaten Teluk Bintini; in the rest of the communities, such as Fakfak, Sorong, and Manokwari, meetings were held every 6 months. Another form of consultation was conducted with the stakeholders during the monitoring and evaluation phase. Stakeholders were allowed to give feedback on the project. Independent assessment of the project through stakeholder consultations was also done.

5. Other avenues for community participation in project implementation included (i) capacity-building programs, which aimed to increase local participation in specific sectors such as social and economic development; and (ii) grievance tracking and resolution, although programs of the project were developed through participatory planning. Awareness of grievance and complaint procedures was promoted through the use of commercial and community radios, posters, cartoon booklets, and direct communications with the field team.

6. **Nam Theun II Hydropower Project in Lao People's Democratic Republic.**³ The project involved the development, construction, and operation of a 1,070 megawatt trans-basin diversion power plant on Nam Theun River. The construction and operation of the Nakai reservoir required the relocation of 1,149 households (or 6,340 persons) from 16 of 17 villages in the area of Nakai Plateau. There were three phases of public consultations at local, regional, national, and international levels during project planning and implementation. The participation of women and other vulnerable groups was assured. A total of 1,423 participants were consulted during the planning of the project through household surveys, focus group discussions, and other special meetings. Village leaders, village elites, and ritual leaders were consulted on relocation sites, traditional housing designs, loss of cemetery land, and the cost of appeasing the spirits that should be met by the project; rituals held for moving villages and houses; and auspicious days for starting the relocation.

7. The project's public consultation, participation, and disclosure process had three phases:
- (i) Phase 1: Starting in 1996, public consultations were held to allow stakeholders and project-affected people (PAPs) to participate in project design, both in the technical design of mitigation measures and in the design of the resettlement and compensation package.
 - (ii) Phase 2: The consultations conducted from May to August 2004 provided further refinement of the project strategy and design.

³ Loan 2162-LAO, for \$20.0 million, approved 4 April 2005.

- (iii) Phase 3: The July 2004 version of the social development plan was disclosed on the project's website.

8. Language barriers were the major concern of the project, and consultations were held to ensure the effective translation of technical words into the ethnic language. Methodologies and tools used during public consultations were: visual presentations, general village meetings, small group meetings, PRA techniques, socioeconomic surveys, seminars and workshops, Nam Theun 2 project information centers, mass media, and site visits.

9. Discussions during consultations focused mostly on the impacts of relocation, since 16 of the 17 villages in Nakai Plateau were affected by relocation. The main concern of the IP villages was food security. Other concerns were: (i) proper compensation, (ii) loss of structures, (iii) loss of irrigation potential, (iv) loss of cemetery land, (v) impacts on existing irrigation systems, (vi) removal of rapids, (vii) improvements in infrastructure, (viii) training for project work, (ix) income-generating schemes, and (x) health situation.

WORLD BANK EVALUATION FINDINGS REGARDING IMPACTS OF INDIGENOUS PEOPLES PROJECTS: LESSONS LEARNED

1. **Social Protection.**¹ In social fund and/or rural infrastructure provision projects, indigenous peoples (IP) were mainly beneficiaries overall, and the likelihood of such subprojects adversely affecting IP was low. Projects, however, need to build appropriate and IP-sensitive capacity; otherwise, the effects of subprojects may be less positive on IP than on non-IP communities. In demand-based projects, communities with greater capacity to apply and contribute their share of the costs received more funding. Poverty targeting had not been effective in reaching IP in countries with a low percentage of IP populations.
2. **Agriculture Projects.** All projects investigated generated satisfactory results for IP; however, in some cases the creation of project village organizations with special rights over forestland created social tensions and conflict in resource-constrained areas. With respect to a rubber project in India, it was concluded: “Although the project set a path for IP assimilation into mainstream Indian economy, it involved significant beneficiary participation in design and implementation, and therefore the results were responsive to IP needs and priorities.”
3. **Education and Health Projects.** The evaluation pointed out that the long-term benefits of education and health are not exclusive to the labor markets, but also reduce the dependence of IP on forests through three indirect channels. Education increases the ability of foragers to leave the countryside; it improves the use of agricultural land tenure through the adoption of new technologies and better application of old ones, and it reduces family size. However, projects in the education sector pose considerable difficulties for the evaluator. Some view education in the first language of the IP as placing them at a disadvantage with regard to further educational opportunities. Field assessments drew no conclusive picture of what IP communities prefer. Language was considered in only one of the four education projects assessed. The evaluation also pointed out that education and health projects can have positive effects on IP even without an IP development plan (IPDP).
4. **Energy, Mining, and Transportation Projects.** Of the 17 projects evaluated in these sectors, only two—one in energy and mining, and one in transportation—generated satisfactory results; another four in transportation generated marginally unsatisfactory results. The evaluation showed that several mineral extraction projects had no emphasis on revitalizing sustainable local economies of IP. Road projects, especially upgrades, were perceived to be very important for the development of the local economy, improved living standards, and increased social and spatial mobility. Yet the evaluation argued that without an IPDP (and none of the nine projects studied had one), roads would benefit external stakeholders rather than IP—this, although Management had noted that eight of the nine projects were rated satisfactory or highly satisfactory with respect to development outcomes.
5. **Environment Projects.** Only two of the six projects reviewed in this sector were rated satisfactory in terms of efficacy of projects for IP. One satisfactory project showed that the World Bank can support the achievement of results with significant patience and efforts. A project in Colombia on natural resource management took 77 months from identification to effectiveness, which may be viewed as inefficient by standard criteria, but it involved informed participation of IP, led to community titling for indigenous and Afro-Colombian people, established new reserves, and marked the boundaries of existing reserves.

¹ Operations Evaluation Department, World Bank. 2003. *Implementation of Operational Directive 4.20 on Indigenous Peoples: an Evaluation of Results*. Washington, D.C. (10 April).

6. **Institutional Impacts.** In terms of institutional impacts, the World Bank evaluation noted that participation in the majority of projects took place through modern state structures, such as village-level health or education committees; field assessments indicated that these project structures created new power relations, weakening traditional IP communities. However, the committees represented an economic power that the traditional indigenous authorities could not match. For example, field assessments in Peru indicated that traditional work systems were being weakened because IP beneficiaries preferred to work for wages. Field assessments indicated a need for a dispute settlement mechanism at the project level to address conflict. Only 10% of projects had IP related monitoring systems and very few established any baseline data. A difficult area that remained was the maintenance by most IP communities of worldviews that were different from those held by other dominant cultures. Concepts of gender equality based on individual human rights did not fit in with that worldview.

7. **Sustainability.** The sustainability of results for IP was generally lower than that for the projects overall. The field assessments indicate that in many cases IP did not have an adequate understanding of their potential roles and mandates in participatory development. In addition, capacity-building activities were not adapted to the needs of IP communities. Another critical aspect of sustainability was the borrower's commitment to the continuation of activities when project financing was withdrawn. In most cases, protecting the interests of IP was a tangential issue and not a primary objective. Therefore, borrower institutions responsible for the development of IP often did not participate in the design or implementation of the project. Greater involvement of IP institutions would have enhanced sustainability in several cases.

INTER-AMERICAN DEVELOPMENT BANK EVALUATION FINDINGS REGARDING PROJECTS WITH INDIGENOUS PEOPLES AS BENEFICIARIES¹

1. **Targeting.** Poverty targeting proved difficult for indigenous peoples (IP) because there was generally little agreement on how to define and enumerate IP. Communal organizational capacity, although high, differed from what was needed to prioritize and implement a menu of projects received from an outside organization. The result was that some of the most isolated communities were not served.

2. **Budget Support.** The most common problem of the projects reviewed was that they had been designed with long-term goals without ensuring that sufficient budgetary support existed to sustain them through the long-term efforts that were required to harvest their full impact. All of the evaluated projects needed considerably more time than a single project cycle to achieve their intended results. However, all experienced funding difficulties either during the first project cycle, or when they had to be expanded or sustained either by a second project or by the country itself. This was particularly unfortunate, because the projects reviewed delivered positive results.

3. **Other Findings.** The study also identified some issues relevant to IP as members of a separate group, rather than as members of the poor, generally. The study confirmed the findings of the World Bank's evaluation of 2003 that services offered by governments to indigenous communities are often different in quality, funding, or impact from similar services offered to nonindigenous communities. Great care in monitoring and evaluation was suggested to understand why differences in impact occurred and what could be done to produce more equitable results. Another weakness in many of the projects reviewed was that they did not respond to the need for paid work, which was the need expressed most often. A third weakness was that, although communities were consulted during project design and played a role in project implementation, they had not been encouraged to establish ties with political entities, such as municipalities and states, that would be needed in the future to sustain projects. Another problem was that projects had failed to train communities in long-term actions. A fifth weakness identified was that many social projects targeted to indigenous women were based on the wrong premise that the women had considerable time to do volunteer work. Project designers needed to be more sensitive to the actual schedules of indigenous women and to their need for paid work and for training to assume leadership roles.

¹ Office of Evaluation and Oversight, IADB. 2002. *Summary of Evaluation Findings of 10 Projects that Include Indigenous People as Beneficiaries*. Washington, D.C.

ASSESSMENTS BY PROJECT COMPLETION REPORTS

**Table A12: Summary Impacts on Indigenous Peoples,
from Project Completion Reports of Projects Approved from 1994 onwards**

Year	Loan No.	Country	Project Title	Impact	Impact On	IP Plan	PCR Rating
1994	1306	THA	Regional Roads (Sector)	None ^a	—	None	S
1994	1328	PRC	Qitaihe Thermal Energy and Environmental Improvement	None ^a	—	None	S
1994	1332	PHI	Rural Infrastructure Development	None ^a	—	None	S
1995	1404	VIE	Fisheries Infrastructure Improvement	None ^a	—	None	PS
1996	1462	SRI	North Central Province Rural Development	None ^a	—	None	PS
1996	1470	PRC	Chongqing Expressway	None ^a	—	None	S
1996	1478	BAN	Jamuna Bridge Access Roads	None ^a	—	None	S
1996	1484	PRC	Jiangxi Expressway	None ^a	—	None	S
1996	1491	PRC	Anhui Environment Improvement Project	None ^a	—	None	S
1997	1544	PRC	Zhejiang-Shanxi Water Conservancy	None ^a	—	None	S
1997	1590	PHI	Power Transmission Reinforcement Project	None ^a	—	None	PS
1997	1599	PHI	Subic Bay Area Municipalities Infrastructure Improvement	None ^a	—	None	US
1999	1697	CAM	Primary Roads Restoration	None ^a	—	None	S
1994	1304	PRC	Yunnan-Simao Forestation and Sustainable Wood Utilization	Positive	Livelihood	None	PS
1995	1348	LAO	Primary Health Care	Positive	Health	None	S
1995	1351	INO	Sulawesi Rainfed Agriculture Development	Positive	Livelihood	None	S
1995	1379	PHI	Umiray-Angat Transbasin	Positive	Livelihood	None	S
1995	1400	PRC	Henan Power Project	Positive	Livelihood	None	HS
1996	1420	KAZ	Educational Rehabilitation and Management Improvement	Positive	Education	None	S
1996	1421	PHI	Cordillera Highland Agricultural Resource Management	Positive	Land Tenure	Indigenous Cultural Communities Development Strategy	S
1996	1445	CAM	Agriculture Sector Program	Positive	Land Tenure	None	S
1996	1446	CAM	Basic Education Textbook	Positive	Education	None	HS
1996	1460	VIE	Population and Family Health	Positive	Health	Project Strategies for Ethnic Minorities	Sat
1996	1494	THA	Skills Development	Positive	Livelihood	None	HS
1997	1521	BAN	Second Primary Education Sector	Positive	Education	Tribal Development Strategy	S
1997	1524	BAN	Participatory Livestock Development	Positive	Livelihood	None	S
1997	1554	BAN	Education Sector Development Program	Positive	Education	None	S
1997	1573	INO	Second Junior Secondary Education	Positive	Education	Project's Strategy for Culturally Distinct Communities	HS
1997	1585	VIE	Central and Southern Viet Nam Power Distribution	Positive	Social Infrastructure	None	S
1997	1594	UZB	Basic Education Textbook Development	Positive	Education	None	HS

