

**ASIAN DEVELOPMENT BANK**

**THE BANK'S POLICY ON INDIGENOUS PEOPLES**

**April 1998**

## **ABBREVIATIONS**

COSS	Country Operational Strategy Study
DMC	Developing Member Country
IDB	Inter-American Development Bank
ILO	International Labour Organisation
ISA	Initial Social Assessment
OESD	Office of Environment and Social Development
PPTA	Project Preparatory Technical Assistance
RRP	Report and Recommendation of the President
UNICED	United Nation Conference on Environment Programme
UNDP	United Nations Development Programme

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## I. INTRODUCTION

1. Indigenous peoples<sup>1</sup> can be regarded as one of the largest vulnerable segments of society. While differing significantly in terms of culture, identity, economic systems, and social institutions, indigenous peoples as a whole most often reflect specific disadvantage in terms of social indicators, economic status, and quality of life. Indigenous peoples often are not able to participate equally in development processes and share in the benefits of development, and often are not adequately represented in national social, economic, and political processes that direct development. While constituting a relatively small part of the population of the Bank's region, indigenous peoples and their potential vulnerability must be regarded as significant in the Bank's development efforts and interventions.

2. It is neither desirable nor possible to insulate or exclude indigenous peoples from development. Like dominant or mainstream populations—the group or groups in a country that are politically, economically, and culturally most powerful—indigenous peoples have developmental aspirations. However, indigenous peoples may not benefit from development programs designed to meet the needs and aspirations of dominant or mainstream populations, and may not be given the opportunity to participate in the planning of such development. There is increasing concern in the international development community that indigenous peoples be afforded opportunities to participate in and benefit from development equally with other segments of society, and have a role and be able to participate in the design of development interventions that affect them.

3. The legislation and policies of most member countries of the Bank recognize indigenous peoples as citizens. In practice, however, indigenous peoples often experience disadvantage in interaction with dominant and mainstream populations especially as relates to development. Beyond not benefiting from development nor participating in the planning of development, indigenous peoples can be disadvantaged by of access to ancestral lands and the natural resources and other sources of income contained in these lands; loss of culture, social structures, and institutions; loss of indigenous knowledge; loss of recognition as indigenous peoples; and a lack of opportunities for effective participation in national political and economic processes. Lack of participation in development combined with the loss of access to land and resources have in many cases marginalized indigenous peoples. In some extreme cases, indigenous peoples have suffered physical oppression. In a few cases, indigenous cultures have disintegrated or disappeared.

4. In its operations, the Bank must recognize and respect the sovereignty of its member countries, including national legislation and policy relating to indigenous peoples and at the same time, recognize a responsibility for ensuring equality of opportunity for indigenous peoples and that its operations and assistance to developing member countries (DMCs) do not negatively affect the welfare and interests of indigenous peoples. If a Bank intervention does affect indigenous peoples negatively, adequate measures must be taken to mitigate the negative

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1 Indigenous peoples" as used in this paper encompasses a generic concept not easily reflected in a single term. Other terms relating to the concept of indigenous peoples as addressed in this working paper include "cultural minorities," "ethnic minorities," "indigenous cultural communities," "tribals," "scheduled tribes," "natives, and "aboriginals. Accepted or preferred terms and definitions vary country by country, by academic discipline, and even by the usage of groups concerned. "Indigenous peoples" is the term used in United Nations documents, and is used throughout this paper solely for convenience.

impact, or make certain that a compensation plan ensuring that project affected people are as well off with the project as without is prepared and implemented.

5. This paper addresses policy approaches toward recognizing the circumstances of indigenous peoples and identifying measures toward satisfying their needs and aspirations. The paper focuses on the participation of indigenous peoples in development and mitigation of undesired effects of development. Section II provides a definition of indigenous peoples; Section III addresses issues of indigenous peoples in development; Section IV discusses laws and international conventions that apply and practices of comparator institutions; Section V presents a set of proposed policy objectives, and operational approaches and procedures; and Section VI addresses organizational implications and resource requirements of formal Bank policy addressing indigenous peoples. Section VII presents specific policy recommendations.

6. This paper is a policy document, setting out policy proposals relating to indigenous peoples in Bank operations. 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.

