

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 an 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 teams; 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, transferred 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 lands 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 service 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.