

ANNEX - 3.2

ADB POLICIES
(INVOLUNTARY RESETTLEMENT)

ANNEX - 3.2 [ADB Policy] Involuntary Resettlement

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ABBREVIATIONS

DMC	Developing Member Country
EIA	Environmental Impact Assessment
ISA	Initial Social Assessment
LAO PDR	Lao People's Democratic Republic
NGO	Nongovernment Organization
OD	Operational Directive (of the World Bank)
OECD	Organization for Economic Cooperation and Development
OESD	Office of Environment and Social Development
PPTA	Project Preparation Technical Assistance
PRC	People's Republic of China
RRP	Report and Recommendation of the President

1. INTRODUCTION

1 That people should be at the center of development is increasingly recognized. However, there may be instances where a development intervention such as a road or a power generation project should proceed for the greater benefit of society, in spite of its potential adverse effects on some people. In such cases, the people who may be adversely affected by the development intervention should be consulted; compensated for their losses; and assisted to rebuild their homes and communities, reestablish their enterprises, and develop their potentials as productive members of society at a level generally at least equivalent to that which was likely to have prevailed in the absence of the development intervention. Attention to such matters is especially important when the people who may be adversely affected are poor and vulnerable, do not have the capacity to absorb such adverse impacts, and cannot remain productive without significant help.

2 This paper deals with proposed approaches to address involuntary resettlement, compensation, and rehabilitation of people displaced by development projects, particularly those to be supported by the Bank. It draws upon the experiences of (i) the Bank and its developing member countries (DMCs); and (ii) other agencies, including the World Bank. In particular, the World Bank's approaches and operational directive on involuntary resettlement are generously drawn upon because of (i) the similarities between Bank and World Bank operations in Asia; and (ii) the World Bank's much longer experience, dating back to at least 1980, with adopting and implementing involuntary resettlement policies that are particularly relevant to Asia.¹

3. The following sections provide information on the types of projects involving displacement of people, the magnitude and impacts of such displacement, the differences between voluntary migration and involuntary resettlement, and the linkage between involuntary resettlement and environment. Chapter II reviews involuntary resettlement experiences. Chapter III provides the rationale for the Bank's proposed policy on involuntary resettlement. Chapter IV spells out the suggested implementation procedures to be adopted by the Bank in this area. Brief conclusions are provided in Chapter V.

4 Involuntary resettlement is a sensitive area involving-competing economic, social, and political interests that may be difficult to balance in the best of circumstances. Because the Bank has limited knowledge of resettlement, lessons drawn from the experiences of DMCs and other agencies need be considered when addressing the issues. Any proposed policy and planning principles should be introduced and implemented with sensitivity to the particular political, legal, economic, social, and cultural contexts of a DMC. Such policies and principles should be revised and refined based on lessons learned.

A. Projects Involving Displacement of People

5. Any development project that introduces significant changes in the patterns of use of land, water, or other natural resources may entail some adverse impacts on people who are currently using such resources and associated economic, social, cultural, and religious facilities. A large variety of projects involve acquisition or redirection of use of lands that are owned or utilized by individuals and communities. Examples of such projects are (i) construction of dams for irrigation and hydroelectric power generation; (ii) construction of highways, railways, and irrigation canal networks; (iii) construction of transmission lines and other facilities requiring rights-of-way; (iv) construction of airports; (v) construction, rehabilitation, or expansion of ports and towns; (vi) construction or improvement of urban infrastructure such as sewerage,

¹ Of the World Bank's ongoing projects that involve involuntary resettlement, 64 percent are in Asia (40 percent in East Asia and 24 percent in South Asia). Another 20 percent is in Africa.

subways, intra-city roads, and more generally urban systematization; (vii) establishment of coal-fired thermal power generation plants and other polluting industrial plants; (viii) inception of mining operations, and particularly strip-mining; (ix) establishment of protected nature parks, biodiversity and conservation areas, grazing areas and transhumance¹² routes; and (x) forestry development including reforestation, industrial tree plantations, clearing/harvesting of forests, and closure of forest areas.

6. Many of these projects may be of crucial importance for local, regional, and national development. However, they may also give rise to conflicts between long-term national development goals and interests of communities and individuals who are immediately and adversely affected. It is important to weigh the benefits against the costs of adverse impacts by examining development options that entail either no resettlement or minimal social and economic dislocation, and to find the means to reconcile the conflicting interests. Where resettlement is unavoidable, concrete measures must be taken to (i) protect the lives and welfare of those displaced by the projects; (ii) reduce and redress the loss of economic potential incurred by the affected people, and the local and regional economies; and (iii) assist in developing the economic, social, and cultural potential of the people and the communities so affected.

B. Magnitude and Impacts of Population Displacement

7. Ongoing World Bank projects in Asia are estimated to displace over 1.5 million people. Reliable estimates of the number of people displaced by ongoing Bank-financed projects are not readily available. However, some examples of the magnitude of population displacement in Bank-assisted projects are (i) the completed Batang Ai Hydropower Project in Malaysia displaced 3,600 Iban people in Sarawak;² (ii) the ongoing Second Manila Port Project involves the displacement of 8,500 squatter families;³ (iii) the private-sector Hopewell Power (Philippines) Corporation Project in the Philippines displaced some 223 families;⁴ (iv) the Jamuna Multipurpose Bridge Project in Bangladesh is expected to require the relocation of up to 65,000 people;⁵ and (v) the Jing-Jiu Railway Project in the People's Republic of China involves the displacement of about 2,101,000 people.⁶ However, numbers alone may not present a full picture of the intensity of impact on the local people.

8. Many development projects that require involuntary displacement of people generally have adverse economic, social, and environmental impacts on the displaced people. Homes are abandoned, production systems are dismantled, and productive assets and income sources are lost. Displaced people may be relocated to environments where their skills may be less applicable, the competition for resources may be greater, and host populations may be hostile or culturally incompatible. Well-established community structures, social networks, and kinship ties may be broken or weakened. Cultural identity, traditional authority, and the potential for mutual help may be diminished. For survival, displaced people may be forced to over-exploit ecologically fragile areas, exacerbating environmental degradation. The adverse impacts on host populations may also be significant. The absence of appropriate development measures for compensation, resettlement, and rehabilitation of the displaced people may (i) cause severe long-term hardship, impoverishment, and even decimation of the affected communities; (ii) adversely affect the host populations; and (iii) lead to severe environmental damage.

² Seasonal moving of livestock to another region.

³ Loan No. 875-PHII for US\$43.5 million, approved on 15 December 1987.

⁴ INV No. 7089/1239-PHII for US\$50.0 million, approved on 18 May 1993. ⁵ Loan No. 1298-Ban(SF) for US\$200 million, approved on 8 March 1997.

C. Voluntary Migration vs. Involuntary Resettlement

9. Voluntary movement of people such as rural-urban migration and transmigration programs organized by governments often stimulates economic growth. The people involved in such movements are likely to be (i) self-selected, young or middle-aged men that are single or (ii) households headed by such men. They are dynamic, and show initiative, and willingness to take risks and pursue new opportunities and challenges. Government-organized successful transmigration programs are often planned with significant attention not only to new home sites, but also to new livelihood opportunities, social services, community organizations and even cultural and religious needs. The planning of such programs is generally elaborate, involving surveys of natural resources including agro-climatic conditions in resettlement areas, and identification of suitable cropping patterns and other viable livelihood opportunities. Migrants are assisted to transfer to the new locations, given food and shelter to tide over the transition period, trained and advised on how to establish themselves, and provided support services such as access to credit, markets, and extension services. Often a number of government technical agencies are drawn in to provide the necessary support and services in the transmigration areas.

10. On the other hand, involuntary resettlement involves people of all ages and gender, some of whom may be evicted against their desires. Many of these people may be risk-averse and may lack the dynamism, initiative, and wherewithal to move and reestablish in a new location and undertake new avocations. Women and households headed by them are likely to suffer more than men because the compensation is often paid to the men, households headed by women usually have fragile economic status, and women have limited access to many support services. Without significant help, people who are involuntarily resettled may become impoverished. If involuntary resettlement is unavoidable, it should be well planned and executed so that economic growth is enhanced and poverty reduced, especially for such vulnerable people.

D. Involuntary Resettlement and the Environment

11. Often, involuntary resettlement is addressed by governments, aid agencies, consultants, and the public under the general category of "environmental problems." This is probably because environmentalists have traditionally been at the forefront in identifying and publicizing the adverse effects of development interventions on environment and people. Therefore, the proper understanding of involuntary resettlement --- with its social, cultural, psychological, economic, and environmental ramifications has strategic consequences, because it may lead to a different choice of project options including resettlement actions. Also, the social acceptance of a project by affected people may be critical for a project to proceed without costly delays and adjustments.

12. Understanding the complex social nature of involuntary resettlement should help governments, external agencies, and project managers address the issues with sociological tools of analysis and resources as a process of planned change. Rather than seek mitigation measures only, those involved would focus on involuntary resettlement as a socioeconomic development process through which the resettled people would be helped to reach generally at least the same level of well-being they might have attained in the absence of the development intervention.