## **II. 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).

### **III. INDIGENOUS PEOPLES AND DEVELOPMENT**

#### **A. Indigenous Peoples and Development**

14. As socioeconomic development takes place, many development initiatives are extending farther into geographically remote areas often considered the traditional homelands of indigenous peoples; these areas offer resources such as forests, minerals, and hydropower potential. Roads, power transmission lines, and other infrastructure development initiatives similarly are extending into the traditional areas of indigenous peoples. In parallel with physical and economic development, dominant and mainstream populations and cultures also are extending into the traditional areas of indigenous peoples.

15. Protection of indigenous peoples from development or maintenance of a status quo for indigenous peoples should not be a development objective. At the same time, it is not uncommon that interests of indigenous peoples differ from those of the mainstream, and that development policies and approaches addressing the interests of dominant and mainstream communities conflict with the interests of indigenous peoples. What may be in the broad national interest may not be in the specific interests of indigenous peoples, and development emerging

from dominant and mainstream community-oriented initiatives may arrive in forms not consistent with indigenous peoples' interests or concerns.

16. Development as it most often is pursued is intended to meet national goals and the interests of dominant and mainstream societies. Reducing poverty and improving the quality of life of people in general most often are the primary objectives of development. However, it is not always the case that poverty reduction and improvement in the quality of life realized from development extend equally to all segments of society, or that improvement reaches each segment of society. Moreover, in mainstream-oriented economic development policies, indigenous peoples communities may bear a disproportionate burden of the negative social, economic, and environmental effects that such development projects may bring, without realizing commensurate benefits.

## **B. Goals and Objectives of Development**

17. There may be differences in views between dominant and mainstream societies and indigenous peoples communities as to the broad goals and objectives that development should pursue. Development viewed from the mainstream often is measured in terms of economic advancement or gain and improvement in quality of life, and most often places emphasis on economic growth. From the development perspective of indigenous peoples, in addition to economic advancement, there may also be concern for social, cultural, environmental, and community aspects of development—development as a combination of economic advancement and social, cultural, and community development. Indigenous peoples sometimes view the principles and efforts of mainstream development as inappropriate or unsustainable, and as an intrusion into traditional ways of life. The physical intrusions of development interventions into the traditional domains of indigenous peoples, and social intrusions into indigenous cultures, can be viewed by indigenous peoples and others as a violation of rights—human rights, rights to land, and rights associated with the maintenance of culture.

## **C. Culture and Development**

18. Indigenous peoples' desires to protect their cultural identities and to preserve aspects of culture based in ancestral lands and resources is receiving increasing recognition within the international development community. Increasing recognition is being given to the principle of indigenous peoples determining their own pace and path of development, and there is increasing recognition that social and cultural diversity is in the interest of society and is not an obstacle to national development or economic stability. There is increasing recognition that there is dignity in all cultures, that there should be equality in opportunity for all segments of society, and that all segments of society deserve opportunities for equal access to both the factors and the benefits of development.

# **IV. LAWS AND CONVENTIONS AFFECTING INDIGENOUS PEOPLES**

## **A. National Laws and Practices**

19. With a substantial portion of the world's indigenous peoples living in Asia and the Pacific, virtually every country in the region has an indigenous population. While the effectiveness of provisions may vary, some countries recognize the unique status of indigenous peoples and

offer the privileges and protections of citizenship. 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.

20. Some countries have experienced conflicts between interests of indigenous peoples and interests of dominant and mainstream communities. These conflicts most often relate to control over and exploitation of natural resources in the areas indigenous peoples claim as traditional domains. Appropriation of ancestral territories or resources in these territories by governments or external interests most often is justified as a part of economic development and growth. Indigenous peoples' sparse occupation of large areas of land and nonintensive use of resources often is characterized by external interests as economic inefficiency or lost opportunity. Indigenous peoples' land and resource management practices sometimes are viewed as unsustainable or environmentally damaging.

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. In any case, however, the Bank must respect the will of governments, including legislation and policy that exists and the power of eminent domain that governments possess. Country programs and project selection will be developed in cooperation with governments. When difficulties are encountered, the Bank may be able to provide guidance or assistance through mechanisms such as policy dialogue and technical assistance.

## **B. International Conventions and Declarations**

22. The international community has shown increasing concern for the protection of the rights of indigenous peoples. Conventions and declarations of the international community provide a broad framework, as well as specific statements regarding the protection of indigenous peoples and their interests, cultures, ways of life, cultural survival, and development. It may be noted that some international instruments relating to indigenous peoples have not been ratified by large numbers of the international community.