Year	Loan No.	Country	Project Title	Impact	Impact On	IP Plan	PCR Rating
1999	1685	PRC	Northeast Flood Damage Rehabilitation Project: Inner Mongolia Autonomous Region	Positive	Social Infrastructure	IP Specific Action	HS
1994	1318	PRC	Hunan Lingjintan Hydropower Project	Negative	Resettlement	None	S
1995	1372	PRC	Hainan Agriculture and Natural Resources Development	Negative	Livelihood	None	US
1995	1402	SRI	Plantation Reform	Negative	Resettlement	None	HS
1995	1415	IND	Karnataka Urban Infrastructure Development (Government of India)	Negative	Resettlement	None	S
1996	1475	INO	Segara Anakan Conservation and Development	Negative	Resettlement	None	US
1996	1487	VIE	Second Road Improvement (Phase I)	Negative	Resettlement	Ethnic Minorities Action Plan	HS
1998	1626	PRC	Guizhou-Shuibai Railway	Negative	Resettlement	Ethnic Minorities Development Plan	HS
1998	1644	PRC	Yunnan Dachaoshan Power Transmission	Negative	Resettlement	Minority Ethnic People's Development Framework	S
1999	1691	PRC	Southern Yunnan Road Development	Negative	Resettlement	Ethnic Minorities Development Plan	S

BAN = Bangladesh, CAM = Cambodia, HS = highly successful, IND = India, INO = Indonesia, IP = indigenous peoples, KAZ = Kazakhstan, LAO PDR = Lao People's Democratic Republic, PCR = project completion report, PHI = Philippines, PRC = People's Republic of China, PS = partly successful, S = successful, Sat = satisfactory, SRI = Sri Lanka, THA = Thailand, US = unsuccessful, UZB = Uzbekistan, VIE = Viet Nam.

^a PCRs mentioned that there were no impacts or issues encountered on ethnic minorities/IP.

Source: Project completion reports.

Box A12.1: Project Completion Report Assessment of Three Indigenous Peoples Development Plans

PRC: Guizhou–Shuibai Railway Project (approved in 1998). The PCR rated the implementation of the IPDP successful, even though many ethnic minority households were affected by land acquisition and resettlement for the railway. During resettlement, all land compensation and resettlement subsidies were paid to the ethnic minorities in cash, at their request. All affected ethnic households received total compensation for relocating, and their new houses were larger than their previous ones. Employment of ethnic minorities was prioritized during civil works construction. Ethnic minorities had participated in training programs and microcredit programs. The PCR's conclusion was that the mitigation measures and income-restoration programs raised the agriculture output and per capita income among ethnic minorities affected by the project by as much as 76% between 1997 and 2003. Moreover, the PCR also mentioned that the incomes of these ethnic minorities increased at a much higher rate (31%) than the incomes of all people affected by the project. The special survey of project impacts undertaken for this SES is reported in Appendix 17 and confirmed the findings of the PCR.

PRC: South Yunnan Expressway Project (approved in 1999). This was expected to affect ethnic minorities composing 70% of people in the project area. It included a minority peoples development plan based on the requirements of ADB's policy on indigenous peoples. According to the PCR, economic development strategies for ethnic minorities were well integrated into the counties' economic development plans and focused mainly on poverty reduction and on the construction of roads and other infrastructure. The minority peoples development plan included mitigating measures, which were observed throughout the construction of the project. Local ethnic minority cultures and customs were respected through the avoidance of any damage to sacred places (the PCR also mentioned that in cases where damage would have been unavoidable, the project relocated the sacred places). Local governments supported the economic activities of ethnic minorities through microcredit schemes and special funds, as well as through the training of local farmers. Affected ethnic households were also prioritized in the hiring of workers during the construction of civil works for the project.

Worth noting in the report is the effort to avoid the disruption of ethnic minorities' customs and social relationships, through the relocation of affected households within the same community. Delays in land compensation payments were experienced because of shortages in local government funding. But officials were able to work closely with affected villages to resolve such problems and minimize economic losses. The social integrity of ethnic minorities was safeguarded primarily by means of institutions and relationships that already existed in the project area and that were widespread throughout the province. Because of this, no special measures were required, although ADB policy helped highlight the concern that local people's rights, community property, customs, and sacred places should be fully respected during project construction.

Viet Nam: Population and Family Health Project (approved in 1996). This project was aimed at easing population growth in Viet Nam by promoting various family planning services in selected highland provinces, in some of which ethnic minorities were a majority of the population. In accordance with the national family planning strategy for ethnic minorities, the one- or two-child policy was softened, while efforts were made to improve access to family planning services. The PCR observed that family planning services for ethnic minorities improved considerably during the project, and that provinces with proportionally more ethnic minorities showed a much higher number of acceptors in 2002 compared with the number at the start of the project in 1997. This increase was attributed partly to the resettlement of people from the lowlands into project areas. But in any case, the results implied that services were increasingly available for many ethnic minorities in Viet Nam.

IPDP = indigenous peoples development plan, PCR = project completion report, PRC = People's Republic of China, SES = special evaluation study.

Sources: ADB. 2005. *Project Completion Report on the Guizhou-Shuibai Railway Project in the People's Republic of China*. Manila; ADB. 2006. *Project Completion Report on the Southern Yunnan Road Development Project in the People's Republic of China*. Manila; ADB. 2004. *Project Completion Report on the Population and Family Health Project in Viet Nam*. Manila.

Box A12.2: Critical Assessments of Impacts on IP in Project Completion Reports

Hainan Agriculture and Natural Resources Development Project in PRC (approved in 1995). As a result of the socioeconomic survey conducted during the feasibility study, areas with Li minority communities—among the poorest—were targeted. In particular, investments under the Jiangfengling component encouraged Li families to participate in project-supported investments in (i) the Li handicrafts industry, (ii) commercial fruit and forest tree crop production, and (iii) agro-processing plants to be established. The PCR reported that the project failed to promote the economic development of the areas surrounding Jiangfengling National Forest Park and provide alternative employment for the local people. As a result, exploitation of the forest continued, and poverty levels and income differentials remained high among the Li ethnic minorities. The PCR rated the project unsuccessful.

Plantation Reform Project in Sri Lanka (approved in 1995). The PCR reported that a component of the project was directed at improving the living conditions of plantation workers. Improved housing was provided within plantation estates and, while workers enjoyed this benefit, plantation managers worried about the growing number of nonworkers residing within the estates. However, for reasons of ethnicity, workers might be reluctant to invest in housing in communities outside estates—pointing to the project design's lack of consideration for cultural ties within project-affected communities. The PCR rated the project highly successful nevertheless.

Segara Anakan Conservation and Development Project in Indonesia (approved in 1996). The PCR showed that good intentions can go wrong in a sensitive area like IP, especially when IP issues are not identified and mitigated at the preparation stage. The project proved unable to address the objections of communities indirectly affected by the proposed Citanduy river diversion, which was later canceled. Unfortunately, instead of leading to consensus, mediation exposed and worsened differences between an opposition group and lagoon inhabitants, who were from different provinces and belonged to different ethnic and cultural groups. The PCR rated the project unsuccessful.

Karnataka Urban Infrastructure Development Project in India (approved in 1995). The consultant's assessment in the PCR was that various options had been given to the project-affected persons who had lost homestead land (land for land, alternative housing sites provided with basic infrastructure, compensation). However, the resettlement plan did not identify the vulnerable groups within the APs and treated all the same, regardless of ethnicity or gender. The consultant's report called for "attention to the needs of the poorest affected persons including those without legal title to assets, female headed households and other vulnerable groups, such as indigenous peoples and appropriate assistance to help them improve their status." The PCR rated the project successful nevertheless.

Hunan Lingjintan Hydropower Project in PRC (approved in 1994).

Second Road Improvement (Phase I) in Viet Nam (approved in 1996).

Guizhou-Shuibai Railway Project in PRC (approved in 1998).

Yunnan Dachaoshan Power Transmission Project in PRC (approved in 1998).

Southern Yunnan Road Development Project in PRC (approved in 1999).

While all of the projects were rated successful or even highly successful (the Vietnamese project, and the Guizhou-Shuibai Railway), and the latter four had ethnic minority development plans, all registered some negative effects arising from the involuntary resettlement process. This was in spite of the fact that in most cases, the adverse impacts had been mitigated.

AP = affected persons, IP = indigenous peoples, PCR = project completion report, PRC = People's Republic of China.

Sources: ADB. 2004. *Project Completion Report on the Hainan Agriculture and Natural Resources Development Project in the People's Republic of China*. Manila; ADB. 2004. *Project Completion Report on the Plantation Reform Project in Sri Lanka*. Manila; ADB. 2006. *Project Completion Report on the Segara Anakan Conservation and Development Project in Indonesia*. Manila; ADB. 2001. *Project Completion Report on the Karnataka Urban Infrastructure Development Project in India*. Manila; ADB. 2003. *Project Completion Report on the Hunan Lingjintan Hydropower Project in the People's Republic of China*. Manila; ADB. 2003. *Project Completion Report on the Second Road Improvement Project in the Socialist Republic of Viet Nam*. Manila; ADB. 2005. *Project Completion Report on the Guizhou-Shuibai Railway Project in the People's Republic of China*. Manila; ADB. 2005. *Project Completion Report on the Yunnan Dachaoshan Power Transmission Project in the People's Republic of China*. Manila; ADB. 2006. *Project Completion Report on the Southern Yunnan Road Development Project in the People's Republic of China*. Manila.

**LIST OF PROJECTS CAMPAIGNED ON GROUNDS OF SAFEGUARD ISSUES
BY NGO FORUM ON ADB IN 2005 AND 2006**

Campaigned in 2006	Also in 2005
Bangladesh: Sundurban Biodiversity Conservation Project	
Bangladesh: Forestry Sector Program	
Cambodia: National Highway 1 Project	
Cambodia: Tonle Sap Environmental Management Project	
India: Madhya Pradesh Power Sector Program	x
India: Kerala Power Sector Program	
India: Karnataka Urban Infrastructure Development Project	
Indonesia: Community Empowerment for Rural Development South Kalimantan Project	
Indonesia: Tangguh Liquefied Natural Gas Facility, Papua, Indonesia	
Mekong: Greater Mekong Subregion Program	
Nepal: Melamchi Water Supply Project	x
Nepal: Kali Gandaki Dam Project	
Pakistan: Chasma Right Bank Irrigation Project	x
Pakistan: Sindh Coastal and Inland Community Development Project	
Pakistan: Korangi Wastewater Treatment Plant Project	
Philippines: Maynilad Water	
Philippines: Power Sector Restructuring Program	
Philippines: Grains Sector Development Project	
Sri Lanka: Southern Transport Development Project	
Sri Lanka: Water Resources Management Project	
Sri Lanka: Protected Areas Management and Wildlife Conservation Project	
Thailand: Samut Prakan Wastewater Management Project	
Thailand: Agriculture Sector Program	
Projects on the Website, Campaigned in 2005	
Great Mekong Subregion Highway 1 (Cambodia)	
Oil Palm Plantations (Papua New Guinea)	
Mekong Hydropower Grid	
Tonle Sap Developments (Cambodia)	
Theun Hinboun (Lao People's Democratic Republic)	
Nam Theun II ADB Involvement (Lao People's Democratic Republic)	
Early Warning System	
Power Sector Restructuring in Madhya Pradesh (India)	
Water Sector Reforms	
Social Forestry (Bangladesh)	
Dams in Burma	
GMS Flagship Projects	
World Bank–Asian Development Bank–Japan Bank for International Cooperation Infrastructure Study	
Highway Extension in Yunnan (People's Republic of China)	
Central Asia Regional Cooperation Initiative	

ADB = Asian Development Bank, NGO = nongovernment organization.

