

## LAND ADMINISTRATION PROJECT

(BL-0007)

### EXECUTIVE SUMMARY

**BORROWER AND GUARANTOR:** Government of Belize

**EXECUTING AGENCY:** Ministry of Natural Resources (MNR), through its Department of Lands and Surveys (DLS)

**AMOUNT AND SOURCE:**

IDB/TC Loan:	US\$ 902,000 (OC, US\$)
Danish T/C Fund:	US\$ 350,000 (grant)
Local counterpart funding:	US\$1,002,000
Total:	US\$2,254,000

**FINANCIAL TERMS AND CONDITIONS:**

Amortization period:	25 years
Disbursement period:	
Bank loan	3.5 years
Danish grant	2 years
Interest rate:	variable
Inspection and supervision:	1%
Credit fee:	0.75%

**CURRENCY:** Bank Loan: US dollars from the single currency facility of the Bank's ordinary capital. Danish grant: US dollars.

**EXECUTION PERIOD:** Except for the ex-post evaluation, project activities will be completed in 24 months from the date of loan effectiveness.

**OBJECTIVES:** Establish a reliable system of land records, and initiate a land adjudication system for granting secure land tenure.

**DESCRIPTION:** Low productivity is a major constraint to competitiveness and growth of the private sector in Belize. Increased productivity will require a significant increase in private sector investment, especially in the rural areas. Clear documentation securing rights to land is needed to encourage people to invest in land. In addition, clear collateral, using land, is essential to raising the finance needed for new investments. Yet the investment environment in Belize is severely constrained because of uncertainties created by poor land records, a large backlog of unsurveyed land, inadequate documentation and insufficient capacity among private sector surveyors.

This project will help correct these problems through the following three components: (i) land records management, through computerization of lease, title and financial records; (ii) land tenure adjudication, through implementation of the Land Adjudication Act of 1994 using adjudication teams, a new survey technology and contracting local survey teams; (iii) a review of legislation on land and capital gains taxes and drafting a new National Lands Lease.

Increased efficiency in providing these services will reduce individual transaction costs associated with the acquisition, transfer and registration of rights in land. Improved land information, combined with public access, will enable more transparency and reduce political discretion in the allocation and use of land. This project will be an important complement to the ESTAP Project for Southern Belize.

The Project will be executed by the Department of Lands and Surveys of the Ministry of Natural Resources with the majority of services provided by private sector contractors. The project will be financed partially with grant resources from the Danish Technical Cooperation Trust Fund (US\$350,000), a Bank loan (US\$902,000) and local currency project cash flows (US\$1,002,000).

**ENVIRONMENTAL  
CLASSIFICATION:**

The Environmental Management Committee, at its meeting of August 8, 1995, classified this as a Category III operation.

**BENEFITS:**

Provide individuals with documentation defining their land rights, which will facilitate the development of an efficient land market, increase small holders' access to credit using land as collateral and increase productive investments in land; increase Government revenues through improved land tax and rent collection; improve Government's capacity for better land use planning and environmental monitoring.

**RISKS:**

Improved capacity to collect land taxes and rents could lead to public resentment, which will be mitigated by a public relations campaign and community participation in land adjudication; fiscal constraints could limit the availability the local counterpart, but this risk is reduced by the project's emphasis on billings and collections of land taxes and rents; local survey companies may be reluctant to invest US\$10,000 in specialized GPS equipment, but this risk will be reduced through US\$1 million in GPS survey contracts.

**EXCEPTIONS TO  
BANK POLICY:**

International consultant services will be financed with Danish grant resources (75%) and Bank loan resources (25%). To facilitate contracting these services, the Government has requested that the Bank directly hire the services of the adjudication Specialists to be financed from Bank loan resources (see paragraph 3.10 and annex II-3).

**THE BANK'S  
COUNTRY AND  
SECTOR STRATEGY:**

The Bank's strategy for Belize is in the process of being prepared; it will likely emphasize: (i) provision of physical and institutional infrastructure and complementary technical assistance to stimulate private sector development in tourism, agriculture, and agroprocessing; and (ii) improvement of the human capital base through increased education and training.

**SPECIAL  
CONTRACTUAL  
CONDITIONS:**

Prior to first disbursement the Government: (a) will agree that surveys will be performed according to a regional work plan that will be submitted to the Bank for its approval; and (b) come to agreement with the Bank on the selection of the international firms to provide services under this project.

**POVERTY TARGET:**

While most project activities are not specifically poverty targeted, the project will have a significant impact on low income rural people by giving them documentation clearly defining their rights to land. Such documentation will encourage productive investment in land and give small holders easier access to credit using land as collateral. The majority of the land surveys to be performed in this project will benefit small farmers, and 70% of all surveys will be carried out in Southern Belize, where the majority of low income people live.

