

**Forest Peoples Programme
Bank Information Center**

***World Bank Projects and Indigenous Peoples
in Ecuador and Bolivia***

Paper for the Workshop on
Indigenous Peoples, Forests and the World Bank:
Policies and Practice

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Executive Summary

Recent World Bank reviews of its loan operations in Latin America report that task managers and implementing agencies are increasingly applying the Bank's "do good" and "do no harm" policy towards indigenous peoples. This claim is tested through an independent assessment of World Bank loan operations affecting indigenous peoples in Ecuador and Bolivia. The degree of compliance with indigenous policy is evaluated using the multiple perspectives of different indigenous and non-indigenous stakeholders together with the views of independent observers. The case of Ecuador indicates that the Bank-financed "Indigenous Peoples and Afro-Ecuadorian Development Project" exhibits strong compliance with the indigenous peoples policy. Despite problems of "politicisation" and economic obstacles to achieving its main poverty reduction goal, the early stages of the project have applied an effective strategy of ethnodevelopment. Where implementation has begun, participants have received concrete benefits and feel empowered by the project. A survey of other loan operations in Ecuador reveals that social development projects make up half of the portfolio but that structural adjustment modernisation and trade-based export loans exacerbate poverty, damage and resource base and cause biodiversity loss in indigenous territories. The study finds that the Bank's financial and trade packages in Ecuador are implemented with little or no indigenous and civil society participation.

Evidence from Bolivia confirms that Bank-assisted infrastructure projects have made progress in addressing indigenous issues, but that such advances stem from continual lobbying by affected indigenous peoples in alliance with Northern NGOs. Advances made include the establishment of an "Executive Committee" on the Bolivia-Gas Pipeline that involves indigenous representatives in project implementation and monitoring. Other positive initiatives include the case of indigenous park management in the K'aaiya Park. An overall evaluation of the portfolio in Bolivia finds that some Bank operations adversely affect indigenous peoples. Bank assistance for land regularisation in Bolivia has allegedly supported a system that fragments and diminishes indigenous territories. Other legal reform, privatisation, governance, energy and financial loan operations undermine indigenous land security and pose threats to biodiversity conservation. The report highlights the fact that financial and legal reform loan projects tend to be planned and executed without consultation with the indigenous movement and civil society in Bolivia.

The study concludes that the Bank's compliance with its indigenous peoples policy in Ecuador and Bolivia is variable. Social development operations targeting indigenous peoples aim to "do good" and comply relatively well with the policy. However, any good achieved is often undermined by the Bank's loan operations associated with its support for a neoliberal development model based on financial stability, privatisation and export-led growth. Such operations may directly or indirectly harm indigenous peoples and their environment. The report recommends that the past "project-based" mentality must be complemented with a more holistic perspective. In particular, it is recommended that the Bank adopt a policy co-ordination strategy based on indigenous and civil society participation in the whole portfolio of Bank operations in borrower countries.

Preface

This regional study was commissioned by the Forest Peoples Programme (FPP) as part of a global review of “Indigenous Peoples and Biodiversity. This review is being carried out by the Peoples, Forests and Reefs component of the Biodiversity Support Program, which is a joint initiative of the World Wildlife Fund (USA), the Nature Conservancy and the World Resources Institute funded by the United States Agency for International Development. The research was initiated in order to make an independent assessment of World Bank projects involving indigenous peoples in Latin America. One particular goal was to evaluate the effectiveness of the Bank’s “do no harm” and “do good” policy towards indigenous peoples and their territories.

Two countries were chosen for a field study over two weeks. Ecuador was selected as one case study in view of the Indigenous Peoples and Afro-Ecuadorian Development Project that is promoted by the World Bank as a model example of its pro-indigenous policy in Latin America. In the same way, Bolivia was selected as an interesting case study given the Bank’s support for indigenous land regularisation and biodiversity conservation. The Bank’s social compensation strategies linked to the Bolivia-Brazil gas pipeline co-financed with the Inter-American Development Bank were also identified as an interesting topic for investigation.

The study incorporates three separate sources of information on Bank activities in Ecuador and Bolivia. Some background information was obtained from the Bank’s website. It is noteworthy that direct E-mail and telephone requests to the Bank for documentation drew little result. Bank project appraisal documents were obtained the day before travel to South America from the independent Bank Information Center (BIC) in Washington. In the field, information was obtained through a series of field interviews with indigenous and non-indigenous stakeholders involved in Bank projects as well as independent civil society organisations. Most interviewees provided additional background documentation and reading materials.

Given the short time available for background reading and field research together with the wide scope of Bank operations in the study countries, this report only includes summary observations and conclusions. Some scheduled interviews with key indigenous stakeholders like COICA and OPIP were not possible during the field study. Interviews with key Bank personnel in Ecuador and Bolivia were not possible during the field trip. Finally, every effort has been made to present accurate information in this report. Any errors, incorrect observations or omissions are entirely my own and are unintentional. I wish to apologise in advance for any such deficiencies in this study.

Fieldwork for this report was carried out in October 1999. In August 2000, a brief update on the situation of indigenous peoples in each country was added as an addendum to each country study.

Thomas Griffiths, Moreton-in-Marsh, August 2000

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In Bolivia, I wish to thank the numerous individuals, indigenous organisations and NGOs for their co-operation with this study. Extra-special gratitude is extended to José Martínez of the Central de Planificación Territorial Indígena (CPTI) for his kind permission to use the CPTI map of indigenous land claims and resource concessions in Bolivia. Thanks are also due to Professor Burt Rosner for proof reading parts I, II and III of the final draft.

Acronyms and Abbreviations

APG	Asamblea de Pueblos Guaraní
ASONE	Asociación de Organizaciones Negras del Ecuador
BBP	Bolivia-Brazil Gas Pipeline
BIC	Bank Information Centre
BSP	Biodiversity Support Project
CABI	Capitanía del Alto y Bajo Izogog
CANOB	Central Ayoreo Nativo del Oriente Boliviano
CAS	Country Assistance Strategy
CDES	Centro de Derechos Económicos y Sociales
CEJIS	Centro de Estudios Jurídicos e Investigación Social
CEPIB	Central de Pueblos Indígenas de Beni
CIDOB	Confederación Indígena del Oriente Boliviano
CNA	Consejo Nacional Afroecuatoriano
CODENPE	Consejo de Desarrollo de las Nacionalidades y Pueblos del Ecuador
COICA	Confederación de Organizaciones Indígenas de la Cuenca Amazónica
CONAIE	Confederación de Nacionalidades Indígenas del Ecuador
CONAM	Consejo Nacional de Modernización
CONAMAQ	Consejo Nacional de Ayllus y Marcas de Qollasuyo
CONFENIAE	Confederación de Nacionalidades Indígenas de la Amazonia Ecuatoriana
CPESC	Coordinadora de Pueblos Etnicos de Santa Cruz
CPILAP	Central De Pueblos Indígenas de La Paz
CPTI	Central de Planificación Territorial Indígena
EA	Environmental Assessment
EAP	Environmental Action Plan
EC	European Commission
FEI	Federación Ecuatoriana de Indios
FEINE	Federación de Indígenas Evangélico del Ecuador
FENACLE	Federación Nacional de Campesinos Libres del Ecuador
FENOCIN	Federación Nacional de Organizaciones Campesinas, Indígenas y Negras
FEPP	Fondo Ecuatoriano Populorum Progressio
FIDA	Fondo Internacional de Desarrollo Agrario (i.e., IFAD)
FOISE	Federación de Organizaciones Indígenas de Sucumbíos
FPP	Forest Peoples Programme
GEF	Global Environment Fund
GIS	Geographic Information System
GOB	Gas-Oriente-Boliviano
GPS	Geographic Position System
GTB	Gas Trans-Boliviano
ICCI	Instituto Científica de Culturas Indígenas
IDB	Inter-American Development Bank
IFAD	International Fund for Agricultural Development
ILO	International Labour Organisation
INDA	Instituto Nacional de Desarrollo Agrario (Ecuador)
INE	Identificación de Necesidades Espaciales
INRA	Instituto Nacional de Reforma Agraria (Bolivia)
IPDP	Indigenous Peoples Development Plan
IPO	Indigenous Peoples Organisation
LDP	Local Development Plan
LIDEMA	Liga de Defensa del Medio Ambiente
NEAP	National Environmental Action Plan
NGO	Non-Governmental Organisation
NRM	Natural Resource Management
OD	Operational Directive
OICH	Organización Indígena Chiquitano

OPIC	Overseas Private Investment Corporation
OPIP	Organización de Pueblos Indígenas de Pastaza
OSG	Organización de Segundo Grado
OTG	Organización de Tercer Grado
PA	Protected Area
PDL	Plan de Desarrollo Local
PNIAC	Parlamento de las Nacionalidades Indígenas de la Amazonia
PRAIA	Programa Regional de Apoyo a Pueblos Indígenas de la Cuenca Amazónica
PRODEPINE	Proyecto de Desarrollo de Pueblos Indígenas y Negros
SAL	Structural Adjustment Loan
SAP	Structural Adjustment Program
SAPRIN	Structural Adjustment Participatory Review International Network
SEA	Strategic Environmental Assessment
SERNAP	Servicio del Sistema Nacional de Areas Protegidas
SNAP	Sistema Nacional de Areas Protegidas
TCO	Tierras Comunitarias de Origen
UNDEP	United Nations Environment Program
UNDP	United Nations Development Program
USAID	United States Agency for International Development
USD	United States Dollar
VAIPO	Vice-Ministerio de Asuntos Indígenas y Pueblos Originarios (Bolivia)
WCS	Wildlife Conservation Society
WWF	World Wildlife Fund

PART I

INTRODUCTION

1.0 The World Bank and Indigenous Peoples in Latin America

This section summarises past and present World Bank policies and loan operations affecting indigenous peoples in Latin America. It outlines the development of the Bank's indigenous peoples policy and highlights the limited degree of compliance with policy in project implementation during the 1980s. Despite a poor track record, the Bank asserts that compliance with its indigenous peoples policy in Latin America is now improving. The section also describes the Bank's contemporary focus on social development and poverty reduction in relation to indigenous peoples. The final part notes the Bank's role in financing Structural Adjustment Programs (SAPs) and promoting free markets in Latin America. The discussion intends to provide a framework for the subsequent critical evaluation of Bank operations in Ecuador and Bolivia in the remainder of this report.

1.1 Historical Background to the Bank's Indigenous Peoples Policy

During the early 1980s, a series of socially and environmentally destructive Bank-financed projects in India, the Philippines and Brazil forced the World Bank to acknowledge that its loan operations could have devastating effects on indigenous peoples and their territories. Official recognition first came in 1981 in the form of a Bank document entitled *Economic Development and Tribal Peoples: human ecologic considerations* that detailed the potentially negative impacts of Bank projects on indigenous populations.¹ The Bank also began to employ more natural and social scientists in the 1980s. In response to growing criticism, new social and environmental staff attempted to ameliorate the negative impacts of loan activities by issuing task managers with "Operational Manuals" and "sourcebooks". These documents contained environmental and social policy statements affirming the Bank's commitment to conservation and social justice. Despite the recognition of the need to safeguard the environment and protect the rights of indigenous peoples, the Bank continued to finance ecologically damaging and socially destructive projects throughout the 1980s. Many of the most destructive projects financed dams, mineral extraction, power plants and resettlement programs in the mining and energy sectors².

In India, huge public demonstrations opposed the building of the Sardar Sarovar dam. Tribal minorities mobilised protest in opposition to the Bank's capital intensive and export oriented development model that favoured big business and the urban elite.³ The POLONOROESTE project and the Grande Carajás mining, railway and agriculture programme in Brazil generated huge public opposition from environmental and human rights groups worldwide.⁴ NGOs and civil rights groups stressed that the Bank's indigenous peoples policy was being almost completely disregarded in project implementation. At the height of the campaign against the project, Survival International observed:

¹ Goodland 1981

² Rich 1990:305

³ Ibid:315

⁴ Treece 1987; Gray 1998: 277-281; Feeney 1999:37

“The World Bank’s official documents pay lip-service to the principle of prior consultation with tribal communities resident in the affected region, including the condition that projects will only be funded if their agreement has been obtained. Similarly, great emphasis is given to the need for early preventive action in securing the demarcation of tribal territories before the project is started. However, in fact no such consultation of the indigenous communities in the Carajás region took place, let alone any attempt to gain their consent to the project. Nor was there any serious effort to demarcate Indian lands...”⁵

1.1.1 Pressure for reform

Throughout the 1980s, NGOs and human rights advocacy groups continued to highlight the persistent and often grotesque discrepancy between Bank policy and practice. In a meeting in 1986 between the Bank, Oxfam and Survival International, the Bank was forced to admit that it applied two different policies. One external policy advocated the rights of indigenous peoples to their territories and stated that government and business should not compete with native peoples for their lands and resources. The public policy supported self-determination and affirmed that the Bank would not support projects opposed by indigenous communities. The Bank confessed that in practice it only actually adhered to a weaker internal policy that simply aimed to “mitigate” the negative impact of Bank-financed projects on indigenous populations.⁶ Worse yet, less than 50% of projects took any account at all of the Bank’s internal tribal peoples policy.⁷

In an internal review of compliance with its tribal peoples “Operational Manual Statement” between 1982 and 1986, the Bank conceded that in Latin America and elsewhere, projects failed to apply indigenous policy in a coherent way and that the Bank’s definition of indigenous people was narrow and unrealistic. The review also found that land demarcation elements in indigenous project components were “severely delayed or out of pace with the progress of the overall project”.⁸ Moreover, only 20% of the projects involved indigenous peoples in project design and implementation. Such participation had only been obtained after relentless lobbying by indigenous organisations and civil society.⁹ In 1989, the US Congress concluded that the Bank’s published and written environmental and social safeguards did not reflect Bank practice.¹⁰

The embarrassing exposure of a contradictory dual policy, coupled with continued NGO lobbying for a singular, transparent and more effective Bank policy for indigenous peoples, eventually caused the Bank to revise its tribal peoples policy. Pressures for reform also came via country executive directors represented in the Bank’s Executive Board. These directors responded to lobbying by their own citizens who demanded a shift in Bank support towards more environmentally sustainable and equitable development.¹¹

⁵ Treece 1987:10

⁶ Davis 1993:8-9; Gray 1998:271-272

⁷ Colchester 1992

⁸ World Bank 1987, Davis 1993:16

⁹ Ibid.

¹⁰ Rich 1992:306

¹¹ Schwartzman and Horta 1990:27; Fox and Brown 1999b:500ff

1.1.2 Operational Directive 4.20 (OD4.20).

The Bank issued a revised indigenous peoples operational directive in September 1991. The new directive discarded the “tribal” category and incorporated a broader definition of “indigenous peoples” based on their distinct ethnic identity and their close association with ancestral territories.¹² OD 4.20 contains a policy of consultation with native people affected by Bank-financed projects. The document establishes a conditional-funding requirement for either an indigenous component or an indigenous development plan in the pre-appraisal stage of the project cycle.¹³ Bank staff working in the Latin America and Caribbean Technical Department confirm that the overall objective of OD4.20 is to ensure that:

“indigenous peoples benefit from development projects and that potentially adverse affects on indigenous peoples caused by Bank-assisted activities are avoided or mitigated”¹⁴

OD 4.20 also requires that:

“In all Bank-financed projects which impact indigenous peoples, there should be either a component to address the needs of indigenous peoples or an indigenous peoples development plan (IPDP) included in the project with informed participation of indigenous peoples in the preparation of development plans and the design and implementation stage of the project”¹⁵

In Article 15(c), the directive makes explicit reference to the need for indigenous development plans to include a land tenure component that establishes indigenous titles to ancestral lands and resources. The Bank is obliged to “advise and assist” borrower countries in the process of indigenous land regularisation. The directive is clear that land regularisation measures must take place prior to project implementation. The Bank therefore initiated a new policy of making governments aware of the indigenous peoples policy and encouraging state agencies in borrower countries to address indigenous issues. In sum, OD 4.20 seeks to guarantee:

- Land tenure and resource security
- Protection from adverse effects during the development process
- Participation in project design, implementation and monitoring
- Receipt of culturally appropriate development and economic benefits
- Rejection of projects where negative impacts cannot be adequately ameliorated

Unlike earlier Bank policy statements, the 4.20 directive does not state that the Bank will refuse funding for projects opposed by indigenous peoples. Despite the new emphasis on indigenous participation, the general structure of the policy still remains dominated by the concept of large projects requiring mitigation measures. Nonetheless, social scientists employed by the Bank have promoted OD4.20 as a major step forward in addressing indigenous issues in Bank loan operations.

¹² Davis 1993:21; Gray 1998:287-289

¹³ World Bank 1991:articles 13 and 14

¹⁴ Partridge, Uquillas and Johns 1996:18

¹⁵ Davis 1993:24-26

1.1.3 Compliance with OD 4.20

Soon after the introduction of OD4.20, Bank anthropologist Shelton Davis was optimistic that the Bank had made a decisive shift towards “alternative strategies or models of development in which the rights and aspirations of local populations are taken into account”. Furthermore, Davis judged that valuable lessons had been learnt during the 1980s and that the Bank had assumed “a much stronger institutional commitment and capacity to ensure the implementation of its current policy framework than it did in the past”.¹⁶

An early Bank review of the effectiveness of OD4.20 in land regularisation programs in Bank-funded projects in lowland South America concluded that indigenous components in loan agreements had been “instrumental in the process of land regularisation for indigenous peoples”. The review recommended that the institutional strengthening of indigenous government agencies in borrower countries should reinforce future land regularisation programs. The review advocated the incorporation of indigenous knowledge in protected area management. It also underlined the need to support novel projects applying traditional ecological knowledge as alternatives for sustainable development in the tropical lowlands.

In short, the review suggested that greater effort should be made to move away from the former emphasis on “mitigation” towards an alternative that builds on the cultural and social strengths of Amerindian communities.¹⁷ The Bank acknowledged that in several loan operations, like the Eastern Lowlands Project in Bolivia, there was still a lack of consensus on how indigenous peoples could be effectively involved in development initiatives (see section 3.0).¹⁸ The overall assessment was that the Bank had made progress in its operations in lowland South America but that the effectiveness of OD4.20 needed to be improved.

A more recent Bank review of OD4.20 compliance in 72 projects affecting indigenous communities in Latin America found that the policy was slow to take effect in the period 1992-1997. Of 48 projects in operation, only 19 had attempted to address indigenous needs with an Indigenous Peoples Development Plan (IPDP) while another 12 featured an indigenous “component”.¹⁹ Only half of the projects involved active consultation with traditional indigenous authorities regarding project design and implementation. The best examples of compliance with OD4.20 were identified in pilot projects specifically targeting indigenous beneficiaries. The degree of compliance with OD4.20 was much higher in the 24 projects still in the preparation phase in 1997 where “a good number” planned to incorporate an IPDP.

¹⁶ Ibid.:29

¹⁷ Wali and Davis 1992:24

¹⁸ Ibid:23-24

¹⁹ Swartz and Uquillas 1999:2

In general, this review concluded, “on paper...an examination of the portfolio shows that much progress has been made with regard to the implementation of OD4.20”.²⁰ Nevertheless, Bank staff conceded that this assessment was based on desk-based studies rather than field surveys. It was recognised that consultation with indigenous communities is required to assess the “real effects” of OD4.20 on the ground.