Source: Available: http://www.forum-adb.org/campaigns/adb_proj.html

QUANTITATIVE RESULTS OF EXECUTING AGENCY QUESTIONNAIRE

Table A14.1: Executing Agency Survey Respondents Profile, by Country

Country	No. of Respondents
Afghanistan	0
Bangladesh	3
Cambodia	1
People's Republic of China	5
India	1
Indonesia	1
Kyrgyz Republic	0
Lao People's Democratic Republic	3
Nepal	0
Pakistan	1
Philippines	3
Sri Lanka	0
Tajikistan	1
Viet Nam	5
Total	24

Source: Questionnaire survey February–May 2006.

Table A14.2: Number of Safeguard Documents in the Project

Item	IPDF	IPDP	Others
Mean	3	3	2
N	18	13	5
Median	1	1	1

IPDF = indigenous peoples development framework, IPDP = indigenous peoples development plan, N = Number of valid cases

Source: Questionnaire survey February–May 2006.

Table A14.3: Number of Staff and Consultant Positions Filled, and NGOs Involved

Item	Agency	Consultant	NGO
Mean	6	2	4
N	11	10	3
Median	2	2	1

N = Number of valid cases, NGO = nongovernment organization.

Source: Questionnaire survey February–May 2006.

Table A14.4: Stage of Implementation of Main or Oldest Plan

Item	No. of Respondents	%
Not yet started	5	21
0–6 months	6	25
7–12 months	2	8
1–2 years	1	4
More than 2 years	7	29
No answer	3	13
Total	24	100

Source: Questionnaire survey February–May 2006.

Table A14.5: Did Any of Your Staff Participate in Training Workshops or Programs Provided by ADB?

Item	No. of Respondents	%
Not aware of ADB training workshops/programs	4	17
Never had any ADB training	6	25
No staff participated in ADB training	4	17
Only one staff/representative participated in ADB training	1	4
Some staff participated in ADB training	5	21
All relevant staff participated in ADB training	3	13
No answer	1	4
Total	24	100

ADB = Asian Development Bank.

Source: Questionnaire survey February–May 2006.

Table A14.6: How Clear, Usable, and Complete Are the Guidelines Available for Implementing Each of the ADB Safeguard Requirements?

Item	No. of Respondents	%
Not aware of any guidelines	1	4
Did not read any guidelines	1	4
Safeguard requirements are unclear/confusing	3	13
Safeguard requirements did not resolve all our issues	4	17
Safeguard requirements are somewhat usable	10	42
Safeguard requirements are usable, resolved issues	4	17
No answer	1	4
Total	24	100

ADB = Asian Development Bank.

Source: Questionnaire survey February–May 2006.

Table A14.7: Do You Find You Get Sufficient Help from ADB Project Officers and Country Offices with respect to the Safeguard Requirements?

Item	No. of Respondents	%
From ADB Project Officers:		
Not enough missions	2	8
Sufficient missions	5	21
Too many missions	1	4
Not applicable	10	42
No answer	6	25
From Country Office:		
No help from country office	4	17
Sufficient help from country office	9	38
Not applicable	5	21
No answer	6	25
Total	24	100

ADB = Asian Development Bank.

Source: Questionnaire survey February–May 2006.

Table A14.8: How Easily Can You Apply ADB's Safeguard Requirements?

Item	No. of Respondents	%
Our laws and bylaws require more than ADB requires	0	0
ADB safeguard requirements and country laws are the same	2	8
Easy; we meet additional ADB requirements	2	8
Not easy, but we meet additional ADB requirements	14	58
Not easy; we have to follow country/agency system	5	21
Do not know/Not yet clear	0	0
No answer	1	4
Total	24	100

ADB = Asian Development Bank.

Source: Questionnaire survey February–May 2006.

Table A14.9: Are You Reporting to ADB on Safeguard Issues according to the Covenants in the Loan Agreement?

Item	No. of Respondents	%
Never any reporting	5	21
Not regularly; inadequate	0	0
Not regularly, but adequate	5	21
Regularly, but inadequate	2	8
Regularly; adequately	5	21
Not applicable	1	4
No answer	6	25
Total	24	100

ADB = Asian Development Bank.

Source: Questionnaire survey February–May 2006.

Table A14.10: Among the Factors Listed Below, Which Four ADB-Related Factors Would Contribute Most to Better Safeguard Policy Outcomes?

Item	No. of Respondents	%
More funds are allocated for preparation	7	29
More time is taken for preparation	6	25
ADB funds land acquisition costs	13	54
More consultants are assigned	9	38
ADB gives more training to EA staff	16	67
More time/staff is allocated for project administration/project cycle	3	13
ADB streamlines its safeguard policies	9	38
ADB divisions streamline their interpretation	6	25
ADB streamlines its procurement processes	2	8
ADB streamlines other processes	2	8
ADB follows country/agency system	10	42
Other factor(s)	2	8
No answer	0	0
Total Valid Responses	24	100

ADB = Asian Development Bank, EA = executing agency.

Source: Questionnaire survey February–May 2006.

Table A14.11: Among the Factors Listed Below, Which Four Country or Agency Factors Would Contribute Most to Better Safeguard Policy Outcomes?

Item	No. of Respondents	%
Better government policies/regulations	8	33
Better enforcement of government policies/regulations	14	58
More time taken for preparation	4	17
Creation of more capacity in EA	21	88
More EA counterpart funds made available	16	67
More political will and less political interference	13	54
Combating of corruption or other irregularities	5	21
More authority with project office	6	25
Other factor(s)	0	0
No answer	0	0
Total	24	100

EA = executing agency.

Source: Questionnaire survey February–May 2006.

Table A14.12: Have You Noticed Safeguard-Related Delays and Extra Consultant Costs Caused by (i) ADB Resident Mission, or (ii) ADB Headquarters?

Item	No. of Respondents	%
ADB Resident Mission:		
Short delays	1	4
Long delays	3	13
Extra consultant cost	1	4
ADB Headquarters:		
Short delays	2	8
Long delays	2	8
Extra consultant cost	0	0
No answer	7	29
Total	24	100

ADB = Asian Development Bank.

Source: Questionnaire survey February–May 2006.

Table A14.13: Have You Noticed Safeguard-Related Delays and Extra Consultant Costs Caused by (i) Your Own Agency, or (ii) Other Agencies?

Item	No. of Respondents	%
Own Agency:		
Short delays	1	4
Long delays	1	4
Extra consultant cost	0	0
Other Agencies:		
Short delays	2	8
Long delays	3	13
Extra consultant cost	1	4
No answer	7	29
Total	24	100

Source: Questionnaire survey February–May 2006.

Table A14.14: How Have ADB's Safeguard Procedures (Assessments and Plans) Improved Your Project or Its Components or Subprojects?

Item	No. of Respondents	%
No real improvement in project	2	8
Improved only some components/subprojects	6	25
Improved all components/subprojects	6	25
Do not know	2	8
Not applicable	2	8
No answer	6	25
Total	24	100

ADB = Asian Development Bank.

Source: Questionnaire survey February–May 2006.

Table A14.15: For Those Projects where the Safeguard Procedures Improved the Project, Can You Specify the Type of Improvement Made?

Item	No. of Respondents	%
Improved project design	3	13
More due diligence/transparency	9	38
More experience in EA	9	38
Environment or APs suffer less than otherwise	8	33
Demonstration effect beyond project	4	17
Other improvements	2	8
No answer	6	25
Total	24	100

AP = affected person, EA = executing agency.

Source: Questionnaire survey February–May 2006.

Table A14.16: If Delays in Implementation of Your Project(s) Had to Do with IP Safeguard Issues, What Were the Main Factors?

Item	No. of Respondents	%
Never any delays/no experience	8	33
Problems with (hiring of) consultants underestimated	0	0
Consultation processes difficult to manage	2	8
EA country system different (more time needed)	4	17
New EA management differs in views	1	4
Issues misdiagnosed during preparation	1	4
ADB processes/internal disagreements	1	4
No answer	8	33
Total	24	100

ADB = Asian Development Bank, EA = executing agency, IP = indigenous peoples.

Source: Questionnaire survey February–May 2006.

Table A14.17: What Incremental Costs Were Incurred as a result of Applying the ADB Safeguards beyond Requirements of Your Country or Agency System?

Item	No. of Respondents	%
Have not added to country's project cost	13	54
Have added 1%–3% to country's project cost	2	8
Have added 4%–10% to country's project cost	1	4
Have added more than 10% to country's project cost	1	4
Do not know how much was added to country's project cost	1	4
Usually add to project delays	1	4
Unusual amount of ADB time and mission cost	0	0
Unusual amount of consultant cost in PPTA	0	0
Do not know ADB's project cost	1	4
Unharmonized funding agency safeguards (confusing)	0	0
Inconsistent application of country systems	1	4
No answer	5	21
Total	24	100

ADB = Asian Development Bank, PPTA = project preparatory technical assistance.
Source: Questionnaire survey February–May 2006.

Table A14.18: How Effective Have ADB's Safeguard Procedures Been in Mitigating Unfavorable Impacts in the Project?

Item	No. of Respondents	%
Not effective	2	8
Effective to a limited extent	1	4
Somewhat effective	1	4
Very effective	10	42
Do not know if effective	4	17
No answer	6	25
Total	24	100

ADB = Asian Development Bank.
Source: Questionnaire survey February–May 2006.

Table A14.19: Have the Safeguard Policies Been a Major Factor Causing ADB to Decline to Fund Parts of Your Project?

Item	No. of Respondents	%
No	12	50
Sometimes	0	0
Yes	2	8
Do not know	3	13
No answer	7	29
Total Valid Responses	24	100

ADB = Asian Development Bank.
Source: Questionnaire survey February–May 2006.

Table A14.20: Have the ADB Safeguard Issues Been a Major Factor Causing Your EA to Decline to Pursue a Part of the Loan Available?

Item	No. of Respondents	%
No	9	38
Sometimes	3	13
Yes	3	13
Do not know	2	8
Not applicable	0	0
No answer	7	29
Total Valid Responses	24	100

ADB = Asian Development Bank, EA = executing agency.

Source: Questionnaire survey February–May 2006.

**ASIAN DEVELOPMENT BANK TECHNICAL ASSISTANCE PROVIDED
FOR INDIGENOUS PEOPLES**

**Table A15.1: Total Number and Amount of Technical Assistance for Indigenous Peoples
(1995–2005)**

Item	AD	PP	RE	Total	Total Amount (\$)
A. By Year					
1995	1	0	1	2	600,000
1996	0	0	0	0	0
1997	0	0	0	0	0
1998	0	0	1	1	800,000
1999	2	0	0	2	1,800,000
2000	1	0	1	2	1,377,000
2001	0	0	0	0	0
2002	0	0	0	0	0
2003	1	1	2	4	3,350,000
2004	10	5	3	18	10,025,000
2005	3	7	5	15	11,459,300
Subtotal (A)	18	13	13	44	29,411,300
B. By Sector					
Agriculture and Natural Resources	6	3	3	12	8,774,300
Education	3	5	0	8	4,775,000
Energy	1	2	0	3	2,150,000
Health, Nutrition, and Social Protection	4	0	5	9	4,985,000
Industry and Trade	0	0	1	1	900,000
Law, Economic Management, and Public Policy	1	0	2	3	3,027,000
Multisector	1	0	2	3	2,500,000
Transport and Communications	2	3	0	5	2,300,000
Subtotal (B)	18	13	13	44	29,411,300
C. By Country					
Afghanistan	1	0	0	1	850,000
Azerbaijan	0	1	0	1	700,000
Bangladesh	2	1	0	3	2,450,000
Cambodia	0	2	0	2	1,600,000
People's Republic of China	4	0	0	4	2,527,000
India	1	1	0	2	950,000
Indonesia	0	1	0	1	150,000
Lao People's Democratic Republic	4	2	0	6	3,774,300
Nepal	2	1	0	3	1,485,000
Philippines	1	0	0	1	375,000
Papua New Guinea	0	1	0	1	1,000,000
Regional	0	0	13	13	9,200,000
Sri Lanka	0	1	0	1	700,000
Viet Nam	3	2	0	5	3,650,000
Subtotal (C)	18	13	13	44	29,411,300
Total ADTAs	18	0	0	18	11,361,300
Total PPTAs	0	13	0	13	8,850,000
Total RETAs	0	0	13	13	9,200,000
Total	18	13	13	44	29,411,300

AD = advisory, ADB = Asian Development Bank, PP = project preparatory, RE = regional, TA = technical assistance.
 Note: Two supplementary TAs (TA 6194-REG: *Greater Mekong Subregion Regional Communicable Diseases Control (Supplementary)*, for \$250,000, approved 15 June 2005, and TA 4434-LAO: *Poverty Reduction Through Land Tenure Consolidation, Participatory Natural Resources Management and Local Communities Skills Building (Supplementary)*, for \$124,300, approved 2 March 2005) were counted as part of the main TA, but the amount was included in the year the supplementary TA was approved.

