

Asian Development Bank
Response to Recommendations of the UN Permanent Forum

Summary

In response to recommendations of the seventh session of the Forum, this report provides information on various activities of the Asian Development Bank relating to climate change and clean energy activities. It also highlights, ADB's initiatives specific to its indigenous peoples policy and programmes approved and/or implemented in 2008 which respond to previous recommendations of the Forum in relation to economic and social development of indigenous peoples.

In 2008, ADB intensively conducted multistakeholder consultations to solicit recommendations toward enhancing the effectiveness of its three safeguard policies – environment, involuntary resettlement and indigenous peoples. Special sessions for representatives of indigenous peoples were held, and discussions on adopting provisions of the UN Declaration on the Rights of Indigenous Peoples into the safeguard policies were conducted. ADB also approved 2 grant programs specifically addressing developmental concerns of ethnic minority peoples in Lao PDR and Viet Nam.

The year in review also found ADB continuing its regular capacity development programme for its own staff at headquarters and resident missions to be able to identify and address indigenous peoples issues in projects. Moreover, ADB also processed and approved a technical assistance program for enhancing the capacity of developing member countries to integrate indigenous peoples concerns in their development policies and programmes.

I. **Response to the Recommendation at the Seventh Session** (Recommendations 11, 18, 19, and 39)

*The Permanent Forum recommends that ... (11) the **international community** take serious measures to mitigate climate change, ... (18) the safeguard policies of **multilateral banks** should be implemented in all climate change-related projects and programmes, ... (19) **multilateral bodies and financial institutions** provide technical and financial support to protect and nurture indigenous peoples' natural resource management, environment-friendly technologies, biodiversity and cultural diversity and low-carbon, traditional livelihoods, and ... (39) consider alternative systems of energy supplies, and increase support for renewable, low-carbon and decentralized systems....*

a. The Asian Development Bank is taking a leadership role to help the Asia - Pacific region and its developing member countries mitigate the causes and adapt to the consequences of climate change. In line with the ADB's new long-term strategic framework for 2008-2020, Strategy 2020, ADB is integrating climate change into planning and investment, to ensure continued economic growth and a sustainable future for all in Asia and the Pacific. To mitigate climate change, ADB is addressing the main causes of emissions in the region. The mitigation program consists of four core elements:

- i. Advancing energy efficiency and use of low-carbon energy sources
- ii. Enabling sustainable transport policies and applying efficient systems
- iii. Promoting improved urban sanitation and reduction of fugitive methane emissions
- iv. Promoting sustainable land use and forestry

b. To address emissions from land use change, ADB has assisted several forestry conservation projects, to support sustainable development that will integrate forest protection and sustainable utilization while capturing benefits from carbon sequestration and biodiversity conservation. ADB is also assisting dry-land farming projects across Central Asia and in

Mongolia and the People's Republic of China. The aim is to increase organic material in dry soils to not only improve land productivity but also enhance the ability to sequester CO₂.

c. ADB is also providing access to innovative financing mechanisms to scale up investments in new and cleaner technologies:

- i. [Clean Energy Financing Partnership Facility: \\$90 million](#) - A key mechanism to coordinate existing and new resources that are granted to ADB to promote the deployment of new, more efficient and less polluting supply and end-use technologies.
- ii. [Small Grants for Promoting Climate Change Adaptation in Asia and the Pacific: \\$1.2 million](#) - Grants available to ADB regional departments, national organizations, NGOs, private organizations, and academic institutions to conduct adaptation activities in developing member countries. Note: Funds have been fully disbursed.
- iii. [Water Financing Partnership Facility: \\$65 million](#), - Mobilizes cofinancing and investments from development partners on the delivery of water investments, reform, and capacity development. Projects can include flood control, a key component of climate change adaptation.
- iv. [Poverty and Environment Fund: \\$3.6 million](#) - A multi-donor trust fund administered by ADB that focuses on poverty-environment linkages, including the reduction of vulnerability to natural hazards and disaster prevention.
- v. [Climate Change Fund: \\$40 million](#) - The purpose of the fund is to facilitate greater investments in developing countries in Asia and the Pacific to address the causes and consequences of global warming. The fund will provide grant financing for technical assistance, investment projects, research and other activities.