The ongoing reviews of OD4.20 and critical observations made by NGOs and indigenous organisations have highlighted weaknesses in the policy, which have hindered effective implementation. Specifically, the policy does not make it clear at what stage in the project cycle indigenous communities should be consulted.²¹ The timing required for the production and implementation of an IPDP is also unclear and open to variable interpretation. The lack of clarity in policy requirements has meant that NGOs and indigenous organisations have repeatedly had to pressure the Bank’s task managers and implementing agencies for effective participation and consultation early in the project cycle (see sections 2.2 and 3.3.1).²² These deficiencies have prompted the Bank to revise OD4.20 in liaison with indigenous organisations, NGOs and academics. The overall objective of the current revision is to clarify minimum criteria for the protection of indigenous interests and make clear what is meant by “informed participation”. The revised directive will also address the issue of Bank support for improving the well-being of indigenous peoples and alleviating the poverty suffered by indigenous populations. The new policy will also seek to apply ILO Conventions 107 and 169 in signatory countries.²³

1.2 Social Development Priorities

Since the mid-1990s the World Bank’s overriding public policy objective has been one of poverty reduction. “Our dream is a world free of poverty” is the slogan that heads the Bank’s homepage on the Internet. The Bank points out that it now has an established social development team and that social and cultural issues now form a key part of policy formulation and project planning.²⁴ The image is one of an international financial institution with a social and environmental conscience. Participatory development is now a central pillar of Bank policy. The Bank is officially committed to participation with borrower governments and civil society. The Bank defines participation as:

- “a process through which stakeholders influence and share control over development initiatives and the decisions and resources which affect them”²⁵

Stakeholders are defined as:

- “those whose interests are affected by Bank-financed interventions”²⁶

²⁰ Ibid.:4

²¹ Colchester 1992

²² BIC 1994:23; Gray 1998:289

²³ World Bank 1998

²⁴ Cernea 1996

²⁵ World Bank 1999a

²⁶ Ibid.

Bank President, James Wolfensohn confirmed participatory development as a key priority in his 1998 address to the Board of Governors:

“Mr Chairman, ...Countries and their governments must be in the driver’s seat, and, in our experience, the people must be consulted and involved. Participation matters – not only as a means of improving development effectiveness...but as the key to long term sustainability...We must never stop reminding ourselves that we cannot and should not impose development by fiat from above – or from abroad”.²⁷

In an effort to improve participation and project performance, the current President is implementing a process of decentralisation where responsibilities for project management and monitoring are devolved to country offices. Decentralised structures are intended to raise project quality that has deteriorated over the last two decades and has caused a “declining legitimacy” of the Bank as a viable development agency.²⁸ The hope is to reshape the institution and create a “client oriented” Bank that channels money through state implementing agencies in liaison with Bank office staff and project beneficiaries in the borrower countries.²⁹ Increased co-operation with state agencies fits with another contemporary Bank policy that aims to support and provide technical assistance for “good governance” in borrower countries. Efficient and transparent systems of administration and government are valued and promoted as an essential preconditions for equitable economic growth.³⁰

These broad policy objectives of poverty reduction, participation and good governance apply to the Bank’s policy and loan operations affecting indigenous peoples in Latin America. The Bank is keen to assure the public that it “cares deeply about the issues and concerns of indigenous peoples”.³¹ Bank policy intends to replace the stereotypical approach to the “Indian problem” with a new development agenda that reinforces and develops the existing qualities and strengths of indigenous cultures and societies.³² Priorities regarding indigenous peoples are translated into two core strategies for poverty reduction and ethnodevelopment, including additional capacity building, land regularisation and biodiversity conservation.

1.2.1 Poverty reduction

A recent in-house statistical survey undertaken by Bank economists confirmed that indigenous populations in Latin America constitute the “poorest of the poor” who merit targeted development aid. The study found that 64.3% of indigenous population in Bolivia are below the poverty line (income of less than \$2 per day) while in Peru 79% of indigenous people live in poverty.³³ The same pattern of extensive indigenous poverty was recorded all over Central and South America. A major conclusion of the study was that indigenous poverty is linked to historical discrimination by settler societies that have excluded indigenous peoples from adequate education and fair income levels.

²⁷ Wolfensohn 1998

²⁸ Bergesen and Lunde 1999:143

²⁹ Ibid.:145

³⁰ Leftwich 1993, World Bank Institute 1999:18-21

³¹ Sfeir-Younis 1999:1

³² Davis and Partridge 1994:38

³³ Psacharopoulos and Patrinos 1994a:41

The poverty report has had a major influence on Bank policy towards indigenous peoples in Latin America. Poverty reduction is the primary objective of projects targeting indigenous beneficiaries in different countries in Latin America. The Ecuadorian Indigenous Peoples Development project discussed in the next section has poverty reduction as its main objective (section 2.0). The Bank is now preparing similar national poverty reduction projects for indigenous peoples in Bolivia, Peru and Argentina.³⁴ As well as raising incomes, these projects intend to promote cultural “reaffirmation” and indigenous participation in the development process.

1.2.2 Ethnodevelopment

Social scientists at the World Bank have actively incorporated the concept of “ethnodevelopment” in their portfolio of indigenous projects in Latin America. The concept of ethnodevelopment forms the theoretical and methodological core of the current set of indigenous poverty alleviation, both ongoing and in preparation in South America (section 2.1). The fundamental premise of ethnodevelopment is that indigenous peoples and ethnic groups have the right to self-determination and self-development. The Bank understands all these terms to relate to development in which “processes are defined by and controlled by the indigenous peoples themselves as they seek better lives for their communities”.³⁵ Crucially, ethnodevelopment is based on “bottom-up” or “grassroots” initiatives. Bank anthropologists managing indigenous development projects recognise that a top-down approach to indigenous development has failed in the past:

It is clear that the large, centralised bureaucracies of the state have consistently failed to deliver development goods, services and works to the poor generally, and to indigenous peoples specifically.³⁶

The commitment to participatory development has resulted in the restructuring of the Bank project cycle. The centralised, top-down system of loan agreements between the Bank and borrower governments implemented by a team of “experts” in country headquarters has reportedly been replaced by a decentralised “learning” project cycle. Small-scale “pilot investments” precede the design of the main investment, which is modified in the light of lessons learned in the pilot projects.³⁷

Following an initial in-house study that advocated the potential advantages of an ethnodevelopment approach in 1996,³⁸ the World Bank commissioned a more extensive comparative survey of 28 “successful” indigenous development cases in Latin America. The study, undertaken by a team of anthropologists at the University of Pittsburgh, identified 10 essential components or preconditions for “successful” indigenous development: (1) Basic human rights (2) food security (3) secure land and resource rights (4) indigenous participation in project planning and implementation (5) intercultural education and social capital building (6) strengthening of indigenous civil organisations

³⁴ Sfeir-Younis 1999:5

³⁵ Partridge *et al* 1996:4

³⁶ *Ibid.*:23

³⁷ Partridge *et al* 1996:22

³⁸ Partridge, Uquillas and Johns 1996

(7) diversification of production (8) appropriate financial assistance (9) technical assistance and training (10) state support for indigenous self-development.³⁹ Within the broader Bank strategy of participatory poverty reduction, these guidelines have generated other indigenous programs in Latin America that focus on capacity building, land regularisation and biodiversity conservation.

1.2.2.1 Capacity building

The Bank is presently implementing an extensive program of participatory capacity building and technical assistance for indigenous peoples in Latin America. The aim of the “learning by doing” program is to strengthen indigenous peoples’ organisations and to build up “social capital” for sustainable ethnodevelopment. The program covers indigenous organisations in Chile, Bolivia, Ecuador, Mexico, Colombia, Nicaragua, Guatemala, Honduras and Argentina. The program involves workshops, field studies and evaluation seminars for indigenous participants. Common themes covered in the workshops include social assessment methods, environmental assessment, natural resource management, self-development, cultural recuperation, legal training in land legislation, participatory rural appraisal techniques, administration of community enterprises, administration of community and ethnic organisations and participation in local government.⁴⁰

1.2.2.2 Land regularisation

Land is recognised as a vital precondition for indigenous self-development and wellbeing. The Bank has provided assistance to the governments of Bolivia, Brazil, Paraguay and Peru for land regularisation programs that involve the identification, demarcation and titling of indigenous territories. Much of these programs have centred on the tropical forest areas of lowland South America. In Brazil, by 1998 Bank-financed programs had assisted in the demarcation of over 20 million ha.⁴¹ The Bank is currently funding the “Indigenous Lands Project” in Brazil that intends to demarcate 121 indigenous territories in the Brazilian Amazon. Many other indigenous projects throughout Latin America have a land regularisation component as part of a wider project strategy. Moreover, land regularisation forms part of several of the Bank’s technical assistance and institutional strengthening loan operations with borrower governments in Latin America (see section 2.0).

1.2.3 Biodiversity Conservation

The Bank primarily channels funds for biodiversity conservation through the Global Environment Facility. One third of the GEF budget is allocated to conservation NGOs, and the Fund allows NGO participation in project design, planning and implementation.

³⁹ Roper, Frechione and De Walt (1996):4-5

⁴⁰ Davis and Partridge 1994:40; World Bank 1999b

⁴¹ Davis and Partridge 1994:39; Quarterly Newsletter of the Pilot Program to Conserve the Brazilian Rainforest 7(1). Note that land “demarcation” statistics relate to the formal delineation of indigenous territories on maps and official documents used in land claims. The figures do not refer to the area of land secured by legal title.

GEF has recognised the correlation between biodiversity rich zones and indigenous territories in Latin America and elsewhere, based on information obtained in mapping projects carried out by various NGOs and indigenous organisations like COICA.⁴² In the early 1990s, Bank funds supported an “Indigenous Peoples and Biodiversity Mapping Project” in the lowlands of Bolivia. The study resulted in a report containing small-scale maps and plans showing the relationship between areas of conservation value and indigenous territories.⁴³ GEF policy has tended to shift away from projects directly involving indigenous peoples towards strengthening the capacity of borrower governments in protected area management and the development of National Environmental Action Plans (NEAPs).⁴⁴ Recent lists of GEF operations in Latin America do not explicitly mention indigenous peoples.⁴⁵

Nonetheless, the Bank is working with UNEP and UNDP to support special “community protected areas” that combine indigenous territorial recognition with the conservation and management of biodiversity.⁴⁶ Land regularisation programs also contain natural resource management (NRM) initiatives with indigenous peoples. Land demarcation procedures often include a land management plan that incorporates biodiversity conservation objectives (see sections 2.1.2 and 2.1.8.6). Specific projects in Latin America targeting biodiversity conservation and NRM with indigenous communities include:

- Panama: Atlantic Biological Corridor
- Honduras – Biodiversity Priority Areas
- Paraguay – Natural Resource Management Project
- Guyana – National Protected Areas System
- Brazil-Rio Grande do Sul Natural Resources Management Project
- Brazil – Pilot Program to Conserve the Brazilian Rain Forest
- Peru – Sierra Natural Resource Project
- Mexico – Community Forestry Project

1.3 Financial Stability and Free Market Priorities

It is important to recognise that the social development and environmental protection roles of the Bank have developed since the 1970s in addition to the Bank’s original duty to support the flow of global capital and facilitate the expansion of free markets.⁴⁷ The Bank’s original function still dictates a large proportion of the portfolio. It is interesting to note that the total amount of Bank loans for fossil fuel exploitation worldwide exceeds the entire GEF budget by a factor of 100. Since the Third World debt crisis in the early 1980s, the Bank has increasingly funded Structural Adjustment Programs (SAPs). By 1990, one third of Bank loans were dedicated to SAPs and by 1999 53% of of the World Bank portfolio value was dedicated to adjustment lending (US\$15.3 billion).⁴⁸

⁴² Marquette 1996:19

⁴³ Mihotek 1995

⁴⁴ El-Ashry 1999, Colchester n.d.:24, Bergesen and Lunde 1999:136

⁴⁵ GEF 1999

⁴⁶ Sfeir-Younis 1999:5. Searches on the inter-net failed to obtain more information on this initiative.

⁴⁷ Crump 1991:265

⁴⁸ Fox and Brown 1998b:495; Bank Information Center 1999

SAP programs have been accompanied by a package of “conditional” policies that borrower governments are obliged to implement in order to make their export economies more efficient. Typical conditions include increased support for industry, the removal of import quotas, the reduction of state subsidies for food and energy and measures to improve government efficiency, eliminate state monopolies, balance national budgets and reduce inflation.⁴⁹ These measures result in the privatisation of public industries, devalued currencies and cuts in social services that adversely effect the poorest and most disadvantaged sectors of society. At the same time, Bank support to the mining, energy and export sectors results in environmental degradation.⁵⁰ Intense campaigns by NGOs in the North and South have publicised the negative social and environmental impacts of the SAPs in the developing world. Activists have brought to light the contradictions in the Bank’s social development and financial policies.

In 1997, Bank President James Wolfensohn responded by jointly launching the “Structural Adjustment Participatory Review International Network” (SAPRIN). This initiative involves 1200 civil society organisations that will be involved in monitoring and evaluating the social and ecological effects of SAPs on citizens and environments in developing countries. At this stage, the network has had a series of meetings and is still trying to establish a uniform research agenda.⁵¹ In the meantime, there has been no concrete change in Bank policy. SAPs continue to form a key part of country portfolios. Their economic and environmental repercussions have serious implications for the quality of indigenous peoples projects and other social development initiatives supported by the Bank.

Despite the prominence of social development and environmental protection objectives in Bank policy, civil society observers point out that the Bank and its task managers are still primarily concerned with maximising the quantity and volume of loans flowing through the institution. Pressures for pushing through loans and speeding up the project approval process have increased in the 1990s as loan volumes have declined and threatened the legitimacy of the Bank as an international financial institution.⁵² Critics argue that managerial structures designed to maximise loan volumes and speed up project cycles jeopardise project quality and undermine the Bank’s official policy of openness and participation with civil society and project beneficiaries.⁵³

1.4 Synopsis

The above review of Bank policies and loan operations indicates that social development and environmental conservation objectives have become an important part of Bank activities in Latin America. At the same time, financial support for infrastructure, industry, free markets and structural adjustment programs continue to be policy objectives. Falling loan volumes and falling project performance have generated a

⁴⁹ Mosely, Harrigan and Toye 1997:44

⁵⁰ Rich 1994:188

⁵¹ SAPRIN 1999

⁵² Bergesen and Lunde 1999:143

⁵³ Rich 1990: 318-321, 1994: 189; Colchester 1992

restructuring and decentralisation of Bank organisation in an effort to improve implementation and monitoring. Project cycles are based on a gradual scaling up of pilot initiatives and closer co-operation with borrower country governments.

The Bank's indigenous peoples policy operates within this overall framework of decentralisation and institutional change. Although compliance with the current indigenous policy has been slow and patchy, the Bank claims that policy implementation in Latin America is improving. Internal reviews by the Bank report that task managers are increasingly applying OD4.20 to ensure greater indigenous participation in the development process and to guarantee that native communities receive development benefits.

Claims of improved policy compliance are tested in Part II and Part III of this report using two case studies of Bank projects and loan operations affecting indigenous peoples in Ecuador and Bolivia. Section 2.0 outlines the Bank portfolio in Ecuador and examines indigenous and NGO perspectives on Bank operations and the effectiveness of OD4.20. Special attention is paid to the Indigenous Peoples and Afro-Ecuadorian Development Project and the lessons learned in its initial implementation phase. The project is then evaluated in its wider context within the Bank portfolio for Ecuador. The final part of section 2.0 provides a summary of lessons learned by indigenous Ecuadorian peoples, implementing agencies and NGOs.

Section 3.0 sketches the bank's portfolio in Bolivia and then proceeds to assess the ongoing program of land regularisation and biodiversity conservation initiatives financed by the World Bank. Indigenous perspectives on the Bolivia-Brazil gas pipeline project are then examined before sketching other projects affecting indigenous peoples in Bolivia. The end of section 3.0 contains a list of the lessons learned by indigenous organisations and NGOs together with a list of policy implications. Part IV joins together the observations made in Part II and Part III in a set of brief concluding observations and recommendations.

PART II

Case Study 1

ECUADOR

“This irrigation work has only been possible thanks to the help of the Bank. They have given us a helping hand. We are united and we thank them. We can now see that the project is giving results. We are going to continue with more proposals...”

Quichua woman, irrigation work party, Kuchibamba, Cotopaxi
22 October 1999

“Bank loan operations continue to destroy the life base and life zones of poor people. The Bank has not changed its priorities. The goal remains increased export and resource exploitation not social development”

Cecilia Cherez, Acción Ecológica, Quito
21 October 1999

2.0 World Bank Projects and Indigenous Peoples in Ecuador

Section 2.1 first provides an overview of the World Bank-financed “Indigenous Peoples and Afro-Ecuadorian Development Project” (PRODEPINE). An assessment of PRODEPINE project quality is made based on interviews with various indigenous and non-indigenous stakeholders and independent observers. PRODEPINE is compared with the activities of other multilateral development banks and agencies working with Ecuadorian indigenous communities. The remainder of the section outlines the Bank portfolio in Ecuador and evaluates how the portfolio affects the indigenous population in Ecuador. The section ends with basic observations on compliance with OD4.20 and a summary of the lessons learned by indigenous peoples and NGOs regarding the operations of multilateral development banks.

2.1 Indigenous Peoples and Afro-Ecuadorian Development Project (PRODEPINE)

Proposals for the Indigenous Peoples and Afro-Ecuadorian Development Project emerged from indigenous lobbying of multilateral development banks in the early-mid 1990s for development assistance that would ensure indigenous participation and bring concrete benefits for indigenous communities. Indigenous proposals combined with the desire of Bank social development specialists and certain individuals in the Ecuadorian government to support a special project with exclusively indigenous development objectives.⁵⁴ The result was an ongoing series of consultations between the Bank, indigenous organisations and government agencies between 1995 and 1998 coupled with several pilot projects used to evaluate proposals for the main project structure. The project preparation phase in Ecuador involved a participatory design process institutionalised through a *Comité de Gestión*.

The committee featured representatives from the 7 major national indigenous and black organisations: Confederación de Nacionalidades Indígenas del Ecuador (CONAIE), Federación de Indígenas Evangélico del Ecuador (FEINE), Federación Nacional de Organizaciones Campesinas e Indígenas (FENOCIN), Federación Ecuatoriana de Indios (FEI), Federación Nacional de Campesinos Libres del Ecuador (FENACLE) and Asociación de Organizaciones Negras del Ecuador (ASONE). Alongside government staff, representatives from indigenous and Afro-Ecuadorian organisations were also involved in the *Secetario General de la Administración* that was formed to oversee the project to be implemented by state via the *Consejo Nacional de Planificación del Desarrollo Indígena y Negro* (CONPLADEIN).⁵⁵ The project preparation phase therefore witnessed an unprecedented degree of indigenous participation. The Bank claims that participatory mechanisms even enabled indigenous and black organisations to negotiate the final contents of the project “Operations Manual” with the Bank and the Ecuadorian government.

⁵⁴ Treacle 1998: 249ff, 253-254

⁵⁵ In 1997, the state department CONPLADEIN was formed as part of the *Dependencia de la Presidencia*. CONPLADEIN replaced the previous Secretaría de Asuntos Indígenas y Minorías Etnicas (SENAIME). Most indigenous groups had lobbied for CONPLADEIN to be an autonomous body to run the proposed Prodepine. Formation within the presidential department meant that close ties were maintained with central government.

