

**Forest Peoples Programme  
Bank Information Center**

REPORT ON A WORKSHOP ON 'INDIGENOUS PEOPLES,  
FORESTS AND THE WORLD BANK: POLICIES AND PRACTICE'

Washington D.C., 9-10 May 2000  
Delegates Room, Embassy Suites Hotel,  
1250 22nd Street NW, Washington D.C., USA

*Indigenous Peoples, Forests and the World Bank:  
Policies and Practice*

August 2000

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## Executive Summary

Concern about the impacts of World Bank projects on indigenous peoples has been widespread for many years. Forced removals of tribal peoples to make way for large dams and mines, the invasion of indigenous reserves by landless colonists and loggers, the denial of land rights in the extension of large-scale plantations and agricultural schemes, pollution and the desecration of lands by oil exploration, all have been widely reported and decried. In response to criticisms and expressions of concern, the World Bank has adopted special policies designed to mitigate these impacts and ensure indigenous participation in development.

However, partial reviews of the Bank's compliance with these policies, carried out by World Bank staff, have revealed serious shortfalls in performance. In the 1980s, a Bank review of a small sample of 33 projects affecting indigenous peoples showed that less than half sought to observe the policy and only two complied with all its key elements. A recent desk review of projects in Latin America suggests that a third of projects affecting indigenous peoples are still failing to implement one of the central policy obligations, the preparation of 'Indigenous Peoples Development Plans'.

Currently, the World Bank is again revising both its Indigenous Peoples policy and its Forest Policy. The Forest Policy has been submitted to an intensive implementation review. Indigenous peoples and Non-Governmental organisations have urged that a similar review be made of the existing Indigenous Peoples policy before it, too, is revised. As in the case of the Forest Policy Implementation Review, a detailed review is needed to ensure that any future policy not only accommodates indigenous peoples' views, but also takes into account the real difficulties the Bank has had in implementing the policy on the ground.

The reluctance of the World Bank to carry out such a review prompted this study. We invited indigenous peoples to document their own experiences with World Bank projects in forests and then organised a workshop in Washington DC in May 2000 at which indigenous peoples and World Bank staff could discuss these case studies. The aim was to contribute to the World Bank's policy revisions and strengthen indigenous peoples' inputs to these policy-making processes. The willingness of World Bank staff to participate in this workshop contributed substantially to the usefulness of the outcome.

Case studies, selected and prepared by indigenous peoples, came from Guyana, Bolivia, Cameroon, Uganda, Rwanda, India and the Philippines and included projects affecting forests financed by all the main parts of the World Bank Group including the International Finance Corporation and the Global Environment Facility. The case studies examined indigenous peoples' experiences with a wide range of projects, including agricultural development schemes, community forestry projects, eco-development, protected areas, oil and gas pipelines and community development.

This paper summarises the case studies and the workshop discussions. It finds that the existence of the policy has been important in promoting positive change in some countries and mitigating the worst impacts of World Bank funded projects in others. However, it also finds that very often the policy is not adhered to closely, sometimes with serious consequences for the peoples concerned.

Obstacles to effective compliance are found both within the Bank and in borrower countries. Common failures include:

- ❑ No attempt made to get borrower countries' policies to coincide with international human rights standards nor with the Bank's policies applicable to indigenous peoples
- ❑ Baseline studies not carried out in project preparation
- ❑ Required legal reforms omitted
- ❑ Procedural oversights in appraisal
- ❑ Required capacity-building elements missing
- ❑ Indigenous peoples' land and resource rights not secured
- ❑ Participation weak or absent and information provided tardily or in wrong languages
- ❑ Denial of indigenous perspectives and plans
- ❑ Required 'Indigenous Peoples Development Plan' omitted
- ❑ Inadequate benefit-sharing
- ❑ Ineffective supervision
- ❑ Disinclination to enforce loan agreements
- ❑ Indigenous peoples made worse off by the projects

The study also highlights the structural and financial disincentives within the Bank to adhere to the policy. Staff lack the time and resources to implement the policy effectively, resulting in inadequate participation and shallow studies prior to implementation. Bank staff are not rewarded by their managers for close adherence to the policy and senior management to the very highest levels encourage staff not to apply the policy literally. In those cases where the policy was implemented effectively, this has been the result of long project preparation times, intensive staff inputs, willingness to pay unusually high 'transaction costs', stronger borrower government commitments to reform and genuinely participatory decision-making both in project preparation and implementation. The review *stresses* that if the Bank is to effectively apply its Indigenous Peoples policy in the future it will have to carry out reforms to the incentive structure within the Bank, so staff are encouraged and enabled to adhere to it.

The paper also summarises the detailed recommendations previously made to the Bank by indigenous peoples. The case studies and workshop reinforced these points of view and called again on the Bank to carry out a participatory implementation review of the existing Indigenous Peoples policy. Effective compliance will also require:

- ❑ Stronger enforcement mechanisms, including clearer and enforced legal covenants as part of loan conditions
- ❑ Greater accountability of both the World Bank and borrower governments to indigenous peoples, with agreements that are enforceable in the national courts
- ❑ Independent monitoring and supervision, with agreed performance-based indicators
- ❑ Clearer guidance to staff on the interpretation and application of the policy and on how to deal with mismatches between borrower country laws and practice and international legal requirements
- ❑ Stronger mechanisms of participation, including the direct involvement of indigenous peoples in project design and implementation and the administration of funds
- ❑ Improved access to information in appropriate languages and formats
- ❑ Application of the policy to structural adjustment lending
- ❑ A revised Indigenous Peoples policy which adheres to international law, follows the principle of prior and informed consent, recognises and secures indigenous peoples' customary rights to lands and resources, and provides mechanisms for the resolution of conflicts.

## ACRONYMS:

ANR	Assisted Natural Regeneration
ARDE	Annual Review of Development Effectiveness
ARPP	Annual Review of Portfolio Performance
BIC	Bank Information Center
CAS	Country Assistance Strategy
CIDOB	Confederación Indígena del Oriente de Bolivia
CODE	Committee on Development Effectiveness
COICA	Coordinadora de Organizaciones Indígenas de la Cuenca Amazónica
CPPAP	Conservation of Priority Protected Areas Project
CSO	Civil Society Organisation
DENR	Department of Energy and Natural Resources
EA	Environmental Assessment
EAP	Environmental Action Plan
ESSD	Environmentally and Socially Sustainable Development Department
ESW	Economic and Sector Work
FPP	Forest Peoples Programme
GBP	Guidelines for Bank Practice
GEF	Global Environment Fund
GOB	Government of Bolivia
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IDB	Inter-American Development Bank
IDF	International Development Fund
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
ILO	International Labour Organisation
INRA	Instituto Nacional de Reforma Agraria (Bolivia)
IPDP	Indigenous Peoples Development Plan
IPO	Indigenous Peoples Organisation
KfW	Kreditanstalt für Wiederaufbau (Bank for Reconstruction)
MIGA	Multilateral Investment Guarantee Agency
MPFD	Madhya Pradesh Forestry Department
NEAP	National Environmental Action Plan
NGO	Non-Governmental Organisation
NIPAS	National Integrated Protected Area System
NPAS	National Protected Area System
NRM	Natural Resource Management
OD	Operational Directive
OED	Operations Evaluation Department
OEG	Operations Evaluation Group (of the IFC)
OMS	Operational Manual Statement
OP	Operational Policy
OPN	Operational Policy Note
PA	Protected Area
PAMB	Protected Area Management Board
PRSP	Poverty Reduction Strategy Paper
QAG	Quality Assurance Group
QACT	Quality Assurance Compliance Team
SAL	Structural Adjustment Loan
SAP	Structural Adjustment Program
UNEP	United Nations Environment Program
UNDP	United Nations Development Program
USA	United States of America
USAID	United States Agency for International Development
VFC	Village-level Forestry Committee
VPC	Village-level Forest Protection Committee
WCS	Wildlife Conservation Society
WRM	World Rainforest Movement
WWF	World Wildlife Fund

## **Introduction:**

This paper summarises the findings of a workshop held in Washington DC in May 2000 on the theme of *'Indigenous Peoples, Forests and the World Bank: Policies and Practice'*. The workshop focused on discussion of eight case studies, presented by indigenous representatives, of their communities' experiences with World Bank projects in forests. The workshop had five main aims:

- to provide community views on the effectiveness of the World Bank's policy on Indigenous Peoples (World Bank Operational Directive 4.20);
- to promote an informed dialogue between indigenous peoples and the World Bank both about the application of its policy and specific projects;
- to promote an exchange of experience both between indigenous peoples organisations and with supporting NGOs;
- to contribute to the World Bank's current processes of revising its policies on Indigenous Peoples and on Forests; and
- to strengthen indigenous peoples' capacity to assess the policies of international development institutions that relate to them.

The cases examined come from South America, Central Africa, India and the Philippines. Some 15 indigenous people participated in the workshop, which was also attended by 1 government official, 15 NGO representatives and 17 members of staff and consultants of the World Bank. The cases examined come from a wide spectrum of World Bank projects affecting forests, including forestry, eco-development, protected areas, oil and gas pipelines and community development. The examples are also from nearly the full panoply of World Bank institutions including the 'World Bank proper'- the International Bank for Reconstruction and Development (IBRD), the World Bank's 'soft loan window' - the International Development Association (IDA), the World Bank's private sector lending operation - the International Finance Corporation (IFC) and the current funding mechanism for the Convention on Biological Diversity which is administered by the World Bank - the Global Environment Facility (GEF). The cases also span over a decade of World Bank activity - some of the projects were initiated in the late 1980s, while others are still in preparation.

The cases were selected after the Forest Peoples Programme (FPP) sent out a call for case studies on the web to indigenous organisations, targeting those organisations with which the FPP has already worked. Although an effort was made to invite indigenous organisations to present case studies on a number of projects with indigenous peoples that the World Bank was especially proud of, in the event indigenous organisations who came forward to present their experiences to the conference were mainly those who had less happy stories to tell.<sup>1</sup> In that sense the projects are not a random selection of World Bank projects that have affected indigenous peoples, however, they do include a good range, geographically, institutionally and sectorally. They are thus broadly illustrative of the kinds of engagement that the World Bank has had with indigenous peoples.

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<sup>1</sup> For example, efforts were made to invite case studies on the Atlantic Biological Corridor Project in Panama, the Mexico Community Forestry Project and the Colombia Natural Resource Management Project.

**Table 1: Case studies undertaken as part of the review**

<b>Country</b>	<b>Case Study</b>	<b>IFI</b>	<b>IPs</b>
BOLIVIA	Eastern Lowlands Project	IBRD	Ayoreo and Chiquitano
GUYANA	National Protected Areas Project	GEF, EC	Patamona
CAMEROON	Chad-Cameroon Pipeline Project	IFC	Bagyéli
UGANDA	Bwindi Impenetrable Forest	GEF, IDA, EC	Twa
RWANDA	First + Second Integrated Forestry Project	IDA	Twa
INDIA 1	Ecodevelopment in Nagarhole National Park	IDA, GEF, IBRD	Adivasi
INDIA 2	Madhya Pradesh Forestry Project	IDA	Adivasi
PHILIPPINES	Conservation of Priority Protected Areas System Project (Bataan)	GEF	Aetas

This evaluation of World Bank performance comes at a time when the Bank is being pressured both externally and internally to reform the way it does business. Indeed, some social movements are calling for the World Bank to be shut down altogether. Ever since the mid-1970s, the World Bank has come under sustained criticism for the social and environmental impact of its projects. The World Bank has tried to respond: by increasing the number of staff with environmental and social expertise; by adopting operational guidelines on issues requiring special care; by establishing a whole new department on ‘Environmentally and Socially Sustainable Development’ (ESSD); and by opening itself up to more thorough review and scrutiny, both through its own Operations Evaluation Department (OED) and by establishing an independent Inspection Panel to review controversial projects. Notwithstanding these important advances, expressions of concern from affected groups have not lessened.

During 2000, the World Bank is itself undertaking two different policy reviews relevant to the theme of this paper. It aims to bring to a conclusion a process already long in gestation - its redrafting of its policy on Indigenous Peoples, with the objective of making its policy more realisable and flexible. It is also engaged in a detailed review of its Forest Policy, which it adopted in 1991, and which is now considered by World Bank staff to be outdated and in need of revision. The workshop was thus timed with the explicit intention of feeding into both these processes by drawing the World Bank’s attention to the people on the sharp end of both these policies, the forest-dwelling indigenous peoples themselves.

For several years the Forest Peoples Programme has been calling on the World Bank to carry out a participatory implementation review of its Indigenous Peoples policy, in the belief that any revision of the policy should be informed above all by the actual experience of indigenous peoples themselves at whom the policy has been targeted. The workshop was not seen as substituting for such an implementation review but was aimed at demonstrating why one is necessary and what such a review should look at and how.

The workshop, and its preparations, were made possible through the support of many individuals and institutions. We would like to take this opportunity to thank in particular, Charles Stewart Mott Foundation, Moriah Fund, Novib, W Alton Jones Foundation, Bank Information Center, Environmental Defense, International Work Group for Indigenous Affairs, Swedish Society for Nature Conservation and Rainforest Foundation (UK and USA). We would like to thank all the workshop participants for their comments on this paper and the case studies given during the workshop and thereafter.

### **Background:**

In 1982, the World Bank adopted its first policy guidelines on '*Tribal Peoples in Bank-Financed Projects*' as an internal, and at that time confidential, document issued only to staff with the technical reference 'Operational Manual Statement No. 2.34' (OMS 2.34). The previous year, the World Bank had published a book titled '*Tribal Peoples and Economic Development: Human Ecologic Considerations*', which ostensibly set out in more detail the World Bank's policy towards 'tribal peoples'. The publication was a progressive document, which committed the World Bank to respect the right of tribal peoples to their lands. It supported the principle of self-determination and affirmed that the World Bank would not support projects opposed by the peoples themselves. The internal OMS 2.34 issued to staff was, however, notably weaker being aimed at 'mitigating' the worst impacts of World Bank projects rather than affirming the principle of self-determination. It did not offer indigenous peoples a corresponding right of veto. It did however direct World Bank operational staff to incorporate into their projects measures designed to protect the affected peoples' land rights, health, cultural integrity and ensure their participation in project design and execution. The discrepancy between the two policies was not clarified until 1986 when the World Bank felt obliged to disclose the existence of the OMS and admit that the published policy statement was not considered binding on staff.<sup>2</sup>

Both the new internal policy and the publication were aimed at countering serious criticism of the World Bank for the severe impact of its projects on indigenous peoples. In the Philippines, the World Bank had offered to support the construction of the Chico Dams, which would have flooded some 80,000 Kalinga and Bontoc people off their lands. Tribal mobilisation against the dams triggered repression and insurgency. In Central India the World Bank had supported the establishment of huge timber plantations on tribal lands with shattering effects on the displaced Muria people. In Brazil, World Bank support for Amazonian development schemes also led to land invasions and high mortalities from introduced diseases.<sup>3</sup>

Despite the adoption of the 1982 policy, the severe impact of World Bank projects on indigenous peoples continued,<sup>4</sup> but the World Bank denied major problems until in 1987 the then World Bank President, Barber Conable, finally admitted that many of World Bank projects had failed to take into account social and environmental issues. New staff with social science expertise were recruited and a review was undertaken to establish the degree to which staff were adhering to the 'tribal peoples' policy (see below).

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<sup>2</sup> Colchester 1992.

<sup>3</sup> Bello et al. 1982; Drucker 1984; Anderson and Huber 1988; Goodland and Irwin 1975; Davis 1977; Price 1989.

<sup>4</sup> Colchester 1986 a,b,c; Treece 1987; Morse and Berger 1992; Rich 1986, 1994.



