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**Lessons of Indigenous Development in Latin America**  
**The Proceedings of a World Bank Workshop**  
**on Indigenous Peoples Development**

September 2004

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*Edited by:*  
Shelton H. Davis  
Jorge E. Uquillas  
Melanie A. Eltz

The World Bank  
Latin America and the Caribbean Region  
Environmentally and Socially Sustainable Development Department

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*Cover photos:*

Background: Contemporary Aymara Indian *aguayo* - Bolivia (*J. Molina, World Bank*)

Center: Maya woman – Guatemala (*World Bank*)

Upper left: Mother and child - Ecuador (*X. Traa-Valarezo, World Bank*)

Upper right: Woman – Ecuador (*X. Traa-Valarezo, World Bank*)

Lower left: Two men attending workshop – Bolivia (*World Bank*)

Lower right: Girl learning to write – Ecuador (*X. Traa-Valarezo, World Bank*)

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## Foreword

During the last decade, the World Bank has steadily increased its attention to indigenous peoples of Latin America, as a result of its poverty alleviation mandate and its indigenous peoples policy. The Latin America Region of the World Bank has both improved compliance with the safeguard provisions of its indigenous peoples policy and adopted a proactive approach toward the promotion of indigenous peoples development. In addition, the Bank has carried out an effective capacity building program, working with indigenous organizations and indigenous affairs agencies in twelve countries of the Region (including a tripartite dialogue among indigenous peoples, oil companies, and governments in the Andean countries); it has supported the preparation of national indigenous peoples profiles in Mexico and Central America as well as studies of the legal and policy framework on indigenous peoples and on the life strategies of urban indigenous residents in Peru, Mexico, and Ecuador; and it has invested in specific projects targeting indigenous peoples and other ethnic groups in Mexico, Guatemala, Ecuador, Bolivia, Brazil, and Argentina.

At the closing of the United Nation's Decade of Indigenous People, the World Bank is proud to present this volume on the "Lessons of Indigenous Development in Latin America," based on the experiences of different projects and programs targeting indigenous peoples. We hope that the results presented in this volume will help the World Bank and other international cooperation agencies improve the design and implementation of projects involving indigenous peoples around the world.

John Redwood  
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Environmentally and Socially Sustainable Development  
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The World Bank

## Introduction and Overview

*Shelton H. Davis, Jorge E. Uquillas, and Melanie A. Eltz*  
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World Bank policies on indigenous peoples evolved during the late 1970s and the 1980s in response to many projects in developing countries that were planned and implemented with little or no concern for their impacts on indigenous peoples or the delicate forest and mountainous ecologies where many of these peoples live. International investments that resulted in human rights violations against indigenous peoples, environmental degradation, and lack of territorial recognition of indigenous communities provoked political responses and led to pressure being placed on development organizations to formulate special policies to safeguard the interests of indigenous peoples, their cultures, and their environments. The World Bank became the first multilateral development bank to introduce an Indigenous Peoples Policy and currently over two decades of experience attempting to implement both its original and current policy. During this period, the World Bank's Indigenous Peoples Policy and programs have continued to evolve, reflecting a continuous learning process on the part of Bank staff in relation to indigenous peoples, their struggles for cultural recognition and survival, and their demands for greater participation in the processes of local, regional, and national decisionmaking and development.

In 1982, the World Bank's formal policy on indigenous peoples was first adopted as Operational Manual Statement (OMS) 2.34. The policy focused on numerous areas including: (a) the recognition and protection of indigenous peoples' land rights; (b) the provision of health, education, and other services to indigenous peoples; (c) the strengthening of government agencies responsible for protecting indigenous lands and providing services to indigenous peoples; and (d) the preparation of special com-

ponents within World Bank-financed projects to address the needs of indigenous peoples. By 1987, the World Bank had begun linking its indigenous peoples and resettlement policies to its new environmental policies. Soon after, the World Bank's Environmental Assessment Policy (OD 4.01) was approved and the first indigenous peoples specialists were contracted to work in the World Bank.

Four years later, in 1991, the World Bank approved a new Indigenous Peoples Policy (OD 4.20). Indigenous specialists developed this policy in close collaboration with specialists in the International Labor Organization (ILO), using ILO Convention 169 as a framework. OD 4.20 extended the definition of indigenous peoples to include a much wider array of peoples than those indicated in OMS 2.34 and who maintain social and cultural identities distinct from those of the national societies in which they live. It also highlighted the fact that most indigenous peoples have close attachments to their ancestral lands and, if their lands are not recognized and adequately protected, they are often susceptible to being disadvantaged in the development process. OD 4.20 also highlights the need for the "informed participation" of indigenous peoples in development decisionmaking rather than only on strengthening government indigenous agencies. The policy requires that all World Bank-financed projects affecting indigenous peoples contain special Indigenous Peoples Development Plans (IPDPs) to ensure that indigenous peoples participate in and benefit from World Bank-financed operations (Uquillas and Davis 1997).

While the implementation of OD 4.20 has been mixed and highly dependent on the legislative and other frameworks of the

countries where World Bank–financed projects are being introduced, in 1995 specialists working in the Bank’s Latin American and Caribbean Region began to develop a new strategic approach to Indigenous Peoples Development. This approach included: (a) conducting analytical and empirical studies on indigenous poverty and social exclusion, including the preparation of a number of country-level indigenous profiles; (b) investing in the strengthening of indigenous peoples’ human capital by increasing investments in indigenous education, health, and social protection; (c) strengthening the social capital of indigenous organizations and communities through the introduction of a special grant program for the capacity strengthening of indigenous organizations; (d) linking indigenous land regularization and territorial protection with natural resources management and biodiversity conservation, especially through greater participation of indigenous peoples in projects financed by the new Global Environment Facility (GEF); and (e) promoting greater protection of indigenous peoples’ cultural heritage, languages, and identities, particularly through the introduction of a new generation of indigenous investment projects based on the notion of development with identity (Davis 2002; and Uquillas and Van Nieuwkoop 2003).

In its new strategic approach to indigenous development, the Latin American and Caribbean Region also began to focus more attention on the participation of indigenous women in Bank–financed projects; to incorporate indigenous knowledge and culture more systematically into project designs; to establish more culturally appropriate monitoring and evaluation indicators; and to link indigenous development projects with projects in other sectors such as human development, infrastructure, rural development, and finance, and with national poverty reduction strategies and programs.

On February 27, 2004, the Social Development Unit of the World Bank’s Latin American and Caribbean Region (LCSEO) held a learning workshop entitled, “Indigenous

Peoples and Development.” The objectives of this workshop were to: (a) create a space for dialogue and exchange among World Bank and Inter-American Development Bank (IDB) staff working on projects with indigenous peoples in the Latin America and Caribbean Region; (b) discuss lessons learned from World Bank– and IDB–financed community development, natural resources management, and biodiversity conservation projects involving indigenous peoples; (c) discuss experiences in community–based development projects with indigenous peoples financed by other institutions such as the Inter-American Foundation; and (d) use the results of the workshop to improve the performance of World Bank–financed development projects with indigenous peoples.

The participants in the workshop included World Bank and IDB staff who manage and work on Indigenous Peoples Development, community development, land tenure, human development, natural resources management, biodiversity conservation, and energy and infrastructure projects in the Latin America and Caribbean Region, including both headquarters and resident mission staff. Invitations to the workshop were also extended to a select group of World Bank staff working on projects with indigenous or tribal peoples in other regions and to persons within the World Bank doing analytical and other work on indigenous peoples issues, especially in relation to poverty reduction and human development. Video facilities were available for resident mission staff who wished to participate in the workshop but were unable to travel to Washington.

The workshop was organized around a series of panels, each of which had a moderator and dealt with a specific theme or type of project. The idea of each panel was to identify the lessons learned: positive achievements and challenges in improving the results of project interventions as measured against the specific preferences and needs of indigenous peoples, their organizations and communities. There was also a general facilitator for the workshop who helped maintain the focus

in each panel discussion and attempted to summarize the lessons learned and challenges identified for future projects with indigenous peoples.

The workshop was deemed to be very successful. Participants were asked to submit a short document describing the project that they discussed at the workshop, highlighting its objectives and main activities, the processes of preparation and implementation, the challenges faced, the lessons learned, and any recommendations they might have for future projects with indigenous peoples of a similar type. Consolidating the documents into a single volume has enabled the participants to share with others the wealth of knowledge that was evident at the workshop and to further disseminate this information.

The present volume includes several documents submitted by World Bank and IDB staff who participated in the workshop. The volume opens with two general articles on the current strategies for dealing with Indigenous Peoples Development in Latin America on the part of the World Bank and IDB. These are followed by several project case studies including descriptions of an Indigenous Land Regularization Project in Brazil, a Community Forestry Management Project in Mexico, an Indigenous Peoples and Afro-descendant Population Development Project in Ecuador, an Indigenous Learning and Innovation Loan (LIL) in Argentina, a GEF-Funded Indigenous Peoples Forestry Management and Biodiversity Conservation Project in the Colombian Amazon, a Wind Energy Project on the lands of the Wayúu Indians in Northeastern Colombia, and three experiences that incorporate gender considerations into Indigenous Peoples Development Projects in Central America and the Andean region.

The remainder of this Introduction provides a brief overview of each of the general articles and project case studies contained in the report:

*The Quest and Practice of Indigenous Development*, by Jorge E. Uquillas and Melanie A. Eltz, analyzes changes in the definition of indigenous peoples (IP) and their role in modern societies, as well as the different conceptual approaches toward Indigenous Peoples Development that have been adopted as a consequence of these changes. It reviews the main lessons learned from the practice of indigenous development at the community and the national levels. The paper provides a historical overview of the concepts of ethnodevelopment or development with identity. In general, ethnodevelopment is more likely to occur when indigenous peoples have access to basic resources for their social reproduction, including food security and basic health; have achieved a high degree of social organization and political mobilization; have been able to preserve their cultural identities (particularly their own languages); have built strong linkages with outside institutions; and have production patterns that allow for both subsistence and earning cash incomes. In order for these resources to be obtained, a favorable policy environment is a key factor. The article also highlights the World Bank's indigenous policies and the challenges faced by development agencies in promoting and implementing projects which have an ethnodevelopment focus.

Based on a summary diagnostic of the situation of indigenous peoples in Latin America, Anne Deruyterre's article, *Indigenous Peoples, Development with Identity, and the Inter-American Development Bank: Challenges and Opportunities*, describes the mandate and recent developments at the Inter-American Development Bank (IDB) with regard to indigenous peoples. The IDB is currently preparing a Strategic Framework on Indigenous Development as well as an Operational Policy on Indigenous Peoples to strengthen the IDB's role in promoting "development with identity" of indigenous peoples and to safeguard the individual and collective rights of indigenous peoples in the projects and programs it finances. These new strategic and policy instruments aim at mainstreaming indigenous peoples issues

across all IDB activities, drawing upon the lessons learned in the decade since the IDB first adopted a mandate to proactively seek out projects and approaches to benefit indigenous peoples. Based upon the lessons learned since the 1994 mandate on indigenous peoples issues, the Policy and Strategic Framework will enhance and systematize best practices and serve as an important reference point for all future IDB activities regarding indigenous peoples.

*Fostering Change for Brazilian Indigenous People during the Past Decade:* In her article on the G-7 Pilot Program's Indigenous Lands Project (PPTAL) in Brazil, Judith Lisansky provides a description of how the PPTAL project came about, as well as background on how it was negotiated during its preparation. She also describes some of the more contentious issues encountered by the PPTAL and how they were addressed. The article explains the project's basic components, its unusual "open design" and procedural issues pertaining to regularizing indigenous lands, including a discussion of the implications of the passage of a new decree (Decree 1775) in January 1996 that revised the process of indigenous land regularization one month after the project was approved. The article also focuses on the accomplishments of the PPTAL project, particularly in terms of land regularization, institutional impacts on the National Indian Foundation (FUNAI), and the nature of indigenous peoples participation. It also examines some of the implications of these accomplishments, as well as some of the outstanding challenges for the future.

The excerpt from the *Community Management for the Sustainable Use of Forests: PROCYMAF Final Report*<sup>1</sup> highlights the

process, objectives, characteristics, costs and lessons learned from this project in Mexico. PROCYMAF was implemented as a pilot project aimed at strengthening awareness of the economic, social, and environmental problems facing the community forestry sector, most of which is comprised of indigenous *ejidos* or communities. Its objectives were essential to optimizing the use and conservation of forests and diversifying the options available to the indigenous and peasant groups who own these forests. The preparation of PROCYMAF was highly participatory and indicated a clear commitment on the part of the Mexican government to develop a new generation of community-based forestry projects. This short excerpt from the full project report includes a list of activities that took place in the communities served by the PROCYMAF Project from 1998 through 2003 and their results. It discusses ten lessons learned during the first stage of the project and how these contributed to a new and highly innovative model in which community development processes led to more sustainable forest use.

*The Indigenous and Afro-Ecuadoran Peoples Development Project I (PRODEPINE I)*, by Jorge E. Uquillas, describes another highly innovative project that was financed, this time, by the World Bank and the International Fund for Agricultural Development (WB PRODEPINE 1998-2004). PRODEPINE I was part of an experimental initiative, started in 1993 in Latin America and designed to build pro-poor forms of social capital and promote ethnodevelopment. The project represented an effort to operationalize such concepts as ethnodevelopment, social and human capital, and community-driven development in order to address old realities and new needs of indigenous communities in Ecuador. It was an effort to mobilize local resources and to direct additional resources to the poorest segment of the Ecuadoran rural population, to be managed in accordance with their own visions of their problems and solutions. The article summarizes the key lessons learned from the PRODEPINE I Project. These lessons include the validity of

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<sup>1</sup> Ing. Manuel A. Reed Segovia, Ing. Carlos González Vicente, and Dr. Gerardo Segura Warnholtz. Final Report, Community Management for the Sustainable use of Forests: Conservation Project and Sustainable Management of Forest Resources in Mexico (PROCYMAF). Mexico, December 2003.

the assumption that collaboration and partnership with indigenous organizations and communities produce results, and the importance of clearly defining roles, resolving conflict in a timely fashion, ensuring participation, building self-development, strengthening human and social capital, and diversifying sources of income. Along with lessons learned by World Bank staff, the article also includes observations from an external evaluator for the project who has provided advice for a second phase based on an analysis of a select number of subprojects implemented in the first phase. Since the drafting of this article, the PRODEPINE II project has been approved by the World Bank's Board of Executive Directors.

Sandra Cesilini's article, *Lessons Learned from the Indigenous Communities Development (ICD) Project in Argentina*, examines the progress of the Indigenous Community Development (ICD) Learning and Innovation Loan (LIL). The ICD project began in 1997 with a grant from the World Bank through the Regional Institutional Development Fund (IDF). The main objective of the ICD project is to establish the basis for community development and the protection and management of natural resources in the lands of indigenous communities in three areas of Argentina. It includes the social and cultural strengthening of indigenous communities in these areas and the enhancement of indigenous peoples' capacities to sustainably manage the natural resources within their communities. The project seeks to develop "models" from which to extract lessons, focusing on a future extension of the program to other indigenous areas. The article summarizes the three pilot areas and the three components through which the project is being implemented as well as seven key lessons learned.

The Global Environmental Facility (GEF)-funded Conservation and Sustainable Development of the Matavén Forest Project is a Medium-Sized Project (MSP). The *Indigenous Peoples Natural Resources Management and Biodiversity Conservation* article

by environmental specialist Juan Pablo Ruiz includes a brief summary of the eight biodiversity and natural resources management projects financed by the World Bank and GEF in Colombia. The three-year GEF-funded MSP in Matavén is a clear example of the new participatory approach to project design and execution that is increasingly being incorporated into GEF biodiversity conservation projects in Colombia and other countries. Matavén's success was based largely on the ability to build upon ongoing and previous efforts involving indigenous communities. Project outcomes would not have been achieved without prior advances in Colombian legislation or a long history of joint collaboration between Colombian NGOs and indigenous communities. The article argues that supporting indigenous culture and organizations is the best route to conserving forest cover in *resguardos* or recognized indigenous lands.

The article, *Promotion of Renewable Energy to Address Global Climate Change: Promoting Socially Sustainable Development to Address the Quality of Life of the Local Community*, is a collaborative effort by a Bank Task Team Leader, Walter Vergara, and Colombian specialists Ana M. Sandoval, Jaime E. Aramburo, and Julio E. Zuluaga, who review the Jepirachi wind farm, located in the northeast region of Colombia's Atlantic coast. The article focuses on a social development program which was developed with the local community of Wayúu indigenous people residing at the proposed location of the project, and financed with revenues from Carbon Finance.

During the preparation phase, the project developed an extensive consultation process which included national, regional and local governmental institutions concerned with indigenous peoples, and traditional authorities and communities of Rancherías Kasiwolin, Arutkajui, and Media Luna. The article briefly discusses the project's sociocultural impacts and social management aspects, and concludes with several lessons learned from

the project's preparation and early stages of implementation.

Annika Törnqvist's document, *Mainstreaming Gender in Indigenous Projects and Projects Affecting Indigenous Peoples In The Bank Portfolio - The PROGENIAL Experience*, summarizes the process of and preliminary findings from using a model of Gender Technical Facilities (GTFs) to address gender issues in selected Bank-financed indigenous development projects and projects affecting indigenous peoples in the Latin America and Caribbean Region. The results of mainstreaming gender in such projects indicate that: (a) it is feasible to address gender issues in specific indigenous projects even though they may be perceived as being induced from the outside and not applicable to different cultural contexts; (b) it is important to address gender and indigenous issues in regular sector projects that affect indigenous peoples, since Bank-financed projects often introduce changes in the organization, health, literacy, and development of indigenous peoples and their communities; and (c) addressing gender issues in project operations can have a positive effect on project outcomes.

*Gender and Development Projects in Indigenous Communities*, by Carlos Viteri of the Inter-American Development Bank, also highlights the important role of gender issues in Indigenous Peoples Development projects. Viteri's article argues that indigenous women face "triple discrimination" by being indigenous, female, and poor. However, the roles of indigenous women are changing in response to the present and future demands of indigenous communities. Indigenous women's participation needs to be consolidated in many important spheres such as education, the economy, health, and leadership. This article lists criteria that should be taken into account in considering gender issues in indigenous development projects.

With the financial support of the Norwegian Trust Fund, the World Bank Office in Ecua-

dor took the initiative to study the role that financial credit can play in strengthening indigenous women's organizations. In *Lessons Learned in Microcredit and Social Capital among Indigenous Women in the Andean Area*, Carmen Tene, a Quichua-speaking indigenous consultant for the World Bank based in Ecuador, discusses how this microcredit program strengthens social capital and contributes to improving the social and economic levels of indigenous women and their families. Nine indigenous organizations were linked to the credit program in Peru, Ecuador, and Bolivia. The article discusses the specific experiences in each country and the lessons learned from the study. It concludes with suggestions for future indigenous women's projects in the Andean region.

As part of its general project supervision efforts and to ensure the application of its gender and indigenous peoples policies, since 2003 the World Bank has implemented an Indigenous Peoples and Gender Program in Guatemala. The article, *Indigenous Peoples and Gender in Guatemala*, by Irma Yolanda Avila, a Mayan-speaking consultant at the Bank's Resident Mission in Guatemala City, highlights that there are different ways to approach working with indigenous peoples, particularly indigenous women. For example, one can address social capital and empowerment processes through the State's vision and public administration management and economic opportunities, or simply apply World Bank social safeguard policies. The author focuses on the most important findings, lessons learned, and general recommendations for projects under implementation and for future projects financed by the World Bank in Guatemala.

In summary, numerous lessons have been learned from these projects' experiences with indigenous peoples in Latin America. Most importantly, the World Bank and other partner agencies such as the Inter-American Development Bank are still in the process of preparing and implementing projects that take into account indigenous peoples' cul-

tures, identities, rights, and values. This learning process can only be successful to the degree that it maintains an ongoing and open dialogue with indigenous peoples and their organizations as well as with the various government counterparts of projects financed by international cooperation agencies. It is our hope that this dialogue will continue and eventually form the basis for the scaling up

of past and present initiatives, drawing upon the important lessons of Indigenous Peoples Development that we have learned from the recent past and making them the basis for the work of our institutions with indigenous peoples in the future.

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# The Quest and Practice of Indigenous Development

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## I. Introduction

Indigenous Peoples (IP) comprise a relatively large and important portion of the world's population. Their heritage, ways of life, stewardship of this planet, and cosmological insights are an invaluable treasure house for all of humanity. Today, many IP are still excluded from society and often deprived of their rights as equal citizens of the nation-states of which they are a part. Nevertheless, they are determined to preserve, develop, and transmit to future generations their social and cultural values. Their continued existence as peoples is closely connected to their ability to influence their own fate and to live in accordance with their own cultural patterns, social institutions, and legal systems.

During the past decade or two, the international development community has come to recognize the desires of IP to protect their cultural identities. Likewise, increasing recognition is being given to the principle of IP determining their own pace and paths of development. Social and cultural diversity is in the interest of society and is not an obstacle to national development or economic stability. Similarly, there is growing recognition that dignity is found in all cultures, and that there should be equal access to the factors that promote development and to the benefits of development.

This paper analyzes changes in the definition of IP and their role in modern society, along with the different conceptual approaches toward the development of IP that have been adopted as a consequence of these changes. It reviews the main lessons learned from the practice of indigenous development both at the community and/or grassroots

level and at the national level. It also highlights the significance of the World Bank's Indigenous Peoples Policy and the challenges faced by development agencies such as the World Bank in regard to what has come to be known as ethnodevelopment.

## II. The Quest for Indigenous Development

The quest for indigenous development has evolved over time. Historically, political boundaries, often established by former colonial powers in America, Africa, and elsewhere, did not adequately recognize ethnic differences. The centripetal forces of nation building and the focus on social and cultural integration tended to minimize differentiation. However, when people realized the drawbacks of integration, internal conflicts between ethnic groups attempting to reassert their differences emerged. This occurred in the former Yugoslavia, other former Soviet states, and in many African countries.

After independence in the early 19<sup>th</sup> century, Latin American countries inherited an ambiguous attitude toward their IP. On the one hand, there were strong tendencies on the part of the elites of these new nations to negate their Indian ancestry and to exclude IP from active participation in the affairs of the state. On the other hand, significant sectors of society recognized the mistreatment of Indians and sought ways to end their oppression and ameliorate their socioeconomic situation. The latter trend was accentuated in the mid-20<sup>th</sup> century, when attempts to address the "Indian problem" in Latin America had given way to efforts to promote the integration and assimilation of indigenous communities (Mires, 1995).

### ***Earlier advances made in the worldwide recognition of indigenous peoples rights***

An important landmark for IP in Latin America was the First Indigenist Congress in Patzcuaro, Mexico in 1941. The Pan American Union organized this intergovernmental meeting which eventually led to the creation of the Inter-American Indigenist Institute (III), also located in Mexico. The Patzcuaro Congress signaled a realization of the inequalities that affected IP and a concerted effort on behalf of countries in the region to work toward ameliorating their situation. The concept of *indigenism* and the reaffirmation of public policies for the integration of IP into mainstream society trace their origins to this date. The basic objectives of the III were to assist in coordinating the Indian affairs policies of the member States and to promote research and training of individuals engaged in the development of indigenous communities. The III provided a forum for government representatives to discuss approaches to address the challenges facing indigenous communities in the Americas.<sup>1</sup>

At the global level, International Labor Organization (ILO) Convention 107, the predecessor of ILO Convention 169, is of major significance. Though the ILO had been involved in the plight of indigenous and tribal peoples as far back as the early 1920s, it was the adoption of Convention 107 in 1957 that marked a turning point in the attempt to codify rights for indigenous and tribal peoples in international law. The aim of Convention 107 was the adoption of general international standards for the pro-

tection of indigenous populations, the improvement of their living and working conditions, and their progressive integration into their respective national societies.<sup>2</sup> ILO Convention 107 addresses the fact that individuals belonging to indigenous communities are often the victims of prejudices, which has led to their gross exploitation in the labor market. A lack of appropriate education and vocational training, as well as a massive discrimination by the ruling elites in the states where they lived, led to a historical process of conquest, penetration, and social exclusion of traditional indigenous societies. There was a gradual destruction of the material and spiritual basis for the maintenance of indigenous societies, including the expropriation of their traditional lands and natural resources.

### ***The formulation of a conceptual framework for Indigenous Peoples Development***

The Patzcuaro Congress and ILO Convention 107 both recognized the need to assist indigenous populations. This praxis of integration led to the creation of public and semiprivate institutions that promoted *indigenism* through recognition of the rights of IP to land, community development, and efforts at improving their health and education levels, using modern technologies and methods while disregarding the traditional alternatives which were considered backward.

With a greater social consciousness and debate among social scientists, religious leaders, public officials, and indigenous leaders,

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<sup>1</sup> Governments who are members of the III address the key problems that affect indigenous populations and respect their jurisdiction. There is a mutual respect for the inherent rights of indigenous populations and cooperation among participating governments. Participants agree to meet at least every four years and recognize the executive council, executive director, and director. Finally, each participating government must establish a National Indigenist Institute.

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<sup>2</sup> Under ILO Convention 107 governments must undertake measures not only to protect but also to progressively integrate their indigenous populations into the wider society. Consequently, one of the major weaknesses of this document were the assumptions—signs of the era when it was written—that integration into the larger society was the only possible future for indigenous peoples and that all decisions regarding development were the concern of the State rather than the people most affected.

the application of public indigenist policies based upon the philosophy of "integration" began to be questioned. In Latin America, a historical turning point was the meeting of a group of distinguished anthropologists in Barbados in January 1971. They discussed the situation of IP, indigenist organizations, and the role of anthropologists in the processes of national development. This critical self-analysis produced the Declaration of Barbados.

The Declaration of Barbados marked the formal beginning of the transnational indigenous rights movement. It provided a critical perspective on indigenist policies because they had failed to improve the economic well-being of IP and the policies were a strong force of assimilation, acculturation, and in some cases "ethnocide." It was at this point that a conceptual framework of ethnodevelopment was formulated, with the aim of creating an alternative to the concept of integration and assimilation.<sup>3</sup>

As originally conceptualized by the initial theorists, ethnodevelopment is essentially the autonomous capacity of culturally-differentiated societies to control their own processes of change. The basic conditions for ethnodevelopment are that IP: (a) strengthen their own cultures; (b) assert their ethnic identities as peoples; (c) obtain rec-

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<sup>3</sup> The Declaration recognized that there were interventions to "protect" indigenous populations as well as massacres and forced migrations from their homelands. For example, the "Indian policies" of the Latin American states were often explicitly directed toward the destruction of aboriginal culture. These policies were employed to manipulate and control Indian populations in order to consolidate the status of existing social groups and classes, and diminish the possibility that Indian society could free itself from colonial domination and settle its own future. According to the Declaration, when non-indigenous peoples represent indigenous populations or assume leadership positions, a new colonial situation is established. This is yet another expropriation of indigenous populations' inalienable right to determine their own future.

ognition of their lands and territories for local autonomy, governance, and self-determination; and, (d) self-manage their own processes of economic and social development.

New meetings and new declarations by the Barbados Group also occurred at the end of the 20<sup>th</sup> century. The theorists of ethnodevelopment countered some of the more confrontational postures that advocated fast and radical changes in indigenous societies. Nevertheless, the basic premises have remained; thus, today ethnodevelopment builds upon the positive qualities of indigenous cultures and societies to promote local employment and growth. Such qualities include a strong sense of ethnic identity among IP, close attachments to ancestral land, and the capacity to mobilize labor, capital, and other resources to achieve shared goals. These dynamics are recognized as fundamental to the ways in which IP define their own processes of development and interactions with other segments of society.

