

**Document of
The World Bank**

Report No: 18550-GU

PROJECT APPRAISAL DOCUMENT
ON A
PROPOSED LOAN
IN THE AMOUNT OF US\$31.0 MILLION
TO
GUATEMALA
FOR A
LAND ADMINISTRATION PROJECT

November 10, 1998

Environmentally and Socially Sustainable Development
Central America Department
Latin America and the Caribbean Regional Office

CURRENCY EQUIVALENTS
(Exchange Rate Effective August 26, 1998)

Currency Unit = Quetzales
Q 6.30 = US\$ 1
US\$0.16 = Q 1

FISCAL YEAR
January 1 - December 31

ABBREVIATIONS AND ACRONYMS

CDSP	Commission for the Sustainable Development of Petén <i>Comisión para el Desarrollo Sostenible del Petén</i>
CONTIERRA	Presidential Office for Land Conflict Resolution <i>Oficina Presidencial para la Resolución de Conflictos</i>
CTP	Petén Land Commission <i>Comisión de Tierras de Petén</i>
FONAPAZ	Peace National Fund <i>Fondo Nacional para la Paz</i>
GoG	Government of Guatemala
GTZ	German Society for Technical Cooperation
IDAEH	Anthropology and History Institute <i>Instituto de Antropología e Historia</i>
IDB	Inter-American Development Bank
INAB	Forest National Institute <i>Instituto Nacional de Bosques</i>
IGN	National Geographic Institute <i>Instituto Geográfico Nacional</i>
INGUAT	Guatemalan Tourism Institute <i>Instituto Guatemaleco de Turismo</i>
INTA	National Institute for Agrarian Transformation <i>Instituto Nacional de Transformación Agraria</i>
IUSI	Unified Real Property Tax <i>Impuesto Único sobre Inmuebles</i>
KfW	German Institute for Reconstruction and Development <i>Instituto Alemán para Reconstrucción y Fomento</i>
MAGA	Ministry of Agriculture, Livestock and Food <i>Ministerio de Agricultura, Ganadería y Alimentación</i>
MINEDUC	Ministry of Education <i>Ministerio de Educación</i>
MININT	Ministry of Interior <i>Ministerio de Gobernación</i>
MINUGUA	United Nations Mission for Guatemala <i>Misión de las Naciones Unidas para Guatemala</i>
MINFIN	Ministry of Public Finance <i>Ministerio de Finanzas Públicas</i>
PPAPL	Local Community Participation and Support Plan <i>Plan de Participación y Apoyo a la Población Local</i>
PPF	Project Preparation Facility <i>Facilidad de Preparación de Proyectos</i>
PROSELVA	Southern Petén Protected Lands Management Project <i>Proyecto de Manejo de Tierras Protegidas del Sur del Petén</i>
PROTIERRA	Inter-institutional Commission for the Strengthening and Development of Land Property Rights <i>Comisión Interinstitucional para el Desarrollo y Fortalecimiento de la Propiedad de la Tierra</i>
RIC	Registry of Cadastral Information <i>Registro de Información Catastral</i>
RGP	General Property Registry <i>Registro General de la Propiedad</i>
SEGEPLAN	Planning and Programming Secretariat of the Presidency <i>Secretaría de Planificación y Programación de la Presidencia</i>
SADEP	Petén Agricultural and Development Society <i>Sociedad Agrícola y de Desarrollo de El Petén</i>
SEPAZ	Peace Secretariat <i>Secretaría para la Paz</i>
UNER	Petén Land Regularization Special Unit, under MAGA <i>Unidad Especial de Ejecución para la Regularización de la Tenencia de la Tierra de Petén (bajo MAGA)</i>
USAID	U.S. Agency for International Development
UTEC	Technical and Coordinating Unit in Petén, under MAGA <i>Unidad Técnica Jurídica y Coordinadora en Petén, bajo MAGA</i>
UTJ	PROTIERRA's Technical and Legal Unit <i>Unidad Técnico Jurídica de PROTIERRA Nacional</i>

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Sector Director: Maritta Koch-Weser
Task Team Leader: Cora Shaw

**Guatemala
Land Administration Project**

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Map no. IBRD 29707

Guatemala Land Administration Project
Project Appraisal Document
Latin America and the Caribbean Regional Office
Central America