### **BOX 1: OD4.20 AND THE WORLD BANK'S VIEW ON INDIGENOUS LAND AND RESOURCE RIGHTS**

During the late 1980s and early 1990s, there was a growing realisation inside the World Bank that borrower governments were failing to protect indigenous lands and therefore, where World Bank projects might impact such peoples, precautionary measures had to be taken to secure their rights and safeguard their future. The importance of such measures to secure the land rights of indigenous peoples was incorporated into the revised Indigenous Peoples policy in 1991. The fundamental role of land in indigenous welfare was further highlighted in a series of studies carried out by the World Bank in preparation for the 1992 World Development Report. The summary report of these studies noted:

*'...indigenous peoples – in contrast to Western economists and development planners – do not view land as a “commodity” which can be bought and sold in impersonal markets; nor, do they view the trees, plants, animals and fish which cohabit the land as “natural resources” which produce profits or rents. To the contrary, the indigenous view... is that land is a substance endowed with sacred meanings, embedded in social relations and fundamental to the definition of a people's existence and identity. This close attachment to the land and the environment is the defining characteristic of indigenous peoples... [Bank studies] emphasise the well-documented fact that indigenous peoples throughout the world face serious problems in gaining official recognition of their customary land and territorial rights. In most countries inhabited by indigenous peoples, there is either very limited or no legal recognition of their land and territorial rights; or, when national laws do recognize such rights, they are seldom defended in practice, especially when they conflict with wider regional and national development goals.'* pp.i-ii in Davis S (1991) “Indigenous Views of Land and the Environment” Background paper No. 10, *World Development Report 1992*, World Bank, Washington D.C. (emphasis added)

As a result of this internal review and extensive consultations inside the World Bank, a new policy was adopted in 1991. Titled ‘Indigenous Peoples’ and referred to as ‘Operational Directive 4.20’, the new six-page policy is a real improvement on OMS 2.34.<sup>5</sup> The new policy adopts a broad approach about which categories of people should be considered as ‘indigenous’ for the purpose of the World Bank’s operations and thus treats as indigenous peoples those “*social groups with a social and cultural identity distinct from the dominant society, which makes them vulnerable to being disadvantaged in the development process*”. Key characteristics highlighted in OD 4.20 to help staff identify such peoples include:

- close attachment to ancestral territories and to natural resources in these areas
- self-identification and identification by others as members of a distinct group
- an indigenous language, often different from the national language
- presence of customary social and political institutions
- primarily subsistence-oriented production.

The new policy makes much clearer the steps that World Bank project staff should go through to safeguard indigenous peoples in project areas. It emphasises the *participation* of affected peoples in project design, implementation and monitoring.

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<sup>5</sup> Gray 1998.

Key elements that staff are expected to observe in applying the policy include the following:

- there is a clear borrower government commitment to adhere to the World Bank's policy
- acceptable mechanisms are in place to ensure indigenous participation in the full project cycle
- an Indigenous Peoples' Component is developed which
  - makes an assessment of the national legal framework regarding indigenous peoples
  - provides baseline data about the indigenous peoples to be affected
  - establishes a mechanism for the legal recognition of indigenous peoples' rights, especially tenure rights
  - includes sub-components in health care, education, legal assistance and institution building
  - provides for capacity-building of the government agency dealing with indigenous peoples
  - establishes a clear schedule for fitting actions related to indigenous peoples into the overall project, with a clear and adequate budget
- final contracts and disbursements are conditional on government compliance with these measures.

The central and overriding objectives of the current safeguard policy are to: "*ensure that the development process fosters full respect for [indigenous peoples'] dignity, human rights and cultural uniqueness*" (para. 6) and to "*ensure that indigenous peoples do not suffer adverse effects during the development process...and that they receive culturally compatible social and economic benefits*" (para 6). The policy therefore remains dominated by the concept of large projects requiring mitigation measures, but adds requirements for benefit sharing and indigenous participation. In sum, OD4.20 seeks to guarantee and promote:

- land tenure and resource security
- protection from adverse affects during the development process
- indigenous participation in project design, implementation and monitoring
- positive action on the part of the borrower to ensure that indigenous peoples receive culturally appropriate development and economic benefits
- rejection of projects where negative impacts cannot be adequately ameliorated

More than its definitions, guidelines and objectives the policy is important because it makes requirements of borrowers and Bank staff in loan operations affecting indigenous peoples most of which are tied to specific stages of the project cycle (see Annex I).

The Forest Peoples Programme criticised the World Bank at the time that the new policy was released for not having elaborated it through a participatory process in consultation with indigenous peoples. We also noted that the policy did not respect the right of indigenous peoples to self-determination or to veto projects, and did not

make clear exactly **when** in the project cycle the critical elements of participation and land regularisation should take place.<sup>6</sup>

Indeed, indigenous organisations such as COICA *had* made clear recommendations to the World Bank in 1990 demanding a policy which included:

- Recognition of indigenous rights as set out in international law
- Direct consultations with indigenous peoples in the elaboration of the policy
- No development projects in indigenous areas without the informed consent of the peoples affected
- Participation of the indigenous organisations, which represent the affected peoples, throughout the full project cycle
- Establishment of tripartite commissions, including governments, funders and the affected peoples, to oversee project implementation
- Prioritisation of indigenous development alternatives.<sup>7</sup>

The International Alliance of Indigenous and Tribal Peoples of the Tropical Forests, which held meetings with the World Bank to discuss the new policy in 1992, also called for a much stronger recognition of indigenous peoples' rights. They again demanded that:

*National or international agencies considering funding development projects which affect us, must set up **tripartite commissions** – including the funding agency, government representatives and our own communities as represented through our representative organisations – to carry through the planning, implementation, monitoring and evaluation of the projects.*<sup>8</sup>

Both the forest policy and the indigenous peoples policy are examples of what the World Bank calls its 'safeguard policies': policies that have been adopted by the World Bank to make sure that social groups and issues that are frequently marginalised or over-looked in economic planning are taken care of in its actual projects.<sup>9</sup>

World Bank staff are **obliged** to comply with these policies in **all** projects which may have an impact on these peoples or environments, including sectoral adjustment loans (SECALs), and they are also encouraged to address these issues in developing Country Assistance Strategies (CAS). Compliance with safeguard policies is,

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<sup>6</sup> Colchester 1992.

<sup>7</sup> IWGIA Yearbook 1990.

<sup>8</sup> International Alliance 1992: Article 25 (emphasis added).

<sup>9</sup> The safeguard policies are Environment Assessment (OD4.01), Natural Habitats (OD4.04), Forestry (OP4.36), Indigenous Peoples (OD4.20), Involuntary Resettlement (OD4.30), Cultural Property (OPN4.11), Safety of Dams (OP4.37), International Waterways (OP7.50), Disputed Areas (OP7.60) and Pest Management (OP4.09).

however, **not** currently mandatory for full structural adjustment loans though many indigenous peoples and civil society groups believe this is necessary.<sup>10</sup>

**Current Revision Process:**

Since 1996, the World Bank has once again been revising its indigenous peoples policy. This is being undertaken by an ad hoc Working Group within the Bank and moved into the public domain in 1998 with the circulation of an “Approach Paper” to indigenous peoples’ organisations, governments and NGOs. The approach paper retains many of the objectives of OD4.20 but places more emphasis on culturally appropriate indigenous “self-development” and poverty alleviation. Much of the focus of the paper is centred on redefining categories and clarifying definitions and requirements. The underlying assumption is that development of a clearer policy will improve implementation. The proposed revision, as set out in the ‘Approach Paper’, intends to ensure that “minimum standards” are maintained by:

- clarifying what is meant by “meaningful participation” and setting out clear requirements for indigenous involvement with clear criteria and benchmarks for participation
- improving training for staff on social and cultural aspects of project design
- clarifying legal safeguards and measures needed to secure indigenous rights
- requiring a comprehensive “Indigenous Peoples Action Plan” where negative impacts are anticipated
- promoting ‘ethno-development’ and poverty reduction
- increasing private sector investments to assist indigenous communities
- clarifying the roles and responsibilities of the private sector when their activities affect indigenous peoples and their territories
- affirming the borrower’s obligations to adhere to the policy as set out in loan covenants and conditions.

In late 1998, the World Bank held a series of consultations with indigenous peoples’ organisations and others in Brazil, Costa Rica, Ecuador, Vietnam, the Philippines, India and Russia. Each meeting produced a brief report of civil society recommendations. Since then, the World Bank has been reviewing its policy without direct consultation with indigenous peoples and advocacy groups. The World Bank was expected to make public a ‘zero draft’ of its new policy on Indigenous Peoples (to be renamed Operational Policy 4.10) in July 2000, with the expressed intention of getting reactions to the draft from indigenous people and other interested parties.

However, in line with current World Bank procedures, the draft first needs to be assessed and approved by the World Bank’s legal department and then passed to and ‘cleared’ by the World Bank’s Operational Policy Committee before it can be released to the general public for further discussion. Owing to controversy now raging within the Bank about the status of all its ‘safeguard policies’ and owing to a series of very critical findings by the World Bank’s Inspection Panel, which has documented

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<sup>10</sup> Under OD 8.60 on adjustment, compliance with ‘safeguard policies’ is mandatory in sectoral but not structural adjustment lending. Staff are however expected to ‘take the environment into account’ in structural adjustment loans. The World Bank is now in the process of setting up task teams to elaborate proposals for integrating social and environmental assessment into its economic and sector lending programmes. Civil society organisations point out that to be effective, these proposals should feed into the forthcoming revision of the Bank’s Structural Adjustment Policy (cf. BIC 2000:9).

persistent failures by World Bank staff to adhere to these policies, the process of revising these policies has been, at least temporarily, stalled. At the time of going to press, it is still not clear when or whether the 'zero draft' OP 4.10 on Indigenous Peoples will be released for consultation.

Non-Governmental Organisations like FPP have argued that while modifying the policies may be useful this will not necessarily improve implementation without more fundamental changes in World Bank procedures and practice. Crucially, there is a need to insitutionalise real incentives for staff to apply the policy and address the cross-sectoral impacts of World Bank lending. Indigenous and NGO recommendations for the revision of OD4.20 centred on six central themes: identification, land and natural resource management, participation and consultation, compensation, self-determination and indigenous development, and compliance. Some of the more important recommendations and observations included:<sup>11</sup>

- the policy should adopt the indigenous right to "self-identification" in accordance with the principles set out in the UN Draft Declaration on the Rights of Indigenous Peoples.
- indigenous land and resource security should be further specified as an essential precondition for project appraisal and approval with concrete benchmarks to ensure compliance.
- there should be no involuntary resettlement of indigenous peoples. Resettlement may only take place with the full, prior, free and informed consent of affected indigenous communities. Indigenous participants rejected language suggesting this could be permitted in cases where it 'was demonstrated to be unavoidable'.
- Indigenous peoples reject the notion in the Approach Paper of "converting" customary rights into legal rights. What they seek is legal *recognition* of their customary land and resource rights, in line with ILO Convention 169.
- the definition of indigenous lands and territories must be extended to include lands that are of spiritual and cultural significance to indigenous peoples. Such lands include sacred sites.
- baseline studies should include an environmental audit that properly values indigenous peoples' resources and territories.
- baseline studies and natural resource and land management project components that utilise indigenous knowledge must incorporate adequate intellectual property rights safeguards and benefit sharing mechanisms.
- the policy should recognise the indigenous right to "prior, free and informed consent" as specified under Article 30 of the UN Draft Declaration on the Rights of Indigenous Peoples.
- the policy must require "effective" participation by indigenous peoples affected by Bank loan operations throughout the project cycle.
- consultations must include traditional leaders as well as local indigenous organisations.
- affected indigenous peoples must be involved in *negotiations* between the World Bank and the client government, as this is a crucial stage for ensuring effective participation.
- indigenous networks should be activated at national and regional levels to track World Bank operations through the whole project cycle.

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<sup>11</sup> BIC 1998a,b; CIEL 1998; High Commissioner for Human Rights 1998; World Bank 1998a.

- the policy must require the proactive circulation of information in local languages to indigenous organisations and communities affected by Bank loan operations.
- the role of NGOs must be clarified in the new policy.
- the indigenous peoples who are affected by Bank project must be consulted fully regarding their views on "appropriate" compensation and mitigation measures.
- there should be more concern with gender, as indigenous women are frequently disproportionately impacted by projects.
- there should be a specific requirement that indigenous peoples be involved in monitoring and evaluation.
- provisions should be made for *direct funding* to ensure that benefits reach the indigenous peoples on the ground.
- development initiatives should accommodate the cultural priorities and "cosmovision" of indigenous peoples.
- World Bank staff must find ways of enforcing compliance with legal covenants and policy requirements by borrower governments and implementing agencies.
- The World Bank must guarantee that indigenous recommendations are acted upon and incorporated into the Bank's revised policy on indigenous peoples.

#### **Previous Implementation Reviews:**

In 1987, the World Bank carried out a very partial internal review of the implementation of its 1982 policy. It found that, out of a small sample of 33 World Bank projects thought to be affecting indigenous peoples since the policy was adopted, only 15 had observed the policy at all - *less than half*. Moreover, of those 15 *only 2 projects had observed all four key elements of the World Bank's policy*. Only 6 out of the 33 projects included measures to protect the land rights of the affected peoples; only 2 included the required health measures; only 2 included measures for protecting the cultural integrity of the affected peoples and only 3 included measures for increasing the peoples' participation in project design and execution. 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".<sup>12</sup> These findings encouraged the World Bank to redraft the policy with the aim of giving clearer guidance to operational staff on how and at what stage in the project cycle, they should undertake specified actions.<sup>13</sup>

Since the 1988 study and since the World Bank adopted a new policy on Indigenous Peoples in 1991, no overall implementation review has been carried out. However, partial reviews have been undertaken of the application of the policy in Latin America. One early internal review suggested that in lowland South America, the new policy was promoting land regularization but noted the need for greater institution-building in borrower country governments so that national policy reforms could be

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<sup>12</sup> World Bank 1987; Davis 1993:16

<sup>13</sup> Colchester 1992.

put into practice. The review also advocated an alternative approach that built on the cultural and social strengths of indigenous peoples.<sup>14</sup>

#### BOX 2 - THE CHALLENGE OF COMPLIANCE: A BANK-WIDE PROBLEM

The Indigenous Peoples policy is not the only one of the 'safeguard policies' which the World Bank has problems complying with. The same is true of other policies such as those on Environment Assessment, Involuntary Resettlement and Forests. The main reason is that operational staff are under heavy pressure to move money fast with the minimum amount of hassle. Country Directors, who tend to be professional economists, have the job of overseeing World Bank lending to client countries in line with 'Country Assistance Strategies', which define borrower requirements principally in macro-economic terms. Annual lending targets to cushion countries' balance of payment difficulties are also set by Consultative Groups comprising all the main donor agencies. Meeting these targets is a Country Director's first priority and operational staff are thus discouraged from investing too much time in socially and environmentally complicated projects. As a result, 'safeguard policies' are seen as 'all pain and no gain'. Staff are thus likely to invest the minimum of time in compliance with these policies, or they just avoid controversial projects altogether.

The problem of abbreviated participatory procedures is widespread as a direct result. As a 1992 report by the World Bank's Portfolio Management Task Force made clear, the Bank's "pervasive preoccupation with new lending" takes precedence over all other considerations. According to the Task Force, "a number of current practices – with respect to career development, feedback to staff and signals from managers – militate against increased attention to project performance management." In the subculture which prevailed at the Bank, staff appraisals of projects tended to be perceived "as marketing devices for securing loan approval (and achieving personal recognition)", with the result that "little is done to ascertain the actual flow of benefits or to evaluate the sustainability of projects during their operational phrase." The Bank's institutional priorities and management structures thus encouraged staff to flout internal policy directives and borrower governments to ignore loan conditions. Unsurprisingly, the "credibility [of loan agreements] as binding documents has suffered" and "evidence of gross non-compliance [with Bank legal covenants] is overwhelming." When borrowers disregard loan conditions, the typical response of Bank management has been to look the other way or waive the relevant requirement, unless public pressure forces them to do otherwise.<sup>15</sup>

Since this report came out, the World Bank has made efforts to change staff culture. Attempts are now being made to assess projects based on actual performance rather than merely on whether staff notionally comply with policies during project preparation and appraisal. New institutions have been set up within the Bank to encourage this change (QAG and CODE). To try to encourage participation and closer engagement with client governments, the World Bank has been decentralized with greater autonomy being given to Regional Vice-Presidents and Country Directors. However, this has not led to noticeably greater engagement with civil society or indigenous peoples **within** borrower countries and it has lessened the influence of the Environmentally and Socially Sustainable Development department.

Failures in the World Bank's compliance with its policy on Involuntary Resettlement have become notorious. Successive reviews have catalogued the very severe problems of people, disproportionately indigenous, forced off their lands by large dams. World Bank review teams have been hard-pressed to find **any** projects at all which comply with the minimal requirement that oustees should be at least as well off after removal, as they were prior to it. Nearly all have been worse off, many disgracefully so.<sup>16</sup> A recent Forest Policy Implementation Review by the Operations Evaluation Department, which reviewed over 600 projects undertaken between 1991 and 1999, has documented a similar failure in compliance. Contrary to requirements, the policy was not incorporated into macro-economic planning or lending. There was poor linkage to poverty alleviation, weak participation, land tenure issues were often neglected and gender considerations almost wholly ignored.<sup>17</sup>

A major problem is that the World Bank allocates inadequate funds for what it calls the 'transaction costs' of preparing and overseeing projects. Special funds for the higher costs of spending time in careful project planning and participation are limited and hard to access. The fact remains that operational staff are given very few real incentives to pro-actively engage in controversial sectors in

<sup>14</sup> Wali and Davis 1992.

