



Indigenous Peoples and the ADB

NGO Guidebook on the ADB Series

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An NGO Forum on the ADB Publication
2004





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Body text set in 10 pt. Garamond.



Acknowledgements:

The authors would like to thank Roy Laifungbaum and Joan Carling, without whose advice, input, and knowledge of the issues and concerns of Indigenous Peoples, this publication would not have been possible. Special mention should also be made of Jessica Rosien's contribution, especially for her work on the Philippine Case Study chapter, and to Philip Gain for his help on the Bangladesh case study.

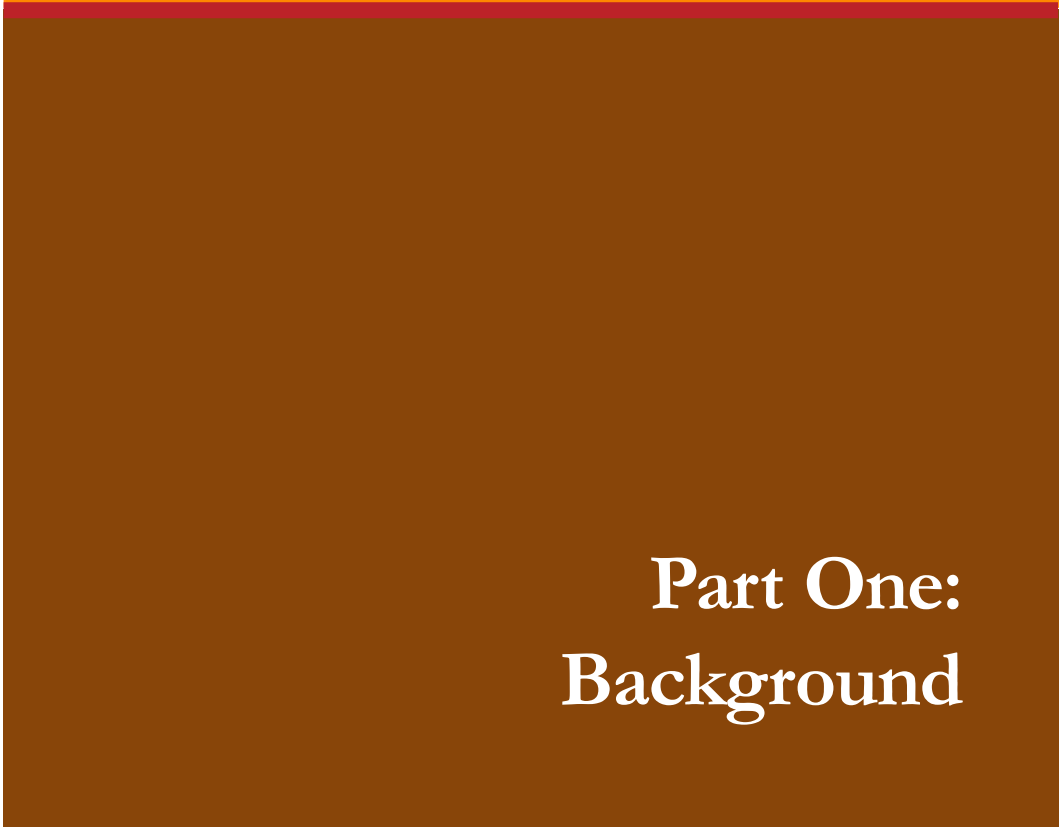
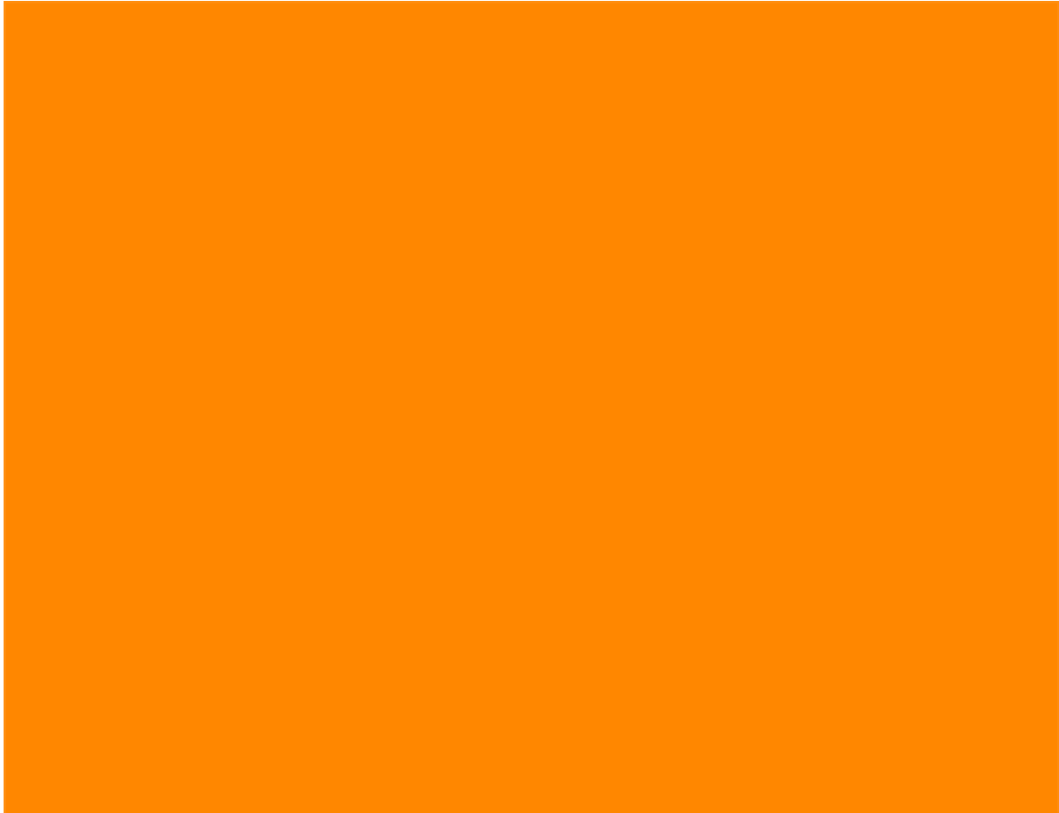


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List of Acronyms

ADB	-	Asian Development Bank
BNRMP	-	Barangay Natural Resources Management Plan
BP	-	Bank Policies
CAR	-	Cordillera Administrative Region
CBFMA	-	Community-Based Forest Management Agreement
CHARM	-	Cordillera Highland Agricultural Resource Management Project
CHT	-	Chittagong Hill Tracts
CHTRD	-	Chittagong Hill Tracts Rural Development
CMO	-	Community Mobilization Officers
CPA	-	Cordillera Peoples Alliance
DA	-	Department of Agriculture
DAR	-	Department of Agrarian Reform
DENR	-	Department of Environment and Natural Resources
MDC	-	Member Developing Country
HYV	-	High-yielding Variety
IFAD	-	International Fund on Agricultural Development
IFIs	-	International Financial Institutions
ILO	-	International Labor Organization
IM	-	Inspection Mechanisms
IPs	-	Indigenous Peoples
IPDP	-	Indigenous Peoples Development Plan
IPRA	-	Indigenous Peoples Republic Act
ISA	-	Initial Social Assessment
LGUs	-	Local Government Units
NCIP	-	National Commission Indigenous Peoples
NEDA	-	National Economic Development Authority
NIA	-	National Irrigation Administration
NGO	-	Non-Government Organization
OM	-	Operations Manual
OP	-	Operational Procedures
PRA	-	Participatory Rural Appraisal
RSES	-	Office of Environment and Social Development
TA	-	Technical Assistance
TRV	-	Traditional Rice Variety
UNDP	-	United Nations Development Programme
WB	-	World Bank