In 1984, the United Nations established the Working Group on Indigenous Populations (WGIP) in recognition of the distinct status and particular needs of IP. One of the most important tasks of the WGIP is to develop a Draft Declaration on the Rights of Indigenous Peoples (DDRIP), which will, if adopted, provide the strongest statement to date of international commitment to the rights of IP. The DDRIP breaks new ground in its acknowledgement of indigenous rights and what governments should do to protect and promote them. It represents almost 10 years of work by the WGIP. The Declaration would have considerable moral force and would give IP and governments important standards toward which they can aspire. While the process might seem painstakingly slow, this is not unusual for an international instrument.

The process of developing the DDRIP has been important in itself. It has been an awareness-raising process both for indige-

nous leaders and representatives of national governments, and it involves the discussion of concepts, changes in community attitudes, and an overall greater understanding of the rights and preferences of IP. The right to self-determination, which is the pillar upon which all other provisions of the DDRIP rest, is central to indigenous aspirations.

In 1989, the ILO adopted Convention 169, a comprehensive instrument covering a range of issues pertaining to indigenous and tribal peoples, including land rights, access to natural resources, health, education, vocational training, conditions of employment, and contacts across borders. Convention 169 applies to IP<sup>4</sup> in independent countries whose social, cultural, and economic conditions distinguish them from other sectors of the national community. It also applies to peoples in independent countries who are regarded as “indigenous” on account of their descent from the populations that inhabited the country or geographical location at the time of conquest or colonization (Tomei, 1994).

Since the introduction of ILO Convention 169, international development agencies have started supporting indigenous development in a more explicit and concrete way. The best demonstrations of this are the Draft

Declarations for the Rights of Indigenous Peoples, formulated separately by the OAS and the UN. It is also significant that most Latin America countries with high proportions of IP have recognized that they are multiethnic nations and have ratified ILO Convention 169.

Overall, the reinterpretation of IP and their role in the nation-state led to later efforts that promote indigenous development and recognition of indigenous peoples rights. This was accomplished through a variety of initiatives such as changes in national constitutions and other legal and policy frameworks aimed at the recognition of the rights of IP and the improvement of their socio-economic conditions. Key initiatives such as the Patzcuaro Congress, ILO Convention 107, the Barbados Declaration, and ILO Convention 169 have contributed to what is known today as ethnodevelopment. Most importantly, ethnodevelopment is not an isolated concept that evolved overnight, and it continues to evolve.

Indigenous peoples were invited to the Barbados II Conference and several subsequent international meetings. Since the 1980s, however, they began organizing national and international meetings of their own and discussed common positions to deal with the accumulated effects of oppression, exploitation and discrimination. The events intensified around the celebration in 1992 of the 500 years of European intervention in Latin America and the discovery and conquest of the New World and of its original peoples. For several decades, development strategies and theories focused on economic progress and were implicitly or explicitly based on the concept that the less developed countries were divided into a backward, pre-industrial, traditional sector and a more dynamic, modern and Western-oriented industrialized sector.

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<sup>4</sup> The UN has defined indigenous according to the widely accepted definition by José Martínez-Cobo, the Special Rapporteur to the Subcommission on Prevention of Discrimination and Protection of Minorities. Cobo states that: Indigenous communities, peoples and nations are those which having a historical continuity with pre-invasion and pre-colonial societies that developed on their territories, consider themselves distinct from other sectors of societies now prevailing in those territories, or parts of them. They form at present non-dominant sectors of society and are determined to preserve, develop, and transmit to future generations their ancestral territories, and their ethnic identity, as the basis of their continued existence as peoples, in accordance with their own cultural patterns, social institutions and legal systems.

**Box 1: Government Responsibilities under ILO Convention 169***Article 2:*

1. Governments shall have the responsibility for developing, with the participation of the peoples concerned, coordinated and systematic action to protect the rights of these peoples and to guarantee respect for their integrity.
2. Such action shall include measures for:
  - (a) Ensuring that members of these peoples benefit on an equal footing from the rights and opportunities which national laws and regulations grant to other members of the population;
  - (b) Promoting the full realization of the social, economic, and cultural rights of these peoples with respect for their social and cultural identity, their customs and traditions, and their institutions;
  - (c) Assisting the members of the peoples concerned to eliminate socioeconomic gaps that may exist between indigenous and other members of the national community, in a manner compatible with their aspirations and ways of life.

*Article 2* clearly states that self-identification as indigenous or tribal shall be regarded as a fundamental criterion for determining the groups to which the provisions of this Convention apply. Likewise, *Article 8* establishes that “before applying the national legislation to interested peoples they must take into consideration appropriately the custom and customary law.”

The process of development was understood as the physical and economic expansion of the modern sector. IP as part of the pre-industrial or “backward” sector of society lost their sociocultural autonomy and economic independence and thus became a marginalized group within society. In numerous cases, they had to make way, even literally in the form of displacement by large infrastructure projects like highways and dams, for development in the form of programs designed by others. Following many international conferences, in 1987 the World Commission on Environment and Development or Brundtland Commission redefined “sustainable development” as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (Voss 2004).

In the recent past, the concept of development with identity was considered synonymous with that of ethnodevelopment. However,

some recent formulations have tended to establish a difference between them. Thus, training materials prepared for an Indigenous Leadership Training Program in the Andean Region, being implemented collaboratively by the World Bank and the Fondo Indígena (Maldonado 2004, Pacari 2004) list some of the basic elements of development with identity as follows:

- A focus on quality of life rather than economic growth;
- Primacy of common or collective rather than the individual interests;
- Emphasis on solidarity, social cohesion, collaboration;
- Redistribution rather than accumulation of wealth;
- Forms of collective action (labor exchange, exchange of goods).

### **III. The Practice of Indigenous Development**

#### ***Lessons learned from community development***

Beyond explicit broad declarations and theoretical discussions, indigenous communities have implemented a grassroots-based model of development in some parts of the world with a combination of their own resources and the cooperation of religious organizations, volunteers, and local governments, as well as with the support of multilateral and bilateral cooperation agencies. One of the major lessons of the past decade is the recognition by international development agencies that IP need to be provided with enabling conditions, technical skills, and financial resources to participate actively in the planning and implementation of their own development. When IP are in the position to make their own decisions, economic benefits spin off into the wider community.

In a joint endeavor by the World Bank and the University of Pittsburgh (Roper et al 1997), a report was published in 1997 in an effort to synthesize some of the lessons that can be learned from a review of literature on development directed toward IP in Latin America. In-depth information was obtained from 42 specific cases of indigenous development in Latin America. This served as the basic source of data for the analysis and generation of theoretical propositions.

The cases represented information from a large number of countries, involved a wide variety of development interventions, and included projects carried out among relatively isolated lowland indigenous groups as well as in indigenous peasant communities. Of the 42 cases, 28 were considered basically successful, 8 were viewed as unsuccessful or only nominally successful, and 6 were unclear in relation to outcomes.

Problems related to the legal framework necessary for development contributed to the failure of 75 percent of the cases identified as unsuccessful, and security over land and natural resources contributed to the failure of 63 percent of the unsuccessful cases. The most common thread that bound together successful cases of development, on the other hand, was the presence or creation of indigenous organizations both at the local level and multicomunity level as a mechanism for representing IP in the development process and the management of development initiatives. Lack of such involvement led to the failure of 63 percent of the unsuccessful cases, whereas 71 percent of the successful cases attributed their success to the involvement of local- and macro-level indigenous organizations.

Although all indigenous communities are different and projects vary, globally applicable lessons can be learned. In general, development is more likely to occur when IP have: access to basic resources for their social reproduction, including food security and basic health; achieved a high degree of social organization and political mobilization; have been able to preserve their cultural identities (particularly their own languages); built strong linkages with outside institutions; and production patterns that allow both subsistence and the earning of cash incomes. In order for these resources to be obtained, a favorable policy environment is undoubtedly a key factor (Partridge and Uquillas 1996).

#### ***Lessons learned in World Bank-financed projects***

The World Bank aims to promote IP development in a manner that ensures that the development process fosters full respect for their dignity, human rights, and cultural uniqueness. The Bank's relationship with IP in the 21<sup>st</sup> century has moved past the modest "do no harm" objective of its earlier policies a generation ago. Beyond the safeguard

Indigenous Peoples Policy (OD 4.20), the Bank is committed to a wide variety of indigenous development activities to meet the serious development challenges facing IP, as outlined above. To adequately respond to those challenges, the Bank's program is based on a long-term perspective that recognizes the complexity of the situations faced by IP in each country and the challenges in bringing about change in historic attitudes, practices and behaviors.

In a time of increasing resource scarcity, the greatest challenge for development agencies is to learn to build on the strengths of existing social and cultural organizations. Therefore, the World Bank, its Borrower countries, and its indigenous partners must work to protect indigenous communities' wealth of social, biological, and cultural diversity, while expanding the livelihood options of IP and their access to health care, education, and security. The wisdom and experience of IP have survived for many generations and it is the Bank's aim to help ensure that they remain for generations to come. The World Bank recognizes that IP hold a special place in the world due to their unique circumstances, heritage, and history. The identities, cultures, lands, and resources of IP are uniquely intertwined and especially vulnerable to changes caused by development programs. The World Bank has funded very successful projects directly affecting indigenous communities, by facilitating empowerment, self-management, control over natural resources, and much more.

Indigenous Peoples have been included in a wide variety of Bank projects in many Bank sectors and in all of the Bank's regions of operations. The Bank's strategic approach incorporates three fundamental elements: first, capacity building by strengthening self-managed sustainable development of indigenous leaders and their organizations; second, creating a learning partnership among indigenous organizations, national governments, and international donor agencies in order to share experiences and best practices in the area of Indigenous Peoples

Development policies and programs, through analytical work as a pre-investment in order to better understand IP; and third, financing specific operations in the areas of education, health, rural development, natural resource management, biodiversity conservation, and cultural heritage which address the needs and include the active participation of indigenous peoples.

The World Bank continues to recognize the importance of capacity building. The main objective of the World Bank's Indigenous Capacity Building Program in Latin America is to strengthen IP organizations and increase their options for ethnodevelopment through training. The program's strategy is to work with indigenous organizations and willing national governments to help IP build their own capacity for identifying needs, selecting development priorities, and formulating strategies and proposals that could be implemented with a combination of their own resources and outside help. The program has had positive results in both Guatemala and Colombia. Several factors helped ensure that objectives were achieved: intercultural and interethnic communication took place in both countries; indigenous participation was higher than expected; and both the participants and trainers were enthusiastic and committed (Uquillas and Aparicio 2000).

By the year 2004, the World Bank had already financed, alone and with the collaboration of other partners, several operations targeting IP, including a Community Forestry Development Project in Mexico, a Land Demarcation Project in Brazil, a Social Protection Project (*Nuestras Raíces*) in Honduras, and three Learning and Innovation Loans (LILs) in Argentina, Bolivia and Peru. Many of the lessons learned were derived from one of its most successful projects, the Ecuador Indigenous and Afro-Ecuadorian Peoples Development Project (PRODEPINE I).

PRODEPINE I was the World Bank's first stand-alone investment operation that focused

exclusively on IP and Afro-descendant populations. In general, PRODEPINE I produced a qualitative change in many of the Afro-Ecuadoran and indigenous communities, building increasing self-confidence in their abilities to improve their future. The project helped encourage the democratic inclusion of Afro-Ecuadoran and indigenous peoples in the state, and the participatory approach used has proven to be an important vehicle for decentralization and social empowerment for these communities.

Not all projects have been as successful as PRODEPINE I. Many projects have faced difficult challenges, but there are equally important lessons to be learned from these projects. Similarly, numerous international NGOs are critical of several World Bank-financed projects. These NGOs are continually monitoring World Bank policies and particularly the implementation and application of OD 4.20.

In January 2003, the World Bank's Operational Evaluation Department (OED) published an independent desk review that assessed how the World Bank had implemented OD 4.20 worldwide.<sup>5</sup> The evaluation reviewed 234 projects appraised after January 1992 and closed before May 2001. It found that OD 4.20 had influenced the design of Bank-financed projects. Overall, projects that applied OD 4.20 had better ratings for project outcomes than those that did not, perhaps because the quality of stakeholder participation was higher in the former. At the project-level, OD 4.20 was applied in 55 of the 89 projects that could have affected IP. Twenty-nine of the 55 had IPDPs; the other 23 projects had only one of the measures required by OD 4.20.

According to the OED report (World Bank 2003), there has been significant progress in implementation of OD 4.20 in recent years.

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<sup>5</sup> Since this policy was issued, nearly 100 WB-financed projects have been identified as affecting indigenous peoples in the Latin America and Caribbean Region (Davis 2002).

A review of 170 projects still under implementation, 140 of which were approved after 1998, found that OD 4.20 has been applied in over 60 percent of Bank-financed projects that affect indigenous peoples and in 90 percent of projects that could have an adverse impact on IP. On a regional basis, there is considerable improvement in the Latin America and Caribbean and East Asia regions, with OD 4.20 being applied in more than 85 percent of projects that affect IP. Overall, the review found that application of OD 4.20 has positively influenced Bank assistance in many countries in focusing on the marginalized poor.

However, the OED report also highlighted that OD 4.20 had not been applied in a consistent manner. This is partially due to the technical difficulty in identifying IP when operating outside the legal framework of a borrowing country. Nor did OED find a clear understanding in Bank documents or practice of the term "project that affects IP" which triggers the application of OD 4.20, i.e., whether it refers to direct or indirect effects, as well as whether it refers to both positive and/or adverse effects. Only 47 percent of the task team leaders felt that OD 4.20 was critical in ensuring that that IP receive equitable benefits under Bank assistance. Finally, the evaluation showed that confusion remains in understanding OD 4.20 and its requirements and some task team leaders stated that they lack adequate resources to implement OD 4.20.<sup>6</sup>

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<sup>6</sup> OED recommends that the Bank clarify the intent, scope, and requirements of the Operational Policy (OP). The OP should also clearly delineate the extent of the Bank's safeguard responsibilities; identify indigenous and tribal groups in a manner consistent with the country's legal framework; engage the borrower in discussions on how the Bank can best assist the country in providing culturally appropriate assistance to indigenous peoples; and design regional and subregional strategies to implement the OP due to significant differences in circumstances faced by Bank staff in implementing the policy.

### ***Experiences of other international donors***

While large development projects financed by multilateral cooperation agencies generally follow the official development paradigm, there is ample room for adaptations and interpretations within specific operations. Similarly, at the national level, the lack of a well developed policy toward IP has allowed experimentation and innovation. Thus, while governments in the region have not formally adopted policies of indigenous development, in practice some of them have supported development efforts that give IP secure access to land and natural resources, maintain solidarity and ethnic identity, foster social organization and mobilization, and empower IP communities.

The International Fund for Agricultural Development (IFAD), among other projects targeting IP, funded the Regional Program in Support of Indigenous Peoples of the Amazon Basin (PRAIA), an initiative aimed at helping to create appropriate conditions and opportunities required for the survival, cultural defense, and strengthening of IP in the Amazon region. After Phase II ended in March 2003, PRAIA's experiences were summarized in a book entitled, *"Listening...learning...working together PRAIA: 10 years accompanying the indigenous peoples of the Amazon,"* with the aim of not repeating mistakes and building learning paths in the Amazon region, where IP are demanding what belongs to them.

Many lessons were learned from Phases I and II of PRAIA, such as the need to support economic initiatives with cultural components and to recognize the traditional cultural knowledge of IP; to recognize IP as beneficiaries and partners in a different form of development; to acknowledge capacity building as a key element for enabling IP to interact directly (without intermediaries) among themselves and with international cooperation agencies, national and local authorities, private institutions, and national and international market agents; to

strengthen technical and budget management capacities so that IP can achieve autonomous management; and to utilize technology based on what is used locally, valuing and improving traditional knowledge. PRAIA also recognized the importance of training as a foundation for sustainability, utilizing the talent and capabilities of both male and female indigenous leaders. There also remains the need to strengthen the ability of national and local governments to enforce laws and develop appropriate legislation for IP (IFAD 2003).

The International Fund for Agricultural Development learned from PRAIA that cooperation between IP and international actors demands that both parties make an effort to understand each other when faced with different ways of thinking. In particular, cooperation demands greater flexibility from donors in their implementation conditions. As mentioned earlier, all indigenous communities are different and projects vary, making flexibility necessary to achieve successful outcomes.

Finally, the Inter-American Development Bank (IDB) has also developed a strategy to address IP and globalization. According to the IDB, many IP are promoting a comprehensive development model that addresses challenges such as integration and globalization of markets and reduction of their poverty levels, while simultaneously maintaining their ethnic and cultural identities. This model is based on three reinforcing elements (Deruyttere 2004):

- (1) *Strengthening the traditional subsistence economy*: protect territories and natural resources while improving productivity levels in order to achieve food security and provide the space for cultural and ethnic reproduction.
- (2) *Reducing segregation and discrimination in labor markets and in the sale of products*: increase the capacity of IP to compete under equal conditions with other groups in society through: improved access to education, financial

services, labor regulations, and reduced ethnic, racial, cultural, or linguistic discrimination.

- (3) *Using the comparative advantages of the cultural, social, and natural heritage of IP:* coordinate knowledge and ancestral practices with a focus on business and efficient marketing and production technologies, and seek niches for quality products and services in high demand (ethno-tourism, medicinal plants, management of protected areas, craftsmanship, and forestry, among others).

In conclusion, important lessons have been generated by large projects financed by international donors such as the World Bank, IFAD, and IDB. Analysis of some key experiences in Latin America shows that some basic conditions are necessary in order for indigenous development to take place.

#### **IV. Elements of a Revised Conceptual Framework for Indigenous Development**

While some academics and practitioners were rejecting the model of development based on integrationist principles, the international standards on human rights were improved with the adoption of ILO Convention 169. Convention 169 abandoned the concept of integration, instead favoring recognition of cultural diversity and advocating for indigenous peoples' rights to maintain a separate identity from "national culture," and rights to land tenure and use, self-determination, and informed consent, among others.

The theory of ethnodevelopment was formulated as a response to well entrenched policies of integration and cultural assimilation, and orthodox models of development that placed excessive emphasis upon economic growth. However, there have been recent attempts to formulate a concept of development with identity that stresses the impor-

tance of recovering and reinforcing cultural traits of traditional communities such as social solidarity, communal work, and mechanisms for the redistribution of wealth.

Economic indicators have historically measured development, but there are many factors that cannot be quantified when working with indigenous communities. Accordingly, poverty cannot be defined only by modern economic criteria, such as using the value of a set basket of goods or monetary income. Limiting the definition of poverty to these criteria can leave the impression that IP are not modern, progressing populations but rather are going "backward." On the contrary, when working with IP and development with identity, new criteria must be adopted. It is essential to recognize that:

- the concept of reciprocity exists among IP communities;
- IP work communally when placing value on goods;
- IP often refrain from accumulating goods;
- IP are often in harmony with the natural environment.

Taking these factors into consideration runs counter to modern definitions of economic prosperity as equaling personal economic growth and accumulation. IP are accustomed to distributing wealth so that the community benefits as a whole. This is not conducive to individual accumulation of wealth (Maldonado 2004).

In reformulating a theory of indigenous development, several important aspects must be included: the issues of poverty and social exclusion affecting IP must be addressed; their essential human rights and collective rights must be recognized; their need to satisfy their basic needs and their ability to access the goods and services available to other groups in their national societies must be acknowledged.

First, there are preconditions necessary before multilateral institutions can fully support the economic development of IP at the community level. It is essential to work within national policy frameworks that recognize the existence of IP, including their collective land rights, human rights policies, and their unique linguistic and cultural characteristics. National and international policy frameworks must also provide IP with a certain degree of autonomy in terms of their participation in local development planning and decisionmaking processes. These public policy instruments must be in place in order to further develop key independent variables leading to ethnodevelopment.

One of the main issues for the self-determination of IP is the entitlement and management of their ancestral lands and natural resources. For IP, land is not seen as property that can be bought and sold as a commodity but rather it is Mother Earth, sacred and communal. When their land is gone, so is the basis for their existence as distinct peoples. Today, IP struggle to protect their lands and their resources from market forces that often ignore them. When secure tenure to communal territories exists, development is easier to achieve.

Project designs should systematically incorporate participatory mechanisms tailored to the specific political demands and social and cultural contexts of indigenous organizations and communities. This would enable indigenous representatives to participate on an equal footing with government agencies in the preparation, management, and evaluation of project activities. Likewise, strong social organization enables indigenous communities to mobilize and act. Multilateral institutions must invest heavily in strengthening the capacity of indigenous organizations and communities to plan and manage their own development initiatives.

Another key element in achieving sustainable ethnodevelopment is *auto-gestión*, a means of community driven self-management. *Auto-gestión* does not mean

self-management of a particular detail; instead it implies self-management of a total transformation that extends to every aspect of life. Finally, social capital has been identified as an integral component of social and economic development on both micro and macro levels. Social capital refers to the institutions, relationships, networks, and norms that shape the quality and quantity of a society's social interactions. The key to addressing social capital is participation: local participation in project design, implementation, and evaluation ensures that projects and policies make sense within the local context and fosters the support and ownership necessary to sustain the project once development workers have left.

Partly as a response to the above learning, some of the most important roles of the World Bank have been in supporting capacity building processes among IP and organizations, creating dialogue with national governments about their indigenous policies and programs, and cooperating with other international agencies such as the ILO, IFAD, IDB, and *Fondo Indígena*.

## V. Conclusion

In conclusion, there is a changing national and international context regarding indigenous rights and development in general, which is leaving behind indigenist or integrationist policies in favor of policies of social inclusion in a context of cultural diversity and the promotion of ethnodevelopment and/or development with identity. Ethnodevelopment is essentially the autonomous capacity of culturally differentiated societies to control their own process of change. The original key elements of the theory of ethnodevelopment are: the need for IP to strengthen their own cultures, assert their ethnic identity as peoples, and obtain recognition of their lands and territory for self-determination; and the need to self-manage their development process.

There are important lessons to be learned from the practice of indigenous development at the community and grassroots level that has been taking place for over half a century around the world. Important lessons are also being produced by large projects financed by international donors such as the World Bank, IFAD, and IDB. Analysis of some key experiences in Latin America show that in order for indigenous development to be successful, some new conditions are necessary, in addition to the original key elements, such as the necessity of building social capital in communities, and enabling both subsistence and cash incomes. Indigenous communities must go beyond simply revitalizing their cultures to a focus on interculturality. It is important to go beyond the assertion of ethnic identity, which can lead to confrontations, to active participation in the public policymaking process. Most importantly, methodologies addressing indigenous development must be flexible and tailored to individual cases.

While there are some successful cases of indigenous development, there are others facing serious challenges that are at risk of failing. We must learn from their weaknesses. For example, local governments often give low priority to projects for IP. Funding or-

ganizations, such as the World Bank, are not in a position to directly influence results; this is the Borrower's responsibility. As mentioned numerous times, no two projects are identical, and it has been noted that small projects often require the same effort as large projects from local governments and donors. Another weakness is found among counterparts and executing agencies, such as the national indigenous affairs agencies which are often unstable and weak institutions. Moreover, despite advances in legislation, the application and enforcement of laws and rights that affect indigenous communities remain inadequate. Finally, one of the greatest challenges is that indigenous development cannot be isolated from the globalization process. Today's political economy directly affects IP around the world.

In summary, the lessons still being distilled from both successes and failures need to be analyzed systematically in order to develop a better conceptual approach to indigenous peoples' problems of poverty and social exclusion, and to improve the practical implementation of indigenous development.

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# **Indigenous Peoples, Development with Identity and the Inter-American Development Bank: Challenges and Opportunities**

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## **Introduction**

Based on a summary diagnostic of the situation of indigenous peoples in Latin America, this paper proceeds to describe the mandate and recent developments at the Inter-American Development Bank (IDB) with regard to indigenous peoples. The IDB is currently preparing a Strategic Framework on Indigenous Development as well as an Operational Policy on Indigenous Peoples, to strengthen IDB's role in promoting "development with identity" of indigenous peoples and to safeguard the individual and collective rights of indigenous peoples in the projects and programs it is financing. These new policy instruments aim at mainstreaming indigenous issues across all IDB activities, drawing on the lessons learned in the decade since the IDB first adopted a mandate to proactively seek out projects and approaches to benefit indigenous peoples. Based on the lessons learned since the 1994 mandate on indigenous issues, the Policy and Strategic Framework will enhance and systematize best practices and serve as an important reference point for all IDB activities regarding indigenous peoples in years to come. A broad consultation process currently underway that will conclude by the beginning of 2005 will ensure that all stakeholders, but especially indigenous peoples, are involved in drafting these important documents.

## **Indigenous Peoples in Latin America**

There is no single definition of indigenous peoples, given the heterogeneity among the more than 400 ethnic and linguistic groups in the region and the different concepts used in legislation and census instruments of various countries. However, there is an increasing convergence among national and international legal frameworks toward recognizing indigenous peoples as descendants of cultures pre-existing the colonization era, occupying territories before the conquest and, regardless of their current legal status, maintaining some or all of their social, economic, political and cultural institutions. The self-identification criterion is a very important dimension of this definition.<sup>1</sup>

Even though official data in many countries are not very reliable—despite significant improvements in the targeting capacity and quality of census instruments and household surveys—indigenous peoples undoubtedly represent a large percentage of the population in Latin America. Most sources estimate the total number of indigenous peoples at between 40 and 50 million, or approximately 10 percent of the total population of the region. In Bolivia, Guatemala and Peru, the indigenous population constitutes half or

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<sup>1</sup> Based on ILO 169 Convention on Indigenous and Tribal Peoples in Independent Countries, adopted in 1989 and ratified by 13 Latin American countries, and the draft Inter-American Declaration on Indigenous Rights, prepared by the OAS.

more of the total population, and has high rates of demographic growth. In recent years, the conventional typology that drew a distinction between indigenous groups in the highlands areas and those in the tropical rainforests has expanded to take into account rapid urbanization processes in many countries such as Chile, Bolivia, or Mexico, increasing indigenous emigration to other countries, as well as internal displacement of refugees caused by violence and conflicts. Another important consideration in the context of increasing regional integration is the number of indigenous peoples living in border areas, occupying territories that span more than one country.

Well known for the richness of their civilization and natural resource endowment in the pre-Columbian era, indigenous peoples have suffered and continue to suffer from the expropriation of their ancestral lands, and from marginalization and impoverishment. IDB and World Bank studies, as well as poverty maps in different countries, show a high correlation between ethnicity and poverty levels when measured with conventional indicators. The data also show that indigenous women are among the poorest and most marginalized groups in society. There has been some improvement in access to health, education and basic infrastructure, as well as improvement in educational achievement, mortality rates and nutrition, as well as basic services coverage. However, these improvements are much less than those experienced by other sectors of the population. In other words, the gap between indigenous and non-indigenous groups in access to basic services has increased over the last few decades. On the other hand, there is a growing recognition by large sectors of the indigenous movement that conventional poverty indicators do not reflect indigenous views of what constitutes well-being and development. Many indigenous leaders are advocating the need to complement conventional indicators with those that integrate

indigenous values such as the quality of the natural environment, the degree of legal land security and the importance of social capital and cultural heritage within indigenous communities and organizations.