## I. BACKGROUND

### A. Socio-economic context

- 1.1 Belize has an area of 22,965km<sup>2</sup> and a population of 217,000 people. GDP growth decelerated from 4% in 1995 to 1.5% in 1996. Declines have been due to a slowdown in tourism, a decline in fisheries and cutbacks in public sector spending and construction. The fiscal deficit declined from 7.3% of GDP in 1994/95, to 3.6% in 1995/96 and is projected to be 2.0% in 1996/97. International reserves stood at 2 weeks of imports in June 1995, but the situation improved in mid-1996 with a US\$26.1 million loan from the Government of Taiwan to meet payments on high-cost short term commercial debt. The reserve position stood at 2.8 months of imports at the end of 1996.
- 1.2 Agriculture accounts for 16% of GDP and 70% of all exports and employs an estimated 35% of the population; its primary exports are sugar, bananas, citrus and seafood; 53% of the country's population lives in the rural areas.
- 1.3 In 1995 the Caribbean Development Bank (CDB) estimated that 34.6% of Belize's population lived in poverty, with 40% of the poor living in rural areas, mostly in the South. Poverty is prevalent among three clearly defined groups: 1) about 8,000 small scale milpa farmers with a predominance of Mayan Indians, 2) sedentary small farmers, mostly recent Central American immigrants, 3) 6,000 immigrant farm laborers.
- 1.4 Approximately 57% of land in Belize is held by the Government as National or Reserve Land and 43% held in freehold by private individuals; Annex I-1 shows the breakdown of land between these two categories.
- 1.5 Contrary to popular belief, there is not a large amount of uncultivated good agricultural land still available in Belize. Only 4% of the land is considered very good agricultural land and this is currently being used for citrus and bananas; 12% is considered reasonably good and this is being used for pasture and sugar cane. Another 20% is considered marginal and is mostly in Southern Belize where the majority of the small farms are located; the land is characterized by poor drainage and is difficult to work because of compaction or shallow depth to bedrock. The remaining 64% of the land has very poor drainage, is shallow and subject to drought or is on steep slopes in the Mayan Mountains and best left as forest.
- 1.6 Proper management of land through efficient land administration is critical to the proper functioning of land markets, particularly for small farmers, agribusinesses and tourism. Increased agricultural productivity will require a substantial increase in on-farm investment. However, problems with the Government's system of allocating land, especially problems with the Ministry of Natural Resources' (MNR) records management and the backlog of land surveys, which are required for government approval and bank collateral, have

created a situation where many people do not have clearly defined rights to the land they occupy. This greatly discourages investment in land improvements for fear of losing the land and the investment.

- 1.7 Further confusion results from the fact that many leases have been issued on unsurveyed government land. This has resulted in multiple leases being issued for the same plot of land, land being leased in forest reserves and protected areas, on marginally productive soils and on steep slopes. The Government recognizes the poor condition of land records and understands the negative economic, social and environmental consequences that result from ill-managed land records. They also recognize the need for immediate corrective actions, but the Department of Land Surveys (DLS) within MNR does not have the financial or personnel resources necessary to correct this situation. Since land is such an important form of bank collateral, these problems severely limit the usefulness of land as bank collateral, thereby discouraging new investments.

B. Nature of the problem

- 1.8 The problems of land management fall into three categories: land records management, land tenure clarification and problems with existing legislation.

1. Land records management

- 1.9 **Transparency and security of physical records:** The application, processing and management of leases are handled by means of physical files. The general condition of these files is poor, resulting in slow processing and poor monitoring of existing leases. The state of these records hinders both the Government and private individuals' efforts in accessing timely and accurate information. This situation can obstruct transparency in land related matters.
- 1.10 **Lost Government revenue:** The Ministry has been trying unsuccessfully to operate a manual bookkeeping and billing system. Currently payments are received at each of the seven District offices and deposited in the Government's district bank account. Each week the District Land Officer prepares a list of all the payments received. This list is sent to MNR headquarters, where the payment details are transferred onto individual ledgers for each parcel of land. There are no controls linking the amounts collected, to the totals on the weekly summary sheets and to the entries made to individual ledgers.
- 1.11 The Government is collecting about US\$900,000 per year in land taxes and rents, but a sampling of records indicates that they are collecting about 55% of the annual rents and taxes due, meaning that arrears are growing at about US\$740,000 each year. At the end of 1994 arrears were calculated at US\$4.5 million.
- 1.12 There are about 150,000 private properties and 80,000 leases that should be paying yearly taxes and rents. This represent 230,000

bills that need to be prepared and mailed each year. With existing methods this would require 30 clerks. The accounts section currently has five people.

- 1.13 **Land use and environmental management:** The British Government, through the Overseas Development Agency (ODA), and the United States Agency for International Development (USAID) have assisted the MNR in establishing the DLS Land Information Center (LIC). The LIC is developing and maintaining a national data base on the physical attributes (soil type, vegetation, slope, etc.) of land. This information would be very effectively utilized for environmental and land management purposes if it were linked to computerized information on leases and titles. Unfortunately, lease and title information is not yet computerized.

## 2. Land tenure clarification

- 1.14 **Informality and irregularities:** A large proportion of the people occupying and working agricultural land in Belize have no formalized land rights. Even those with formalized rights face problems because of the poor state of record keeping within the MNR. Many leases have been issued without surveys; there are irregularities caused by out-of-date information; there are many squatters, absentee owners and absentee leaseholders, and the informal sub-division of leased land, in some cases without the leaseholders consent. A 1995 field study of 329 registered leases in Stann Creek and Toledo District found that only 63% of the leasehold parcels were occupied by the lessee, 7% were occupied by someone other than the registered individual, 15% were not occupied, and the remaining 15% of the leased parcels could not be found in the field. Only 22% of the 329 parcels had been surveyed.
- 1.15 **National reserve boundaries:** 30% of national land is set aside as reserves, including forest, mayan, archeological, marine, etc. Mayan reserves constitute 77,000 acres, 1.4% of all land. A large influx of immigrants from surrounding countries is now exerting pressure on reserves as they begin to occupy unsurveyed land adjacent to the reserves and often in the reserves themselves because of the difficulty in knowing where the reserves end and available land begins. This pressure, combined with the fact that the boundaries of many reserves are not demarcated on the ground, causes conflicts between individual and government interests.
- 1.16 **Unsurveyed leases:** Due to a lack of resources and an ad hoc management approach towards land surveying, the DLS has not been able to keep up with the demand for surveys. As a result, a large number of leases have been issued without a survey. Individuals are occupying land which may not coincide with the intended parcel and in many cases individuals have encroached on land held by

others. In such conflict situations landholders do not have sufficient security in their tenure to invest in their land nor do banks have the required evidence to provide credit.