Sources: ADB TA database and Regional and Sustainable Development Department indigenous peoples website.

Table A15.2: Total Number and Amount of Indigenous Peoples Technical Assistance (1995–2005)

Item	Total		With Capacity Building		With Significant IP Involvement		With Minor IP Involvement	
	No.	Amount (\$)	No.	Amount (\$)	No.	Amount (\$)	No.	Amount (\$)
A. By Year								
1995	2	600,000	2	600,000	2	600,000	0	0
1996	0	0	0	0	0	0	0	0
1997	0	0	0	0	0	0	0	0
1998	1	800,000	0	0	1	800,000	0	0
1999	2	1,800,000	1	800,000	0	0	2	1,800,000
2000	2	1,377,000	2	1,377,000	1	400,000	1	977,000
2001	0	0	0	0	0	0	0	0
2002	0	0	0	0	0	0	0	0
2003	4	3,350,000	2	2,100,000	2	1,400,000	2	1,950,000
2004	18	10,025,000	10	5,975,000	7	4,150,000	11	5,875,000
2005	15	11,459,300	8	5,585,000	4	2,500,000	11	8,585,000
Subtotal (A)	44	29,411,300	25	16,437,000	17	9,850,000	27	19,187,000
B. By Sector								
Agriculture and Natural Resources	12	8,774,300	6	4,350,000	5	3,300,000	7	5,350,000
Education	8	4,775,000	7	3,975,000	4	2,500,000	4	2,275,000
Energy	3	2,150,000	1	1,000,000	0	0	3	2,150,000
Health, Nutrition, and Social Protection	9	4,985,000	5	2,735,000	4	1,500,000	5	3,235,000
Industry and Trade	1	900,000	0	0	1	900,000	0	0
Law, Economic Management, and Public Policy	3	3,027,000	0	0	0	0	3	3,027,000
Multisector	3	2,500,000	3	3,027,000	2	1,500,000	1	1,000,000
Transport and Communications	5	2,300,000	3	1,350,000	1	150,000	4	2,150,000
Subtotal (B)	44	29,411,300	25	16,437,000	17	9,850,000	27	19,187,000
C. By Country								
Afghanistan	1	850,000	1	850,000	0	0	1	850,000
Azerbaijan	1	700,000	1	700,000	0	0	1	700,000
Bangladesh	3	2,450,000	1	500,000	0	0	3	2,450,000
Cambodia	2	1,600,000	1	600,000	1	600,000	1	1,000,000
People's Republic of China	4	2,527,000	4	2,527,000	3	1,550,000	1	977,000
India	2	950,000	1	800,000	0	0	2	950,000
Indonesia	1	150,000	0	0	0	0	1	150,000
Lao People's Democratic Republic	6	3,774,300	3	2,000,000	4	2,300,000	2	1,350,000
Nepal	3	1,485,000	3	1,485,000	0	0	3	1,485,000
Philippines	1	375,000	1	375,000	0	0	1	375,000
Papua New Guinea	1	1,000,000	0	0	0	0	1	1,000,000

Item	Total		With Capacity Building		With Significant IP Involvement		With Minor IP Involvement	
	No.	Amount (\$)	No.	Amount (\$)	No.	Amount (\$)	No.	Amount (\$)
Regional	13	9,200,000	6	4,300,000	8	4,600,000	5	4,350,000
Sri Lanka	1	700,000	1	700,000	0	0	1	700,000
Viet Nam	5	3,650,000	2	1,600,000	1	800,000	4	2,850,000
Subtotal (C)	44	29,411,300	25	16,437,000	17	9,850,000	27	19,187,000
Total ADTAs	18	11,361,300	14	8,937,000	6	3,250,000	12	7,987,000
Total PPTAs	13	8,850,000	5	3,200,000	3	2,000,000	10	6,850,000
Total RETAs	13	9,200,000	6	4,300,000	8	4,600,000	5	4,350,000
Total	44	29,411,300	25	16,437,000	17	9,850,000	27	19,187,000

AD = advisory, IP = indigenous peoples, PP = project preparatory, RE = regional, TA = technical assistance.

Notes:

1. Two supplementary TAs (TA 6194-REG: *Regional Communicable Disease Control Project (Supplementary)*, for \$250,000, approved 15 June 2005; and TA 4434-LAO: *Poverty Reduction Through Land Tenure Consolidation, Participatory Natural Resources Management and Local Communities Skills Building (Supplementary)*, for \$124,300, approved 2 March 2005) were counted as part of the main TA, but the amount was included in the year the supplementary TA was approved.

2. Level of IP involvement: (i) significant (IP main beneficiary/affected population), or (ii) minor (IP only one of the beneficiaries/affected persons).

3. Considered capacity-building activities: training, seminars, and workshops; provision of manuals, guidebooks, maps, policy framework for improved capacity, etc.

Sources: Asian Development Bank TA database and Regional and Sustainable Development Department indigenous peoples website.

**Table A15.3: Asian Development Bank Technical Assistance
for Indigenous Peoples**

Year	TA No.	DMC	TA Name	ADB Amount (\$)	Other Sources (\$)	Total (\$)
ADTAs						
1995	2455	PRC	Strengthening the Department of Ethnic Minority Education	0	500,000 - Norway	500,000
1999	3365	IND	Capacity Building for Social Development	800,000	None	800,000
1999	3328	BAN	Chittagong Hill Tracts Region Development Plan	0	1,000,000 - JSF	1,000,000
2000	3441	PRC	Capacity Building for Social Assessments	781,400	195,600 - PRC Government	977,000
2003	4205	VIE	Early Childhood Development for the Poor	0	450,000 - PRF	450,000
2004	4339	LAO	Study of Gender Inequality in Women's Access to Land, Forests, and Water	0	250,000 - PRF	250,000
2004	4353	NEP	Promoting Pro-Poor and Gender-Responsive Service Delivery	0	200,000 - PRF	200,000
2004	4392	LAO	Marketing Support for Organic Produce of Ethnic Minorities	0	600,000 - PRF	600,000
2004	4401	PRC	Rural Income and Sustainable Development	0	900,000 - PRF	900,000
2004	4406	LAO	Capacity Building for Smallholder Livestock Systems	0	550,000 - PRF	550,000
2004	4434	LAO	Poverty Reduction through Land Tenure Consolidation, Participatory Natural Resources Management, and Local Communities Skills Building	0	850,000 and 124,300 Supplementary (2005) - PRF	974,300
2004	4446	BAN	Support to the Roads and Highways Department for Safeguard Policy Compliance	500,000	None	500,000
2004	4455	PRC	Support to Ethnic Minorities Development Plan	150,000	None	150,000
2004	4483	AFG	Capacity Building for Land Policy and Administration Reform	250,000	600,000 - UK	850,000
2004	4524	PHI	Development of Basic Education in the Autonomous Region in Muslim Mindanao	0	375,000 - Australia	375,000
2005	4603	VIE	Strategic Secondary Education Planning and Cooperation	0	300,000 - Denmark	600,000
2005	4690	VIE	Strengthening Institutional Capacity of Local Stakeholders for Implementation of Son La Livelihood and Resettlement Plan	0	1,000,000 - PRF	1,000,000
2005	4759	NEP	Reaching the Most Disadvantaged Groups in Mainstream Rural Development	0	685,000 - PRF	685,000
PPTAs						
2003	4284	CAM	Second Education Sector Development Program	0	600,000 - JSF	600,000
2004	4369	VIE	Upper Secondary and Professional Teacher Development	550,000	250,000 - Denmark	800,000
2004	4380	IND	Uttaranchal Power Sector Development	150,000	None	150,000
2004	4429	INO	Social Development for the Interisland Transport Development	150,000	None	150,000
2004	4440	VIE	Rural Infrastructure for Sustainable Livelihood Improvement in Central Region	0	800,000 - JSF	800,000
2004	4499	LAO	Basic Education Development	0	600,000 - JSF	600,000
2005	4684	AZE	Preparing the Southern Road Corridor Improvement Project (Alyat–Astara Road) (Financed from the Japan Special Fund)	0	700,000 - JSF	700,000
2005	4710	PNG	Preparing the PNG Gas Project	1,000,000	None	1,000,000
2005	4733	SRI	Preparing the Education Sector Development Program	700,000	None	700,000

Year	TA No.	DMC	TA Name	ADB Amount (\$)	Other Sources (\$)	Total (\$)
2005	4740	BAN	Preparing the Second Command Area Development Project	0	600,000 - JSF and 350,000 - PRF	950,000
2005	4742	LAO	Preparing the Northern Greater Mekong Subregion Transport Network Improvement Project	0	800,000 - JSF	800,000
2005	4754	NEP	Preparing the Education Sector Development Program I	450,000	150,000 - others	600,000
2005	4756	CAM	Preparing the Tonle Sap Lowland Stabilization Project	200,000	800,000 - JSF	1,000,000
RETAs						
1995	5637	REG	Regional Forum on Indigenous Peoples Policies for Development Assistance in Asia	0	25,000 - WB; 25,000 - Netherlands; 50,000 - others	100,000
1998	5794	REG	Study of Health and Education Needs of Ethnic Minorities in the Greater Mekong Subregion	0	300,000 - JSF; 500,000 - UK	800,000
2000	5953	REG	Capacity Building for Indigenous Peoples/Ethnic Minority Issues and Poverty Reduction	400,000	None	400,000
2003	6115	REG	Poverty Reduction in Upland Communities in the Mekong Region through Improved Community and Industrial Forestry	0	800,000 - PRF	800,000
2003	6143	REG	Promoting Gender Equality and Women's Empowerment: GAD Activity for Enhancing the Role of Women in Inland Fisheries in Cambodia	0	1,500,000 - GDCF	1,500,000
2004	6214	REG	Strengthening Capacity and Regional Cooperation in Advanced Agricultural Science and Technology in the Greater Mekong Subregion	1,000,000	None	1,000,000
2004	6190	REG	Preventing the Trafficking of Women and Children and Promoting Safe Migration in the Greater Mekong Subregion	0	700,000 - PRF	700,000
2004	6194	REG	Greater Mekong Subregion Regional Communicable Diseases Control	0	600,000 - JSF and 250,000 Supplementary (2005) - Belgium	850,000
2005	6242	REG	Developing New Policy Paradigms for Sustainable Livelihoods Protection and Natural Resource Management among Ethnic Minorities of the GMS: A Study of Policies and Their Impacts, Strategies for Change	0	150,000 - NPRS	150,000
2005	6243	REG	Strengthening Malaria Control for Ethnic Minorities	0	750,000 - PRF	750,000
2005	6247	REG	HIV/AIDS Vulnerability and Risk Reduction among Ethnic Minority Groups through Communication Strategies	0	700,000 - PRF	700,000
2005	6279	REG	Greater Mekong Subregion: Preparing the Sustainable Tourism Development Project	900,000	None	900,000
2005	6248	REG	Legal Empowerment for Women and Disadvantaged Groups	0	550,000 - PRF	550,000
Total Amount						29,411,300

AFG = Afghanistan; AZE = Azerbaijan; BAN = Bangladesh; CAM = Cambodia; IND = India; INO = Indonesia; GDCF = Gender and Development Cooperation Fund (from Canada, Denmark, and Norway); JSF = Japan Special Fund; LAO = Lao People's Democratic Republic; NPRS = National Poverty Reduction Strategies Fund (Netherlands); PHI = Philippines; PNG = Papua New Guinea; PRC = People's Republic of China; PRF = Poverty Reduction Cooperation Fund (United Kingdom and Northern Ireland); REG = regional; SRI = Sri Lanka; TA = technical assistance; VIE = Viet Nam.