There is also a high degree of correlation between the location of indigenous lands and territories and high biodiversity and protected areas. In the last few decades, there have been significant improvements in national normative and institutional frameworks inspired by new international legal instruments, and promoted by ever stronger indigenous organizations that seek participation in their countries' democratization processes. However, despite increasing recognition of indigenous rights to traditional lands and territories, indigenous economies are vulnerable to the pressures created by advancing agricultural frontiers, hydrocarbon extraction, forestry, mining, as well as the roads and energy infrastructure created as part of the growing integration processes among countries that particularly impact indigenous territories straddling national borders.

### **The IDB and Indigenous Peoples**

Since 1994, the Inter-American Development Bank has formally recognized the correlation between ethnicity and poverty, and the importance of indigenous cultural and natural heritage for development, while promoting the systematic inclusion of indigenous issues in its policies and projects.<sup>2</sup> This proactive approach complements earlier, more reactive approaches to mitigate potential negative impacts on vulnerable indigenous groups of infrastructure projects in fragile ecosystems. Therefore, IDB activities have moved toward increasing the visi-

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<sup>2</sup> Board of Governors, Report On the Eighth General Increase in the Resources of the Inter-American Development Bank, AB-1704, August 1994, p. 22.

bility of indigenous peoples and promoting their participation in projects and programs in an effort to better meet the needs and demands of indigenous peoples. This process parallels the increasing visibility of indigenous peoples in their own countries and in the international arena, which is having a great impact on the definition of legal and institutional frameworks that address indigenous rights.

Indigenous peoples are endowed with important territorial, natural, cultural and social resources. Their rights over these resources are increasingly recognized, thus facilitating their potential for sustainable development. At the same time, their cultural, linguistic and traditional knowledge heritage is being dynamically revitalized and increasingly recognized as a source of cultural diversity and as an important asset to Latin American societies. The recognition of this cultural diversity is increasingly linked to the process of strengthening democratic institutions and of reducing poverty and inequality. However, despite these improvements, indigenous peoples still experience high levels of material poverty, exclusion and discrimination in labor markets, deterioration of their natural habitat and lack of access to appropriate social and financial services.

Based on a diagnostic assessment of the specific demands, limitations and opportunities of indigenous peoples, and based on the lessons learned from the IDB and other institutions' experience, the IDB is currently preparing a new strategic framework and operational policy on indigenous peoples within the framework of recent international mandates (Millennium Development Goals, the Quebec, Durban, and Johannesburg Summits, etc.) endorsed by the IDB and reflected in its new institutional strategy adopted by its Board of Directors in 2003. The strategic framework and operational policy intend to expand these strategic orien-

tations for IDB action in order to specifically target indigenous peoples.

### **Lessons Learned from the IDB's Experience with Indigenous Peoples**

Until the mid-1980s, IDB support for indigenous development was limited to relatively small specific projects (particularly through the "small projects program" to support productive activities). Since then, as a result of its experience in infrastructure projects with high impact on vulnerable indigenous peoples in tropical forests, the IDB started to systematically address the potential negative impacts of its projects on indigenous communities, as part of its environmental and social quality control procedures. In 1990, the IDB approved internal procedures—"Strategies and Procedures for Sociocultural issues relating to the Environment"—in an effort to prevent, mitigate or compensate negative impacts on indigenous communities. Starting in 1994, with the adoption of its Eighth Replenishment of IDB Resources Mandate, a more proactive approach was developed to complement the earlier reactive approach. This new Mandate specifically addressed the challenges and opportunities of participatory development, recognized the rich natural and cultural heritage of indigenous peoples and called for systematic and socioculturally appropriate inclusion of indigenous issues in regular IDB operations, through targeted components and specific methodological approaches (AB-1704, p.22). In 2001, the adoption of a Plan of Action on Social Inclusion, which includes indigenous peoples as one of its target groups, reaffirmed the previous mandate with more specific and quantifiable objectives and actions. Another important development was the preparation in 2003 of the strategic framework for citizen participation in IDB activities, which emphasizes the need for specific measures to ensure indigenous participation throughout

the IDB project cycle and consultation activities.

As part of the preparation of the new Strategic Framework on Indigenous Development, SDS/IND is currently engaged in a systematic analysis of IDB projects involving indigenous peoples approved since 1990. A preliminary analysis of this information shows a gradual and significant increase in the number of operations that include indigenous peoples as beneficiaries or target groups, implicitly or explicitly. This analysis, although limited by a lack of solid information on results, impact and other evaluation criteria, confirms that there has been improvement in the design of some IDB projects, especially when consultation and participation processes were incorporated in project design or when indigenous experts were part of the project team. Despite these improvements, there are still many weaknesses in terms of access of indigenous peoples to project benefits and quality of project services. The limited results of sector-focused projects (health, education, rural electricity, water, microenterprise development, etc.) in reaching indigenous communities, together with increasing indigenous demands for integral and participatory approaches, have led to demand-driven projects such as social investment and watershed management projects. The relatively marginal impact of these projects and their concentration on low-impact small-scale infrastructure works, fostered the emergence of a new generation of locally driven integrated community development projects, where the active role of indigenous communities and organizations in design, participatory planning and decentralized execution tends to strengthen local capacities and ownership by the target groups, thus enhancing the potential for long-term sustainability. However, these innovative projects are still in their initial execution phases and there is not yet solid documented evidence of their results and impact.

These IDB experiences are consistent with those of other institutions that are gradually mainstreaming participatory and local development approaches, as documented in the periodic meetings of the “Interagency Group for Indigenous Development” created in the early 1990s by the IDB and the World Bank. However, one of the main bottlenecks in further developing these innovative approaches continues to be the limited role of the state in promoting indigenous development and meeting the needs and demands of indigenous peoples, despite the significant strengthening of indigenous peoples’ organizational capacity and their increasing participation in national policy forums and political processes.

### **Strategic Approaches for IDB Action on Indigenous Peoples Development**

The objectives of the new Strategic Framework for Indigenous Development currently under preparation are to: (a) define strategic goals and priority areas; and (b) guide IDB programming and operations, through the definition of action guidelines and specific support mechanisms in order to mainstream “*development with identity*”<sup>3</sup> of indigenous peoples in the context of the institutional strategies approved by the Board of Directors in 2002 and 2003. *Development with identity* of indigenous peoples calls for a holistic approach to reduce material poverty, inequality and marginalization, increase access to socioeconomic development opportunities, and

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<sup>3</sup> The term “*development with identity*” originated in Bolivia in the early 1990s. Other concepts also used include ethno-development, self-development or endogenous development. These terms, however, do not reflect clearly the need to participate in national fora to reduce discrimination, nor do they refer to the need to promote intercultural spaces. In any event, the concept “*development with identity*” will be one of the issues covered in the consultation process that is underway.

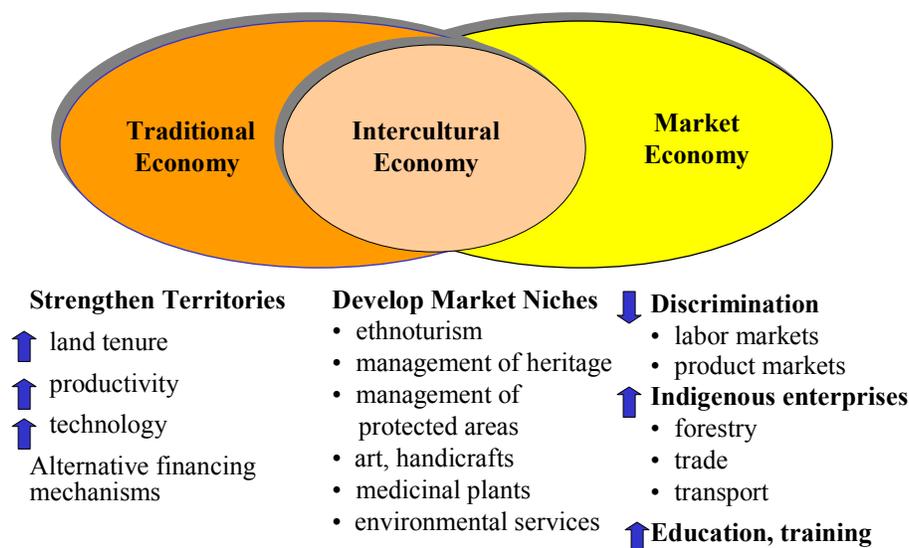
strengthen identity, cultural heritage, territories and natural resources, and social organization. The concept of *development with identity* is based on the premise that sustainable development requires prominent participation of beneficiaries and respect for their fundamental rights, and that development of indigenous peoples creates benefits for society as a whole.

The strategic framework proposes three principles for prioritizing IDB action, and helps systematize actions that are specifically focused on indigenous development in the seven Institutional Strategies of the IDB (poverty reduction, sustainable economic growth, social development, integration and competitiveness, modernization of the state, and environment) and in their Implementation Action Plans. This strategic approach entails promoting *development with identity* for indigenous peoples, especially in poverty reduction and social inclusion projects, by systematically considering the emerging vision of indigenous development based on three inter-related principles: (a) strengthen indigenous territories and self-management of indigenous economies and their natural environment, as the basis for sociocultural identity and to improve security in crisis situations; (b) reduce marginalization and discrimination in the national and global arena to facilitate better access to development opportunities and promote indigenous management capacities; and (c) enhance the potential of indigenous peoples' comparative advantages based on their natural, cultural and social capital to improve the well-being of their communities. Taking advantage of market niches that respond to increased demand for products and services such as eco- or ethnotourism, environmental services,

arts, handicrafts, forest products, organic produce, ethnopharmacology, and other products and services based on ancestral knowledge, indigenous peoples are improving their livelihoods while strengthening their natural, cultural and social assets.

Based on this strategic approach, IDB actions will be defined in the following priority areas:

- **Increase the visibility of indigenous peoples and their specificity.** In order to ensure mainstreaming of indigenous issues in development agendas, diagnostic assessments and poverty reduction strategies should include indigenous concepts on poverty and well-being, in addition to the conventional definitions and indicators, as well as analyses of the specific determinants of indigenous poverty and corresponding baseline data. Census and household data should include variables and indicators that provide public policy makers with the necessary knowledge on location, demographic characteristics and economic and social development indicators, to improve the targeting of development programs toward indigenous peoples, including a gender perspective. In national and regional policies and programs, it is necessary to promote recognition of indigenous peoples as a differentiated group within civil society, in the same way as it is being recognized in national legal frameworks. In project design and analysis it is necessary to promote the development and use of sociocultural analysis and participatory methodologies that recognize the specific nature of indigenous development and therefore promote policies and local institutions that reflect this.



- **Enhance indigenous capacity for managing development.** In the IDB's programming process, it is necessary to strengthen emerging tendencies to support projects that address indigenous demands and also incorporate integral perspectives that enhance local indigenous capacities for planning, management, execution and monitoring and evaluation of development projects, with socioculturally pertinent external support. This approach aims to overcome public existentialist policies by strengthening indigenous capacities for dialogue and negotiation with the government, promoting ownership and self-esteem in the target population, and allowing for a territorially integrated development process. At the same time, IDB actions should focus on strengthening governments' capacity to adequately meet the needs and demands of indigenous peoples.
- **Improve access and quality of social and financial services.** In order for in-

igenous peoples to access social services and participate on a level playing field in the economic arena, it is necessary to reduce or eliminate access barriers and increase the cultural adaptation of social services (education, health and housing), decrease segmentation and discrimination in labor markets and facilitate access to financial services, including alternative financial services to complement conventional credit mechanisms. This process should include consideration of local policies that promote savings and investment within indigenous communities, programs that facilitate the identification and development of economic opportunities where these communities have comparative advantages and resources, such as ethno-tourism, arts, handicrafts, forest products, organic produce, ethno-pharmacology and other ancestral knowledge; as well as provision of goods and services based on sustainable exploitation of natural resources in their territories and areas of influence, including hydrocarbon and mining resources.

- **Promote rights, legal norms and legal security.** Given the importance of indigenous ancestral lands and natural resources, their increasing recognition in international legislation, and their gradual integration into national legal frameworks, it is important to support and promote the application of legal frameworks that recognize indigenous peoples' rights, especially in the area of property and/or land use and natural resources, and especially in projects aimed at rural development, creation of protected areas, or land and natural resource management. It is equally important to promote actions that strengthen and apply labor and financial market regulations that help eliminate discrimination and obstacles to full and equal participation of indigenous peoples. Project components or design approaches that promote the articulation of specific rights and norms in areas such as intercultural bilingual education, intercultural health, and indigenous constitutional rights, need to be included in education, health and judicial reform projects. Another issue of increasing importance is intellectual property rights. For projects that do not specifically target indigenous communities but have the potential to impact them negatively, it is important to strengthen IDB instruments to prevent or mitigate negative impacts, while ensuring participation of stakeholders in decision-making.

In implementing these strategic approaches, the Strategic Framework and its accompanying Action Plan will include the following instruments:

- **Support to strengthen intercultural dialogue and consensus-building** at the national and international levels among indigenous peoples, the private sector, governments, and other sectors of civil society, to contribute to the adoption of

judicial frameworks and policies that promote “*development with identity*,” facilitate conflict resolution, promote a culture of respect, and generate less discriminatory and more equitable development for indigenous peoples and society in general.

- **Promote the expansion of IDB operations and technical cooperation projects** that promote integral and culturally appropriate development for indigenous peoples and communities, with an emphasis on local capacity building, planning and socioeconomic development, including entrepreneurial development.
- **Strengthen IDB standards and operational guidelines** with respect to projects with potentially negative impacts (especially on vulnerable populations), to guarantee the protection of indigenous rights and interests. An operational policy in this area should be considered.
- **Further cross-cutting and sociocultural integration** of indigenous needs and demands in sectoral projects that support production, environmental management, basic infrastructure (electricity, water and sanitation, local roads) and basic services (education, health and housing) to increase access and improve the quality of these services, and to foster a stronger sense of cultural belonging in urban and rural areas.

## Concluding Remarks

The IDB Board of Directors in the Profiles approved in March 2004 endorsed these concepts and approaches. Although they may undergo some changes and be further developed and operationalized, they reflect the vision and priorities which the IDB will use to strengthen its policies and programs toward indigenous peoples in the years to come. The IDB is inviting interested parties to comment on and contribute to this process

by sending inputs in electronic format or by participating in the many consultation meetings scheduled during 2004. Further information can be obtained at the IDB website: [www.iadb.org/sds/ind](http://www.iadb.org/sds/ind).

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# Fostering Change for Brazilian Indigenous People during the Past Decade: The Pilot Program's Indigenous Lands Project (PPTAL)

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## Introduction

This chapter analyzes some of the effects of the Pilot Program to Conserve the Brazilian Rain Forest Indigenous Lands Project (PPTAL)<sup>1</sup> on Brazilian indigenous policies and institutions over the past decade, and highlights some of the challenges for the years ahead. My contention is that by combining new and improved methods with more effective indigenous participation and partnerships, this internationally financed project has made a major contribution toward securing the 20 percent of Brazilian Amazon territory claimed by indigenous people and has also contributed to empowering indigenous people, altering the national dialogue and perception of indigenous peo-

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<sup>1</sup> The Pilot Program to Conserve the Brazilian Rain Forest is a joint undertaking of the Brazilian government, Brazil's civil society and the international community that seeks to find ways to conserve the tropical rain forests of Brazil. It is financed by the G-7 countries, the European Union, the Netherlands and Spain as well as by Brazilian counterpart funds. For more information, please consult the website [www.worldbank.org/rfpp](http://www.worldbank.org/rfpp). The Indigenous Lands Project (PPTAL) aims to improve the conservation of natural resources in indigenous areas and increase the well being of indigenous people by regularizing indigenous lands in the Brazilian Amazon and improving the protection of indigenous populations and areas. The project is supported by Germany (KfW and GTZ), the Rain Forest Trust (RFT) and Brazilian counterpart funds. For more information and analyses of various aspects of the project, as well as case studies, see the excellent two-volume collection of articles, *Demarcando Terras Indígenas I and II* (Gramkow, 2001; Kasburg and Gramkow, 1999).

ple and modernizing the National Indian Foundation (FUNAI).

It would be an error to overstate either the progress made in the past decade or the project's role in advances. Numerous issues pertaining to indigenous people remain unresolved in Brazil, including the need for an improved legal framework for the use and management of natural resources in indigenous lands; ongoing needs to protect indigenous lands from encroachment, invasions and illegal use; and the unrealized goal of improving collaboration between environmental agencies and indigenous people, embodied in the recent National System of Conservation Units (SNUC) legislation (Law Number 9.985, July 18, 2000). Yet if the changes that have occurred over the past decade are viewed in the light of the predominantly tragic and destructive 500-year history of indigenous people in Brazil with respect to their treatment by the national society, or even just against the backdrop of the twentieth century, the past decade appears rather remarkable.

To mention only a few changes that will be discussed at length below, first, with respect to securing indigenous lands, only 37 percent of all known indigenous lands in Brazil (526 areas) were demarcated and/or registered in 1990 (just before the project began to be prepared), whereas today 64 percent of the known 580 areas are demarcated and/or registered. In the past, indigenous "parks" or "reserves" were declared by the President without consultation or indigenous people

were consulted primarily by an anthropologist during identification, whereas today indigenous people participate more actively in almost all phases of identification and demarcation. In the past, FUNAI was predominantly a paternalistic agency with an operating model based on tutelage of indigenous people who were viewed as minors to whom the agency should provide assistance, whereas today this view is being replaced, albeit slowly, by a sense of partnership.

It should be stated at the outset that it would be an exaggeration to attribute these changes entirely to the PPTAL project. Rather, one must view the project as having been uniquely positioned to take advantage of openings in the overall political climate in Brazil with respect to its tropical forests and the inhabitants of these forests. The project has helped to catalyze changes, leading the way in certain areas such as land regularization methods, but always building upon changes occurring in the broader political context and among indigenous people themselves in Brazil.

The first section of the chapter will provide an overview of the history of indigenous people in Brazil with an emphasis on what has occurred in the Brazilian Amazon region since the turn of the 20<sup>th</sup> century. It briefly summarizes the history of the national society's attitude toward indigenous people, focusing particularly on the indigenous agencies and policies and rather ineffectual progress in securing and protecting indigenous lands. The second section provides the context for how the PPTAL project came about, as well as background on how it was negotiated during its preparation, some of the more contentious issues and how they were addressed. It explains the project's basic components, its unusual "open design" and procedural issues pertaining to regularizing indigenous lands. This includes a discussion of the implications of the passage of a new decree (Decree 1775) in January 1996 that revised the proc-

ess of indigenous land regularization one month after the project was approved. The third section focuses on the accomplishments of the PPTAL project—particularly in terms of land regularization, impacts on FUNAI and on indigenous participation—and examines some of their implications. The final section summarizes some of the challenges for the future.

### **Brief Historical Overview**

Various scholars estimate that before European contact in 1500, the indigenous population of Brazil was probably somewhere between three to eight million people. But as a result of continuous colonization of territory, economic forces, enslavement, land expropriation, warfare, disease and assimilation, Brazil's aboriginal population was largely decimated. The brutality and devastating impact of the first 300 years are extensively documented in John Hemming's (1978) *Red Gold: The Conquest of the Brazilian Indians*. Darcy Ribeiro's (1970) landmark *Os índios e civilização* documented the extinction of some eighty different indigenous groups between 1900 and 1957. Other historical information and more recent accounts of adverse impacts of contact and national policies can be found in Shelton Davis (1977), *Victims of the Miracle: Development and the Indians of Brazil*; Alcida R. Ramos (1984) *Frontier Expansion and Indigenous People in the Brazilian Amazon*; Mercio P. Gomes (2000) *Indians and Brazil*; and numerous other publications.

In 1910, Brazil established the Indian Protection Service (SPI), which was charged with the mission of protecting the indigenous population. By the 1950s, however, Brazil's indigenous population appears to have reached its nadir when it is estimated that there were only about 200,000 indigenous people left in the country, with approximately two-thirds in the Amazon region. SPI was

disbanded in 1967 when massive corruption in the agency was exposed, and the Brazilian Indian Foundation (FUNAI) was created in 1968. However, both agencies shared the dominant national view of indigenous people as exotic but somehow childlike people who were so different and uncivilized that they needed assistance to become more like everyone else, that is, more like non-Indians. Furthermore, although Brazilian legislation and constitutions since 1910 recognized the rights of indigenous people to exist on their own lands, there was a deep-seated national ambivalence toward acknowledging indigenous lands, especially as the number of indigenous people dwindled. Lack of comprehension about aboriginal cultures and the land-extensive livelihood adaptations caused many to question why so few “deserved” so much land or should “stand in the way” of national development, particularly in the Amazon region. In view of Brazil’s general policies favoring integration and assimilation of indigenous people into national society, the relative lack of progress in protecting or securing indigenous rights and lands, and renewed national policies and programs to integrate and develop the Amazon from the 1960s onward, most observers over the past few decades predicted only the grimmest of futures for Brazil’s remaining indigenous people.

Nonetheless, in the last 30 to 40 years, despite previous negative trends, “the Indians have been experiencing a new, unexpected, and extraordinary development that we may unabashedly call ‘the Indian demographic turn-around’” (Gomes 2000:2). Today, the estimated indigenous population of Brazil is approximately 370,000. It is too early to tell fully what this means, but it is a highly promising development. In addition, since the 1970s there has been continuing growth of a pan-Indian movement in Brazil and a proliferation of various types of indigenous nongovernmental organizations, from local to national in scope and representation. Particularly in the past decade, as this chapter

hopes to demonstrate, there has been significant progress in regularizing indigenous lands in the Amazon, as well as changes in and debate about national policies on Brazilian indigenous people. There are definite signs that the relationship between the State and the aboriginal inhabitants of Brazil is changing in some important and fundamental ways, which give cause for some cautious optimism for the future.

### **How the PPTAL Project Came About**

At the 1990 summit meeting of the Group of Seven (G-7) industrial countries in Houston, Texas, German Chancellor Helmut Kohl called for a pilot program to reduce the rate of deforestation of Brazil’s rain forests. Several months later representatives of the Brazilian government, the World Bank, and the European Commission worked together to outline a program. Approved in December 1991, it became the Pilot Program to Conserve the Brazilian Rain Forest, to which the G-7 countries, the European Commission, and the Netherlands initially pledged some US\$250 million. The goal was to create a new model of international partnership focused on environmental issues of global concern. The objectives were to help: (i) demonstrate that sustainable development and conservation of the environment can be pursued at the same time in tropical rain forests; (ii) preserve the rain forests’ biological diversity; (iii) reduce the rain forests’ contribution to the world’s emissions of greenhouse gases; and (iv) set an example of international cooperation between industrial and developing countries on global environmental issues.

The Pilot Program included five thematic areas for financing. The first theme was Experimentation and Demonstration, and sought to promote practical experiences by local communities and governments in conservation, sustainable development and envi-

ronmental education initiatives. The second theme, Conservation, promoted improved management of a wide variety of protected areas such as parks, national forests, extractive reserves and indigenous lands. The third was Institutional Strengthening, the fourth was Scientific Research and the fifth was Learning and Disseminating Lessons.<sup>2</sup>

Today it seems commonplace that indigenous lands were included in the Pilot Program, but the acceptance of international financing for work on indigenous issues in Brazil was not a foregone conclusion at the time. The Brazilian government had long been reluctant to accept international financing for indigenous activities because indigenous issues were seen as sensitive domestic concerns that could easily generate international criticism and controversy. International financing brings with it things that could easily be construed as international interference. In addition, the World Bank had been asked to coordinate the program and the Bank had in 1991 adopted its landmark Indigenous Peoples Policy, Operational Directive 4.20 (World Bank 1991). This policy emphasizes respect for cultural diversity and self-determination by indigenous groups, with considerable attention to land tenure and natural resource issues, indigenous rights and participation. It contains guidelines to be followed for any activity affecting indigenous people with which the Bank is involved. This policy required the Pilot Program's proposed project with Brazilian indigenous people to be screened and monitored for compliance with the Bank policy. Hence, the first important hurdle was to include an indigenous project in the Pilot Program at all, and that Brazil agreed to this was a significant development.

In 1988, Brazil adopted a new constitution that stipulated that all indigenous lands in the country would be demarcated by October 1993. However, despite this ambitious goal, less than 40 percent of the country's indigenous areas had been demarcated by the deadline. Numerous experts agreed that given the location of the majority of Brazil's remaining indigenous people in the Amazon region, together with the frontier expansion occurring there ever more intensely over the previous few decades, the most urgent priority was to work on guaranteeing indigenous people their lands. With respect to the Pilot Program's focus on protecting the rain forests, one of the most salient facts about indigenous people was that they had long used the forest ecosystem without causing major environmental damage. Their specialized knowledge and stewardship of natural resources are considered by many scientists to be exemplary and could provide a foundation for the development of more sustainable approaches to rain forest use and management. Furthermore, satellite maps of the Amazon region clearly show that existing indigenous lands contain some of the most pristine and undisturbed forests in the region. Hence, a consensus emerged about the importance and urgency of securing indigenous lands for indigenous people in the Amazon region and the design of the PPTAL stemmed from this priority.

For regularizing or legalizing indigenous lands, Brazil already had a relatively comprehensive legal framework that stipulated the steps to be taken. In addition, Article 231 of the Brazilian constitution states that indigenous people have primary, inherent, and unalterable rights to the lands they (i) permanently inhabit and (ii) use for productive activity, and which are necessary for (iii) the preservation of the natural resources on which they depend, and (iv) their cultural and physical well-being. Regularization of indigenous land in Brazil is the official recognition (by the State) and demarcation of

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<sup>2</sup> Further information about Pilot Program studies and publications can be found at: [www.worldbank.org/rfpp](http://www.worldbank.org/rfpp).

the areas where pre-existing rights of indigenous people pertain. In Brazil, indigenous lands are the property of the State; however, the regularization process recognizes and formalizes indigenous rights and specifically guarantees perpetual usufruct by indigenous people of their lands. While theoretically these rights are not strictly dependent on land regularization for their legitimacy, in practice it becomes vitally important that the State regularize indigenous lands.

Full regularization consists of three main steps: (i) identification and delimitation, (ii) physical demarcation, and (iii) regularization which refers to land registration and a final Presidential Decree. The responsibility for regularizing indigenous lands rests with FUNAI, although its parent agency, the Ministry of Justice, has the power to issue, or not, the *portaria declaratória* which is a crucial step between the identification and delimitation stage and the actual demarcation. The *portaria declaratória* is a published decree in which the State recognizes the legitimacy of the identification and delimitation, and hence is essential prior to any demarcation. Interestingly, during project preparation when timing was calculated for each task of each stage, only the issuing of the *portaria declaratória* had no timeframe and no deadline. It also was apparent that this was a point at which political pressure could be applied to slow down or stop the process, and in fact many indigenous lands had been identified but never demarcated because a *portaria declaratória* was not issued, sometimes even after many years. During preparation of the PPTAL, the issue of putting a time limit on the issuing of the *portaria declaratória* came up repeatedly, but the government was unwilling to change the rules of the game at that time.