23. The United Nations *Universal Declaration of Human Rights* (1948) and *International Covenant on Civil and Political Rights* (1966) have specific significance for indigenous peoples. The *Universal Declaration* provides a common standard for the human rights of all peoples and all nations, and proclaims the importance of traditional, political, and civil rights, as well as basic economic social and cultural rights. The *Covenant* spells out civil and political rights and guiding principles based on the Universal Declaration.

24. The 1957 International Labour Organisation (ILO) Convention No. 107, *Protection and Integration of Indigenous and Other Tribal and Semi-Tribal Populations in Independent Countries*, addresses the right of indigenous peoples to pursue material well-being and spiritual development, and was a first international instrument in specific support of indigenous peoples. Largely because of its view that indigenous peoples should be integrated into the larger society, a view that subsequently came to be seen by many as inappropriate, Convention No. 107 was followed in 1989 by ILO Convention 169, *Convention Concerning Indigenous and Tribal Peoples in Independent Countries*.

25. Convention No. 169 presents the fundamental concept that the way of life of indigenous and tribal peoples should and will survive, as well as the view indigenous and tribal peoples and their traditional organizations should be closely involved in the planning and implementation of development projects that affect them. As the most comprehensive and most current international legal instrument to address issues vital to indigenous and tribal peoples, Convention No. 169 includes articles that deal with consultation and participation, social security and health, human development, and the environment. To date, Convention No. 169 has been ratified by only a few countries, and so far by none in the Asian and Pacific Region.

26. *Agenda 21* adopted by the United Nations Conference on Environment and Development (UNCED) in 1992 recognizes the actual and potential contribution of indigenous and tribal peoples to sustainable development. The 1992 *Convention on Biodiversity* calls on contracting parties to respect traditional indigenous knowledge with regard to biodiversity and its sustainable use. The *Vienna Declaration and Programme of Action* emerging from the 1993 World Conference on Human Rights recognizes the dignity and unique cultural contributions of indigenous peoples, and strongly reaffirms the commitment of the international community to the economic, social, and cultural well-being of indigenous peoples and their enjoyment of the fruits of sustainable development.

27. The United Nation's 1993 *Draft Declaration on the Rights of Indigenous Peoples*, developed with the direct participation of indigenous peoples representatives and currently under consideration within the United Nations, addresses issues such as the right to participation, the right of indigenous peoples to direct their own development, the right of indigenous peoples to determine and develop priorities and strategies for the development or use of ancestral territories and resources, and the right to self-determination. The emerging concern for indigenous peoples prompted the United Nations to declare 1993 as the International Year of the World's Indigenous Peoples and the decade from December 1994 as the Indigenous Peoples Decade.

### **C. Practices of Other International Institutions**

28. Among comparator organizations, World Bank policies and practices are the most relevant to the Bank. The World Bank's *Operational Directive 4.20: Indigenous Peoples* establishes specific approaches to indigenous peoples in World Bank operations. Through its operational directive, the World Bank recognizes and takes into consideration issues such as the identification of indigenous peoples, the attachment of indigenous peoples to land and resources, and the significance of distinct linguistic and cultural identities, and the primarily subsistence nature of indigenous peoples' production systems. World Bank policy calls for indigenous peoples' informed and willing participation in development, and respect for indigenous peoples' dignity, human rights, and cultural uniqueness. For development interventions that affect indigenous peoples directly and significantly, an indigenous peoples development plan is required.

29. Another comparator organization with direct relevance to the Bank is the Inter-American Development Bank (IDB). While IDB does not have a specific policy addressing indigenous peoples, it does address their concerns through its operational activities, an approach IDB considers more relevant to the circumstances of its region. Operational processes relating to involuntary resettlement, poverty reduction, rural development, and environmental and social impact assessment—all include specific consideration of indigenous peoples' concerns. In the IDB region, the poorest segments of society often are indigenous peoples, and projects are designed specifically to assist these groups. In the IDB, creation of special funds to support activities such

as enterprise development and capacity building provide other avenues for the pursuit of issues relating to indigenous peoples. The representative offices that IDB maintains in its client countries provide a basis for country-specific consideration of indigenous peoples concerns.

30. Among United Nations agencies, the United Nations Development Programme (UNDP) has undertaken a number of programs to address indigenous peoples concerns. In the Bank's region, the objectives of UNDP's Highland Peoples Programme, covering Cambodia, Lao People's Democratic Republic, Thailand, and Viet Nam, are to increase organizational capacities and opportunities among highland communities, in participatory planning, management, and coordination; establish and/or reinforce exchange mechanisms and procedures; and work for the overall development of highland communities in the four countries covered.

