

---

**RUDOLPH C. RYSER**

---

**THE WORLD BANK'S**  
**NEW INDIGENOUS POLICY:**  
*A Change in*  
*International Economic Development Strategies*

---

Center for World Indigenous Studies  
P.O. Box 82038  
Kenmore, Washington  
U.S.A. 98028

*Copyright 1982 1984 CWIS*

---

## T A B L E O F C O N T E N T S

Introduction.....	1
Background on the World Bank (WB).....	2
World Bank Organization.....	2
Global Financial Network of Interdependence.....	2
The World Bank's Indigenous Policy.....	3
What does it Say?.....	3
World Bank Policy Abstract.....	4
Tribal Obstacles to State Economic Progress.....	6
WB Policy Implications for Indigenous Peoples.....	7
WB Policy Implications for States Governments.....	8
WB Policy is a Double Edged Sword.....	8
References.....	10

---

**About the Author:** Rudolph C. Rýser is a member of the Cowlitz Tribe located on the northwest coast of the United States. He is the former Special Assistant to the President of the World Council of Indigenous Peoples, Chief George Manuel, and is currently Chairman of the Center for World Indigenous Studies. Mr. Rýser has written frequently and extensively on the economic, strategic and political interests of Indigenous Peoples. He is the author of: "Tribal Political Status: Finding a Place for Indigenous Peoples in the Family of Nations," "Fourth World Wars: The Emerging New International Political Order," and "The Emerging International Economic Order: Promise or Peril for Indigenous Peoples." He is currently working on a new book entitled *Ancient Nations and Modern States: Redrawing the political map*.

---

## THE WORLD BANK'S NEW INDIGENOUS POLICY

### *A Change in International Economic Development Strategies*

---

Rudolph C. Rýser

Indigenous leaders throughout the world have expressed the opinion that the World Bank, and other international financial institutions, should become more directly involved in providing loans and grants to indigenous peoples for their economic development. The recently formulated World Bank policy concerning *tribal populations* will now test the wisdom of the indigenous leaders' demands. In May 1982, the World Bank published its first major "tribal policy" as a guide for making loans to its member state governments entitled: *Tribal Peoples and Economic Development: Human Ecologic Considerations*. The 111 page World Bank policy document was written by Robert Goodland of the World Bank Office of Environmental Affairs, OEA/PAS. David Maybury-Lewis of the anthropological group **Cultural Survival**, Raymond Noronha, Rebecca Latimer, and Francis Lethem made contributions to the final document. It is our intention in this article to review the major points of the policy and comment on its implications for indigenous peoples.

Release of the World Bank *tribal policy* is both timely and significant in the light of the world-wide recession and the emerging political activism among indigenous peoples within the international arena. That many countries like Mexico, Brazil, Australia, Peru, Bolivia, Chile, India, Indonesia and China are currently indebted to the World Bank, the International Monetary Fund, various regional banks and private banks, means they will be directly affected by this new World Bank policy. That many of these countries are bordering on default to lending institutions, but eager to borrow still more money, makes this new policy even more important for indigenous peoples.

As we shall explain below, the World Bank's *tribal policy* may become the most important tool for political and economic leverage available to indigenous peoples as they work to achieve greater economic and political freedom from external exploitation. Until now, indigenous peoples have been able to apply only *moral* and limited political leverage on states governments to gain *domestic* concessions. Where indigenous peoples like the Naga in India, Papuans in West Papua, Quiche in Guatemala, Yanomamö in Brazil and Venezuela and the Basque in Spain have been forced to use confrontation and violence to win their freedom or defend against state intrusions, the Bank's *tribal policy* may become a potent new weapon. It may provide indigenous peoples an opportunity to apply real economic and political pressure from outside states, within the framework of the international financial system.

We shall further show how this new international policy may also become a major new weapon for states' governments to accelerate economic and political assimilation of indigenous peoples into dominant or controlling state societies. Indigenous leaders who will ignore the World Bank's new loan policy will do so at their own peril, and the peril of their peoples. The internal economic development policies of industrial states and developing states are already being affected by the

World Bank's new *tribal policy*. We urge in this article that indigenous leaders become familiar with the World Bank and the international monetary system so as to better understand the motivations of state governments as they selectively deal with indigenous peoples. Sudden changes in states' policies toward indigenous peoples may be a direct result of the World Bank's new *tribal policy*.