Indigenous organisations demanded that self-management should form the keystone of the project. The final project was eventually designed to ensure that sub-projects are managed by indigenous and Afro-Ecuadorian organisations in all stages of the sub-project cycle. Crucially, local “second tier” indigenous organisations (OSGs) were included in the project design as the main implementing agencies for sub-projects with local communities. From the outset, the project therefore intended to benefit “members of grassroots communities” affiliated to OSGs (associations, federations, and unions).⁵⁶ PRODEPINE was finally approved in 1998. The project was hailed as a milestone in the history of Ecuador and the World Bank at its launch in November 1998 in Quito:

“...I have the honour of launching this historic project. Historic because it is the first time that the state of Ecuador has acquired credit dedicated exclusively in favour of the country’s indigenous (peoples)... Historic because it is the first time that indigenous and black organisations and the Ecuadorian government have united their efforts on a massive scale with the goal of improving the quality of life for indigenous and black communities. Historic because it is the first project financed by the World Bank that is dedicated solely to ethnic minorities”⁵⁷

2.1.1 Project goals

The primary goal of PRODEPINE is to improve the quality of life of indigenous peoples and Afro-Ecuadorians by securing better access to land and water resources and investments that reflect the “contemporary cultural values and vision of development” held by project beneficiaries.⁵⁸ The project fits into the World Bank’s Country Assistance Strategy (CAS) for Ecuador that places poverty alleviation as the central goal of its development loan strategy. The project was designed to meet the Bank’s poverty reduction objective by targeting a total population of 815,000 indigenous and Afro-Ecuadorian people in five rural regions of Ecuador. The five regions comprise 288 rural parishes of which 266 are indigenous and 58 are Afro-Ecuadorian.⁵⁹ A primary aim was to create “labour intensive growth” and generate “employment opportunities” that provide “higher incomes” for the rural poor.⁶⁰

The basic framework for the whole project is one of ethnodevelopment that prioritises (a) strengthening of culture and ethnic identity (b) self-determination and territoriality (c) self-management. Within this framework, culture is seen as a resource on which to build social development and achieve improved quality of life. The Bank explicitly states that one common feature of indigenous peoples is their solidarity and social unity evidenced in “strong forms of social organisation” (collective work, ritual groupings and joint communal calendars). The intention of the project is to harness these elements to combat social exclusion and poverty through training, capacity building, legal back-ups and reforms enabling land regularisation, rural investment and cultural projects.⁶¹

⁵⁶ World Bank 1997:20

⁵⁷ World Bank 1998b:1

⁵⁸ Ibid., World Bank 1997:2

⁵⁹ World Bank 1997:18

⁶⁰ Ibid.:4

⁶¹ Ibid.:18-20

2.1.2 Project structure

The project finances four basic components:

- (i) Regularisation of indigenous land and water resources: the state Agricultural Development Institute (INDA) and an NGO (FEPP) (see 2.1.8.6 below) will implement this component. It involves an agreement with IFAD for financing of a land purchase program in the Sierra.
- (ii) Institutional strengthening of indigenous and Afro-Ecuadorian organisations.
- (iii) Financing of rural investments through grants and credit. Investment supports economic and social infrastructure, natural resource management, production projects and micro-enterprises. Collective and public works are financed by grants. Individual enterprises are eligible for credit. The credit component is financed by IFAD.
- (iv) Institutional strengthening of the Ecuadorian government ethnic agency.

The Administration and operational structure of the project has national, regional and local elements with interrelated functions:

Figure 1: Operational Structure of PRODEPINE

<u>Agency(s)</u>	<u>Level</u>	<u>Activities</u>	<u>Functions</u>
1. Government Agency (Formerly CONPLADEIN, now CODENPE –see below)	national ⇕⇑	liaise with national IPOs (formerly <i>Consejo Superior</i> now <i>C. Transitorio</i>)	oversee project
2. Project Management Unit (PRODEPINE)	national ⇕⇑	approval of annual operation plans from regions; approval of Local Development Plans (LDPs); approval of sub-projects >25K Preparation of annual operations plan.	Technical administration; Technical assistance to Regional offices and OSGs; Manage budget allocations >25K Pass sub-project funds ⇒ 3. Contracting goods & services Monitoring, quality control Train members of 1.
3. Regional Offices (7) (Sierra Norte, Sierra Centro, Sierra Sur, Costa Norte, Costa Sur, Amazonia Norte, Amazonia Sur)	region ⇕⇑	liaise with IPOs in diagnosis of local needs, administration of local expenditure, mediate national office management activity; approval of sub-projects (<25K). Student grants.	submit annual op. plan ⇒ 2. submit LDPs ⇒ 2. submit large subprojects ⇒ 2. allocate sub-project funds ⇒ 4. local administration of contracts administration of local finance local quality control fund local cultural events
4. OSGs (local IPOs), Indigenous Municipalities and Indigenous Nations	local	preparation of LDPs preparation of sub-projects; overseeing sub-project funds; organising local meetings/participation	submit LDPs ⇒ 3. submit sub-projects ⇒ 3. manage sub-project implementation payment of local sub-project foremen; co-ordinate collective labour activities in sub-projects

2.1.3 Project implementation

The project is to be carried out in three phases over four years (1998-2002). Phase One (1998/99) is primarily dedicated to capacity building and the production of Local Development Plans (LDPs) that form the core of the participatory bottom-up structure of the project. These plans are produced by local people who identify their development needs and priorities in collaboration with trained indigenous people, NGOs or consultants. Phase one also includes initial investments in a limited number of parishes in each of the five regions. Phase two (1999/00) increases the geographic spread of investments in sub-projects and Phase three (2000/02) is planned to cover the largest number of parishes. PRODEPINE has completed Year One in a four-year project cycle. Depending on evaluation, an additional six years may be negotiated with the Bank.

2.1.4 Economic and political environment

Prior to an assessment of project quality, it is necessary to outline the economic and political environment in Ecuador in which implementation is taking place.

2.1.4.1 economic crisis

In 1999, the Ecuadorian economy entered a steep decline after a series of banks folded with the loss of huge assets. The state responded by merging banks and injecting state money to avoid further financial collapse.⁶² Fiscal instability has undermined the Sucre. It has fallen drastically against the US dollar since January 1999. In October 1999, an inflation rate of 37% looked set to continue rising alongside interest rates.⁶³ At the same time, falling public expenditure on social welfare has exacerbated the plight of poor people that now constitute 61% of the Ecuadorian population.⁶⁴ The crisis has caused the economy to contract, and the demand for labour has fallen further limiting employment opportunities for the rural poor. In response to the crisis, the government has brought in economic measures to raise government revenue, including increases in the price of fuel and additional taxes that have hit the poor hardest (see below). Fiscal pressures have also caused the government to try to nullify its agreed co-funding contribution to the PRODEPINE budget.⁶⁵ PRODEPINE is therefore being implemented during a period of financial instability and increasing economic hardship for indigenous peoples and Afro-Ecuadorian communities in Ecuador.

2.1.4.2 constitutional change and indigenous politics

While the technical staff of PRODEPINE forged ahead with preparing LDPs with second tier organisations in the preparation phase of the project, the political movement in Ecuador was pushing for radical reforms in ethnic legislation. In particular, CONAIE introduced the notion of *nacionalidades*: “nationalities” and *pueblos*: “peoples” in place

⁶² *El Telegrafo* 1999:3A

⁶³ *El Comercio* 1999a

⁶⁴ *El Comercio* 1999b

⁶⁵ Prodepine 1999a:5, Griffiths 1999a:3

of indigenous organisations, federations, unions and associations. The argument for this major reform is based on the fact that a number of indigenous peoples like the Kofan, Secoya, Awa, Epera and Huaorani do not have established indigenous organisations. So they are restricted in their ability to participate in the democratic process and in projects like PRODEPINE. Lobbying by CONAIE and its political party, the *Movimiento Plurinacional de Pachakutik*, convinced President Jamil Mahuad of the new centre-right *Democracia Popular* government of the need for change.

In August 1998, the new Ecuadorian Constitution recognised the collective rights of indigenous “nationalities” and “peoples”.⁶⁶ On 11/12/98 the government passed a *Decreto* changing CONPLADEIN to the *Consejo de Desarrollo de las Nacionalidades y Pueblos de Ecuador* (CODENPE).⁶⁷ The change caused the dissolution of CONPLADEIN’s *Consejo Superior* and the establishment of a temporary “Transitory Council” composed of CONAIE, FEINE, FENOCIN and CONFENIAE thus excluding previous members including FEI and FENACLE. In this way, the formation of CODENPE has restricted participation and created divisions in the indigenous movement at a national level. Frictions have emerged between CONAIE and other non-CONAIE organisations like FENOCIN that question the legitimacy of the “peoples and nationalities” agenda. However, PRODEPINE technical staff report that there is no conflict or disagreement between members of different local organisations, most of whom are content with the current project structure. Divisions are therefore rooted in national politics and not in the social values and reality lived by rural indigenous communities.

Nonetheless, CONAIE and CONENPE increasingly oppose PRODEPINE’s work with indigenous organisations and have argued for project reform to allow for work with “nations” and “peoples”. Furthermore, these groups wish to place their own staff in PRODEPINE. Personnel running the national and regional technical offices are concerned that the whole project may be appropriated for the purposes of political patronage and electioneering. So far, the World Bank has rejected CODENPE pleas for project reform. A recent Bank mission to Quito in November 1999 argued that the project is designed to serve the “base” communities and so cannot impose top-down reforms against their wishes. Moreover, OSGs and IPOs are legitimate civil organisations that have not been invalidated by the legal system in Ecuador.⁶⁸ The Bank’s position backed by evidence of initial project benefits has reportedly stalled CODENPE’s pressure for project reform.⁶⁹ Even so, the discrepancy between current CODENPE objectives and the existing PRODEPINE project structure has slowed government project activities and restricted space for indigenous participation at the national level.⁷⁰ The lack of participation with national organisations has stemmed the flow of information about project progress and priorities and generated criticism of PRODEPINE among some national and regional indigenous organisations (see below).

⁶⁶ CONAIE 1999a:58

⁶⁷ Registro Oficial, No.86, Quito Viernes 11 de diciembre de 1998

⁶⁸ Jorge Uquillas, pers. comm. November 1999

⁶⁹ Ibid.

⁷⁰ Prodepine 1999a:9,22

2.1.5 Project response

Project managers have adapted project priorities in response to unstable economic conditions. The credit component has been placed on hold. Project managers suggest funds be channelled through community trusts and credit funds to avoid financial intermediaries that are in danger of collapse.⁷¹ Meanwhile, efforts have concentrated on capacity building. Rural investments have been directed to social and economic infrastructure projects in the hope that the economy will improve in the future. Given that the project only started in 1999, the project has understandably yet impact its long-term goals of raising incomes and creating employment opportunities. It remains to be seen how this central poverty alleviation objective of PRODEPINE will fair given the severe economic crisis that has already caused project managers to redefine their strategies. Nonetheless, while national indigenous organisations and government argue about how the project should be run, the national and regional offices press on with NGOs and technicians in practical work with indigenous and black communities.

2.1.6 Project achievements

Despite difficult circumstances, PRODEPINE has exceeded expectations in the participatory planning stage. The 1998/99 Annual Operations Plan predicted 70 agreements for the production of LDPs with 70 indigenous organisations. In the first half of the year, 68 agreements had been made with 122 organisations. Furthermore, 23% of these plans had been completed by July 1999.⁷² OSGs and indigenous “nationalities” from all five regions including Amazonia have produced plans.⁷³ Capacity building has also been effective: half way through year one 833 people had received formal training in different topics, 470 students had been enrolled in the secondary education programme and 141 students had started university courses in management and development.⁷⁴ The demand for grants is four times greater than anticipated. Paradoxically, the present currency crisis actually makes the dollar loan more productive and education training can be expanded. By the second half of 1999, 200 sub-projects were active in the areas of education, health and production infrastructure. Most of these sub-projects are in the Sierra region where regional offices were established early and where communities have the capacity to generate a high demand for projects. The greater upland indigenous capacity for project applications and management prompted Prodepine planners to concentrate efforts in the Sierra. The lack of government infrastructure and indigenous technical capacity resulted in the later establishment of PRODEPINE’s two regional offices in Amazonia. PRODEPINE is trying to increase the demand for sub-projects submitted by OSGs in order to maximise the number beneficiaries by the end of the project cycle. The project has established a computerised monitoring and accounting system and auditors’ reports for the first year have been positive indicating efficient project management.⁷⁵

⁷¹ Prodepine 1999a:17, 1999b:18

⁷² Prodepine 1999a:11

⁷³ see, for example, Stacey, Viteri and Vacacela 1998

⁷⁴ Ibid.

⁷⁵ Bermúdez 1999a, 1999b

2.1.7 Project performance

According to project monitoring documents and interviews with PRODEPINE staff, project performance at the end the first year can be summarised as follows:

- Institutional Strengthening of IPOs and Indigenous Capacity Building: meeting and exceeding project targets.
- Land and Water Regularisation: this aspect of the project has been slow to get off the ground – mainly due to the delay in receiving funds from IFAD for the “land purchase” scheme in the Sierra. CODENPE has signed agreements with INDA and INEFAN (now part of the *Ministerio del Medio Ambiente*). The institutional changes in the government agencies are a constant problem that slows project implementation. The diagnostic plans of indigenous water resource needs are nearing completion.
- Rural Investment: project adjustment has been necessary to cope with the current economic crisis. Grants have been disbursed for community projects. No credit has been issued in the first year. Rural poverty among indigenous and black communities is worsening.
- Institutional Strengthening of Government Ethnic Agency: the differences between CODENPE and the technical PRODEPINE office have prevented any effective training program.

2.1.8 Views of stakeholders

In order to assess the lessons learned during the PRODEPINE project and assess Bank compliance with OD4.20, it is useful to outline the various perspectives of different stakeholders in the project.

2.1.8.1 Indigenous perspectives

Interviews with indigenous stakeholders found a marked difference in perceptions between upland and lowland communities. Upland areas have witnessed a more concrete benefit from PRODEPINE while some lowland groups feel excluded. This is mainly due to project implementation that has proceeded faster in the Sierra than in the lowlands of Amazonia. One common observation in both regions is that PRODEPINE is overly bureaucratic. The amount of documentation and paperwork involved in the sub-project approval process is too slow for rural people with desperate needs. Many indigenous commentators feel that PRODEPINE must speed up its sub-project cycle. One general misplaced criticism is that PRODEPINE does not include alternative support for biodiversity and environmental projects. This aspect of Prodepine does exist (see 2.1.2 above) but has not been well publicised. For example,

“PRODEPINE has no natural resource management of biodiversity projects. The focus is on production: pigs, chickens and agriculture. CONAIE sees a need to promote environmental projects. In Amazonia there is a need to protect forest and rivers from oil pollution. There is a need for the restoration of forest lands” Antonio Vargas, President, CONAIE

The position of CONAIE also relates to the ongoing political debate regarding PRODEPINE's continued work with IPOs:

“PRODEPINE works with OSGs and IPOs...the system does not meet the needs of indigenous peoples without organisations. Take the Epera: they constitute 80 dispersed families that require one integrated land unit. They need to purchase land but PRODEPINE has no mechanism to help them. There are cases like the Epera all over Ecuador” Antonio Vargas, President, CONAIE

2.1.8.1.1 upland communities

Second tier indigenous organisations in the uplands have a positive experience of PRODEPINE that has funded irrigation, schools, student grants and cultural events.⁷⁶ During a field trip to irrigation sub-projects in Cotopaxi, active work was witnessed and indigenous people commended the work of PRODEPINE and confirmed that the preparation of LDPs had indeed been a participatory and empowering experience. Local communities in the uplands feels that they are benefiting from PRODEPINE and that it is addressing their most important needs like the need for water for their crops and animals. As a Quichua man in an irrigation work party in the community of Kuchibamba comments:

“This project is beautiful. We have suffered from drought in recent years and this new irrigation will give us a valuable source of water. The community feels much better off now after with this project”

Crucially, people feel involved in the development process and feel they are the “owners” of the sub-projects. On the other hand, although national organisations like FENOCIN welcome PRODEPINE, they are concerned about the recent lack of consultation with CODENPE and the dangers of “politicisation” by the government:

“CODENPE is not fulfilling its role of mediator between indigenous organisations and the state: the *Comité Transitorio* has not met for months...the government is trying to politicise the project as it has always done with development efforts. We had real hopes for Prodepine as a new model for indigenous development. Now it seems politicisation is creeping in. That is when everything is lost just like it has always been in previous projects” Pedro de la Cruz, President

Alongside increased participation, FENOCIN would like to see the land regularisation program proceed more quickly and it would prefer more guarantees that the new Water Law will not jeopardise the rights of the rural poor. More generally, FENOCIN seriously questions the capacity of PRODEPINE to tackle the root causes of rural poverty that originate in macro-economic policies (see below). Another upland indigenous organisation, ECUARUNARI, confirms that PRODEPINE works with local communities and has supported capacity building and training. ECUARUNARI welcomes this support. However, LDPs are viewed as a piecemeal approach to national development needs:

“PRODEPINE has initiated LDPs for health, work and education but these are on a small scale. There is a need for a more comprehensive program for these social and economic services. There are also some isolated indigenous communities who have little organisation and these indigenous communities are not reached by PRODEPINE” Manuel, Ainaguano, Director of Education

⁷⁶ Prodepine 1999c

The perception that local development plans are an inefficient mechanism for development is echoed by Luis Macas, former president of CONAIE and current director of the *Instituto Científica de Culturas Indígenas* in Quito. Macas observes:

“PRODEPINE is a good idea but it is spreading funds thin on the ground instead of pushing hard for important national projects that would bring long-term benefits for indigenous peoples. LDPs are useful but they are very time-consuming to produce. These plans waste time by going over old ground. People have needs here and now. Many already have detailed proposals that simply need funding. PRODEPINE is duplicating efforts and resources” Luis Macas, Quito, October 1999

Luis Macas stressed that the land and water regularisation components of PRODEPINE depend partly on the passage of new legislation that has been slowed by political opponents in the Ecuadorian Congress:

“CONAIE lobbied hard for the *Ley de Comunas* and amendments to the *Ley de Aguas* but strong political interests on the right oppose land and water reforms. It was only through indigenous struggle that we prevented the passage of right-wing land reform legislation that would have been disastrous for indigenous communities. INDA is working on land regularisation but it cannot progress without adequate legislation” Luis Macas, Quito, October 1999⁷⁷

2.1.8.1.2 lowland communities

Representatives of indigenous Amazonian organisations underline the fact that project implementation in Amazonia is “out of step” with the rest of PRODEPINE. The project has so far concentrated on the coastal and upland regions while Amazonia has witnessed few concrete activities other than the establishment of regional offices in Tena and Macas. Slow implementation in Amazonia has fostered a feeling of exclusion from the project:

“The Federations have heard of Prodepine but have yet to see any benefit. The regional offices have only just opened. We are not at the “table” with the World Bank. We are outside the whole process. We feel excluded. We feel there is a bias towards the Sierra and that the project suffers from regionalism. There is a feeling that PRODEPINE and CODENPE do not understand the reality lived by Amazonian peoples. CONFENIAE wants to establish a more direct relation with the Bank. The Bank must try to relate more with the “base” organisations” Janeth Cuyi, CONFENIAE

The observation that PRODEPINE features a regional bias towards the Sierra is partly based on the design of the project that originally centred on rural credit and commercial production projects. Project managers argue that PRODEPINE is responding to the demographic realities of Ecuador where 90% of the indigenous population live in the upland Sierra region. They also point out that by 2000, some Amazonian communities such as the Shuar and Achuar were becoming involved increasingly in the activities of PRODEPINE. Nevertheless, native Amazonians stress that commercial and credit-based projects are suited to the uplands where Indians have experience of the market and development agents. However, the situation in Amazonia is different:

⁷⁷ The 1994 Agrarian Reform Law proposed to liberalise the land market in Ecuador and open up community lands for purchase and sale in the free market. Indigenous demonstrations on a national scale secured an important clause for collective land holding in the new law (see Treacle 1998:241-247).

“In the lowlands there is little or no demand for local production. People have no experience of project management and credit cannot be rapid due to a weak commercial economy. Local traders and merchants control commerce. Amazonia is a different region that demands specially designed projects and policies” Anibel Chaves, FOISE

Once again, indigenous commentators were not aware that PRODEPINE includes a natural resource management component in its rural investment budget. Anibel Chaves argued that PRODEPINE should fund indigenous park management in protected areas like his own Amazonian community in the *Parque Nacional y Reserva Faunistica Cuyabeno*. In October 1999, both Janeth Cuyi and Anibel Chaves highlighted that the CONFENIAE conference in Puyo in December 1999 would deal with the subject of PRODEPINE and most likely call for a special sub-project for the Amazon region. In this context, CONFENIAE also notes the lack of PRODEPINE funds for regional IPO conferences:

“CONFENIAE will hold its annual conference in Puyo. The Bank is invited and Prodepine is invited but they will not supply funds for the meeting. They only fund office equipment for regional IPOs under their institutional strengthening programme. We argue that the funding of conferences is central to proper participation in the project. Prodepine ought to fund such gatherings” Janeth Cuyi, CONFENIAE

One factor that remains to be seen in the implementation of sub-projects in the lowlands is the local attitude towards the “contraparte” scheme in which communities provide voluntary labour in return for project materials and technical expertise. As IFAD has experienced, proposals for the use of voluntary labour in development projects are sometimes rejected by native Amazonians. Moreover, indigenous Amazonians argue that valuation of community contributions to a project exceeds simple labour hours dedicated to a work task. Values are also thought to include the opportunity costs of lost subsistence and commercial work.⁷⁸

2.1.8.2 Afro-Ecuadorians

The Afro-Ecuadorians have received direct project benefits from PRODEPINE during the first year. Though originally cynical about the project, some Afro-Ecuadorians praise its activities and acknowledge the degree of Black participation and sub-project benefits:

“Look! Can you believe it? I have a chequebook in the name of my local Federation. It is real. It is not a lie. We Blacks are actually controlling project funds. Before it was only the government or NGOs who managed money. I have even started to study anthropology...with a Prodepine grant. That is why I support PRODEPINE...” Pablo de la Torre, CNA

“PRODEPINE has brought concrete benefits. Take the case of El Viento: for 140 years they had no light at all at night. Imagine the joy of having electric light! PRODEPINE is fabulous for those people. The truth is that the project has raised the spirits of our people” Pablo de la Torre, CNA

⁷⁸ IFAD 1997, Iturri and Schulze 1998

The CNA does criticise the failure of the Bank project to address the plight of their urban black “brothers” who merit development assistance just as much as rural blacks. The CNA also stresses that Afro-Ecuadorians are found throughout Ecuador and not just on the coast and in the Southern Sierra. The project should ideally involve all Afro-Ecuadorian communities. A further observation was that the inability of PRODEPINE to fund conferences was unfair and stifles proper processes of participation and reflection on a regional and national scale.

