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Agenda Item 4 (b) Indigenous Peoples and Globalisation

**GLOBALISATION AND DEVELOPMENT POLICIES:
Indigenous Peoples, the Extractive Industries and the World Bank**

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Mr Chairman, Members of the Working Group,

Although the World Bank now moves less money than other private and regional development banks, it remains one of the most influential development agencies, in terms of policies and standard-setting in international development. The current political and economic strategy of the World Bank goes hand in hand with economic globalisation, and the Bank has led the evolution and strengthening of the policies that enable trade liberalisation, the expansion of markets and the promotion of foreign direct investment.

A recent report by the Forest Peoples Programme and the TebTebba Foundation, entitled '*Extracting Promises: Indigenous Peoples, Extractive Industries and the World Bank*', was compiled as a contribution to the World Bank's *Extractive Industries Review* (EIR). The EIR process has been criticised by many indigenous peoples and non-governmental organisations for being unduly controlled by the World Bank. It remains to be seen whether independent contributions, such as this one, are taken seriously by the review and, if so, whether the recommendations will be heeded by the World Bank itself. The study builds on an extensive literature review and legal analysis, seven specially commissioned case studies carried out by indigenous peoples of their experiences of the World Bank and extractive industries and a two-day workshop at which these various contributions were presented and discussed.

The report notes that despite major advances in human rights law recognising the rights of indigenous peoples, World Bank policies, however, fall short of international human rights standards and the Bank continues to insist that it is prohibited from addressing human rights by its Articles of Agreement and it argues that it cannot require its borrowers or clients to observe even those human rights agreements to which they are party. The Bank's 'safeguard' policies on indigenous peoples and involuntary resettlement seek only to mitigate the impacts of destructive development schemes. The study shows how even these weak standards are routinely ignored. A recent review by the World Bank's Operations Evaluation Department reveals that more than one third of World Bank projects that impact indigenous peoples have not applied the safeguard policy in any way at all. Even in the projects that did apply the policy, only 14% had the required 'Indigenous Peoples Development Plan' and then only on paper.

The study shows how, in promoting national development through trade liberalisation, structural adjustment and the promotion of foreign direct investment, the World Bank has routinely advised countries to rewrite national mining codes to facilitate large-scale mining by foreign companies. These revised mining codes have been pushed through without the participation of indigenous peoples and without taking into account the interests and rights of indigenous peoples. Case studies from Colombia and the Philippines show how the revised mining codes have intensified pressure on indigenous lands and weakened or overridden the legal protections previously enjoyed by

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indigenous peoples. In Colombia, mineral, oil and gas reserves are exploited by unaccountable companies, which enjoy legal impunity while regularly violating national

laws and using severely repressive measures to overcome local resistance. In Ecuador, the World Bank has also promoted national minerals surveys, again without taking the rights of indigenous peoples into account or assessing the likely consequences of intensified minerals extraction.

The synthesis paper and case studies also document the way the World Bank Group, through its various arms – the International Bank for Reconstruction and Development, the International Development Association, the International Finance Corporation and the Multilateral Investment Guarantee Agency – has directly supported mines, oil and gas ventures without adequate assessment of the social and environmental consequences and in spite of the lack of good governance and institutional or regulatory capacity in project areas or countries. In the case of the Chad-Cameroon Pipeline, the World Bank's Board voted to go ahead with the project even when the forest-dwelling Bagyeli and supporting NGOs had clearly demonstrated the risks and even though Board members admitted that the Bank's safeguard policy on indigenous peoples has not been properly applied. The IFC has even supported mining in war-torn countries like the Democratic Republic of the Congo by companies with bad track records: projects that have been condemned by the United Nations. In India, the Bank's involvement in the restructuring of the Coal sector has entailed, for many indigenous communities, involuntary resettlement and severe impoverishment with no adequate compensation, leading to the loss of identity, alienation of lands and the unravelling of the social and cultural fabric.

The impacts of Bank-facilitated mining ventures have been severe, not just in terms of the direct social and environmental impacts of the mines or wells themselves but also in terms of spills of poisonous chemicals such as cyanide and mercury, ruptured oil pipes, breached tailings dams and long term pollution through acid mine drainage. The case study from Papua New Guinea reveals World Bank support for the use of the highly controversial technique of submarine tailings disposal – 'out of sight is out of mind' – without consideration for the long term implications for marine ecosystems and the livelihoods that depend on them. World Bank employees, assessors and consultants, working with mining companies in the name of the IFC and the World Bank's Business Partners for Development have been party to, or have endorsed, processes that have engineered consent or have co-opted communities into un-transparent and manipulated decision-making. In some cases, as in Russia, the World Bank's involvement in specific projects may have temporarily mitigated some of the worst impacts of oil extraction but overall the World Bank's involvement in the sector has intensified pressure on indigenous lands which remain unsecured.

The study reveals that underlying these problems lies a flawed process of decision-making within the World Bank in which the pressure to lend overwhelms other objectives and objections. By prioritising its direct clients and the interests of large-scale private sector enterprises, the Bank is overriding its commitment to sustainable development. Corruption is knowingly tolerated and governance failures routinely overlooked. Staff who question loans being made under these circumstances are penalised. Currently, in the name of 'efficiency', lower 'transaction costs' and 'country

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ownership', the Bank is systematically weakening its safeguard policies, in order to 'panel proof' them against complaints by civil society to the Inspection Panel.

Given the weakness of its safeguards, its institutionalised opposition to invoking binding human rights standards and the way it routinely flouts its own procedures, the study concludes that the World Bank should not be involved in the Extractive Industries sector.

Moreover, the study recommends that the World Bank should radically revise its social policies and its safeguard policy on indigenous peoples. It should adopt a rights-based approach to development, recognise indigenous peoples' rights to the ownership and control of their lands, territories and natural resources, proscribe the forced relocation of indigenous peoples, and uphold the principle that development projects should only go ahead in areas owned or used by indigenous peoples subject to their free, prior and informed consent. Such changes in approach should be applied to the whole World Bank Group, should be complemented with new, legally binding systems of accountability and should be accompanied by an acceptance that the promotion of development through the private sector requires, first of all, the promotion of good governance, real accountability, effective regulatory mechanisms and strong institutional capacity.

A concrete result of the workshop was the Oxford Indigenous Peoples' Declaration on Extractive Industries, wherein the needs and demands of indigenous peoples threatened by mineral, oil and gas extraction are expressed. The UN Working Group on Indigenous Populations should urge the World Bank, as a leading international development agency and as a fundamental actor within the movement towards globalisation, to heed this declaration, and to stop its involvement in the extractive industries until it is able to fulfil the recommendations established therein. The UN Working Group on Indigenous Populations is also called upon to elaborate guidelines for multi-national companies on indigenous peoples and indigenous peoples' rights, and to push for new, legally binding accountability mechanisms for the private sector.

Thank you for your time, Mr Chairman, Members of the Working Group.

The full report of the Oxford workshop on Indigenous Peoples, the Extractive Industries and the World Bank, the Oxford Indigenous Peoples Declaration on the Extractive Industries and the full case studies can all be found on: www.forestpeoples.org