Date: November 10, 1998	Task Team Leader: Cora Shaw
Country Director: Donna Dowsett-Coirolo	Sector Manager: Maritta Koch-Weser
Project ID: GT-PA-49616 Sector: Natural Resources	Program Objective Category: Environmentally Sustainable Development
Lending Instrument: Adaptable Program Loan	Program of Targeted Intervention: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Program Financing Data					
Phases	Cost (US\$million)	GoG	IBRD	Other donors	
1. Pilots					
• Petén	39	8	31		
• Five departments ¹	28	5.3		22.7	(Neth, Germ., EU)
• Technical assistance	6.3	1		5.3	(Sweden, UNDP)
2. Six departments	75	8	32	35	(EU)
3. Remaining departments	60	10	50		
TOTAL	208.3	32.3	113	63	

Borrower: Republic of Guatemala
Responsible agencies: Ministry of Agriculture, Livestock and Food (MAGA), General Property Registry (RGP),
CONTIERRA, Petén Land Commission (CTP), Anthropology and History Institute (IDAEH).
Program implementation period: 1999-2010 Expected effectiveness date: 06/30/99 Expected closing date: 12/31/2010

Project Financing Data	<input checked="" type="checkbox"/> Loan	<input type="checkbox"/> Credit	<input type="checkbox"/> Guarantee	<input type="checkbox"/> Other [Specify]
For Loans/Credits/Others:				
Amount (US\$m/SDRm): \$31.0 million				
Proposed terms:	<input type="checkbox"/>	Multicurrency	<input checked="" type="checkbox"/> Single currency, specify	
Grace period (years): 5	<input type="checkbox"/>	Standard Variable	<input type="checkbox"/> Fixed	<input checked="" type="checkbox"/> LIBOR-based
Years to maturity: 20				
Commitment fee: 0.75%				
Front-end Fee: 1%				
Financing plan (US\$m):	Source	Local	Foreign	Total
	Government	7.9	0.0	7.9
	IBRD	24.8	5.8	29.8
	Front-end Fee IBRD	0.0	0.3	0.3
	Total	32.7	6.1	38.8

Borrower: Republic of Guatemala
Responsible agencies: Ministry of Agriculture, Livestock and Food (MAGA), General Property Registry (RGP),
CONTIERRA, Petén Land Commission (CTP), Anthropology and History Institute (IDAEH).

¹ For details, refer to Annex 1B
OSD PAD Form: July 30, 1997

Estimated disbursements (Bank FY/US\$M):	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Annual	4.2	7.3	8.1	5.4	4.0
Cumulative	4.2	11.5	19.6	25.0	31.0

Project implementation period: 1999-2003 Expected effectiveness date: 06/30/99 Expected closing date: 6/30/2003

A: Development Objective

1. Program development objective

The objectives of the Program are: (i) to increase legal security of land tenure in Guatemala; and (ii) to strengthen the legal and institutional framework for land registry and cadastre services nationwide. This is to be achieved through a participatory process for conflict mitigation and resolution, that includes indigenous and non-indigenous communities (also in Annex 1A).

Since this Program requires a long-term vision and commitment, the GoG has requested an Adaptable Program Loan (APL), with three phases to be implemented in a period of at least twelve years. Phases 1 and 2 cover six departments each and phase 3 covers the remaining ten departments, for a total of 22 departments. Each phase has, besides its geographic coverage, national institutional and legal development goals.

Additionally the design of the program includes open, transparent and participatory methods to achieve the development objectives.

2. Project development objective and key performance indicators (see Annex 1):

The objectives of the Project are: (i) to increase legal security of land tenure in the Petén Department; and (ii) to strengthen the legal and institutional framework for land registry and cadastre services in Petén. This is to be achieved through a participatory process for conflict mitigation and resolution, that includes indigenous and non-indigenous communities (also in Annex 1A).

The project includes open, transparent and participatory methods to achieve the development objectives as is explained in detail in sub-sequent sections and annexes of this document.

Key performance indicators are:

- Change in private investment in land resulting from: (i) the increased security of tenure that can remove disincentives to invest in attached land improvements or capital equipment; (ii) the increased access to credit; and (iii) the improved functioning of land markets that can facilitate re-allocation of land to its best productive use. This indicator will be measured using land information household surveys (key aspects are: sources of income, capital investments, changes in land use, conflict resolution), with a baseline recorded during project implementation.
- Systemic maintenance of cadastral and registral information resulting from institutional strengthening of the registry and cadastre records in Petén. This indicator will be measured through a periodic and systematic random sampling of the cadastre and registry records.
- Financial sustainability of the General Property Registry, Petén Branch (to be created by the Project, expected Dec/98) resulting from revenues generated by additional land transaction and registration revenues. There will be a set of financial indicators to measure this, comprising, but not limited to: revenues/costs of each registry service and administrative/operational costs.
- Number of parcels cadastralized and registered resulting from regularizing untitled land and solving unclear land tenure situations. This indicator will be measured through the Project's computerized records during implementation.
- Community participation and conflict resolution. This indicator would be monitored through a social monitoring process.

