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Implementation of Operational Directive 4.20 on Indigenous Peoples: An Independent Desk Review

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Operations Evaluation Department

Country Evaluation and Regional Relations
(OEDCR)

Acronyms & Abbreviations

ADB	Asian Development Bank
AFR	Africa Region
BP	Bank Procedure
CAS	Country Assistance Strategy
CDF	Comprehensive Development Framework
CODE	Committee on Development Effectiveness
DANIDA	Danish International Development Agency
DCA	Development Credit Agreement
EAP	East Asia and Pacific Region
ECA	Europe and Central Asia Region
ES	Evaluation Summary
ESSD	Environmentally and Socially Sustainable Development Network
ESW	Economic and Sector Work
GEF	Global Environment Facility
ICR	Implementation Completion Report
IDB	Inter-American Development Bank
IEPS	Initial Executive Project Summary
ILO	International Labor Organization
IP	Indigenous Peoples
IPDP	Indigenous Peoples Development Plan
IRIS	Integrated Record Information System
LCR	Latin America and the Caribbean Region
LIL	Learning Innovation Loan
M&E	Monitoring and Evaluating
MDBs	Multilateral Development Banks
MENA	Middle East and North Africa Region
MTR	Mid-Term Reports
NGO	Nongovernmental Organization
OD	Operational Directive
OED	Operations Evaluation Department
OEDCR	OED Country Evaluation and Regional Relations
OMS	Operational Manual Statement
OP	Operational Policy
PAD	Project Appraisal Document
PCD	Project Concept Document
PPAR	Project Performance Assessment Report
PSR	Project Status Report
QAG	Quality Assurance Group
QACU	Quality Assurance and Compliance Unit
SAR	South Asia Region
SAR	Staff Appraisal Report
SIF	Social Investment Fund
TTLs	Task Team Leaders
UN	United Nations
WDR	World Development Report

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MEMORANDUM TO THE EXECUTIVE DIRECTORS AND THE PRESIDENT

Implementation of Operational Directive 4.20 on Indigenous Peoples: An Independent Desk Review

This evaluation assesses how the Bank has implemented Operational Directive (OD) 4.20, a policy that aims to protect the interests of Indigenous Peoples (IP). The OD calls for the preparation of an *Indigenous Peoples Development Plan* (IPDP) in projects that "affect" IP with a view to ensure that they do not suffer adverse effects during the development process, and that they receive culturally compatible social and economic benefits. The IPDP is the Borrower's responsibility and is expected to be available for Bank review before project appraisal. The OD clarifies that the IPDP should be based on a comprehensive diagnosis of the socioeconomic context and that it should involve the informed participation of the IP, potentially affected by project actions.

The evaluative questions are (a) to what extent is the OD relevant in delivering effective development to IP? (b) to what extent has the OD been applied and how? and (c) to what extent has the OD been efficacious in achieving its objectives? This report addresses the first two questions. It will feed into the ongoing process of recasting OD 4.20 into OP/BP 4.10. A second phase report will deal with the third question and inform the *Source Book* (forthcoming) to help implement the new Operational Policy (OP).

The evaluation concludes that the OD objectives are consistent with the Bank's poverty reduction strategy. In some countries and regions, however, there is insufficient ownership of the OD approach, in part because some of its features may not be aligned with domestic approaches towards protecting such vulnerable groups. The Bank's response has varied, given the ambiguity of the policy. In general, the Bank's approach has been to work within the country's legal framework in order to meet the objectives of the policy. In countries where no specific legal framework exists, the Bank sometimes opted not to raise the issue. In those cases, expert opinion secured by the Operations Evaluation Department (OED) suggests a need to be more proactive in order to meet the spirit, as well as the letter of the policy. Coherence with the application of other safeguard policies (for example, resettlement and environment) has also proven to be a challenge. So has harmonization with other multilateral agencies.

The evaluation reviewed 234 projects appraised after January 1992 and closed before May 31, 2001. It found that application of the OD has positively influenced the

design of Bank-financed projects. Overall, projects that applied the OD had better ratings for outcome than those that did not, perhaps because the quality of stakeholder participation is higher in the former. This said, at the project-level, the OD was applied in 55 of the 89 projects that could have affected IP. Twenty-nine out of the 55 projects had IPDPs or elements thereof; in three, the bulk of the beneficiaries were IP, and the OD applied to the project design in its entirety. The remaining 23 projects (out of the 55 that applied the OD) had only one of the measures required by the OD. This does not mean that the other 34 out of the 89 projects have in fact adversely affected or did not benefit IP, but it does suggest insufficient attention to IP interests during loan preparation and implementation.

In addition, to understand progress in policy implementation, the evaluation examined appraisal documents in another 170 projects that are still open—140 of which were approved after FY1998. It found that there has been significant progress in the implementation of the OD in recent years—the OD has been applied in over 60 percent of these projects and in 90 percent of those projects that could have an adverse impact on IP. On a regional basis, there is considerable improvement in the Latin America and Caribbean and East Asia regions, with the OD being applied in more than 85 percent of the projects that affected IP. In the projects where the OD has not been applied, IP are mainly beneficiaries. This improvement is likely due to the institutional and strategic changes since 1996. Phase II of this evaluation will conduct field assessments of approximately 15 projects in seven countries to draw lessons of experience.

Based on the Phase I review, OED recommends that the Bank:

(i) clarify the intent, scope, and requirements of the revised OP;

(ii) distinguish clearly between the *safeguard (do no harm)* aspects of the revised OP and its *do good* aspects. The OP should clearly delineate the extent of the Bank's safeguard responsibilities. On the other hand, many of the *do good* aspects would be better specified in the Source Book. The policy relating to projects where IP are only beneficiaries should be moved out of the safeguard section of the policy and placed in the second section in the proposed OP 4.20;

(iii) identify indigenous and tribal groups in a manner consistent with the country's legal framework. In countries where the legal framework does not meet the standards of the policy relating to coverage of IP, the Bank should ensure that IP are protected within the overall framework of its poverty reduction policies and establish a project-level system to monitor disaggregated impact on IP. In addition, the Bank should address the issue wherever appropriate in its country dialogue;

(iv) ensure that in countries with significant IP populations the Country Director, in consultation with the Environmentally and Socially Sustainable Development (ESSD) Network, engage the Borrower in discussions on how the Bank can best assist the country in providing culturally appropriate assistance to IP within the context of the Country Assistance Strategy (CAS) and agree with the Borrower on

IP poverty monitoring indicators. The proposed Bank Procedure (BP) should specify clear accountabilities to this end; and

(v) design regional and sub-regional strategies to implement the OP given the significant differences in circumstances faced by Bank staff in implementing the policy.

This evaluation was discussed at the Committee of Development Effectiveness meeting held on September 18, 2002. The report of this discussion is attached as Attachment VI.

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An OED Country Evaluation and Regional Relations (OEDCR) team consisting of Gita Gopal (task manager), Brandie Sasser, Svenja Weber-Venghaus and Rahul Rao prepared this report. Ralph Hannan (institutional specialist), Gernot Brodnig (legal consultant), Aaron Zazueta (institutional specialist), and Yohannes Zeleke (anthropologist) have prepared background papers for the evaluation. Michael Bamberger (sociologist and evaluation specialist) and Ximena B. Traa-Valarezo (anthropologist) have also prepared background papers that will feed into this and the second report. Inmaculada Montero-Luque, Shinty Antony, Shubba Narasaiah Gudur, Anna Maria Inverso, Promod Nair, Namita Malhotra, Suhaan Mukerji, Kaveri Haritas, Ronald Philips, and Sekou Mark conducted detailed background research for the preparation of this report. Rema Balasundaram provided the evaluation supporting documentation. The team is grateful to Roziah Baba and Geri Wise for their strong support and assistance throughout the production of this report.

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We would like to express our special appreciation for comments received from our external adviser and head of the panel of experts, Mr. Rodolfo Stavenhagen, United Nations Special Rapporteur on Indigenous Peoples. Our special thanks also go to two other members of the panel who reviewed the projected classifications: Dr. Maurizio Gnerre, professor of anthropology, Institute of Oriental Studies at the University of Naples, Italy; and to Dr. Gopal Krishna Karanth, head of the Sociology Department, Institute for Social and Economic Change in Bangalore, India.

We would also like to acknowledge Ruben Lamdany, previous Manager of OEDCR, and Robert Picciotto, former Director-General, OED, for their guidance and support in the preparation of this report.

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GLOSSARY

Bank Procedure (BP). A statement that specifies procedures and documentation required for Bank-wide consistency and quality.

Ethnic Minority Group. A group of people relatively distinct in cultural background compared to the dominant group.

Fiscal Year (FY). The period from July 1 to June 30 of any year.

Hill Tribes. The term used in Thailand to differentiate some vulnerable ethnic minorities living in the hill areas.

Indigenous Peoples (IP). As used in OD 4.20, this term describes "social groups with a social and cultural identity distinct from the dominant society that makes them vulnerable to being disadvantaged in the development process;" these groups may be referred to as "indigenous peoples," "indigenous ethnic minorities," "tribal groups," or "scheduled tribes." Since no single definition can capture all of these groups, the OD states that these groups "can be identified in particular geographical areas by the presence in varying degrees of the following characteristics: (a) close attachment to ancestral territories and to the natural resources in these areas; (b) self-identification and identification by others as members of a distinct cultural group; (c) an indigenous language, often different from the national language; (d) presence of customary social and political institutions; and (e) primarily subsistence-oriented production."

National Ethnic Minorities. The term used in the Chinese Constitution to describe culturally vulnerable ethnic minorities. Similar terms are also used in Vietnam and Ethiopia.

Operational Directive (OD). A Bank Directive that contains a mixture of policies, procedures, and guidance, gradually being replaced by Operational Policy, Bank Procedure, and Good Practice.

Operational Manual Statement (OMS). These are Bank instructions to staff, the policy substance of which might have been approved by the Bank. OMSs contain a mixture of policy, procedure and guidance materials.

Operational Policy (OP). A short, focused statement that follows from the Bank's articles of agreement, the general conditions, and policies approved by the Board of Executive Directors.

Policy. A set of statements that provide specific institutional directions, guidelines, or procedures across a particular sector or thematic area.

Safeguard Policy. A policy that requires that potentially adverse environmental and selected social impacts of Bank-financed projects be identified, avoided, or minimized to the extent feasible, mitigated, and monitored.

Strategy. Guidelines for institutionalizing a policy and the processes for implementing policy (used generally to cover policy, approach, and strategy).

Scheduled Tribes. Groups listed in Schedule V of the Constitution of India that are considered to being disadvantaged by the development process; the Indian Constitution provides special affirmative action for them.

Tribal Peoples. Groups whose social, cultural and economic conditions distinguish them from other sections of the national community, and whose status is regulated wholly or partially by their own customs or traditions or by special laws or regulations (ILO Convention).

1. INTRODUCTION AND BACKGROUND

EVALUATION BACKGROUND AND CONTEXT

1.1 This evaluation assesses how the Bank has implemented its Operational Directive (OD) 4.20. The directive mandates special measures to protect the interests of Indigenous Peoples (IP). The evaluation examines Bank assistance, namely investment projects and analytical work, in 34 countries[1] between January 1992 and May 2001. The evaluation questions are:

- To what extent is the OD relevant in delivering effective development to IP?
- To what extent has the OD been applied and how?
- To what extent has the OD been efficacious in achieving its objectives?

1.2 The evaluation is being phased. This report focuses on the first two questions (partially on the relevance aspect and on the implementation of OD 4.20). A second-phase report to be delivered before June 2003 to the Committee on Development Effectiveness (CODE), will assess the results of Bank-financed projects in a small set of selected countries.

1.3 It is worth stressing that this review assesses only the implementation of OD 4.20 in social groups affected by Bank-financed projects and that meet to varying degrees the five characteristics stated in the OD. The resulting findings are without prejudice to the status of these groups as IP under their domestic jurisdiction or under international law.

BANK'S POLICY ON INDIGENOUS PEOPLES

1.4 The Bank was the first multilateral agency to recognize the need to provide special protection to tribal groups. It did so as early as 1982. The Operational Manual Statement (OMS) 2.34 (1982), which was the Bank's first guidelines on IP, covered mainly tribal groups—"ethnic groups with stable, low-energy, sustained-yield economic systems as exemplified by hunter-gatherers, shifting or semi-permanent farmers, herders or fishermen." In 1987, an internal review found that the OMS was usually applied in projects affecting small, isolated, and unacculturated tribal societies and was not applied to many other groups who needed protection but were acculturated.[2] The review suggested a need to shift attention from a definition of tribals by their isolation and acculturation to a definition that focused on their socio-cultural systems, modes of production, and forms of ecological adaptation, which are different from that of dominant societies (Davis 1993). A

[1] Size of Bank assistance over the evaluation period was the key criteria for selection of the 34 countries, except in four cases, where sub-regional diversity and evaluation overload was also considered. Initial review and consultation with Bank staff indicated that the Operational Directive (OD) had been applied in Latin America and the Caribbean (LCR), East Asia and Pacific (EAP), and South Asia (SAR) regions, while there was little or no application in Africa (AFR), Middle East and North Africa (MENA), and Europe and Central Asia (ECA) regions. Thus, 50 percent of the borrowing countries in LCR, EAP, and SAR regions, and 10 percent of those in AFR, MENA, and ECA were selected. The four exceptions: Zambia was replaced with Rwanda; Romania with Kazakhstan; Bangladesh with Nepal; and Korea with Cambodia.

[2] This was a desk review of 33 Bank-financed projects identified, appraised or implemented between 1981 and 1985, known to have demonstrable effects on lands, resources, and cultures of IP.

shift was also considered necessary to align the Bank's policies with international thinking on the rights of IP as well as the general trend to recognize the social and economic rights of poor and marginalized peoples throughout the world (Davis 1993, World Bank 1986).[3] In 1991, the Bank issued OD 4.20 on IP (see Attachment III for OD 4.20). It aimed to ensure that "the development process fosters full respect for the dignity, human rights, and cultural uniqueness" of IP.

1.5 OD 4.20 states that "for an investment project that affects IP, the Borrower should prepare an Indigenous Peoples Development Plan (IPDP)" (para. 13 of OD 4.20). It is the Bank's responsibility to identify IP through a preliminary examination of the Borrower's law, policies, and procedures, and through anthropological and sociological studies where necessary. Task Managers are then responsible, in consultation with regional environment staff, for signaling IP issues and any special action needed, including an IPDP, in the Initial Executive Project Summary (IEPS). When the bulk of the beneficiaries are IP, "the Bank's concerns would be addressed by the project itself and the provisions of the OD apply to the project in its entirety."

1.6 The IPDP aims to mitigate the potential negative project impact on IP and to ensure that beneficiaries "receive culturally compatible social and economic benefits." The preparation of the IPDP is the Borrower's responsibility and it is due for Bank review before project appraisal. The OD states that "cases will occur, especially when dealing with the most isolated groups, where adverse impacts are unavoidable and adequate mitigation plans have not been developed. In such situations, the Bank will not appraise projects until suitable plans are developed by the Borrower and reviewed by the Bank." The IPDP needs to be based on a comprehensive diagnosis of the socioeconomic context within which the IP operate and on their informed participation. The IPDP addresses the following dimensions as needed: the legal framework and land tenure issues, a strategy for local participation, proposed measures to mitigate any adverse impact and to ensure that IP receive equitable project benefits, measures to strengthen institutional capacity to implement the IPDP, measures for monitoring and evaluation, cost estimates, and a financing plan.