II. REVIEW OF INVOLUNTARY RESETTLEMENT EXPERIENCES

A. Experiences of Developing Member Countries (DMCs)

13. The experiences of DMCs in involuntary resettlement is mixed. Since 1980, the

People's Republic of China (PRC), with perhaps the largest number of people displaced (about 30 million) by development projects, has introduced numerous laws and regulations at various levels of government and that cover virtually every aspect of resettlement. These laws and regulations seem to offer protection to people whose living standards may be decreased by a development project. A recent World Bank study has concluded that the PRC resettlement laws related to transport, industry, and urban development projects "now fully meet the requirements of the World Bank's operational directive on resettlement and of the OECD resettlement guidelines."⁵ However, complaints about compensation and resettlement procedures persist and stem mainly from delays in payment and diversion of funds by local governments into community facilities rather than payments to individuals. Also, the regulations related to reservoir projects such as irrigation, water supply, and hydropower generation need strengthening as they permit lower compensation levels and slow restoration of pre-project standards of living of affected persons.

14. In India, the State of Maharashtra has had resettlement legislation since 1976. The 1976 law was replaced by the improved "Maharashtra Project Affected Persons Rehabilitation Act, 1986." The Act is applicable to irrigation projects and provides a framework for resettling affected people by providing replacement farmlands and homesteads in the command area of an irrigation project. The Act is based on the principle that people who benefited from a project should bear part of the burden of those who are afflicted by it. Maharashtra State's relatively good resettlement record can be attributed to this legislation. However, the record could be improved, for example, by guaranteeing restoration of living standards of all sections of the affected population, and protecting people with customary or usufruct rights. The states of Madhya Pradesh and Karnataka have introduced legislation similar to Maharashtra's in 1989/90.

15. Resettlement in other parts of India as well as in other countries is governed by general or project-specific government directives issued from time to time. Some of the directives are innovative in recognizing that some landowners benefit from a project and recovering at least a part of the costs from such beneficiaries. For example, some road projects in Korea require the landowners to surrender a part of their holdings along the road corridor and do not compensate for the land taken because the value of the remaining land will appreciate considerably due to the road. However, many of the directives seem to offer inadequate strategies for reestablishment and restoration of income of displaced peoples. The provisions may have been influenced by government policies and practices, the demands of affected persons and nongovernment organizations (NGOs), as well as the advice provided by aid agencies assisting in projects.

16. Strong institutional commitment sometimes compensates for lack of resettlement legislation. Neither Thailand nor Malaysia have resettlement legislation, but resettlement performance in the power sector in both countries has been relatively encouraging. The policies and plans to resettle the indigenous peoples affected by the Batang Ai Hydropower Project in Malaysia (see para. 7) were carefully investigated and prepared. In Thailand, the public sector Electricity Generation Authority of Thailand has been improving its resettlement performance continuously since its formation in 1968, and its resettlement policy for each new project is based on the lessons learned from its previous experience. The Authority's resettlement strategy is based on direct negotiations with affected communities and formulation of a comprehensive compensation package.

17. A recent example from the Jamuna Multipurpose Bridge Project in Bangladesh (see para. 7) indicates that it is possible to improve the resettlement policy framework of a DMC by working closely with country institutions. Bangladesh lacked particular laws and regulations

⁵ World Bank, *China: Involuntary Resettlement*, Washington, D.C., 8 June 1993.

of general applicability dealing with resettlement. With intensive assistance from the World Bank, the Jamuna Multipurpose Bridge Authority formulated a comprehensive resettlement policy and plan in October 1993 to resettle the 65,000 persons affected by the project.

B Experience in Bank-financed Projects

18 Until recently, very few of the resettlement components in Bank-financed projects were carefully prepared. The completed Batang Ai Hydropower Project in Malaysia was an exception, as it was based on careful investigation, and social scientists familiar with the affected Iban peoples were involved right from the beginning. Detailed investigation of involuntary resettlement was not a routine practice in the past, and there was no formal policy on how to address resettlement issues at various stages of the project cycle. As a result, significant problems and delays were encountered during implementation of a number of projects such as the Second Manila Port Project in the Philippines (see para. 7). Similarly, resettlement issues associated with the ongoing Left Bank Outfall Drain (Stage 1) Project in Pakistan⁶ came to light and were investigated only in 1994, several years after project implementation began.

19 However, more recent projects indicate a positive change. Thus, the ongoing private sector Hopewell Power (Philippines) Corporation Project in the Philippines and the Jamuna Multipurpose Bridge Project in Bangladesh incorporate detailed compensation, resettlement, and rehabilitation provisions. Both projects involved cofinancing with other agencies, including the International Finance Corporation and the World Bank. Resettlement issues are also reviewed during environmental impact assessment (EIA), which is now required for selected Bank-financed projects. One of the criteria for a project to be classified under the Bank's environmental Category A, which includes projects with potentially significant adverse environmental impacts, is displacement of a large number of people.

C. Experiences of the World Bank and Other Agencies

1. World Bank's Experience

20. The World Bank was one of the first international development aid agencies to formulate a policy on involuntary resettlement. The policy was first issued as an internal Operational Manual Statement (OMS 2.33) to staff in February 1980. Since then, it has been revised and reissued a number of times, most recently as an Operational Directive (OD 4.30) in June 1990, and it remains one of the most comprehensive resettlement policy statements. It describes the World Bank's policy objectives on involuntary resettlement as well as measures the borrowers are expected to take in operations involving resettlement. It also gives specific information on the review procedures that World Bank staff should follow for projects involving resettlement components.

21. Experiences of involuntary resettlement operations in World Bank-assisted projects between 1986 and 1993 were reviewed in 1993~1994.⁷ The review showed that of the World Bank's 1,900 ongoing projects in 1993, 146 (or less than 8 percent) involved involuntary resettlement. These projects displaced nearly two million people. A large majority of these projects (over 60 percent) were in East Asia and South Asia, and they accounted for about 80 percent of the people to be resettled. A small number of projects in Brazil, PRC, India, and

⁶ Loan No. 700-PAK(SF), for US\$122 million, approved on 25 October 1984 and cofinanced by the Bank, the World Bank and four other donors.

⁷ World Bank, Environment Department, *Resettlement and Development The Bankwide Review of Projects Involving Involuntary Resettlement*, Washington, D.C., 8 April 1994.

Indonesia accounted for the bulk of the people displaced. Significant increases in the number of projects supported by World Bank and involving resettlement are expected in Bangladesh, Indonesia, Pakistan and Viet Nam. Globally, about 100 projects with a preliminary estimate of 600,000 people to be resettled have been proposed in the World Bank's 1994-1997 pipeline of projects.

22. The review showed that good resettlement can prevent impoverishment of affected persons and can even reduce their poverty by building sustainable livelihoods. However, inadequate resettlement induces local resistance to the project, increases political tensions, causes significant project delays, and postpones the flow of project benefits; and the benefits lost as a result of such avoidable delays may sometimes far exceed the additional cost of good resettlement. The World Bank's resettlement operations portfolio improved significantly during the period although resettlement operations and outcomes in a number of projects were not meeting the standards defined by the World Bank's policy.

23. Based on the World Bank's experience over the past 10-14 years, a number of major common factors that contribute to the success of resettlement were identified. These are (i) political commitment of borrowers in the form of laws, policies, and resource allocations; (ii) close adherence to established guidelines and procedures in implementation; (iii) sound social analysis, reliable demographic assessments, and appropriate technical expertise in planning for development-oriented resettlement; (iv) reliable cost estimates and provision of required financing, with resettlement activities phased in tune with civil works construction; (v) effective executing agencies that are responsive to local development needs, opportunities and constraints; and (f) people's participation in setting resettlement objectives, identifying reestablishment solutions, and implementing them.

24. In May 1994, the World Bank's Board of Directors discussed the review, and broadly supported the approach, findings and recommended action plans. Semiannual reports on remedial actions planned to improve involuntary resettlement in ongoing World-Bank financed projects were circulated to their Board of Directors in November 1994 and May 1995.⁸

2. Policies of Other Agencies

25. In recent years, a number of multilateral and bilateral agencies have prepared and adopted resettlement policies and/or guidelines that are similar to those of the World Bank. Thus, the Inter-American Development Bank adopted a set of resettlement guidelines in 1990. In 1991, the development ministers of all 17 members of the Development Assistance Committee of the Organization for Economic Cooperation and Development (OECD) approved the adoption of uniform resettlement guidelines by their countries' aid agencies.⁹ The Overseas Development Administration in the United Kingdom has adopted guidelines that are essentially the same as those of the World Bank. The Overseas Economic Cooperation Fund of Japan issued checklists on involuntary resettlement based on OD 4.30. Japan International Cooperation Agency was preparing its own technical guidelines for resettlement with World Bank advice. Although a number of agencies have prepared and adopted resettlement policies, guidelines, data on their experiences are not readily available.

⁸ World Bank, "Status Report: Remedial Action Planning for Involuntary Resettlement," SecM94-1 091, Washington, D.C., 4 November 1994, and "Final Report: Regional Remedial Action Planning for Involuntary Resettlement," SECM95-475, Washington, D.C., 15 May 1995.

⁹ OECD, Development Assistance Committee, *Guidelines for Aid Agencies on Involuntary Displacement and Resettlement in Development Projects*, OECD/GD(91)201, Paris, 1991.

D. Resettlement and Local Organizations

26. Local government bodies, people's organizations and mainstream development NGOs often play a constructive role in facilitating public discussion and dialogue, and assist in evolving pragmatic solutions. Their inputs may be beneficial for government decision making.

