



The World Bank

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Social and Economic Development of Indigenous Peoples: the World Bank approach

Statement on behalf of the World Bank

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Mr. Chair, Members of the Permanent Forum on Indigenous Issues, Distinguished Delegates, ladies and gentlemen:

Thank you very much for giving the World Bank an opportunity to address you today. I bring greetings from the World Bank management to all of you. Let me renew, on behalf of the World Bank, our commitment to the UN Permanent Forum on Indigenous Issues and reconfirm our belief that this is an essential mechanism to facilitate constructive dialogue among Indigenous Peoples, States, NGOs, UN Agencies and UN Specialized Agencies. As a small measure of our commitment, the World Bank has a ten member delegation attending these two weeks of Permanent Forum meetings. We are also honored to have been given an opportunity to organize four parallel events on issues including the World Bank Social Development Strategy, the Grants Facility for Indigenous Peoples, Indigenous Peoples Development in Latin America, and the Extractive Industries Review. Coinciding with the Permanent Forum session, the Bank is also hosting a legal roundtable with Indigenous leaders to share views on the rights of Indigenous Peoples in international law.

We at the World Bank are well aware of the high price which poverty and social exclusion continues to exact on Indigenous Peoples and we believe the future cost of not addressing these issues will be colossal. Therefore, it is a matter of urgency for all Indigenous Peoples to benefit from economic and social development at all levels and in all phases of the development process. We must continuously ensure that the development process fosters full respect for their dignity, rights and uniqueness.

Over the last few years, the World Bank has learned from Indigenous Peoples around the world the importance of linking social and economic development. We have been taught that economic development without strong social development cannot succeed. Based on these lessons, we have crafted our vision of social development as outlined in our upcoming strategy paper, and we are developing a working partnership between Indigenous Peoples and the Bank. This partnership is based on the Bank's experience that in order to successfully combat poverty we must work with Indigenous Peoples, through their own organizations and communities, to create a culturally appropriate framework for Indigenous Peoples' development.

To support this partnership, we are actively working with countries to identify opportunities to create projects that specifically benefit Indigenous Peoples based on their aspirations. We are earmarking funds specifically for Indigenous Peoples' projects, directly engaging regional, national, and local Indigenous Peoples' organizations, and becoming engaged with other institutions and organizations involved with Indigenous Peoples' efforts. We have also increased our participation in high level international Indigenous Peoples' venues. In addition to the UN Permanent Forum on Indigenous Issues, we are actively engaged with the UN Working Group on Indigenous Population, and participate in the regular sessions of the General Assembly and ECOSOC Committees and Commissions and have made our submissions for governments to consider Indigenous issues.

On a more operational level, given our mandate to reduce poverty, the World Bank must work through member governments to address poverty among Indigenous Peoples. We

believe governments must address the situation of Indigenous Peoples in order to fully address the issue of poverty in their countries. We encourage governments to recognize that the development of Indigenous Peoples is essential to the social, economic, cultural, and environmental advancement of the countries in which they live. We are happy to report that many governments are increasingly supportive of this.

Mr. Chair:

Please allow me a moment to outline some of the areas in the Bank's new approach to address Indigenous Peoples issues, including project support, direct alliances with Indigenous Peoples, and direct funding to Indigenous communities:

Project Support

15 percent, or a total of 227, of the World Bank funded investment projects involve Indigenous Peoples. There are some 80 additional projects in the pipeline. While the largest number of projects are in the Latin America region, we also have a large number of projects in East Asia and South Asia as well. Many of these projects target Indigenous Peoples and are designed to ensure Indigenous Peoples receive culturally appropriate benefits in addition to not being adversely impacted by the development. This means that we have a very solid base of experience, some positive, some negative, to build on.

Direct Alliances with Indigenous Peoples

Traditionally, the Bank worked exclusively at times with governments. Later, we began to also collaborate with NGOs. Now, in addition to working through governments and NGOs, we have established direct alliances with Indigenous Peoples and their representative organizations. We realize that with the long history of mistrust of the Bank by Indigenous Peoples, we must prove our sincerity through a sustained and meaningful relationship.