Sources: Regional and Sustainable Development Department Environment and Social Safeguard Division's list of IP assistance (website) and Asian Development Bank TA database.

JAPAN FUND FOR POVERTY REDUCTION GRANTS WITH INDIGENOUS PEOPLES INVOLVEMENT
(as of 16 October 2006)

Year	DMC	Project Title	Amount (\$ million)
From RSDD-JFPR Grants with IP Involvement Listed on the ADB Website			
2000	PHI	Supporting the Sustainable Livelihood for the Poor in Southern Philippines Project	2.80
2002	CAM	Improving the Livelihood of Poor Farmers in Southern Cambodia	1.80
2002	CAM	Targeted Assistance for Education of Poor Girls and Indigenous Children	3.00
2002	IND	Supporting Sustaining Income and Basic Human Needs of the Poor in a Disaster Prone Areas of Gujarat	3.40
2003	LAO	Reducing Poverty among Ethnic Minority Women in the Nam Ngum Basin	0.53
2003	VIE	Promoting Silk Income for the Rural Poor in Central Highlands	0.62
2004	CAM	Health Care Financing for the Poor	1.85
2004	INO	Sustainable Livelihood Development for the Poor Coastal and Small Island Communities	1.50
2004	VIE	Poverty Reduction in Red River Basin Irrigation System	0.82
2005	CAM	Improving Primary School Access in Disadvantaged Communes	1.87
2005	LAO	Sustainable Agro-Forestry Systems for Livelihood Enhancement of Rural Poor	1.50
2005	VIE	Community-Based Agricultural Extension and Training in Mountainous Districts	0.90
Total			
Other JFPR Grants with IP Involvement			
2001	GMS	Community Action for Preventing HIV/AIDS ^a	8.00
2001	LAO	Supporting the Community-Managed Livelihood Improvement Project	1.00
2001	UZB	Supporting Innovative Poverty Reduction in Karakalpakstan	2.54
2002	AFG	Community-Based Gender Sensitive Basic Education for the Poor	4.00
2002	INO	Supporting the Community Based Education for the Poor	3.20
2003	GMS	Improving Poor Farmers' Livelihoods through Post Harvest Technology ^b	0.75
2003	LAO	Solid Waste Management and Income Generation for Vientiane's Poor Project	1.00
2004	CAM	Mainstreaming Labor-Based Maintenance to the National Roads Network	2.20
2004	VIE	Expanding Benefits for the Poor through Urban Environmental Improvements	1.00
2005	CAM	Women's Development Centers	1.80
2005	INO	Seismically Upgraded Housing in Nanggroe Aceh Darussalam and North Sumatera (SUHA)	2.00
2006	AFG	North-South Corridor	20.00
2006	LAO	Rural Finance Sector Development Program	
2006	VIE	Livelihood Improvement of Vulnerable Ethnic Minority Communities Affected by the Song Bung 4 Hydropower Project in Quang Nam Province, Viet Nam	2.60
Total Amount Approved			70.68

ADB = Asian Development Bank, AFG = Afghanistan, CAM = Cambodia, GMS = Greater Mekong Subregion, IND = India, INO = Indonesia, IP = indigenous peoples, JFPR = Japan Fund for Poverty Reduction, LAO = Lao People's Democratic Republic, PHI = Philippines, UZB = Uzbekistan, VIE = Viet Nam.

^a Cambodia-Lao PDR-Viet Nam.

^b Cambodia-Viet Nam.

Note: Around 26 of 89 JFPR grants dealt with ethnic minorities; these were explicitly stated in the proposal report. But ethnic minorities not specifically pointed out as such during beneficiary assessment, etc., could have been among the target "disadvantaged" or "poor" groups.

Sources: ADB IP website on assistance and ADB JFPR website on assistance.

CASE STUDY SUMMARIES

A. Findings on Transaction Costs in Sector Projects

1. Four case studies related to sector projects: the Rural Roads Sector I Project in India,¹ the Southern Philippines Irrigation Sector,² and the Provincial Roads Improvement Sector³ and Second Red River Sector⁴ projects in Viet Nam. The case studies are summarized here to illustrate the potentially high transaction costs involved in multilocation sector projects and the difficulties of starting and completing an indigenous peoples (IP) planning and implementation process for individual subprojects when the project implementation phase has started and loan closing is only a few years away.

2. **The Rural Road Sector 1 Project in India.** The Asian Development Bank (ADB) loan covered about 70% of the needed \$571 million for the construction of hundreds of rural roads scattered across the states of Madhya Pradesh and Chhattisgarh. The case study concentrated on the project in Chhattisgarh State. Before project approval, a summary analysis of socioeconomic and poverty impact had concluded that there would be no significant adverse impacts (meaning, it would have only limited impacts) on the large groups of scheduled tribes (STs) and scheduled castes (SCs) residing in the project area. Such groups tended to be culturally integrated and were better served economically and socially than other STs/SCs in isolated localities with no roads. The project prepared an indigenous peoples development framework as a supplementary appendix to the report and recommendation of the President (RRP). The main IP-related features of the project were: (i) preparation of an IPDP for STs/SCs that might be affected significantly, (ii) recruitment of a nongovernment organization (NGO) to independently monitor and verify the implementation of voluntary land contribution, (iii) completion of a land acquisition plan (LAP) and IPDP within 3 months of loan effectiveness, and (iv) preparation of reports on compliance with ADB's IP policy.

3. The social assessment found that because of the tribal populations' main occupation of collecting forest produce (e.g., *tendu* leaf, *mahua*, and *sal* seeds), the loss of small parcels of agricultural land through voluntary donations to the project would not have much impact on their livelihood. The all-weather road would give STs an opportunity to obtain higher value for the forest and agriculture produce. Nevertheless, IP specific actions (SpAs) were included within the framework of the LAP for vulnerable affected households. Vulnerable groups (such as STs/SCs, female-headed households, the disabled, and the elderly) that lost assets would be compensated with either replacement land or cash compensation according to the land revenue code, and would receive in addition a fixed lump sum of Rs2,000 (\$40) per household.

4. The planning and implementation of the land acquisition and resettlement program (LARP) proved difficult. This affected the due diligence. ADB's indigenous resettlement policy and agreements before the start of the project required the preparation of district LAPs. Before appraisal, a summary plan for a few districts had been prepared to provide examples of what was to be prepared later for each district. Project implementation consultants (PICs) were fielded late, by mid-2005, and for the second batch of roads, only a short, framework-like plan was prepared for all districts together. ADB approved this on the condition that the PICs would complete the verification survey and prepare appropriate reports for the hundreds of road improvement subprojects by October 2005. The executing agency (EA) and implementation

¹ Loan 2018-IND: *Rural Road Sector I Project*, for \$400.0 million, approved 20 November 2003.

² Loan 1668-PHI: *Southern Philippines Irrigation Sector Project*, for \$60.0 million, approved 18 December 1998.

³ Loan 1888-VIE: *Provincial Roads Improvement Sector Project*, for \$70.0 million, approved 18 December 2001.

⁴ Loan 1855-VIE: *Second Red River Basin Sector Project*, for \$70.0 million, approved 13 November 2001.

agencies, however, required the PICs to also complete LAPs for the third batch of roads within a few months' time, by February 2006. And the fourth batch of roads would have to be designed by the end of 2006, to make up for the time lost at the start of the project. The Special Evaluation Study (SES) considers such unrealistic targets as contrary to the spirit of the project, which foresaw the completion of one batch of rural road projects each year. Given the front-end delays and the time constraints, it was clear that few IPDPs could be prepared for the subproject roads, and that even district-wise resettlement plans (RPs) would be very summary in nature.

5. In the field survey for this case study, which covered 14 rural roads, it was found that all land had been acquired without compensation to the affected but through voluntary donations based on transect walks. Of the 12 roads studied under Batch II, only two had a memorandum of understanding signed between the land donor and the project authority during the transect walk.

6. In the course of the special evaluation study (SES), it became evident that even the normal country land acquisition procedures were not always followed.⁵ Many procedures elaborated in the sample RPs were not complied with; the lump-sum arrangement for STs/SCs was unknown to the new project manager in Madhya Pradesh, and was not applied in Chhattisgarh. With some reason, it was argued that this could not be implemented and was incompatible with local procedures. STs/SCs are viewed as well integrated into the villages, and there are many majority ST areas. Although the sample RPs bore this note on their cover, "This is not an ADB document," they were seen as prepared by ADB. No RP or IPDF was translated into the local language and distributed to stakeholders; public consultations were not held.

7. The entitlement matrix of the LARP included criteria for assistance to vulnerable affected people. Vulnerable households included those headed by (i) women, (ii) STs, (iii) SCs, or (iv) disabled/elderly persons. All vulnerable households were eligible for cash assistance of Rs2,000 per household if they were affected by roadwork. The OED consultations on all 14 roads visited by the SES found that the affected vulnerable households were not aware of the entitlements. The RP and IPDF were not translated into the local language and had not been widely disseminated at the time of the field visit.

8. Overall, the requirement of IPDPs, and notably the lump sum for vulnerable people including IP, seems to have been inappropriate in this project. The categories of vulnerable people were too large and too vague. When applied rigorously, these might have led to conflict within mixed communities. The conditions under which voluntary contributions of land and/or assets to the project could be accepted were not fully spelled out by the IPDP. Since this was an ongoing project at a relatively early stage, activities safeguarding the interests of IP and other affected people may have changed after the field visit made for this SES.

9. **Southern Philippines Irrigation Sector Project (SPISP).** An IPDP was prepared, but this project was approved in 1998, before the introduction of the IP Development Framework (IPDF) instrument in ADB. An IPDF would have been more suitable for this sector project.

⁵ An example from a Batch I road subproject illustrates this. There were four roads under Batch I in Bastar district. The land to be acquired covered 17 acres, affecting 248 persons. A notification for land acquisition was published in October 2005. The notification expressed the intention and provided permission to conduct a physical survey. Only after the completion of a follow-up procedure, namely, the declaration that land was required for a public purpose, was the acquiring body legally empowered to acquire any private land for construction work. At the time of the field visit, the road was nearly finished (the contractor was completing the bitumen layer on the road), but the declaration that land was required for a public purpose had not yet been issued.

However, a few sites for which dams were planned had LARPs. For these places, SpAs for IP were included. In addition, IPDPs were to be prepared or finalized as needed for subprojects. One was proposed for the subprojects in the Autonomous Region of Muslim Mindanao.

10. The IPDP attached to the RRP concluded that ethnic minorities were generally well integrated with the local population. The main beneficiaries were seen as the Lumads in Caraga Region and the Muslim communities (the Maranaos) in the Autonomous Region of Muslim Mindanao. The former were regarded as well integrated within their own areas and the latter as having special characteristics and requirements. These special requirements (agricultural employment, rural roads) were addressed by the project. The cultural constraints restricting Maranao women led to special measures in the project, including (i) the hiring of female Maranao-speaking institutional development officers, (ii) the formation of women's groups, (iii) the preparation of a Maranao language version of the implementation manual, (iv) the development of extension and training activities based on visual methods to enable participation regardless of literacy level, and (v) the conduct of extension and training activities in local languages and in places where women did not face logistical difficulties. Thus, the proposed design of the project, which addressed agricultural production, rural roads, and women constraints, was viewed, in essence, as the IPDP.