27. At the national and regional levels, local and regional NGOs are involved in (i) informing affected persons about projects that may have adverse impacts; and (ii) by networking with their international counterparts, and in lobbying for design modifications including change of location of such projects. Local government bodies, people's organizations, and some development NGOs may also play a useful facilitating role in planning and implementing involuntary resettlement. They may act as intermediaries between affected persons and the project executing agencies and facilitate the channeling of affected persons' views and preferences to the executing agencies. They may also mobilize affected persons and organize them to work together to minimize the adverse effects or maximize benefits. Thus, local government agencies¹⁰ people's organizations and suitable development NGOs may be called upon to facilitate successful resettlement operations.

III. INVOLUNTARY RESETTLEMENT POLICY

A. Rationale

28. Until recently, development-induced displacement of population was considered a "sacrifice" some people have to make for the larger good. Resettlement programs in general were limited to statutory monetary compensation for land acquired for the project, and occasionally development of a resettlement site.

29. However, perceptions are changing because of delays in project implementation and benefits foregone: growing awareness about the potential adverse economic, social, and environmental consequences of population displacement; and increasing concern about people's welfare. Resettlement is viewed increasingly as a development issue. Policy makers, planners, and development practitioners have come to accept that inadequate attention to resettlement does not pay in the long run; and costs of implementation problems caused by lack of good involuntary resettlement can far exceed the costs of proper resettlement. Furthermore, impoverished people are a drain on the national economy; thus, avoiding or minimizing displacement as well as proper rehabilitation of those displaced make good economic sense as well as being fair to those adversely affected.

30. The Bank and its DMCs should see these changes in perceptions as an opportunity rather than an impediment. With the recent renewed emphasis on project quality and impact, the focus on affected persons and their welfare should (i) improve the way development projects are conceived, planned, and implemented; and (ii) make development not only economically but also socially and environmentally beneficial. This approach is in tune with the twin objectives of poverty reduction and sustainable economic growth.

31. So far, the Bank has not adopted a formal policy on involuntary resettlement. However, in recent years, some staff have been using the World Bank's operational directive

¹⁰ Asian Development Bank, *Guidelines for Social Analysis of Development Projects*, Appendix 6, Manila, June 1991. These Guidelines have been superseded by the *Guidelines for Incorporation of Social Dimensions in Bank Operations*, issued in October 1993.

(OD 4.30) as a guide in addressing resettlement issues in selected projects. The Bank's *Guidelines for Social Analysis of Development Projects*, issued in June 1991 incorporated the essential features of OD 4.30 in an appendix.¹ More recently, the President issued instructions to staff to adhere to the principles and approaches in OD 4.30 to deal with involuntary resettlement in Bank operations, pending formal adoption of a Bank policy on the subject.¹¹

32. Formal adoption and implementation of a policy on involuntary resettlement is necessary to promote consistent improvements in Bank assistance to DMCs in this sensitive area. A policy on involuntary resettlement is necessary to (i) spell out the objectives and approaches, (ii) set the standards in Bank operations, (iii) provide staff with a clear perspective on the issues, (iv) assist borrowers in addressing the issues, and (v) adopt formal procedures to address systematically these aspects in Bank operations.

B. Bank Policy

33. The objectives of the Bank's policy on involuntary resettlement should be to (i) avoid involuntary resettlement wherever feasible; and (ii) minimize resettlement where population displacement is unavoidable, and ensure that displaced people receive assistance, preferably under the project, so that they would be at least as well-off as they would have been in the absence of the project, as contemplated in the following paragraphs.

34. Involuntary resettlement should be an important consideration in project identification. The three important elements of involuntary resettlement are (i) compensation for lost assets and loss of livelihood and income, (ii) assistance for relocation including provision of relocation sites with appropriate facilities and services, and (iii) assistance for rehabilitation to achieve at least the same level of well-being with the project as without it. Some or all of these elements may be present in projects involving involuntary resettlement: For any project that requires relocating people, resettlement should be an integral part of project design and should be dealt with from the earliest stages of the project cycle, taking into account the following basic principles;

- (i) Involuntary resettlement should be avoided where feasible.
- (ii) Where population displacement is unavoidable, it should be minimized by exploring all viable project options.
- (iii) If individuals or a community must lose their land, means of livelihood, social support systems, or way of life in order that a project might proceed they should be compensated and assisted so that their economic and social future will generally be at least as favorable with the project as without it. Appropriate land, housing, infrastructure, and other compensation, comparable to the without project situation, should be provided to the adversely affected population, including indigenous groups, ethnic minorities, and pastoralist who may have usufruct or customary rights to the land or other resources taken for the project.
- (iv) Any involuntary resettlement should, as far as possible, be conceived and executed as a part of a development project or program and resettlement plans should be prepared with appropriate timebound actions and budgets. Resettlers should be provided sufficient resources and opportunities to reestablish their homes and livelihoods as soon as possible.

¹¹ Asian Development Bank, Staff instructions on Certain Policy/Administrative Issues - Involuntary Resettlement," 15 February 1994.

- (v) The affected people should be fully informed and closely consulted on resettlement and compensation options. Where adversely affected people are particularly vulnerable, resettlement and compensation decisions should be preceded by a social preparation phase to build up the capacity of the vulnerable people to deal with the issues.
- (vi) Appropriate patterns of social organization should be promoted, and existing social and cultural institutions of resettlers and their hosts should be supported and used to the greatest extent possible. Resettlers should be integrated economically and socially into host communities so that adverse impacts on host communities are minimized. One of the effective ways of achieving this integration may be by extending development benefits to host communities.
- (vii) The absence of formal legal title to land by some affected groups should not be a bar to compensation. Affected persons entitled to compensation and rehabilitation should be identified and recorded as early as possible, preferably at the project identification stage, in order to prevent an influx of illegal encroachers, squatters, and other nonresidents who wish to take advantage of such benefits. Particular attention should be paid to the needs of the poorest affected persons including those without legal title to assets, female-headed households and other vulnerable groups, such as indigenous peoples, and appropriate assistance provided to help them improve their status.
- (viii) The full costs of resettlement and compensation, including the costs of social preparation and livelihood programs as well as the incremental benefits over the "without project" situation, should be included in the presentation of Project costs and benefits.
- (ix) To better assure timely availability of required resources and to ensure compliance with involuntary resettlement procedures during implementation, eligible costs of resettlement and compensation may be considered for inclusion in Bank loan financing for the project, if requested.

35. The Bank's support for projects requiring significant involuntary resettlement should include assistance to the government and other project sponsors to (i) adopt and implement the above objectives and principles of the Bank's policy on involuntary resettlement within their own legal, policy, administrative and institutional frameworks; (ii) build the capacity of the government and other project sponsors to effectively plan and implement involuntary resettlement in the projects; and (iii) strengthen the DMC's capacities and macro frameworks for involuntary resettlement. Where serious differences on major aspects between project sponsors and affected persons are adequate time should be allowed for the government and other project sponsors to resolve these differences before the Bank commits support for the project. If requested by the government, the Bank should be prepared to assist as appropriate. The government and project sponsors are responsible for resolving the differences

36. For projects or programs involving displacement of people and for projects that are likely to encounter significant social resistance, the social preparation of the adversely affected persons and their communities into which they will be resettled would be an important means to obtain their cooperation for the project to proceed. For all public and private sector projects that involve significant involuntary resettlement, the government and other project sponsors should be assisted in preparing and submitting to the Bank, before loan appraisal, a satisfactory resettlement plan with time-bound actions and budgets.

IV. IMPLEMENTATION PROCEDURES

A. Initial Social Assessment

37. An initial social assessment (ISA) is required for every development project in order to identify the people who may be beneficially and adversely affected by the project. It should assess the stage of development of various subgroups, and their needs, demands, and absorptive capacity. It should also identify the institutions to be involved in the project and assess their capacities. The ISA should identify the key social dimensions aspects (such as involuntary resettlement, indigenous peoples, poverty reduction and women in development) that need to be addressed under the project.¹ The SA should be undertaken as early as possible in the project cycle and preferably by the time of fact-finding for a project preparation technical assistance (PPTA). If the ISA identifies that resettlement is likely to be involved in the project, a resettlement plan should be prepared, preferably in conjunction with preparation of the project feasibility study.

¹ For detailed explanation on ISA, see *Guidelines for Incorporation of Social Dimensions in Bank Operations*, Asian Development Bank, Manila, October 1993, pp. 23-6; and for subsectoral checklists, etc., please see *Handbook for Incorporation of Social Dimensions in Projects*, Asian Development Bank, Manila, May 1994. The preparation of an ISA may entail the inputs of a sociologist or social anthropologist for 5-10 days for a simple project and up to 2 months for a complex project serving a large number of people belonging to diverse groups.

B. Resettlement Plan

38. Where population displacement is unavoidable, a detailed resettlement plan with time-bound actions specified and a budget are required. Resettlement plans should be built around a development strategy; and compensation, resettlement, and rehabilitation packages should be designed to generally improve or at least restore the social and economic base of those to be relocated. Monetary compensation for land alone may not be adequate. Voluntary relocation by some affected persons may form part of a resettlement plan, but measures to address the special circumstances of involuntary resettlers should also be included. Preference should be given to resettlement of people dislocated from agricultural settings into similar settings. This is particularly important for indigenous peoples whose degree of acculturation to mainstream society is limited. If suitable land is unavailable, other strategies built around opportunities for wage employment or self-employment may be used.

