

February 2012

Report of the Asian Development Bank to the  
Eleventh Session of the United Nations Permanent  
Forum on Indigenous Issues (UNPFII)

## **Executive Summary**

In line with ADB's overall mandate and strategic objectives, and within the requirements of its Safeguard Policy Statement, ADB's commitment for safeguarding Indigenous Peoples' rights, livelihood systems and cultural uniqueness was made more evident in 2011.

ADB approved new projects in education, health, rural development and transportation which were specifically formulated in support of Indigenous Peoples. All of ADB projects were screened and assessed as to their potential impacts on Indigenous Peoples, and for a few projects where negative impacts were unavoidable, culturally-appropriate strategies and measures, in the form of Indigenous Peoples (Ethnic Minority Development) Plans were prepared to mitigate and compensate potential negative impacts and to enhance project benefits for Indigenous Peoples.

ADB also maintained its continued partnership with local Indigenous Peoples groups and country-level Indigenous Peoples organs, specifically in Bangladesh, People's Republic of China, and Philippines, convening them together in a regional workshop in Manila to enhance sector toolkits and training manuals for applying Indigenous Peoples safeguards in development projects.

This report highlights some of the key activities in 2011, and also responds to the recommendations made by the UNPFII in its 10<sup>th</sup> session.

## I. INTRODUCTION

1. This report has been prepared in response to recommendations of the tenth session of the United Nations Permanent Forum on Indigenous Issues addressed to international financial and aid institutions, and in other paragraphs as related and relevant to the mandate and activities of the Asian Development Bank. Specifically, the report addresses the recommendation for international aid institutions to “*systematically monitor, evaluate, assess and report on how free, prior and informed consent has or has not been recognized and applied with respect to the lands, territories and resources of the Indigenous Peoples concerned.*”

## II. 2011 PROGRAMS AND PROJECTS

### A. 2011 Approved Loans and Grants with Significance to Indigenous Peoples

2. ADB’s Safeguard Policy Statement (SPS) mandates the screening of projects it finances as to their impacts on Indigenous Peoples. Screening start early in the project concept paper stage which subsequently ensures that projects approved will already be responsive to the procedural and substantive requirements of the SPS. Of 107 loans approved in 2011, a total of 18 projects were deemed to have impacts on Indigenous Peoples. Six new projects were assessed to have potential significant impacts on Indigenous Peoples. Five (5) of these 6 projects are significantly beneficial to Indigenous Peoples. Twelve projects were noted to impact Indigenous Peoples communities albeit in a limited way. All these 18 projects went through the process of stakeholders consultations with affected communities and were required to prepare Indigenous Peoples Plan to specifically avoid or minimize any negative impacts, provide strategic measures to mitigate any potential adverse impacts, and strategize for culturally-appropriate meaningful

consultations with affected Indigenous Peoples communities to ensure that the project address their needs and priorities.

3. Of the loans found to have potential impacts on Indigenous Peoples, a project for Bangladesh and 2 projects for the Peoples Republic of China (PRC) stand out as furthering ADB's commitment to actively engage in the development of Indigenous Peoples communities in its developing member countries (DMCs).

4. ***Second Chittagong Hill Tracts Rural Development Program, Bangladesh.*** The ADB Board on the recommendation of the President approved the second phase of the Chittagong Hill Tracts Rural Development Program (CHTRDP-II) in Bangladesh. CHTRDP-II will improve rural livelihoods to reduce poverty and vulnerability amongst the rural population of Chittagong Hill Tracts which has the most concentration of Bangladesh indigenous population. More specifically, CHTRDP II will: (i) improve rural infrastructure and sustainable natural resources management and monitoring; (ii) increase rural incomes, including those of remote rural women and disadvantaged groups, through increased microenterprise training, development and other activities; and (iii) support institutional strengthening of Ministry of Chittagong Hill Tracts Affairs (MoCHTA), the Regional Council, and the 3 Hill District Councils (HDCs) to plan, implement and monitor sustainable rural development in the three districts of Rangamati, Khagrachari and Bandarban. The Project is expected to result in increased employment and income generating opportunity for rural communities of the CHT, which will be achieved through a range of activities including: (i) improvement of selective rural access (upazila, union and village roads); (ii) small-scale water resources infrastructure (village water supply and irrigation); (iii) watershed management; (iv) market infrastructure; and (v) Micro-Agribusiness Development (MAD). Monitoring indicators for the expected outcomes of the Project will include: (i) measurable increased economic opportunities for rural poor, especially women and vulnerable groups in IP communities; and (ii) improved watershed conditions,

