

# The World Bank and Indigenous Peoples<sup>1</sup>

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**The World Bank**



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## Introduction

In 1982, the World Bank issued a brief operational policy statement which outlined procedures for protecting the rights of so-called "tribal people" in Bank-financed development projects.<sup>2</sup> Experience has shown, the World Bank directive stated "that, unless special measures are adopted, tribal people are more likely to be harmed than helped by development projects that are intended for beneficiaries other than themselves. Therefore, whenever tribal peoples may be affected, the design of projects should include measures or components necessary to safeguard their interests, and, whenever feasible, to enhance their well-being." The directive further stated that, "As a general policy, the Bank will not assist development projects that knowingly involve encroachment on traditional territories being used or occupied by tribal people, unless adequate safeguards are provided."<sup>3</sup> In those cases where environmental and/or social changes promoted through development projects may create undesired effects for tribal people, the project should be designed so as to prevent or mitigate such effects."

While the World Bank has been criticized by non-governmental organizations for the adverse impacts upon indigenous or tribal populations of some of the projects that it finances, there is little doubt, as one source put it, that the World Bank "has become the first international development agency to recognize that economic development places in jeopardy the survival of tribal people."<sup>4</sup> The same source wrote that the World Bank's proposed policy, "if fully implemented, will support their rights to their lands, resources, ethnic identities and cultural autonomy."

Some sources estimate that there are over 250 million tribal or indigenous peoples worldwide living in more than seventy countries.<sup>5</sup> Over the past decade, the World Bank has financed numerous projects which contain special programs or components for the protection of the lands and other resources of these peoples. As a result of this experience, the World Bank has revised its original policy toward indigenous peoples, bringing it more in line with current thinking on the role of these peoples as active participants in and beneficiaries of development projects.<sup>6</sup>

All of this activity has taken place in an international context of increasing organization and voice of indigenous peoples and the drafting of new international standards for the treatment of these peoples by agencies such as the International Labor Organization and UN Human Rights Commission.<sup>7</sup> It has also occurred during a period when there is growing awareness, among policy makers and scientists, of the important role which indigenous peoples can play in the

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<sup>2</sup> "Tribal Peoples in Bank-Financed Projects," Operational Manual Statement 2.34, February 1982, para. 4.

<sup>3</sup> OMS 2.34, para 5

<sup>4</sup> Guardian, London, 12 August 1981.

<sup>5</sup> Julian Burger, *The Gaia Atlas of First Peoples*, New York, Anchor Books, 1990, p. 18.

<sup>6</sup> See, Russel Lawrence Barsh, "Indigenous Peoples' Role in Achieving Sustainability," in Helge Ile Bergesen, Magnar Norderhaug, and Georg Parmann (editors), *Green Globe Yearbook* 1992, Oxford University Press, 1992, pp. 25-34.

<sup>7</sup> For a broader discussion of the limits and challenges which the World Bank faces in dealing with human rights issues, see: Ibrahim I. Shihata, "The World Bank and Human Rights: An Analysis of the Legal Issues and the Record of Achievements," *Denver Journal of International Law and Policy*, Vol. 17, No. 1, 1988, pp. 39-66. Reproduced in Ibrahim F.I. Shihata, *The World Bank in a Changing World*, Dordrecht, Martinus Nijhoff Publishers, 1991, Chapter 3, pp. 97-134.

conservation of biodiversity and protection of fragile and threatened ecosystems.

The following article describes the policies and experience of the World Bank in relationship to indigenous peoples. The article opens with a discussion of the Bank's 1982 policy statement. It then describes the findings of a five-year implementation review of Bank-financed projects with tribal programs. Lastly, it discusses the Bank's new policy toward indigenous peoples, and places this policy within the larger framework of the Bank's increasing concern for social and economic rights.

One of the themes of the article is that there has been a fundamental change in the World Bank's thinking about indigenous peoples from an early concern with protecting small, isolated tribal societies (many of them forest-dwelling tribes in the lowlands of South America) from the negative impacts of development to the promotion of conditions among its Borrowers for the active participation of indigenous peoples in the development process itself. This new approach is reflected in the Bank's current policy directive, as well as several recent projects being prepared and financed by the Bank. It is also reflected in the Bank's growing emphasis upon participatory forms of development and the increasing incorporation of social and cultural analysis into its investment program and other development work.