- 1.17 **Cost of surveys:** The cost of surveying a 20 acre parcel is about US\$750. Not many rural individuals are able to afford surveys, so their applications for land are left pending until the government can perform the survey, or they are issued a short term (7 year) lease without a clear specification of parcel boundaries or location. As a result, it is the wealthier individuals who are gaining secure access to land.

### 3. Land policy and legal reform

- 1.18 **Land as collateral:** While commercial banks are willing to take long term leases as collateral for loans, the "National Land Lease" requires that the lease holder first obtain MNR permission to offer the lease as collateral. Where the loan is to be used to improve the land, permission is commonly given, however, the Government will often deny permission when the loan is for an investment unrelated to land improvements. Unfortunately, this also prevents the lease holder from using improvements in the land (financed from savings) as collateral for other investments.
- 1.19 Problems are also created for the banks by the Government's ability to force forfeiture of land for rental and tax arrears, without due process. This puts banks at a significant disadvantage and discourages lending. Because the Government has a prior claim over all others for the payment of taxes in arrears, MNR does not issue the transfer of title or allow a registered lease to be encumbered before all taxes are paid. Because tax records are not current this can cause significant delays while the Government ascertains if arrears are owed.
- 1.20 **Rates:** Leases run for 20 years with the rent paid to the Government fixed at US\$1/acre/year on agricultural parcels. These need to be brought more in line with market rates which are about US\$2.5/acre/year.

### C. Experience of the Bank and other organizations in the sector

- 1.21 The Bank has recently financed several land tenure operations (Brazil, Peru, Guyana, Argentina, Panama) and several more are in preparation (Colombia, Trinidad and Tobago, Dominican Republic, Jamaica). The focus of these projects has been to provide land tenure security, especially to low-income individuals, and to stimulate efficient land markets. Execution of approved projects has only recently begun, and results are incomplete. However, it is clear that more effective and transparent administration of land is essential for land tenure security. Other donors, such as the United States Agency for International Development and the World Bank, are also supporting projects in this area.

## II. THE PROJECT, COST AND FINANCING

### A. Objectives

- 2.1 The project will establish a reliable system of land records management and give rural individuals secure land tenure.

### B. Project components and project description

1. Component 1: Land records management (US\$873,000)
- 2.2 This component will strengthen overall land administration, record-keeping and information management capabilities related to National Estate and private land holdings while developing a computerized Land Revenue System (LRS) to increase Government revenue through improved accounting, better land valuation, taxation and rent collection, and institutionalize the use of land information in the decision-making processes of the MNR.
- 2.3 An international Financial Systems Specialist will work with the head of the MNR Accounts section to design and implement a computerized financial control system linking the district offices, where funds are collected, with MNR headquarters. The backlog of unreconciled accounts will be computerized and reconciled, and a financial statement will be sent to each parcel holder for verification. A system of computerized billings and regular monitoring of arrears will be installed. Six temporary clerical staff will be hired to assist with general record and file management.

The National Estate records (geographical information on titles and leases) will also be computerized and all DLS offices will be linked to the DLS Land Information Center's land information system via modem, in order to institutionalize the use of computerized land information throughout DLS. These systems will also be used to improve lease applications and approval management, enforcement of lease conditions and review of land development plans.

- 2.4 International and local consultants will accomplish the following (for more details see Annex II-2):
- a. review and simplify the procedures and forms used in land valuation, land tax administration, lease contracting and lease rent administration;
  - b. design and implement a computerized land revenue management system, incorporating property tax, land rent billing and collecting procedures and decision support;
  - c. review existing tax assessments, rental charges and professional service fees and recommend revisions to more appropriate (market-based) levels;



- d. prepare and implement a land inspection training program as part of the National Land Lease process;
- e. create a National Lands database;
- f. establish a parcel-based land information system as a subset of the geographic information system currently in place in the Ministry's Land Information Center;
- g. prepare a standard DLS surveying contract to be used to hire private sector surveying firms to conduct surveys using the Global Positioning System (GPS) cadastre surveying methodology (GPS/cad);
- h. assist DLS in preparing detailed survey work plans and contracting private sector surveying firms to perform National Lease parcel surveys;
- i. computerize the survey-based mapping operations of DLS;
- j. train DLS staff in computer system operation and maintenance, and
- k. Survey 1600 parcels in Southern Belize.