## BACKGROUND ON THE WORLD BANK (WB)

The World Bank (its chartered name is the International Bank for Reconstruction and Development - IBRD) was originally established at the end of World War II. It was set up as a tool to finance post-war reconstruction of Europe. The WB was established to make long-term, low-interest loans to states' governments.

During the 1950s, the WB shifted its focus from European reconstruction to making loans to Third World developing countries for basic development projects. WB loans have concentrated on the development of roads, dams, power plants, telecommunications, ports, and railways - providing the foundation for growth of private (often foreign) corporations in industry and mining. (Lappe, Collins, Kinley 1980:172) Annual loans have increased 67% since 1973 when they total \$2.051 billion. In 1982, the World Bank made loans of \$10.33 billion. Twenty-four percent of the total 1982 loans emphasized agricultural projects while transportation absorbed 14%, power (hydroelectric and petroleum) 13%, and industry received 12%. Nearly \$1.0 billion was loaned to merely permit eight countries to pay the Bank for debt services on past loans. These countries were able to avoid default through this bookkeeping loan and payment process. (WB Report 1982:123) The total medium-term and long-term debt of developing countries grew from \$60 billion in 1970 to \$465 billion in 1981. (WB Report 1982:24)

### World Bank Organization

The World Bank is theoretically controlled by a board of governors; each of the 142 member countries is individually represented on the board. In reality, 20 Executive Directors and the WB President (the Bank President is selected and appointed by the President of the United States) actually control the World Bank and manage its day-to-day operations. (Lappe, Collins, Kinley 1980:171) Voting power in the WB is defined according to each country's Bank stock ownership. The United States has the greatest voting power because it owns 20.61% of the total stock. Several U.S. allies: United Kingdom, 6.09%; West Germany, 4.15%; Japan, 8.00%; France, 4.14%; Canada, 2.68% and Italy, 4.61% have sizable voting power. (WB Report 1982) Their combined voting strength with the U.S. represents 50.28% of the total stock held by member countries. In other words, seven countries or 5% of the total WB membership control more than half of the total voting influence in the World Bank. Interestingly, corporations from the seven most influential WB countries tend to be the major beneficiaries of *bank loan foundation work* for development in developing countries.

The Soviet Union and its allies (with the exception of Yugoslavia, Rumania and Vietnam) are not members of the WB. This is due to the WB requirement that its members first become a member of the International Monetary Fund (IMF). The Soviet Union declined membership in the IMF shortly after it was formed in 1946. Despite not being a member of either the WB and IMF, the Soviet Union, its allies and their own multi-national corporations have used the *system* to advance their own trade and development interests through member countries. As a supplement, the Soviet Union has increased its borrowing from Western banks to the point

where its external debt has climbed to nearly \$20 billion (US). (Sardenberg, "Veja" Sao Paulo, Brazil 1982)

### **Global Financial Network of Interdependence**

The World Bank is a profit-making institution which posted its net income at \$407 million (US) in 1979 on gross revenues of \$2.4 billion (US). In 1982, the WB increased its net income to \$598 million (US) on gross revenues of \$3.372 billion (US). (WB Report 1982) It divides its profits between its reserve funds and its grants to the International Development Agency (IDA). The IDA is an *independent* lending and granting institution established in 1960 to extend credits (the same as loans only at a lower interest rate and longer grace period) to "less developed countries" - countries with an annual per capita gross national product of \$581 or less. The World Bank staff administers IDA.

The WB is linked with domestic banks throughout the industrial world and regional development banks. It is also, of course, connected to the International Monetary Fund. It is this world-wide linkage of institutions in the global financial community that binds all of the states into a mutually dependent family despite differences in ideology. It is because of this economic *interdependence* that the World Bank has become such a powerful economic and political influence in the world. Decisions made in the chambers of the World Bank in conjunction with the International Monetary Fund have come to determine governmental political decisions world-wide.