ISSUES RELATED TO THE EVALUATION

1.7 As with all ODs, OD 4.20 is a mixture of policies, recommendations, and good practices. The language of OD 4.20 is broad and subject to various interpretations. It is, therefore, important to clarify the evaluation's positions in three key areas: First, which groups should be considered to be IP for the purposes of the evaluation? Second, how should the evaluation interpret the term "affects"? and Third, under what circumstances should the evaluation consider that the OD has been applied?

1.8 OD 4.20 requires special action where "Bank investments affect indigenous peoples, tribes, ethnic minorities, or other groups whose social and economic status restricts their capacity to assert their interests and rights in land and other productive resources." It uses the term IP to describe "social groups with a social and cultural identity distinct from the dominant society that makes them vulnerable to being disadvantaged in

[3] See "*Report on a Workshop on 'Indigenous Peoples, Forests, and the World Bank: Policies and Practice"*" prepared by Thomas Griffith and Marcus Colchester, Forests People Program and Bank Information Center, August 2000.

the development process" and states that these groups may be referred to as "indigenous peoples," "indigenous ethnic minorities," "tribal groups," or "scheduled tribes."[4]

1.9 ***Which groups should be considered IP for the purposes of the evaluation?*** Since no single definition can capture all these groups, the OD states that social groups to be covered "can be identified in particular geographical areas by the presence in varying degrees of the following characteristics: (a) close attachment to ancestral territories and to the natural resources in these areas; (b) self-identification and identification by others as members of a distinct cultural group; (c) an indigenous language, often different from the national language; (d) presence of customary social and political institutions; and (e) primarily subsistence-oriented production." These characteristics, derived from OMS 2.34 on tribal people, focus on the socio-cultural systems, modes of production, and forms of ecological adaptation, that are different from those of dominant societies.[5] The OD states that "Task managers (TMs) must exercise judgment in determining the populations to which this directive applies and should make use of specialized anthropological and sociological experts throughout the project cycle."

1.10 The OED team found a range of views among Bank staff and managers on how the OD has been applied. Some felt that only indigenous groups are covered by the OD, others that tribal groups are also covered. Yet others felt that all social groups (indigenous, tribal, and ethnic minorities) who met to varying degrees the five characteristics stated in the OD are covered. Management clarified the official interpretation of the policy, explaining that the OD applied only to "social groups who meet the five characteristics" to varying degrees. The evaluation finds that this flexible interpretation is broadly in line with Bank practice over the past decade[6] and explicit understandings with some Borrowers such as China, India, and Indonesia.

1.11 The evaluation uses the same approach—the classification of projects was gleaned from actual Bank practice rather than from an independent attempt to ascertain the importance of each of the five characteristics. This was done in the following manner. First, the evaluation applied the domestic approach where it exists and has been accepted by the Bank.[7] Second, where no approach at the country-level has been agreed, the evaluation examines project documents to identify any underlying practice.[8] Third, where there is neither an agreed domestic approach nor consistent practice, the evaluation uses a definition consistent with the domestic legal/administrative framework for indigenous or tribal peoples.[9] Finally, where none of the above approaches can be used, the evaluation exercises judgment to determine whether social groups affected by the project meet to a sufficient degree the five characteristics stated in the OD (see Attachment II).[10,11]

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[4] The terms "scheduled tribes" and "indigenous ethnic minorities" are references respectively to tribal groups listed in Schedule V of the Indian Constitution and to the 55 national minorities recognized by the Chinese Constitution.
[5] Kingsbury states: "vulnerability and limited capacity to assert rights and interests continue to underlie these criteria" (Kingsbury, p.17 and 25).
[6] See discussion in Chapter 3.
[7] Eighteen sample countries, including Latin American countries (IP), China (ethnic minorities), India (Scheduled Tribes), and Pakistan (Federally Administered Tribal Areas).
[8] Two sample countries (Indonesia and Vietnam – as defined in several project loan agreements).
[9] Six sample countries (Cambodia, Malaysia, Nepal, the Philippines, Russia, and Thailand).
[10] Eight sample countries (Cote d'Ivoire, Ethiopia, Ghana, Kazakhstan, Morocco, Rwanda, Tunisia, and Turkey).
[11] Management would have preferred that OED take a different approach to the evaluation methodology, using the

1.12 ***When are IP "affected" by Bank assistance?*** The evaluation interpreted the term "affected" to apply when social groups with characteristics stated in the OD are in the project area and may be directly harmed by the project activity and/or where they are among the intended beneficiaries.[12] Some external stakeholders view this interpretation as too narrow.

1.13 ***When did the evaluation consider the OD applied?*** The evaluation team first separated those projects where the appraisal documents identified the presence of IP. In these projects, the evaluation looked for projects with self-standing IPDPs. It then looked for projects with elements of an IPDP. Such elements were derived from OD 4.20, namely: sound diagnosis of issues related to IP, participation of IP in project design and implementation, measures to protect the interests of IP, and monitoring indicators for IP-related results. If the project had any of these elements to varying degrees, it was considered to have an IPDP. In addition, the evaluation considered the OD applied in those projects that included some measures to protect IP, even if these were inadequate to be considered as IPDPs. Once again, some external stakeholders consider these assumptions too lenient.[13]

1.14 In the remaining projects, based on its review of the 34 sample countries, the evaluation identified projects where IP were affected but the OD was not "applied," that is, the presence of IP groups in the project localities were not identified and no measures were taken to protect IP interests. In this category, the evaluation examined other project documents: IEPSs, loan agreements, and Implementation Completion Reports (ICRs). OED sent an initial list of the projects for comment to ESSD staff in October 2001 and again between March and June 2002. A panel of internationally recognized experts was also asked to review the classifications (see Attachment V for the terms of reference and panel composition). In selected cases, OED consulted with external stakeholders. Finally, OED took into account Management's objections to the classification of 10 projects. Consequently, five projects were shifted to a "Not Rated" category, and five others in SAR and EAP regions were shifted to a "Not-Applicable" category.

1.15 The remainder of this report is organized as follows: Chapter 2 discusses some aspects of the relevance of OD 4.20. Chapter 3 presents findings on the Bank's experience in implementing OD 4.20. The conclusions and recommendations are found in Chapter 4. Attachment I contains the Management Response. Attachment II provides information on the evaluation's methodology. Attachment III reproduces OD 4.20. Attachment IV compiles a list of the countries in the evaluation sample and indicates the regulatory structures related to IP in each of them. Attachment V contains the terms of reference of OED's panel of experts. The CODE discussion held on September 18, 2002 appears in

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process for identification of IP prescribed in OD 4.20, as conveyed to OED by Management in March 2002. Definitional clauses and legal frameworks that are included in national constitutions, statues and relevant legislation of Bank's borrowing countries provide a preliminary basis for identifying indigenous peoples. The presence of the five characteristics is the starting point of the assessment. However, the OD goes on to say that "Task managers (TMs) must exercise judgment in determining the populations to which this directive applies and should make use of specialized anthropological and sociological experts throughout." Management would also note that a desk review of this type may not have adequate field-level information at its disposal to determine conclusively the applicability of the OD.

[12] This is consistent with the current guidance provided by ESSD on the Bank's web page (http://lnweb18.worldbank.org/ESSD/essdext.nsf/47ByDocName/EnvironmentalAssessment).

[13] See "*Report on a Workshop on 'Indigenous Peoples, Forests, and the World Bank: Policies and Practice"* prepared by Thomas Griffith and Marcus Colchester, Forests People Program and Bank Information Center, August 2000.

Attachment VI. OED's presentation at the CODE meeting appears in Attachment VII. In addition, a few background papers are available upon request. Background Paper I presents the detailed results of the review for the 34 sample countries. Background Paper II compiles the list of 234 closed projects reviewed for this evaluation, and Background Paper III is based upon the deliberations of an OED/India Department workshop (December 3-5, 2001).

2. RELEVANCE OF OPERATIONAL DIRECTIVE 4.20

2.1 This chapter assesses the relevance of OD 4.20 within a CDF-type framework (see Table 2.1). It concludes that the OD objectives are relevant to the Bank's mission. Protecting the interests of IP, who are amongst the poorest and most vulnerable sections of societies in most countries (World Bank 1994), enhances the development effectiveness of Bank assistance. The OD objectives are fully consistent with the overarching poverty reduction mandate of the Bank. Phase II will deepen the evaluation of relevance with a field based assessment of results.

TABLE 2.1: MEASURING RELEVANCE OF OD 4.20 GOALS AND OBJECTIVES

Long-term and Holistic	• Alignment with the Bank's poverty reduction mandate • Alignment with safeguard policy framework
Client Ownership	• Relevance to IP • Consistency with client approaches • Country-specific diagnosis of issues
Partnership	• Collaboration with other development partners • Consistency of approach with other multilateral agencies
Results Orientation	• Focus on monitoring and evaluation • Clarity of objectives and requirements

LONG -TERM AND HOLISTIC

2.2 ***Alignment with poverty reduction mandate.*** The OD aims to safeguard the interests of IP, who are among the poorest populations in the world. IP represent about 5 percent of the world's population but over 15 percent of the poor. Thus, the objectives of OD 4.20 are well aligned with the Bank's overall poverty reduction mandate. Indeed, the OD was path-breaking when it was issued: it aims at socially inclusive and equitable development. It is fully consistent with the opportunity, security, and empowerment principles of the World Development Report (WDR) 2000-2001. It supports measures that would provide IP opportunities to access the benefits of development assistance. It recommends informed participation in the design and implementation of development efforts that affect IP lives. It aims to reduce their vulnerability by seeking to address issues that constrain their access to development benefits and to ensure that IP do not suffer from adverse effects from development assistance.

2.3 The evaluation finds projects that applied the OD to have better outcomes in terms of their stated objectives. A review of ICRs available for the 89 projects where IP were affected reveals that 64 percent of the projects that applied the OD had achieved the poverty reduction objectives substantially, while only 55 percent had similar ratings in projects that did not apply the OD. The results are even better when the quality of OD implementation is higher. Moreover, implementation of the OD also improves the quality of the project from other thematic perspectives such as the environment. For example, nearly two-thirds of the projects that applied the OD considered environmental objectives

applicable, while only one-third of the projects that did not apply the OD did so, suggesting greater attention to environmental issues in the former case.[14]

2.4 When OD 4.20 was issued in 1991, the Bank's poverty reduction mandate was rapidly evolving; perhaps as a result, this directive is not explicitly nested within its poverty reduction framework. In practice, this raises questions: Does the OD aim to protect in general the dignity, human rights, and cultural uniqueness of all IP? Alternatively, does the OD aim to address social and cultural constraints that limit "poor IP" from receiving the benefits of Bank-financed assistance? Further, OD 4.20 requires the provision of "culturally appropriate benefits," but does not directly address the tensions that may sometimes arise between important aspects of the poverty reduction agenda and other cultural aspects.[15]

2.5 The OD does aspire to help ensure that "the development process fosters full respect for the 'dignity, human rights, and cultural uniqueness' of indigenous peoples." But do these objectives cover only economic and social rights necessary for poverty reduction? (Shihata 1992, Picciotto 1996). Alternatively, do they cover civil and other political rights? If so, how are the objectives to be reconciled with the Bank's Articles of Agreement?[16] Although the Bank's legal and ESSD staff take the position that the OD relates only to economic rights, this is not fully appreciated by the public, and the current formulation of the OD has generated expectations among many stakeholders that the Bank can deliver more than its mandate allows.

2.6 ***Alignment with other policies.*** The OD emerged in response to specific issues and challenges (see Barnes, Gray, and Kingsbury 1995, p. 23), and as a result, it is self-contained. There can be potential tensions between the OD and environment-oriented policies such as OP 4.04 on natural habitats (which requires limiting the use of natural resources). The policy framework governing resettlement of IP also needs greater clarity. While OD 4.20 is based on differential treatment for IP, OD 4.30 did not provide any IP-specific requirements pertaining to resettlement. It is not clear whether an IPDP in its current format is required or appropriate when IP are resettled, and what adaptations, if any, are needed to ensure that the resettlement plan meets the needs of IP in a manner similar to an IPDP. OP 4.12 on resettlement now cross-refers to the IP policy providing directions when IP are involved in resettlement, although it seems unclear as to whether the issues are to be dealt with differently. The impacts on IP can be included as part of the environmental assessment process, but the ESSD web page (http://lnweb18.worldbank.org/ESSD/essdext.nsf/47ByDocName/EnvironmentalAssessment) suggests that these policies are to be treated differently.

CLIENT OWNERSHIP

2.7 ***Relevance to targeted groups (IP).*** The OD requires the informed participation of targeted groups in the planning, implementation, and evaluation of development

[14] Management noted that IP are often located in environmentally sensitive areas so it is not a surprise that the application of the OD is correlated with the application of environmental analysis. The OD recognizes the relationship between the two policies.

[15] For example, addressing gender inequality, essential for effective poverty reduction, may raise issues about the appropriateness of such actions at a cultural level.

[16] Article IV, Section 10 of the Bank's Articles prohibits interfering in the political affairs of its members.

interventions that affect them—an innovative provision for the Bank in the early 1990s. It encourages the use of traditional channels for communication and decision-making, recommends the use of indigenous knowledge in designing interventions, and supports general education and training in management skills for IP from the onset of the project. It also requires careful planning and study of a holistic set of issues related to IP during the preparation of Bank-financed projects. These provisions help ensure that development interventions are relevant for IP.

2.8 ***Consistency with client approaches.*** The approach in OD 4.20 is consistent with that followed in several LCR countries. Eleven of the 14 sample countries with IP in the region have signed International Labor Organization (ILO) Convention 169 and/or 107, and the other three have legal provisions that recognize special rights for IP. On the other hand, several Bank clients such as China, India, and Indonesia have expressed discomfort with the "idea of an indigenous peoples rooted in the soil and with prior claims on it," as it "presupposes the other, who is defined as the immigrant, the alien, or the usurper- …." (Beteille 2000, p. 185).[17] These countries find it difficult, if not provocative, to make invidious distinctions between groups who are deemed to be indigenous and groups that are not.[18] The Bank has been flexible in such cases, adapting the OD to the domestic frameworks and using language already in use within the country. Thus, in India, there are Tribal Development Plans; in EAP region, there are Ethnic Minority Development Plans.[19] However, in countries without such legal frameworks but with social groups regarded as deserving of protection under the directive (for example, Morocco, Ethiopia), the very use of the term "indigenous peoples" may have constrained application of the OD provisions.

2.9 ***Country-specific diagnosis of issues.*** OD 4.20 calls for diagnosis of IP-related issues at the country, sector, and project-levels. This also increases the relevance of Bank assistance for client countries by helping to adapt Bank assistance to country circumstances (World Bank 2001). Until recently, this provision has been applied flexibly, with country-level analysis occurring mostly in countries with large IP populations. In such countries, Economic and Sector Work (ESW) has contributed to OD implementation at the project-level. In three countries (Ecuador, Guatemala, and Peru) with large IP populations, the evaluation finds that IP issues have been more systematically discussed in formal ESW and that such analysis has provided a useful basis for designing Bank assistance. In Bolivia, there is significant consideration of issues related to rural poverty; this may be adequate because the majority of the rural poor are indigenous, and projects do not always distinguish between the indigenous and non-indigenous poor. In the other countries, such diagnosis seems limited. More recently, poverty assessments in Panama (2000), China

[17] The Indonesian Minister for Law and Social Justice expressed his Government's views at an OED/India Department Workshop on Social Inclusion organized in New Delhi in December 2001. Representatives of the Indian Government expressed similar views during meetings with OED staff in November 2001.