The activities of the Project are differentiated by categories of land tenure, comprising one or a combination of the following: mapping, field-level data acquisition (demarcation, clarification of property rights, resolution of minor conflicts), demand-based adjudication of land titles to eligible beneficiaries, data processing, registration of titles, and maintenance of cadastral and registry information. See annex 2 for a complete description of the Project by

component, as well as of the land regularization process, and a glossary of technical terms.

B: Strategic Context

1. Sector-related Country Assistance Strategy (CAS) goal supported by the project (see Annex 1):

CAS document number: 18036-GU Date of latest CAS discussion: July 14, 1998

The central theme of the Guatemala CAS is to consolidate peace, supporting programs designed to end the exclusion that has characterized Guatemala's dualistic society and economy. Within this broad theme, the Bank will support the GoG on four fronts, one of which is to reduce poverty and exclusion. This project will contribute to alleviate poverty and reduce exclusion, by providing the basic input for efficient, equitable and sustainable land management: land rights information and knowledge. Land is one of the most important resources of Guatemala, but the lack of land tenure clarity and lack of transparent land information systems has hindered investment and proper land use. The project aims at improving land tenure security, a precondition to: (i) reduce land conflicts generated by unclear tenure; and (ii) provide an incentive for long-term productive investments in land; these two at the beneficiary level, and (iii) improve land use planning; and (iv) support decisions on land-related conflicts and policy reforms, at the government level. Due to its importance and the effect that it will have on other land-related initiatives, the project is a priority for the GoG and is specifically included in the Peace Accords.

2. Main sector issues and Government strategy:

Sector Issues

(a) Poverty and Land Issues. In Guatemala, most poverty is rural: poverty afflicts over 75% of the population, 86% of the rural population and 93% of the indigenous population. Land issues were identified in the CAS and other reports as key for poverty alleviation. These issues include: (i) land property rights, which are unclear for most rural population, in spite government efforts to title land through the National Institute for Agrarian Transformation (INTA)²: it is estimated that 95% of rural parcels are not registered, even if not in conflict; and (ii) land distribution. Guatemala has one of the most skewed land distribution patterns in Latin America.

(b) Natural Resource Management. Bank and other donor sector studies identify land security and communal tenure regimes as key for sustainable natural resource management in the Northern Lowlands (including Petén).

(c) Decentralization. Services are concentrated in the main cities. The land registry (General Property Registry – RGP), for example, has only two offices in the two main cities: Guatemala and Quetzaltenango. Not surprisingly, it is estimated that only 30% of the country's properties are registered, most in these two urban areas.

Government Strategy

Guatemala signed a comprehensive Peace Accord on December 29, 1996 to end thirty-six years of civil conflict. The Accord supports establishing democracy and introducing economic policies which will foster sustainable growth. The overriding approach to fulfilling the Peace Accord objectives is a participatory methodology that could promote convergence in a society highly fractioned by long-standing perceived conflicts. The land-related commitments include establishing (i) a cadastral-based land registry, to be decentralized, multi-user, efficient and financially sustainable in the long run; (ii) a land fund to promote market-driven land reform; (iii) land conflict resolution mechanisms and free legal services with special attention to land access and land traditional management by rural communities; (iv) a national geographic information system; (v) a comprehensive land tax system; (vi) agricultural development; and (vii) rural investment programs. The institutions in charge of these commitments conform PROTIERRA (see Section C.4: Institutional and Implementation Arrangements).

In terms of modernizing the public sector, the government supports decentralization and deconcentration measures to transfer responsibilities and resources from the central government to the regional, departmental, municipal, and local levels with the objective of improving the public administration and the delivery of public services.

² The National Institute for Agrarian Transformation (INTA) was created in the 1960s to title lands in the Northern lowlands and its mandate was extended to Petén in 1992. With the implementation of the Project, INTA will be replaced in its functions by the UNER.