### **THE WORLD BANK'S INDIGENOUS POLICY**

Following more than a year of preparation, the World Bank issued : *Tribal Peoples and Economic Development: Human Ecologic Considerations*. This policy resulted from the recognition among World Bank Directors that: Indigenous peoples experience extensive social, economic and political dislocation as a direct or indirect result of WB supported development projects (dislocations which threaten their survival); and, indigenous claims to land and other rights have become an obstacle to World Bank and state government strategies and projects - preventing successful completion of projects or causing costly delays. To reduce or eliminate the negative impact of WB projects on indigenous peoples, and to reduce the chances the indigenous populations will continue to obstruct or delay development efforts, the World Bank has instituted a policy which seeks to resolve both problems.

#### **What does it say?**

The Policy document begins by making two basic statements to explain which the World Bank found it necessary to establish a policy concerning tribes and borrowers with tribal populations.:

Increased attention by the World Bank to the design of project components appropriate for the recuperation or restoration of a tribal society - including welfare survival; and preservation of tribal groups - is merited for several reasons. Failure to design components of projects to benefit these poorest of the poor in developing member nations widens the gap between nationals and the tribal people, and may even result in the destruction of the tribal peoples. . . . The problem is large in numbers of tribal groups and will worsen as the

national population grows, and as ever more marginal land is tackled by development. Another major justification for the Bank's concern is the great potential value of tribal knowledge of management of marginal lands: *an increasing investment opportunity contributing significantly to the dominant society.*

[Italics added for emphasis]

Other reasons for such special attention relate to the vulnerability of projects affecting tribal people, Bank policy on the social design of projects, and national and international legislation.

Failure to understand customary tribal rights to land will result in considerable implementation delays. . . . Tribal groups may also, at some future date, resort to legal actions to claim reinstatement of their original territories or compensation for loss of these lands, if acquired in a manner inconsistent with acceptable customary laws and practice. There is ample precedent for this in recent cases - for example, in the States of Wisconsin, New York, Main, and Washington in the United States, and in Australia and Papua New Guinea.

(Goodland: World Bank 1982:10 - 11)

The Bank's policy is clearly *moral* and *economic* at its root. It is not concerned with the political rights of indigenous peoples. Its moral foundations are similar to those that drive the Summer Institute of Linguistics (SIL) and the Cultural Survival organization. The basic premise of this moral view is that: Progress is inevitable and the objective must be the eventual assimilation of indigenous peoples into the state system, and the preservation of ethnic identity. This view has been described as the *conservative-humanitarian* view. (Bodley 1982:192) This moralistic perspective compliments the essentially economic interests of the World Bank.

Since the World Bank is a profit-making business, of the transnational variety, its principal motivation is making a profit, promoting capital formation, expanding the market economy and promoting development towards these ends. In the more remote regions of the world, as well as in many of the more populated regions, capital expansion by corporations is being made less expensive for raw material development as a result of World Bank development loans to states' governments. The major obstacle to road development and other basic development efforts in these remote areas is tribal populations. International human rights legislation and wider global consciousness of indigenous peoples prevents the World Bank from simply ignoring the wholesale destruction of indigenous peoples. It is, therefore, more preferable to promote the market economy in the name of progress while aiding in the process of assimilation.

### World Bank Policy Abstract

The policy document cites three alternatives which represent the range of options for dealing with indigenous peoples. These include: *total enforced isolation of the tribal groups allowing no change*, and *rapid and complete assimilation resulting in the loss of the tribe's identity*, and, the *intermediate policy* alternative of cultural autonomy which *allows the retention of a large measure of tribal autonomy and cultural choice*. Ignoring the fourth alternative: Political autonomy, the World Bank adopted the intermediate policy. For the intermediate policy to

succeed, several conditions are noted in the document as essential:

National governments and international organizations must support rights to land used or occupied by tribal people, to their ethnic identity, and to cultural autonomy.

The tribe must be provided with interim safeguards that enable it to deal with unwelcome outside influences on its own land **until the tribe adapts sufficiently**. (Emphasis added)

Neither the nation nor the nontribal neighbors should compete with the tribal society on its own lands for its resources.

