Guidelines for Socio-cultural Analysis

Draft

Jonathan Renshaw
Marie-Madeleine Mailleux Sant`ana
Volker von Bremen

October 2001

Inter-American Development Bank

Sustainable Development Department

Indigenous Peoples and Community Development Unit

Guidelines for Socio-cultural Analysis

Draft

Jonathan Renshaw
Marie-Madeleine Mailleux Sant`ana
Volker von Bremen

October 2001

PREFACE

Objectives and Scope of the Guidelines

The objective of these guidelines is to provide Bank staff – particularly the people in operational divisions who are working on the preparation of projects, with a simple and comprehensible guide to some of the main social and cultural issues they may have to address. The guidelines are not intended as a draft strategy or statement of Bank policy, nor are they envisaged as a comprehensive guide to all the social and cultural concerns raised by Bank projects. Rather they have been designed to pose questions, and to help Bank staff and consultants think through the social and cultural issues raised by the main kinds of operations financed by the Bank.

The intention is to move beyond the single-issue focused approach that has dominated the thinking and procedures of the multilateral agencies, and to try to develop a more integrated understanding of the social and cultural context in which Bank operations are carried out. This implies a shift away from the present rather fragmented approach that emphasizes flagship themes, such as "participation", "gender" or "indigenous peoples", and instead stresses the need for greater understanding of the people and institutions Bank financed projects are intended to benefit.

This is not easy, and some of the recommendations may initially be difficult to implement. Project teams have limited time and resources, and are rarely able to carry out detailed studies and consultations with the people a project is designed to benefit. Executing agencies or private-sector sponsors often lack the motivation, resources and capacity to analyze the social and cultural context, or to respond effectively to the needs and expectations of target groups. In addition, the social, political and institutional context of projects is always subject to change, and once approved, a project may undergo significant modifications during execution. Despite these difficulties, the preparation of Bank projects has to move in this direction if the projects are to become more effective and to really respond to the needs and expectations of the mass of the poor in Latin America and the Caribbean.

One specific aim of the guidelines is to provide project teams with some insight into the questions likely to be asked by the Committee for Social and Environment Impacts (CESI). Nowadays most Bank staff are familiar with the main environmental issues relating to Bank operations, but there are times when project teams appear to be taken aback by some of the social or cultural issues that are raised. It is hoped that the guidelines will help situate these issues in the broader context of the Bank's approach to development.

The guidelines specifically address "enhancement" as well as "safeguard" issues – that is they focus on a range of social and cultural issues that affect the quality, relevance, sustainability and outcome of Bank projects, as well as issues relating to the avoidance or mitigation of negative impacts. While there still seems to be some doubt as to whether "enhancement" issues are technically within the competence of the CESI, they have been included in the hope that they may be of use in shaping discussions, either in CESI or in the operational departments' internal project reviews (CRG). Above all, it is hoped they will have an impact on the design of the next generation of Bank operations.

The guidelines are divided into three parts. The introductory section starts with a brief discussion of the role of socio-cultural analysis in the context of the Bank's development objectives. This is followed by a

discussion of the objectives, definition and justification for socio-cultural analysis, and then by consideration of the place of social and cultural analysis in the context of the Bank's project cycle.

The main body of the guidelines is divided into seven broad sectors. The intention is to make the guidelines as manageable as possible, without making the social and cultural issues too general – as perhaps would be the tendency if the guidelines were organized on a thematic basis. The Bank's portfolio includes a wide range of projects and is continually expanding to include new areas; different sectors tend to raise different types of social and cultural issues, and it is easier to make generalizations on a sector by sector basis. The sectors generally correspond to the Bank's classification of projects, with sectors that are similar from the socio-cultural perspective being grouped together. Minor infrastructure, for example, covers community based projects, such as access roads, schools and health posts, where the primary issues relate to relevance, community participation and maintenance, while major infrastructure covers large-scale energy and transport projects, where the main concern is to avoid or mitigate negative impacts.

The emphasis in this section is on identifying the issues that need to be addressed through socio-cultural analysis, rather on presenting specific methodologies for project preparation. It is important to recognize that each project is unique, and there are not necessarily any simple or "right" answers to the questions they raise. Indeed, if there is any single message that guidelines emphasize it is the need to comprehend the specific social, cultural and institutional context in which a project has to operate, and to respond creatively with a project design that will enable it to achieve its overall aims and objectives. Some recommendations are offered, but not as procedures to be followed rigidly. Rather the aim is to identify the issues that need to be addressed during project preparation, leaving the project teams, consultants and executing agencies free to develop the methodologies that are appropriate to the particular circumstances of each project.

The final section of the guidelines comprises a series of simple summary checklists that outline the main social and cultural issues that are likely to arise in each sector. These checklists should not be regarded as comprehensive. Some issues may not be relevant to a particular project, while others, that have not been identified, may be more important. However, they are intended to facilitate the discussions between project teams and executing agencies or private sector sponsors, to provide an outline for the Terms of Reference used for contracting consultants to carry out socio-cultural assessments, and to provide a more systematic basis for the Bank's internal review of projects.

CONTENTS

I. INTRODUCTION

Development Objectives

It is important to understand the relevance of social and cultural analysis within the context of the Bank's development objectives. These have changed over the last 20 years. Until the 1980s the lending activities of the IDB and other multilateral development banks were primarily focused on creating conditions for economic growth, defined in terms of GDP or annual average per capita income. It was assumed that an increase in GDP would have a positive effect throughout the economy and that one way or another economic growth would "trickle down" to benefit the poor.

By the beginning of the 1980s it was apparent that economic growth was not in itself sufficient to reduce the high levels poverty and inequality that characterize most countries in Latin America and the Caribbean. Increasingly attention was given to structural reforms, and to a paradigm of development based on macroeconomic stability, liberalization of the economy, broader distribution of the benefits of growth and the development of democratic institutions. As the introduction to the Eighth Replenishment (1994) notes:

"Experience indicates that while macroeconomic stability and structural adjustment are necessary to revive growth, they are not sufficient to deal effectively with the social problems which exist in the region and which would continue over the long term in the absence of social reform. Even in those countries which are now most advanced in the adjustment process and where the recovery of economic growth is well under way, such problems continue to exist and the implementation of programs designed to address them is receiving priority attention." (Para. 1.10)

It was recognized that certain sectors of the population had been excluded from the benefits of economic growth. They include people on the fringes of the market economy, such as small farmers and landless rural laborers – a population that in some countries is largely indigenous, as well as people living in informal urban settlements (*favelas*). As the Eighth Replenishment notes:

"Currently many of the social programs in the region do not reach the most disadvantaged sectors of the population. Economic reform is being directed to improving the distributive impact of these programs and to making them more efficient, thereby enhancing their contribution to incorporating the poor into the modernization process. Programs which are targeted to the poor have a special role to play in this regard." (Para 1.13)

Poverty reduction and social equity have now become central to the agenda of all the multilateral and bilateral development agencies, and at the same time the concept has been broadened. Poverty is no longer perceived to be synonymous with low income, and the paradigm of poverty reduction now encompasses a much wider range of issues. They include the right to satisfy basic human needs – access to drinking water and sanitation, adequate nutrition, housing, education and basic health care. They also include a concept of basic human rights, including the right to security, access to justice, and people's right of to have some power over the decisions that affect their everyday lives. As a recent World Development Report notes:

"The report accepts the now established view of poverty as encompassing not only low income and consumption but also low achievement in education, health, nutrition and other areas of human development. And based on what people say poverty means to them, it expands this definition to include powerlessness and voicelessness, and vulnerability and fear..." (Foreword to the World Development Report 2000-2001).

It is not easy for the multilateral development banks to adjust their operations to the demands placed on them by this new development agenda. Increased social equity and the reduction of poverty - particularly for those sectors of the population that have traditionally been excluded from the benefits of development, requires more than access to finance. The agenda is social, political, and often environmental, and demands political will on the part of government, institutional reform, dialogue, accountability, and greater devolution of decision-making to the local level.

Socio-cultural analysis does not offer any easy solutions to the often intractable social and political problems that face many countries in Latin America and the Caribbean. However, it does have an important role to play in helping to understand and clarify the problems that need to be addressed, in facilitating dialogue, and in establishing priorities and ensuring resources are used effectively, in a way that is relevant and sustainable.

The Social and Political Context

Latin America is seeing increased economic interdependence within and across national boundaries. This is the result of formal trade agreements such as Mercosur and NAFTA, and the development of transport infrastructure and communications. At the same time, there has been a revalidation of the cultural identities within nations. In recent years many countries have seen indigenous movements grow from isolated protests, initially focused on specific issues – above all land rights, into national-level, and even international movements that demand an equal place within the framework of the nation-state. The constitutions of six Latin American countries now formally recognize the nation as multi-ethnic and pluri-cultural, and the constitutions of a further six countries recognize specific rights for indigenous peoples.[1] Indigenous political movements are becoming increasingly important in the national political arena, while some non-indigenous groups that represent particular sectors of the poor – such as landless farmers, have also become increasingly vocal, and are directly engaging in the political process. This is perhaps an inevitable response to improved communications and greater democratic accountability, and offers opportunities and challenges for the multilateral agencies whose goal is poverty reduction.

The increased political empowerment of indigenous peoples and other groups of poor people have not generally been mirrored in terms of economic development. This has become a source of frustration, and poses two particular challenges. The first is to find effective ways to channel resources to those sectors of the poor that have traditionally been excluded from the benefits of development, and to ensure that the benefits are sustainable. This requires political will, and above all the development of effective institutional mechanisms. The second, and more conceptually complex issue, is to determine what

---

[1] The multi-ethnic, pluri-cultural nations are Bolivia, Colombia, Ecuador, Mexico, Nicaragua and Peru. The constitutions of Argentina, Brazil, Guatemala, Panama, Paraguay and Venezuela recognize specific rights for indigenous peoples. See Maria Elena Muñoz Ceballos 2001.

constitutes appropriate development – that is to say development that supports and strengthens local or indigenous identities, what Victor Hugo Cárdenas refers to as "development with identity".[2]

Traditional development practice emphasized "modernization" and showed little or no concern with people's identity, beliefs or practice. It was assumed that "development" would lead distinct social groups such as indigenous peoples, afro-latins or small-scale subsistence farmers to eventually lose their identity and merge with the rest of national society. Some Bank operations, particularly the integrated rural development and transport projects that were fashionable during the 1970s and early 1980s, were designed to facilitate market penetration of areas that had previously been dominated by subsistence economies, providing transport, credit and the extension services needed to grow cash crops for export.[3] In many cases they deliberately supported the colonization of tropical lowlands, which at the time was seen as a way of alleviating pressure on the areas of traditional *minifundia*.

Although the integrated rural development projects generated economic growth, the social and environmental impacts of the projects were often negative. The benefits were typically absorbed by the less poor – mostly people who had migrated into the area from outside, while the traditional small-holders and/or indigenous peoples, who lacked formal land titles, were evicted and often ended up as poorly-paid migrant laborers, lacking even the most basic forms of security. In addition, the environment was often degraded by farming practices that were not sustainable, leading to the impoverishment of all but a small minority of large, often absentee landowners.

Since the 1980s the Bank has developed some reasonably effective responses to the problems of the urban poor – who are usually better placed to benefit from economic growth. These have included urban upgrading programs that provide access to improved water supply, sanitation, housing and access roads, and training and micro-enterprise projects that have provided the skills and seed capital needed to set up small enterprises. Projects have been most successful when they have combined investments in infrastructure with the development and strengthening of community organizations and municipal institutions. Because of their proximity to the centers of power, the urban poor also appear to have enjoyed greater benefits from the social investment, health and education programs that have been financed by the Bank.

The situation in rural areas is more difficult. Despite high levels of migration to the major cities, many countries in Latin America and the Caribbean still have a significant proportion of the population living in rural areas. This is particularly true of the poorest countries in the region. In 1998, for example, 66 percent of the Haiti's population lived in rural areas, as did 60 percent of Guatemala's population, 54 percent of Honduras' population, 45 percent of Jamaica's population and 37 percent of Bolivia's population (World Development Report 1999-2000). Since the demise of the integrated rural development projects, the multilateral agencies have failed to develop a successful model for rural development. In fact, virtually the only projects that have had any impact in rural areas have been the social investment funds, which have provided a rather limited menu of minor infrastructure projects, such as school buildings, health posts and access roads.

---

[2] Victor Hugo Cárdenas, 1997. Victor Hugo Cárdenas was Vice-President of Bolivia from 1994-1998 and was later President of the Indigenous Peoples Fund. He is Aymara, from the Department of La Paz.
[3] The term subsistence economy is perhaps not entirely accurate. Perafán refers to the "traditional economy," and notes that there is only a partial relation between the units of production and consumption, with the producer linked into a non-monetary chain of redistribution (Perafán 2000 (c): 4 footnote 7).

The structural poverty found in many rural areas of Latin America and the Caribbean is more intractable than urban poverty and requires a different set of solutions. Many of the poor live on the margins of the market economy, combining a traditional kinship-based subsistence economy with cash cropping and/or migrant wage labor. In some countries, Mexico, Guatemala or Peru, for example, many of the rural poor are indigenous. However, this is not true of countries such as Brazil or Paraguay, where the mass of the rural poor are of a mixed racial origin – strongly identified as non-indigenous, and where the small indigenous population forms a regionally distinct sub-group, often living in conditions of extreme poverty and social exclusion. Regardless of whether or not rural small-holders are classified as indigenous, they represent a critical sector of a country's poor, and have to be acknowledged as a valid, indeed viable sector of the population, with a right to a distinct identity and style of life.

II. AIMS AND DEFINITION OF SOCIO-CULTURAL ANALYSIS

Objectives of Socio-Cultural Analysis

The overall objective of socio-cultural analysis is to foster development that will have a positive impact on the poorer and more vulnerable sectors of society. This means more equitable economic growth, and development that benefits and empowers the poor.

It is important to remember that even in the poorest countries of the region, Bank lending – indeed all loans and non-reimbursable funding from the multilateral and bilateral agencies, never represents more than a small proportion of total government expenditure. If Bank lending is to have a significant impact at national level, projects or Bank operations should aim to achieve some kind of a multiplier effect or additionality, inducing significant changes in the relations between the poor and the institutions that are supposed to serve them. This may require a radical change on the part of government and civil society, and means helping the poor and disempowered to envision a better future, determine their goals, and develop the organizational capacity to achieve them.

Until recently, the social analysis of Bank projects tended to focus on the impacts of large-scale infrastructure and regional development projects on minority groups. The Bank's first statement on socio-cultural issues, "Strategies and Procedures for Socio-Cultural Issues relating to the Environment," issued by the Environment Committee (CMA) in 1990, gave priority to involuntary resettlement and the impact of major transport, energy or regional development projects on indigenous peoples. This was followed in 1998 by Board approval of the Bank's policy on involuntary resettlement (OP-710). While these issues continue to be of importance, more emphasis is now being given to ensuring that marginal or minority groups are able to participate on equal terms in Bank financed projects, particularly in social and poverty focused programs.[4]

This has led to greater awareness of the need to understand the social and cultural context in which people operate – hence the term socio-cultural analysis. Experience has shown that it is not sufficient simply to ensure that resources are channeled to the poor – and even this is not always easy. Rather, the resources need to be applied in a way that is relevant to their needs, effective, and can be sustained in the long term. To improve health, for example, it is not enough to provide potable water, sanitation or primary health care. Unless these services are a "felt need" – are valued, comprehended and properly utilized, they are at best worthless, and in some circumstances can even make the situation worse. This requires an understanding of the social, cultural and institutional context in which the services are to be provided. This is not just a question of practices relating to health care, or water and sanitation, but also of structures of authority, systems of decision making and the role of traditional healers. It means the project has to engage more directly with the potential beneficiaries, jointly analyzing the objectives of the project, determining priorities and responsibilities, and working out a plan of action.

The same principle applies to programs designed to mitigate negative impacts. It is not enough to include mitigation programs – or to evaluate them in terms of the money spent or the buildings that are

---

[4] See, for example, the discussion document "Citizen Participation in the Activities of the Inter-American Development Bank," 2000.

constructed. Rather, they must satisfy the same criteria as any other development project. That is to say they should be appropriate, effective and sustainable, and should allow the people who are affected by a project to develop their capacity rather than, as so often happens, simply creating new ties of dependency.

Definition of Socio-Cultural Analysis

In these guidelines the term *socio-cultural analysis* refers to a broad approach to social and cultural issues rather than to a specific methodology or procedure. In this sense, the socio-cultural analysis of a Bank project is comparable to the economic, financial or environmental analysis, and is primarily the responsibility of the project team. The term *socio-cultural assessment* is used for the specific studies that have to be carried out in the context of a particular project – and can be thought of as the social-cultural equivalent of an EIA (Environmental Impact Assessment).

Socio-cultural analysis encompasses the following:

- the identification of the groups or sectors involved in or affected by a project, and the analysis of the relations between these groups or sectors.

- achieving an understanding of the culture and identity of the target groups and beneficiaries, and the interdependence of the cultural, economic and ecological factors that determine their lifestyle.

- engaging the relevant groups and/or sectors in identifying priorities, and in designing, implementing and evaluating development programs.

The first aspect, social analysis – sometimes referred to as stakeholder analysis, involves the identification and characterization of the target groups and any other sectors involved or affected by a project. This is particularly important for projects with a poverty focus. Social analysis offers the opportunity to define or characterize the different groups of potential beneficiaries or poor people that are affected by an operation, and is used to identify the constraints that make it difficult for them to access or effectively utilize the resources that are provided.

A key concept is that of vulnerability. Social analysis is used to identify the groups that are most disadvantaged or are least able to respond to social, economic or environmental changes. These are groups that require additional support if they are to benefit from the sort of investment-led projects that the Bank and other multilateral agencies can provide.

Social groups may or may not have a sense of common identity or interests. In some countries, groups that identify themselves as indigenous peoples have a sense of common identity, and have organizations that represent them at the national, provincial, or ethnic level. Although disadvantaged in relation to the wider society, they may include sub-groups, some of which are in a much stronger position than others. Some groups may share a sense of identity based on common values, culture and social organization, or which may even be derived from the stereotypes held by the wider society, but may have no effective national or local level organization to represent them. Other groups may have no sense of common identity, and are defined by the analyst rather than the members of the group themselves. Typical examples would include groups are defined in terms of income level, service provision, landholding or type of tenure.

As well as characterizing the different social groups, social analysis considers the relations between these groups. It makes no assumptions about the ability of different groups to resolve their differences and seek common solutions – an idea that sometimes seems to be implied by proponents of stakeholder analysis. Indeed, social analysis usually starts from the opposite assumption – that is that different social groups have differential access to power, and naturally tend to favor the solutions that are in their own interest. An understanding of the social, political and economic relations between different groups and sectors is essential if one is to develop an institutional framework that will allow poor and vulnerable groups to access the resources provided by Bank operations, and to utilize them in an effective and sustainable way.

The second aspect, cultural analysis, refers to understanding of the relevant cultural peculiarities – the values, knowledge, beliefs and practices of the target groups or beneficiaries. The concern is to identify the areas that are relevant to their concerns and lifestyle, and to develop responses that reinforce their sense of identity and self esteem. This starts from an understanding of the values, knowledge and practices relevant to the particular sector addressed by a project – systems of tenure and inheritance for programs of land titling, vernacular architecture for minor infrastructure programs, or child-rearing practices in relation to healthcare and pre-school programs.

Cultural analysis involves the study of the interdependence between the social, cultural, economic and ecological aspects ruling the life of these groups. Cultural facts are not isolated. In the case of many indigenous peoples, for example, there is often a complex interrelation between a group's identity, ecology, social organization and religious beliefs, that needs to be comprehended, and seen as a foundation on which to build, rather than being perceived as an "obstacle" to modernization. One area that is particularly important is achieving an understanding and respect for a people's system of communication and decision-making in order to facilitate their active engagement in the preparation, implementation, and evaluation of a project.

Finally, socio-cultural analysis is more than a series of studies, and needs to engage with the target groups or beneficiaries. It has to involve them in the definition of priorities, and in the design, implementation and evaluation of projects. Achieving participation – particularly of the poorest and most marginal groups, is not easy, and offers no magic solutions to the problems of poverty, social exclusion and underdevelopment. The poor are mistrustful of attempts to involve them in dialogue – often rightly so, in the light of their experiences with politicians, social movements, missionaries and NGOs. Also they lack confidence in their own ability, and are often tempted to give the answers that are expected of them, rather than trying to express what they really feel or believe. Effective consultation requires patience, understanding and above all sufficient time to break down the barriers of mistrust. Rather than identifying problems or generating a "wish-list" of potential projects, consultations should open up dialogue, focusing on the target groups' aims and aspirations, and analyzing the changes that will be needed if their aims are to be achieved.

Consultation raises two issues. The first is representation; the second is establishing the ground rules for dialogue. Representation is almost always a difficult issue. The poorest people are – almost by definition, rarely organized effectively. As a result it is often difficult to determine who should be regarded as the legitimate representative of a particular group. This is less of a problem at the community level, although even here there can be difficult issues, such as how women, youth or the elderly can be represented. There are no easy answers, other than insisting on the need to consciously consider the issue of representation, and, as far as possible to give preference to direct representatives rather than to intermediaries.

Consultation needs clear and simple ground rules if it is to be effective. From the start it is important to establish what a discussion can, and what it cannot be expected to achieve. The aims and scope of consultations should be clear, avoiding false promises or the creation of unrealistic expectations, and it is important to clarify which decisions can and which cannot be taken without reference to higher authority. Finally, when decisions are reached, the results should formally acknowledged, preferably as a signed document, and should be communicated to all the people that have been involved.

III. JUSTIFICATION

Socio-cultural analysis is relevant to most of the projects and operations in the Bank's portfolio. It can improve the quality, targeting and efficiency of projects; it ensures that projects are relevant and sustainable, and it can be used to avoid or reduce the potential negative impacts of projects.

