



**SUSTAINING DEVELOPMENT
FOR ALL:**

**Expanding Access to
Economic Activity and
Social Services**

Inter-American Development Bank

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■ **Development with Identity: Mobilizing the Potential of Indigenous Peoples' Natural Resources and Cultural Heritage**

The more than 400 indigenous peoples of Latin America and the Caribbean are culturally and linguistically heterogeneous and have very different economic systems, ways of interacting with their physical environment and patterns of integration into national society. Most sources agree that there are 40 to 50 million indigenous people in Latin America and the Caribbean (accounting for approximately 8 percent to 10 percent of the region's population) with higher than average rates of population growth. In countries such as Bolivia, Guatemala and Peru, indigenous people account for at least half of the total population.

Indigenous peoples tend to be poor in absolute terms as well as relative to the rest of the population. Indeed, according to poverty profiles from several countries and to the World Development Indicators, the majority of indigenous peoples fall within the poorest strata based on standard definitions of poverty (figure 1). It is estimated that indigenous people account for 20 percent to 25 percent of the regional population living below the poverty line. The depth of the poverty that these groups face, and their specific needs and demands mean that they may be left behind in efforts to reach national poverty reduction goals.

This chapter addresses three aspects of concern: the role of indigenous assets in overcoming material poverty and exclusion; the lessons learned from poverty reduction efforts and the expansion of social services for the benefit of indigenous people; and the ways and means to mobilize the potential of these groups for what we will call “development with identity.”

The Role of Indigenous Assets in Overcoming Material Poverty and Exclusion

Indigenous peoples have made great strides in the past decade, particularly in national and international legal and regulatory frameworks, in terms of recognition of their specific rights and the increased participation of their political organizations and movements. Yet this progress has failed to reverse or

check the decline in many indigenous peoples' living conditions. They remain subject to dispossession from their ancestral lands and territories where environmental conditions continue to deteriorate, resulting in accelerated migration to poor urban areas and abroad. Despite increased migration, an estimated 60 to 70 percent of indigenous people live in rural areas and account for between 45 to 50 percent of the rural poor.

The indigenous peoples of Latin America and the Caribbean are heirs to vast territories, natural resources and cultural heritage that have been eroded by policies of exclusion or assimilation, which determined government actions until the 1960s and beyond. Processes that rejected native cultures and forced integration into Western society brought on poverty and the destruction of indigenous peoples' heritage, dignity and self-esteem. They also gave rise to conflicts within and among these and other sectors of society, as well as to migration from rural to urban settings, the loss of ancestral knowledge and practices, and the exclusion of indigenous peoples from political participation in the nation-states of which they are part. Nonetheless, despite their heterogeneity and different levels of interaction with the dominant societies, strong indigenous organizations have emerged over the past three decades to demand the right to their identity as indigenous peoples and revalue their heritage as the foundation for their identity and as a resource for the economic and social development of their own peoples and of society in general.

Lands, Territories, and Natural Resources

Population growth, advancing agricultural frontiers, hydrocarbon extraction, forestry and mining, as well as mass tourism and the development of national and transnational infrastructure, have exerted pressure on indigenous territories and economies, both peasant and tribal, and resulted in a deterioration of the quality of life and of previously sustainable economic and environmental conditions. In some cases, the creation of protected areas or natural parks has imposed limits on indigenous communities' access to their own natural resources, and even led to their resettlement. Despite these processes of dispossession and the degradation of their ancestral lands, there continues to be a strong association between the location of indigenous territories and the areas with the highest biodiversity and natural resource conservation. In recent years, significant progress has been made in most countries in developing legal and institutional frameworks to recognize, safeguard, and regularize the collective rights of indigenous peoples over their territories and resources. Nevertheless, enforcement of these norms continues to be lax, and processes of demarcation, titling and governance are occurring at a slow pace. Faced with growing pressures on lands and territories, these measures become necessary as a way to maintain or recover traditional ancestral territorial sustainability and, as a result, prevent indigenous societies and economies from becoming unviable.

Economic Opportunities

Indigenous peoples whose economy is based primarily on subsistence and reciprocity in their ancestral territories, as well as those who are more integrated into the national economy, are at a disadvantage in terms of access to technical and financial services and regulated labor markets. Many