39. The contents and level of detail of resettlement plans, which will vary with circumstances, especially the magnitude of resettlement, should normally include a statement of objectives, policies, and strategy, and should cover the following essential elements: (i) organizational responsibilities; (ii) community participation and integration with host populations; (iii) socioeconomic survey; (iv) legal framework including mechanisms for resolution of conflicts and appeals procedures; (v) identification of alternative sites and selection; (vi) valuation of and compensation for lost assets; (vii) land ownership, tenure, acquisition, and transfer; (viii) access to training, employment, and credit; (ix) shelter, infrastructure, and social services; (x) environmental protection and management; and (xi) implementation schedule, monitoring, and evaluation.

40. Cost estimates should be prepared for these activities; they should be budgeted; and implementation of the activities should be scheduled with time-bound actions in coordination with the civil works for the main investment project. The resettlement plan should have an executive summary. A summary resettlement plan should be included in the draft Report and Recommendation of the President (RAP) for Management Review Meeting, and in the final RRP for Board circulation. The Office of Environment and Social Development (OESD) should be consulted in the preparation of the summary resettlement plan. To assist staff and project sponsors, a set of guidelines and an annotated outline of a resettlement plan will be

prepared and issued after the resettlement policy is approved by the Bank.

C. Responsibility for Resettlement

41. As is common with all projects, the responsibility for planning and implementing resettlement rests with the government and other project sponsors. The Bank should support efforts of the government and other project sponsors, as required, through (i) assistance in formulating and implementing resettlement policies, strategies, laws, regulations, and specific plans; (ii) providing technical assistance to strengthen the capacity of agencies responsible for resettlement; and (iii) financing eligible costs of resettlement, if requested.

D. Project Processing

42. If the project is likely to involve significant involuntary resettlement, Bank staff should inform the government and other project sponsors of the Bank's involuntary resettlement policy. Starting early in the project cycle, staff should assess government policies, experiences, institutions, and the legal framework covering resettlement. It is important to ensure that involuntary resettlement is avoided where feasible and minimized if it is unavoidable: that laws and regulations concerning displaced people provide for compensation sufficient to replace all lost assets; and that displaced persons are assisted to relocate and generally at least restore their former living standards, income earning capacity, and production levels.

43. If the ISA identifies the need for a resettlement plan, appropriate provisions should be made in the PPTA to assist the government and other project sponsors prepare such a plan. The resettlement plan should be submitted by the government or the private project sponsors to the Bank, preferably together with the feasibility study for the project, but in any case, before project appraisal, as the costs and implementation of resettlement are likely to critically affect the overall costs and implementation schedule of the investment project.¹² The OESD should assess the adequacy of the resettlement plan in conforming to the Bank's policy. The project profile for each project involving significant involuntary resettlement should include appropriate information on resettlement aspects drawn from the ISA and the resettlement plan as applicable.

E. Project Implementation

44. Resettlement components should be reviewed thoroughly throughout project implementation. Bank review missions should include, as far as possible, persons with expertise in resettlement, sociology or social anthropology. Semiannual reviews of large-scale resettlement operations are recommended, and in-depth reviews of midterm progress are critical. The reviews should be planned from the outset to allow the government, the project sponsors, and the Bank to make necessary adjustments in project implementation. Complete recovery from resettlement can be protracted and may require monitoring well after affected persons are relocated, sometimes even after project facilities are commissioned and Bank financing is completed.

F. Application of Policy

45. This policy will be applicable to all projects approved after 31 December 1995. Until the beginning of 1994, the Bank has been using the World Bank's Operational Directive (OD 4.30) on Involuntary Resettlement as a guide in addressing resettlement aspects. Pursuant

¹² In the case of sector loans that are likely to involve significant involuntary resettlement, a broad assessment of the likely magnitude of the resettlement should be made. At least one of the sample subprojects to be appraised should include involuntary resettlement. The criteria and outline of a resettlement plan for other subprojects should be included in the RRP. Bank review of the resettlement plans for other sub projects should be mandatory.

Staff Instructions issued by the President on 15 February 1994, the Bank has been implementing an involuntary resettlement policy based on the World Bank's Operational Directive (No.4.30) on Involuntary Resettlement. A review of experience with involuntary resettlement in ongoing Bank-financed projects is proposed under a regional technical assistance to (i) learn about strengths and weaknesses, (ii) identify projects and project components requiring remedial actions, and (iii) recommend strategies and mechanisms to improve the project performance. The findings of the review would also be a useful input to future revisions of the Bank's policy on involuntary resettlement.

G. Monitoring and Reporting

46. Staff of the Projects Departments should monitor regularly the involuntary resettlement aspects of ongoing Bank-financed projects, and the progress should be reported in the Project Administration Committee Notes. Annual reports on involuntary resettlement aspects of ongoing projects should be prepared by the OESD in consultation with Operational Departments. These reports should be circulated to the Board of Directors for information along with the corresponding Semi-Annual Reports on Project Administration. The Bank should review the experience with the Involuntary Resettlement Policy after the policy has been implemented for about two years. A report on this review, including any recommended modifications to the policy, should be submitted to the Board of Directors.

H. Resource Implications

47. Along with formulation of the policy on resettlement, the Bank needs to develop adequate institutional capacity to facilitate effective implementation of the policy. Additional resources will be needed to orient and train staff and recruit new staff with training in sociology or social anthropology to address involuntary resettlement aspects in the operations. Thus, the upfront operational costs of staff time, consultants, and business travel are likely to increase, as will the technical assistance resources and the lead time required for project preparation and processing. At the same time, monitoring and evaluation of resettlement components may require increased staff resources, consultant inputs, and business travel budgets.

48. The preparation of a resettlement plan may require 2-4 weeks of local consultant inputs for a simple project involving resettlement of a small number of people whereas a plan involving a large number of people to be resettled in a complex project may require about 15 months of staff and consultant inputs in addition to the inputs of the executing agencies, and may take up to two years. For example, preparation of the resettlement plan for the Jamuna Multipurpose Bridge Project in Bangladesh (see para. 7) took about two years and involved more than 14 person-months of World Bank staff and consultant inputs, in addition to the inputs of the executing agency. The costs of the compensation, resettlement, and rehabilitation component were estimated to be under 10 percent of the total Project cost.

49. During 1994, the staff of the Social Dimensions Unit reviewed, among other things, 29 loan and 18 technical assistance projects that involved involuntary resettlement to some degree or other. Of the 29 loan projects reviewed, 25 were at various stages of processing, 2 were under implementation, and project completion reports were being prepared for the remaining 2. One of the loan projects under processing and one under implementation were in the private sector. The country distribution of loan projects was quite widespread with 7 in the PRC, 6 in the Philippines; 3 in Indonesia; 2 each in Bangladesh, Nepal, and Viet Nam, and 1 each in Cambodia, India, Lao, Malaysia, Pakistan, Thailand and Tonga. Of the 18 technical assistance projects with resettlement aspects reviewed in 1994, 14 were for project preparation and 4 were for advisory and operational support.

50. About 32 loan projects being processed for 1995 are likely to involve involuntary resettlement aspects in varying degrees. Many of these projects are carried over from 1994.

The country distribution of these projects is 6 each in the PRC and Pakistan; 4 in Indonesia; 3 each in India, Nepal, and the Philippines and 1 each in Bangladesh, Bhutan, Lao PDR Malaysia, Mongolia, Sri Lanka and Viet Nam. Also, 18 PPTAs being processed in 1995 are likely to involve issues of involuntary resettlement.

51. The World Bank's experience in addressing involuntary resettlement aspects in Asia and the Pacific could indicate the likely resource implications for the Bank. In its two Regional Vice Presidencies covering operations in Asia and the Pacific, the World Bank had, in 1994, four full-time staff and four long-term consultants at headquarters looking after involuntary resettlement aspects. In addition! the World Bank had one staff person each in its Beijing, Dhaka, Jakarta, and New Delhi resident offices looking after resettlement aspects. The World Bank also hired short-term consultants to assist with specific assignments in this area. According to the World Bank staff in the Asia Technical Department, review of resettlement aspects at headquarters takes, on average, about 4-5 days for simple projects with well formulated resettlement plans. The staff indicated that it may take anywhere from 2-3 to 6-8 weeks of a staff specialist's time to help prepare a resettlement plan in the field, depending on the nature of the project, the magnitude of resettlement involved, the capacities of the executing and implementing agencies, and the attitudes and developmental level of the affected people.

52. Based on the above and taking into account the mix of projects in the existing portfolio and those to be included in the Bank's future lending portfolio, it is reasonable to expect that 8-10 professional expert years may need to be devoted annually to adequately address involuntary resettlement aspects in projects under processing, and another 4-6 expert years annually for monitoring and administration of ongoing Bank-financed projects. Some of the expert years required in project preparation could be incorporated in PPTAs and some of that needed for project processing and administration could be provided by staff consultants. However, in-house expertise in this area needs to be augmented by recruiting 3-4 additional staff with requisite expertise. These requirements could be met through reallocation of staff positions. With improved planning and preparation, many of the delays in implementation normally encountered in such projects could be avoided. Overall, although overhead costs for the Bank are likely to increase in the short to medium term, the quality of such projects and their impacts is likely to improve as a result of devoting increased attention to involuntary resettlement.

V. CONCLUSIONS

53. The objective of the Bank's policy on involuntary resettlement should be to avoid or minimize resettlement, wherever feasible. If population displacement is unavoidable, the strategy should be to ensure that the people affected by project are, as contemplated above, generally at least as well off after resettlement as they would have been without the project. Addressing resettlement in Bank operations may entail some additional costs, but the benefits to the DMCs should outweigh the costs to the Bank. Good resettlement may be beneficial from economic, social, and environmental considerations, and should contribute to improved project quality and impact. It will also promote more equitable development.