Inclusion of Poor and/or Vulnerable Groups in Project Benefits

Many potential beneficiaries, particularly of social sector or poverty reduction projects, belong to the most vulnerable sectors of society, and are often unable to fully exercise their formal legal rights or to lead a life that allows them to satisfy their most basic needs. They are often excluded – consciously or unconsciously, from involvement in project development, as a result of poverty, ethnicity, health, age, gender and/or disability. They may share different values, codes of communication or behavior to those of the dominant society, because of their history and marginality, and because they lack access to relevant information about the concepts or proposals for projects. They may be unable to identify with the philosophy and aims of development projects.

Socio-cultural analysis help ensure that the benefits of social and poverty reduction projects reach the people they are intended for, and are not channeled to other, better-off or more politically powerful groups. SCA can be used early in the design of a project to identify priority target groups or sectors, which may be defined geographically, in terms of access – or rather lack of access to basic services, landholding, income levels, or other factors, such as ethnicity or "race".[5] SCA makes it easier for poor and vulnerable groups to identify themselves as potential beneficiaries of a development project, and can provide project teams with a more profound and sensitive understanding of the socio-political and cultural circumstances of each group. It makes project objectives more consistent with their values, raising the awareness and sensitivity necessary to prevent conflicts, damage or destruction to their established socio-cultural systems. Once the identification of common interests is achieved, it becomes easier to develop mechanisms that permit poor or vulnerable groups to participate on equal terms in the design, implementation, operation and evaluation of a project.

Relevance

Social and cultural analysis can be used to make project proposals more relevant and appropriate to the needs and aspirations of the target groups. It does not assume any particular approaches or solutions are best, and works with a concept of "modernization" that tries to respect the identity, values and choices of poor people. SCA is a tool to achieve the wider goals of development – better health and nutrition, more opportunities for individuals, justice and empowerment – and is used to facilitate the search for the most effective ways of achieving these goals. "Development with identity" sometimes challenges conventional notions of what development entails, but for many poor or excluded populations it is the only true

---

[5]   We have used the term "ethnic groups" to refer to groups whose members see themselves as sharing a common identity, culture and values. The identity of "racial groups", on the other hand, is ascribed by people outside the group, and does not necessarily imply any sense of shared identity beyond that of being the object of similar perceptions or prejudices.

development. It requires a serious attempt to bridge the social and cultural gap that divides so many societies in Latin America and the Caribbean. It offers the opportunity to build on the strengths of local systems of authority and social organization, and allows the possibility of working with them, rather than struggling – often ineffectively, to impose systems of thought and organization that may be alien and disruptive.

Sustainability and Reduced Costs

In the long term, the application of social and cultural analysis improves efficiency and can significantly reduce project costs. This is just as true for projects with a social or poverty focus as for projects that have negative impacts. Initially, adequate socio-cultural analysis implies additional up-front costs, and perhaps even more critically adequate time to carry out the baseline studies and engage the relevant groups and sectors in consultations. However, the additional time and costs are almost invariably justified.

In the case of social and poverty alleviation projects, SCA helps ensure that a project can achieve its wider goals. This is more difficult than achieving project targets or specific objectives. In the case of a health project, for example, the wider goals are measured as a reduction in morbidity and mortality, rather than the number of health posts constructed or the number of health staff trained. SCA ensures that resources are directed to the areas or sectors where they are most needed. It also questions the assumptions on which project plans are based, and can be used to examine assumptions about the relation between project inputs, project targets, and the achievement of the project's wider goals. It ensures that project targets are relevant to the beneficiaries, reflect their priorities, and will be sustainable in the long term. It also engages with potential beneficiaries in a way that allows them to respond effectively to project initiatives. This requires patience, time and money, but in the long-term leads to more effective and sustainable results, providing better value, and avoiding or reducing the misapplication or wastage of resources.

SCA also offers an opportunity to explore ways of reducing project costs. The direct participation of beneficiaries, for example, providing unskilled labor for the construction of minor works, not only reduces costs – including the often generous margins paid to contractors, but develops skills and creates capacity. Even more significantly from the financial point of view, it creates a sense of ownership, and improves sustainability, as local organizations take on the responsibility for operation and maintenance, reducing recurrent costs and administrative overheads.

In the case of projects that have significant negative impacts – for instance projects involving involuntary resettlement or indirect impacts on traditional populations, it has been repeatedly demonstrated that the additional costs and time involved in preparing an adequate SCA are more than adequately justified. Inadequate attention to social and cultural factors – poor baseline data, inadequate consultation and/or inadequate planning, has almost invariably led to major cost overruns, and often to significant delays in project implementation. Some projects have never been properly completed. In other cases resources have been wasted on the preparation of projects that were never approved.

Development of Institutional Capacity

SCA can help develop institutional capacity. This is perhaps the essence, and the greatest challenge in development. SCA can offer insights into the effectiveness – or otherwise, of existing institutional

arrangements. It can identify the gaps that make it difficult for government or private sector institutions to communicate with target groups. It can also help in defining suitable mechanisms for identifying, preparing, implementing and evaluating projects, particularly at the local or provincial level.

There are no simple answers to the question of how to develop local-level institutional capacity that is equitable, transparent and accountable. SCA starts from the empirical analysis of existing arrangements – rather than from programmatic statements about the desirability of working with NGOs or any other type of institution. It can be used to identify the locus of decision-making and social control – this is particularly important in the case of the more traditional, rural societies. And, as part of a participatory process, it can be used to identify potential structures, and the procedures and training needed to make them work effectively.

Avoid or Reduce Negative Impacts

Socio-cultural analysis is used to identify the people that will be affected by a project, and can help avoid, reduce or mitigate potential negative impacts. The most obvious examples are projects that affect people's housing or livelihoods, because of land acquisition, or that lead to loss of employment because of the restructuring of business or government agencies. SCA can identify the groups that are most vulnerable, and can provide a basis for measuring the potential social costs and benefits of a project.

Until a few years ago, compensation and mitigation measures were considered at the margin of project design, as an appendix or sub-component. Social analysis was only carried out once the major decisions – relating to the design and layout of the main civil works had already been taken. Little attention was given to the socio-cultural characteristics of the population, and in some cases there was not even a reasonably accurate estimate of the affected population at the time the project was evaluated. In recent years much more attention has been given to the upstream evaluation of the social issues raised by major infrastructure projects. Indeed, in the case of involuntary resettlement, the Bank's policy (OP-710) now requires an analysis of alternatives to ensure that resettlement is minimized, or if possible avoided.

IV. THE PROJECT CYCLE

This section offers a brief overview of how socio-cultural analysis fits into the Bank's project cycle. It looks at SCA in relation to country-level studies and programming, and then at project identification, analysis, monitoring and evaluation. The following sections and the checklists identify the key questions raised by particular sectors, and discuss the main issues that have to be addressed during project preparation and analysis.

The main obstacles to the effective application of social and cultural analysis are lack of resources – and almost more importantly, lack of adequate time for SCA in project preparation. There are two potential ways of resolving this. The first is to give more importance to project achievements than to project approval, and to press for adequate time and resources. This would require a change in Bank culture, and in the long-term would probably require some change in the division of labor between Bank headquarters and Country Offices. Funding could perhaps come from a combination of trust funds and project preparation funds. The alternative is to encourage a more process-oriented methodology, with approved loans or technical cooperation funds being used to finance the studies and consultations that are needed. In countries where the institutional capacity to manage SCA is more incipient, additional technical assistance would be required to ensure the process can be managed effectively. Both approaches have already been applied in some "flagship" projects, and could be developed and replicated more widely.

Preparation of Country and Programming Documents

A country's social priorities are identified in country papers, sector reviews, and national or regional-level poverty studies, some of which have focused on indigenous poverty and other areas of social exclusion. Some studies have used participatory methodologies, such as workshops or working committees with representatives of indigenous peoples or afro-latins.[6] In other cases, the Bank has helped to organize dialogues between key sectors of the dominant society and poor or marginal groups. These have ranged from rather tentative encounters – focused on specific themes, to more ambitious attempts to define a country's social agenda.

There is no simple formula that defines the potential role of SCA in the preparation of country and programming documents. In some cases there is a need for national and sometimes regional-level analyses of particular sectors of the population: for instance, rural migrant labor, subsistence farmers, indigenous peoples or afro-latins, to understand their needs and priorities, organizational capacity, and the experiences of on-going programs.[7] The important points are that the analyses should be of a high quality – with sufficient time and resources allocated to their preparation. The studies should be discussed with representatives of the groups or sectors concerned, although the ground rules for consultation should make it clear that the aim is to set an agenda for discussion, not to substitute the Bank's programming dialogue with government. Where poor and marginal groups are not formally represented, as is usually the case, mechanisms have to be established to guarantee the articulation of these groups according to

---

[6]   See Plant 1998, Encalada et al 1999, Jamieson 1999 and Galvez and von Gleich 2001 for studies of indigenous poverty, and Alleyne 2001 and Conpal 2001 for studies of Afro-latin poverty.
[7]   "Region" as used in most IDB documents refers to the supra-country level, for instance Central America or the Cono Sur.

their particular modes of communication and socio-political organization. In some cases a consultative committee involving representatives of these groups may be appropriate. This kind of committee is usually more productive than one made up of advocacy NGOs, church groups, or other movements acting on behalf of the poor, often with agendas of their own. Finally, the analysis – and the proposals that arise out of the analysis, have to be articulated with the Bank's programming and policy agenda, leading to the identification of new operations, and, where appropriate, to changes in laws, policies or institutions.

Project Identification and Screening

In the case of social, environmental and poverty reduction projects, the groups or sectors the project is intended to benefit should be identified as early as possible in project preparation. Ideally, the project concept should develop out of the studies and consultations that have been carried out during programming. In practice, this means the Profile I should at least identify the project's geographical focus and the principal groups or sectors the project is intended to work with. The Profile II should include a reasonable estimate of the target population, geographical location – including urban/rural distribution, economic activities, land tenure and livelihood, social, ethnic or historical characteristics of the population. This information should be based on secondary sources, if possible using information from the country-level studies. The information is needed to prepare the TORs – and estimate the time and resources necessary for the more detailed studies and consultations needed to prepare the operation.

Potential negative impacts have to be identified as early as possible, and issues such as involuntary resettlement, indirect impacts on traditional populations, or redundancies should be identified by the time the Profile I is prepared. At this stage basic questions have to be asked about the social feasibility of a project. If a project has significant negative impacts that are unlikely to be mitigated – because of insufficient resources, lack of political commitment or institutional capacity, it should be dropped, to avoid wasting further time and resources. By Profile II – the document that defines the outline and basic components of a project, there has to be a reasonable estimate of the magnitude of any negative impacts. This is essential to ensure that sufficient time and resources are devoted to preparation of the compensation and mitigation programs.

Project Preparation and Analysis

There are no simple rules to distinguish the issues that need to be resolved before a project is approved from those than can be resolved during implementation. In the case of social, environmental and poverty reduction programs, the institutional capacity of the executing agency is a key determinant. A process approach – that is to say an operation where the analysis and preparation of sub-projects takes place after the project is approved by the Board, offers the opportunity to develop a capacity for socio-cultural analysis within the executing agency. This could lead to changes in the way the agency manages other programs – giving the project significant added value. In practice, however, it requires a high level of social and political commitment on the part of government, stability within the executing agency, and close supervision by the Bank.

At the time a project is analyzed it is not always easy to judge whether sufficient commitment exists. Formal public commitment – for instance, to improving the situation of certain social groups, or to improving service levels in a particular sector, helps make a project more accountable. A government's record of social reform provides an indicator of likely performance, but as governments are liable to change, dependence on a particular government or minister may not guarantee the successful outcome of

a project. Finally, it has to be noted that the countries or states that have the greatest need of social or poverty reduction projects are notoriously those with the weakest institutions, and are the least able to absorb or manage the resources provided by the Bank. Institutional issues have to be addressed during preparation and analysis, and cannot rely on the goodwill or commitment of people in the executing agency. As far as possible the project team should try to build in accountability, where feasible developing mechanisms that allow potential beneficiaries to have some control over the way a project is managed.

In projects with negative impacts, the social analysis and the preparation of compensation and/or mitigation programs has to be completed before the project is presented to the Board. If the project involves resettlement, Bank policy OP-710 requires a detailed resettlement plan. The same principle applies to operations that are likely to lead to significant loss of employment, or that have potentially negative indirect impacts on indigenous peoples or other traditional societies. Key issues to be addressed before approval include:

- The nature of the impacts, the number of people affected, and the "eligibility criteria" – ie. the definition of the people, households or groups categorized as "affected by the project", must be clearly defined.

- The compensation and mitigation measures for each category or group of affected people have to be clearly defined.[8]

- The institutional responsibilities for the compensation and mitigation programs must be clearly defined and agreed, with sufficient time and resources allocated.

There may be some multiple works or time-slice operations where sub-projects with potentially negative impacts cannot be identified before the operation is approved. In these cases the most effective response is to include an institutional-strengthening or capacity building component as part of the operation, and to ensure that all sub-projects are reviewed, and have to be approved, by the Bank (country office and/or headquarters, depending on the expected magnitude of the impacts). The institutional strengthening component would normally be focused on the executing agency. That is to say, a social – and often environmental unit, within the ministry or agency responsible for the main project. The unit must have sufficient resources and if necessary, technical assistance – financed as part of the operation, to ensure that the compensation and mitigation programs can be properly implemented. The development of institutional capacity to some extent offsets the risks involved in an operation of this kind, but it requires the executing agency to commit itself to retaining the unit once the Bank-financed operation comes to an end.

Finally, it is important to note that in the case of sector loans, the social and cultural analysis needs to address the implications of the policy conditions of the operation. Policy reforms can sometimes have significant negative social impacts. In the short term they may lead to loss of employment or to increases in the cost of living, while in the longer term some reforms can lead to changes in the agrarian structure, further encouraging migration from rural areas to the cities. The social implications of reform need to be analyzed, discussed, and as far as possible quantified, before the project is presented to the Board. If

---

[8] The meaning of compensation and mitigation is discussed in the section on major infrastructure.

potentially negative impacts are identified, they have to be addressed through mitigation measures, which ideally should be an integral part of the operation rather than a parallel project.

Monitoring and Evaluation

Monitoring focuses on the review of targets and timetables – that is to say, whether activities are being carried out in accordance with a project's targets and established procedures, and within the budget and timetable. It is intended to identify and correct problems that arise during project implementation. Evaluation, on the other hand, focuses on a project's wider objectives. It is broader, and questions the assumptions of project design. During implementation, it offers an opportunity to introduce changes that allow a project to achieve its overall objectives. As ex-post evaluation – once a project has come to an end, it offers an opportunity to improve the design of new projects, and to review strategies and policies in order to achieve better results.

Monitoring and evaluation should consider whether a project's resources reached the groups they were intended for. They should consider whether resources were applied effectively – whether there was capacity to manage the program, and whether the activities were relevant or appropriate. The main indicators should match those that were considered during project preparation, specifically as part of the socio-cultural analysis. Later, the information can be refined by triangulating different methodologies and sources. Statistical information – obtained through the SCA surveys and/or project records, can provide an overview, at national or provincial level, while more detailed case studies and participatory mechanisms are needed to make the information more comprehensible and to understand why certain trends are apparent. Cultural issues are difficult to comprehend, and may require a detailed knowledge of, and empathy with particular groups to understand why they have responded – or not, to the proposals or activities of a particular project.

V. HEALTH, EDUCATION AND SOCIAL PROJECTS

Description of the Sector

This sector includes a diverse range of projects that cover reform and modernization of the public health sector, primary health care, epidemiological monitoring and control, technical and vocational training programs, modernization of pre-school, primary and secondary education, and distance education. In recent years the number of traditional public health sector projects has declined, and the social sector has seen an expansion of other types of program. These have included emergency relief and social compensation programs, projects to reform pensions and social security, and projects to reform systems of justice, to prevent crime and violence, and to rehabilitate juvenile offenders.

The main issues in the health, education and social sector concern access, and making the most effective use of the services and resources provided through Bank financed projects. Perhaps the greatest challenge is finding ways to ensure that projects are appropriate to the culture, social organization and aspirations of the groups the project is designed to benefit. This is not simply an element to be added on to a project, but is a fundamental concern that should determine how a project's objectives are to be achieved, and has significant implications for project cost and effectiveness. Indeed, in the context of social sector programs, socio-cultural analysis should not be an independent process, but rather an integral part of project design. Issues relating to the construction of civil works, such as drinking water and sanitation projects, school buildings, and social investment funds are discussed in the next section on social investment funds and minor infrastructure.

Beneficiaries

It is important to have a clear definition of the groups or sectors a project is intended to benefit. Some projects are designed to benefit the nation as a whole, for instance, reform of the justice or pension systems, but even these programs often incorporate pilot projects, with a specific geographical, social or ethnic focus. Other programs have a geographical focus – covering particular provinces, departments or municipalities, and are often prioritized in terms of unsatisfied basic needs or poverty indicators. The geographical and social focus of the project can be determined during preparation or, after the project has been approved, as part of a regular planning process, as in the case of "time slice" projects. In the latter case, the project should have clearly defined criteria and procedures for allocation of the services and resources that are going to be provided.

Geographical criteria are usually insufficient to ensure that services or resources reach the most needy sectors of the population if targeting does not reach beyond the provincial or municipal level. This is particularly true where resources are channeled through local or provincial governments, which – especially in less developed areas are often controlled by traditional elites, who direct the benefits towards their own interest groups, rather than to the poorer, more marginal sectors of the local population. This can to some extent be mitigated through the application of community or neighborhood-level selection criteria, designed to compensate for the bias against low income groups, rural areas, irregular urban settlements (*favelas*), migrant workers, and indigenous or other ethnic groups.

Objectives and Priorities

The definition of project beneficiaries should reflect the overall objectives of the project. A primary health care program that has the wider objective of reducing infant mortality or the incidence of water borne diseases should concentrate on those sectors of the population that have the highest infant mortality rates or the highest incidence of dysentery, cholera and viral hepatitis. While the principle is obvious, it is not so easy to apply in practice, as it implies, firstly a level of epidemiological information that is not always available, and which, when it is available, is often open to doubt. Second, it implies a level of information on social and economic status, that should be disaggregated by gender, and in many cases by ethnic or racial status, that is rarely available, unless carried out on the basis of specific sample surveys. This is an area that social sector projects can address directly, through detailed sample surveys carried out either during project preparation or during the first, and perhaps subsequent phases of "time slice" or other process-oriented projects, and through the development or improvement of ongoing systems of information management.

Within the scope of a project's overall objectives, regional or local priorities may vary considerably. Ideally, there should be some flexibility in the way regional and local priorities are determined, and in the way resources are allocated. This would vary from country to country, and depending on which sector the project is designed to address (health, education, justice, and so on), but is easier to manage, and becomes more transparent when the criteria and procedures are clear. This requires the application of objective criteria for determining need: in the case of primary education, for example, it would involve an analysis of the numbers of children of school age, by gender, and perhaps by mother tongue/ethnic group, levels of enrollment and attainments. This again implies the need for a system of information management, with clear definitions and procedures, with the information being recorded, systematized and centralized, under adequate supervision to ensure that criteria are applied properly and that the information is as accurate as possible.

Participation

In principle, a social program is more likely to respond to the needs of the beneficiaries if the beneficiaries are involved in the design of the program, in the definition of regional or local priorities, and in monitoring or accompanying project implementation. In practice, this is not so easy, especially for broadly based national programs, for instance, to improve primary education or public health care. With social sector programs, there is little benefit to be gained from treating participation as a formality, for instance, by requiring public hearings once the outline of a program has been prepared. At best, this approach is likely to engage with national level NGOs that have an interest in using the project's resources to support their own programs and agendas.

In the initial phases of planning it may be useful to involve representatives from priority sectors of the population, such as urban slum dwellers, small farmers or indigenous peoples, in consultations regarding the content of the program, delivery mechanisms, ways of improving accountability, and potential areas of shared responsibility. Representation, as always, is a difficult issue. The poor and marginal groups that social programs need to engage with almost by definition rarely have an effective system of representation. In the absence of formal representation, local-level representatives could be consulted, particularly people who are directly involved in the sector in question, for instance, community health promoters or traditional health practitioners in the case of a health sector program. It is also useful to involve some of the more experienced and motivated front-line staff who provide the services the project is intended to improve or extend, such as auxiliary nurses or rural teachers. Provided the ground rules for

consultation are clearly defined, consultative groups of this kind can offer useful insights into the needs, perceptions and the constraints that face the people the project is intended to benefit.

Consultation needs to be accompanied by more detailed studies of the issues the project is designed to address. Sample surveys can provide a quantitative measure of needs, perceptions of existing services and perceived priorities. The surveys should cover the same geographical regions as the project, where applicable distinguishing rural and urban areas, and collecting information from men and women from different social, economic, linguistic, and/or ethnic racial backgrounds. More detailed case studies make it easier to interpret the data from surveys, and can provide greater understanding of the conditions and constraints that affect people's access to services.

One of the key issues that social programs have to address is the need to improve public accountability. Many public sector social services are notorious for their arbitrary treatment of the people they are supposed to serve. In part this reflects the poor pay and low status of the people who actually deliver the services: rural teachers, auxiliary nurses, police and examining magistrates, for example. But it is also due to the lack of effective mechanisms for monitoring or controlling the quality of services provided. Although there is no simple answer, Bank financed projects can provide an opportunity to develop ways of improving public accountability. New mechanisms need to be developed to involve the public in monitoring, and in determining local priorities and the allocation of resources. Projects can also encourage local communities or neighborhoods to share some of the responsibility for social services, in return giving them more control over the resources provided by government.

Access and Exclusion

The definition of project beneficiaries and the priority issues that have to be addressed may highlight the existence of social groups that suffer problems of physical access and/or social exclusion, such as people living in remote rural areas, indigenous peoples or afro-latins. Executing agencies, such as the Ministries of Health, Education or Social Welfare, often tend to deny or downplay the existence of social exclusion, on the mistaken understanding that this reflects badly on the agency or the nation. The low levels and/or poor quality of some social services may also be blamed on the groups that suffer social exclusion, sometimes on cultural grounds – they are, for instance, believed not to be interested in education, or refuse to accept conventional health services, and so on. Cost is undoubtedly another important factor, with line agencies in the poorer countries finding it hard to pay the additional costs required to reach the isolated populations that have to be reached by river or air transport, as in the Amazon basin or the Gran Chaco.