### **Tribal People in Bank-financed Projects**

The first policy directive of the World Bank concerning indigenous peoples (Operational Manual Statement, OMS 2.34) was issued in February 1982 under the title "Tribal People in Bank-financed Projects." Actually, even previous to the release of this directive, the Bank's office of Environmental and Scientific Affairs, which was then responsible for the Bank's environmental assessment work, had initiated a study of the effects of economic development on the lands and cultures of tribal peoples. Released soon after the issuing of OMS 2.34, the study contained some interesting insights on the traditional land use practices of indigenous peoples and their potential role as natural resource managers. However, a major emphasis of the report was that there was an historical continuum or range of types of tribal societies from those which are geographically and culturally isolated from national societies (so-called "un-contacted" tribes of which there are relatively few remaining in the world) to those which have been fully integrated into the wider political economies and rural societies of the country's which they form part (the so-called "indigenous peasant populations"). In between, the report noted, there is a continuum of societies from "semi-isolated tribal groups" to those in "permanent contact" but still not "fully integrated" with their respective national societies.<sup>8</sup>

The using of this notion of a "continuum of acculturation" or integration of tribal societies came from two sources. One, the experience of the Bank in financing frontier development and colonization programs in lowland tropical forest areas of Brazil and other countries of South America where, at the time, there were still a number of un-contacted or only recently contacted forest-dwelling tribal groups. And, two, the notion then prevalent among some government indigenist agencies in Latin America that it was inevitable that these relatively remote tribal societies would, if adequately protected during a transition period, forsake their traditional

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<sup>8</sup> See, Robert Goodland, *Tribal Peoples and Economic Development: Human Ecologic considerations*, Washington, World Bank, 1962.

cultures and tribal identities and eventually integrate into the wider society. much of this viewpoint was based upon the "integrationist" assumptions and "protectionist" provisions of international Labor Organization Convention No. 107 which was drafted in the 1950s and ratified by several Latin American countries in the 1960s and early 1970s.<sup>9</sup>

Ironically, the Bank published the report on Tribal Peoples and Economic Development and issued its operational policy statement just at a time when many Latin American indigenous organizations and anthropologists were criticizing the "integrationist" theory for not adequately recognizing the historical persistence of indigenous ethnic identities and cultures. It also occurred at a time when the ILO was considering revising its convention on the subject of tribal and indigenous peoples and when the UN Human Rights Commission had established a special working Group on Indigenous Populations to develop new international standards on the treatment of indigenous peoples.<sup>10</sup>

If one analyses the 1982 directive, it is clear that some of the protectionist and integrationist premises of the early ILO Convention found their way into the Bank's policy statement. Although more limited in scope than the ILO definition, the term "tribal" peoples in the Bank's policy directive referred to those ethnic groups that have "stable, low-energy, sustained-yield economic systems," and exhibit in varying degrees the following characteristics:

1. geographically isolated or semi-isolated;
2. unacculturated or only partially acculturated into the societal norms of the dominant society;
3. nonmonetized, or only partially monetized; production largely for subsistence, and independent of the national economic system;
4. ethnically distinct from the national society;
5. nonliterate and without a written language;
6. linguistically distinct from the wider society;
7. identifying closely with one particular territory;
8. having an economic lifestyle largely dependent on the specific natural environment
9. possessing indigenous leadership, but little or no national representation, and few, if any, political rights as individuals or collectively, partly because they do not participate in the political process; and,
10. having loose tenure over their traditional lands, which for the most part is not accepted by the dominant society nor accommodated by its courts; and, having weak

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<sup>9</sup> For background on the role of ILO Convention No. 107 in Latin American indigenist policies, see: Lee Swepston, "Latin American Approaches to the "Indian Problem," *International Labour Review*, Vol. 117, No. 2, March-April 1978, pp. 179-196.

<sup>10</sup> For a description of the rethinking which took place in the ILO prior to the revision of Convention No. 107 (1957), see, Lee Swepston and Roger Plant, "International Standards and the Protection of the Land Rights of Indigenous and Tribal Populations, 11 *International Labour Review*, Vol. 124, No. 1, January-February 1985, pp. 91-106. The key attributes of the revised Convention No. 169 (1989) are described in Lee Swepston, "A New Step in the International Law on Indigenous and Tribal Peoples: ILO Convention No. 169 of 1989," *Oklahoma City University Law Review*, Vol. 15, No. 3, Fall 1990, pp. 677-714. See, also, Russel Lawrence Barsh, "An Advocate's Guide to the Convention on Indigenous and Tribal Peoples," *Oklahoma City University Law Review*, Vol. 15, No. 1, Spring 1990, pp. 209-236.

enforcement capabilities against encroachers, even when tribal areas have been delineated.<sup>11</sup>