**Part One:
Background**





I. Definition

There are many definitions of the term Indigenous Peoples (IP) though due to the global dispersal and the immense variety of cultures and ways of life no definition has been agreed upon by the United Nations itself. Most definitions in use are therefore working definitions. For the purposes of this publication, one satisfactory definition is that agreed upon by Convention 169 of the International Labor Organization (ILO) which states that IPs are:


- *tribal peoples in independent countries whose social, cultural and economic conditions distinguish them from other sections of the national community, and whose status is regulated wholly or partially by their own customs or traditions or by special laws or regulations; or*
- *peoples in independent countries who are regarded as indigenous on account of their descent from the populations which inhabited the country, or a geographical region to which the country belongs, at the time of conquest or colonization or the establishment of present state boundaries and who, irrespective of their legal status, retain some or all of their own social, economic, cultural and political institutions.*

More generally, IPs are a category of persons whose lives and livelihoods are threatened by state and corporate “globalist” expansionism. There are many such categories of people under threat, but IPs are unique both in their distinctive claims to land and to governance and production systems that predate modern states and economies. Indigenous cultures may be distinguished by unique relationships to ancestral environments; nevertheless, these cultures demonstrate certain universal characteristics that identify them unmistakably as indigenous.

II. Demands

Indigenous Peoples demands have been set forth in many documents¹ and declarations from the time of colonialist expansionism to the present. Though the body of demands is so vast that it is difficult to generalize, we can identify some broad categories under which specific demands may fall. These include:

- 1) Unconditional protection from all forms of expansionism, that is, no further encroachment on the lives, natural resources on ancestral territories and livelihoods of IPs.
- 2) Restitution for damages already done, including compensation for lands taken illegally, for government and non-government policies of oppression and discrimination, and for damage done to ecosystems and biodiversity
- 3) Self determination and control over social infrastructure, governance



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mechanisms and all forms of political and cultural organization.

In many parts of the world, these demands are made under circumstances where IP territories represent a last untapped reserve of natural resources which traditional development plans need in order to ensure increased economic growth. One striking example of this is the recent and sometime outlandish instances of patenting of genetic materials, often from IP's areas, and the marketing of these materials as drugs or seeds in the North.

III. Development and IPs

Indigenous Peoples have served as custodians of the last remaining pristine territories of the earth. In different countries, these territories may be coastal, mountainous or flatlands, but they often remain largely unspoiled by the devastation to which many areas have been subjected in the name of economic growth.

The International Financial Institutions see these pristine areas in developing countries as resources of competitive advantage for the South. Developed countries usually do not have such areas, or have very few, all of which are legally protected. Exploiting these therefore represents an avenue of development no longer open to the North. There is consequently great pressure from these institutions to convert these often sparsely populated and biodiversity rich areas into plantations, mines, reservoirs for hydropower projects, commercial fisheries centers, or at the least to build roads through these areas to facilitate movement between major cities or open these areas to market interventions. For their part, governments are often only too keen to buy into this line of thought, both because the need for growth is very real, with debt burdens often plunging governments into a downward spiral of dependency, and because the constituencies affected by these projects (often IPs) almost never represent politically influential communities, and therefore politicians have little to lose from further alienating them.

In light of these facts, it is no wonder that IPs are among the hardest hit by development projects all over the world. From the Amazon basin to the Ogoni area of Nigeria to the Cordillera highlands in the Philippines, development projects that may have benefited government revenues have had major adverse impacts on Indigenous Peoples.

IV. The ADB and IPs

In light of these circumstances and under intense public pressure, a number of development banks conceded a need to create a safeguard policy for Indigenous

Peoples. In 1991, the World Bank approved this policy, and the ADB's "Policy on Indigenous Peoples" was approved in 1998.

There are many weaknesses in the ADB's policy, and still more weaknesses in the implementation of this policy. Before examining these points, let us first consider what is in the policy itself.

V. What the policy says

With the paramount objective of ensuring equal opportunity for cultural minorities, ethnic minorities, indigenous cultural communities, tribal peoples, scheduled tribes, natives and aboriginals, the Asian Development Bank adopted its Policy on Indigenous Peoples in 1998.

Describing IPs as among society's largest vulnerable segments, the Bank takes cognizance of such "vulnerability" in its development efforts and interventions. The Bank states unequivocally that its interventions shall be (i) consistent with the IP's needs/aspirations (ii) compatible with IP's socio-economic and cultural institutions (iii) conceived, planned and implemented with the affected communities' informed participation (iv) equitable in terms of development efforts and impacts, and (v) appropriate and acceptable in terms of compensation for negative developmental effects.

In its Policy, the ADB fully acknowledges the prevailing concern in the international development community that "indigenous peoples be afforded opportunities to participate in and benefit from development with other segments of society, and have a role and be able to participate in the design of development interventions that affect them."

Thus, while the ADB duly respects state and national policies governing indigenous peoples, the policy states that the welfare and interests of this often marginalized and oppressed population should be prioritized.

Definition

ADB defines "indigenous peoples" as groups with social or cultural identities distinct from dominant mainstream societies, which makes them vulnerable in the process of development. Admitting the difficulty of formulating a working definition for its operational use, ADB cites the tremendous diversity and varying country situations of individual communities across Asia and the Pacific.

Accordingly, ADB identified two significant characteristics of IP as prime bases for its working definition. These are (i) descent from population groups



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present in a given area before modern states and territories were created, and (ii) maintenance of cultural and social identities separate from mainstream or dominant societies or cultures.

IP Development

Given that the interests of mainstream societies almost always conflict those of IPs, the ADB emphasizes that “protection of indigenous peoples from development or maintenance of a status quo for indigenous peoples should not be a development objective.”

Laws and Conventions

In national issues that pertain to conflicting interests of indigenous peoples and the interests of dominant and mainstream communities, the Bank defers to the will of governments including legislation and policy that exists and the power of eminent domain that government possess. However, in matters concerning country programs and project selection, it can provide guidance or assistance through mechanisms such as policy dialogue and technical assistance.

For this policy, the Bank heavily cites landmark international conventions and declarations for their implications for indigenous peoples such as the United Nations Universal Declaration of Human Rights (1948), International Covenant on Civil and Political Rights (1966), the International Labour Organisation Convention Nos. 107 (1957) and 169 (1989), Agenda 21 of the United Nations Conference on Environment and Development (1992), the Vienna Declaration and Programme of Action (1993), and the United Nation’s Draft Declaration on the Rights of Indigenous Peoples (1993).

The policy also tries to replicate the policies and practices of the World Bank on indigenous peoples: “Through its Operational Directive (4.20:Indigenous Peoples), the World Bank recognizes and takes into consideration issues such as (their) identification, attachment to land and resources, primarily subsistence nature of production systems, and the significance of distinct linguistic and cultural identities.” Moreover, it makes mention of the direct relevance of the respective efforts of the Inter-American Development Bank as well as the United Nations Development Programme to the Bank’s policy of addressing indigenous peoples’ concerns.