2. Component 2: Land tenure adjudication (US\$1,162,000)

- 2.5 This component will implement the Land Adjudication Act of 1994 to clarify land rights on approximately 9,600 rural parcels, representing about 40% of agricultural land.
- 2.6 An international Adjudication Specialist will prepare the Adjudication Guidelines to be used in the field in resolving disputes. Two adjudication teams will be established and the systematic adjudication process started. Each team will consist of an Adjudication Officer and 3 technicians supported by private sector surveyors. (See Annex II-1 for a detailed description of the adjudication process.) A part-time Land Tribunal Attorney and a Tribunal Secretary will also be hired to assist in the execution of the adjudication activities. All these individuals will work directly with local communities and individuals to investigate and arbitrate the land disputes that will arise during the adjudication process. An additional contract, executed by a local firm, will design and implement a public awareness campaign, on both the national and community level, to support the adjudication process.
- 2.7 The areas to be adjudicated will be prioritized on economic, environmental and social criteria. The Adjudication Specialist, working with the Commissioner of Lands, will prepare detailed adjudication work plans, plan and conduct two Adjudication Workshops, continue the training of government and private sector surveyors in use of the GPS methodology, prepare and supervise private sector survey contracts, and in coordination with the Principal Land Surveyor, technically verify (authenticate) survey work performed under the survey contracts. The use of GPS methodology by local surveyors will reduce the cost of surveys by more than 60%.
- 2.8 Under the ESTAP Project the Bank and the Government have agreed that the Government will not accept new applications for leases or titles on certain land in Southern Belize. This moratorium will

stay in effect until a Land Use Plan is developed for Southern Belize, and there is a resolution of indigenous peoples land issues. This project will abide by the guidelines established under ESTAP. If necessary, squatters found in protected areas will be resettled in a manner to be agreed by the Bank and described in the adjudication guidelines.

3. Component 3: Land policy and legal reform (US\$30,000)

- 2.9 This component will identify legal barriers affecting the efficient use of land, its transferability and use as collateral, prepare policy recommendations and draft legislation to remove these barriers.
- 2.10 A property attorney (policy, regulations), specialized in the use of land as collateral for bank credit, will be hired with project resources to work with the property attorney within the Solicitor General's Office. The property attorney will: (see Annex II-2)
- a. review land legislation and prepare recommendations to remove legal barriers affecting the efficient transfer of land and registration of land ownership;
  - b. work with DLS to develop a new National Land lease so as to facilitate the use of leased land as collateral, minimize political discretion, reduce the use of conditionalities and make leases mortgageable without specific referral to the DLS in all cases; this lease will also permit improvements in leased land to be used as collateral to borrow money for purposes not directly related to the land.
  - c. identify legal issues that may impinge upon the rights of indigenous people and women to lease or own land, or use land as collateral (see paragraph 4.15).
- 2.11 The Environmental and Social Technical Assistance Project (ESTAP) being financed by the Bank will assist the Government and the Mayan community to resolve issues concerning the Mayan reserves and the Mayans' request for additional land outside of the existing reserves. The attorney hired by this project will develop country wide recommendations, but he will ensure that his recommendations are consistent with those developed under ESTAP.
- 2.12 **Capital Gains Legislation:** The Government has expressed interest in introducing a capital gains tax to reduce speculation in land acquired from the Government. Yet, capital gains tax legislation is difficult to administer and very often does not accomplish the intended purpose. Proper pricing (valuation, tax and lease rates) may be more effective. A property attorney (capital gains tax) will be hired (US\$10,000) to review this issue in Belize and make recommendations for appropriate action.

C. Project cost and financing

- 2.13 The project execution period is two years at a cost of US\$2.3 million. First year activities will be financed by Danish grant and Bank loan resources. Given the potential of this project to generate resources from land rents and taxes, second year activities will be financed primarily from local counterpart. US\$350,000 will be financed with a grant from the Danish Technical Cooperation Trust Fund; US\$902,000 with a Bank loan from Ordinary Capital resources, and US\$1,002,000 with local counterpart.
- 2.14 The projected costs of each component to be financed from grant, loan and local counterpart are presented below. Annex II-3 presents a detailed budget of the project. Danish grant resources will cover the costs of hiring international consultants who will transfer a new survey technology to Belize, design and implement improved financial control and collections systems, and undertake legal analysis. Bank loan funds will be used to hire international and local consultants, and to purchase equipment and two vehicles. Local counterpart resources will be used to cover the cost of two Adjudication Teams, hire local contractors to do surveys and purchase one vehicle, as indicated in Annex II-3.

TABLE I  
PROJECT BUDGET (US\$)

COMPONENT	Danish Grant	IDB Loan	GOB	TOTAL
I. Land Records Management	313,000	560,000		873,000
II. Adjudication	7,000	153,000	1,002,000	1,162,000
III. Land Policy and Legal Reform	30,000			30,000
Ex-post evaluation		10,000		10,000
Inspection and supervision		10,000		10,000
Interest		65,000		65,000
contingency (5%)		104,000		104,000
Total	350,000	902,000	1,002,000	2,254,000

D. Sources and conditions of Bank financing

- 2.15 The Bank's Technical Cooperation Loan will be equivalent to US\$902,000 from its Ordinary Capital (OC) resources. The terms and conditions will be as follows:

Amortization period:	25 years
Grace period:	3.5 years
Interest rate:	variable
Inspection fee:	1%
Credit fee:	0.75% annually on undisbursed balance
Currency:	US dollars.