ANNEX - 3.3

WB POLICIES

(OD 4.20 INDIGENOUS PEOPLES)

ANNEX - 3.3 [World Bank Policy on] Indigenous Peoples

OD 4.20 September 17, 1991

Introduction

1. This directive describes Bank 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, to be issued).

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

12. **Technical Assistance.** Technical assistance to develop the borrower's abilities to address issues on indigenous peoples can be provided by the Bank. Technical assistance is normally given within the context of project preparation, but technical assistance may also be needed to strengthen the relevant government institutions or to support development initiatives taken by indigenous people themselves.

13. **Investment Projects.** For an investment project that affects indigenous peoples, the borrower should prepare an indigenous peoples development plan that is consistent with the Bank's policy. Any project that affects indigenous peoples is expected to include components or

provisions that incorporate such a plan. When the bulk of the direct project beneficiaries are indigenous people, the Bank's concerns would be addressed by the project itself and the provisions of this OD would thus apply to the project in its entirety.

Indigenous Peoples Development Plan 3/

Prerequisites

14. Prerequisites of a successful development plan for indigenous peoples are as follows:
- (a) The key step in project design is the preparation of a culturally appropriate development plan based on full consideration of the options preferred by the indigenous people affected by the project.
 - (b) Studies should make all efforts to anticipate adverse trends likely to be induced by the project and develop the means to avoid or mitigate harm.^{4/}
 - (c) The institutions responsible for government interaction with indigenous peoples should possess the social, technical, and legal skills needed for carrying out the proposed development activities. Implementation arrangements should be kept simple. They should normally involve appropriate existing institutions, local organizations, and nongovernmental organizations (NGOs) with expertise in matters relating to indigenous peoples.
 - (d) Local patterns of social organization, religious beliefs, and resource use should be taken into account in the plan's design.
 - (e) Development activities should support production systems that are well adapted to the needs and environment of indigenous peoples, and should help production systems under stress to attain sustainable levels.
 - (f) The plan should avoid creating or aggravating the dependency of indigenous people on project entities. Planning should encourage early handover of project management to local people. As needed, the plan should include general education and training in management skills for indigenous people from the onset of the project.
 - (g) Successful planning for indigenous peoples frequently requires long lead times, as well as arrangements for extended follow-up. Remote or neglected areas where little previous experience is available often require additional research and pilot programs to fine-tune development proposals.
 - (h) Where effective programs are already functioning, Bank support can take the form of incremental funding to strengthen them rather than the development of entirely new programs.
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.** 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 para. 15(g) and (h), and OD 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.

Notes;

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). Contents
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.

ANNEX - 3.4

ADB POLICIES
(INDIGENOUS PEOPLES)

ANNEX - 3.4 [ADB Policy] POLICY ON INDIGENOUS PEOPLES

April 1998

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I. INTRODUCTION

1. Indigenous peoples¹ can be regarded as one of the largest vulnerable segments of society. While differing significantly in terms of culture, identity, economic systems, and social institutions, indigenous peoples as a whole most often reflect specific disadvantage in terms of social indicators, economic status, and quality of life. Indigenous peoples often are not able to participate equally in development processes and share in the benefits of development, and often are not adequately represented in national social, economic, and political processes that direct development. While constituting a relatively small part of the population of the Bank's region, indigenous peoples and their potential vulnerability must be regarded as significant in the Bank's development efforts and interventions.

2. It is neither desirable nor possible to insulate or exclude indigenous peoples from development. Like dominant or mainstream populations—the group or groups in a country that are politically, economically, and culturally most powerful—indigenous peoples have developmental aspirations. However, indigenous peoples may not benefit from development programs designed to meet the needs and aspirations of dominant or mainstream populations, and may not be given the opportunity to participate in the planning of such development. There is increasing concern in the international development community that indigenous peoples be afforded opportunities to participate in and benefit from development equally with other segments of society, and have a role and be able to participate in the design of development interventions that affect them.

3. The legislation and policies of most member countries of the Bank recognize indigenous peoples as citizens. In practice, however, indigenous peoples often experience disadvantage in interaction with dominant and mainstream populations, especially as relates to development. Beyond not benefiting from development nor participating in the planning of development, indigenous peoples can be disadvantaged by of access to ancestral lands and the natural resources and other sources of income contained in these lands; loss of culture, social structures, and institutions; loss of indigenous knowledge; loss of recognition as indigenous peoples; and a lack of opportunities for effective participation in national political and economic processes. Lack of participation in development combined with the loss of access to land and resources have in many cases marginalized indigenous peoples. In some extreme cases, indigenous peoples have suffered physical oppression. In a few cases, indigenous cultures have disintegrated or disappeared.

4. In its operations, the Bank must recognize and respect the sovereignty of its member countries, including national legislation and policy relating to indigenous peoples and at the same time, recognize a responsibility for ensuring equality of opportunity for indigenous peoples and that its operations and assistance to developing member countries (DMCs) do not negatively affect the welfare and interests of indigenous peoples. If a Bank intervention does affect indigenous peoples negatively, adequate measures must be taken to mitigate the negative impact, or make certain that a compensation plan ensuring that project affected people are as well off with the project as without is prepared and implemented.

5. This paper addresses policy approaches toward recognizing the circumstances of indigenous

¹ "Indigenous peoples" as used in this paper encompasses a generic concept not easily reflected in a single term. Other terms relating to the concept of indigenous peoples as addressed in this working paper include "cultural minorities," "ethnic minorities," "indigenous cultural communities," "tribals," "scheduled tribes," "natives," and "aboriginals." Accepted or preferred terms and definitions vary country by country, by academic discipline, and even by the usage of groups concerned. "Indigenous peoples" is the term used in United Nations documents, and is used throughout this paper solely for convenience.

peoples and identifying measures toward satisfying their needs and aspirations. The paper focuses on the participation of indigenous peoples in development and mitigation of undesired effects of development. Section II provides a definition of indigenous peoples; Section III addresses issues of indigenous peoples in development; Section IV discusses laws and international conventions that apply and practices of comparator institutions; Section V presents a set of proposed policy objectives, and operational approaches and procedures; and Section VI addresses organizational implications and resource requirements of formal Bank policy addressing indigenous peoples. Section VII presents specific policy recommendations.

6. This paper is a policy document, setting out policy proposals relating to indigenous peoples in Bank operations. This policy initiative is undertaken in parallel with specific development interventions of the Bank that would address the needs and concerns of indigenous peoples—projects designed to provide specific developmental support to indigenous peoples.

II. DEFINITION OF INDIGENOUS PEOPLES

7. Developing a single, specific definition or identification for indigenous peoples would be difficult. Within the Asian and Pacific Region, individual indigenous peoples communities reflect tremendous diversity in their cultures, histories and current circumstances. Country by country, the relationships between indigenous peoples and dominant or mainstream groups of society vary.

8. From the perspective of developing a working definition of indigenous peoples for use in Bank operations, several aspects must be considered. A starting point would be to define indigenous peoples on the basis of characteristics they display. Two significant characteristics would be (i) descent from population groups present in a given area, most often before modern states or territories were created and before modern borders were defined, and (ii) maintenance of cultural and social identities, and social, economic, cultural, and political institutions separate from mainstream or dominant societies and cultures. In some cases, over recent centuries, tribal groups or cultural minorities have migrated into areas to which they are not indigenous, but have established a presence and continue to maintain a definite and separate social and cultural identity and related social institutions. In such cases, the second identifying characteristic would carry greater weight.

9. Additional characteristics often ascribed to indigenous peoples include (i) self-identification and identification by others as being part of a distinct indigenous cultural group, and the display of desire to preserve that cultural identity, (ii) a linguistic identity different from that of the dominant society, (iii) social, cultural, economic, and political traditions and institutions distinct from the dominant culture, (iv) economic systems oriented more toward traditional systems of production than mainstream systems, and (v) unique ties and attachments to traditional habitats and ancestral territories and natural resources in these habitats and territories.

10. Indigenous peoples also are described with reference to their ways of life. In many cases, indigenous peoples live in separated communities or cultural or ethnic groupings. Such communities and groupings often are located in areas geographically distant from urban centers and often function at the periphery of the political, social, cultural, and economic systems of the dominant or mainstream society. At the same time, however, it is not unusual to find indigenous peoples communities on the fringes of urban areas, comprising indigenous peoples who have migrated but remain distinct from the mainstream. Indigenous peoples communities in a given country can reflect varying degrees of acculturation and integration into the dominant or mainstream society.

11. In specific development interventions supported by the Bank, the national legislation of the

country in which the development intervention is taking place provides a basis for defining indigenous peoples. This includes constitutional, statutory, and customary law, as well as international law, including any international conventions to which the country is a party. It would be necessary that other country-specific considerations be taken into account.

12. As a working definition to be employed in the Bank's operations as they affect indigenous peoples, indigenous peoples should be regarded as those with a social or cultural identity distinct from the dominant or mainstream society, which makes them vulnerable to being disadvantaged in the processes of development. Determination of a distinct identity for indigenous peoples would be based in the requirements of applicable national law and the applicability of characteristics described in paras. 8-11 above. The application of any definition of indigenous peoples should work to differentiate between indigenous peoples and other cultural and ethnic minorities for which indigenous status is not an issue; the broader protection of vulnerable groups is an issue addressed in other policies and practices of the Bank.