[18] Note that the terms "Indigenous Peoples" and "Tribal Peoples" are treated distinctly under the ILO *Conventions (169) Concerning Indigenous and Tribal Peoples in Independent Countries.* Tribal peoples are described as those "whose social, cultural, and economic conditions distinguish them from other sections of the national community, and whose status is regulated wholly or partially by their own customs or traditions or by special laws or regulation." Indigenous peoples are described as those "who are regarded as indigenous on account of their descent from the populations which inhabited the country, or a geographical region to which the country belongs, at the time of conquest or colonization or the establishment of present state boundaries and who, irrespective of their legal status, retain some or all of their own social, economic, cultural, and political institutions."

[19] The Indian Constitution provides for the notification of certain communities as tribal. The notification is on the basis of a varied mix of ethnic, social, linguistic, and economic criteria.

(2000), Vietnam (2000), and an environment report in Russia (1996) comprehensively examine issues related to IP.

2.10 Beyond formal, country-based ESW, working papers—particularly in the LCR region—have helped to identify IP developmental concerns and to provide a foundation for plans to mitigate or address IP issues. There have been legal studies relating to IP in Bolivia, Brazil, Colombia, Ecuador, Guatemala, Guyana, Honduras, Nicaragua, Panama, Peru, and Venezuela. Analytical work in LCR (World Bank 1994) has helped to demonstrate the close links between IP and poverty and to strengthen initiatives to address these issues. Similarly, the EAP region has published country profiles on ethnic minorities and the context within which they live in China, Laos, the Philippines, and Vietnam.

2.11 Since much of this work has been recent, it is difficult to gauge its impact—though some of the more recent Country Assistance Strategies (CASs) prepared in the countries with good analytical work reflect integration of relevant issues. CASs in countries with large indigenous populations (Bolivia, Ecuador, Guatemala, and Peru) explicitly integrate issues relating to IP, particularly in terms of inequitable access to development benefits. In the other countries with smaller populations, the treatment is mixed. The Nicaragua CAS (2000) addresses the issue of indigenous groups' rights to land and natural resources, starting with the demarcation of indigenous land. CASs for Brazil and Venezuela, with only a small minority of IP, have not been as explicit, but they have targeted vulnerable groups that need special attention. The Vietnam CASs are notable in their treatment of the issue; a previous CAS focused on analysis, and the later CAS reported on the analysis and the subsequent strategy. Overall, the evaluation concludes that the OD's requirement for analytical work at different levels was highly appropriate and relevant.

PARTNERSHIP

2.12 ***Collaboration with other development partners.*** Important aspects of Bank assistance to IP, such as fostering human rights and dignity and cultural preservation, go beyond areas where the Bank has comparative advantage, namely analytical and lending capacity for poverty reduction. This makes partnerships with U.N. agencies, other multilateral development banks, and bilateral agencies especially important.[20]

2.13 Although the OD is silent on the issue, there have been a number of partnership efforts at the regional and policy levels. From the mid-1980s, the Bank has collaborated with numerous U.N. and other development agencies. There have been several initiatives with the Inter-American Development Bank (IDB) in this area,[21] and since the mid-1990s, the World Bank has collaborated with development partners almost on an annual basis as part of the Inter-Agency Working Group on IP. Bank staff also point out that the Asian Development Bank (ADB) consulted extensively with them in preparing their policy.

[20] An evaluation of the Norwegian assistance to IP highlights the importance of such partnerships (Duadelin, p. 38).

[21] For example, the LCR region in collaboration with the Hemispheric Indigenous People Fund and using Bank Institutional Development Grants began a series of training workshops in 1993-94 for Latin American IP organizations. The Pilot Program to "Conserve the Brazilian Rain Forest (1995)" coordinated by the World Bank, supports an integrated set of projects that will contribute to a reduction in the rate of deforestation of Brazil's rain forests in a manner consistent with the sustainable development of the area's natural and human resources and that will provide lessons for designing future activities. The Pilot Program was launched at the request of the Group of Seven (G-7) industrialized countries and also enjoys financial support from the Commission of the European Communities and the Netherlands.

2.14 ***Consistency of approach with other multilateral agencies***. Notwithstanding these partnership initiatives, the harmonization of policies on IP has not been fully successful.[22] The ILO and some multilateral agencies—ADB and IDB—have used somewhat different approaches. The ILO conventions 107 and 169 and the ADB policy apply only to social groups who are determined to be, or identify themselves as, indigenous or tribal.[23] On the other hand, the OD seems to extend coverage to a broader set of social groups who meet to varying degrees the five characteristics. The ILO conventions apply only to those countries that have ratified one or the other convention, while the OD applies to all Bank interventions. The ADB policy recognizes the primacy of national legislation and policy in protecting the rights of IP,[24] while the OD considers the national law only as a starting point to identify IP. The IDB does not have an explicit policy. Its recent evaluation shows that the focus of its assistance for IP has mainly been in social sector projects as part of its poverty reduction mandate.[25]

RESULTS ORIENTATION

2.15 ***Focus on monitoring and evaluation.*** The OD requires monitoring of results on the ground and the preparation of project-reporting formats and schedules appropriate to the project design. It also requires that legal provisions include monitorable benchmarks (see footnote 43). It recommends involvement of IP in evaluation and suggests that evaluation reports should be disclosed to the public. The OD, therefore, does focus on results.

2.16 Conversely, the evaluation finds that lack of clarity in its requirements, particularly those related to its coverage and scope, has led to inconsistent application of the OD (see next chapter). This may lead to lower levels of results than feasible or desirable. For example, the use of IP as an umbrella term seems to have resulted in a lack of appreciation among Bank staff of the need to protect tribal groups who normally would meet the five characteristics to varying degrees. Despite prima facie evidence that tribal social groups in two of the four sample countries in the AFR region would fit the characteristics stated in the OD, there is no discussion in the related documents of whether the projects would affect them.

2.17 ***Clear Accountability***. In consultation with the client, and based on an examination of the Borrower's policies and regulations, the Bank team is responsible for identifying whether a project is likely to affect IP. Bank staff are expected to retain the services of expert anthropologists when necessary. When IP are affected, Bank staff are asked to settle

[22] Management notes that harmonization does not suggest that the policies of the multilateral development banks (MDBs) be identical. The policies of each institution reflect the institution's mandate/mission, and also membership, which differs from institutions to institution.

[23] ADB's more recent 1998 policy on indigenous peoples explicitly clarifies that the policy does not cover all culturally vulnerable social groups, but only social groups "that display two significant characteristics. These are descendants from population groups present in a given area, most often before modern states or territories were created and before modern borders were defined, and maintenance of cultural and social identities, and social, economic, cultural, and political institutions separate from mainstream or dominant societies and cultures."

[24] "ADB must respect the will of governments, including legislation and policy that exists and the power of eminent domain that government possess. Application of the policy would be within the context of country-level legal frameworks and other relevant circumstances."

[25] IDB. 2002a. *Summary of Evaluation Findings of 10 Projects that Include Indigenous Peoples as Beneficiaries,* Office of Evaluation and Oversight. Washington, D.C.

on the need for special measures including an IPDP at the IEPS-Project Concept Document (PCD) meeting. Where an IPDP is required, the responsibility for its preparation shifts to the Borrower. This splitting of responsibility for IP identification between the Borrower and the Bank needs to be reviewed carefully to ensure clarity of roles, thus avoiding the dilution of accountability either of the Bank or of the Borrower.

3. IMPLEMENTATION OF OD 4.20

3.1 This section assesses the extent and quality of implementation of the OD. The evaluation reviewed the universe of 234 projects that were appraised after January 1, 1992 and closed before May 31, 2001 in the 34 sample countries.[26] In addition, the evaluation undertook a rapid review of the last five projects approved through FY2001 in each of the 34 countries to understand whether there has been any improvement in OD implementation.

3.2 The evaluation focused on three aspects:

- **Coverage of intended beneficiaries.** (To what extent did the Bank identify that IP, as covered by the OD, were affected by the projects?)
- **Protecting interests of IP.** (To what extent did the Bank base its assistance on sound diagnosis? Did it include satisfactory IPDPs? Did it involve informed participation of IP?)
- **Monitoring and evaluation of project results.** (To what extent did projects include measures to monitor and evaluate results related to IP?)

COVERAGE OF INTENDED BENEFICIARIES

3.3 ***Projects that "affected" IP.*** The evaluation found that 89 projects (US$9.5 billion) of the 234 reviewed (US$27 billion) could have affected IP. Attachment II explains the specific criteria and processes for determining whether a project affected IP, including references in project documents and significant presence of IP in the project locality. The project classifications were discussed with regional staff and interested nongovernmental organizations (NGOs). In addition, they were reviewed by a panel of experts established for this purpose (see Box 3.1).

[26] Initially, OED examined all the 297 projects that were approved after January 1, 1992, three months after the issuance of OD 4.20. This is in line with the view that the OD became effective immediately upon issuance by Management. In fact, OD 4.20 does not contain an effectiveness date nor does it exempt any projects, which may have been at an advanced state of preparation at the time of its issuance. OED, therefore, considered that all projects that went to the Board thereafter could have been retrofitted to comply with the policy. OED considered this an integral part of Management accountability to implement the policy at least on a best effort basis, particularly because OD 4.20 followed an OMS issued in 1982 that required a "tribal component" each time a project had "tribal populations" in its zone of influence. Management explained that it would be more reasonable to expect that the OD would apply to projects for which the EPS/PCD was issued after December 1, 1991, or even after January 1, 1992, since this would be consistent with current approaches in other Board approved OPs. In view of Management's comments, OED amended the evaluation sample to include only the 234 projects appraised after January 1992 and closed before May 31, 2001. Interestingly, the levels of implementation of the OD remain the same for both samples, because several projects appraised between September 1991 and January 1992 included measures as per the previous OMS or had applied the OD.

Box 3.1: Who Are IP for Purposes Of Bank Assistance?

The findings of this study have demonstrated that the process of determining which groups are covered by the Bank's IP policy is in urgent need of clarification. As written, the OD states that the country's legal and regulatory framework is the starting point of the process. However, the Bank's decision as to whether a group falls under the Bank policy is expected to be grounded on the Bank's determination as to the degree to which the five characteristics specified in paragraph five of the OD fit the case at hand. The OD stresses the need for the Bank to exercise judgment and to use specialized anthropological and sociological experts in making this determination. Making a technical judgment on the presence in varying degrees of the five characteristics in a group can be a difficult judgment call that can be legitimately challenged, however. Analyses by social scientists of the Berbers in Morocco and the Somalis in Ethiopia are examples of the need to provide greater specificity in the criteria to be used and the processes to be followed in determining whether the policy applies to a particular population group.

The evaluation, fortified by the views of an expert panel, concludes that Berbers in Morocco, particularly those living in the Atlas mountain ranges, meet the five characteristics to a substantial degree. It also concludes that projects such as the Morocco *Second Agricultural Sector Investment Loan* affect such groups because the loan financed country-wide interventions on rain-fed and forest lands and supported the revision of laws to reduce the rights of communities to benefit from forest resources, including free grazing on forest land. The loan also supports the reopening of discussions for granting individual property rights to farmers on collective lands, as well as the granting of land titles in land reform areas.

In Ethiopia, the 1989 census indicates that the Somalis constituted about 2 to 4 percent of the total population, although this is likely to be an underestimation, given the nomadic nature of the group. The project appraisal document (PAD) states that the region "is a remote and isolated area of Ethiopia, inhabited largely by Somali nomads herding cattle, camels, sheep, and goats" and adds that there is a "close link between the economic life of most IP and the conditions of the natural environment." It further acknowledges the possibility of project activities "upsetting the delicate balance between the water and grazing availability" in some parts. All this corroborates the evaluation's conclusion that OD 4.20 applies to these groups; here too, OED's expert panel concurs with OED's determination.

Based on the same facts, Management reaches different conclusions. Its response indicates that: "operational staff in interpreting the policy have come to different conclusions on these issues. It is useful to consider the work of MENA social scientists in examining the issue of the application of OD 4.20 to the projects for which OED analysis indicated that the policy might have been applicable. These were agricultural development projects, mainly in large irrigated lowland and oasis schemes. In examining these projects, MENA social scientists found that the populations affected by these projects were so extensively intermingled that, except for language, the remaining four criteria did not effectively or usefully distinguish "indigenous" Berbers from Arabs in those locations. Taking into account the social, cultural, and political context, they therefore determined that the OD did not apply. In Sub-Saharan Africa, AFR social scientists came to a different conclusion from OED experts concerning the applicability of the policy to Somalis in Ethiopia. Unlike OED, AFR social scientists do not consider the Somalis to be a good fit for application of OD 4.20 in the project under question in the sample. Their analysis is based on the following logic: Somalis make up almost the entire population of the area in question, and exercise considerable power as one of the largest ethnic and linguistic minorities in a country with no ethnic or linguistic majority. Urban Somalis, both in Ethiopia and Somalia, controlled much of the livestock trade in rural areas, as well as the administration of the region. Somalis have played important roles in far-flung trading economies and in complex international political movements, not least of which has been an intense struggle for shares of power among the clans of the Somali areas. Therefore, they are full participants in the wider society, not the relatively isolated, subsistence-based, fully distinct group envisioned in the OD."

3.4 ***Projects that applied OD 4.20.*** Overall, the evaluation found that the OD was applied in 62 percent of the 89 projects that affected IP (55 projects for US$7 billion). Table 3.1 shows the regional distribution of these projects. In these 55 projects, IP groups were identified, and some measures integrated to protect their interests.[27] In four of these 55 projects, the appraisal documents indicated that IP-related issues had been carefully considered and they confirmed that no further action was necessary.[28]

TABLE 3.1: IMPLEMENTATION OF OD 4.20 AT A REGIONAL LEVEL

No. of Closed Projects				
Region	Reviewed in the evaluation	Where IP were affected	Where IP were identified and steps were taken to protect interests	With IPDPs or elements thereof
AFRICA	16	1	0	0
ECA	19	3	3	1
EAP	60	20	11	7
LCR	97	50	31	15
MENA	10	0	0	0
SAR	32	15	10	9
Total	234	89	55	32
ECA=Europe and Central Asia Region; EAP=East Asia and Pacific Region; LCR=Latin America and Caribbean Region; MENA=Middle East and North Africa Region; SAR=South Asia Region				

3.5 ***Projects where the evaluation found that the OD should have been applied, but was not.*** In the other 38 percent of the 89 projects (34 projects for US$2.4 billion), the evaluation concluded that there was prima facie evidence that IP were affected, but were not protected by the application of the OD. This list originally included nearly 48 projects, but this number was reduced to 39 through discussion—sometimes spirited—with Management and staff, through consultation with external stakeholders in selected cases, and through review by the OED panel of experts. In the final review, Management disagreed with the OED finding that IP were affected in five projects; these were then shifted to a special "not-rated" group, leaving 34 projects in this category.[29] Of these 34 projects, 27 included IP as beneficiaries and only seven may have negatively affected them.

3.6 Out of the 89 projects that affected IP, the evaluation concluded that activities were likely to have an adverse impact on IP only in 25 (US$3.9 billion), while in the remainder, the IP were potential beneficiaries. Only 11 of the 25 projects, however, had IPDPs or elements thereof (US$1.6 billion). Self-standing IPDPs were present in only eight, and in another four, there were elements of an IPDP (The nature of these elements is explained in Chapter 1). In the other 14, there were inadequate measures to mitigate the adverse impact

[27] In fact, as discussed in the section on the quality of implementation, in seven of these projects there is only a passing reference to IP but no explicit efforts to directly safeguard their interests.