The first problem is recognizing that social exclusion exists. This is easier if there are adequate studies of the potential beneficiaries, as the studies should highlight the problem, providing the relevant criteria, such as gender or ethnicity have been taken into account. Once a problem of social exclusion has been recognized, it becomes easier to develop effective measures to overcome it. This may involve an element of positive discrimination, developing specific sub-projects, or allocating additional resources to compensate for existing weaknesses in service provision, and, if necessary, providing additional training and other incentives for the staff working in more difficult areas (*favelas*, indigenous communities). Where exclusion is related to cultural or linguistic factors, as in the case of indigenous populations, it is important to work with the culture rather than against it, as discussed in more detail below.

Gender Issues

The study of gender issues should be an integral part of the socio-cultural analysis of a project – not an independent study. The studies and consultations carried out during project preparation should cover the issues that affect women from the social groups the project is designed to benefit. They should identify the barriers or constraints on the participation of women. These may include cultural attitudes, for instance the formal exclusion of women from some areas of public life, or attitudes towards the education of girls. They are also likely to include factors derived from women's position or roles within the household. For instance, in many rural societies the time that married women, or even unmarried adolescent girls, can devote to education, participation in local politics, or health care programs, is constrained by their roles within the household, caring for small children, preparing food, looking after domestic animals and so on.

The design of the project should incorporate measures to overcome these constraints. This requires creativity and a willingness to modify conventional approaches to the provision of social services. The measures themselves can range from relatively simple modifications of existing practice, such as adjusting school hours or the hours of attendance at clinics, to the preparation of distinct projects or sub-projects for women. Where specific projects or sub-projects for women are envisaged, sufficient time and effort should be devoted to explaining the objectives of the project to the men of the community or neighborhood – especially to the local leaders. This can forestall misperceptions and prevent the creation of conflicts, and offers an opportunity to re-evaluate attitudes to women and generate wider support for the project.

Finally, it is important to re-emphasize the need for gender disaggregation of information on the allocation of resources and provision of services. Once a project is in execution, regular monitoring can furnish an ongoing picture of the project's achievements, and offers the opportunity to introduce any modifications that may be necessary to achieve gender-related targets.

Culturally Appropriate Content of Programs

Many parts of Latin America and the Caribbean are pluri-cultural in the sense that the national society is composed of different, often very distinctive cultures, characterized by different values, beliefs, authority structures and cultural practices. Countries such as Bolivia, Peru, Guatemala and Mexico have large, heterogeneous indigenous populations that comprise a major proportion of the rural poor, and nowadays a significant part of the informal urban sector. Other countries, such as Brazil, Colombia and Ecuador have significant afro-latin populations, which in some regions – for instance, along the Pacific Coast of Colombia and Ecuador, represent a large proportion of the rural population. There are also situations, such as Paraguay and Haiti, where a large non-indigenous rural population is linguistically and culturally distinct from the urban mainstream. These distinct ethnic or racial groups are to varying degrees subject to social exclusion; this is often more marked when the groups in question represent a small minority of the national or regional population.

It is important to ask why social programs ought to have a distinct focus when applied to cultures that are different from the dominant urban culture. The practical answer is that project outcomes are inevitably affected by the cultural context and that if cultural aspects are not taken into account, resources are wasted, and the overall objectives are not achieved, or at least not to the extent envisaged in the design of the project. Beyond this, rather pragmatic approach, however, the concept of the pluricultural society recognizes that non-Western cultures are of equal value to those of the traditionally dominant society.

This ideal is more strongly supported in some countries than in others. At present, the Constitutions of six Latin American countries: Bolivia, Colombia, Ecuador, Mexico, Nicaragua and Peru, most of which have large and politically active indigenous populations, formally recognize that the Nation is pluri-cultural. The Constitutions of a further six countries recognize specific rights for indigenous people.

By working with local practitioners and traditional specialists a project can increase its coverage and acceptability. In the case of health care, for instance, the poor, particularly in rural areas, often turn to traditional healers before using conventional sources of treatment – if they are available. Traditional healers are more accessible, treat patients with more respect, speak their language, share their beliefs and cultural values, and are cheaper – or at least take payment in kind or according to the patient's ability to pay. The objectives of traditional healers are the same as those of conventional health practitioners and, provided they are treated with respect, they can often be integrated into a healthcare system at little or no cost, and without compromising the quality of health care that is provided. As they are usually the first to see patients, they can be taught to recognize and remit cases that require conventional treatment, such as TB or serious cases of acute respiratory infections. They can usually treat minor ailments, and the quality of treatment – which in any case they would be providing, can often be improved through better hygiene and basic training, for instance, learning how to give injections. There are also some areas, such as culturally specific psychosomatic illnesses, that they are probably better qualified to deal with than are conventional practitioners.

The design of a culturally appropriate or culturally sensitive social program requires an understanding of cultural issues, respect for traditional systems of belief, knowledge and decision-making, and a willingness to experiment. It is not simply a question of reinforcing or recovering traditional systems of health care, education or justice, for example, but should be an exchange of ideas and practices that creates new opportunities and radically improves the situation of the people the project is designed to benefit. The starting point is respecting, and trying to develop an understanding of existing beliefs, knowledge and practices. From here it should focus on a discussion of the desirability and/or sustainability of these practices, and should explore ways to integrate traditional and conventional knowledge and practices. This is a participatory process that engages with traditional authorities and their representatives, and respects the rhythm and procedures of their decision-making processes. This requires trust and patience. In the context of a national program it would usually imply a process approach, in which each sub-project, regional or annual program is the product of consultation, involving the regional representatives of the executing agency, traditional authorities, practitioners and other local leaders.

The identification of needs and priorities should develop out of the search for a shared vision of the future. It is not simply a question of asking people what they want – this is likely to result either in unrealistic demands or, as so commonly happens with marginal groups, in the respondents providing the answers they expect listeners from the dominant society want to hear. Rather it has to be based on an analysis of those aspects of their way of life that people want to maintain and strengthen, and those aspects they need to or wish to change. A useful starting point for the analysis is a discussion of the overall objectives of the program – for instance, considering what the group or community would like from an education program, and once this has been determined, moving to an analysis of how this could be achieved. This is invariably more relevant than a discussion of how the existing system has failed them. Of the poorly educated teachers that, if they attend at all, arrive on Tuesday and leave on Thursday, of the school roof that is falling in, and the desks that were promised but never arrived, and so on.

This approach requires mutual trust and is a two-way dialogue, neither a harangue from the executing agency's social promoter, nor the unquestioning acceptance of everything the target population has to say. Some problems may not be perceived as such by the target population – health issues, for example, such

as the causes of water borne diseases or the role of disease vectors, and have to be carefully, and repeatedly explained in order to achieve an awareness of the problem. Others, such as witchcraft accusations or soul loss, fall outside the scope of a development project, but have to be handled with respect, rather than being derided as evidence of ignorance or underdevelopment.

In the absence of dialogue, the aims of social projects are often irrelevant and incomprehensible to the people they are trying to benefit. Indeed, it is often difficult to make the initial breakthrough, and achieve an acceptable level of mutual understanding. It may be important to have a cadre of non-specialized social promoters or educators, who understand the aims of the project, and understand the culture and speak the language of the population the project is trying to reach. This is easier in some situations than others, and some populations – typically smaller, more marginal indigenous groups, may be unwilling to work with people from the dominant society, and may only be able to work effectively with promoters from their own, or perhaps similar ethnic groups. Another strategy that can be effective is to develop pilot projects in communities that are more responsive or better organized. This creates a demonstration effect, broadening the appeal or relevance of a particular issue. It requires flexibility on the part of the executing agency, and makes financial planning more difficult. It also requires close supervision. The first sub-projects must succeed if they are to be taken up by other communities, and field staff should be delegated enough power to take quick decisions, particularly in relation to minor, often unforeseen expenses.

External Factors

The design of a social sector program has to take into account the factors that may affect people's access to the resources or services provided by the program, or that may reduce its effectiveness. Poverty is multifaceted, and an improvement in one aspect of social service provision may not yield the expected results if the other conditions remain unchanged. An education program, for example, will not achieve the full impact that was intended if the children that attend school are suffering from malaria or malnutrition, or if they have to leave the community when their parents make seasonal migrations in search of wage labor.

While it is unrealistic to expect a health or education program to resolve all the problems of poverty or marginalization, there are issues that can be addressed without complicating or significantly increasing the cost of a program. In some cases, lack of identity documents or the cost and complexity of other bureaucratic requirements, make it difficult for the poorest people to register their children in school or to register themselves for social welfare programs. These problems can sometimes be overcome through better coordination between agencies, or even more easily by simplifying the bureaucratic requirements of the executing agency. In other cases, lack of monetary income may be critical: to pay for bus fares, children's shoes and uniforms or – as in so many remote rural areas, to pay for accommodation when children enter high school. Some of these issues require additional resources or sub-components, perhaps targeted to particular geographical areas or to particular groups. Supplementary feeding, for example, is often integrated into pre-school and primary education programs. In other cases – particularly in remote rural areas, school transport is a key issue that could either be financed out of the main project or perhaps through parallel operations, such as social investment funds.

Executing Agency

Finally, it is important to consider the capacity of the executing agency. This includes the financial capacity to cover the costs that are not financed by the Bank, as well as the human resources, administrative, and managerial capacity. Social sector programs are frequently unable to achieve their goals because the executing agency has inadequate financial resources to cover all the recurrent costs. Teachers or health staff, for example, are often poorly paid – and sometimes have to put up with long delays in payment, unfair deductions or have to pay other costs, such as transport to the city where payment is made or payments to intermediaries. They rarely receive additional payments for working in poor, isolated, and sometimes dangerous areas, and they may be demoralized and lack motivation. In these conditions, it is unfair to expect them to take on the additional workload that projects require without receiving some benefits in return.

These issues need to be considered during project preparation, and should be included in the project team's negotiating agenda. It may, for instance, be worth negotiating with the union or unions that represent front-line field staff, in order to identify bureaucratic obstacles or possible improvements in working conditions, especially for staff working in the most remote or difficult areas. Some of these issues may be of as much importance as the teachers' or health workers' salaries, and may perhaps be more easily resolved. Negotiations with representatives of front-line staff can create a sense of "ownership" of the project, helping them see a project as a means of improving their performance rather than something that has been imposed by senior management.

Bank-funded projects provide an opportunity to introduce improvements in the administration and management of the agencies responsible for social programs. This is a critical area that can produce significant long-term benefits provided the political will exists, and the agency's administration is sufficiently stable to maintain a coherent policy agenda. Training can improve the capacity of front-line staff and managers, and new procedures can be developed, if necessary, using resources provided through the Bank loan. In some countries this may mean developing decision-making and administrative procedures that allow local-level supervisors or managers more room to define their programs. This is particularly important when local plans have to be developed as part of project implementation. Another key area that often needs to be improved is planning and evaluation. As mentioned in Section 2, line agencies often lack the disaggregated information needed to determine needs and priorities, and the skills and resources needed to develop this could be introduced as part of an institutional strengthening component.

VI. SOCIAL INVESTMENT FUNDS AND MINOR INFRASTRUCTURE

Description of the Sector

This sector covers social investment and similar demand-driven funds, rural water supply and sanitation, minor irrigation, access roads, housing improvement and small-scale slum upgrading programs. It also covers the infrastructure components of education, health and social projects, including the construction of schools, pre-school centers, community centers or health posts. The sub-projects themselves are relatively simple, and rarely have significant negative impacts. The main social and cultural issues raised by these programs relate to the equitable distribution of project benefits, and to the relevance and sustainability of the sub-projects.

Equitable Distribution of the Benefits

Bank lending for social investment and minor infrastructure typically supports programs that generate a large number of sub-projects. They include funds that offer a range of infrastructure, usually chosen from a predetermined "menu", and programs that provide particular kinds of infrastructure – for instance access roads, water supply and sanitation projects or school buildings. In most programs, specific sub-projects are not identified at the time the loan is approved, and the program has to identify and select the beneficiaries and sub-projects during implementation. There is no one way that this can be done fairly. Rather, the overall project should ensure that:

- There is a clear definition of the social groups or sectors that should benefit from the project. Most programs are poverty focused and incorporate poverty indicators, such as unmet basic needs or income levels. However, it may be useful to consider other parameters, such as geographical distribution, urban/rural distribution, and the ethnic or "racial" characteristics of the population. Projects that benefit individual households, such as housing, water supply and sanitation, could try to prioritize female-headed households. The focus of the program should be explicit, and needs to be considered early in project preparation. It may be necessary to review the available information on poverty within a particular country, and by Profile II the project team and executing agency should have reached general agreement on the geographical, urban/rural and ethnic or racial scope of the program. The Project Report should include specific targets, defined in terms of numbers of beneficiaries, sub-projects or financial allocations.

- The project selection procedures should ensure that priority target groups have a fair chance of participating in the project. This is difficult to achieve in practice. Projects are often designed to benefit the poorest sectors of the population, but the poor are usually the least able to articulate and press their demands. They may live in the remotest and least accessible rural areas or in urban neighborhoods with the worst reputation for street crime and violence. They are less likely to be functionally literate, and lack the ability to express themselves in the language of the government bureaucracy. Indeed, in many countries in Latin America and the Caribbean, a significant proportion of the poor speak a different

language from the educated elite.[9] In addition, particular ethnic or racial groups may be excluded as a result of prejudice.

There is no one formula to ensure inclusion of the poorest and most marginal groups. Funding or projects can be allocated on a geographical basis, and the eligibility criteria for beneficiaries can assign priority or restrict eligibility on the basis of poverty indicators, rural/urban location and/or ethnicity or race. Alternatively, a national project can incorporate specific sub-components designed for particular populations, such as the SIMAP Amerindian Program in Guyana, or *Nuestras Raíces* in Honduras.[10]

Another approach is to have the selection procedure managed by local government or established non-government organizations that can work closely with the local population. In the case of Ecuador's Emergency Social Investment Fund (FISE), the provincial level indigenous federations affiliated to CONAIE (the national indigenous confederation) were responsible for selecting the indigenous communities that participated in the second phase of the program. This approach is more likely to be successful when the intermediary organizations are managed by the beneficiaries, and do not have significant political, religious or commercial agendas of their own. Intermediary organizations may require supervision and training to ensure their transparency and technical competence. However, the costs of training are largely offset by the long-term benefits of developing the institutional capacity to manage the operation and maintenance of the sub-projects.

- **The project selection procedures are, and are seen to be transparent**. Minor infrastructure programs produce rapid results and the benefits are widely spread. As a result there is an almost inevitable tendency for the programs to suffer political and/or commercial pressures. While it is impossible to completely eliminate this risk, it can be reduced through clearly established selection procedures and publicity. The direct participation of the beneficiaries tends to improve the accountability and financial transparency of the program.

Participation in Program Design

Most social investment funds require some involvement of the beneficiaries in the selection, execution and operation of the sub-projects, but beneficiaries are rarely involved in the design of the overall program, typically because of the difficulty of deciding who should represent them.

A certain level of beneficiary participation in the design and implementation of the overall program can, however, provide useful insights into issues that might otherwise go unnoticed. A multiple works program does not normally require exhaustive consultation, and it should not be necessary for the participants to formally represent the population that will benefit from the project. However, the direct involvement of people who live and/or work in the communities that the project is designed to benefit can provide a useful reality check. During implementation it can also make it easier to identify problems as they arise, allowing project managers to introduce any changes that may be necessary.

It is difficult to generalize about who should participate in preparation of the overall program. It may be appropriate to establish a technical committee that includes people from the groups or sectors that the

---

[9] This is true of countries with large indigenous populations, such as Bolivia and Guatemala, as well as countries like Paraguay and Haiti where most of poor are not indigenous, but speak a different language from the elite. Differences of dialect can also have a significant effect on the way people are treated.
[10] See Renshaw 2001.

project is intended to benefit. It is usually preferable to include people from the communities rather than members of advocacy NGOs, religious organizations or political parties, but the selection of advisors is likely to be determined by the circumstances of the country and program in question. The important point is to ensure that the issues and scope of the consultation are clearly defined, and that the process allows the beneficiaries' recommendations to be incorporated into the design of the project. The issues should include the distribution of resources by geographical area, sector or ethnic group, the menu and/or scope of the sub-projects, the eligibility criteria for communities and projects, and the counterpart conditions.

Relevance and Priority of the Sub-Projects

The selection and relevance of sub-projects is a complex and often difficult issue. In demand-driven projects, such as social investment funds, there is a tendency for people to choose the projects they think are likely to be approved, rather than starting from a careful analysis of the issues and priorities that they face. The result is the unimaginative repetition of basic works: school buildings, health posts, community centers and latrines that do little or nothing to transform the situation of the poor. There are two critical points that need to be considered here.

• The beneficiaries' perception of their priorities may be different to those of outside experts. This is particularly clear in the case of public health programs – most notorious are rural sanitation projects, which are often tolerated but rarely utilized. Indeed, almost any social infrastructure is likely to be accepted, but unless a project has been carefully thought through it is unlikely to change the situation it is intended to modify – for instance, reducing morbidity and mortality, or improving literacy. This requires going beyond "rapid appraisal" methodologies, and involving the different social groups and actors in a careful analysis of their situation. This may lead to issues that the potential beneficiaries have not immediately perceived as critical, and involves dialogue rather than the selection of choices from a list of possible projects.[11]

This usually implies significant additional costs and a rhythm of project preparation and implementation that respects the beneficiaries' own decision-making processes. There is no off-the-shelf methodology that can guarantee that all the sub-projects represent the community's priorities. Indeed, the scale of Bank loans for minor infrastructure is quite different from NGO financed projects, and neither Bank staff nor the staff of the central executing agency are able to micro-manage the selection of every sub-project. In some cases Bank financed projects have been able to work with social movements or organizations that have the capacity to engage the community in a dialogue of this kind.[12] In other cases capacity has to be developed, either within the executing agency or, perhaps more realistically, in the intermediary organizations. During project preparation, or in an early phase of implementation, it may be useful to carry out detailed case studies of communities that can be taken as representative of particular geographical areas and/or social or ethnic groups to highlight the issues that are likely to be critical.

• The program should not assume the community is inherently capable of defining the priorities of its inhabitants. It is important not to make naive assumptions about the community's ability to take decisions or reach a consensus. Within every community there are different sectors, each with their own interests. Even in the most homogenous communities the concerns and priorities of men may be different

---

[11] See Perafán 2000 (b) for a description of consultation on environmental issues in the Darién.
[12] The *Nuestras Raíces* program in Honduras is a case in point. The program is financed by the Honduran Social Investment Fund, but relies on indigenous organizations such as the Lenca organization ONILH for community level promotion of the project (see Renshaw 2001).

from those of women, and they in turn may be different from the priorities of youth. Local communities vary greatly in their capacity for reaching and enforcing decisions. In some places – in areas of new colonization in the tropical lowlands or newly established *favelas*, the community may be nothing more than an aggregate of families of different origins whose only common interest is achieving access to basic services. Even in more traditional rural communities – of the kind found in the Andes and parts of Central America, there may be significant differences in landholding and economic interests between different sectors. Moreover, structures of authority are not always coterminous with residential groups, and are often determined by kinship, ethnicity or religious affiliation.

Siting and Design

The siting and design of buildings and other structures has a significant impact on the way they are used. Community buildings have to be accessible. In terms of physical location this means siting schools in locations where children of school age can reach them on foot or by whatever means of transport are used in the area –horseback or canoe, for instance. In dispersed settlements this may require considerable discussion. Location should also take safety issues into account. Not only considering risks such as flooding, landslides (particularly in areas of seismic activity) or proximity to dangerous and/or unhealthy areas (industrial sites, waste tips), but also dangers related to access, such as road or river crossings. In some cases it may be advisable to combine projects, for example constructing a bridge over a highway or a *quebrada* to ensure the children can reach school safely.

The location has to take social as well as physical factors into account. Most programs are unable to build on privately owned land, for instance on ranches or *haciendas*, and the land has to be transferred to the ministry or local government agency responsible for the building. The location of schools and community centers also has a symbolic importance, and can be a source of conflict. A new school may signal the independence of a group that has broken away from its community of origin. The eligibility criteria will determine the minimum number of pupils needed to justify a particular project, but it is better if the discussions about location and design are oriented by a promoter or social educator who can help the beneficiaries "think through" the implications of the project.

The design of building should be adapted to local conditions and needs. Schools, nurseries, health posts and other buildings should be physically comfortable, cool and well ventilated in the tropics, warm and well insulated in cold or high altitude areas. Traditional designs tend to rely more on local materials and are usually well adapted to local climatic conditions. The incorporation of local materials reduces construction costs – particularly if the materials are provided by the beneficiaries, and, more importantly make maintenance and repairs easier. They are usually more aesthetically satisfying than standardized designs, and express a different message from the rectangular structures of brick or reinforced concrete that are so often transposed from an urban milieu, reflecting the dominance of the city over rural indigenous or *campesino* culture.

This does not mean projects always have to follow traditional designs or rely exclusively on local materials. Rather, the ideal should be a fusion of traditional design and ideas about the use of social and cultural space, with innovative techniques that improve the hygiene, comfort and durability of the buildings. This requires creativity and a willingness to go beyond conventional standardized models. It requires cooperation between architects, social scientists and local builders, and implies a move away

from the present dependence on contractors, standard costs and designs, and a greater direct engagement with the intended beneficiaries.[13]

Ancillary Facilities

The most basic ancillary facilities are drinking water and sanitation, but in some cases other facilities are required, such as footbridges: for children to cross rivers or major roads, pontoons or jetties in places where people travel by river, or enclosures for grazing horses. In many rural areas the teacher's house is fundamental, ensuring that teachers from outside the community can enjoy a basic level of comfort and privacy. The provision of water and sanitation is as much an environmental as a social issue, and many programs already contemplate the provision of water and sanitation for school buildings, health posts and community centers. However, if the eligibility criteria do not allow more than one project per community, the ancillary facilities have to be identified and integrated into the design of the sub-project at the start of the project cycle. The issue is not just one of providing the necessary facilities, but also of ensuring they are used and properly maintained. One of the most typical problems, for example, is the failure to use school latrines, which are often well constructed, but are then abandoned, as no one is willing to take responsibility for cleaning them. These are issues that need to be carefully discussed before a sub-project is finally approved.

