

Report No. 25754

**Implementation of Operational Directive 4.20 on
Indigenous Peoples: An Evaluation of Results**

April 10, 2003

*Country Evaluation and Regional Relations
Operations Evaluation Department*

Acronyms and Abbreviations

ADB	Asian Development Bank
AfDB	African Development Bank
AFR	Africa Region
CAS	Country Assistance Strategy
EAP	East Asia and Pacific region
ECA	Europe and Central Asia region
ESW	Economic and Sector Work
ICR	Implementation Completion Report
ID	Institutional Development
IDB	Inter-American Development Bank
IFAD	International Foundation for Agricultural Development
ILO	International Labor Organization
IP	Indigenous Peoples
IPDP	Indigenous Peoples Development Plan
IK	Indigenous Knowledge
LCR	Latin America and Caribbean region
MENA	Middle East and North Africa region
MDBs	Multilateral Development Banks
NORAD	Norwegian Agency for Development Cooperation
NGO	Nongovernmental organization
OD	Operational Directive
OED	Operations Evaluation Department
OEDCR	OED Country Evaluation and Regional Relations
PAD	Project Appraisal Document
SAR	South Asia Region
SAR	Staff Appraisal Report
UN	United Nations
UNDP	United Nation Development Programme
WDR	World Development Report

Director-General, Operations Evaluation:	Mr. Gregory K. Ingram
Director (Acting), Operations Evaluation Department:	Mr. Nils Fostvedt
Senior Manager, Country Evaluation and Regional Relations:	Mr. R. Kyle Peters
Task Manager:	Ms. Gita Gopal
Peer Reviewers:	Mr. Ridley Nelson
	Mr. Patrick Grasso
	Ms. Laurie Effron

ACKNOWLEDGMENTS

An OED Country Evaluation and Regional Relations (OEDCR) team consisting of Gita Gopal (task manager), Brandie Sasser, Rahul Rao, Suhaan Mukerji, Ronald Philip, Svenja Weber-Venghaus, Kaveri Haritas, Anna-Maria Inverso, and Carla Pittalis prepared this report. Rema Balasundaram provided documentation supporting the evaluation. Elizabeth Campbell-Page advised on editing the report in its final stages. Comments were received from Ronald Parker and Andres Liebenthal (OEDST). The team is grateful to Roziah Baba, Norma Namisato, and Geri Wise for their strong support and assistance throughout the production of this report.

We would like to especially acknowledge the guidance provided by Michael Bamberger (sociologist and evaluation specialist) and Ximena B. Traa-Valarezo (anthropologist) who have prepared country background papers that have fed into this report.

Country field work and background reports were prepared by Rahul Rao, the firm Centro Bartolome de Las Casas, and international consultants Akhilesh Bhargava, Dini Djalal, Sarala Gopalan, Maurizio Gnerre, Mary Jennings, Gopal Krishna Karanth, Gloria Lara and Vu Mahn Loi. These studies were made possible through the close collaboration and support of the World Bank Country Directors and country teams in Guatemala, Honduras, India, Indonesia, Nicaragua, Peru, and Vietnam. The India office in New Delhi, led by Reidar Kvam, joined us in organizing an international workshop on indigenous peoples in December 2001. We offer our special thanks to all of the above.

OEDCR acknowledges that Navin K. Rai, Shelton H. Davis, Salman M. A. Salman, Jorge Uquillas, Svend Jensby, and Reidar Kvam, through frequent exchange and spirited discussions, contributed to this evaluation. OEDCR also acknowledges the collaboration of the nongovernmental organization community, with whom regular meetings have been held. Additionally, we would like to thank the Inter-American Development Bank, and specifically Margaret Goodman and Alison Moses, for their collaboration on an international workshop held in Washington, D.C., in February 2002. We would like to express our special appreciation for comments received from our external advisor and head of the Panel of Experts, Mr. Rodolfo Stavenhagen, United Nations Special Rapporteur on the situation of human rights and fundamental freedoms of indigenous peoples.

We would also like to acknowledge the guidance and support provided by Ruben Lamdany, previous Manager, OEDCR, and Rene Vandendries, (Acting Manager, July 15 to November 20, 2002) in the preparation of this report.

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EXECUTIVE SUMMARY

1. This evaluation assesses how the Bank has implemented Operational Directive (OD) 4.20, which calls for the preparation of an Indigenous Peoples Development Plan (IPDP) in investment projects that “affect” indigenous peoples (IP). IPDPs are required to be prepared with the informed participation of IP. The goal of IPDPs is to ensure that IP do not suffer adverse effects during the development process from World Bank-financed projects, and that they receive culturally compatible social and economic benefits.
2. The evaluation questions are: (i) To what extent is the OD relevant in ensuring that Bank-financed operations do not harm IP and that they may share in project benefits? (ii) How has the Bank applied OD 4.20? Has the OD been implemented equitably? (iii) To what extent has the OD been efficacious and efficient in achieving its stated objectives for IP?
3. In order to support the recasting of OD 4.20 into an operational policy, this evaluation was undertaken in two phases. A previous report (Phase I) – *Implementation of Operational Directive 4.20 on IP: An Independent Desk Review (Report no. 25332)* – addressed the first two questions on relevance and implementation. The report was discussed at CODE on September 18th, 2002. The current Phase II report seeks to answer the third evaluation question through an assessment of projects affecting IP.
4. The Phase I evaluation examined the universe of closed projects, appraised after January 1992, and closed by May 2001. The evaluation concluded that the OD strengthened the knowledge base for Bank assistance that affects IP, shaped Bank assistance to several countries through integration of measures to protect IP, and encouraged IP participation in the implementation of Bank operations. However, it found that the OD was applied in only 62 percent of the projects that affected IP (55 out of 89 projects). Out of these, only 58 percent (32 out of 55) were assessed to have applied the OD in a satisfactory manner. Identification of IP under the OD was problematic, and equity in treatment between regions was not ensured. The evaluation also examined the last five approved projects in each of the 34 sample countries through FY2001 (170 projects) to understand current Bank practice. Although the application of OD 4.20 to projects that affected IP remained the same (62 percent), the evaluation found progress in the quality of application. Seventy-seven percent applied the OD in a satisfactory manner, and 95 percent of the open projects, likely to have “adverse” effects on IP, included IPDPs or elements thereof, as compared to only 42 percent of the closed projects. However, equity in treatment between regions, and sometimes within countries themselves, continued to be an issue.
5. Phase II examines the achievement of IP objectives in 47 of the 55 projects (eight projects were cancelled), identified in Phase I as affecting IP and applying the OD: that is, did these projects mitigate adverse effects on IP, and ensure that IP benefited? These

projects were prepared mainly between FY1993 and FY1995, and represent the universe of projects that applied OD 4.20 during the evaluation period.

6. The evaluation finds that only 38 percent of these 47 projects generated satisfactory results for IP, even though Operation Evaluation Department's (OED) Implementation Completion Report (ICR) reviews found that about 80 percent had satisfactorily achieved their overall development objectives. At the sectoral level, results for IP were generally satisfactory in human development and other sectors where the potential of adversely affecting IP is relatively low. IP have benefited from access to better quality education and health infrastructure, greater access to water, and improved capacity building. Project results for IP were not as satisfactory in the energy and mining, transportation, and environment sectors, which comprised 65 percent of Bank commitments evaluated for this second phase, and include projects with significant potential to harm IP. The majority of these projects neither mitigated adverse effects on IP nor ensured that they received an equitable share of benefits.

7. The evaluation finds that an IPDP is essential when a project can have potential adverse effects on IP. All projects with self-standing IPDPs had satisfactory results for IP, as opposed to a third or less of the projects that had only elements of IPDPs, partly because of greater Borrower commitment to a self-standing IPDP. In projects, where there was a potential benefit rather than a potential adverse effect, the need for a separate IPDP was not evident, although there was a need for a considered strategy to ensure that IP would benefit from the project.

8. As the OD states, it is important to consider the customary rights of IP to land when determining adverse effects, especially where such land is not yet legally titled. This is important even in technical assistance projects that involve institutional and regulatory changes to facilitate increased investment in exploitation of natural resources. In such cases there may be need for IPDPs that ensure adequate measures or regulatory frameworks are in place to protect legitimate IP interests, should such commercial exploitation materialize.

9. Finally, the evaluation finds that the OD's project-level focus has constrained its effective implementation. Adopting standards at the project-level that are inconsistent with nationally accepted norms could lead to diminished impact and may not lead to sustainable development. There is a need to augment the project focus with a more strategic and country-level focus in undertaking analytical work and in identifying IP.

10. In addition to the recommendations of Phase I, and based on the findings of the Phase II evaluation, the Operations Evaluation Department recommends that the Bank should:

- (a) Adopt regional and/or country approaches to IP issues in order to guide implementation of OD 4.20 at the project-level.

- (b) Provide necessary resources to undertake social assessments in projects that affect IP, to ensure effective participation of IP during project design and implementation, and to systematically monitor project outputs, outcomes, and impact on IP.
- (c) Increase the effectiveness and relevance of IPDPs by: (i) requiring a self-standing IPDP only when there is a likelihood of adverse effects on IP; (ii) summarizing its key elements in the Project Appraisal Document (PAD); (iii) committing the Borrower to implement the IPDP in legal documents; and (iv) including a credible mechanism for dispute resolution.

1. INTRODUCTION

1.1 The Bank was the first multilateral agency to recognize the need to provide special protection to tribal groups. The Operational Manual Statement (OMS) 2.34 (1982), the Bank's first guidelines on Indigenous Peoples (IP), covered mainly tribal groups. In 1987, an internal review suggested a need to shift from a definition of tribals by their isolation and acculturation to one which focused on their socio-cultural systems, modes of production, and forms of ecological adaptation, different from those of dominant societies.¹ A shift was also considered necessary to align the Bank's policies with international thinking on the rights of IP.² In 1991, the Bank issued Operational Directive (OD) 4.20 on IP (see Annex 4). It aimed to ensure that "the development process fosters full respect for the dignity, human rights, and cultural uniqueness" of IP.

1.2 Bank staff identify the likelihood of IP presence through a preliminary examination of the Borrower's law, policies and procedures, and through anthropological and sociological studies where necessary. An Indigenous Peoples Development Plan (IPDP) is the main instrument through which the Bank addresses IP related issues at the project-level. For an investment project that affects IP, the Borrower should prepare an IPDP by appraisal. The IPDP aims to mitigate the potential adverse project effects on IP and to ensure that beneficiaries "receive culturally compatible social and economic benefits."³ 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." 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 effects and 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.

EVALUATION OBJECTIVES AND SCOPE

1.3 This evaluation assesses how the Bank has implemented OD 4.20. The evaluation questions are:

- To what extent is the OD relevant in ensuring that Bank-financed operations do not harm IP and that they may share in project benefits?

¹ This was a desk review of 33 Bank-financed projects identified, appraised or implemented between 1981 and 1985, known to have demonstrate effects on lands, resources, and cultures of IP.

² 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. See Davis 1993, World Bank 1986.

³ Effects were considered adverse (i) when the project activity affected or involved use of land or natural resources traditionally owned, occupied or used by IP; or (ii) when development interventions affected isolated groups of IP who lead traditional ways of life; or (iii) when IP would not be able to benefit from the project because of cultural characteristics (such as language) different from those of other dominant poor.

- How has the Bank applied OD 4.20? Has the OD been implemented equitably?
- To what extent has the OD been efficacious and efficient in achieving its stated objectives?

1.4 A previous report (Phase I) answered the first two questions, and concluded that the OD helped to strengthen the knowledge base for Bank assistance that affects IP, shape Bank assistance to several countries through integration of measures to protect IP, and encourage IP participation in the implementation of Bank operations. It also found weaknesses: identification of IP under the OD was problematic, and equity in treatment between regions was not ensured; inadequate guidance to Bank staff led to inconsistent application of the OD; and prior analysis of potential project effects on IP remained poor.

1.5 This second report builds on the findings of the first report and answers the third evaluation question. The Phase II evaluation examined the Country Assistance Strategies (CASs) of the sample countries and other economic and sector work (ESW) to understand how IP-related issues were handled. At the project-level, the evaluation examined all Bank-supported investment projects that had applied OD 4.20 during the period under review. The Phase I evaluation examined all projects in the 34 sample countries that were appraised between January 1, 1992 and June 30, 2000, and closed by May 2001. Out of these 234 projects, Phase I identified 89 projects as affecting IP. In 55 projects (62 percent), the evaluation concluded that the Bank had applied the OD (that is, the Bank had identified the presence of IP and taken some measures to safeguard their interests). In 34 projects (38 percent), the evaluation found that the Bank did not apply the OD (that is, the Bank did not identify that the project would affect IP, and therefore, did not include measures to safeguard their interests). Phase II assessed the results of 47 of the 55 projects where Phase I found the OD to have been applied (eight projects were cancelled). Thus, this set of 47 projects represents the universe of projects that applied OD 4.20 in the specified period. Annex 1 provides a list of the projects, and Annex 2 describes the methodology for the evaluation.

1.6 Management has expressed concern that the evaluation findings do not capture the progress made in the application of the OD since most projects were appraised before 1996 (see Table 1.1). Also, the evaluation has focused on investment projects

Table 1.1: Projects by Appraisal Year			
FY	55 Projects that applied the OD	34 Projects not applying the OD	
1992	7	5	
1993	17	14	
1994	12	4	
1995	7	7	
1996	1	1	
1997	4	1	
1998	6	1	
1999	1	1	
Total	55	34	

and formal ESW, leaving out a variety of instruments that have recently been used to pursue the Bank's broader agenda for IP (such as Institutional Development Grants, regional workshops, capacity building activities, partnership activities). In order to capture such progress, OED examined the five latest projects approved in each sample

country, the bulk of which were approved between FY1999 and FY2001, as well as examined the universe of Global Environment Facility (GEF) projects financed in the 34 evaluation sample countries.⁴ These findings are reported herein.

1.7 Also, OD 4.20 combines policies, procedures and good practice. Consequently, the language of OD 4.20 is subject to various interpretations. During Phase I, in consultation with Management, the evaluation clarified its position in three areas: (i) which groups should be considered as IP for the purposes of the evaluation? (ii) how should the evaluation interpret the term “affects”? and (iii) under what circumstances should the evaluation consider that the OD has been applied? (see Annex 2).

1.8 OD 4.20 uses the term “IP” to cover various social groups—“indigenous peoples,” “indigenous ethnic minorities,” “tribal groups,” and “scheduled tribes.” OD 4.20 states that these terms 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.” These IP can be identified in particular geographical areas by the presence of, in varying degrees, the five characteristics stated in the directive⁵ (see Annex 2, paras. 3 to 5).

1.9 The diversity of IP and the different socio-economic and political contexts within which they live put at risk any attempt to discuss IP as a single group. Findings tend to be broad generalizations and oversimplifications. The evaluation is mindful of this. However, since the Bank adopts a uniform approach toward these social groups, findings pertaining to a country or region do have a bearing in other parts of the world; the report focuses on these common elements.

⁴ As listed in GEF Project Database (October 9th, 2002).

⁵ Since no single definition can capture all these groups, the OD describes social groups to be covered as those that “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 Operational Manual Statement 2.34 on tribal people, focus on the socio-cultural systems, modes of production, and forms of ecological adaptation, which are different from those of dominant societies.

2. RELEVANCE OF OD 4.20

2.1 This chapter reports on the relevance of the policy as a whole and deepens the discussion carried out in the Phase I report. It addresses four dimensions: (a) comprehensiveness of the Bank's approach; (b) consistency of OD approach with that of client countries; (c) accountability of the Bank and the Borrower; and (d) enhanced partnerships through harmonization with other development agencies, in particular multilateral organizations.

2.2 Overall, the evaluation concludes that the OD is highly relevant in the Latin America and Caribbean (LCR), South Asia (SAR), and East Asia and Pacific (EAP) regions, and modestly relevant in Middle East and North Africa (MENA), Europe and Central Asia (ECA), and Africa (AFR) regions. Although there is merit in a broad global policy, the evaluation concludes that the relevance of the OD would have been enhanced by the adoption of regional strategies, and by moving from a project-level to a country-level approach. This chapter explains the basis for these conclusions.

COMPREHENSIVENESS OF THE BANK'S APPROACH

2.3 In assessing the comprehensiveness of the Bank's approach, the evaluation summarizes the findings of Phase I and II around two dimensions: (a) knowledge base for addressing IP issues; and (b) coverage of IP and related issues under OD 4.20.

Knowledge Base for Addressing IP Issues

2.4 Understanding of IP-related issues varied from region to region. In order to understand the knowledge base of the Bank, all ESW prepared in the 34 sample countries between FY1992 and FY2000 was assessed rapidly. During the second phase of the evaluation, a more detailed assessment was undertaken of the quality of ESW analysis in LCR and in selected countries with significant numbers of IP (see Table 2.1; for methodology, see Annex 2).

Region/ Country	No. of ESW Reviewed	No Reference in Document	Quality of Integration of IP Issues			
			High	Substant.	Modest	Negligible
LCR	85	50	3	7	5	20
China	28	21	--	--	2	5
India	24	7	1	1	4	11
Pakistan	11	9	--	--	--	2
Philippines	15	9	--	1	1	4
Total	163	96	4	9	12	42

See Annex 2 on methodology and criteria for ratings.

2.5 LCR has undertaken significant analytical work on IP-related issues, although the majority of this work was outside of formal ESW, and integration of IP issues into regular or mandated ESW was negligible. The foundation for the knowledge base on IP-related issues in LCR was established as early as the 1980s, and additional work was done through the 1990s. A seminal publication on the linkages between IP and poverty was undertaken in FY1994 and drew attention to the need for differentiated policies for and treatment of IP. This led to the preparation of country-level IP profiles and development strategies, and to the review of national legal and policy frameworks relating to IP, in collaboration with regional legal staff and other international agencies.