[28] Pakistan *Second Private Sector Energy Development* project*,* Russia *Second Highway Rehabilitation* project*,* Indonesia *Fifth Kabupaten Roads* project, and Indonesia *Village Infrastructure* project.

[29] Ethiopia *Calub Gas* project, Morocco *Second Agriculture Investment Loan,* Pakistan *Balochistan Primary Education* project, Pakistan *Social Action Program*, and the Pakistan *Population Welfare Program.*

of the project activities.[30] However, this does not mean that the evaluation can conclude that the project adversely affected IP or that IP did not benefit from the project. To arrive at this conclusion, there is need for fieldwork, which will be undertaken in Phase II.

3.7 The review of more recent open projects indicates that there has been improvement in the quality of coverage in projects approved after FY1998 (see Table 3.2). Institutional arrangements for monitoring OD implementation changed after FY1996, when technical departments and subsequently the regional networks, were charged to ensure proper implementation. The Strategic Compact in FY1997 also provided resources marked for social scientists who play an important role in implementing this policy. These institutional changes took some time to have an impact. To check whether implementation has improved more recently, the evaluation reviewed 170 open projects, 140 of which were approved after FY1998. The review of these projects indicates that the application of OD 4.20 has remained at the same level, but that more than 95 percent of the projects likely to have an adverse impact on IP included IPDPs or elements of IPDPs. On a regional basis there is considerable improvement in the LCR and EAP regions, with the OD being applied in more than 85 percent of the projects that affected IP. In the projects where the OD has not been applied, IP are mainly beneficiaries.

TABLE 3.2: IMPLEMENTATION OF OD 4.20

	Closed Projects		Open Projects	
Dimension	No. of projects	%	No. of projects	%
Projects Reviewed	234	100	170	100
Reviewed projects that affected IP	89	38	94	55
Projects that affected IP and applied the OD	55	62	58	62
Projects that applied the OD and had IPDPs or elements of IPDPs	32	58	41	77
Projects that applied the OD and included monitoring of impact on IP	11	20	30	52

3.8 The evaluation finds remarkable flexibility in Bank practice in the interpretation of the term "social group" used in OD 4.20 to identify IP. For example, in China the evaluation sample indicates that the Bank works within the definition of 55 national minorities, considering such groups as IP.[31] Several loan agreements for Indonesian projects define IP as those social groups that: first "have a distinct social and cultural identity" and second, "are susceptible to being disadvantaged in the development process induced by the Project or any part thereof."[32] Similarly, loan agreements in Vietnam define the term "Ethnic Minorities" as social groups that are disadvantaged in the

[30] These included projects that support the drafting of domestic environmental laws and the establishment of institutional frameworks to strengthen environmental assessments in public and private sector investments. See El Salvador *Technical Assistance* Loan.

[31] This position was confirmed by the Management in its response to the Inspection Panel in the China *Western Poverty Reduction* project: "For the purpose of OD 4.20, the Bank uses the official designation of 55 minority nationalities in determining the applicability of the term "indigenous peoples"."

[32] For example, Indonesia *Fifth Kabuten Roads* project (FY1994).

development process and that have social and cultural identities distinct from those that constitute the predominant ethnic group in Vietnam. In some recent cases in India, not only scheduled tribes, but also backward or scheduled castes who meet the five characteristics to varying degrees have been covered by the OD.[33] In Pakistan, a more exclusionary approach is adopted. Although tribal populations in many parts of the country meet to varying degrees the five characteristics stated in the OD,[34] the Pakistani Constitution has conferred a special status on tribal groups to protect their customary and political institutions, and the government has signed ILO Convention 107, the Bank has preferred to take an exclusionary approach and not consider them as IP under the OD. In LCR, some of the rural Afro-Latino descendants are treated similarly to IP, because these groups possess certain characteristics (especially in terms of their attachment to lands and natural resources) similar to those of IP and could have been excluded from project benefits if special measures had not been taken in Bank-financed projects.[35]

3.9 The OD states that "Task managers (TMs) must exercise judgment in determining the populations to which this directive applies and should make use of specialized anthropological and sociological experts throughout the project cycle." The evaluation found only limited projects where documents indicate that anthropologists or sociologists were involved during project preparation. There was also little or no discussion in IEPSs on this issue. Perhaps as a result, no consistent practice has emerged on whether a social group needs to meet all five characteristics to varying degrees or to meet just a few of the five characteristics fully. In some projects, once IP are identified under the country's legal framework, the focus in applying the OD seems to be on remoteness and poverty.

3.10 The evaluation finds that IP are more systematically identified in countries with legal provisions related to IP or when IP-related issues are a part of the countries' public policy debates—such as in China, India, and several LCR countries. In AFR and MENA regions, the evaluation sample of six countries did not find any sample projects that recognize IP, although the evaluation found the presence of social groups that met to varying degrees the five characteristics mentioned in OD 4.20 in at least three countries. In the AFR region, for example, an initiating memorandum was drafted to prepare a set of regional guidelines for the identification of IP. However, given the impending revision of the OD, which began in 1996, the initiative was suspended. More recently, the OD has been applied in some recent Global Environment Facility (GEF) projects and the Chad-Cameroon *Pipeline* project.

3.11 The evaluation's findings on application of the OD are consistent with several self-assessments that were undertaken by the regions—despite the fact that OED's sampling was purposeful and they selected those projects, that either affected IP or had likelihood of

[33] In the *Second Rural Water Supply and Environmental Sanitation* project and the *Community Water Tanks* project, both in Karnataka, other backward castes and some scheduled castes that meet the five characteristics are also treated as IP.
[34] See Staff Appraisal Report (SAR) on Pakistan *Balochistan Natural Resource Management* project, which identifies these characteristics (pgs.12-15). They are also recognized as IP by other external stakeholders. (See Burger, *The Gaia Atlas of First Peoples,* pg. 184).
[35] These include: (i) rural black communities on the Pacific Coast of Colombia under the Colombia *Natural Resources Management* project; (ii) Garifuna-speaking Afro-descendant communities along the Atlantic Coast under the Honduras *Social Investment Fund IV and V* and *Coastal Tourism* projects; and (iii) Afro-descendant communities along the Pacific Coast of Ecuador and Peru under the *PRODEPINE* and *Indigenous Peoples and Afro-Peruvian* Learning Innovation Loan (LIL). Partly, this can be attributed to the fact that some of these countries have recent legislation relating to Afro-Latin populations, although narrower in scope than that for IP or that of the OD.

doing so. An internal review of 72 projects affecting IP in the LCR region found that the policy was slow to take off in the period between 1992 and 1997, but had improved thereafter. According to this report, the degree of OD implementation was much higher in the 24 projects under preparation in 1997, where several projects intended to incorporate an IPDP. A previous internal review of the application of OD 4.20 in the EAP and the SAR regions between 1987 and 1994 found that although all 48 projects reviewed included IP or ethnic minorities, only 18 projects (37 percent) acknowledged existence of IP and the applicability of the OD.

PROTECTING INTERESTS OF IP

3.12 The evaluation examined the 55 projects where the OD was applied to assess how the Bank protected the interests of IP based on three criteria: (i) soundness of underlying diagnosis, (ii) the quality of the IPDP or elements thereof, and (iii) the extent of IP participation. Overall, 58 percent of the projects that applied the OD were assessed to have taken measures that were satisfactory or highly satisfactory. This improved significantly in the later set of open projects, with 77 percent of the projects having a satisfactory or highly satisfactory rating. The findings are summarized in Table 3.3.

TABLE 3.3: QUALITY OF OD APPLICATION

Rating	% of closed projects where OD has been applied	% of open projects where OD has been applied
Highly Satisfactory	16	44
Satisfactory	42	33
Moderately Satisfactory	15	5
Moderately Unsatisfactory	5	4
Unsatisfactory	11	9
Highly Unsatisfactory	11	5
Total	100	100

HS: Diagnosis + participation + measures to protect IP interest + monitoring indicator on impact or outcome.
S: Diagnosis + participation + measures to protect IP interest. No indicators.
MS: Participation + measures to protect IP interest. No Diagnosis or indicators.
MU: Lower levels of participation only in implementation + Measures to protect IP interest. No Diagnosis or indicators.
U: References to IP + Some analysis or a measure directed at IP. No participation, Diagnosis or indicators.
HU: References to IP, but nothing else.

3.13 ***Soundness of diagnosis.*** Sixty percent of the project documents that identified the presence of IP included some efforts to diagnose IP-related issues, although in 78 percent of the project documents there is poverty analysis that may indirectly deal with IP issues.[36] Overall, diagnosis of issues related to IP needs to be strengthened and made an integral part of project preparation. Increasingly, as noted in Chapter 2, country-level analysis of issues is being undertaken, and that analysis is then supplemented at a project-level.

[36] Analysis in the appraisal document was considered adequate if it reflected an understanding of the socioeconomic and cultural characteristics of IP and the potential impact of the project on IP. Where this did not exist, the evaluation looked for a reference to a baseline study, or a social analysis/assessment, or consultations with IP during project preparation that would have indicated consideration of these issues.

3.14 ***Quality of IPDP or elements thereof.*** Normally, an IPDP is prepared by the Borrower, and the evaluation finds that this process enhances client ownership of the plan. On the other hand, the extent of Borrower ownership is not as clear in projects where the evaluation only finds some of these elements in project documents. Only 58 percent (32 projects) of the 55 closed projects that applied the OD had IPDPs, elements thereof, or the necessary design features.[37] Twenty-two percent (12 projects) had self-standing IPDPs and another 31 percent (17 projects) had elements of an IPDP. In five percent (three projects), the bulk of the beneficiaries were considered as IP, and no IPDP was required because the OD applied to the project in its entirety.[38] The other 23 projects (out of the 55) included one or more specific measures or provisions for IP as required by the OD, but these were not considered sufficient to warrant description as IPDPs. There is significant improvement in the set of open projects, however, in that 77 percent of the open projects that applied the OD had IPDPs or elements thereof. Thirty-five percent have self-standing IPDPs.

3.15 During the evaluation period, there seems to be little difference in the application of the OD to projects that adversely impacted IP and those where IP were beneficiaries. For example, 32 projects had IPDPs or elements thereof; only 11 of these projects were likely to adversely impact IP, and the remaining 20 projects were those where IP were mainly beneficiaries. However, out of the 12 self-standing IPDPs, eight were in projects that adversely impacted IP and four were in projects where IP were beneficiaries.

3.16 Only a handful of so-called "process projects"[39] included strategies to address issues related to IP. Among these, the Peru *Second Social Investment Fund* has dealt well with these issues. The appraisal documents for two emergency projects (Ecuador-November 1997; Peru-December 1997) are silent on IP issues, but the legal agreements require the Borrower to employ a team of experts under terms of reference satisfactory to the Bank to prepare IPDPs for relevant sub-projects. In these cases, design and diagnosis were postponed to the implementation stage (while the OD requires these steps to be undertaken prior to appraisal). Similarly, most financial intermediary projects that operate in IP locations do not have any references in any documents to the potential impact on IP.

3.17 A review of Bank practice also indicates that the links between the different social policies/directives were not clear during most of the evaluation period. For example, is there a need for a separate IPDP when there is a resettlement or an environmental action plan, required under the other Bank policies? Current guidance on the web page (http://lnweb18.worldbank.org/ESSD/essdext.nsf/47ByDocName/EnvironmentalAssessment) for implementing the policy on environmental assessments suggests that

[37] IPDPs are not easily available, not maintained at the Bank's Public Information Center, and in many cases are not traceable although referred to in the documents. The evaluation team contacted all regional IP coordinators to obtain lists of IPDPs for the relevant projects and the counts are based on the responses as well as references in documents. Management recognized that this had been a problem and has taken steps to substantially improve access, including the development of a project documentation system for environmental and other safeguard policy reports. See *World Bank Policy on Disclosure of Information, June 2002.* Management notes that our previous disclosure policy did not require public disclosure for all IPDPs—only for those classified as "A" and in some cases for "B" projects.

[38] See para. 13 of OD 4.20 (Attachment III).

[39] Projects that set up mechanisms to finance a series of sub-projects, the nature of which will be determined during implementation, according to established operational guidelines.

issues related to social policies such as the one on IP, are dealt with separately.[40] In practice, however, the evaluation did not always find such separate treatment, which sometimes resulted in a failure to implement the provisions of the OD effectively.[41]

3.18 The evaluation found that the OD was not applied in at least 10 urban development projects in the sample, although in most it was clear that IP would be among the population affected by the projects. Management believes that these projects are not covered by the OD because the affected populations do not meet in varying degrees the five characteristics stated in the OD. In line with Management's views, this evaluation classified these projects as not-applicable, that is, they were not included in the group of 89 projects considered to affect IP for the purpose of OD 4.20.[42] The proposed OP takes a slightly different view from OD 4.20 and exempts the policy from applying to groups who: (a) have left their communities of origin, (b) moved to urban areas, and (c) and/or migrated to obtain wage labor.

3.19 Paragraph 13 of the OD states that when the "bulk" of the direct project beneficiaries are IP, the Bank's concerns would be addressed by the project itself and the provisions of the OD would thus apply to the project in its entirety**.** This provision has been interpreted in different ways. For example, the India *Bihar Plateau Development* project does not have a separate IPDP perhaps because it states that 50 percent of the project beneficiaries belong to tribal groups. On the other hand, the Implementation Completion Report (ICR) for the Cambodia *Social Fund* project states that in view of the national scale of the project and the small population of IP, the project does not have an IPDP. In the Pakistan *Balochistan Natural Resource Management* project, the appraisal document indicates that the bulk of the people affected will be tribals, meeting to varying degrees the five characteristics stated in the OD. The project does not have an IPDP, although it is clear that the customary access to land and natural resources of a number of IP groups will be restricted through environmental protection measures. The review of open projects also indicates some similar approaches. The PAD of the Nepal *Rural Infrastructure* project states that, "virtually all inhabitants of Nepal can be considered to be indigenous" and adds that therefore the project has been designed to ensure that its benefits reach the poorest group.

3.20 Paragraph 20 of the OD requires that "the Borrower's commitments for implementing the IPDP should be reflected in the loan documents." The evaluation examined the 55 projects to understand how this requirement was addressed. Eleven out of the 12 projects with self-standing IPDPs satisfactorily reflected IP issues in their legal documents and included covenants or other measures indicating the commitment of the Borrower or the project entity to carry out the IPDP. In projects where there are only elements of IPDPs, about 50 percent of the documents reflected some measures in loan documents. OED understands the OD provision as requiring legal documents to set out Borrower commitments on project implementation arising from the OD, regardless whether there is a self-standing IPDP, elements of an IPDP, or some measures thereof.

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[40] Management notes that in many cases the IPDPs and Resettlement Action Plans have been prepared as one document, where the primary impact of the project on the IPs was resettlement.

[41] See Russia *Oil Rehabilitation* projects.

[42] Reddy and Kvam (2001) argue along similar lines in 'Note for Proposed Mumbai Urban Transport Project.'

Management takes a different interpretation of the OD provision.[43] This suggests the need for greater clarity as to how and when the Borrower's commitment to implement the project consistent with OD 4.20 should be reflected in loan documents.