Policy Objectives, Processes, Approaches

As a policy objective, the Bank commits that “its strategies and approaches [should] avoid negatively affecting indigenous peoples, and provide adequate and appropriate compensation when a negative impact is unavoidable.”

Firstly, the policy strongly calls for an Initial Social Assessment (ISA) as provided in Section 47 of its Operation Manual, to address peoples' needs, demands, and capacities, as well as the key social dimension that a project must address, such as involuntary resettlement, poverty reduction, human development, gender and development, and vulnerable groups.

Secondly, the policy stresses the need for an Indigenous Peoples Development Plan (IPDP) for any Bank-related development project that would negatively impact on IP lives and existence. The IPDP, it asserts, "would form a basis for project implementation and for monitoring and evaluation of how the project deals with IP issues." Ergo, the government or project sponsor concerned is responsible for the IPDP's preparation and its subsequent implementation, provided the plan merits Bank's approval.

In its operational approaches, the Bank shall integrate IP concerns into each step of programming, project processing, and policy development cycles. The three salient issues to be addressed are (i) legal recognition of ancestral domain and the traditional rights of IP over land and resources, (ii) recognized legitimacy of the indigenous social and legal institutions of IP, and (iii) recognition of the right of IP to direct the course of their own development and change.

Organizational Implications/Resource Requirements

The Bank has designated the Office of Environment and Social Development to develop and coordinate operational guidelines for implementation and operationalization of the IP Policy. With the policy in place, the Bank believes that its involvement on IP matters and the success of its interventions, including project quality, will be strengthened.

Furthermore, ADB claims that "in (it's) current portfolio of projects, the numbers of projects directly affecting indigenous peoples is relatively small."

Policy on IP

In terms of bank operations, ADB shall examine all the implications and effects of its development initiatives and interventions, specifically, on indigenous peoples. Thus, the IP Policy and its other practices would be applied in parallel with and would not replace or supersede other existing Bank policies and practices.

As a key policy element, the Bank "will ensure that affected 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."

VI. OPERATIONS MANUAL

Though the ADB's policy with regard to IPs is what it must abide by, the Operations Manual serves to explain to the staff how to carry out the policies. It is therefore in some ways more important than the policy itself. It is split into two sections, Bank Policies and Operational Procedures.

Bank Policies (BP)

The Bank feels that indigenous peoples and ethnic minorities are vulnerable to poverty, which it defines as the deprivation of essential assets and opportunities to which every human is entitled. Ergo, the fruits of ADB's overarching development objective must be extended equitably in every segment of society, including indigenous peoples.

In addressing project interventions, the Bank formulated the following: "(i) ADB's interventions should aim to achieve the greatest possible reduction of poverty among the affected indigenous peoples; (ii) when negative impacts are unavoidable, they should be minimized as much as possible and appropriate measures should be taken to mitigate the impacts; (iii) in increasing the benefits of an intervention for indigenous peoples and reducing negative impacts of development interventions, clear mechanisms for accurate and objective analysis of their circumstances should be prepared; and (iv) the mechanisms for any intervention must be transparent and should ensure accountability." (OM 53 [BP] paragraph 8)

Operational Procedures (OP)

(1) Initial Social Assessment (ISA)

The ISA determines the affected indigenous peoples by a project intervention by identifying the major socioeconomic characteristics, needs, and absorptive capacity of these peoples as well as assessing the institutions involved in the project. It also identifies human and financial resources needed for an indigenous peoples development plan (IPDP), if one is required. ADB staff should inform the government and other project sponsors on the Bank's IP Policy.

(2) Social Analysis & Social Design

As part of the social analysis, the project preparatory technical assistance (TA) or other project preparatory study prepares the IPDP for indigenous peoples that will be significantly or adversely affected by a project. The social analysis provides the basis for the appropriate social design in the project. The design calls for the preparation, mobilization, and strengthening of institutional capabilities

of IP to participate in the project.

(3) Indigenous Peoples Development Plan

An appropriately prepared IPDP includes “(i) preparation, during project design, of a development plan that takes into account the desires and preferred options of IP, both women and men, affected by the project; (ii) a study to identify potential adverse effects on IP to be induced by the project; (iii) measures to avoid, mitigate or compensate for these adverse effects; (iv) measures to ensure and strengthen the capacity of the social, legal and technical skills of government institutions that are responsible for IP affairs; (v) involvement of appropriate existing institutions, local organizations and NGOs with expertise in matters relating to IP; and (vi) consideration in the project design, of local patterns of social organization, cultural beliefs, ancestral territory, and resource use of IP.” (OM 53 [OP] paragraph 5)

(4) Responsibility for IPDP

The government concerned or other project sponsors is responsible for the planning and implementation of the IPDP, provided that it has ADB’s tacit approval.

(5) Project Processing

“Where serious differences about major aspects between project sponsors and affected indigenous peoples are evident, adequate time should be allowed for the government and other project sponsors to clarify and resolve these differences well before ADB commits support for the project.” (OM 53 [OP] paragraph 9)

(6) Organizational Implications

The Office of Environment and Social Development provides overall guidance and assistance in the application of the Bank’s IP Policy and consults (internally) with other departments and offices in the development and application of specific operational measures.

VII. Analyzing the policy: rhetoric and reality

At the level of rhetoric, the ADB policy appears rather strong. It acknowledges the profound role that IPs play in society, calls for their consultation and consent before undertaking projects, and even recognizes IP rights as spelled out in various international conventions, including the fundamental right to self definition.

But upon closer examination, there are some fundamental problems here. In the first instance, why is the whole document called a “policy on IPs” when it seems that only the last few pages (under the subheading with the same title) actually constitute a binding policy? The rest of the policy is full of overarching generalizations and “feel good” statements that, though in line with IP declarations, have no teeth. If it can be proved that the ADB is not living up to some of these overarching statements about the need to pay attention to IPs and their rights, can it be held accountable for its failures through the Inspection Mechanism or some other device? The answer appears to be no.

International Financial Institutions have amnesty from the legal jurisdiction of any country. That is, their activities cannot be put on trial in any court in the world. To make up for this failing, the World Bank and the ADB have developed inspection mechanisms (IM) which serve the judicial function. These IMs will examine a particular project and see if the actions undertaken by the Bank were in line with Bank policies. If there has been a violation of policies, affected communities may be entitled to some form of restitution. If a Bank policy itself is too specific or overly general, there may be no means to hold the ADB accountable for specific shortcomings. In this case, although the ADB affirms the rights of IPs, as this affirmation does not appear to come in the form of binding provisions, it is unlikely that one could uphold an inspection claim on the grounds that this policy had been violated, even if it could be proven that one of these international conventions had been violated.

The document itself makes sweeping generalizations, such as “It is neither desirable nor possible to insulate or exclude indigenous peoples from development.” and “The policy should ensure equality of opportunity for indigenous peoples.” What these statements mean at the level of implementation is left up to the reader’s imagination.

Also, there is a tacit assumption that “development” is something that is good for communities, be they IP or otherwise. But, as has been explained above, some of the worst violations against IP rights have taken place in the name of “development”. “Development” has been a weapon used against IP rights and indeed IP’s very existence as peoples. In addition, development always entails the promotion of cash economy which can often have devastating effects on the informal, subsistence-based economies still in place in many indigenous communities. The adverse effects of mainstream development will continue as long as national development is pushed without recognition of IP sovereignty and self-determination.