### III. PROJECT EXECUTION

#### A. Overall execution and administration

- 3.1 The borrower and guarantor of the loan will be the Government of Belize. The executing agency will be MNR, which will execute the Project through the Department of Land and Surveys (DLS). DLS is responsible for surveying national land, registering land rights, valuing land for determining rent rates and taxes, management of leases, mapping and the management of other types of land information (natural resources, land-use, etc.). The DLS is managed by the Commissioner of Lands. Since a central objective of this project is the institutional strengthening of DLS, a Project Execution Unit (PEU) will be established within the DLS. A Project Coordinating Committee will also be formed, consisting of the Commissioner of Lands, representatives from each division within DLS and a representative of the international firm.
- 3.2 The PEU will have responsibility for the daily management and administration of the project, including coordination and supervision of all project activities, the technical, administrative and financial aspects of the project, and the submission of progress reports and documentation for disbursements from the Bank, as well as the purchase of goods and services required by the project. The firm of international consultants will supply the Manager of the PEU; the Manager will report directly to the Commissioner of Land.
- 3.3 The Project Manager will make regular reports to the Commissioner on project activities. The Financial Systems Analyst (international) will serve as the Manager of the PEU during the first year and the Adjudication Specialist during the second year. The PEU will consist of the international and local consultants, financed with project resources. Operating costs (telephone, office supplies, office space, utilities, etc) will be covered by the Government.
- 3.4 The Project will be carried out over 2 years and will consist of three phases. Phase one will last eleven months and will concentrate on Land Records Management and Policy/Legal Reform. Phase two will begin in month 10, run fifteen months and will concentrate on land adjudication in Southern Belize. Phase III will begin in month 13, run 12 months and concentrate on land adjudication in Northern Belize.
- 3.5 During the first three months of phase one, the Financial Systems Analyst will work with all DLS department heads to prepare Work Plans for each Department. Each Work Plan will be subject to review every 6 months during project execution. Working with the Oracle System's Technician (international) and DLS staff, he will also design and implement a computerized financial management system.

- 3.6 In month four the Survey and Land Information Specialist will arrive to begin computerizing the land records of the National Estate Office. He will also train land surveyors, prepare standardized contracts for hiring private surveyors, and work with the Chief Survey Officer to hire local survey companies to begin clearing the backlog of surveys in Southern Belize. Local firms with data entry skills will be hired to computerize the backlog of financial records and National Estates records.
- 3.7 In month five the Valuation & Inspection Specialist will arrive to review the methods for setting land values and lease rents and for physically inspecting land. The attorneys (international) also will arrive in month five to begin work with the Attorney General's Office in reviewing the adequacy of existing laws and regulations, draft a new National Lands Lease and review the need for capital gains legislation.
- 3.8 In month ten the Adjudication Specialist (international) will arrive to develop specific adjudication guidelines and schedules. He will work with the Chief Survey Officer to organize the first adjudication team and begin adjudication in Southern Belize. Local surveyors will be hired to support adjudication efforts. In month eleven the Financial Systems Analyst will leave Belize and the Adjudication Specialist will become the Manager of the PEU. In month fourteen a second Adjudication Team will begin work in Northern Belize. The Adjudication Specialist will be responsible for the day-to-day supervision of the two Adjudication Teams, working in close collaboration with the Chief Surveyor.

B. Terms of reference for consultancies

- 3.9 The terms of reference for all consultants have been prepared, reviewed and agreed between MNR and the Bank and can be found in Annex II-2 in the project files.

C. Procurement of goods and services

- 3.10 Procurement of goods and consulting services will be done according to Bank standard procedures for this purpose. Consultants financed with Danish Funds will be hired by the Bank in consultation with MNR. Approximately US\$475,000 of international consultant services will be needed; US\$350,000 from the Danish Technical Cooperation Trust Fund and US\$125,000 of Bank loan resources will be used to hire these services. In order to facilitate contracting these services, the Government has requested that the Bank directly hire the services of the adjudication specialist to be paid from Bank loan resources.
- 3.11 A selection committee of Bank and Government personnel will be formed to select the International firms needed to implement this project. A variety of other contracts will be issued to companies to undertake land surveys, public awareness campaigns, training, computer data entry, etc., but each contract will be for amounts less than

US\$50,000 and will follow the Bank's and Government's approved procedures for such contracts. All local firms and individuals will be hired by the MNR in consultation with the Bank.

D. Execution period and disbursement calendar

- 3.12 The proposed period for project implementation and loan disbursements is three and a half years and will be eligible for disbursements beginning with the fulfillment of the conditions prior to first disbursement. The cost estimates prepared for the various components would serve as a basis for project implementation planning and would be updated at six and twelve months. The tentative disbursement schedule is presented in Annex II-4.

E. Advance of funds

- 3.13 The resources allocated to the Project will be disbursed according to Bank procedures. Funds from the Danish Technical Cooperation Trust Fund will be disbursed from the Bank directly to the consultant firm following the written instructions of the Government. Other expenses will be paid from a revolving fund to be established within the Belize Ministry of Finance with resources from the Bank loan. The fund will be established with the first disbursement from the Bank loan resources. The first disbursement will be sufficient to cover the first four months of those costs to be paid from loan resources. (See Annex II-4)
- 3.14 Prior to first disbursement the Government: (a) will agree that surveys will be performed according to a regional work plan agreed to by the Bank, and (b) come to agreement with the Bank on the selection of the firm to supply the Project Manager and other international staff.

F. External auditing

- 3.15 During project implementation, the financial statements of the project will be audited by a local auditing firm approved by the Bank.

G. Monitoring, control and follow-up

- 3.16 The primary benchmarks for measuring the progress of this project are contained in the logical framework (see page 16). The ultimate success of this project will be measured in an increase in the number of new titles and surveyed leases issued, the number of local survey companies adopting the new technology, a reduction in the cost and time needed to do surveys, easier public access to land information, and improved collections of land rent and taxes.
- 3.17 Monitoring will be performed by the Bank, primarily by the Project Team Leader and the Specialist in the IDB Representation. During the first year, the Project Manager, in collaboration with the Commissioner of Lands, will prepare brief progress reports every 3

months, indicating outputs, problems and corrective actions to be taken. Reports will be prepared every 6 months during the last year. These reports will be sent to the Permanent Secretary for the Ministry of Natural Resources, who will forward them to the IDB Representation in Belize.