3.21 ***Extent of informed participation***. The evaluation examined the extent of "informed participation" as reflected in project design. There is a marked increase in the participation of IP beneficiaries in the design and implementation of projects where the OD was applied, compared with those where the evaluation concludes that IP were affected but the OD was not applied (see Table 3.4). Even among the projects that applied the OD, however, participation of IP in decision-making and in financial management is still low. Their participation may have been constrained by country regulations that control the use of public funds. On the other hand, participation is high in countries without such constraints, for example, in Bolivia, which passed a law in 1994 for the promotion and consolidation of the participatory planning process of IP groups and rural and urban communities. This provided a framework for substantial participation in the case of the Bolivia *Rural Communities Development* project. In addition, Bank procurement guidelines used to make it difficult for IP (and community groups) to participate in project-financed procurement. These guidelines were eased in 1995 with the introduction of "community-related procurement."

TABLE 3.4: IMPROVING QUANTITY AND QUALITY OF BENEFICIARY PARTICIPATION

ASPECT	% of projects where OD applied	% of projects where IP affected but OD not applied
Participation in design	84	55
Participation in implementation	62	55
Participation in decision making	51	22
Participation in financial management/procurement	43	33
Capacity-building of IP	52	33

3.22 As the results of field assessments indicate, capacity-building of IP groups and their representatives is critical if the participation of IP is to be meaningful. However, only 52 percent of the projects that applied the OD involve some form of capacity-building of IP for the achievement of project objectives. Although lower than desirable, this level of capacity-building is much higher than the 33 percent of projects where IP were affected, but the OD was not applied (see Table 3.4).

[43] Management interprets the OD to require a covenant in the legal documents on the obligation of the Borrower or the project entity to carry out the IPDP, if there is such an IPDP. However, if the bulk of the project beneficiaries are indigenous peoples, then the OD does not require a separate self standing IPDP, and any indigenous peoples issues or elements are addressed through project design, which may not be evident from the project description in the legal documents, and would not in and of itself require any covenants or reference to indigenous peoples in the legal documents. The umbrella covenant in the legal documents relating to the obligations of the Borrower to carry out the project (Section 3.01 of the Loan Agreement or Credit Agreement), and the covenants in the implementation program would be necessary to cover the aspects of the project that relate to IP. Similarly, no covenants are required if the PAD includes simply discussion of IP issues.

3.23 Additionally, the evaluation notes that since 1994 there are several initiatives to build capacity of IP organizations and government agencies in LCR through the use of Institutional Development Funds. Through these country-level programs (14 initiatives in 11 countries), a large number of local organizations were trained in ethno-development, project design and evaluation, organizational development, negotiation skills, and indigenous laws in a gender-aware manner. The links between such training and participation of those trained in Bank-financed projects need to be strengthened, however, if such training is to produce needed outcomes (World Bank 2000).

3.24 During the second phase—field assessments—the evaluation will ascertain whether (a) affected IP were provided with relevant information in a comprehensible manner; (b) their views were solicited on relevant issues; (c) the consultation methods were culturally appropriate; and (d) their views were considered in making final decisions on project design and implementation. It is not possible to base such assessments on a desk review. Initial results from field assessments in Andhra Pradesh, India, indicate that while "informed participation" is an important goal, it is difficult to implement effectively in contexts where traditional systems of disseminating information have either broken down or been replaced by modern state structures; where there are high levels of illiteracy among IP communities; and where the IP are part of a more heterogeneous community. Informed participation is a key tool in the implementation of the policy but it is very difficult to implement effectively. Thus, there may be a need for other tools to achieve the policy objectives.

MONITORING AND EVALUATING (M&E) PROJECT RESULTS

3.25 The evaluation assessed the 55 projects that applied the OD in terms of the project's M&E framework, the extent to which relevant issues were monitored during project implementation, and attention to relevant IP issues in ICRs and other reviews undertaken by different Bank units. The evaluation also assessed the institutional arrangements for monitoring the implementation of OD 4.20.

3.26 Forty-five percent of the PADs included monitoring indicators to measure the impact of the assistance on the poor, but only 20 percent included specific indicators to measure the results or outcomes for IP. The prevalence of monitoring indicators has improved in the open projects, with 55 percent of the projects having one or more indicators for IP.[44] OD 4.20 requires that "legal provisions should provide Bank staff with clear benchmarks that can be monitored during supervision." Fifteen loan agreements included reference to monitoring indicators or the need to develop them, or to the IPDP. Others were silent on the issue.

3.27 Project Status Reports (PSRs), prepared after each implementation support mission, do not systematically track effectiveness of actions related to IP in the projects that have applied the OD. Forty-four percent of the 41 PSRs reviewed provided satisfactory or marginally satisfactory information on IP-related issues or indicated that such information was available in other documents.[45] About half a dozen PSRs paid due attention to the section on *Compliance with Safeguard Policies*. Task teams regularly left the section on

[44] Loan Agreements of open projects were not reviewed.
[45] PSRs were rated taking into consideration the importance of IP issues in the project.

OD 4.20 blank or marked "NA," even in PSRs prepared in FY2000. The evaluation also examined 37 Mid-Term Reports (MTRs). Twenty-nine percent of the MTRs dealt with these issues satisfactorily, by focusing on achievement of objectives and monitoring indicators specifically related to IP.[46]

3.28 The evaluation examined 47 ICRs[47] available for the projects where the OD was applied. Only 25 percent provided information on outcomes for IP, although almost 60 percent made passing references. OED has not done a good job of monitoring these issues in its ICR reviews. There were 24 evaluation summaries (ESs) available for projects with IPDPs or elements thereof. Of these, OED identified IP as part of the objectives in only seven, while six evaluation summaries highlighted IP-related achievement in discussion of outcomes. Four ESs included lessons learned in relation to IP. Only a single ES (Bolivia *Second Social Investment Fund* project) pointed out that the ICR was deficient in not discussing IP issues. The evaluation assessed four available Project Performance Assessment Reviews (PPARs) for projects that affected IP**.** They do not focus on IP issues, even in projects where ICRs discuss the issue.

3.29 The evaluation examined the institutional procedures for monitoring the application of OD 4.20. For example, in the case of the environmental safeguard policy, a mandatory screening process conducted in the regions allows operations to determine the likely magnitude of potential adverse environmental impacts of all investment projects. In the case of OD 4.20, there does not seem to have been any such rigorous mandatory screening in place at the Bank level for most of the evaluation period, although some regions required an initial social analysis and consideration of IP issues. More recently, some regions such as SAR, LCR, and EAP, have introduced the use of a social data sheet or upstream project reviews as part of its PCD and PAD review.

3.30 Over the last few years, the Bank's Quality Assurance and Compliance Unit (QACU) has helped to prepare and integrate systems that requires task teams to identify and address IP issues upstream in the project cycle and explicitly assesses compliance with the policy at the time of project entry.[48] Similar modifications in the PSR format require project supervision to rate implementation of agreed IPDPs throughout the project. QACU has also helped establish an institutional "safeguards compliance monitoring and reporting system" to monitor compliance with the IP policy. Although no systematic data is available as yet, these new institutional procedures may have been a contributing factor to the improving trend in the application of the OD. Between 1997 and 2000, the Quality Assurance Group (QAG) reviewed 15 out of the 55 projects that applied OD 4.20. (Thirteen reviews looked at the quality of supervision and two at the quality at entry). Only five of the ensuing reports referred to IP. It should be noted that only since FY2000, QAG's questionnaires for the quality of supervision reviews included questions pertaining to the Bank safeguard policies, specifically in relation to OD 4.20.

[46] For a good practice in Mid Term Reviews, see Indonesia *Third Community Health and Nutrition* project.
[47] Eight projects canceled of the 55.
[48] Management notes that it has given QACU, in consultation with the Legal Department, the key role in providing Managing Directors with advice on the interpretation of safeguard policies.

4. FINDINGS AND RECOMMENDATIONS

FINDINGS

4.1 Overall, this evaluation indicates that the OD has positively influenced Bank assistance in many countries—particularly in India, Indonesia, and in several countries in the LCR region—in focusing on the marginalized poor (see Box 4.1). Beneficiary participation is higher in projects that have applied the OD than in similar projects that have not. In addition, the quality of application of the OD seems to be positively correlated with better results for poverty reduction, although this is not conclusive.

BOX 4.1: GOOD PRACTICES AT THE DESIGN STAGE

- The China *Education Development in Poor Provinces* project includes comprehensive diagnosis specific to ethnic minority girls, participation of stakeholders to discuss experiences with bilingual and minority education, measures to address identified issues, and monitoring indicators specific to ethnic minorities (such as enrollment statistics and percent of schools using bilingual textbooks).
- The *Andhra Pradesh Social Forestry* project Development Credit Agreement (DCA) requires the Borrower to carry out the Tribal Development Plan to ensure and enhance positive effects of the project on tribal groups, and to complement existing programs in Andhra Pradesh that are aimed at improving development in tribal areas. It also binds Andhra Pradesh to carry out the Tribal Development Plan agreed in a manner satisfactory to the International Development Association.
- In preparing the *Eastern Indonesia Kabupaten Roads* project, project designers in consultation with IP found that adverse impact on IP was unlikely. The results were documented in the environmental assessment and the DCA indicates that the OD would be implemented whenever a sub-project is found to affect IP.
- The Peru *Second Social Development Fund* project finances small community-initiated sub-projects, managed and implemented with the involvement of community groups. The DCA requires that guidelines for the involvement of IP be prepared, as well as a development strategy and plan for their participation.
- The Guatemala *First Social Fund* project DCA requires the efficiency and effectiveness of social investment fund (SIF) be reviewed on the basis of the key performance indicators set forth in the DCA and on the analysis of participation of indigenous groups in approved subprojects and SIF activities in general.

4.2 While there is clear evidence of progress over time, the evaluation found that the OD had not been applied in a consistent manner in the sample projects. Only in slightly more than half of the projects that affect IP have IP been identified and measures integrated to protect their interests. Out of these, only 22 percent had separate IPDP and another 36 percent had elements of IPDPs. In general, the evaluation finds that projects where the Borrower prepared a self-standing IPDP have better outcomes, which illustrates the importance of Borrower ownership in protecting the interests of IP. In the other projects, application of the OD was of low quality.

4.3 In general, the Bank has encouraged country ownership by adapting its approach to that of the Borrower. As a result, it has been able to encourage the application of the OD in some countries where it operated within the domestic legal frameworks and used the domestic terminology (sometimes without the term “indigenous peoples”). On the other

hand, in countries where the domestic legal system does not recognize or address IP-related issues, country ownership is often limited. This is the case in Morocco and Ethiopia, where—given the historical and social contexts—there is little consensus on which, if any, social groups are indigenous.

4.4 Thus, the evaluation finds that the Bank found it technically difficult to identify IP when operating outside the legal framework of a Borrowing country. This difficulty explains to a significant degree the uneven application of the OD. Looking forward to the new OP, the Bank will need to clarify how it will deal with this issue to ensure consistency and transparency in the application of the policy. For example, the new OP will need to address many of the following questions: To be covered as IP, do vulnerable groups need to meet all or only some of the five characteristics to varying degrees? Is it realistic for the policy to require that IP should be primarily subsistence-oriented? The field assessments even in remote parts of Andhra Pradesh in India indicate tribal communities are increasingly integrating into the market economies. Is it important that the group speaks an indigenous language? The Guatemala field assessment indicates that some IP groups were now speaking and using Spanish as a matter of choice. What is an indigenous language? In India the OD has been applied to vulnerable groups who speak a language different from that spoken by the indigenous groups in the area, given that the former migrated from a different part of the country—is their language an indigenous one? Would the policy cover pastoralists or migratory tribal groups, some of whom may not have attachment to any particular ancestral land? There are no hard and fast rules in many of these gray areas, but some levels of clarity would indeed be necessary for staff who are expected to implement the OD.

4.5 The OD requires the provision of culturally compatible benefits, as well as the avoidance or mitigation of potentially adverse effects on IP, that is, both the safeguard *and* benefits provisions must be applied simultaneously and in direct consultation with IP. In doing this, the policy shifts to an approach that is more difficult to ensure and to assess ex post, posing a particular challenge when part of a social OD.

4.6 The evaluation found no clear understanding in Bank documents or practice of the term "affect" which triggers the application of the OD, that is, whether it refers to direct or indirect effects, as well as if it refers to both positive and/or adverse effects. This has resulted in a lack of consistency in the application of the OD to Bank projects. It has also led to a disconnect between Bank practice and the expectations of external stakeholders, namely IP groups and NGOs, as to which projects are covered by the OD.

4.7 The quality of monitoring implementation of the OD is low, whether it is during project preparation, supervision, or at completion. Bank efforts had been inadequate to meet the ambitious objectives of the OD. Review of the more recent set of open projects, however, indicates that there is significant progress in the implementation of the OD and that the OD has been applied to over 60 percent of projects that affect IP and to 90 percent of those that could have harmed IP.

4.8 A staff survey conducted by OED suggests that there is still confusion in understanding the OD and its requirements (see Box 4.2). The survey also indicates that there is a perception among respondents that task teams do not have adequate resources to implement the OD. At the same time, the evaluation team could not find data on the IP-

related financial and administrative costs of doing business, either for the Bank or for the client country.

4.9 The OD lists a set of wide-ranging prerequisites that may need to be considered in preparing IPDPs. Several aspects (such as assessing of constitutional provisions and domestic legal systems and addressing deficiencies in land tenure laws, capacity of government institutions, and so on) may be better addressed at a country-level rather than at a project-level. Individual task teams do not have necessary leverage to address these critical issues and this has led to inefficiencies in the application of the OD.

4.10 The evaluation finds that many Borrowers have poor institutional environments for the informed participation of IP in development planning and implementation. These are issues that are better addressed at the country, rather than at the project-level.

4.11 The approaches of different donors, including that of multilateral agencies, are not harmonized, reducing the potential for genuine partnerships in the area.

RECOMMENDATIONS

4.12 Based on the Phase I review, OED recommends that the Bank:

(i) clarify the intent, scope, and requirements of the revised OP;

(ii) distinguish clearly between the *safeguard (do no harm)* aspects of the revised OP and its *do good* aspects. The OP should clearly delineate the extent of the Bank's safeguard responsibilities. On the other hand, many of the *do good* aspects would be better specified in the Source Book. The policy relating to projects where IP are only beneficiaries should be moved out of the safeguard section of the policy and placed in the second section in the proposed OP 4.20;

(iii) identify indigenous and tribal groups in a manner consistent with the country's legal framework. In countries where the legal framework does not meet the standards of the policy relating to coverage of IP, the Bank should ensure that IP are protected within the overall framework of its poverty reduction policies and establish a project-level system to monitor disaggregated impact on IP. In addition, the Bank should address the issue wherever appropriate in its country dialogue;

(iv) ensure that in countries with significant IP populations the Country Director, in consultation with the Environmentally and Socially Sustainable Development (ESSD) Network, engage the Borrower in discussions on how the Bank can best assist the country in providing culturally appropriate assistance to IP within the context of the Country Assistance Strategy (CAS) and agree with the Borrower on IP poverty monitoring indicators. The proposed Bank Procedure (BP) should specify clear accountabilities to this end; and

(v) design regional and sub-regional strategies to implement the OP given the significant differences in circumstances faced by Bank staff in implementing the policy.

BOX 4.2: RESULTS OF A STAFF SURVEY CONDUCTED BY OED

The survey was issued to 2,485 staff members, of which 206 responded. Sixteen respondents identified themselves as managers, 113 as task team leaders (TTLs).

- **Who does the OD cover?** Seventy percent of the TTLs who assessed themselves as very or moderately familiar with the OD felt the OD applied to all culturally vulnerable groups.

- **Consulted during the recasting process?** Fifty-five percent of the TTL respondents were aware that the OD was being revised. Twenty-five percent had been consulted about the recasting.

- **Is the OD critical in protecting IP?** Eighty percent of those who responded in general, but only 47 percent of the TTL respondents, felt that OD 4.20 is critical in ensuring that IP receive equitable benefits under Bank assistance.