2.6 In other regions, despite the provision in OD 4.20 that the Bank will address IP issues through country economic and sector work, formal ESW in sectors of direct relevance contained little or no analysis of IP issues. Outside of the formal economic and sector work, EAP has recently published stand-alone country profiles on ethnic minorities in China, Indonesia, Laos, Philippines, and Vietnam. These documents provide useful country-level information for project task teams. In other countries, work is not as advanced.

2.7 Mainstreaming of IP issues on a sectoral level was negligible, especially in the energy and mining, and transportation sectors. Consequently, knowledge on the potential adverse effects of interventions in these sectors on IP land and natural assets was weak. Consideration of IP issues was more common in the environment sector although in many cases there were only passing references. The Russian and Brazilian forestry sector reports were notable for their quality of analysis. Education reports addressed IP issues better than reports in the health sector. Three education sector reports were of high or substantial quality. Two of these—one in India (FY1997) and one in Peru (FY2000)—offered detailed disaggregated data, thorough analysis of the issues facing IP, and concrete proposals for addressing the problems.

2.8 *Country Assistance Strategies (CAS)*. The latest CAS of every sample country in LCR integrated issues related to IP into their strategies. This is true, even in countries where the percentage of IP populations is low such as Argentina, Brazil, Chile, and Colombia. The Chile CAS, for example, takes the Inter-American Development Bank (IDB) strategy into consideration. Outside LCR, the Vietnam CASs were notable for their treatment of IP issues.

2.9 *Indigenous Knowledge*. There have been several efforts within the Bank to establish global or regional partnerships on indigenous issues. Most of them have been in the LCR region. One notable exception has been an *Indigenous Knowledge (IK)* Program,⁶ initiated by the AFR region, to increase awareness, disseminate practices, and build capacity of local centers. Any documentation and recording of IK is a service to the communities. This said, there is a range of issues that need to be explored. The Bank defines IK as “tacit knowledge,” or knowledge of a community and not of an individual.⁷

⁶ IK includes knowledge unique to IP, but includes also traditional, local knowledge held by non-IP groups.

⁷ IK, also referred to as “traditional knowledge,” covers a range of issues, such as traditional medicinal knowledge, folklore, intangible cultural heritage, indigenous intellectual property, traditional ecological knowledge, traditional and local technology, knowledge, know-how, and practices. World Intellectual Property Organization (WIPO).

IK is therefore treated as global knowledge, to be shared for the benefit of all communities.⁸ However, certain types of IK can be of significant commercial value, and use is often made without the consent of communities from which the knowledge originated.⁹ A 1998 framework paper for the Bank's IK initiative raises the issue of whether and how to protect the intellectual property rights related to IP (for example, should traditional healers be paid royalties once active compounds of medicinal plants they use are isolated by pharmaceutical companies), but leaves examination of the issue to the WIPO. Without a framework in place to protect the interests of IP involved in this program, there is need for some caution.¹⁰

Coverage of IP and Related Issues Under OD 4.20

2.10 In assessing whether the OD resulted in comprehensive coverage of IP, the Phase I evaluation examined to what extent the directive had been applied. The quantity and quality of coverage was assessed in Phase I, where the application of the OD was examined in all projects appraised after January 1, 1992 and closed by May 2001. The findings are summarized in this section.

2.11 The Phase I evaluation indicated that the Bank applied OD 4.20 in three regions: LCR, EAP, and SAR. In SAR, the focus on IP was mainly in India. For the most part, during the evaluation period, the OD was not applied in AFR¹¹ and MENA. In ECA, the OD was applied in Russia. Differences of professional opinion within the Bank on the identification of IP make a conclusive statement on the quantity of coverage difficult.

2.12 In regions where the OD was applied, application was inconsistent. Twenty-eight of the 34 projects that did not apply the directive were in LCR (19) and EAP (9). In the projects under review, Bank task teams concluded that education and health sector projects that dealt with sectoral issues in countries such as Brazil (in states with IP presence), Nicaragua, and Venezuela did not "affect" IP, or at least not in a manner that required application of the policy.¹² Similarly, in environment projects in Bolivia, Chile, and Honduras that dealt with national environmental laws and institutions, the OD was not applied because the project was not seen as "affecting" IP. A field assessment to Honduras confirmed that such projects would affect IP communities, since environmental regulations would affect lands and natural assets traditionally used by IP communities.

⁸ Copyright laws normally vest in an individual, for works that are original, and fixed in a medium of expression from which they can be perceived, reproduced, or otherwise communicated. IK is almost never held individually, being passed down orally from generation to generation, and held collectively by the group.

⁹ The *All India Coordinated Research Project on Ethnobiology* conducted by the Department of Environment between 1986 and 1996 found that tribal communities used more than 9,000 species of wild plants – 7,500 for medicinal purposes, 3,900 for edible use, 700 for material and cultural requirements, 525 for fibrage and cordage, 400 for fodder, 300 for pesticides, 300 for gums and dyes, and 100 for incense and perfumes (Rao, *Indigenous Peoples and the Law*, (Unpublished Paper), National Law School of India University, Bangalore, 2001). The above paper also cites from 32 *N.Y.U.J. International Law and Politics*, 1119 (2000) to indicate that over 25 percent of all prescriptions dispensed over the last 25 years have contained active ingredients based on IP knowledge.

¹⁰ For example, the IK Program sponsored a seminar on May 15, 2001 that brought together development practitioners from East Africa, scientists from the U.S. National Institutes of Health, George Washington University Hospital, and Bank staff. The focus was on learning from traditional health practices in Africa. The main outcome was an agreement between the participants to work together on validating herbal treatments of HIV/AIDS-related opportunistic infections.

¹¹ OD 4.20 was recently applied in the Chad Cameroon *Petroleum Development and Pipeline* project, April 13, 2000.

¹² There were populations in all these countries who would have met the five characteristics to varying degrees.

2.13 The Phase I evaluation assessed quality of coverage of IP based on four criteria (see notes in Table 2.2). It concluded that there was significant need for improvement in ensuring sound analysis of impact on IP at the project-level, especially if this had not been done at the sectoral level. Only 55 of the 89 projects (62 percent) that affected IP actually applied the OD. The application of the OD was assessed to be satisfactory or highly satisfactory only in 58 percent of the 55 projects, eight of which were cancelled. Out of these remaining 47 projects, only seven had IPDPs. Another 21 projects had elements of IPDPs, and the remaining 19 identified IP, several of which had some measures to protect IP interests.

Table 2.2: 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

Notes: Highly satisfactory: Diagnosis + participation + measures to protect IP interest + monitoring indicator on impact or outcome.
 Satisfactory: Diagnosis + participation + measures to protect IP interest. No indicators.
 Moderately satisfactory: Participation + measures to protect IP interest. No Diagnosis or indicators.
 Moderately unsatisfactory: Lower levels of participation only in implementation + measures to protect IP interest. No Diagnosis or indicators.
 Unsatisfactory: References to IP + some analysis or a measure directed at IP. No participation, diagnosis, or indicators.
 Highly unsatisfactory: References to IP, but nothing else.

2.14 In order to understand whether there was improvement in recent Bank practice, the evaluation analyzed the design of 170 open projects (five of the “most recently” approved projects through FY2001 in the 34 sample countries). The percentage of projects to which the OD was applied (out of the projects that affected IP) has remained the same, both in closed and open projects (62 percent). However, there was an improvement within the LCR and EAP regions, where the OD was applied in more than 85 percent of the projects that affected IP. In SAR, the OD was not applied in Pakistan, except in a single GEF grant project.¹³ In Nepal, while OD 4.20 was not applied during the evaluation period, it has been applied, albeit inconsistently, in the open projects.¹⁴

¹³ One exception is the GEF Pakistan *Protected Areas Management* project (FY2001). The PAD (pg. 30) states: “In all the three Project Areas, the groups affected by the project exhibit characteristics which conform to some or all of the criteria defining indigenous groups (i.e. identification by self and others as culturally distinct, close attachment to ancestral land, distinct language, customary social and political institutions, and primarily subsistence oriented production).”

¹⁴ Two projects in Nepal take opposing views on the classification of IP - the *Rural Infrastructure* project (FY1999) SAR states the view that all Nepalese are indigenous, while the *Road Maintenance and Development* project (FY2000) states that caste groups are not indigenous while other ethnic groups in the project vicinity would be.

The quality of application has improved significantly in the cohort of 170 open projects. Out of the 54 open projects that applied the OD, 14 had self-standing IPDPs, and in 6, the project designs were considered as IPDPs. Seventy-seven percent of the projects were assessed to have applied the OD in a satisfactory or highly satisfactory manner (see Table 2.2). Another improvement between the two sets of projects was that 95 percent of open projects, likely to have “adverse” effects on IP, included IPDPs or elements thereof, as compared to only 42 percent in the closed projects.

CONSISTENCY OF OD 4.20 WITH CLIENT APPROACHES TO PROTECTING IP

2.15 Phase II reiterates the Phase I findings: the policy of protecting IP had a positive impact, and was valued by clients when applied in an appropriate manner. However, countries adopt different approaches to the protection of IP in their countries, not always consistent with the approach adopted by OD 4.20 (see Table 2.3). This section examines the issue from a regional perspective based on (a) presence of social groups as described by OD 4.20, and (b) country policies that protect such groups.

Table 2.3: Client Approaches in Selected Regions			
Region	Latin America	East Asia & South Asia	South Asia
Presence of IP-type social groups	Estimated 33 million IP, 7.7 percent of the total population in 20 countries, ¹⁵ who constitute some of the most marginalized social groups (see Bank study by George Psacharopolous and Harry Patrinos and IFAD Strategies).	About 70 percent of an estimated world population of IP of more than 250 million live in South and East Asia regions (IFAD). Available country-level data indicate a higher incidence of poverty among such groups than among other poor. Roughly 100+ million tribal peoples live in India and Pakistan. They are among the most marginalized poor groups. Large development projects often take place on forestland, where they live.	
Regulatory Systems to protect IP-type social groups	The 14 sample countries have 99 percent of the 33 million IP. Ten have signed ILO Convention 169; two still remain with ILO Convention 107. Chile has an Indigenous Act (1993); Nicaragua has laws that recognize the autonomy of the Atlantic Coast communities. There are also several regional conventions and international agreements on protecting IP rights and interests.	Several sample countries (Cambodia, China, Thailand, and Vietnam) have legal frameworks for Ethnic Minorities/Highland peoples. Philippines and Malaysia have laws to protect IP/natives. Indonesia does not, but the Bank and the Government have signed several loan agreements, indicating that social groups in isolated and remote areas would be IP for purposes of OD 4.20.	India and Pakistan have signed the ILO Convention 107. Country constitutions identify tribal groups and provide them with rights not available to other social groups, including land rights. India also has affirmative action programs for scheduled tribes in state or state-supported agencies. Nepal has a list of 61 “janajati” peoples approved by the Cabinet in April 1999, deserving special protection.

2.16 Based on the above criteria, consistency with the approach of OD 4.20 was highest in LCR, where the concept of IP originated.¹⁶ Consistency was also high in

¹⁵ Instituto Indigenista Interamericano, *América Indígena*, Vol. LIII, No. 4, Oct-Dec 1993.

¹⁶ The concept of indigenous peoples originated in Latin America in the early sixteenth century, when two Dominican clerics started to question the legitimacy of the often brutal settlement patterns that characterized the colonization in Latin America and rejected the view that the papal donation to the Spanish monarchs provided a sufficient and

several countries in EAP and SAR, where the Bank worked within their regulatory systems. Indonesia stood out as one country without a regulatory framework to protect IP-type social groups. However, the country's intent to protect social groups living in isolated and remote areas is evident in several legal agreements signed with the Bank, where such groups are treated as equivalent to IP for purposes of Bank assistance. In China, the Bank has a country-level agreement; any of the 55 national ethnic minorities who meet the five characteristics to varying degrees would be considered IP.

2.17 In SAR, consistency of approaches could be enhanced if the Bank were to always work within the existing national legal frameworks. For example, the Indian government representatives expressed concern about the application of OD 4.20 to groups who are not considered to be scheduled tribes under the domestic legal framework (see Box 2.1). The government also questioned the appropriateness of the nomenclature (IP), given the country's approach to the issue. Additionally, India has another set of discriminated social groups, scheduled castes, who are marginalized and sometimes own less land than the scheduled tribe communities. Several stakeholders felt that it is difficult to draw distinctions on the ground between these severely disadvantaged groups, unless one works within the existing framework of rights for each group.

Box 2.1: Whom Does the OD Cover?

The application of the OD in its present form has the potential to create social tensions in some cases. In India's second Karnataka *Water Supply and Environmental Sanitation* project (approved December 2001) the OD has been applied to social groups called "Lambanis" and "Siddis." The Lambanis migrated from Rajasthan, and the Siddis migrated from Goa, to where they had been brought from Africa by the Portuguese. Both groups settled on forestland and speak languages not indigenous to the locality. Like many social groups in India, they have some distinctive cultural practices. In the Indian context, their attachment to ancestral lands is not greater than that of other poor social groups. Although Lambanis and Siddis are vulnerable and deserving of protection, it is unclear why they need to be protected under a special policy when other poor groups that have lived on those lands for much longer do not enjoy such privileges. The basis for such a decision is unclear and Karnataka Government representatives told the OED team that such arbitrary classifications could cause social tensions.

2.18 In the AFR and MENA regions the lack of consistency was high. The legal and technical differences between "indigenous" and "ethnic minority" constitute a gray area in the debate on IP. Traditionally, country authorities do not consider ethnic minorities as any more or less indigenous than others that have lived in the same region. Institutions such as the International Foundation for Agricultural Development (IFAD) have identified indigenous and tribal populations in Latin America and in Asia, but have not done so in their strategy for countries in the MENA region, where they only refer to poor ethnic groups. Yet, several of these groups could be considered IP under OD 4.20.

2.19 The usage of the term “indigenous peoples” was more problematic in AFR than in other regions served by the Bank. The AFR region contracted a consultant in 1992 to develop guidelines for task teams on the implementation of OD 4.20. However, initiatives stalled in the mid-1990s, when the recasting of all ODs into operational policies commenced. There was also no consensus on whether the directive’s approach was appropriate for the AFR region.¹⁷

ACCOUNTABILITY FOR RESULTS

2.20 For the purposes of Bank assistance, Bank task teams, along with expert social scientists, exercise judgment in determining who are IP; the country’s legal framework provides a starting point. The preparation of the IPDP is, however, the responsibility of the Borrower. This process increases costs and in some cases has been found to reduce ownership of the IPDP (see Box 2.2). The project-by-project determination has also led to inter-regional and intra-country inconsistencies in the application of the OD (see Phase I Report). Such incidents, although few, indicate the potential issues of identification at a project-level by Bank task teams.

Box 2.2 Costs of Doing Business for the Bank is Higher in the Case of OD 4.20

A review of the costs of doing business undertaken by the Bank indicates that for every dollar spent by the Bank, the country should spend an additional US\$1 to US\$2. However, the review finds differently in the case of OD 4.20. Full compliance would involve the same costs both for the Bank and the Borrower. The report attributes the higher costs to the Bank to the “highly context specific” definition that is “difficult to address within a generic policy statement applicable to all regions.”

The review also indicates that the average costs for the Bank for an *initial consultation* are between US\$18,000 to \$32,000. ADB costs for the preparation of an initial social assessment are “estimated to entail the inputs of a sociologist or social anthropologist for one or two days for a simple project, and for one to two weeks for a complex project serving a large number of people belonging to diverse groups.”

This said, the costs of not doing business could be higher. The Bank’s study reports that the direct and indirect costs of not implementing the OD are likely to be higher than implementing it. Studies conducted by ADB reiterate that a specific policy on IP increases the specific benefits of projects that affect IP and these could outweigh the additional resource requirements. OED’s evaluation findings reiterate this point. In addition, there are reputational risks to the Bank if the ambiguities in the OD are not clarified (the China *Western Poverty Reduction* project is one example).

2.21 Self-standing IPDPs were not prepared in all projects that affect IP. Management interprets the OD to require a covenant in the legal documents on the obligation of the Borrower or the implementing agency to carry out the IPDP, only if there is an IPDP.¹⁸

¹⁷ The guidelines, which focused on vulnerability either because of numbers, location, or special occupation niches, were actually distributed for comments in 1992, but were never finalized.

¹⁸ 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

Thus, where there were only elements of IPDPs, that is, in the majority of the projects that affect IP, responsibilities of the Borrower were rarely integrated into the loan agreements, and in some cases, this diluted Borrower accountability.

ENHANCED PARTNERSHIPS THROUGH HARMONIZATION OF POLICIES ON IP¹⁹

2.22 This evaluation compared the Bank directive with the policies of other multilateral development agencies—the Asian Development Bank (ADB), the African Development Bank (AfDB), the Inter-American Development Bank (IDB) and the United Nations Development Program (UNDP). In doing this comparative assessment, the evaluation focused on three areas: (a) overall approach of the policy/strategy; (b) identification of IP; and (c) role of national legislative frameworks.

2.23 *Overall Approaches.* OD 4.20 states “the Bank’s broad objective toward IP, 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.” As is, the directive is not explicitly within the poverty reduction mandate of the Bank, perhaps because it was prepared in 1991. Specifically, the OD aims to ensure that “IP do not suffer adverse effects during the development process, particularly from Bank-financed projects, and that they receive culturally compatible social and economic benefits.”

2.24 Other multilateral agencies have different approaches to the protection of IP groups. AfDB does not have a policy or a strategy as such, but includes some protective provisions in its *Forestry and Watershed Guidelines*. ADB and IDB nest their IP policies within their general poverty reduction strategies. The UNDP has a set of draft guidelines (1995), which adopt a human rights approach. These guidelines were “never officially endorsed,” but “have been used informally as a framework for UNDP’s activities involving indigenous peoples” (UNDP Web page at: <http://www.un.org>).

2.25 *Identification of IP.* The ILO Conventions 107 (1957) and 169 (1989) provide a commonly accepted definition of IP.²⁰ They cover two groups of vulnerable minorities as

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 by necessity cover the aspects of the project that relate to indigenous peoples. Similarly, no covenants are required if the PAD includes simply discussion of indigenous peoples issues.