13. Case-specific identification of indigenous peoples affected by Bank operations and approaches to addressing specific indigenous peoples' concerns would be addressed in the process of initial social assessment and the preparation of an indigenous peoples plan (see paras. 34-40 and the Appendix).

III. INDIGENOUS PEOPLES AND DEVELOPMENT

A. Indigenous Peoples and Development

14. As socioeconomic development takes place, many development initiatives are extending farther into geographically remote areas often considered the traditional homelands of indigenous peoples; these areas offer resources such as forests, minerals, and hydropower potential. Roads, power transmission lines, and other infrastructure development initiatives similarly are extending into the traditional areas of indigenous peoples. In parallel with physical and economic development, dominant and mainstream populations and cultures also are extending into the traditional areas of indigenous peoples.

15. Protection of indigenous peoples from development or maintenance of a status quo for indigenous peoples should not be a development objective. At the same time, it is not uncommon that interests of indigenous peoples differ from those of the mainstream, and that development policies and approaches addressing the interests of dominant and mainstream communities conflict with the interests of indigenous peoples. What may be in the broad national interest may not be in the specific interests of indigenous peoples, and development emerging from dominant and mainstream community-oriented initiatives may arrive in forms not consistent with indigenous peoples' interests or concerns.

16. Development as it most often is pursued is intended to meet national goals and the interests of dominant and mainstream societies. Reducing poverty and improving the quality of life of people in general most often are the primary objectives of development. However, it is not always the case that poverty reduction and improvement in the quality of life realized from development extend equally to all segments of society, or that improvement reaches each segment of society. Moreover, in mainstream-oriented economic development policies, indigenous peoples communities may bear a disproportionate burden of the negative social, economic, and environmental effects that such development projects may bring, without realizing commensurate benefits.

B. Goals and Objectives of Development There may be differences in views between dominant and mainstream societies and indigenous peoples communities as to the broad goals and objectives that development should pursue. Development viewed from the mainstream often is measured in terms of economic advancement or gain and improvement in quality of life, and most often places emphasis on economic growth. From the development perspective of indigenous peoples, in addition to economic advancement, there may also be concern for social, cultural, environmental, and community aspects of development—development as a combination of economic advancement and social, cultural, and community development. Indigenous peoples sometimes view the principles and efforts of mainstream development as inappropriate or unsustainable, and as an intrusion into traditional ways of life. The physical intrusions of development interventions into the traditional domains of indigenous peoples, and social intrusions into indigenous cultures, can be viewed by indigenous peoples and others as a violation of rights—human rights, rights to land, and rights associated with the maintenance of culture.

C. Culture and Development

18. Indigenous peoples' desires to protect their cultural identities and to preserve aspects of culture based in ancestral lands and resources is receiving increasing recognition within the international development community. Increasing recognition is being given to the principle of indigenous peoples determining their own pace and path of development, and there is increasing recognition that social and cultural diversity is in the interest of society and is not an obstacle to national development or economic stability. There is increasing recognition that there is dignity in all cultures, that there should be equality in opportunity for all segments of society, and that all segments of society deserve opportunities for equal access to both the factors and the benefits of development.

IV. LAWS AND CONVENTIONS AFFECTING INDIGENOUS PEOPLES

A. National Laws and Practices

19. With a substantial portion of the world's indigenous peoples living in Asia and the Pacific, virtually every country in the region has an indigenous population. While the effectiveness of provisions may vary, some countries recognize the unique status of indigenous peoples and offer the privileges and protections of citizenship. Few countries have enacted laws that recognize any rights of indigenous peoples to ancestral lands, or that support indigenous peoples regaining and strengthening their social, cultural, and legal institutions. In many cases, enforcement of laws that may exist has been inadequate.

20. Some countries have experienced conflicts between interests of indigenous peoples and interests of dominant and mainstream communities. These conflicts most often relate to control over and exploitation of natural resources in the areas indigenous peoples claim as traditional domains. Appropriation of ancestral territories or resources in these territories by governments or external interests most often is justified as a part of economic development and growth. Indigenous peoples' sparse occupation of large areas of land and nonintensive use of resources often is characterized by external interests as economic inefficiency or lost opportunity. Indigenous peoples' land and resource management practices sometimes are viewed as unsustainable or environmentally damaging.

21. At the national level, in some cases, new laws, policies, and other measures may be necessary to reconcile competing demands and conflicting interests, especially if interests of indigenous peoples are to be protected. In any case, however, the Bank must respect the will of governments, including legislation and policy that exists and the power of eminent domain that governments possess. Country programs and project selection will be developed in cooperation

with governments. When difficulties are encountered, the Bank may be able to provide guidance or assistance through mechanisms such as policy dialogue and technical assistance.

B. International Conventions and Declarations

22. The international community has shown increasing concern for the protection of the rights of indigenous peoples. Conventions and declarations of the international community provide a broad framework, as well as specific statements regarding the protection of indigenous peoples and their interests, cultures, ways of life, cultural survival, and development. It may be noted that some international instruments relating to indigenous peoples have not been ratified by large numbers of the international community.

23. The United Nations Universal Declaration of Human Rights (1948) and International Covenant on Civil and Political Rights (1966) have specific significance for indigenous peoples. The Universal Declaration provides a common standard for the human rights of all peoples and all nations, and proclaims the importance of traditional, political, and civil rights, as well as basic economic social and cultural rights. The Covenant spells out civil and political rights and guiding principles based on the Universal Declaration.

24. The 1957 International Labour Organisation (ILO) Convention No. 107, Protection and Integration of Indigenous and Other Tribal and Semi-Tribal Populations in Independent Countries, addresses the right of indigenous peoples to pursue material well-being and spiritual development, and was a first international instrument in specific support of indigenous peoples. Largely because of its view that indigenous peoples should be integrated into the larger society, a view that subsequently came to be seen by many as inappropriate, Convention No. 107 was followed in 1989 by ILO Convention 169, Convention Concerning Indigenous and Tribal Peoples in Independent Countries.

25. Convention No. 169 presents the fundamental concept that the way of life of indigenous and tribal peoples should and will survive, as well as the view that indigenous and tribal peoples and their traditional organizations should be closely involved in the planning and implementation of development projects that affect them. As the most comprehensive and most current international legal instrument to address issues vital to indigenous and tribal peoples, Convention No. 169 includes articles that deal with consultation and participation, social security and health, human development, and the environment. To date, Convention No. 169 has been ratified by only a few countries, and so far by none in the Asian and Pacific Region.

26. Agenda 21 adopted by the United Nations Conference on Environment and Development (UNCED) in 1992 recognizes the actual and potential contribution of indigenous and tribal peoples to sustainable development. The 1992 Convention on Biodiversity calls on contracting parties to respect traditional indigenous knowledge with regard to the preservation of biodiversity and its sustainable use. The Vienna Declaration and Programme of Action emerging from the 1993 World Conference on Human Rights recognizes the dignity and unique cultural contributions of indigenous peoples, and strongly reaffirms the commitment of the international community to the economic, social, and cultural well-being of indigenous peoples and their enjoyment of the fruits of sustainable development.

27. The United Nation's 1993 Draft Declaration on the Rights of Indigenous Peoples, developed with the direct participation of indigenous peoples representatives and currently under consideration within the United Nations, addresses issues such as the right to participation, the right of indigenous peoples to direct their own development, the right of indigenous peoples to determine and develop priorities and strategies for the development or use of ancestral territories and resources, and the right to self-determination. The emerging concern for indigenous peoples prompted the United Nations to declare 1993 as the International Year of the World's Indigenous Peoples and the decade from December 1994 as the Indigenous Peoples Decade.

C. Practices of Other International Institutions

28. Among comparator organizations, World Bank policies and practices are the most relevant to the Bank. The World Bank's Operational Directive 4.20: Indigenous Peoples establishes specific approaches to indigenous peoples in World Bank operations. Through its operational directive, the World Bank recognizes and takes into consideration issues such as the identification of indigenous peoples, the attachment of indigenous peoples to land and resources, the significance of distinct linguistic and cultural identities, and the primarily subsistence nature of indigenous peoples' production systems. World Bank policy calls for indigenous peoples' informed and willing participation in development, and respect for indigenous peoples' dignity, human rights, and cultural uniqueness. For development interventions that affect indigenous peoples directly and significantly, an indigenous peoples development plan is required.

29. Another comparator organization with direct relevance to the Bank is the Inter-American Development Bank (IDB). While IDB does not have a specific policy addressing indigenous peoples, it does address their concerns through its operational activities, an approach IDB considers more relevant to the circumstances of its region. Operational processes relating to involuntary resettlement, poverty reduction, rural development, and environmental and social impact assessment all include specific consideration of indigenous peoples' concerns. In the IDB region, the poorest segments of society often are indigenous peoples, and projects are designed specifically to assist these groups. In the IDB, creation of special funds to support activities such as enterprise development and capacity building provide other avenues for the pursuit of issues relating to indigenous peoples. The representative offices that IDB maintains in its client countries provide a basis for country-specific consideration of indigenous peoples concerns.

30. Among United Nations agencies, the United Nations Development Programme (UNDP) has undertaken a number of programs to address indigenous peoples concerns. In the Bank's region, the objectives of UNDP's Highland Peoples Programme, covering Cambodia, Lao People's Democratic Republic, Thailand, and Viet Nam, are to increase organizational capacities and opportunities among highland communities, in participatory planning, management, and coordination; establish and/or reinforce exchange mechanisms and procedures; and work for the overall development of highland communities in the four countries covered.