3. Sector issues to be addressed by the project and strategic choices:

Sector issues to be addressed by the Project

(a) Poverty and land issues. The project will help in improving land tenure security by titling and clarifying property rights for the poor and small farmers and communities in Petén. Secure tenure will be an incentive to improve farming practices, including making attached investments on land. It will also contribute to mitigate land conflicts, first and foremost by improving the quality of land records. The program will focus in Petén, a priority area for Peace Accords. Petén is a mostly rural department, where about 60% of the population lives in extreme poverty.

(b) Natural resources management. The project will address this issue in two ways: (i) security of tenure is an incentive for sustainable land use; and (ii) the cadastre is a basic land information system that --once established-- can be easily enhanced to incorporate other useful information such as land uses, soil types, hydrological networks, and urban development. Such land information system can be used to monitor the effects of different variables on the natural resources of Petén and inform policy making and implementation.

(c) Decentralization. The cadastre-registry system will be decentralized. This information system will help the municipalities of Petén in the administration of their land-related planning and management. It will also reduce the transaction costs of the land market in the Petén.

Strategic choices

(a) Long-term strategy. An important element of the Bank's and Government's strategy is the commitment to a long-term Program that will regularize land in the entire country and produce a national cadastre-registry system. The Government of Guatemala (GoG) has committed to such a Program under the Peace Accords and, at their request, the Bank is presenting this particular project as part of an Adaptable Program Loan (APL).

(b) Selection of target area. The project will:

- Produce accurate maps for the entire department;
- Regularize land that can be titled in Petén. The total area of Petén is about 36,000 Km², including bodies of water. Of this, 13,000 Km² that correspond to urban and rural areas, including municipal *ejidos* and buffer zones, will be demarcated, titled to eligible beneficiaries upon demand, and registered under the Project. The majority of Petén's population lives in these areas. The project excludes land regularization in the rest of the Petén (protected areas: core and multiple use zones, including archeological sites which are the target of the ongoing USAID, IDB and KfW sustainable development and park protection projects) because they cannot be titled and therefore will only be mapped (see maps).

(c) The choice of Petén as the start-up area is important because it has operational demonstration and training effects with fewer conflicts --relative to the rest of the country. Lessons from other countries (see section D3) show that it is best to select an area where chances of success are higher. The advantages were identified as follows:

- (i) The existing Petén 1971 Land Law, other weaknesses notwithstanding, allows the GoG to cadastre and adjudicate land, which is not the case in the rest of the country because there is no national cadaster law (see section E5);
- (ii) Most of the Petén lands are national, facilitating the title adjudication process. 300,000 ha in buffer zones have been adjudicated in the past five years through different donor programs, without conflict.
- (iii) Most national lands have been peacefully occupied for decades, and landholders are awaiting title adjudication by the GoG through the Petén Land Commission.
- (iv) National lands adjudication is being done in lots of 45 ha (due to soil fragility), representing large areas for the purpose of regularization and thus economies of scale;
- (v) The Social Assessment has indicated that, relative to the rest of the country, land conflicts are least common in Petén.
- (vi) The General Property Registry (RGP) has all registered Petén properties (about 10,000 records) scanned and available on-line.
- (vii) Petén is a priority area for Peace Accords as most of its population is poor.
- (viii) The Constitution mandates a Registry office in each region or department. Because of its size, Petén is the only department to be also a Region.

The disadvantages include:

- (i) Climate and lack of infrastructure are a hindrance to fieldwork. However, currently available technology replaces the need for most topography work;
- (ii) The existing Petén Land Law's 1973 regulations need updating to take into account the pertinent provisions of the 1985 Constitution and 1996 Peace Accords.
- (iii) Petén's isolation might reduce the demonstration effect of the project. The communications campaign will include disseminating information for the rest of the country.
- (iv) Not all Petén can be titled because the Protected Areas Law declared some parks there without proper consultation with stakeholders. This issue transcends the scope of this project.