The directive also contained an important footnote indicating that the Bank's policy was "not concerned with projects designed specifically for tribal people as the direct beneficiaries, but rather with other types of projects that impact on (emphasis mine) tribal people." Tribal peoples, because of their isolation and acculturation status, were seen as being more "vulnerable" in the development process. Therefore, it was necessary to design projects in such a way to increase their "capacity for change and adaptation to new circumstances."<sup>12</sup>

While the Bank policy recognized that it was the responsibility of governments to implement measures that will "effectively safeguard the integrity and well-being of the tribal people," it also stated that it would not support policies at either extreme: "either those that perpetuate isolation from the national society and needed social services; or, those promoting forced, accelerated acculturation unsuited to the future well-being of the affected tribal people." For example, the Bank "Would not be prepared to assist with a project if it appears that the project sponsors had forcibly "cleared" the area of tribal people beforehand."<sup>13</sup>

The guiding principle behind the Bank's policy was that development projects that affect tribal people should provide "adequate time and conditions for acculturation."<sup>14</sup> To be successful, the operational directive stated, such acculturation needed to be "slow and gradual."<sup>15</sup> Furthermore, projects should contain special tribal components or parallel programs which would mitigate the adverse effects of the wider development project and provide tribal peoples with adequate conditions and time to adapt to the national society at their own pace. "Sound project planning and design," the directive stated, "reduce the risk that tribal people will suffer from the project's consequences or disrupt its implementation. more positively, tribal people may offer opportunities to the wider society, especially by increasing the national society's knowledge of proven adaptation to and utilization of fragile and marginal environments."<sup>16</sup>

The design of tribal components or parallel programs, which formed the essence of the Bank's operational response to the adverse effects of development projects on tribal peoples, should be "based upon detailed, contemporary knowledge of the peoples to be affected,"<sup>17</sup> and contain four elements:

1. the recognition, demarcation and protection of tribal areas containing those resources required to sustain the tribal people's traditional means of livelihood;
2. appropriate social services that are consonant with the tribe's acculturation status, including, especially, protection against diseases and the maintaining of health;
3. the maintenance, to the extent desired by the tribe, of its cultural integrity and embodiments thereof; [and,]

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<sup>11</sup> OMS 2.34, para. 2.

<sup>12</sup> OMS 2.34, footnote 2 and para. 3.

<sup>13</sup> OMS 2.34, para. 5.

<sup>14</sup> OMS 2.34, para. 6.

<sup>15</sup> OMS 2.34, para. 7.

<sup>16</sup> OMS 2.34, para. 4.

<sup>17</sup> OMS 2.34, para. 8.

4. a forum for the participation of the tribal people in decisions affecting them, and providing for adjudication and redress of grievances.<sup>18</sup>

The remainder of the policy directive indicated ways in which Bank project officers and Borrowers could incorporate tribal components and parallel programs into the Bank's project cycle. During project identification, for example, the directive stated, the "approximate numbers, location, and degree of acculturation of tribal people in the general region of the project should be ascertained." At this stage, assessments should be made of relevant government agencies and their policies, the status of indigenous lands, and the enforcement capabilities of the government.

The directive also stated that "pre-investment funds could be used for studies to inform the tribal people about the proposed project and obtain their views."<sup>19</sup>

The actual tribal component or parallel program was to be designed before or during project preparation, the second stage of the Bank's project cycle. This should include the incorporation of information provided by pre-feasibility anthropological studies and site visits, ways of institutionally strengthening government agencies responsible for indigenous affairs, and the design of special programs for the demarcation of tribal lands and protection of the health of tribal populations. "Land tenure and water rights," the directive stated, "may need special attention" during the project preparation stage.<sup>20</sup>

At project appraisal, the third stage in the project cycle, project officers were responsible for assessing the "adequacy and appropriateness of the tribal component, the need for legislation concerning the relevant government agency and other aspects, and the capability of the designated agency to implement the component."<sup>21</sup>

Finally, during project implementation and the Bank supervision stage, specialist input (mainly by anthropologists and "indigenists") would again need to be called upon to evaluate the performance of the tribal component. If necessary, the tribal component should be "updated and reassessed" based upon unforeseen changes which had taken place during project implementation. Because of the special needs of tribal peoples and the need to monitor the performance of government agencies, the supervision of the tribal component might need to extend over a longer period of time than other components of the project. Furthermore, a specific monitoring and evaluation system might be needed to ensure the progress and performance of the tribal component.<sup>22</sup>

In general, OMS 2.34 provided a set of guidelines for assuring that tribal people's needs (as defined by the directive) were met in Bank-financed projects. Without such guidelines, past experience had demonstrated that development projects would have negative, and sometimes permanently damaging, effects on the lands, subsistence resources, health and cultures of tribal

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<sup>18</sup> OMS 2.34, para. 7.