Construction and Supervision

In most Bank-financed programs minor infrastructure is built by contractors. From an administrative point of view, the reliance on contractors makes the management of national-level programs simpler and more transparent. In programs where the administration is relatively agile – for instance, most social investment funds, this approach has lead to the successful achievement of targets, with a high level of sub-projects completed, on time and within budget. The long-term disadvantage, however, is a relatively poor record of maintenance, derived from a lack of "ownership" on the part of the beneficiaries or local authorities, often combined with a quality of construction designed to satisfy minimum rather than optimum standards.

The alternative is to encourage greater beneficiary involvement in the construction and supervision of works. In poor rural communities few people have basic construction skills, such as bricklaying and carpentry, but master builders can be found in the vicinity or in nearby towns. Ideally, the community should be responsible for contracting the master craftsmen, and should provide the unskilled labor. This offers an opportunity for members of the community to develop their skills – which at the very least can be used to maintain the works, and to develop the institutional capacity to manage simple contracts and accounting procedures. In practice, it is not so easy to develop the institutional capacity to manage sub-projects of this kind. It requires training and continued support, of a kind that is not always easy to find, and this represents a significant additional cost. This cost is to some extent offset by contractors' margins – which typically represent at least 30-40 percent of the total cost of a typical sub-project. However, the training and social support are costs that have to be paid up front. The advantages and disadvantages of these two approaches are summarized in Table 1.

A further issue is when, or under what circumstances, should construction rely on unpaid local labor. Counterpart labor and the provision of local building materials can reduce costs, and requires a significant commitment from the beneficiaries. However, some studies have argued that the use of unpaid labor and

---

[13] See Perafán 2001.

contributions in kind place an unfair burden on the poor, particularly on poor women.[14] Payment for labor can offer an opportunity to channel resources directly to the poorest communities; indeed, the first social investment funds, such as the *Fondo Social de Emergencia* in Bolivia, were originally intended as short term employment generating schemes rather than investment programs. As the experience of the Honduran Social Investment Fund's *Nuestras Raíces* program demonstrates, the earnings – or part of the earnings, from minor works projects, can be channeled into savings and loan schemes, or other community projects.[15]

Table 1. Advantages and Disadvantages of Contractors and Community Participation in Construction

	Contractors	**Community**
Advantages	• Easier to administer • Standard costs • High completion rates, on-time and within budget	• Committed workforce, better quality of work • Continual supervision by the community • "Ownership" and better maintenance • Lower overall costs
Disadvantages	• Minimum standards of work and materials • Less "ownership" and motivation for maintenance • Higher overall costs	• Slower, adapted to rhythm of the community • Requires training and follow-up support • Subject to community and local politics

The timing and rhythm of work are different when the beneficiaries are responsible for construction, and the timetable for the sub-projects will have an impact on the timing of the program as a whole. In rural areas, this requires a careful analysis of the agricultural cycle, as construction in rural areas has to be concentrated into the periods when people are able to devote themselves to community work. Most small farmers and their families are unable to spare any time during critical points in the agricultural year, such as sowing and harvest, as are most rural laborers, who depend on the income they earn during the same periods. In many areas the festival calendar further reduces the time available for community work. In much of the Andes, for example, the periods around Carnival, Easter and All Souls have to be completely discounted. Logistics also need to be taken into account. In some areas, for instance, it may be difficult to transport materials to the more isolated sites during the rainy season.

Operation, Maintenance and Cost Recovery

There is a wealth of literature on the operation and maintenance of minor infrastructure, much of it relating to water and sanitation programs, although the same points can be applied to other works, including access roads and minor irrigation. The most critical points are:

---

[14] See Goodman *et al* 1997.
[15] See Renshaw 2001.

- The responsibilities for operation and maintenance (O&M) must be clearly established at the beginning of the project cycle. Responsibilities must be discussed with the beneficiaries and other agencies involved (line ministries, local government) as soon as a sub-project is identified. Most social investment programs now require relevant line agencies (ministries of health, education etc) to approve a project before it can be funded, to ensure that equipment and staff, such as nurses or teachers, are made available. Some agreements cover the maintenance and repair of buildings. If the beneficiaries are responsible for O&M, the details need to be carefully discussed. It is not sufficient to treat the issue simply as a formality. This means that sufficient staff – promoters or social educators, must be available to organize meetings with the community and explain the implications of O&M.

- The arrangements for O&M must be realistic. The program should ensure that the people or agencies responsible for O&M have the skills and financial capacity to fulfill their commitments. If the requirements involve more than elementary maintenance, it may be necessary to provide training and/or the establishment of a system of cost recovery. In the case of water supply, most rural communities are capable of operating, cleaning and repairing gravity fed systems. Basically, this involves regular cleaning of the source and storage tanks, repairs to damaged piping, and a commitment not to extend the supply beyond the capacity of the system.

Pumped water supply systems are more complex. First, the community or Users' Association has to cover the electricity charges or diesel. Second, the pumps need to be regularly serviced. Third, at some point the equipment has to be repaired. This must be done promptly if the water supply is to be maintained, and can be expensive. Finally, the life of the equipment is finite, and at some point it has to be replaced, preferably before the cost of repairs becomes too onerous. Unless these issues are addressed by an outside agency such as the municipality or environmental health department, the beneficiaries or Users' Association have to establish a system of maintenance and have to charge for the service. Tariffs should be set at a level that the users can afford but should be sufficient to cover unforeseen repairs. A fair and transparent system must be set up to collect and administer the fees, with income and expenditure being properly registered. In many countries security reasons make it advisable to deposit the funds in a bank account.

- The executing agency must provide adequate training and support for local-level organizations. The development of Water Users' Associations or similar local-level organizations usually requires a significant commitment of time, personnel and expenditure on the part of the executing agency. In the long run this is just as important an investment as the physical infrastructure, given that without an effective organization the infrastructure is unlikely to be properly used, and will break down and have to be replaced within a short space of time. It is important to have the right kind of staff, and to provide them with the training and support they need to work effectively. They have to understand the technical issues involved, must communicate effectively in the local language – as "equals" rather that as "superiors", and must be able to explain the basic organizational requirements and procedures in simple language that the beneficiaries can comprehend. Once a Users' Association is functioning it is likely to need regular supervision and support, so that problems can be identified and resolved before they become critical.

VII. LAND TITLING, ENVIRONMENT AND RURAL DEVELOPMENT

Description of the Sector

This sector covers a wide range of programs, including land titling, irrigation, and rural conservation and forestry programs. It also includes the new generation of multi-component, participatory rural environment projects that the Bank has been developing in critical fragile areas such as the Darién in Panama, Southern Belize, and the corridor linking Eastern Bolivia with Brazil. [16]

Rural areas are characterized by a higher level of cultural diversity, and have populations with more deeply rooted traditional cultural norms and values than comparable urban populations, whose conditions of life are more closely determined by the western lifestyle of the dominant culture. Given this diversity, it is important to understand how rural society or cultures differ from the dominant culture. The social analysis of the rural sector has to place more emphasis on those elements that are derived from the non-western and non-dominant cultures and society. In the majority of non-western cultures there is more direct and multi-faceted interdependence between people and the environment, both in terms of perception and practice. Interventions or changes in one area – either socio-economic or ecological – may cause dramatic, even violent, reactions or changes, in the management of the environment.

One of the most important factors to be taken into account when trying to develop or strengthen sustainable development over large areas is the local population's system of management and resource use. This has been developed over a long period of time, and is part of the culture adapted to the ecological conditions of the region. In some cases the population may include very small-scale societies, with marked and very distinctive cultural differences. Many of the problems and misunderstandings that arise in relation to the socio-cultural context of rural development projects result from insufficient preliminary studies, as well as from inadequate interpretation of the socio-cultural data.

Formal, Traditional and Customary Rights

Three systems of rights should be distinguished when dealing with traditional societies:

- The formal legal system.

- Traditional rights, which may not coincide with the national legal system, but are compatible with the principles of the legal system, although often without being formally codified or written down.

- Customary law, applied in accordance with the system of values, following the spirit of just and correct application.

---

[16] For a more detailed discussion of land titling projects in indigenous areas see Plant and Hvalkof 2000.

In practice, the different systems often overlap in rural areas, for instance the formal legal system may coexist with traditional rights, or with the customary law of different ethnic groups, or with different rights for men and women.

In the context of development projects, it is usually easier to identify the formal legal rights than the traditional rights. However, as traditional rights are grounded in the social, cultural and religious context of a society, they are often more real than the formal legal system. The violation of traditional rights can lead to unexpected and sometimes violent social reactions. Traditional rights define the lifestyle and the means of access to natural resources of traditional populations, and have to be accepted as such. Changes, resulting from external interference, frequently lead on the one hand to the degradation of natural resources, and on the other to reactions and unexpected secondary effects on the socio-political and socio-economic organization of the population.

Causes of Conflict

Conflicts can occur because of conflicting interests or because of misunderstandings. Possible conflicts of interest are not always obviously visible. The potential for conflict exists between different ethnic, religious or linguistic groups, between traditional and more modern sectors of the population, and between groups with different economic practices.

- In these situations it is necessary to analyze any previous experiences of conflict in the history of local, national or ethnic groups, or in relation to gender conflicts.

- In areas with a significant potential for conflict, particular attention should be given to possible overlapping areas of interest.

Conflicts derived from misunderstandings frequently occur when different languages are used, especially where there are pronounced differences in the semantic use of key words and/or differences of culturally defined values – for example, different concepts of "property", "use" or "work". The key contact people involved in identifying a project should be fluent in the local languages, or at the very least, should understand them.

Many indigenous societies, for example, use the Spanish, or Portuguese terms for "work", as they lack an equivalent symbolic image in their own languages. The concept tends to be associated with wage labor or payment in cash, and is not applied to traditional economic activities such as agriculture, hunting, fishing or the production of handicrafts, even when these activities generate a cash income. Among some indigenous hunter-gatherer societies, the concept of work is directly associated with the goods and foodstuffs that can be acquired with cash, without giving any consideration to the productive or creative aspect of "work". This can have a profound impact on the design of participatory projects, which, if they fail to comprehend the indigenous perception, lead to the generation of short-term opportunities for wage labor, rather than productive activities that will be sustainable over the long-term. Once the project comes to an end, so do the opportunities for "work".[17]

---

[17] For more detailed analysis see v. Bremen 1991, "Zwischen Anpassung und Aneignung" ("Between Adaptation and Acquisition – Concerns on Hunter and Gatherer Societies in the Modern World System").

Traditional Rules and the Use of Natural Resources

The laws and rules that determine access to and the use of primary resources (land, water, food and other plants, game, salt or minerals etc) are especially sensitive to outside interference. Being inherently obvious to the population, they often go unspoken and are not explicitly formulated. In regions with ethnically diverse populations, they may even be contradictory. There may be different systems of rules, making it imperative to understand the different structures of decision taking.

Project activities in rural areas may cause:

- Changes in the way resources are used, leading to undesirable secondary effects, for instance, contamination of water sources, as a result of intensive agriculture or stock raising, new industrial or commercial enterprises, and large or small-scale mining.

- Loss of control over the sustainability of the use and management of natural resources, especially when they have to be shared between different groups.

- Changes in microclimate, affecting traditional productive activities, lifestyle and housing (for example, increase in insect pests, loss of protection from heat, wind, rainfall, etc).

- Loss of some of the most critical natural resources (water, firewood, medicinal plants, wild fruits, and so on); loss of common grazing land in areas used by pastoralists; loss of game and food plants in areas traditionally exploited by hunters and gatherers.

- Changes in infrastructure, which affect access to crops, pasture, hunting grounds, fishing areas and other natural resources.

- Discrimination in use rights or customary law, affecting the dominant ethnic groups or gender (eg. as the result of unilaterally strengthening target groups or other interest groups).

Population growth, and the pressure on traditionally nomadic or semi-nomadic groups to accept a more sedentary lifestyle, increases the pressure on natural resources.

- The rules and structures of traditional decision making need to be explicitly identified.

- The traditional systems of land use and ownership (including usufruct rights) have to be studied.

- The rights and interests of sectors of the population that share access to natural resources or areas of settlement with the target groups or beneficiaries need to be considered.

Distribution of Roles by Sector, Ethnic Group or Gender

The distribution of economic tasks, according to gender or ethnic affiliation, provides the basis of the socio-political equilibrium of a population or society. Experience demonstrates that frequent changes in roles usually leads to even greater discrimination against those sectors that are already weak.

In regions that have been colonized by different ethnic groups or by groups that have different economic systems the balance is even more fragile and sensitive to interference.

- It is necessary to understand the main factors that maintain the balance between different ethnic groups.

- The basic structures of the economic system also have to be understood (for example, forms of acquisition and exchange, cropping systems, husbandry).

- Information has to be collected on the geographical and legal limits of the territories and areas used by the different ethnic groups. This could be achieved through resource use mapping, of the kind applied in the Bank's Darien Project.[18]

Measures designed to achieve greater social equality need to be carefully planned for the long-term, and require regular to monitoring and evaluation to ensure they are effective and are not having any unexpected or undesirable secondary effects.

Special Protection for Minorities

Generally, wide-ranging social and economic changes aggravate the situation of ethnic minorities and others that depend on traditional economic activities or whose economic situation has already been affected. Macroeconomic changes may lead to traditional rights or customary law being ignored. The mechanization of agriculture, for example, can lead to the eviction of small farmers who have traditional or customary possession rights, or to the expulsion of indigenous people whose territories have not been legally recognized and demarcated.

Changes in the socio-economic context can lead to indebtedness and to people selling their land to pay off their debts. This can be caused by:

- credit being made available to sectors that are not yet sufficiently familiar with or capable of managing the mechanisms of the money economy.

- situations where the traditional control of goods or money is in the hands of women, and this is not understood, or respected, by the creditors.

- the promotion of certain commercial activities – mono-cropping, introduction of new cash crops, etc – increases the producers' dependency and sensitivity to fluctuating international markets.

Attempts to strengthen the situation of one ethnic group in multi-ethnic regions can result in the illegal or informal occupation of the land of the smaller, weaker or more vulnerable ethnic groups, especially where traditionally there was already a certain level of inequality.

- Minority groups need special attention and support – even when they are not directly affected, especially when changes take place in the macroeconomic context.

---

[18] See Perafán 2000(b).

- Alternative mechanisms need to be developed for providing credit, which do not impose a risk of small farmers or minority groups being alienated from their land.[19]

Organization, Principles and Values in Traditional Economies

The economy of traditional societies, especially of subsistence economies that are dominated by non-monetary relations based on reciprocity, are very different to the market economy. The economic activities that are carried out have greater social, political or religious significance. The principal aim of these economies is to reduce, as far as possible, the risks to the family or wider, usually kinship-based group, and this at times results in lower levels of benefit for particular individuals in the group. In this context, innovative activities of the kind contemplated by most development projects will only be able to achieve results if the family or beneficiary group already has a certain level of basic economic security.

- The analysis of economic activities has to take cultural meanings into account, rather than simply looking at economic or monetary outputs.

- It is important to understand the basis of the internal social relations of the target group or beneficiaries, especially the responsibilities for the economic security and protection of the group.

The incentives for new economic activities – especially access to financial resources, still tend to be automatically directed to the men of the target group. The women of the target or beneficiary group should also be allowed to participate in the identification and promotion of project activities, either as part or as a distinct group of the beneficiaries.

Key Cultural Elements

In traditional societies there is a close interrelation between social organization, economic activities, and cultural identity. The cultural elements are one of the areas of greatest sensitivity to external influence. In general, small-scale rural societies are not fully conscious of the key cultural elements – or at least do not formulate them explicitly, especially if they have little experience of contact with outsiders. Some key cultural elements are:

- The values and rules of the traditional system of political organization.

- The social mechanisms that regulate exchange and obligations between kin and kinship based groups.

- Prestige objects, species of flora or fauna or prestige artifacts of religious or festive importance.

- The distribution of economic or religious roles, and other activities that are important for determining the identity of men, women or of specific groups.

The identification of key cultural elements requires special study. Processes or projects that are intended to encourage or facilitate change need to be carefully accompanied, and given greater care and attention.

---

[19] For example, see Perafán 2000 (c) for a proposal to use usufruct rights rather than land titles as collateral.

Even where the key cultural elements appear to have changed, it is important to ensure that the changes really have been accepted and integrated into the people's way of life.

Concepts of Time

Each culture has its own concept of time, which determines the rhythm and pace for developing actions. In the majority of non-Western cultures the rhythm and pace is slower, and concepts of time are more closely related to natural cycles – to the tides, the agricultural calendar or to seasonal changes in rainfall and the resulting pattern of economic activities. The pace of change is a conditioning factor in trying to introduce changes in the socio-economic or cultural order.

- When planning or introducing change, it is essential to give beneficiaries sufficient time to analyze proposals, reach decisions and introduce socio-cultural changes.

For example, in planning projects for indigenous communities, staff or consultants from executing agencies often have insufficient time to gain the confidence of the community or to adequately explain the implications of a program. Out of courtesy, or simply to take advantage of short-term opportunities for employment, the members of the community may accept the proposals that are put to them, without having the time to discuss them among themselves, and especially with the women of the household. This often results in projects that are of little benefit to the community, and that are unlikely to be sustainable in the long-term.

Traditional Means of Exchange, Redistribution and Trade

Exchange, redistribution and trade are not simply economic transactions. They also have important social and cultural functions, both within and between groups. They fulfill a vital role in encouraging social and political contacts, and in the exchange of information. The traditional relations and obligations manifest in the exchange of gifts, income and produce between ethnic groups facilitate and maintain the social equilibrium, and can help in the resolution of conflicts.

Women often play a key role in traditional exchange and redistribution, and this allows them to develop and maintain a social network that provides opportunities for the exchange of information and experiences. A woman's right to dispose of her own goods and possessions – to distribute them within her group or family, to exchange them or to sell them in the marketplace, can be an important element in determining her social position. In many non-Western societies this right is comparable to the Western notion of "property". The loss of the traditional right to dispose of her goods can lead to the loss or deterioration of a woman's social and economic position.

- The introduction of economic innovations – particularly activities that intensify a society's involvement with the market economy, has to contemplate the non-economic social and cultural aspects of traditional economic activities. This requires the development of appropriate measures that will guarantee that these non-economic social and cultural elements are taken into account.

Traditional Systems of Knowledge

Traditional systems of belief and knowledge constitute an important part of Mankind's wider cultural heritage. They are often complex and difficult to comprehend, but are an integral part of the world-view for the people and communities in question, and provide the principles that motivate and give meaning to their day-to-day activities, their identity and their culture. A people or a society's traditional knowledge does not generally have an abstract existence. It is manifest through myth and legend, and reproduces itself only in the context of its specific application. It is transmitted orally through people who are dedicated to its application. Every time a traditional activity or environmental intervention is lost, so too is the knowledge that goes with it. With the introduction of formal education, one often finds a direct or indirect loss of the application of traditional knowledge.

As a result of globalization a scientific or economic interest in traditional knowledge has developed outside the traditional field of its application – for instance, scientific interest in medicinal plants or traditional varieties of food crops. In the traditional context most knowledge is regarded as common property. Its value has been developed through the experience of generations, investigating, improving and developing products, and is not legally recognized as the property of any individual or group.

It is important to identify traditional systems of knowledge, value them and respect at the local, national and international level. In the case of agricultural extension, for example, a program should aim to understand the social and environmental logic that underlies the traditional system of production. Rather than imposing predetermined systems of production, the extensionist should try to comprehend the existing system and actively involve potential beneficiaries – usually the "lead farmers" or local leaders of opinion, who have the greatest traditional knowledge of agricultural practices, in identifying the areas that need to be improved. The objective should be to ensure the sustainability of the system, reduce risks, and diversify and/or increase levels of production. This requires a radical change in approach and attitudes. The extensionist is no longer the all-knowing authority, teaching "ignorant" farmers how to improve their practices, but becomes an investigator, learning from the farmers, engaging with them, and jointly trying to identify priorities, experiment, and develop new and effective solutions in collaboration with them.

The Historical, Symbolic or Religious Value of Natural Areas

Many local groups maintain a special relationship with specific sites or areas within their habitat. This may be based on historical, mythical or symbolic events. Infractions of the principles or religious values associated with these places are considered particularly harmful or damaging. In order to reproduce their sense of cultural identity and concepts of spirituality, indigenous peoples and other rural communities need to maintain a long-term relationship to their home environment, communicating with the spirits living in plants, water, earth, rocks, and so on. Therefore, areas that have special historic, symbolic or religious importance have to be respected and given special protection.

The study of natural areas that have special historic, mythical or religious importance is particularly delicate, especially if the group in question is unwilling to openly acknowledge its identification with the site(s) or areas that surround them. It may be necessary to investigate the sensitivity or importance of these relations. This is particularly true when:

- The population has not been significantly affected by contact with Western societies or in recent years with other peoples or ethnic groups.

- The people's relation with the natural world has an explicitly religious character (as with many indigenous groups).

- The population still maintains an intimate relation with nature.

The situation is particularly delicate when the intervention affects the spaces belonging to the "Spirits of Nature" or "Spirit Owners" – beings defined according to the specific beliefs of the group. Often the people in question are unable or unwilling to speak about these beliefs, or there are prohibitions or taboos that prevent them speaking openly about them with outsiders. This requires a relationship based on mutual trust before the information can be acquired.

VIII. URBAN DEVELOPMENT, HOUSING AND SANITATION PROJECTS

Description of the Sector

The Bank is financing a large number of urban development, housing and sanitation projects. Most of the 35 projects that are presently in execution can be classified as urban development; the others are more specifically focused on housing. In addition there are 48 sanitation projects in execution, the largest of which have similar impacts to other large-scale urban development projects. These projects can have both positive and negative impacts on the families involved, as well as on neighboring areas, and as far as possible should be prepared in the context of the overall development plans for large cities. Until recently, most of these projects - including large sanitation projects that require the reorganization of urban areas, were prepared as self-standing projects without giving sufficient attention to the social, economic and cultural situation of the beneficiaries or to the impacts of the projects on the surrounding neighborhoods.