d. ADB's Board is currently reviewing a proposed updated ADB Energy Policy to guide ADB operations in the energy sector. The policy will align ADB's energy operations to meet energy security needs, facilitate a transition to a low-carbon economy, and achieve ADB's vision of a region free of poverty. Initially developed as an energy strategy, the document was upgraded to an energy policy given the global importance of climate change and the urgent need for clean energy in Asia. The content of the new energy policy is congruent with the draft energy strategy developed in consultation with internal and external stakeholders, and is aligned with Strategy 2020. It represents a coherent translation of important elements of Strategy 2020 that prioritize energy-related objectives and identify the institutional capabilities needed for the future within a changing regional, global, and technological context. ADB expects to finalize the updated energy policy in 2009.

e. Moreover, ADB's Carbon Market Initiative (CMI), established in 2006, supports the development of energy efficiency, renewable energy, and other greenhouse gas mitigation projects through the Asia Pacific Carbon Fund, Technical Support Facility, Credit Marketing Facility and the Future Carbon Fund.

i. **Asia Pacific Carbon Fund.** Established and managed by ADB on behalf of fund participants, the funds upfront cofinancing to Clean Development Mechanism projects for future delivery of certified emission reductions. Operationalized in May 2007, the fund now has more than \$150 million in commitments from participants.

ii. **Technical Support Facility.** This Carbon Market Initiative provides targeted technical support to project developers and sponsors to prepare and implement clean energy projects eligible for the Clean Development Mechanism.

iii. **Credit Marketing Facility.** The Facility offers ADB's developing member countries

marketing support for their carbon credits to be sold in the global carbon market, creating opportunities for governments, developers, and investors to take advantage of the carbon market.

iv. **Future Carbon Fund.** ADB hopes to extend Carbon Market Initiative's services into the future - beyond the year 2012, when current global commitments under the Kyoto Protocol ends. Approved in July 2008, the fund will provide financing up front for ADB-supported projects that will continue to generate carbon credits after 2012. With an initial target size of \$100 million, the fund is expected to be operationalized in early 2009.

f. Further details on ADB's Climate Change programs may be access at: <http://www.adb.org/Climate-Change/cc-mitigation.asp>. Also, further information on ADB's clean energy policy, projects and activities may be accessed at: <http://www.adb.org/Clean-Energy/default.asp>

g. ADB is aware that development programmes, including climate change and clean energy programmes, can lead to externally determined land use change and alter traditional environmental management practices, and therefore has ensured in its policy that indigenous peoples planning, in consultation and informed participation of indigenous peoples themselves, are conducted to determine appropriate mitigation measures and ensure that self -sufficiency of communities continue and cultural integrity will not be lost in the process of development. ADB applies its safeguard policies in all its operations. Program and projects submitted and financed under its climate change fund facilities are also reviewed for compliance to the three safeguard policies on environment, indigenous peoples, and involuntary resettlement.

II. **Responses to Recommendations in Previous Sessions relating to:**

A. **Economic and Social Development**

*The Permanent Forum calls on ... **the Asian Development Bank**,... to establish clear policy commitments to protect the ancestral lands of indigenous peoples, ...*

and, to review, strengthen and implement their policies with regard to indigenous peoples in general, and indigenous peoples in Asia in particular, and to use the United Nations Declaration on the Rights of Indigenous People as a framework for reference (Sixth Session Recommendations 28 and 99).