<sup>19</sup> OMS 2.34, para. 10

<sup>20</sup> OMS 2.34, para. 11.

<sup>21</sup> OMS 2.34, para. 12.

<sup>22</sup> OMS 2.34, para. 13

populations. By introducing the guidelines, the Bank hoped to avoid or mitigate these effects while, at the same time, suggesting to its Borrowers that there are indigenous cultural and ecological models for utilizing the fragile environments where most tribal peoples live.

### **The Five-Year Implementation Review**

In 1989, the office of Environmental and Scientific Affairs conducted a desk review of the Bank's experience in implementing the policy directives contained in OMS 2.34. The implementation review surveyed 33 Bank-financed projects that were identified, appraised and implemented between 1982 and 1986 and that were known to have demonstrable effects on the lands, resources and cultures of tribal or indigenous peoples. Of these 33 projects, 15 projects (11 from Latin America and the Caribbean region, 2 from Africa, and 2 from Asia and the Pacific region) were selected for more in-depth analysis, because they contained special components or parallel programs for protecting or improving the welfare of tribal or indigenous populations. The results of this analysis were shared with each of the five regional offices of the Bank, and a set of recommendations for improving Bank policies and performance were developed based upon staff comments and interviews.<sup>23</sup>

One of the major findings of the review was that the issuing of OMS 2.34 had significantly increased the identification by Bank staff of tribal or indigenous peoples affected by Bank-financed projects. Until the late 1970s, it was standard Bank practice to assume that all rural populations in developing countries were essentially alike (i.e., economically underdeveloped and poor) and that there was no need to make special provisions in project design for ethnically or culturally distinct populations. The effects of OMS 2.34 in changing this practice were reflected in the increasing number of Bank-financed projects that were indicated as having consequences for the general health, cultural integrity and economic well-being of tribal or indigenous groups. In 1983, for example, only 15 Bank-financed projects were identified as having tribal peoples in their areas of influence and hence coming under the purview of the new Bank guidelines. This number increased to 36 projects in 1984, and to 53 projects by 1986. The number of projects with special tribal components or parallel programs also increased from a projects in 1983 to 15 projects in 1986. The majority of the latter projects, as already noted, were in the lowland tropical forest areas of South America where the Bank was increasingly financing road construction and land settlement programs.

The implementation review also indicated that Bank staff generally assumed (justifiably given the definition contained in the original operational statement) that the Bank's policy mainly applied to relatively small, isolated and unacculturated tribal societies (what were euphemistically termed "vulnerable ethnic minorities"), such as the rainforest Indians of South America or the pygmies or bushmen of Central and South Africa; and, not to larger and more heterogeneous tribal populations, such as the nomadic pastoral societies of the Sahel region or of Eastern and Western Africa or the "tribal" peoples of India and Southeast Asia. These latter groups, which sometimes number in the hundreds of thousands or millions of peoples, are integrated into national and regional political economics but still maintain a strong sense of

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<sup>23</sup> Office of Environmental and Scientific Affairs, *A Five-Year Implementation Review of OMS 2.34 (1982-1986)*, World Bank, Projects Policy Department, June 1987.



ethnic identity and cultural separateness.

This staff perception of the limited applicability of OMS 2.34 was noted in earlier implementation reviews as well as the 1987 review. A 1983 review, for example, stated that "the idea that certain tribal peoples (e.g., in Asia and Africa) are outside the scope of OMS 2.34 because they are 'acculturated' appears in several documents. In some of these cases, such judgements are not supported by data or analysis." Similarly, a 1984 review, noted that "principles contained in OMS 2.34 can be applied to projects where the tribal populations are dominant and heterogeneous, rather than vulnerable ethnic minorities targeted by the OMS."<sup>24</sup>

The 1987 review indicated that several Bank-financed projects experienced unnecessary delays and conflicts, because inadequate attention was being given to the unique ethnic and cultural characteristics of affected populations. While special protective measures were necessary for the most vulnerable or unacculturated populations, there was also a need to extend the focus of the Bank's concern to larger and more heterogeneous populations, some of them (as already mentioned) numbering in the hundreds of thousands or millions of people. The real issue, the 1987 review noted, was less one of defining tribal or indigenous peoples by their isolation and acculturation than it was of recognizing that these peoples possess socio-cultural systems, modes of production and forms of ecological adaptation which are often distinct from national societies and which need to be taken into account in project preparation and design.