11. The Baobo National Irrigation Project was investigated as case study for this SES. It required the construction of a concrete diversion weir to convey water to the service area through a main canal. The main canal distributed water through a system of smaller canals. The project acquired about 34 hectares as right-of-way, affecting 270 farming households. They were compensated for the affected crops and trees. Among the affected households were five IP households. It was found that the LARP made no distinction between IP and non-IP that were affected, on the ground that IP in the subproject area were part of the mainstream population. Overall, not much IP-specific risk mitigation work was done in the case of this project, for reasons that the SES considers valid. Since SPISP was an ongoing project at the time of the field visit, more activities safeguarding the interests of IP and other affected people may have been conducted afterwards.

12. **Provincial Roads Improvement Sector Project in Viet Nam.** The project was being implemented in 18 northern provinces and intended to improve about 1,600 kilometers (km) of existing access roads covered by 160 contract packages. The roads were being upgraded (18 km in length on average), and this meant the provision of some road widening, pavement surface treatment, and road side drainage. Nine core roads were selected as "pilot projects" during the detailed implementation planning. The project preparatory technical assistance (TA) had prepared a framework for ethnic minority development planning, which became part of the loan agreement signed in November 2001.⁶ Roads other than the nine were not covered by feasibility studies, or by resettlement, environment or IP planning. Environment, resettlement and IP planning for other roads (90 in total) was done during project implementation as part of the detailed design. The Government was persuaded to set aside funds equivalent to \$1.5 million for the implementation of ethnic minority development plans (EMDPs). To comply with ADB policy within the budget constraint, priority was put on the mitigation of negative impacts. Such impacts focused on those that were different from land loss or resettlement impacts, as for these 79 RPs were already separately required.

⁶ Preliminary ethnic minority development plans for the nine core roads were approved in 2002 as part of the resettlement plans; resettlement implementation was undertaken in 2002–2003.

13. An EMDP was to be prepared for each subproject road crossing an area in which ethnic minorities composed more than 25% of the total beneficiary population. This requirement led to a somewhat mechanical target of 40 EMDPs. According to the project management unit (PMU) and the design and engineering consultants, ADB was not very clear about the nature of the EMDPs in the early years of the project. ADB rejected a number of plans submitted in early 2004 because of their aggregate nature and the emphasis on demands made by ethnic minorities for further infrastructure investments like water supply and suspension bridges, for which there were not enough funds available. After this experience, ADB and the PMU agreed on extensive social screening for all subprojects, focusing on “soft” investments appropriate to each case. With the help of consultants, the screening took place over 9 months. Twenty-nine of the 40 EMDPs required were submitted to the PMU by November 2005. The PMU took much time to review these and had sent only 10 EMDPs to ADB for approval by May 2006. By November 2006, after raising some questions, ADB had approved 21 EMDPs. (By the time of finalizing the draft of this study, all 40 had been approved, and the project extended until end 2008.) The consultants and provincial PMUs completed the remaining 11 EMDPs in 2006, but the central PMU had yet to submit these to ADB at the time of the field visit.

14. It was clear from interviews with consultants that much work had gone into the preparation of the EMDPs. Many consultations had been held and data collected from all organizations involved. The positive impacts of the road improvements were generally viewed as (i) reduced isolation, (ii) transition from subsistence to cash farming and improved access to markets and agricultural extension, (iii) improved access to health and education, (iv) greater opportunities for income and employment, and (v) increased national integration.

15. Adverse impacts identified for the rural road project were (i) disruption during construction (usually also in environmental management plans); (ii) increased exposure to exploitation by forces from the outside;⁷ (iii) increased migration into the project area, leading to a larger population and the disruption of existing communities; and (iv) increased exposure to communicable diseases such as HIV/AIDS. These impacts are listed here also to show how conceptually difficult it proved to be for the Government and the consultants to identify and subsequently mitigate the adverse impacts of rural road rehabilitation on ethnic minorities. Serious thought therefore needs to be given to identifying the differential impact of investments in different sectors on ethnic minorities. The issue of whether, in practical terms, it is necessary to distinguish between the impact of such projects on IP and their impact on the general population also arises. These sorts of benefits apply to most rural road projects and apply to all beneficiaries living in the road influence area, not just IP. These factors raise the question of whether detailed surveys to document these benefits should be required for every road project of this type.

⁷ The EMDP explained this as follows:

Improved communications will provide channels and conduits for social and political advancement but also manipulation, particularly as these relate to money-making opportunities both within and beyond villages and communes. People who are more experienced in the cash economy and more knowledgeable in the ways of trade and business will be in a position to take advantage of those with less experience and awareness. A large proportion of ethnic minority groups live in relative isolation and [are] therefore susceptible to manipulation by “outsiders.” Women and children may be particularly vulnerable. Unless this situation is dealt with sensitively and carefully, problems of household indebtedness, exploitive labor contracts, undistributed development funds, debt slavery and trafficking in children and women can be significant adverse, albeit unintentional, impacts of the project.

16. The solutions offered by EMDPs were usually similar across developing member countries (DMCs) and did not address much the risks due to the influx of outsiders. Mitigation measures mentioned were HIV awareness and prevention, training (for instance, in brocade knitting in tourist areas), and sometimes some agricultural support investments. The small budget available for the preparation of each plan (\$35,000 to \$40,000 per plan) encouraged replication and made it hard to identify activities that varied significantly from plan to plan. Implementation had not started for any EMDP by the time of the mission (May 2006), even for those approved in 2005. Quick consideration and approval of the remaining unapproved plans was needed, given the short remaining duration of the project, and the lack of consultant time available for assisting in the implementation of the plans.⁸ Given the comprehensive plans of the Vietnamese government for ethnic minorities already in place (notably Program 135 and HIV awareness programs) and the need to shift government funds to the project from other uses in ad hoc fashion, the utility and value added of the plans are questionable. HIV awareness, education, and health programs with specific attention to ethnic minorities are obviously national issues requiring a national approach. Addressing these issues both through nationwide programs and through ad hoc provincial road projects financed with ADB loans can lead to fragmentation of effort.

17. The impression obtained from project staff and management consultants interviewed is that the transaction costs of EMDP preparation outweighed the added value. For instance, the EMDP used as example above ended with only one proposal, despite the sizable list of potentially negative impacts of the road: a “project,” to be implemented in 2006 for the equivalent of \$3,600, was worked out in response to the risk of increased exposure to communicable diseases “to improve the communities’ competence in HIV/AIDS and social evils prevention” (including child and women trafficking). The transaction costs of the approach included wasted effort and the loss of time in a period during which the wrong types of EMDP were prepared, as a result of uncertainty regarding the nature of the EMDP that ADB could endorse. Also a transaction cost of the project were the raised expectations during the consultation processes and the disappointment of the ethnic minorities when they later learned that the expectations regarding minor infrastructure investments could ultimately not be satisfied for lack of resources. The confusion and resulting inactivity due to the overlap of some activities planned (such as the HIV/AIDS awareness program) with regular government projects and activities was another such transaction cost. The funds for EMDP preparation and later implementation could have been more useful as part of Viet Nam’s Program 135 for activities along the project roads. By the time of the field visit, the consultant budget for EMDP preparation and implementation had been almost exhausted, and little was left for supervision of implementation. In fact, little time would have remained for the proper implementation of the dozens of small activities across the 40 scattered rural roads selected, if the project had been on schedule. Recently, however, the loan closing date was extended from December 2006 to December 2008, providing another opportunity for the EMDPs to be implemented properly.

18. **Second Red River Basin Sector Project, Northern Provinces of Viet Nam.** No sample IPDPs nor an IPDF were prepared for this project in the agriculture and natural resources sector. The project used a set of guidelines for the involvement and treatment of ethnic minorities in the preparation of subprojects and in the implementation of the rural development support component. In the upland provinces, where ethnic minorities were in the majority, the project financed only two minor irrigation and drainage subprojects. These were both core subprojects prepared before loan approval; IPDPs were not produced. The project was supposed to have a large number of irrigation-oriented subprojects in the upland provinces,

⁸ After the field mission, the project was extended until 31 December 2008.

but, as it turned out, all feasibility studies pointed to too low economic rates of return. Thus, ADB and the Ministry of Agriculture and Rural Development agreed not to fund the subprojects. As a result, the project has had a much more limited impact on ethnic minorities than was originally envisaged. This situation provides a paradox: although the project was formulated to reduce poverty and improve the lives of ethnic minorities, economically viable projects could not be identified in the areas with a high incidence of IP and poverty.

19. **Conclusion for the Two Projects in Viet Nam.** The approach to ethnic minorities was very different in the two case study projects. For the road project, ADB required EMDPs, even for subprojects in the lowlands, if ethnic minorities were present. For the Red River Basin Sector Project, EMDPs were not required, but ethnic minority-oriented guidelines were to be applied. The requirement for a sufficient economic return, in practice, made the identification of poverty reduction-oriented productive subprojects difficult. Emphasizing safeguards in one project proved wasteful; the dominance of economic considerations resulted in a shift in the focus away from IP in the other case.

B. Findings on Impact from Case Studies

20. Elements of impact and value added were assessed through questionnaire surveys in three completed projects: the Cordillera Highlands Agriculture and Resource Management (CHARM) Project in the Philippines⁹ and two projects in the People's Republic of China (PRC): the Guizhou–Shuibai Railway Project,¹⁰ and the Southern Yunnan Rural Development Project.¹¹

21. **Southern Yunnan Road Development Project in PRC.** The Southern Yunnan Road Development Project supported the development of the southern part of Yunnan Province by removing a major transport bottleneck between Yuanjiang and Mohei, and helping reduce poverty by providing better access to the economic mainstream for nationally designated poor counties with ethnic minorities. The project needed to acquire 1,221 hectares of land for the expressway's right-of-way and for the construction of other project facilities.

22. The EA prepared an RP and a minority peoples development plan (MPDP), which were reviewed and approved by ADB in 1999. The objectives of the MPDP were (i) adequate resettlement and rehabilitation (dealt with in the RP), (ii) poverty reduction, and (iii) economic development of minority areas. The objectives were to be achieved by (i) drawing up development plans for remote villages, (ii) minimizing the negative impacts and maximizing the positive impact of the road, and (iii) establishing a monitoring and evaluation plan for the MPDP.

23. The households that lost farmland numbered 5,147 (19,300 people). Because of the need to demolish houses on the alignment, 542 households (2,029 people)—208 households more than the estimated number in the RP—needed to be relocated. There were few complaints about the amount of cash compensation offered, but the payments to the affected villages were delayed because the poor county governments received the funds late from the expressway company, and had very limited financial resources to compensate the affected persons (APs) in a timely manner.

24. Most relocated households built new houses that were larger and of better quality. To increase the quality and size of the houses, the households had to use their savings. The

⁹ Loan 1421-PHI: *Cordillera Highland Agricultural Resource Management Project*, for \$9.5 million, approved 11 January 2006.

¹⁰ Loan 1626-PRC: *Guizhou–Shuibai Railway Project*, for \$140.0 million, approved 18 August 1998.

¹¹ Loan 1691-PRC: *Southern Yunnan Road Development Project*, for \$250.0 million, approved 24 June 1999.

county governments provided the following services to the APs: land leveling, installation of water supply electric power supply facilities, construction of access roads, and provision of broadcasting and television connections. The county governments also ensured improved access to clinics and schools.

25. The APs generally employed two strategies to cope with the decrease in farmland as a result of the project: they (i) grew more cash crops (the road and the expanding economy made this possible), and (ii) sought more nonfarm activities like seasonal labor to restore their livelihoods. County governments provided training programs in cash crop production, health, and legal knowledge. Some poverty reduction activities like biogas production, rural road construction or rehabilitation, and reforestation were directed to the APs. Attention was paid to vulnerable groups to help to restore their lives. For example, in Mojiang county, a policy of “rural residents becom[ing] urban residents” was applied in 2000, to help APs who had lost more than 50% of their farmland to regain their livelihood. A minimum living guarantee was provided to 789 affected households (3,990 APs). The sample survey indicated that 96% of the affected households had either restored their livelihood or had improved it. Perhaps more so than the specific assistance provided through the project, national economic growth had provided compensation for the losses sustained.