During preparation of the PPTAL the details of how all the regularization tasks were carried out were discussed and examined with an eye to improving them. One issue was

that the anthropologists who worked on identification were unpaid volunteers, often busy with multiple activities and hence often delayed, sometimes for years, in delivering the essential identification reports necessary for delimitation. The project design team proposed to professionalize this function, and PPTAL contracts members of the identification team and pays them for their services. A second issue that was discussed at length focused on the need for environmental diagnostics of indigenous lands, especially during identification, to ensure a complete understanding of the indigenous people's relationship to their environment, including, for example, areas only used seasonally or areas vital to the ecosystem such as headwaters. Since environmental diagnostics were not part of the traditional identification procedures, funds were set aside in PPTAL to develop an appropriate methodology, train environmental specialists and include them in future identification teams. A third issue that received attention was the traditional method of demarcating indigenous lands by cutting a wide swath in the forest along the borders, which is expensive to do in remote areas and must be maintained due to forest regrowth. It was agreed that the PPTAL would commission a study on alternative methods of demarcation that would be tested subsequently in the project.

Three other issues were raised during project preparation for which satisfactory answers were not agreed at the time: (i) indigenous participation and empowerment; (ii) protection of indigenous lands; and (iii) natural resource use and management. The first and second were particularly interrelated. Essentially the regularization method traditionally followed by FUNAI was to send outsiders to carry out the various steps of the regularization. While an anthropologist was required to be part of the identification team, this did not ensure that the indigenous people participated fully in the process or in the subsequent demarcation. Usually, firms spe-

cialized in demarcation were hired to do this. Indigenous people might or might not be consulted by the firms and were occasionally hired as manual laborers. Consequently, there were cases where indigenous lands were created but the aboriginal inhabitants were not even fully aware of the new borders of their land as recognized by the State. With respect to protection of the indigenous lands, based on available data it was obvious that FUNAI did not have the police power, the budget or personnel to stop encroachment, and that other collaborating agencies (e.g., forest police) often did not carry out the functions. The small project design team in FUNAI, in conjunction with the German donors (KfW and GTZ) and the Bank—in line with OD 4.20—were oriented toward fundamentally altering regularization and protection activities to ensure the full participation of indigenous people in order to encourage territorial control by the indigenous people.

However, in the early 1990s the Brazilian government, already uneasy about the involvement of international donors and agencies in indigenous affairs, clearly expressed its reservations about actions or language that might imply sovereignty of indigenous areas. At one point the World Bank received an official communication from the government requesting, for example, that it use the term in English “indigenous people” rather than “indigenous peoples” because the latter implied sovereignty. Hence, in project documentation the emphasis on participation was relatively light and the term “territorial control” was not used. Instead the project proposed a series of studies of new methodologies that would subsequently be tested under the project. So the project “opened the door” to more participatory and locally based activities without forcing the issue or attempting to predefine changes.

The third issue was related to the legal aspects of natural resource use in indigenous

areas and conflicts between conservation units (under Brazil’s environment agency IBAMA as well as state and municipal environmental agencies) and indigenous lands. During project preparation, an NGO specialized in indigenous rights, NDI (*Núcleo de Direitos Indígenas*, which later joined several other organizations to form the Socio-environment Institute, ISA), carried out a series of studies of existing pertinent legislation and regulations (NDI, 1993, 1994). Numerous issues were shown to be unclear or ambiguous due to inconsistencies between different Brazilian laws such as the Constitution of 1988, the *Estatuto do Índio* (the Indian Law of 1973), the Forest Code of 1965 and others. There was an underlying assumption in the legal framework that the usufruct granted to indigenous people left them frozen in time insofar as it was expected they would primarily subsist in their areas but never commercially exploit natural resources. Usufruct did not extend to subsoil rights, which are held by the State. The rules and regulations for third-party concessions, for example, for mineral rights and timber harvesting, were not fully clear. In addition, in certain cases environmental conservation units overlap with indigenous areas; this raises unanswered questions about how to resolve possible conflicts between indigenous use and conservation principles. Further compounding the difficulty was the problematic relationship between FUNAI and IBAMA that continues to this day.

Although the use and management of natural resources in indigenous lands was the heart of the project, given the complexity of the issues involving legislative inconsistencies and multiple agencies the project faced limitations on what could be addressed. It therefore allocated funds for relevant studies and pilots, one for environmental diagnostics during identifications, and one for developing a methodology for ethno-ecological studies in indigenous lands. This was a compromise solution at best, as will be dis-

cussed later in the section on challenges ahead.

PPTAL included four components.<sup>3</sup> The first and largest was Regularization of Indigenous Lands and included all the steps toward regularizing indigenous lands in the Amazon. The second component, entitled Surveillance and Protection of Indigenous Areas, was left somewhat open but oriented toward assisting indigenous people in developing protection activities for their lands (and not toward financing governmental policing actions). The third component was Studies and Capacity Building, and the fourth was Support to Project Management. The total project costs were estimated at almost US\$21 million of which the multidonor Rain Forest Trust Fund would provide US\$2.1 million, Germany would provide US\$16.6 million (DM 30 million at the time) through the German Development Bank (KfW), and the Government of Brazil would provide counterpart financing of US\$2.2 million or 10 percent. In addition, Germany pledged to provide technical cooperation through its Technical Cooperation Agency (GTZ).

One of the most relevant aspects of the PPTAL design was its designation as an “open project” insofar as it was agreed that its initially formulated land regularization targets could be reviewed and revised on the basis of the annual priority list of indigenous lands (which is based on a system of prioritization reflecting degrees of vulnerability and threats described in the Project Memorandum of the Director, Annex 2, 1995). If funding permitted, more indigenous lands could be added to the original project targets. As will be described later, this open aspect of the project has allowed its scope to expand considerably over time.

Last, it is highly pertinent to note that in January 1996, only one month after the approval and signature of the PPTAL (in December 1995), Brazil adopted new legislation to revamp the process of indigenous land regularization. This was Decree 1775, which replaced the previous set of rules and regulations, Decree 22. Most domestic and international NGOs concerned with indigenous issues in Brazil protested the new decree, largely because of the addition of a civil administrative grievance procedure and a 90-day period of contention for non-Indians to challenge the identification and delimitation of indigenous lands (judicial grievance procedures already were and continue to be available). The primary concerns were the retroactive nature of the decree and the possibility that already delimited indigenous lands, as well as new ones, might be reduced in size if non-Indian claims were upheld. The World Bank, having signed a Grant Agreement predicated on Decree 22, carried out its own legal review of Decree 1775 and found that it did not negate the project’s legal contract insofar as the basic elements of regularization were consistent from one decree to the next. The German Government went further and issued an official position that it would not finance any indigenous lands in the PPTAL that had been reduced in size due to the new contention procedure. So far, the vast majority of claims and grievances against existing indigenous lands have been dismissed and the primacy of indigenous rights upheld. In the few cases where the Ministry of Justice used the new decree to mandate alterations in an indigenous area (Raposo Serra do Sol was the most notable case but not included in the PPTAL), these have also been subsequently challenged.

The positive aspects of Decree 1775 were somewhat overlooked in the storm of concern over the new grievance procedure. The most important new aspects of Decree 1775 were the addition of an environmental diagnostic to the identification procedures, and

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<sup>3</sup> For further details, see World Bank (1995).

the stipulation of a set timeframe for the Ministry of Justice to issue the *portaria declaratória* for newly identified areas. This Decree essentially opened the door for the revision and improvement of FUNAI's procedural manuals for all stages of indigenous land regularization. Most importantly, the new decree created an opportune moment for the PPTAL to promote studies and pilots for improving indigenous land regularization.

### **Accomplishments and Effects of the PPTAL Project**

*Land Regularization.* Since 1996, the PPTAL has identified 9.5 million hectares of indigenous lands and demarcated 34 million hectares in the Amazon region of Brazil. Altogether (including all steps), the project has contributed to advancing regularization of 45.4 million hectares, an area slightly larger than Germany, Belgium and the Netherlands combined. More than 90 percent of the original targets of 55 identifications and 58 demarcations have been completed. In line with the open nature of the project, the targets have been reviewed and expanded annually and currently stand at 101 identifications and 157 demarcations, more than double the original targets, and of these new targets 45 percent (45 indigenous lands) have been identified and 38 percent (59 indigenous lands) have been demarcated. Significant portions of the 59 indigenous lands demarcated have already completed the final steps of land registry and finalization by Presidential Decree. The project had been due to close in 2000 but because the work program expanded, the project was extended to the end of 2005. PPTAL has made an enormously significant contribution to securing approximately 20 percent of the Brazilian Amazon region as indigenous lands.

The land regularization progress has not been without problems, challenges and de-

lays. Over the years there have been highly productive periods, and other times when myriad problems combined to slow the work. Problems and challenges have included securing the right experts to work on identifications, getting teams into the field in a timely manner, delays in completing reports and evaluations, numerous problems with contracting due to complex Brazilian rules which occasionally change, and the perpetual problem of organizing work in remote locations and timing it with seasonal conditions. The PPTAL works closely with the FUNAI Land Department which, while one of the best departments in FUNAI, still suffers from some of the agency's institutional weaknesses, falling victim to bureaucratic, budgetary, and contracting problems, and one year even temporarily losing 80 percent of its staff. Sometimes local conflicts have affected the project; for example, neighboring ranchers used scare tactics to stop the work of an identification team in an area of Rondônia. In addition, more participatory methodologies have been tested, and have sometimes required more field time than traditional methods.

Nonetheless, the overall progress accomplished by the PPTAL in regularizing indigenous lands in the Amazon region is astounding. Given the previous decades of slow progress, the leap forward during the past seven years points to a number of positive factors, including the project itself with its additional budgetary resources, high domestic and international visibility and a dedicated team to push ahead; a far more receptive domestic political climate than has ever been the case; general cooperation within FUNAI itself; and the growing voice of an indigenous constituency with stronger indigenous organizations that can successfully represent multiple ethnicities and dialogue with national society and government, for the first time in Brazilian history. Because of its relative success in meeting its objectives, the PPTAL has even been dis-

cussed periodically as a possible “model” for reorganizing FUNAI.

*Improving Technical Standards and FUNAI.* As noted earlier, the PPTAL commissioned a series of studies designed to improve and test new regularization procedures. These included the development of a methodology for rapid environmental diagnostics during the identification of indigenous lands, alternatives to traditional demarcation methods, improved approaches to land tenure studies and resettlement issues pertaining to non-Indian inhabitants of indigenous lands, creation of a geo-referenced database on indigenous lands, and participatory methodologies. For example, the project developed a module for rapid environmental diagnostics and suggestions for how to integrate environmental specialists into identification teams that are now standard procedures at FUNAI. The study on demarcation alternatives led the way to alternative border marking methods such as the planting of perennials, new types of sign postings and the selection of only certain border sections for clearing, which has also helped reduce the cost of demarcations.

The net result of PPTAL’s work is that it has improved the existing technical standards for how land regularization is carried out. For example, indigenous definitions of their environment and their natural resource use patterns are included in the identification of indigenous lands and often are fundamental to justify the delimitation or selection of borders for a given area. Without an environmental assessment, an identification team could easily overlook indigenous use of natural resources in a given location, which perhaps may only occur in one season of the year and not during the visit of the outside team. While environmental diagnostics do not substitute for natural resource management plans for indigenous lands—which are likely to be contemplated in the near fu-

ture—they provide a foundation and important inputs for later management.

Over the years, the PPTAL, in close collaboration with FUNAI’s Land Department, has financed the development of a sophisticated geo-referenced database (Geographic Information System or GIS) on the indigenous lands in the project. The system is already functioning as an effective monitoring and mapping tool. There are plans to extend the GIS database system agency-wide, so FUNAI will have a GIS on all indigenous lands in Brazil. This system will be an essential tool in the future for improved protection of indigenous lands and perhaps someday, improved ethno-ecological management plans for natural resources.

Not only has the PPTAL revised and field-tested procedures, but as noted, these innovations are also being mainstreamed by FUNAI. The PPTAL has made important contributions to the revision of internal procedural manuals that needed to be updated after the adoption of Decree 1775. Thus, the PPTAL has contributed to raising the standards for all indigenous land regularization being carried out in Brazil. There may even be spillover effects to other Latin American countries, as various indigenous agencies elsewhere have begun requesting study visits to FUNAI and the PPTAL.

*Increasing Indigenous Autonomy and Territorial Control.* As explained above, the participatory and empowerment aspects of the PPTAL were not unduly emphasized during project negotiations, in part because of government concerns about the implications of ideas of indigenous sovereignty implicit in the term “territorial control” and also because of the predominant organizational culture of FUNAI which traditionally did not see the indigenous people as partners but rather as *coitados* (“poor things”) requiring protection and assistance. As a result, the

PPTAL worked rather slowly to experiment with participatory methodologies.

The first experiments with more participatory approaches were undertaken with respect to demarcations in which communities, indigenous and indigenist organizations participated as partners. Most of the participatory demarcations were proposed and developed by indigenous organizations together with the PPTAL. In these demarcations, of which the Indigenous Land Médio Rio Negro is an outstanding example, more communities were mobilized and the process strengthened the indigenous organizations themselves. In a number of cases, indigenous participation allowed the correction of boundary errors. Some engineering firms and some parts of FUNAI were initially reluctant about participatory demarcations, but over time the approach has become more commonplace. Although the long-term implications of high indigenous involvement with the demarcation of their lands is not yet known, the short-term benefits include empowerment of indigenous communities, greater dissemination of information about the land and natural resources and the need to protect them, as well as increased quality of the demarcation work. In addition, it has been observed that when indigenous communities better understand the process of State recognition of their lands, they become more vigilant in trying to maintain and protect their territories.

The second area where more participatory approaches were introduced was in the project component for surveillance and protection of indigenous lands. Rather than to attempt to bolster the police powers of governmental agencies (previous efforts had been largely unsuccessful), this component focused on “bottom-up” approaches such as local initiatives to help indigenous communities monitor and control their lands themselves. For example, the PPTAL, in collaboration with indigenous organizations and the nongov-

ernmental organization Friends of the Earth, installed 73 radio systems in 63 villages and 10 indigenous organizations. These radios have greatly improved communication among indigenous people and with the outside, including FUNAI. Indigenous people have reported how the radios help in a wide variety of ways from planning meetings to informing about illegal invaders. Other typical protection activities supported by the PPTAL have included planning strategic locations for agricultural plots, *casas de apoio* or sometimes even new villages near boundaries or in more vulnerable areas of the indigenous land. There is evidence that these activities have contributed to indigenous awareness of the importance and need to protect their lands and natural resources.

The third area where the PPTAL has supported greater indigenous participation is identifications, a crucial stage during which the boundaries of an indigenous land are determined. This work is at an earlier stage, but it includes attention to improved guidelines for identification teams and proposals for more time in the field.

Another significant achievement is that over time indigenous people have gained a greater voice in what and how the project would do. For example, when the PPTAL began it included what was at the time an innovative approach: a project advisory commission—composed of governmental and indigenous representatives—was formed to supervise and provide oversight for the project. At the time, the government insisted that this project commission should be consultative only and should have no decisionmaking powers. In 2001, the project commission officially requested that it be upgraded to have decisionmaking power; for example, approving (or not) the project’s annual work plan, priority list and protection activities to be financed. The government agreed. Another example is that during the project’s mid-term review, indigenous representatives re-

requested that a new subcomponent be added to strengthen indigenous organizations and provide training, technical assistance and capacity building. These new activities were subsequently incorporated into the project.

In summary, the PPTAL has helped to regularize a great many indigenous lands in the Amazon region, improve the way regularization is done, and empower indigenous people and organizations. It has contributed to improving the technical standards and techniques used by FUNAI and helped shift FUNAI's paradigm of working with indigenous people more toward a model of partnership. Despite these significant achievements, there are continuing challenges and difficulties. In particular, a major challenge for the future is how indigenous lands can be protected more successfully against outside encroachment and how indigenous people can use, manage, and conserve their natural resources but also allow for the sustainable development necessary for indigenous well-being as cultures change, which they inevitably do.

### **The Challenge for the Future**

It is evident that State recognition of indigenous lands is a necessary but not sufficient condition for improving the conservation and sustainable development of natural resources in indigenous lands and increasing the well-being of indigenous people in the Amazon region. The Amazon region encompasses about 5 million square kilometers and 61 percent of the Brazilian national territory, comprises 30 percent of the world's remaining tropical forests and contains some of the greatest genetic diversity on the planet. Other chapters in this book show clearly that the Amazon region is ceasing to be a highly remote, sparsely populated, underutilized frontier. In 1970, when a major drought hit Brazil's densely populated northeastern region and the then President of

Brazil, Medici, launched the first major Amazon development and colonization effort, the National Integration Program (Plano de Integração Nacional, PIN), he vowed "to take a people without land to a land without people." Today the Amazon region is home to 17 million people both rural and urban, including indigenous people, rubber tappers, nut gatherers, fishermen, and small farmers as well as an increasing number of agribusinesses such as soybean production, cattle ranching, mining, hydroelectric enterprises, and other industries—comprising a pattern of expanding economic and demographic occupation and use of the region's natural resources.

Hence, it is not enough that the region's indigenous lands have been regularized. The massive changes occurring in the region—even the recent efforts to expand the amount of land in conservation units—will all affect the aboriginal population. Despite centuries of indigenous populations living in relative harmony with their natural environments, one cannot expect sociocultural systems to remain frozen in time. In other regions of Brazil and elsewhere in Central and South America indigenous people in contact with expanding national societies have become some of the poorest of the rural poor. If the indigenous lands are not sufficiently protected from outside encroachment and invasions, if new cash needs lead to exploitative contracts with third parties who despoil the natural resources, if new ways to use and manage natural resources in indigenous lands that allow for sustainable development are not in place, the same process will occur in the Amazon region, and in fact has already begun.

As stated previously, the legal framework for use and management of natural resources in Brazilian indigenous lands continues to be inconsistent and poorly applied. A revised and updated version of the Indian Law, which regulates a significant portion of natu-

ral resource use questions in indigenous lands, has been under debate in Brazil for the past decade but still has not been adopted. In 2002, a FUNAI president was dismissed, apparently for questioning the interests of mining companies seeking to exploit minerals in indigenous lands. As previously stated, the new National System of Conservation Units (SNUC) seeks to strengthen collaboration among environmental agencies, FUNAI, and indigenous people, but so far this remains more a goal than a reality.

The PPTAL has made an important start by supporting the development and testing of a

methodology for ethnoecological studies in indigenous lands. Other nongovernmental organizations, including the Socioenvironment Institute (ISA), the Amazon Conservation Team (ACT), and the Center for Indigenous Work (Centro de Trabalho Indígena, CTI) have also been working in this area and made major contributions by collaborating on specific projects with indigenous people, including sustainable timber extraction, ethnomapping, and other initiatives. However, far more needs to be done if Brazilian indigenous lands are to be protected adequately and the natural resources sustainably managed and developed. This is the challenge for the future.

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# Community Management for the Sustainable Use of Forests: Conservation and Sustainable Management of Forest Resources Project in Mexico (PROCYMAF)

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## I. Process

PROCYMAF<sup>1</sup> was an innovative pilot for sustainable forest development that resulted from institutional cooperation between SEMARNAP (now SEMARNAT) and the World Bank. Its objectives were essential for optimizing the use and conservation of forests and for diversifying the options available to the agrarian groups that own these forests.

The design of PROCYMAF began at the end of 1995 as a result of a collective effort by SEMARNAP and the World Bank. The design process involved diagnosis and political consultation to define a mechanism for encouraging communal forestry that could provide income for *ejidos*<sup>2</sup> and communities. It also aimed to generate methodological, technical and operational instruments to strengthen sectoral policy.

The preparation of PROCYMAF was clearly participatory and was evidence of an institutional commitment to develop a new generation of projects. In the end, the project attempted to replace the vision of development derived from a unilaterally designed “top-down” scheme that extends benefits or ad-

vantages, with a vision in which the dynamic stimulus to local development originates from the notion that permanent dialogue is essential to development and to the long-term conservation of forest resources.

This process ended with a loan agreement signed by the World Bank and the government of Mexico on May 2, 1997, for a US\$15 million loan to finance part of the project.<sup>3</sup>

## II. Objectives

The general objective of PROCYMAF was to support a sustainable development strategy to stimulate schemes for: (a) improved use and conservation of natural resources by forest *ejidos* and communities; and (b) expansion of income options for the owners of these *ejidos* and communities based upon the use of their resources.

## III. Characteristics and Design

As noted earlier, PROCYMAF was implemented as a pilot project that aimed to strengthen awareness of the economic, social and environmental problems of the forest sector. This would be achieved through: (a) strengthening the technical competence of *ejidos* and communities in managing their forest resources; (b) updating the knowledge of the technicians and professionals who offer services to these producers; and (c) promoting activities and products other than

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<sup>1</sup> Excerpts from a report written by Ing. Manuel A. Reed Segovia, Ing. Carlos González Vicente, and Dr. Gerardo Segura Warnholtz. Mexico, December 2003.

<sup>2</sup> *Ejidors* are land-holding groups consisting of either indigenous or non-indigenous members with rights to communal resources stipulated by law under which an individual family has rights to an individual plot of land allocated by communal decision.

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<sup>3</sup> The loan amount was US\$15 million, to be repaid over 15 years, including a 5-year grace period.

timber that would generate new income options among landowners based on the natural resources of the forests.

An integral part of PROCYMAF was a strategy to build awareness through the following tasks:

- *Promoting and discussing* the proposed project activities in participatory spaces at the regional level to stimulate active and democratic intervention of agrarian groups interested in taking responsible actions.
- *Technical assistance studies* aimed at generating technical instruments to support decisionmaking at the community level with respect to the management and conservation of natural resources.
- *Training* for producers, technical and professional service providers and public servants to strengthen human capital that will help improve community management of forest resources.
- *Promoting use of non-timber forest products* to help producers to identify and test income-generating alternatives to timber based upon the use of forest resources.
- *Strengthening the normative and planning functions* of management activities and forest conservation.

#### **IV. Beneficiaries**

The project targeted *ejidos* and agrarian communities that owned or held forest territories in the states of Chihuahua, Durango, Guerrero, Jalisco, Michoacán and Oaxaca. Other beneficiaries included technical and professional service providers and the federal institutions involved in the forestry sector.

#### **V. Characterization of Beneficiary Producers**

Since the beneficiary producers lived in regions with very diverse biophysical and socioeconomic conditions, PROCYMAF's

economic conditions, PROCYMAF's design characterized *ejidos* and forest communities principally based on their level of organization to carry out or commercialize timber production.

This (i) allowed the general characteristics and problems of each type of producer to be identified; (ii) recognized systematic needs for technical and training assistance to address problems identified; (iii) defined the proposals to be supported by PROCYMAF by type of producer. In addition, the characterization was used to define the percentage contribution that each type of beneficiary who received PROCYMAF funding was required to make.

#### **VI. Cost, Sources of Financing, and Duration**

The total cost of PROCYMAF was 141 million pesos.<sup>4</sup> The World Bank contributed 80 percent of this amount. A little over 15 million pesos in local contributions were covered from the budgetary resources of *ejidos* and communities that benefited from the project.

The initial implementation period was 5 years (1997-2001), but the closing date was extended to December 31, 2003 because budgetary allocations were less than expected.<sup>5</sup>

#### **VII. Summary of Activities and Results**

PROCYMAF served more than 600 forest agrarian groups in the original six states

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<sup>4</sup> Originally, while PROCYMAF was being designed, the total estimated cost was US\$23.6 million (equivalent to approximately 180 million pesos at the exchange rate of 7.5 in 1996), of which 70% was to be provided by the World Bank.

<sup>5</sup> The original closing date was December 31, 2001.

considered (in Chihuahua, 31; Durango, 36; Guerrero, 90; Jalisco, 30; Michoacán, 110; and Oaxaca, 330), with a total population of 1,186,512 people. It also extended to the states of México, Zacatecas, Puebla, Veracruz and Chiapas and introduced producers to a vision of forest exploitation in which forest conservation is considered important. The principal activities carried out under the project and the results during 1998-2003 are summarized in the table below.

## VIII. Main Lessons Learned

The first stage of PROCYMAF provides ten lessons that make an invaluable contribution to developing a model for promoting community development processes for sustainable use of the forest.

### *1. Communal forestry, an efficient instrument for sustainable rural development, generates important social economic and environmental benefits.*

The *ejidos* and communities have demonstrated the capability of managing their resources in a responsible manner for the purpose of **commercial** production of forest products under a structure of collective ownership. The success of this model is closely related to the existence of considerable levels of social capital (which is based upon traditional forms of government); a minimal natural capital base (forest resources with commercial value) and technical and administrative training (human capital) of producers. The agrarian groups who have achieved major advancements in these areas have formed forest enterprises based upon social rationality.

COMPONENT/ACTIVITIES	NUMBER OF ACTIVITIES						TOTAL
	1998	1999	2000	2001	2002	2003	
<b>Technical Assistance</b>							
1 Regional promotion forums	32	62	60	71	129	136	490
2 Technical assistance studies	64	84	60	58	93	99	458
3 Pre-evaluations and evaluations for forest certification		2	2	4*	5	11	24
4 Participatory rural evaluations	30	12	12	9	18	32	113
5 Producers training courses	48	36	46	139	172	152	593
6 Community-to-community seminars	6	12	0	10	10	11	59
7 Selection and orientation seminars for PSTyP**	2	1	3	2	3	4	15
8 Continuing education courses for PSTyP	5	4	8	12	12	17	58
9 Investment projects for PFNM***		9	8	11	5	10	43

\* Re-evaluation to renew certificates.

\*\* PSTyP are Prestadores de Servicios Técnicos y Profesionales: Technical and Professional Service Providers

\*\*\* Non-timber and timber, non-traditional forest producers.

RESULTS/INDICATORS	1998	1999	2000	2001	2002	2003	TOTAL
1 <i>Ejid</i> os and communities supported through technical assistance studies	47	68	52	56	82	83	249*
2 Forest area under improved management (ha)	60,623	70,129	35,363	23,255	42,622	39,739	271,731
3 Certified forest area (ha)		26,886	32,436	8,613	55,613	23,765	147,314
4 Area with communal territorial decree (ha)		84,197	33,340	128,158	120,547	169,443	535,685
5 Trained forest producers	1,183	1,014	2,340	2,675	3,645	2,188	13,045
6 Seminar Assistants to and from communities	249	279	317	391	250	275	1,761
7 Technical service providers inscribed in the registry	46	46	89	75	166	254	

\* The total does not correspond to the sum of values for each year and indicates the total number of *ejidos* and communities that received technical assistant support during 1998-2003

The more advanced *ejidos* and communities have transitioned to more sustainable schemes for the use of their resources. They have earned certification for their good forest management, granted by external organizations that use international assessment criteria. Furthermore, investment has begun in the utilization of forest goods and services different from timber to diversify income options and implement more integral management schemes that focus on the ecosystem. In sum, these agrarian groups are contributing in a significant way to the conservation of areas with high environmental value and to the protection of biodiversity.

## ***2. Social capital is indispensable to encourage community forest development***

The extent to which a community or *ejido* is able to manage its collectively owned forest resources is closely related to the solidity of diverse types of social structures and linkages within the community as well as with public and private actors and civil society.

Social capital involves the construction of relationships of trust, solidarity, and cooperation. It also entails the creation of institutions, rules, procedures, and networks of cooperation that facilitate collective actions of mutual benefit tending to increasing productivity, reduce costs, and propel communal economic development.

The PROCYMAF actions most relevant to social capital focused on: (a) creating and strengthening permanent spheres of participation and consultation at the regional level; (b) recognizing and stimulating government organizations to work with agrarian groups; and (c) establishing a working relationship of respect and trust with the authorities of these groups during project implementation.