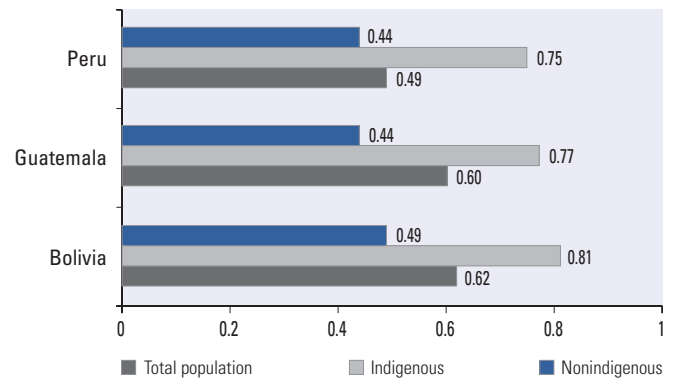
communities continue to have limited access and control over their own lands and resources, which in turn place important limitations upon their economic opportunities. Even for those communities that have obtained legal protection for their collective lands and territories, the absence in those territories of public and private investment in accordance with principles of comanagement and the equitable sharing of benefits, coupled with the limited entrepreneurial and administrative capacity of indigenous organizations, continues to pose significant challenges in terms of improving their living conditions. Accordingly, indigenous peoples are seeking greater access to conventional financial, business and professional training services, as well as the strengthening or recovery of ancestral mechanisms for financial or in-kind services (such as internal land use distribution systems, bartering and exchange of products across vertical ecosystems, storage and inventory of products known as *qollqas*). They are also seeking to be governed by their own regulatory systems and requesting training for the economic governance of their territorial and cultural heritage and their natural resources.

Some Lessons from Poverty Reduction Programs and the Expansion of Social Services for the Benefit of the Indigenous Poor

As measured by conventional indicators, indigenous peoples' poverty has persisted during past decades. However, studies have shown that indigenous peoples are less vulnerable to crises. It is likely that the reason for this is that many of their economies are based primarily on subsistence, and are not highly monetized. Indigenous peoples have criticized conventional short-term poverty alleviation programs because they cause distortions in their own economies and create dependencies on government handouts. For many years, government policies (as well as those of international cooperation agencies) toward indigenous peoples were exclusionary or geared toward integration and assimilation, based on the perception that indigenous peoples' sociocultural characteristics were impediments to development. The lack of success of these programs led indigenous peoples and others to focus on a development vision rooted in indigenous peoples' own worldview and culture.

In addition, the mechanisms of reciprocity, redistribution and exchange prevalent in many indigenous economies account for the resilience of indigenous peoples in the face of extreme material poverty. Indigenous peoples often question the relevance of conventional poverty indicators and insist on the need to complement them with others that take into account their own concepts

FIGURE 1
Poverty Rates (Percentage of the population with incomes of less than US\$2/day)



Source: Dureya S. and Genoni, M.E. 2004. Ethnicity, Race and Gender in Latin American Labor Markets. IDB. Based on household surveys from 1998 and 1999.

of development and well-being, including legal protection of their territories, access to natural resources, cultural heritage and values, and social capital within their communities and organizations.

Access to and Quality of Services

Despite some improvements, a significant gap continues to exist between indigenous and nonindigenous populations in terms of access to social services, as demonstrated by education and health indicators. Such gaps are evident in primary and secondary education, particularly for indigenous women, who exhibit the highest rates of illiteracy and the lowest enrollment rates. In spite of progress in intercultural bilingual education, problems of high repeater and dropout rates, poorly qualified teachers, poor educational quality, and returns on education below those experienced by the nonindigenous population persist. Furthermore, indigenous people remain at a serious disadvantage in terms of access to higher education as compared to nonindigenous people, leading to occupational segregation. At the same time, indigenous peoples' access to health care services is even more restricted as demonstrated by morbidity and mortality rates that are far higher than those of the nonindigenous population, particularly among mothers and children.

Efforts at decentralization have kept short of articulating indigenous governance systems with decentralized public entities; decentralized government spending has not reached remote indigenous communities. Despite the growing political participation of indigenous leaders at the national level, the capacity of local communities to express their demands and participate in decision-making processes at the local and subnational levels remains weak.

Limits of Programs Targeted to Indigenous Peoples

Project reviews by the IDB and other institutions found that initiatives aimed at improving indigenous peoples' living conditions only reach this goal if specific measures exist to improve targeting, bring down barriers to access, adapt services to the sociocultural and linguistic characteristics of indigenous peoples, and enable their active participation in the identification, planning, development and evaluation of project activities. Thus, while significant progress has been made in the number of projects that specifically include indigenous peoples, a large percentage of projects that implicitly include indigenous peoples among their beneficiaries lack distinct ethno-specific or socioculturally appropriate designs and methodologies and, in practice, rarely manage to benefit the indigenous segment of the target population.

The quality of projects designed with the participation of the indigenous target population and including sociocultural assessments has shown improvements, particularly when experts on indigenous issues took part in project development and efforts to target beneficiaries. Limitations on these efforts include the lack of baselines or information systems broken down by ethnic group, making monitoring and evaluation difficult, as well as the governments' limited institutional capacity, among many other factors. These findings are consistent with portfolio analyses and evaluation studies conducted by other donor institutions and by some indigenous organizations.