<sup>15</sup> World Bank 1993: ii, iii, iv, 8, 14, 15.

<sup>16</sup> For a detailed literature review carried out for the World Commission on Dams see Colchester 1999.

the way that the 'safeguard policies' demand. Real participation is a long way off and to date the World Bank has resisted suggestions that affected peoples or independent NGOs should carry out monitoring.

A more recent internal review of 72 projects affecting indigenous communities in Latin America found that the policy was slow to take effect in the period 1992-1997 but had improved thereafter. Of 48 projects already underway by 1997, only 19 had attempted to address indigenous needs with an Indigenous Peoples Development Plan (IPDP) while another 12 featured an indigenous "component". In other words, *over one third of the projects had failed to include the required indigenous peoples component*. 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 apparent degree of compliance with OD4.20 was much higher in the 24 projects still in the preparation phase in 1997 where, according to the Bank, "a good number" planned to incorporate an IPDP.<sup>18</sup>

The improvement in the World Bank's performance of adhering to its own policy in Latin America is largely due to an increase in the number of staff with social science expertise in the ESSD. The overall performance, however, is still unacceptable. Moreover, as far as we are aware, no reviews have been done of the degree of compliance with the policy in World Bank projects in Africa or Asia, where the evidence is that the policy is applied even more patchily.

### **The Case Studies: Documentation for the workshop**

In preparation for the Washington workshop, indigenous peoples affected by eight World Bank projects wrote up their experiences in the form of case studies. Most of these studies were written up based on extensive field consultations and interviews with those directly affected by the projects. In most cases local workshops were convened so the affected communities could share their opinions about the projects and review the extent to which the projects had adhered to OD 4.20. The reports were written up by the indigenous peoples themselves, some with the help of supporting NGOs that they invited to help them document their experience.

The documents in their original language were circulated to all participants prior to the meeting to promote, to the maximum extent possible, a full sharing of information. In addition to these eight case studies two additional case studies were also included, which were undertaken by the Forest Peoples Programme, of World Bank projects affecting indigenous peoples in Latin America. All ten case studies are summarised below in single page boxes, which also draw on other reports and assessments where relevant. Readers are encouraged to read the original case studies for more details. The case studies thus drawn on for this review are the following:

### **African Case Studies:**

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<sup>17</sup> World Bank 2000a.

<sup>18</sup> Swartz and Uquillas 1999:2. See also Fox 1997 for a civil society review of the application of OD4.20 in Mexico.



*The Batwa of South West Uganda: World Bank Policy on Indigenous Peoples and the Conservation of the Bwindi and Mgahinga National Parks.* Forest Peoples Programme and the United Organisation for Batwa Development in Uganda.

*Etude Sur L'Impact Affectant sur les Peuples Autochtones Par Projet No: 1039-RW Finance par la Banque Mondiale dans la Prefecture de Gisenyi-Rwanda.* Kalimba Zephyrin, President, Communaute des Autochtones du Rwanda.

*Rapport de l'Enquete sur le Degre d'Implication des Peuples Autochtones dans le Cycle du Projet Pipeline Tchad-Cameroun.* CODEBABIK, Planet Survey (PSED: Planet Survey Environment and Sustainable Development)

### **Asian Case Studies:**

*The Adivasis and the World Bank-aided Madhya Pradesh Forestry Project: a case study of indigenous experience.* Gajanand Bramhane and Bijaya Kishore Panda, Adivasi Mukti Sangathan Sendhwa.

*The World Bank Policy on Indigenous Peoples: the Conservation of Priority Protected Areas System Project (CPPAP) in Bataan, Philippines.* Raymundo D. Rovillos with Aida Cadiogan and Wilfredo Alangui, TebTebba Foundation.

*Nagarhole: Adivasi Peoples' Rights and Ecodevelopment.* Janara Budakattu Hakk Stapan Samithi.

### **South American Case Studies:**

*Pueblos Indígenas y El Proyecto Tierras Bajas del Este (PTBE) – Bolivia: un informe del Taller Indígena.* CIDOB, CANOB, CABI and TURUBO.

*The Guyana National Protected Areas System Project (Global Environmental Facility/World Bank): a Case Study .* Patamona Community of Chenapou and the Amerindian Peoples Association of Guyana.

*World Bank Projects and Indigenous Peoples in Ecuador and Bolivia.* Thomas Griffiths, Forest Peoples Programme.

Some of the case studies have been revised since the workshop itself to take account of the detailed comments made both during the meeting and subsequently.<sup>19</sup>

**BOX 3: ECUADOR INDIGENOUS PEOPLES AND AFRO-ECUADORIAN  
DEVELOPMENT PROJECT (Prodepine)<sup>20</sup>**

The primary goal of this project is to improve the quality of life of indigenous and Afro-Ecuadorian peoples by securing better access to land and water resources. It represents the World Bank's first stand-alone investment with the explicit objective of promoting 'ethno-development' and is thus a pilot scheme for the Bank in its movement from a 'do no harm' to a 'do good' approach towards indigenous peoples. The project was designed to promote 'labour-intensive growth', employment and higher incomes for the rural poor, based on the principles of strengthening identity, promoting self-determination and territoriality, and enhancing self-management. The four-year, US\$50 million project (World Bank US\$25 million, IFAD US\$15 million, Ecuadorian counterpart funding US\$10 million) commenced in 1998 after a three-year gestation.

The Bank notes that a number of conditions contributed to the successful development of the project. Crucial was an appropriate policy environment with a real commitment on the part of the government to secure indigenous land tenure and self-development. Equally important was the prior existence of strong indigenous organisations and a long preparation phase. These factors allowed the project to be elaborated through a genuine process of participation with community-level and national-level indigenous institutions. The Bank was able to use its convening power and offer of tangible financial benefits to overcome long-standing confrontational relations between government and indigenous organisations and to diminish the sense of rivalry between the indigenous organisations themselves.

The project is now in its first phase of implementation and has made a promising start. Among key elements of the project which Bank staff themselves highlight as contributing to its success are: the relative autonomy of the project; shared decision-making meaning that communities and indigenous spokespersons are genuinely involved in project management; transparent procedures; and flexible operations. A field review of the project carried out as part of this study confirmed that the project was bringing real, tangible benefits to target communities in health, education and community irrigation schemes, where the efforts being made by the project managers are warmly appreciated. The project's 'ethno-development' and 'self-management' approach can be seen to work.

Notwithstanding these important gains, the project has not surprisingly also encountered problems. There have been delays in land regularisation due to the complicated legal processes currently in place and to the slow disbursement of land purchase funds from IFAD. Opposition to land reform by land-owning classes has mounted. Owing to galloping inflation and a national balance of payments crisis, the project is not so much relieving poverty as helping attenuate the impacts on the poor of successive structural adjustment programmes that have been adopted to confront a worsening national economic crisis. Meanwhile, lowland Indian groups, who were not targeted in the first phase of the project complain of being excluded. New constitutional provisions recognising indigenous 'nationalities' and 'peoples' have provoked highly politicised challenges to the project's ongoing functioning through the pre-existing indigenous organisations and NGOs, contributing to growing schisms in the indigenous movement.

Indigenous Ecuadorians note that the gains being made by the project have been undermined by the government's mismanagement of the economy together with World Bank-assisted macro-economic and structural reforms, which are intensifying pressure on indigenous lands and resources, deepening poverty and attenuating the government's capacity to deliver basic services. Whereas the project itself has had admirable intentions and has closely adhered to the World Bank's policy on indigenous peoples, other Bank interventions in Ecuador have ignored the Operational Directive altogether. National political changes have also frustrated the realisation of the project's goals as some administrations have proved less committed to the project's novel approach than others. In January

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<sup>19</sup> One case study from Central America has been withdrawn from due to methodological problems in the execution of the study.

<sup>20</sup> Griffiths 1999; van Nieuwkoop and Uquillas 1999; Montenegro 2000. See also Grusky 2000.

2000, public opposition to economic reforms and the deepening economic crisis toppled the Mahuad government. Drastic measures, including “dollarisation”, have 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 MUPP-NP party as Ecuadorian politics becomes ever more polarised between pro-economic reform camps and populist indigenous and social movements. Despite this growing economic and political instability, Prodepine continues to function. It is likely that this project resilience is partly due to the depth of local “ownership” of this innovative project.

#### **BOX 4: BOLIVIA-BRAZIL GAS PIPELINE<sup>21</sup>**

The 3000 km long Bolivia-Brazil gas pipeline project constitutes one of the largest engineering projects in Latin America. The World Bank and the Inter-American Development Bank are contributing US\$550 million loan to the Brazilian State company Petrobras, towards the cost of the project, most of which is financed by a US\$3 billion investment from the private sector. The pipeline cuts through several internationally recognised protected areas in Brazil and Bolivia and traverses the territories of several indigenous groups, in particular the Guarani peoples of southern Bolivia.

It was only following intensive advocacy by NGOs and indigenous organisations, that the World Bank enforced the application of its environment assessment procedures and its policy on indigenous peoples. In belated compliance with Operational Directive 4.20, an Indigenous Peoples Development Plan (IPDP) was elaborated, although consultation with indigenous peoples in the preparation of the plan was perfunctory. It required direct action by indigenous peoples, who blocked an access road to the pipeline construction area, to ensure they were taken seriously in project implementation. Heavy pressure from USAID, which was also funding a management plan for the Gran Chaco protected area that the pipeline traverses, was also important to ensuring World Bank and IDB compliance. Eventually an agreement between the indigenous organisations, the World Bank, IDB and the pipeline companies was signed in late 1997, which gave the indigenous peoples a clear role in overseeing implementation.

Implementation of the IPDP in Bolivia has not been a marked success, mainly because it was developed as an after-thought, rather than before the main project - as the World Bank’s policy actually requires. According to indigenous spokespersons interviewed for this review, construction works, such as schools and clinics, contracted to third parties have been sub-standard and tardy. Lack of control over project funds has instilled a feeling of frustration. Land regularization has been very slow, owing to the extremely complicated procedures in place in Bolivia, which the overall project did not seek to revise. Participation in the IPDP is partial and usually restricted to village meetings during which consultants ‘extract’ information about development needs. Pipeline companies are felt to be imposing their ideas and repeatedly delaying the execution of agreed actions. Transparency in information flow has not been achieved, especially regarding the ‘big picture’ in which the project components are implanted. Although direct impacts of the pipeline have, so far, not been serious there is a general concern that access roads and improved communications will intensify resource exploitation in the area in the longer term, as pressure from colonists on indigenous lands in Bolivia remains a major problem. The pipeline companies admit that, in Brazil, wildlife poaching along the pipeline has already increased. The IPDP in Bolivia, however, is to be wound up in 2000.

The lessons from the IDB-World Bank-assisted project 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. Attempts by indigenous peoples to hold up the construction until their lands were titled were unsuccessful and the Indians were forced to accept a US\$2 million IPDP. Affected groups criticise the IPDP for its short duration and its inappropriate land demarcation component. 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.<sup>22</sup>

The World Bank is now preparing a stand-alone indigenous development project in Bolivia like its project in Ecuador (see Box 3). Bolivian indigenous peoples point out, however, that while such a project may be locally welcomed, it would be better if the World Bank ensured that indigenous peoples’ rights were addressed in the Bank CAS and macro-economic and sectoral adjustment

<sup>21</sup> Hamerschlag and Soltani 1999; Griffiths 1999; Hindery 2000

<sup>22</sup> Soltani and Hindery 1999; Probioma 2000; Ceades 2000

programmes. New policies, laws and institutions introduced as part of World Bank structural reforms and privatization and liberalization initiatives, are further limiting indigenous control of land and water and intensifying pressure on their resources. These programmes are developed with minimal public participation, little if any provision of information to indigenous peoples and no attempt to apply OD 4.20. The Bank is undoing with one hand what it seeks to accomplish with the other. There is a feeling that token projects with indigenous peoples are designed more to mollify indigenous critics than address fundamental problems caused by the World Bank's overall project portfolio.

#### **BOX 5 - GUYANA: NATIONAL PROTECTED AREA SYSTEM PROJECT**

Guyana is the only country in the western hemisphere lacking protected area legislation and institutions. Its one protected area (PA), 11,600 hectare Kaieteur National Park, was originally established as a site of scenic beauty, not for biodiversity conservation. The Guyana National Protected Areas System project, was initially conceived as a component of a World Bank/IDB Natural Resources Management Project. It is now being promoted as a stand alone project to establish a fully developed protected area system with legislation and institutional underpinnings and to provide infrastructural support for an expanded Kaieteur NP. However, six-years since its inception, this joint project being developed with funding from the GEF (US\$6 m), European Commission (US\$1.3 m) and the German financial assistance agency, KfW (US\$2.4 m), and managed by the World Bank and the Government of Guyana [GoG] (US\$0.1m), is still in the doldrums. The GoG has objected to several key aspects of the project. First, it rejected the broader Natural Resources Management Project of which it was to be only a part. It then sought to delay PA definition until after mineral resources had been surveyed. It then refused to authorise the establishment of a PA agency with independent authority. Currently GoG is refusing to recognise indigenous rights or establish means for resolving Amerindian land claims.<sup>23</sup>

Amerindian rights were guaranteed in the international treaty recognising Guyana's independence in 1966. Amerindians submitted claims for 43,000 square miles to an Amerindian Lands Commission that reported in 1969. The commission recommended recognition of 24,000 square miles for 128 communities. To date only 6,000 square miles have been titled to 74 communities. On the other hand vast areas in Guyana's interior have been allocated to foreign logging and mining companies. Since almost all proposed protected areas in Guyana will overlap indigenous lands, resolution of Amerindian land claims is a necessary prior condition to a PA system. However, although all three donor agencies have clear policies on indigenous peoples, the World Bank did not given this matter sufficient priority in developing this project.<sup>24</sup> The case study finds that, contrary to OD 4.20, the proposed project as it stands will not result in legislative revisions needed to secure Amerindian rights; makes inadequate provisions for titling Amerindian lands; was developed without adequate participation; and has not examined the Amerindians' preferred option of indigenous co-owned and managed PAs. Project documents have overlooked or suppressed key observations and recommendations made by World Bank consultants on the need to clarify and secure Amerindian rights and a comprehensive Indigenous Peoples Development Plan has not been developed as part of the project.

It was not until Amerindian organisations pointed out these deficiencies that reforms in the project were proposed by the Bank. These were rejected by GoG as untoward meddling in the country's internal affairs. Proposals to establish a mediation mechanism between the Amerindians and GoG were rejected by the latter. GoG proceeded unilaterally to extend the boundaries of the Kaieteur NP and extinguish Amerindian rights without consulting either the Patamona people in whose ancestral territory the park lies, or the funders of the proposed project. The action caused an outcry and GoG was obliged to make a public commitment to amend the Act extending the park in order to safeguard the Patamona's prior rights. After over a year's delay, a draft Bill amending the Act was rejected by the Patamona as insufficient and they filed a case in the courts seeking to have the Order extending the park struck down as unconstitutional. Notwithstanding the pending case, the GoG pushed through the Bill, which was enacted in July 2000.<sup>25</sup>

The future of the NPAS project is now in severe doubt. Although GoG has proved the main obstacle to the project, tardy and insufficient adherence by Bank staff to OD 4.20 in the early phases of the project also contributed to the problem, according to the case study. Bank staff reject this accusation, believing OD 4.20 should not be interpreted so literally. For their part the indigenous peoples have repeatedly

<sup>23</sup> Colchester 1997

<sup>24</sup> Patamona and APA 2000

<sup>25</sup> The extension act extinguished Amerindian rights, freedoms and privileges. The amendment only restored hunting and fishing rights, leaving other rights, freedoms and privileges extinguished.

made clear that they welcome the additional protection that protected areas may give their territories, as long as their ancestral rights are first adequately secured. Indeed in other parts of the country, Amerindians are exploring ways of establishing 6000 square miles of their territories as indigenous-owned and managed protected areas. Although, Amerindian suspicions about the NPAS are now widespread, their Amerindian organisations still seek a mediated dialogue with Government in order to establish an acceptable means for negotiated settlements.