¹⁹ Management notes that harmonization does not suggest that the policies of the MDBs be identical. The policies of each institution reflect the institution’s mandate/mission, and also membership, which differs from institutions to institution. However, the Bank is working with other multilateral agencies on harmonization of safeguard policies. See *Harmonization of Operational Policies, Procedures, and Practices: Information Note*, September 16, 2002.

²⁰ See World Bank’s Approach Paper on Revision of OD 4.20 on Indigenous Peoples, Source: S. Davis (LCSES), S. Salman (LEGS), and E. Bermudez (ESDVP). The Paper states that in identifying IP, the team should review the national constitutions, laws, and other relevant legislation in regard to specific definitions and legal frameworks, and as an additional source use ILO Conventions 107 and 169, where the Borrower Country has ratified either or both of these Conventions. See also Anaya, J. S. 1996. *Indigenous Peoples in International Law*. New York: Oxford University Press, “The ILO Convention on Indigenous and Tribal Peoples No. 169 of 1989 is as of this writing, international law’s most concrete manifestation of the growing responsiveness to indigenous peoples demands. Convention No. 169 is a revision of the ILO’s earlier Convention No. 107 of 1957, and it represents a marked departure in world community policy from the philosophy of integration or assimilation underlying the earlier convention.” Although the two conventions are different, the significance is that countries ratifying either convention reflect their willingness to the

IP: tribal peoples and peoples who are regarded as “indigenous.”²¹ IDB (1990), UNDP (1995), and ADB (1998) draw heavily from the ILO Convention 169, and distinguish between tribal peoples and those that are “indigenous.” They all limit the coverage of their policies/strategies to these two groups, or to subsets of these groups who meet specified characteristics.²² The AfDB focuses on forest dwellers. Its *Forestry and Watershed Guidelines* provide that “no project should be considered which includes: logging in primary rainforest; mineral, petroleum, or other industrial development in, or construction or upgrading of roads through, intact primary forest; or activities which affect forest dwellers' lands or may affect tribal lands, unless the affected groups are in agreement with the objective and design of the project.”²³ In contrast, OD 4.20 uses a broader approach and covers disadvantaged social groups that meet the five characteristics to varying degrees.

2.26 *Role of National Legislative Frameworks.* Agencies also have different approaches on the role of the domestic legislative frameworks in identifying IP and in ascertaining customary rights of IP to land and other natural resources.

2.27 The Bank’s approach is as follows. As discussed previously, the domestic legislation provides only a preliminary basis for the identification of IP. It provides a broad and flexible framework to be used to identify IP in particular geographical areas. Judgment by staff and the use of specialized expertise are required.

2.28 In terms of customary rights of IP to land and natural resources, the OD takes a two-pronged approach. At a project-level, the OD states that “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.” The OD states that these “steps should be taken before the initiation of other planning steps that may be contingent on recognized land titles.” It adds that in projects that involve land rights of IP, “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.” At a country-level, the OD recommends “when local legislation needs strengthening, the Bank should offer to advise and assist the

issue of protecting such social groups. Seventeen countries have ratified 169 (including 13 LCR countries), and 18 continue to ratify ILO Convention 107, including five LCR countries, Bangladesh, Egypt, India, and Pakistan.

²¹ Tribal peoples are 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 regulations. IP are defined as peoples “in independent countries 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” (ILO 169).

²² For IDB, see “Strategies and Procedures on Socio-Cultural Issues as Related to the Environment” (1990).

²³ “In June 1996, the AfDB president stated that the Bank “is committed to ensure that the development process promotes indigenous people's participation and encourages full consideration for their dignity, human rights and cultural uniqueness.[.] The Bank recognizes that indigenous and forest dwelling populations are important social actors in forest related programs . . .” Note by the Executive Secretary on the Conference of the Parties to the Convention on Biological Diversity, Third meeting, Buenos Aires, Argentina, 4 to 15 November 1996: Knowledge, Innovations and Practices of Indigenous and Local Communities: Implementation of Article 8(j), 3.4.4, para. 43.

Borrower in establishing legal recognition of the customary or traditional land tenure systems of indigenous peoples.”

2.29 The ADB policy covers tribal and indigenous groups (basing its description on the ILO conventions). It states that the national legislation is a basis for defining IP, explaining that it includes “constitutional, statutory, and customary law, as well as international law, including any international conventions to which the country is a party.” However, the policy uses five characteristics somewhat similar to those stated in OD 4.20, as additional, but not defining, attributes of IP or tribal groups. The ADB policy recommends that customary rights of IP to land and natural assets be “considered because indigenous peoples can be disadvantaged by loss of access to ancestral lands and natural resources and other sources of income contained in these lands.” The policy requires ADB to support the efforts of the government, “as necessary and appropriate, through assistance in formulating policies, strategies, laws, regulations and other specific actions related to indigenous peoples.”

2.30 The UNDP draft guidelines adopt the definition in the ILO Convention 169, and suggest “self-identification” as a fundamental criterion, and add that the guidelines do not apply “only to situations in which Governments have legally recognized that a group is indigenous or tribal...” The UNDP draft guidelines state that the legal frameworks for land ownership should be considered, and measures identified to strengthen the legal framework, but does not discuss customary rights of IP to land or their regularization.²⁴

2.31 The IDB guidelines also distinguish between tribal and indigenous populations, and describe attributes of these two groups. Indigenous populations are described as “descending from the great pre-Colombian cultures, and which comprise large proportions of the populations of the Andean countries and Meso-America.”²⁵ Tribal populations are characterized by seven attributes.²⁶ It does not discuss the issue of national legislative frameworks. However, in terms of support for land rights, the guidelines state the individual and collective rights of indigenous populations, especially tribal peoples, will be “established by national legislations, which in many countries are supported by international legal instruments.”

2.32 Overall, moving towards harmonization among multilateral agencies would be helpful in reducing the costs of implementation for the Borrower, and in consolidating and enhancing the development effectiveness for IP.

²⁴ Management considers it inappropriate to compare the provisions of OD 4.20 to draft guidelines. Guidelines, by their nature, are not binding and draft guidelines are quite likely to undergo significant revision before adoption.

²⁵ See footnote 22.

²⁶ “These tribal groups are characterized by: (1) a high degree of isolation and independence from the rest of the society; (2) a largely self-subsistent economy based on hunting, fishing, gathering of forest products and shifting cultivation or slash-and-burn horticulture; (3) an often itinerant or semi-nomadic lifestyle, which, given the low carrying capacity of many tropical ecosystems, requires relatively vast territories; (4) an often extremely simple material culture; (5) a loosely knit political organization, based on relatively small and independent villages, combined with an often complex social and kinship structure; (6) highly specific language, culture and religious belief systems; and (7) a unique relationship to the land that is determined not only by the groups’ economic adaptation to the specific environment they inhabit but also by the social and kinship system, cosmogony, religion and ritual.” IDB guidelines (1990).

3. RESULTS OF BANK ASSISTED PROJECTS

3.1 This chapter presents the results for IP of 47 Bank-supported projects, analyzed along standard OED criteria of relevance, efficacy, efficiency, institutional development, and sustainability on a sectoral basis (see Table 3.1). It is important to emphasize that the evaluation focused only on IP components/activities of projects. In determining indicators for measuring OED evaluation criteria, the standard definitions often had to be fine-tuned and this is explained in each section.

3.2 In sectors such as social protection, agriculture, and water supply and sanitation, 58 percent of the projects have satisfactory results and IP have been able to benefit from several projects (see Table 3.1). IP have obtained increased access to better quality education and health infrastructure, improved health services in some cases, greater access to water, and improved capacity building. For projects in these sectors, adverse effects were found only in a few projects.

3.3 The energy and mining, transportation, and environment sectors comprise 65 percent of total Bank commitments evaluated for this report. Development literature and experience indicate that projects in these sectors have potential to significantly harm IP populations, owing to their greater dependence on, and attachment to, land and natural resources than other non-IP poor. The evaluation finds that about 80 percent of these projects did not mitigate the adverse results for IP or ensure that IP received an equitable share of project benefits (see Table 3.1).

RELEVANCE OF PROJECT OBJECTIVES

3.4 Overall, project objectives were assessed to be highly or substantially relevant for IP in more than half the projects (see Table 3.2). Measuring relevance of project objectives for IP was difficult. It is not uncommon that IP priorities differ from, and

Table 3.1: Sectoral Analysis of Project Results²⁷

Sector	No. of Projects	US\$M	No. of projects with satisfactory results*
<u>Sectors with High Potential for Adverse Effects</u>			
Energy & Mining	8	2,345	1
Transportation	9	1,526	1
Environment	6	264	2
	23	4,135	4
<u>Other Sectors</u>			
Social Protection	9	1,042	4
Education	4	445	2
Health, Nutrition, and Population	4	302	3
Water Supply & San	2	172	1
Agriculture	4	242	4
Legal (Public Sector Management)	1	11	0
	24	2,214	14
Total	47	6,350	18

* Satisfactory includes highly satisfactory, satisfactory and marginally satisfactory.

²⁷ Management notes that OED records indicate that 80 percent of the 47 projects analyzed in this report were judged as successful in achieving their overall development objectives, higher than the Bank-wide average for projects evaluated by OED during the period under review. Further, Management notes that the 47 projects date from 1992 through 1998. Since 1997, the Bank has defined a set of policies, including OD 4.20, as environmental and social safeguard policies and has taken progressive steps to improve their implementation. Management believes that the results of these actions are reflected in more recent experience. OED would like to note that in para. 3.28 of the Phase I report, it was recognized that ICR reviews by OED did not adequately monitor these issues.

often compete with, those of dominant communities. What may be in the interest of the larger community may not be in the specific interest of IP communities. The evaluation, therefore, assessed consistency using indicators culled from the OD: (a) sound analysis of potential project effects on IP, (b) informed participation of IP in project design, and (c) inclusion of measures to mitigate any potential adverse effects on IP.

Table 3.2: Relevance of Bank Assistance for IP

Sector	No. of Projects	US\$M	No. of Projects rated as:*			
			H	S	M	N
<u>Projects with High Potential for Adverse Effects</u>						
Energy & Mining	8	2,345	1	1	5	1
Transportation	9	1,526		3	4	2
Environment	6	264	1	2	3	
Sub-total	23	4,135	2	6	12	3
<u>Other Sectors</u>						
Social Protection	9	1,042	2	5	2	
Education	4	445	1	1	2	
Health, Nutrition, and Population	4	302	2	1	1	
Water Supply & San	2	172	1	1		
Agriculture	4	242	3	1		
Legal (Public Sector Management)	1	11		1		
Sub-total	24	2,214	9	10	5	0
<i>Total</i>	<i>47</i>	<i>6,350</i>	<i>11</i>	<i>16</i>	<i>17</i>	<i>3</i>

* H: High; S: Substantial; M: Modest; N: Negligible.

3.5 In measuring consistency with the OD, the evaluation did not assess whether project objectives provided “culturally compatible economic and social benefits,” as required by the directive. Indirectly or directly, Bank assistance has supported several changes in the lifestyles and livelihoods of IP. Projects have changed diets, supported greater reliance on markets, encouraged adaptation of modern attire, created a need for cash incomes, and reduced use of traditional resources and knowledge. The evaluation also finds no consensus among IP on whether these results were “culturally compatible.” On the one hand, field assessments confirmed the OD statement that some IP stakeholders want “to be incorporated into the development process.” On the other, some wished to preserve their traditional ways. Ecuadorian men noted the adverse influence of development interventions in general on their societies because they are framed within a paradigm of gender equality based on principles of individual human rights.²⁸ They felt that the IP worldview was based on “complementarity” (complementary roles for men

²⁸ WB/IDB Workshop on Gender in Quito, Ecuador (October 2000).

and women as opposed to equality of roles). Women did not agree, and wanted greater participation in decision-making. Clearly, these are problematic issues, where opinion is divided even within indigenous communities.

3.6 *Sound Analysis.* Sound assessment of potential impact of project activities is necessary during preparation to ensure that IP benefit and that IPDPs protect IP interests. Several projects in the energy, environment, and transportation sectors were not preceded by meaningful impact analysis, and therefore, did not include appropriate safeguard mechanisms for IP. The relevance of these projects was therefore considered low. Although analysis of potential effects on IP has increased in recently prepared projects, jumping from 25 to about 70 percent in the open projects, during the evaluation period they were few and far between.

3.7 *Informed Participation.* Participation of IP in projects was mainly through consultations. In process projects²⁹ such as social funds, consultation occurred during the sub-project design. Beneficiary assessments reiterated that such consultation resulted in higher levels of satisfaction among IP. In projects with separate IPDPs, significant levels of consultation with IP helped to ensure that the projects responded to the needs and priorities of IP. In the Bolivia-Brazil *Gas Sector Development* project, IPDPs were discussed with IP at public meetings in both countries. Similar consultations with IP were carried out for the Colombia *Natural Resource Management* project.

3.8 Where possible, the Bank turned to representative IP bodies. In Guatemala, the Bank organized formal consultations for the Indigenous Development Plan with the Council of Elders, an indigenous authority at the national level with representation of 21 Mayan groups.³⁰ The council members interviewed felt that the Bank was “the only investment institution which is concerned with the well-being of IP.”

3.9 *Measures to Protect IP Interests.* Only seven of the 47 projects had IPDPs. Another 21 projects had elements of IPDPs, and the remaining 19 had some isolated measures to protect IP interests or to ensure that they received benefits. In several projects there was inadequate consultation during the preparation stage and/or there was not a full understanding of impact on IP. Consequently, effective measures were not integrated into the project design, reducing the relevance of the projects for IP.

EFFICACY OF BANK ASSISTANCE

3.10 To assess efficacy, the evaluation examined whether IP received project benefits, and whether the project had any unmitigated adverse results for IP. Since no benchmarks were established for IP, the evaluation compared the achievement of benefits for IP poor and for non- IP poor, wherever possible. Table 3.3 provides the efficacy ratings, and the results are discussed below. The analysis was undertaken at a sectoral level. The following section first discusses those sectors that have low potential to adversely affect

²⁹ 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.

³⁰ Martinez, J., and Ian Bannon. 1997. *Guatemala: Consultation for the Indigenous Development Plan. Listening to the Mayan Elders.* Washington, D.C.: World Bank.

IP land, assets, or livelihoods; and then those with significant potential to adversely affect such interests.

Table 3.3: Efficacy of Bank Assistance for IP

Sector	No. of Projects	US\$M	No. of Projects rated as:*			
			H	S	M	N
<u>Projects with High Potential for Adverse Effects on IP</u>						
Energy & Mining	8	2,345		1	2	5
Transportation	9	1,526		1	7	1
Environment	6	264	1	1	1	3
<i>Sub-total</i>	23	4,135	1	3	10	9
<u>Other Sectors</u>						
Social Protection	9	1,042		3	4	2
Education	4	445		3	1	
Health, Nutrition, and Population	4	302		2	2	
Water Supply & San	2	172		1		1
Agriculture	4	242		4		
Legal (Public Sector Management)	1	11				1
<i>Sub-total</i>	24	2,214		13	7	4
<i>Total</i>	47	6,350	1	16	17	13

*H: High; S: Substantial; M: Modest; N: Negligible.

Social Protection

3.11 Social protection projects were mainly social fund projects (seven) and two social protection projects that included social fund-type components. These project/components mainly financed small and often primary level infrastructure for poor communities (mainly in the education, health, and water supply sectors). These demand-based subprojects involved relatively greater levels of community/beneficiary participation, and also supported significant attempts at building capacity of communities to participate in the design and implementation of development interventions. Overall, IP were mainly beneficiaries, and the likelihood of such subprojects adversely affecting IP was low.

3.12 The social protection projects did not have IPDPs. The Honduras *Social Investment Fund III* project had a targeted program for IP (Nuestras Raíces, US\$3.8 million) learning from the lessons of the previous project, and the Peru Social Fund II included a detailed IP strategy.³¹ Nuestras Raíces resulted in greater attention to IP priorities and needs. It financed some 3,500 community groups representing nine ethnic peoples for projects such as road rehabilitation, hanging bridges, rehabilitation of navigation canals, school expansion works, construction of wells and latrines, and construction of traditional ovens. In addition, training was provided to community

³¹ The Implementation Completion Report (ICR) provides little information on strategy implementation, but adds that IP targeting needed to be strengthened.

members in the proper usage of wages earned and to organize and finance agricultural and commercial income-generating activities that were initiated and identified by the communities themselves. Under subsequent phases of the Social Fund, the *Nuestras Raíces* program expanded even further, transferring increased responsibility to IP.

3.13 The quality of results were not very different across social protection projects for IP. Social funds improved the quality of educational infrastructure overall, although project-level surveys indicate little improvement in educational outcomes. In addition to improved health infrastructure, several ICRs noted increased utilization rates, which contributed to the decline in child mortality. Access to water supply increased in many cases, and in Peru a positive impact was noted on the incidence of water-borne diseases. However, the Bolivia *Social Fund* was the only project that assessed the quality of water, and found it to be unsatisfactory.

3.14 Field assessments conducted by OED and IDB in Honduras, Nicaragua, and Peru indicated satisfaction among IP beneficiaries at the levels of participation in the design and implementation of sub-projects. Yet, a mid-term report for the Peru *Social Fund*—a fund considered to be generally successful—indicated that the impact of the subprojects on IP was less positive than that on non-IP communities. The report suggested that IP communities were unable to take full advantage of the interventions owing to lack of appropriate and IP-sensitive capacity building efforts.

3.15 Most social fund projects combined poverty or geographical targeting with a demand-based approach. Although such targeting may be effective because IP tend to reside in groups, it had its perils. In demand-based projects, communities with greater capacity to apply and contribute their share of the costs received more funding.³² This has led to a separate program for IP in Honduras with some capacity building, better targeting of IP communities in Peru, and improved capacity building in Bolivia.