## ***3. Stimulating and strengthening technical capacities among producers generates more autonomous and efficient self-management dynamics.***

Enhanced human capital in *ejidos* and communities entails more solid processes of decisionmaking and higher levels of efficiency in the management, transformation and commercialization of forest products. Technical assistance and training, which generally are offered in situ, meet the specific needs of authorities, technicians, operational personnel of social firms, and other members of the community by expanding their knowledge, skills and abilities. Concretely, the emergence of professionals and technicians in forest management has enabled technical aspects of forest exploitation to be accomplished with less reliance on external consultants. This growth of human capital has stimulated increasingly autonomous and legitimate community management.

The development of forest *ejidos* and communities requires human capital as well as social and natural capital. State institutions and other external agents can strengthen or reconstruct these types of capital through their support. However, this support can have little impact unless the communities themselves also take the initiative.

## ***4. Community forest enterprises (EFC) promote productive behavior by ejidos and communities.***

Community forest enterprises (EFCs) have enabled producers to consolidate their productive initiatives and improve their operational and management capabilities for exploiting, transforming, and commercializing forest timber and non-timber primary goods. The EFCs are built on control of forest activity by *ejidos* and communities, are managed

using traditional practices of government, and follow a communal economic rationale with respect to the generation and fair distribution of social benefits.

To ensure their viability, these enterprises have developed strategies that make them competitive in local and regional markets but do not require them to renounce their social character. These strategies have been oriented toward diversifying income and investment options through vertical integration that increases the overall value of the products, while attempting simultaneously to improve efficiency and competitiveness.

***5. Technical and commercial inter-community relations contribute significantly to strengthening community management and developing a regional vision for the use of forest resources.***

Interactions among *ejidos* and communities with different levels of organization and advancement with respect to forest productive activities stimulate and build trust among producers who are beginning to encounter, or have encountered, obstacles in their business developments. With the creation of regional spheres of consultation and participation and in situ training schemes in which community members learn from one another through technical and commercial exchanges, communities that are advanced in particular aspects of forest activity have been able to share their experiences with others that are less advanced. These experiences have an even greater educational effect when the communities involved share a social vision for the exploitation of their natural resources and have similar biophysical and economic conditions.

These exchanges have also led to the creation of technical cooperation networks and the construction of second-level alliances and organizations involved with the produc-

tion and commercialization of timber and non-timber products. These linkages among producers speak of a new stage of maturity in communal forestry in Mexico, in which cooperation strategies are explored to access scale economies and advance toward the integration of regional production chains that permit agrarian groups to confront the challenges of the ever more specialized and competitive global market.

***6. Productive diversification based upon the exploitation of non-timber forest products and services expands income options significantly, in addition to generating social and environmental benefits.***

A considerable number of *ejidos* and forest communities have begun to invest in diversification. Essentially, the aim is to generate sources of income and employment especially for members of the community (women and youths) who might otherwise migrate to seek opportunities that are lacking in their immediate surroundings. Successful examples of this type of project include production of bottled spring water, exploitation of diverse non-timber forest products such as pine resin, edible mushrooms, and medicinal herbs, and ecotourism.

Diversification has occurred mainly in *ejidos* and communities where timber exploitation is the main economic activity and provides resources that can be invested in new productive ventures. However, the exploitation of non-timber forest goods and services has also been an important productive alternative in agrarian groups where forest timber resources have a meager commercial value.

However, it is necessary to warn that diversification entails diverse risks due to the producers' inexperience, lack of specialized technical assistance and appropriate technology, and poorly developed markets for many of the products. When the probabili-

ties of success of a new investment are uncertain, situations can arise that can endanger solid investments including those directed to the production of timber.

***7. Individualized, integrated, and sustained attention to ejidos and communities propels and strengthens more sustainable and permanent communal forest development.***

One of PROCYMAF's most important contributions is its model of personalized, continuing, and participatory support to producers. The productive schemes are built on recognition and respect for local economic, social and biophysical conditions at the organizational level, and on the rationale, vision, and needs of each agrarian group with respect to exploitation options for forest resources.

The constant technical promotion and support for the project in regional forums and other spaces for participation and consultation and in *ejidos* and community assemblies, together with individual efforts to disseminate and analyze options for supporting and following up on productive initiatives, have had an invaluable effect on strengthening community institutions and fostering broader and more democratic social participation in decisionmaking. It has also contributed to building or reestablishing trust among agrarian groups toward government institutions that operate awareness programs for the rural sector.

Traditionally, official policies and programs directed to the forest sector have been based on assumptions that ignore the logic of community decisionmaking and have underestimated the contribution that methodological, technical, and operational instruments can make to forest sector development. The

lesson learned was that sector development strategies can be strengthened at the community level by supporting only initiatives that emerge from the territory in question, where the target population is known, as well as its characteristics and the institutions through which it manages its contributions.

Community development processes take time to mature. They should be allowed to develop in a natural way, respecting the social dynamics and social rationality at every step. Trying to force changes to fulfill institutional goals is risky and could distort productive self-management processes that take a long time to gel.

***8. Technical and professional services are decisive for forest sector development of ejidos and communities.***

Technical and professional services for forest producers of *ejidos* and communities have been oriented to timber exploitation and, in many cases, the role of specialists has been undervalued. The project contributed to diversifying the supply and provision of professional services. It enabled forest professionals and experts in other disciplines to update, expand, and strengthen their technical skills in response to the specific needs of producers. It sought more integrated services, using creativity and compromise to prepare community development alternatives.

At the same time, forest producers' options were expanding as they accessed a wider, more competitive range of technical assistance, covering technical areas as well as social organization, management and conservation of natural resources, commercialization of products, and analysis of new markets.

***9. The experiences of PROCYMAF have strengthened and complemented the operation of other official programs and influenced the definition of sector awareness policies and strategies implemented by CONAFOR.***

PROCYMAF proved to be especially valuable in raising awareness of new strategies and reaching many *ejidos* and community forest producers in remote areas where the reach of other sector programs has been limited. These producers have been helped to identify and begin development processes that have enabled them to access and take advantage of other CONAFOR programs as well.

In addition, PROCYMAF coordination with various different forest development programs run by other federal and state government institutions has enabled investments to be concentrated on the productive development projects identified with support from the project.

***10. The design of the project helped it achieve its objectives.***

The design of the project helped to improve efficiency in the management of forest resources and to identify and help meet the needs of producers. It has also been possible to ask producers to contribute resources in compensation for the support provided by the project.

The experience has demonstrated that development of forest *ejidos* and communities is not linear and smooth. As a consequence of structural limitations in accessing markets, a high percentage of producers cannot expand in scale, or find their productive alternatives limited to exploitation of non-timber products.

It is necessary to develop a flexible project design that complements the different institutional arrangements and levels of advancement of agrarian groups with respect to their social capital and level of management of the use of forest resources. This could serve as a model for reorienting the support of government programs and for evaluating their impact on strengthening community institutions.



# The Indigenous and Afro-Ecuadoran Peoples Development Project (PRODEPINE I)

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## Background

The Indigenous and Afro-Ecuadoran Peoples Development Project (PRODEPINE I, 1998-2004), financed by the World Bank and the International Fund for Agricultural Development, was part of an experimental initiative started in 1993 in Latin America, designed to build pro-poor forms of social capital and promote ethnodevelopment. The project represented an effort to operationalize such concepts as “ethnodevelopment,” “social and human capital,” and “community-driven development” to address old realities. It sought to mobilize local resources and to direct new resources to the poorest segment of the Ecuadoran rural population, to be managed in accordance with their own visions of their problems and solutions.

It was the first time Ecuador borrowed resources specifically for investments to benefit poor indigenous and Afro-Ecuadoran populations by channeling resources directly through indigenous organizations, with the government playing only a minimal role. It was also the first time that indigenous federations and the Ecuadoran government implemented a project of “development with identity” or “ethnodevelopment.” This vision was built on the positive qualities of indigenous cultures and societies—such as their sense of ethnic identity, close attachment to ancestral land, and capacity to mobilize labor, capital, and other resources for shared goals—to promote local employment and growth.

Implementation of the project has required an explicit commitment to its technical focus from all stakeholders involved, use of professional criteria in selecting project personnel, and recognition of social inclusion as the driving principle for the project’s participatory frame-

work. Two aspects of project organization helped greatly to sustain this commitment. First, at the strategic level of the project, a decision-making and conflict resolution mechanism existed in which representatives of key project stakeholders were all able to participate. Second, a third party—in this case the stable Task Team of the Bank—acted as a broker, constantly reminding all involved of the project’s agreed core principles, and played an important role in consolidating the alliances that formed the foundation of the project.

PRODEPINE invested in local capacity building, small-scale demand-driven rural subprojects, land tenure regularization, cultural heritage activities, and institutional strengthening of CODENPE, the official institution dealing with indigenous peoples.<sup>1</sup> A combination of favorable factors led to the PRODEPINE’s preparation in the mid-1990s. First, indigenous peoples’ level of organization and capacity for social mobilization had grown substantially. Second, in 1994 the Government of Ecuador (GoE) created the National Secretariat of Indigenous and Ethnic Minorities (SENAIME), and initiated a series of contacts with donors to request support for SENAIMÉ and its proposed operations to benefit indigenous peoples and Afro-Ecuadorans. Third, partly in anticipation of the United Nations International Decade of the World’s In-

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<sup>1</sup> The total project budget was \$50 million: \$25 million from the World Bank, \$15 million from the International Fund for Agricultural Development, and \$10 million from the Ecuadoran Government and from beneficiary communities and organizations. Project preparation began in early 1995; the project was approved in early 1998 and became effective in September 1998. Implementation was completed in April 2003. A second phase was prepared during 2003 and was approved in June 2004.

indigenous People, in 1993 the World Bank started its own Indigenous Peoples Development Initiative. Thus, the institution was relatively well positioned to respond to requests such as that from Ecuador. Fourth, the existence of a strong ethnicity-poverty relationship as found by the Bank Poverty Assessment (1995) stressed the need for a targeted poverty intervention focusing on Ecuador's indigenous and Afro-Ecuadoran population. The fact that other rural development projects proved to have difficulties reaching out to this population further emphasized the need for a new approach.

While the national indigenous organizations were legitimate representatives of the project's intended beneficiary population, it was recognized that their particular strength was in the political and public policy arena. Given the project's orientation toward generating direct benefits for indigenous communities, it adopted a strategy of also working directly with second-tier indigenous organizations (these include a broad range of organizations linking communities with the national federations), which are usually based in small urban or rural towns accessible to their community-level member organizations. Since second-tier organizations have a closer relationship with indigenous communities, they are in a better position to know local needs and demands, are inclined to focus on providing services to their members rather than merely representing them politically, and in general have a more pragmatic agenda. During implementation, executing agencies included second-tier organizations, some third-tier organizations, and even a few municipalities where indigenous mayors and councilors had been elected recently.

The project was the first of its kind; and the Bank recognized that it did not have comparative advantage in all areas covered by the project. This made the International Fund for Agricultural Development (IFAD) a valuable and appropriate cofinancing partner. First, IFAD had two ongoing rural development projects that already worked closely with indigenous organizations at the local and regional level. Second,

IFAD had a strong interest in starting a rural development project targeting Afro-Ecuadorans in the coastal province of Esmeraldas. Third, IFAD's experience in financing rural credit programs complemented the Bank's experience in financing matching grant funds. This enabled the project to establish an integrated program of rural investments that could respond to a wide range of demands from indigenous communities, covering both public-good and private-good types of investments. Fourth, IFAD's more flexible stand on financing land purchases complemented the Bank's in-house financing possibilities and widened the range of options for financing land regularization and conflict resolution programs. Fifth, combining the Bank loan with lower-interest IFAD resources offered a more attractive financial package and lessened the chance that the government would lose interest in the project.

One of the first challenges in the project was to identify the indigenous peoples and Afro-Ecuadorans who were the intended beneficiaries. The two principal questions were: (a) whether the *mestizo* population living in the same areas would be part of the project's target population; and (b) how to settle the politically contentious issue of defining who is indigenous. To tackle these questions, the project adopted an approach that combined quantitative methods and geographic location with the notion of self-identification and community affiliation with second-tier organizations. Census information on indigenous and Afro-Ecuadoran population at the *parroquia* level was combined with data on poverty (an index of unsatisfied basic needs), to obtain figures on the level of poverty by ethnicity. Additional information was gathered in the field, particularly self-identification of communities as either indigenous or Afro-Ecuadoran, and membership in a second-tier indigenous organization. This information was then represented in an indigenous poverty map.

The quantitative analysis gave an idea of which *parroquias* had a majority indigenous and Afro-Ecuadoran population and which ones had a significant minority presence of those groups. Once

the *parroquias* were known, it was possible to identify the second-tier indigenous organizations that were operating in them. The project then formed an alliance with these organizations for implementation purposes, and accepted the membership eligibility criteria of the organization as the basis for targeting the intended beneficiary population in that particular *parroquia*. Depending on these locally defined criteria, the project would include the *mestizo* population to the extent that they were members of the second-tier organizations. Through this analysis the project targeted about 815,000 people who were members of indigenous and Afro-Ecuadoran communities in rural areas, and around 180 second-tier organizations operating in the 288 *parroquias* in which indigenous and Afro-Ecuadoran populations are concentrated.<sup>2</sup>

## Building Assets

### Social capital

Social exclusion, economic deprivation, and political marginalization are sometimes perceived as the predominant characteristics of Ecuador's indigenous peoples. But as they often remind outsiders, indigenous peoples are also characterized by strong positive attributes, particularly their high level of social capital. Social capital is manifested clearly at the level of the traditional community through informal networks of recip-

<sup>2</sup> The target population exhibits great cultural diversity, especially among indigenous peoples. The most numerous of the indigenous people are the Quichua speakers in the Sierra. They may be further subdivided by ethnic predominance, including the Otavalo, Carangui, Cayambi, and Quito in the northern region, and the Panzaleo, Puruha, Cañari, Salasaca, and Saraguro in the south-central region. The next largest group are the peoples of the Amazon region, including the Shuar, Achuar, and Quichua speakers of the lowlands, and the Waorani, Cofán, and Siona-Secoya. In the coastal region are found the Awá, Emberá, Tsachila, and Chachi, and other peoples such as the Huancavilca, Manteño, and Puna who have lost their language but retain strong indigenous cultural features. Afro-Ecuadorans live in both coastal and highland areas, although there is not as much diversity among subgroups as there is among the indigenous subgroups.

rocity and is strongly survival oriented. The challenge was to mobilize or build upon this type of relationship for development purposes and to work through more formal organizations that often require different types of collective action and hierarchies.

Therefore, besides language and their own sense of ethnic identity, the distinctive features of indigenous peoples include solidarity and social unity (reflected in strong social organizations). Other features include a well-defined geographical concentration and attachment to ancestral lands, a rich cultural patrimony, and other customs and practices distinct from those of Ecuador's national society, which bears a strong western influence (Salomon 1981). Some negative traits are also embedded in indigenous culture such as political and religious factionalism and particular forms of gender inequality. Nevertheless, the project aimed to mobilize this social capital as a platform for *ethnodevelopment* (Nieuwkoop and Uquillas 2000).

The ultimate aim of the project was to generate results and impacts that directly benefit indigenous and Afro-Ecuadoran communities in Ecuador. In order to achieve this, the project financed investments to improve the stock of human capital, financial and physical capital, and environmental capital at the disposal of these communities. In the process, it expected to build social capital in at least three different ways. First, the existing social capital would be complemented effectively by other forms of capital (i.e., strengthening pre-existing water users associations). Second, when social capital was weak, these additional resources—which in most cases were not individual goods—promoted collective management and solidarity among members.<sup>3</sup> Third, when the pre-existing social capital in traditional indige-

<sup>3</sup> John Durston, in his work in Guatemala, argues that native communities have latent social capital, disrupted and repressed during the civil strife in that country, but which now can be resuscitated and built up in an atmosphere of trust with a combination of physical and financial investments and organizational assistance (see Durston, 1998).

nous communities was different from and not necessarily contiguous with the type needed in modern administrative/economic and even social infrastructure management, the project stimulated the gradual extension of the original social capital into new fields, levels, or types of cooperation (e.g., women's solidarity credit associations, which have no equivalent in traditional Andean communities).

To ensure relevant use of these various types of capital, the project relied on participatory planning as a mechanism to facilitate an effective demand-driven approach and self-management as a tool to retain a strong sense of project ownership on the part of indigenous and Afro-Ecuadoran organizations. Investments in various types of capital, coupled with the focus on participatory planning and self-management as the basic principles for the project's operational procedures, formed the conceptual framework of the project.

The project also supported a range of activities that were specifically aimed at improving the institutional capacity of second-tier organizations, particularly where social capital was not strong. These activities included support for building management capacity and technical capacity with special emphasis on project preparation and management. The project also helped organizations to obtain legal status if needed. To emphasize the focus on ethnodevelopment, the project also supported activities that strengthened the identity and cultural patrimony of indigenous and Afro-Ecuadoran communities and their organizations. To make the investments of the project in human, environmental, financial, and physical capital more effective, social capital needed to be taken into consideration in the orientation and design of these investments.

### **Human Capital**

To increase the available pool of indigenous professionals both in quantitative and qualitative terms in the long run, the project entered into

agreements with 27 universities and colleges to provide formal education at high school and college level to indigenous students supported by the project. The project also supported students in disciplines that are particularly relevant for the *modus operandi* of the second-tier organizations, including community development, anthropology, and communications. Second-tier organizations proposed potential candidates for project support. Candidates were selected by the project based on their previous educational achievements. In order to increase the probability that students would remain in their communities and organizations after completing their education, the formal education program placed heavy emphasis on distance learning.

In addition to the formal training programs, the project supported short courses for professionals working in executing agencies. Courses included a wide range of topics, most related to participatory planning, project administration and management, procurement, and technical issues. These courses emphasized learning by doing, and so they were organized in close relation to the small-scale investment program financed by the project. The project also offered a limited number of internships in its regional offices. These internships provided an opportunity for young indigenous professionals to obtain exposure to the operational aspects of the project's rural investment program that could be of use for their work in the second-tier organizations.

By the end of 2002, 1,080 high school students (335 graduated) and 850 college students (67 graduated) had received fellowships from the project, 77 persons had received courses in irrigation, soil conservation, agro-forestry, and other topics, and 496 young men and women had benefited from an internship program in agroecology (World Bank 2002).

### **Environmental Capital**

The project supported a land titling and regularization program in collaboration with the Na-

tional Agrarian Development Institute (INDA). Given the sensitivity surrounding land property rights, the execution of this program was not in the hands of government officials but rather in those of locally trained *para-legales* of indigenous and Afro-Ecuadoran communities. In collaboration with CARE, the project supported a training program that aimed to reach about 100 paralegals and to establish a professional network for them. Given their local background and knowledge of participating communities and organizations, paralegals were in a much better position than outside government officials to effectively facilitate the resolution of land conflicts. The cooperation agreement between the project and INDA explicitly recognizes the integration of *para-legales* in INDA's operational procedures for land titling and regularization.

By the end of 2002, about 122,685 ha of land had been titled for 71 grassroots organizations and 97,312 ha were being processed. In addition, 160 paralegals had finished their training program. Furthermore, 458 community irrigation systems were studied, corresponding to 2,647 km and 37,194 users (World Bank 2002).



### Financial and Physical Capital

The project financed a substantive program of small-scale rural investments identified through a participatory planning process at the community level. Investments with a public goods character were financed through matching grants. Investments with a private goods character were financed on a credit basis. The use of traditional collective labor (*minga*) was accepted as the counterpart contribution of the communities for financing particular rural investments. Community enterprises were also financed under the project. These enterprises were typically some sort of small-scale agro-business venture owned by the community and operated by community members. After covering all relevant costs, including salaries of personnel, eventual profits were ploughed back into the communities and invested in social infrastructure (e.g., school,

health clinic, etc.). While these agro-business ventures might have been seen as private firms that should have been financed with credit, indigenous communities viewed them as public ventures, since the communities owned them and profits were used to finance public goods. The project accepted the latter definition, and so community enterprises were financed on a matching grant basis.

After about four years of implementation, PRODEPINE had supported the preparation of 210 local development plans, 1,918 subproject proposals and 830 preinvestment studies. It had also financed 654 small investment operations at over US\$12 million, which had involved an estimated total of \$4.5 million in additional community contributions. As a special activity targeting indigenous women, 547 community banks have been created, benefiting 14,022 members (World Bank 2002).

### Lessons Learned

Seven main lessons were learned, from the perspectives of the GoE implementing agencies.

1. *Collaboration pays.* The relationship among indigenous and Afro-Ecuadoran organizations, the World Bank, the International Fund for Agricultural Development, CODENPE, CODAE, and PRODEPINE has been one of learning from each other, making it possible to understand clearly the different ways of thinking that orient the behavior of each stakeholder.
2. *Define roles clearly.* The roles, functions and relations among CODENPE, CODAE, and PRODEPINE were clearly defined in order to avoid politicizing the project. CODENPE and CODAE have a *policymaking* role, while PRODEPINE is the Technical Unit for the *implementation of these policies*, based on the following guidelines: (i) a participatory approach to avoid the exclusion of beneficiaries and their representatives; (ii)

an agile structure and procedures to ensure project efficiency and efficacy; and (iii) acknowledgment of the different ways indigenous and Afro-Ecuadoran nationalities and peoples are organized. In order to avoid conflicts and better respond to the new legal and institutional framework, it is necessary to define the scope and role of indigenous organizations in the reconstitution of nationalities and peoples, and to work toward coordinating the different dynamics currently found in indigenous and Afro-Ecuadoran organizations.

3. *Resolve conflicts quickly.* PRODEPINE has not been exempt from internal conflicts, and in resolving them, we identified different types of conflicts. Several arose from a lack of information and inadequate participation, communication, and debate. In this case, we promptly made room for dialogue and reflection. Other conflicts arose from non-fulfillment of established agreements and consensus, in which case, we worked on developing a culture of fulfillment of duties and obligations.
4. *Ensure participation.* The experience of the PRODEPINE demonstrated a need to promote participatory planning of local development, in order to respond appropriately to the country's decentralization and de-concentration processes. The need is to train grassroots communities to organize their own research, systematically interpret their realities, propose the best solutions to their problems, and actively participate in building their own future and controlling their own destinies. The project experiences show that indigenous and Afro-Ecuadoran communities understand their problems well and should participate in decisionmaking processes related to solving those problems. PRODEPINE promoted stakeholder training and reflection, supporting them with instruments and enabling communities to jointly build their assessments and analyses and to identify rural development projects in a participatory fashion.
5. *Build self-development.* Some communities are still trapped in a welfare approach to development; the patronizing attitudes of the State and certain local governments, private companies, and NGOs do not help to overcome paternalism. Four years of activities in PRODEPINE were not enough to build a culture of development based on social participation, empowerment, and accountability. In addition, indigenous and Afro-Ecuadoran organizations need to develop prospective analyses, gather the lessons learned, systematize their experiences, and promote reflection, analysis and research. However, PRODEPINE contributed locally to building an ethic of resource management and promoted social participation and an intercultural approach. Now the challenge is to go from paternalism to empowerment, from isolated or sectoral focuses to integral visions, and from small, single projects to investment initiatives organized around long-term local development proposals. A second phase (PRODEPINE II) aims to help achieve this next step.
6. *Strengthen human and social capital.* The technical focus of PRODEPINE contributed to the formation of human and social capital by strengthening local capacities. The understanding that communities gained of the need to fulfill certain procedures and apply given methodologies in order to comply with technical requirements, ensure quality products and services and achieve the expected effects and impacts, disciplines local leaders and technicians and promotes a culture of planning, programming, and responsibility on the job. The experiences generated by PRODEPINE contributed significantly to the formation and improvement of local social capital, and demonstrate the importance of institutional strengthening for improving management capacity. This made it possible to include community demands on the agenda of local governments, promote institutional alliances, and form networks aimed to solve concrete development problems.

7. *Diversify sources of income.* The survival strategies of indigenous and Afro-Ecuadoran families combine various sources of income: agricultural activities, temporary labor, and migration. The economic viability of rural areas is not solely related to traditional agricultural production and farm wage labor, but also relies on the formation of microenterprises for production, promotion of different rural services, and in general any sector where men and women participate in employment- and income-generating activities. In the Andean areas of Ecuador, the average land parcel of indigenous families is less than one hectare; so increasing agricultural productivity is not necessarily the most appropriate way to reduce poverty. The promotion of food security through traditional crops often draws attention away from crop diversification, market opportunities, and increased income. We must understand that indigenous families with very little or no land are the poorest in rural environments, so aid should not be focused solely on projects to increase land productivity. Rather, it is imperative to expand the concept of rural development with a productive focus that takes rural-urban relations into account. Small to medium cities establish links with surrounding rural areas and promote opportunities for rural producers through the creation of centers that provide services or encourage trade and, in several cases, are where policy decisions are made that affect rural areas.

The lessons learned during the four years of PRODEPINE-funded rural investments point to several conclusions: (i) the sustainability of social infrastructure investments—classrooms, water for human consumption, electricity, rural roads, childcare centers, or health centers—is ensured when operational personnel and/or supplies are included in the budgets of local public entities (offices of the Ministry of Education, the Ministry of Health and/or Municipalities); (ii) in the case of community-operated infrastructure—community centers, radio stations, solar energy, or irrigation—administrative arrange-

ments should make it possible to fund operational costs and recover investments by charging tariffs for service use or other means that are socially accepted by the communities; (iii) with regard to investments supporting production and community productive infrastructure, despite the importance of social capital it is not possible to assign microenterprise roles to communities as a whole but rather to some groups within; (iv) there are several critical factors if productive subprojects are to succeed: they must respond to market demands, beneficiaries must assume risks, and users must be organized as microenterprises; and (v) ongoing training, the flow of information, and systematic field monitoring of local technicians are factors that enable qualitative improvements in the technical assistance of executing agencies and prevent local NGOs or technicians from interpreting community demands “in their own way.”

As a contrast to the vision of project “insiders,” below are the observations of an external evaluator of the project who has provided advice for a second phase, based on an analysis of selected subprojects implemented during the first phase:<sup>4</sup>

- Ideally, PRODEPINE’s successes should logically lead into other related projects in an accumulative and progressive fashion. It is unclear from the statistical record of the first round of PRODEPINE projects in the different regions whether this kind of progressive growth has occurred.
- In the second phase of PRODEPINE, it is essential to build directly upon the foundations already laid in the OSG communities. The next phase can solidify the experience gained by OSGs and their constituent members and help institutionalize a “culture of development” within local organizations. This would constitute an innovative break with past tradition where so many programs simply die after their first years, and com-

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<sup>4</sup> Doughty, Paul L. 2003.

munity-level projects are one-time, chance events.

- The second phase can make it possible to grow a “culture of development” that optimizes experience and continues to increase the shared values extant among the people and their communities. It is an opportunity for hope and promise to start becoming a reality, however modest, by demonstrating to people that the development accomplishments of the first phase were not “one shot” affairs.
- Learning any culture requires repetitive experience and consistent patterns of behavior that allow prediction with reasonable potential for attaining the outcomes expected and desired. It is cumulative experience that will coalesce as a “culture of development” with a meaningful set of operational values and principles to support it, based upon repeated experience, that validate the process. In effect, this kind of process would parallel the “business culture” being developed among the ranks of PRODEPINE’s sponsoring agencies. This is a logical goal for the overall program with respect to the Indigenous and Afro populations, if not all Ecuadorans.
- Several design features of the project seem particularly relevant for other operations of this kind. First, the design should reflect the capacity of indigenous peoples and ethnic or racial minorities to mobilize social capital and include efforts to consolidate and strengthen this capacity, including its cultural dimensions. Second, the design should incorporate a range of complementary inputs,

including the formation and strengthening of human, environmental, and physical and financial capital. The exact specification of interventions in these fields should take into account how they interact with and complement existing forms of social capital. Third, to ensure relevance of the activities financed under the project, its investments should reflect priorities established in local development plans elaborated in a participatory fashion. Fourth, to ensure ownership and ultimately the sustainability of the investments financed under the project, institutionalizing self-management should be a guiding principle for project implementation (Doughty 2003).