h. In 2008, ADB continued with its update process of the three safeguard policies - environment, involuntary resettlement and indigenous peoples. The update process drew recommendations from a series of multi-stakeholders consultations conducted between November 2007 and December 2008. The update process, particularly in relation to indigenous peoples concerns, had involved broad stakeholders' consultations with indigenous peoples' organizations and project-affected indigenous peoples, with two sessions of the series of consultations primarily devoted to indigenous peoples representatives. Based on the consultations, a revised Safeguard Policy Statement (W-paper) was prepared and submitted to the Board for comments in January 2009. The W-paper took into consideration recommendations contained in the UN Declaration on the Rights of Indigenous Peoples (UN DRIP). Specifically, the W-paper considered the adoption of the principle of Free, Prior and Informed Consent (FPIC) of indigenous peoples to three specific project activities where indigenous peoples may be deemed vulnerable in the development process: (i) commercial development of cultural resources and knowledge of indigenous peoples; (ii) physical relocation from traditional or customary lands, and (iii) commercial development of natural resources on lands used by indigenous peoples that have impacts on the livelihoods or on cultural, ceremonial, or spiritual uses that define the identity and community of indigenous peoples. During the Board meeting of February 2009, the Board members expressed mixed views regarding references in the W-paper to the UN DRIP and to FPIC. While some Board members fully supported such references and suggested for the application of the FPIC to cover all activities affecting Indigenous Peoples, other Board members recommended to reflect the principle of consent

without referring to it as FPIC, which is perceived by some entities as controversial and divisive. The preparation of the restricted policy paper (R-paper) will try to balance all the divergent views by the Board members regarding the Declaration and FPIC.

i. ADB conducts environmental and social due diligence on projects proposed for financing and continually monitors implementation of all its projects, particularly those that are highly complex and sensitive. Of 73 new projects approved in 2008, 21 projects or 28.8 percent have indigenous peoples safeguards in the form of either an indigenous peoples development plan (4), indigenous peoples development framework (11), or indigenous peoples specific actions integrated into the project designs and/or in the project's resettlement plans or social action plans (6). For projects processed in 2008, ADB's six Operations Departments (including resident missions) conducted due diligence missions and initial poverty and social assessments, and encouraged developing member countries to implement preparatory activities that would ensure that impacts on indigenous peoples are identified and strategies are determined to address existing and potential indigenous peoples' issues arising and shall arise from proposed development projects. Draft indigenous peoples safeguards plans and frameworks for 6 projects scheduled for ADB Board approval in 2009 were thus prepared and are already available on ADB's website for viewing and public's comments. Alongside the operations departments' efforts, the Environment and Social Safeguards division also conducted in 2008 due diligence and review missions for five (5) on-going projects affecting indigenous peoples - (1) Lafarge Surma Cement project in Bangladesh and India, (2) Nam Theun 2 Hydroelectric Power project in Lao PDR, (3) Theun Hinboun Expansion project in Lao PDR, (4) Dali-Lijiang Railway project in Yunnan, China, and (5) Phuoc Hoa Water Resources project in Viet Nam. The Missions discussed with project implementers and affected indigenous peoples the specific issues relevant

to the projects' impacts on indigenous peoples and the obstacles faced by the implementers in complying with safeguard requirements. The Missions also discussed with project implementers recommendations to fast track implementation of commitments with respect to social covenants and/or indigenous peoples development plans.

j. Moreover, 2008 saw the approval of 2 Grant programs under the ADB-administered Japan Fund for Poverty Reduction (JFPR) that were specifically directed at enhancing socioeconomic status of indigenous peoples. The first 2008 approved JFPR project focused on indigenous peoples is the *Alternative Livelihood for Upland Ethnic Groups in Houaphanh Province* in Lao PDR. The project aims to improve alternative sources of livelihood for ethnic groups in 31 villages of Xamneua and Xamtai districts in Houaphanh province. All the target villages are poor, and most villagers currently depend on shifting cultivation practices to subsist. A survey in 2006 reports that opium is still being grown on 30 hectares in the project target villages, where there are almost 200 opium addicts (about 2% of the target population). Key features of the Project are (i) poverty reduction through enhanced incomes, (ii) conservation of natural resources and consolidation of opium eradication through the introduction of sedentary farming systems and alternative sources of livelihood, and (iii) pilot models for introducing alternative sources of livelihood that may be replicated on a larger scale. The Project will be implemented in parallel with a project funded by the United Nations Office on Drug and Crime (UNODC), which will address the drug-related issues in the same 31 target villages. The immediate outcomes will be to (i) establish and build the capacity of village development committees (VDCs) in community development planning; (ii) improve the health and social status of ethnic groups by improving their access to water supply, sanitation, and health programs; and (iii) enable ethnic groups to adopt alternative sources of livelihood through skills