#### **BOX 6: EASTERN LOWLANDS PROJECT (PTBE), SANTA CRUZ, BOLIVIA<sup>26</sup>**

During mid 1980s, buoyant international markets for soya led agribusiness and colonists of the eastern Bolivian region of Santa Cruz to seek funding to expand production and agro-export. The World Bank emerged as a possible creditor in the late 1980s. After two years of baseline studies, the four-year, US\$ 56 million loan agreement was signed by the national government of Bolivia in 1990 (World Bank (IDA) US\$35 million, KfW 6 million, GOB and others US\$15 million). The 1990 agreement reflected the Bank's obligations under its policies to safeguard the environment and address the needs of the indigenous peoples in the Santa Cruz region (OP 4.01 and OMS 2.34). Consequently, the stated project objective was to: increase agricultural production and export facilities while *safeguarding the environment and respecting the situation of indigenous peoples in the project zone*. Three project components focused on agricultural expansion: credit, infrastructure and research and together accounted for 75% of the loan. Three other components focused on environmental sustainability and social development: natural resources (Soil Utilisation Plan), extension and an indigenous peoples component (IPC). In line with state decentralisation, implementation was to be run by a local "Regional Commission", while the indigenous organisation CIDOB was designated as the "executing entity" for the IPC and would oversee the preparation and implementation of a two-year Indigenous Peoples Development Plan (IPDP). The IPDP contained components relating to health, education, land defence, agriculture, institutional strengthening and communication.

Once it commenced in 1991, the project became dominated by agribusiness interests within the Regional Commission that quickly transformed into a closed and autocratic body. CIDOB was involved in the design of the IPDP, but was soon "demonised" by powerful political groups in Santa Cruz that demanded that CIDOB be removed as they saw indigenous demands for land rights and self-determination as "subversive". Despite protests to the World Bank and subsequent missions to investigate the problem, CIDOB was forced to step-down at the end of the first year and accept a minor non-executive role on a new "Directorate" for the IPC. The Bank had permitted violations of the loan agreement to sustain the project. As this proceeded, all the environmental and social norms of the World Bank were disregarded. Large farmers and agribusiness firms appropriated the credit component, expanded their production and acquired land titles. The net result was a 400% increase in deforestation in complete contravention of Bank policy to protect forests.

Ayoreo and Chiquitano organisations and communities evaluated their experience of the Lowlands Project in February 2000 as part of their input to this review. They agreed that the project had been a complete failure as IPs had been systematically excluded from the project from the first year onwards. They complain that the project fuelled uncontrolled agricultural expansion and road building that resulted in deforestation with negative impacts on indigenous territories and quality of life. Although some benefits did emerge, such as radio equipment, support for IPO meetings and the construction of a community centre and 4 school buildings, the most vital element of the IPDP relating to land security had been unsuccessful in obtaining land titles for indigenous communities. The Ayoreo plan had demanded land title over 25,000 ha. At the end of the project in 1995, only 730 ha had been secured.

In response to the indigenous case study, the World Bank admits that land regularisation occurred late in the project cycle. They claim that the case shows how the Bank's influence on Borrowers is limited and how its role in practice is restricted to advice and orientation. Nevertheless, the Bank maintains that the project: (i) was an important learning experience (ii) was an important lesson for the drafting of OD4.20 (iii) brought some benefits for indigenous peoples despite a difficult political environment (iv) demarcated (not titled) 250,000 ha of land and prepared useful land claim maps. The Bank adds that its National Land Administration Project (PNAT) has helped "clarify legally" the indigenous land situation in Bolivia. 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 PTBE has left "nothing valuable". The PTBE has been a painful experience for affected indigenous communities who still suffer its serious long-term impacts. Meanwhile, most land claims in the Eastern lowlands remained "immobilised". In July 2000, indigenous groups marched from Santa Cruz to La Paz on the *Third Indigenous Peoples March for Land, Territory and Natural Resources* in a sustained campaign to solve their critical land situation. During the same month, CIDOB persuaded the Bolivian government to sign an agreement to speed the titling of Indian lands.<sup>27</sup>

<sup>26</sup> Heijdra 1997; CIDOB, CANOB, CABI and TURUBO 2000

<sup>27</sup> CIDOB 2000; Amazon Watch 2000; WRM 2000

### BOX 7: THE MADHYA PRADESH FORESTRY PROJECT, INDIA<sup>28</sup>

This project was undertaken by the Madhya Pradesh Forestry Department (MPFD) as part of a state-wide forest development strategy and a national programme of Joint Forest Management. The official goal was to increase the supply of wood for forest-based industries and of Non-Timber Forest Products and animal products for the rural poor. The Bank-funded component (IDA US\$58 m), which targeted 2,541 villages, 1.2 million people - 900,000 of who were tribal, and focused on forest fringe communities, commenced in 1995 and ended in December 1999. It was conceived as the pilot phase of a larger scheme. Management and development components of the pilot project aimed to: (i) strengthen MPFD's capacity and introduce an "attitudinal" change away from regulation towards participatory forestry (ii) increase forest cover through "assisted natural regeneration" (ANR) (iii) boost productivity in areas with "open canopy" by means of a Village Resource Development Program. Local participation in the MPFP was meant to be assured through new Village-level Forest Protection Committees (VPCs) and Village Forest Committees (VFCs). The project sought to secure biodiversity in 24 protected areas, while providing alternative income for residents through "Ecodevelopment".

The case study found that despite the project's stated goals of local participation and social development, many local people were excluded from decision-making and tribal people suffered adverse impacts to their welfare. From the outset, tribal and other rural groups complained that they had only learned of the project once implementation began. Since then, new village committees have failed to facilitate local participation in forest management. In mixed-caste villages, committees are dominated by non-tribal people who do not address the concerns of indigenous families who use the forest for their livelihoods. Consequently, VPCs and VFCs have imposed unworkable resource use regulations that have generated serious intra and inter-village conflicts and exacerbated frictions between local people and the forest and park authorities. With the inception of the MPFP, increasing restrictions were placed on the use of forest resources by forest villagers and forest dwellers who were subjected to harassment, extortion, intimidation and violence by MPFD staff. ANR activities closed off some forest areas and also established plantations on land formerly used for sustainable cultivation or grazing. In protected areas, ecodevelopment programmes have been unable to compensate local people for the loss of their forest-based livelihood. The authors criticise the project for favouring business and state agencies and discriminating against forest dwellers.

Protests to World Bank officials about the adverse impacts of the project resulted in a joint Bank-Indigenous-Forestry Department mission in March 1999. The mission was met by large numbers of forest dwellers who protested that the Bank had failed to comply with its Indigenous Peoples policy. No baseline studies of indigenous rights and access to forest resources had been prepared prior to implementation and participation was very limited. The project design was based on unsubstantiated assumptions about the negative impacts of indigenous resource use on forests and wildlife, with the result that the project unduly restricted traditional forest-based livelihoods. The project failed to secure customary resource rights and instead accepted the existing national legislation and local regulations that curtail indigenous rights.

Responding to the case study, Bank staff question the extent to which the authors and the organisations they are linked to speak for the tribals as a whole. They insist that the project has brought benefits to forest based villages and has helped initiate a more participatory form of forest management. Localised conflicts between the tribals and the MPFD preceded the project and national laws denying tribal ownership, use and access rights could not be changed through a single pilot project. Reports of forced resettlement and other abuses were not located in the villages targeted by the Bank-funded component. However, the Bank admits: there was inadequate participation in project preparation; baseline data were not collected; and a draft tribal development plan, which sought to address the limited legal rights of the tribals and foreseeable conflicts, was dropped on the grounds that it might have exacerbated conflict between tribal peoples and non-tribals.<sup>29</sup> Such a component should have been included to ensure stronger mechanisms for accountability and supervision as well as a legal covenant strengthening customary rights. Conflict resolution mechanisms should also have been included. The project has also negatively impacted scheduled castes (untouchables) and excluded women from decision-making. The Bank closed the project in December 1999 and decided not to embark on the second phase.

<sup>28</sup> Bramhane and Kishore Panda 2000. See also Kumar 2000 and Sarin 1998

<sup>29</sup> World Bank 2000c, 2000d, 2000e, 2000f; MPFD 2000; Sibloon 2000

## **BOX 8 - ECODEVELOPMENT PROJECT: NAGARHOLE NATIONAL PARK<sup>30</sup>**

This project in India aims to support biodiversity conservation by implementing an ecodevelopment strategy for seven critical protected areas (PAs) and enabling collaboration between PA managers and local people living in and around PAs. Donors include the IDA (US\$28 million) and the GEF (US\$20 million). Preparation began in 1993 and implementation, affecting 427,000 villagers, 89,000 of whom live within PAs across 6 forest states, started in 1996. One key to the conservation strategy is the “voluntary” relocation of people living within PAs to “buffer zones” and the provision of support for alternative (i.e., non-forest-based) livelihoods. Participation is meant to be assured through village-level ecodevelopment committees (EDCs) that oversee the preparation of “micro-plans” in which PA managers and local people map the impacts of human-ecological interactions and pinpoint ways of maximising positive impacts and minimising negative ones. National policy towards tribal peoples diverges significantly from OD 4.20 and, notionally, promotes ‘integration’ rather than ‘participation’. Customary rights are given limited recognition. In forest reserves and protected areas, rights are further limited and may be extinguished in the ‘national interest’. Some 650,000 tribal people have been forced out of the country’s 450 protected areas.

One of the PAs in the Ecodevelopment Project is Nagarhole National Park (NNP) in Karnataka State. Some 32,000 tribal people live in the vicinity, with 7,200 within it. Local opposition to the NNP is longstanding due to the way the area was gazetted without addressing tribal peoples’ rights. Local NGOs and IPOs have raised concerns about the project since 1994. They note that the Bank failed to comply with OD4.20 during project preparation: IPs and IPOs in the affected area were not consulted fully; there were no sufficient baseline studies; the legal status of IPs was not investigated properly and no legal framework to protect tribal peoples’ rights was developed. Crucially, no pre-appraisal IPDP was produced and so IPs were excluded from effective input to project design. Local groups presented a “Peoples Development Plan” to the Bank in 1996 requesting support for indigenous forest-based development. They complain that Karnataka State Forestry Department (KSFD) continues to repress forest communities and denies them any option of living in the NNP. Despite this, the Bank proceeded to implement the project.

Local fears were confirmed once the project began. Despite the existence of legal covenants guaranteeing project benefits for those wishing to remain in PAs, on the ground, the benefits from “ecodevelopment” have been unavailable to tribal villages within the National Park. Furthermore, KSFD staff has restricted access to the forest and intimidated villagers within the PA in an effort to force them off their lands. In 1998, protesters requested the Bank’s Inspection Panel to review the project. Managers argued that they had achieved 100% compliance with OD4.20. Indigenous rights would be safeguarded by applying a “process” approach during implementation via micro-plans that constitute village-level IPDPs. The Panel rejected this response and found that Bank staff had failed to comply with OD4.20. The government of Karnataka (GOK) made a bitter attack on the Panel’s report and alleged that the NGO-IPO “Peoples Plan” was a “fundamentalist” document that denied tribal people the education and welfare facilities in villages outside the NNP.<sup>31</sup>

An IPO-NGO case study for this review, undertaken in April 2000, reiterates complaints made to the Inspection Panel and reports that the project continued to adversely affect tribal communities throughout 1999.<sup>32</sup> Meanwhile, local people remained in the dark about any planned changes following the Panel investigation as progress reports were kept secret by the Bank. In May 2000, Bank staff regretted that forest community organisations had not met with project managers during a Mid-term review. Nonetheless, staff acknowledge that the indigenous case study provides useful information and confirm that they will address local concerns. In particular, management has made a commitment to prioritise the needs of the forest communities *within* NNP in the final round of micro-planning in September 2000. Local communities are waiting to see if local implementing agencies will comply with the World Bank’s recommendations. Early indications are not promising: on 23 July 2000, KSFD staff attempted to evict by force another 30 Tribal households from Kolengere settlement to a “rehabilitation” area at Veeranahosahalli. Evidence of this atrocity has been submitted to World Bank project managers and it remains to be seen what action will be taken to ensure that wayward implementing agencies in Karnataka comply with the conditions agreed for the GEF-assisted project.

<sup>30</sup> NJBHSS 2000, World Bank 1998b, Inspection Panel 1998,

<sup>31</sup> Government of Karnataka 1998

<sup>32</sup> see also a film on Nagarhole and the GEF made in 1999 by Conscious Cinema Productions (2000)



### **BOX 9- CONSERVATION OF PRIORITY PROTECTED AREAS SYSTEM PROJECT (CPPAP), BATAAN, PHILIPPINES<sup>33</sup>**

In 1994 the World Bank awarded a US\$20 million GEF grant to the Philippines for a 7 year project to conserve the country's "megadiversity" of flora and fauna. The project promotes partnerships between non-governmental organisations (NGOs) and government agencies for the management of protected areas (PAs). The grant is shared between networks of environmental NGOs in the Philippines and the state Department of Environment and Natural Resources (DENR). The main project goals are to provide support for the conservation, management and development of ten priority protected areas under the government's new National Integrated Protected Areas System (NIPAS); and to empower local and indigenous communities by involving them in the management of PAs. The initiative has four components: resource management, sustainable livelihoods, site development and co-ordination and monitoring. The mechanism for indigenous participation in PA management involves the inclusion of indigenous representatives on Protected Area Management Boards (PAMBs). These boards are relatively powerful local bodies responsible for PA administration and resource use regulation.

In February 2000, the Tebteba Foundation of the Philippines carried out an independent assessment of the CPPAP through a collaborative case study with Aeta communities settled within the buffer zone of Bataan National Park. The study explored indigenous perspectives on the project and found that indigenous communities had not been involved during project planning. In fact, the project had originated from local NGOs and so was primarily designed "for" rather than "with" indigenous peoples. However, indigenous participation has taken place during implementation. First, two indigenous representatives sit on the PAMB. They have found the experience empowering and report that other people on the board involve them and listen to their concerns. Second, the two indigenous board members have been successful in mobilising their communities to volunteer for patrolling the protected area, fire-fighting and helping with conservation. This voluntary work has helped decrease illegal activities in the park and also reinvigorated a sense of ethnic pride.

As the project enters its final two years, the positive gains in participatory PA management risk being undone. Aeta people are becoming frustrated and disillusioned with delays in receiving funds for the livelihood component that has yet to be implemented. They complain that the project restricts their traditional use of forest resources without providing adequate compensation and viable alternatives. They add that restricting their customary resource use is unjust as their livelihood activities are sustainable. According to the Aeta, it is non-native colonists and outsiders who undertake destructive activities like dynamite fishing. NGOs are consequently losing support for PA management as local people become dissatisfied.

Aeta people increasingly feel abused by NGOs who they see as using them to "attract" funds from donors without ensuring that indigenous families receive concrete benefits or viable incomes. In response to such criticism, NGOs have been pressing the Bank since 1996 to release livelihood funds. A joint Bank mission in December 1999 explained to local people that delays were due to disbursement problems. The mission recommended that efforts be made to establish sustainable livelihood funds. Such corrective action is tardy and indigenous people feel that they have co-operated with the project, but the project has so far failed to secure concrete benefits for them (as required by OD4.20). Another criticism of the project is that it does not seek to resolve certain Aeta claims to their ancestral territories. The experience of this project now makes Aeta "beneficiaries" question seriously whether biodiversity conservation is for their benefit or for the sole benefit of outsiders.

It is regrettable that since the May workshop, certain World Bank staff involved in the CPPAP have sought to discredit the Tebteba study by suggesting that it is based on fabricated interviews, mistaken research and incorrect citations. Tebteba refutes these allegations and points out that it has field transcriptions, tape recordings and video evidence of the interview material used in the report submitted to the workshop. Meanwhile, as the project draws to a close, the Bank does not deny that many Aetas involved in the CPPAP in Bataan have still not received alternative livelihood benefits. It therefore remains to be seen how the Bank and project managers will ensure that Aeta communities are not worse off after the CPPAP project.

<sup>33</sup> Rovillos, Cadiogan and Alangui 2000; Castro 2000; Rovillos 2000

### **BOX 10: FIRST AND SECOND INTEGRATED FORESTRY PROJECTS, RWANDA**

The first Integrated Forestry Project (IFP I) ran from 1980 until 1987 and the second (IFP II) from 1987 until 1994. Both projects aimed to protect the remaining natural forest in NW Rwanda by relieving human pressure on forests by increasing the supply of wood products through industrial plantations; enhancing the value of protected forest areas and by developing a high productivity cattle and dairy industry in Gishwati using productive pastures in degraded forest areas. Implementation was severely deficient as legal covenants were disregarded and funds were used to propel deforestation to make way for pastures and plantations. Forestry staff caused “great resentment” among local people because they excluded them from their plans and expropriated their land for plantations.<sup>1</sup> The project also caused the indigenous Impunyu Batwa people to be involuntarily resettled outside Gishwati forest. The Bank admits that “no resettlement program was foreseen under the project and the Batwa became internally displaced persons”.<sup>34</sup> This tragic oversight was probably due to the Bank’s inexperience with social issues and the fact that its first safeguard policy for ‘tribal peoples’, known as Operational Manual Statement 2.34, only came into affect in 1982. IPF II was supposed to redress the deficiencies of IFP I through forest protection; forestry and rural afforestation; integrated forestry, agriculture and livestock land use; and the maintenance of fuelwood plantations established under the first project. Despite the requirements of OMS 2.34, social concerns were again ignored and no provision was made to safeguard the vulnerable “tribal peoples” affected by the project. The second project continued to cause widespread deforestation and the IDA finally withdrew support for the livestock component in 1989. Forest loss continued, however, and by 1994 two-thirds of Gishwati forest had been converted into pasture. The 1990-1994 civil war further intensified forest degradation as internal refugees arrived in the region to use forest resources for their survival. At the end of the projects, the Bank confirmed that both had failed and that the treatment of indigenous peoples had been “highly unsatisfactory”.