The Forest Peoples Program (FPP), a NGO established in 1990 in England to support forest peoples in their struggle to control the use of their lands and resources, provides another outside perspective. FPP has been a strong critic of World Bank compliance with its indigenous peoples policy, but recognizes that PRODEPINE (in its early phase of implementation) had made a promising start. A field review of the project carried out as part of a FPP study confirmed that the project was bringing real, tangible benefits to target communities in health, education, and community irrigation schemes, where the efforts being made by the project managers are warmly appreciated. Among key elements of the project which Bank staff themselves highlight as contributing to its success are: the project’s relative autonomy; shared decisionmaking which gives communities and indigenous spokespersons genuine involvement in project management; transparent procedures; and flexible operations. The project’s “ethnodevelopment” and “self-management” approach can be seen to work.

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# The Indigenous Communities Development Project in Argentina

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## Situation of Indigenous Peoples in Argentina

The indigenous peoples in Argentina continue to be the most marginalized. Lacking official census data, nongovernmental organizations (NGOs) and indigenous organizations have estimated that the number of indigenous peoples is between 800,000 and 2,000,000. It is believed that a very high percentage resides in rural settlements and in communities representing approximately three to five percent of the country's total population. These sources indicate that there are about 24 indigenous groups and more than 800 communities in the entire country. In some provincial cities, there is a very high concentration of indigenous families due to urban migration (CELS 2002: 5).

The last National Census of Population, Household and Housing of 2001 contained a specific question on indigenous descent. However, the

results are not yet known and the National Institute of Statistics and Census (INDEC) is working with representatives of indigenous communities on a complementary census.

## Legal and Political Framework of Indigenous Peoples

The 1994 Constitution of Argentina is a very important document that includes almost a dozen indigenous concepts in a single article. It offers a wide spectrum of securities by utilizing updated language referring to indigenous "peoples" as stated in Convention No. 169, *Concerning Indigenous and Tribal Peoples* (1989), which Argentina ratified on July 2000. Moreover, it recognizes the "ethnic and cultural pre-existence" of indigenous peoples with the collective right to their own identity. It also establishes the right to a "bilingual and intercultural education" (Art. 75, clause 17). Indigenous peoples in Argentina possess important rights over their lands, including

### Constitution of the Republic of Argentina, August 22, 1994

Article 75: Clause 17

...recognizes the ethnic and cultural pre-existence of indigenous peoples in Argentina. ...guarantees respect for their own identities and the right to a bilingual and intercultural education; recognizes the legal entity of their communities, and the possession and collective ownership of the lands they traditionally occupy; and regulates handover of other [lands] suitable and sufficient for human development; none of these [lands] will be transferable, transmissible, or susceptible to liens or seizures. ...assures their participation in the management of their natural resources and other interests which affect them. The provinces can currently exercise these functions.

<http://www.constitution.org/cons/argentin.htm>

acknowledgement of collective property ownership and participation in the management of natural resources. These collective land ownerships are non-transferable and will increase with the State's handover of "other suitable and sufficient [lands] for human development" (Barié).

## Project Background

The Indigenous Communities Development (ICD) Project began in 1997 with a grant from the World Bank's Institutional Development Fund (IDF). This grant was used for a program to strengthen the capacity of organizations and indigenous peoples in Argentina, including an emphasis on understanding programs financed by the World Bank. The program was carried out between January 1997 and December 1998, and was the responsibility of the National Center of Community Organizations (NCCO), which was part of the Secretariat of Social Development at the time.

One of the program's results was that indigenous organizations presented a series of initiatives containing specific proposals for the sustainable development of communities with ownership of their lands.

The World Bank pledged its technical and financial support for the project, and detailed design work began in October 1998. The project sought to establish an Indigenous Areas Pilot (IPA) to strengthen capacity to manage, use, and control the land and its natural resources, avoid capital-intensive activities, and promote activities based on the traditional culture of the indigenous communities who inhabit the areas.

## Project Summary

The main objective of the ICD project is to establish the basis for community development and for the protection and management of natural resources in the lands of indigenous communities. It includes social and cultural strengthening of in-

igenous communities, improvement of indigenous capacities for sustainable management, and capacity building within the communities. The project works with all government levels and other actors involved in the pilot areas and in activities with indigenous peoples outside the project. The project would develop "models," and extract lessons focusing on a future extension of the program in other indigenous areas. Three pilot areas were selected:

- the Mapuche of Pulmarí IPA, in the Province of Neuquén,
- the Diaguita-Calchaquí of Amaicha del Valle and Quilmes IPA, in the Province of Tucumán; and
- the Kolla of Finca Santiago IPA, in the Province of Salta.

## The Kolla Community in Finca Santiago

Finca Santiago (125,000 ha) is located in the Alto Bermejo basin in the Province of Salta. The population is concentrated in four communities: Isla de Cañas, Río Cortaderas, Volcán Higueras and Colanzulí. The indigenous peoples who inhabit Finca Santiago identify themselves as Kollas, which Magrassi (1982) defines as a "generalized denomination for the Puneños, their descendants, a few Quebradeños and even Vallistos, and every other population of Quechua-Aymara origin." The four communities targeted in the project, who inhabit Finca Santiago, are Kollas. They live a traditional Andean life with their cultural norms (such as the *Pachamama* or mother earth cult), pastoral economy, potato and corn agriculture, housing construction, traditional medicine, musical instruments such as *erques*, *quenás*, and *cajas*, rituals and social practices. They are descendants of the original inhabitants of the Northwest who established scattered settlements in the highlands of Puna and Quebrada de Humahuaca during the XIX century and differentiated themselves from other mestizos in the area. The Kollas' incursions in the Yungas lowlands may be very recent and

related to the nomadic system of cattle management.

### The Mapuche Communities in Pulmarí

The indigenous peoples inhabiting Pulmarí identify themselves as Mapuches, "*people of the earth*," descendants of the Araucanians of southern Chile. Textbooks commonly refer to their lifestyle as part of the "plains culture." Six communities live within 110,000 hectares of land administered by the Pullmarí Inter-State Corporation in the Province of Neuquén, in the locality of Aluminé. Long ago, the Pehuenches occupied the land in the southern plains of what it is now Argentine territory. "Pehuenches" is the tribal name taken by the Araucanians, signifying that they were "*people of the pine trees*" (*pehuén*: pine tree; *che*: people) because they settled among the pine trees of Neuquén and the Araucaria pine kernel was their staple food (COPAIDE 1987; Martínez Sarasola 1992).

### The Diaguita/Calchaquí Communities in Quilmes de Amaicha del Valle

The Diaguita/Calchaquíes Communities of Amaicha del Valle are located in the Tucumán portion of the Calchaquíes Valleys in the region of the Tafi Department, in the northwest of the Province of Tucumán. The Amaicha del Valle community falls within the Rural District of Amaicha del Valle and part of the Rural District of Colalao del Valle. The members of the Amaicha and Quilmes communities targeted by the project are part of the "mountain culture" and descendants of the Santa María culture, which settled in Tucumán, Salta, and Catamarca around the year 1000. The community is found within the limits established by the *Cédula Real* on 110,000 hectares recognized by the Diaguitas of Quilmes and is concentrated in five main settlements: the Collado del Valle, Bañado, Anjuana,

Tala Paso and Pichao, which are located in the areas of the Amaicha del Valle.

The project is implemented through three components:

- **Social and Cultural Strengthening of Indigenous Communities.** This entails activities to strengthen the capacity for self-development and to promote activities closely linked to traditional knowledge and culture.
- **Sustainable Use of Natural Resources.** The goal is to enable indigenous organizations to formulate natural resources management plans for indigenous areas by funding environmental and sociocultural analysis; assessment of resources; soil, water, and forestry planning and management services; specific mechanisms to reduce environmental risks; as well as preparation and execution of community subprojects (CSs) in the indigenous areas.
- **Project Management.** This component is intended to guarantee the efficient management of the project at the central and local levels.

The total cost of the project is US\$5.8 million, including a US\$5 million loan from the World Bank and US\$0.8 million from the Argentine government. This Learning and Innovation Loan (LIL) originally had a three-year duration (2000-2003), and was extended by another year until December 2004.

### Status of Indigenous Communities Development Project (ICD) in 2004

During its first years, the project encountered diverse difficulties and had disbursed less than 8% of the US\$ 5,800,000 available by the end of 2003. Beginning in August 2003, the Ministry of Social Development decided to carefully follow the project, a task that the Institutional Strengthening of International Financial Administration and Coordination Unit (*Unidad de Coordinación Administrativa y Financiera Internacional*,

UCAFI) of the United Nations Development Program (UNDP) concentrated on. As a result of this technical assistance, the problems facing the project's performance and management components were resolved by December 2003. The first community subprojects (CSs) were approved and loans were subsequently disbursed to the indigenous organizations.

The active participation of the Indigenous Consultative Council has enabled the project to continue, especially with the change in government, which brought about a change in the direction of Indigenous Communities Development.

However, by March 2004, the project continued to flounder, requiring strong intervention and follow-up by the Ministry through the UIFAC. Among the main issues to be addressed was the need to select a coordinator and sub-coordinator through competitive recruitment and to form a Project Execution Unit (PEU), staffed by professionals with experience in management and organization of internationally-financed projects or programs at the national level, to facilitate and accelerate the efficient execution of the ICD project. The Local Management Unit (LMU) needs to continue monitoring and following the project to ensure proper execution of the CSs.

This year the Ministry of Social Development, through the National Institute of Indigenous Affairs (*Instituto Nacional de Asuntos Indígenas*, INAI) and the Secretariat of Social Policy, has the task of considering the essential contents of indigenous policies. This implies the important task of establishing regional and national meetings of indigenous peoples to agree on common positions as well as areas for negotiation and agreements with national government representatives. It will also create an important stimulus for investigating and preparing judicial and legal proposals, to be supported by the IDC, within the framework established by the national constitution.

## **Lessons Learned**

### **1. Capacity-building is a valuable pre-investment**

Eight indigenous consultants were in charge of assisting the INAI team and the World Bank in the main aspects of project preparation. They arranged community meetings to discuss the options for sustainable development, gather information, recommend courses of action, participate in policy decisions, and act as a link between the indigenous communities and the INAI–World Bank team.

The previous training in project design, made possible through an IDF grant, aimed to strengthen the capacities of indigenous organizations to plan, administer, and participate in dialogue with the government. It created a group of indigenous leaders trained in World Bank and government project processes. It promoted skilled participation in project design and in monitoring of the entire project cycle.

### **2. Weak institutions generate significant management problems**

The institutions that deal with indigenous issues are generally weak and lack the political influence necessary to complete high-level negotiations without intervention from other institutions. An inadequate and overly optimistic institutional analysis was performed during project preparation and for a long time impeded finding solutions to the bottlenecks generated by the weak institutions.

### **3. The key role of provincial government relations with indigenous peoples in a federated country**

Despite being a project in which debt is completely assumed by the national government, the federal government setup makes it necessary to establish cooperation mechanisms with the provinces. This has not been accomplished in all cases and has undermined technical capacities at

the local levels. Furthermore, tension between the provinces and the communities has been accentuated by the federal government's direct intervention. However, it is important to all indigenous peoples that the country fulfill the relevant provisions in the Argentine constitution.

#### **4. The Indigenous Areas Pilot (IAP) Projects needed to respond flexibly as problems emerged**

The areas were selected on the basis of existing collective property ownership of land, without objective, systematic analysis to determine the priority areas. In two out of three IAP projects, legal problems complicated the project's initial execution. The selection criteria for the areas to be incorporated are being revised with GoA. Flexibility is necessary to enable the project to expand to new areas and to accelerate project execution. The institutional framework for the project has been redesigned by utilizing new tools and coordinating the IDC project with large national plans for feeding, productive, and infrastructure programs.

#### **5. The project's scale influences the national government's commitment**

Compared with other large programs, such as the Head of Household (US\$600 million), the small LIL credit of only US\$6 million does not get attention from those executing it. It would be better to formulate larger and broader projects, perhaps as part of an Adjusted Programmatic Loan.

#### **6. Lack of official project ownership**

The communities involved, the relevant national and provincial indigenous organizations, and the World Bank have guaranteed the survival of the project until now. The World Bank has sup-

ported the project with its political, administrative, and technical structure. However, there has not been a similar commitment from intermediate levels of the government. This raises questions for the World Bank about who the client is, and how to sensitize the relevant parts of the government about indigenous issues. Fortunately, there are strong signs that the Ministry of Social Development is willing to make the necessary changes to accelerate project implementation, which has been welcomed by the beneficiary indigenous communities and the World Bank.

#### **7. The role of the communities' authorities**

It is important to back communities, so various mechanisms of support to community authorities must be included in the project. This helps guarantee the continuance of the project and plays a key role in providing incentives for social participation.

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## **Annex: The Main Actors**

### **Project Execution Unit (PEU)**

The Project Execution Unit (PEU) functions within the National Institute of Indigenous Affairs (NIIA), although the NIIA itself has little involvement in the project. The PEU is responsible for the execution of the project, and is led by a director and sub-director. The PEU has a technical team of professionals in different thematic areas along the lines of the project, recruited by the NIIA. The weaknesses of the PEU are: (i) its scarce knowledge of World Bank procedures; and (ii) leadership turnover—a director and sub-director were in place from November 2002 to July 2003, but an interim director and sub-director were appointed from October to December 2003. The PEU's strength lies in its knowledge of indigenous affairs and in having made progress with community work despite institutional instability.

### **International Financial Administration and Coordination Unit (UIFAC)**

The International Financial Administration and Coordination Unit (UIFAC) functions within the Ministry of Social Development (MSD). It is responsible for administrative and financial activities, and has at least two coordinators. The

UIFAC's low level of involvement at the beginning of the project may be due to the low amount of funding for this project compared to other projects in the MSD. One of the weaknesses is the lack of communication between the PEU and UIFAC. Positive aspects include its decision to continue with the preparation of CSs in the communities and the technical contributions made by its staff.

### **Consultative Council (CC)**

The Consultative Council (CC) could hold meetings with the PEU, UIFAC, or in the Indigenous Areas Pilot. To date, it still does not have internal bylaws by which to function. The internal elections of the local councils can modify the term length of the CC members. The CC's strength is its members' high degree of commitment to the project.

### **Local Operations Unit (LOU)**

The Local Operations Units (LOUs) comprise coordinators, promoters, administrators, and partially formed groups of technicians recruited under the Lending Agreement. A point of strength is LOU members' high degree of commitment. A weakness is the LOUs' poor knowledge of the procedures required by the government and the World Bank.

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# Indigenous Peoples Natural Resources Management and Biodiversity Conservation: The Matavén Forest's Conservation and Sustainable Development, Colombia

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## Introduction

*Conservation and Sustainable Development of the Matavén Forest* is a Global Environmental Facility (GEF) Medium-Sized Project (MSP). The project's executing agency is a Colombian NGO named ETNOLLANO. In addition, an indigenous organization named ACATISEMA has been thoroughly involved throughout the project's execution. The World Bank is the implementing agency.

The project's objective is to support indigenous communities in the Matavén Forest in managing and conserving natural ecosystems, thereby improving their overall quality of life and preserving their natural and cultural heritage. The rationale behind this project is that conservation based on relationships among personal health, nutrition, and natural resources is profitable to local communities and constitutes the only alternative to an extractive economy. The sustainable use of natural ecosystems assures the local population's future, health and well-being, while protecting globally significant biodiversity in the Matavén Forest.

## The Colombian Context

Colombia is generally recognized as one of five "mega-diverse" nations in the world and has one of the highest concentrations of species per unit area (Mittermeier 1998). The country is home to about 15 percent of all known terrestrial species, including the largest number of species of birds and amphibians in the world, and one of the largest numbers of vascular plants and vertebrates. Colombia has 18 ecoregions, the second highest of all countries in Latin America

(WWF/World Bank report 1996). The ecosystem map of Colombia identifies 65 ecosystem types (Alexander von Humboldt Institute 1998).

According to post-census studies by the National Department of Statistics (DANE), in 1997 Colombia's indigenous population comprised 785,356 people belonging to 82 different ethnic groups (National Development Plan 1998–2002). Most (83.9 percent) of these indigenous peoples live in 534 reserves covering 29.8 million hectares (nearly 28 percent of the national territory). This cultural diversity provides a great wealth of traditional knowledge regarding natural resource use and sustainable management. Furthermore, most indigenous reserves are covered by natural forests containing a significant share of the country's biodiversity (World Bank 2003).

Colombian legislation includes several recent developments regarding indigenous lands, or *resguardos*. According to the Constitution, *resguardos* are held in perpetuity by indigenous peoples and cannot be sold. These ancestral territories are considered to have always belonged to indigenous peoples. Legal recognition brings with it the acknowledgment of collective indigenous rights to the soil and forest resources contained within these territories (Article 330, Political Constitution). These indigenous territories have a status equal to that of municipalities (Article 357, Political Constitution) and as such are entitled to receive state payments (*transferencias*) for health, education, and social programs, and to meet their local governance responsibilities through the *Sistema General de Participaciones* (Gaia 2004).

The 1991 Political Constitution defined the political-administrative and financial decentralization of Colombia, including the division of the nation into departments, municipalities, indigenous territorial entities (ETIs), provinces, and regions. The establishment of ETIs is to be regulated by a legal process (*Ley Orgánica*), which has yet to be passed by Congress. Meanwhile, the law allows indigenous organizations known as Associations of Traditional Indigenous Authorities (AATIs) to be conformed and legally recognized (Gaia 2004).

Decree 1088 of 1993 recognizes AATIs as “special character” public entities, responsible for the political and administrative management of their respective territories. Local communities select AATI members, who are usually elders. It is their responsibility to define and implement, in collaboration with the communities, local plans for sustainable development and environmental management. The AATIs coordinate their programs through inter-administrative agreements with the regional and national governments, and with state funding from *transferencias*. In some areas of the Colombian Amazon, AATIs have acquired considerable experience over the last decade, while in other regions they still have not been conformed.

In summary, indigenous peoples are required to define their own development land use plans, which are reviewed by the Ministry of the Environment and then approved by the relevant authority of each indigenous organization. These plans provide the framework for land use and environmental planning and sustainable use of natural resources in the *resguardos*, or ETIs, based on their traditional knowledge. According to Law 388, all municipalities must define a ten-year plan regarding land use and environmental planning (*Plan de Ordenamiento Territorial*, or POT).

## **GEF Portfolio and Indigenous Participation**

Colombia’s outstanding social and natural endowment is reflected in the country’s current GEF portfolio which falls largely within the biodiversity thematic area and includes initiatives under four different Operational Programs (OP2, OP3, OP4, and OP12.) The various proposals, at different stages of preparation and implementation, target key representations of the county’s wide spectrum of ecosystems, geographical areas, environmental and social issues, from the Andean *Páramo* to the Amazon Forest, and from the Pacific Coast to the Caribbean. Almost half of the projects work with or are closely related to indigenous communities. While GEF’s range of initiatives is justified by the country’s social and ecological diversity, its interventions call for a coherent and strategic approach that optimizes resource allocation, ensures synergies and complementarities within the GEF biodiversity window, and maintains coherence with national priorities, policies and plans.

The Colombia GEF biodiversity projects share a common vision and strategy whose main characteristics are: 1) conservation of globally important biodiversity through the sustainable use of natural resources; 2) identification and removal of barriers to sustainable production systems, as part of a strategy to prevent biodiversity loss; 3) local community and civil society participation in defining and executing the conservation strategy; 4) identification and implementation of a broad range of protected area management categories for a more comprehensive conservation strategy, and 5) decentralized environmental management at the regional and local levels, as a necessary factor for the success of any biodiversity conservation strategy.

The World Bank biodiversity conservation and natural resource management portfolio in Colombia consists of eight projects. Six of the eight are under implementation and two are under preparation. Summary project descriptions follow.

Under implementation:

**1. Conservation and sustainable use of biodiversity in the Andes region.** This full-sized GEF project is executed by the von Humboldt Institute (National Biodiversity Institute). The project's development objective is to increase conservation, knowledge, and sustainable use of globally important biodiversity in the Colombian Andes, within OP4–Mountain Ecosystems, and OP3–Forests. The project started in September 2001.

**2. Regional (Nicaragua, Costa Rica, Colombia) Integrated Silvo-Pastoral Approaches to Ecosystem Management.** This is a full-sized GEF project whose executing agencies are Nitlapan (a Nicaraguan NGO), CATIE (Costa Rican Research Institution), and CIPAV (a Colombian NGO). The project's objective is to improve ecosystem functioning in the three countries by developing intensified silvo-pastoral systems that provide global ecological services and local socioeconomic benefits, within OP12. In Colombia, the area selected for the project is "La Vieja" corridor in the departments of Quindío and Valle del Cauca which connects the protected areas of Las Hermosas, Los Nevados, and Tatamá Natural Parks. The project start-up date was August 2002.

**3. Caribbean Archipelago Biosphere Reserve: Regional Marine Protected Area System.** The executing agency for this medium-sized GEF project is CORALINA (Regional Environmental Authority). The project's objective is to conserve biodiversity and ensure sustainable use of coastal and marine resources in the Archipelago, while enhancing equitable benefit distribution for the community, within OP2–Coastal, Marine,

and Freshwater Ecosystems. The project started in September 2000.

**4. Capacity Building for the Implementation of the Cartagena Protocol on Biosafety in Colombia.** This is a medium-sized GEF, with the von Humboldt Institute as the executing agency. The project's development objective is to increase capacity building in biosafety in Colombia, within OP14, as part of other biosafety pilot projects. The project start-up was January 2004.

**5. Naya Biological Corridor in the Munchique-Pinche Sector.** This is a medium-sized GEF project with CIPAV as the executing agency. The project objective is to establish the Naya Biological Corridor in the Munchique-Pinche sector of the Chocó bioregion through participatory methods, within OP3 and OP4. The project's rationale is the conservation and sustainable use of biodiversity and the development of strategic land use planning in the Naya Corridor. The participation of stakeholders, including indigenous groups, is a cornerstone in the conservation and establishment of activities which encourage biodiversity-friendly agricultural production. The project start-up was February 2004.

**6. Conservation and Sustainable Development of the Matavén Forest.** This is a medium-sized GEF project, executed by ETNOLLANO, a Colombian NGO. The project's objective is to support the indigenous communities of the Matavén Forest in the sustainable management and conservation of the natural ecosystems, thereby contributing to improved quality of life and preservation of their natural and cultural heritage. It falls under OP3–Forests, and the project start-up was in June 2001.

Under preparation:

**1. Strengthening of Indigenous People for the Preservation and Sustainable Use of the Colombian Amazon Ecosystem.** This full-sized GEF project, whose executing agency is Fundación GAIA, seeks to promote conservation of the Colombian Amazon's tropical forests by

supporting integrated management of natural resources in indigenous territories and strengthening indigenous communities' capacity to preserve the traditional landscape of the Amazon forest ecosystem and its biodiversity. The project will support the preparation and implementation of life plans by indigenous communities; these plans will define their long-term strategy to ensure the conservation and sustainable use of biodiversity. (GEF PDF-B approval: March 2004.)

**2. Conservation of Biodiversity in the Sierra Nevada de Santa Marta.** This is a full-sized GEF project whose executing agency is the Fundación Prosierra Nevada de Santa Marta, a Colombian NGO. This project's objective is to conserve, restore, and promote sustainable use of the mosaic of tropical ecosystems in the Sierra Nevada de Santa Marta, within OP4–Mountain Ecosystems, and OP3–Forests.

There is no geographical overlap among these projects. However, there are interesting synergies among most of these projects, namely: Conservation and Sustainable Development of the Matavén Forest, Conservation of Biodiversity in the Sierra Nevada de Santa Marta, Community-Based Management for Conservation of the Naya (Chocó), Strengthening of Indigenous People for the Preservation and Sustainable Use of the Colombian Amazon Ecosystem, Conservation and Sustainable Use of Biodiversity in the Andes Region, and Integrated Silvo-Pastoral Approaches to Ecosystem Management. The first four projects work with indigenous communities and all six work on land management and sustainable use of biodiversity. A mechanism for sharing experiences among projects has been incorporated into project design, and includes exchange program visits, and the creation of a network of communities working on the same issues in different geographical areas.

## **Conservation and Sustainable Development of the Matavén Forest: Principal Outcomes**

A major project achievement was obtaining the national government's recognition of indigenous land rights over 904,236 hectares encompassing the central region of the Matavén Forest. This project is among the most important conservation initiatives led by indigenous groups, because it was linked to a comprehensive organizational and land governance process. As an important by-product of the project, Matavén boasts its own association of indigenous authorities (ACATISEMA), which has been strengthened with a knowledge base and the development of cartographic maps necessary for the elaboration of land management plans.

Another positive outcome was the increased participation of women. Currently, five of the 17 board members in ACATISEMA are women representing all of Matavén's zones and cultural regions. The project has also provided training to help promote handmade crafts as an economically and ecologically viable alternative for the Matavén communities. "Ethnic Matavén handicraft," made primarily by women, is currently well positioned in the national market, and the high quality baskets have solid export potential.

The project's principal outcomes include:

1. Biological and socioeconomic information submitted to the Colombian government to support the creation of new *resguardos* or to enlarge original *resguardos*.
2. Resolution 37-03 (July 2003) issued by INCORA (Colombian Land Reform Institute) to increase Matavén Forest *resguardos* from 950,000 has to 1,850,000 has.
3. Ecological Zoning and Management Plan for the entire region covered by *resguardos*.

4. The creation and consolidation of ACATISEMA, a local indigenous organization for *resguardo* management and administration. ACATISEMA includes sizeable participation of women.

5. The support of handmade craft production and market development at national level.

## Lessons Learned

The principal lessons learned over three years of project execution are the following:

### 1. Every project involves a relationship between IP and western society.

In the Matavén project, indigenous health workers were the main link among the Project, the NGO, and the indigenous communities. The principal strategy was to integrate western medical treatment with traditional medicine, which considers harmony with the environment and other people as fundamental to personal well-being. As a result of this process, health workers began to concern themselves with environmental conditions, land rights, and adequate land management. This was the origin of the project proposal. Projects should be careful not to isolate IP, but rather to find a harmonious relationship with them and their environment.

### 2. Two critical success factors are land rights and IP land governance.

Titling of indigenous lands was a key success factor in the Matavén project, and was achieved through cooperation between the association of indigenous leaders, ACATISEMA (Asociación de Cabildos y Autoridades Tradicionales Indígenas de la Selva de Matavén) and a Colombian NGO named ETNOLLANO. Current work is focused on designing and implementing a plan regarding IP land administration. Support for indigenous land management should be a core element of IP projects, whether it involves obtaining legal land titles or focuses on effective management of indigenous lands.

### 3. IP lack trust in outsiders, especially the World Bank.

During project start-up, it was necessary to explain the World Bank (WB) and its Safeguard Policies to the different stakeholders. The WB Team must design a strategy to gain enough confidence from stakeholders to create a working relationship.