2.1.8.3 Project managers

Administrators and technical staff in the national office of PRODEPINE emphasise that the project is exceeding expectations in its participatory and capacity building components. They also stress that concrete benefits are now filtering back to “base” communities in the form of social and economic sub-projects. Moreover, they are proud to point out that local communities feel in control of these sub-projects. For technicians, the project is achieving its goals of indigenous self-development in very trying economic and political conditions. With increasing poverty and desperation, project staff are convinced that PRODEPINE is now needed more than ever.

One particular concern of national managers was the delay in IFAD land purchase funds. The PRODEPINE office had to turn away indigenous people seeking assistance on an almost daily basis. The inability to help with land purchase in the short-term caused frustration in the national office. Correspondence with IFAD is especially slow and inefficient. Technical staff also emphasise that changes in national government and civil service appointments constrains efficient and timely project implementation. The organisation of government ethnic agencies changed three times in three years in Ecuador. Each institutional change sets back project advances. Senior management in key government agencies operates in a continual state of transition and flux. As governments change so the structure and priorities of the civil service are transformed. Project management is difficult in this environment of institutional instability.

2.1.8.4 Task managers

The Bank feels that PRODEPINE is proceeding well though the main risks identified at the planning stage have materialised, namely, weak government agency capacity and popular criticism that the project does not address the needs of poor urban people. Even so, the Bank is satisfied that overall the project is complying with OD4.20 and is a good example of participatory development with base communities. Bank staff do not see any need to drastically change the basic structure and objectives of the project. The task manager Jorge Uquillas stresses that poverty alleviation remains the top priority and project impacts will take time to filter through to more communities – especially in areas like Amazonia where regional offices have only recently been established.

In response to the feeling of exclusion by Amazonian communities in Year One, Jorge Uquillas argues that a uniform project implementation plan would only be possible in countries with uniform indigenous technical capacity and government infrastructure. The

later inclusion of Amazonia was a product of the practical conditions on the ground and the fact that most beneficiaries live in the Sierra. Project priorities are to reach as many beneficiaries as soon as possible and it is logical that the Sierra had been the starting point for project implementation.⁷⁹

2.1.8.5 NGO partners in land regularisation

The NGO Fondo Ecuatoriano Populorum Progressio (FEPP) is soon to start implementing the land regularisation component of PRODEPINE. The component has two goals: (i) to resolve land conflicts through land purchase in the Sierra (ii) to carry out demarcation of ancestral indigenous lands in Amazonia and the coast. Although land purchase funds from IFAD have been delayed, the agreement with PRODEPINE is ready for signing. FEPP already has a large land regularisation program underway and the PRODEPINE work will be added to the current schedule.⁸⁰ FEPP has many years of experience of participatory work with indigenous communities and has 50 socio-historical studies of ancestral land claims currently under way in Ecuador. Land demarcation involves the production of natural resource management plans and biodiversity conservation strategies.

Xabier Villaverde, the director of FEPP, stresses that the legal process of land demarcation and titling in Ecuador is very slow. The process is especially drawn out when indigenous land claims overlap with protected areas and forestry reserves. Unfortunately, the new *Ley Forestal y de Areas Naturales Protegidas, Vida Silvestre y Biodiversidad* has not been approved by Congress. The law is being blocked by agribusiness and land-owning interests in government. For powerful economic actors like timber firms, petroleum companies and agribusinessmen, forested lands are required for commercial production.⁸¹ Competing claims for land often generates conflicts between economic agents and indigenous communities. State reform has left the government agency with few staff and it is unable to resolve many of these land conflicts. Many conflicts are resolved by FEPP but there is a lack of resources. Despite delays in enabling legislation, FEPP is confident that PRODEPINE will further indigenous land security in Ecuador. FEPP acknowledges the World Bank as a major force in the implementation of land regularisation all over Latin America.

2.1.9 PRODEPINE compared

Compared with the initiatives of other multilateral agencies with indigenous peoples in Ecuador, PRODEPINE has so far been relatively successful. Rural credit and various development projects run by IFAD, the Inter-American Development Bank (IDB) and the UNDP have been suspended or terminated due to conflict and poor project performance. PRODEPINE technicians argue that the key to PRODEPINE success lies in the

⁷⁹ Jorge Uquillas, pers. comm. November 1999. The aim of maximising the number of beneficiaries confirms that loan performance monitoring is a major driving force for project implementation. Notwithstanding regional differentials in human capital, targeting the maximum number of indigenous people in the Sierra has arguably overshadowed the need for balanced regional participation in project implementation.

⁸⁰ FEPP 1999:26; Chiriboga 1999:81ff

⁸¹ Tamariz and Villaverde 1997:121ff

accumulated decades of experience of the technical team in indigenous development coupled with efficient project operation procedures: written agreements that specify the obligations and duties for different stakeholders in each sub-project and a comprehensive monitoring (*seguimiento*) process with agreed indicators. Another project strength is the employment of indigenous and black personnel who understand the needs and aspirations of rural communities and are able to avoid and resolve conflicts. The IDB and other agencies, they argue, lack understanding of indigenous peoples and are not experienced in conflict resolution. Interventions by these agencies have often made the situation worse. For example, an IDB credit program in Amazonia failed to explain credit terms properly and has indebted native people who are later unable to repay their debts:

“The only achievement of the whole credit project is that indigenous families are poorer now than they were before. How can people pay back loans after just a few months by rearing chickens and cattle that take time to grow? The whole thing has been fatal. People are worse off after this project. That is why we do not trust large Banks. People are worried about their debt and live in fear that the Bank will penalise them. Living with anxiety is not development for us. People are fed up” Janeth Cuyi, CONFENIAE

2.2 The Bank’s Portfolio in Ecuador

PRODEPINE operates alongside a set of World Bank-financed projects in Ecuador (Table 1). The portfolio content affirms the Bank’s focus on social development: 47% of the portfolio (9 projects) relates to health, education, agriculture, sanitation and emergency relief while 16% (3 projects) are environmental protection of biodiversity conservation initiatives. However, during the field study in Ecuador, all the indigenous and NGO interviewees highlighted the radical contradiction between the Bank’s social development goals and their monetarist policies for achieving national financial stability. In particular, people stressed the adverse effects of Bank-assisted modernisation, export and legal reform projects on the environment and on indigenous quality of life (Table 1:A11-16). Although these projects only constitute 32% of the portfolio (6 projects) and just 19% of the value of the total loan package, they have a far-reaching and long-term impact on peoples’ lives and their resource base throughout Ecuador. In other words, the size of loan allocations in different “pillars” within the loan portfolio provides no guide at all to the potential environmental and social impacts of Bank operations in borrower countries.

2.2.1 Structural adjustment measures

Ecuador has received a number of Structure Adjustment Loans (SALs) since 1983 following the collapse in oil prices and the emergence of the debt crisis in Latin America. After 17 years of hard economic measures and cutbacks in state welfare provision, Ecuador’s national economy remains in crisis and poverty levels have increased.⁸² Nonetheless, the World Bank continues to provide such loans to Ecuador (Table 1:B11). The Bank also seeks to “strengthen” the economy by assisting strategies for state reform through “modernisation” programs and “technical assistance” programs that provide statutory reinforcement to business, resource extraction and export-led growth. Bank

⁸² Treacle 1998:222

economists are convinced that the country's economic difficulties can be remedied by intensifying the exploitation of Ecuador's mineral, hydrocarbon, timber and agricultural resources for export.⁸³

Table 1: A Profile of the World Bank Portfolio in Ecuador, October 1999

Project Name (Project agency)	Objective	\$USD ^a	A Date	IPC ^b	Category ^c
A. UNDER IMPLEMENTATION					
1. Indigenous Peoples Development (CONENPE-PRODEPINE)	poverty reduction through land and water regularisation + investments	25	1998	1	SD
2. Education and Training (MEC)	-	89	1991	nd	SD
3. Health and Nutrition (MSP)	-	70	1992	nd	SD
4. Environmental Management (MAG-PATRA)	mitigation of oil industry impacts in Amazonia	15	1996	1	EP
5. Municipal Development 1 (PDM)	-	104	1990	nd	SD
6. Rural Devel. (PRONADER)	-	84	nd	nd	SD
7. Irrigation (MAG-PAT)	-	20	1994	nd	AD
8. Agricultural Research (MAG)	-	21	1996	nd	AD
9. Agricultural Census (MAG)	-	20	1998	nd	AD
10. Flood control	-	59	1990	nd	TI
11. Health sector reform (MODERSA)	-	45	1998	nd	SR
12. Judicial reform	-	11	1996	nd	SR
13. Public Enterprise reform	-	12	1994	nd	SR
14. State Modernisation (CONAM)	reduce the size of state bureaucracy	20	1994	nd	SR
15. International Trade and Integration (MICIP)	-	30	1998	nd	ETI
16. Mining (MEM-PRODEMINCA)	-	14	1993	nd	ETI
17. El Niño Emergency Project	-	60	1997	nd	REL
18. Galapagos Monitoring	-	nd	nd	nd	BC
19. Biodiversity Protection (GEFI)	-	nd	nd	nd	BC
	Total value of loan operations	699			
B. IN PREPARATION					
1. Education II (MEC)	-	-	-	-	SD
2. City water and sanitation	-	-	-	-	SD
3. Municipal Devel. 2 (PDMII)	-	-	-	-	SD
4. Water and Sewerage (ECAPAG)	-	-	-	-	SD
5. Biodiversity Protection (GEFII)	-	-	-	-	BC
6. Wetlands Inventory	-	-	-	-	BC
7. Ethnobotanical Conservation	-	-	-	-	BC
8. Ozone Reduction	-	-	-	-	EP
9. Ancestral Knowledge recovery	Recover TEK for biodiversity conservation in the coastal region	-	-	-	BC
10. Energy/hydrocarbons (CONAM-PERTALII)	Technical assistance	-	-	-	ETI
11. Emergency Structural Adjustment loan (MINFIN-ESAL)	-	-	-	-	SAP

nd no data

⁸³ Mosely 1997; World Bank 1999d:3

- a Millions of dollars
- b IPC: Indigenous Peoples Component. The inclusion of indigenous peoples component is a broad guide based on the author's qualitative judgement and not revision of project documents.
- c Abbreviations: SD – social development; EP – environmental protection; AD- agricultural development; BC – biodiversity conservation; RES- research; REL – relief; TI – transport and infrastructure; PRV – privatization; SR – state reform; ETI – export, trade and industry; SAP – structural adjustment;

2.2.1.1 social and environmental impacts

The indigenous movement in Ecuador has been central to civil protests against anti-social adjustment programs that shape government domestic policies. As the economic situation in Ecuador has worsened, protests have intensified. In March 1999, CONAIE organised a national indigenous demonstration against the passage of major economic laws drawn up without any consultation with indigenous organisations.⁸⁴ In July 1999, a second national demonstration called the “Indigenous Uprising Against Hunger and for Life” forced the government to the negotiating table to discuss the effect of neo-liberal policies of privatisation, taxation and state reform on indigenous Ecuadorians.⁸⁵

The massive uprisings have even influenced the IMF and the World Bank, who are considering including exceptional “social clauses” in new SALs.⁸⁶ In the meantime, Bank operations continue to support damaging measures that convince many indigenous people that the Bank has a double agenda:

“The Bank has deep internal conflicts. They have anthropologists and ecologists – I have met them. But the force of the Bank still lies in the economic sections dealing with trade, national economic policy and privatisation. The Bank supports PRODEPINE but it also finances the modernisation program that has a severe negative impact on the native peoples in the countryside and the town. People are becoming poorer. The bank is therefore full of contradictions and is divided in its objectives” Luis Macas, ICCI, Quito

Even the state ethnic agency CODENPE acknowledges that there are contradictions in government policy. Crucially, the “*achicamiento del estado*”: “State reduction” program shrinks government department staff and budgets and thereby limits the effectiveness of state co-operation with social projects like PRODEPINE that are intended to benefit ethnic communities.⁸⁷ Indigenous peoples complain that the current “state reduction” measures implemented by the *Consejo Nacional de Modernización* (CONAM) raise the cost of living for indigenous families as fuel subsidies and state controls on the economy are removed:

“FENOCIN sees that the Bank and the IMF are closely interrelated: their joint aim is to support economic reform and strengthen the national economy. In reality these measures mean increased value added tax and increases in the price of gas and electricity. Poor people are being made to foot the bill. We ask what has happened to the income from oil? We ask the government why they will not invest in technology to secure revenue from the rich and big business?” Pedro de la Cruz, President, FENOCIN

⁸⁴ CONAIE 1999:59

⁸⁵ Riccharishun 1999a, 1999b

⁸⁶ Riccharishun 1999a:2

⁸⁷ CODENPE 1999 in Griffiths 1999a:

Ecuadorian NGOs point out that civil society is not usually involved in the formulation of policy relating to Bank projects. Petroleum and hydrocarbon laws have been drafted without consultation with indigenous peoples (Table 1:B10). In short, in relation to its economic, financial and legal packages, the Bank is still considered to be “closed”, evasive and unaccountable e.g.,

“CONAM has produced legal and economic reforms with no participation by civil organisations. It is difficult to obtain meetings with CONAM and letters receive no response. The only source of information is BIC and D-Gap in Washington... The Bank denies its involvement in drafting new legislation. At the same time, the government states that the Bank pushes for the implementation of new laws. There is no accountability” Paulina Garzón, CDES, Quito

For many observers in Ecuador, the Bank continues to act primarily as a financial institution that places economic priorities before social issues. Indigenous peoples in Ecuador have struggled to see ILO Convention 169 implemented in all Bank projects but the regulation has not been adhered to. As Paulina Garzón of the *Centro de Derechos Económicos y Sociales* observes:

“The Bank has directives and policies on social and environmental issues but does not ensure proper monitoring to enforce its own policies. The Bank still features deep moral and legal contradictions in its loan operations in Ecuador” Paulina Garzón, CDES, Quito

Indigenous organisations judge that indirect Bank support for export businesses has had negative knock-on effects for small indigenous farmers who cannot compete against agribusiness and large landowners (Table 1A:15). Expanding agricultural enterprises have displaced indigenous peoples from their land. Export crops like flowers, African palm, mango and barbaco have replaced traditional agricultural crops like *quinua*, *melloco*, *mashua*, *bizu* and *chocho* and with them a their rich pool of crop genetic diversity. Biodiversity in natural and semi-natural ecosystems has also suffered. For example, the shrimp export boom in Ecuador has resulted in the destruction of 70% the country’s mangrove forests by shrimp farming⁸⁸.

In Amazonia, oil industry activity continues to use explosives in seismic operations and frequently contaminates waterways used by indigenous peoples for fishing, bathing and drinking. Despite repeated indigenous protests to the government and multilateral development banks, ecological damage continues.⁸⁹ Native Amazonians underline the fact that the oil industry brings no positive impacts for indigenous communities and mining and petroleum companies that offer assistance do not keep their promises.⁹⁰ The Bank’s environmental mitigation projects like PATRA have not brought any concrete benefits for indigenous Amazonian and peasant communities (Table 1A:4).⁹¹ Legal reforms associated with the PRODEMINTA mining project part-funded by the World Bank allow mining exploration in protected areas (Table 1:A16).

⁸⁸ Griffiths 1999a:15; Acción Ecológica 1999:10

⁸⁹ Frente de Defensa de la Amazonia 1998; Falconi and Garzón 1999; see especially CONFENIAE 1999

⁹⁰ Chumbi 1999:53-54 Griffiths 1999a:36

⁹¹ Griffiths 1999a:33

PRODEMINCA activities jeopardise the integrity of hydrographic systems in the western uplands, and in the NW of Ecuador mine operations will affect the *Reserva Ecológica Cotacachi Cayapas*.⁹² PRODEMINCA includes mineral concessions in many parts of Ecuador. Most concessions cover indigenous territories. More or less the entire Amazon region is now covered by oil concessions, and many of these cover national parks and protected areas.

In 1995 the Bank sponsored a congress in Quito titled “*Minería y Comunidades*”. The actual goal of the meeting was to promote more industrial mining in Ecuador. The strategy is to provide local communities with development benefits in return for access to minerals on their land. Acción Ecológica sees this system as a form of “barter” in which services are exchanged for community co-operation and mineral resources. The system is a “grotesquely incoherent” one that provides nominal support to indigenous communities but destroys their resource base. Consequently, environmental NGOs are not convinced that the World Bank has radically transformed its operations in Ecuador to take account of their social and ecological impacts. There is a feeling that Bank social and environmental policies are a superficial veneer that masks the reality of Bank activities.

2.2.1.2 The Bank and SALs

During an interview with a senior Bank sociologist involved in PRODEPINE, the author asked about social development staff views regarding the apparent contradictions between Bank-assisted poverty reduction projects like PRODEPINE, and Bank-assisted adjustment, modernisation and export programmes in Ecuador. In response, the ESSD sociologist pointed out that Bank sociologists and environmental scientists must work within the current neoliberal development model. Questions about which model is appropriate are part of a much wider debate. In short, the aim is to try and open a “space” for indigenous self-development in response to demands made by *governments* and indigenous peoples (emphasis added). Asked whether social development specialists enjoy regular and formalised communication with Bank economists, the response was that some communication does occur. Social staff are invited to contribute to the Country Assistance Strategy, but not to meetings relating to individual loan operations run by economists. Informal invitations are sometimes made. In any event, task managers are simply too busy to attend meetings. The sociologist being interviewed explained that he has projects to attend to in Mexico, Ecuador and Argentina. The work involves a lot of travel, and time is fully utilised in project planning and management.

2.3 Indigenous Struggle for an Alternative Development

The indigenous movement in Ecuador is disillusioned with the current development model. Instead of “mitigating” the effects of neo-liberal policies, indigenous organisations argue that there is a need for a more humane and equitable model of development that facilitates participation and the sharing of benefits. Indigenous peoples point to strong evidence that the neo-liberal model has failed in Ecuador: poverty levels are increasing, unemployment is rising and social services are declining.⁹³

⁹² Acción Ecológica n.d.:1

⁹³ FENOCIN 1999a:167

Many indigenous commentators point out that PRODEPINE efforts to alleviate poverty are well placed but that the project does not address the wider forces that drive social exclusion and environmental destruction in Ecuador. More cynical observers even suspect that the state accepted the loan in order to “gag” indigenous criticism and stem further indigenous uprisings.⁹⁴ Despite differences on specific policies, the major national indigenous organisations propose a more equitable model of development that promotes the sustainable use of resources appropriate to each biogeographic region in Ecuador. Crucial to the indigenous proposal for an alternative development is the establishment and fostering of communal enterprises and financial systems underpinned by inalienable territorial security and the collective ownership of lands and resources.⁹⁵ The President of CONAIE expresses these sentiments:

“There is a need to create an economy that truly benefits the people. Indigenous peoples need support to establish their own community enterprises to manage resources like forests, irrigation water and transport. In that way there would be no need to sell these resources to large companies. Again and again the majority are excluded from economic processes that only reward a tiny group of elite...The Banks and the World Bank must rethink their policies and back an alternative kind of development that works from the base. There must be more equitable alternatives” Antonio Vargas, President, CONAIE

2.4 Summary Conclusions

The foregoing review reveals specific observations regarding PRODEPINE and more general conclusions about World Bank compliance with OD4.20 in Ecuador.