The problems of overgeneralization in the policy lead to problems in implementation. In the words of an ADB staff person, the Policy is difficult to implement because the definition of IP differs in every country. Some of the provi-

sions, until now, are merely recommendatory (instead of compulsory) especially given some governments' refusal to acknowledge the existence or rights of IPs.

Furthermore, while the OM sections should serve to clarify some of these issues which are left vague in the policy, they unfortunately do no such thing. Parroting ADB's development rhetoric of integrating the so-called social dimension (SIA, IPDP) in its interventions, the Operations Manual raises further questions rather than concretely illuminating or elucidating the Bank's real Policy on Indigenous Peoples.



In the words of a staff person² at the Office of Environment and Social Development (RSES), the OM is difficult to implement because most of the provisions are merely recommendatory and not compulsory. Thus, the OM is basically robbed of its main power to enforce and police the operational requirements of the Policy. The Bank officer also admits that the policy is broad, due to the varying definitions of IP in every country. True, there are countries like Indonesia³ that refuse to acknowledge the existence of IP to this day. But still, this "limitation" in the Policy does not invalidate the sufferings of IP caused by ADB interventions. On the contrary, it amplifies the Bank's "delimited" understanding of the rights and welfare of Indigenous Peoples.

In view of the Bank's new lending modalities brought about by its current re-organization, some provisions of the IP Policy must be revised to make them compulsory according to the ADB staff. In addition, there is a need to reconcile IP issues with environmental and resettlement issues to strengthen Policy compliance of project proponents. The Bank, however, has yet to act on these matters. Or it could be following the World Bank experience on IP, where the "practicability" and applicability of Policy is carefully weighed in.

The establishment of the RSES-IP Division in 2001, (a year after formulating the OM), is a welcome development. Involved in every step of a project's cycle, it sees to it that IP Policy is incorporated in the project design. Apart from screening projects with substantial impacts on IP communities, the Division reviews/checks project implementation as well as monitors/reports project-related IP violations.

RSES conducts missions (regional and country) and training (both in-house and for governments/project implementers) to address IP concerns, issues and problems. But unless and until the Bank arms its Policy with "teeth" all these efforts are futile.

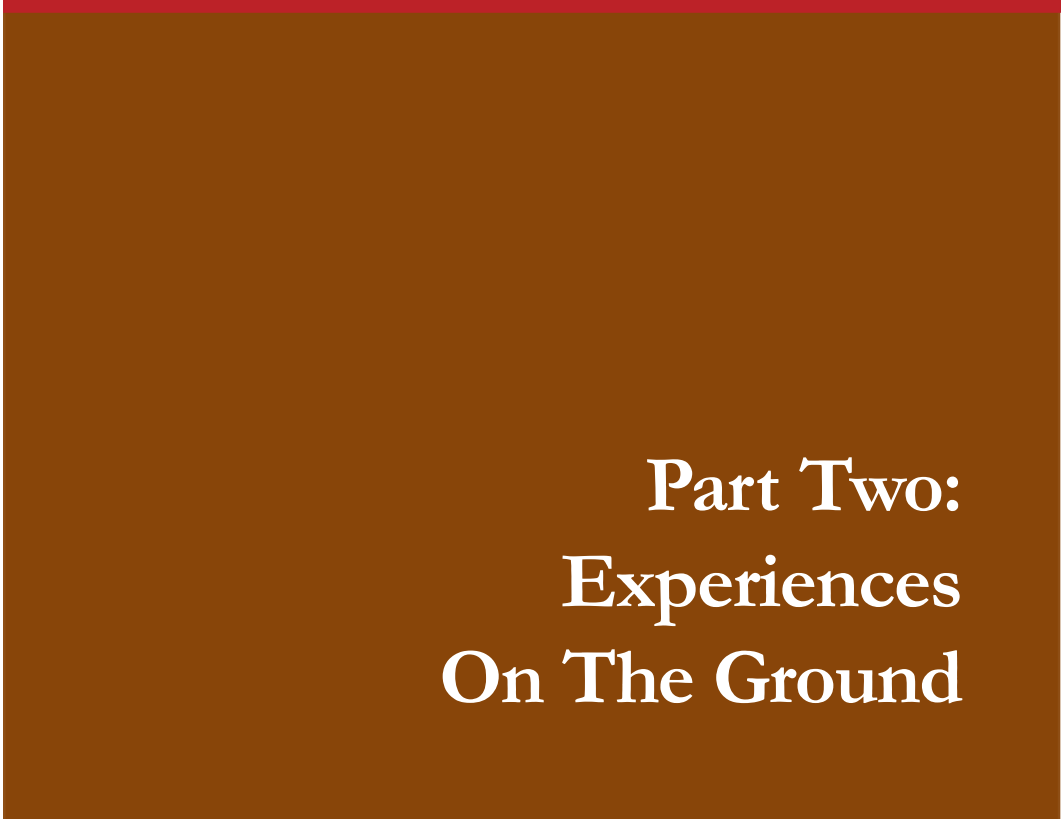
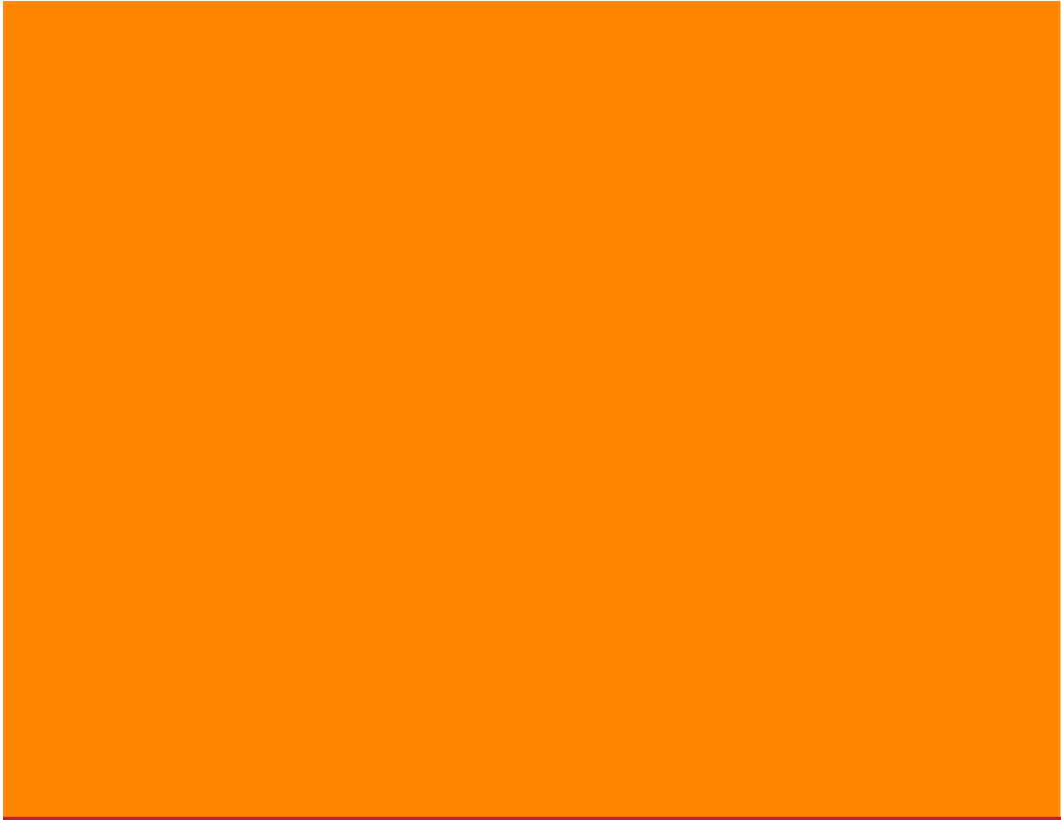
The OM lays out clearly the basic elements and salient points needed in the conduct of ISA, Social Analysis & Design and IPDP. However, as proven by ADB-funded forestry projects in many countries in the region, such prescribed social assessments and studies are rarely followed.