In March 2000, the indigenous organisation Communauté des Autochtones du Rwanda (CAURWA) studied the impact of these Bank-financed forestry and livestock projects on the Impunyu Twa of Gishwati. The Impunyu describe how they had previously lived as nomadic hunters and gatherers procuring food and materials from the forest and trading forest products with neighbouring agricultural peoples. They complain that as a result of the projects they were obliged to leave their territories against their will and resettle on the margins of the forest. The destruction of the forest meant that they could no longer practice the forest-based livelihood that underpinned their traditional society and culture. Loss of their resource base has converted them into landless labourers who work as porters or farm workers. They must now purchase their food, while households without employment and income must beg for food from non-Batwa neighbours. Those Batwa that do have land plots cannot even afford to buy hoes to till them and so have been obliged to sell their land to Hutu or Tutsi farmers for meagre prices in order to buy food to survive (e.g., 0.5 ha is sold for as little as US\$8).

Impunyu people were not consulted during the preparation and implementation of either project. Neither had they been involved in consultations during monitoring and project follow-up. Nor had they benefited from any employment from the project that had engaged thousands of other workers in the region. Instead, the projects have left them impoverished. They have lost their rich forest diet of fruit, honey and meat. Their children are sick and malnourished. They have little or no land to till for their own subsistence. Moreover, they now live dependent on a cash income that is very hard to come by. In 1992, support from the church and local NGOs did eventually result in the allocation of some 359 ha of land for 420 Batwa families. This land is welcome, but the Impunyu say it is “bread crumbs” compared to the extensive forested territories they lost under the World Bank-financed projects.<sup>35</sup> The Impunyu therefore ask for compensation for the destruction of their way of life. They wish to know why the project failed to comply with OMS 2.34 that required “preinvestment studies” and stated that “tribal people” should not suffer accelerated assimilation; and that there should be “adjudication and redress of grievances” for tribal peoples adversely affected by loan operations (paras 6 and 7). The main lesson learned from these disastrous projects is that Bank loans to borrower countries with deeply entrenched hierarchical social and political systems can be severely damaging to indigenous peoples if proper safeguards are not adhered to. The challenge is to find mechanisms for ensuring policy adherence by both the Bank and its clients. CAURWA argues that a key step in this direction would be legal reform, training, and educational initiatives to strengthen the rights of indigenous peoples like the Batwa and change social attitudes in borrower countries.

<sup>34</sup> World Bank 1996

<sup>35</sup> Zéphyrin 2000

### BOX 11: CHAD-CAMEROON PETROLEUM DEVELOPMENT AND PIPELINE PROJECT<sup>36</sup>

The controversial project has a total cost of US\$3.5 billion, of which US\$1.6 billion is for the development of an oil field in Chad and a further US\$1.9 billion is for the construction of a pipeline crossing Cameroon and port facilities on the coast. The project is to be implemented through a consortium comprising Exxon, Chevron, Petronas of Malaysia and the two governments (ELF and Shell, which were members of the consortium, withdrew in December 1999). The World Bank proposes supporting the project through IBRD loans of US\$90m for the governments' stakes in the project and through IFC investment of US\$150 m. World Bank support for the project is considered fundamental to secure it against political risk.

Many aspects of the project have been the subject of controversy. NGOs allege infringements of at least five of the World Bank's policies, including the indigenous peoples policy. A persistent lack of participation has been noted throughout the project's preparation. Among the concerns about the project raised by NGOs are the following: ongoing repression and intimidation of Chadian NGOs and local communities affected by the project; likelihood that all benefits will be syphoned off by corruption; inadequate compensation and resettlement plans; excessive power given to the pipeline consortium; inadequate environmental impact mitigation measures. The pipeline will cross the forests of SW Cameroon and transect the territory of the Bagyéli, a so-called 'pygmy' people, who mainly live by hunting and gathering and as occasional labourers in Bantu villages. An initial 'Indigenous Peoples Plan' introduced to comply with OD 4.20 was deficient as it did not address fundamental issues such as the legal recognition of Bagyéli rights, Cameroonian policy on indigenous peoples and institution building. The Plan also underestimated the likely impacts of the project on forests and fauna and their potentially negative consequences for Bagyéli livelihoods. The governance structure of a proposed endowment fund to compensate affected Bantu and Bagyéli groups, does not make adequate provisions for participation or training. The probability is that benefits will accrue unequally to dominant groups.

The study prepared as part of this review, based on interviews in communities along the course of the pipeline, reveals that the Bagyéli are indeed a highly marginalised and vulnerable group.<sup>37</sup> They are not recognised as Cameroonian citizens, have no identity papers, never participate in local elections, have no recognised collective land and property rights under either national law or Bantu customary law. They are thus marginalised in all local decision-making. They have not been well informed about the implications of the project for their future. No mechanism has been established for the effective participation of the Bagyéli in decision-making and there are no state agencies actively protecting their interests or promoting their welfare. The Bagyéli feel alienated from the project, which they believe will cause a degradation and loss of their forest resources as well as immediate damage to huts and small cultivated areas. The case study recommends the creation of mechanisms for *culturally appropriate* participation of the Bagyéli in decision-making, clarification of Bagyéli rights, especially to land and provision of adequate compensation for those who will be adversely affected by the project.

IFC managers responsible for the indigenous component of the project have reacted to the Planet Survey-CODEBABIK study by claiming that IFC studies and consultations with the Bagyéli have been exhaustive. It is noteworthy, however, that the World Bank admits that the IPDP was prepared as a *preliminary* plan and that full consultation with the Bagyéli will only start during the first year of IPDP implementation. In the FPP-BIC workshop in May 2000, it emerged that the Bank intends to apply a capacity-building approach to the IPDP in order to give the Bagyéli a "leg-up" to move their own agenda over the long term.<sup>38</sup> IFOs and NGOs argue that this approach alone is insufficient: the IPDP must also promote adequate institutional and legal frameworks to safeguard the land and resource rights of the Bagyéli and overcome discrimination. Despite concerted international public opposition to the project, the Bank Board approved the loan on 6 June 2000. However, the Board did admit there were high risks associated with the project and acted on civil society proposals for an Independent Advisory Group (IAG) to report regularly to the Board on project implementation. There are indications that a revised Indigenous Peoples Plan will also be elaborated. Campaign groups are pressing the World Bank to ensure that the IAG is set up as an effective *independent*, accountable and transparent tool to monitor the investment and detect violations of the Bank's operational directives.

<sup>36</sup> ASTPDDHC, CED and EDF 1999; Biesbrouk and Dkamela 1998; WRM 1999; Downing 1999

<sup>37</sup> CODEBABIK and Planet Survey 2000

<sup>38</sup> Brusberg 2000

**BOX 12: CONSERVATION OF BWINDI AND MGAHINGA NATIONAL PARKS, UGANDA<sup>39</sup>**

In May 1991, the World Bank granted a US\$4.89 million endowment under the Global Environment Facility (GEF) for the Bwindi and Mgahinga Forests in SW Uganda to establish a trust fund to pay for resource management and biodiversity conservation in the two national parks. The grant is legally vested with the Mgahinga and Bwindi Impenetrable Forest Trust that began operation in July 1995. Income from the fund has been supplemented by funds from USAID (1995-98) and the Dutch Government (1998-2003). The overall objective is to protect the forest parks. The Trust Management Board is intended to represent local communities, NGOs and government and has the task of allocating the net income to park management (20%), research (20%) and community development (60%).

The two moist tropical forest parks covering 355 km<sup>2</sup> constitute islands within a densely cultivated region. The Trust's jurisdiction covers the parks themselves and the surrounding area including some 250,000 people, consisting mainly of agricultural communities, and around 1,771 Batwa. The Batwa are former hunter-gatherers who have "officially" been denied access to their forest resource base since the creation of forest reserves by the British colonial administration in the 1930s. This gazetting of the forests probably served to protect them from complete destruction by cultivators. In practice, the Batwa continued to consider the forests to be theirs and to use the forests as their means of livelihood. However, the establishment of the National Parks in 1991 resulted in the expulsion of the Batwa people from their forest territories. The subsequent input of international funds (including GEF) has strengthened the ability of park authorities to exclude the Batwa, destroying their forest-based economy and leaving them severely impoverished. Today, Batwa people fear the park authorities and claim that they do not enter the forest. The park authorities admit that "Batwa views on compensation were not sought" and that the evictions left them as beggars and landless labourers, dependant on meagre food payments from their more powerful neighbours. The Batwa look to the Trust to secure them land and additional compensation for the loss of their territories and traditional way of life.

As part of a "process" approach, the GEF-assisted project commissioned a socio-economic report as a first step in implementing an IPDP. This 1996 report noted that without adequate land redistribution, forest access, capacity-building and compensation, the work of the Trust would simply serve to ensure the elimination of the Batwa from the forest. It would also create community projects from which the Batwa would effectively be excluded through their neighbours' discrimination. As a consequence, the Trust belatedly developed an IPDP that focused on acquiring land for Batwa families and on supporting educational projects. Batwa forest access was supposed to be the concern of CARE.

The Batwa welcomed the report's recommendations. However, subsequently they have endured institutional obstacles to the implementation of the Batwa component. There is a resistance to land redistribution at Trust middle management level, while there is resistance within CARE to allowing the Batwa forest access. Delayed implementation probably also results from management's fear that alleviating the Batwa's state will alienate other local people who benefit from exploiting them and so result in recrimination against the Batwa. After several years, a Batwa officer was finally appointed which helped to facilitate the purchase of 28.2 ha of land for 38 Batwa households in December 1999 (about 10%). The Batwa were shocked when this officer was fired in early 2000 without consulting them. Since the loss of the Batwa officer, the land component has not progressed and Batwa continue to be excluded from their forests and to be exploited as cheap labour by their neighbours.

Bank staff deny that the implementation of the Batwa component has been sluggish. They stress that land acquisition in the region is a lengthy and complex process that cannot be rushed. Nevertheless, they do admit that the IPDP does not allocate any separate funds for land purchase for the Batwa. Rather, this will be acquired in a gradual way each year as and when surplus income from the Trust allows. The Bank also maintains that Batwa resource use was damaging to the PAs and that any special treatment of the Batwa would be unacceptable to neighbouring agricultural peoples who have also been prevented from using forest resources. In a meeting with Bank staff and Trust representatives in June 2000, Batwa participants were told not to expect prompt land redistribution. Many Batwa now feel disheartened and sense that the land component is being delayed unfairly. If the project can't deliver adequate land compensation in a timely way, then the Batwa and their supporters may be obliged to challenge legally their expulsion from their territories in 1991 in an effort to secure either restitution of their forest lands or dedicated funds for compensatory land purchases for displaced Batwa families.

<sup>39</sup> FPP and UOBDU 2000; Khiss and Johnson 2000

## **The Challenge of Compliance with OD4.20: an analysis of the case studies and issues emerging from the workshop**

The foregoing case studies show how difficult World Bank staff find adhering to OD 4.20. However, although the overall impression given is of a failure of compliance, there are notable exceptions. Some projects, like those in Uganda and Ecuador, though not without problems, are judged on balance to be positive cases by those involved. The very existence of OD 4.20 and the fact that even partial efforts have been made to achieve compliance has without doubt mitigated some of the worst impacts of a number of other projects, such as the Bolivia-Brazil gas pipeline. Before looking at some of the lessons from these more successful projects, we will first outline some of the common difficulties with the application of OD 4.20 using a comparative analysis of the case studies that integrates additional information emerging during the workshop discussions.

It is hoped that this analysis of compliance with OD4.20 will foster renewed dialogue between World Bank staff and indigenous groups about how to improve compliance and how to revise the policy so that indigenous rights are better protected and enhanced in World Bank loan operations. We also hope that this focus on the application of a particular policy will deepen our general understanding about the multiple factors affecting the capacity of the World Bank to comply effectively with its other safeguard and operational policies.

Prior to the May workshop, indigenous and NGO participants undertook a collective evaluation of six of the case studies to identify the gaps between the policy requirements of OD4.20 and actual practice by World Bank staff, consultants and implementing agencies. The results of the gap analysis are summarised in Annex I. The table in Annex I is based on “performative” compliance grounded in indigenous peoples’ own experience and perceptions of the loan operations affecting their communities. The table exposes a number of persistent weaknesses in the application of the World Bank’s Indigenous Peoples policy.

### *No attempt made to challenge borrower policies:*

During the 1980s, NGOs noted that a common problem with World Bank projects impacting indigenous peoples was that no efforts were made to address the discriminatory or destructive social policies of borrower governments. In Indonesia, for example, the World Bank gave support for ‘Transmigration’ (forest colonisation) projects even though the government had an explicit policy of denying indigenous peoples’ rights and forcibly assimilating them into the national mainstream.<sup>40</sup> It took nearly a decade for the World Bank to admit that forest peoples were being seriously impacted by World Bank-funded Transmigration projects because of incompatible borrower policies.<sup>41</sup> A similar gap between the World Bank’s policy on ‘tribal peoples’ and the Indian government’s policy was observed to be a major problem in the controversial Sardar Sarovar dam project. Failure by the borrower government to recognise the ‘tribal peoples’ customary rights to their lands caused serious suffering for the 100,000 people facing forced resettlement.<sup>42</sup>

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<sup>40</sup> Colchester 1986 a, b, c. See also Roff 1986

<sup>41</sup> World Bank 1994 a, b.

<sup>42</sup> Morse and Berger 1992:349.

Despite the fact that OD 4.20 makes explicit that borrower government's should adopt policies on indigenous peoples in line with the Bank's own in order to qualify for support, the case studies show that this provision has not been implemented in India, Guyana, Uganda and Cameroon. Institutionalised discrimination may not only be part of government policy but may also pervade national and local institutions and, indeed, national culture, as the Batwa and Bagyéli experiences in Uganda, Rwanda and Cameroon show.<sup>43</sup> Failure to address this discrimination in project preparation entails many subsequent problems.

Yet the need to address these fundamental issues presents the World Bank with a serious dilemma as it tries to respect international human rights standards, but also respect its clients (borrower governments). This double bind is related to the fact that on the one hand the Bank seeks to promote progressive best practice in development, but on the other it wants to maintain and expand its portfolio as an IFI. Where clients are unwilling to accept or pay for quality compliance with safeguard policies, managers are prone to disregard safeguards and apply them in a flexible way in order to fit "local conditions" in the borrower country (and see Box 14).<sup>44</sup>

Indigenous and NGO participants at the workshop expressed their concern that this failure to harmonise borrower policies with international human rights standards in accordance with the primary objective of OD4.20 in paragraph 6, is leading to an *ever-widening gap* between international laws, norms and standards and borrower policies. As indigenous peoples' rights are increasingly recognised internationally (e.g., by international human rights and conservation bodies) the gap between borrower policies and indigenous expectations is growing. Civil society and indigenous organisations therefore wonder just how bad does a borrower country's laws and policy have to be before the Bank decides it shouldn't fund projects there?

*Weak baseline studies:*

A repeated deficiency in compliance with OD4.20 at the project identification stage is the failure to undertake adequate baseline studies to identify key indigenous issues and concerns. Baseline studies are often superficial desk-top evaluations prepared for inclusion in Initial Executive Project Summaries (IEPSs) and Project Appraisal Documents (PADs). Where field studies do take place, indigenous people complain that only a minority of affected communities are visited and that IPOs, NGOs and researchers with a special understanding of IP issues and "preferences" are sometimes sidelined or not consulted at all. Indigenous criticisms of poor baseline studies relate to five of the World Bank projects studied in this review. Similar criticisms relate to the obligation to evaluate the legal status of IPs in the borrower countries at both Identification and Preparation stages in the project cycle (Annex I).

*Inadequate or absent legal reforms:*

Legal studies often fail to expose or acknowledge severe contradictions between project objectives and negative external factors embedded within borrower country laws. Even where consultants and field staff do identify legal obstacles to achieving desired project outputs, these are frequently disregarded or played down at the preparation or appraisal stage (e.g., Guyana). Consequently, projects are approved *without* Bank-assisted components for legal reforms as required under OD4.20.