2.4.1 PRODEPINE

After one year operating during an economic crisis, PRODEPINE has not been able to significantly raise incomes or increase job opportunities among indigenous and Afro-Ecuadorian communities. However, where implementation has started in the uplands, PRODEPINE is making positive contributions towards the participatory ethnodevelopment of indigenous peoples through:

- building on a long project preparation phase involving pilot projects and consultations with indigenous stakeholders over project design and operational procedures
- involving base communities in the participatory production of Local Development Plans
- enabling local communities to select their own development priorities
- allocating sub-project implementation and monitoring responsibilities to second tier community organisations employing indigenous foremen and women
- providing grants to indigenous students for secondary school and university education
- providing capacity building and training for indigenous organisations
- providing grants for rural economic infrastructure and cultural patrimony events

⁹⁴ Griffiths 1999a:12, 27

⁹⁵ CONAIE 1999b; FENOCIN 1999b:37

Evidence indicates that where PRODEPINE has started to implement sub-projects, indigenous and black people feel empowered and involved in the development process. PRODEPINE is nevertheless threatened by politicisation, and poverty reduction goals are jeopardised by the current economic crisis. Lessons learned include:

- indigenous development projects that incorporate government agencies in the implementation plan risk setbacks and institutional conflicts as government organisations change and shifts occur in national political priorities
- national indigenous projects with substantial budgets may attract the destabilising forces of political patronage that weaken indigenous participation and diminish project transparency
- negative macro-economic forces and unstable financial institutions may seriously constrain poverty reduction and rural investment components of indigenous development plans
- co-financing critical land regularisation and credit components with other multilateral agencies risks delays that are beyond the control of project managers
- commercial and land-owning interests block innovative land and resource legal reforms that are an essential precondition for effective ethnodevelopment projects
- direct project implementation with local communities and second tier indigenous organisations can alienate national and regional indigenous organisations
- differential project implementation across different regions may generate feelings of exclusion among indigenous communities where implementation is delayed
- previous negative experiences with development agents and credit programs make indigenous communities sceptical and cautious about national indigenous development projects e.g., in Amazonia
- cumbersome bureaucratic procedures slow project implementation and create a view of project inertia and inactivity among rural communities
- limited dissemination of project components can foster misconceptions and unfounded criticism e.g., the common view that PRODEPINE offers no support for natural resource management and biodiversity initiatives
- Local Development Plans run the risk of being viewed as isolated and fragmented initiatives if they are not integrated and harmonised with nation-wide programs for health, education, agriculture etc.
- contradictory donor operations that undermine social development initiatives and restrict participation cause indigenous peoples and civil society to suspect that the same donor institution has “double agenda”
- indigenous development projects that do not address macro-economic policy cannot eliminate the fundamental causes of poverty, social exclusion and environmental degradation

2.4.2 Adherence to OD4.20 in Ecuador

- World Bank loan operations targeting indigenous peoples show a high degree of compliance with OD4.20 with respect to requirements for indigenous participation, land regularisation and guaranteeing benefits for indigenous communities

- Other loan operations show very limited compliance with OD4.20. Crucially, indigenous organisations and NGOs are excluded from vital processes of drafting legislation relating to state reform, economic policies, natural resource use, mineral and hydrocarbon exploitation affecting their well-being and livelihoods
- Export, free market and structural adjustment loan packages have potential economic and environmental consequences that contravene the Bank's commitment to indigenous rights, environmental protection and biodiversity conservation
- Economic, financial and legal reform loan operations are especially "closed" to indigenous scrutiny and information is difficult to obtain from local World bank missions and the Bank HQ in Washington
- Ecuador demonstrates that OD4.20 is not applied uniformly to the whole set of Bank loans active and in preparation
- Failure to apply OD4.20 stems from the Bank reluctance to recognise the indirect impacts of the matrix of loan operations on indigenous peoples and their resource base. Legal and financial technical assistance operations are not normally identified as "affecting" ethnic populations despite their major social and environmental implications

2.4.3 Policy Implications

1. National and regional indigenous and Afro-Ecuadorian conferences should be funded by national projects like PRODEPINE in order to facilitate the concrete participation and involvement of regional and national IPOs in the development strategy.
2. Projects must disseminate information about all components and benefits. PRODEPINE needs to reiterate its support for novel natural resource and biodiversity initiatives under its "rural investment" component.
3. Bank social development specialists must establish communication with other task managers involved in loan operations that affect the successful implementation of ethnodevelopment projects. Such communication should aim to minimise policy conflicts.
4. Better compliance with OD4.20 requires more formal liaison between social and economic staff plus a standard assessment of all proposed Bank loan operations irrespective of any judgement about whether or not they "affect" indigenous groups and their territories.
5. Bank participatory guidelines must be applied to legal reform, technical assistance and macro-economic loan operations to ensure that indigenous organisations and civil society are involved in democratic formation of policies and legislation.

2.5 Developments in 2000

Following the fieldwork for this report in October 1999, the economic crisis in Ecuador continued to worsen. In mid January 2000, indigenous groups mobilised by CONAIE demonstrated in the capital city against rocketing prices and draconian proposals by

President Jamil Mahuad to adopt the US dollar to stabilise the economy.⁹⁶ At one stage, indigenous groups occupied parliament and court buildings in protest at government plans. By the end of January 2000, public opposition to economic reforms and the deepening economic crisis toppled Mahuad from government. However, the emergency interim government of Ricardo Noboa proceeded to implement Mahuad's "dollarisation" plans and called in the IMF to negotiate a new \$2 billion adjustment package to rescue the economy.⁹⁷ Conditions of the package include reducing state subsidies on fuel and petrol. Indigenous groups demanded that the government involve them in any negotiations about restructuring the economy, but Noboa failed to fulfill commitments made to talk to the CONAIE leadership.

Meanwhile dollarisation has failed to slow the rising cost of living that continues to cause discontent among the country's majority poor. Elections in May 2000 saw major gains by the indigenous Movimiento de Unidad Plurinacional Pachakutik Nuevo País (MUPP-NP), as Ecuadorian politics becomes ever more polarised between pro-economic reform camps and populist indigenous and social movements. Tensions continue to rise in mid 2000 as inflation becomes hyperinflation: in June 2000, Ecuador's annual inflation rate rose to a record 104%.⁹⁸ Indigenous groups and other opponents to the dollar stress that the dollarisation will only cause Ecuadorian prices rise to international rates which will have a devastating impact on the country's poor.

The Ecuadorian indigenous movement in Ecuador continues to argue that neoliberal reforms favour the existing elite and oligarchies in Ecuador at the expense of the marginalised majority. Indigenous groups maintain that deregulation and privatization risk worsening patterns of inequality in Ecuador and call. Such groups are pressing for a renewed debate about how the economy and economic reforms can meet the needs and aspirations of majority poor people not the privileged and powerful sectors that have dominated Latin American society for centuries.⁹⁹ Indigenous opposition to top-down adjustment policies is mounting.

In August 2000, CONAIE presented the Supreme Court with a petition of 1.5 million signatures calling for a halt in the Ecuador's privatization programme and a reversal of the dollarisation policy.¹⁰⁰ Reports from the Bank and Ecuador indicate that PRODEPINE continues to function in the midst of this growing political and economic instability. The remarkable resilience of the project is perhaps testimony to its depth of local ownership in the upland regions.

⁹⁶ BBC Mundo 2000a

⁹⁷ The Sucre is due to stop circulating by September 2000.

⁹⁸ Washington Post 2000

⁹⁹ Macas 2000a

¹⁰⁰ Macas 2000b

PART III

Case Study 2

BOLIVIA

“The Bank advised the government to create Superintendencias and private water companies – why did it do that? What right has the Bank got to promote the privatisation of indigenous water resources? The government says it followed the Bank’s proposal but the Bank denies this. Both sides deny responsibility. We ask who is accountable?”

Vicente Cloticilla, President, Consejo Nacional de Ayllus y Marcas de Qollasuyo (CONAMAQ), La Paz, 26 October 1999

“CIDOB acknowledges that the Comité Ejecutivo of the Bolivia-Brazil gas pipeline is a participatory group that meets every three months and involves CIDOB and CABI. Indigenous peoples can table their concerns to consultants. This is a positive development and a form of indigenous participation”

Marcial Fabricano, Vice-president, CIDOB, 27 October 1999

3.0 Indigenous Peoples and the World Bank in Bolivia

This section outlines the Bank portfolio in Bolivia before discussing how Bank operations in the legal and economic sector seriously affect social development and conservation projects targeting indigenous populations. The section then provides an overview of past and present Bank-financed land regularisation and biodiversity conservation loans affecting indigenous peoples in Bolivia. The section proceeds to examine the case of the Bolivia-Brazil gas pipeline project co-financed with the Inter-American Development Bank. The collection of other projects affecting indigenous lands and biodiversity are outlined together with their potential social and environmental impacts. The lessons learned by indigenous peoples and NGOs regarding Bank policies and projects are summarised in each sub-section.

3.1 The Bank's Portfolio in Bolivia

Table 2 indicates that the current loan package in operation in Bolivia is more or less equally divided between social development projects and legal-financial reform activities. Social development projects make up 38% (6 projects) of the portfolio while 44% relates to state reform, structural adjustment and industry-based operations. Two other projects support road construction. One finding of this study is that a portfolio list is not a comprehensive guide to Bank activities with indigenous peoples. For example, the list excludes the Bank's capacity building programme that falls within a multi-country initiative supported by the Indigenous Fund co-financed with the IDB and other multilateral agencies (see sections 1.2.2.1, 3.3.3.4 and 3.3.3.7).¹⁰¹ Likewise, the major indigenous component in the Land Administration programme is not detailed in the portfolio list (Table 2:14). Nonetheless, these loan operations have major repercussions for indigenous self-determination, as section 3.2 describes. Prior to discussion of indigenous project components in Bolivia, it is necessary to outline the Bank's involvement in privatisation and legal reform activities and how these have neglected to ensure indigenous and civil society participation.

3.1.1 Legal reform and privatisation

Several past and current Bank projects intend to reinforce and propel political and economic processes of decentralisation and privatisation in Bolivia. Central to the Bank's strategy has been the creation of *Superintendencias* that are autonomous state agencies that oversee the application of a set of new Land, Water, Forestry, Mineral and Hydrocarbon Laws. The Superintendencias administer the sale of resource concessions and secure appropriate tariffs and revenue for the state from private enterprises. On the one hand these Superintendencias are designed to eliminate corruption and enforce appropriate social and environmental legislation. On the other hand, the Superintendencias aim to "attract" foreign investment and capital to Bolivia and intensify the exploitation of the nation's natural resources to power economic growth.¹⁰²

¹⁰¹ World Bank 1999b

¹⁰² World Bank 1998c

Table 2: A Profile of the World Bank Portfolio in Bolivia, October 1999

Project Name (Project agency)	Objective	\$USD ^a	End Date	IPC ^b	Category ^c
A. UNDER IMPLEMENTATION	Total value of loan portfolio =	629			
1. Participatory Rural Infrastructure	Strengthen municipal regions with financial assistance to poor rural areas for small-scale investments	63	2004	1	SD
2. Strengthening Education Quality	Improve education access for girls and construct and renovate schools etc.	75	2003	nd	SD
3. Health Sector Reform	Improve health care in urban and rural areas	25	2002	nd	SD
4. Rural Sanitation and Water	Support provision of drinking water & sanitation in rural areas	20	2002	1	SD
5. Municipal Development	Support municipal investments	42	1999	nd	SD
6. Integrated Child Development	Basic nutrition and nursery support for pre-school children	51	2000	nd	SD
7. Abapó-Camiri Highway	Fund 160 km Santa-Cruz Yacuiba road construction	88	2004	1	TI
8. El Niño Emergency	Mitigate damage and reduce the impact of the El Niño effect	25	2000	nd	REL
9. Road Maintenance II	Maintain road network	80	2000	nd	TI
10. Industry, Mining and Environment	Support sustainable development of industrial and mining sector & address associated environmental problems	11	2003	nd	ETI
11. Judicial Reform	Support implementation of judicial reform with emphasis on social justice	11	1999	nd	SR
12. Decentralisation and Financial Responsibility	Support increased municipal autonomy. Establish integrated systems of financial management in devolved entities	15	2002	nd	SR
13. Education Reform	Support implementation of education reforms	40	2002	nd	SR
14. Land Administration	Improve the legal framework for land administration including the rural <i>catastro</i> and humans settlements	21	2000	1	SR
15. Technical Assistance for Privatisation	Support the financial sector and improve the legal framework for the sale of public companies	20	2003	nd	SR
16. Structural Adjustment Program	Provide credit for improving the efficiency of the economy in different sectors. Strengthen and stabilise the financial sector and reinforce the collection of appropriate tariffs	42	2000	nd	SAP

nd no data

a Millions of dollars

b IPC: Indigenous Peoples Component. The inclusion of indigenous peoples component is a broad guide based on the author's qualitative judgement and not revision of project documents.

c Abbreviations: SD – social development; EP – environmental protection; AD- agricultural development; BC – biodiversity conservation; RES- research; REL – relief; TI – transport and infrastructure; PRV – privatization; SR – state reform; ETI – export, trade and industry; SAP – structural adjustment;

Assessing the degree of Bank involvement in the production of new legislation is difficult, and the precise credit that relates to different legal reforms cannot be determined with any certainty without detailed scrutiny of all project documentation. Here too, initiatives are often co-financed with the IDB or other entities making accountability unclear. However, it is certain that the legal reforms relating to natural resource regulation and exploitation are central concerns for indigenous peoples whose territories contain a major proportion of Bolivia's natural resources (see 3.3 below). The indigenous movement in Bolivia had been opposed to the creation of Superintendencias. Despite public concern, the new national government elected to office in 1998 has pushed through the necessary legal measures and has established the Superintendencias.

Indigenous peoples and civil rights organisation complain bitterly that they have not been consulted about the raft of new laws that will affect them directly. Five key laws that affect native communities and their territories are: the Water Resource Law, the Hydrocarbons Law, the Forestry Law, the Land Law, the Biodiversity Conservation Law.

3.1.1.1 Water Resource Law

The Water Law establishes a market in water extraction concessions to be managed by the Superintendencias de Aguas. Multilateral agencies reportedly placed intense international pressure on the Bolivian government to speed up the passage of the Water Law or risk losing 700 million USD for a national sanitation project.¹⁰³ Communities all over Bolivia including peasant and indigenous populations will be required to apply for water use concessions that may be sold on the open market.¹⁰⁴ Although there are provisions for exemptions from water charges for customary and traditional users, safeguards for indigenous water use are unclear and ambiguous.¹⁰⁵ Indigenous organisations fear that privatising water will result in a gradual concentration of water rights in commercial hands and the restriction of access to ancestral water resources. Indigenous and social organisations are now demanding that the Water Law should not be implemented until dialogue with civil society has taken place and revisions have been agreed. Indigenous peoples in both the uplands and lowlands are outraged by the proposed law and hold the World Bank partly responsible for undemocratic passage of the Law that excluded consultation with indigenous communities and civil society:

“The creation of the Superintendencia de Aguas is a cause of great concern for indigenous communities. We opposed the Water law but it has now been approved. It now exists. The Law is biased in favour of business...it is the same old pattern: things are decided at the top and then imposed on indigenous peoples” Freddy Quispe, CPILAP, La Paz

“We reject the Water Law. For us, spiritual owners are the masters of the river. Humans cannot own the river. We must protect our rights: our people live by and on the river Parapetí. That is our source of life” Bonifacio Barrientos, Alto Capitán, Capitanía Alto y Bajo Izogog

¹⁰³ Orellana 1999a:50

¹⁰⁴ *Ñee Jeroata* 1999a:18-19

¹⁰⁵ Orellana 1999a:34

3.1.1.2 Hydrocarbon Law

Indigenous organisations continue to protest against Articles 11 and 53 of the Hydrocarbons Law that backs public utility “expropriation” of land and resources for hydrocarbon exploration, transport and distribution. The law gives priority to petroleum exploration and extraction activities over other land uses.¹⁰⁶ CIDOB points out that the current legal system does not prevent oil industry activity in protected conservation areas or indigenous lands. Indigenous demonstrations have demanded that oil companies comply with ILO Convention 169 that requires prior consultation with indigenous peoples over activities in their territories. Despite the fact that Convention 169 is now enshrined in Bolivian statutes under Law 1257, oil firms continue to enter indigenous territories with impunity and the Hydrocarbon Law provides them with legal permission.¹⁰⁷

Since an indigenous protest march in 1996, CIDOB has been pressuring the government to support a “Hydrocarbon Sector Agreement for Original Community Lands” that would ensure that companies comply with Law 1257.¹⁰⁸ At this stage, the agreement is still under negotiation with the oil industry. The indigenous movement points out that current oil industry activities damage the environment in indigenous territories through seismic testing and exploratory wells that contaminate watercourses. Full exploitation brings more serious impacts as the waters and sludge expelled from well drilling are discharged into streams, lakes and rivers. The Bank is financing technical assistance for the drafting of Hydrocarbon Laws and environmental control measures (Table 2:10).¹⁰⁹ On the ground, the impacts of these initiatives have not been felt and indigenous peoples interviewed during the field study were unaware of the Bank’s project. This suggests indigenous participation has been limited or non-existent in the Environment and Industry loan operation.

As well as environmental degradation, indigenous people strongly criticise the fact that oil companies bring no social benefits for native communities. Where “agreements” have been made, the value of compensation has been minimal. For example, oil firms operating in the Charagua district in Eastern Bolivia supplied assorted items worth \$29000 USD to 11 indigenous communities. The *Asamblea del Pueblo Guaraní* argues that these “payments” are entirely inappropriate and do not address the long-term development needs of the indigenous population.¹¹⁰

3.1.1.3 Forestry Law

Indigenous activists also criticise the new Forestry Law in Bolivia because it fails to accommodate utilisation of the forest by indigenous communities and does not recognise traditional and customary forest use. Although the law does allow domestic and

¹⁰⁶ *Ñee Jeroata* 1999b:13

¹⁰⁷ *Ñee Jeroata* 1999c:4; deVries 1998:45

¹⁰⁸ *Ñee Jeroata* 1999c:6

¹⁰⁹ World Bank 1995b

¹¹⁰ *Ñee Jeroata* 1999d

subsistence use of the forest, it omits reference to commercial use that is essential to the livelihoods of indigenous forest dwellers. Indigenous organisations argue that their communities could be effectively integrated in to forestry law to promote forest protection and sustainable land use and biodiversity conservation, including the monitoring of flora and faunal populations.¹¹¹

3.2 Land Regularisation and Biodiversity Conservation

Over the last decade, the World Bank has been involved in a number of land regularisation and conservation initiatives in Bolivia. These are now briefly outlined and assessed using indigenous and NGO views of the effectiveness of Bank land and conservation projects.

3.2.1 Land regularisation

World Bank loans have provided substantial support over a number of years for indigenous land demarcation in Bolivia. In 1990, the Bank approved a five-year “Eastern Lowlands Project” in the Santa Cruz region to support soya production, cattle ranching, road construction and indigenous peoples. The indigenous component involved plans for securing indigenous territories. However, by 1994 virtually no progress had been made in titling indigenous lands nor the indigenous development components of the project.¹¹² According to the Wildlife Conservation Society (WCS), the project completely disregarded the social and environmental norms of the Bank and ended in complete failure in 1995. Large landowners had actually increased their land holdings and agribusiness firms appropriated the rural credit program. Moreover, the project caused a 400% increase in deforestation in the region. Indigenous peoples and small producers saw no benefit from the Bank loan. Despite evidence of poor project performance, the Bank’s final report was positive.¹¹³

The Bank has been more generally involved in land regularisation in Bolivia through its technical and financial support for the *Ley del Servicio Nacional de Reforma Agraria* approved in 1996. This law recognises the indigenous concept that land can be owned collectively and legally defines indigenous communal lands as *Tierras Comunitarias de Origen* (TCO). Many of the crucial articles in the law were obtained through persistent lobbying and public demonstrations. Pressure culminated in a march of 1500 indigenous people to Santa Cruz in 1996. The march persuaded the government to recognise 16 indigenous land claims in lowland Bolivia.¹¹⁴ The World Bank and DANIDA have also provided support for the institutional strengthening of the *Instituto Nacional de Reforma Agrario* (INRA) that is charged with implementing the new land regularisation law. IFAD has also supplied funds for indigenous land regularisation in the Beni region.