## **V. POLICY OBJECTIVES, PROCESSES AND APPROACHES WITHIN THE BANK**

### **A. Policy Objectives**

31. In its operations, it is necessary that the Bank develop a policy and associated strategies and approaches that recognize the potential vulnerability of indigenous peoples in development processes, as well as ensure that indigenous peoples have opportunities to participate in and benefit equally from development. The Bank's strategies and approaches should avoid negatively affecting indigenous peoples, and provide adequate and appropriate compensation when a negative impact is unavoidable. The Bank's development efforts should ensure that development initiatives affecting indigenous peoples are effective and sustainable. Initiatives should be compatible in substance and structure with the affected peoples' culture and social and economic institutions, and commensurate with the needs, aspirations and demands of affected peoples. Initiatives should be conceived, planned, and implemented, to the maximum extent possible, with the informed consent of affected communities, and include respect for indigenous peoples' dignity, human rights, and cultural uniqueness.

32. Strategies and approaches to development that affect indigenous peoples must include clear mechanisms for accurate, objective analysis of their circumstances. Development processes must incorporate transparency and accountability. A policy on indigenous peoples would apply to operations in both the public and the private sectors.

33. The strategies and approaches to be employed by the Bank should build on the existing strengths in its strategic framework and operational experience. A policy to address indigenous peoples would complement and support, and be complemented and supported by, other Bank policies. Compliance with a policy on indigenous peoples would not obviate the requirement of compliance with other Bank policies.

## **B. Operational Processes**

### **1. Initial Social Assessment**

34. As provided in Section 47 of the Bank's *Operations Manual*, an initial social assessment (ISA) is required for every development project.<sup>2</sup> The ISA identifies intended project beneficiaries as well as groups that might be affected adversely. The ISA addresses people's needs, demands, and capacities, as well as the key social dimensions that a project must address; such as involuntary resettlement, poverty reduction, human development, gender and development, and vulnerable groups. As such, indigenous peoples would be a specific concern to be considered in the ISA process. The ISA should be undertaken as early as possible in the project development process, preferably by the time of the project preparatory technical assistance (PPTA) fact-finding or other preparatory studies, to ensure that all relevant social concerns will be addressed in project design.

35. 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). 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.

36. While the ISA is a process that identifies populations that may be affected by a project and specific social dimensions that should be addressed, the indigenous peoples plan must focus specifically on indigenous peoples to be affected and specific socioeconomic issues that would be significant. The ISA would address definition and identification of indigenous peoples in the specific context of the project in question. Such definition and identification would consider all relevant factors, including country-specific considerations and national legislation and policy, as well as other factors (see paras. 7-13). Even in an intervention that does not require an indigenous peoples plan, the circumstances and needs of an indigenous peoples group if affected by an intervention generally would be considered in the ISA.

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

37. 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 indigenous peoples plan would form a basis for project implementation and for monitoring and evaluation of how the project deals with indigenous

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2 For a detailed explanation of the ISA, see *Guidelines for Incorporation of Social Dimensions in Bank Operations*, Asian Development Bank, Manila, October 1993, pp. 23-26. For specific approaches to the ISA, including sectoral checklists of relevant concerns, see *Handbook for Incorporation of Social Dimensions In Projects*, Asian Development Bank, Manila, May 1994.

peoples issues. Specific components or provisions of the plan must be included in the project design; the plan should address questions of sustainability of the proposed project as well as questions of its implementation. The Appendix to this paper provides key elements to be considered in the creation of such a plan. Bank staff involved in the processing of a project affecting indigenous peoples must inform the government or other project sponsors of the Bank's policy on indigenous peoples.

38. The responsibility for preparation of an indigenous peoples plan acceptable to the Bank and for its implementation rests with the government or other project sponsors. The indigenous peoples plan should be submitted to the Bank by the government or private sector project sponsor preferably along with the feasibility study for the project. The costs of an indigenous peoples plan would affect and be part of the overall cost of a project, and implementation of the indigenous peoples plan would have effects on the overall implementation schedule of a project. The Bank would support the efforts of the government or other project sponsors, as necessary and appropriate, through (i) assistance in formulating and implementing the indigenous peoples plan, (ii) assistance in formulating policies, strategies, laws, regulations and other specific actions related to indigenous peoples, (iii) providing technical assistance to strengthen the capacity of agencies responsible for indigenous peoples, and (iv) financing eligible costs of implementing the indigenous peoples plan, if requested. For any project, the indigenous peoples plan necessarily must be completed before project appraisal.