(Goodland 1982:28)

The goal of this World Bank policy is to produce the following outcome:

A tribal population that forms a recognized and accepted ethnic minority - one component of an ethnically pluralistic national society;

as such, this ethnic minority maintains its traditional way of life **more or less modified** in accordance with the preferences of the tribal population itself;

the **tribal economic system progressively evolves** from pre-contact subsistence to a sustained-yield agro-ecosystem with the production of a surplus on occasion. (Emphasis added)

(Goodland 1982:28)

The World Bank established this policy for all of its member states. Its central focus is, of course, on those states which have identifiable tribal populations within their boundaries. To implement this policy, the WB has established several *operational steps* required of borrowers, which we outline as follows:

1. Country Economic Analysis and Sector Work

The World Bank prepares an introductory and basic economic report which includes an assessment of a country's economic and social structure. Knowledge and general locations of tribal groups that may "constrain development strategies or projects, or that need special attention" is recorded to assist designers of proposed bank supported projects.

2. Project Identification

"If the presence of tribal people in the general region is identified, and a decision is made not to relocate the project to avoid the tribal area, then reconnaissance by (intermediaries) appropriate anthropologists would be necessary before project preparation." Consult the "state tribal agency" (i.e. Department of Aboriginal Affairs, Australia; Department of Social Welfare, Indonesia; Instituto Nacional Indigenista, Mexico, Division de Comunidades Nativas de la Selva, Peru etc.) or non-governmental tribal organizations within the State for comprehensive and detailed information.

### 3. Project Preparation

State government staff or agencies (including consulting firms) concerned with project preparation must have "specialist indigenist" advisors to evaluate the information collected about the tribe. Project preparation teams should furnish a profile of the affected tribal society and an assessment "of the possible impact of the project on the tribal peoples." The Bank will aid the applicant country in its efforts to establish a Project Preparation Facility and locate international or bilateral sources of financing to establish the facility.

### 4. Appraisal

Determination is made by the Bank as to the adequacy of the tribal component prepared by the applicant country as a part of its project proposal. Three areas will be evaluated: [i] reviewing the measures proposed to mitigate the impact of the project on the tribal people; [ii] assessing whether there are risks that the tribal people might interfere with project implementation; [iii] assessing the ability of the tribal agency to implement the proposed tribal component.

### 5. Negotiations

The Bank and the applicant country must agree on the details of the tribal component of the proposed project. Consideration will be given to the possible need for new *domestic* state legislation and administrative rules which may be needed to ensure the success of the project.

(Goodland; World Bank 1982:33 - 34)

### Tribal Obstacles to State Economic Progress

The WB tribal/loan policy appears on the surface to be open and supportive of indigenous interests. The policy document spells out the intention to establish "procedures to ensure the survival of tribal peoples, and to assist with their development." Indeed, the policy is not wholly inconsistent with the recently proclaimed views of the World Council of Indigenous Peoples. (WCIP Third General Assembly, 1981, Canberra, Australia) (WCIP submission to Economic and Social Council: United Nations Third Development Decade) But, unlike the WCIP's view, the World bank policy steers clear of any consideration of tribal political rights and rights to territory and natural resources. It also avoids the possibility that tribal groups do not desire to become integrated or assimilated into a surrounding state society. Furthermore, the World Bank implicitly considers only state political jurisdiction, and explicitly recognizes the value of indigenous lands and technical knowledge to non-indigenous societies without considering whether indigenous peoples which to give such wealth to the state society. The World Bank policy ignores tribal political jurisdiction and tribal laws, and ignores the great importance that tribal technology has for the welfare of indigenous peoples themselves.

The major concern of this policy is the tendency of indigenous nations to oppose state development projects which infringe on tribal peoples, territories and natural resources. Indigenous peoples become a significant obstacle (politically, legally and physically) to the development and *timely completion* of WB supported projects. Tribal land claims and natural resource interests compete with the interests of the state! Such competition is inherent in their parallel political existence. Tribal assertions of original rights have caused slow-downs and actually



stopped the construction of dams, roads, electrical lines, communications facilities and ports. Borrowing states experience costly delays, and more importantly, these countries often fail to demonstrate their capacity to complete Bank supported projects in a profitable way. The WB Policy is fundamentally aimed at "safeguarding tribal rights" while simultaneously easing tribes into a mainstream economic system, thereby, reducing the likelihood that they will act as obstacles to development projects. Development in this context simply means slow dismemberment of tribal societies while advancing "market economy" goals in the name of inevitable progress.