especially soil erosion and water conservation that will underpin the investments made in water and land improvement. On top of the loan assistance, an Indigenous Peoples Plan (IPP) will be implemented and which outlines the principles and methodology to design and implement CHTRDP-II in a way that fosters full respect for Indigenous Peoples' identity, dignity, human rights, livelihood systems, and cultural uniqueness. There are four key elements in the IPP, to wit: (i) where there are resettlement impacts, payment will be made (under the loan) for Indigenous Peoples common lands to usufruct and legal owners of land; (ii) participatory village mapping to ensure inclusion in infrastructure planning and development, and a grievance redress mechanism; (iii) assistance to minor Indigenous Peoples groups that are more vulnerable to disproportionate benefit capture; and (iv) awareness raising of government officers on Indigenous Peoples issues and the resources within CHT. ADB's contribution to CHTRDP will amount to US\$55 million spread over the project duration (2011-2014).

5. ***Forestry and Ecological Restoration in 3 Northwest provinces, People's Republic of China.*** The project seeks to increase productivity of forest lands and reduce land degradation in Gansu, Shaanxi, and Xinjiang. In Xinjiang, a big percentage of participants will be from ethnic minority communities. About 6,000 hectares of economic trees will be planted by 12,019 households and 19 farm enterprises and another 435 hectares of ecological planting, including sand stabilization, will be undertaken. Project participants will receive technical support through the Forest Bureau technical staff on an ongoing basis for at least the first five years. The support will ensure that fertilizer, pruning and tree shaping is completed to a high standard and technical weaknesses are rectified. Households will gain economically and socially through significantly higher crop returns to land and labor and reduced agricultural demand for household labor, the supply of which has been aging, declining and feminizing. The total Xinjiang project cost, including contingencies and financing costs is 401,602 100 CNY or \$57.9 million. An Ethnic Minority Development Plan (EMDP) has also been prepared for the Project containing adequate provisions to ensure the full participation of ethnic minority people. The

EMDP will be implemented through a Community Consultation and Disclosure Strategy adapted for Xinjiang's unique cultural environment.

6. ***Qinghai Rural Water Resources Management, People's Republic of China.*** The project will improve irrigated agriculture and water resources efficiency in the beneficiary areas, covering 143 villages with about 130,000 beneficiaries in three counties in Qinghai province, PRC. About 96% of the project beneficiaries belong to the project counties' three main ethnic minorities (Hui, Salar, and Tibetans), and 39% of the targeted beneficiaries are considered poor. The project will reduce poverty by reducing farming irrigation costs, enhancing agricultural productivity, promoting agricultural restructuring, and increasing cropping intensity and diversity through improved water management and agronomic practices. It will also provide employment opportunities and capacity development for farmers. This will not only increase the incomes of the beneficiaries, but will also protect the agricultural traditions, improve the dietary structure, and improve the livelihoods of ethnic minorities in the project area. The project design addresses social dimensions such as poverty, farmers' participation, gender, and ethnic minorities. The design attempts to minimize the negative impacts of land acquisition and resettlement. In cases where resettlement is unavoidable, plans have been prepared to ensure that affected persons will be better off than in the without-project scenario. Project assurances call for 40% employment of local labor, with priorities given to ethnic minorities and women. Water-saving and marketing skills and agriculture technical training programs will be conducted to promote irrigated agriculture and water use efficiency. The project will create water users associations (WUAs) and farmers' professional associations to improve participation of beneficiaries in project implementation and irrigation system management.