39. The indigenous peoples plan would include an executive summary, with salient issues of this executive summary preferably to be included in the draft Report and Recommendation of the President (RRP) to be considered in the Management Review Meeting, and in every case in the final RRP for submission for Board of Directors' consideration.

40. Upon approval of a Bank policy on indigenous peoples, operational guidelines reflecting the above approaches and detailing specific steps to be taken will be prepared and issued. Until operational guidelines are prepared, existing staff instructions on indigenous peoples in Bank operations will apply.<sup>3</sup> In both cases, OESD will continue to provide advice and assistance in matters related to indigenous peoples.

### **C. Operational Approaches**

41. In development efforts that affect indigenous peoples, it is necessary that the Bank integrate concern for indigenous peoples into each step of programming, project processing, and policy development cycles. Beyond program- and project-related considerations, it is likely that structural constraints could affect realization of policy objectives. Such constraints may include a lack of (i) an appropriate legislative framework in DMCs, (ii) necessary capacity or relevant development institutions and agencies, (iii) detailed and objective knowledge and information about indigenous peoples and their circumstances, and (iv) accurate and effective representation of indigenous peoples. In addition to directly addressing the needs of indigenous peoples, strategies to overcome structural constraints should be explored. Effective approaches to information dissemination and communication with indigenous peoples communities should be identified, especially where conventional approaches to information dissemination and

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3 Memorandum "Staff Instructions on Certain Policy/Administrative Issues," 15 February 1994.

communication may not be effective. It may also be necessary to provide specific consideration to matters such as indigenous women's concerns.

42. Achievements that have been realized in the implementation of policies addressing indigenous peoples concerns may form the basis for considering appropriate adjustments in borrowing countries' legislation and institutional channels. In this regard, it would be desirable that indigenous peoples issues be addressed in project monitoring and evaluation activities, and that indigenous peoples participate in monitoring and evaluation processes. Modalities for policy development could include policy dialogue and other appropriate technical assistance. Ideally, development of necessary strategies would be based on consultations involving the Bank, DMC governments, other project sponsors as appropriate, representatives of indigenous peoples, and other stakeholders.

43. Key issues that should be considered as the Bank addresses indigenous peoples matters, and the continuity and development of indigenous peoples communities, include (i) legal recognition of ancestral domain and the traditional rights of indigenous peoples over land and resources, (ii) recognized legitimacy of the indigenous social and legal institutions of indigenous peoples, and (iii) recognition of the right of indigenous peoples to direct the course of their own development and change.

44. Institutional strengthening and capacity building support for indigenous peoples communities should be provided as necessary and appropriate. Similarly, as necessary and appropriate, institutional strengthening and capacity building support should be provided to relevant government entities when such support would increase the effectiveness and efficiency of such entities.

## **VI. ORGANIZATIONAL IMPLICATIONS AND RESOURCE REQUIREMENTS**

### **A. Organizational Implications**

45. The Office of Environment and Social Development (OESD) will hold primary organizational responsibility for implementation of the Bank's policy on indigenous peoples. OESD will provide guidance and assistance to other departments and offices on the application of the policy in Bank operations, and will consult with these departments and offices on the development of relevant operational practices and procedures.

46. OESD will be responsible for developing and coordinating operational guidelines for implementation and operationalization of policy on indigenous peoples. These guidelines will be developed with the active input and cooperation of other departments and offices of the Bank. On an ongoing basis, OESD will continue to gather and disseminate relevant information to other units of the Bank. OESD will provide advice and guidance on indigenous peoples matters.

47. OESD will designate a Social Development Specialist as a Bank-wide focal point and resource person to provide specific advice and guidance on matters related to indigenous peoples in the Bank's operations. OESD will hold responsibility for reporting as required on the implementation and application of an indigenous peoples policy.