H. Bank supervision

- 3.18 The Bank will supervise the progress and execution of the project, through its Country Office in Belize (COF/CBL). Program reviews will be undertaken in Belize at the end of six and twelve months. All program reviews will be carried out by the Project Team leader, the Specialist from the IDB Representation, the IDB Land Information Specialist (SDS), the PS of the Ministry of Natural Resources, the Commissioner of Lands and the manager of the PEU. Twelve months after the end of execution of project activities, there will be an ex-post evaluation by an independent consultant to review the degree to which the objectives have been met; the evaluation will be presented in the Project Completion report.

I. Project readiness for implementation

- 3.19 The project was jointly prepared by MNR staff and the Bank Project Team. The design of each component was completed by MNR and the Project Team with the assistance of international experts. Preliminary terms of reference for the hiring of all the international and local consultants have been prepared and agreed upon with the Bank. (See Annex II-2).

#### IV. VIABILITY, BENEFITS AND RISKS

##### A. Political and institutional feasibility

- 4.1 **System maintenance:** The Land Information Center (LIC) houses MNR's computer facilities, and maintains a data base on the physical characteristics of land and other important environmental information. This project would computerize financial and ownership records and connect the Accounts and National Estates Office to the LIC. The LIC has a small but qualified staff, who were trained with assistance from the British Government, USAID and Canadian International Development Agency (CIDA).
- 4.2 **Political Will:** The clear definition of boundaries is a dormant issue that could prove very divisive when efforts are made to clarify specific land rights and accurately define boundaries. The resolution of such issues could prove to be a major political and administrative problem that the Government may be reluctant to take on. The Project will try to minimize this risk through a country wide community education program on land rights, through active community participation in resolving land disputes, and by publishing detailed adjudication guidelines. In addition, surveys carried out in preparation of the Southern Highway Project indicate that the resolution of these land issues is a major concern among rural communities.

##### B. Technical feasibility

- 4.3 This project will introduce a new technology for land surveys based on the use of satellites called Global Positioning System (GPS). In anticipation of this project, in 1996 USAID financed the development of GPS methodology for Belize and the establishment of seven GPS reference points. The introduction of GPS survey methods to private survey companies will proceed quickly as a result of USAID's earlier assistance. Current regulations in Belize already allow the use of GPS methods to do rural surveys, and several private companies have already been trained in the use of GPS techniques.
- 4.4 Investments in training and the streamlining of procedures will establish the necessary technical and administrative infrastructure to continue the adjudication process. The computerization of financial and ownership records should proceed smoothly since the software being used by LIC already has sub-programs for tracking financial and ownership records. LIC has already computerized some financial records without problems.



C. Financial and economic feasibility and fiscal impact

- 4.5 By improving land records management, billings and collections, this project will have a significant positive impact on government revenues, and a good capacity to generate the funds needed for local counterpart and to repay the Bank loan (see Annex IV-1, MNR Cash Flow Projections).
- 4.6 The MNR is currently collecting about US\$900,000 per year in land taxes and rents (see Annex IV-1); this appears to be only 55% of what is due. If the Project can increase collections to 75%, it would generate an additional US\$225,000 per year. In addition, the estimate of arrears is US\$5.7 million; the project needs to collect 30% of these arrears to cover the loan and local counterpart (US\$1.7 million). Third, the rates for land taxes and land rents are about 50% of what they should be. If the project can increase these rates to 65% of what they should be, it would generate an extra US\$225,000 per year.
- 4.7 Even if the Project is only partially successful in the five areas described above, there appears to be sufficient room to generate the local resources needed for this project and to repay the Bank loan. Nevertheless, the Project Team recommends that the Government commit itself to supplying the local counterpart (US\$600,000) needed to undertake 14 months of adjudication in Southern Belize, and that the decision to proceed with adjudication in Northern Belize (US\$400,000) be dependent on progress in generating at least an additional US\$30,000 per month by month 13 of the project.

D. Project benefits

- 4.8 By computerizing Government land records the project will: a) increase Government revenues through improved land tax and rent collection, b) improve MNR's capacity for better land use planning and environmental monitoring. By giving individuals clear documentation defining their land rights, the project will: a) facilitate the development of an efficient land market, b) increase small holders' access to credit using land as collateral c) encourage productive investments in land, and d) facilitate the accomplishment of goals under the Bank's ESTAP Project for Southern Belize.

E. Project risks

- 4.9 **Availability of local counterpart:** Fiscal constraints could limit the availability of the US\$1 million in local counterpart, but this risk is reduced by the project's emphasis on billings and collections of land taxes and rents;
- 4.10 **Resentment to improved collections:** Improved capacity to collect land taxes and rents could lead to public resentment, which will be

mitigated by a public relations campaign and community participation in land adjudication;

- 4.11 **Private sector adoption of GPS:** Local survey companies may be reluctant to invest US\$10,000 in specialized GPS equipment, but this risk will be reduced through US\$1 million in GPS survey contracts and cost savings realized using GPS.

F. Environmental issues and social impact

- 4.12 **Land Use Planning and Environmental Monitoring:** With each MNR department computer linked to the LIC land use data base, the ministry will be able to make decisions about individual parcels of land that are more consistent with the physical characteristics of the land (soils, slopes, rainfall, etc.). All new titles and leases will be issued in accordance with the land use data base and the Government has agreed that no new applications for titles nor leases will be accepted in the areas set aside for special studies under the ESTAP Project. This project will enhance the effectiveness of environmental monitoring and enforcement, through more effective land use planning, and in defining and marking the boundaries of protected areas.