The implementation-review also indicated that while the Bank had some success in convincing its Borrowers to include special tribal components or parallel programs in its projects, many of these components were being designed on an ad hoc basis and not with the rigor assumed in the policy directive. For example, of the 15 projects containing tribal components analyzed in the review, only two contained all of the four protective measures (land demarcation and protection, adequate health and social services, measures for protecting tribal cultural integrity, and tribal participation and adjudication mechanisms) outlined in OMS 2.34. Furthermore, land demarcation and protection, which are so vital to the integrity and survival of tribal or indigenous populations, only occurred in six of the 15 projects and, even in these cases, they were severely delayed or out of pace with the progress of the overall projects.<sup>25</sup>

The Bank was successful in convincing Borrowers to provide social, health and other services to tribal populations (program of this nature existed in 13 of the 15 Bank-financed projects). However, even in these cases, the social services and health programs were not designed in terms of the cultural needs and preferences of the tribal population, nor did these peoples participate in their preparation or implementation. In fact, participation by the tribal peoples only occurred in three of the 15 projects, and this resulted from the presence of strong regional or tribal federations which pressured their governments and the Bank to take into account their needs and wishes.

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<sup>24</sup> Cited in Office of Environmental and Scientific Affairs, *Five Year Implementation Review*, pp. 15 and 16.

<sup>25</sup> For a detailed analysis of Bank-financed indigenous land regularization programs introduced under OMS 2.34, see, Alaka Wali and Shelton Davis, *Protecting Amerindian Lands: A Review of World Bank Experience with Indigenous Land Regularization Programs in Lowland South America*, Latin America and Caribbean Region, Technical Department, Regional Studies Program Series, Report 19 (Washington, World Bank, 1992).



The implementation review also found that many of the government agencies responsible for designing and implementing tribal components were institutionally weak, under-funded and lacked adequate anthropological personnel. While non-governmental organizations (NGOs), such as missionary groups and grassroots development organizations, were providing-needed social services and legal support to some tribal and indigenous groups, government agencies often saw themselves in conflict with these organizations and seldom invited them to participate in the planning process.

Furthermore, the Bank itself, was unprepared for the new tasks assumed under its tribal peoples policy. At the time of the introduction of OMS 2.34, there were relatively few anthropologists employed by the Bank, and almost none employed in the regional and country departments where all of the operational work relating to project design and appraisal took place. Nor was the Bank's Legal Department prepared for the myriad and complex issues relating to domestic indigenist and agrarian law regimes which so affected the situation and prospects of tribal and indigenous peoples, as well as other traditional ethnic groups.<sup>26</sup>

The implementation review was carried out just prior to a major reorganization of the Bank which saw the establishment of a new central Environment Department and four regional environmental units, three of which were staffed with anthropological personnel. The pending reorganization, the review argued, provided an excellent opportunity to continue to focus institutional attention on the policy goals and measures outlined in OMS 2.34. In terms of general policy, it recommended a revision of OMS 2.34, based upon a broader definition of tribal and indigenous peoples more in keeping with the experience of the Bank and the diverse social, cultural and legal situations of its Borrower countries. It also recommended that more attention be given to ways of incorporating tribal and indigenous peoples concerns into the Bank's overall environment program and to the effects of involuntary resettlement on tribal peoples, especially in countries such as India and Brazil where problems of resettlement were pressing and great.<sup>27</sup>

Lastly, the implementation review recommended that the Bank assist in the strengthening of government agencies responsible for tribal or indigenous affairs, promote more consultation with national and international NGOs about development projects which affect tribal and indigenous peoples, and increase the direct participation of tribal and indigenous peoples in the planning of development projects. "In the end," the review stated, "the most effective way of strengthening Bank-financed tribal components is by convincing Governments to include tribal and indigenous peoples in project design and execution." Without such participation, it went on to state, citing a UK assessment of the subject, "there are several dangers that development projects will not only fail to satisfy the manifest needs of indigenous peoples, but may also be initiated and developed

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<sup>26</sup> Some of the legal issues which the Bank faced in implementing OMS 2.34 are described in an unpublished paper by Antonia Macedo, *Land Rights of Indigenous and Tribal Peoples: Role of the World Bank*, November 1990.

<sup>27</sup> The Bank issued a special policy statement on involuntary resettlement (OMS 2.33, Social Issues Associated with Involuntary Resettlement in Bank-Financed Projects, 1980) prior to OMS 2.34, which was revised and reissued in 1990 as Operational Directive 4.30 (Involuntary Resettlement). Both directives refer to the special conditions and issues posed by the displacement and resettlement of tribal and indigenous populations. For background, see, Michael Cernea, *Involuntary Resettlement in Development Projects*, World Bank Technical Paper No. 80, Washington, World Bank, 1988; and, Carlos Escudero, *Involuntary Resettlement in Bank Assisted Projects, An Introduction to the Legal Issues*, Washington, World Bank, 1988.