48. The Programs Departments will be responsible for applying the policy on indigenous peoples as it relates to country programming, and for incorporating such policy aspects in the development of country strategies and in project and technical assistance identification. This process would be a part of policy dialogue with governments. As country-level programming processes, including those related to the preparation of the Country Operational Strategy Study (COSS), are the initial steps in country-level project identification, concern for indigenous peoples matters would have significance in these processes. The Programs Departments would consider social development issues as they arise in country programming processes and in economic and sector work. Resident Missions would be country-level points of contact on matters relating to indigenous peoples and would provide advice to Headquarters staff. Headquarters would provide necessary support in this regard.

49. The Projects Departments will have responsibility for project-specific aspects of indigenous peoples policy, including making governments, project executing agencies, and other project sponsors aware of the Bank's policy provisions and requirements. This responsibility will apply to project identification, processing, implementation, and monitoring. The Projects Departments are normally responsible for the initial social assessment process, and for the development of appropriate indigenous peoples development plans when required.

50. The Office of Pacific Operations will hold responsibility for indigenous peoples policy as it relates to operations in the Bank's Pacific DMCs.

51. The Post-Evaluation Office, through its postevaluation function, will be responsible for assessing the effectiveness of the Bank's operations in implementing and applying the policy on indigenous peoples, and the development of appropriate evaluation criteria.

## **B. Resource Requirements**

52. To address operational considerations related to indigenous peoples concerns as described in this paper, 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.

53. With the adoption of a policy on indigenous peoples, the Bank will need to develop adequate internal institutional capacity to implement the policy effectively, and to make resources available to implement the provisions of the policy. It will be necessary to develop among staff, project and program staff especially, the capacity to recognize and deal effectively with issues and matters related to indigenous peoples. Initiatives in this regard should be explored. It would be necessary for OESD to have adequate resources to fulfill its coordinating and resources center role relating to indigenous peoples. Developing such capacity could be achieved through internal staff training efforts and other staff development activities. It would be desirable to recruit at least one staff with relevant operational experience and skills in matters related to indigenous peoples.

54. It would be necessary to provide support for institutional development and capacity building among indigenous peoples communities and within DMC governments. Such institutional

development and capacity building support would be provided through project funding and through advisory and regional technical assistance.

55. In its loan and investment operations, resources necessary to satisfy existing staff instructions related to indigenous peoples concerns already are being made available. In other aspects of indigenous peoples in Bank operations, such as the development of internal institutional capacity and capacity building, allocation of resources necessarily will be accommodated within current overall resource allocations. Prioritization among current activities and possible new initiatives will be required.

56. In the Bank's current portfolio of projects, the number of projects directly affecting indigenous peoples is relatively small. However, with economic growth that extends the development horizon further from growth centers into more remote areas, as well as greater concern for indigenous peoples issues, it can be expected that the Bank will be involved in an increasing number of projects affecting indigenous peoples. It is expected that with a specific policy on indigenous peoples in place, project quality and the success of Bank interventions, as well as the effectiveness of the Bank's involvement in indigenous peoples matters, will be strengthened. Overall, it is expected that the increased benefits of development in general and the specific benefits of projects that affect indigenous peoples will outweigh the additional resource requirements placed on the Bank.

## **VII. POLICY ON INDIGENOUS PEOPLES**

### **A. A Policy on Indigenous Peoples in Bank Operations**

57. A basic principle in the Bank's operations is examination of all implications and effects of the development initiatives and interventions it supports. The Bank operationalizes this principle through the range of policies and practices—for example, policies and practices relating to environment, involuntary resettlement, participation, social assessment, and gender and development. Consistent with this approach, it is recommended that the Bank establish policy and practices specifically addressing indigenous peoples affected by its operations, to reflect policy elements shown below.

### **B. Policy Elements**

58. 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 be 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 terms of development efforts and impact, and (v) not imposing the negative effects of development on indigenous peoples without appropriate and acceptable compensation. A policy together with practices addressing indigenous peoples would be applied in parallel with and would not replace or supersede other existing Bank policies and practices. Each of the elements of policy and practice addressing indigenous peoples 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.

59. Policy on indigenous peoples will ensure that the process of initial social assessment mandated in Bank operations includes specific consideration of indigenous peoples as a potentially affected population. If the initial social assessment identifies indigenous peoples specifically as a significantly and adversely affected population, or vulnerable to being so affected, it will be ensured that an indigenous peoples plan as described in this working paper is prepared by a government or other project sponsors.

60. The Bank will work to develop necessary and appropriate internal capacities for addressing indigenous peoples matters in its operational activities.