development, training, and productive resources. Another Grant program approved in 2008 is the *Livelihood Improvement of Vulnerable Ethnic Minority Communities Affected by the Song Bung 4 Hydropower Project* in Quang Nam Province, Viet Nam. The goals of this JFPR grant-financed project is to improve the living standards and reduce the prevalence of poverty of the people who will be affected by the loan project Song Bung 4 Hydropower Project, the majority of whom are poor and vulnerable ethnic minority people living in a remote mountainous area in central Viet Nam. The project will support (i) adapting the relocated villagers to the new natural and social environment; (ii) developing land use and agricultural practices, pond fish raising, livestock breeding, community forestry management, and additional income-generation opportunities; (iii) increasing and strengthening the capacity of the ethnic minority people through a participatory approach to enable them to take a key role in livelihood development; and (iv) increasing the competence and capacity of district and province-level staff and organizations in resettlement management and livelihood restoration. This project will set an example on how resettlement and livelihood restoration of ethnic minorities affected by large infrastructure projects can be done in a participatory and culturally appropriate manner. These two JFPR projects will be implemented in compliance to ADB's Indigenous Peoples Policy.

B. Indigenous Women

*The Forum requests international financial institutions, such as ... **the Asian Development Bank**, ... to design special programme for indigenous women to provide them with access to capital and microfinance programmes, taking into account the traditional mechanisms of each community (Third Session, Recommendation 61).*

k. Under its Policy on Gender and Development, ADB makes a commitment to design and support a larger number of projects that address gender equality and improvements in the economic and social status of women. Strategy 2020 recognizes that majority of the poor in the

region, including most of the absolute poor, are women. Under the strategy, ADB will continue to emphasize gender equality and the empowerment of women as fundamental elements in achieving inclusive growth. ADB within the next 12 years will work to increase investments aimed at providing women with better access to education and other economic resources, such as credit. In 2008, ADB continued to implement projects in Bangladesh and in Mekong countries toward social and economic empowerment of indigenous women (e.g., *Chittagong Hill Tracts Rural Development Project* – microfinance component; *Technical Assistance on HIV/AIDS Vulnerability and Risk Reduction Among Ethnic Minority Groups Through Communication Strategies*; and *Promoting Silk Income for the Rural Poor in Central Highlands*). Another initiative in 2008 on indigenous women was the release of the findings of a research study on "Understanding Gender Issues in Access to Land Among Upland Minorities in the Lao PDR" under a regional technical assistance on *Facilitating Knowledge Management for Pro-Poor Policies and Projects* which strongly recommends that gender analysis of projects should go beyond looking at legal documentation of indigenous women's access to land but also to look at what is actually practiced on the ground, particularly assess how new programs will impact on ethnic women's economic, social, and ritual roles.

II. Capacity-building programmes

1. As part of regular learning and development programmes for staff, ADB annually conducts at least two batches of 3-day Orientation program on environment and social safeguards. The orientation devotes one day session on indigenous peoples issues to make staff understand the principles of the Policy and for them to manage indigenous peoples issues in the various stages of a project. The orientation also aims to sensitize staff toward mainstreaming

indigenous peoples safeguards in the application of ADB lending and thematic policies. In 2008, two batches of the orientation (April 9 -11 and September 17 – 19) were conducted participated in by 46 professional staff and national officers from both the headquarters and resident missions.