3.16 Also, poverty targeting was not effective in reaching IP in countries with a low percentage of IP populations. The Nicaragua *Second Social Investment Fund* strengthened operations in the Atlantic Coast region, where the majority of ethnic groups are concentrated. Although geographic targeting goals were met for the region, no special subprojects were developed for IP, and progress was negligible in meeting their “special needs.” To address this concern, the third Nicaragua *Social Investment Fund* project included an IPDP. Similar findings emerged in the Mexico *Program of Essential Services* project, which was unsuccessful in reaching the very poor, and benefited low-income groups in general, while missing its original focus on indigenous communities.

3.17 In Bolivia, Ecuador, and Peru, poor IP were likely to have benefited from the projects. For example, in Bolivia the poorest municipalities received 63 percent of all project expenditures (at a time when these municipalities were receiving only 22 percent of the total municipal expenditures). In Ecuador, 60 percent of all *parraquias* located in indigenous areas benefited from at least one subproject from the social fund, although 77

³² Bolivia *Second Social Investment Fund* ICR: “It is common in demand-driven social funds for there to be more proposals from richer communities than from poorer communities since wealthier communities have greater capacity to prepare proposals.”

percent of all non-indigenous *parraquias* received benefits from at least one subproject. In Peru, targeting was not fully effective initially. It was subsequently refined to ensure that more resources reached extremely poor IP in the third social fund project.

Agriculture

3.18 All four agricultural sector projects in the evaluation period generated satisfactory results. Three in India, and one in Bolivia, significantly benefited IP beneficiaries.

3.19 The Bolivia *Rural Communities Development* project strengthened the operationalization of Bolivia's Participation Law in 132 municipalities, outstripping its target of 98. The project provided technical assistance to IP, legalizing about 4,000 rural communities. Indigenous communities were empowered through the reorganization of municipalities taking into account the territorial organization of ethnic groups. In the 1999 municipal elections, for the first time, more than 50 percent of elected municipal councilpersons were of indigenous origin. In 13 districts, participatory planning was implemented taking into account the cultural and social characteristics of IP.

3.20 The *Andhra Pradesh Forestry* and the *Madhya Pradesh Forestry* projects instilled a sense of ownership over the forestlands in the participating communities, resulting in greater protection of the forests. The projects enhanced the customary rights of tribals to natural resources such as fuel wood, fodder, minor timber and forest produce, and timber on those lands and allowed the beneficiaries to share in the sale of these products. Previously, the beneficiaries were considered to be encroachers under law when trying to collect forest produce, while they now attested that they were able to obtain natural resources without harassment because the project changed the mindset of the forest administrators. Moreover, if the program continues to be sustainable, it is highly likely that in the future IP communities would receive significant income from the sale of forest timber and other produce, once the plantations mature.

3.21 However, several weaknesses constrained achievement of project objectives. In some cases, creation of project village organizations with special rights over forestland created social tensions and conflict in resource-constrained areas. Lack of adequate capacity building of IP beneficiaries reduced their informed participation in design and implementation, resulting in weak institutionalization of the program and its principles at the community level. Inadequate monitoring and accounting systems, the lack of a credible dispute resolution process, and a weak framework for partnerships with NGOs decreased transparency and credibility of the program. For these and other reasons, some Mass Tribal Organizations (MTOs) criticize the program, and argue that Bank assistance generated significant conflict, and that the Government intends to protect the environment, rather than safeguard IP interests. OED undertook field assessments in both states, visiting 19 communities in Madhya Pradesh, and 32 in Andhra Pradesh. Despite the above weaknesses, the assessments found that results were by and large satisfactory, validating the ICR findings.

3.22 The India *Rubber* project shifted households from traditional slash and burn to more permanent rubber plantations, introduced new forms of small-scale industry, and

increased economic opportunities and the productivity of tribal land. This brought in new livelihoods: rubber tapping, bee keeping, and honey production. The project encouraged savings, launched new forms of collective organizations for productive or economic purposes, and had positive effects on the household economies. Although the project set a path for IP assimilation into mainstream Indian economy, it involved significant beneficiary participation in design and implementation, and therefore the results were responsive to IP needs and priorities.

Education and Health Projects

3.23 Building their own social capital—in terms of education and health—is an important objective among most IP communities. Research on the links between education and IP also indicates that the long-term benefits are not exclusive to the labor markets, but also reduce dependence of IP on forests through three indirect channels. Education increases the ability of foragers to leave the countryside; it improves the use of agricultural land tenure through the adoption of new technologies and better application of old ones; and it reduces family size.³³

3.24 Projects in these sectors, particularly in education, pose considerable difficulties for the evaluator. By definition, IP speak languages that are different from the medium of instruction. Studies also indicate that bilingual education has been successful and produces better results in terms of reading comprehension. However, there are advocates who argue that teaching students in their first language places them at a disadvantage for further educational opportunities. Both views are prevalent among IP communities. Field assessments also drew no conclusive picture of what IP communities prefer. Some IP communities wanted their children to be taught in the majority language (such as Hindi, English or Spanish), because it would increase their economic opportunities. Others, like parents in Guatemala, recognized the importance of bilingual education (see Box 3.1).

3.25 Language was considered in only one of the four education projects. This project helped minority education in China by developing and distributing minority language textbooks and teaching materials. However, IP still benefited from the other three projects, which were poverty focused, utilized geographical or other forms of poverty targeting to reach IP, and operated within existing domestic legal frameworks for IP.³⁴ In such cases projects facilitated access to primary education, improved the quality of infrastructure, and, in particular, increased the enrollment of IP girls.

³³ Psacharopoulos, G., and H. Patrinos, Eds. 1994. *Indigenous People and Poverty in Latin America: An Empirical Analysis*. Washington, D.C.: World Bank.

³⁴ In India, this included the affirmative action program for scheduled tribes, and in China the project operated within the Minority Education programs.

Box 3.1: Importance of Targeted Funds: An Example of Bilingual Education

Eighty percent of the US\$33 million Guatemala *Basic Education Reform* project targets rural areas where most IP live in households where an indigenous language other than Spanish is spoken. Guatemala government officials say that no investments were made in the Intercultural Bilingual Program (EIB) between 1998–2000 because funds were not earmarked. The Directorate for EIB, responsible for teacher training and bilingual text production, claimed that the Program for Educational Development (PRONADE) would not approve expenditures. PRONADE argued that the EIB Directorate did not demand a budget. Thus, the Guatemala field assessment found communities lamenting the lack of intercultural bilingual teaching and the culturally inappropriate curriculum. A recent follow-up project, the 2001 *Universalization of Basic Education*, does have funds earmarked for ‘Cultural Diversity and Pluralism.’

3.26 Bank studies in the area of health indicate that unequal access to health services for IP is the result of three factors: the general isolation of many IP communities; widespread imbalance in the allocation of medical personnel and services that favor urban areas; and overall inability to pay for adequate services. This was reiterated by field assessments in India, Indonesia, and Vietnam. The four health projects did not have IPDPs. However, geographical targeting has ensured that project benefits did reach IP in three out of the four cases.

3.27 The three satisfactory projects in India, Indonesia, and Peru, each successfully catered to specific needs of IP communities. In India, the evaluation finds that although the *National Leprosy Elimination* project did not have an IPDP, it reached IP beneficiaries by targeting difficult tribal areas and slums in the big cities. It was highly successful in tackling leprosy among the poor, and since it reached IP, the project is considered to have generated satisfactory results for IP. The Indonesia *Community Health and Nutrition III* project provided basic health facilities to isolated and remote areas inhabited by IP, and thereby reached IP communities. OED’s field assessment found that IP women were trained as traditional midwives, improving their status within their communities. Surveys conducted by the project authorities showed improvement in health status, including maternal health. In West Papua—the locality visited by an OED team—provincial officials confirmed that infant mortality rates were reduced, although there was little impact on maternal mortality. The Peru *Basic Health and Nutrition* project provided training to over 2,000 health providers in either women’s or child health and nutrition. The project emphasized development of Information, Education, Communication (IEC) commissions and prepared distance learning program manuals and cassette tapes for training health providers in the Quechua language and culture.

Energy & Mining and Transportation

3.28 The evaluation assessed the eight projects in the energy and mining sectors and the nine in transportation in which OD 4.20 was applied, in terms of efficacy of project outcomes for IP. Out of these 17 projects, only two (one in energy and mining, and one in transportation) generated satisfactory results; another four in transportation generated marginally unsatisfactory results.

3.29 Development interventions in these sectors have significant potential to reduce poverty through creation of jobs in the construction, mining and metallurgical industries, as well as in related commercial and service activities, rail and road transport, and some urban infrastructure. At the same time, they can also risk and endanger the lives, assets, and livelihoods of IP. Moreover, modern technology allows interventions in hitherto remote areas, causing significant displacement and irreparable damage to IP land and assets.³⁵ In this context, IP living on these remote and resource rich lands are particularly vulnerable, because of their weaker bargaining capacity, and because their customary rights are not recognized in several countries. Also, while such projects are expected to increase economic opportunities, IP do not always benefit because of their relative lack of human and/or social capital.

3.30 The Brazil-Bolivia *Gas Sector Development* project was an example where the adverse effects of Bank assistance on IP were successfully mitigated. There was recognition that the sharp increase in gas exploration in Bolivia could have an unanticipated or immeasurable adverse impact on the environment, and therefore on the land, natural resources, and livelihoods of IP. Thus, project design included measures to mitigate adverse effects.³⁶ An Environmental Management Plan for US\$36 million was prepared, and included compensatory measures for upstream and long-term project impacts. Such measures aimed to ensure that IP would be compensated for the state's use of natural resources in or near areas where IP lived.

3.31 A trust fund and an escrow account were established to continue with selected activities (land titling and support to sustainable development subprojects) beyond the closing date of the loan. Additionally, the project established another trust fund of US\$1 million for protection and management of Kaa-Iya National Park, which is co-managed by an indigenous NGO in collaboration with Bolivia's National Protected Areas Agency. To strengthen individual and community rights, auditing functions related to social aspects were assigned to an ombudsman. Executive summaries of the independent environmental audits were shared with NGOs and other interested parties, increasing transparency and addressing civil society concerns. Institutional partnerships were evident between the Bank, the IDB, and the Andean Development Bank, and the ICR stated that this ensured consistent environmental and social requirements and joint reviews leading to better results. The project activities increased dialogue and

³⁵ See *World Bank Approaches to the Environment in Brazil: A Review of Selected Projects, (1992) Volume I: Overview*, Operations Evaluation Department, which discusses the impact of mining activities on communities; see also: IFPRI. 2002. "Sound Choices for Development: The Impact of Public Investments in Rural India and China." Available at: <http://www.ifpri.cgiar.org/pubs/ib/ib7.pdf> IFPRI. 2002. See opposite viewpoint on mining in Friends of the Earth. 2002. "Treasure or Trash? The World Bank's Flawed Defense of Mining as a Tool for Development." Additionally, the 2002 *Breaking New Ground: Mining, Minerals and Sustainable Development* a two year global study carried out by the International Institute for Environment and Development (IIED), under commission from several of the world's largest mining companies and the World Business Council for Sustainable Development, found that IP land is under threat and is often used without their consent. The report recommends companies should act as if consent to gain access to land were required even if the law does not demand this and that culturally appropriate decision making processes must be carried out. See also similar view that mining does not necessarily lead to poverty reduction: *Cutting-Edge Policies on Indigenous Peoples and Mining: Key Lessons for the World Summit and Beyond*, a brief by Viviane Weitzner The North-South Institute Ottawa, Canada, August, 2002.

³⁶ When pipeline right of way was unexpectedly found to have traversed a section of a conservation unit (owing in part to the lack of clear on-the-ground demarcation), the implementing agency provided additional funding and planted 375,000 trees to comply with state laws.

collaboration between the private sector, local communities, and civil society organizations and led to the participation of local communities and civil society in the environmental monitoring process.

3.32 In sharp contrast, two Russian oil rehabilitation projects demonstrated how projects without IPDPs often did not achieve intended results for IP. The two interventions involved rehabilitation of closed oil wells, drilling of infill wells, and replacement of worn out production flow lines to reduce oil leakages. Although the project focused on the transfer of more efficient and cleaner technology for oil extraction and refinement to Russia, there was little emphasis on revitalizing sustainable local economies of IP who fish and hunt. Both appraisal documents recognized the significant adverse effects that oil processing had on IP in the region.³⁷ Both projects included environmental action plans, but did not have IPDPs. The environmental protection component of the second project proposed a program to “safeguard the interests of national minorities in or near project areas,” but this did not materialize. The environmental action plans were not implemented; there was no commitment on the part of the Oil Producing Associations (OPA); some argued that the Staff Appraisal Report was not legally binding, and that OPAs were committed only to the statements in the project agreement signed with the Bank. Thus, the projects helped to increase oil production, but did not implement the environmental measures. Oil leaks (the actual rate of pipe replacements was low compared to what was planned) and environmental damage continued unabated, in excess of internationally accepted standards. Overall, project results were unsatisfactory.

3.33 Nine projects financed the construction or rehabilitation of roads. Rural infrastructure, roads in particular, has been demonstrated to have an important impact on agricultural productivity, non-farm income opportunities, and greater market integration (see Box 3.2). Field assessments in Indonesia, Peru, and Vietnam confirmed that better roads facilitated access to markets. They reduced cost of goods, particularly construction materials and production supplies. They improved local transportation and increased social exchange and mobility. They improved access to health services and increased the likelihood of hiring better-qualified staff in schools. Overall, road upgrades were perceived to be very important for development of the local economy, improved living standards, and increased social and spatial mobility.

³⁷ The appraisal documents detail the damage that has been caused by previous oil refining, and point to Presidential Decree N397, which emphasizes the protection of the rights and interests of national minorities of the north, and state that social scientists would work closely with the tribal populations to best determine how these people could equitably share the benefits from oil development.

Box 3.2: Impact of Roads Rehabilitation on IP: Results of a Field Assessment in Peru

In Peru IP beneficiaries noted that rehabilitated access roads had helped them reach markets quicker, increased their access to wage labor in the non-farm sector, encouraged teachers and staff at social sector facilities, and facilitated access to health facilities. Project beneficiaries felt that the project improved conditions of transportation (30.2 percent), followed by commerce (29 percent), and better access to health services (9.5 percent). Only 11.8 percent of participants reported that their income improved, 56 percent that income decreased, and 31.4 percent that their income stayed the same. An assessment undertaken for the preparation of the ICR also found that there were no significant changes in the poverty levels of the project beneficiaries in relation to control groups, but adds that countrywide poverty increased by 2 percent during this period. The project may therefore have arrested the increase in poverty.

3.34 Nevertheless, roads have a number of unintended effects, particularly when they provide access to remote IP areas, as did five of the nine road projects. In such cases, roads provide external stakeholders greater access to these interior and remote localities, and encourage increased migration seeking exploitation of rich natural resources in the locality. In Indonesia, the Irian Jaya assessment notes that changes in land ownership took place directly or indirectly, with new and more economically sophisticated migrants acquiring the more lucrative land at hand. NGOs also argue that better access to roads and improved communications resulting from the Bolivia-Brazil *Gas Sector Development* project in the IP areas “would intensify resource exploitation ... in the longer term as pressure from colonists on indigenous lands in Bolivia remains a major problem.” Reportedly, in Brazil wild life poaching along the pipeline has already increased as a result.³⁸ Without an IPDP to mitigate adverse effects and to ensure that IP share in the benefits, some perceive roads as benefiting external stakeholders rather than IP.

3.35 Yet, none of the road projects had IPDP. The Peru *Rural Roads I* project included a component to ensure that the poor in project localities also shared some of the benefits of the project. However, the program did not distinguish between IP and non-IP poor, and therefore did not focus on whether the roads could have had adverse effects on the assets and livelihoods of IP groups.³⁹ As illustrated by the nine road projects, in the absence of IPDPs, it is highly unlikely that transportation projects would mitigate the adverse effects on IP.⁴⁰

³⁸ “Indigenous Peoples, Forests, and the World Bank: Policies and Practice” Thomas Griffiths, Marcus Colchester (Forest People’s Program) August 2000. [Report on a Workshop on Indigenous Peoples, Forests, and the World Bank: Policies and Practice, Washington DC, May 2000].

³⁹ The follow-up *Second Peru Rural Roads* project confirms this. It includes a strategy to address IP issues in the Amazon, but not in the Sierras. In the Amazon, the project includes a pilot program on river transport, which aims to test how to integrate IP into the process, and how to ensure that they receive benefits of the program. The pilot program is highly participatory at all stages; IPDPs are prepared in consultation with beneficiaries. On the other hand, in the Sierras, IP will continue to receive benefits as poor groups through the poverty targeting of the Rural Roads program.

⁴⁰ Management notes that seven of these projects were rated satisfactory at exit with regard to development outcome and an eighth was rated highly satisfactory.

Environment

3.36 Six environment sector projects addressed issues related to land and natural resources; only two had satisfactory results in terms of efficacy of the projects for IP (see also Box 3.3 on GEF projects). Environmental projects have the potential to either strengthen or weaken IP access to land and natural resources because they often involve the need to reconcile competing, and sometimes conflicting, interests in the environment. Without a proper understanding of IP interests and approaches, projects in this sector can cause considerable damage to IP. Three of the six projects reviewed are discussed below.

Box 3.3: Good Practices in GEF Projects

The evaluation also reviewed the design of 65 GEF grants (US\$795 million) in the 34 sample countries to understand how the OD was applied. An evaluation of results was impossible since only four projects had ICRs, two of which did not refer to IP. Fifty-four percent (35 projects amounting to US\$ 425 million) affected IP; all except two were likely to have adverse effects on IP. Forty-three percent of these projects had self-standing IPDPs, and another 23 percent had elements thereof. Of the 35 projects likely to affect IP, 46 percent (16 projects) applied the OD in a highly satisfactory or satisfactory manner. Sixteen of the 18 projects in the LCR region affected IP. In 12 of the 16, OD 4.20 was applied in a highly satisfactory or satisfactory manner.