¹¹¹ Semo 1998

¹¹² Cordecruz 1994: 10, 23

¹¹³ Griffiths 1999b:43. World Bank staff report that 250,000 ha of land were *demarcated* by the project and that useful land claim maps were generated. However, affected indigenous groups assert that no project maps are available and that the government claims to have lost the PTBE database. Consequently, indigenous peoples maintain that the Eastern Lowlands Project has left “nothing valuable”.

¹¹⁴ de Vries 1998:7

The Bank Land Administration Project incorporates two components. One is the *Ordenamiento de Propiedades* for the legal Cadastral Registry that involves settling the land claims of third parties (*terceros*) within indigenous territories.¹¹⁵ The other is *Sanamiento de Tierras Comunitarias de Origen* (SAN-TCO). Indigenous NGOs like the *Central de Planificación Territorial Indígena* (CPTI) report that the implementation of the land administration project has focused primarily on third parties within TCOs. Many third parties have been able to obtain title to their holdings as a result of the project. Indigenous communities feel that the project time and resources have concentrated on non-indigenous private landowners at the expense of the SAN-TCO component.¹¹⁶

Despite the bilateral and multilateral technical and financial backing, the new INRA law has so far been ineffective. By October 1999, only 2 small TCOs in Eastern Bolivia had received full title. The IFAD land program in Beni has made no progress with titling Siriono and Movima lands due to the sluggishness of INRA in processing TCO claims.¹¹⁷ The remaining 14 indigenous land claims in the Bolivian lowlands remain “immobilised” and subject to assessment by INRA. The inability to advance indigenous land regularisation is a direct result of the incredibly complex land demarcation and titling procedure instituted by the new INRA law that takes many years to complete.¹¹⁸ The situation is made worse by the new government that lacks political will to speed up the land regularisation program.

Despite state inertia, after more than a year in negotiations with the government, indigenous groups and civil society have eventually secured amendments and revisions to the INRA law that are intended to speed up the land titling process.¹¹⁹ However, observers like DANIDA note that changes to the INRA law have been the result of political expediency rather than an objective effort to streamline the administration of indigenous land claims. The INRA law remains complicated and difficult to apply in the field and it is not certain that the process will be more efficient.¹²⁰

Even if the revised law improves the rate of titling, NGO commentators argue that the methodological procedures for determining “optimal” land areas required by indigenous communities is seriously flawed and inadequate. Specifically, the land use models used to assess the “Spatial Needs” of native households are based on inappropriate parameters drawn from peasant economics and colonist resource use. These models do not take account of indigenous livelihood and land requirements and apply short time-scales of 20-30 years in the land requirement calculation. The model consistently underestimates the land areas required for long-term sustainable use and settlement and reduces the final size of legal indigenous territories.¹²¹ As José Martínez of CPTI notes:

¹¹⁵ World Bank 1995a

¹¹⁶ CPTI *in* Griffiths 1999b:47

¹¹⁷ IFAD-PRAIA *in* Griffiths 1999b:7

¹¹⁸ For a description of the TCO land titling process in Bolivia, see de Vries (1998:18-19), Martínez 1999 and Ossio 1999

¹¹⁹ Ossio 1999

¹²⁰ DANIDA *in* Griffiths 1999b:

¹²¹ For example, see Ministerio de Desarrollo Sostenible 1999, Table 7.7; see also Martínez 1999:78ff

“As most native populations in lowland Bolivia (except the Guaraní) are either itinerant hunter-horticulturists or hunter-gatherers, the INE model is inappropriate for the majority of indigenous peoples in Eastern Bolivia. The model will create undersized and inadequate TCOs that will not satisfy indigenous economic and cultural needs in the medium and long term”

3.2.2 Biodiversity projects

Bolivia is especially rich in biota because the country features three biogeographic regions: Amazonian, Andean-Patagonian and Chacoan. Tree cover extends over 48% of the country and features some of the world's largest tropical deciduous forests in the Gran Chaco. Since the 1992 UNCED Earth Summit, donors like the World Bank have recognised the correlation between indigenous territories and areas rich in biodiversity. Donor conservation strategies increasingly emphasise the need involve local populations in Protected Area management and natural resource management initiatives.¹²² Furthermore, the Bank together with conservation agencies like the IUCN publicly acknowledges the value of Traditional Environmental Knowledge (TEK) and its potential for application in biodiversity conservation.

3.2.2.1 Indigenous peoples and Biodiversity mapping Project

As 1.2.3 notes, in 1993 the Bank funded a project for mapping the relationship between biodiversity and indigenous territories in lowland Bolivia. The study produced a report with small-scale maps.¹²³ The FPP trip to Bolivia in October 1999 did not follow-up this project with indigenous interviewees but evidence suggests that the project was primarily a desk-based study. E-mail queries to the World Bank and NGOs in Bolivia have drawn no further information on this project.

3.2.2.2 GEFI

Between 1992 and 1998 the Bank also funded a GEF project that was developed to enhance the *Sistema Nacional de Areas Protegidas* (SNAP). A major component of the project involved the institutional strengthening of the *Servicio del Sistema Nacional de Areas Protegidas* (SERNAP) within the Ministry of Sustainable Development and Planning. The main achievement of the project has been the creation of two new protected areas covering a total of 6.4 million ha: (i) the *Parque Nacional y Area Natural de Manejo Integrado K'aaiya del Gran Chaco* and (ii) the *Parque Nacional y Area Natural de Manejo Integrado Madidi*.¹²⁴ The establishment of the K'aaiya Park was achieved in association with other donors including USAID, conservation NGOs and the *Capitanía del Alto y Bajo Izogog* (CABI) that represents indigenous communities within the protected area. After 3 years of negotiation, CABI convinced the government that it should assume joint responsibility for the management of the Park. In 1995, an historic agreement was signed that created an indigenous Municipality for the administration of the region. The K'aaiya case was the first Bolivian example of a land designation that combined a TCO with a protected area in an integrated and unified structure.

¹²² Colchester n.d.:15

¹²³ Mihotek 1995

¹²⁴ World Bank 1998d.

Since 1995, the area has been managed by two Guaraní and Chiquitano groups and a Park Director appointed by the Ministry for Sustainable Development and Planning. Indigenous stakeholders view their involvement in the management of K'aaiya National Park as a great achievement. They acknowledge the role of the World Bank in supporting their demand for participation:

“The Bank truly supported our effort through the Ministry for the Environment that contracted 25 forest Guaraní and Chiquitano park rangers... We were very content with our achievement and the indigenous forest rangers worked very well. We managed to protect the area from outsiders from May 1995 until 1998.” Bonifacio Barrientos, CABI

In 1998 the change of national government accompanied a decline in state support and indigenous park rangers ceased to receive a salary. The project has been kept afloat by a USAID's PL480 fund and rangers are due to be paid again in November 1999. The innovative and forward-looking case of the K'aaiya Park remains an isolated example of co-operative state-indigenous land management. The positive example has not been translated to protected area administration generally in Bolivia. Most park management is delegated to environmental NGOs that receive funds from donors like the GEF. Certain NGOs are reported to use restrictive regimes that limit resource use within biological reserves. In some cases, the authoritative and non-participatory methods used by NGOs have caused conflicts with forest dwellers and indigenous communities.¹²⁵

3.2.2.3 GEFII

NGOs report that although GEFI did give momentum to biodiversity conservation in Bolivia in the mid-1990s, the SNAP has returned to a state of crisis and is desperately short of funding. Between 1992 and 1998 the area under the SNAP increased from 5% to 19% without any increase in its budget. The Bank is therefore proposing a \$10 million USD follow-up GEFII project for “Achieving the Sustainability of the Bolivian Protected Area System”. The current government that has postponed the signing of the grant agreement has delayed GEFII. If the project goes ahead, a primary goal of GEFII will be to achieve “greater community and civil society participation in the management of the SNAP”.¹²⁶ Ironically, indigenous organisations report that although they are aware of GEFII proposals they have yet to be consulted in detail about the project.

3.2.2.4 Biodiversity Conservation Law

GEFII effectiveness will depend to a large extent on the passage of the proposed Biodiversity Conservation Law that plans to guarantee civil society participation in protected area management and biodiversity conservation. Once again, NGOs and indigenous organisation complain that they have not been consulted in the drafting process for the new law. Pressure from CIDOB and the NGO *Centro de Estudios Jurídicos e Investigación Social* (CEJIS) eventually resulted in negotiations regarding the contents of the proposed law with the government in 1999.

¹²⁵ LIDEMA in Griffiths 1999b:

¹²⁶ World bank 1998d

The civil society group made known its opposition to the creation of a Biodiversity Superintendencia and presented its own proposal for the law promoting effective indigenous and local participation in the Bolivian SNAP. In September 1999, CEJIS examination of revised drafts of the law revealed that the government had taken on board some indigenous proposals but had consistently “watered down” their content. In several cases, reference to indigenous people has been deleted and reference to colonists and other rural dwellers has been eliminated from the draft proposals for participation.¹²⁷ The new drafts have also omitted direct requirements for conservation administrators to seek prior permission from indigenous communities for designating protected areas affecting indigenous lands.¹²⁸ The overall picture is one of a government that is uncomfortable with effective indigenous self-determination and participation in biodiversity conservation.

3.2.3 Threats to indigenous territories and self-determination

CPTI points out that the current INRA land regularisation system that delineates third party properties within indigenous territories constitutes a major threat to TCO integrity and sustainability in Bolivia. The net result of legalising private properties is to fragment TCOs and create a “Swiss-cheese” effect. Territorial fragmentation undermines the viability of sustainable resource use as populations are confined to inadequate areas and are forced to intensify subsistence and commercial land use. Reduced areas equally weaken the potential for biological conservation as habitat areas are eroded below a critical size.¹²⁹ A further threat to TCOs is the current nation-wide system of resource concessions administered by the new Superintendencias that have covered indigenous territorial “demands” with an almost contiguous blanket of overlapping timber, mining and petroleum concessions (see CPTI map overleaf). For example, by August 1997, forestry concessions, valid for 40 years, had been awarded on 714960 ha of land within 8 TCOs in the Bolivian lowlands.¹³⁰

Extensive concessions not only endanger the conservation value of indigenous lands; they also undermine local capacity for indigenous self-development within their own territories. Despite government policy for decentralisation and popular participation, Superintendencias concentrate power in centralised bureaucracies in La Paz:

“Recent efforts to decentralise have been undermined by the creation of centralised Superintendencias. Previously, local municipalities managed tariffs for water, transport and resource use. Now they are managed in La Paz. These bodies are powerful and unaccountable...The World Bank is supposed to support decentralisation and participation but its support for Superintendencias has actually increased state authority and bureaucracy” René Orellana, CEJIS, Santa Cruz¹³¹

¹²⁷ Orellana 1999b:10,17,65

¹²⁸ Ibid.:25

¹²⁹ Martínez 1999:82

¹³⁰ de Vries 1998:34

¹³¹ CEJIS in Griffiths 1999b:39. On legal and government structures that impede indigenous self-government in municipalities in Bolivia, see *Oyendu 1999a:16*

MAP-CPTI

3.2.4 Lessons learned

The problems with land regularisation and conservation in Bolivia have provided a number of lessons for indigenous peoples, NGOs and donors. In particular, it is evident that advances in securing indigenous rights and environmental protection can be weakened by changes in national governments. Large loans passed to state agencies by donors like the World Bank may achieve indigenous development goals, but maintaining those achievements is not assured when the state undergoes political change. Progress also often falters at the end of loan agreements. For this reason, indigenous peoples and NGOs argue that a more direct mode of support to grassroots communities and organisations would be more effective. A typical case of disillusion is found with CABI in relation to recent events in the K'aaiya Park, where petroleum companies have been awarded concessions and have entered indigenous territories without consulting local communities and their legitimate authorities. CABI now understands that the structure and detail of statutes together with their relative legal weight is fundamental to impeding or securing indigenous rights:

“We the Guaraní people have our own law of the Mother. The state has environmental and land laws but they seem to count for nothing in the face of the Hydrocarbon Law that is stronger. In January 1999, it was that law that established a petroleum concession in our sacred territory called Jaar+ where no one is permitted to enter. It is a sacred place. The government and the company did not consult with CABI...with this new Hydrocarbon Law they threaten to undo everything we have fought for and achieved in the Park” Bonifacio Barrientos, CABI, Santa Cruz, 27 October 1999¹³²

Donor agencies like DANIDA, IFAD and the World Bank point out that their assistance for land regularisation and conservation can only be effective if borrower governments have the will to adhere to new legal norms.¹³³ They argue that Bolivia is a typical case where the state has been slow to enforce recent indigenous and environmental legislation. However, NGOs are much more critical of the donors themselves and argue that donors like the World Bank have actually made things worse for indigenous peoples. All indigenous and NGO interviewees in Bolivia criticised donors for applying an inappropriate loan strategy that channels most funds to government and leaves projects open to distortion by powerful political interests. There is also consensus that Bank-assisted policies disproportionately favour big business and that their economic and governance loan operations work against the interests of indigenous peoples:

“The Bank has not changed its historical role of supporting large commerce. Talk of social development and participation can be seen as a distraction that occupies civil society while the Bank promotes the privatisation of resources through Superintendencias that divide up and degrade indigenous lands. If there is a genuine wish on the part of donors to conserve biodiversity then efforts must be made to ensure integral and wholesome TCOs in Bolivia as soon as possible. The Bank must also provide more information about their projects to ensure proper indigenous participation” José Martínez, CPTI, Santa Cruz

¹³² Griffiths 1999b:24

¹³³ Griffiths 1999b: 7, 13; see also Gray 1998:290 and the World Bank comments in Colchester 1999

There is a general feeling in civil society of resentment against the World Bank for intervening in state economic and resource law in an unaccountable manner. Civil rights NGOs complain that the Bank has employed consultants and legal experts who have advised on and promoted completely inappropriate and contradictory legal reforms without consultation with civil society in Bolivia:

“Indigenous peoples and civil society were not consulted in the development of new Bank-financed legal instruments relating to water, land, hydrocarbons and biodiversity. Foreign legal experts and economists do not understand Bolivian reality and so draft inappropriate laws that cause conflict and hardship. Working with civil society would ensure useful and workable legislation that would prevent suffering and conflicts. The Bank must support democratic “spaces for negotiation and agreement” between civil society and the state to secure effective social and environmental policies that work” René Orellana, CEJIS, Santa Cruz

Section 3.2 has dealt with the social and environmental implications of nation-wide projects assisted by the World Bank and international donors and has outlined their impact on indigenous peoples and biodiversity. It is now necessary to evaluate compliance with indigenous and environmental policies in specific projects in MDB loan operations. The Bolivia-Brazil Gas Pipeline has been hailed by the IDB and the World Bank as a model development project that accommodates indigenous and environmental concerns in a constructive and effective way. Section 3.3 now evaluates this claim in the light of evidence gathered by talking to different stakeholders in Bolivia.

3.3 Bolivia-Brazil Gas Pipeline (BBPI)

The 3000-km Bolivia-Brazil gas pipeline running from Santa Cruz, Bolivia to Porto Alegre on the Brazilian Atlantic coast constitutes one of the largest engineering projects in Latin America. Alongside \$3 billion USD invested by the private sector, the World Bank and IDB approved a loan of \$550 million USD in 1997 to the Brazilian state company Petrobras for the construction of the pipeline.¹³⁴ The pipeline cuts through several internationally recognised protected areas including the Gran Chaco in Bolivia and the Pantanal in Brazil.

NGOs and indigenous organisations underline the fact that the BBPI project only took serious account of social and environmental issues in response to vigorous pressure from civil rights and environmental lobbies in the North and South. Subject to public scrutiny, the World Bank enforced its social and environmental norms and rejected an early Environmental Assessment (EA) produced by Petrobras consultants because it failed to include indirect environmental impacts. The EA was also rejected because it lacked any provision for an Indigenous Peoples Development Plan (IPDP) in accordance with OD4.20 that requires an IPDP for projects deemed to have a “significant impact” on indigenous peoples¹³⁵. Petrobras complied with Bank requirements and in November 1997 completed a revised EA that included an assessment of the “cumulative” environmental impacts and outline proposals for an IPDP.¹³⁶

¹³⁴ Inter-American Development Bank 1997

¹³⁵ Hamerschlag and Soltani 1999:2

¹³⁶ Petrobras and Yaciminetos Petroliferos Fiscales Bolivianos 1997:25, 26

Although a revised EA was produced, late consultation with civil society was ineffective regarding the content of the EA and the IPDP. The Bank had therefore contravened its own EA policy that states that information should be provided in a “timely manner” to ensure “meaningful consultation” with local people. The consultants commissioned to prepare the IPDP did not consult with indigenous organisations until the draft was produced. The logic of consultation was not to involve indigenous people in project design but only to inform their organisations of the IPDP content. CABI was treated only as an indigenous organisation and not as a legitimate protected area authority with rights to monitor pipeline construction. All civil society actors sent letters to the Bank expressing their concern regarding the lack of proper participation in the IPDP.¹³⁷ According to Oscar Castillo of the Wildlife Conservation Society in Bolivia, obtaining indigenous participation required sustained effort. Castillo adds:

“In truth, it was only after CABI blocked an access road used by construction machinery in October 1997 that the Banks and companies took notice. Until then, Petrobras and the IDB had not been favourable towards indigenous participation”

Another key factor that convinced Petrobras and the IDB to adhere to the World Bank’s OD4.20 was the presence of USAID in negotiations in Washington. At the time, USAID proposed to help finance the Gran Chaco park and so identified a conflict of interests: US public monies were also to be allocated via the IDB and World Bank to the gas pipeline that would cross the northern part of the protected area. A series of high-level meetings finally resulted in an agreement for a Strategic Environmental Assessment (SEA), an Environmental Action Plan (EAP) involving an integrated study along the whole length of the pipeline and a social compensation plan involving an IPDP worth 3.7 million USD.¹³⁸ The final IPDP contained community development, land regularisation, and park management and natural resource components. After much lobbying, the EAP recognised CABI as a legitimate monitoring entity in the field that would form part of a “environmental monitoring and quality control system”.¹³⁹

The agreement between CABI, CIDOB, the World Bank, IDB, Gas-Trans-Boliviano (GTB) and Petrobras was signed in La Paz in December 1997. Finally, a mechanism for indigenous participation in BBPI project had been achieved. As well as support for a SEA, EAP and IPDP, the agreement involved the establishment of a *Comité Ejecutivo* with seven members: 2 Enron-Shell, 1 Petrobras, 3 indigenous representatives and 1 independent. The Bank agreed to finance the meeting of this Executive Committee three times a year. NGOs and indigenous organisations view the formation of the Executive Committee as a historic achievement for the indigenous movement. Crucially, the Committee has given indigenous organisations experience of inter-sector articulation. For some observers, the formation of the committee marks a move away from previous indigenous strategies of isolation and resistance toward a participatory approach based on negotiation and dialogue with other parties.¹⁴⁰

¹³⁷ Hamerschlag and Soltani 1999:7

¹³⁸ Griffiths 1999b:44

¹³⁹ Hamerschlag and Soltani 1999:8

¹⁴⁰ WCS in Griffiths 1999b:45

3.3.1 Stakeholder views

The Bolivian section of BBPI was completed in December 1998 and gas started flowing along the pipeline to Brazil in April 1999.¹⁴¹ The 3-year IPDP agreement signed by Petrobras and GTB ends in February 2000 although some land regularisation commitments will be continued until their conclusion. As the project nears the end of its implementation phase in October 1999, various stakeholders have varying attitudes towards the project and the lessons learned.