26. Almost all of the interviewees agreed that adequate consultation with the APs was carried out during resettlement planning and implementation. Eighty-six percent responded that the project management had taken adequate steps to resolve the resettlement grievances of the APs. Nevertheless, during the field mission, some APs complained that some land temporarily occupied by contractors had not been returned in the same excellent condition, and that the compensation provided for this purpose was inadequate.

27. Although the project was successful, there were issues, such as increased scope of resettlement, shortfalls in funding of compensation, delays in payments, and weak internal monitoring and evaluation. The quality of returned land occupied by contractors for the duration of the construction phase was an issue as well. The MPDP proved to be a document prepared only to meet ADB’s policies and not to serve as the basis for special measures. These measures would have required a specific action plan and budget in the MPDP.

28. Regarding specific IP issues, the survey showed that the 41 IP in the sample of 50 had similar views as the Hans: they appreciated the lower transport costs resulting from the construction of the expressway, even though it was a toll way, and the tourism industry this would help develop, which in turn would provide a way of promoting their nationality and culture. They also saw the new ideas for businesses and travel that increased interaction with outsiders gave local people, although young people now tended to leave agriculture and work in the cities. Lastly, the decline of roadside businesses along the old main road was noted. Among the ethnic minorities, over 60% acknowledged the preferential treatment given them as ethnic minorities, for instance, the priority they had received in road construction jobs. Overall government policy had provided much help to IP families. In Mojiang county, some people affected by the road were provided urban resident status and a minimum living guarantee. When asked, most IP did not see that their way of life had changed as a result of the road—much less as the result of any EMDP. Rather, the consensus was that impoverishment risks had been reduced and opportunities provided for development by the ethnic minority policies of the local and national government, which were unrelated to the EMDP or the expressway.

29. **Cordillera Highland Agricultural Resource Management (CHARM) Project in the Philippines.** The PCR rated this project a success. The project covered 16 municipalities and

around 23,000 households (out of a total population of 263,851 households in the region [as of 1 May 2000]¹²), and the land acquisition had no adverse effect on livelihoods or assets. The project helped prepare six ancestral domain sustainable development protection plans (ADSDPPs), integrating existing plans with a new focus on the aspirations of the indigenous populations of over 90% in the area. The project facilitated the issuance of the first certificate of ancestral domain title in the Philippines covering 29,444 hectares for the Bakun in 2003 and another for 26,353 hectares for Kibungan communities in 2004. Four more were under way by the time of project completion; if awarded, these certificates will bring 107,242 of the 163,039 hectares of the area under the full collective ownership of IP. In addition, three ancestral domain claims with a total domain area of 141,511 hectares were awarded to the IP beneficiaries. The award of the first title was regarded as a major breakthrough and the first step to giving the land titles to individual IP in the Philippines. The CHARM Project was acknowledged to be a positive learning experience in the application of the IP law by the NCIP, and in participatory approaches in agriculture and natural resource management for other government agencies. The project promoted integrated pest management and incorporated indigenous forest management practices called *lapat*. Taking indigenous knowledge systems into account in the project design made the project easier to implement. Whether the participatory processes were really worth the huge effort put into them is a moot point. OED's SES on Participatory Approaches¹³, which also included a case study of the project, already questioned the value of the processes, on the grounds that the ADSDPPs were prepared in English and had not been translated into the IP language.¹⁴ As mentioned, the main criticism of the SES was that the level of participation achieved did not extend to participation in decisions on the size of budgets and subsequent expenditure.

30. The limited survey of the SES found that, as the PCR argued, the project seemed to be well liked by the beneficiaries. The respondents believed that the project was compatible with their cultural beliefs, ancestral territories, and traditional practices. As would be expected from a project that had come at little cost to the people, with no need to expropriate land, almost all the respondents declared themselves satisfied and wanted a follow-up project. Eighty percent of the respondents said that they were better off because of the project, while the rest said that their lives had not changed. Seventy-four percent of the respondents observed that the project had given them access to domestic water supply, and 57% had gained access to social services. Ten percent had benefited from reforestation, and 18% from the various training programs. Nobody interviewed for the evaluation claimed they were worse off because of the project.

31. As an indicator of the difficulty in assessing the effects of a project like the CHARM Project, it has to be mentioned that in 2001, when the project was in full swing, the intended impact was disputed by an advocacy NGO called the Cordillera People's Alliance. A briefing paper made the following allegations about the CHARM Project: (i) the people's participatory process in decision making and project implementation was sacrificed; (ii) commercial agriculture was promoted to the detriment of traditional agricultural practices; (iii) reforestation projects caused conflicts among indigenous communities; (iv) corruption in the implementation of rural infrastructure development projects was rampant; (v) the promise of employment for the intended beneficiaries was not fulfilled; (vi) the performance of the NGOs was weak;

¹² Cordillera Administrative Region: The Least Populous Region in the Philippines. Press release no. 2002-1999. Released 27 June 2003.

¹³ ADB. 2004. *Special Evaluation Study on the Effectiveness of Participatory Approaches: Do the New Approaches Offer an Effective Solution to the Conventional Problems in Rural Development Projects?* Manila.

¹⁴ The validity of these earlier findings is unclear; the field survey for this SES found many local councilors and other IP capable of speaking and reading English.

(vii) indigenous practices were undermined, thereby causing disunity among IP; and (vii) there was widespread confusion on the issue of land tenure.

32. The Department of Agriculture submitted a response to ADB on 24 August 2001. It argued that the participatory process utilized by the project ensured that priority community needs and aspirations were identified and considered. The basis for all the subprojects in the CHARM Project was the *barangay* (community) natural resources management plan, and this was formulated by the communities themselves. Indigenous knowledge systems and institutions were recognized in the formulation of subprojects, which did not foster approaches that undermined traditional and indigenous practices. The project did not encourage the community to plant cash crops such as cut flowers and commercial vegetables, as the NGO alleged. Only 21 of the 82 barangays produced vegetables, as they had been doing since the 1960s. The project was expected to irrigate 2,800 hectares, 65% of which (1,185 hectares) was rice land. This, in the view of the Department of Agriculture, the project had no bias toward the introduction of cash crops. Furthermore, the project continued to promote integrated pest management, which helped reduce the use of pesticides, was sensitive to the cultural fabric of the community, and required social validation before implementation. Specific works were undertaken by community groups contracted for the purpose. This created employment and generated income. Outside labor was required only when no local laborers were available. The EA insisted that there was no corruption in the implementation of the project. The procurement guidelines of ADB, in addition to those of the Government, helped ensure that corruption did not affect the project.

33. Efforts by the project to set up meetings with the Cordillera People's Alliance to provide reassurances and clarify and address its concerns had met with no response.

34. One point that might detract from the overall success of the project, however, was its failure to achieve its objective of bringing down significantly the high poverty levels in the area. Poverty was reduced from 42.5% to 36.9%, but not to the extent of the too ambitious target in the RRP (from 70% to 25%). Another lesson in the PCR was that true participation of IP in decision making, and the subsequent involvement of good NGOs in implementation, takes a long time. However, time is a scarce good in loan-funded projects, where quick implementation reduces interest payments and improves the economic returns.

35. **Guizhou–Shuibai Railway Project in PRC.** Because of the mountainous terrain, 59 km of the 119 km railway was tunneled through mountains, and 17 km went across bridges. This reduced the potential adverse impact on land loss related to the right-of-way for the project. Nevertheless, over 25,000 people lost some or all of their farmland and over 4,300 lost their houses, which had to be rebuilt elsewhere in the village. This was substantially more than the 650 households originally envisaged to be affected. The questionnaire survey covering 472 households, held for the SES in September–October 2006, did not find any differences between the Hans (60% of the APs) and ethnic minorities (40%) in terms of loss of land. Both groups lost 29% of their farmland areas on average, and 19% of their per capita grain output. The survey also found that loss of land in the villages was part of a larger process. Even households not affected by the railway construction and those in other areas lost 8% of their farmland in 1997–2005, mainly because of population growth, economic development, and alternative uses of land within villages.

36. The survey results were analyzed by group (e.g., Hans, ethnic minorities, and subpopulations of the two)¹⁵ to see if significant difference emerged. The incomes of both Hans and ethnic minorities had gone up, on average, at least 90% over 1997–2005. There were no significant differences between the two. The most important factors explaining reductions in poverty in the project area seemed to have compensated for the impoverishment effects related to disruption, loss of land, and loss of housing to the railway line. These factors included (i) national economic growth, filtering through to rural areas; (ii) the proximity and connectivity of such areas to population centers; (iii) national policies and (iv) to a lesser extent, project policies favorable to ethnic minorities. The effects of national growth seemed to trickle down to all areas investigated. The proximity to population centers was already better in the railway area villages than in the more remote villages that were investigated to provide a control group for the survey. It proved to be difficult to find a control group area close to population centers and not at all connected to these centers by the time of the evaluation.

37. The survey in the in the villages along the right-of-way of the railway registered an average per capita income of CNY1,320 in 1997 as opposed to only CNY549 in the remote villages. By end 2005, average incomes had increased to CNY2,526 in the railway villages and CNY1,561 in the remote villages. Large income differences remained between the two types of villages, although the gap was closing: the remote villages selected as control group had experienced even more significant positive changes in income than the villages in the project impact zone. As it turned out, the Government had conducted its own relocation program in one remote village visited by the survey team, as a result of special poverty and ethnic minority programs. Many villagers had been helped to move from high up in the mountains to lower down in the more temperate zone, and they had been provided with land and housing, which, in combination with greater income from off-farm work, had led to higher incomes. From the very low base in 1997, the relative growth in income was 184% in the remote villages in the sample and 91% in the railway area villages. This result could be interpreted as a relative failure of the project to mitigate adverse impacts of the railway construction sufficiently. However, the SES holds another view. It has to be born in mind that in absolute terms, income in the railway area villages had grown more still—by CNY1,206 per capita per year, compared with a growth of only CNY1,012 in the remote villages. The income growth in the project area villages was also more or less in line with overall growth of the Chinese economy over the period, so if the project had adverse effects, then they were not such that they disadvantaged the economy of the project areas relative to that of the country as a whole. Furthermore, the positive effects of the railway are, in part, yet to materialize, as only few of the expected new coal mines have started operations. Other policies introduced by the Government for ethnic minorities were special access to higher education opportunities, and exemption from the one-child policy. Such policies have resulted in some mixed Han–ethnic minority couples deciding to register their children as belonging to an ethnic minority. Also, some Hans have converted to ethnic minority status because one or more ancestors belonged to ethnic minorities. For these reasons, the area’s ethnic minority population was observed to be growing faster than the Han population.

38. The trickle down effect of national economic growth may have been the most important factor benefiting the ethnic minorities in the railway area. This is reflected in the rising percentage of persons over 16 years in households that had migrated for work, from 1.7% in 1997 to 7.6% in 2006. In fact, contrary to many other areas in PRC, more ethnic minority households relied on incomes from migration than Han households in the area—the proportions being 2.7% in 1997 and 9.2% in 2006 for ethnic minorities, and 1.0% in 1997 and 6.2% in 2006

¹⁵ For instance, those affected by loss of land to the railway and those not, and those close to the railway and those far away from it.

for Hans. Whether out migration is to be seen as a positive strategy or negative strategy for ethnic minorities was difficult to judge, but the effect on household income was highly positive. On average, CNY1,200 of the total CNY2,159 per capita income of ethnic minorities in 2005 was derived from migration wages (and CNY1,585 of CNY2,893 for Hans). Hans are more likely than ethnic minorities to capture employment opportunities afforded by the new railway and by expanding coal mining and nearby employment opportunities (local migration). While 8.6% of Han households along the railway worked in the new coal mines and 11.8% had coal mining-related jobs, only 3% of the ethnic minorities worked in those mines and only 3.5% held jobs in coal mining. The project's executing agency, however, gave preferential treatment to ethnic minorities in railway sector jobs. About 3% of ethnic minority households held such jobs, compared with 1.4% of Hans.