V. POLICY OBJECTIVES, PROCESSES AND APPROACHES WITHIN THE BANK

A. Policy Objectives

31. In its operations, it is necessary that the Bank develop a policy and associated strategies and approaches that recognize the potential vulnerability of indigenous peoples in development processes, as well as ensure that indigenous peoples have opportunities to participate in and benefit equally from development. The Bank's strategies and approaches should avoid negatively affecting indigenous peoples, and provide adequate and appropriate compensation when a negative impact is unavoidable. The Bank's development efforts should ensure that development initiatives affecting indigenous peoples are effective and sustainable. Initiatives should be compatible in substance and structure with the affected peoples' culture and social and economic institutions, and commensurate with the needs, aspirations, and demands of affected peoples. Initiatives should be conceived, planned, and implemented, to the maximum extent possible, with the informed consent of affected communities, and include respect for indigenous peoples' dignity, human rights, and cultural uniqueness.

32. Strategies and approaches to development that affect indigenous peoples must include clear mechanisms for accurate, objective analysis of their circumstances. Development processes must incorporate transparency and accountability. A policy on indigenous peoples would apply to

operations in both the public and the private sectors.

33. The strategies and approaches to be employed by the Bank should build on the existing strengths in its strategic framework and operational experience. A policy to address indigenous peoples would complement and support, and be complemented and supported by, other Bank policies. Compliance with a policy on indigenous peoples would not obviate the requirement of compliance with other Bank policies.

B. Operational Processes

1. Initial Social Assessment

34. As provided in Section 47 of the Bank's Operations Manual, an initial social assessment (ISA) is required for every development project.² The ISA identifies intended project beneficiaries as well as groups that might be affected adversely. The ISA addresses people's needs, demands, and capacities, as well as the key social dimensions that a project must address, such as involuntary resettlement, poverty reduction, human development, gender and development, and vulnerable groups. As such, indigenous peoples would be a specific concern to be considered in the ISA process. The ISA should be undertaken as early as possible in the project development process, preferably by the time of the project preparatory technical assistance (PPTA) fact-finding or other preparatory studies, to ensure that all relevant social concerns will be addressed in project design.

35. If the ISA determines that indigenous peoples are likely to be affected significantly by a Bank intervention or that indigenous peoples are disadvantaged or vulnerable in an intervention because of their social or cultural identity, a specific indigenous peoples plan addressing indigenous peoples and their concerns, that is time bound and that has appropriate budget provisions, must be developed (see paras. 37-40). This plan would be incorporated as an integral part of project design. A case-specific definition of "affected significantly" would be guided by existing Bank practice relating to this matter.

36. While the ISA is a process that identifies populations that may be affected by a project and specific social dimensions that should be addressed, the indigenous peoples plan must focus specifically on indigenous peoples to be affected and specific socioeconomic issues that would be significant. The ISA would address definition and identification of indigenous peoples in the specific context of the project in question. Such definition and identification would consider all relevant factors, including country-specific considerations and national legislation and policy, as well as other factors (see paras. 7-13). Even in an intervention that does not require an indigenous peoples plan, the circumstances and needs of an indigenous peoples group if affected by an intervention generally would be considered in the ISA.

2. Indigenous Peoples Development Plan

37. For a Bank-assisted development project that affects indigenous peoples adversely and significantly, an indigenous peoples plan acceptable to the Bank must be prepared. Beyond addressing indigenous peoples populations and relevant social issues, the indigenous peoples plan must include specific measures and approaches to be taken to address issues affecting indigenous peoples. A project negatively affecting indigenous peoples must be appropriately

² For a detailed explanation of the ISA, see *Guidelines for Incorporation of Social Dimensions in Bank Operations*, Asian Development Bank, Manila, October 1993, pp. 23-26. For specific approaches to the ISA, including sectoral checklists of relevant concerns, see *Handbook for Incorporation of Social Dimensions in Projects*, Asian Development Bank, Manila, May 1994.

redesigned to mitigate negative effects, or include an acceptable compensation plan; the provision of compensation should not be a substitute for efforts to avoid or mitigate negative effects a project may have. The indigenous peoples plan would form a basis for project implementation and for monitoring and evaluation of how the project deals with indigenous peoples issues. Specific components or provisions of the plan must be included in the project design; the plan should address questions of sustainability of the proposed project as well as questions of its implementation. The Appendix to this paper provides key elements to be considered in the creation of such a plan. Bank staff involved in the processing of a project affecting indigenous peoples must inform the government or other project sponsors of the Bank's policy on indigenous peoples.

38. The responsibility for preparation of an indigenous peoples plan acceptable to the Bank and for its implementation rests with the government or other project sponsors. The indigenous peoples plan should be submitted to the Bank by the government or private sector project sponsor preferably along with the feasibility study for the project. The costs of an indigenous peoples plan would affect and be part of the overall cost of a project, and implementation of the indigenous peoples plan would have effects on the overall implementation schedule of a project. The Bank would support the efforts of the government or other project sponsors, as necessary and appropriate, through (i) assistance in formulating and implementing the indigenous peoples plan, (ii) assistance in formulating policies, strategies, laws, regulations and other specific actions related to indigenous peoples, (iii) providing technical assistance to strengthen the capacity of agencies responsible for indigenous peoples, and (iv) financing eligible costs of implementing the indigenous peoples plan, if requested. For any project, the indigenous peoples plan necessarily must be completed before project appraisal.

39. The indigenous peoples plan would include an executive summary, with salient issues of this executive summary preferably to be included in the draft Report and Recommendation of the President (RRP) to be considered in the Management Review Meeting, and in every case in the final RRP for submission for Board of Directors' consideration.

40. Upon approval of a Bank policy on indigenous peoples, operational guidelines reflecting the above approaches and detailing specific steps to be taken will be prepared and issued. Until operational guidelines are prepared, existing staff instructions on indigenous peoples in Bank operations will apply.³ In both cases, OESD will continue to provide advice and assistance in matters related to indigenous peoples.

C. Operational Approaches

41. In development efforts that affect indigenous peoples, it is necessary that the Bank integrate concern for indigenous peoples into each step of programming, project processing, and policy development cycles. Beyond program- and project-related considerations, it is likely that structural constraints could affect realization of policy objectives. Such constraints may include a lack of (i) an appropriate legislative framework in DMCs, (ii) necessary capacity or relevant development institutions and agencies, (iii) detailed and objective knowledge and information about indigenous peoples and their circumstances, and (iv) accurate and effective representation of indigenous peoples. In addition to directly addressing the needs of indigenous peoples, strategies to overcome structural constraints should be explored. Effective approaches to information dissemination and communication with indigenous peoples communities should be identified, especially where conventional approaches to information dissemination and communication may not be effective. It may also be necessary to provide specific consideration to matters such as indigenous women's concerns.

³ Memorandum "Staff Instructions on Certain Policy/Administrative Issues," 15 February 1994.

42. Achievements that have been realized in the implementation of policies addressing indigenous peoples concerns may form the basis for considering appropriate adjustments in borrowing countries' legislation and institutional channels. In this regard, it would be desirable that indigenous peoples issues be addressed in project monitoring and evaluation activities, and that indigenous peoples participate in monitoring and evaluation processes. Modalities for policy development could include policy dialogue and other appropriate technical assistance. Ideally, development of necessary strategies would be based on consultations involving the Bank, DMC governments, other project sponsors as appropriate, representatives of indigenous peoples, and other stakeholders.

43. Key issues that should be considered as the Bank addresses indigenous peoples matters, and the continuity and development of indigenous peoples communities, include (i) legal recognition of ancestral domain and the traditional rights of indigenous peoples over land and resources, (ii) recognized legitimacy of the indigenous social and legal institutions of indigenous peoples, and (iii) recognition of the right of indigenous peoples to direct the course of their own development and change.

44. Institutional strengthening and capacity building support for indigenous peoples communities should be provided as necessary and appropriate. Similarly, as necessary and appropriate, institutional strengthening and capacity building support should be provided to relevant government entities when such support would increase the effectiveness and efficiency of such entities.

VI. ORGANIZATIONAL IMPLICATIONS AND RESOURCE REQUIREMENTS

A. Organizational Implications

45. The Office of Environment and Social Development (OESD) will hold primary organizational responsibility for implementation of the Bank's policy on indigenous peoples. OESD will provide guidance and assistance to other departments and offices on the application of the policy in Bank operations, and will consult with these departments and offices on the development of relevant operational practices and procedures.

46. OESD will be responsible for developing and coordinating operational guidelines for implementation and operationalization of policy on indigenous peoples. These guidelines will be developed with the active input and cooperation of other departments and offices of the Bank. On an ongoing basis, OESD will continue to gather and disseminate relevant information to other units of the Bank. OESD will provide advice and guidance on indigenous peoples matters.

47. OESD will designate a Social Development Specialist as a Bank-wide focal point and resource person to provide specific advice and guidance on matters related to indigenous peoples in the Bank's operations. OESD will hold responsibility for reporting as required on the implementation and application of an indigenous peoples policy.

48. The Programs Departments will be responsible for applying the policy on indigenous peoples as it relates to country programming, and for incorporating such policy aspects in the development of country strategies and in project and technical assistance identification. This process would be a part of policy dialogue with governments. As country-level programming processes, including those related to the preparation of the Country Operational Strategy Study (COSS), are the initial steps in country-level project identification, concern for indigenous peoples matters would have significance in these processes. The Programs Departments would consider social development issues as they arise in country programming processes and in economic and sector work. Resident Missions would be country-level points of contact on matters relating to indigenous

peoples and would provide advice to Headquarters staff. Headquarters would provide necessary support in this regard.