at their expense."<sup>28</sup>

## **The Revised Policy Directive**

With the institutional reorganization of 1987, the Bank began to focus more systematic attention on improving the performance of its projects which affected tribal and indigenous peoples. Not only were anthropologists now available (albeit still in limited numbers) in the African, Asian and Latin America and Caribbean environment units to review the Bank's portfolio, but the country departments and sector divisions began to contract specialists to assist in the design and supervision of these projects. Furthermore, the Legal Department began to take a more active role in the design of Bank-financed projects which contained both tribal populations and resettlement, and to assist in finding ways of legally dealing with what were considered by the Bank as a series of problem projects.<sup>29</sup> One of the outcomes of this experience was the decision to revise the operational directives dealing with tribal peoples and involuntary resettlement, based upon the Bank's experience with these issues and what was then taking place in the wider international discussion of the social aspects of resettlement and indigenous peoples rights.

After two years of discussion within the Bank, and some consultation with outside organizations and experts, in 1991, the Bank issued a revised Operational Directive (OD 4.20) on "Indigenous Peoples." The new directive is much more detailed than the first and contains several changes and shifts in emphasis which are important to note.

First, the definitional criteria used to identify indigenous peoples in the revised directive are much broader than those in OMS 2.34. The revised directive notes that for purposes of Bank work, the term "indigenous peoples" (or other equivalent terms such as "indigenous ethnic minorities" "tribal groups," and "scheduled tribes") refers to "social groups with a social and cultural identity distinct from the dominant society that makes them vulnerable to being disadvantaged in the development process."<sup>30</sup> It also notes that there are varying national legal contexts and socio-cultural criteria for identifying "indigenous peoples," and that "no single definition can capture their diversity." Some people are truly isolated from mainstream culture and society, while others are integrated into the wage labor force and national markets. In particular geographical areas, indigenous peoples can be identified by some characteristics, such as:

1. a close attachment to ancestral territories and to the natural resources in these areas;
2. self-identification and identification by others as members of distinct cultural groups;
3. an indigenous language, often different from the national language;
4. presence of customary social and political institutions; and,

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<sup>28</sup> Office of Environmental and Scientific Affairs, *Five-Year Implementation Review*, p. 70. The reference to the UN assessment was to the report by Jose R. Martinez Cabo, Study of the Problem of *Discrimination Against Indigenous Populations*, United Nations, Geneva, 1986.

<sup>29</sup> The most serious of these problem projects were the Northwest Regional Development (Polonoroeste) Projects in Brazil and the Sardar Sarovar Projects in India, both of which were prepared under the policy guidelines of OMS 2.34 and considered in the 1987 implementation review.

<sup>30</sup> "**Indigenous Peoples**," Operational Directive 4.20, September 1991, para. 3.

5. primarily subsistence-oriented production.<sup>31</sup>

Second, Bank policy recognizes the need to both protect indigenous peoples against the potential harm or damage caused by development projects, as well as to provide them (if they so wish) with new opportunities to participate in the benefits of the development process. The revised policy states:

The Bank's broad objective towards indigenous peoples, as for all the people in its member countries, is to ensure that the development process fosters full respect for their dignity, human rights, and cultural uniqueness. More specifically, the objective at the center of this directive is to ensure that indigenous peoples do not suffer adverse effects during the development process, particularly from Bank-financed projects, and that they receive culturally compatible social and economic benefits."<sup>32</sup>

The directive notes that there is great controversy about how to approach indigenous peoples within the development process, with some advocating their total insulation from the forces of modernization and others promoting their rapid acculturation into the dominant society's values and economic activities. Rather than taking a position on this issue, which in many cases is only of theoretical or historical interest, the Bank's policy calls for the informed participation and recognition of the preferences of indigenous peoples.

The Bank's policy is that the strategy for addressing the issues pertaining to indigenous peoples must be based on the informed participation (emphasis in original) of the indigenous peoples themselves. Thus, identifying local preferences through direct consultation, incorporation of indigenous knowledge into project approaches, and appropriate use of experienced specialists are core activities for any project that affects indigenous peoples and their rights to natural and economic resources.<sup>33</sup>

A third innovation of the Bank's revised policy is the incorporation of indigenous people's concerns into several other aspects of Bank work besides that of investment projects. For example, the revised directive notes that issues concerning indigenous peoples, including threats to their environments and natural resources, should be identified through environmental assessments, which since 1989 have been mandated for all Bank projects which have a significant impact on the environment.<sup>34</sup> Bank Country Departments are also mandated, under

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<sup>31</sup> OD 4.20, para. 5.

<sup>32</sup> OD 4.20, para. 6.