- 4.13 **Indigenous People:** The ESTAP program associated with the Southern Highway Project contains a component to assist the Government and indigenous communities to resolve several outstanding issues related to land rights. This project will give ESTAP an important tool for quickly and inexpensively identifying and marking the boundaries of parcels and for mapping land use patterns.

- 4.14 **Encourage Sedentary Agriculture:** The lack of ownership encourages farmers to engage in extensive agricultural methods such as "slash and burn". With population growth and immigration more land is being cleared for "slash and burn" agriculture; the fallow period is getting shorter; agricultural yields are dropping and erosion is increasing. The provision of clear land use rights will encourage a more settled form of agriculture, better care of the land and allow small farmers to invest in capital improvements and in long term crops, such as trees.

G. Project impact on women

- 4.15 Under Belizean law women share equal rights to claim and hold land in their name. The adjudication guidelines to be developed in this project will take special care to ensure that women's claims are given the same weight as men's claims, and that women's rights are clearly protected in any documentation defining rights to specific parcels. In addition, a Lawyer specialize in land legislation will be hired by this project. Part of the lawyer's terms of reference will be to identify legal issues that impinge upon the rights of women to lease or own land, or to use land as collateral.

LOGICAL FRAMEWORK

Narrative Summary	Objectively Verifiable Indicators	Means Of Verification	Key Assumptions
Project Goal	Measures Of Goal Achievement	At Goal Levels	At Goal Levels
Improved small farmer income through increased productive investments in land and easier access to credit using land as collateral; efficient land market; increase Government revenues; better land use planning and environmental monitoring.	a. Increase in the number of land transactions;  b. 20% increase in annual collection of taxes and rents; B\$2 million of arrears collected;  c. increase in the number of titles and leases used each year for bank collateral.	L&SD transaction reports; Gov't financial accounts; L&SD statistical reports	Macro-economic stability; existing opportunities for investments in land.
Project Purpose	Degree Of Achievement at Purpose Level	At Purpose Level	Concerning Achievement of Purpose
Establish a reliable system of land records management and give individuals secure land tenure.	a. computerized info system installed;  b. 40% of rural parcels adjudicated.	L&SD financial reports	Political concerns do not prevent improved collections.
Outputs	Magnitude of Outputs Required	At Outputs Level	Concerning Production of Outputs
<b>Component 1: Land Records Management</b> a. Financial (tax/rent)& estate (titles/leases) records computerized & reconciled;  b. Computerized billing and monitoring system put in place;  c. Land valuation and inspection training program established;  d. Bring tax and lease rates more in line with market values;	a. 180,000 property records entered and reconciled; 100,000 estate records computerized;  b. 200,000 statements mailed for verification; 6 collection agents trained;  c. Training material prepared; 2 workshops held for 10 technicians.	Monthly LSD financial reports; Count of actual mailings; quarterly project progress reports; Copies of training materials;	a. Trained data entry personnel are available at the budgeted price;  b. Unique identifier established for each parcel.
<b>Component 2: Land Tenure Adjudication</b> clarify individual ownership and lease rights; physically determine and mark the boundaries of individual parcels.	a. Phase I: 1600 surveys completed;  b. Phase II: 5,000 parcels adjudicated & surveyed in S. Belize;  c. Phase III: 3,000 parcels adjudicated & surveyed in N. Belize;	L&SD monthly reports; quarterly project progress reports	Vested interest groups do not oppose the clarification of ownership.

Narrative Summary	Objectively Verifiable Indicators	Means Of Verification	Key Assumptions
Project Goal	Measures Of Goal Achievement	At Goal Levels	At Goal Levels
<b>Component 3: Land Policy and Legislation Reform</b>  a. leases more easy to use as bank collateral;  b. Revised legislation to facilitate land siezure for tax arrears;  c. Legislation for using a unique personal identifier (ie Soc Sec #) in all land transactions.	a. new National Land Lease put in use and being used more frequently as collateral;  b. an increase in the number of properties siezed for taxes arrears and leases canceled for non-payment.	a. presentation of National Land Lease document;  b. interviews with commercial banks;  c. government tax collection reports;  d. DLS monthly reports.	The political will exists for passage of the proposed changes.
Inputs	Magnitude of Inputs Required	Means Of Verification	Assumptions Concerning Inputs
<b>Component 1: Land Records Management</b>  a. Design and implement a computerized land revenue management system, incorporating property tax and land rent billing and monitoring procedures;  b. Computerize title and lease information; streamline management of physical records;  c. Office automation of L&SD sections; survey drawing section automated; train staff in system operation;  d. Train private sector in GPS survey methods; 1600 backlog surveys completed.	a. Financial Systems Specialist (international; 12 months);  b. Computer Systems Specialist (4 months);  c. PC programmers (local; 13 person-months);  d. Land Information Specialist (international; 4 months);  e. Land Valuation and Inspection Specialist (international, 3 months);  f. Tax and lease records data entry contracts;  g. Computer equipment/software (US\$190,000);  h. GPS cadastral survey workshops;  i. US\$160,000 in private survey; contracts  j. 1 vehicle (US\$20,000).	Quarterly project progress reports	