The Mexico-Mesoamerican *Biological Corridor* project and the Indonesia *Coral Reef Rehabilitation and Management* project (COREMAP) reflect good practices in the application of OD 4.20. They involved high quality social and impact analysis of project activities, informed participation of IP in project design and implementation (in Mexico, indigenous languages were used to disseminate information about the project), and adequate monitoring plans. The Mexican project had an IPDP, while in Indonesia, the whole project was considered an IPDP. Both projects included measures to protect IP interests through the formulation of action plans to ensure that IP receive culturally compatible benefits and that they are not adversely affected by project activities. Additionally, in Indonesia, a conflict resolution mechanism was established.

3.37 The Colombia *Natural Resource Management* project was rated by the evaluation as a good practice, and demonstrated that despite the complexity and sensitivity of the issues, the Bank can support the achievement of results with significant patience and effort. The project took 77 months from identification to effectiveness, and although this may be viewed as inefficient by standard criteria, it involved informed participation of IP. It had a well-prepared and self-standing IPDP. Overall, it achieved its objectives of community titling for indigenous and Afro-Colombian people. It granted secure land titles to IP groups, established new reserves, and marked the boundaries of existing reserves.⁴¹ Informed participation was high. The participatory nature of the program empowered the communities in their capacity to manage resources. The titling of IP land contributed to strengthening the internal forms of governance and the community's negotiating capacity. Land ownership through this project reportedly provided greater security, particularly in view of the ongoing conflict. The presence of an independent

⁴¹ The ICR notes that the project created 46 indigenous reserves and expanded 10, exceeding the target of 40 reserves established in the SAR. Overall, the project covered 324,287 ha (representing 16.3 percent of the total area of indigenous reserves in the Pacific region) and included 9,272 people in 2,561 households.

panel of experts empowered the beneficiaries and gave them a credible process for dispute resolution. Due to the high levels of community ownership, the project was sustained through three government administrations.⁴²

3.38 The Nicaragua *Agricultural Technology and Land Management* project demonstrated the complexity involved in land titling issues. This project supported an ethnic mapping of 128 indigenous communities on the Atlantic coast—the first official mapping exercise in Nicaragua—and covered 34 percent of IP in this area. Civil society groups considered that the study of ethnic mapping highlighted the problems of disputed lands, and brought the IP perspective on land demarcation to the table. The study also contributed to the formulation of a bill on land demarcation, alternative to that presented by the Ministry of Environment and Natural Resource, and brought international NGOs together to fund advocacy work for IP land rights. Unfortunately, the government did not accept the findings.

3.39 In sharp contrast, the Brazil *Environmental and Conservation Rehabilitation* project demonstrated how well intentioned projects can go awry. This project resulted from a long history of attempts by the Bank to ensure better demarcation of indigenous reserves, starting as early as 1982 with the first Bank loan for the Carajas project to Companhia Vale do Rio Doce (CVRD), Brazil's largest state-owned mining company. Previous OED evaluations pointed out that the Bank's environmental experience in countries such as Brazil over the past three decades has acted as an important catalyst for policy and institutional changes within the Bank itself, and in some of the Latin American countries. However, despite the progress in the policy and institutional area, the Brazil *Environmental and Conservation Rehabilitation* project was unsuccessful in achieving results for IP. As a condition of the loan, CVRD was expected to formulate a program of subprojects for Amerindians to reduce their dependency on the company. The project also aimed for continued demarcation of Amerindian territories, although FUNAI, the government agency in charge of demarcation, was not a party to this loan agreement.⁴³

3.40 CVRD adopted a policy statement on IP, though later than planned. It failed to persuade FUNAI to demarcate the Amerindian territories, and then argued that it could not be responsible for not discharging government responsibilities. Thus, the Amerindian development and land demarcation programs, important conditions of assistance to CVRD, were never realized although the loan was fully disbursed. While CVRD continued to support activities in the area of health and community development, these activities were not consistent with the policy statement adopted by CVRD, which called for reduction of direct dependency on CVRD and the development of greater self-

⁴² See also Ng'weno, B. 2000. "On Titling Collective Property, Participation, and Natural Resource Management: Implementing Indigenous and Afro-Columbian Demands. A Review of Bank Experience in Columbia." Revised for *Rural Week 2001*. Washington, D.C.: World Bank. Available at: <http://wbln0018.worldbank.org/external/lac/lac.nsf/0/d56de267ed9a073985256a320063a78d?OpenDocument&Start=1&Count=1000>.

⁴³ FUNAI was involved in the consultation process as early as in 1982, when the Bank had made a loan to CVRD with a special plan for titling of Amerindian territories. In mid-1982, CVRD signed an agreement with FUNAI for the execution of an Amerindian Special Project to provide land demarcation, health, economic development, and educational services to indigenous communities.

determination for indigenous groups. The evaluation agrees with the conclusion made by OED a decade ago: “Future threats to tribal reserves are likely to emerge from the continuing expansion of rural settlement, including the possibly increasing extraction of fuel wood for charcoal production. More generally, the long-term sustainability of efforts to protect local tribal populations ... is uncertain.”⁴⁴

EFFICIENCY OF BANK ASSISTANCE

3.41 Using OED criteria for rating efficiency would not be fully appropriate in evaluating efficiency of projects from an OD 4.20 perspective. The cost per capita is likely to be higher in projects that apply the OD given that design and implementation costs are higher because IP normally reside in remote areas. For example, only 10 percent of Nicaragua’s roads are in the Atlantic regions where IP are concentrated, making project execution costs in this area higher. In the context of the overall needs of the country in the post-war period, donors suggested to the OED mission that greater benefits for money can be obtained by working along the Pacific where there is also need.

3.42 In addition, OD 4.20 points out that “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.” The evaluation findings reiterate this point. Projects rated as having generated satisfactory results took much longer than the average project preparation time; that is, 77 months elapsed between the identification and actual effectiveness of the Colombian *Natural Resource Management* project, 51 months in the case of the Bolivia-Brazil *Gas Sector Development* project, and 33 months for the India *Rubber* project.⁴⁵ In contrast, the Russian oil rehabilitation projects took the average time of 24 months for preparation, but the results were unsatisfactory. Although this is not conclusive, it does support the point that informed participation is a resource-intensive process, and that efficiency of IP-related projects cannot be measured by the same standards used for non-IP projects.

3.43 Similarly, user fees are expected to increase efficiency, but this needs to be carefully studied in the case of IP. Field assessments show that the imposition of user fees constrained participation of IP. Field visits conducted in Karnataka, India, and Peru indicated that IP communities, although more organized and cohesive, were less able to pay the required user fees and therefore suffered in different ways. In recognition of their lesser capacity to pay, the community groups in some Karnataka villages exempted tribal households from the contribution, but this meant fewer household connections and reduced or no water in the public water points during periods of scarcity.

3.44 The evaluation, therefore, considered the appropriateness of implementation arrangements for IP as an additional criterion.⁴⁶ In assessing “appropriateness,” the evaluation took into consideration whether “local patterns of social organization,

⁴⁴ See *World Bank Approaches to the Environment in Brazil: A Review of Selected Projects*, April 1992, OED, which highlights the positive and adverse impacts of mining projects, p.29.

⁴⁵ The average time for preparation of Bank projects is between 22 and 24 months.

⁴⁶ See Annex 2 for more background information on assessment of efficiency in this evaluation.

religious beliefs, and resources” were considered and whether the project design “involved appropriate existing institutions, local organizations, and NGOs with expertise in matters relating to indigenous peoples.” The evaluation finds that the efficiency of the projects was modest; less than half had satisfactory or better results on the efficiency criteria (see Table 3.4).

Table 3.4: Efficiency Of Bank Assistance For IP

Sector	No. of Projects	US\$M	No. of Projects rated as:*			
			H	S	M	N
<u>Projects with High Potential for Adverse Effects on IP</u>						
Energy & Mining	8	2,345	1		3	4
Transportation	9	1,526		2	6	1
Environment	6	264		2	1	3
<i>Sub-total</i>	<i>23</i>	<i>4,135</i>	<i>1</i>	<i>4</i>	<i>10</i>	<i>8</i>
<u>Other Sectors</u>						
Social Protection	9	1042		4	5	
Education	4	445		2	2	
Health, Nutrition, and Population	4	302		2	2	
Water Supply & San	2	172		1	1	
Agriculture	4	242	2	2		
Legal (Public Sector Management)	1	11			1	
<i>Sub-total</i>	<i>24</i>	<i>2,214</i>	<i>2</i>	<i>11</i>	<i>11</i>	
<i>Total</i>	<i>47</i>	<i>6,350</i>	<i>3</i>	<i>15</i>	<i>21</i>	<i>8</i>

* H: High; S: Substantial; M: Modest; N: Negligible.

3.45 Utilization of IK in designing projects was not a common feature. In some countries, IP communities have their own health systems, but none of the health sector projects focused on such traditional medicines. In Indonesia and Nicaragua, some links were established between the nurses and traditional midwives. There was no interaction between traditional and modern medicine in the communities, although local people most often used the traditional healer as the first point of call. Translation of project documents into IP languages was also uncommon. The Peru *Basic Health and Nutrition* project was an exception. At the request of the regional health office of Cuzco, the National University of San Antonio Abad of Cuzco produced a successful distance-learning program of manuals and cassette tapes for training health providers in the Quechua language and culture. This resulted in a replicable intervention to improve provider-client communications in the high-risk IP population.

3.46 In all but three projects, new project-level institutions were established for implementing project activities without any evident evaluation of traditional institutions that could have been utilized for project implementation. This increased the costs of implementing the projects, and enhanced the complexity of project design and scope. In

several projects, government agencies or other institutions directly related to the development of IP were not involved during project design or preparation. Therefore, the Borrower or the implementing agency (sometimes commercial entities) were also responsible for ensuring that the interests of IP were protected. This increased costs of having to establish systems and processes in institutions with different objectives.

INSTITUTIONAL DEVELOPMENT IMPACT

3.47 The evaluation assessed institutional development impact in terms of (a) enhanced informed participation of IP; (b) strengthened institutional systems for social and environmental assessments/monitoring; and (c) enhanced gender equity (see Table 3.5).

Table 3.5: Institutional Development Impact of Bank Assistance for IP

Sector	No. of Projects	US\$M	No. of Projects rated as:*			
			H	S	M	N
<u>Projects with High Potential for Adverse Effects on IP</u>						
Energy & Mining	8	2,345	1	1	3	3
Transportation	9	1,526		3	5	1
Environment	6	264		1	2	3
<i>Sub-total</i>	<i>23</i>	<i>4,135</i>	<i>1</i>	<i>5</i>	<i>10</i>	<i>7</i>
<u>Other Sectors</u>						
Social Protection	9	1,042	1	2	6	
Education	4	445		4		
Health, Nutrition, and Population	4	302		3	1	
Water Supply & San	2	172		1		1
Agriculture	4	242	4			
Legal (Public Sector Management)	1	11			1	
<i>Sub-total</i>	<i>24</i>	<i>2,214</i>	<i>5</i>	<i>10</i>	<i>8</i>	<i>1</i>
<i>Total</i>	<i>47</i>	<i>6,350</i>	<i>6</i>	<i>15</i>	<i>18</i>	<i>8</i>

*H: High; S: Substantial; M: Modest; N: Negligible.

3.48 *Enhanced informed participation of IP.* Traditional IP communities usually have views of public space and public debate different from those of socially dominant groups, and similarly they have different views on who should participate and who should not. For example, in many IP communities visited in remote areas in India, male tribal elders have the authority to decide on behalf of the community, a well-accepted tenet by the community as a whole. Yet, Bank-supported projects required the participation of women and seek to have inter-generational representation.

3.49 This said, the evaluation finds significant participation of IP groups in the implementation of project activities. Field assessments find that IP generally respond positively to such participation. For example, tribal beneficiaries of the *Karnataka Rural*

Water Supply and Environmental Sanitation project felt that they were provided with a meaningful opportunity to participate in a development program, and had an instrument to voice their needs. This was even more strongly felt by women.

3.50 Participation in the majority of projects took place through modern state structures, such as village level health or education committees; field assessments indicate that these project structures created new power relations, weakening traditional IP communities. These committees represented an economic power that the traditional indigenous authorities could not match. For example, field assessments in Peru indicate that traditional work systems were being weakened because IP beneficiaries preferred to work for wages. Also, where IP lived among other equally poor groups, their representation in heterogeneous committees could be a double-edged sword. While it promoted their participation, it also facilitated their amalgamation into the mainstream. However, traditional organization structures may be possible only in the more remote and isolated IP communities.

3.51 Increasingly, social funds or community development projects have attempted to decentralize responsibilities and financial management to IP at the village level. IP communities welcome such decentralization of responsibility (see Box 3.4). Project staff in Honduras, India, and Peru pointed out that indigenous groups are more transparent in administration than others because of existing control mechanisms at different levels within their communities. Project execution was also expedited because IP communities are more organized than non-IP, and the maintenance of the works was more effective because of traditional forms of communal responsibility. However, in several cases, lack of information about the goals, objectives, and procedures of the program, inadequate institutionalization at the village or community levels, and weak capacity building reduced the positive benefits. For example, in Madhya Pradesh, control over the funds continued to vest with the implementing agency representatives.

Box 3.4: Institutional Strengthening

The Bolivia *Judicial Reform* project aimed to establish an alternative dispute resolution for indigenous communities. This objective was not realized, partly because it was highly ambitious and partly because during project implementation a new law changed the basis for the project design. Studies produced under the project represent a first serious attempt to create a comprehensive knowledge base on the justice system of IP in Bolivia. There were many awareness raising exercises on IP rights, the role of the state authorities, and the proposed community justice law for community leaders and local government authorities, in particular those involved in traditional and state justice systems. Yet the sustainability of project achievements was judged to be unlikely.

3.52 Capacity building efforts of IP was weak overall, except in social fund projects. Where attempted, training changed attitudes, enhanced skills and capacity of IP groups, and influenced behavior of government officials and other staff. In the India *Bihar Plateau Development* project, water users' associations were formed in 424 communities where works was undertaken. Beneficiaries of all 424 water users' associations were

trained, and about 100 water users' associations had a second round of training. In 292 cases, responsibilities for operation and maintenance were handed over to these associations. Several sub-projects involved NGOs in capacity building, but there were little or no formal impact assessments of such activities, and field assessments indicate unsatisfactory results.

3.53 Field assessments indicate a need for a dispute settlement mechanism at a project-level to address conflict. In Peru, 41 percent of the beneficiaries responded that the projects resulted in some obtaining more lucrative opportunities than others, and that this initiated conflict. There were also tensions in the absence of transparent guidelines for allocation of project resources among communities. This was evident in the Indian forestry projects where, given the high levels of resource constraints, the provision of benefits to selected project participants resulted in antagonizing other neighboring poor IP communities. Yet, IP rarely had a means to have their complaints addressed and felt disempowered. The Bolivia-Brazil *Gas Sector Development* project and the Colombia *Natural Resource Management* project were exceptions. Under both projects, independent ombudspersons were appointed to protect individual and community rights and proactively interact with NGOs and communities and with the environment auditors.

3.54 *Strengthened Institutional Systems for Social and Environmental Assessments.* Several projects strengthened institutional capacities to undertake social and environmental assessments. Some of these integrated IP-related considerations (for example, the Indonesian roads projects), while several did not. Although the OD recommends the integration of monitoring and evaluation systems, particularly because the institutions responsible for indigenous populations have weak management histories, there was little focus on strengthening the monitoring capacity of domestic institutions. The majority of IPDPs did not establish benchmarks or monitoring indicators, despite a requirement in OD 4.20 that the "legal provisions should provide Bank staff with clear benchmarks that can be monitored during supervision." In addition, only 10 percent of projects had IP related monitoring systems and very few established any baseline data.

3.55 *Enhanced Gender Equity.* The OD states that IP should receive culturally compatible benefits. Most IP communities continue to maintain world-views that are different from those held by other dominant communities. Concepts of gender equality based on individual human rights do not fit into this worldview. At the same time, IP women assert that gender issues need to be tackled for effective poverty reduction. For example, IP women interviewed in Peru opined that traditional systems were built on participation, but these practices had eroded with time and external influences, and that the traditional institutions are no longer gender aware or suitable for the changing lifestyles and newer responsibilities. They felt that new institutions based on equitable participation were necessary and they supported the Bank's focus on empowerment of both men and women.

3.56 Bank-supported projects have contributed in a localized way to influence gender roles and functions.⁴⁷ Bank assistance has strengthened the participation of women in community activities, and in some cases this has led to rethinking about women as being capable of assuming new roles besides those culturally ascribed to them. Assessments in some cases indicate that the traditional division of labor is being reshaped in the communities, and women increasingly have better access to the opportunities traditionally reserved for men. The Indonesia *Community Health and Nutrition* project trained and appointed local women and young girls as midwives and nutritional advisors. These women proved to be role models in villages where women did not usually have a dependable source of income. However, field assessments indicate that these midwives have not been adequately incorporated into the health care system.

SUSTAINABILITY

3.57 The evaluation rated sustainability of any IP components or activities using the following criteria: (a) likelihood of stream of benefits continuing to flow for IP; (b) demand from IP for the activities; and (c) continued funding for IP activities.

3.58 Interviews with field staff suggest that IP communities have stronger internal systems for consultation and participation than non-IP communities—sustainability should therefore be more likely in these cases. However, sustainability of results for IP was generally lower than that for the project overall, as reported in the ICRs and OED’s Evaluation Summary ratings (see Table 3.6). Field assessments indicate that in many cases IP did not have adequate understanding of their potential roles and mandates in participatory development. In addition, capacity building activities were not adapted for IP communities, and in India, Indonesia, Guatemala, Honduras, and Vietnam, efforts were inadequate to build skills and capacity for project activities.