Mobilizing the Potential of Indigenous Peoples for “Development with Identity”

Indigenous peoples have important assets in terms of land and natural resources, cultural heritage and social capital, but lack institutional capacity and access to appropriate training, financial services and information technology, which are needed to develop the potential of these assets. In many cases, urban and foreign migration has not resulted in assimilation and loss of identity; in fact strong linkages to communities of origin provide unique channels for exchange of goods and services. Indigenous peoples’ demands for the legal security of their territory and natural resources as well as a large degree of autonomy in managing their internal affairs, has awakened a keen interest in the concept of development with identity: improving economic conditions by developing the potential of their resources and thereby protecting and strengthening these resources in the context of economic and cultural globalization processes.

Development with identity refers to a process that involves indigenous peoples in harmony and sustained interaction with their environment and cultural assets. It also includes the sound management of natural resources and territories, the creation and exercise of authority, and respect for the cultural, economic, social, legal and institutional rights and values of indigenous peoples in accordance with their own worldview and governance. Development with identity seeks to consolidate the conditions in which indigenous peoples can thrive and grow in harmony with their surroundings by capitalizing on the potential of their cultural, natural and social assets. To adopt different concepts of indigenous development entails an acceptance of these communities’ economic objectives, which are not necessarily aimed at maximizing the profitability of resources in the short or medium term. Rather, priority is often given to sufficient well-being of the community, in balance with the environment and the conservation of resources for future generations.

Traditionally, indigenous economies are based on the worldview that the accumulation of wealth through production surpluses, particularly at the individual level or among elite groups, does not contribute to societies’ well-being or security. Contact with Western society, market pressures and migration are causing gradual changes in these concepts, but with mixed results. The challenge lies in supporting development initiatives and organizational systems that are unique to indigenous peoples in order to improve their living conditions through their own leadership and in a manner consistent with each community’s specific sociocultural situation and vision. This means greater access, with gender equality, to socioeconomic development opportunities that strengthen identity, culture, territorial integrity, natural resources and social organization, and reduce material poverty and marginalization. Such actions should be guided by the premise that sustainable development requires the initiative and empowerment of indigenous beneficiaries, control over the course of their own economic, social and cultural development, internal management of their territories and effective governance and participation in political processes, so that they can fully exercise their rights and responsibilities as indigenous peoples and as citizens of the nation-states of which they are a part.

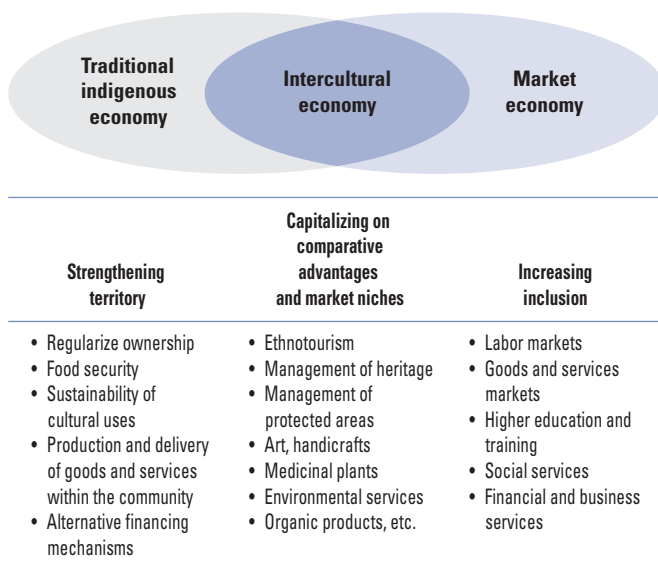
In order to support development with identity, the Bank’s recently adopted strategy on indigenous development promotes action in three areas, taking into account the different needs and priorities as defined by indigenous peoples themselves:

- *Strengthening lands, territory and governance* of traditional indigenous societies and economies in their territories and rural communities of origin, in a manner that is consistent with applicable legal norms and indigenous organizational structures, as the basis for ethnic and cultural identity and food security, as well as a safety net during crises.
- *Reducing marginalization and exclusion* in national society, including urban areas, to facilitate greater access and improve the quality and sociocultural relevance of social and financial services, labor markets and educational opportunities.
- *Mobilizing the potential of indigenous peoples' natural, cultural and social assets* to develop entrepreneurial initiatives and provide services in market niches where they have comparative advantages. Mobilizing the potential for development with identity by capitalizing on their assets provides opportunities to improve the quality of life of their communities, taking into account those national and global market niches where there is an increased demand for indigenous goods and services. This would improve the living conditions and reduce poverty in their communities, while at the same time strengthening and preserving indigenous assets and reinforcing cultural identity. Examples of such initiatives include the development of ethnotourism, arts and crafts, organic and forest products, ethnobotanical products and medicinal plants, environmental services, management of protected areas and cultural heritage sites.