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<sup>43</sup> See also Lewis and Knight 1995

<sup>44</sup> For example, see Inspection Panel 2000

Neglecting to secure the legal changes necessary to safeguard indigenous rights means that activities and processes later on in the project are distorted by implementing agencies (e.g., Nagarhole Ecodevelopment Project). Such agencies, often government departments, apply existing laws that discriminate against IPs and undermine any progressive indigenous components in the project design. The Madhya Pradesh Forestry Project is a clear case where the pre-existing Wildlife Protection Act of 1972 and 1991 as well as the 1980 Forest Conservation Act, formed the (albeit contested) legal basis for restrictions on resource access that weakened safeguards for indigenous land and resource security. In their evaluation of this project, Bank staff concede that existing legislation that denies customary rights made it difficult to implement OD4.20 effectively.

The failure to square up to the tensions between project goals and legal obstacles is connected to the Bank's apparent reluctance to ensure that borrowers take "special action" to safeguard IP rights during project preparation. The Ecuador and Bolivia country studies demonstrate that the Bank can and does press for changes in land legislation as part of its loan operations in social development, infrastructure and biodiversity conservation.<sup>45</sup> Such actions are based on OD4.20 that provides the legal basis for a proactive World Bank role in promoting land regularisation and reforms that respect indigenous resource rights (paras. 15a, 15c and 18). However, such "special action" by borrowers and implementing agencies to safeguard indigenous land and resources was not carried out as part of the other cases examined in this review, despite evidence of the pressing need for such reforms.

Bank staff explain that rather than requiring legal and institutional reforms, they now apply an *incremental* approach to reform based on capacity building, training and technical assistance to borrowers. The Madhya Pradesh Forestry and Nagarhole Ecodevelopment cases also reveal that instead of legal reforms in project design, the Bank now uses one-off "do not do that" clauses in loan agreements to safeguard the rights of indigenous peoples. This approach is used because Bank staff see entering into policy dialogue with a client as an impracticable and time-consuming option. In addition, project managers view more fundamental reforms as particularly difficult or impossible where they are dealing with wayward client governments who interpret legal or policy-based conditions as "foreign interference". Some Bank staff even claim that the Bank's charter does not permit them to promote domestic legal reforms in their operations as politico-legal intervention is outside the mandate and scope of OD4.20, an opinion clearly contradicted by evidence from other Bank projects.<sup>46</sup>

It appears that that the short-term, prohibitive approach to safeguard compliance is replacing the more progressive safeguard requirement to establish lasting safeguard reforms as part of a holistic development process. For example, in the workshop the World Bank admitted that it had not entered into policy dialogue with the government of India regarding indigenous rights despite the fact that a clear mismatch between Bank policies and Indian law has been recognised for many years.<sup>47</sup>

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<sup>45</sup> Griffiths 1999

<sup>46</sup> Legal and institutional reform are central to the design of World Bank economic, sectoral and adjustment operations.

<sup>47</sup> The World Bank plans to start a dialogue on indigenous rights with 4 states in India (as yet unidentified) during 2000-2001.

*Failure to prioritise land and resource issues:*

One fundamental consequence of the Bank's reluctance to promote legal reforms is that the crucial issue of land is not dealt with as a priority during project identification and preparation. The case studies from Nagarhole, Madhya Pradesh, Guyana, Bolivia, Uganda and Rwanda all demonstrate that land and resource rights must be dealt with first in project design to protect indigenous peoples from severe negative impacts. Failure to address these issues in Guyana has led to severe local level conflict and the likely collapse of the project itself. In the other cases, "do not do that" clauses in the loan agreements have not been effective and indigenous peoples have suffered loss of their territories, impoverished or lost livelihoods and involuntary relocation. Evidence based on experience therefore confirms that land regularisation must take place as a *precondition* for project implementation or at least in the first phase of implementation.

For example, in the case of the controversial Chad-Cameroon oil pipeline project, indigenous organisations and support groups argue that what are needed at the *outset* of the project are adequate institutional and legal frameworks to safeguard the land and resource rights of the Bagyéli and overcome discrimination. These groups assert that the institutional strengthening approach is welcome and necessary, but it is not sufficient on its own to protect this vulnerable group from the soon-to-be felt impacts of the construction phase nor the long-term downstream impacts of the investment.

*Insufficient capacity-building:*

There are also shortcomings in Bank-assisted capacity building components for implementing agencies. Although the capacity building requirements are sometimes complied with in project design and budget allocations, they appear to be weak and ineffective in countries with a long history of discrimination against indigenous peoples and ethnic minorities. The inability of the Nagarhole project to change forestry department staff mindsets from a policing mode to a co-operative and participatory mode places a question mark over the effectiveness of current strategies for training implementing agencies. Although senior and middle management may accept progressive ideas, the regular violations of legal covenants established to protect indigenous peoples suggests that local staff are not briefed properly on indigenous rights nor on the ethical logic underpinning the Bank's safeguard policies. The Nagarhole case demonstrates how local implementing personnel sometimes understand project goals and priorities in radically different ways from donors. This suggests that they are not being cautioned properly (if at all) on how safeguard policies relate directly to legally binding agreements between the Bank and the borrower/grantee. Nor is it clear that these local agencies understand that they must comply with such agreements. Bank staff observe correctly that violations of safeguard policies are rooted in deep historical problems of discrimination that are difficult to change. However, indigenous rights advocates argue it is simply unacceptable to keep on blaming the past for malpractice in the present, particularly when enforceable project covenants can address these issues.

*Weak participation mechanisms:*

The absence of a proper mechanism for "informed participation" during project preparation constitutes another fundamental gap in the application of OD4.20. In many cases, local indigenous communities only become aware of the Bank-financed projects once implementation has started. Participation is often only won following



persistent lobbying by affected communities with the support of Northern and Southern NGOs (e.g., the Bolivia-Brazil Gas Pipeline, the Guyana NPAS project).

Evidence indicates that, time and again, indigenous groups are uninformed and unprepared for Bank-assisted activities, as they have been planned and designed without their knowledge. Not one of the indigenous evaluations of Bank projects outlined in Annex I judged that proper and “meaningful” participation had taken place during project identification and preparation.<sup>48</sup> Despite the fact that OD4.20 makes it clear that there must be a “mechanism” for IP involvement in project *planning* and implementation, such mechanisms were deemed to be absent or inadequate in the projects studied in Guyana, Cameroon, India and the Philippines.

Without true participation, indigenous communities and their political organisations are pushed on to their “back foot” in response to project plans and activities affecting their people and territories. As a result, indigenous communities on the ground are confined to a *reactive* role during project implementation, instead of assuming their rightful *proactive* role in project planning and execution as required by OD4.20. One primary lesson from the workshop is that if indigenous peoples are not involved at the outset of a project, then the marginalisation that existed before will remain afterwards and people may find themselves worse off after the investment.

*Impeded information flow:*

When indigenous organisations and NGOs do manage to learn of project proposals and place pressure on the Bank for information, documents are often slow to emerge and are usually in English. In some cases, such as Nagarhole, requests for information and letters of protest may receive no response at all. Discussion among indigenous participants at the workshop revealed that few people had witnessed cases of proactive information dissemination by the World Bank or implementing agencies. The Chad-Cameroon case study demonstrates that where documents are disseminated by the Bank, they are usually only available in information centres in towns well away from affected indigenous communities. In the same way, public consultation meetings designed to obtain input from civil society are often held in cities and towns.

The Philippines case show how lack of information dissemination by donors and project managers can cause misunderstandings and resentment among indigenous communities who feel cheated when benefits are not forthcoming due to delays in disbursement. The discussion of this case in the workshop revealed that the “money trail” is impossible to comprehend from the local level where stated budget values seem drastically at odds with activities on the ground. The case also shows how differential implementation across geographic regions or communities generates mixed feelings towards a project among indigenous beneficiaries. Understandably, those who have not received benefits will adopt a critical attitude. The Madhya Pradesh case study reveals how the identification of donors and implementing bodies can become blurred on the ground. This lack of clarity may mean that inappropriate conduct can be attributed to the wrong donors and actors.<sup>49</sup>

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<sup>48</sup> The Batwa in Uganda did appreciate the level of participation in the first phase of the IPDP associated with the GEF-assisted Mgahinga and Bwindi Impenetrable Forest Trust. However, these consultations only began during project implementation in 1996.

<sup>49</sup> The draft report on the MPFP understood that forced evictions in some villages formed part of the World-Bank-funded forestry operation. Subsequently however, the World Bank clarified that these

World Bank staff argues that indigenous criticisms are often founded upon local misunderstandings that see development as a “package” that delivers a set of instant concrete benefits. Project managers point out that development must be seen as a gradual social and institutional process that takes time to deliver results. Such truisms are useful, but all these cases teach us that local criticism of World Bank operations are often generated by failures in information dissemination. The message is clear: lack of clear information breeds discontent. Indigenous criticism and local friction could be avoided if project mechanisms, money flows, budgets and timescales were properly explained in a transparent way in the first place. Where delays occur, these should be quickly reported to beneficiaries with proper explanations that they can cross-check for verification. The argument that local people are unhappy because they do not understand development vindicates the accusation made by civil society that the World Bank is failing to explain its development work effectively to populations it seeks to help.

*Inadequate input into decision-making:*

As the Nagarhole, Guyana and Bolivia-Brazil gas pipeline cases demonstrate, even if the Bank does make missions and hold meetings to “listen” to local concerns about Bank-assisted projects, indigenous recommendations are rarely incorporated in project design and loan agreements. In some cases, after IPs have been informed about project proposals, there is little or no follow-up after initial meetings held by the World Bank. Even where projects contain an “indigenous component” to guarantee participation, indigenous groups protest that consultation is often superficial. They report that “consultation” is normally confined to brief field visits by Bank consultants who are seen to “extract” information about development needs for input into IPDP documents.

Indigenous commentators point out that IPDPs tend to lack the long lead time needed to establish relations of mutual trust and understanding between IPs and development agents. They stress that brief consultations are inappropriate because they are contrary to the gradual and consensual processes of collective decision-making common to indigenous cultures. This was emphasised during the workshop discussion of the Chad-Cameroon Pipeline, where IPO and NGO participants called on project managers to establish *culturally appropriate* consultations with affected Bagyéli communities to achieve (retroactive) compliance with OD4.20.

*Disregard for indigenous and local perspectives*

Both the workshop discussions and subsequent written comments on the case studies by World Bank staff reveal an apparent institutional reluctance to accept alternative critical evaluations of Bank’s operations. As the box summaries indicate, Bank staff query the findings of the Chad-Cameroon, Uganda, Madhya Pradesh, Philippines and Guyana case studies in this review. Project managers and consultants employed by the Bank criticise these studies and as being one or all of the following: (i) unrepresentative of indigenous views (ii) biased towards negative observations (iii) based on flawed understandings (iv) informed by unrealistic expectations (v) derived from misinformed and distorted evidence. The Bank’s tendency to deny mistakes and reject accusations of poor compliance is confirmed by the pattern of management responses to Inspection Panel investigations outlined in Table 2.

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villages lie outside its project area and form part of another *similar* JFM project supported by a different donor (see Box 7).

**Table 2: Official Responses to World Bank Inspection Panel Claims<sup>a</sup>**

Inspection Panel Claims	Bank Management Response	Panel Recommends Investigation	Board Approves Investigation	Outcome
1. Arun III Hydro Nepal Oct. 1994	<b>Deny violations</b>	Yes ✓	Yes ✓	Project cancelled
2. Expropriation Ethiopia -April 1995		Request not eligible		
3. Emergency Power VI Tanzania June 25, 1998		Request not eligible		
4. Rondonia Natural Resources, Barzil June 19, 1995	Acknowledge some failures to comply	Yes ✓	No, World Bank Action Plan was undertaken	<b>Partial concessions</b> to affected people
5. Pangué Dam, IF Chile, 11/95		Request not eligible: IPanel no IFC coverage		President Wolfensohn appoints <b>independent investigator</b> , Dr. Jay Hair
6. Yacyreta Hydro Argentina and Paraguay Sept. 30, 1996	<b>Deny violations</b>	Yes ✓	No, But permits limited "review and assessment"	Panel Report finds significant violations; <b>some changes</b> in project implementation
7. Jamuna Bridge Bangladesh, 23/8/96	<b>Deny violations</b>	No		<b>Action Plan</b> developed to remedy problems
8. Jute Sector Bangladesh, 13/11 1996	<b>Deny violations</b>	No		Allowed <b>Loan to Close</b> in June 1997
9. Itaparica Resettlement:Brazil March 19, 1997	<b>Deny violations</b>	Yes ✓	No, Government proposed Action Plan	Bank supposed to supervise Action Plan; <b>no significant progress</b> on the ground
10. Singrauli Coal India May 1, 1997	Partial acceptance of violations	Yes ✓	Yes, But permits a limited desk review only ✓	Local monitoring panel created; <b>some project improvements</b> , though <b>violations persist</b>
11. Ecodevelopment, GEF India April 3, 1998	Acknowledges some failures to comply	Yes ✓	No, Board agrees to review progress in 6 months	Management had six months to propose solutions. <b>No significant progress</b> on the ground
12. Lesotho Highlands South Africa April 23, 1999	<b>Deny violations</b>	No		
13. Lagos Drainage Nigeria, 16/06/98	<b>Deny violations</b>	No		
14. Cedula daTerra Land Reform, Brazil Jan. 8, 1999 (1 <sup>st</sup> claim)	State that specific claims of non-compliance are unsubstantiated.	No		
15. Western Poverty Reduction, China June 19, 1999	Acknowledges some failures to comply	Yes ✓	Yes ✓	<b>Pending</b>
16. Structural Adjustment Loan, Argentina July 26, 1999	<b>Deny violations</b>	No		Bank Mgmt & GOA came to an understanding. GOA supplemented original allocation with <b>additional allocation</b> . Second tranche released by Bank.
17. Land Reform Brazil Sept. 14, 1999 (2 <sup>nd</sup> claim)	<b>Deny violations</b>	No		Panel finds that Requesters did not meet all eligibility criteria, thus <b>deny inspection</b> .
18. Lake Victoria Environmental Management Project Kenya, 27/9/99	Pending	Yes ✓	Yes ✓	<b>Pending</b>
19. PRODEMINCA Ecuador, 17/12/99	Pending	Yes ✓		

**a** - Table reproduced courtesy of Kay Treakle, Bank Information Center, Washington D.C.

Participants at the workshop queried how reluctance to accept alternative view-points squares with the World Bank's stated commitment to a "learning" approach to development. They also asked: if local studies are not representative, who is it that has the "legitimate" indigenous perspective on project performance? Rather than discounting critical indigenous and local studies, Bank staff should seek to understand the "disconnection" between their views and those of people who feel they have been adversely affected by Bank operations or treated in ways that are inconsistent with the Bank's operational policies.

#### *No Indigenous Peoples Development Plan (IPDP)*

The analysis in Annex I confirms that an IPDP or indigenous component is not always included in the preparation of loan operations affecting indigenous communities. Bank staff claim that they omit IPDPs in accordance with paragraph 13 of OD4.20 that states that where investments are deemed to affect a largely indigenous population, the provisions of the policy apply "to the project in its entirety". In some cases, management claims that an entire project constitutes an IPDP (Madhya Pradesh FP, Nagarhole). During the workshop, Bank staff responsible for certain projects and for the revision of OD4.20 also stressed that, under para. 13, project managers and borrowers are not required to develop an IPDP or take "special action" unless *adverse* impacts are anticipated during project identification.

In fact, these arguments and interpretations of OD4.20 made by project managers are specious. As a recent Inspection Panel investigation found:

"OD4.20 is quite clear about Bank policy concerning the preparation of an Indigenous Peoples Development Plan. Paragraph 13 states that for a project that affects indigenous peoples, *"the borrower should prepare an indigenous peoples development plan that is consistent with the Bank's policy. Any project that affects indigenous peoples is expected to include components or provisions that incorporate such a plan..."* (original emphasis) Inspection Panel 2000:xxvi

The Panel finds that using the last sentence of para. 13 as an opt out clause is inconsistent with the primary objective of OD4.20 that is to ensure that IPs do not suffer adverse impacts and receive culturally appropriate benefits from World Bank operations.