39. The following findings regarding the effect of land loss, compensation, and resettlement were of interest. Eighty percent of the minorities affected by railway construction reported livelihood improvement over the years, whereas only 66% of the minorities not affected could report such improvement. Although there can be many reasons for livelihood improvement, the compensation received for land loss and resettlement, although it was not high, is likely to have been sufficient to avert impoverishment. Many migrated, and this strategy must have paid off in terms of the income of the household left behind. The positive effect of the arrangements was also reflected in the growth of housing size and quality, which was greater for affected households (both minorities and Hans) than for households not affected (76% of affected households had TV and 94% tap water, compared with 47% and 78%, respectively, for the non-affected households).

40. Overall, the most positive effects of the railway that were mentioned were the greater ease in migration employment and the increase in local government resources available. Ethnic minorities as well as Hans benefited from the railway, in spite of the loss of land. The findings of an earlier OED study on Pathways out of Rural Poverty,¹⁶ which was skeptical about small add-on components such as requiring contractors to use local or ethnic minority labor, can be only partially corroborated. Even if no local labor had been used, the railway might yet have been perceived as producing benefits to the local population. However, the project "add-ons" helped cushion potential adverse impacts and accelerate the improvements for ethnic minorities. National government policy helped to further narrow the gap between Han and ethnic minorities. The question of the use of add-ons is therefore one of cost and efficiency.

¹⁶ ADB. 2006. *Special Evaluation Study on the Pathways out of Rural Poverty and the Effectiveness of Poverty Targeting*. Manila.

**BOARD OF DIRECTORS
DEVELOPMENT EFFECTIVENESS COMMITTEE**

CHAIR'S SUMMARY OF THE COMMITTEE DISCUSSION ON 23 MARCH 2007

Special Evaluation Study on Indigenous Peoples Safeguards

Background

1. In 2005, the Development Effectiveness Committee (DEC) recommended that OED include in its 2006 work program an evaluation of ADB's Environment, Involuntary Resettlement, and Indigenous Peoples (IP) safeguard policies. In 2006, the Operations Evaluation Department (OED) completed separate evaluations of ADB's Environmental Safeguards and Involuntary Resettlement (IR) Safeguards. The two studies were separately discussed by the DEC on 27 September and 9 October 2006 and, in consideration of the Management's responses to the evaluations, the Committee endorsed the findings and recommendations to be considered in the safeguards policy review in 2007.
2. OED completed an evaluation study on IP Safeguards in February 2007 to provide DEC with an independent assessment, and contribute to the policy update that Management would propose to the Board for consideration in 2008.

Summary of Discussion

3. The DEC generally endorsed the recommendations of the study and considered it a useful contribution to the planned policy review. The Committee particularly endorsed the point that safeguard issues need to be separated from developmental issues and they felt that an IP developmental strategy is required as much as an IP safeguard policy. Since IP often represent the poorest and most vulnerable segments of society, the DEC considered the protection of IP livelihoods and rights a concern for both ADB and the country.
4. The DEC regarded a risk assessment analysis as important to identify capacity building requirements of DMCs, both at the executing agency and community level. The highest standards should be set and followed in strengthening the capacity of the DMCs.
5. The Committee commented on the principle of due diligence, and suggested a clear and simplified process. They supported the recommendation to avoid duplication in the three safeguard policies, and suggested that a less rigid approach was needed.
6. The Committee agreed that the original spirit of the IP policy has been altered in the Operation Manual (OM) Section F3. Previously, projects needed to deal with risks of significant adverse impacts for IP through Indigenous Peoples Development Plans (IPDPs), whereas now the OM seemed to require IPDPs for all cases where IP are in the project impact zone, even when the project will address IP development and no significant adverse risks can be identified. DEC had observed the same policy drift in the case of the IR policy. The Committee felt that Management should have sought formal Board approval for such policy changes at an earlier stage. Better explanation of the

rationale behind the IP policy was recommended in order to provide clarity on the objectives of the policy.

7. DEC members observed that the definition of IP is subject to much debate. Any definition should cover other dimensions, including identification of development options that would translate to the formulation of Country Partnership Strategies (CPS). The nexus between IP and vulnerability should be clarified as there may be cases where IP are not vulnerable. One DEC member suggested that vulnerability may be a better conceptual framework rather than indigenous status.

8. In discussing the recommendation of an IP policy implementation plan that will reconcile policy aspirations with organizational, budget and human resource implications, one DEC member stressed that reconciling ambitions with resources should not default to working within currently available resources.

9. One DEC member argued that ADB should be more ambitious in its current objective of the IP Policy's principle that "the Bank will ensure that the affected populations and persons are at least as well-off as they would have been in the absence of the intervention". The interventions should result in an improved status for the affected IP, and although ADB should continue to aim for the highest possible standards, it needed to be more realistic about country capacity. Another DEC member commented that if ADB wishes to impose higher standards than DMCs were willing to pay for, shareholders should be prepared to share the cost.

10. The Committee emphasized the need for a well-articulated IP policy that will provide clear guidelines to both staff and EAs. Views of the DMCs should be sought and considered, while DMCs take the lead in safeguarding IPs. The updated IP policy should be flexible and allow for the use of country systems, especially in the light of the diversity of the DMCs. This called for a clear accountability framework. DEC also recommended that the policy update should include a results-based framework.

11. The Chair referred to the DEC's recommendation in 2006 that the review of the safeguard policies should ensure an open and inclusive dialogue with all stakeholders, including the Board, which requires an iterative process, beyond conventional consultation practices.

12. In its response, the Management thanked OED for its evaluation, and generally agreed to review most of its recommendations in the context of the Safeguard Policy Update. However, Management disagreed with OED's findings that there is a policy drift related to the provisions of the OM and IP practice in ADB. Management believed that the OM clarifies many ambiguities in the IP policy. Management recognized that a variety of definitions on IP exist and that there is inherent difficulty in arriving at a uniform definition of IP. Nevertheless, Management assured DEC that the updated safeguard policies will provide enhanced clarity on the definitions, scope, objective, and principles on IP.

13. The Management also disagreed on the recommendation that IPDPs should be prepared only in projects where risks to IP are not covered in the resettlement and environment policies. Management believed that in many projects involving IP, social risks and impacts are evident, and having an IPDP provides a more holistic approach.

14. Management assured the DEC that the safeguard policy update will examine the issues raised in the SES. Management will also provide feedback to the Board on the results of the consultation. The updated policy may be completed in 2008, and an informal briefing to the Board will be arranged after the external consultations in the third quarter of 2007.

Agus Haryanto
Chair, Development Effectiveness Committee

MANAGEMENT RESPONSE TO THE SPECIAL EVALUATION STUDY ON INDIGENOUS PEOPLES SAFEGUARDS

On 16 March 2007, the Director General, Operations Evaluation Department, received the following response from the Managing Director General on behalf of Management:

I. General Comments

1. Management welcomes OED's Special Evaluation Study (SES) on Indigenous Peoples Safeguards and appreciates its efforts to complete the study in a reasonable time frame. As requested by OED, Management's response focuses on the final recommendations of the SES.

2. The IP Policy continues to be relevant to ADB's development objectives and to the safeguarding of IP interests in ADB financed projects. It is recognized that the effectiveness of IP policy instruments could be enhanced, and this will be addressed in the Safeguard Policy Update (SPU). In this regard, we believe that, despite its methodological limitations, the SES highlights some relevant issues and recommendations that can usefully be considered in the context of the SPU and its consultation process.

II. Comments on Recommendations

Recommendation 1: "The Safeguard Policy Update should clarify the areas that cause misunderstanding in the 1998 IP Policy and address the policy drift related to the OM Section F3 and IP practice in ADB" (para 176)

3. Management agrees that there is a compelling need to ensure clarity in the IP Policy. Management, however, disagrees with the suggestion that there is a "policy drift" in the provisions of Operation Manual Section F3. In terms of application of IP definition, scope of the Policy and consultation process for IP, recent versions of the OM F3 sought to further clarify some ambiguities in the Policy while maintaining consistency with its original intent and objectives. The IP Policy and OM F3 recognize the variety of definitions and contexts that exist, and the difficulty of arriving at a uniform definition of IP in Asia. Both the Policy and OM use "IP" as a generic term, providing guidance on how to identify IPs for the purpose of policy application, based on the characteristics of IPs and the specific circumstances under which IPs are vulnerable to external development interventions. Management intends to ensure that the updated safeguard policies to be submitted for Board approval provide clarity on definitions, scope, objectives, and principles.

Recommendation 2: "ADB should set goals for the development of IP and IP strategies for some DMCs where ADB's forward program involves considerable interaction with IP" (para 177)

4. Management agrees that ADB should address IP development needs more broadly, in addition to addressing IP issues as project-specific safeguards. ADB already provides strategic assistance to address IP's broader

socioeconomic and cultural needs and concerns as detailed in paragraphs 138 – 146. Although beyond the scope of the SPU, Management recognizes that the adequacy and significance of the assistance may still need to be further enhanced including the need to consider IP development when preparing Country Partnership and Strategies.

Recommendation 3: “If ADB maintains a stand-alone IP policy, it should include a results-based framework—distinguishing desired impact, outcomes, outputs, activities, and inputs, both at macro (country) and at micro (project) level” (para 178)

5. Management agrees that a results-based framework is relevant and merits consideration.

Recommendation 4: “A sequential approach to policy development and capacity building in IP safeguards should be adopted, focusing on a few DMCs first” (para 179)

6. Management agrees with the principle of a sequential approach to policy and capacity development. We recognize that many DMCs differ considerably in their legal, policy and institutional framework for IP. As part of the ongoing RETA 6285: Strengthening Country Systems, we are in the process of identifying an approach for assessing equivalence between current ADB Policy and country systems, as well as identifying gaps at country and/or sector levels for targeted capacity building.

Recommendation 5: “IPDPs should be prepared for projects that have clear risks for IP, which are capable of being mitigated through project interventions” and “IPDPs would be prepared only in cases where risks to IP are not covered in the resettlement and environment policies” (para 180)

7. While the existing Policy requires the preparation of an IPDP for projects with significant impacts on IPs, both positive and negative, there can be differing perspectives as to whether IPDPs should be formulated only for projects with negative impacts. This recommendation will merit further discussion during the SPU.

8. While Management agrees that duplication or overlapping of mitigation measures should be avoided, we disagree that a blanket policy statement be made on not requiring IPDPs for projects when the issues to be addressed are primarily resettlement and/or environment in nature. We believe that in many project areas where IPs are involved, greater social risks and impacts are evident and hence an IPDP can be deemed necessary to maintain an holistic approach. Management agrees that the issue warrants further review in the SPU.

Recommendation 6: “Conceptual work and case study work is needed to lay out the particular risks for IP associated with different categories of investments, as there is currently a high degree of divergence in approaches to the definition of these risks” (para 181)

9. Management agrees with this recommendation. The updated IP Handbook will include “typical” scenarios or sector-specific “triggers” that help

identify cultural, social and environmental impacts and risks on IPs, including land and resettlement impacts.

Recommendation 7: “The safeguard policy update should describe the criterion to be used to determine whether the amount of consultation and broad communication support for a project and mitigation measures is adequate and in what circumstances ADB endorses the principle of free, prior and informed consent for the project from the side of IP “ (para 182)

10. Consultation and disclosure requirements will be reviewed as part of the SPU, along with assessment of practices applied by other multilateral development banks.

Recommendation 8: “To complement the safeguard policy update, there is a need for an IP policy implementation plan that reconciles the policy aspirations with organizational, budget, and human resources implications” (para 183)

11. Management agrees that the SPU should include a realistic assessment of resource requirements and their optimal allocation. The SPU will further study the suggestions in paragraph 183, specifically the human resource implications and the allocation of responsibilities for monitoring compliance and evaluation between RSDD, ODs, and RMs.

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