Any kind of large-scale housing, sanitation or urban development program is likely to affect most of the families living in the area, and will oblige them to reorganize their personal and community life. Even when long-term positive results are expected, negative impacts may occur during construction, and it is unlikely that any project will ever satisfy all the families involved. Table 2 summarizes the potential impacts and recommendations.

Social Exclusion and the Stratification of the Urban Poor

The overall objective of most urban development and housing projects is to integrate marginal areas into the city. This raises social issues that can be just as important as the civil works. For example, a sanitation project for the Una basin in Belém had a positive impact on a third of the population of the city. On the other hand, a resettlement project for several hundred families affected by the construction of the Linha Amarela Highway in Rio de Janeiro developed into a large and horrendous *favela* less than three years after it was established. In the first case, there was an effective inclusion of mainly poor families who were resettled in the city. In the second, resettled families from several slums were exposed to a process of social exclusion. Here, the main concern was to clear an area needed for building a highway. The poor families living in the area – who were mostly squatters, were considered an obstacle to the civil works and were regarded as illegal occupants. It was felt they did not deserve the right to discuss the proposed location of the resettlement site or to complain about the poor quality of the housing that was offered to them. Until recently these attitudes were common in Bank financed projects. Significant progress has taken place in the last few years; however, in some cases it is still difficult to convince executing agencies about the social requirements of urban development, housing improvement or sanitation works in large cities.

It is important to remember that the urban poor are not a monolithic group. The expectations and needs of the poor have changed significantly as a result of growing urbanization, and the exposure of almost all segments of the population to the consumer economy. Television, microwaves, cellular phones and other electronic apparatus have become commonplace in even the poorest neighborhoods of most large cities. However, there is often a clear stratification between those that live below the poverty line – in conditions

of misery, and those that live above this line in slightly, or sometimes significantly better conditions. Each of these subgroups has different expectations, and reacts accordingly when included in urban development or housing programs. For this reason, the poor who live below the poverty line find it hardest to identify with most urban development or housing projects.

Given the disparity that exists among the poor, it is useful to consider alternatives, in relation to the size, type, costs and localization of housing in urban development and housing projects. The program should try to ensure that the diverse categories of poor are able to choose alternatives that best suit their needs. If the main objective of the project is to benefit the poorest sectors, then a specific design will be required to benefit them according to their own social, economical and cultural conditions. In both the Cingapura and PROCAV II projects in São Paulo, the majority of the very poorest families preferred the alternative of a basic housing unit, even in a distant area, for three main reasons. They offered individual solutions, that there was the possibility of extending the house, and that the costs were significantly lower. In other cases, families that chose to be collectively re-housed in four floor apartment blocks were able to exchange their right to an apartment with families from another slum that opted for urbanization. The same logic was applied in Belém, where some of the families eligible for resettlement in the project housing blocks, accepted compensation. They received the value of their former house plus an additional amount equivalent to the price of a plot with infrastructure so they could buy a house in another neighborhood.

Baseline Data

The socio-cultural analysis for large urban projects needs to distinguish the different categories of urban poor living in slums or new neighborhoods on the periphery of large cities. The urban poor can be grouped into the following broad categories.

• The "new" poor, mainly comprising lower middle class families that have lost their former houses, because of the increasing rents, unemployment, drop in salary or illness, and who have been obliged to move into a slum or acquire a building plot in a distant neighborhood. They are conscious of their condition, and generally eager to overcome their present situation.

• Households that have been living in *favelas* since their arrival in the city – often for many years, and that are relatively well established. They may have made some improvements to their housing, and may prefer to stay in the neighborhood – especially if it is centrally located, rather than moving out because of the schools, services, and opportunities for employment.

• More recent inhabitants of *favelas* or people who have occupied neighborhoods of the periphery of the city. They are much less stable, moving from one site to another in response to opportunities for employment, or because of changes in family composition or violence associated with drug traffic etc. If they own their houses they are often willing to sell or exchange it for other goods, such as a car, another plot or even goods of lesser value. They view the opportunity for new housing as another opportunity to trade, and are less willing to accept the formal commitments associated with most urban housing projects.

• The households administered by women who are single, separated or divorced, present other characteristics. They generally earn lower wages than men, but tend to be more concerned with improving opportunities for the family, particularly the education of their children.

Table 2. Issues in Urban Development and Housing Projects

Type of Project	Directly Affected Population	Impacts on the Directly Affected Population	Indirect Impacts on the Population and Environment	Issues in Project Preparation and Implementation
Urban Development or Housing (Housing, improvement and neighborhood upgrading).	• Families living in the neighborhood subject to improvement. • Neighboring communities, district and municipality. • Workers involved in construction.	• Some families will have to be resettled or indemnified in order to build the infrastructure and/or reorganize the urban space; clear criteria are required to define who will be resettled; negotiation has to be carried out on a collective and individual basis. • Urbanization requirements will oblige others to reduce or move from their houses. • Regularization requires reorganization of public areas and the determination of the minimum plot size (families dividing a plot will have to agree on who will be the owner). • Reorganization usually creates problems of relationship among neighbors and requires close social assistance throughout project implementation. • Several kinds of discomfort associated with construction work will affect the families' routine (internal transport, intermittent supply of water and energy, road in bad conditions, noise, dust, high circulation of heavy equipment, risks to children and elderly).	• Better chance of inclusion of the neighborhood in the city once the project is complete; however this inclusion is rarely universal; improved value of the neighborhood can lead to a gradual expulsion of poorer families that cannot afford the costs associated with the improvement. • Some families will reject the regularization process because it obliges them to assume ownership taxes and pay normal charge for basic services (water, energy, sewage) that were subsidized in the past. • Better organization of neighborhood space leads to new forms of social control (accepted by some, refused by others).	• The population in the proposed area should be consulted before proposing intervention or further elaboration of any project. • A careful socio-economic survey and physical-territorial survey has to be carried out before designing the basic project. • Analysis of the current condition of infrastructure in the neighborhood(s) is required to ensure that the expected results will compensate the social impacts on the population. • The basic project has to be presented, discussed and approved by the concerned families before beginning any civil works. • Proposed sequence of civil works has to be agreed with the population: (i) giving priority to neighborhoods with environmental risks; (ii) not starting civil works in every neighborhood at the same time; and (iii) resolving resettlement or compensation issues at the start of the project. • Use of temporary lodging has to be considered only if absolutely necessary

Type of Project	Directly Affected Population	Impacts on the Directly Affected Population	Indirect Impacts on the Population and Environment	Issues in Project Preparation and Implementation
				and for a short period of time. • Issues raised by the by the affected families regarding the quality or sequence of civil works have to be taken into account; they may indicate the need for changes in the nature or sequence of the works.
Large Scale Sanitation Projects (included in this category if they require significant reorganization of the urban space).	• Families located in the area directly subject to the main sanitation works. • Families living in neighboring areas, subject to minor complementary works.	• Some of the families located in the directly affected areas will be subject to involuntary resettlement; others will remain in the area, but with their property partially affected (same impacts as in housing or urban). • Delays in some large sanitation projects (eg. PROCAV II in São Paulo, Macro Sewage in Belém) can cause anger and insecurity among the affected families; several families identified in the original socio-economic census were substituted by others, requiring an updating of the census (the same situation can occur in urban infrastructure and housing projects).	• Indirect impacts of large sanitation works are generally linked to the temporary discomfort associated with construction work. • Long-term impacts of sanitation works are mainly positive and reach a large number of people, including those located in distant areas.	• Same basic approach as suggested for urban housing.

• The very poorest sectors, living well below the poverty line, generally have little or no formal education and a history of poverty that is repeated over the generations. They live from temporary employment, often surviving at the limits, sending their children to beg and sleeping on the streets. They can be sub-divided into two groups: those that nourish some hope of eventually improving their situation, and those who no longer have any hopes of improving their condition.

This simplified classification of the urban poor is sufficient to underline the need to distinguish those sectors that are interested in a housing project – and will participate in meetings, from those whose living conditions are so precarious that they no longer believe they have any chance of improving their situation. The "self-exclusion" of the latter is a reflection of the wider process of social exclusion. To escape from the vicious circle of exclusion and self-exclusion the very poor, who live below the poverty line, and who in countries like Brazil may represent up to 20 percent of the population, have to receive the same treatment as any other citizen. This requires a concerted effort that has to go beyond the provision of housing, water or sanitation, and needs to incorporate other aspects, such as security, education and health care.

Delays in Project Implementation and Changes in Beneficiaries

Large urban housing or sanitation projects frequently suffer serious delays that can have a negative impact on the population that should benefit from the project. Delays are generally due to three main factors: a) lack of available counterpart resources at the time established in the schedule of works; b) delays in the bidding process; and c) changes in the public administration at state, provincial or municipal level. The changes often imply new management and technical teams, and sometimes re-negotiation of the project.

Delays often lead to a redefinition of the eligibility criteria. A significant number of the families identified in the original socio-economic survey may have left the area for personal or family reasons, to seek employment or because of threats or violence. Once they have sold their houses, the new inhabitants claim the right to be included in the project. Since this kind of project is generally unable to satisfy all the demand for improved housing and neighborhood facilities, the project managers may not know how to proceed. They face the alternative of maintaining the eligibility criteria that were agreed with the population at the beginning of the project, or of reviewing the sometimes spurious claims of the new inhabitants, disregarding the eligibility criteria and creating a precedent that may mean the project will have to be enlarged. Although common sense would favor the first option, if project implementation has taken a long time – 5 or even 10 years, a review or updating of the census may be justified, allowing the new inhabitants to be included among the beneficiaries. No project manager can freeze the population in the same place for several years, and everybody should have the right to leave or come back if they need to.

Regularization and Titling

Another issue in large urban housing or sanitation projects relates to the often limited, rights of beneficiaries to dispose of their new property. Normally, because of delays in regularizing the title to the project area, the beneficiaries receive a provisional document with the promise of later receiving a definitive title. In several projects, the provisional document is never converted into a legally valid

property title. In these cases it is often unfair to refuse the families the right to sell the property. It would be better to ensure the regularization of the project areas during project preparation, and to provide the beneficiaries with titles as part of project implementation. If this is impossible, then the project should specify the conditions and length of time that has to elapse before the families can dispose of their property.

Complementary Actions

Urban development, housing and sanitation projects often require complementary actions to ensure their success. Where projects imply a significant reorganization of the community's space, priority can not be given to the civil works without considering the full social, cultural and economic impacts on the population. This not only means the inclusion or improvement of existing social infrastructure, but the design and provision of new or improved equipment appropriate to the expectations and needs of the poor. This may have to cover the need for formal education (nurseries, pre-school, elementary and high schools), informal education (adult education, programs for street children, addicts, the elderly, the unemployed and so on) and preventive health care for the most vulnerable groups. It could also include income-generating activities that take the profile of the unemployed and the demands of the local and neighboring markets into account. Social activities of this type have to support local community organizations and, through them, help the community develop a sense of civic pride and citizenship. Without continuous social assistance, there is a risk that the social equipment will not benefit the poorer or more vulnerable groups, but will be mainly directed to those sectors with greater access to local centers of power or who are more able to pursue their own interests. Inclusion of the poorest requires a project design that takes them into account from the beginning of project preparation, coordinating the activities of the engineers, urban planners, economists, sociologists and social workers with the legitimate representatives of the target or beneficiary population.

Operation and Maintenance

Operation and maintenance is a critical issue for projects of this kind. Due to changes in public administration and/or definition of new priorities, projects are frequently ignored or abandoned by the public sector once they have been completed. O&M may formally depend on various public entities – frequently located in different parts of the public sector, that may have difficulty coordinating their actions, for example, public schools, nurseries or health centers, that depend on municipal or state government, or even the private sector, church or NGOs. Even when O&M has been negotiated in the project design and is object of some formal agreement, the agreements may not be respected.

As projects are generally designed and implemented with little participation from the beneficiary families and communities, their participation in O&M is usually very limited. Moreover, in large projects, they rarely have the resources or technical knowledge needed to take on responsibility for O&M. Special attention has to be given to this issue throughout project implementation to ensure that all the partners in the project take the necessary measures to adequate O&M of basic infrastructure and social equipment. As far as possible, it is advisable to select and train the people responsible at the local level, generating employment and enhancing the identification of the population with the equipment provided by the project. The beneficiaries can more easily take on the responsibility for small-scale items, such as local nurseries, community centers or cooperatives, if they are mobilized and organized while the project is in execution (see section on minor infrastructure).

Citizenship and Empowerment

Urban development projects are only successful if they reinforce the beneficiaries' sense of citizenship and facilitate their empowerment. Citizenship and empowerment are goals to be pursued from the identification and preparation of a project. This requires continuous consultation with the target or beneficiary communities, and incorporating the results of the consultations into the design of the project. The families and communities also have to play an active role throughout the life of the project and after its completion. This implies a need for specific technical support for the community organizations, reinforcing their capacity and gradually enabling them to take decisions on their own. If project managers are not constantly concerned with this issue, throughout the life of the project, it becomes very difficult for the target groups or beneficiaries to identify with the project's objectives.

IX. MICRO-ENTERPRISE, SME, AND
SOCIAL ENTREPRENEURSHIP FUNDS

Description of the Sector

This sector includes micro-enterprise projects, programs for loans to small and medium enterprises (SMEs), and projects financed by the Social Entrepreneurship Fund. Micro-enterprises are defined as businesses with less than 10 employees and an annual turnover of under US$ 20,000, while SMEs are businesses that employ up to 100 people, and have an annual turnover of up to US$ 5 million. Most Bank operations in the micro-enterprise and SME sector provide finance through banks and other intermediaries, which is on lent to individuals, small businesses and NGOs for productive and commercial activities, and in some cases for consumer credit.

The micro-enterprise sector developed in the late 1980s-1990s, and provides small loans at market rates, often with little or no requirement for collateral. Nowadays there are few, if any, agricultural loan projects, of the kind that were popular – usually as the financial components of integrated rural development programs, during the 1970s and 1980s. The Social Entrepreneurship Fund developed out of the Bank's Small Projects Program, and provides low interest loans to NGOs and some autonomous government agencies of up to US$ 1 million, usually combined with non-reimbursable technical assistance (TA) of up to US$ 500,000. Where finance is on lent to first or second tier organizations, the loans have to be repaid at market rates, and the margins are used to capitalize the organization that has borrowed from the Bank. In some cases, as in the Small Projects Facility for SE Mexico, funds are targeted at particular geographical areas and/or types of organization, and are allocated through competitive bidding.

In spite of the relative importance of micro-enterprise projects in the Bank's portfolio, not enough is known about the impact of these projects on poverty reduction. Micro-enterprise programs offer the poor an opportunity to build up their capital, and improve their security, helping them diversify their sources of income and manage in times of crisis. In practice the provision of credit is a necessary, but rarely a sufficient condition to allow the poor to break out of the cycle of poverty. In the first place, it is important to understand the social and cultural constraints that prevent the poor from getting access to credit. Second, we need to identify the factors that prevent them using credit effectively. These may include excessive bureaucracy, lack of technical and/or administrative skills, inadequate networks of transport, unfamiliarity with potential markets, and ethical or cultural issues. Finally, we need to examine the experiences of those programs that have combined micro-credit with complementary activities, such as training or the provision of information about potential markets, to understand what works and what doesn't.

SME projects are generally not considered as poverty reduction programs, and are more likely to raise concerns about employment practices, safety issues and other potential negative impacts.

Identification of Potential Clients

Micro-enterprise lending offers an opportunity to address the needs of some of the poorest sectors of the population. However, to have a significant effect on poverty, micro-enterprise lending has to be directed at people that are in need, and have the capacity and interest to take advantage of the resources that are made available. This means that the target groups have to be identified and characterized, otherwise there is a risk that the resources will be utilized by those who are relatively better off. The small scale of micro-enterprise lending makes it unattractive to the rich. But it is inherently easier for the better educated, more entrepreneurial-minded members of the working class to access micro-enterprise lending than it is for the poorest people, who may find themselves excluded on the grounds of illiteracy, gender, race, ethnicity or language.

One of the first questions to be determined during the identification of a micro-enterprise program is whether or how far the resources should be directed at rural areas. Micro-enterprise lending initially took off in urban areas, and appears to have been used mainly for short-term commercial activities. However, it can usually be applied in rural areas, provided the criteria and conditions are adapted to the requirements of rural populations.[20] This is an issue that has to be explicitly considered. Untargeted lending, through intermediaries based in urban areas, is not likely to have a significant impact on the rural poor.[21]

Gender Focus

A further issue that ought to be considered in whether the program is specifically intended to respond to the needs of poor women. In some countries, female-headed households represent a significant proportion of the very poorest sectors of the population. Micro-enterprise finance can provide new opportunities for poor women to acquire an independent income – or to improve their level of income, and in the long-term this is likely to lead to an overall improvement in the status of women in the target groups in question. By increasing women's income, micro-enterprise programs are more likely to have a direct impact on their children – leading to improvements in their standards of nutrition, health and education. An explicit gender focus can also help to diversify the economy of poor households, increasing their level of security and reducing their dependence on single activities – such as mono-cropping or agricultural laboring, that may be affected by climatic conditions or fluctuations in commodity markets.

The objectives of a micro-enterprise project need to be defined at an early stage of project preparation. A critical issue that needs to be discussed is whether, or to what extent, the project intends to work with poor women. If this is a priority, detailed consideration has to be given to the specific needs of poor women belonging to the sectors or groups the project is intended to benefit (defined in terms of geographical and rural/urban location, income levels, ethnicity and/or race). During preparation the project team also has to identify the probable constraints on women's access to credit, and identify ways of overcoming them. Finally, it is important to emphasize the need to monitor women's participation in

---

[20] "Rural areas" is includes small market towns as well as settlements that are directly dependent on agricultural or extractive activities.
[21] It is quite legitimate to use micro-credit to consolidate the position of the relatively better off urban poor, who may lack access to credit other than that offered by moneylenders. However, the definition of the target group and the program's objectives should be explicit. It would be unreasonable to expect untargeted micro-credit lending to reach the poorest sectors of the population.

the project. This implies a requirement for gender disaggregated data on applications for loans, as well as on approved loans and repayments.

Needs of the Clientele

As far as possible, the terms and conditions for micro-enterprise loans should be adapted to the needs of the clientele the project is intended to serve. A national-level program could, for instance, offer different lines of credit for different groups, with terms and conditions adapted to the needs of each sector. The credit requirements of people engaged in informal commercial activities in the urban sector are different to those of urban artisans or small farmers, and there is a different balance in their requirements for working and investment capital. Areas that need to be considered include the upper and lower limits for particular lines of credit, the periods and conditions for repayment, the requirements for collateral or other guarantees, participation in credit users' associations, and the need for technical and/or administrative training.

Information on the potential clientele should be collected and analyzed during the preparation of a micro-enterprise project. With the larger, national-level micro-enterprise programs this requires sample surveys, and the use of more in-depth case studies of people that represent particular sectors – for instance, people engaged in particular types of productive or commercial enterprises. It is important to emphasize that the survey and case studies should be drawn from the potential universe of clients, and not just from people who have had loans approved during previous phases of the program. This is to ensure the inclusion of people who have not applied for loans from previous programs, and those who may have had their applications rejected. Once approved, the program should be monitored, using sampling techniques, to ensure that it is reaching the clientele it was intended for. The monitoring reports should be reviewed, and there should be opportunities, such as annual or mid-term reviews, that if necessary would allow procedures to be modified.

Social and Cultural Constraints on Access to Credit

It is important to make a conscious effort to understand the social and/or cultural factors that affect people's access to credit. These are likely to vary from country to country, and between regions within a country. Questions that need to be asked include:

- How will the target group be informed about the existence of the program? What means of communication will be used: written press, radio, TV, through local associations or producers' organizations? What language will be used? What sort of information will be provided?

- Is the office or bank accessible? Is (are) the project office(s) centrally located, and easy to find? Is the cost of transport to the office likely to deter people, particularly those from remoter, rural areas? Are the opening hours appropriate, particularly for people who may have to travel in from rural areas? Would a mobile service be feasible, for instance, coinciding with the market days in small towns?

- Are the administrative requirements simple? How many visits are required to process a loan? What other administrative procedures are required? What other fees or costs are involved (legal and notary's fees, photocopies)? Can illiterate people apply for a loan? Are there sufficient staff – or helpers from other organizations, to explain and guide applicants through the procedures?

- Does the attitude of staff deter any groups? Racial or ethnic prejudice is often manifest through intangible details, in the way people are spoken to, whether or not they are given priority and so on. This can be overcome, but first requires the acknowledgement that prejudice exists and has to be consciously addressed. Staff can be trained, and an effort could be made to hire suitable qualified staff from the ethnic or racial groups subject to exclusion. Command of a relevant language (for instance Quechua or Aymara in Bolivia or Peru) should be a positive asset, or in some areas a requirement for employment. In countries such as Ecuador or Guatemala dress codes and hairstyles should allow indigenous staff and clientele to feel at ease (indigenous staff should be allowed to wear traditional dress if they want to). Where necessary, seating should be provided, as well as drinking water and toilets, particularly where people have to come in from rural areas.

- Is collateral required? The requirements for collateral may represent a constraint for some groups or sectors, such as people with informal land or house titles, or indigenous people with collectively held land titles. Where the legalization of informal titles is possible, it may represent a significant entry cost for the poor, effectively excluding them from access to credit. The need for collateral should be adjusted in accordance with the social objectives of particular lines of credit, and wherever feasible alternatives should be developed. These typically include collective guarantees, and the use of animals or household appliances as collateral.

The Business Environment

The availability of credit is only one of many issues that affect the ability of poor people to accumulate capital. In order for micro-enterprise or Social Entrepreneurship programs to have an impact on poverty it is necessary to understand and address some of the other constraints that affect the business environment. In the first place, the formal bureaucratic requirements are often complex, and may be critical. They include the requirements for registering a business, opening a bank account, registering for tax, satisfying municipal requirements relating to health, safety, employment, and so on. In addition to the formal requirements, there may be informal requirements, including bribes to minor officials, political parties or campaigns, and so on, that make life difficult for people without the right connections. These are not easy to resolve, and require political commitment on the part of government authorities if they are to be addressed effectively. In some cases, the Bank could provide technical assistance for simplifying bureaucratic procedures, and for introducing more appropriate systems for managing information on small businesses.