- **Source of funding for implementing the OD?** Seventy-four percent of the respondents who undertook diagnostic work used other than the Bank Budget as a source of funding.

- **Additional support required?** See the Table below (Respondents were asked to select two from: additional financial resources, improved guidelines, training, increased economic and sector work, better tools, other)

Selection by Respondents	%
Improved guidelines + a choice other than additional financial resources	32
Additional financial resources + a choice other than improved guidelines	31
Both financial resources and improved guidelines selected	18
Neither improved guidelines nor additional financial resource	18

- **Diagnostic tools.** Sixty-eight percent of the respondents said they had undertaken social assessments as part of the initial diagnosis.

- **Comments from respondents:** (i) OD 4:20 is too rigid (or it is applied too rigidly). This is often counterproductive, and it risks reducing the benefits for IP. For instance, to work in areas with IP presence a TTL is forced to prepare long descriptive studies, often of no substantial utility in project design. A TTL thus has an incentive not to involve these areas. (ii) It would be helpful if we could grade the degree to which specific interventions for IP might be required in the project design, much as the environmental impact of the project is defined. That could then form the basis of further development of the "tribal" strategy from there on. (iii) We are now changing the OD and it will not make any difference if the TM/TTL does not have the resources to apply it.

A Self-Assessment by TTL Respondents on their Awareness of OD 4.20

Answer	%
Very Familiar	23
Moderately Familiar	57
Vague Recollection	16
Never Heard of it	4

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ATTACHMENT I

MANAGEMENT RESPONSE

TO THE OED REPORT

IMPLEMENTATION OF OD 4.20 ON INDIGENOUS PEOPLES: AN INDEPENDENT DESK REVIEW

I. INTRODUCTION

1. The World Bank has had more than two decades of experience in systematically promoting the interests of Indigenous Peoples in the development process. As OED notes, the World Bank was the first multilateral financial institution to introduce a special policy for addressing the issues related to Indigenous Peoples, with the introduction of Operational Manual Statement (OMS) 2.34 on Indigenous Peoples in 1982 and the issuance of a revised policy statement in 1991: Operational Directive (OD) 4.20, *Indigenous Peoples*.[1] The last two decades have seen substantial improvement in the understanding of Indigenous Peoples in the development process and, indeed, in the evolution of the Bank's efforts to protect Indigenous Peoples. The Bank's overall objectives remain the same: first, to ensure that benefits generated by Bank-assisted projects are tailored to the specific social and cultural needs of the Indigenous Peoples they may affect; and second, to try to make certain that Bank-financed development operations do not have adverse impacts on Indigenous Peoples, and that when negative impacts are unavoidable they are mitigated.

2. ***Recasting OD 4.20.*** The Bank's approach to Indigenous Peoples continues to evolve as the Bank works to update OD 4.20 in the Operations Policies/Bank Procedures (OP/BP) format.[2] In this context, Management welcomes OED's desk review of the Bank's implementation of OD 4.20, *Indigenous Peoples*, and its recommendations for the draft OP/BP. This Management Response discusses the report's main findings and conclusions and provides an update on the drafting of OP/BP 4.10, *Indigenous Peoples*, a process that is expected to culminate in 2003.

II. OED REVIEW FINDINGS AND MANAGEMENT COMMENTS

3. The OED evaluation concludes that the OD 4.20 objectives are consistent with the Bank's poverty reduction mandate. It finds that the implementation of the OD has had a positive influence on the outcome of Bank-supported projects, in terms of their overall objectives and their poverty reduction impact. The evaluation also finds that Country Assistance Strategies (CASs) in countries with large populations of Indigenous Peoples (Bolivia, Ecuador, Guatemala, and Peru) explicitly integrate issues relating to Indigenous Peoples, particularly those related to inequitable access to development benefits. The evaluation also concludes that the OD's requirement for analytic work on different levels was highly appropriate and relevant, and it lauds the Bank's efforts to collaborate with partners at the regional and policy levels.

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[1] OD 4.20 is available at the following website: http://wbln0011.worldbank.org/Institutional/Manuals/OpManual.nsf/toc2/0F7D6F3F04DD70398525672C007D08ED?OpenDocument.

[2] See *Draft OP/BP 4.10, Indigenous Peoples and OP/BP 4.11, Physical Cultural Resources* (CODE2001-0008), February 7, 2001.

4. ***The OED Desk Review.*** The OED desk review assesses the Bank's implementation of OD 4.20 in 234 projects[3] in 34 sample countries, concluding that the Bank applied the policy in 62 percent of the projects that potentially affected Indigenous Peoples. The report states that, of the projects that applied the OD, 58 percent applied it in a satisfactory or fully satisfactory manner. As discussed below, Management notes that operational directives, such as OD 4.20 contain a mix of policy, procedure, and guidance reflecting what should be sought and not necessarily what could be done in practice. The concept of safeguard policies was introduced in 1998. At that time, safeguard policies, including OD 4.20, started to receive greater attention with regard to compliance issues.[4] The report also provides a summary review of a sample of country projects that are still open, and it finds notable improvement in the degree and quality of the application of the OD, especially in projects approved after FY98. The report states that the OD has been applied in over 60 percent of these projects and in 90 percent of those projects that could have an adverse impact on Indigenous Peoples, and that the application of the OD is satisfactory or better in 77 percent of these projects. OED attributes this improvement to institutional and strategic changes since 1996.

5. ***Technical Issues***. The desk review assesses compliance with the implementation of OD 4.20 by comparing the number of projects where the policy was triggered with the number of projects where, in OED's assessment, it should have been triggered. OD 4.20 does not provide a single universal definition for the term *Indigenous Peoples*, but rather provides a process for identifying the Indigenous Peoples covered by the policy. The process begins with domestic legislation and regulations, but the OD relies on the judgment of task managers, informed by Regional technical expertise as appropriate, to determine whether a particular group is covered by the policy.[5] Since technical judgment is so important to the application of the OD, it is understandable that OED reviewers have reached different conclusions from those made by Bank task teams.

6. ***Evolution of Implementation.*** While differing technical conclusions are understandable, Management would point out that the implementation of the OD has evolved over time, as task managers and Regional social scientists have come to understand better the intent of the OD and the issues faced by Indigenous Peoples in countries around the world.[6] Additionally, as OED notes,[7] the Bank's policy on Indigenous Peoples, which is mainly focused on preventing and mitigating harm, is not the only instrument through which the Bank supports Indigenous Peoples. Indeed, the Bank supports a wide range of proactive measures to assist Indigenous Peoples: for example, stand-alone projects whose objectives may include strengthening the country's legal and institutional framework for assisting Indigenous Peoples; research and sector work to prepare poverty profiles of indigenous populations and carry out legal studies pertaining to the rights of Indigenous Peoples; and use of such mechanisms as the Institutional Development Fund (IDF) and

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[3] The OED review assessed 234 projects appraised after January 1992 and closed before May 31, 2001, and then calculated the average rate and quality of application of the OD over the entire period.

[4] See *World Bank Operational Policy Reform: Content, Communications and Compliance* (CODE98-48), July 24, 1998.

[5] The OD specifies: "Indigenous Peoples can be identified in particular geographic areas by the presence in varying degrees of the following characteristics: (a) a close attachment to ancestral territories and to the natural resources in these areas; (b) self-identification and identification by others s members of a distinct cultural group; (c) an indigenous language, often different from the national language; (d) presence of customary social and political institutions; and (e) primarily subsistence-oriented production."

[6] Indeed, the international context for Indigenous Peoples issues has also undergone major changes in the decade since the OD was issued: for example, issues related to Indigenous Peoples' rights have been brought to the forefront in the international arena, particularly since ILO Convention 169 was adopted, and many countries in Latin America and Asia have adopted legislation according special protections to Indigenous Peoples.

[7] See *Implementation of Operational Directive 4.20 on Indigenous Peoples: An Independent Desk Review* (CODE2002-0051, June 19, 2002), Operations Evaluation Department, paras. 2.9-2.13.

small grants to strengthen the capacities of indigenous organizations and of government agencies responsible for providing services to Indigenous Peoples.

7. ***OD 4.20 as a Safeguard Policy.*** Since 1998, recognizing the importance of the environmental and social impacts of donor-supported development projects, the Bank has been putting special emphasis on safeguard policies. It has been working to clarify the policies and distinguish what is mandatory from what is advisory. It has also been focusing on compliance issues as a special operational priority;[8] to this end, it has developed an integrated corporate system that includes strengthened Regional teams responsible for implementing safeguard policies, semiannual Regional safeguard risk assessments, and improved systems for review and clearance of projects with safeguard issues. In addition, in FY97 the Strategic Compact earmarked resources for social scientists, who play an important role in implementing several of the safeguard policies; and in July 2000, the Quality Assurance and Compliance Unit was strengthened to ensure consistency in the application of safeguard policies. OD 4.20 is one of the safeguard policies affected by these activities, but the OED desk review does not adequately capture these significant institutional improvements.

8. ***Updating the OD in the OP/BP Format***. Although the Bank has achieved progress in applying the OD, as noted above, Management has recognized that the OD includes a mix of policy provisions, internal procedures, and good practice guidance, and it understands that this lack of clarity makes it difficult for anyone to make well-grounded judgments on policy compliance. For these reasons, Management is well into the complex process of updating OD 4.20 in the Operational Policies/Bank Procedures (OP/BP) format as OP/BP 4.10, *Indigenous Peoples*. The draft OP/BP was discussed with CODE in February 2001,[9] and the Bank has been conducting extensive and transparent external consultations on the draft with a diversity of constituencies.[10] It is expected that the next draft of the OP/BP, which will incorporate the results of the consultations and address the OED recommendations, will be discussed with CODE and the Board in 2003. As the attached Management Action Record makes clear, this draft OP/BP demonstrates that Management is already working to address the areas in which OED recommends action. Management looks forward to formally presenting the post-consultation draft of the OP/BP to the Committee later this fiscal year.

III. MAJOR OED RECOMMENDATIONS AND MANAGEMENT RESPONSE

9. The following Management Action Record matrix provides Management responses to the specific recommendations highlighted in the report's conclusions.

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[8] See *Environmental and Social Safeguard Policies: Implementation Action Plan Status Report* (SecM2002-0104), February 22, 2002.

[9] See *Draft OP/BP 4.10, Indigenous Peoples and OP/BP 4.11, Physical Cultural Resources,* op. cit.

[10] See *Summary of Consultations with External Stakeholders regarding the World Bank Indigenous Peoples Policy (Draft OP/BP 4.10)*, April 18, 2002: http://lnweb18.worldbank.org/ESSD/essd.nsf/1a8011b1ed265afd85256a4f00768797/c4a768e4f7c935f185256ba5006c75f3/$FILE/SumExtConsult-4-23-02.pdf.

ATTACHMENT I

MANAGEMENT ACTION RECORD

Major Monitorable OED Recommendations Requiring a Response	***Management Response***
1. The Bank should clarify the intent, scope, and requirements of the revised OP.	Consistent with Management's overall approach to the updating of Operational Directives,[11] the new OP/BP 4.10, *Indigenous Peoples,*[12] will clarify the Bank's requirements for work that may affect Indigenous Peoples.
2. The Bank should distinguish clearly between the *safeguard (do no harm)* aspects of the revised OP, and its *do good* aspects. The OP should clearly delineate the extent of the Bank's safeguard responsibilities. On the other hand, many of the *do good* aspects would be better specified in the Source Book. The policy relating to projects where IP are only beneficiaries should be moved out of the safeguard section of the policy and moved to the second section in the proposed OP 4.20.	The draft OP/BP, made available for public discussion in March 2001 (before the OED evaluation began), provides a clear delineation between the *do no harm* aspects and the *do good* aspects of the policy. In response to both the OED findings and the results of public consultations, Management expects that the next draft will take the distinction one step further: the OP/BP will be accompanied by a strategic approach paper that elaborates on how the Bank addresses the development needs of Indigenous Peoples. Management expects that the policy provision relating to projects (primarily social sector or other poverty reduction projects) for which Indigenous Peoples are beneficiaries (paragraph 10 b of the current draft OP/BP) will remain in the safeguards section of the OP. This paragraph is intended to assist borrowers in incorporating special measures, as needed, in project design, and to "…ensure that benefits intended for [Indigenous Peoples] are culturally appropriate," taking into account their specific languages, cultural practices, religious beliefs, and ways of life.
3. The Bank should identify indigenous and tribal groups in a manner consistent with the country's legal framework. In countries where the legal framework does not meet the standards of the policy relating to coverage of IP, the Bank should ensure that IP are protected within the overall framework of its poverty reduction policies and establish a project level system to monitor disaggregated impact on IP. In addition, the Bank should address the issue wherever appropriate in its country dialogue.	Management does not agree. Management does not believe that it could maintain the principles underlying the OD and draft OP if it were to rely solely on a country's legal framework for the identification of IP who would benefit from the policy. This is because a number of borrower countries either do not have any legislation concerning Indigenous Peoples or have legislation that is not aligned with the principles underlying the OD and proposed OP. The draft OP uses the country's domestic legislation as the starting point for the general identification of

[11] See *Information Note on Operational Policy Conversion and Revision* (SecM2002-0154), March 2002.
[12] See *Draft Op/BP 4.10, Indigenous Peoples and OP/BP 4.11, Physical Cultural Resources,* op. cit.

Major Monitorable OED Recommendations Requiring a Response	*Management Response*
	Indigenous Peoples. (It should be noted in this context that the Bank as a matter of course takes into account national legislation while formulating its operational policies.) Because there are wide variations in domestic legislation, the OP also requires upstream screening, supported by additional investigations as necessary, to determine whether there are Indigenous Peoples in a project area. At the project level, the draft OP/BP requires monitoring and evaluation of project impact on Indigenous Peoples (as required under OD 10.70 *Project Monitoring and Evaluation*). At the country level, the Bank can use a range of mechanisms: technical assistance to assess borrower policies, strategies, and legal frameworks; the preparation of profiles of Indigenous Peoples; capacity building for Indigenous Peoples and communities; and work to help the country establish legal recognition of customary or traditional land tenure systems. The proposed strategic approach paper would elaborate on the Bank's role in this regard.
4. The Bank should ensure that, in countries with significant IP populations, the Country Director in consultation with the Environment and Socially Sustainable Development Network engage the borrower in discussions on how the Bank can best assist the country in providing culturally appropriate assistance to IP within the context of the CAS; and agree with the Borrower on IP poverty monitoring indicators. The proposed BP should specify clear accountabilities to this end.	The draft OP/BP explicitly supports discussions with borrowers in countries with a series of operations affecting IP on issues pertaining to the country's policy, institutional, and legal framework for Indigenous Peoples and that these be reflected in country economic and sector work and the CAS. It also actively supports the provision of technical assistance to build the capacity of Indigenous Peoples to participate in the development process in an informed way. The proposed strategic approach paper would elaborate on the Bank's role in this regard. However, Management does not agree that these provisions be mandatory.

ATTACHMENT II

PROJECT CLASSIFICATION METHODOLOGY

TABLE A: HOW DID THE EVALUATION IDENTIFY PROJECTS LIKELY TO "AFFECT" IP AND THOSE WHERE THE BANK HAD APPLIED OD 4.20?

First Step (Are there IP in the 34 Sample Countries?)

Background research was conducted.

- Was there an indication in any country ESW that there are IP in the sample country?
- Were there IP groups (as defined in the OD) in the sample country (based on background reviews documented in Background Papers I and II)?
- Has a sample country subscribed to any related international convention, or were there domestic laws that would govern social groups vulnerable to the development process?