### **WB Policy Implications for Indigenous Peoples**

Of the estimated 1 billion indigenous people in the world, about 97% are located within the boundaries of Third World countries. Many of these countries are heavily indebted to the World bank, International Monetary Fund, Regional Banks and private banking institutions. These countries rely heavily on international loans, grants and credits to prevent collapse of their respective economies; they are most directly affected by the WB tribal policy. Countries like Mexico (with an external debt exceeding \$80 billion (US)), Brazil (\$70 billion (US)), and Costa Rica (\$4 billion (US) with its highest per capita debt in the world) also have sizable indigenous populations.

As a result of the global recession, countries like Mexico, Brazil, Bangladesh, Costa Rica and Indonesia experienced serious downturns in the value of their currency and the value of their export products. Earnings from exports constitute the major source of revenue to pay off the growing debts. Unable to increase export revenues, Third World countries are forced to seek extensions on existing loans, and borrow more money to support new development projects which will help diversify their economies. Under the World Bank *tribal policy*, these debt-ridden countries can no-longer undertake development projects with WB help at the expense of indigenous peoples and their territories without their consent.

In many instances, indigenous peoples who vigorously oppose country development projects may literally hold a whole country hostage to gain certain economic and political concessions. Indian Tribes in Costa Rica, for example, could literally prevent the development of a World Bank supported hydroelectric dam and, thus, cause Costa Rica to default on its loans. If the countries of Mexico, Brazil, Guatemala, Peru, Venezuela and Panama were caused to default on their outstanding external debts (totaling a combined debt of \$165 billion (US)), the global economic system could simply collapse.

The effect of financial collapse of indigenous communities would be minimal. It is mainly due to this circumstance (long considered a disadvantage) that indigenous peoples are such a formidable obstacle to economic development projects throughout the world. The paradox created by the World Bank's *tribal policy* is that the *poorest of the poor* can exercise enormous economic power through the manipulation of World Bank loan guidelines, and by obstructing World Bank supported development projects to gain economic and political concessions for their own benefit.

In many situations around the world, states' governments have become victims of the economic system which they have long advocated. The World Bank *tribal policy* can become a powerful economic tool for indigenous nations to force states' governments to bend to their economic and political interests. Indigenous peoples may be the key to implementing the Declaration for a New International Economic Order, while giving rise to a new international political order where even the smallest nations can become active participants in global economic, strategic and

political affairs.

Indigenous nations have only recently begun to use *moral* and *political* leverage within the international arena to promote their own interests. These efforts have been aimed at modifying state government behavior toward indigenous nations. They have begun to experience limited successes. The World Bank's policy may now be used as real economic leverage to promote political change. Of course this opportunity is dependent on the extent that indigenous leaders can mobilize their own limited resources. And it is partly dependent on the extent that other indigenous nations will help their brother nations. The Bank policy can certainly be turned against indigenous nations if they lack the capacity to assert their will in the international community and with the World Bank itself.

### **WB Tribal Policy Implications for States' Governments**

States' governments enjoy the real opportunity to turn the WB policy into an economic and political bonanza by bending tribal peoples to support state economic and strategic goals. They can use political interference, financial *buy-offs* and military suppression as *domestic* tools to force indigenous nations to support State development interests. Such actions can erode indigenous nations' capabilities to oppose development projects. States' governments and their multi-national corporate associates can create an economic and political climate which convinces indigenous nations that it is in their own best interest to support World Bank supported projects. Promises of money, health facilities, educational facilities, and state government grants of limited political jurisdiction over lands and natural resources have historically been used to sway indigenous nations. Through such maneuvers, states have caused indigenous nations to accept encroachments by states' governments and corporate economic interests.