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“In many instances, the Indigenous Peoples’ Development Plan — as recommended in the ADB Policy on Indigenous Peoples — has not been formulated by the concerned DMC [Developing Member Country] governments.

The aforesaid interventions have led to many adverse consequences for IP including (i) dislocation; (ii) deprivation from means of livelihood; (iii) human rights violations by foresters and law enforcing agencies; (iv) disruption of local culture and traditions; and (v) loss of biodiversity among others.”⁴



**Part Two:
Experiences
On The Ground**





VIII. Forests and Indigenous Peoples in Bangladesh⁵

The Chittagong Hill Tracts (CHT) region of Bangladesh represents the second largest forest in the country and is also home to several tribes of indigenous peoples, referred to by the government as *adivasis* or tribal peoples. Throughout history and especially with the coming of development models, these tribes have been in danger from and sometimes in conflict with the larger Bangladeshi mainstream.

At the moment, many of these tribes are in danger of losing their livelihoods because of deforestation. The rate of deforestation in Bangladesh is 3.3% per year, a high rate for the South Asian region.

CHTRD Project

The ADB is currently involved in one project in the CHT called the Chittagong Hill Tracts Rural Development (CHTRD) project. The primary thrust of this project is to improve the quality of life of the poor tribal communities. Surely this is a goal with which no one would disagree. ADB documents even address issues such as land tenure (which has not been granted to the indigenous communities largely because of conflict), which are usually considered highly political.

But these same documents make very strange presumptions about what will improve the quality of life for these communities. Specifically, the objectives of the project are upgrading rural infrastructure, the establishment of a Community Investment Fund for small-scale activities, microfinance provision, and general project management support.

Just to take a couple of these objectives, the building of roads may well be supported by the communities if they have to travel long distances to sell goods, for example. But as many tribal communities live a subsistence lifestyle, the roads are likely to be of little use to them. However, the construction of roads will lead to further deforestation and perhaps assist in illegal logging operations.

Similarly, microcredit schemes have been most successful when communities with access to resources but not access to ownership are given access to ownership. In this instance, communities' access to resources is being taken away through deforestation and government regulation, making microcredit useless.

Furthermore, the project emphasizes technical training of communities as well as access to markets and the overall commercialization of the community in

order to increase income levels. This would involve a significant change of lifestyle and the recognition of the permanent loss of traditional ways of life. It may be that the communities have no choice but to give up their traditions, but if so, the decision should be made by the communities themselves, not by an ADB project.

Other ADB Interventions

In addition to this and other prior projects in the CHT region, the ADB has assisted the creation of a Forestry Master Plan for Bangladesh and has facilitated several amendments to Bangladesh's forestry laws. The net effect of these interventions has been to blur the distinction between a forest and a plantation. The result is bizarre: Those whose job it is to protect the forest end up destroying it.

Reporter Philip Gain went to the Madhupur area of the CHT, where the ADB is involved in a Forestry project, and reported the following: "Some ten days back the Forest Department had its hired laborers cut everything here, burn the clearings and establish the plantation," reported Hatem Ali, chairman of the local Masjid (Mosque) committee....⁶ The forestry department, charged with protecting forest land, in many cases is involved in the deforestation. Often this is followed by a reforestation of sorts, with non-indigenous and commercial trees such as rubber, eucalyptus and acacia taking the place of the pristine forest.

This process is a direct result of ADB and other interventions which do not significantly distinguish between forests and plantations. This is a direct outcome of looking at a forest as a means to economic growth and not a good to be preserved in and of itself. The ADB thereby betrays its preference for economic growth at any cost over the protection of IPs and the forests upon which they survive.

Long-term Effects

The deforestation represents the impoverishment of the indigenous peoples, in this case the Garos and the Koch communities, who depend on the forest for survival. When they continue practices that they have engaged in for centuries (without the forests ever being in the kind of danger that they are in now), they are branded as thieves, and sometimes imprisoned or even killed for trying to access those resources that they need for survival. Women are especially hard hit, as in many tribes they have traditionally done most of the gathering of firewood, medicinal herbs, and plants for food.

The targeting of IP communities extends beyond police harassment of individuals involved in traditional gathering activities. The *adivasis* are blamed for the condition of the forest itself. Often, when it is known that illegal logging activities are taking place, the finger of blame is pointed at the indigenous peoples.

They are blamed despite clear evidence that most illegal logging in Bangladesh is taking place through organized cartels often headquartered in urban areas, and often this logging takes place with the tacit approval of the Forestry Department or other government agencies. Furthermore, the role of IPs as custodian of these natural resources for centuries is completely overlooked by the Bangladeshi state and by the neoliberal development models propounded by the ADB and other international development agencies.

Conclusion

Due to the inability of the ADB to distinguish between a forest and a plantation and their propensity to value crops that can produce revenue over old growth forests, Indigenous peoples are in great danger. The government of Bangladesh hopes to continue logging in the CHT region until 2023. If these plans are carried out, it is unlikely that there will be any forest left to log by that time, and it is also unlikely that the social, cultural and political life of the Garos and the Koch communities will survive.

IX. The Cordillera Highland Tribes in the Philippines

The Cordillera Highland Agricultural Resource Management Project or CHARM has been fraught with serious operational problems and development-related issues since its inception in 1996. Allegations of corruption and failed people’s consultation, which have fomented ethnic conflicts, continue to hound this project that directly impacts the lives and future of some 850,000 people.

According to the Cordillera People’s Alliance (CPA), an NGO that has closely monitored the project over the years, the ADB has failed to integrate social dimensions in its interventions that are supposed to address the needs/concerns of the affected communities. Notwithstanding these grave issues, many of which beg for resolution to this day, the Philippine government is already preparing a proposal for CHARM Part II to be approved by the Bank.

I. Background⁷

The first-ever rural participatory initiative to be green-lighted by the ADB, this P 41.5 million project is co-financed by the International Fund on Agricultural Development (IFAD). Conceived to reduce the “poverty incidence” in the Cordillera Administrative Region (CAR), CHARM contains four salient features: (i) project design is participatory; (ii) tangible benefits would redound on affected communities; (iii) an NGO consortium is part of the implementation process; and (iv) Indigenous Peoples are primarily involved.



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CHARM covers 23,150 households in 82 barangays (villages) and 16 municipalities in the Northern Provinces of Abra, Benguet, and Mountain Province. These smallholder farm families belong to the five major ethno-linguistic groups, 90 percent of which are IPs, in the Cordillera.