Table 3.6: Sustainability of Bank Assistance for IP

Sustainability Ratings	Number of projects rated as:			
	Highly Likely	Likely	Unlikely	Uncertain
ICR Sustainability Ratings	4	35	8	--
OED Evaluation Summary (ES) Ratings*	2	30	8	5
Evaluation Ratings for IP	1	28	18	--

*Two projects were rated as non-evaluable.

3.59 Weak design of IP-related components in some projects contributed to reduced sustainability. For example, the Indian forestry projects were designed on the premise that the activities initiated would generate resources in a period of three to seven years

⁴⁷ See Andina, M., and Pillsbury, B. 1998. “Women’s Empowerment, Family Planning and Civil Society. Lessons Learnt From Research With Women’s NGOs.” Los Angeles: Pacific Institute for Women’s Health. Summary available at: <http://www.piwh.org/pdfs/womnempfp.pdf>. However, positive outcomes cannot be attributed solely to Bank projects. Country affirmative action programs, their development agencies, economic needs forcing women to seek productive activities, and exposure to new images of women on the media have all contributed to this phenomenon.

depending on the type of species planted. This resulted in IP communities not benefiting in the initial period of at least three years, except from temporary labor generated by the forest departments. By the time the project closed, less than 10 percent of the communities had realized any of the sustainable income that they were supposed to accrue, and temporary labor also stopped. This reduced IP ownership of activities, reducing the likelihood of sustainability. In the Indian *Rubber* project, since it was clear that revenues from the rubber plantations would flow only after the first seven years, the project ensured that intercropping on rubber plantations would generate some income to the poor IP to sustain their commitment to the plantation. This worked well.

3.60 Another critical aspect of sustainability is the Borrower's commitment to continuation of activities when project financing is withdrawn. In most projects, protecting the interests of IP was a tangential issue, and not a primary objective. Therefore, Borrower institutions responsible for the development of IP often did not participate in the design or implementation of the project. For example, in the Russian *Oil Rehabilitation* projects the Bank entered into agreements with the Oil Producing Associations. These institutions had little or no commitment in protecting IP interests. In general, greater involvement of IP institutions would have enhanced sustainability in several cases. In addition, responsibility for matters related to IP was divided among different Government agencies and institutions, and therefore efficient convergence of development services necessary to strengthen sustainability was not present in most Bank-financed projects. Comprehensive IPDPs, such as in the Brazil-Bolivia *Gas Sector Development* project, would increase the chances of sustainability in such cases.

4. CONCLUSIONS AND RECOMMENDATIONS

4.1 This chapter pulls together the conclusions emerging from both the Phase I and Phase II evaluations. It draws from the findings of the desk review in both phases, the significant feedback received from participants at workshops organized by OED with other development partners, and the consultations with IP and other stakeholders during the field assessments, as well as the results of those field assessments.

FINDINGS

4.2 The Phase II evaluation confirms that the OD is relevant for effective poverty reduction. The evaluation finds that IP, who constitute some of the poorest groups in the world, need to be specially supported and assisted, and adverse effects on their land, other assets, and livelihood need to be mitigated. OD 4.20 enhances the likelihood that IP interests will be protected in Bank-supported development assistance.

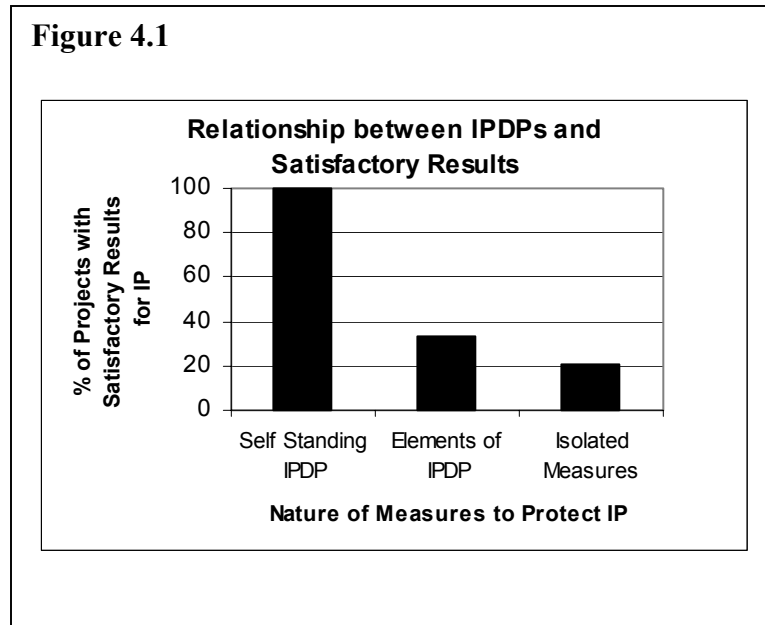
4.3 This said, the sheer diversity of social groups characterized as IP makes any attempt to discuss them as a single group vulnerable to allegations of generalization and simplification. Therefore, the lack of a diversified strategy, suited to each regional or country context, is perhaps the single most important problem constraining the effective implementation of OD 4.20.

4.4 The evaluation finds an urgent and compelling need for the Bank to shift its approach from one that focuses solely at the project-level to a more strategic or country-level approach. The project-level approach tends to increase the costs of doing business, heighten the Bank's reputational risk, and create the possibility of social tensions in the country. The strategic or country-level-approach would allow the Bank to further the OD's goals and objectives while ensuring a consistent and equitable implementation of the safeguard policy at the project-level within countries.

4.5 The application of OD 4.20 to Bank assistance has generated positive results for IP in some areas. It has strengthened the knowledge base for Bank assistance to IP, shaped Bank assistance to several countries through integration of measures to protect IP interests, and encouraged the participation of IP in the implementation of Bank assistance. However, in the period covered by this evaluation, only 18 out of the 47 projects (38 percent) succeeded in ensuring that IP benefited from, and/or were not harmed by, Bank-supported projects. Together, these 18 projects represent only one fourth of the total financing of the 47 projects. The overall results were therefore modest in terms of achieving the objectives of OD 4.20 during the evaluation period.⁴⁸

⁴⁸Management notes that OED records indicate that 80 percent of the 47 projects analyzed in this report were judged as successful in achieving their overall development objectives, higher than the Bankwide average for projects evaluated by OED during the period under review. Further, Management notes that the 47 projects date from 1992 through 1998. Since 1997, the Bank has defined a set of policies, including OD 4.20, as environmental and social safeguard policies and has taken progressive steps to improve their implementation. Management believes that the results of these actions

4.6 The Phase I report concluded that projects with IPDPs or elements thereof had generated better overall results on the ground, as assessed by ICRs. In Phase II, the evaluation compared the quality of OD application with specific results for IP as assessed by the evaluation team. The evaluation finds a positive relationship between the presence of self-standing IPDPs and results on the ground; that is, projects with self-standing IPDPs had better results for IP (see Figure 4.1).



4.7 The evaluation finds that 100 percent of the projects with self-standing IPDPs had satisfactory results for IP, as opposed to a third or less of the projects that had only elements of IPDPs. This is partly because there was greater Borrower commitment to a self-standing IPDP. Also, integrating IPDPs into the environmental action plans or resettlement action plans did not produce equally satisfactory results when compared to projects that had self-standing IPDPs. The evaluation finds that in such projects, the implementing agency was often not fully advised of the IPDP (i.e. because it is embedded in the Environment Action Plan) and seemed unaware of its obligations. In at least three projects, the implementing agency did not understand why they were committed to undertake activities for IP, when provisions related to IP were not clearly stated in the legal documents.

4.8 Therefore, a key finding of the evaluation is that an IPDP is essential when a project can have potential adverse effects on IP. This was so, even in cases where the bulk of the “beneficiaries” were IP. Adverse effects were most obvious when IP land or natural assets were affected, or when IP lived in isolated areas. The evaluation also finds

are reflected in more recent experience. OED would like to note that in para. 3.28 of the Phase I report, it was recognized that ICR reviews by OED did not adequately monitor these issues.

that while only seven out of 47 projects had self-standing IPDPs during the period under review, 14 out of 54 had IPDPs in the more recent projects.

4.9 Given that IP are often constrained by cultural factors (different from those of the dominant group), from receiving project benefits, strategies to reach IP would help in projects with potential benefits. This may be the case in an education project where issues of bilingual education are important, or in social fund projects where relatively different capacities may constrain IP communities from accessing project benefits. However, the evaluation finds that IP benefited when project activities did not have an impact on IP (different from those on other dominant groups); the project design included effective poverty targeting measures; and the project was designed within the Borrower's special programs for IP. In such projects, where there was a potential benefit rather than a potential adverse effect, the need for a separate IPDP was not evident, although there was a need for a considered strategy to ensure that IP would benefit from the project.

4.10 As the OD states, it is important to recognize the customary rights of land when determining adverse effects, especially where such land is not yet legally titled. This is important even in technical assistance projects that involve institutional and regulatory changes to facilitate increased investment in exploitation of natural resources. In such cases there may be need for IPDPs that ensure adequate measures or regulatory frameworks are in place to protect legitimate IP interests, should such commercial exploitation materialize.

WHAT WORKED WELL?

4.11 The evaluation finds that projects with the following elements generated positive results (see also Table 4.1 on page 44, which compares an environment project that worked well with a similar project that did not):

- Prior and sound understanding of the potential effects of the proposed project on IP communities, based on consultation with IP communities and an understanding of the socioeconomic, political, and regulatory contexts within which IP function;
- Borrower ownership of, and commitment to, implementing the IPDP, reflected in the legal documents;
- Informed participation of relevant and important institutional stakeholders and IP representatives in project design and implementation, with requisite capacity building of IP to fulfill these responsibilities;
- Component/s with designated funds for IP specific objectives;
- Set of institutional arrangements with transparent operational guidelines for the implementation phase, including at least a few IP related monitoring indicators;
- Program of capacity building of institutional and project staff to sensitize them in delivering effective development interventions for IP; and

- Continuous and timely attention to the relevant issues by the Bank team.

4.12 “Informed Participation” is a basic premise of OD 4.20, the very essence of its requirements. It is a difficult, costly, and time-consuming process, but where it has been achieved, it has generated positive results for IP. The evaluation finds that informed participation was most effective when:

- Accountable and representative institutional structures were well integrated within the local governance structures;
- Project guidelines were formulated and effectively disseminated to IP groups;
- Capacity building of IP groups was carried out on project objectives, management, implementation and monitoring;
- A credible dispute settlement mechanism (for example, an independent ombudsman) was created and made accessible to community groups or their representatives; and
- Mechanisms were in place for internal and independent monitoring and auditing.

WHAT DID NOT WORK WELL?

4.13 In general, the evaluation finds that the OD’s primarily project-level focus has constrained its effective implementation. Adopting standards at the project-level that are inconsistent with nationally accepted norms could lead to diminished impact and may not lead to sustainable development. There is need to augment this project focus with a more strategic and country-level focus in undertaking analytical work and in identifying IP.

Undertaking Analytical Work Mainly at the Project-level

4.14 Analysis of effects on IP and integration of measures to ensure that projects protect IP interests is important and necessary. However, when undertaken only at the project-level, analysis related to IP tends to be locale-specific, and does not examine the whole picture from a macro or national perspective. Even where it does, several issues, such as those related to inadequate legislative frameworks on IP rights, are outside the scope of most individual projects to address. The evaluation finds that in countries with a significant IP population, and in sectors of high relevance to IP in these countries, mainstreaming of IP related issues into formal country and sectoral analytical work is needed. Such work needs to be undertaken in consultation with the Borrower and relevant stakeholders. Finally, where important, issues must be integrated into the Bank’s policy dialogue with the country. This is important to supplement project-level interventions and overall development effectiveness for IP.

Identification of IP for Purposes of Bank Assistance on a Project-by-Project Basis

4.15 OD 4.20 provides a broad description of IP. The five characteristics used to describe IP are themselves broad, and they need to be met only to “varying degrees.” In

addition, the process of interpretation is undertaken at a project-by-project level. The country's national framework provides only a preliminary screen. Judgment of the Bank staff and the use of specialized expertise are required.

4.16 Given this broad description and flexible process in OD 4.20, Management and OED were unable to agree on whether or not there were groups who could be characterized as IP in several project localities. Specialized anthropologists differed on how they would interpret OD 4.20 in the same project. It is, therefore, not surprising that the evaluation finds that the implementation of OD 4.20 has been inconsistent across regions in the Bank, as well as inconsistent in the treatment of IP groups across projects in the same country.⁴⁹ The evaluation, therefore, recommends that the Bank should establish country-level strategies to address IP-related issues, in countries where Bank assistance is likely to affect IP groups. This would ensure that projects are designed within this overall country-level framework, and would consequently increase consistency at a project-level and reduce Bank discretion or judgment. It would also likely narrow the current flexible approach to identifying IP.

4.17 In addition, the Phase I evaluation recommended that the Bank should work within the legal frameworks of the countries. This begs the question as to what happens in countries where the legal frameworks are inadequate to protect the rights of IP groups, deserving of protection as determined by Bank staff. In such cases, the evaluation recommends the Bank replicate the country-level approach it has taken in China and Indonesia. In China, the Bank has entered into an explicit agreement with the Government that the OD will be applied to projects affecting any of the 55 ethnic minority groups recognized by the Chinese Constitution, that meet to varying degrees the five characteristics stated in the OD. In Indonesia, the Bank and the Borrower have adapted the description of IP to suit country needs; this is reflected in the credit agreements of several projects.⁵⁰ This has ensured protection of several vulnerable groups, although the evaluation finds that the OD has not been applied consistently throughout the Indonesia portfolio.

4.18 In countries where the government is unwilling to arrive at a country-level decision, the Bank should determine whether interests of IP groups can be protected within the overall poverty-reduction mandate of the Bank. If this is inadequate, then the Bank should abstain from lending for that particular project.

4.19 A country-level approach would also help the Bank to aim for greater conformity between the standards in the Bank's IP policy and those in borrowing countries. The Bank's dialogue with the country could also be expanded to include other key development partners to seek country-level harmonization of donor policies/strategies for IP. Consistency at the country-level among the strategies of key donors, and between that of key donors and borrowers, would help to reduce the costs of doing business and enhance the development effectiveness of interventions for IP.

⁴⁹ See Phase I Evaluation Report, Box 3.1 and Pgs 14-16.

⁵⁰ Several loan agreements for Indonesian projects define indigenous peoples 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."

RECOMMENDATIONS

4.20 In addition to the Phase I recommendations, and based on the Phase II evaluation findings, the Operations Evaluation Department recommends that the Bank should:

- (a) Adopt regional and/or country approaches to IP issues in order to guide implementation of OD 4.20 at the project-level.
- (b) Provide necessary resources to undertake social assessments in projects that affect IP, to ensure effective participation of IP during project design and implementation, and to systematically monitor project outputs, outcomes, and impact on IP.
- (c) Increase the effectiveness and relevance of IPDPs by: (i) requiring a self-standing IPDP only when there is a likelihood of adverse effects on IP; (ii) summarizing its key elements in the Project Appraisal Document (PAD); (iii) committing the Borrower to implement the IPDP in legal documents; and (iv) including a credible mechanism for dispute resolution.

Table 4.1: Protecting IP: What Works and What Does Not Work?

Good practice dimensions	Colombia Natural Resource Management Project	Brazil Environmental Conservation and Rehabilitation Project
Country ownership.	High, because program was in line with constitutional provisions and local laws, high levels of community ownership, and among relevant institutions.	Low, because demarcation process tied up in court proceedings for many years.
Impact analysis.	Comprehensive coverage of natural resource management issues, key institutions involved in project design, an in-depth issues paper was prepared to initiate discussion.	No comprehensive view of natural resource management. Key institutions not involved in project design stage; CVRD is the main implementing body.
Project design.	Activities for IPDP under a separate subcomponent.	IP issues part of many unrelated activities in a subcomponent.
Type of IPDP.	Self-standing IPDP prepared.	A panel of experts (including FUNAI) formed to prepare the IPDP, 3 months after effectiveness.
Consultation with beneficiaries during design.	Informed consultation with both IP and Afro-Colombian representatives before preparation, project discussed and feedback obtained.	None indicated in SAR, except CVRD's working experience with beneficiaries (although SAR also notes undesirable dependence on CVRD).
Consultation during project implementation.	SAR includes matrix for consultation at national, regional, and local levels with indigenous and Afro-Colombian populations; NGOs, church, and other agencies involved in planning and implementation of various activities on national parks to ensure equitable representation of beneficiary interests; more than 100 meetings and workshops held.	Assurances at negotiations to constitute a committee of experts including representatives from Amerindian communities, with whom CVRD would consult after loan effectiveness.
Post-project strategy.	Hand over of local management to communities planned.	No strategy.
Institutional arrangements.	The Ministry of Environment was the implementing agency and signed an agreement with the Agrarian Reform Institute for the titling component.	Agreement with mining parastatal, which was later privatized; agency in charge of demarcation (FUNIA) not a party to the loan.
Capacity building of Stakeholders.	Capacity building of communities and implementing institutions undertaken.	None evident.
Monitoring and evaluation measures.	Monitoring indicators specified; specification of social assessments to gauge project impact on social infrastructure and resource use patterns between the Black and indigenous communities; involvement of independent agencies and representatives of indigenous groups in reviewing annual plans.	Monitoring and evaluation system to be prepared in the future.
Independent panel of experts.	Panel of independent experts to be established for the project period, consisting of four experts to review all project activities, recommend modifications, advise on queries and conflict; TOR for panel agreed during negotiations and experts acceptable to the Bank to be appointed within three months of loan effectiveness.	No such body.
Borrower's obligation in loan agreement.	Schedule I included relevant subcomponents in the disbursement schedule, and Schedule II described subcomponents (thus earmarked funds for activities).	Provision of IP plans a condition of disbursement; but no line in Schedule 1 of credit agreement (and no disbursement against specified activities, despite disbursement of all funds in component).