Training Requirements

Other issues that may be critical to the development of small businesses include lack of basic administrative skills, familiarity with bureaucratic requirements, and knowledge of, and access to markets. Some of these can be addressed through training. Provision of basic administrative skills can be of immense value, even to people with very little formal education. This covers simple methods of registering income and expenditure, stock taking, and calculation of profit margins. It can also encompass the formal requirements for registering a business, registering for and managing tax requirements, as well as information on labor laws, health and safety, or environmental regulations. Marketing can be improved through the provision of information, typically to producer associations or intermediary agencies, and/or through training designed to satisfy the requirements of specific markets.

This might, for instance, cover topics such as the storage, handling and packaging of particular types of produce, perhaps combined with the development of systems for quality control.

The training needs of the executing agency and intermediary organizations also have to be considered. This could go beyond the procedures and regulations of the Bank financed project and include general issues related to small business development. If necessary, a training program could focus attention on issues of social exclusion, ensuring that project staff understand the needs of clients from other ethnic or racial groups. Training programs also provide an opportunity to discuss topics relating to labor legislation, health and safety legislation, and environmental regulations.

Credit Users' Associations and Other Organizations

The project documents should indicate whether loans will be channeled to or through credit users' associations, and whether these are first, second or third tier organizations. It is important to understand the background and objectives of these organizations, to assess their accountability, and know how far they are managed by people who belong to the same social, cultural and economic groups as the beneficiaries. If not, it is important to consider whether they are responsive to the needs of the target groups. Their administrative capacity also needs to be analyzed, taking into account their previous experiences. Particular care should be taken if the proposal is likely to result in a major increase in the scale of lending or significant changes in the portfolio. Organizations that have been able to manage small programs, relying on their intimate knowledge of the beneficiaries and/or the personal commitment of staff and management often have difficulty scaling up their activities. To do so they have to develop and apply more rigorous procedures, giving additional time to training, and introducing the program in accordance with a realistic timetable.

Participation in Project Design and Monitoring

The project team and executing agency should look at ways of facilitating the participation of people from the potential beneficiary groups in preparation and monitoring of the project. This can generate useful insights, provided the ground rules are clearly established. People from local-level organizations can offer an invaluable understanding of the day-to-day needs of the people the project is intended to benefit, and can often help the project team develop realistic, workable proposals. The project's target groups, such as artisans, traders, small farmers or indigenous peoples, may not be formally represented, or the official representatives may be too busy, or too politicized to participate usefully. In such cases, it is often more effective to invite local-level representatives, perhaps from existing first-tier associations, to discuss their own experiences and insights rather than expecting them to represent any specific group. It is important to stress that the purpose of working groups of this kind is to identify issues and propose solutions, rather than to formally approve or reject proposals for projects.

Capacity of the Executing Agency

The institutional analysis of the project should consider the capacity of the executing agency. A study of the Bank's Small Projects portfolio with indigenous peoples has shown that the projects have generally been successful when they have been used to capitalize established organizations that are already

successfully engaged in a particular activity. Where an organization has been set up or reorganized to access Small Projects funding it has usually failed to achieve its objectives.[22]

The project document should explain how the project will it be monitored, and should include mechanisms that, if necessary, could allow the procedures and regulations to be modified to ensure the loans reach, and are properly utilized by the target groups.

Negative Impacts

Negative social or environmental impacts are more likely to occur in the context of SME lending. Typically, potential negative social impacts relate to health and safety issues, and possibly to the exploitation of children or unacceptable labor practices such as the use of bonded labor.[23] In reality, it is difficult for lending agencies to police labor or environmental practices, given the need to keep administrative overheads to a minimum. In most countries, it would be reasonable to require borrowers to comply with national labor laws and health and safety standards. The larger loans to medium enterprises – at the top of the SME range, should however be subject to closer scrutiny. In addition, activities that are hazardous or likely to lead to social abuse or environmental problems should be specifically excluded from the project's portfolio.

An alternative strategy is to address potential negative impacts within the context of training. Labor laws and regulations could be covered in administrative training, while other, more sector-specific issues could be addressed through technical training modules. For instance, training on health and hygiene issues could be provided to micro-enterprise borrowers who work in the food processing, retailing and catering sectors. Similarly, farmers who take loans for the purchase of agro-chemicals should have adequate training in the safe and effective application of these products. Finally, it is strongly recommended that all national micro-enterprise and SME programs should include provision for the regular monitoring of a representative sample of the loans, in order to identify and if necessary mitigate any potentially negative social or environmental impacts.

---

[22]   Juan Tarifa, 1997. "Pequeños Proyectos para Comunidades Indígenas." SDS/IND.

[23]   Bonded labor refers to systems of indebtedness, or arrangements where people are obliged to work without fair pay in exchange for the right to reside or work on a plot of land. It also includes the exploitative use of unpaid "family" labor, as sometimes happens with *criados.*

X. MAJOR INFRASTRUCTURE

Description of the Sector

Major infrastructure covers all large-scale energy and transport projects, and includes dams, thermal power stations, sub-stations, transmission lines, oil and gas pipelines, highways, railways, bridges, ports and airports. It includes both public and private sector projects, and covers multiple works or "time-slice" projects – for instance, highway projects where the roads that will be improved or constructed have not been identified at the time the project is approved. Major infrastructure projects are intended to benefit the nation or a particular region, and are not poverty focused. The main socio-cultural issues relate to the avoidance and mitigation of potential negative impacts. These impacts are summarized in Table 3, and can be divided into three categories.

- Direct impacts, mainly caused by land acquisition, include loss of land, housing, productive assets, employment, and sites of cultural or historic significance. The Bank's policy on involuntary resettlement, OP-710 (IDB 1998), and the guidelines prepared by SDS/IND and PRI cover these issues in considerable detail. The impact of construction camps should also be included in this category. Hundreds of workers may be involved in some large construction projects, and they can have a devastating influence on small communities situated in remote areas.

- Indirect impacts include loss of services, infrastructure, employment and business opportunities in areas adjacent to major projects, for instance, the areas surrounding large reservoirs, or urban neighborhoods bisected by major highways. Some of the most dramatic indirect impacts have occurred when transport projects have facilitated access to remote and fragile areas, leading to occupation of the land and destruction of the natural resources base of indigenous peoples and other traditional populations.

- Cumulative impacts are the result of multiple activities, making it difficult to assign responsibility to any single project. For instance, when transport corridors, rural development programs, or oil and gas exploration have encouraged an influx of population, leading to degradation of natural resources and putting pressure on traditional populations.

Compensation and Mitigation

The concepts of compensation and mitigation are sometimes confused. Compensation refers to the reproduction – or improvement, of the former conditions, and covers the replacement of lost assets, lost income or production, and access to community infrastructure and social services. Mitigation, on the other hand, means "to relieve," or "make amends for", and refers to minor impacts, or to impacts that cannot realistically be compensated, such as loss of habitat, ways of life, cultural sites, memories and sentimental value. It is necessary to distinguish these two concepts, and to make sure that all parties involved in a project share a common understanding of the terms.

Table 3. Impacts of Major Infrastructure Projects

Type of Projects	Population Directly Affected	Direct Impacts on Population	Indirect Impacts on Population and Regional Economy	Issues and Recommendations
Energy generation and distribution (mainly construction of HPP). Transmission lines, gas and oil pipelines. Large water storage dams for irrigation.	• Landowners and owners with possession rights. • Tenants and sharecroppers. • Landless living and working in the area. • Urban owners. • Urban renters.	• Landowners obliged to leave their properties: land, houses, improvements. • Non-owners losing access to the land (sons/daughters of landowner, renters, squatters, workers etc.), housing and work conditions. • Urban owners to be indemnified and moved to other areas and neighborhoods. • Urban renters or squatters to be resettled. • The major direct impact is a rupture of the former economic, social and cultural structure; all categories of affected families are obliged to reorganize their life in new terms: geographical environment, housing, work conditions, adoption of new productive models (leading to temporary or longer-term insecurity), changes in neighborhood and cultural relations, access to social services (health, education, transport, communication); insecurity in regard to titling of the new property; even fair financial compensation only partially compensates these direct impacts.	• Indemnification of landowners or homeowners and/or resettlement of other categories of affected families only partially cover the other numerous indirect impacts of mayor infrastructure. • Social and economic impacts on the remaining population caused by disruption of former economic, social and cultural relations as people are forced to leave the affected communities. Loss of economic dynamism, affecting production and commerce, loss of access roads for the remaining communities, affecting transport and communication, access to social services etc.	• The socio-economic census of the directly affected families – and the territorial survey should be available before the final evaluation of the project to ensure the social issues are properly addressed in the design of the project. • To clearly and fairly define the concept of compensation to be applied to owners and non-owners, as well as the eligibility criteria for all categories of directly and indirectly affected population (giving special attention to vulnerable groups: elderly, physically or mental handicapped, single mothers, minority or marginal groups). • To identify several options and sites for resettlement that will fit the profile of the different categories of affected families, making sure that the overall set of direct and indirect impacts on the population has been properly analyzed and quantified.

Type of Projects	Population Directly Affected	Direct Impacts on Population	Indirect Impacts on Population and Regional Economy	Issues and Recommendations
	• Workers involved in construction. • Municipalities where the civil works are located, population living close to the site, and neighboring municipalities.	• Impacts associated with the presence of a large number of workers living in the camps, with precarious conditions of some camps at the beginning of civil works; distance from families; security risks etc. • Significant increase of local population causing temporary speculation (commerce, housing, cost of services). • Noise, dust, overall discomfort related to heavy traffic, proximity of construction camp and other environmental impacts. • Insufficient or restricted availability of social services due to a temporary increase in demand. • Significant changes in the basis of the local and regional economy.	• Presence of a large number of workers on local communities; increase in prostitution, alcoholism, sexually transmitted and other diseases, etc. • Changes in the behavior and values of the local community, especially youth, exposed to new external influences. • Risk of temporary isolation of remaining families and, in some cases, of resettled families.	• To consider the titling of new property as due compensation, and as an opportunity to improve social inclusion. • To ensure a consistent approach to the impacts of the project on the remaining population – as there is often a tendency to minimize these impacts. To include the rehabilitation or reconstruction of infrastructure for the indirectly affected remaining families, as well as for the resettled families. • To carry out a careful analysis of project impacts on the local and regional economy, permitting the definition of the compensation measures to be adopted, especially in the poorest regions; and with the more vulnerable groups.
Large highways: road corridors opening or improving access between states or countries, or expressways circling or crossing large cities. Oil and gas pipelines and transmission lines that cross remote areas.	• Native population living in the area of influence of the highways. • Migrants squatting in areas close to the highways. • Loggers and prospectors (transitory presence in the area until the exhaustion of easier natural resources).	• Same impacts as above on urban or semi urban populations. • Direct impacts on the land, collective system of production, security, culture and living conditions of the native population due to the exposure to the "outside world" represented by migrants, loggers, and prospectors. • Alcoholism, prostitution, health problems related to the	• Cumulative impacts on the indigenous population may lead to the gradual "disappearance" of their culture, and accelerate the loss of their identity. • Some settlements will form new districts and municipalities; however, most will disappear, leading to severe human and environmental loss. • Environmental, social and economic impacts of colonization require the definition and	• Indirect and cumulative impacts of exposure of native population to the "outside world" requires serious analysis of the long-term aims and expectations of the population and of their habitat to identify suitable mitigation measures. • The failure of the settlement process is evident. Repetition of precarious settlements,

Type of Projects	Population Directly Affected	Direct Impacts on Population	Indirect Impacts on Population and Regional Economy	Issues and Recommendations
		contact with foreign people. • Profound changes in social relations due, initially, to the introduction of trade exchanges and/or corruption of community leaders. • Development of spontaneous settlements. • Insecurity due to lack of basic social infrastructure in the new environment. • Conflicts with native population over land, access and natural resources. • Isolation due to poor communication and transportation. • Multiplication of health problems such as malaria, leishmaniasis, and sexually transmitted diseases.	implementation of a new model of sustainable development in any new or colonization projects.	as in the Amazon Basin and other frontier areas of Brazil and neighboring countries. Land speculation, has created severe social and environmental problems. Any colonization project in fragile environments has to be analyzed with extreme care or should be considered only to mitigate the impact of earlier projects.

Project Screening and Baseline Data

It is important to have accurate information about the impacts of a project as early as possible. In the first stages of preparation – for Profiles I or II – all large infrastructure projects should be screened to identify any potential direct and/or indirect social impacts. This has to be done to ensure that adequate baseline studies can be carried out, and the respective compensation and/or mitigation programs developed, before the project is approved. In the case of projects involving involuntary resettlement, a definitive resettlement plan – based on accurate baseline data, is required before the project can be approved by the Board of Directors. The same principle applies to any infrastructure project that is likely to have other major social impacts. Failure to identify, or to acknowledge, potential impacts can lead to significant delays in project approval and implementation, and on occasions has led to projects being shelved.

If potential social impacts are identified during screening, a complete socio-economic study has to be carried out. This usually comprises a census of the families or groups that are directly affected, as well as a physical and territorial study, based on updated, high resolution aerial maps of the land, properties, cultural and historic sites, and other assets located in the affected area and its immediate surroundings. At a minimum, the census has to collect basic social, economic and cultural data on each family, and this should be cross-referenced with the results of the physical and territorial survey of the properties and/or houses. The Bank's Guidelines on Involuntary Resettlement identify the general topics to be considered in the socio-economic survey. However, each project is unique, and the survey has to be tailored to the specific characteristics of the population, region, and institutional context.

The results of the census make it possible to specify the numbers of people that are directly affected, their social and economic situation, and the characteristics of the different social groups. It is sometimes worth carrying out more detailed case studies to clarify particular issues identified in the census. The census and physical and territorial survey are needed to define, precisely and consistently – through cross checking different indicators, the kind and/or amount of the compensation that should apply to each category of the affected population, as well as the resettlement options that are best suited to their profile.

Given the importance of the socio-economic and physical-territorial surveys, it is advisable for Bank staff to review the content and methodology of the surveys before they are applied to make sure they cover all the important indicators. Once the information has been collected it has to be properly consolidated and analyzed, and where necessary cross-checked to ensure that it represents an accurate account of the situation on the ground.

Indirect or cumulative impacts also have to be considered at an early stage, and may be more difficult to assess. Major highways or road corridors built to link different countries or regions, and other transport projects, including waterways, and oil or gas pipelines may have a dramatic impact on the surrounding region. In tropical lowland areas they can facilitate access to loggers or gold prospectors, and attract settlers into previously isolated regions, resulting in degradation of the habitat and destruction of the natural resource base of the region's traditional communities. Increased pressure on land and contact with the "outside world" can lead to the impoverishment or even to the disappearance of indigenous people and other traditional land-based groups. Newly introduced diseases – malaria, measles, tuberculosis and sexually transmitted diseases, can decimate isolated populations, and in some countries – particularly where drug cultivation is a major activity, they may be subject to violence and murder. The definition of the "area of influence" of a project is not easy, and is probably best determined during the study, rather than, as often happens, being arbitrarily defined as a certain distance from the right-of-way of a road. In some cases, for instance, where a bridge or section of road completes a link between two hitherto isolated regions, the most significant social impacts may of a strategic nature, covering a wide area.

Where large-scale involuntary resettlement occurs, as in hydropower projects, the indirect impacts often include loss of population and the isolation of communities. Nearby communities lose their trade and economic dynamism, schools lose children from the rolls, and other services and activities no longer remain viable. In some cases, the situation of the indirectly affected families and municipalities may in the long term be worse than that of the directly affected families.

Institutional Issues

The institutional framework for compensation and mitigation programs is critical, and must be reviewed early in project preparation. It is invariably better for these programs to come under the responsibility of the executing agency that is carrying out the main project. It is also preferable to include the finance for the compensation and mitigation programs in the Bank operation. If these conditions are not satisfied, the Bank must have a solid, legally binding assurance that the programs can be carried out effectively and on time.

The following elements are essential for an effective compensation and/or mitigation program.

- Commitment. The executing agency or project sponsor should demonstrate its commitment to carrying out the program as well as possible – not simply doing the minimum necessary to ensure compliance with Bank policy. One of the most effective ways of demonstrating commitment is to nominate a social/environmental manager or director at the highest levels of decision making – for instance, as a Sub-Secretary within a ministry, or on the Board of Directors of a private sector company. It is also useful to have a formal policy statement, and more detailed procedures for managing social and environmental issues.

- Staff and Facilities. The department or unit responsible for the program must have an adequate number of staff, with the requisite skills needed to implement the program. If the staff or facilities are not available, the institutional capacity has to be developed and/or contracted. If consultant companies or other contractors are engaged to prepare and/or implement a program, it is essential for the contracting agency or company to have sufficient qualified in-house staff to supervise the contract.

- Finance and Resources. Adequate finance must be available as and when needed. The planning of compensation and mitigation requires a detailed budget and timetable, and sufficient resources must be committed before the project is approved. The budget should include allowances for contingencies.

Analysis of Alternatives

The analysis of alternatives is an essential part of project identification, and has to be carried out before the more detailed studies and preparation of the compensation and mitigation programs are undertaken. In terms of the Bank's project cycle, this means the analysis has to be presented in the Profile II.

The analysis should demonstrate that the selected project is the most appropriate, maximizing the expected benefits, while avoiding or minimizing the potential social and environmental impacts. Alternative scenarios might contemplate different routes, in the case of road corridors, oil or gas pipelines, or variations in the height and location of dams, in the case of hydropower projects. The

analysis may have to strike a balance between different potential social impacts, or between different social and environmental impacts. Where there are major social or environmental liabilities, the analysis should also contemplate the scenario of not going ahead with the project, allowing management and the executing agency the opportunity to drop the project before significant expenses have been incurred.

It is useful to hold public consultations to discuss different alternatives. However, in doing so it is necessary to allow all sectors the opportunity to voice their opinions, and to ensure that the more vulnerable, often less politically well connected groups, such as traditional indigenous populations, will have their views respected, even if they are different to those of the majority. It is also important to explain the potential impacts of a project, as there is sometimes a tendency for people to focus on the benefits, for instance, of a new highway, without fully comprehending the implications of the direct impacts during construction, or the long-term indirect impacts on the region.

Eligibility Criteria and Compensation Measures

The definition of eligibility criteria and compensation measures are vital issues that determine who will be able to receive particular kinds of benefits. Key definitions include:

- land ownership – for instance, what kinds of possession rights or informal rights are regarded as ownership and will be compensated.

- affected property, in which cases partially or indirectly affected properties will be acquired.

- the family or household – for instance, whether co-resident adults, or co-resident married children will be regarded as separate households for resettlement benefits. Also, how compensation will be paid to couples living in common-law unions, and what happens if the couple separate or one of the partners dies.

- the "cut-off dates" after which new entrants will no longer be eligible for compensation.

In the case of involuntary resettlement, the underlying principle for compensation is clear – compensation has to ensure that the affected people are able to recover their income, standard of living and other aspects of their life to equal or, preferably, better conditions than before the project.

This principle is not always fully understood, and is sometimes limited to financial or physical reposition of housing or lost assets, without considering the other numerous indirect impacts of involuntary resettlement. In many cases, external consultants or specialists with experience of previous resettlement projects have to define the eligibility and compensation criteria. In a few projects, these criteria and their application have been discussed and agreed with representatives of the affected communities or municipalities, including some of the directly and indirectly affected families, local authorities, and representatives of the government or private sector enterprises that are managing the overall project. When the eligibility and compensation have not been widely discussed before project implementation, conflicts have been more common, and the representatives of the affected families – or of particular groups have often questioned the criteria that have been adopted.

The same situation tends to occur when project implementation has taken several years to complete, or when the affected population has become more aware of their rights or are better able to apply pressure,

as for instance in the case of the Yacyretá HPP. Even where the criteria have been agreed, it is not unusual, for representatives of the affected people to ask for reviews or adjustments because better levels of compensation have been agreed in other projects. The advantages of clearly defining the criteria are obvious for both parts. The affected population has greater security, reducing their anxiety and allowing them to think about their new life. The public or private sector sponsors also find it easier to plan and organize the compensation and resettlement process.

Options for Resettlement and Compensation

Where a project requires involuntary resettlement, alternative compensation and resettlement options should be offered, taking into account the diversity of the affected population.

The affected population is often given a limited choice between financial compensation, which has been adapted for non-owners in some projects, or resettlement in areas that may be located at a considerable distance from their original site. Types of housing are often defined without reference to the affected people, and may be inadequate for the size of the family or the cultural habits of affected population. Several alternatives need to be identified and discussed with the affected population, taking into account their cultural characteristics and the proposed economic activities at the resettlement site. The size of plots is a critical issue. In rural areas this will depend on whether the families will be engaged in agriculture or cattle ranching. In urban areas the plot should be adequate to allow some expansion, and options should offered in relation to the type of housing and construction materials. The basic social infrastructure should be determined according to the number of families resettled, and the proximity of services in neighboring areas.

In summary, a project should offer property owners, including people with informal, or possession rights, the following choices.

- fair financial compensation for the affected property, at least equivalent to the replacement cost.

- exchange of the former property for another, freely chosen, of equal or slightly higher value (in terms of quality, location and access).

- the possibility of acquiring a larger property, using the compensation and financing the additional part.

The project also has to offer alternatives to non-owners. It is not advisable to offer cash compensation to poor or vulnerable groups. It can lose its value through inflation, and is frequently used to pay off debts or doctors' bills, or is spent on consumer items such as cars, refrigerators or TVs. Moreover, the amount of compensation that poorer families are entitled to rarely allows them the opportunity to acquire a solidly built house, with access to basic services and legal title.

Families should be offered a choice of resettlement sites, reasonably close to their former site or at least in a comparable environment. People find it easier to adjust and reconstruct their community networks if they are resettled nearby. Distant sites often lead to problems of adaptation or abandonment. Large-scale resettlement should also be avoided, even though it may appear cheaper or easier to manage. It is also advisable to offer more than one type of housing, not only to account for different family sizes, but also to avoid the anonymity of standardized – often unimaginative designs.