C: Project Description Summary

1. Project components (see Annex 2 for a detailed description and glossary and Annex 3 for a detailed cost breakdown):

<u>Component</u>	<u>Category</u>	<u>Cost Incl. Contingencies (US\$m)</u>	<u>% of Total</u>	<u>Bank- financing (US\$m)</u>	<u>% of Bank- financing</u>
A. Cadastre and Land Regularization includes mapping (aerial photography and complementary topography for cartographic and cadastral purposes), field-level participatory data acquisition and clarification of property claims, demand-based title adjudication to eligible beneficiaries, conflict resolution, supervision and quality control, and maintenance.	Physical	31	80	24	78
B. Land Registry , i.e. opening an RGP branch in Petén and modernizing the system.	Institutional strengthening	2	5	2	80
C. Project Management , includes strengthening of project management unit, financial and technical audits, procurement and land-related studies.	Project management Technical assistance	6	15	5	86
	Total	39	100	31	80

2. Key policy and institutional reforms supported by the project:

There are three main policy and institutional reforms supported by the Project. The first one is developing the GoG's land policy in terms of (i) land tenure clarification; (ii) improvement of the legal framework and statutes relating to land; and (iii) enhancement of institutional coordination among the various agencies linked with land issues. The second aspect is strengthening the decentralization process, both at a regional and departmental levels, by establishing a registry branch in Petén (Dec/98). Finally, moving forward the government's policy of adopting integrated systems of cadastre and registry.

3. Benefits and target population and area:

Benefits

Benefits include increasing tenure security of Petén farms, which will induce improvements in agricultural production and reduce environmental pressure. In addition, considerable land records information will be generated and made available in a form suitable for land use planning. When tenure security exists, conflicts and therefore demand for courts and law and order services decrease. Also, with land registration services available in Petén, transaction costs for the land market will be reduced substantially.

Target population

- About 500,000 people live in Petén, at least 210,000 under extreme poverty. Only 10,000 properties (public and private), however, are registered in RGP.
- INTA beneficiaries (about 113,000 people) most of which have applied but not yet received title.
- All 12 municipalities in Petén, none of which have their urban land demarcated.

Target areas:

- National lands, excluding protected areas' core and multiple use zones which cannot be titled;
- About 15% of protected areas' buffer zones which are not financed by other donor programs; and
- Ejido urban lands, at the request of municipalities.

4. Institutional and implementation arrangements:

Implementation period: 4 years.

Executing Agencies: Ministry of Agriculture, Livestock and Food (MAGA), the General Property Registry-Petén Branch, and CONTIERRA, CTP and UNER, and IDAEH.

(For details on institutional arrangements, refer to Annex 13A).

(a) Policy and Coordination Level

At the policy level there will be two commissions, both headed by MAGA: PROTIERRA and CTP.

- PROTIERRA is the Inter-institutional Commission for the Development and Strengthening of Land Property Rights. It is headed by MAGA and has representation from the following agencies: MoF, SEPAZ, IGN, RGP, SEGEPLAN and CONTIERRA. Within PROTIERRA there is a technical and legal unit, the PROTIERRA-UTJ, which will be directly responsible for the overall coordination of the seven rural programs that constitute the backbone of the land-related peace accords. These programs are: (i) implementation of a national cadastre and registry; (ii) creation of a land fund; (iii) development of land conflict resolution mechanisms and provision of free legal services; (iv) implementation of a national geographic information system; (v) development of a comprehensive land tax system; (vi) agricultural development; and (vii) creation of rural investment programs. UTJ's specific functions with respect to the Project are to design and follow-up the cadastre and registry activities (mapping, field level data acquisition, property rights, coordination with CTP of land title adjudication, and title registry) at the *national level*. It will be in charge of the monitoring and evaluation systems, as well as of the coordination and general quality control of all the pilots taking place in the country.

Because there are other cadastral activities ongoing in the country, (although they are only establishing a physical cadastre, not integrating the adjudication and legal aspects as is possible with the Petén Law), the UTJ with technical assistance from the Swedish Government, the Bank and other donors are establishing uniform national standards, including performance criteria, cadastral nomenclature, and mapping scales are for these cadastral activities.

- CTP is the Petén Land Commission, headed by MAGA. It has representation from SEGEPLAN, INTA, and the mayors of the municipalities in Petén. CTP is in charge of adjudicating land in Petén. It is the highest authority regarding land in Petén.

(b) Operational level

Two units will be involved: UTEC, the project technical and coordinating unit; and the General Property Registry, Petén Branch (to be established under the Project).

- Under MAGA there is UTEC, the Petén Technical and Coordinating Unit. It will be in charge of Project management and execution in the field. It will also be responsible for departmental arrangements with the Petén

agencies that deal with land, including the municipalities. There will also be UNER-Petén, the MAGA agency that would replace INTA until the Land Fund Law is approved (see E.5.c)

- The General Property Registry, Petén Branch, will do the day-to-day operation of registration activities (see Annex 2).