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LIST OF PROJECTS IN EVALUATION

Country	Project name	Sector	FY	US\$ million
Argentina	Social Protection	Social protection	95	152
Argentina	YACYRETA Hydroelectric II	Energy	93	300
Bolivia	Rural Communities Development	Agriculture	95	15
Bolivia	Judicial Reform	Public sector management	94	11
Bolivia	Second Social Investment Fund	Social protection	93	40
Bolivia	Hydrocarbon Reform and Capitalization TA	Energy	94	10.64
Brazil	State Highway Management 2	Transportation	93	220
Brazil	Gas Sector Dev—Bolivia-Brazil Pipeline	Energy	97	130
Brazil	Environmental Conservation and Rehabilitation	Environment	94	50
Chile	Health Sector Reform	Health, nutrition, and population	92	90
China	Xinjiang Highway	Transportation	94	150
China	Basic Education in Poor and Minority Areas	Education	94	100
China	Effective Teaching Services	Education	93	100
Colombia	Natural Resource Management	Environment	94	39
Ecuador	Third Social Development Fund	Social protection	94	30
Ecuador	El Nino Emergency Recovery	Environment	98	60
Ecuador	Mining Development and Environment Control TA	Mining	93	14
Honduras	Second Social Investment Fund	Social protection	92	10.2
Honduras	Third Social Investment Fund	Social protection	95	30
India	Rubber	Agriculture	92	92
India	Andhra Pradesh Forestry	Agriculture	93	77.4
India	National Leprosy Elimination	Health, nutrition, and population	93	85
India	Karnataka Rural Water Supply and Environmental Sanitation	Water supply and sanitation	93	92
India	Madhya Pradesh Forestry Project	Agriculture	94	58
India	Bihar Plateau Development	Transportation	92	117
India	Uttar Pradesh Basic Education I	Education	93	165
India	Coal Sector Rehabilitation	Energy	98	530

Country	Project name	Sector	FY	US\$ million
Indonesia	Water Supply and Sanitation for Low Income Communities	Water supply and sanitation	93	80
Indonesia	National Watershed Management and Conservation	Environment	93	56.5
Indonesia	Eastern Indonesia Kabupaten Roads	Transportation	93	155
Indonesia	Fifth Kabupaten Roads	Transportation	94	101.5
Indonesia	Flores Earthquake Reconstruction	Transportation	93	42.1
Indonesia	Community Health and Nutrition III	Health, nutrition, and population	92	93.5
Mexico	Program of Essential Social Services	Social protection	95	500
Mexico	Initial Education	Education	92	80
Mexico	Second Decentralization and Regional Development Project	Transportation	95	500
Nicaragua	Social Investment Fund II	Social protection	95	30
Nicaragua	Agricultural Technology and Land Management	Environment	93	44
Pakistan	Private Sector Energy Dev II	Energy	94	250
Pakistan	Baluchistan National Resources Management	Environment	93	14.7
Peru	Social Development and Compensation Fund (FONCODES)	Social protection	94	100
Peru	Second Social Development and Compensation Fund (FONCODES II)	Social protection	96	150
Peru	El Nino Emergency Assistance	Transportation	98	150
Peru	Basic Health and Nutrition Project	Health, nutrition, and population	93	34
Peru	Rural Roads Rehabilitation and Maintenance	Transportation	95	90
Russia	Oil Rehabilitation	Energy	93	610
Russia	Oil Rehabilitation 2	Energy	94	500

METHODOLOGY FOR PHASE I AND II EVALUATIONS

1. 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: (i) Which groups should be considered to be IP for the purposes of the evaluation? (ii) How should the evaluation interpret the term 'affects'?; and (iii) Under what circumstances should the evaluation consider that the OD has been applied?
2. 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 the development process*" and states that these groups may be referred to as "indigenous peoples," "indigenous ethnic minorities," "tribal groups," or "scheduled tribes."⁵¹
3. ***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, which are different from that of dominant societies.⁵² 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."
4. Through interviews, meetings and a staff survey, the OED team found a range of views among Bank staff and managers on how the OD has been applied. Some felt that the OD covers only indigenous groups; others felt that tribal groups are also covered; and yet others felt that all social groups (indigenous, tribal, and ethnic minorities) who met the five characteristics stated in the OD to varying degrees are covered. However, in March 2002, Management clarified to OED the official interpretation of the policy 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 and explicit understandings with some Borrowers such as China, India, and Indonesia.
5. The evaluation used 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.⁵³ Second, where no approach at the country-level has been agreed, the evaluation examined project documents to

⁵¹ 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.

⁵² Kingsbury states: "vulnerability and limited capacity to assert rights and interests continue to underlie these criteria" (Kingsbury, p.17 and 25).

⁵³ Eighteen sample countries, including Latin American countries (IP), China (ethnic minorities), India (Scheduled Tribes) and Pakistan (Federally Administered Tribal Areas).

identify any underlying practice.⁵⁴ Third, where there is neither an agreed domestic approach nor consistent practice, the evaluation used a definition consistent with the domestic legal/administrative framework for indigenous or tribal peoples.⁵⁵ Fourth and finally, where none of the above approaches could be used, the evaluation exercised judgment to determine whether social groups affected by the project meet to a sufficient degree the five characteristics stated in the OD^{56 57} (see Table A).

6. ***When are IP ‘affected’ by Bank Assistance?*** The evaluation interpreted the term ‘affected’ to apply when there are social groups, with characteristics stated in the OD, in the project area, and where they may be directly harmed by the project activity and/or where they are among the intended beneficiaries.⁵⁸ Some external stakeholders view this interpretation as too narrow.

7. ***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: (i) sound diagnosis of issues related to IP; (ii) participation of IP in project design and implementation; (iii) measures to protect the interests of IP; and (iv) 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, which 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.⁵⁹

8. 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 triangulated its initial findings by examining other project documents: IEPs, 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. 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 South and East Asia were shifted to a ‘Non-Applicable’ category.

⁵⁴ Two sample countries (Indonesia, Vietnam – as defined in several project loan agreements).

⁵⁵ Six sample countries (Cambodia, Malaysia, Philippines, Thailand, Russia, Nepal).

⁵⁶ Eight sample countries (Cote d’Ivoire, Ethiopia, Ghana, Kazakhstan, Morocco, Rwanda, Tunisia, and Turkey).

⁵⁷ Management responded that: “*We disagree with this method. The OD starts with the five characteristics, but goes directly 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.” The full method prescribed in the OD is what AFR has used, and in doing so, Cote d’Ivoire, Ghana, and Ethiopia have been found as NOT having IP to whom the directive would apply.*”

⁵⁸ This is consistent with the current guidance provided by ESSD on the Bank’s web page.

⁵⁹ 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.

Table A: Project Classification Methodology
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?)
<p>Background research was conducted.</p> <ul style="list-style-type: none"> • 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?)
<ul style="list-style-type: none"> • 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, Phase I report) 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? <p>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.</p> <p>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.</p>
Third Step (In projects that “affect” IP, did the Bank “apply” the OD?)
<ul style="list-style-type: none"> • Did the project documents explicitly identify the presence of IP? • Were there any measures to safeguard the interests of IP? <p>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.</p>
Fourth Step: External Validation
<p>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.</p>

Phase II Methodology

9. *Desk Review.* To understand the results for each individual project, the evaluation undertook an in-depth desk review of key documents of the 47 projects where Phase I found that the OD had been applied (see below for an explanation of the ratings). The lack of information on outcomes for, and impact on, IP was a major deficiency.⁶⁰ The evaluation, therefore, triangulated the findings of its desk reviews by using other methods, described below.

10. *Field Assessments.* The evaluation supplemented the desk review with field assessments in seven countries and 20 projects in different sectors; 13 projects were among the 47 projects (see Table B).⁶¹ Lack of baseline information remained a problem, but the field assessments established qualitative *before and after* scenarios through interviews with a representative set of beneficiaries. Where possible, the evaluation established control sites that had not benefited from the project to understand a *with and without* scenario. Annex 3 provides a methodology for these assessments.

Table B: Field Assessments	
Country	Projects
Guatemala	<ul style="list-style-type: none"> • Basic Education Reform • Integrated Finance Management II • <i>Social Investment Fund II</i> (IDB evaluation of impact)
Honduras	<ul style="list-style-type: none"> • Social Investment Fund 2 and 3* • Environmental Development
India	<ul style="list-style-type: none"> • Andhra Pradesh Forestry* • Karnataka Rural Water Supply and Environmental Sanitation* • Madhya Pradesh Forestry*
Indonesia	<ul style="list-style-type: none"> • Community Health and Nutrition III* • Water Supply and Sanitation for Low Income Communities*
Nicaragua	<ul style="list-style-type: none"> • Social Investment Funds 1 and 2* • Agricultural Technology and Land Management*
Peru	<ul style="list-style-type: none"> • Sierra Natural Resources (PRONAMACHCS) • Rural Roads Rehab and Maintenance* • <i>Social Funds I and II (FONCODES)</i> (undertaken by IDB)*
Vietnam	<ul style="list-style-type: none"> • Rural Finance • Rural Transportation
*Projects among the 47	

⁶⁰ The evaluation examined 47 Implementation Completion Reports (ICRs) 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. Out of the 24 Evaluation Summaries only six highlighted IP-related achievement in discussion of outcomes.

⁶¹ Field assessments for non-sample projects were conducted at the request of Bank staff and to examine projects where the OD was not applied but which affected IP.

11. *Interviews and Other Evaluations.* The evaluation team sought information from project staff to ensure that the factual basis for the evaluation's conclusions were correct. The evaluation also relied on a recent IP evaluation undertaken by the Inter-American Development Bank (IDB). IDB conducted extensive field assessments in ten projects, two of which were covered by the Operations Evaluation Department (OED) evaluation.⁶²

12. *Stakeholder Workshops.* Finally, the evaluation conducted several stakeholder workshops to understand different viewpoints on general issues. The first was held in New Delhi, India, in December 2001, and was cosponsored by the Bank's India office. The participants were carefully selected to ensure that there were representatives of IP groups. It brought together participants from AFR, EAP, ECA, MENA, and SAR to discuss OD 4.20 and experiences with the Bank's implementation of the directive. The second workshop was held in Washington, D.C., in February 2002 and was cosponsored by the IDB. It brought together participants from LCR for the same purpose as the Indian workshop. Several smaller meetings were organized with locally based NGOs to obtain their feedback and input into the evaluation. These consultations mainly discussed policy issues, but also helped to design and undertake the second phase of the evaluation.

Criteria for Evaluating ESW

13. Under the Phase I evaluation, a rapid assessment was carried out of all ESW (411 reports in total) prepared in the 34 sample countries between FY1992-FY2000. The Phase II evaluation then carried out a more in depth review of 212 of the 411 pieces of ESW. It then reduced the sample to 163, eliminating reports on the private sector and economic policy that did not focus on poverty reduction. In the set of 163, reports for all the sample countries in LCR were reviewed, as well as for selected sample countries with considerable IP populations (China, India, Pakistan, Philippines). Sectors reviewed include: agriculture; economic policy (only those focused on poverty); education; electric, power and energy; environment; HNP; mining; multisector; oil and gas; public sector management; social protection; telecommunications; transportation; urban development; and water supply and sanitation.

14. The reports were rating on the following scale and criteria:

- *High* – thorough quantitative and qualitative data on IP issues in all of the areas addressed by the report, detailed analysis of IP issues in the areas addressed in the report, and recommendation(s) for IP given, based soundly on data and analysis presented;
- *Substantial* - either quantitative or qualitative data, general discussion on IP issues, and some activity or actions proposed.
- *Modest*- no activity or action for IP proposed, but some analysis and qualitative data provide; or, some activity or action suggested but no data or basis/sound analysis; and
- *Negligible* - some reference, no analysis or data.

⁶² IDB. 2000, *Summary of Evaluation Findings of 10 Projects that Include Indigenous Peoples as Beneficiaries*, Office of Evaluation and Oversight. Washington, D.C.

Table C: Project Evaluation Criteria

Rating	Criteria
Relevance	(i) sound analysis of actual and potential project impact on IP, (ii) informed participation of IP in project design, and (iii) inclusion of measures to mitigate any actual or potential adverse impact on IP
Efficacy	The extent to which project objectives were achieved for IP beneficiaries. Specifically, the evaluation examined whether (i) IP received project benefits, and (ii) the project results had any unmitigated adverse impact on IP
Efficiency	The evaluation considered the appropriateness of implementation arrangements for IP as an additional criterion to ICR ratings, and ES ratings where available. In assessing ‘appropriateness’, the evaluation took into consideration whether (i) “local patterns of social organization, religious beliefs, and resources” were considered and (ii) the project design “involved appropriate existing institutions, local organizations, and NGOs with expertise in matters relating to indigenous peoples.”
Institutional Development	(i) enhanced structures for informed participation of IP; (ii) strengthened institutional systems for social and environmental assessments; and (iii) enhanced gender equity
Sustainability	Sustainability of any IP components or activities; (i) likelihood of stream of benefits continuing to flow for IP; (ii) whether there is a demand from IP for the project activities; and (iii) continued funding for IP activities

OED Departmental Evaluation Guidelines

RELEVANCE

Definition

The extent to which the project’s objectives are consistent with the country’s current development priorities and with current Bank country and sectoral assistance strategies and corporate goals.

Ratings of objectives

- *High*. Project objectives of this type play a key role in the country's current development priorities and the Bank's current country assistance strategy, and are fully consistent with the Bank's current sectoral assistance strategy and corporate goals and policies.
- *Substantial*. Project objectives of this type are mostly consistent (minor shortcomings only) with the country's current development priorities, the Bank's current country and sectoral assistance strategies, and the Bank's current corporate goals and policies.
- *Modest*. Project objectives of this type have one or more significant inconsistencies with the country's current development priorities, the Bank's current country and sectoral assistance strategies, or the Bank's current corporate goals and policies.
- *Negligible*. Project objectives of this type are mostly inconsistent with, and possibly counterproductive to, the country's current development priorities, the Bank's current country and sectoral assistance strategies, or the Bank's current corporate goals and policies.

EFFICACY

Definition

The extent to which the project's objectives were achieved, or expected to be achieved, taking into account their relative importance.

Ratings of objectives

- *High*. Objectives of this type were fully met, or expected to be fully met, with no shortcomings.
- *Substantial*. Objectives of this type generally were met, or expected to be met, with only minor shortcomings.
- *Modest*. Objectives of this type were met, or expected to be met, but with significant shortcomings.
- *Negligible*. Objectives of this type were not met, or expected not to be met, due to major shortcomings.

EFFICIENCY

Definition

The extent to which the project achieved, or is expected to achieve, a return higher than the opportunity cost of capital and benefits at least cost compared to alternatives. *Where only qualitative assessments are possible, the evaluator should take into account the following factors: (a) implementation progress (delays and redesign would have increased costs); (b) whether the stream of benefits has reached significant levels and is growing at reasonable rates, and in accordance with appraisal plans or any redesign; (c) capacity utilization rates for facilities and services financed; (d) adequate operation and maintenance arrangements; (e) good practice*

standards for services; and (f) whether the benefits stream is judged adequate when compared with costs.

Ratings

- *High.* Project represents sector/industry best practice in terms of cost effectiveness, and economic returns (if estimates are available) greatly exceed the opportunity cost of capital.
- *Substantial.* Project meets sector/industry standards in terms of cost effectiveness, and economic returns (if estimates are available) exceed the opportunity cost of capital.
- *Modest.* Project fails to meet sector/industry standards in terms of cost effectiveness, and economic returns (if estimates are available) are near the opportunity cost of capital.
- *Negligible.* Project is well below sector/industry standards in terms of cost effectiveness, and economic returns (if estimates are available) are significantly below the opportunity cost of capital.

SUSTAINABILITY

Definition

The resilience to risk of net benefits flows over time.

Ratings

- *Highly Likely.* Project net benefits flow meets most of the relevant factors determining overall resilience at the “high level,” with all others rated at the “substantial” level.
- *Likely.* Project net benefits flow meets all relevant factors determining overall resilience at the “substantial” level.
- *Unlikely.* Project net benefits flow meets some but not all relevant factors determining overall resilience at the “substantial” level.
- *Highly Unlikely.* Project net benefits flow meets few of the relevant factors determining overall resilience at the “substantial” level.
- *Not Evaluable.* Insufficient information available to make a judgment.

INSTITUTIONAL DEVELOPMENT IMPACT

Definition

The extent to which a project improves the ability of a country or region to make more efficient, equitable, and sustainable use of its human, financial, and natural resources through: (a) better definition, stability, transparency, enforceability, and predictability of institutional arrangements and/or (b) better alignment of the mission and capacity of an organization with its mandate, which derives from these institutional arrangements. Institutional Development (ID) Impact includes both intended and unintended effects of a project.

Ratings

- *High*. Project as a whole made, or is expected to make, a critical contribution to the country's/region's ability to effectively use human, financial, and natural resources, either through the achievement of the project's stated ID objectives or through unintended effects.
- *Substantial*. Project as a whole made, or is expected to make, a significant contribution to the country's/region's ability to effectively use human, financial, and natural resources, either through the achievement of the project's stated ID objectives or through unintended effects.
- *Modest*. Project as a whole increased, or is expected to increase, to a limited extent the country's/region's ability to effectively use human, financial, and natural resources, either through the achievement of the project's stated ID objectives or through unintended effects.
- *Negligible*. Project as a whole made, or is expected to make, little or no contribution to the country's/region's ability to effectively use human, financial, and natural resources, either through the achievement of the project's stated ID objectives or through unintended effects.

OUTCOME

Definition

The extent to which the project's major relevant objectives were achieved, or are expected to be achieved, efficiently.

The outcome criterion takes into account *relevance* at the time of the evaluation, that is, whether the operation's objectives are consistent with the country's current development priorities and with current Bank country and sectoral assistance strategies and corporate goals; *efficacy*, that is, whether the operation is expected to achieve its stated goals; and *efficiency*, that is, the relation of results to costs.