Second Step (How many of the 234 Projects "affect" IP?)

- Did the project documents (SARs, ICRs, and loan agreements) suggest or indicate that there were IP in the project area?
- Did the OED review (Background Paper 1) indicate that there were IP that met the five characteristics to varying degrees in the project locality?
- Were these projects implemented in sectors and areas that could have directly affected such IP? Was there resettlement or an Environmental Assessment in the project?

If the answer to the first two questions were "no," the evaluation concluded that the Bank had correctly not applied the OD to the project (marked as Not Applicable - NA). More than half the projects were classified as NA and set aside. Another set of about 10 urban projects were also shifted from this set and rated as Not Rated, "NR" (and later NA) because the evaluation felt that IP in the project locality did not meet the five characteristics to varying degrees.

If the answer to questions 1 and 2 were "yes," then the evaluation considered that there were IP in the project locality. The evaluation team then made a judgment call as to whether project activities would directly affect the IP identified in the locality, either adversely or as beneficiaries. This then left a set of projects where the evaluation concluded that IP would be affected and subjected "it" for further review.

Third Step (In projects that "affect" IP, did the Bank "apply" the OD?)

- Did the project documents explicitly identify the presence of IP?
- Were there any measures to safeguard the interests of IP?

If "Yes," the OD was considered to have been applied to that project. The evaluation separately assessed the quality of the application. If project documents did not refer to IP, this was considered a project where the Bank should have, but did not, apply the OD.

Fourth Step: External Validation

Given the fact this was a desk review, the team: (i) triangulated the findings by examining other project documents (IEPS, MTRs, PSRs, documents available on Web pages and so on); (ii) shared a list of all projects with NGOs to seek their feedback on which projects might have affected IP without giving them OED's classifications; (iii) shared with Bank staff the list of projects with their classifications and revised the list taking into account all comments to the extent they provided new information; (iv) submitted all projects where the team had found that the OD was applied, as well as a set of NA projects, to a panel of international experts. The team revised the classifications based on their input; and (v) this revised list with comments from the Panel of Experts was again shared with Bank staff. Eventually, there were differences of opinion on 10 projects. In five projects, the evaluation, buttressed by the findings of the Panel, could not agree with the Management and therefore moved these projects to the category of "Not Rated" Projects. Despite panel endorsement that IP were likely to have been affected, the other five were moved to the "Not Applicable" list, giving the Bank social scientists the benefit of the doubt because this was a desk review.

ATTACHMENT III

OPERATIONAL DIRECTIVE 4.20 (SEPTEMBER 1991)

Introduction

1. This directive describes Bank[1] policies and processing procedures for projects that affect indigenous peoples. It sets out basic definitions, policy objectives, guidelines for the design and implementation of project provisions or components for indigenous peoples, and processing and documentation requirements.

2. The directive provides policy guidance to (a) ensure that indigenous people benefit from development projects, and (b) avoid or mitigate potentially adverse effects on indigenous people caused by Bank-assisted activities. Special action is required where Bank investments affect indigenous peoples, tribes, ethnic minorities, or other groups whose social and economic status restricts their capacity to assert their interests and rights in land and other productive resources.

Definitions

3. The terms "indigenous peoples," "indigenous ethnic minorities," "tribal groups," and "scheduled tribes" describe social groups with a social and cultural identity distinct from the dominant society that makes them vulnerable to being disadvantaged in the development process. For the purposes of this directive, "indigenous peoples" is the term that will be used to refer to these groups.

4. Within their national constitutions, statutes, and relevant legislation, many of the Bank's Borrower countries include specific definitional clauses and legal frameworks that provide a preliminary basis for identifying indigenous peoples.

5. Because of the varied and changing contexts in which indigenous peoples are found, no single definition can capture their diversity. Indigenous people are commonly among the poorest segments of a population. They engage in economic activities that range from shifting agriculture in or near forests to wage labor or even small-scale market-oriented activities. Indigenous peoples can be identified in particular geographical areas by the presence in varying degrees of the following characteristics:

(a) a close attachment to ancestral territories and to the natural resources in these areas;

(b) self-identification and identification by others as members of a distinct cultural group;

(c) an indigenous language, often different from the national language;

(d) presence of customary social and political institutions; and

(e) primarily subsistence-oriented production.

Task managers (TMs) must exercise judgment in determining the populations to which this directive applies and should make use of specialized anthropological and sociological experts throughout the project cycle.

Objective and Policy

6. The Bank's broad objective towards indigenous people, 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.

7. How to approach indigenous peoples affected by development projects is a controversial issue. Debate is often phrased as a choice between two opposed positions. One pole is to insulate indigenous populations whose cultural and economic practices make it difficult for them to deal with powerful outside groups. The advantages of this approach are the special protections that are provided and the preservation of cultural distinctiveness; the costs are the benefits foregone from development programs. The other pole argues that indigenous people must be acculturated to dominant society values and economic activities so that they can participate in national development. Here the benefits can include improved social and economic opportunities, but the cost is often the gradual loss of cultural differences.

8. The Bank's policy is that the strategy for addressing the issues pertaining to indigenous peoples must be based on the *informed participation* of the indigenous people themselves. Thus, identifying local preferences through direct consultation, incorporation of indigenous knowledge into project approaches, and appropriate early use of experienced specialists are core activities for any project that affects indigenous peoples and their rights to natural and economic resources.

9. Cases will occur, especially when dealing with the most isolated groups, where adverse impacts are unavoidable and adequate mitigation plans have not been developed. In such situations, the Bank will not appraise projects until suitable plans are developed by the Borrower and reviewed by the Bank. In other cases, indigenous people may wish to be and can be incorporated into the development process. In sum, a full range of positive actions by the Borrower must ensure that indigenous people benefit from development investments.

Bank Role

10. The Bank addresses issues on indigenous peoples through (a) country economic and sector work, (b) technical assistance, and (c) investment project components or provisions. Issues concerning indigenous peoples can arise in a variety of sectors that concern the Bank; those involving, for example, agriculture, road construction, forestry, hydropower, mining, tourism, education, and the environment should be carefully screened.[2] Issues related to indigenous peoples are commonly identified through the environmental assessment or social impact assessment processes, and appropriate measures should be taken under environmental mitigation actions (see OD 4.01, Environmental Assessment).

11. *Country Economic and Sector Work.* Country departments should maintain information on trends in government policies and institutions that deal with indigenous peoples. Issues concerning indigenous peoples should be addressed explicitly in sector and subsector work and brought into the Bank-country dialogue. National development policy frameworks and institutions for indigenous peoples often need to be strengthened in order to create a stronger basis for designing and processing projects with components dealing with indigenous peoples.

12. *Technical Assistance.* Technical assistance to develop the Borrower's abilities to address issues on indigenous peoples can be provided by the Bank. Technical assistance 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 people themselves.

13. *Investment Projects.* For an investment 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. When the bulk of the direct project beneficiaries are indigenous people, the Bank's concerns would be addressed by the project itself and the provisions of this OD would thus apply to the project in its entirety.

Indigenous Peoples Development Plan[3]

Prerequisites

14. Prerequisites of a successful development plan for indigenous peoples are as follows:

(a) The key step in project design is the preparation of a culturally appropriate development plan based on full consideration of the options preferred by the indigenous people affected by the project.

(b) Studies should make all efforts to *anticipate adverse trends* likely to be induced by the project and develop the means to avoid or mitigate harm.[4]

(c) The institutions responsible for government interaction with indigenous peoples should possess the social, technical, and legal skills needed for carrying out the proposed development activities. Implementation arrangements should be kept simple. They should normally involve appropriate existing institutions, local organizations, and nongovernmental organizations (NGOs) with expertise in matters relating to indigenous peoples.

(d) Local patterns of social organization, religious beliefs, and resource use should be taken into account in the plan's design.

(e) Development activities should support production systems that are well adapted to the needs and environment of indigenous peoples, and should help production systems under stress to attain sustainable levels.

(f) The plan should avoid creating or aggravating the dependency of indigenous people on project entities. Planning should encourage early handover of project management to local people. As needed, the plan should include general education and training in management skills for indigenous people from the onset of the project.

(g) Successful planning for indigenous peoples frequently requires long lead times, as well as arrangements for extended follow-up. Remote or neglected areas where little previous experience is available often require additional research and pilot programs to fine-tune development proposals.

(h) Where effective programs are already functioning, Bank support can take the form of incremental funding to strengthen them rather than the development of entirely new programs.

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15. The development plan should be prepared in tandem with the preparation of the main investment. In many cases, proper protection of the rights of indigenous people will require the implementation of special project components that may lie outside the primary project's objectives. These components can include activities related to health and nutrition, productive infrastructure, linguistic and cultural preservation, entitlement to natural resources, and education. The project component for indigenous peoples development should include the following elements, as needed:

(a) *Legal Framework.* The plan 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 intruders, and to have access to natural resources (such as forests, wildlife, and water) vital to their subsistence and reproduction.

(b) *Baseline Data.* Baseline data should include (i) accurate, up-to-date maps and aerial photographs of the area of project influence and the areas inhabited by indigenous peoples; (ii) analysis of the social structure and income sources of the population; (iii) inventories of the resources that indigenous people use and technical data on their production systems; and (iv) the relationship of indigenous peoples to other local and national groups. It is particularly important that baseline studies capture the full range of production and marketing activities in which indigenous people are engaged. Site visits by qualified social and technical experts should verify and update secondary sources.

(c) *Land Tenure.* When local legislation needs strengthening, the Bank should offer to advise and assist the Borrower in establishing legal recognition of the customary or traditional land tenure systems of indigenous peoples. Where the traditional lands of indigenous peoples have been brought by law into the domain of the state and where it is inappropriate to convert traditional rights into those of legal ownership, alternative arrangements should be implemented to grant long-term, renewable rights of custodianship and use to indigenous peoples. These steps should be taken before the initiation of other planning steps that may be contingent on recognized land titles.

(d) *Strategy for Local 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 representative 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.[5] No foolproof methods exist, however, to guarantee full local-level participation. Sociological and technical advice provided through the Regional environment divisions (REDs) is often needed to develop mechanisms appropriate for the project area.

(e) *Technical Identification of Development or Mitigation Activities.* Technical proposals should proceed from on-site research by qualified professionals acceptable to the Bank. Detailed descriptions should be prepared and appraised for such proposed services as education, training, health, credit, and legal assistance. Technical descriptions should be included for the planned investments in productive infrastructure. Plans that draw upon indigenous knowledge are often more successful than those introducing entirely new principles and institutions. For example, the potential contribution of traditional health providers should be considered in planning delivery systems for health care.

(f) *Institutional Capacity.* The government institutions assigned responsibility for indigenous peoples are often weak. Assessing the track record, capabilities, and needs of those institutions is a fundamental requirement. Organizational issues that need to be addressed through Bank assistance are the (i) availability of funds for investments and field operations; (ii) adequacy of experienced professional staff; (iii) ability of indigenous peoples own organizations, local administration authorities, and local NGOs to interact with specialized government institutions; (iv) ability of the executing agency to mobilize other agencies involved in the plan's implementation; and (v) adequacy of field presence.

(g) *Implementation Schedule.* Components should include an implementation schedule with benchmarks by which progress can be measured at appropriate intervals. Pilot programs are often needed to provide planning information for phasing the project component for indigenous peoples with the main investment. The plan should pursue the long-term sustainability of project activities subsequent to completion of disbursement.

(h) *Monitoring and Evaluation.*[6] Independent monitoring capacities are usually needed when the institutions responsible for indigenous populations have weak management histories. Monitoring by representatives of indigenous peoples own organizations can be an efficient way for the project management to absorb the perspectives of indigenous beneficiaries and is encouraged by the Bank. Monitoring units should be staffed by experienced social science professionals, and reporting formats and schedules appropriate to the project's needs should be established. Monitoring and evaluation reports should be reviewed jointly by the senior management of the implementing agency and by the Bank. The evaluation reports should be made available to the public.

(i) *Cost Estimates and Financing Plan.* The plan should include detailed cost estimates for planned activities and investments. The estimates should be broken down into unit costs by project year and linked to a financing plan. Such programs as revolving credit funds that provide indigenous people with investment pools should indicate their accounting procedures and mechanisms for financial transfer and replenishment. It is usually helpful to have as high a share as possible of direct financial participation by the Bank in project components dealing with indigenous peoples.

Project Processing and Documentation

Identification

16. During project identification, the Borrower should be informed of the Bank's policy for indigenous peoples. The approximate number of potentially affected people and their location should be determined and shown on maps of the project area. The legal status of any affected groups should also be discussed. TMs should ascertain the relevant government agencies, and their policies, procedures, programs, and plans for indigenous peoples affected by the proposed project (see paras. 11 and 15(a)). TMs should also initiate anthropological studies necessary to identify local needs and preferences (see para. 15(b)). TMs, in consultation with the REDs, should signal indigenous peoples issues and the overall project strategy in the Initial Executive Project Summary (IEPS).

Preparation

17. If it is agreed in the IEPS meeting that special action is needed, the indigenous peoples development plan or project component should be developed during project preparation. As necessary, the Bank should assist the Borrower in preparing terms of reference and should provide specialized technical assistance (see para. 12). Early involvement of anthropologists and local NGOs with expertise in matters related to indigenous peoples is a useful way to identify mechanisms for effective participation and local development opportunities. In a project that involves the land rights of indigenous peoples, the Bank should work with the Borrower to clarify the steps needed for putting land tenure on a regular footing as early as possible, since land disputes frequently lead to delays in executing measures that are contingent on proper land titles (see para. 15(c)).

Appraisal

18. The plan for the development component for indigenous peoples should be submitted to the Bank along with the project's overall feasibility report, prior to project appraisal. Appraisal should assess the adequacy of the plan, the suitability of policies and legal frameworks, the capabilities of the agencies charged with implementing the plan, and the adequacy of the allocated technical, financial, and social resources. Appraisal teams should be satisfied that indigenous people have participated meaningfully in the development of the plan as described in para. 14(a) (also see para. 15(d)). It is particularly important to appraise proposals for regularizing land access and use.

Implementation and Supervision

19. Supervision planning should make provisions for including the appropriate anthropological, legal, and technical skills in Bank supervision missions during project implementation (see paras. 15(g) and (h), and **OP** / **BP** 13.05*, Project Supervision*). Site visits by TMs and specialists are essential. Midterm and final evaluations should assess progress and recommend corrective actions when necessary.

Documentation

20. The Borrower's commitments for implementing the indigenous peoples development plan should be reflected in the loan documents; legal provisions should provide Bank staff with clear benchmarks that can be monitored during supervision. The Staff Appraisal Report and the Memorandum and Recommendation of the President should summarize the plan or project provisions.

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1. "Bank" includes IDA, and "loans" include credits.
2. Displacement of indigenous people can be particularly damaging, and special efforts should be made to avoid it. See **OD 4.30**, *Involuntary Resettlement*, for additional policy guidance on resettlement issues involving indigenous people.
3. Regionally specific technical guidelines for preparing indigenous peoples components, and case studies of best practices, are available from the Regional environment divisions (REDs).
4. For guidance on indigenous peoples and environmental assessment procedures, see OD 4.01, *Environmental Assessment*, and Chapter 7 of World Bank, Environmental Assessment Source Book, Technical Paper No. 139 (Washington, D.C., 1991).
5. See also "Community Involvement and the Role of Nongovernmental Organizations in Environmental Assessment" in World Bank, *Environmental Source Book*, Technical Paper No. 139 (Washington, D.C., 1991).
6. See **OD 10.70**, *Project Monitoring and Evaluation*.