Narrative Summary	Objectively Verifiable Indicators	Means Of Verification	Key Assumptions
Project Goal	Measures Of Goal Achievement	At Goal Levels	At Goal Levels
<b>Component 2: Rural Adjudication</b> a. Adjudication Guidelines prepared;  b. Land Registration (adjudication) Areas prioritized, and adjudication work plans developed (south and north);  c. 2 Adjudication Teams trained and working (north & south);  d. 8000 rural parcels adjudicated, including rural lease surveys backlog.	a. Adjudication Specialist, (international, 9 months);  b. Adjudication Officer (local, 2 people x 12 months;  c. Tribunal Judge and secretary, (local; 6 months);  d. Adjudication technical support (local; 6 people x 12 months);  e. L&SD Technicians (local 6 people x 12 months);  f. Adjudication Public Awareness Campaign (\$20,000);  g. US\$800,000 in private survey contracts;  h. 2 vehicles (2 x \$20,000).	a. Project reports;  b. MNR title and lease reports;  c. adjudication guidelines presented.	a. communities will be receptive to the adjudication process and will be active participants;  b. People with legal title and leases have their documents.
<b>Component 3: Land Policy and Legislation Reform</b>  a. Review land legislation, including rent and tax schedules; prepare recommendations for government action;  b. Draft a new national land lease;  c. Review the need for new capital gains tax legislation and other alternatives.	a. Gov't Land Lawyer (local, 3 months);  b. Property Attorney (international, 1 month);  c. Capital Gains Tax Attorney (international; 1 month).	presentation of documents	There is the political will to make these changes.

**BELIZE**  
**LAND ADMINISTRATION PROJECT**  
**(BL0007)**

**PROJECT BUDGET**

			GRANT	IDB LOAN	LOCAL COUNTERPART	TOTAL
1.1	.0	Professional Services Firms (Fees)	350,000	383,000	845,000	1,578,000
	.1	International Prime Contractor				0
		a. Adjudication Specialist (9 months)	0	125,000	0	125,000
		b. Surveying & Land Information Specialist (4 months)	49,000	0	0	49,000
		c. Inspection & Valuation Spec (3 months)	36,000	0	0	36,000
		d. Attorney (Policy, Regulations) (2 month)	20,000	0	0	20,000
		e. Attorney (Capital Gains Tax) (1 month)	10,000	0	0	10,000
		f. Financial Systems Analyst (12 months)	166,000	0	0	166,000
		g. System Technician - Oracle (4 months)	46,000	0	0	46,000
		h. airfares	23,000	3,000	0	26,000
	.3	Services	0	0	0	0
		a. Land Surveys (9600 surveys)	0	160,000	800,000	960,000
		b. Adjudication Public Awareness Campaign	0	0	30,000	30,000
		c. Lease/Tax Info Data Entry (financial)	0	30,000		30,000
		d. National Estate Info Data Entry (geographical)	0	20,000		20,000
		e. Contours Data Base	0	25,000		25,000
	.7	Training	0	20,000	15,000	35,000
2.1	.0	Individual Consultants (Compensation)	0	96,000	115,000	211,000
	.1	Support Staff (6 people x 12 months)	0	50,000	0	50,000
	.2	Adjudication Officer (2 people x 12 months)	0	4,000	44,000	48,000
	.3	Land Tribunal Attorney (6 months)	0	0	15,000	15,000
	.4	Land Tribunal Secretary (6 months)	0	0	6,000	6,000
		PC Technician - 2 programmers (13 person months)	0	32,000	0	32,000
		Adjudication Technicians (96 person months)	0	0	50,000	50,000
		Final Evaluation (12 days)		10,000	0	10,000
6.0	.0	General Support	0	244,000	42,000	286,000
.3	.1	Computer Equipment - financial system DLS	0	190,000	0	190,000
	.2	Vehicle	0	40,000	20,000	60,000
.9	.1	Local Travel	0	14,000	22,000	36,000
		SUB-TOTAL	350,000	723,000	1,002,000	2,075,000
97		Inspection and supervision		10,000		10,000
97		Interest on IDB Loan		65,000		65,000
98		Contingency (5%)		104,000		104,000
		TOTAL	350,000	902,000	1,002,000	2,254,000

RGII-BL014P  
BL-0007

PROPOSED RESOLUTION

BELIZE. TECHNICAL COOPERATION LOAN FOR A  
LAND ADMINISTRATION PROJECT

The Board of Executive Directors

RESOLVES:

1. That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such agreements as may be necessary with Belize and to adopt such measures as may be pertinent for the execution of the plan of operations with respect to a Technical Cooperation Loan for a Land Administration Project, referred to in Document AT-\_\_\_\_\_.
2. That up to the sum of US\$902,000, is authorized for the purposes of this resolution, chargeable to the resources of the Single Currency Facility of the Ordinary Capital of the Bank.
3. That the above-mentioned sum is to be provided on a reimbursable basis.

RGII-BL015P  
BL-0007

**PROPOSED RESOLUTION**

**BELIZE. NONREIMBURSABLE TECHNICAL COOPERATION FOR A  
LAND ADMINISTRATION PROJECT**

The Board of Executive Directors

**RESOLVES:**

1. That the President of the Bank, as administrator of the Danish Technical Cooperation Trust Fund for Consulting Services, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such agreements as may be necessary with Belize, and to take such additional measures as may be pertinent for the execution of the plan of operations referred to in Document AT-\_\_\_\_\_ with respect to a nonreimbursable technical cooperation for a Land Administration Project.
2. That up to the sum of US\$350,000, or its equivalent in other convertible currencies, is authorized for the purposes of this resolution, chargeable to the resources of the Danish Technical Cooperation Trust Fund for Consulting Services.
3. That the above-mentioned sum is to be provided on a nonreimbursable basis.