Given that 70 percent of the vegetable requirements of Metro Manila come from CAR, the ADB and its partners realized that highland agriculture is a potential resource that could still be maximized. And this would be achieved through the improved management of agricultural resources and increased productivity in the 15, 600-hectare target area. Consequently, not only would beneficiary households experience a dramatic increase in their net incomes, they would also be provided with employment opportunities generated by reforestation & civil work activities.

Originally targeted for completion in 2003, (CHARM had been programmed to run for seven years) the project has been extended until September 2004. The *Department of Agriculture* (DA) is the executing agency while a *Regional Inter-Agency Steering Committee* comprised by the regional directors of the Department of Environment & Natural Resources (DENR), Department of Agrarian Reform (DAR), National Irrigation Administration (NIA), National Commission Indigenous Peoples (NCIP), Local Government Units (LGUs), and contracted NGOs oversee the implementation process.

Project components include rural infrastructure development, community mobilization and resource management, agricultural support services, and project management coordination. These components focus on a more process-oriented approach that include participatory planning, identification and monitoring by beneficiaries of project activities, as well as active involvement of regional and local government agencies and non-government organizations during implementation.

Project Loans

One loan of **\$9.5 million** from the ADB's Special Funds resources carries an amortization period of 35 years while the other loan of **\$9.5 million** from the Bank's ordinary capital resources has an amortization period of 27 years. The co-financing loan from IFAD is **\$9.2 million** and has an amortization period of 40 years. The rest of the required funds are supposed to be provided by the national government (\$7.8 million), local government (\$3.0 million) and the farmers themselves (\$2.4 million).

Expected benefits

By 2006, the average annual household income is expected to have a 100 percent increase from P21, 200 to P56, 000. Net farm incomes are expected to increase from 104 percent to 239 percent. The number of families living below the poverty line would also decrease from about 33,000 household to about 12,000 households or 36 percent.

Other expected benefits are (i) improved living conditions from domestic water supply systems; (ii) improved family nutrition arising from increased incomes and diversified high value cropping systems; and (iii) improved health from reduced pesticide use.

Implementation and Status of the Project

From the start of implementation, CHARM has been hit with many delays ranging from the inability to raise local counterpart funding to resistance from affected communities to the delay in establishing the NGO consortium. By 1999, National Economic Development Authority (NEDA) categorized it as one of the **“delayed projects with problems resolved”**, with an assessed backlog of \$3.4 million from the ADB loan.

To resolve the backlog problem, CHARM formulated a “Catch-Up Plan” in January 1999 so that loan utilization could be right on schedule by the 1st quarter of 2001. Despite the Catch-Up Plan, much of the work was still in the ground-work level due to the numerous setbacks. Consequently, numerous projects have been “fast-tracked” to meet target dates due to the five review missions conducted by the ADB since the project started.

(See Annex 2 for list of CHARM projects per province and their latest status as of year 2000)

II. Issues and Problems Related to CHARM Projects⁸

1. The people’s participatory process in decision-making and project implementation is generally sacrificed.

CHARM’s objectives and components were based on the 1995 DA-initiated Participatory Rural Appraisal (PRA), which gathered information on the economy, culture and social institutions of selected indigenous communities in the region. However, the DA failed to incorporate these critical data into CHARM’s orientation, such that the project’s main thrust still focused on the production of temperate crop.



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Contrary to the claims of project proponents that people participation is the key to the successful implementation of CHARM, the affected communities have not been adequately consulted as to the kind of development they actually need.

One glaring example was the formulation of the **Barangay Natural Resource Management Plan (BNRMP)**, the main component for communities to plan and identify the many projects under CHARM. (It is focused on improving agricultural and agro-forestry technology, adopting reforestation contracts, improving social and economic infrastructures, undertaking income diversification activities, establishing savings and credits groups, providing labor for project-funded activities and planning for areas to be delineated for land tenure instruments.) While LGUs and the Barangay captains generally confirmed that they had consulted with the communities, the people say that they did not take an active role in influencing the project choice.

In sample interviews, one community member said that the community did not voice their preferences with the Barangay captain, because “they were used to the Barangay captain taking the decisions”. In several cases, communities were ill-informed about the project. They mentioned for instance, that they did not know the meaning of the acronym CHARM, and in some cases that they did not know that ADB was behind CHARM. **This shows that communities were not only not consulted in an appropriate manner, but worse, they were not given essential information about the project.**

In addition, the process of drawing up the BNRMP was rushed, and in some cases priority was given to those projects that were already determined in the Annual Barangay Management Plan, rather than those identified by the communities. **Very simply, this practice erodes the principle of people’s participation in defining their own development.**

In another instance, the DA did not properly consult affected communities when it prioritized the building of farm-to-market roads, as well as, the training on pest management. **The Bank refuses to acknowledge the fact that in some cases, communities are much more in need of irrigation systems instead of new roads or reforestation projects.**

2. Commercial agriculture is blatantly promoted.

CHARM is geared towards developing agriculture for the market economy. Its strategies include agricultural services and integrated pest management, which both promotes commercial agriculture.

It encourages communities to supplant traditional subsistence production in favor of cash crops such as high yielding varieties of rice, cut flowers and

commercial vegetables and fruits. Not only is this strategy unsustainable, it also undermines subsistence farming methods and places communities at the whims of market fluctuations. More seriously, it fails to address the serious problem of food security in the Cordillera.

Likewise, cash crop production that relies on the use of pesticides and fertilizers poses health and environmental hazards. It also poses economic risks to communities since cash crops imported by the Philippine government are cheaper than locally produced goods.

A case in point is the experience of farmers with cash crop in Gangal, Sallapadan, Abra. Around 50 percent of farmers use high-yielding variety (HYV) of rice that has increasingly replaced the traditional rice variety (TRV). While the traditional variety is not affected by pests, HYVs are heavily dependent on pesticides, fertilizers and irrigation. Due to the chemical effects on soil, farmers who shift to HYV can no longer switch back to TRV.

3. Reforestation projects cause conflicts among indigenous communities.

CHARM reforestation projects, which are agro-forestry in nature, are not compatible with the existing indigenous practices of forest resource management; instead they cause conflicts within and among communities. The project has introduced tree seedlings like gmelina, narra and mahogany that are meant for timber production, only to be sold later as a source of cash.

For instance, in the Municipality of Sallapadan in Abra, the area targeted for CHARM's reforestation extension is a common pastureland covering three barangays. Local residents in these communities did not give their express consent to CHARM to convert the pastureland for reforestation. Hence, several families have filed legal claims over the land. When asked what their preferred project would have been, community members in several instances replied that they would have preferred irrigation systems or domestic water supply systems over the reforestation projects. One community member said while the reforestation project had at in the beginning given employment to community members, it now lay forgotten.

In an attempt to solve the conflict, the DENR declared the area as under the Community-Based Forest Management Agreement (CBFMA) that allows extraction of forest products in accordance with government regulations. However, the communities (led by their elders) forged a collective agreement calling for a log ban, especially on narra trees. Another source of discontent is the wage delay and underpayment of tree-planters in the said area. Payments are released by CHARM only after validation by the DENR. There is also absence of standard wage for workers.

4. Corruption in the implementation of rural infrastructure development projects is rampant.

Local residents have reported rampant bribery in the awarding of projects (by the Provincial Engineers Office) and in the implementation of small infrastructure projects such as farm-to-market roads, irrigation and reforestation.