Beginning of fieldwork (cadastre and regularization) would start in the San Francisco Municipality, financed by the Project Preparation Facility (P-300-GU). Two conditions facilitate the start of the Project in this municipality: (i) the mayor has already requested the cadastre; and (ii) GTZ is supporting strengthening of municipal administration. A technical director and a social scientist have been hired to plan and manage the project's activities. A cultural heritage specialist and a forester, as required, will also be hired to ensure proper processing and quality control in their respective specialties. *As a condition of disbursement, the Government will prepare a manual which includes, inter alia, the guidelines for the implementation of the demand-driven national and municipal land adjudication process, in a manner satisfactory to the Bank.*

(c) Other related agencies

Two more organizations will play an important support role at the operational level: CONTIERRA and IDAEH.

- CONTIERRA is the Presidential Office for Land Conflict Resolution. It was created by Executive Decree and will follow up closely on the Project by providing mediation and other alternative conflict resolution mechanisms and legal assistance on demand, as well as social monitoring.
- IDAEH is the Anthropology and History Institute in charge of the preservation of cultural heritage sites. It will provide support to UTEC to resolve any issues for any unregistered archeological site.

D: Project Rationale

1. Project alternatives considered and reasons for rejection:

(a) Start pilot projects in the Altiplano. The Altiplano is the most densely populated area and is thought to have the most land conflicts, represented a high-risk, high-payoff area. Because of the lack of experience in land regularization in the country, the GoG requested this option be discarded due to high demonstration effect of a first pilot, in favor of a lower-risk area (Petén). In addition, the Petén Land Law facilitates project activities without requiring substantive legislative action.

(b) Centralize information in the Guatemala RGP. This was an option because the RGP is undergoing a modernization process (scanning and automation of some processes). It was discarded because of the need to improve registry access nationwide, and the perceived deficiencies of the modernization project.

(c) Create a parallel registry for systematic adjudication to prevent obstruction by opposing elements in the now centralized Registry. This option would yield tenuous legality of the systematic regularization results.

(d) Sporadic adjudication. Sporadic adjudication (defined as adjudication here and there, now and then) was discarded because it is more expensive (non-contiguity of parcels measured) and inequitable (only those who have access to the registry benefit from it). The proposed systematic adjudication (area-by-area adjudication to all landholders) ensures availability of regularization for all parcels in a given area, regardless of socio-economic status of property right holder, and has large economies of scale.

(e) Mapping without aerial photography. This option, using only Global Positioning System (GPS) appeared less expensive. However, detailed analysis showed that using aerial photographs prior to ground cadastral surveys would save about US\$0.9 million, simplifying the data acquisition process, and improving the cadastral process on 3 levels: (i) operational, by improving field surveys' homogeneity; (ii) management, by facilitating UTEC quality control and improving communication with local people; and (iii) environmental, by contributing a data base for natural resource management monitoring.

2. Major related projects financed by the Bank and/or other development agencies (completed, ongoing

(and planned):

Sector Issue	Project	Latest Supervision (Form 590) Ratings	
		(Bank-financed projects only)	
		Implementation Progress (IP)	Development Objective (DO)
Bank-financed			
Access to land	Land Fund	Proposed	
Social Investment Fund II	Support for communities productive investments through a demand-driven mechanism	Proposed	
Rural Financial Markets	Access to financial services in rural areas	Proposed	
Environmental Protection	Support for the Management and Protection of Laguna del Tigre National Park (GEF Mid-size grant)	Proposed	
Land Taxes	Municipal Strengthening for Land Tax Admin. (IDF)	S	S
Judicial Administration	Judicial Reform Project	Proposed	Proposed
Other development agencies			
IDB-Petén Sustainable Development	Sustainable Development Project for natural resource management, preservation of cultural heritage in Petén, and buffer zone titling.		
KfW-INTA- Southern Petén Parks Protection	PROSELVA (buffer zone titling, no registration)		
USAID/CARE/Conservation International/ The Nature Conservancy- CONAP	Mayan Biosphere Reserve and Lacandon Parks Protection, and buffer zone titling		
GTZ-Sustainable Management of Municipal Ejidos	Sustainable Management Program decentralization and municipal strengthening and natural resource management.		
INTA/FONAPAZ	Land Tenure Regularization (buffer zone titling, no registration)		
INTA-Land Property Rights	Tayazal, Laguna Perdida (buffer zone titling, no registration)		

IP/DO Ratings: HS (Highly Satisfactory), S (Satisfactory), U (Unsatisfactory), HU (Highly Unsatisfactory)