3.3.1.1 indigenous experience

Indigenous stakeholders report that they were frustrated by the amount of effort needed to obtain direct participation in the project. Nevertheless, the formation of the Executive Committee is recognised as a positive step forward that facilitates a degree of indigenous participation in project implementation and monitoring. Indigenous experience with the IPDP is mixed. The APG for example, do not view the IPDP in a positive light:

“We as the Guaraní people have had discussions with the Bank...We thought that the Bank’s dialogue on human development and participation really meant they had adopted a new way of working. Now we are not convinced. We feel that they raised “false hope” (*esperanza falsa*)”
Enrique Camargo, President, APG

Indigenous people have become disillusioned with the “social compensation” scheme because project funds for school construction and other activities are channelled to private firms that are able to obtain a public licence for contract work. Indigenous observers claim that the schools built under the IPDP are of poor quality. The Guaraní have written to the Bank asking that project monies be directed direct to local communities. Lack of control over project funds and exclusion from contracts instils a feeling of powerlessness and frustration. Participation is partial and usually restricted to village meetings in which consultants “extract” information about development needs. Enrique Camargo argues that obtaining lists of social needs does not add up to legitimate participation. There is a conviction that the IPDP was an afterthought added on after the most important decisions had been made in places distant from Guaraní territory:

“We wanted to alter the proposed route of the pipeline but we had no influence – it was already decided. I see it now as a game that has no concrete result for us...the workshops and discussions are held simply to comply with Bank guidelines. We say that the discussions are organised to stem our criticism of proposed projects” Enrique Camargo, President, APG

Indigenous organisations like the APG also have serious concerns about the long-term impact of the pipeline right-of-way that may lead to increased oil exploration within indigenous territories and protected areas. In contrast to APG experience of limited participation, CABI did feel involved in a worthwhile participatory process during the design of the IPDP for the gas pipeline. However, CABI representatives complain the implementation of the IPDP has been hindered by GTB accountants and consultants that have imposed their ideas and repeatedly delayed the execution of project components.¹⁴²

¹⁴¹ *La Presencia* 1998, 1999

¹⁴² Griffiths 1999b:25

Another frequent indigenous perspective on projects like the BBP that involve an IPDP as a social compensation or mitigation measure is that they discriminate against communities outside the project impact zone:

“The consultants say that funds from the IPDP are only available for the population directly affected by the pipeline. They fail to understand how indigenous people think. To obtain solidarity and unity there is a need to share resources so that all indigenous peoples can benefit from external funds. In that way, consensus and agreement can be achieved” Marcial Fabricano, CIDOB

The participatory methods employed by consultants preparing IPDPs on large projects are also criticised. Regional indigenous organisations like CIDOB claim that consultants “jump over” regional indigenous groups and pass directly to local communities. In remote rural areas, poor indigenous families lack complete information regarding potential project impacts and will accept the unilateral view of consultants. As Marcial Fabricano observes:

“(Consultants) travel straight to the rural communities where people suffer extreme poverty, social crisis and hardship. In those desperate conditions away from sources of independent information, it is easy to obtain consensus and agreement to almost any proposal. Local people do not have the information to assess the full consequences of development interventions. To obtain a valid form of participation projects must be monitored by regional organisations like CIDOB.”

A fundamental indigenous criticism of current “participation” procedures used by the Bank, sponsors and implementing agencies in large projects is that the overall regional and national picture only emerges in a piecemeal fashion as projects are implemented. Indigenous peoples demand complete and open information about government regional planning involving the mining, forestry and energy sectors:

“...Just holding meetings is not enough. We need information about planned investments and the actual volume of hydrocarbon exploitation in Bolivia. Why is this information not available? Why is it so secret? We argue that there is no true indigenous participation until we have open and complete access to information about projects that affect our territories” Enrique Camargo, President, APG¹⁴³

3.3.1.2 NGO observations

NGOs like BIC observe that the gas pipeline project did eventually involve indigenous participation. However, their analysis of the project reveals that the social compensation and environmental protection measures appeared too late in the project cycle to be fully effective. The late strategic assessment and environmental action plan initiatives meant that they did not significantly influence project design.¹⁴⁴ BIC is also worried that the pipeline will foster colonisation and intensified petroleum exploration in the region. These concerns are shared by Bolivian environmental NGOs and networks like LIDEMA that allege that potential colonist groups have already used the right-of-way¹⁴⁵. In relation to mega-projects affecting the natural environment, LIDEMA still perceives MDBs like the World Bank as elusive institutions that “don’t show their face” in direct negotiations.

¹⁴³ Ibid. 1999b:35

¹⁴⁴ Hamerschlag and Soltani 1999:3

¹⁴⁵ Griffiths 1999b:3

Rather than entering into direct negotiations with civil society, the Bank is seen as indirectly addressing environmental and social concerns surrounding projects by channelling funds to NGOs. On the one hand this is potentially positive. On the other hand, NGOs may often find themselves in a double-bind situation. Either they receive Bank money to oversee environmental and social components in a project and maximise mitigation efforts or they oppose a project and lose any influence along with much needed funds. The MDB tendency to use NGOs for project implementation runs other risks. In particular, in Bolivia, not all NGOs are apolitical entities. Some are allegedly affiliated to political parties and big business. Funding partisan NGOs exposes the projects they are involved in to the disruptive forces of political and commercial patronage that can completely undermine the effective participation and self-determination of local people.¹⁴⁶ It is noteworthy that during the FPP visit to Bolivia, neither NGOs nor indigenous organisations complained about specific impacts suggesting that environmental effects were temporary and associated with the construction phase of the project.¹⁴⁷ Instead, concerns were expressed regarding the wider impacts of the pipeline in fragmenting indigenous territories and opening up areas for increased resource exploitation.

3.3.1.3 Gas-Trans-Boliviano (GTB)

GTB is the main contractor on the Bolivian section of the gas pipeline. Above all, GTB point out that the BBP is the first large hydrocarbon engineering project in Latin America to incorporate a social compensation plan. GTB's director suggests that the project may become a model for the petroleum and gas industry and praises the land regularisation carried out by GTB employees. GTB is especially proud of its achievements with the IPDP that has involved the provision of 200 potable water wells, the supply of IT and radio equipment to indigenous organisations, capacity building and workshops in bee keeping and craft work enterprises, health projects, house construction, repairs to school buildings and other repairs to community machinery like rice mills.¹⁴⁸

GTB reports that environmental mitigation measures are underway and a "hit list" of problems requiring action has been prepared. Problems to be addressed include contaminated soil and local deforestation. Vegetation restoration has been delayed by unseasonable dry weather. Regarding illegal access and colonisation along the right-of-way, GTB maintains that any blockage of the access road is impracticable. The preferred option is regular patrols by military personnel that GTB claims have now been assigned this duty in perpetuity. Patrols will seek to prevent smuggling, illicit trade and timber cutting. GTB is opposed to NGO demands that the access road is restored to natural vegetation. Access is required for maintenance and safety tasks essential to the functioning of the pipeline. GTB denies that any colonisation or hunting activity has taken place along the right-of-way and reports a renewed presence of game. However, GTB observes that the Brazil section of the pipeline has experienced problems with hunters entering the pipeline corridor.

¹⁴⁶ IBIS in Griffiths 1999b:15

¹⁴⁷ On the initial environmental and social impacts of the gas pipeline, see Hamerschlag and Soltani 1999:9

¹⁴⁸ Griffiths 1999:27

3.3.2 Río San Miguel-Cuiaba Gas Pipeline (BBPII)

A second 224-mile gas pipeline is currently under construction from San Miguel near the mid-point on the first Bolivia-Brazil pipeline to Cuiaba on the Brazilian border. The US Overseas Private Investment Corporation (OPIC) and Enron-Shell fund the pipeline. Reports from environmental NGOs and indigenous organisations indicate that the state and financial institutions have not learnt lessons from the first gas pipeline. As before, sponsor and government participatory procedures must still be pushed by civil society. Crucially, the new contractor, Gas-Oriente-Boliviano (GOB) completed its environmental assessment in 1998 without consulting the Chiquitano communities affected by the proposed route. The *Coordinadora de Pueblos Indígenas de Santa Cruz* (CPESC), the *Organisation Indígena Chiquitano* (OICH) and the *Central Ayoreo Nativo del Oriente Boliviano* (CANOB) forged alliances with Northern NGOs to lobby for compliance with *Ley 1257* and to obtain meetings with GOB and the government about the proposed project.¹⁴⁹ Indigenous representatives report that they had originally opposed the pipeline until they had received land title for their TCO claims. Once again, the indigenous communities learned that they were unable to veto the project and were obliged to accept mitigation measures and an IPDP worth \$2 million dollars. Although indigenous communities welcome the IPDP, they argue that it has little value without land security.

NGO observers note that the new pipeline project does not enjoy an innovative and horizontal mechanism for indigenous participation like the much praised *Comité Ejecutivo* created in the first gas pipeline project. Instead a *Comité de Fondos* has been established that involves indigenous organisations in decisions about the administration of the IPDP. Again, IPDP implementation and the control of funds and resources are largely controlled by Municipal governments, state agencies and private contractors rather than the indigenous communities.¹⁵⁰ Construction has caused environmental problems including water contamination and dust storms that have produced eye infections among indigenous children. Indigenous organisations are now lobbying GOB for remedial measures to eradicate water pollution along the right-of-way.¹⁵¹

More generally, environmental NGOs like WWF warn that the San Miguel-Cuiaba pipeline threatens to pollute the headwaters of the world's largest wetlands in the Pantanal and will have serious impacts on the world's largest remaining tract of dry tropical forest that is home to endangered bird and animal species like the hyacinth macaw and maned wolf. In addition, the pipeline opens up the area to the risk of human colonisation that will lead to further deforestation and environmental degradation.¹⁵² Given these serious potential impacts, WWF-US and WWF-Bolivia have opposed the route of the pipeline but sponsors have rejected the objections on economic grounds.¹⁵³ The overall compliance with environmental and social legislation and donor policies in the project remains to be seen. However, unconfirmed reports indicate that aquifers have

¹⁴⁹ CPESC in Griffiths 1999b:30

¹⁵⁰ Ibid.:31, Oyendu 1999b:17

¹⁵¹ Griffiths 1999b:30

¹⁵² WWF-UK pers. comm. November 1999, see also *The Independent, Saturday 16 June 1999:16*

¹⁵³ WWF-UK pers. comm. November 1999

been contaminated and OPIC is now under heavy public pressure in the US to mitigate environmental impacts in accordance with the US Constitution that prohibits the use of public funds for environmentally destructive activities. The project has also caused controversy and friction among environmental NGOs. A consortium of Northern and South American NGOs have secured a \$30 million dollar contract to implement a 10 year *Programa de Conservación de Bosque Chiquitano* (PCBC). The proposal is opposed by some environmental networks like LIDEMA who argue that the foreign NGOs involved have “sold” the Bolivian forests to private firms and transnational corporations.¹⁵⁴

3.3.3 Other World Bank and IDB projects

There are several other multilateral development bank projects in Bolivia that directly or indirectly impinge on indigenous peoples and biodiversity conservation. Given the constraints of space, these will be treated very briefly in turn before drawing some final conclusions regarding the Bolivia case study.

3.3.3.1 Bioceanic Corridor

This proposed project involves the paving of stretches of a 642-km road that connects Santa Cruz with Puerto Suarez on the Brazilian border. From Santa Cruz, the road links with the Interoceanic highway that runs to Arica on the Chilean Pacific coast. The IDB is providing a \$135 million dollar loan while the World Bank is financing a \$65 million loan. The highway will run to the north and parallel to the first Bolivia-Brazil gas pipeline and is likely to have significant social and environmental impacts. In particular, the road could generate renewed agricultural colonisation and the expansion of soya bean and cattle farming on the edges of protected areas and indigenous territories. The IDB has commissioned a strategic environmental assessment in response to pressure from BIC and Amazon Watch. BIC reports that, to date, the IDB and the World Bank have not broken their environment, indigenous peoples or information disclosure policies.¹⁵⁵ Nevertheless, indigenous organisation representatives interviewed during the FPP-BSP field trip expressed their concern over the project. CPTI argues that the road is yet a further development that will lead to the fragmentation and erosion of tropical ecosystems and indigenous territories. CPESC is opposed to the project unless all TCO claims are processed prior to implementation of the project:

“We have learnt that it is important to get involved from the very start of a proposal (*“desde el principio”*). Consultants have made studies and we have managed to have one meeting with the Bank about this proposal. We are opposed to the road until we have our TCOs titled. We are soon to send a letter to the Bank stating clearly that we will not agree to the road passing through our territories until we first have our land titles. Our position on this is very clear and we will make it clear to the Bank” CPESC, Santa Cruz, 28 October 1999

¹⁵⁴ WCS in Griffiths 1999b:45

¹⁵⁵ BIC 1999

3.3.3.2 Abapó-Camiri Highway

This project will involve the widening and paving of an existing road along 160 km between Santa Cruz and Yacuiba in the western part of the Department of Santa Cruz. The road will join together sections of a more extensive transport route linking Bolivia to Paraguay and Argentina. The Bank reports that a full EA has been undertaken and approved by USAID.¹⁵⁶ Consultations with CABI and CIDOB have resulted in the inclusion of an IPDP in the project that encompasses communities as far as 30 km from the highway. The IPDP has four components: (a) land titling (b) capacity building (c) bilingual education and (d) women's handcraft development.¹⁵⁷ CABI and CIDOB are concerned about the possibility of increased colonisation but acknowledge that the road mainly follows an existing route and so immediate environmental impacts are limited. The road does not appear to be controversial and was not commented on by environmental NGOs during the FPP-BSP trip to Bolivia.

3.3.3.3 Rural Water and Sanitation

The World Bank has financed a potable water and sanitation scheme in the Departments of La Paz, Chuquisaca, Cochabamba and Potosí.¹⁵⁸ FPP has made requests for information about the indigenous components of this project but has received no response. Upland indigenous organisations talked to during the FPP-BSP field trip, including the *Central de Pueblos Indígenas de la Paz* (CPILAB) and the *Consejo Nacional de Ayllus y Marcas de Qollasuyo* (CONAMAQ) are unaware of the Bank's involvement in water projects and did not recognise the name of this loan operation.

3.3.3.4 Capacity building

A number of training workshops and seminars have been funded under the Bank's Latin America "learning by doing" indigenous peoples program. Events have taken place in the North of Potosí, Camiri and in Ignacio and Moxos. The program includes different types of indigenous organisation including *Asambleas de Pueblos*, *Centrales de Pueblos* and Federations. In all, 100 representatives of indigenous communities have received training in participatory planning and matters of negotiation with petroleum interests in their territories. The aim is to achieve consensus and agreement between the state, private companies and indigenous organisations. Indigenous organisation involved included: la Asamblea del Pueblo Guaraní, la Central de Pueblos Indígenas de Beni (CEPIB), la Central Indígena del Oriente Boliviano (CIDOB), la Federación de Ayllus, la Federación Sindical Unica de Trabajadores Campesinos del Norte de Posotsí. Indigenous interviewees consulted during the FPP trip to Bolivia acknowledged that the program had taken place but complained that there was no continuity for the short courses that only lasted a few days.

¹⁵⁶ World Bank in Griffiths 1999b:11

¹⁵⁷ World Bank 1999e:56-57

¹⁵⁸ World Bank 1995c, 1995d

Organisations like CIDOB and CPILAB argue that proper capacity building must involve long-term and professional training in engineering, environmental science, ecology and social development anthropology for indigenous people. Short seminars are seen as superficial training:

“We require indigenous professionals. This would be true participation. Participation is about understanding and possessing adequate knowledge. At the moment, a consultant who arrives in a community can present a project as a positive development but we have no knowledge to verify that claim. We are never really sure. If we have trained people, then we can make a better judgement. The World Bank could help by providing grants to train our people properly so that we can assess and evaluate activities in our territories.” Marcial Fabricano, Vice-president, CIDOB

3.3.3.5 Participatory Rural Investment

The \$63 million dollar project has two components: (a) Rural Investments (roads, bridges, flood protection, storage facilities, investment studies) (b) Institutional Strengthening. Activities will involve technical assistance to indigenous districts, rural communities and NGOs; training of staff and community participants; office equipment, consultants, vehicles and expenses for vice ministries and development funds. Indigenous Districts will feature an Indigenous District Development Plan (PDDI).¹⁵⁹ Five indigenous districts have been chosen as pilot projects in the Chaco region and mainly involve Guaraní people.¹⁶⁰ Indigenous interviewees did not comment on this project specifically. It is possible that APG comments noted in 3.3.3.1 above regarding the gas pipeline IPDP also relate to this pilot initiative in Guaraní territories.

3.3.3.6 Indigenous and Afro-Bolivian Peoples Development Project

The project is in the early planning stage and is modelled on the Indigenous and Afro-Ecuadorian Peoples Project in Ecuador (section 2.1). The project will aim to (a) strengthen the institutional and organisational capacity of indigenous and Afro-Bolivian peoples as well as government agencies working with these groups (b) revise and reform the indigenous legal framework (c) test innovative micro-projects managed by and for indigenous and Afro-Bolivian communities (d) establish communal reserves for biodiversity conservation.

The main government implementing agency will be the *Viceministro de Asuntos Indígenas y Pueblos Originarios* (VAIPO). According to VAIPO the project is still in Phase I (planning). Phase II will involve detailed consultation with indigenous organisations and communities.¹⁶¹ Indigenous interviewees questioned in Bolivia about this project had not yet heard of the initiative. FPP requests for information about this project received no response from the World Bank’s task manager David Tuchsneider based in La Paz.

¹⁵⁹ World Bank 1999e

¹⁶⁰ CPTI in Griffiths 1999b:47

¹⁶¹ VAIPO in Griffiths 1999b:8

3.3.3.7 Indigenous Peoples Fund (*Fondo Indígena*)

Since 1992, the IDB and various other financial institutions including the World Bank have supported the creation of a fund for indigenous development throughout the Americas. The Fund Secretariat is based in La Paz. An interview with representatives of the Fund was not possible during the FPP trip to Bolivia. According to the information available, some funds have been channelled to the capacity building events in Bolivia and in other countries (see section 1.2.2.1). The Fund has also sponsored a comparative study of “successful cases” of indigenous development in Latin America. However, evidence suggests that the Fund activities are minimal and benefits are yet to be felt by ordinary indigenous communities in Latin America. A major stumbling block seems to be the inability of governments to find an acceptable system of state contributions to the Fund.¹⁶²

3.4 Government Perspectives on Indigenous Rights and Development

In 1997, the Bolivian government established the Viceministerio de Asuntos Indígenas y Pueblos Originarios (VAIPO) within the Ministry for Sustainable Development and Planning. The ethnic agency is charged with ensuring the implementation of indigenous rights in accordance with international norms, conventions and agreements. VAIPO is also the specialised state institution responsible for the economic and social analysis of indigenous development needs. In this context, VAIPO plays a key supporting role in the land regularisation program by producing initial field studies of indigenous land claims to INRA for legal processing and “purification”. Staff complain that there is a lack of personnel and equipment. VAIPO does not possess GIS or GPS for its land survey activities. Moreover, all land surveys must be carried out with just three field teams.¹⁶³

Civil servants stress that the state now recognises indigenous rights and acknowledges that their needs were not addressed in the past. They add that Bolivia now has a policy of decentralisation and participation and VAIPO is responsible for reinforcing this process among the 60% of the population that are indigenous peoples. There is a public government commitment to reverse the top-down approach to development and work from local communities. As part of the participation policy, VAIPO is now creating *Unidades Departamentales de Asuntos Indígenas y Pueblos Originarios* (UDAIPOs) at a regional level. VAIPO has recently secured external aid from the EC, Holland, UNESCO and the World Bank for social development and poverty reduction programs for indigenous communities. The state is quite clear that such loans and social programs will be paid for by increased exploitation of Bolivia’s natural resources. The infrastructure schemes listed above including roads, gas export pipelines and the system of Superintendencias are all geared toward intensifying the commercialisation of hydrocarbons, minerals, timber and water. Asked about possible contradictions between their land regularisation duties and concessions on indigenous territories, government officials say that there are no problems and confirm that indigenous communities cannot oppose mining activities on their lands:

¹⁶² *Oyendu 1999d*

¹⁶³ VAIPO in Griffiths 1999b:10

“No. There is no problem. There are legal controls and technologies that will prevent environmental damage. We are not concerned about environmental problems. Indigenous peoples cannot oppose resource extraction. The subsoil is owned by the state. They have no legal right to oppose exploitation. They cannot object. Instead, they must benefit through participation”. Walter Menses, Prefectura de La Paz

Comments like these prompt some Bolivian NGOs to criticise the pro-indigenous VAIPO activities as a government strategy to placate indigenous political movements and defuse indigenous resistance. In short, Eastern Bolivia is very rich in natural resources and VAIPO is seen by some critics as an institution that tries to encourage indigenous peoples to accept and become involved in the exploitation of hydrocarbon and timber resources using the idiom of participation and “development”.