ATTACHMENT IV

SAMPLE COUNTRIES		
Sample Countries	Signatory to ILO Conventions 107 or 169	Have Some Constitutional Provisions, Laws or Regulation Covering Ethnic Minorities, Indigenous Peoples, or Tribal Groups
AFRICA		
Cote d'Ivoire		
Ghana	X	
Ethiopia		
Rwanda		
EAST ASIA AND PACIFIC		
Indonesia		
Cambodia		X
Thailand		X
China		X
Malaysia		X
Philippines		X
Vietnam		X
EUROPE AND CENTRAL ASIA		
Russia		X
Turkey		
Kazakhstan		
LATIN AMERICA AND CARIBBEAN		
Brazil	X	X
Argentina	X	X
Venezuela	X	X
Colombia	X	X
Nicaragua		X
Panama	X	X
El Salvador	X	
Chile		X
Mexico	X	X
Honduras	X	X
Ecuador	X	X
Peru	X	X
Guatemala	X	X
Bolivia	X	X
Uruguay	NA	NA
MIDDLE EAST AND NORTH AFRICA		
Morocco		
Tunisia	X	
SOUTH ASIA		
Pakistan	X	X
India	X	X
Nepal		X

ATTACHMENT V

TERMS OF REFERENCE FOR PANEL OF EXPERTS ESTABLISHED FOR OED'S REVIEW OF IMPLEMENTATION OF OD 4.20

1. Background. OED is undertaking an evaluation of the implementation of the World Bank OD 4.20 for Indigenous Peoples. The evaluative questions are:

(i) To what extent is the OD relevant in delivering effective development to IP?
(ii) To what extent has the OD been applied and how?
(iii) To what extent has the OD been efficacious in achieving its objectives?

2. The evaluation undertook a desk review of the 297 investment projects in the 34 sample countries which were approved after January 1, 1992 and closed before June 2001. It began the review of 297 projects by asking the following questions:

- Did project appraisal document acknowledge the presence of IP in project localities as defined in the OD?
- Did the OED review indicate that there was a likelihood of IP in the project locality as defined in the OD?
- Could the project activity have "affected" IP as defined in the OD?

[If the answer to the three questions were "no," the evaluation concluded that the Bank was correct in not applying the OD to the project (marked as "NA" both in Annex II and the IP Evaluation report.)]

3. Based on the above three questions, the evaluation concluded that in 150 projects the OD did not apply. In another 11 urban projects, the evaluation took the position that the affected IP populations did not meet to varying degrees the five characteristics stated in the OD. In another 10 projects, it could not find conclusive evidence on whether these groups met the five characteristics and therefore set them aside as non-ratable (rated as NR). Thus, it concluded that IP were not affected by a total of 171 projects (161 rated as NA and 10 rated as NR).

4. In the remaining 126 projects, where the evaluation concluded that IP were affected, the evaluation considered the OD applied when the appraisal document acknowledged the presence of IP and also included some reasonable measures to specifically protect their interests. The evaluation concluded that this happened in 48 projects. In another 16 projects, although project appraisal documents clarified that IP groups would be affected, there was no participation of IP (informed or not), virtually no diagnosis or analysis of IP-related issues, and no monitoring indicators for IP (all elements required by the OD). Because these appraisal documents indicate that some measures were taken or may be taken, or there were measures for general poverty targeting that would benefit IP, in these 16 projects, OED considered the OD applied. However, the evaluation classified them as projects where the application of the OD was unsatisfactory or highly unsatisfactory. Thus, in the above (48 + 16) 64 projects, the evaluation concluded that the OD had been applied. These were classified as "Y" Projects.

5. The remaining 62 projects were classified as "?" projects. In these 62 projects, the evaluation examined other documents—namely Initial Executive Project Summaries (IEPS), Project Status Reports, Loan Agreements, and Implementation Completion Reports, as well as other project documents in the files available through Integrated Record Information System (IRIS)—to validate the OED finding that IP as defined by the OD were affected by the projects.

In 20 of these projects, there was discussion in these project documents that the Bank had also recognized the presence of IP in the project locality. In order to reduce the chance of bias, NGOs were sent the list of 900 or so projects open and closed during the evaluation period and were asked to identify projects where IP would be affected. In an addition, another 11 of the 62 projects, NGOs confirmed that in their view IP were affected.

6. Specific Terms of Reference for Panel of Experts. Clearly, given that these ratings are based on a desk review, there is room for bias in the classification of the projects as "NA" or as "?" and in the technical judgment whether IP as defined by the OD are affected. In addition, there are at least 31 projects in the "?" category where there is no alternate verification of the presence of IP. Therefore, OED Management has constituted a Panel of Experts, comprised of expert anthropologists and sociologists to review a large percentage of the projects to assess independently whether the evaluation's classifications were appropriate.

7. The Panel will consist of:

- Professor Rodolfo Stavenhagen, United Nations Special Rapporteur on Indigenous Peoples, (head of the panel);
- Professor Maurizio Gnerre, professor of anthropology, Institute of Oriental Studies, University of Naples, Italy; and
- Professor G.K. Karanth, head of the Sociology Department, Institute for Social and Economic Change, Bangalore, India.

8. The key question that the Panel will need to address is: Are there IP (as defined in the OD) in the project locality who are affected by the project activity? This question will need to be answered in the context of selected projects.

9. The attached list provides the list of projects for each panel member and includes notes on the project objectives and components. Members will also have access to Project SARs. The second list of projects includes the basis for the evaluation team's classification of "?" projects. Dr. Gnerre will review all projects marked as "?" and "NR," and 10 percent (at least 10 projects) of those marked as "NA," in three regions: LCR, MENA, and AFR. Dr. Karanth will undertake a similar review in all projects for SAR, EAP, and ECA. In addition, they will also evaluate any projects in their regions where Management may raise an issue after reviewing a similar list that has been sent to them.

10. Where Professor Gnerre or Professor Karanth feels a need for a second opinion, or where the evaluation team deems necessary (particularly in cases where there is a disagreement with Management), Professor Stavenhagen will be asked for a second opinion. In any event, Professor Stavenhagen will be asked to comment at least on 20 percent of the "?" projects and a few other selected projects.

11. Expected output from the Panel will include a table with brief comments about each project reviewed as to why they agree or disagree with the OED evaluation team's classification. The reports from the Panel Members are due by April 8, 2002 and from Professor Stavenhagen as soon as possible before April 30, 2002.

Attachments:

1. List of projects for each panel member and includes notes on the project objectives and components.
2. List of projects includes the basis for the evaluation team's classification of '?' projects.

Report from CODE

Committee on Development Effectiveness

OED: Implementation of Operational Directive 4.20 on Indigenous Peoples: An Independent Desk Review and Draft Management Response

(Meeting of September 18, 2002)

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1. On September 18, 2002, Executive Directors discussed the report *Implementation of Operational Directive 4.20 on Indigenous Peoples: An Independent Desk Review* (CODE2002-0046) and the *Draft Management Response* (CODE2002-0072), prior to the report being publicly disclosed.

2. **Background.** The draft OP/BP was discussed by CODE in February 2001. Management is currently converting Operational Directive 4.20 to OP/BP 4.10 Indigenous Peoples (CODE2001-8). The OED report is the first phase of a review of how the OD 4.20 has been applied in Bank projects. It finds that implementation of the operational directive (OD) has helped to address the Bank's poverty reduction mandate; strengthen the knowledge base on indigenous peoples (IP); channeled Bank assistance to protect IP in several countries; and supported the participation of indigenous peoples in the implementation of Bank operations. However, there have also been shortcomings. The identification of indigenous peoples has proven problematic, and the policy has not been applied evenly across regions. Project impacts on indigenous peoples are not well understood and there is no consensus among member countries on the proper approach to the application of the OD. Management is in broad agreement with OED's recommendations but believes that the OED desk review could have better captured the related institutional changes (e.g. the establishment of the Quality Assurance and Compliance Unit) and approaches to IP issues of the Bank over the review period. Management noted that OD 4.20 is not the only framework through which it engages with IP, and that it would have welcomed an evaluation of the full range of instruments through which the Bank channeled support to IP (such as stand alone projects and IDF grants for IP capacity building).

3 **Conclusions and next steps**. The committee broadly supported OED's recommendations and stressed the need for clarity in the definition of indigenous peoples and in the scope and coverage of the policy. The committee emphasized that national legal frameworks should be the main point of reference. Members did not believe it would be useful to apply definitions that were not recognized under national legal frameworks. It, however, did not endorse any specific approach and highlighted that much would need to be done if the different concerns of OED and Management are to be reconciled. Members supported Management preparing a vision paper for broader discussion. The OED Phase II report is expected by mid December and will inform the OP/BP. Management will return to CODE with the updated OP/BP 4.10 in calendar year 2003.

4. The committee focused on the following issues: the definition of indigenous peoples; alignment of the OD with country legal frameworks and with the Bank's poverty reduction mandate; the costs and benefits of implementing the OD; harmonization of policies on IP; and the status of the draft OP/BP 4.20.

5. **Definition of Indigenous Peoples.** The committee felt that variations in the way the Bank interpreted the term used in the OD 4.20 to identify IP, was the most troubling part of the OD. They noted that the umbrella definition and criteria had been difficult to operationalize in many regions. There was strong support for OED's recommendation that Management clarify the intent, scope, and requirements of the revised OP but also find a standard acceptable to all members. One speaker noted that the conversion of the OD was an opportune time to change the definition of IP and the title of the OD. Another proposed that IP knowledge also be covered under the OP.

6. **Alignment with country legal frameworks and the Bank's poverty reduction mandate.** The committee overall supported OED's recommendation that the Bank identify indigenous and tribal groups in a manner consistent with national legal frameworks, particularly because of the implication of differential treatment among citizens of the country, and cultural and historical factors. They also supported OED's view that in countries where the legal framework does not meet the standards of the policy relating to IP, the treatment of vulnerable groups might be better handled under the broader poverty reduction objectives of a project. Management raised concerns with restricting the Bank's engagement with IP to terms defined by national legal frameworks. It noted that many countries do not have a well-developed legal framework which could result in the exclusion of a large number of IP groups from benefiting from the provisions of the IP policy. Whether or not a country's legal framework was used, it was still necessary for the Bank to have its own policy to address IP issues at the project-level and to maintain mechanisms for the exercise of the judgment of social scientists to determine whether the groups affected in a particular project are the ones intended to be covered by the policy. Legal noted that in formulating policies, the Bank takes into account national as well as international law, and decides what policies are best to assist in achieving the objectives of the Bank. In addition, the Bank's agreements with Borrowers are binding notwithstanding the provisions of any national law to the contrary.

7. **Costs and benefits.** The committee sought more clarity from OED on the costs and benefits to countries and to the Bank on applying the existing policy, and whether the potential costs and dropped projects had led to missed opportunities to support poverty reduction. OED noted that there was little information on the costs of implementing the policy in the projects reviewed and that in the eight projects that were dropped, costs of the policy on IP had not been identified as a factor. However, management indicated it was not possible to state how many projects have been actually dropped because of the O.D. It noted that cost estimates of implementing the safeguard policies, including OD 4.20 had been presented in the *Costs of Doing Business* (SecM2001-0469) paper discussed by the Board in July 2001 and that they ranged from $30,000 to $100,000.

8. **MDB harmonization of policies on IP**. Several members asked what role the Bank could play in harmonization of IP policy across multilateral development banks. Management noted that many bilateral and multilateral organizations do not have IP policies. A few were in the early stages of developing their policies and Management noted that the Bank would be working closely with them to see how to better harmonize.

9. **Status of overview paper and Source Book.** The committee supported OED's recommendation that the revised OP should distinguish clearly between the safeguard ("do no harm") aspects of the policy and "do good" aspects, and that the "do good" aspects be specified in the Source Book. It was proposed that the overview paper address all vulnerable groups, including IP. Management clarified that the Source Book would provide guidance on

implementing the OP/BP 4.20. The overview paper will present the Bank's overall past experience and future approaches to addressing the development needs of IP, beyond compliance and the OD. Management should also make the intent of the revision of the OP/BP clear to manage expectations from all stakeholders. Management stressed that the basic objectives and principles of the existing policy remained intact. It noted that it would be difficult to satisfy all participating stakeholders, but had undertaken extensive consultations and provided sufficient time for feedback, in order to build ownership.

10. **Other Issues.** The Committee also noted the need to: improve the participation of IP in indigenous peoples development plans (IPDPs); build country capacity in preparing and implementing the IPDPs; elaborate on how the policy applied to urban areas; and clarify internal arrangements and responsibility within the Bank for implementing the policy. OED informed the committee that it had held regional and international workshops with key stakeholders that informed the findings. Management noted that it had already implemented a number of institutional arrangements to improve the consistency in the application of the policy. One member noted the need for more evidence to support the key finding in the OED report that projects that applied the OD had better ratings for outcome than those that did not, noting that the methodology could have introduced a bias into this conclusion. OED concurred with this view.

Pieter Stek, Chairman

Distribution:
Executive Directors and Alternates
President
Bank Group Senior Management
Vice Presidents, Bank, IFC and MIGA

ATTACHMENT VII

OED's PRESENTATION AT THE CODE MEETING

1. This evaluation finds positive aspects in several areas in the implementation of OD 4.20. There is little doubt that the OD has helped to give a human face to Bank operations. It has helped to strengthen the knowledge base on indigenous peoples, shaped Bank assistance to several countries through integration of measures to protect such groups, and encouraged their participation in the implementation of Bank operations. There are also weaknesses: identification of indigenous peoples has proven problematic, and equity in treatment from region to region has not been ensured. Inadequate guidance to Bank staff on OD requirements has led to inconsistent application. Project impact on indigenous peoples remains poorly understood. Most of all, no consensus has been forged among member countries on the proper approach to the application of the OD.

2. The classification of social groups as Indigenous Peoples has significant implications for client countries. The OD recognizes, inter alia, the traditional rights of these groups to land and natural resources and supports their "customary or traditional land tenure systems" (Sec 15 of the OD). Not surprisingly, States seek predictability in declaring social groups as Indigenous Peoples. However, the Bank has adopted a flexible approach. First, it describes 'Indigenous Peoples' as social groups, who meet to "varying degrees' the broad characteristics stated in the OD. Second, Bank task teams, supported by social scientists, determine who are indigenous peoples at a project-level, using domestic law as a preliminary screen. Naturally, the broad description coupled with the project-level process of identification generates 'varying' interpretations and occasional contradictions. Such inconsistencies are risky not only for the countries, but also for the Bank's reputation. They reduce predictability, increase the cost of doing business with the Bank, and generate alternative interpretations of Indigenous Peoples, and leaves the Bank in the driver's seat with limited accountability for the implications of its decisions.

3. We do not wish to downplay the challenges Management faces in the conversion process. This is an important and complex policy, with significant competing, and often conflicting, interests. But, given the inevitable obstacles to achieving consistency across vastly different social and institutional contexts, it may be appropriate for the Vision Paper to consider identifying Indigenous Peoples within the domestic legal framework of the country, rather than create new and innovative definitions. This raises the question as to what happens in countries where the interests of such social groups, deserving of protection, are not recognized. In such countries, the Bank should engage the client at a country-level on the need to reach mutually satisfactory arrangements to protect the interests of such groups. If this dialogue is not fruitful, the Bank should protect such groups within its poverty reduction mandate, and if this is also found to be inadequate to safeguard their interests, the Bank should abstain from supporting such projects. OED would urge Management that its Vision Paper consider a revision of its current approach.