<sup>33</sup> OD 4.20, para. 8.

<sup>34</sup> Operational Directive 4.01 ("Environmental Assessment", 1991; originally issued as Operational Directive 4.00, Annex A, 1989) makes specific reference to the need to consult local populations, including indigenous peoples, when environmental assessments are being conducted for projects on or in the areas of influence of their communities and lands.

the new directive, to "maintain information on trends in government policies and institutions that deal with indigenous peoples," and to address issues relating to indigenous peoples in country economic and sector work and in the Bank's country dialogue with its Borrowers.<sup>35</sup>

Another area where the revised directive breaks new ground is in indicating the willingness of the Bank to provide funds for technical assistance to improve Borrower abilities to respond to the needs of indigenous peoples. "Technical assistance," the revised directive states, "is normally given within the context of project preparation. but technical assistance may also be needed to strengthen the relevant government institutions or to support development initiatives taken by indigenous peoples themselves."<sup>36</sup>

Finally, the revised directive devotes its major attention to ways of incorporating indigenous people's concerns into Bank-financed investment projects. The main innovation here is the requirement that special Indigenous Peoples Development Plans (IPDPs) be prepared, consistent with Bank policies, for all Bank-funded projects which affect the lands, resources and cultures of indigenous peoples. These IPDP's can either form the basis of special components or provisions within broader Bank-funded development projects, or in certain cases be the entire project, when the main beneficiaries are indigenous peoples. Numerous paragraphs in the new directive outline the prerequisites, contents and technical, institutional and financial arrangements for designing these IPDPs.<sup>37</sup>

While it is beyond the scope of this paper to discuss all of the elements of IPDP design and preparation as outlined in the operational directive, some critical aspects of the Bank's thinking on these matters are noteworthy. One, is that the IPDP's prepared under Bank-financed projects should take adequate account of the legal frameworks which affect indigenous peoples. "The plan," according to OD 4.20:

should contain an assessment of (i) the legal status of the groups covered by this OD, as reflected in the country's constitution, legislation, and subsidiary legislation (regulations, administrative orders, etc.); and (ii) the ability of such groups to obtain access to and effectively use the legal system to defend their rights. Particular attention should be given to the rights of indigenous peoples to use and develop the lands that they occupy, to be protected against illegal intruder, and to have access to natural resources (such as forests, wildlife and water) vital to the subsistence and reproduction.<sup>38</sup>

Another important aspect of IPDP preparation is the need for adequate baseline geographical and socio-cultural data. OD 4.20 indicates that plans should include:

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<sup>35</sup> OD 4.20, para. 10.

<sup>36</sup> OD 4.20, para. 12.

<sup>37</sup> OD 4.20, paras. 14 and 15. Footnote 3 of the OD notes that "regionally specific technical guidelines for preparing indigenous peoples components, and case studies of best practice, are available from the Regional environment divisions." The Africa region has initiated a process of drafting such technical guidelines, the purpose of which is to adapt the OD to the specific political and cultural conditions of the African continent.

<sup>38</sup> OD 4.20, para. 15 (a)

- accurate, up-to-date maps and aerial photographs of the area of project influence and the areas inhabited by indigenous peoples;
- analysis of the social structure and income sources of the population;
- inventories of the resources that indigenous people use and technical data on their production systems; and,
- the relationship of indigenous peoples to other local and national groups.<sup>39</sup>

The issue of indigenous peoples participation, which is fundamental to the philosophy behind the entire policy directive, is also raised in the section of the OD concerning the contents of IPDPs. In fact, the directive states that all IPDP's should contain explicit strategies for ensuring such participation.

Mechanisms should be devised and maintained for participation by indigenous people in decision making throughout project planning, implementation, and evaluation. Many of the larger groups of indigenous people have their own organizations that provide effective channels for communicating local preferences. Traditional leaders occupy pivotal positions for mobilizing people and should be brought into the planning process, with due concern for ensuring genuine representation of the indigenous population.<sup>40</sup> [41](#)

Other paragraphs of the OD mention that IPDPs should give adequate attention to the recognition of customary or traditional land tenure systems,<sup>41</sup> [42](#) to indigenous knowledge such as that possessed by traditional health providers,<sup>42</sup> [43](#) and to the monitoring of projects by representatives of indigenous peoples' own organizations.<sup>43</sup>[44](#) The OD also notes that programs which contain "revolving credit funds that provide indigenous peoples with investment pools should indicate their accounting procedures and mechanisms for financial transfer and replenishment."<sup>44</sup> [45](#)