### 4. Project sponsors must demonstrate that they will not appropriate traditional knowledge.

In Matavén we had to prove to IP that the Bank was not going to appropriate traditional knowledge. We made clear that research about traditional knowledge would be undertaken only after consulting with them and that the indigenous community would decide which themes would be researched and which themes would be respected and not researched, according to their ancestral practices. Projects should support the consolidation of traditional culture as well as respect its wisdom regarding interaction with modernity.

### 5. Traditional customs regarding gender should be respected.

Prior to the Matavén project, handmade craft production primarily involved women. The project strengthened this focus at the request of the indigenous community. ACATISEMA supported women's participation in their subproject and later in the management board of their association. This board currently has five women among its 17 members. When IP propose gender equality in a project, it should be supported. However, gender equality should not be a prerequisite for donor involvement, since donors should respect indigenous cultures.

### 6. Working with IP institutions demands more time in the initial phases, but saves time and effort in the long term.

From the beginning, the Matavén project worked with indigenous health workers. However, when tackling issues such as land governance it was necessary to work directly with indigenous authorities (captains, leaders, and traditional doctors), which led to the creation of ACATISEMA. This indigenous organization has consolidated itself so that it participates directly in the administration and execution of some of the project's components and activities, through partnership with NGOs and other entities. Work performed with IP in the beginning stages facilitated project design and integrated the indigenous organization in project execution.

### **7. Demand-driven subprojects favor local community ownership.**

The Matavén project has supported handmade craft production at the request of IP. This was not their only appeal; IP asked for support in cattle ranching, where ETNOLLANO had no experience and which was contrary to the project's objectives. In every case, supporting subprojects is an important yet sensitive issue that can easily generate internal ruptures within indigenous organizations. Not all demand-driven subproject proposals need be supported.

### **8. NGO roles need to be clarified to create effective teams with indigenous organizations.**

In the Matavén project, the NGO received the funding and wrote the proposal with indigenous health workers. One of first project activities was to support ACATISEMA's creation and development. Currently, ACATISEMA manages some of the financial resources and new projects. Decisions about the roles of NGOs and indigenous organizations should follow four guidelines: (i) the role must be useful to the project; (ii) the organization that assumes the role must be capable of meeting its requirements; (iii) said organization must be satisfied with the functions it will fulfill; and (iv) the remaining organizations should agree that the role be awarded to that specific entity and believe that the entity is capable of assuming the role. Fi-

nally, roles can change over time, according to project circumstances and institutional development.

IP organizations should be certain that no third party is assuming a role that they themselves have the capacity to fulfill. If this happens, they should discuss the issue with other project partners in order to redefine roles and activities. As indigenous organizations consolidate, NGOs should assume more limited roles. If the roles of the two types of organizations are not complementary, IP will doubt that NGOs and other organizations are truly representing their interests. Projects should try to share responsibilities among IP, NGOs and GO, and as much as possible make IP the recipients with NGOs as supporting partners, and not vice versa.

### **9. Protected Areas and Comanagement have affinities, but negative precedents exist between governments and indigenous organizations.**

In Matavén different possibilities regarding land ownership were analyzed; indigenous organizations opted for *resguardos* and not for a National Natural Park that they would manage. In this manner, IP created the *resguardos*. The traditional management focus on protected areas has generated negative effects and conflictual situations that must be acknowledged and changed. The Bank has good examples of positive synergies between protected areas and comanagement that should be shared with indigenous partners in protected areas.

### **10. Indigenous organizations should be prepared for responsible financial management.**

Indigenous organizations tend to be inexperienced in simultaneous management of power, self-determination, and financial resources. This situation may require the presence of responsible third parties at the beginning of a project and as a transitory process. During this project, ETNOLLANO played a critical role in

ACATISEMA's development and consolidation. ACATISEMA is leading the land planning and financial administration of recent projects. It should be recognized that a mixed team can bring benefits to a project.

**11. Bank staff should present the Safeguard Policies to stakeholders from the beginning and apply their principle of participation.**

In Matavén the Safeguard Policies (SP) were explained, but the Bank team reacted to the concerns expressed by the indigenous community instead of being proactive. As a result of lessons learned in Matavén, the SP were presented at the beginning of the more recent project, "Venezuela Indigenous-Institutional Partnership for Biodiversity Conservation in the National Parks System." The results were positive for indigenous and governmental organizations and facilitated the project's work with IP.

Learning about the SP increases the trust that IP have in the Bank; in turn, Bank principles of action become clear to all project partners. Government agencies unwilling to commit to the SP must renounce Bank funding. It is important that the Bank team introduce the SP and works under their guidance, instead of seeing them as obstacles to projects and avoiding their fulfillment. The principle of participation is not equally important to all stakeholders. Periodically, the Bank should verify whether all project partners believe that this principle is being met satisfactorily.

**12. Miscommunication between stakeholders is more frequent than assumed.**

During the beginning stages of the Matavén project, Bank staff discussed the project proposal with indigenous leaders. This was possible due to the trust previously generated by the indigenous health promoters and ETNOLLANO. The initial discussion centered on the creation of a reservation and its place in the larger project. Without previous agreement, it would have been impossible to follow through with the project.

Information sharing and dissemination is essential to project success. Systematic repetition is part of the transmission process. Nothing may be assumed to be obvious. A specialist or a staff member with experience on the subject must constantly reinforce good communication processes. Many projects fail due to poor communication.

**13. Stakeholders have different priorities; respect differences and find synergies.**

In the Matavén region, conservation was linked to land titling, the community's physical health and land governance. As in its work with governments, the Bank's role is to give continuity to its projects with IP even during changes in leadership. When leaders change, it may be necessary to renegotiate project priorities and make sure that the new leaders are satisfied with their participation in the project.

In Matavén, an inter-institutional group called GIA (Grupo interinstitucional de apoyo al proceso Matavén,) was created, and became critical to the coordination of activities. The links between IP development priorities and conservation efforts need to be made evident. However, one cannot assume that IP are always "conservation friendly," and their political agenda should be understood and not underestimated or disregarded.

**14. IP project visits are more important than theoretical discussions.**

During the Matavén project, several indigenous leaders from ACATISEMA visited the Kuna (Kuna-Yala) region in Panama, meeting with the group's leaders and artisans. This allowed ACATISEMA leaders to understand how the Kunas managed their lands, and to learn about their production and commercialization of handicrafts. A year later, also with WB support, a group of Kuna leaders and women artisans from the Mola Cooperative traveled to Matavén to learn about the enlargement and administration of the group's reservation, as well as its work

work with handmade crafts. These experiences widened the perspective of Matavén leaders regarding the project's possibilities and increased their confidence in indigenous land governance.

Visits to projects that have been completed or are in an advanced stage contribute to a stronger sense of trust in the WB, allowing partners to see the Bank's proven results in other projects. The WB and GEF have not taken enough advantage of this potential. There should be mechanisms in the preparatory phases to support these visits, focusing on land titling, traditional knowledge, property rights, and sustainable production systems, among other themes.

#### **15. Institutional arrangements require sustainable financial support.**

The Matavén project covered travel expenses and provided some compensation for the time indigenous members spent away from working their lands. ETNOLLANO and ACATISEMA agreed on the amount of these reimbursements.

The most appropriate way to account for expenses and perhaps even reimburse indigenous participation should be agreed on a case-by-case basis. It is not clear whether indigenous participation should be reimbursed and if so, what the most effective way to do it is, as reimbursement may lead to tensions within the communities. Most importantly, projects should not assume that indigenous organizations should or will work without compensation.

#### **16. Bank and IP time concepts are different, but agreements can be reached.**

The Matavén project deadlines were met according to a timetable agreed on by all project partners. It should be clear to stakeholders that meeting deadlines is positive for a project, and that moving deadlines forward should be clearly justified.

## **Conclusion**

The GEF three-year MSP in Matavén is a clear example of a participatory approach to project design and execution that increases stakeholder participation. Matavén's success was based largely on the ability to build upon ongoing and previous efforts. Project outcomes would not have been achieved without prior advances in Colombian legislation or a long history of joint collaboration between Colombian NGOs and indigenous communities. The project was simple in its design and had clear objectives rather than promoting a multiple and unattainable agenda.

Projects with indigenous groups possess particular elements that must be taken into account. However, these projects also share several elements with other conservation and sustainable use of natural resources projects that do not involve indigenous groups. Several commonalities are worth highlighting: (i) local benefits and community participation are indispensable to the sustainability of a natural ecosystem conservation proposal; (ii) the links between local interests and project goals (whether goals of the funding agency or the dominant society) must be evident and strong, and while the two groups will not necessarily have the same goals, there should be positive synergies between them; (iii) respecting cultural differences means not imposing institutional criteria (in this case, those of the World Bank) but rather designing a specific strategy to harmonize criteria and priorities that arise from different cultural contexts.

There are also lessons specific to indigenous community projects worth mentioning. First, involving and empowering indigenous organizations from the beginning stages of project implementation brings benefits to their socioeconomic well-being as well as to biodiversity conservation. Second, clear and consistent messages are needed regarding the institutions to be involved in the projects and the interests of each organization in participating in or financing each activity.

Third, the allocation of roles and institutional involvement is complex and dynamic. The project team must be willing to revise institutional arrangements and reassign roles periodically. In this process, local NGOs with prior experience in working with indigenous organizations can play a crucial role; NGOs must be flexible and willing to gradually delegate more responsibilities to indigenous organizations.

In conclusion, supporting indigenous culture and organizations is the best route to conserving forest cover in *resguardos* or indigenous lands.

Executing agencies should understand that their function is to be equal partners and facilitators.

Teams should focus on training and strengthening indigenous organizations so that they eventually acquire the capabilities for responsible financial management and long-term, sustainable land governance. Helping to create self-reliant local stakeholders makes the probabilities of project replicability and sustainability much greater.

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**Jepirachi Project - Colombia**  
**Promotion of Renewable Energy to Address Global Climate Change;**  
**Promoting Socially Sustainable Development**  
**to Address the Quality of Life of the Local Community**

*Ana María Sandoval Sastre, Walter Vergara,  
Jaime Eduardo Aramburo Penagos, and Julio Eduardo Zuluaga Usme*

**Background**

The objective of the Jepirachi Carbon Offset Project (JCP or Jepirachi Project) is to contribute to the reduction of greenhouse gas (GHG) emissions from the power sector in Colombia through the promotion of a 19.5 MW wind-based electricity generation facility. The project is expected to displace an estimated 1.168 million metric tons of carbon dioxide equivalent (mtCO<sub>2</sub>e) over a period of 21 years and will also support a social program that will contribute to improvements in the welfare of the local indigenous community.

Colombia has completed its first communication to the United Nations Framework Convention on Climate Change (UNFCCC), including an assessment of the anticipated impacts of climate change and its vulnerabilities to these impacts. In the context of expected changes with potential impact on the energy sector, the communication concludes that a significant fraction of the territory will be affected by variations in the hydrological system and rainfall patterns. In particular, there is a likelihood of an increase in the desertification rate in high mountain ecosystems (the source of many of the headwaters of the nation's largest rivers). The process will be caused by reductions in rainfall patterns, higher rates evapotranspiration rates and the consequent drying of these ecosystems. The impact on the overall hydro-generation capacity has yet to be estimated but is likely to result in a reduction in the net flow of some rivers fed by headwaters located in the Andes, in particular over the Western range of the Andes.

The character of the Paramo ecosystem (high mountain range, typically with altitudes over 3500 meters) is also likely to be affected and the communication forecasts a 75-85 percent reduction in the Paramo's area. This change is of grave significance because of the role the Paramo plays in water regulation and storage in the Andes.

Presently, market forces in Colombia strongly favor thermal power over renewable energy, resulting in a trend of increased carbon emissions per kWh generated. A greater number of thermal power projects is likely to be developed in the short term as these are faster to implement and more competitive in terms of capital costs than renewable energy projects. On average, these capital costs are US\$450-US\$700 per installed kW for natural gas or fuel oil systems, versus \$1,000 per kW for wind power systems.

On the other hand, Colombia is extremely rich in wind resources, with a total potential estimated at about 5,000 MW. A recent study has also confirmed a high degree of complementarity between hydro and the wind resources which if properly developed would improve the resilience and robustness of the power sector, making it less susceptible to the impacts of drought or the effects of the Southern Oscillation ("El Niño"). While there are strong indications pointing to this complementarity, it still needs to be confirmed in the long-run through actual measurements and wind-powered generation. However, at the moment no wind-based power generating plants are installed in Colombia. Use of Carbon Finance can

contribute to the realization of wind power potential in the country.

In this context, a 19.5 Mw, wind-powered grid-connected, generation plant consisting of 15 individual 1.3 Mw wind turbines was designed and built in the Guajira Department of Colombia, with contracted sales of carbon emission reductions through the prototype carbon fund (PCF). The plant was located in the Wayúu territory. As part of the contracted sales of carbon emission reductions, it was agreed that part of the revenues would be dedicated to support a social development program, designed and agreed with the Wayúu community in the project area. This agreement was one of the first of this type and was later used by the World Bank as a template for the design of the Community Development Carbon Fund.

The wind-powered plant was inaugurated in January 2004 and has since been operating at capacity with performance indicators that surpass some of the design parameters.

### Participation of the Wayúu Community in Project Design and Implementation of the Project

EE.PP.M developed an extensive consultation process from 1999 to 2002 with the Wayúu community to design the social program. This consultation process included national, regional, and local governmental institutions concerned with indigenous peoples, and traditional authorities and communities of the Kasiwolin, Arutkajui and Media Luna *rancherías*. The first consultation dealt with the installation of wind monitoring devices in 1999. The consultation process continued throughout all phases of the EIA. Consultations were held on the methodology and scope of the EIA as well as on the identification of impacts and measures to manage them. EE.PP.M carried out a total of 20 formal consultation meetings with communities and several meetings with governmental institutions. All the consultation meetings

with the communities were carried out with translators. The consultation process was finalized in June 2002 with an agreement on the Environmental Management Plan, which includes the physical, biological, socio-economic, and cultural programs described above. The Ministry of Interior, Department of Indigenous Community Affairs, supervised the consultation process.

The project was therefore aimed at:

- Generating wind-based power (the first wind-power project at commercial level);
- reducing greenhouse gas emissions from the power sector; and
- building strong intercultural relationships with indigenous peoples

EE.PP.M clearly established principles to guide its intervention with indigenous communities, as follows:

- **Legitimacy:** recognition of the status of the traditional authorities of the various *rancherías*.
- **Inter-cultural understanding:** adaptation to the particularities of the Wayúu culture, translation into Wayunaiki.
- **Participation:** in the decisionmaking process regarding previous studies (environmental, feasibility), location of the project, and benefits for the communities.
- **Continuity:** over three years, without interruption.
- **Gradual:** adaptation to times of the Wayúu communities.
- **Responsibility:** accomplishment of all commitments.
- **Transparency:** in the social management process and in commitments.
- **Respect:** Respect for cultural differences, based on prior knowledge of the Wayúu culture, acknowledging their forms of social organization, leadership and representation, customs, sacred and important sites, time frames.
- **Flexibility:** adaptation to the particular conditions of the communities, such as

schedules, rites and customs, economic activities.

***During project construction the following activities, impacts, and outputs were sought; all the outputs have already been obtained:***

### The Social Program

The social program, which includes activities defined in consultation with the local Wayúu community, will be put in place over the course of the first two years of project construction and operation. The program will not be restricted to the activities already outlined but will also establish the basis and provide support for the development of additional community development activities to be implemented over the duration of the project, on a sustainable basis, focusing on the areas of health, education, economic and institutional development (see table below). The PCF will pay a premium on the value of emission reductions based on the social program's outputs.

- Substantial increase in access to potable water, with a significant impact on health.
- Substantial increase in access to water for animal consumption.
- Improvement in health and education services.
- Improvement in housing and productive assets.
- Job creation during construction of the power plant.
- Community strengthening through training in indigenous rights and preparation of cultural and productive projects to access legal transfers and PCF benefits.

**Cost:** US\$480,000

Activity	Outputs	Impact
Water Desalination	Design and construction of a water desalinization unit to be located in the neighborhood of the wind facility. Facility will be powered by wind energy. Volume Treated: 2 to 4 cubic meters per hour Water Quality: Potable	Substantial increase in local access to potable water  Direct impact on health of local population
Water Storage	Construction of two water storage facilities (Juagueys) and rehabilitation of two existing facilities.	Substantial increase in access to water
School rehabilitation	Expanded school facilities. Provision of equipment and refurbishing of school dorms.	Direct impact on access to education
Health Center rehabilitation	Provision of equipment and facilities to the health center. Equipment will include solar-powered refrigeration.	Direct impact on access to health services
Rehabilitation of graveyard	Fencing and upkeep of graveyard	Religious and cultural priority
Community strengthening	To be defined as part of additional discussions with the Wayúu during the first two years of project operation and which will be implemented using emission reduction revenues.	Sustainability of social program.
Additional Community Development Projects	To be defined as part of additional discussions with the Wayúu during the first two years of project operation and which will be implemented using emission reduction revenues.	Sustainability of social program and improvement of standards of living

Since inauguration, all community development outputs have been achieved.

***During Project Operation (17 years):***

EE.PP.M and the communities designed the “Institutional and Community Strengthening Plan” which focuses on the areas of health, education, economic and institutional development, and cultural strengthening. The projects will be community driven and designed in a sustainable manner.

**Cost:** US\$400,000 financed by the premium on the value of the emission reductions over 17 years.

**Lessons Learned**

- The construction of an infrastructure project in an Indigenous Territory does not generate conflict *per se*.
- Success is based on respect, transparency, participation, intercultural understanding, and the sharing of benefits.

- Global, national, and local benefits can be achieved through one specific intervention.
- The project design was used as the model for the newly approved Community Development Carbon Fund, which now has a subscription of over US\$100 million at the World Bank.

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# Mainstreaming Gender in Indigenous Projects and Projects Affecting Indigenous Peoples in the World Bank Portfolio: The PROGENIAL Experience

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## **Box 1. Programa de Género e Innovación para América Latina - PROGENIAL**

The purpose of PROGENIAL is to help World Bank staff and project coordination units in achieving project objectives efficiently by addressing gender when implementing Bank-financed projects. Specifically, the Gender Technical Facilities of PROGENIAL were created with the objective of:

- (a) offering timely technical support to executing agencies of Bank-financed projects on how to address gender issues in their projects through local consultants;
- (b) strengthening technical capacity of executing agency staff on gender within specific sectors; and
- (c) drawing lessons on the gender efficiency, equality, and equity impact of projects as well as identifying ways, and obstacles, to integrate gender into Bank projects.

## **Background**

In 2000, the LAC gender team established a gender mainstreaming program for Latin America called PROGENIAL, and set up in-country Gender Technical Facilities to respond to gender issues identified in the portfolio reviews of Bank operations in Central America and Ecuador.<sup>1</sup> There is often a reluctance to address the gender dimensions of indigenous peoples, as this is seen as “interfering with culture” or “imposing Western values.” However, seen from socioeconomic

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<sup>1</sup> This was made possible through support by the Japanese and Swedish governments, as well as the Central America and Ecuador country management units. Two separate PHRD grants provided funds from the Japanese Government for gender mainstreaming through PROGENIAL: TF025834 in Ecuador provided \$157,000 for gender capacity building in operations started implementation in February 2000 and terminated in December 2002. TF025966 in Central America provided \$337,000 for gender mainstreaming in operations in five countries and ended in May 2003. PROGENIAL continues in Central America with the support of the Dutch government through a BNPP grant TF052221 ending in March 2005.

and poverty reduction perspectives, gender analysis is simply a tool to identify and address gender-differentiated needs and access to resources in a more accurate and targeted way.

## **Box 2. Gender**

While sex refers to the biological state of being male or female, gender refers to the socially defined aspects of being a man or a woman. Gender is a variable—like class, ethnicity, nationality, and religion—used to “identify and measure differences in the roles of men and women, the activities they undertake, the responsibilities they have, the opportunities and constraints they face, and ultimately, their well-being. Gender is dynamic because men’s and women’s roles—as dictated by changing social and cultural norms and values—also vary over time.”

**(Moser, Törnqvist, van Bronkhorst 1998)<sup>1</sup>**

## Implementation of the Program

### 1. Gender Mainstreaming Approach

The gender mainstreaming approach in PROGENIAL is based on the following four principles:

- **Men and women:** The focus of the approach is on giving equal weight to male and female issues.<sup>2</sup>
- **Execution phase of projects:** The approach consisted of providing “gender know-how” to in-country technical staff in the execution of projects, not developing institutional policies or carrying out research to prove the need for gender mainstreaming as is the case in many other international agencies, including the World Bank.
- **Moving away from gender specialists in projects:** The mainstreaming strategy implies moving away from using a gender specialist in any project, to involving a project sector specialist who has gender knowledge (or could be trained in gender).
- **Demand-driven gender approach.** The approach is demand driven, which is different from most top-down organizational gender strategies.

### 2. PROGENIAL Mechanism

PROGENIAL’S technical set-up consists of three main units:

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<sup>2</sup> The longer history of Women in Development and Gender in Development has accumulated knowledge of women’s gender issues such as women’s status and condition, while information on men is limited. Information on indigenous male issues is almost non-existent. Some issues suggested are: participation in and access to health and specifically reproductive health, occupational health, discrimination in the labor market, and alcoholism. Indigenous women’s issues are related to participation in decisionmaking, leadership, access to and control of resources, language preservation, and education. Both indigenous women and men are exposed to heavy gender-specific stereotyping and discrimination in the societies they live in.

- **Local Gender Consultants in country.** The Bank hired local gender consultants (*enlaces*) to provide gender technical assistance to each project identified to participate in PROGENIAL. Great interest was generated by project task managers and project coordination units because PROGENIAL responds to demand for integrating gender into operations rather than mandating gender actions. In the case of Guatemala, a local consultant was hired to mainstream both gender and indigenous issues in Bank-financed operations.
- **PROGENIAL Project Counterparts.** The *enlaces* work with project counterparts who are technicians in their field, but did not have previous gender expertise. In addition, the approach builds on ongoing activities and does not create parallel activities but rather integrates gender into selected components of the projects.
- **Coordinating unit.** International consultants worked directly with task managers at headquarters. A gender coordinator at Technical Assistance for Agriculture and Rural Development in Central America (RUTA) supported the implementation of PROGENIAL in Central America.

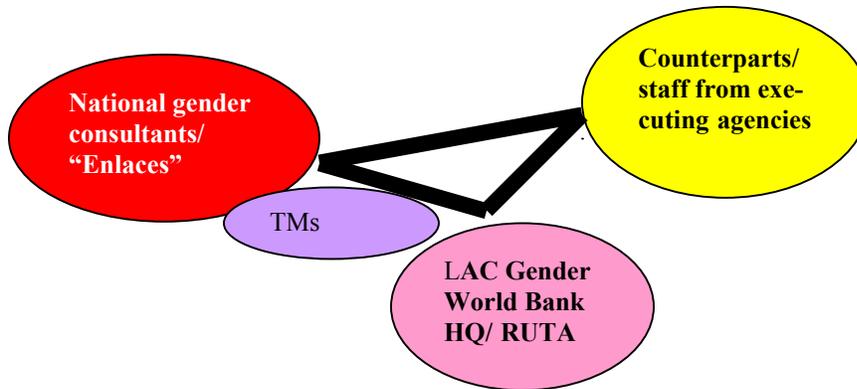
## Results

PROGENIAL provided two types of technical support: (a) day-to-day general advice to Bank counterparts provided by local gender consultants both in Ecuador and Central America<sup>3</sup>; and (b) specialized technical assistance based on identified needs. This support provided two types of results: first, improvements to the process of building the gender capacity of project

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<sup>3</sup> The first GTF was piloted in Ecuador, providing gender technical assistance to 13 Bank-financed projects, and in Central America where a second GTF provided technical assistance to 35 projects in El Salvador, Guatemala, Honduras, Nicaragua, and Panama.

staff, and second, changes for both men and women beneficiaries in different sectors.



### 1. Gender Mainstreaming in Specific Indigenous Peoples Projects

PRODEPINE in Ecuador and Our Roots Program (*Nuestras Raíces*) in Honduras are two Bank-financed projects that address Indigenous Peoples Development. The two projects undertook specific activities to address gender with the assistance of PROGENIAL:

- The Indigenous and Afro-Ecuadoran Peoples Development Project (PRODEPINE), Ecuador.** The PRODEPINE project identified a gender gap in various project components and undertook a series of interventions to increase women's participation. The project has: (i) supported research on **gender and ethnicity** among the Shuar, Kichwa, and Afro-Ecuadoran nationalities; (ii) improved the gender distribution of scholarship awards (e.g., an increase from 29 percent to 40 percent in female recipients from 1998 to 2001 at the higher-education level) and leadership positions in indigenous and Afro-Ecuadoran organizational structures; (iii) financed credit programs for women (originally through *Cajas Solidarias* which are being converted to *Bancos Comunitarios* due to their success, with the latter providing loans for larger amounts than the *Cajas Solidarias* to both women and

men);<sup>4</sup> (iv) improved the participation of female paralegals (from 13.5 percent in 2001 to 23.2 percent in 2002) who will be able to assist women to better access land; (v) assisted in identifying and developing key gender indicators that will feed into this system to be applied in PRODEPINE II; (vi) provided training to the technical team; and (vii) assisted in developing public policy on gender and nationality issues.

Observations were made in Saquilisi in Cotopaxi where savings clubs were operating. The 41 women participating in the *Caja Solidaria* stated that they had started out with \$500 loans and had increased their loans to \$3,000. They also noted that they had increased their management skills. In addition, the women noted that they had increased their cash flow, which had allowed them to diversify smaller investments in seeds for agricultural production and smaller domestic animals. Moreover, because they are located in an area where men migrate to Quito for day-labor jobs, the women noted that male migration had decreased by 20 percent as a result of participation in saving clubs. Men stayed home to

<sup>4</sup> The average loan in the rural credit scheme was US\$29 in 1999, rising to US\$47 in 2001.

help with the children and to till the land because it was more profitable to support their spouses' small enterprises than to migrate.<sup>5</sup>

- **Our Roots Program, Honduras.** Our Roots Program, under the administration of the fourth phase of the Honduran Social Fund, was created to improve living conditions and promote social capital in indigenous and Afro-Honduran communities by financing small-scale subprojects and using the paid labor of community members. The project had a strategy targeting 50 percent female and 50 percent male beneficiaries to participate in project activities. Of the program's estimated 107,000 beneficiaries, 42 percent were women.<sup>6</sup> The impact of the indigenous women's increased participation influenced the selection of projects at the community level. In addition, a microcredit program of *Cajas Rurales* had a high rate of women's participation. The women reported a change in their self-esteem, improved management skills, and acknowledgment by the men in the community about their capacities to manage resources. The *Cajas Rurales* have led to an increase in the number of Community Banks (*Bancos Comunes*) as a result of their success in remote areas of the country. In general, the experience has opened opportunities for indigenous women to participate more fully in accessing development resources together with indigenous men in the context of the project.<sup>7</sup> The gender experience of Our Roots Program in FHIS's fourth phase

has fed into the new loan, "*Nuestras Raíces*"<sup>8</sup> which has a clear gender strategy for all of its project components.