Allegations range from: (i) the implementation of reforestation projects is overseen by cooperatives that are controlled by local officials and their relatives; (ii) the Department of Social Welfare and Development's community projects such as low-cost housing and setting up of toilets were awarded to well-to-do families; and (3) the underpayment and delayed payment of workers in irrigation projects

5. CHARM has failed to reach its intended beneficiaries and fulfill its promise of employment.

CHARM has failed to create jobs for local people. While a community in Benguet agreed to contract the farm to market roads for the perceived benefits and promised employment, the government awarded the project to a private contractor, who in turn imported outside labor. The community was not aware of the bidding and awarding of the infrastructure project and was surprised when construction commenced.

Despite the belief of CHARM personnel that they were able to reach their intended beneficiaries, the project benefits have failed to trickle down to the poorest farm families. In fact, these have been limited to those living beside the roads, and the families of barangay officials and their relatives.

6. The weak NGO performance is part of the problem.

The participation of an NGO consortium called Succored firmed up with the signing of a contract between the DA and the consortium in May 1999. Among the NGOs involved are Shontoug Foundation, Upland Development Institute, Community Management Institute, Inc., and the Consortium of Cordillera Organizations for Equitability and Development, Inc. The consortium would assist CHARM in its participatory planning and community mobilization activities. To do this, the Consortium hired 41 community mobilization officers (CMO) based in the 82 targeted barangays.

Succored's specific duties are to: (i) provide training for the CMOs with emphasis on gender sensitive participatory approaches in community organization; (ii) plan community development activities; (iii) develop appropriate community organization models; (iv) assist LGUs in developing the BNRMP (v) design barangay socio-economic survey instruments; and (vi) devise phase-out

strategies for the project components, as well, as NGO phase-out and LGU phase-in strategies. For its work, the consortium will get P66 million for three years.

However, the delay in contracting the NGO consortium consequently hampered the preparation of the BNRMP. Projects in the different components have proceeded even without the final version of the BNRMP.

The overall performance of Succored leaves much to be desired. According to sources in LGUs and DA, the NGOs were not prepared to serve as project implementers for CHARM. The DA had to train them in community mobilization, as they were unable to do it themselves. The result has been weak inter-agency coordination that has and delayed outputs (or none at all). The inefficient governing council has created internal squabbles among members, which caused the delay in their salaries/benefits and the replenishment of their revolving funds. In the process, a number of consortium members and personnel resigned.

Moreover, it was also alleged that some members of Succored are in actuality “overnight NGOs”, which were purposely set up for CHARM. Most CMOs have been found incompetent to handle community work, despite it being a basic criterion in their hiring.

7. Indigenous practices are undermined thereby causing disunity among people.

CHARM tends to weaken indigenous communities by undermining traditional practices of working cooperatively in agricultural fields as well as in other community projects. By moving towards commodity agricultural production, neighbors are less willing to help one another without monetary compensation. Their participation no longer hinges on the principles of community cooperation and collective benefits. Owing to the lack of people’s participation in the identification and planning of projects, disagreements among and resistance from affected communities are inherent to all CHARM projects.

One classic case is the reforestation and irrigation projects in a 58-hectare forest lands in Can-ao, Bontoc, Mt. Province. The project is being jointly implemented by CHARM, with DENR, NCIP, NIA and DAR. The P5.6 million rehabilitation of the irrigation system, tapped Killeb River as its water source to serve the rice fields of five barangays. Each project beneficiary is obliged to pay P5.00 per square meter of irrigated land per year. The payment for the first 15 years will be automatically deducted from the total project budget as local counterpart.

On the other hand, CHARM and DENR, conceptualized the reforestation project with a handful of local officials and residents in March 2000. As a dire consequence, the project was rejected by the local people. They expressed objections to it because it was contradictory to the traditional use, management and protection of their communal forest. They refused to enter into a CBFMA agree-



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ment with the said parties because they saw it as an intrusion into the affairs of their community.

Instead of reforestation, the people recommended that the irrigation system be diverted to the rice fields lacking in water. However, CHARM, DENR and NIA refused to give in, citing the fact that reforestation and irrigation projects are inseparable. If the people do not agree to reforestation, they said, they will not be given the irrigation project.

A series of dialogue failed to produce a resolution on the issue. Both sides remain firm in their respective positions. Until today, CHARM projects are at a standstill in the community.

8. There is wide-spread confusion on the issue of Land Tenure Improvement.

Through its Land Tenure Improvement Component, CHARM promotes privatization of ancestral lands. It encourages people to apply for a number of land tenure instruments by using the Indigenous Peoples Republic Act (IPRA) as a requirement for project implementation in their lands. As a result, the existing indigenous land delineation practices, land and resources use, and the management/ownership practices are not sufficiently recognized during the process of surveying and applying for these instruments.

III. What the ADB is saying⁹

Unsurprisingly, ADB denies the charges of corruption and failed people's consultation that have been leveled against CHARM, although it acknowledges that the project is wracked by several problems. Several agencies such as NEDA, the Japanese Finance Ministry, foreign donors, and even the Bank's Participation Specialist have come out with separate reports detailing the projects many problems.

However, based from the pronouncements of the CHARM Project Officer vis-à-vis the issues concerned, it is obvious that the Bank nor its officer does not have sufficient information to the contrary. One startling proof is the fact that it overlooked the existence of the Council of Elders in the Cordillera Highlands, which has a legal oversight function in the affected communities. The Bank admits that during the project design phase, it was simply not been aware of the existence of the Council.

Is the project riddled with corruption?

The Project Officer said that the Philippine "Pakyaw" contract that exists

between the DA and the affected barangays/beneficiaries was used for the contract, and thus helped in preventing corruption.

What are the learnings achieved by the Bank relative to the project?

One important lesson learned by the Bank in its undertaking of CHARM was the delay in project implementation. From the earliest stages, there was already some project backlog owing to its participatory design. The Officer said the Bank should take into account the crucial nature of the planning stages that ideally, would need one or two years before actual implementation could commence.

Were the beneficiaries properly consulted by the government?

He maintained that all beneficiaries have been involved in the design of each management plan. He added that if the LGU determined a project that fell under the Annual Barangay Management Plan, the said project would automatically get higher funding priority than projects that are not included in the plan.

Has the Bank been approached by the beneficiaries?

According to the Officer, discussions were always during the annual review missions that were participated in by LGUs and the beneficiaries concerned to determine whether any adjustment would be made on the identified projects or management plans.

How were the NGOs selected?

The Department of Agriculture placed advertisements in newspapers, and at the same time, solicited proposals from interested NGOs. Since the DA had difficulty ranking the NGOs based from their proposals, the department recommended that the bidding NGOs form a consortium. This indecision on the part of the government was aggravated by the fact that the contracted NGOs had to get used to working with one other. This contributed to the delay of project implementation.

In selecting the NGOs, ADB applied the same guidelines it used in hiring consultants. At that time the guidelines for the selection of NGOs were not yet in place.

Did the project proponents conduct any Social Impact Assessment in the target areas?