3.5 Indigenous hopes for the new millennium

Indigenous peoples in Bolivia continue to struggle for recognition of their legitimate right to self-determination. A key aspiration is that they will be awarded the right to veto any damaging activity or project in their territories. The goal is to create a space for equitable and effective participation in Bolivian democratic processes at the national, regional, municipal and local level. Indigenous organisations aim to pressure the government to consolidate the titling of indigenous lands and establish indigenous administration for legal territories in ways that guarantee the protection and sustainable use of the soil, subsoil, fauna, flora, water resources and landscape. Human development goals are centred on the need to improve health, education and welfare services reaching indigenous communities.¹⁶⁴

3.6 Summary Conclusions

A number of conclusions can be drawn from this Bolivian case study. The basic observations of indigenous and civil society commentators are listed before a brief evaluation of World Bank compliance with OD4.20 in Bolivia. General observations emerging from indigenous and NGO perspectives on World Bank loan operations are:

- Projects or project components that target indigenous beneficiaries using government agencies run the risk that minimal benefits will be received by indigenous communities and that implementation will be redirected in favour of commercial stakeholders with political leverage.
- Although progressive social and environmental policies are issued in Washington, Bank staff in country missions are subject to strong political pressures that impede the proper implementation of indigenous and conservation guidelines.
- Bank effectiveness in monitoring the use of loan funds for social development and environmental protection is limited.
- The current Bolivian government lacks the political will to enforce indigenous and environmental legislation.

¹⁶⁴ *Oyendu 1999e*

- The effectiveness of World Bank pro-indigenous and biodiversity conservation loans is often dependent on the passage of new legislation that is slow to be approved or is not implemented within the project-cycle. The inability to ensure legal preconditions are established before project implementation seriously reduces project performance e.g., Biodiversity Conservation Law, industrial environmental protection legislation.
- The Bank's Land Administration project has supported a cumbersome and inefficient land reform process that fragments indigenous territories by titling third party properties within indigenous lands. The project has disproportionately favoured private landowners and has applied a land use model that consistently underestimates the legal land area required by indigenous communities.
- Inappropriate land regularisation procedures exacerbate current problems of biodiversity loss and create undersized and divided indigenous territories that cannot guarantee economic, cultural and ecological sustainability over the long-term.
- Direct liaison with local communities over environmental assessments and social compensation plans that does not involve regional and national indigenous organisations creates feeling of alienation and exclusion on the part of the latter.
- The Bank's indigenous participation guidelines are being distorted if they only include local communities who may lack appropriate information and training to assess project proposals.
- The GEF proposal to support a strategic protected area plan is narrow and inappropriate because it will only encompasses biodiversity in protected areas. The proposed plan does not cover the entire richness of flora and fauna in Bolivian territory.

3.6.1 Compliance with OD4.20 in Bolivia

Consultation with indigenous and civil society in Bolivia reveals that adherence to OD4.20 in World Bank loan operations is partial and could be improved substantially. On the positive side, the FPP-BSP field study in Bolivia indicates that:

- Infrastructure projects like the Bolivia-Brazil gas pipeline comply relatively well with OD4.20: indigenous communities are identified and the requirement for an IPDP is enforced by the Bank who also encourage co-financing institutions to adhere to its social and environmental guidelines.
- A major achievement for indigenous participation occurred with the establishment of an inter-sector Executive Committee for the Bolivia-Brazil gas pipeline that involves indigenous representatives in project implementation and monitoring. Bank support for the Executive Committee indicates a high degree of commitment to OD4.20.
- Full compliance with participatory guidelines has occurred in some cases like the K'aaiya park project where the Bank actively promoted indigenous participation and helped establish indigenous administration of the protected area.

Other evidence revealed during the FPP-BSP field study offsets progress in compliance with OD4.20:

- Bank loan operations have allegedly supported the privatisation, governance, resource regulation and economic reforms without first ensuring indigenous and civil society participation. The resulting changes in resource use and commercialisation jeopardise indigenous self-determination and make the situation worse for indigenous Bolivian peoples and their environment.
- Bank involvement in designing and promoting legal and economic activities is not open to public scrutiny and the Bank is not accountable to citizens in Bolivia affected by new statutory and political structures financed by the Bank.
- The failure to consult civil society over legal and economic reform has resulted in inappropriate legal norms that may cause social hardship, conflict and environmental damage. Dissatisfaction with new laws caused through lack of participation has forced civil society and the indigenous movement to undertake lengthy campaigns to secure appropriate amendments and revisions to new legislation that directly affects them.
- Indigenous stakeholders still have to press hard for early consultation with the Bank, project sponsors and implementing agencies regarding projects and policies affecting indigenous territories. There are no cases of proactive information dissemination by the Bank or implementing agencies.
- Indigenous organisations and NGOs still find it difficult to obtain comprehensive project documentation from the Bank. Most information is only available via Northern NGOs like BIC
- Full participation involving a complete disclosure of regional development plans does not exist in Bolivia. Information is only obtained with difficulty and in a piecemeal fashion as projects near the implementation stage.
- Participation in the preparation and implementation of indigenous development plans is not adequate. For many implementing agencies overseeing an IPDP, “participation” is understood to mean meetings with indigenous peoples to document their needs and priorities.
- Government agencies and private firms rather than indigenous communities usually carry out the implementation of concrete components within IPDPs.
- The positive example of indigenous park management in K’aaiya remains an isolated case. Most funds for protected area management from the World Bank and other donors have benefited environmental NGOs and not local forest dwellers and indigenous peoples. The majority of indigenous peoples are still marginalised by the protected area system in Bolivia.

3.6.2 Policy implications

1. Donor support for land regularisation in Bolivia should adopt a strategy that guarantees the creation of integral and wholesome TCOs. This will require new “spatial need” models that are fitted to indigenous land use needs. The revised land regularisation policy must also apply a land purchase scheme to remove third parties from within TCOs.

2. Support should be directed to the professional training of indigenous field surveyors, cartographers, social development specialists and economists to assist in the land demarcation process in Bolivia. Training of indigenous field brigades could complement the work of VAIPO and INRA field staff and speed the land regularisation process. Direct help should be supplied to efficient and capable indigenous NGOs like CPTI in order to reinforce their current supporting role for land regularisation in Bolivia.
3. Assistance for biodiversity conservation in Bolivia should promote a national strategy that incorporates all types of natural and semi-natural habitats in addition to the ecosystems represented in the SNAP. Such a system would encompass TCOs and farmed landscapes in order to safeguard the whole range of Bolivian biodiversity.
4. The Bank must ensure that democratic “spaces for discussion” and “negotiation” and “agreement” between civil society and the state (*mesas intersectoral de concertación*) are established and working prior to implementing legal and economic reform loan projects.
5. Legal, economic and governance reform packages must be automatically subjected to Social and Environmental Impact Assessment procedures on a national scale to identify and avoid negative direct and indirect impacts that undermine social development and biodiversity conservation objectives in the Country Assistance Strategy.
6. The World Bank must adopt a proactive strategy of information dissemination regarding its entire portfolio in borrower countries. Special measures must be taken to ensure that local communities affected by projects receive documentation early in the project-cycle.
7. Indigenous Peoples Development Plans associated with social compensation strategies must establish indigenous control and direct responsibility for implementation in order to meet the Bank’s own criteria for ethnodevelopment and indigenous participation. The indigenous control of funds might be modelled on the Prodepine experience of allocating project funds to local second tier organisations.

3.7 Developments in 2000

In 2000, most land claims in the Eastern lowlands remained “immobilised”. Indigenous peoples in Bolivia therefore continue their struggle to secure their traditional territories and protect them from timber, mineral and hydrocarbon concessions that are allocated without their consent or participation. Increasing frustration with delays in land titling prompted indigenous groups to march from Santa Cruz to La Paz on the *Third Indigenous Peoples March for Land, Territory and Natural Resources* in July 2000. During the same month, CIDOB persuaded the Bolivian government to sign an agreement to speed the titling of Indian lands. This agreement contained promises to dedicate more resources to land regularisation, to speed the land titling process, to repeal decrees on resources concessions and ensure that concessions (non-timber) are not given until TCOs have received their title. Crucially, the government also agreed to provide CIDOB with all requested information from the Forests, Mines and Hydrocarbons Superintendencia.¹⁶⁵

¹⁶⁵ CIDOB 2000; Amazon Watch 2000; WRM 2000

Despite the positive elements in the agreement between CIDOB and the government, cynical observers point out that similar agreements on land titling have been made before. Certain factions of the indigenous movement consider that the agreement is weak and will not generate the desired results. It therefore remains to be seen if the Bolivian government will deliver its promises to adopt indigenous proposals on land and alternative development.

Many of other issues raised by indigenous commentators during the October 1999 study continue to be of concern during 2000. The indigenous suspicion that gas and oil pipelines are set to expand in Bolivia with potential negative consequences for the environment and indigenous well-being is being confirmed. In January 2000, a major oil spill from a pipeline occurred in the upland region of Oruro. Enron and Transredes took *eight days* to deal with the rupture. Meanwhile, the huge spill had a severe impact on the Desguardo river and lakes Poopo and Uru Uru. The pollution has caused a devastating impact on the Uru Morato people who depend on Lake Uru Uru for their livelihood. Despite its serious shortcomings in safe pipeline management, Transredes has announced that it will continue to seek loans from IFIs to amplify the pipeline network in Bolivia.¹⁶⁶

There is also disappointing evidence that the lessons from the IDB-World Bank-assisted project (BBPI) have not been passed to the branch Cuiabá pipeline that is being built by Enron-Shell with support from the US Overseas Private Investment Corporation (BBII) [see sections 3.3 and 3.3.2]. Affected groups criticise the IPDP for its short duration and its inappropriate land demarcation component in which consultants have failed to consult properly with local communities about their land requirements. The project is widely condemned for violating Bolivian environmental laws and causing environmental degradation (pollution, deforestation, illegal airstrips etc.). Indigenous communities also criticise the associated \$30 million Chiquitano Dry Forest conservation programme involving Enron-Shell and Northern-based environmental NGOs because it fails to involve affected local people.¹⁶⁷

Indigenous and civil society concerns expressed about the privatisation of water in 1999 have also been vindicated. In April 2000 Cochabamba city's water supply was sold to US and UK interests and soon after water prices doubled. Intense public protests in Cochabamba led the Bolivian President Hugo Banzer to declare state of martial law that left several peaceful protesters dead and the leaders of the protest in prison. Such drastic action drew further popular protest and a general strike in Bolivia. After two weeks, the Bolivian government backed down and repossessed the water company.

In parallel with their colleagues in Ecuador, indigenous groups and their supporters in Bolivia point out that privatisation tends to benefit large companies and powerful political interests at the expense of poor people. Despite the fact that Bolivia is hailed as model of neoliberal reform by some economists, the UN predicts that it will take decades to alleviate the hardship of the 70% of the Bolivian population who live in poverty.¹⁶⁸

¹⁶⁶ Amazon Alliance 2000; Drillbits and Tailings 2000; World Rainforest Movement 2000; ERM 2000

¹⁶⁷ Soltani and Hindery 1999; Probioma 2000

¹⁶⁸ Campos 1999

Activists in the North who demonstrate in Washington in April 2000 highlighted Bolivia as a prime example of how IFI neoliberal policies are crippling poor people in the South and leading to social conflict and suffering.¹⁶⁹

Despite calls on World Bank staff to comment on this report on Bolivia and make critical observations, no response was received the time of going to press.

(Continued)

¹⁶⁹ Hindery 2000

PART IV

Concluding Remarks

“The World Bank cares deeply about the issues and concerns of indigenous peoples; and...we are prepared to address the issues...including access to land, the improvement of the welfare of the indigenous population, the protection of the environment; the establishment...of effective institutional systems; (and) acute equity and distribution related issues...”

Alfredo Feir-Younis, World Bank special representative to the UN, statement delivered to ECOSOC, Geneva, July 28, 1999

“Discussions about indigenous policy produce tensions that arise from conflicts between the Bank’s approach to promoting economic growth and poverty alleviation, on one hand, and the need to address its projects’ human and ecological costs, on the other”

Andrew Gray, “Development Policy, Development Projects: The World Bank, Indigenous Peoples, and NGOs” in Fox JA and Brown L D (Eds)(1998) *The Struggle for Accountability* MIT Press

4.0 Overall Conclusions and Recommendations

Specific conclusions and policy recommendations emerging from the study are detailed in sections 2.4 and 3.6 of this report. This final section will synthesise the main conclusions of the study before making recommendations for improving World Bank compliance with its indigenous peoples, environment and information disclosure policies. The foregoing study of World Bank operations affecting indigenous peoples in Ecuador and Bolivia shows that:

1. Compliance with OD4.20 in Ecuador and Bolivia is patchy. Adherence to policy requirements is good in social development projects where indigenous peoples make up the majority of beneficiaries. However, where the policy relates to an indigenous “component” of much larger projects, compliance is fair to poor. In particular, executing agencies still fail to establish indigenous participation early in the project cycle. Even when indigenous people are consulted, participation is not equitable and does not comply with the Bank’s own concept of ethnodevelopment (section 1.2.2). For example, although local communities may be consulted about development needs, they do not control IPDP resources and implementation (e.g., section 3.3.3.1).
2. Indigenous peoples’ idea of participation partly conforms with the Bank’s official definition that participation means “a process through which stakeholders influence and share control over development initiatives...which affect them”(section 1.2). In addition, indigenous peoples believe that “true” participation also means full and timely access to all relevant information surrounding particular projects as well as information regarding the Bank’s entire portfolio and relations with the borrower government (sections 2.2 and 3.3.1.2).
3. Civil society and indigenous peoples point out that they are not consulted about the Bank’s macro-economic, legal, governance and free market reform loans. Crucially, these operations are felt to undermine the Bank’s positive social development, conservation and participatory projects targeting indigenous populations. The Bank is therefore viewed as possessing a “double agenda”. While people welcome the social development operations of the Bank, its economic and legal operations are seen as a “closed” and unaccountable by the civil rights, indigenous and environmental movements in Ecuador and Bolivia.
4. Bank loan operations that support export-led growth in the energy, mining, economic, governance and legal sectors can produce direct and indirect impacts that undermine indigenous land security, weaken indigenous capacity for self-determination and cause biodiversity loss (sections 2.2.1.1 and 3.2.3).
5. Local indigenous and NGO stakeholders cannot easily obtain information about Bank operations and they are unable to significantly influence the design of wider infrastructure or industrial projects affecting their territories. Crucially, indigenous peoples argue that they must be given the right to veto projects affecting their territories in accordance with the principle of self-determination.
6. The World Bank is not proactive with information dissemination relating to its loan operations and is sometimes unable to ensure meaningful participation for indigenous peoples affected by Bank-financed projects.

7. The World Bank is active in land regularisation programs for indigenous peoples who praise the institution as a real force in promoting their land rights in Latin America. Special praise relates to the few isolated examples of effective and equitable indigenous park management that have been supported by the Bank (section 3.2.2.2). However, the Bolivian case demonstrates that Bank loans for inefficient and flawed land regularisation programs can fragment and diminish indigenous territories (section 3.2.1).
8. The administration of large Bank loans through government agencies carries a risk of project distortion by powerful political interests that impede the flow of project benefits and innovative reforms targeting indigenous peoples. Indigenous people urge that donors like the Bank must establish a more direct funding relation that supports grassroots organisations and communities.
9. The Bank, and the civil society organisations tracking its operations, continue to function within a “project-based” mindset. OD4.20 is applied in a piecemeal, project by project or loan by loan fashion that is inefficient and fails to address the cumulative impacts of the total set of Bank-assisted development processes affecting indigenous populations and their resource base.
10. The findings of this report are mainly based on information supplied by civil society and the indigenous movement in Ecuador and Bolivia. A balanced evaluation of Bank projects in these countries will require the perspective of Bank task managers. Other than the very helpful discussions with technical staff on the PRODEPINE project in Ecuador, and a long telephone interview with Jorge Uquillas, informative dialogue with Bank personnel has not been possible. Indeed, at times, communication has been difficult. For example, repeated requests for information by E-mail during November 1999 drew no response at all from Bank staff in Bolivia. Furthermore, the Bank was not always open with information during the field study. In Ecuador, the author was refused permission to view an evaluation report on the loan portfolio by Bank staff in Quito who stated that the document in question was for “internal use only”.

The foregoing conclusions generate a number of recommendations for improved compliance with OD4.20. Detailed proposals for improving compliance with social and environmental policies in individual projects have already been drawn up by BIC and will not be repeated here.¹⁷⁰ Instead, the following broad recommendations drawn from the findings of this study are intended to reinforce and complement the project-based approach:

- (a) Bank information staff should adopt a strategy of proactive information dissemination to civil society in borrower countries. National and regional indigenous organisations should be supplied regularly with an updated country portfolio list detailing project task managers and their contact details.
- (b) Task managers must ensure that all indigenous stakeholders are identified at the start of a project cycle and that these stakeholders are automatically supplied with lists of project documentation. Requested documents should be despatched promptly so that stakeholders have sufficient time to adequately evaluate their contents and make representations to the project planning and implementing agencies.

¹⁷⁰ cf. Hammerschlag and Soltani 1999:12ff

- (c) The Bank should not fund any legal, governance or macro-economic loan until proper structures for democratic consultation have been established or assured in the loan agreements.
- (d) The indigenous right to veto projects affecting their territories should be incorporated into the revised version of OD4.20
- (e) The positive experiences of PRODEPINE in which second tier organisations control and manage project resources should be extended to all local IPDPs funded by the Bank in their portfolios. Outside specific IPDPs, the Bank could extend its “small donation” program managed by the IDF to increase its direct support for indigenous communities and minimise dependence on government intermediaries.
- (f) Bank country portfolios must be subject to a standard assessment of their potential aggregate impact on indigenous peoples and their territories.
- (g) The Bank must develop a strategy for “policy co-ordination” to minimise contradictory and self-defeating policies and loan operations in borrower countries. The development of a methodology for establishing a co-ordinated policy must involve a period of consultation with local communities; NGOs and academics that have direct experience of conflicting development agency policies. SAPRIN could be harnessed for this process in conjunction with various other NGO, civil society and indigenous networks e.g., International Alliance of Indigenous Tribal Peoples of the Tropical Forests.
- (h) Before approving loans for land regularisation programs, the Bank must ensure that the program is acceptable to indigenous peoples and civil society, which in turn will demand a proper process of prior-consultation. Of equal importance is the need to guarantee that the land regularisation methodology creates territories viable for subsistence, cultural activities and biodiversity conservation.

Given the short time allocated for this study, many of the findings are provisional and will require further verification through a careful literature search and more detailed examination of Bank documentation that has not been viewed as part of this study. Specific topics for further investigation include:

- deforestation rates and statistics linked to the expansion of shrimp farming on the coast of Ecuador
- geographic locations and scale of active and planned mining and petroleum concessions in Ecuador together with an examination of PRODEMINCA and PATRA project documentation
- the detailed components of the proposed emergency SAP in Ecuador
- the precise composition and objectives of the World Bank-financed “International Trade and Integration” project and the “State Modernisation” project in Ecuador
- the Bank’s “Biodiversity Protection” loan in Ecuador
- the exact role of World Bank staff or consultants in advising on or drafting macro-economic and resource regulation legislation in Bolivia
- the contents and objectives of the Bank’s “Industry, Mining and Environment” loan operation in Bolivia
- the detailed components of the SAP in Bolivia

- the Bank's reasons for not replying to written requests for information in their La Paz office
- the Bank's response to specific issues raised in this report

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