Figure 2 illustrates this concept of development with identity in the economic realm and reflects the dynamic relationship between the traditional indigenous way of life, the local external context, and the challenges and opportunities for indigenous development that exist in each area. The Bank's strategy for indigenous economic development aims to support indigenous peoples' self-development so that they may meet their own goals within

traditional, intercultural spaces or the market economy, and develop their communities, organizations and management capacity. Development in such spaces helps to reaffirm the key importance of the sociocultural values of indigenous communities, which in turn strengthens their capacity to exercise autonomy and manage their intercultural relations with society and the state.

FIGURE 2
Strategy for Indigenous Economic Development



Rural-urban Links

This development with identity approach also draws on the potential of the unique relationships of urban and rural indigenous people. Far from submitting to or assimilating into the dominant culture, many urban indigenous people maintain strong economic, social and cultural ties with their communities of origin, in some cases reversing assimilation processes

observed over previous decades and rebuilding or reinterpreting their cultural traditions and social networks in urban centers, as illustrated by indigenous settlements or neighborhoods in cities such as Santiago, El Alto, Mexico City, Quito, and others. Such links between urban indigenous peoples and their communities of origin are translating into new opportunities for revitalizing rural indigenous economies and creating urban indigenous businesses. They make it possible to capitalize on the comparative advantages of the original communities' natural, cultural and social resources and support the gradual linkage between traditional and modern practices. Nonetheless, capitalizing on these opportunities requires new institutional models, strategic partnerships, innovative approaches and training. Without new approaches, the concentration of indigenous people living in poor conditions in big cities may increase; the rural economies of their communities of origin might become unviable, and, possibly, destroy the economic, social and cultural base of indigenous peoples, resulting in their fragmentation, and in extreme cases, in their extinction.

The Bank's new strategy calls for actions to strengthen the legal security of indigenous territories and resources; facilitate their access to culturally appropriate education, capacity building, institutional strengthening, and financial services; and identify and support initiatives to mobilize the comparative advantages of indigenous peoples in terms of natural, cultural and social capital, while articulating indigenous economic systems with the market economy. The strategy also supports the scaling up of interesting pilot initiatives in revitalizing indigenous knowledge, products and services; traditional practices in land use management; economic systems of reciprocity, redistribution and exchange; rental land markets; and the participation in management and benefit sharing of indigenous peoples in forestry, mining and hydrocarbon extraction. These are potential models for economic development that strengthen cultural identity. In addition, areas in which indigenous peoples have a comparative advantage need to be identified, including cultural and ecotourism, the management of environmental conservation areas, the production and commercialization of medicinal plants and other products developed by indigenous communities, the management of archeological heritage sites, and the promotion of indigenous arts and crafts. This requires support for the development of normative frameworks for the protection of indigenous intellectual property rights. In terms of indigenous governance structures, the strategy calls for supporting articulation between indigenous governance structures and decentralized government entities, and facilitates the participation of indigenous peoples in local, subnational and national democratic processes. Finally, the strategy supports integrated and participatory community development programs, the nature of which is closer to indigenous peoples' holistic worldviews and social organization and aspirations for a more empowered participation in the management and development of their territories.

These emerging approaches, while already being addressed in some of the Bank's more recent projects targeted at or including indigenous peoples, provide both challenges and opportunities, not in the least regarding the institutional framework and the articulation between indigenous authorities and municipalities and decentralized government agencies. Further research and evaluation is needed to confirm the effectiveness and viability of these initiatives. However, as some Bank-supported projects are already demonstrating, this new generation of projects is helping to reverse the decline in indigenous people's economic conditions, enabling them to contribute to overall economic growth while strengthening their unique natural resources and cultural heritage.

Concluding Remarks

The emerging concept within indigenous communities and organizations of development with identity as a strategy for improving economic conditions while preserving natural and cultural assets, is gaining ground. Now that many countries have adopted legal frameworks to protect the individual and collective rights of indigenous peoples to their territories, natural resources and cultural heritage, indigenous peoples are increasingly concerned about the viability of their societies and economies in the face of growing pressures from global integration processes that may jeopardize their unique identity and culture. Unlike other vulnerable population groups, indigenous peoples have distinctive comparative advantages in terms of their assets, which they could further mobilize for reversing material poverty and increasing the viability of their communities and cultures, thereby making important contributions to overall economic growth. The Bank is in an exceptional position to support these efforts, given its vast experience and expertise in entrepreneurial development and its mandates for poverty reduction, social equity and inclusion.