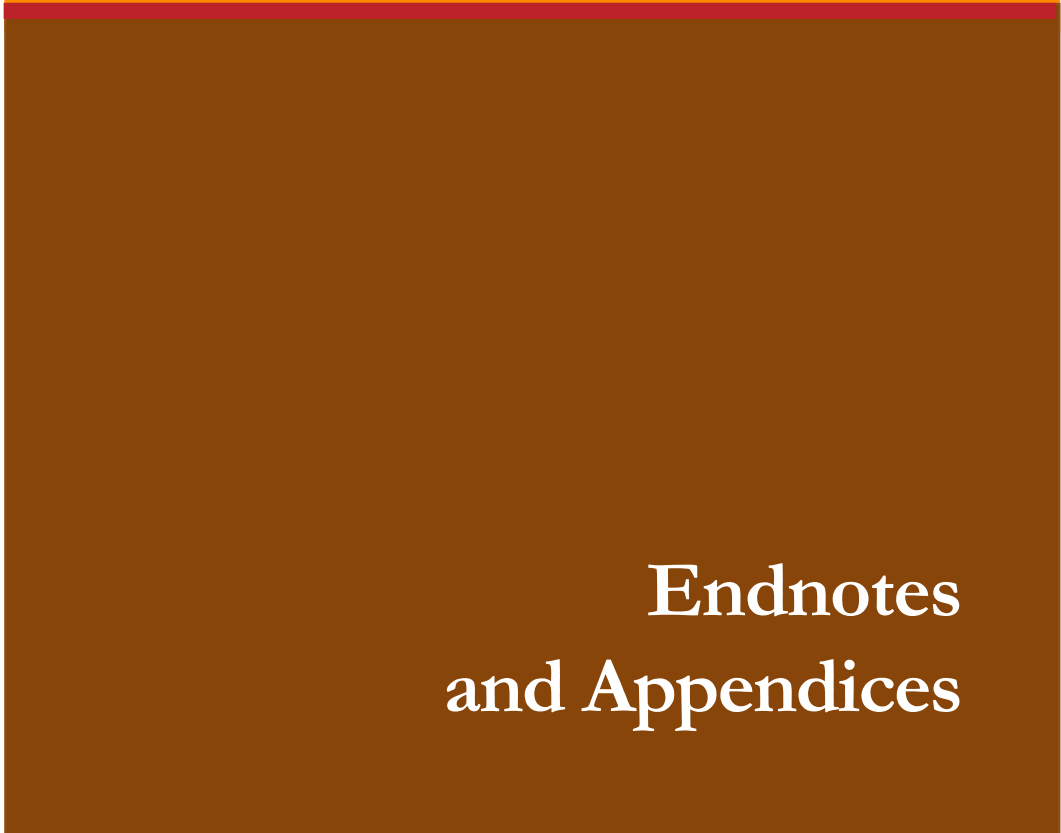
A base-line survey was done before the project. A similar post-evaluation study would be conducted upon project completion. In addition to this, the NGO Consortium had put together a series of progress reports on the project.

IV. Conclusion

With its gravely-flawed operational system and dubiously-misplaced development thrusts, CHARM threatens to eviscerate the centuries-old community structures, as well as, the indigenous cultures of the Cordillera people. Worse, the project does not live up to its “messianic” rhetoric of saving the Indigenous Peoples from impoverishment. It does the exact opposite in fact — delivering these people deeper into the quagmire of poverty.

It is imperative that the ADB rectify and settle the serious problems that CHARM has caused the Indigenous Peoples of Cordillera since the start of its implementation in 1997, before it even thinks of embarking on a second phase for the project.

At present, CHARM is proceeding with wanton disregard for the participation of affected communities, particularly Indigenous Peoples.



**Endnotes
and Appendices**





Endnotes:

- ¹ See Appendix A for a list of documents containing IP demands.
- ² Interview with Indira Simbolon, RSES – IP Division, 06 November 2003
- ³ ADB, Indigenous Peoples/Ethnic Minorities and Poverty Reduction Regional Report 2002.
- ⁴ Raja Devasish Roy, “Perspectives of Indigenous Peoples on the Review of the Asian Development Bank’s Forestry Policy.”
- ⁵ This section relies heavily on the work of Philip Gain and Raja Devasish Roy, “Indigenous Peoples and Forests in Bangladesh”, Forests and Indigenous Peoples of Asia, 1999.
- ⁶ Philip Gain, “A Stolen Forest, Robbed Adivasis”, Philip Gain, Society for Environment and Human Development, 2003.
- ⁷ ADB, Report and Recommendation of the President to the Board Directors on Proposed Loans to the Republic of the Philippines for the Cordillera Highland Agricultural Resource Management Project, November 1995
- ⁸ Cordillera People’s Alliance, Critique on the Cordillera Highland Agricultural Project (CHARM), 2001
- ⁹ Meeting between the CHARM Project Officer and Jessica Rosien (NGO Forum Campaign Coordinator), Asian Development Bank, January 22, 2004

Appendix A: Documents Containing IP Demands

- 1) The Bonn Declaration Third International Forum of Indigenous Peoples and Local Communities on Climate Change, Bonn, Germany, July 14 - 15, 2001.
- 2) Indigenous Peoples' Plan Of Implementation On Sustainable Development, Johannesburg, South Africa, 2002.
- 3) The Kimberley Declaration, International Indigenous Peoples Summit on Sustainable Development, Khoi-San Territory, Kimberley, South Africa, 20-23 August 2002.
- 4) Indigenous Peoples Statement, Indigenous Peoples Caucus, Eighth Session of the Conference of the Parties, United Nations Framework Convention on Climate Change, New Delhi, Republic of India, 23 October to 1 November 2002.
- 5) The International Cancun Declaration of Indigenous Peoples, 5th WTO Ministerial Conference, Cancun, Quintana Roo, Mexico, 12 September 2003.
- 6) Chambéry Declaration on "Forests & Water", International Workshop on Forests and Water, Chambéry, France, 5 and 6 June 2003.
- 7) Indigenous Peoples' Caucus Statement At The World Summit On Sustainable Development, Johannesburg, South Africa, 4 September 2002
- 8) Indigenous Peoples' Kyoto Water Declaration, 3rd World Water Forum, Kyoto, Japan March 18, 2003.
- 9) Indigenous Peoples' Declaration on Extractive Industries, Oxford, UK, 15 April, 2003.

Appendix B: ADB Projects with components for Indigenous Peoples/Ethnic Minorities (Approved in 2002)

Country	Project Name
Cambodia	Health Sector Support
Lao PDR	Northern Economic Corridor
Vietnam	Upper Secondary Education Development
Cambodia	GMS: Mekong Tourism Development
Cambodia	Tonle Sap Environmental Management
Lao PDR	Smallholder Development
Lao PDR	Nam Ngum River Basin Development Sector
Lao PDR	GMS: Mekong Tourism Development
Lao PDR	Small Towns Development
Nepal	Secondary Education Support
Pakistan	Decentralization Support Program (Devolution Support Program); Local Government Performance Enhancement; Gender and Governance Mainstreaming
Pakistan	Decentralized Elementary Education Project (Sindh)
People's Republic of China	Southern Sichuan Roads Development
Sri Lanka	Plantation Development
Vietnam	Agriculture Sector Development (Investment Loan and Policy Reform Loan)



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Vietnam	GMS: Mekong Tourism Development
Bangladesh	Urban Governance and Infrastructure Improvement (Sector)
India	Railway Sector Improvement
Indonesia	Coral Reef Rehabilitation and Management II
Indonesia	Renewable Energy Development
Indonesia	Power Transmission Improvement Sector