Even if the "opt-out" argument were consistent with a written policy, indigenous organisations and support NGOs warn such an approach to IPDPs is seriously flawed because it depends on the capacity of project planners to foresee negative development impacts. The case studies show that project planners see biodiversity conservation or social development operations as "harmless" interventions that can have no adverse impacts on indigenous people. Bank staff harbour the misconception that negative development impacts are only associated with the physical effects of large infrastructure investments. Such assumptions are incorrect. The past and present cases from Rwanda, Uganda and Nagarhole all show that indigenous peoples can be made worse off by ill-conceived conservation projects. This incapacity to foresee potential negative impacts relates directly to the fundamental compliance failure already noted: the lack of proper consultation and baseline studies with affected communities during project identification.

Even if no negative impacts are likely, indigenous groups argue that where indigenous populations are involved, whether in the majority or minority, then the preparation of an IPDP must be a priority for project planners and managers. They point out that the requirement for an IPDP was clearly included in OD4.20 to focus the attention of project managers on IP issues early in the project cycle. The Guyana, Nagarhole, Madhya Pradesh and Philippines cases demonstrate how the failure to include an IPDP can leave indigenous concerns marginalised as managers delay confronting IP issues until later in the project cycle.

Another crucial fact that emerged during the workshop was the recent Bank practice of preparing IPDPs as “indicative plans” (Uganda, Chad-Cameroon Pipeline). In these cases, project managers draft an outline plan that may involve some initial consultation with borrowers, major IPOs and NGOs. However, these plans are not developed in detailed consultation with affected communities on the ground as required by OD4.20. Instead, consultation at the local level is delayed until the first phase of implementation *after* the project has been approved. In these cases, the first stage of the IPDP is dedicated to baseline studies and participatory needs assessments that are used to modify and flesh-out the indicative plan.

This method is part of what the Bank calls its new “process” approach to development in which project design is modified during implementation to improve development effectiveness. The logic here is to confront difficulties and obstacles during implementation not preparation. This “process” method is said to be consistent with the Bank’s move away from a mandatory “blueprint” style of development, towards a more flexible and participatory form of intervention within a “learning environment” (Box 13). This corporate logic is now being used to underpin management’s legitimisation for their use of indicative IPDPs and for the omission of IPDPs altogether from project preparation (e.g., Nagarhole).

Indigenous groups stress that whatever the arguments put forward by Bank staff, bypassing a full IPDP will always undermine its role as an essential safeguard mechanism for full indigenous participation during project *preparation*. So-called “process projects” that exclude such plans therefore raise questions about donor accountability (Box 13). They are a special cause for concern because the iterative method they employ may overlook serious obstacles to project performance that should be eliminated or reduced *prior* to implementation.

*Lack of rigour in Appraisal:*

Despite such crucial gaps during identification and preparation, the Bank still appraises and approves loans irrespective of the shortcomings of staff in complying with OD4.20. Disregard for policy safeguards at the appraisal stage is demonstrated in Annex I. From the point of view of the different indigenous peoples affected by the six projects in the table, none were considered to have established a proper participatory mechanism early in the project cycle. However, indigenous criticisms were not picked up by Bank staff as, with the exception of Rwanda, they should have been under paragraph 18 of OD4.20 which stipulates that “*appraisal teams should be satisfied that indigenous peoples have participated meaningfully*” in project preparation.

### BOX 13 - REVISING THE SAFEGUARD POLICIES: FORFEITING ACCOUNTABILITY OR CREATING FLEXIBILITY?<sup>50</sup>

The World Bank is currently in the process of revising its safeguard policies in order to clarify to operational staff which aspects of the policies are mandatory, how compliance should be interpreted, who is responsible for ensuring compliance and how the 'transaction costs' will be paid for. NGOs have watched this process of rationalising safeguard policies with increasing concern, noting that the focus on flexibility in the revision process risks weakening the binding standards of World Bank operational policies. Any such weakening would further restrict the already limited and only mechanism available to civil society for holding the World Bank and its clients accountable for their operations.

The drive to adopt a more 'flexible' approach to safeguard policy compliance is geared partly towards reducing the perceived "policy overload" on Bank staff and borrowers. It also means to facilitate the ongoing process of decentralising the Bank's operations. To try to deal with borrower's accusations that it imposes projects and loan conditions from the "top-down" with little political engagement, the Bank has regionalised its management, giving Country Directors and Regional Vice-Presidents control of the majority of the Bank's budget. Senior management now talk about the 'country as a unit of account'. Staff are told to avoid being prescriptive and engage in closer dialogue with borrowers to foster country 'ownership' and a 'learning approach' to development. In an attempt to accommodate national priorities, local differences and change, Bank staff now talk about 'process projects' replacing 'blueprint projects'. This approach discourages the early definition of detailed plans for project components - such as IPDPs, and instead promotes the use of 'indicative plans' during preparation, and 'micro-plans' during implementation. Bank staff are caught in a double bind: they are expected to adhere to international standards such as those set out in the safeguard policies **yet** at the same time they are obliged to adapt to national circumstances, even if this means compromising standards. The new "flexible" approach has led to a pervasive sense among World Bank operational staff that safeguard policies are **not** to be interpreted literally. In its recent review of the China Western Poverty Reduction Project, the Inspection Panel discovered:

*"...the Panel's interviews revealed an unusually and disturbingly wide range of divergent and often opposing views [about just how the operational policies and procedures should be applied]. These large differences pervade all ranks of the staff, from senior management to front-line professionals, and they apply to virtually all the major decisions required by the policies. [T]here is no way that the policies can be applied with reasonable consistency in the face of such wide divergences of opinion. For example, a number of staff members felt that the Bank's Operational Directives and other policies were simply idealized policy statements, and should be seen largely as a set of goals to be striven after. Others of equal or more senior rank disagreed with this view. They felt this interpretation could render the policies virtually meaningless and certainly incapable of being employed as benchmarks against which to measure compliance."*<sup>51</sup>

The Panel found a persistent claim that "in China things are done differently" and, indeed, even after the report was released, World Bank President James Wolfensohn objected that the OPs were not meant to be interpreted literally. Nevertheless, the Panel found no grounds for the view that a particular country's "social and political systems" can in any way determine what is required by the policies.<sup>52</sup> Encouragingly, it seems, that the Bank's lawyers and Executive Directors concur that the safeguard policies are meant to be binding. However, NGOs are now concerned that, as a result, the policies themselves are now being weakened and made 'panel proof' (i.e., flexible enough so that staff can never be accused of having contravened them). The dilemma between the need for strict international standards and for local 'ownership' is a real one. It can only be overcome if the World Bank creates additional mechanisms of accountability so that project-affected persons have real means of redress for their grievances when projects begin to go wrong. Until and unless such mechanisms are in place, strong safeguard policies and well-enforced loan conditions provide the only basis on which corrective actions can be demanded. The current weakening of policies is undermining public confidence in the Bank as a direct consequence of the erosion of the Bank's accountability to the public.

<sup>50</sup> BIC 1999; OED 1999; World Bank 2000g, 2000h; Wolfensohn 2000

<sup>51</sup> Inspection Panel 2000

The projects in question were all approved although they did not comply with the indigenous peoples policy. Furthermore, the indigenous studies suggest that in at least four of the case studies the Bank did not ensure that the borrower had submitted details of proper measures to safeguard the rights of indigenous peoples. This is in clear contravention of paragraph 9 of OD4.20 which states: “*the Bank will not appraise projects until suitable plans are developed by the borrower and reviewed by the Bank*”.

*Who really benefits from ‘benefit-sharing’?*

The sharing of benefits via an indigenous component or IPDP may be deficient during project implementation. The Eastern Lowlands Project in Bolivia and the Bolivia-Brazil gas pipeline both demonstrate how the IPDP can be executed by implementing agencies in a perfunctory way to fulfil formal requirements. Development works may take place without proper prior consultation with indigenous beneficiaries while requested interventions are not addressed. In other cases, IPDPs can suffer the defective management of funds whereby minimal resources reach field sites to carry out works resulting in shoddy benefits. Indigenous beneficiaries also stress that the financing of IPDPs lacks transparency and that implementation plans are insufficient and so block effective monitoring and quality control.

In addition, indigenous peoples report that there is a need for more follow-up to ensure that IPDPs have a lasting benefit on the indigenous communities they target. Ayoreo and Chiquitano communities report that the Eastern Lowlands Project IPDP failed to bring lasting benefits because there was insufficient funds to stock health posts with medicines and equipment. In the same way, the indigenous component made no provision to train community members as paramedics nor did it train people how to maintain and repair the radio equipment supplied under the IPDP.

*Ineffective supervision:*

Certain imperfections in compliance with OD4.20 that have been highlighted by this review relate to the *feedback* and *control* mechanisms in project monitoring and evaluation. People often suffer negative impacts from Bank-assisted operations because no effective corrective measures are taken to eliminate or mitigate foreseeable problems. Where remedial action is taken, it is often late or partial. In this context, workshop participants noted that while the Inspection Panel has been successful in highlighting the failure of Bank compliance with its safeguard policies, it has been unable to oblige project managers to take timely remedial action (e.g., Nagarhole).

*Indigenous people made worse off by projects:*

The lack of effective control over implementation means that once projects are underway, managers and implementing agencies regularly fail to achieve the central goal of OD4.20 that aims to ensure that indigenous peoples suffer no adverse effects and that they receive appropriate benefits. According to the communities affected, five of the six projects that have been completed, or are under implementation, have resulted in negative impact on indigenous welfare. This review reveals that different kinds of project often cause a particular set of negative impacts on indigenous wellbeing. In biodiversity conservation operations, it is noteworthy that the most

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<sup>52</sup> Ibid.

common negative impacts are a decline in access or denial of subsistence and livelihood resources, a weakening of land security and involuntary resettlement (e.g., Guyana, Uganda, India, Philippines). Infrastructure and agricultural investments result in the degradation of the resource base and the opening up of territories to further exploitation against the wishes of resident communities with negative impacts indigenous livelihoods, health and well-being (e.g., Bolivia).

Several of the case studies discussed in the workshop highlighted the Bank-wide problem of deficient compensation mechanisms. The “ecodevelopment” projects in India and the Philippines show that alternative income generation initiatives cannot substitute fully for benefits previously enjoyed by indigenous peoples as part of their forest-based livelihoods prior to the conservation and development projects (foods, medicines, building materials, craft materials and fuelwood for domestic use and petty commerce). The Bolivian Lowlands and Rwanda cases show how people lost their traditional territories and livelihoods, but have so far failed to receive any appropriate compensation from the World Bank or borrower governments.

Indigenous workshop participants from Rwanda were disheartened to learn that the Bank is under no legal obligation to provide them with recompense for grievances once a project has closed. Participants learned that it is up to a government to redress grievances by *borrowing* additional money from the World Bank to establish a compensation scheme. As the cases from Rwanda and the Lowlands Project in Bolivia show, governments are unwilling to proactively seek additional debt to repair wrongs for past loans. Both Indigenous peoples and civil society groups therefore question why the World Bank cannot establish *direct funds* for reparations. Clearly, the subject of reparation is a Bank-wide issue that raises fundamental questions about who is legally responsible for damages inflicted by World Bank operations.

*Disinclination to enforce loan agreements:*

The incapacity to achieve acceptable impact mitigation and benefit sharing reflects a general pattern of breakdown in the application of OD4.20 between project preparation and implementation. Crucially, borrowers and implementing agencies may formally express a commitment to adhere and abide by OD4.20 but disregard its provisions once funds are received from the Bank and the project commences. The Eastern Lowlands Project in Bolivia and the Nagarhole Ecodevelopment Project in India demonstrate how projects can spiral out of control on the ground and inflict severe negative impacts on indigenous peoples in total violation of OD4.20. Public indigenous protests may result in Bank missions to investigate problems. However, such missions have been proven to be ineffective at recommending corrective actions and ensuring that borrowers enforce OD4.20.

During the workshop, Bank staff emphasised that their influence on borrower governments is exaggerated by civil society. They argue that their leverage on governments is limited to orientation and advice on how to comply with social and environmental safeguard policies. Nevertheless, in cases of gross violation of loan agreements, the World Bank does suspend loans or disbursements for specific components (e.g., Rwanda). However, the utility of this single sanction is limited because it cannot be used easily to combat localised or intermittent violations of loan



agreements. In other words, legal covenants attached to loans feature few intermediary clauses to penalise clients for breach of contract.<sup>53</sup>

#### *Uneven integration into portfolios*

The country-wide studies in Ecuador and Bolivia prepared for the workshop reveal that compliance with OD4.20 is highly variable across country portfolios. Compliance is generally good in social development projects that target indigenous communities, while investment projects show a fair degree of compliance. However, other loan operations show very limited compliance with OD4.20. Crucially, indigenous groups and civil society organisations are excluded from sectoral, economic reform and technical assistance loans.<sup>54</sup>

Indigenous organisations see these World Bank-assisted economic, technical and legal operations as closed and unaccountable. They stress that these operations involve the drafting of legislation relating to state reform, economic policies, natural resource use, mineral and hydrocarbon exploitation that affects indigenous territories, livelihoods, and well-being in a *direct* way. In Bolivia for example, indigenous leaders report that Bank support for structural adjustment and the privatisation of natural resources has jeopardised indigenous self-determination and harmed indigenous territories.<sup>55</sup>

#### *Structural, Attitudinal and Financial Obstacles*

As Box 2 indicates, World Bank structure and management are primarily geared towards the maintaining the flow of loans through the institution. Consequently, the procedural priorities of line management are skewed towards the efficient preparation, appraisal and approval of loans rather than high quality implementation and quality control. World Bank staff simply lack the time, personnel, resources and *incentives* to apply safeguard policies like OD4.20. Furthermore, the costs for satisfactory policy compliance are beyond current World Bank budget allocations. This fact was confirmed in the current round of regional consultations for the Forest Policy Implementation Review during which the World Bank has acknowledged that the ‘transactions costs’ for effective policy compliance are higher than the World Bank feels it can afford. Commentators both within and outside the Bank argue that inadequate budgets and reliance on external funding (e.g., via grants or special funds from bilateral donors) for safeguard work undermines the effective implementation of the Banks social and environmental policies.<sup>56</sup>

### **Achieving Compliance with OD4.20**

This paper has so far examined lessons from examples of failures in compliance with OD4.20. It is also important to highlight useful lessons from better projects. A positive example is the nation-wide Indigenous and Afro-Ecuadorian Development Project in Ecuador that has set unprecedented levels of indigenous participation in project design and management. Despite grim political obstacles and a national economic crisis, this project brought benefits to rural indigenous and black communities who feel empowered by their involvement in the social development

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<sup>53</sup> See Sharma 1999 and BIC 2000

<sup>54</sup> On the lack of civil society participation in SECALs and SAPs, see Alexander and Grusky 2000.

<sup>55</sup> Griffiths 1999. On the social and environmental impacts of adjustment lending, see Reed 1996; Rede de Brasil sobre Instituicoes Financieras Multilaterais 2000; ESSD 1999 and Seymour and Dubash 2000:19.

<sup>56</sup> World Bank 2000i; See especially, BIC 2000:18

project. Notwithstanding political resistance to reforms in legislation on land rights, the World Bank has been consistent in pushing for legal change and has sought to train and provide technical assistance for government agencies in land regularisation. Positive examples of compliance with the indigenous peoples policy are also found in some natural resource management and biodiversity conservation initiatives funded by the World Bank. One example is the GEF-funded K'aaiya National Park in Bolivia that overlays a substantial part of Guaraní territory. Here, indigenous organisations have been actively included in the executive management of the park. Indigenous representatives work alongside government officials and indigenous people derive benefits from being employed in park management on the ground. The inclusion of indigenous interests was only achieved after three years of negotiation with the Bolivian authorities. However, indigenous people praise the World Bank and other donors like USAID for pressing for effective indigenous participation.<sup>57</sup>

Unfortunately, Guaraní communities now feel that the major advances made in K'aaiya NP are being undermined by recent resource concessions for hydrocarbon exploitation in the area that have taken place due to the relative weakness of indigenous land rights legislation.<sup>58</sup>

Indigenous peoples and Bank staff alike note that the acceptable compliance with OD4.20 in “do good” projects has been built on especially long lead times and careful consultation with indigenous beneficiaries. These projects have also sought to establish channels for direct funding for ethnodevelopment investments, whereby trained indigenous people control local funds and implementation. Furthermore, the initiatives have come largely from indigenous groups themselves instead of being derived from external proposals by government agencies, donors and NGOs. At the moment, the Bank plans to extend its ethnodevelopment portfolio to other Latin American countries where evidence suggests long lead times are anticipated. Nonetheless, it is crucial that the transfer of the ethnodevelopment model to other countries does not by default become a “top-down” intervention open to appropriation and distortion by government agencies and political interests in the borrower countries.