Since the issuing of OD 4.20, the Bank has prepared and appraised several projects which contain IPDPs and are based on the active participation of the affected tribal or indigenous populations. These include, among others, a special plan for the incorporation of tribal peoples (many of them tribal women) in a rubber cultivation project in India, an agricultural and rangelands management project with Bedouin tribes in the western desert of Egypt, and a natural resource management and forestry project with indigenous and Afro-American communities in the Choco region of Colombia. The Bank is also involved in a number of sector studies relating to indigenous peoples, including a statistical survey of poverty and indigenous peoples in Latin America, a study of tribal health and nutrition programs in India, and several country-level

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<sup>39</sup> OD 4.20, para 15 (b)

<sup>40</sup> OD 4.20, para 15 (d)

<sup>41</sup> OD 4.20, para 15 (c)

<sup>42</sup> OD 4.20, para 15 (e)

<sup>43</sup> OD 4.20, para 15 (h)

<sup>44</sup> OD 4.20, para 15 (i)

forestry sector reviews which discuss indigenous peoples land rights.<sup>45</sup> The findings and recommendations of these studies promise to increase the Bank and Borrower Country knowledge of indigenous peoples issues and eventually to be incorporated into investment projects that the Bank finances.

## Conclusion

This article has argued that there has been a fundamental shift in the way in which the Bank is conceptualizing and approaching the concerns of indigenous peoples in its policy and project work. Rather than focusing solely on attempting to mitigate the adverse impacts of its projects on relatively small and isolated tribal groups, it has broadened the definition of the subject population to include a much more diverse assemblage of peoples and to seek ways in which these peoples might both participate in and benefit from the development process itself. This policy is more in keeping with current international thinking on the rights of indigenous peoples, as well as with the general trend to recognizing the social and economic rights of poor and marginalized peoples throughout the world.

At the current time, it is difficult to tell whether this new approach will be any more successful than the Bank's earlier policy concerning tribal peoples in Bank-financed projects. There are some indications, however, that the Bank has learned from the experience of the past decade and has a much stronger institutional commitment and capacity to ensure the implementation of its current policy framework than it did in the past.

One such indication is the increasing concern of the Bank to increase the amount and quality of local participation in development project, not only of indigenous peoples but also of other social groups. The past decade has witnessed a growing.. interest on the part of the Bank, as well as other multilateral agencies, in increasing the participation of the poor, indigenous peoples and nongovernmental organizations in development work. The reasons for this focus on local participation are many, not the least of which is the failure of traditional top-down or statist approaches to economic development and poverty alleviation. Much of the Bank's current work with indigenous peoples must be seen within this broader framework of the search for alternative strategies or models of development in which the rights and aspirations of local populations are taken into account.<sup>46</sup>

Another reason for optimism is because of the increasing awareness on the part of the Bank and other development agencies that environmentally sustainable development will not come about unless indigenous and other traditional peoples are brought into the effort to solve the world's urgent environmental problem. Numerous international reports and conferences including the report of the World Commission on Environment and Development, the World Conservation Strategy, and the Agenda 21 document of the United Nations Conference on Environment and

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<sup>45</sup> In March 1993, the Bank issued a new Forestry Policy which makes specific reference to the need to incorporate local people (including "forest dwellers") in environmentally sound forestry conservation and development plans. See, Operational Policy 4.3 6, para 1 (d) (ii) .

<sup>46</sup> For a discussion of these issues, especially as they relate to the participation of NGOs in Bank-financed projects, 8061, Ibrahim F. I. Shihata, "The World Bank and Non-Governmental Organizations," *Cornell International Law Journal*, Vol. 25, No. 3, Spring 1992, pp. 623-641.

Development, have highlighted the important role that indigenous peoples and their traditional environmental knowledge can play in the conservation of biodiversity and fragile ecosystems. The Bank is in a pivotal position to promote the participation of indigenous peoples in the implementation of the recommendations of these reports and conferences, because of its central role in such institutions as the Global Environmental Facility (GEF) and its more than a decade of experience attempting to promote among its Borrowers the rights of tribal and indigenous peoples.

Recently, the Bank has established a new Vice-Presidency for Environmentally sustainable Development the purpose of which is to increase the Bank's institutional capacity to deal with issues in this area. As part of this effort, a new division on Social Policy and Resettlement has been established in the Bank's central Environment Department. This division will be working closely with the Bank's regional and country operational departments to increase the social soundness and performance of the Bank's investment projects. It will also be developing now guidelines for social assessment and for increasing local peoples participation in natural resource management and biodiversity conservation. A focus on indigenous peoples will be a major thrust of these new initiatives, both because of their large human presence in the Bank's member countries and their potentially significant cultural contribution to the search for a more socially and environmentally sustainable development path.