3. Lessons learned and reflected in the project design:

Learning in World Bank-supported land administration projects has followed a long and positive process. A review of World Bank experience with rural land titling projects implemented up to the late 1980s throughout the world³, reported that the Thailand Land Titling I and II projects (Loans 2440-TH and 3254-TH, respectively) were very successful, while the other 10 presented the following problems: lack of political support; conflicting bureaucratic priorities; lack of institutional capacity or support; and complex multiple objectives of which titling was only an adjunct. The proposed project is characterized by full political and institutional support – demonstrated by its inclusion in the Peace Accords and by the establishment of PROTIERRA. The GoG proposed starting project activities in the Petén Department because of its relatively favorable land policy and legal environment. This should provide a conducive ground for revising methodologies, legal and technical specifications and community information programs which have been used by ongoing titling projects. Once refined, lessons can be applied to the

³ Environment Department, Research and Policy Division Working Paper No 1992-35, March 1992.

rest of the country and provide a more promising vehicle for land administration and policy improvement. The Project will be devoted in its entirety to land administration activities making its scope of action very clear.

Much has been learned since the 1980s in this area. A 1996 review of land registration and titling projects⁴ reports that currently the World Bank supports about ten land titling and registration projects with a total loan value of \$550 million in contrast with the previous decade where these projects represented only \$150 million. The Bank has become more active in this field as there is acceptance that without proper land information there cannot be land management, nor land policy reform. Projects under implementation in Indonesia, El Salvador, Bolivia, and in some of the Eastern European countries are promising. In particular, the pilot project in the Sonsonate Department in El Salvador, financed under the Land Administration Project (Ln. 3982-ES), has become a showcase for other Central American countries. This first phase showed that the registration program was highly popular, and enhanced when adequate local publicity was given before visits by field teams. It also demonstrated that conflicts are rare, even in an area with a legacy of massive population displacement and where land records would be expected to be contested. Furthermore, the pilot experience in cost minimization yielded costs per hectare similar to recent experiences in similarly densely populated countries in East Asia. The proposed project incorporates all these lessons by having a thorough social communication campaign, a land conflict resolution methodology with wide community participation (see Annexes 11 and 12).

4. Indications of borrower commitment and ownership:

The main indication of GoG's commitment with this Project is the importance as a response to land commitments in the Indigenous Accord (Acuerdo sobre Identidad y Derechos de los Pueblos Indígenas) and Socio-Economic Accord (Acuerdos sobre Aspectos Socioeconómicos y Situación Agraria). To start implementing the corresponding land-related reforms, the government created in April 1997, by Executive Decree, a high-level commission to make policy and strategic decisions and coordinate on all activities related to land both within the GoG and with donors and civil society, PROTIERRA, headed by MAGA. This commission also coordinates closely with the Petén Land Commission (CTP), also headed by MAGA.

Moreover, the government recognizes the nationwide need to establish a cadastre and regularize land tenure as fundamental to long-term stability and Peace consolidation. As a sign of long-term commitment to this process, and to assure support beyond the election Peace Accord, the government requested assistance in the form of an Adaptable Program Loan (APL). Other donors (European Union, Netherlands, Germany, and Sweden) are supporting smaller pilots in other parts of the country, under the leadership and coordination of PROTIERRA. The APL will facilitate streamlined application of lessons of experience and tested design models from the Petén and other areas to extend their coverage, ultimately to the whole country.

5. Value added of Bank support in this project:

- (a) The World Bank has extensive experience in land-related projects, with improving results in the last decade. There are now about 115 projects with land-related activities in the Bank's portfolio. Of those, about 40% are in Latin America.
- (b) Land regularization in a country involves a long-term commitment of 10-20 years. The World Bank, as an international financial organization, and particularly under the new APL instrument, can sustain a longer-term commitment.
- (c) The World Bank is not wedded to any national model of cadastre and registry, or their associated technologies. The Bank's international exposure and broad experience allows objectivity in the recommendation of the most appropriate technologies in each case.
- (d) The World Bank is recognized as an effective organization that can play a strong coordinating and "honest broker" role. This was voiced during the 1997 Country and Sector Implementation Review, where the GoG

⁴ Natural Resources Management Division, Country Department IV, Europe and Central Asia Region, "Land Registration and Land Titling Projects in ECA Countries", May 1996.

specifically requested the Bank to play the coordination role for land information in the Petén, as well as technical assistance on procurement for land administration.