Ratings

- *Highly Satisfactory*. Captures projects of excellent performance, with a rating of *High* on at least two out of the three subcriteria and the other possible subcriterion rated *Substantial*.
- *Satisfactory*. Implies that the projects makes effective use of resources (10 percent rate of return or better where it can be estimated) and involves clear positive signals with respect to all three criteria of the iron triangle of development outcomes (that is,, connotes a rating of at least *Substantial* in all three supporting criteria).
- *Moderately Satisfactory*. Implies a rate of return of at least 10 percent, but with no more than one rating of *Modest* in either relevance or efficacy. For example, a *Moderately Satisfactory* project may have a rate of return above 10 percent and achievement with

only minor shortcomings of substantially relevant objectives, but the relevant objectives are not quite a majority of the project's important ones (that is, relevance rating of *Modest*). Alternatively, a *Moderately Satisfactory* project may have a rate of return over 10 percent and a high share of substantially relevant objectives, yet there may have been significant shortcomings in meeting some of these objectives (that is, an efficacy rating of *Modest*). Also, there may be circumstances where a project's efficiency performance (that is, rate of return over 10 percent) may override significant shortcomings in achievement and modest relevance of objectives.

- *Moderately Unsatisfactory*. Applies in cases when two of three factors are assessed as *Modest*, but the remaining factor is *Substantial*. For example, the project could have a rate of return above 10 percent, yet *Modest* overall relevance and significant shortcomings in achievements. Similarly, relevance may have been *Substantial*, yet significant shortcomings are expected and a rate of return that is positive yet below 10 percent. Projects that achieve rates of return in the 0–10 percent range are normally rated as *Moderately Unsatisfactory* unless secondary and indirect benefits that are not captured by the economic analysis are substantial.
- *Unsatisfactory*. Implies a rating of at most *Modest* in all three supporting criteria.
- *Highly Unsatisfactory*. Captures extremely poor performing projects, with *Negligible* ratings on at least two out of the three subcriteria with the other possible subcriterion rated *Modest* at best.

FIELD STUDIES -- METHODOLOGICAL TERMS OF REFERENCE

Key Evaluation Dimensions And Questions To Be Addressed

1. OED undertook field assessments in seven countries: Guatemala, Honduras, India, Indonesia, Nicaragua, Peru, and Vietnam.⁶³
2. The evaluations will try to assess the outcomes of the selected projects for IP, focusing on standard OED ratings such as relevance of outcomes, efficacy of objectives, efficiency of the project, sustainability of the activities, and assessing any institutional development impact. The evaluation will also assess whether project benefits reach IP communities when the project does not include an IPDP. Specifically, all projects will be rated in terms of:
 - Relevance of the project for its intended beneficiaries and other stakeholders
 - Efficacy of the projects (whether the project met its development objectives); this will also include an examination of the types of potentially positive and negative impact
 - Efficiency of the projects
 - Sustainability of the outcomes
 - Any institutional development impact of the project activities
3. Evaluation sub-questions will include:
 - To what extent were IPDPs successful in ensuring that targeted groups were not adversely affected by the project activities, and that they were able to benefit equitably from the project (stated objectives of OD 4.20)
 - To what extent was there informed participation of IP groups in project activities
 - To what extent did the projects achieve their stated objectives for IP
 - To what extent have these above activities been sustainable
 - To what extent has there been strengthening of institutional capacity at national, state, and local levels in terms of improved participation of IP in their overall development
 - To what extent were IP affected adversely by project activities, if at all, and to what extent did IP share equitably in project benefits in projects where the OD was not applied to the project in question (only in a few countries)

Proposed Evaluation Methodology

4. *Project assessment.* Each project assessment will be undertaken in a participatory fashion and involve discussion with other stakeholders. For each of the projects being assessed, discussions will also be held with the implementing agency. This can include district level officials as well as the grassroots functionaries responsible for the project.
5. *Selection of project sites.* A representative sample of villages, communities, or sites will be selected (through stratification or cluster sampling). Factors such as location, economic level, access to project services, and diversity of ethnic groups will be taken into consideration. The sample areas will also include different categories of performance. Project implementing agencies, and possibly other stakeholders, will be asked to rank the villages/communities

⁶³ This broad framework TOR will need to be adapted for each project in consultation with the relevant project and Bank staff.

according to performance on a set of criteria defined by the executing agency. Sample villages/areas will then be selected to represent different categories of performance.

6. *Data collection methods.* The study will rely heavily on the use of qualitative methods (for example, focus groups, participant observation, participatory rural appraisal (PRA)), beneficiary assessment, and stakeholder analysis) because these methods have proved effective in understanding the perspectives and experiences of all sectors of the community (for example, different age groups, women and men, different ethnic groups, people involved in different economic activities, and community leaders). These will be complemented, if possible, by small but representative sample surveys and other quantitative methods required to estimate the magnitude and distribution of impact and benefits and to estimate the proportion of the population that received information about the project and participated in project selection and management. Triangulation will be used to cross check the reliability of survey information (on, for example, agricultural production and earnings and land holding).

7. *Research design.* The research design must address a number of common weaknesses in the design and interpretation of qualitative evaluation studies, all of which can be resolved with an adequate evaluation design.

- Frequently there is a lack of documentation concerning the characteristics of the people studied and how they were selected (were they representative of all sectors of the community or were they, for example, mainly older people, those from higher income families, or relatives of community leaders).
- Frequently there is a lack of documentation and control on how, for example, group discussions or ranking exercises were conducted and interpreted, and reports often only give the findings or outcomes but do not describe the research process. Consequently it is difficult for the reader to evaluate whether the discussions and decisions reflected the views of the whole group or only of a vocal minority.
- Frequently there is no control of researcher bias and the reader cannot assess whether the interviewer/researcher has inadvertently imposed his or her views on the group. It is essential that the evaluation methodology includes procedures to control for these potential biases. Some of the possible control mechanisms include the use of a second person as observer who can document the group processes, use of sampling procedures to select group members, and use of tape recorders so that group discussions can be reviewed later and that it assesses the representativeness of the persons studied and how any selection bias affects the interpretation of the findings. Stakeholder analysis can also be used to ensure that all groups concerned with a particular project or issue are consulted.
- A need to establish credible counterfactuals at least at the community level to understand whether the impact can be attributed to the assistance being reviewed.

8. *Focus groups.* Focus groups will be used extensively to explore the views and priorities of different population groups (women, men, farmers, small entrepreneurs). When used properly, focus groups are an effective way to give voice to the weak and vulnerable sectors of the community. However, it will be extremely important to ensure careful documentation of the focus group approach so as to describe how the participants fit into the local social structure, how they were selected, and what methods were used to give voice to everyone in the group. For example, in many cultures women or low status males may attend the focus groups or community meetings but may not be able to speak freely.

9. *Advice.* The advice of local researchers must also be sought on questions such as how meetings are organized and decisions made in these communities. In many cultures important negotiations take place before or after the meetings, in which case focus groups and community forums may not be an effective way of collecting information.

10. *Interviews.* While the focus of the studies will be on beneficiary communities, interviews will also be conducted with other stakeholders such as line ministries, regional development authorities, project staff, and selected contractors. These interviews will document the opinions of these groups concerning the design and implementation of the project and how effectively it contributes to the development objectives of the other participating ministries and organizations.

Assessing Impact

11. The proposed methodology for assessing impacts should be defined. This must take into consideration the fact that the studies are to be conducted at one point in time in communities where the projects are closing or have recently closed. Given the usual problems of studying communities where many economic, political, demographic, ecological, and cultural changes are taking place at the same time (as well as possible interventions from government, NGOs, or other international agencies), it will be difficult to assess the impact of the specific projects being studied. The methodology must explain how these issues will be addressed. If possible control groups must be set up with non-IP communities nearby to compare the impact of Bank assistance.

12. The study will probably have to rely extensively on recall and the availability of secondary data (such as health center records, school attendance records, credit cooperative records). Experience suggests that recall is often reasonably reliable for documentation discrete facts (such as which children went to school, how sick did a family member have to be before they were taken for medical treatment, did the family take out a loan) but much less reliable for measuring changes in continuous variables (such as changes in household income, expenditures on food).

13. In many indigenous communities there is a clear gender division of social and economic roles, and significant gender differences in household and community decision-making and control of resources. It will be important to develop an evaluation methodology that ensures that all groups (men, women, different age groups, minorities) are given voice. Because the research must respect traditional community leadership patterns and customs it is frequently a challenge to ensure that the views and experiences of all sectors of the community are captured. The use of indigenous researchers/informants while good in itself may reinforce rather than resolve cultural exclusion. Given the difficulties of interviewing women in some communities, the team should preferably include at least one female researcher

Timing

14. The following points are critical in time for the evaluation:
- Consultants selected and contract approved
 - Research methodology presented and local research teams contracted
 - Finalization of detailed TOR
 - Field work completed
 - Draft reports to be prepared by consultant
 - Feedback received from the Bank and other stakeholders
 - Final preparation of the next draft
 - Final draft Phase II evaluation report

ANNEX 4: OPERATIONAL DIRECTIVE 4.20 (SEPTEMBER 1991)

Introduction

1. This directive describes Bank¹ 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 Plan³

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.

Contents

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 Sourcebook*, 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 Sourcebook*, Technical Paper No. 139 (Washington, D.C., 1991).
 6. See [OD 10.70](#), *Project Monitoring and Evaluation*.

**MANAGEMENT RESPONSE
TO THE OED REPORT**

**IMPLEMENTATION OF OPERATIONAL DIRECTIVE 4.20
ON INDIGENOUS PEOPLES:
AN EVALUATION OF RESULTS**

FEBRUARY 14, 2003

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ABBREVIATIONS AND ACRONYMS

BP	Bank Procedures
CAS	Country Assistance Strategy
IPs	Indigenous Peoples
IPDP	Indigenous Peoples Development Plan
OD	Operational Directive
OED	Operations Evaluation Department
OP	Operational Policy

MANAGEMENT RESPONSE TO THE OED REPORT

IMPLEMENTATION OF OD 4.20 ON INDIGENOUS PEOPLES: AN EVALUATION OF RESULTS

I. OED REVIEW FINDINGS AND GENERAL MANAGEMENT COMMENTS

1. **Overview.** Management welcomes OED's input into the ongoing task of applying, implementing, evaluating, and revising the Indigenous Peoples policy. The OED work, in both the earlier Phase I review and the current phase II review on implementation, makes important observations and recommendations. Notwithstanding some disagreements over methodology and analysis, the two reviews make a significant contribution to understanding and improving the Bank's development work as it relates to Indigenous Peoples.
2. **The OED Phase I Desk Review.** The OED (Phase I) report, based on a desk review, assessed the Bank's implementation of OD 4.20 in 234 projects⁶⁴ in 34 sample countries, and concluded that:
 - OD 4.20 objectives are consistent with the Bank's poverty reduction mandate. 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 OD helped to strengthen the knowledge base for Bank assistance that affects Indigenous Peoples, improved Bank assistance to several countries through integration of measures to protect Indigenous Peoples, and encouraged Indigenous Peoples participation in the implementation of Bank operations;
 - Country Assistance Strategies (CASs) in countries with large indigenous populations explicitly integrated issues relating to Indigenous Peoples, particularly those related to inequitable access to development benefits;
 - The OD's requirement for analytic work on different levels was highly appropriate and relevant;
 - The Bank made efforts to collaborate with partners at the regional and policy levels; and,
 - Based on a summary review of a sample of country projects that are still open, there has been 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

⁶⁴ The OED review assessed 234 projects appraised after January 1992 and closed by May 2001, and then calculated the average rate and quality of application of the OD over the entire period.

percent of these projects. OED attributes this improvement to institutional and strategic changes since 1996.

3. ***OED Phase II Evaluation of Results.*** The OED Phase II Report (henceforth OED Report) asserts that the implementation of the Bank's OD has been effective in most instances, but less than optimal overall. This is a fair and accurate evaluation. Management, however, would like to note some points, which it believes, provide the context for the OED study.

- The OED Report could better demonstrate the decade-long learning curve of Bank staff regarding the implementation of the policy. The Indigenous Peoples policy has taken time to be fully understood by staff, communicated to borrowers and applied in myriad global contexts. The implementation of the OD has evolved over time, as task managers and regional social scientists have come to better understand the intent of the OD and the issues faced by Indigenous Peoples in countries around the world.⁶⁵ It has evolved alongside the changing international understanding of Indigenous Peoples themselves and the evolution of the Bank's approach to Indigenous Peoples.
- The OED Report should also recognize that the OD, a product of the Bank's emerging social agenda of more than a decade ago, is an amalgam of policies, procedures and good practices. As such it was naturally designed with built-in flexibilities. As a result, application should take into account the specific circumstances of each country and region, and the specifics of the project. On March 6, 2002, Management provided OED with its interpretation of the application of the OD, which highlights the necessity of taking into account the varied and changing contexts in which Indigenous Peoples are found.
- According to OED's own Report, a majority of projects applied the OD satisfactorily from the early years following policy approval. This improved further over time and by 2001 over three-quarters were applying the OD satisfactorily and 95 percent of open projects likely to have adverse effects on Indigenous Peoples included Indigenous Peoples Development Plans (IPDPs) or elements thereof. The rate of improvement, or the slope in that learning curve, however, seems to have plateaued. It may very well be that we are approaching the upper limit of the OD's applicability and some cases of less than effective implementation will remain, given the ambiguities in the directive. So the conclusions management draws from the OED report are that in most cases the policy is applied correctly, and that further improvements require clarification in the policy itself. This realization has led the Bank to carry out during the last four years an extensive global consultation process on the policy. The OD, like other operational directives over the past few years,

⁶⁵ 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 promulgated, and many countries in Latin America and Asia have adopted legislation according special protections to Indigenous Peoples.

is being converted to an Operational Policy and Bank Procedures (OP/PB) format, which aims at separating out clearly required policy actions and procedures from recommended actions.

- One key difficulty, as the Report itself repeatedly notes, is the ambiguity of the concept of “indigenusness” itself. Why has the policy been applied most successfully in the Latin America and Caribbean Region? One major reason is because the concept is most clearly understood in Latin American countries by governments, by Indigenous Peoples, and by Bank staff. Elsewhere it is a policy whose application is not always clear, given each region and country’s social history and structure. Again, the way forward is for the revised policy to clarify what the Bank means when it invokes this core concept.

4. **Sectoral Analysis.** The OED Report contains some serious criticism for the mining and energy sectors, concluding that most of the projects in these sectors did not do enough to mitigate adverse effects on Indigenous Peoples. OED’s conclusion for these sectors is based on a limited number of projects (three in mining and five in energy) because these were the only projects in the two sectors during the sample period that potentially affected Indigenous Peoples and to a greater or lesser extent applied OD 4.20. Nonetheless, the recommendations regarding sectoral experience with the Indigenous Peoples policy are significant and would convey the lessons learned more strongly if they were better substantiated. Management will look into the issues raised in order to understand them better and, if warranted, conduct discussions with the concerned sectors to improve performance regarding the Bank’s Indigenous Peoples policy.

5. **Enhanced Gender Equity.** The OED Report points to the Bank’s positive role in the empowerment of indigenous women at the local level. The new draft Indigenous Peoples policy makes gender inclusion an explicit development goal to be supported when projects affect Indigenous Peoples.

II. MAJOR OED RECOMMENDATIONS AND MANAGEMENT RESPONSE

6. The OED recommendations confirm the parallel conclusions Bank staff have reached regarding the necessary revision of the policy. The following Management Action Record matrix provides Management responses to the specific recommendations highlighted in the Report’s conclusions. Finally, Management believes that the OED has made pertinent recommendations. By responding to them, the Bank will better fulfill the policy’s mandate. The new OP/BP 4.10 should be a critical step in that direction.

MANAGEMENT ACTION RECORD

<i>Major Monitorable OED Recommendations Requiring a Response</i>	<i>Management Response</i>
<p>1. The Bank should “adopt regional and/or country approaches to Indigenous Peoples issues in order to guide implementation of OD 4.20 at the project-level.”</p>	<p>Regional and country approaches were indeed worked out between the Bank and some of its borrowers (India, China and some Latin American countries) with regard to Indigenous Peoples, though such approaches may not have been explicitly articulated.</p> <p>Bank Regions are now in the process of developing regional position papers on the application of OD 4.20, which will include agreements reached with countries in the regions. Particularly for countries where many projects are expected to affect Indigenous Peoples, Management will encourage integration of Indigenous Peoples issues into the CAS.</p> <p>The draft of the new OP 4.10 recommends preparation of regional guidelines to aid future implementation of the Bank’s Indigenous Peoples policy.</p>
<p>2. The Bank should “provide necessary resources to undertake social assessments in projects that affect Indigenous Peoples, to ensure effective participation of Indigenous Peoples during project design and implementation, and to systematically monitor project outputs, outcomes, and impact on Indigenous Peoples.”</p>	<p>Management notes with concern the OED Report’s sections on sustainability and effectiveness. In this regard, it notes the call for making greater efforts at capacity building and tailoring of interventions for Indigenous Peoples.</p> <p>Management agrees that for projects that affect Indigenous Peoples, this should continue to be a funding allocation priority and that there is a need for vigilance during the project implementation stage.</p>
<p>3. The Bank should “increase the effectiveness and relevance of IPDPs: (i) require a self-standing IPDP only when there is a likelihood of adverse effects on Indigenous Peoples; (ii) summarize its key elements in the PAD; (iii) commit the Borrower to implement the IPDP in legal documents; and (iv) include a credible mechanism for dispute resolution.”</p>	<p>These are good suggestions. The draft OP/BP 4.10 proposes the preparation of: (i) an Indigenous Peoples Plan (IPP) when there is a likelihood of adverse impacts on Indigenous Peoples; (ii) an Indigenous Peoples Strategy (IPS) when Indigenous Peoples are among the beneficiaries; (iii) a summary of the key elements of an IPP/IPS in the PID/PAD; (iv) inclusion of the borrower’s obligation to implement the IPP in the legal agreement; and (iv) a grievance procedure.</p>