61. The Bank will work with borrowing member countries as appropriate and necessary to support and assist the development of capacities for addressing indigenous peoples matters. As necessary and appropriate, specific institutional development and capacity building support would be provided to both indigenous peoples communities and to governments, consistent with the Bank's policies and approaches addressing institutional development and capacity building.

62. In developing operational approaches to addressing indigenous peoples matters in Bank operations, policy considerations and operational approaches outlined in this paper will be adopted as the principal thrust of the Bank's policy on indigenous peoples. Application of the policy would be within the context of country-level legal frameworks and other relevant circumstances.

## KEY ELEMENTS IN AN INDIGENOUS PEOPLES DEVELOPMENT PLAN

1. As reflected in para. 38 of the policy document on indigenous peoples, responsibility for preparation of an indigenous peoples plan rests with the relevant government or other project sponsor. The Bank will support the efforts of the government or project sponsor as necessary and appropriate. Key elements in ensuring that an appropriate indigenous peoples development plan is prepared include

- (i) preparation, during project design, of a development plan that takes into full account the desires and preferred options of indigenous peoples affected by the project;
- (ii) studies to identify potential adverse effects on indigenous peoples to be induced by the project, and to identify measures to avoid, mitigate, or compensate for these adverse effects;
- (iii) measures to ensure the capacity or the strengthening of the social, legal, and technical skills of government institutions to be responsible under the project for dealing with indigenous peoples;
- (iv) involvement of appropriate existing institutions, local organizations, and nongovernment organizations with expertise in matters relating to indigenous peoples;
- (v) consideration in project design of local patterns of social organization, cultural belief, and ancestral territory and resource use;
- (vi) support for viable and sustainable production systems that are adapted to the needs and local environments and circumstances of indigenous peoples;
- (vii) avoidance of creating or aggravating the dependency of indigenous peoples on project entities, and instead promoting self-reliance among these peoples;
- (viii) capacity building for indigenous peoples communities and organizations to facilitate and support effective participation in development processes; and
- (ix) adequate lead time and arrangements for extending follow-up, especially in dealing with indigenous peoples in remote or neglected areas where little previous experience is available.

Consultation with indigenous peoples groups is key to developing an effective, accurate, responsive indigenous peoples development plan.

2. Indigenous peoples often lack the information, knowledge, analytical and organizational capacities, and political channels and power to influence and direct development processes that directly or indirectly affect their lives. The following basic principles should apply to Bank-supported projects that affect indigenous peoples:

- (i) All development plans for indigenous peoples, including provisions for mitigation measures, should be based on full consideration of the options and approaches, including requirements for consultation, that best meet the interests of individuals and communities affected by projects. Qualified specialists should be involved in the formulation of such plans and mitigation measures, in consultation with the persons affected, both men and women. The development of approaches, plans, and mitigation measures must include consultation with the peoples affected.
- (ii) When it is indicated that a project will have adverse effects on indigenous peoples, it is necessary that the scope and impact of such adverse effects be thoroughly assessed by qualified experts or agencies, and that appropriate mitigation measures are identified in feasibility studies. It is preferable that the net impact a project will have on indigenous peoples be not only positive, but also be perceived by indigenous peoples as positive. If individuals or communities must lose their social support systems or ways of life so that a project can proceed, they should be compensated appropriately.
- (iii) Project design should take into consideration the social and cultural context of affected peoples, and their skills and knowledge relating to local resource management. Project design should draw upon the strengths of indigenous peoples organizations and communities, as well as traditional social organizations and indigenous knowledge, and as far as feasible should avoid introducing undesirable or unacceptable changes in the way of life of indigenous communities.
- (iv) During project preparation, 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. As needed, provision should be made to train indigenous peoples in project management activities.
- (v) Where previous experience and knowledge of working successfully with indigenous peoples is lacking, pilot-scale operations should be carried out and evaluated prior to the execution of full-scale efforts.
- (vi) If government institutions responsible for interaction with indigenous peoples do not possess the necessary legal, social, and technical capacities, or if their relationship with indigenous peoples is weak, the involvement of experienced local community organizations and nongovernment organizations that can serve as intermediaries and that are acceptable to all parties involved, including governments, should be sought. Consideration should be given to traditional representative institutions. Approaches to developing the capacity of government institutions should be explored.

- (vii) Bank approval of a project should not be based only on the concept and quality of project design, but also on the orientation, capacity, and operational record of the government agencies or other project sponsors concerned in executing the project.