49. The Projects Departments will have responsibility for project-specific aspects of indigenous peoples policy, including making governments, project executing agencies, and other project sponsors aware of the Bank's policy provisions and requirements. This responsibility will apply to project identification, processing, implementation, and monitoring. The Projects Departments are normally responsible for the initial social assessment process, and for the development of appropriate indigenous peoples development plans when required.

50. The Office of Pacific Operations will hold responsibility for indigenous peoples policy as it relates to operations in the Bank's Pacific DMCs.

51. The Post-Evaluation Office, through its postevaluation function, will be responsible for assessing the effectiveness of the Bank's operations in implementing and applying the policy on indigenous peoples, and the development of appropriate evaluation criteria.

B. Resource Requirements

52. To address operational considerations related to indigenous peoples concerns as described in this paper, processing of projects that affect indigenous peoples may require longer processing times and additional resources for processing. Also required might be consultant and technical assistance resources. In addition to resources and time that would be required in preparing projects that affect indigenous peoples, projects that affect indigenous peoples may also involve efforts that address and work to alleviate structural constraints on the borrowing country and executing agency side. It would be necessary that adequate resources be made available.

53. With the adoption of a policy on indigenous peoples, the Bank will need to develop adequate internal institutional capacity to implement the policy effectively, and to make resources available to implement the provisions of the policy. It will be necessary to develop among staff, project and program staff especially, the capacity to recognize and deal effectively with issues and matters related to indigenous peoples. Initiatives in this regard should be explored. It would be necessary for OESD have adequate resources to fulfill its coordinating and resources center role relating to indigenous peoples. Developing such capacity could be achieved through internal staff training efforts and other staff development activities. It would be desirable to recruit at least one staff with relevant operational experience and skills in matters related to indigenous peoples.

54. It would be necessary to provide support for institutional development and capacity building among indigenous peoples communities and within DMC governments. Such institutional development and capacity building support would be provided through project funding and through advisory and regional technical assistance.

55. In its loan and investment operations, resources necessary to satisfy existing staff instructions related to indigenous peoples concerns already are being made available. In other aspects of indigenous peoples in Bank operations, such as the development of internal institutional capacity and capacity building, allocation of resources necessarily will be accommodated within current overall resource allocations. Prioritization among current activities and possible new initiatives will be required.

56. In the Bank's current portfolio of projects, the number of projects directly affecting indigenous peoples is relatively small. However, with economic growth that extends the development horizon further from growth centers into more remote areas, as well as greater concern for indigenous peoples issues, it can be expected that the Bank will be involved in an increasing number of projects affecting indigenous peoples. It is expected that with a specific policy on indigenous peoples in place, project quality and the success of Bank interventions, as well as the

effectiveness of the Bank's involvement in indigenous peoples matters, will be strengthened. Overall, it is expected that the increased benefits of development in general and the specific benefits of projects that affect indigenous peoples will outweigh the additional resource requirements placed on the Bank.

VII. POLICY ON INDIGENOUS PEOPLES

A. A Policy on Indigenous Peoples In Bank Operations

57. A basic principle in the Bank's operations is examination of all implications and effects of the development initiatives and interventions it supports. The Bank operationalizes this principle through the range of policies and practices—for example, policies and practices relating to environment, involuntary resettlement, participation, social assessment, and gender and development. Consistent with this approach, it is recommended that the Bank establish policy and practices specifically addressing indigenous peoples affected by its operations, to reflect policy elements shown below.

B. Policy Elements

58. For development interventions it supports or assists, the Bank will ensure that affected populations and persons are at least as well-off as they would have been in the absence of the intervention, or that adequate and appropriate compensation be provided. Policy should ensure equality of opportunity for indigenous peoples. Policy must ensure that Bank interventions affecting indigenous peoples are (i) consistent with the needs and aspirations of affected indigenous peoples, (ii) compatible in substance and structure with affected indigenous peoples' culture and social and economic institutions, (iii) conceived, planned, and implemented with the informed participation of affected communities, (iv) equitable in terms of development efforts and impact, and (v) not imposing the negative effects of development on indigenous peoples without appropriate and acceptable compensation. A policy together with practices addressing indigenous peoples would be applied in parallel with and would not replace or supersede other existing Bank policies and practices. Each of the elements of policy and practice addressing indigenous peoples would be considered within the context of national development policies and approaches, and the fundamental relationship between the Bank and governments would be the basis for country-specific operations in a given country.

59. Policy on indigenous peoples will ensure that the process of initial social assessment mandated in Bank operations includes specific consideration of indigenous peoples as a potentially affected population. If the initial social assessment identifies indigenous peoples specifically as a significantly and adversely affected population, or vulnerable to being so affected, it will be ensured that an indigenous peoples plan as described in this working paper is prepared by a government or other project sponsors.

60. The Bank will work to develop necessary and appropriate internal capacities for addressing indigenous peoples matters in its operational activities.

61. The Bank will work with borrowing member countries as appropriate and necessary to support and assist the development of capacities for addressing indigenous peoples matters. As necessary and appropriate, specific institutional development and capacity building support would be provided to both indigenous peoples communities and to governments, consistent with the Bank's policies and approaches addressing institutional development and capacity building.

62. In developing operational approaches to addressing indigenous peoples matters in Bank operations, policy considerations and operational approaches outlined in this paper will be adopted as the principal thrust of the Bank's policy on indigenous peoples. Application of the

policy would be within the context of country-level legal frameworks and other relevant circumstances.

Appendix

KEY ELEMENTS IN AN INDIGENOUS PEOPLES DEVELOPMENT PLAN

1. As reflected in para. 38 of the policy document on indigenous peoples, responsibility for preparation of an indigenous peoples plan rests with the relevant government or other project sponsor. The Bank will support the efforts of the government or project sponsor as necessary and appropriate. Key elements in ensuring that an appropriate indigenous peoples development plan is prepared include

- (i) preparation, during project design, of a development plan that takes into full account the desires and preferred options of indigenous peoples affected by the project;
- (ii) studies to identify potential adverse effects on indigenous peoples to be induced by the project, and to identify measures to avoid, mitigate, or compensate for these adverse effects;
- (iii) measures to ensure the capacity or the strengthening of the social, legal, and technical skills of government institutions to be responsible under the project for dealing with indigenous peoples;
- (iv) involvement of appropriate existing institutions, local organizations, and nongovernment organizations with expertise in matters relating to indigenous peoples;
- (v) consideration in project design of local patterns of social organization, cultural belief, and ancestral territory and resource use;
- (vi) support for viable and sustainable production systems that are adapted to the needs and local environments and circumstances of indigenous peoples;
- (vii) avoidance of creating or aggravating the dependency of indigenous peoples on project entities, and instead promoting self-reliance among these peoples;
- (viii) capacity building for indigenous peoples communities and organizations to facilitate and support effective participation in development processes; and
- (ix) adequate lead time and arrangements for extending follow-up, especially in dealing with indigenous peoples in remote or neglected areas where little previous experience is available.

Consultation with indigenous peoples groups is key to developing an effective, accurate, responsive indigenous peoples development plan.

2. Indigenous peoples often lack the information, knowledge, analytical and organizational capacities, and political channels and power to influence and direct development processes that directly or indirectly affect their lives. The following basic principles should apply to Bank-supported projects that affect indigenous peoples:

- (i) All development plans for indigenous peoples, including provisions for mitigation measures, should be based on full consideration of the options and approaches, including requirements for consultation, that best meet the interests of individuals and communities affected by projects. Qualified specialists should be involved in the formulation of such plans and mitigation measures, in consultation with the persons affected, both men and women. The development of approaches, plans, and mitigation measures must include consultation with the peoples affected.

- (ii) When it is indicated that a project will have adverse effects on indigenous peoples, it is necessary that the scope and impact of such adverse effects be thoroughly assessed by qualified experts or agencies, and that appropriate mitigation measures are identified in feasibility studies. It is preferable that the net impact a project will have on indigenous peoples be not only positive, but also be perceived by indigenous peoples as positive. If individuals or communities must lose their social support systems or ways of life so that a project can proceed, they should be compensated appropriately.
- (iii) Project design should take into consideration the social and cultural context of affected peoples, and their skills and knowledge relating to local resource management. Project design should draw upon the strengths of indigenous peoples organizations and communities, as well as traditional social organizations and indigenous knowledge, and as far as feasible should avoid introducing undesirable or unacceptable changes in the way of life of indigenous communities.
- (iv) During project preparation, those preparing the project should promote the formation or strengthening of indigenous peoples' organizations to facilitate their participation in project identification, planning, execution, and evaluation. As needed, provision should be made to train indigenous peoples in project management activities.
- (v) Where previous experience and knowledge of working successfully with indigenous peoples is lacking, pilot-scale operations should be carried out and evaluated prior to the execution of full-scale efforts.
- (vi) If government institutions responsible for interaction with indigenous peoples do not possess the necessary legal, social, and technical capacities, or if their relationship with indigenous peoples is weak, the involvement of experienced local community organizations and nongovernment organizations that can serve as intermediaries and that are acceptable to all parties involved, including governments, should be sought. Consideration should be given to traditional representative institutions. Approaches to developing the capacity of government institutions should be explored.
- (vii) Bank approval of a project should not be based only on the concept and quality of project design, but also on the orientation, capacity, and operational record of the government agencies or other project sponsors concerned in executing the project.