Indeed, the World Bank has conveniently offered to assist state governments in the establishment of Project Preparation Facilities (See point #3 on page 6 above), and require a project mitigation "tribal component" to be built into project proposals. Such project mitigations can simply provide the means to draw an indigenous nation into the "market economy," increase indigenous dependence on the state economy, and cause internal economic dislocation within the indigenous community. This method of removing tribal groups as economic and political obstacles has been effectively used by South Africa, Norway, United States, Canada, Soviet Union and Australia. While, in these states there remains considerable indigenous nation resistance, the market economy has been used quite effectively to erode indigenous nation opposition to state and corporate development plans. Meanwhile, indigenous peoples have been forced into smaller enclaves, politically and economically assimilated or completely dismembered and extinguished. State governments like Brazil and Chile are likely to accelerate their destruction of the Yanamamö and Mapuché, respectively, under the license proved by the World Bank.

### **WB Policy is a Double Edged Sword**

The World Bank *tribal policy* can serve as a double edged sword with possible benefits and disadvantages to indigenous peoples and states' governments. If indigenous nations have not seen the necessity to leverage concessions from states' governments through the use of international tools in the past, they are now forced by the World Bank's action in May 1982 to recognize that their homelands and peoples are now directly threatened by an international action which will be used against them. The WB policy can either be used by indigenous leaders to protect and preserve the rights and interests of their people, or they can permit states' governments to take advantage of the new policy and use it against indigenous

peoples.

The irony is that the WB policy creates a situation where indigenous peoples and Third World countries (both economically desperate and suppressed) are forced into confrontations which can spell the economic and political destruction of one or the other. The major beneficiaries of such confrontations will be industrial states and multi-national corporations. This will be particularly true if Third World states win the confrontations.

In actuality, neither indigenous nations nor Third World states can win unless they both agree to respect one another's right to politically and economically exist as distinct political entities. Mutual coexistence in pursuit of a new international political order is what both must require. While an international monetary collapse may ultimately benefit indigenous nations, they cannot win military confrontations against state governments - though they may be able to hold the state in a protracted conflict of attrition. An international monetary collapse may seriously disrupt states' governments, but they can use military force to destroy an indigenous nation.

Indigenous nations have a new tool that may supply strong leverage on states' government. Through indigenous nations intervening in the WB loan process and pressing the policy requirement for "consenting tribal societies," it is a real possibility that indigenous nations can become equal partners in the debate about development. And at the same time, indigenous nations can exercise a kind of "pocket book" diplomacy that will win them an equal place at the table of development decision making.

## R E F E R E N C E S

**BODLEY, John H.**, *Victims of Progress*, The Benjamin/Cummings Publishing Co., Menlo Park, CA., 1982.

**IZALCO SARDENBERG**, "A Sagging Empire: The Price of Emphasizing Guns at the expense of Butter," "Vija," Sao Paulo, Brazil. Excerpted in "World Press Review" Vol. 29/No. 10:37-38, Oct. 1982.

**LAPPE, Francis Moore; Collins, Kinley**, *Aid as Obstacle*, Institute for Food and Development Policy, 1980.

**KIDRON, Michael & Segal, Ronald**, *The State of the World Atlas*, Simon and Schuster, NY, NY., 1981.

----- *World Bank Annual Report 1978*, World Bank, Washington, D.C., June 30, 1978.

----- *World Bank Annual Report 1979*, World Bank, Washington, D.C., June 30, 1979.

----- *World Bank Annual Report 1982*, World Bank, Washington, D.C., June 30, 1982.

**GOODLAND, Robert**, *Tribal Peoples and economic Development: Human Ecological Considerations*. Office of Environmental Affairs, OEA/PAS, World Bank, Washington, D.C., May 1982.

**World Council of Indigenous Peoples (WCIP)**, "Indigenous Freedom Now, has become a Working Plan" Executive Council Communique, Third General Assembly, Canberra, Australia, May 1981.

**World Council of Indigenous Peoples (WCIP)**, "Submission to UN EcoSoc concerning the UN Third Development Decade," NY. 1980.

**World Council of Indigenous Peoples (WCIP)**, "Declaration on Human Rights" General Assembly, Second General Assembly, Sami Land, Kiruna, Sweden August 1977.