## 2. Gender Mainstreaming in Projects affecting Indigenous Peoples

In Guatemala, based on the PROGENIAL model, a consultant was hired to cover both gender and indigenous issues in the Bank portfolio.<sup>9</sup> As a result, both indigenous issues and gender issues were addressed in the projects' implementation phase. The following identifies a number of results in selected Bank-financed projects in Guatemala:

- **Land Fund Project, Guatemala.** The project aims at: (a) establishing a program to facilitate beneficiaries' access to land; (b) supporting beneficiaries' access to technical assistance and productive subproject financing; and (c) improving the legal and institutional framework for land markets to work more efficiently.<sup>10</sup> Generally speaking, families are assigned a *finca* with the understanding that they must repay the debt with income made from productive activities on the land. In the gender technical assistance provided, a gender assessment was carried out to identify the gender needs. The assessment identified that women did not access the same information as men and thus did not know about their duties to repay the debt or about access to agricultural extension services.<sup>11</sup> As a result, the project is un-

<sup>5</sup> Annika Törnqvist, Back-to-Office Report: Ecuador June 1-8, 2002.

<sup>6</sup> There is a variation in women's participation between ethnic groups, for example the women in the Garífuna community play a leading role in their society, and many men migrate and work outside of the community; therefore, this reflects a higher participation of women.

<sup>7</sup> ESA Consultores: "Evaluación del Programa "Nuestras Raíces" – Etapa IV. January 2003.

<sup>8</sup> See "World Bank Project Appraisal Document for Nuestras Raíces Project," approved in March 2004 (Report No. 277771-HO).

<sup>9</sup> The consultant was paid with funds from the Norwegian and Japanese governments.

<sup>10</sup> World Bank, Project Appraisal Document on a proposed loan in the amount of US\$23 million to Republic of Guatemala for a Land Fund Project, December 3, 1998.

<sup>11</sup> This can be explained by the fact that women tend to speak only one native language and no Spanish, and that women lack access to community decision-

dertaking various activities to address gender imbalances. One is to develop a gender extension manual for service providers so that they can address women and men in the *fincas* when they provide technical assistance to increase agricultural production. It is expected that the results of applying such gender extension services will be available at the end of 2004.<sup>12</sup>

- **Land Administration Project, Guatemala.** The Land Administration Project made considerable effort to include individual land ownership by men and women, as well as to encourage joint ownership. In the process of addressing gender, it was discovered that very few indigenous women applied to own land, mainly due to a lack of information and identification cards—a legal requirement to register land. The project took action to help women obtain their identification cards as a first step in legal requirements so that they could apply for land ownership. This has resulted in 25 percent of the project beneficiaries being women land owners. Gender results in the project include: 50 percent of the technicians working in the project are women; the technical staff have received gender training and know how to analyze their work from a gender perspective; the “*Escuela Catastral*” training has incorporated a gender module in the curriculum; and the registration process in the field identifies the name of the beneficiary to keep disaggregated gender data updated.<sup>13</sup>
- **Social Investment Fund, Guatemala.** The Social Investment Fund (SIF) targets its investments to the poorest areas

and population groups in the country, and contributes to participatory decisionmaking by strengthening the capacity of community-based organizations and local governments to define problems, prioritize needs, and plan and implement small-scale, community-based subprojects. The project has used a methodology entitled *Programa de Organización y Capacitación Campesina* (POCC) for consultations with local communities. In order to address the lack of female participation in decisionmaking processes, the methodology was revised in 2001 to incorporate gender. In doing so, the project recognized that men and women have different needs and priorities, given their different roles in society. Since participation in community-based decisionmaking bodies often tends to be dominated by men, women have less voice in terms of articulating their needs. The POCC methodology was implemented in 70 percent of the geographical areas where FIS was implemented—mostly indigenous communities. As a result, the composition of community representatives has been significantly altered, from almost 100 percent male to 40 percent female and 60 percent male and has resulted in the needs of women and men being reflected in community priorities.<sup>14</sup>

## Conclusions

This paper has illustrated that through PROGENIAL—a model of providing in-country gender technical assistance to Bank-financed projects—gender can be successfully addressed in specific indigenous peoples projects and those affecting indigenous peoples. Preliminary results from Ecuador and Guatemala indicate that providing gender technical assistance for capacity building can result in increased community participation in local development by both men and women, and can redress inequalities in access to

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making structures where information is given about community affairs.

<sup>12</sup> See: “PROGENIAL—Directorio de Experiencias sobre Género derivadas del Trabajo en los Proyectos de las Carteras de Ecuador y Centroamérica.” URL: <http://www.ruta.org>

<sup>13</sup> Ibid.

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<sup>14</sup> Ibid.

land and rural extension services, as well as credit.

Based on the experience of PROGENIAL, it may be suggested that a revised model of a gender technical facility could address two crosscut-

ting issues—gender and indigenous issues—on a more systematic basis in Bank-financed operations in Latin America and the Caribbean region.

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# Gender and Development Projects in Indigenous Communities

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## **Introduction: “Common Places”**

Two main external perceptions are frequently expressed in debates on the issue of gender in indigenous communities: (a) “collective rights violate the individual rights of women;” and (b) “there is little or no participation by women in decisionmaking forums and organizations of indigenous peoples.” Such perceptions may arise in part from the predominance of males in the organizational spheres of indigenous peoples that interact with external entities. On the other hand, women’s issues are not considered a priority in indigenous demands and/or agendas.

Beyond these perceptions, gender issues are becoming increasingly important in indigenous communities. The widespread “triple discrimination” by being indigenous, being a woman, and being poor, is certainly a real challenge within indigenous communities.

## **Premises in Relation to Gender and Indigenous Peoples**

Without undermining women’s rights in indigenous societies, it is necessary to present some of the main premises that the indigenous peoples themselves formulate in relation to gender:

a) Faced with systemic vulnerability of rights (including institutional rights), defending the collective rights of the population constitutes a priority, encompassing protection of collective rights to territory, language, identity, organization, etc.

b) On different occasions, indigenous organizations have indicated that the fulfill-

ment of collective rights guarantees a commitment to individual rights. That is, if an indigenous community does not have guaranteed rights to its territory, the security, welfare, and rights of families and individuals are seriously threatened. The relationship between collective and individual rights can be seen as complementary rather than conflictual.

c) The roles of women and men in indigenous society are based upon a particular world vision. For example, in many indigenous communities, the land has a symbolic female persona. Consequently, women are in charge of establishing a dialogue with the land with respect to specific kinds of agricultural production. Likewise, there are knowledge fields that are inherently the domain of women. These gender roles may be seen by other cultures as manifestations of inequality that places women at a disadvantage. This is neither completely false nor completely true, since some aspects of traditional roles imply participation and decisionmaking by women. However, the dynamics of new processes may place indigenous women in roles of increasing importance that involve overwhelming numbers of tasks. The traditional roles are not necessarily disadvantageous for indigenous women. However, as change occurs, the roles of women require adjustments that respond to the present and future demands of indigenous communities. For example, indigenous women have the important role of reproducing and transferring knowledge, which can be strengthened with high quality education. In earlier times, men had better access to education in many communities. Presently, access to education by indigenous women continues to improve. The same is true of leadership. It is necessary to consolidate and encourage this process, which requires the

involvement of all entities in indigenous communities.

d) Within this context, various criteria suggested by indigenous women indicate that women's individual needs should be seen within the framework of the family, community, and territory, rather than in an exclusive or excluding form, to maintain complementarities and equilibrium between individual and collective rights and the linkages among individuals, families, communities, and territories 

e) Consequently, protecting women's rights as individual rights implies the inclusion of men.

### Low Female Participation

The level of participation by indigenous women is closely related to their roles in society. Without doubt, participation by women is low from a quantitative perspective. However, women's participation in decisionmaking (for example, in an assembly) can have a strong effect on outcomes. The same is true within the domestic context. But it is not the case in the spheres of representation where women still have limited participation, with the exception of a few communities where women have roles of authority and/or leadership.

Within this context, it is fundamental that indigenous peoples themselves take on the challenge of improving and changing women's participation, as is presently happening, starting from the roles based on their world vision, and considering new areas of participation as one crucial aspect in the process of self-determination.

### Criteria to Take into Account in Development Projects

- It is necessary to remember that indigenous communities are not homogenous. Each community presents a diversity of gender situations and relations.
- Indigenous communities have their own visions and concerns about gender issues.
- It is necessary to overcome the biased view that traditional cultural roles conflict with women's rights. On the contrary, it is important to support improvements in women's participation that improve and innovate based on traditional roles. Within this context, women's participation can be and should be consolidated in many important spheres including education, economy, health, and leadership.
- Within the processes of migration that characterize the present situation, it is necessary to take into account that women tend to migrate less than men. This has substantive implications for development projects.
- In regions in which there are situations of external violence, the roles and rights of women change.
- "Women's Empowerment" should not be a synonym for overwhelming women with additional responsibilities and roles.
- Women are the key actors in communication processes. It is necessary to strengthen this role to build a secure basis of trust.
- It is necessary to respect indigenous communities' vision of gender and support their processes for overcoming inequality between men and women of different age groups.

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# Microcredit and Social Capital among Indigenous Women in the Andean Countries

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## Introduction

The Andean rural populations, especially the indigenous communities, have experienced historical deterioration in their economic, social, and cultural situations. In the 1970s, Ecuador, Peru, and Bolivia undertook agricultural reforms which worsened living conditions in rural areas and triggered rural-urban migration in search of better opportunities.

Within this context, there have been numerous efforts during the last decade to overcome the situation of poverty of the indigenous peoples in the Andean region and make rural development feasible. These efforts include microcredit programs, which were unsuccessful in improving living conditions and poverty levels in Andean communities. Important elements for the success of financial services, such as training, technical advice, and gender sensitivity, were absent or were not sufficiently consistent with the reality of the indigenous sector to have a substantial impact on development.

In this same field, the World Bank has seen a need to develop programs based on a vision of sustainable development of indigenous peoples. The program needs to promote the participation and inclusion of Latin America's 40 million indigenous people in the development process, with the purpose of contributing to poverty reduction. With the financial support of the Norwegian Trust Fund, the World Bank Office in Ecuador took the initiative to study the role of credit in strengthening indigenous women's organizations, consolidating social capital, and contributing to improved social and eco-

nomie levels of women and their families. A study was carried out in Ecuador, Peru, and Bolivia, with the participation of nine indigenous organizations that were linked to credit programs.

From the information obtained, it can be concluded that small credit funds have revitalized local economies. The social and cultural capital of indigenous groups has made credit programs viable, since this capital provides a structure of trust supervised by strict social control and accountability over the behavior of individuals. The credit programs have helped indigenous women to become important catalysts for change at the family level, in gender roles, and in the position of women in the community, by initiating an interesting process of debate and negotiation of equality and participation of women in the public scene and authority roles. Women have become the principal protagonists in the fight against poverty in Andean communities.

## Indigenous Women's Organizations and Credit in Ecuador, Peru, and Bolivia

### *Ecuador*

For decades in Ecuador, the National Bank for Public Works (*Banco Nacional de Fomento*) has directed credit funds toward the development of the fishing and agricultural sector. These funds have benefited the majority of the rural population, but have benefited indigenous families with indigenous heads of households to a much lesser extent. The survey on living standards revealed that

only 3 percent of indigenous women had received personal credit and no indigenous women had received institutional credit.<sup>1</sup>

*Mariscal Sucre, San Alfonso de Chibuelo, and Ñawparina Warmikuna Tantanakuy* (Women Organizing for Progress), the organizations targeted for study, were formed in the 1980s with the support of a non-governmental organization (NGO), the church and State, respectively. PRODEPINE's *Cajas Solidarias* (Solidarity Funds) support these organizations at various levels.

### Peru

Experiences of credit management by indigenous women in rural Peru are extremely scarce. The credit program *La Chanchita* is the best known and was set up in response to *fujishock*<sup>2</sup> of the 1990s. Most (80 percent) of the funds were used in urban areas and only 20 percent went to the rural sector.

The organizations that participated in the study were: Virgen de la Candelaria Community Bank, Jatari Warmi (Women's Empowerment) *Cajas Solidarias* and Jesús de Nazareth Community Bank, most of which are new.

### Bolivia

Of the three countries studied, Bolivia has the largest indigenous population and the largest coverage of rural credit programs. However, experience in credit management is scarce among indigenous women. PRODEM, the Foundation for Microenterprise Promotion and Development, was created in 1986. It promoted financial services and was so successful that it became the Solidarity Bank (*Banco Solidario*) in 1988. Since 1992, Sol Bank has been the only Bo-

livian bank with services exclusively directed to the microenterprise sector.

The organizations that participated in this study were: the Merkaymaya Community Bank, the Chonchocoro Mothers Club and the Potopoto Garment Group.

## Conclusions and Lessons from the Study

From an economic perspective, microcredit has facilitated changes in household economy. From an emotional perspective, these programs have contributed to boosting self-esteem among women by enabling them to develop new capacities and skills. From a relational perspective of power within the family, access to credit has brought indigenous women greater levels of participation and decisionmaking. Finally, from a community perspective, it is evident that there is greater involvement by women in the activities of the community, in the roles of secretaries, treasurers, and even as presidents.

The main conclusions about the credit programs and their effects are:

- Credit has contributed to indigenous women having their own incomes and managing them directly.
- Credit restores local capacities to generate income in communities with high poverty and male migration.
- Interpersonal relations change in families and communities when women become a new and important source of support for the family economy. In turn, this leads to discussions about equality.
- The group of women linked to the credit programs has overcome many different pressures as well as resistance from men and from other women.
- Women have demonstrated that they can manage money efficiently in investments and production.

<sup>1</sup> Camacho, M., "Estudio de impacto de las Cajas Solidarias del PRODEPINE," 2002.

<sup>2</sup> Economic measures adopted by the Fujimori Government.

- Credit programs do not offer enough information about financial systems.
- High levels of illiteracy among members of women's groups result in a small number of women taking direct control and/or managing the group's economic resources, and maintaining their positions year after year.
- The amount of credit facilitates or constrains investments and the possibilities for generating income. Small amounts tend to be used for breeding small animals and cultivating crops, while larger amounts are used for breeding cattle, horses, and mules and for investments in agricultural technology. Most women have invested in breeding small animals and cultivating crops in small parcels for family consumption.
- In many cases, husbands supported their wives' participation in the group and their access to credit, seeing it as a way to facilitate work and boost the family economy together.
- The credit programs are threatened by a lack of training for women in administration and leadership and in developing investment proposals.
- Credit programs must include a way to educate and inform people about payment systems, with the objective of teaching what the payment of "interest" is and what "savings" are.
- The experience in rural areas shows that women prefer to invest in crops or in breeding small animals rather than to deposit money in financial institutions.
- The programs must assure that credit is oriented toward stimulating work and production and handling emergencies, by establishing norms of agility, interest, amounts, and time.
- A strategy for covering risks and assuring the recovery of money is for larger organizational structures to guarantee women's groups.
- It is essential to establish short- and medium-term plans for use of capital funds by indigenous women's groups and to complement these plans with training programs that include reading, writing, and basic mathematics.

## Lessons Learned

- In order to guarantee the sustainability of the rural credit system, the design of the financial technology must be matched to the particular conditions of production, commercialization, and rural services that the beneficiary group counts on.
  - Financing methods and credit language should be adapted to Andean families' cultural forms of savings. Families can be trained in the methods and details of formal financing institutions, assuring the appropriation of the system and its sustainability.
  - The rural financing system requires a change of government financing policies to improve the legal framework and to legitimize mechanisms for credit operation.
- These observations and lessons generate a set of recommendations:
- Provide training in administrative management.
  - Create a program to reduce illiteracy.
  - Achieve sustainability of resources and organizations.
  - Financial investments need to respond to particular conditions.
  - Establish short- and medium-term plans to appropriate capital funds.
  - Take urban and rural realities into account.
  - Guarantee the participation of indigenous peoples and of women in the World Bank's project portfolio.

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# Indigenous Peoples and Gender in Guatemala

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## Introduction

### Guatemala and its Sociocultural Diversity

Guatemala has a complex social and political history. Its Maya heritage has been increasingly visible in the last few years thanks to the persistent work of indigenous leaders, popular movements, and national and international entities.

The indigenous movement has been criticized for pointing out that culture and language are basic elements in development. But these aspects are crucial to a development strategy at the local and community levels.

During the 1960s and until 1975, just before the insurgency, policies of integration and acculturation were prevalent in the country and were put into practice mainly through education and other public services. The organized indigenous movement vindicated itself, but many people chose to integrate into society without concern for their identity.<sup>1</sup> Their greatest motivation was to improve their living conditions, even if it meant renouncing their customs and language and taking up elements that were foreign to their identity.

During the late 1970s and 80s, the indigenous population<sup>2</sup> attempted to strengthen its

culture. Therefore leaders and organizations gave up Western customs and started spreading a cultural and pure preservation ideology.<sup>3</sup>

During the civil war period, culture and indigenous peoples in Guatemala were characterized as obstacles to development, were considered inferior in all aspects, and were subjected to ethnocide and exclusion. Later on, governments started recognizing indigenous cultures, and indigenous peoples became accepted as social players and as citizens with rights.<sup>4</sup> Despite these broad advances, government agendas are not doing enough, especially in the innermost region of Guatemala where structures and policies are not inclusive.

Since the negotiation of Peace Agreements—the Framework Agreement of 1994, and the Firm and Lasting Peace Agreement of 1996—and up to 2001, culture and indigenous rights issues were debated at every level of society and thus the government included IP in its agenda and stimulated discussion in all areas.

It is apparent that there is a greater incidence of underdevelopment and inequality among the Maya peoples. They do not have the means to participate and integrate harmoniously in society. They experience hunger, poverty and marginalization, and yet are asked to coexist harmoniously and to show tolerance in reaffirming their identity. Without a doubt, this asks too much of the

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<sup>1</sup> Exclusion and isolation took place in schools and universities, and defensiveness became routine. In the workplace, renouncing cultural expression was a subtle yet hurtful condition.

<sup>2</sup> At the time, they spoke of indigenous peoples, but not of the Maya affirmation. The latter was strengthened only after the 1996 Peace Agreement.

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<sup>3</sup> The behavior of leaders, men and women alike, was based on cultural patterns, traditions, and customs. They developed actions based on traditional means of maintaining their culture.

<sup>4</sup> Universal Declaration of Human Rights, 1948.

Maya population, given the disadvantages they experience.

Intercultural relations involve reaffirming individual and collective identities,<sup>5</sup> and recognizing, accepting, and participating in a culturally diverse society. Intercultural relations could be part of a social organization model, which would reaffirm the possibility of harmonious coexistence. It would, in turn, have an effect on general human relations and on the implementation of public policies that have intercultural perspectives.

Ethnic and gender inequality still exist in Guatemala and have led to poverty, exclusion, and sociocultural discrimination. These gaps justify the need for innovative projects that can help reduce poverty and establish political and civic participation. The World Bank can facilitate technical assistance in Guatemala to assist indigenous peoples.

Given the above situation, there are two different scenarios for Guatemala:

- a) Providing local technical assistance for Bank-funded projects in Guatemala in order to produce development plans that would ensure indigenous participation. Also, seeing to it that actions leading to indigenous peoples' self-management are implemented and alternatives for their economic growth are created.
- b) The need for comparative studies that bring together gender, productive projects, and the organization of men and women in indigenous communities. These studies would include experiences in Guatemala

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<sup>5</sup> The Maya peoples will again have to take up part of their history through daily practices, establish strategies to incorporate themselves into the globalization process, and strengthen their activities at the local level. The Ladino people will have to do the same but they are still far from creating their own history.

within and beyond the World Bank's scope.

## **The Process of Monitoring World Bank-financed Projects**

In Guatemala, the World Bank supported the implementation of alternative projects under the Peace Agreement Framework and in compliance with its mandate of poverty reduction. This vision implies serving a high percentage of the rural and indigenous populations.

Since 2003, the World Bank has implemented an Indigenous Peoples and Gender Program in Guatemala as part of its general project supervision efforts, motivated by a particular interest in ensuring the application of its gender and indigenous peoples policies. As part of this program, different phases were developed: (a) bibliographical and documentary reviews; (b) interviews; (c) field visits; (d) permanent communication with each project's key figures; (e) meetings with indigenous organizations; (f) continuous communication with Mayan leaders and indigenous professionals; and (g) participation in supervision missions.

A review of the project goals and objectives was carried out. Special emphasis was placed on methodology, technical assistance, monitoring, and evaluation. This phase provided a closer look at the current situation, procedures, recording the processes, impact, and outcomes of every part of the project, especially with regard to the approach and attention to the target population.

There were five important findings. (a) The methodology of the implemented projects was designed for a homogenous population, except for projects that included a training and community organization program (FIS-PDL) within their institutional framework. (b) Out of seven projects in Guatemala, three were at the regional level and their actions were carried out in the municipal context; four had nationwide coverage; and

two had a development plan for indigenous peoples. (c) Each project worked under the auspices of the public administration and the World Bank through a Project Coordinating Unit.<sup>6</sup> (d) In general, technical assistance was key in determining the methodology for intervention and provision of services. (e) The monitoring and evaluation processes implemented varied across the projects.

The greatest obstacle for the monitoring process was the lack of a database or indicators with an ethnic or gender perspective. Thus far, the outcomes have served as a reference point to demonstrate the importance of recording results in a systematic manner. It is very useful to recognize the added value when the specific characteristics of the population are taken into consideration.

Supervision missions and thematic supervision reviews with task managers are valuable actions and good learning experiences. Usually, because of time constraints, a task manager's visit emphasizes technical and financial aspects or focuses on concrete and urgent points such as political aspects. Task managers have diverse criteria for giving attention to indigenous peoples. There are different ways to approach working with indigenous peoples. One can address social capital and empowering processes, the State's vision and public administration management, economic opportunities, or simply apply World Bank safeguard policies. The gender issue is seen in the same light. Gender is usually interpreted as issues relating to women's disadvantages. Gender is very rarely seen as a process of improving men's and women's relations based on mutual agreement that is also inclusive, equal, and democratic.

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<sup>6</sup> Indigenous men or women were rarely hired for decisionmaking tasks. This is evidence of the limited view in addressing cultural diversity, and highlights the importance of having staff who understand local contexts.

## **Lessons Learned**

1. It is extremely important to include the concerns and demands of indigenous peoples in the Country Assistance Strategy.
2. Providing indigenous peoples with information is the best way to establish communication and disseminate information about the World Bank and its work in the country.
3. The concept of civil society has been revisited, indicating that organizations and indigenous peoples are also taking part in it; therefore, the World Bank must take into consideration their active participation.
4. One of the best ways to help sensitize authorities is to point out the added value gained from addressing the needs of indigenous peoples, and to act as a facilitator instead of imposing processes on them.
5. Public investments should recognize and respect ethnic and linguistic characteristics. Development programs should build human capacities without disrupting people's identities or questioning their values and principles.
6. When it is apparent that a high percentage of a project's clients are indigenous peoples, all monitoring and evaluation should take them into consideration, and authorities should generate appropriate public services.
7. There is proof that if a project does not formally include a plan or strategy to attend to indigenous peoples, it will not have the necessary technical, financial, and institutional conditions for indigenous development.
8. Clearly, World Bank loans to Guatemala can contribute significantly to the development of indigenous peoples. The goal is to monitor social projects, look into their economic, political, and social potential, and incorporate these topics into discussions between the World Bank and the government.
9. The Indigenous Peoples and Gender Program must have the resources needed

to carry out monitoring activities and to maintain links with indigenous peoples because the latter rarely manage to establish communication with the World Bank.

10. In order to improve the design and impact of loans and prove that the WB supports the development of indigenous peoples, it is important to be aware of the project's structure and to have the task manager's full support.
11. Applying Operational Directive 4.20 implies developing a monitoring process to ensure the quality and cultural appropriateness of services, in terms of attention and implementation of World Bank-funded subprojects.

## General Recommendations

Projects in the implementation stage:

1. Project implementation units must be familiar with the contents of the indigenous peoples policy. This information will facilitate the incorporation of concrete actions that stem from projects and plans linked to indigenous peoples' territories, needs, and interests.
2. Projects must place emphasis on hiring professional indigenous men and women as a way to respond to cultural diversity, facilitate communication, and attend to the needs of the population. These actions foster more inclusive intercultural coexistence and dialogue among people.
3. Although social capital is a component of development, the methodologies used must facilitate the active and direct participation of those who are implementing the project. Investments are sustainable at the local level when the needs of participants are considered and prioritized.
4. Indicators with an ethnic perspective must be integrated in order to register process and impact outcomes. The outcomes must reflect the achievements made beyond financial investments,

coverage and technical assistance, and must emphasize planned and developed actions and how these affect, either positively or negatively, the lives of the men and women involved.

5. Technical assistance affects the decisions and levels of participation of those who are interested in subprojects; therefore it is extremely important for multidisciplinary groups to recognize, value, and respect the specific and diverse characteristics of the population.<sup>7</sup>
6. It is important to systematically strengthen and monitor the evaluation processes of each project, ensuring that they are participatory and become instruments of learning both for project implementing agencies and the beneficiary population.
7. Positive results arise when project training processes and designs take the conditions of the groups into consideration: age, gender, ethnography, bilingualism, education, experience, organization, etc.
8. A review of experiences outside of World Bank operations shows that development for indigenous peoples is feasible only when their world vision is valued and respected. A project's success involves processes that are integral and not isolated or subjugated to models applied in other contexts.
9. The World Bank must take part in the implementation of projects in order to guarantee the sustainability and quality of investments. Indicators suggest that greater emphasis should be placed on outcomes and impacts.
10. The State and its entities must respond to the preferences, interests, and viewpoints of youth. Projects that foster a

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<sup>7</sup> Local potential implies carrying out an analysis of the population before establishing procedures, instruments and methods. This analysis must attend to the sociocultural conditions of the population: bilingualism, leadership, available resources, organizational experience, traditional knowledge, forms of communication, decision-making mechanisms, use of natural resources, etc.

space for training and inclusion of young men and women are recommended.

11. Users and beneficiaries of projects in Guatemala with national coverage and World Bank funding are culturally, socially, and economically diverse and thus must be given just, fair, and respectful treatment.
12. Project Coordinating Units should create spaces for communication and dialogue with indigenous entities that are represented at the national and regional levels.

### **Future Projects**

1. Indigenous peoples must participate in the entire project cycle, from preparation to implementation.
2. The World Bank must continue working with municipalities. They can be the alternate clients of operations for the following reasons: (i) municipalities are semiautonomous public entities; (ii) the new municipal code allows for greater civil society participation in its operations; (iii) based on their location and the services they provide, these entities represent the State at the local level; (iv) their structure allows them to create actions in support of integral development actions along with government and non-government entities that work at the municipal level; (v) at the regional level, the municipalities are willing to work in partnerships for control of the territory, border issues, markets, infrastructure, and the mass media, without

any political affiliation; (vii) it is feasible for civil society to manage resources that will favor decentralization; and (viii) the geographical space allows society to apply social audits on a permanent basis.

3. In the political and financial arena, public entities responsible for attending to the country's indigenous peoples should be strengthened, emphasizing economic development projects, credit access, legal certainty regarding land use and management of natural resources, promoting and trading local craft work, developing abilities, etc.
4. The World Bank should open the needed space to: (i) participate and partner with indigenous leaders and entities; (ii) create public awareness of its country assistance strategy; (iii) disclose the list of Bank-funded projects; and (iv) share each initiative's setbacks and outcomes, based on the country's current situation.
5. Based on population statistics, future projects must have specific plans to serve indigenous peoples. The intervention models must take into account local structures and direct participation of the people in the implementation of the projects. In this respect, hiring local technical services is recommended.
6. Local and rural development projects must include young people as key players, in order to guarantee the immediate sustainability and monitoring of investments.

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