#### **B. Implementation and Monitoring of Ongoing Projects**

7. ADB is also continuing implementation of a few Technical Assistance projects that are targeted for Indigenous Peoples either as sole beneficiaries or as part of a larger beneficiary

group of people living in poverty. Reducing maternal and newborn mortality rates among the Mangyan indigenous group in the Philippines through the *Indigenous People Community Maternal and Newborn Care Program* under the Gender and Development Cooperation Fund was highlighted in 2011. Approved in May 2009, the project aims to reduce maternal and neonatal mortality among the Mangyans through the development of a culturally responsive maternal and neonatal care community system. The project stresses on adopting culturally-appropriate approaches when a project seek to change knowledge and beliefs system and for this project, assessment was carried out first to ascertain Mangyan's knowledge and beliefs system regarding pregnancy and childbirth before the views of public health service providers were catalogued. Based on this initial assessment, service providers were evaluated periodically based on their level of cultural sensitivity and communication skills attainment. A training program including training materials will be developed for local provincial staff, doctors, and midwives based on the experiences from this project.

8. In 2011, a Project Administration Instruction (PAI No. 5.08) was revised to include safeguards as one of the identifying parameters to describe how the performance of an ADB financed and administered sovereign projects financed by loans and/or grants, and technical assistance projects will be monitored and rated. The revision implies the need for all project analysts and leaders to become familiar and knowledgeable about ADB's safeguards and more vigilance in ensuring compliance to safeguards covenants, including that on Indigenous Peoples.

**C. Regional and Country Workshops on Applying Indigenous Peoples Safeguards in Projects**

9. A Regional Workshop on Safeguards for Indigenous Peoples in Development Projects: Building the National Capacity was conducted on 5-6 April 2011 at the ADB Headquarters, Manila. The purpose of the Regional Workshop was to present and discuss capacity development and training materials produced under a regional technical assistance project. The workshop brought together officials of national Indigenous Peoples' focal agencies and executing agencies from 3 countries, Bangladesh, People's Republic of China and Philippines, and from selected Indigenous Peoples organizations in the region. The workshop agreed to further develop more specific guidance toward applying safeguards and ensuring Indigenous Peoples' participation in projects. The workshop also agreed on the need for further enhancing the manuals for wider dissemination and for possible replication in other countries.

10. As a follow through to the regional workshop, small workshops were conducted in June and August in both Bangladesh and the People's Republic of China to review toolkits on applying Indigenous Peoples safeguards in projects the education (Bangladesh) and transportation (People's Republic of China) sectors.

11. The outcomes of the regional and national workshops are the following manuals and toolkits:

- (i) Applying Safeguards for Indigenous Peoples: Training Manual for Bangladesh;
- (ii) Applying Safeguards for Ethnic Minorities in Development Projects: Training Manual for People's Republic of China;
- (iii) Basic Manual for Implementing Indigenous Peoples Safeguards in Development Projects in the Philippines;
- (iv) A Sector Toolkit for Applying Safeguards in Education Projects in Bangladesh;



- (v) A Sector Toolkit for Applying Safeguards in Roads and Railway Projects in the People's Republic of China: Lessons from Yunnan Province; and
- (vi) Listening to, Recognizing, and Empowering Indigenous Peoples: A Culturally-Sensitive Toolkit for Safeguarding the Rights of Indigenous Peoples in the Philippines Agriculture and Natural Resources Management Sector.

#### **D. Capacity Development for staff and DMCs**

12. Capacity development activities for staff at Headquarters and in Resident Missions were continued. Three training sessions were conducted on safeguards at Headquarters in March, September and November and attended by 75 project team analysts and leaders.