Another note of caution relates to the need to pay very detailed attention to positive interventions consistent with the provisions of OD4.20. In Bolivia for example, the World Bank has been very active in its support for a land regularisation programme that ostensibly seeks to secure indigenous lands. However, faulty design in the legal and technical process of land demarcation and titling has meant that the project is actually underwriting the fragmentation of indigenous territories and the destruction of biodiversity. Again, the evidence is that Bank staff must not simply pursue compliance with safeguard policies in a mechanical way. To achieve desired outputs, the Bank must seek to ensure that the design of their interventions are properly researched in consultation with affected communities.

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<sup>57</sup> Arambiza 1998

<sup>58</sup> See Griffiths 1999:54

## Policy Implications and Recommendations

New safeguard policies will be of *'no more use than the old ones unless the Bank makes all efforts to ensure that they are strictly adhered to during project design and implementation.'* (World Bank 1994 (original emphasis)).

The foregoing review has sought to pinpoint ways to improve the implementation of OD4.20 using negative and positive lessons drawn from actual indigenous experiences of World Bank operations affecting their communities. Throughout the workshop, the indigenous and NGO participants made a number of recommendations for improving compliance with OD4.20. In particular, the workshop highlighted the need for:

### *Procedural, incentive and budgetary reforms:*

- Further action by the World Bank to harmonise its policies and those of its borrowers in accordance with existing and emerging international standards on human rights, indigenous peoples and the environment.
- Greater positive incentives to staff and country directors to implement “safeguard policies” effectively.
- Appropriate sanctions for World Bank staff, borrowers and implementing agencies that violate or disregard safeguard policies.
- Better training of World Bank staff on safeguard policies and the requirement to *integrate* their implementation across all Bank departments, sectors and operations.
- Increased funds to meet the transaction costs of employing well-trained staff to carry out thorough safeguard work, to ensure *effective* participation of affected people and to undertake frequent supervision missions.
- Full integration of transaction costs for safeguard operations into other Bank budgets for programmatic and project-based operations.

### *Stronger enforcement mechanisms:*

- Stronger loan conditions for reforming borrower government policies and institutions to lessen legal obstacles to effective implementation and confront discrimination against indigenous peoples.
- Clearer and more strongly enforced legal covenants with borrowers to sanction violations of safeguard policies - including provisions to sanction localised or intermittent infringements of loan agreements.
- Tripartite enforceable legal agreements between the World Bank, borrower governments (or private sector if IFC-assisted investment) and affected indigenous peoples. Such agreements must be binding on all parties (Bank, borrower, private sector, NGOs, IPs).
- Structure loan agreements to include covenants that provide indigenous peoples components with legal standing in domestic courts so that violations of the covenants can be sanctioned when alternative remedial action is ineffective.
- A fully independent project/programme ombudsman or local tribunals by which parties can seek redress for grievances.

*Better supervision:*

- More effective feedback mechanisms that involve indigenous people in the monitoring and evaluation of development impacts to inform project/programme managers of problems requiring timely corrective action.
- Clear performance-based indicators of development effectiveness to be agreed in consultation with IPOs and civil society organisations (CSOs). Such indicators must seek to close the gap between World Bank understandings of project/programme performance and local perspectives of development quality.
- More proactive use of Information Technologies to enable indigenous peoples to alert project/programme managers to their concerns about specific loan operations or grant-aided operations affecting their lands and communities.
- Independent indigenous and civil society input to the Bank's quality control mechanisms (i.e., Committee on Development Effectiveness (CODE), Operations Evaluation Department (OED), Quality Assurance Group (QAG), Quality Assurance Compliance Team (QACT) and Operations Evaluation Group (OEG) assessments of safeguard operations, development quality and the social and environmental impacts of loan operations. Such local input should feed into Quality Enhancement Review (QER), Annual Review of Portfolio Performance (ARPP) and Annual Review of Development Effectiveness (ARDE) processes).

*More uniform interpretation and application:*

- A published, easy to understand guide setting out internal procedures and logic within the World Bank concerning the interpretation and application of OD4.20. This should be both to provide transparency to indigenous peoples and NGOs and to ensure consistency within the Bank.
- *Common* criteria for assessing compliance with OD4.20 and associated safeguard policies (to be established in open collaboration with indigenous peoples and civil society organisations).
- Clarification on how the World Bank legal department treats mismatches between international standards on indigenous rights and the legal frameworks in borrower countries.

*More focused treatment of land and resource issues:*

- Earlier action to rectify indigenous land and resource problems and secure customary rights before other components of a project/programme go ahead.<sup>59</sup>

*Stronger participation:*

- Stronger mechanisms for the participation of indigenous peoples during project design and implementation (ensure participation from the outset of project/programme identification).

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<sup>59</sup> As used here 'customary rights' refers to those rights that are based upon indigenous peoples' legal systems and traditions as well as their derivative or related patterns of land tenure and resource use and ownership and includes, as a general principle, the right of indigenous peoples 'to the legal recognition of the various and specific forms of control, ownership and enjoyment of territories and property' (Article XVIII(1), Proposed American Declaration on the Rights of Indigenous Peoples).

- Strategies to implement *culturally appropriate* consultations with affected indigenous peoples.
- Improved incorporation of indigenous recommendations in project/programme design (with publication of the reasons for adopting, modifying or rejecting specific recommendations).
- Long preparation times for project planning and effective involvement of affected indigenous peoples.
- Recognition of the value of *existing* indigenous plans or strategies for self-development and how these can complement project/programme plans.
- Direct engagement of indigenous people in project/programme management through participation in intersectoral committees (World Bank, borrower, private sector, IPs, NGOs).
- Direct funding and local control of funds by IPOs and community institutions.
- Generalising the use of second-tier organisations to control and manage IPDP resources (based on relative success of “ethnodevelopment” projects).
- Extension of the “small donation” program managed by the International Development Fund (IDF) to increase direct support for indigenous communities and minimise dependence on government intermediaries.
- Measures to ensure that a reactive “process” approach using indicative plans does not compromise effective indigenous participation during project/programme preparation nor undermine the proactive *preventive* and *avoidance* logic of safeguard policies.

*Improved Access to Information:*

- Proactive information dissemination to affected indigenous peoples in the right languages about plans and operations that affect them.
- Timely public access to *draft* Project Appraisal Documents (PADs).
- Effective Mechanisms to ensure that in IFC operations business confidentiality does not obstruct effective participation nor impede the flow of information to affected indigenous peoples and interested civil society groups.

*Integration of OD4.20 into Country Assistance Strategies (CAS), Economic and Sector Work (ESW) and adjustment lending:*

- Application of OD4.20 and other safeguard policies to structural adjustment lending operations and Poverty Reduction Strategy Papers (PRSPs).
- Mandatory application of Sectoral Social Assessment and Sectoral Environmental Assessment to programmatic lending operations.
- Proper structures for democratic and open consultation with indigenous peoples prior to the approval of legal, governance, macro-economic and technical assistance loans that affect their communities and territories (directly or indirectly).
- Institutional channels to guarantee the participation of indigenous peoples in CAS, ESW, Structural Adjustment Loans (SALs) and (PRSPs).
- Timely public access to *draft* CASs and PRSPs.
- Minimum benchmarks to confirm that proper indigenous participation has occurred in the preparation of CAS, ESW, SALs and PRSPs.
- A transparent mechanism to indicate how indigenous issues, concerns and recommendations have been integrated into final strategy/programme designs.

- Regular dissemination of updated country portfolio lists to national and regional indigenous organisations (detailing project/programme managers and contact details).
- A co-ordinated strategy to minimise contradictory and self-defeating policies and loan operations in borrower countries (to be developed in consultation with local communities, regional, national and supranational indigenous organisations).

The introduction to this paper summarised indigenous recommendations made in 1998 which made it clear that any revised Indigenous Peoples policy should be stronger than the 1991 policy. Indigenous and NGO participants at the May 2000 workshop underlined the message that OD4.20 must not be weakened. They also made a number of proposals regarding the next steps in the revision of OD4.20.

### **Proposals for the revision of OD4.20**

- Base the revision of the OD4.20 on a detailed participatory review with indigenous peoples already affected by the current policy. The revision must be based on lessons learnt from past and current operations.
- Establish clear information exchange network with IPOs to help establish and manage the consultation process.
- Establish an inclusive advisory committee to oversee the revision process including key IPOs and NGOs.
- Promote more learning from best practice.
- Have more patience with indigenous peoples and try harder to understand their point of view.
- Do not waste time on further argument about definitions of “indigenous peoples” and accept the principle of self-identification.

### **Suggested Contents of OP4.10**

The main message of workshop participants was that any revision of OD4.20 must result in a strengthened and expanded policy. Specifically, in addition to the recommendations made above, OP4.10 must:

- Retain the binding language of OD4.20 that ties specific safeguard requirements to particular stages in the project cycle.
- Reinforce OP4.10 with a comprehensive BP4.10 and complementary GP4.10.
- Keep the requirement that borrowers take “special action” to safeguard indigenous rights, especially rights to land and natural resources.
- Be consistent with existing and emergent international standards and adhere to principles in the draft Declaration on the Rights of Indigenous Peoples.
- Promote the right to self-determination by recognising the right to (i) self-identification (ii) prior informed consent (iii) freely pursue indigenous identified development options and preferences for economic, social and cultural development.
- Prohibit involuntary resettlement, especially where linked to biodiversity conservation.
- Incorporate the IP recommendations made in 1998 in response to the World Bank’s “Approach Paper”.
- Integrate the policy with the forthcoming Social Assessment policy.

- Facilitate the rejection of projects or the call for revised project plans earlier in the project cycle.
- Make clear the “money trail” from the World Bank to indigenous beneficiaries (with accessible information on disbursement schedules, budgets and details of planned and actual expenditure relating to IPDPs and indigenous project components).
- Require:
  - Social Assessments (SA) in all projects and programmes affecting IPs. The SA should be conducted upstream during project identification.
  - Preparation of an IPDP in *all* projects affecting IPs (irrespective of predicted positive or negative impacts).
  - Early and more participatory baseline studies.
  - Formal and inclusive participatory mechanism very early in project cycle that includes traditional leaders and customary institutions.
  - Regularisation of rights and/or ownership, use of and access to land and resources as a pre-condition of project approval or a first phase in project implementation.
  - Clearer mechanisms for recognising *customary* land and resource rights of indigenous peoples.
  - Provisions for using IPs own plans in developing IPDP or IP component.
  - Effective and accessible conflict resolution mechanisms in project design using customary law and institutions where possible.
  - Protection of indigenous knowledge and ensure prior informed consent of affected indigenous peoples before such knowledge is used and disseminated.
  - Cross-sectoral treatment of IPs in CAS and adjustment lending.
  - Assessment of impacts of adjustment lending on IPs.
  - Sectoral Social Assessment and Sectoral Environmental Assessment of country portfolios to assess their aggregate impact on IPs.

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**ANNEX I: Effective Compliance with OD4.20 – A Sample of Six World Bank Projects in Latin America, Africa, India and the Philippines  
(based on experience of indigenous and NGO workshop participants)**

Main Policy Requirements by Project St		Project Case Study <sup>a</sup>						COMMENTS	
		Para	Bolivia	Guyana	Cameroon	Uganda	Rwanda		India I
<b>A. IDENTIFICATION</b>									
1. Borrower commitment to OD4.20	16,20	✓	○	/	?	?	N/A	○	Borrower commitment: weak to non-existent, or at least not apparent in the cases
2. Undertake baseline studies	16	○✓	✓○	/	✓?	✓late	?	○	Baseline studies: done in most cases, but not comprehensive or not applied adequately
3. Integrate with “safeguard policies”	10	?	○	/	?	?	○	○	Safeguard policies applied: Either no or it is not apparent
4. Evaluate legal status of ips	16	?	✓○	/	?	?	○	○	Legal status: in only one case evaluated, in others not done or recommendations ignored
5. Address IP issues in CAS	10, 11	?	?	/	?	?	○	○	CAS: Since they are not public documents, hard to know whether issues are addressed
6. Present IP issues in the IEPS	16	✓	?	/	?	?	?	○?	IEPS: Not public documents, so hard to know whether issues are addressed
<b>B. PREPARATION</b>									
7. Establish participation mechanism	8,17	○✓	?1/4	/	○	✓late	○	○	Participation mechanism: weak to non-existent.
8. “Special action” by the borrower to safeguard IP rights to land	2,9,17	?	○	/	N/A?	?	○	○	"Special Action" on land rights: not evident
9. Bank assistance to borrower for legal recognition of IP rights	17	?	○	/	○	?	○	○	Bank \$ for capacity building for legal recognition of land rights: Either no or it's not evident
10. Bank assistance for capacity building for implementing agents	17	?	○	/	○?	✓	○	○	Bank \$ for implementing agency capacity building: only in one case; rest not evident.
11. IPDP developed to mitigate negative impacts and share project benefits.	14, 15	✓	○	/	✓ Little info	✓ late	○	○	IPDP: When a Plan exists, it was either developed or is considered to be inadequate and not fully enforced.
12. IPDP plan for health, education, training and legal assistance	15e, 15f,	✓	?	/	✓	✓ late	○	✓	IPDP health and education services: In most cases, education and health services are being considered and implemented in the field.
13. An IPDP implementation plan	15g, 15I	✓	○	/	?	✓ late	○	○	IPDP implementation plan: uneven compliance.
14. A long lead-time for IPDP prep.	14g	○✓	○	/	?	✓	?	○	IPDP lead time: Very difficult for people to gauge what has been done to develop an IPDP if they are not consulted, not involved in an entire process, and if they don't have enough information.
<b>C. APPRAISAL</b>									
15. Assess the adequacy of the	18	✓	?	/	?	○	○	○	IPDP Adequacy: Very difficult to know

Main Policy Requirements by Project St		Project Case Study <sup>a</sup>								
	Para	Bolivia	Guyana	/	Cameroon	Uganda	Rwanda	India I	/	COMMENTS
IPDP										whether the Bank (ESSD presumably) assessed the adequacy.
16. Refuse appraisal until suitable IPDP plans have been submitted by the borrower	9	✓?	N/A	/	○ Plan Accepted	○	○	○		Refuse Appraisal: It may be that the Bolivia case is the only one where there was a refusal at appraisal.
17. Confirm that ips have participated	18	○	○	/	○	○	○	○		Confirm Participation: From the point of view of the Indigenous participants, consultation and participation was inadequate.
<b>D. NEGOTIATION + CONTRACT</b>										
18. Commitment to IP policy and IPDP	20	✓	N/A	/	N/A	?	○	○		
<b>E. IMPLEMENTATION</b>										
19. Ensure ips suffer no adverse effects	6	○	N/A	/	N/A	○	○	○		No adverse affects: Either there have been adverse impacts or the project is not in implementation yet
20. Ensure ips receive benefits	6	○✓	N/A	/	N/A	✓	○	✓		Ensure benefits: Benefits have been identified in Uganda and India; in India the perception is that benefits are promised only to those who move.
21. Make supervision missions	19	✓	N/A	/	N/A	✓	?	✓		Supervision missions: have been done in some cases. Questions came up as to the effectiveness of supervision missions to meet with locally affected people.
22. Recommend "corrective actions"	19	○?	N/A	/	N/A	✓	?	✓?		Corrective actions: yes in some cases.
23. Undertake M+E & publish results	15h, 19	✓	N/A	/	N/A	○	?	○		M & E: Yes in Bolivia, but in other cases it was unclear whether evaluations were done and publicly available since people had not seen them.
24. A long follow-up for IPDP	14g	○	N/A	/	N/A	N/A	?	○		
<b>F. CLOSURE</b>										
25. Produce ICR		✓?	N/A	/	N/A	N/A	?	N/A		

See Key Overleaf

**<sup>a</sup> Key to Project Case Studies by Country and Indigenous Peoples**

Bolivia [ <i>Chiquitano and Ayoreo</i> ]:	Eastern Lowlands Project (Santa Cruz)
Guyana [ <i>Patamona and others</i> ]:	National Protected Areas Project
Cameroon [ <i>Bagyéli</i> ]:	Chad-Cameroon Pipeline
Uganda [ <i>Twa</i> ]:	Bwindi Impenetrable Forest
Rwanda [ <i>Impunyu Twa</i> ]:	Integrated Forest Project I and II
India I [ <i>Adivasi</i> ]:	Ecodevelopment in Nagarhole National Park
India II [ <i>Adivasi</i> ]:	Madhya Pradesh Forestry Project
Philippines [ <i>Aeta</i> ]:	Conservation of Priority Protected Areas System (Bataan)

**Key :**

- ✓ **Was complied with**
- **Was not complied with**
- ✓ **Was complied with but with qualifications (done inadequately, done late, exists on paper etc.)**
- ? **It is not known whether the component was complied with**
- N/A **The project in question has not reached this stage in the project cycle**