m. Moreover, in line with civil society recommendations for ADB to provide capacity development for its developing member countries to enable them to follow new ADB safeguard requirements and strengthen their country safeguard systems, a regional technical assistance project on *Targeted Capacity Building for Mainstreaming Indigenous Peoples Concerns in Development* was approved in December 2008. Covering Bangladesh, People's Republic of China, and Philippines, the Technical Assistance will be implemented during February 2009 to February 2011. The project will support selected executing agencies in the three countries develop their capacity to systematically mainstream indigenous peoples concerns in development projects, particularly in sectors where the countries have exhibited promising approaches to indigenous peoples safeguards. Specifically, the project will consist of three components (a) assessment of the capacities of executing agencies to address and deliver indigenous peoples safeguards; (b) development of capacity development modules and conduct of national training toward enhancing capacities in integrating indigenous peoples concerns in project development, implementation and monitoring which could later be replicated in other sectors/countries; and (c) development of national or subnational indigenous peoples network forum.

IV. Focal Point for indigenous issues

17. ADB's 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:

Mr. Nessim Ahmad
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or

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18. More information may also be accessed from the indigenous peoples website - <http://www.adb.org/indigenouspeoples>.

V. **List of conferences and other meetings, 2008 - 2009**

19. The major event scheduled for 2009 is the launching of the new Safeguard Policy Statement that covers safeguard principles on environment, involuntary resettlement and indigenous peoples. Activities related to the safeguard policy update within the first quarter of 2009 will include circulation of the working paper to the Board for consideration, and finally Board consideration of the Policy paper.

20. Other activities in 2009 include: (a) a Brown Bag Seminar on program and operational implications in adopting safeguard requirements, particularly on Free, Prior and Informed

Consent of Indigenous Peoples; and (b) country seminars to present capacity assessment reports relating to the Regional Technical Assistance project on *Targeted Capacity Building for Mainstreaming Indigenous Peoples Concerns in Development*.

21. Major meetings and consultations conducted in 2008 are as follows:

Date	Title	Venue
November		
19 - 20	Multistakeholder Consultation on the Second Draft Safeguard Policy Statement	ADBHQ, Manila
17 - 18	Indigenous Peoples Consultation Workshop for the Second Draft Safeguard Policy Statement	ADBHQ, Manila
May		
14	Staff Brownbag: "World Bank's Experience on the Revision of the Policy on Indigenous Peoples: Lessons Learned and Key Challenges", Presentation by Navin Rai, World Bank's Lead Specialist for Indigenous Peoples	ADBHQ (RSDD Conference Room)
13	Discussion with Navin Rai on the "World Bank's Operational Issues in the Application of the IP Policy in Asia and the Pacific."	ADBHQ (E4120)
April		
22	Consultation Workshops for ADB's Safeguard Policy Update- Japan	Tokyo
17	Consultation Workshops for ADB's Safeguard Policy Update- Europe Consultation	Frankfurt
3	Consultation Workshops for ADB's Safeguard Policy Update- North America Consultation (USA)	Washington D.C.
1	Consultation Workshops for ADB's Safeguard Policy Update - North America Consultation (Canada)	Quebec
March		
26-27	Consultation Workshops for ADB's Safeguard Policy Update- Pakistan Consultation	Islamabad
5 - 6	Consultation Workshops for ADB's Safeguard Policy Update - Mekong Consultation	Hanoi

Date	Title	Venue
February		
27 - 28	Consultation Workshops for ADB's Safeguard Policy Update East Asia Consultation	Beijing
12 - 13	Consultation Workshops for ADB's Safeguard Policy Update – Indonesia Consultation	Jakarta
January		
30 to 31	Consultation Workshops for ADB's Safeguard Policy Update - Pacific Consultation	Sydney, Australia
18	Consultation Workshops for ADB's Safeguard Policy Update - Consultation with Civil Society (South Asia)	New Delhi, India
16 to 17	Consultation Workshops for ADB's Safeguard Policy Update - South Asia Consultation	New Delhi, India