Other solutions are required for the elderly, the physically or mentally handicapped, single women living with small children, and so on. This requires coordination with local social services to ensure that their long-term requirements can be met. Finally, it is important to consider the complementary measures needed to ensure that each category of affected families can regain or improve their former lifestyle. This may include social and/or technical assistance for the first years of resettlement, access to agricultural credit, or support in finding employment or opportunities for self-employment in urban areas.

Timing

A clear and realistic schedule is vital for the implementation of compensation and mitigation programs. The timetable has to be closely coordinated with the timetable of the major works, and has to ensure that key issues are completely resolved before the mayor infrastructure project is finished. Failure to do so can, and indeed sometimes has resulted in significant delays in the implementation of infrastructure projects, and has had serious impacts on the affected population. In the case of resettlement, common sense requires the adoption of a schedule that will allow the population the right to stay in place until a few months before the civil works oblige them to move. They should be given time to reconstruct their economic activities – this is particularly important in the case of rural families, who should have enough time to settle in and take advantage of the beginning of the agricultural cycle. Failure to do so may leave them dependent on maintenance payments for a further year, resulting in significant costs to the project sponsor, and leaving them to suffer the demoralizing effects of a year's inactivity. The school year should also be taken into account, the children starting in their new schools at the beginning of the academic year rather than suffering a break in their studies.

The experience of Bank projects clearly demonstrates that families should not be temporarily resettled to allow civil works to go ahead. There is less incentive for the sponsor to complete the program on time, and there may be delays in resolving outstanding compensation and resettlement issues.

Titling

Resettlement can only be considered complete when the affected families have been given definitive titles to their houses, plots or rural properties. The titling process not only provides a sense of security for the affected families, but is an essential condition, allowing owners to recover their former standard of living, and helping both owners and non-owners integrate into their new neighborhoods. It allows former renters, inhabitants of slums, and squatters or rural settlers to become full citizens of the local society.

There is a need to review the practice of conditioning the definitive titling of the new property for a period of five to twenty years to prevent people selling and ensure their permanence in the area. It suggests that the affected families are "second-class citizens", and does not prevent them selling their improvements or provisional property titles. The abandonment or sale of properties is generally caused by other factors, such as the death of the head of the household, separation, or the need to find employment. Abandonment is also sometimes linked to poor or inadequate design of the resettlement and/or lack of prior consultation with the affected families.

Land titling is sometimes included as a mitigation component of transport projects that affect indigenous peoples and other traditional rural populations living in remote areas. In some cases, titling is sufficient to ensure that the population can enjoy greater security; however, in others it is a necessary, but not a sufficient step to ensure that communities can maintain control over their territory and natural resources.

Additional measures are often needed, including demarcation, and even fencing of critical areas, legal support – to quickly put a stop to any illegal occupations or theft of natural resources, and campaigns to explain the rights of indigenous peoples and others to the local authorities and neighboring populations. Finally, the move from a system of informal, traditional usufruct rights to formal land titles can create significant internal problems, relating to leadership and the definition of the community, as well as rights to natural resources, such as minerals or timber. These issues need to be addressed through specific programs that will allow the communities to manage the natural resources in their territory in an equitable and sustainable manner.

Impacts of Work Camps

Large infrastructure projects may employ hundreds or even thousands of workers at critical stages of construction. Where projects are located in more remote areas, this generally implies the need for camps to house the construction workers and support staff. The increased economic dynamism and opportunities for employment can have a positive short-term impact on the local population. However, the influx of a large number of relatively well paid, temporary workers can also have a devastating impact, particularly on more remote, rural communities. There may be a dramatic increase in violence, prostitution, and the spread of sexually transmitted or vector-borne diseases, such as malaria, dengue and Chagas' disease. In addition, heavy construction traffic may damage roads, increase dust and pollution, and can cause accidents, especially where adults and children were previously not accustomed to living with heavy traffic. There may also be pressure on local services, such as the water supply, local health services, and so on.

These impacts are not inevitable, and can be avoided if the executing agency or sponsor is committed to addressing them. In the first place, the executing agency and sub-contractors should formally review the need for, and/or the size of the work camps. This may require a study of the costs and benefits of alternatives, such as improving access roads and bussing the workforce in from the nearest cities on a daily basis. This should be defined before Profile II. Where work camps are the only alternative, the issues need to be addressed through a series of regulations that should be contractually binding on all the sub-contractors involved in the project. The regulations would cover issues such as traffic routing, hours of operation, measures to control noise and dust, and the medical screening of all workers. There should also be a "code of conduct", that would, for instance, prohibit the carrying of firearms or any other weapons, could prohibit or restrict the use of alcohol, and could put certain areas – small towns or indigenous communities, out of bounds to workers, both during and outside working hours. Anyone breaking these rules – including anyone employed by sub-contractors – should be subject to instant dismissal. If the executing agency or sub-contractors feel the work force needs to have an opportunity to relax, they should arrange to transport them from the site to the nearest large city, where appropriate facilities are available.

Indirect Impacts on the Population and Local Economy

Where large-scale resettlement takes place, the impacts on the remaining population need to be carefully analyzed, looking at their situation in relation to the civil works – for instance loss of access roads, and at the impact on the local economy and infrastructure. Once the project has been completed, the executing agency or investors will no longer be willing to resolve all the problems of the community, and the situation of the remaining population may become critical. Local governments are often unwilling to operate or maintain basic infrastructure for a small remaining population. It may no longer be feasible,

for example, to justify the existence of particular schools or health centers, or to continue maintaining access roads for just a few families.

Large-scale resettlement affects the local and regional economy, with commercial enterprises losing clients, and producers losing access to local markets. Affected municipalities may lose inhabitants or may face a short period of rapid demographic growth – as construction workers move in, followed by rapid decline in the population. This makes it difficult to manage the provision of basic services unless appropriate measures and sources of funding are identified and negotiated at national or state levels. In some cases, the public or private sector sponsors of major infrastructure, such as hydropower projects, have to contemplate technical and financial support to the affected municipalities or to those communities in the project's area of influence that are most severely affected.

Some transport projects, particularly road corridors or pipelines that facilitate access to previously remote areas, may have the opposite effect, encouraging population to move into the area, and putting additional pressure on land, natural resources and local services. This can have a dramatic effect on traditional rural populations, leading to conflicts, loss of land and resources, and in some cases to the expulsion of the less economically dynamic sectors of the population, such as smallholder farmers or people who depend on forest extractive activities. The potential impacts need to be carefully analyzed, and a range of mitigation programs may have to be developed. Some of the most critical components, such as land use planning, land titling and demarcation – as well as the local institutional building components – have to be in place before construction starts. In fact, the new generation of projects, such as the Petén Project in Guatemala, and the Darién Project in Panama, are no longer conceived of as transport or infrastructure projects. Rather they are regional development projects that are driven by the components of participatory planning and institutional development, and include the development of infrastructure as a subsidiary component.

Social Communication

Any major infrastructure project that has the potential for significant direct or indirect impacts should include a social communication program. This is essential to facilitate the dialogue between the executing agency or sponsor on the one hand, and the affected population on the other. The objectives of the social communication program should be:

- to inform the population about the details, timing and potential impacts of the project.

- to open channels of communication, allowing the directly and indirectly affected population to participate in discussions of alternative options, and in the design of the compensation and mitigation measures.

- to explain the compensation and mitigation options to the directly and indirectly affected population, including the poorest and most vulnerable groups, and help them choose the most appropriate options.

- to follow-up on the compensation and mitigation programs, facilitating dialogue between the beneficiaries of these programs, the executing agency or project sponsor, and the local or regional authorities that will eventually take over responsibility for operation and maintenance of infrastructure, and for the provision of social services.

The social communication program should work directly, organizing meetings with local communities and neighborhoods, and should also use the most appropriate media for the area in question: radio, television and print, including handouts, posters and local newspapers. The content of the social communication programs should be set at a level that can be easily comprehended by the affected population, and, where relevant, should use the main local languages. This is particularly important where there are indigenous populations or other groups that are different to the mainstream national population.

XI. PLANNING AND REFORM

Description of the Sector

The planning and reform sector covers a diverse range of projects: pre-investment and project preparation funds, reform of public sector agencies, technical assistance for the preparation of concessions, redeployment and retraining programs, technical and financial support for decentralization, and the institutional strengthening of local government. The main issues relating to Bank investments in private sector infrastructure projects are dealt with in the section on major infrastructure.

Planning and reform projects are critical to the Bank's long-term development strategy, and are designed to improve efficiency and accountability, and to reduce the financial and administrative burden on government. The immediate social impacts of these projects are usually less critical, although some projects provide opportunities to improve the quality of information and planning, and to promote greater participation of the poor. In recent years three main social issues have dominated the planning and reform projects in the Bank's portfolio. They are:

- The need to give adequate attention to social and institutional issues in developing concessions.

- The need to develop effective retraining and redeployment programs to mitigate the impact of redundancies caused by some reform and privatization programs.

- The need to develop effective programs and procedures to improve participation and accountability in programs of decentralization and institutional strengthening for local government.

Concessions: Negative Social Impacts

TC projects to develop concessions can have significant social implications that need to be addressed as early as possible – in the TORs for the preliminary studies and the preparation of concession documents.

The first issue is to determine whether a concession is likely to have any negative social impacts. These include direct impacts, such as land acquisition and the involuntary resettlement caused by power projects, transmission lines, oil or gas pipelines, highway concessions and water treatment plants, as well as the impacts of construction camps on isolated communities, for instance for during the construction of pipelines, highways or dams.

Indirect and cumulative impacts also have to be considered. One of the typical indirect impacts is loss of access to areas adjacent to highway concessions. Another is where concessions – particularly for oil and gas exploration or for pipelines, facilitates access to previously remote areas, allowing colonists to enter a region, and putting pressure on the land and natural resource base of traditional indigenous peoples. In other projects, particularly in the oil and gas sector, cumulative and/or upstream impacts need to be addressed. For instance, the development of a gas pipeline may open an area to development, particularly where this takes place in combination with road and industrial development projects. The project may

also generate an increased demand for gas, creating the need for further exploration and development of gas fields situated in remote or fragile areas.

Potential negative social impacts need to be identified as early as possible. Ideally, this should be done before a concession is offered. Indeed, social analysis should be an integral part of the preparation of a concession, and should be included in technical co-operations to develop concessions in sectors where negative impacts are likely (energy, transport) – or where the coverage, quality or cost of services are an issue (utilities). As far as possible, negative impacts should be quantified, as should the likely costs of the compensation and mitigation measures. Although social analysis represents an additional cost to the agency offering the concession, it is money well spent. Major investors have become increasingly aware of the need for adequate social analysis. This is particularly true of international companies investing in the energy sector, although perhaps less true of the companies that have invested in highways. And they would rather bid for projects with identified, preferably well defined and quantified costs and responsibilities, than enter into agreements where the potential social costs institutional or political risks are unknown.

Concessions: Institutional Issues

The Bank's experience has demonstrated unequivocally that it is always preferable for a concessionaire or project sponsor to be fully responsible for compensating and mitigating negative social impacts. In those cases where responsibility has been shared or has been given to another agency – a national-level ministry, state government or municipality, the project has either not been approved, or has encountered serious difficulties in implementation. This is even true of projects where the concessionaire has paid most of the costs of the compensation and mitigation programs, but where some of the responsibility for implementing the programs has been shared with other agencies. In other words, it is always a false economy for a company to have a government agency fund or implement a compensation or mitigation program.

The social impacts of large infrastructure projects are discussed in the section on major infrastructure. However, it is worth reiterating that one of the basic objectives of the Bank's policy on resettlement (OP-710) is to avoid or minimize resettlement. Some concession agreements make the concessionaire responsible for the design of the works. In these cases the company should ensure that critical aspects, such as the siting or height of a dam, or the alignment of a highway or pipeline should take social factors into account, ensuring that land acquisition or resettlement is minimized. Public safety issues should also be given high priority, the alignment of gas or oil pipelines, for example, avoiding centers of population. National, provincial and municipal safety requirements should always be observed, and if necessary sponsors should go beyond national minimum standards, conforming at the very least with internationally-accepted standards of good practice.

In general the concessionaire should be responsible for avoiding or mitigating indirect impacts. Examples of avoidance include measures to control access to areas inhabited by traditional indigenous peoples. Mitigation could include programs for land titling and demarcation, health, education or productive projects. These projects must follow good development practice, and be participatory, relevant and sustainable. It is not sufficient to measure their worth in terms of the money invested or the activities carried out, but to consider whether they will achieve their objectives. There may be situations where the concessionaire has to work with government agencies to mitigate some indirect or cumulative impacts – for instance, in land titling programs. Even in these cases, however, the concessionaire should be willing to finance and perhaps to supervise and provide technical support to the other agencies involved.

The Bank has financed some private sector "time-slice" operations in which the specific sub-projects have not been identified at the time the project is approved. If there is any likelihood of these projects having negative social impacts, the institutional responsibilities – typically for land acquisition and resettlement, need to be clearly defined in the loan agreement, even if they are not specified in the original concession agreement.

Concessions: Coverage and Affordability

Social considerations should be paramount in concessions for basic services, such as water supply, sewerage, electricity distribution and public transport. This is not simply a question of mitigating negative social impacts but of ensuring that privatization achieves the Bank's strategic development objectives of improving efficiency, levels of coverage and quality of service. Again, this means that social impacts should be addressed as early as possible, especially in operations to support preliminary studies and the preparation of concession documents.

The key questions relate to the impact of privatization on the poor. Tariff structures should allow the poor access to basic services, such as water supply or electricity (at least in urban areas), and should try to rationalize the sector, if necessary subsidizing the poorest families or neighborhoods, and providing incentives for greater efficiency. This is not always easy. It requires creativity, and very often a need to develop political consensus, particularly as the middle classes or the better-off sectors of the poor, may be unwilling to accept higher tariffs. In some operations it would be worth investing in a public education campaign, using the media to explain the reason why tariffs are being restructured. This is particularly important for projects designed to improve the quality or sustainability of a service in a way that may not initially be recognized (for instance, water quality or the sustainable extraction of ground water).

The concession should provide an opportunity to invest the benefits from increased efficiency in extending and improving services. From a financial point of view it is usually not very attractive to extend services such as potable water, sewerage or electricity into poor neighborhoods or rural areas, as levels of consumption are low, and the cost of service provision is often higher. In La Paz and Tegucigalpa, for example, the poorest neighborhoods are situated above the city center, and the cost of pumping water is higher. However, extending coverage of basic services is the essence of development, without which there would be little or no justification for Bank support.

Performance in relation to coverage and quality should be closely monitored. This should be the responsibility of the government regulatory agency responsible for the sector and, if the Bank is investing, of Bank staff, either from the Private Sector Department or the Country Office.[24] In some cases it should be possible to develop financial mechanisms, such as performance bonds, to provide an incentive to extend and improve the quality of the services provided.

Redeployment and Retraining

One of the most dramatic impacts of the reform of the state is the loss of employment, and sometimes of services, that results from government restructuring or from the privatization of state enterprises. Loss of

---

[24] This is an issue that merits further discussion, given that at present Country Offices are not directly involved in the supervision of PRI operations.

employment can cause serious hardship and can be traumatic. As well as losing income, affected families may lose access to non-monetary benefits, such as housing, payment of utilities, health care or education for their children. Many of the people affected – particularly the over fifties, and the less skilled staff, have difficulty adapting to the competitive world outside, and lose their sense of self-esteem, making it more difficult for them to find alternative employment.

It is important that programs to restructure or privatize state enterprises quantify the likely impact on employment as early as possible. If this is likely to be significant, a retrenchment plan should prepared before the project is presented to the Board. The project should provide an accurate estimate the number of people likely to be affected, and the way they will be chosen. If the reduction of the workforce is not carried out on a voluntary basis – as voluntary redundancies usually result in the loss of the most competent staff – there should be an analysis of the profile of the staff that will be laid off. This should cover gender, age, education, skills, length of service, entitlement to compensation payments, and any other areas – such as whether they are living in company housing, that may be relevant. This provides a baseline for planning the redeployment and re-training programs.

The Bank – along with other multilateral development agencies, is beginning to acquire experience in the field of redeployment and retraining, but as yet there is no common body of good practice, for instance comparable to the work that exists on involuntary resettlement. The context of redeployment is important. It is more difficult in towns where the workforce has previously been dependent on a single industry, and where there are virtually no other opportunities. The Bolivian mining towns that were dependent on COMIBOL provide a typical example. It is generally easier in large metropolitan areas where there is a wide range of opportunities available.

The Bank's experience provides some useful lessons. In the first place, it is important to start redeployment and retraining programs before the redundancies actually occur. The first priority should be to develop an adequate database on the staff that will lose their jobs. This allows the program to keep in contact with them once they have left, and provides a baseline for monitoring. Secondly, if large numbers of people are made redundant, it is usually necessary to develop different sets of options for different groups of people. These would take factors such as geographical location, levels of education, compensation levels and gender into account. As far as possible, the options should be developed in consultation with representatives of the people affected. This is difficult if the labor unions are uncompromising in their opposition to the redundancies, but patience, and the will to achieve fair and realistic solutions, can help make the reforms more acceptable to those affected and to public opinion in general. Independent third party arbitration can help where disputes between management and the representatives of the labor force cannot be otherwise resolved.

Good-quality redeployment and retraining programs are important. They may represent a significant expense, but in the medium term they offer the opportunity to build up social capital and reduce the social costs that would otherwise be incurred. The programs should include a component to motivate the people that are affected. Motivation should be combined with individual assessment and supervision, and should highlight the opportunities that are available. Initially, each individual should be personally assessed, to ascertain his or her abilities, family and financial commitments, personal aims and expectations. This should be followed up with a regular assessment of progress. If necessary, transport and meals or a *per diem* should be provided when people attend motivation, assessment and training sessions.

A re-training and redeployment program should cover three areas: provision of training, help in finding employment, and help for people that wish to set up their own businesses. Training could be directly provided by the program or through private or public sector institutes, perhaps using a system of training

vouchers. It must be appropriate for the people that have been laid off, and should give them a reasonable chance of finding employment or setting up their own enterprise. Help with finding employment includes motivation and information on how to look for employment, interview skills and so on, as well as matching individuals with potential job opportunities. Finally, the program should help some groups and individuals set up their own enterprises.

Some people may receive significant redundancy payments that could be invested in small enterprises. Unfortunately this is usually done on an individual basis, and the opportunities for individuals are limited – leading, for example, to a proliferation of taxis in towns where there is not enough demand to provide everyone with enough work. The alternative is to encourage groups of people to set up jointly owned enterprises, pooling their capital. This can be facilitated through motivation, and above all through a training program focused on explaining the organizational and institutional requirements for setting up an enterprise. This should include training in basic accounting techniques. Once an enterprise has been set up, the program could provide regular supervision and motivation for a certain period, perhaps with regular visits during the first year or two.

Loss of employment may lead to loss of benefits, such as housing, children's schooling and health care. If this occurs, the redeployment program should also cover these issues, helping people find alternative accommodation, schools or health care provision. This may require close coordination with local education and health services, and perhaps even formal agreements to ensure that sufficient places are available in local schools or that the health service can cope with the demand.

Privatization can also result in a loss of services in the wider neighboring community – particularly in towns that depend on a single industry. There are some cases where an industry has provided basic services to the local community, such as water, transport or power. There are also likely to be cases where loss of employment leads to emigration, reducing the local tax base, and leaving basic municipal services, such as schools, health centers or the maintenance of access roads no longer viable. In these cases it may be necessary to provide short-term transitional support or longer-term investment so that local government can eventually take over the management of these services.

Decentralization and Strengthening of Local Government

Support for decentralization plays an important part in the Bank's strategy for improving local services and helping make government more accountable. Decentralization does not, however, automatically ensure participation, especially of the poorer, more marginal sectors of the population. The devolution of power to local government is usually easier in urban areas, particularly in those countries, provinces or states, where there is a more developed civic sense and a stronger tradition of participatory democracy. In many rural areas, on the other hand, traditional structures of power – based on landholding and *caudillismo*, continue to hold sway, and large sectors of the population are effectively disenfranchised. Often, the inhabitants of the more isolated rural areas, especially the members of indigenous or other ethnic groups, are little more than passive observers of an often dysfunctional, political process that has little or no bearing on the issues that affect their day to day lives.

In these circumstances, technical and financial support for local government may be ineffective, and may even be counterproductive if resources are channeled to the better-off sectors of the population, or are used to pursue narrowly defined political objectives. At the same time the most backward rural areas – which are almost by definition the areas where the traditional structures of power are most deeply rooted,

are those where there is the greatest need to strengthen local government. There are no easy answers to this problem, but the following points may help.

- Good quality diagnostic studies can help the project team understand the context and constraints under which a project will have to operate. This should include an overview of local government in the country, state, or region in which the project will operate, and should be fleshed out with detailed case studies of typical municipalities.

- The project itself is more likely to be effective if it combines technical resources for institutional strengthening with funds for investment in projects, eligibility for the investment funds being dependent on the achievement of goals related to institutional development (for instance, adoption of more transparent systems of accounting and reporting).

- It may be useful to encourage participatory processes that function outside the formal political system (local party politics). If necessary, this could include deliberate attempts to involve specific target groups or sectors in the project, with the intention of eventually helping them gain a foothold in the local political process. This might, for instance, involve the participation of women's organizations – in programs to provide information, motivation and training in regard to their legal and political rights, and perhaps in the definition of local-level priorities for investment programs.

- Projects could encourage greater involvement of civil society organizations in the local political process. This has to be managed carefully, and should not be allowed to develop into a parallel system of government – ie. a Bank-supported alternative to the existing municipal government. Rather, it should be a means of promoting a system of participatory democracy, in which citizens' rights are not confined to the voting booth, but a broadened to include more direct participation in the vital areas that are the responsibility of local government. This means supporting relevant, preferably local, civil society groups in the areas that directly affect them. A *campesino* organization could, for example, have role in municipal programs for the maintenance of rural access roads, or an indigenous organization in defining priorities for spending on rural schools or health posts.