Direct Funding to Indigenous Communities

I am pleased to inform you that the Grants Facility for Indigenous Peoples, which we announced at last year's Permanent Forum, is now operating. Designed to provide funds directly to Indigenous Peoples' communities and organizations for the empowerment and inclusion of Indigenous Peoples, the Facility is governed by a Board with Indigenous Peoples members as a voting majority. Administration of the Grants Facility, which is currently housed in the Bank, will be moved outside of the Bank by June 2006. We were overwhelmed and impressed by the large number of very high quality proposals submitted in the first year. The Interim Board has awarded grants to 21 applicants supporting traditional cultural heritage, civic engagement and governance, and community development. As the Grants Facility is still in the pilot phase, we are the first to acknowledge the available resources are too small to meet the demand. We are working with the Interim Board to secure additional resources from the Bank, as well as other sources, to expand the Grants Facility.

Let me also take a moment to update you on two other areas, the Bank's Indigenous Peoples policy and the Extractive Industries Review process.

Indigenous Peoples Policy

Our work with Indigenous Peoples is guided by our existing policy. In 1982, as a direct result of the recognition of unintentional adverse consequences from some World Bank financed projects, the Bank became the first multilateral lending institution to put an Indigenous Peoples policy in place. In 1991 we established a new policy, which remains one of the most progressive of its kind in requiring projects to not only avoid adverse impacts, but more importantly to provide culturally appropriate benefits to Indigenous Peoples.

As many of you have participated in the Bank's revision process, you are aware that we have undertaken a substantial effort to update this policy. The final external dialogue regarding the policy will be a legal roundtable held between legal experts representing the international Indigenous community and the Bank's legal staff. The roundtable will be held during this Permanent Forum Session on Wednesday, May 19th. Bank management plans to submit the revised draft policy to the subcommittee of the Bank's Board of Executive Directors in early June. Following that discussion, we hope to make the revised draft available for public view for a minimum of 60 days before the policy is considered by the World Bank's Board of Executive Directors.

May I report that while the Bank's revised draft policy addresses many of the concerns expressed during the external consultations, it obviously cannot adequately address all concerns fully given the many different stakeholder views on these matters.

We also acknowledge that putting the policy in place is only the first step. The essential step, which we fully commit to, is implementing the policy effectively.

Extractive Industries Report

Finally, I would like to briefly address the recently released Extractive Industries Report (EIR) that has generated a great deal of interest among the Permanent Forum participants. The EIR process was commissioned by the Bank to review the Bank's involvement with extractive industries and make recommendations toward improving our work in this sector. While historically there were many Bank-financed projects in the sector involving Indigenous Peoples, the number of projects declined following the establishment of the Indigenous Peoples policy in 1982. As part of the EIR recommendations, it was suggested that the Bank implement "free, prior and informed consent" in all its operations for Indigenous communities, avoid involuntary resettlement, strengthen Indigenous Peoples policies, and avoid supporting projects or sector programs where Indigenous Peoples issues are disregarded.

The revised policy, discussed earlier, provides an umbrella framework for all World Bank activities, including those in extractive industries. The revised draft policy includes important provisions to ensure that discussions with Indigenous Peoples' communities

provide meaningful consultation and result in informed participation. It also has a number of important provisions that are particularly relevant for extractive industries projects, such as a provision to ensure Indigenous Peoples benefit in a culturally appropriate way from projects that are carried out on their lands.

Mr. Chair:

As Director of Social Development for the Bank, I am acutely aware of the role which Indigenous Peoples play in the world community, and of the urgent need to ensure real, effective, on-the-ground support to build the quality of life to which they are entitled. Our enhanced approach and growing alliance with Indigenous Peoples is one which I and others at the Bank are proud of and wish to nourish. We are working to reflect this in the revised policy, in the projects the Bank is supporting, and perhaps most importantly, in our direct interactions with you, the international Indigenous community.

While we fully acknowledge that we have made mistakes with regard to projects involving Indigenous Peoples, we are firm in our faith that we have begun to move in the right direction. Let me be clear, we are under no misconception that we have completed our task and have met our responsibility. But we do hope that you will join us on the new journey, walking in partnership with the World Bank. This partnership should ensure that we will continue to move forward in the right direction. We will not all agree on everything, but we will all work together for the common goal of economic and social development of, for and with Indigenous Peoples.

Thank you.