13. ADB's social safeguard network also conducted 2 brown bag seminars focusing on Indigenous Peoples concerns – (i) Building National Capacities for Indigenous Peoples Safeguards, in March, and (ii) Applying the Requirement on Ascertaining Broad Community Support of Affected Indigenous Peoples Communities in Lao PDR's Nam Ngum 3 Hydropower project, in September. Also as part of its knowledge sharing of good practices on projects, the Gender and Health Community of Practice held a seminar on addressing the cultural and social barriers to access quality health services for indigenous people.

### **III. RESPONSE TO UNFPII RECOMMENDATION ON ASSESSMENT, MONITORING AND APPLICATION OF FREE, PRIOR AND INFORMED CONSENT IN ADB ACTIVITIES**

14. While the tenth session did not refer any recommendations specifically for the Asian Development Bank, recommendation 38 in relation to extractive industries and other forms of large- and small-scale development states ...*“that the Permanent Forum recommends that*

***States and international financial and aid institutions systematically monitor, evaluate, assess and report on how free, prior and informed consent has or has not been recognized and applied with respect to the lands, territories and resources of the Indigenous Peoples concerned.”***

15. The 2009 Safeguard Policy Statement (SPS) provides emphasis on putting “meaningful consultation” into practice in projects ADB finances or administers. In addition, the SPS recognize that Indigenous Peoples may be particularly vulnerable to certain project circumstances and thus require ascertaining the consent of affected Indigenous Peoples communities through meaningful consultations for projects which will involve: (i) commercial development of the cultural resources and knowledge of Indigenous Peoples; (ii) physical relocation from traditional or customary lands; and (iii) commercial development of natural resources within customary lands under use that would impact the livelihoods or cultural, ceremonial, or spiritual uses that define the identity and community of Indigenous Peoples.

16. Toward the application of this principle, ADB applied the requirement for ascertaining the broad community support of affected Indigenous Peoples communities in 2 projects approved during the year: (i) Bangladesh’ Second Chittagong Hill Tracts Rural Development project and (ii) Lao PDR’s Nam Ngum 3 Hydropower project. For both projects, the borrowers were advised to actively engage Indigenous Peoples in the project design process. For both projects, due diligence by ADB staff and consultants took on more than just meetings in key cities or one-shot meetings with stakeholders, but rather involved actual and frequent visits to the sites and formal and informal dialogues with potential affected persons in their own households//localities. Both the borrowers and ADB project teams were required to document the process and outcomes by which the borrowers have sought the affected Indigenous Peoples’ support for the projects. Many lessons were learned from such an engagement and which were shared during seminars in Headquarters. Among the lessons learned are: (i) confidence and trust building are essential to be able to arrive at desirable outcomes; (ii) engaging champions from within the communities

is a must; (iii) win-win situation, rigorous dialogues and repeated explanation of impacts and entitlements, including flexibility to adjust entitlement based on affected persons' priorities need to be emphasized; (iii) ADB's support and presence all throughout the process is necessary; and (iv) agreements have to be covenanted.

17. **Challenges for better monitoring and supervision.** The application of the requirement for seeking broad community support of affected Indigenous Peoples communities, however, will not cease at project's approval. ADB will continue its vigilance on ensuring that implementation of projects will be responsive to the project covenants and ADB's safeguard requirements. Taking off from its initial experiences in assessing projects requiring the broad community support of affected Indigenous Peoples communities, ADB will work to have better instruments to supervise and monitor ADB-financed projects under implementation, particularly in terms of the borrowers' delivery of conditions which warranted the support of affected Indigenous Peoples communities.

#### IV. FOCAL POINT FOR INDIGENOUS PEOPLES SAFEGUARDS

18. The focal point for Indigenous Peoples issues is the Director General of the Regional and Sustainable Development Department with the support of the Environment and Social Safeguards Division. Concerns and communications on Indigenous Peoples issues may be directed to:

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19. Any comments or further request for details relevant to this report may be directly addressed to:

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More information may also be accessed from the Asian Development website on safeguards-  
<http://www.adb.org/safeguards>.