- Finally, it is advisable to ensure regularly monitoring, both by the Bank and by the national-level agency responsible for the project. This allows the possibility of rectifying mistakes in design, and if necessary bringing a project back on course.

XII. CHECKLISTS

Health, Education and Social Projects Checklist

1.   **Beneficiaries.** Which groups or sectors are the services, resources or sub-projects designed to benefit, in terms of geographical location, poverty indicators, income levels, ethnic/racial groups, gender, age and/or other criteria? What are the criteria and procedures for determining the provision of services and allocation of resources?

2.   **Objectives and priorities.** What are the overall objectives of the program, and how do they relate to national, regional or local priorities? How are national, regional or local priorities determined and how are resources allocated?

3.   **Participation.** Will the beneficiaries have any participation in the design of the overall program and/or the definition of regional or local priorities? Will they share any responsibility for implementation or monitoring of the program or sub-projects?

4.   **Access and exclusion.** Are the activities, resources or sub-projects intended to benefit groups that face problems of physical access and/or social exclusion, such as people in remote rural areas, indigenous peoples or afro-latins? What measures are envisaged to facilitate access to people who have traditionally been excluded?

5.   **Gender issues.** What are the barriers and constraints on the participation of women, particularly women belonging to poor or marginal groups? Is the program, or are any components specifically designed to benefit women? Will the information on the allocation of resources or provision of services be disaggregated by gender?

6.   **Culturally appropriate content of programs.** Will the program or specific components take local values, systems of belief, authority structures and practices into account? How is this going to be achieved? Are traditional specialists and/or authorities directly involved in the design and implementation of the program?

7.   **External factors.** What other factors may affect people's access to the resources or services provided by the program or may reduce its effectiveness? For instance, malnutrition, high levels of seasonal migration, low income-levels (to buy school uniforms and books, or to pay for accommodation), lack of identity documents. Can any of these issues be addressed through the project? If not, how will they be addressed?

8.   **Executing agency.** Does the executing agency or agencies have the capacity to manage the program and/or sub-components? This includes financial capacity to cover the costs not included in the Bank financed loan or TA, administrative and managerial capacity. Are the staff sufficiently qualified and/or motivated to manage the program and sub-components? How can performance be improved in the medium and long-term? What additional training or other resources would be appropriate?

Social Investment Funds and Minor Infrastructure

1.   **Beneficiaries.** Which groups and/or sectors of the population is the project designed to benefit? Do they include groups that have traditionally been excluded, such as indigenous, afro-latin or isolated rural populations?

2.   **Selection procedures and eligibility criteria.** How will the eligibility criteria and selection procedures ensure that the benefits reach the intended target population?

3.   **Consultation.** Are any representatives of the beneficiaries involved in the design of the program, especially in defining the eligibility criteria, counterpart conditions, and, if relevant, the menu of sub-projects? Are any representatives of the beneficiaries involved in the selection of the specific sub-projects?

4.   **Definition of priorities.** Are the sub-projects relevant, and are they a priority for the beneficiaries? What criteria have been applied in selecting the menu of sub-projects? Are the selection procedures sufficiently flexible to allow the beneficiaries real choice in the selection of sub-projects?

5.   **Siting and design of the sub-projects.** Has the project taken cultural, geographical and climatic considerations into account in the siting and design of the sub-projects?

6.   **Ancillary facilities.** What, if any, ancillary facilities are required (such as drinking water and latrines for community facilities)? Are the facilities appropriate? Will they be used and properly maintained?

7.   **Participation.** Will the beneficiaries participate in the construction or supervision of the sub-project? Is this a counterpart contribution or will they be paid? Are the counterpart contributions realistic? Have the agricultural cycle and other seasonal factors, including work commitments and festivals, been taken into account in planning the timing of the counterpart contributions?

8.   **Operation and maintenance.** Have the arrangements for the operation and maintenance of the infrastructure been clearly defined? What formal commitments have to be discussed and agreed? Will all parties be able to comply? What are the risks of non-compliance, and how can they be mitigated? Do the maintenance arrangements contemplate major repairs and/or the recovery of capital costs?

Land Titling, Environment and Rural Development Checklist

1.   **Formal, traditional and customary rights.** What is the social, ethnic and geographical composition of the population? What traditional or common-law rights are relevant (property and usufruct rights, rights to natural resources, hunting or fishing grounds or raw materials)? Have these changed – for example, due to changes in the composition of the local population? Could the project affect people's access to natural resources, including the resources used by men and by women?

2.   **Conflict.** Could the project lead to conflicts over property rights, or the use of land, water or natural resources? Which economic, ethnic, geographic or gender-based groups use which resources? What social, symbolic or religious role do these resources play? What measures are necessary to ensure

the different groups can continue to exercise these functions, even if economic conditions change? Have there been experiences of conflict, and have any effective solutions been found?

3.   **Loss of lands.** Could the project cause some sectors or groups to lose their rights or access to land? Is there an overlap between legal, traditional or common law rights to land? How do different groups justify their rights? What actions are needed to ensure that people's rights are respected? How can the requirements be effectively implemented, allowing a fair balance between the different interest groups?

4.   **Pressure on natural resources.** Could the project lead to social, economic or cultural changes that will force the population, or particular groups or sectors, to increase pressure on natural resources? What mechanisms regulate the use of natural resources? How do they vary among different economic and ethnic groups? What measures would permit the development of new norms and regulations, adapting traditional norms and practices to ensure the protection and fair distribution of natural resources? What additional measures are needed to ensure the conservation of natural resources if the population increases or adopts a more sedentary lifestyle?

5.   **Social, economic and cultural change.** Is the project likely to bring about social, economic or cultural change in the lifestyle of the population – or particular groups, leading to loss of cultural identity? Is project planning adapted to the rhythm and time scale of the population? What measures are needed to help the population integrate the changes into their way of life?

6.   **Trade, exchange and redistribution.** Is the project likely to change traditional rules of trade, exchange and redistribution, affecting the socio-economic or cultural equilibrium? What are the non-economic functions of trade, exchange and redistribution? What changes have already taken place, and have they affected the role of women? What additional measures are needed to maintain the social equilibrium or support the integration of ethnic or gender-based groups?

7.   **Traditional knowledge and intellectual property.** What measures can be developed with the beneficiary or target groups to prevent loss of traditional knowledge or ways of understanding and developing knowledge? What would be the most appropriate way of protecting intellectual property rights in the local, national and international context?

8.   **Sites of cultural, religious or historic importance.** Is the project likely to be carried out in or affect any sites or natural areas of social, cultural, religious or historical importance to the local population? Are there any groups in the area that have an intensive or religious relationship with nature? Is there sufficient mutual trust and understanding to ensure fluent communication, particularly in relation to prohibitions, taboos or fear of disturbing the spirits or "spirit owners" of the areas in question? Have all the sites or areas of cultural or historic importance been identified? Has the project contemplated measures to avoid or minimize potential disturbances to these sites or natural areas and to respect and preserve them?

Urban Development, Housing and Sanitation Checklist

1.   **Baseline data.** Does the project have adequate baseline data on the target population? Has an accurate and up-to-date socio-economic census and physical survey been carried out? Does the study characterize the different groups that may be involved or affected by the project, and identify their expectations and preferences.

**2.	Eligibility criteria and options.** Are the eligibility criteria clear, including "cut-off dates" and definitions of the household or family? Have different options or solutions been identified? Have they been discussed or agreed with representatives of the beneficiaries or local organizations?

**3.	Social communication.** Has a social communication program been contemplated to explain the overall objectives of the program and the eligibility criteria? Will it support the participation and development of local community organizations, from project design, through implementation, to operation, maintenance and monitoring?

**4.	Timetable.** Does the project have a realistic timetable that will prevent or minimize delays in project implementation? Does the executing agency have the resources and technical capacity to carry out its responsibilities? Will the timetable be periodically reviewed, and will the beneficiary communities be informed about any changes to the schedule?

**5.	Re-definition of beneficiaries.** Do the eligibility criteria contemplate the possibility of substituting any of the beneficiary families if they leave the area and are replaced by others?

**6.	Complementary activities.** Are there any social components associated with the project to ensure that the overall aims are achieved? Is this the result of a process of consultation, and does it reflect the expectations and needs of the different categories of population in the project area? Have the social components taken the particular needs of each community into account? Will the beneficiaries be involved in the design, implementation and/or monitoring of the social components?

7.	**Operation and maintenance.** Does the design of the project take operation and maintenance of the infrastructure and equipment into account? Have any formal agreements been drawn up between the parties involved? Are the proposals realistic?

8.	**Citizenship and empowerment.** Is the project designed to reinforce the beneficiaries' sense of citizenship and empower them? What measures are contemplated to support this aim?

**9.	Monitoring and evaluation.** Does the system of monitoring and evaluation take the socio-cultural characteristics of the beneficiaries into account and will it enhance their participation?

Micro-Enterprise Checklist

**1.	Identification of potential clients.** Have potential client groups been identified or targeted? What criteria have been taken into account in identifying the clientele: for instance, income level, rural/urban occupations, ethnicity, race, and/or gender?

**2.	Gender focus.** Is the program designed to respond to the needs of poor women? What proportion of loans are intended for female clients? Will information on loan requests, approval and repayments be disaggregated by gender?

**3.	Needs of the clientele.** Have the particular needs of the target group/s been taken into account in designing the program? For instance, rules regarding limits for loans, conditions of repayment, guarantees and involvement of credit users' associations.

4. Social and cultural constraints on access to credit. What are the social and cultural factors that limit access to credit? Language, literacy, racial or ethnic prejudice, lack of business skills, transport costs or administrative fees? How can they be addressed?

5. Collateral. Do the requirements for collateral represent a constraint for some groups or sectors, for example, people without formal land or house titles, or indigenous people with collectively held land titles? What alternatives have been proposed?

6. Business environment. What are the main constraints affecting small business? Are bureaucratic requirements critical? Access to markets? Does the project include any components to address these issues?

7. Credit users' associations and other organizations. Are the loans channeled to or through credit users' associations? How accountable are they? Are they managed by the beneficiaries? What is their capacity? What have their experiences been?

8. Participation in project design and monitoring. Are any representatives of the target group/s involved in the design and/or monitoring of the program? How have they been selected?

9. **Training requirements.** What are the training needs for the executing agency, intermediary organizations and borrowers? How have the needs been addressed?

10. **Capacity of the executing agency.** Does the executing agency have the capacity to implement the program effectively? Should the procedures be modified to ensure the loans reach the target groups and are properly utilized?

11. **Negative impacts.** Are any of the loans likely to cause or exacerbate potential negative social impacts? What measures can be taken to address these issues, either through controls or incentives, such as the provision health and safety training?

Major Infrastructure Projects Checklist

1. **Baseline data.** Have adequate socio-economic census and territorial surveys been carried out? How is the area of influence of the project defined for determining indirect or cumulative impacts? Do the studies provide a clear characterization of the different categories of people affected? Do they identify the most vulnerable groups? Have the potential short and long-term, direct and indirect impacts been identified?

2. **Institutional responsibilities.** Are responsibilities clearly defined? Is the executing agency or sponsor fully responsible for the compensation and mitigation programs?

3. **Alternatives.** Have alternative scenarios, including that of not going ahead with the project, been considered? Is the proposed alternative the best to avoid or minimize potential impacts? Has it been subject to public consultation?

4. **Eligibility criteria and compensation measures.** Have the eligibility criteria and compensation measures been clearly defined? Have they been discussed and agreed with legitimate representatives of the affected population?

5. **Compensation options.** Have a range of options been developed for different groups of the affected population, including poorer, more vulnerable groups, such as single women with children, and the elderly, sick, or physically and mentally handicapped.

6. **Timetable.** Has the schedule and budget for compensation and mitigation been defined? Does it take the timing of the main civil works into account? Does it take into account the specific needs of the affected population, such as the agricultural calendar and schooling for children?

7. **Titling of properties.** What measures are being taken to regularize or title the new settlement areas or individual properties provided for resettlement? Are the legal and other costs fully covered by the project?

8. **Work camps.** Have the potential social impacts of the work camps been considered? What measures have been taken to avoid or minimize them?

9. **Indirect impacts on the population and local economy.** Have the indirect impacts of the project been adequately considered? Has the indirectly affected population been consulted about mitigation measures or the maintenance of services and infrastructure? What measures have been contemplated to mitigate the long-term effects of the project on the communities in the project's area of influence?

10. **Social communication.** Is there a social communication program to explain the project, eligibility criteria and compensation measures to the directly and indirectly affected population, including the poorest or more vulnerable groups or ethnic minorities, and to help them choose appropriate options? What media are used? Is the content simple, appropriate and if necessary in the local languages?

Planning and Reform Checklist

1. **Concessions: negative social impacts.** Could the concession have any negative social impacts? For instance, loss of employment, involuntary resettlement or land acquisition – in the case of power, transport or water and sanitation concessions, and indirect impacts –in the case of major highways, and oil or gas projects. Technical Cooperation (TC) projects for the preparation of concessions should specifically address the potential social impacts.

2. **Concessions: institutional issues.** Will the company that wins – or has won the concession be fully responsible for compensating and mitigating any negative social impacts? This includes the costs and responsibility for the implementation of all compensation and mitigation programs. The design of the works (dams, thermal power plants, highways, water treatment plants, and so on) should ensure that the project avoids or minimizes resettlement and land acquisition. The concessionaire should be responsible for ensuring that indirect impacts are minimized, and should cover the costs of the compensation and mitigation programs. The institutional responsibilities for compensation and mitigation should be clearly defined in any "time-slice" investment programs where sub-components could cause resettlement or redundancy.

3. **Concessions: coverage and affordability.** Have concessions for basic services, such as water supply, sanitation, transport or electricity taken the needs of the poor into account? Will the levels of coverage and the quality of service provision be maintained? Does the concession include provisions to

extend coverage and/or to improve the quality of services provided to poor neighborhoods or to poor people living in rural areas? How will this be monitored by the government and the Bank? Have any mechanisms, such as performance bonds, been included in the concession agreement to ensure compliance?

4.　　　**Redeployment and retraining.** Is the reform program or concession likely to lead to redundancies? How many people will be affected, and how will they be selected? What compensation and/or retraining programs are contemplated? When will they be started? How will they be financed? Will redundancy affect people's access to services, such as housing, children's schooling or healthcare? If so, what measures are envisaged to ensure that the affected families can retain adequate access to these services?

5.　　　**Decentralization and strengthening of local government.** Does the program include measures to improve the accountability and transparency of local government? Are any consultative or participatory mechanisms envisaged, outside the formal political arena? Has the program considered ways to involve those groups or sectors that are excluded or poorly represented in local government – for instance, women from the rural areas, migrant workers or indigenous peoples?

BIBLIOGRAPHY

Alleyne, M., 2001, *IDB Experience in Working with Afro-Latin Communities in Honduras*, Inter-American Development Bank, report prepared for Claire Nelson.

Asian Development Bank (Social Dimension Unit), 1993. *Guidelines for Incorporation of Social Dimensions in Bank Operations,* Manila.

1994, *Handbook for Incorportion of Socal Dimensions in Projects*, http://www.adb.org/Documents/Handbooks/Social_Dimensions/default.asp.

1995, *Involuntary Resettlement,* Policy Papers, http://www.adb.org/Documents/Policies/Involuntary_Resettlement/default.asp?p=policies#contents

1998, *Policy on Gender and Development,* Policy Papers, http://www.adb.org/Documents/Policies/Gender/default.asp?p=policies

1999, *Policy on Indigenous Peoples,* Policy Papers, http://www.adb.org/Documents/Policies/Indigenous_Peoples/default.asp?p=policies

Cárdenas, Victor Hugo, 1997. *Indigenous Peoples, Development and Democracy in Latin America.* Address given at the Inter-American Development Bank, Washington DC, 4 February 1997.

Conpal, F. and Mosaic.net. Intern, 2001. *IDB Experience in Working with Afro-Latin Communities in Ecuador.* IDB/SOC.

Encalada, Eduardo, García, Fernando and Ivarsdotter, Kristine, 1999. *La Participación de los Pueblos Indígenas y Negros en el Desarrollo del Ecuador.* SDS/IND.

Galvez, Ernesto and von Gleich, Utta, 2001. *Pobreza Etnica en Honduras.* SDS/IND.

Goodman, Morley, Siri and Zuckerman, 1997. *Social Investment Funds in Latin America: Past Performance and Future Role.* Inter-American Development Bank, Washington DC.

Iglesias, E., 2001. *Remarks by Mr. Enrique Iglesias at the In-House Workshop on "Combatting Racially and Ethnically Motivated Social Exlusion: The Role of the IDB"*, Washinton D.C., January 12, 2001.

Inter-American Development Bank 1990, *Strategies and Procedures for Socio-Cultural Issues related to the Environment*, (*Comité de Medio Ambiente)*, Washington D.C.

1994, *Report on the Eighth General Increase in the Resources of the Inter-American Development Bank*, Washington D.C. ("Eighth Replenishment")

1996, *Involuntary Resettlement in IDB Projects: Principles and Guidelines* (also in Spanish and Portuguese), SDS/IND, Washington D.C.

1998, *Involuntary Resettlement: Operational Policy and Background Paper*, Washington D.C.

1999, *Guideline for the Preparation of Resettlement Plans*, PRI, Washington D.C.

2000, *Annual Report 2000*, Washington D.C.

2000, *Costa Rica. Cadastre and Property Registry Regularization Program, Loan Proposal*, Washington D.C.

2001 a). *Chile. Multiphase Program for the Integral Development of Indigenous Communities. Loan Proposal*, Washington D.C.

2001 b), *CESI/TRG General Guidelines for the Environmental and Social Review of Operations*, March 2001, Draft/mimeo.

20001 c), *Marco Estratégico para la Participación Ciudadana en las actividades del Banco Interamericano de Desarrollo*, mimeo.

Inter-American Development Bank, 2001, *Titulación y Registro Tierras. Etapa II. Borrador de Propuesta de Préstamo*, mimeo.

Inter-American Development Bank, 2001, *Belize Land Management Program*, Washington D.C.

Inter-Departmental Technical Working Group, *Action Plan for Combatting Social Exclusion due to Race or Ethnic Background Based on Recommendations made during the Internal Workshop of January 12, 2001*, Discussion Draft.

International Finance Corporation (Environment Division), 2000, *Investing in People: Sustaining Communities through Improved Business Practice*, Washington D.C.

International Finance Corporation, Participation document (reference??)

International Labour Organization, 1995, *Guidelines for the Integration of Gender Issues into the Design, Monitoring and Evaluation of ILO Programmes and Projects*, http://www.ilo.org/public/english/bureau/program/eval/guides/gender/index.htm, Evaluation Unit (PROG/EVAL).

Jamieson, Mark, 1999. *Poverty Among the Indigenous Peoples of Nicaragua*. SDS/IND.

Munoz Ceballos, Maria Elena, 2001. *Reconocimiento de la Pluriculturalidad en Constituciones de América Latina.* Mimeo. SDS/IND.

OECD, *DAC Guidelines on Gender Equality and Women's Empowerment in Development Co-operation*, http://www.oecd.org/dac/htm/pubs/p-gender.htm

Perafán, C., 2000 (a). *Matriz de Participación.* Mimeo. SDS/IND.

Perafán, C., 2000 (b). *Consulta Comunitaria: El Caso del Darién*. SDS/IND.

Perafán, C., 2000 (c). *Adecuación de Servicios Financieros a las Economías Tradicionales Indígenas*. SDS/IND. Washington D.C.

Perafán, C., 2001. *Etnoingeniería*. Mimeo. SDS/IND.

Plant, Roger 1998. *Indigenous Peoples and Poverty Reduction: a Case Study of Guatemala*. SDS/IND.

Plant, Roger and Hvalkof, Soren, 2000. *Land Titling and Indigenous Peoples*. Mimeo. SDS/IND.

Renshaw, John, 1991. *A Community Development Approach to Chagas' Disease: the Sucre Health Project, Bolivia*. In Health Policy and Planning, vol. 6, No. 3, September 1991. OUP/London School of Hygiene and Tropical Medicine.

Renshaw, John, 2001. *Social Investment Funds and Indigenous Peoples*. SDS/IND.

Tarifa, Juan 1997. *Pequeños Proyectos para Comunidades Indígenas.* SDS/IND.

von Bremen, Volker 1991. Zwischen Anpassung und Aneignung. *Münchner Amerikanistik Beiträge Vol. 26.*

Wenner, M., 2000. *The Environment and Microenterprise: Proposal for Strengthening Environmental Management in Microenterprises and Microfinance Intermediaries*, Inter-American Development Bank, Mimeo.

World Bank, *Gender and Social Assessment Web Site*,
http://www.worldbank.org/gender/assessment/index.htm

World Bank, *Social Assessment Web Site*,
http://wbln0018.worldbank.org/essd/essd.nsf/40bbf1807237827e852567eb0062fac5/48d3bca13fbc13de852567ed004c8a3e?OpenDocument

World Bank, *The World Bank Participation Sourcebook, Appendix I: Social Assessment*,
http://www.worldbank.org/wbi/sourcebook/sba108.htm

World Bank, *Culture and Sustainable Development: A Framework for Action*,
http://wbln0018.worldbank.org/essd/essd.nsf/9b1cfc683a76b671852567cb0076a25e/fa8a463ac24a48668525684600720ce7?OpenDocument, 1998.

World Bank, *Safeguard Policies: Indigenous Peoples, Cultural Property, Environmental Assessment, Gender Dimension of Development, Involuntary Resettlement, NGO Involvement*,
http://wbln0018.worldbank.org/essd/essd.nsf/40bbf1807237827e852567eb0062fac5/13b68bdf704546ae852567ed004c8a11?OpenDocument.

World Bank 2000, *World Development Report 1999-2000*, Washington D.C.

World Bank, *Social Development Notes 50-61*, March 2001.

World Bank, *Social Development Issues in QAG Project Review: Quality at Entry (QEA4).*

World Bank, *Quality at Entry Assessment. Guidance Questionnaire. Summary Assessment Sheet.*

World Bank, *Blank Project Appraisal Document.*

World Bank, *Field Help: Social Issues, Consultations with NGOs, Institutional Arrangements, Mechanisms for Monitoring, Safeguard Policies.*