E: Summary Project Analysis (Detailed assessments are in the project file, see Annex 8)

1. Economic (*supported by Annex 4*):

- [x] Cost-Benefit Analysis: NPV=US\$ 7.1 million; ERR= 12.3%
- [] Other

The benefits of the land titling and record regularization activities of the project are analyzed qualitatively and quantitatively. Qualitatively, project activities are expected to substantially increase tenure security to small farmers in the Petén. As a result, these farmers are likely to undertake a range of improvements to their farming practices, including (i) producing more tree crops, including both timber trees (e.g. cedar and mahogany) and fruit trees (e.g., orange and cashew); (ii) improve pasture areas; and (iii) intensify production. These changes could increase the incomes of Petén's farmers, the majority of whom are poor. Because of the current weakness of rural financial markets and farmers' reluctance to risk losing their land by borrowing against it, increased access to credit will play a minor role in the benefits of titling. The Bank is assisting in the preparation of a Rural Financial Markets project to address this issue, based on a Rural Financial Market sector study which included extensive surveys in Petén and other departments⁵.

Because of these expected benefits, farmers in pilot projects have demonstrated a very high willingness to pay to obtain titles to their land. The changes in production practices induced by the project can also be expected to bring environmental benefits both on-farm, by increasing the sustainability of land use, and off-farm, by reducing pressure on Petén's protected areas and their valuable biodiversity. For the potential benefits of titling to be fully realized, however, improvements in other support structures such as technical assistance and rural financial markets will be required. The Bank's proposed Social Investment Fund is a demand-driven mechanism that seeks to support communities' productive activities.

The creation and maintenance of a land registry and cadastre in the Petén will bring further benefits, including (i) ensuring that the benefits of titling are maintained; (ii) providing a database for land use planning; and (iii) substantially reducing transaction costs to users, who must now go to Guatemala City to register their land. In addition, both the titling and registry activities will provide lessons for the planned future extension of land administration activities to the rest of Guatemala and strengthen the agencies involved, including PROTIERRA-UTEC, the Property Registry, and the municipalities.

Although the likely benefits of the project's activities are clear qualitative, quantitative analysis was undertaken in spite of the scarcity of data. With reasonable assumptions, the Net Present Value of the net benefits of the project is estimated to be about US\$7.1 million, with an Economic Rate of Return to be about 12.3%. The project will break even if the annual benefits generated are at least \$4 per hectare; since this is only 35% more than the lowest demonstrated farmer willingness-to-pay for titles, and since this willingness-to-pay is a lower bound on expected benefits, it is extremely likely that this threshold will be reached.

This project is the first Bank-financed rural land-titling project to receive an *ex ante* economic analysis, making comparison of these estimates to other projects difficult. The Bank-financed Second Land Titling Project in Thailand (Loan 3254-TH) had an estimated *ex post* rate of return of 34%. This return probably represents the upper-bound of likely returns to rural land titling, since it was implemented in highly-productive agricultural areas with well-functioning credit markets and since Thailand had substantial prior experience with rural land titling (thus holding costs down). A more appropriate comparator is provided by USAID-financed rural land titling activities in Honduras, which had an estimated *ex post* rate of return of 17%—only slightly higher than anticipated in the

⁵ Urban land titling activities, which represent about 14% of total project costs, were not included in the analysis because of the substantial additional resources that would have been required, given the differences between urban and rural land markets. Since urban land titling has much lower unit costs than rural land titling (about 19,000 urban land titles will be issued, compared to about 25,000 rural land titles) and is undertaken on land with much higher unit value. This omission reduces the estimated rate of return to project activities.

Guatemala Land Administration Project. The Honduras project was implemented in a highland area in which benefits per hectare are likely to be higher than in Petén. Both Thailand and Honduras are countries where land issues are less conflictive than in Guatemala, where these were root causes of the civil conflict.

2. Financial

a. Financial Analysis (see Annex 5A):

The financial analysis of the General Property Registry (RGP) examined financial sustainability, covered the period from 1998 to 2008. The analysis determined that, on a national level, the Rate of Return on Revenue (net income divided by revenue) for the registry is positive in all years, reflecting a positive cashflow both during implementation and the post-implementation operational period. This is congruent with the experience of other land administration projects worldwide.

During project implementation, the Petén Office will receive \$2 million in IBRD financing, covering investment and recurrent costs on a declining basis. The remainder of financing for the Petén Registry during implementation will be generated by the Petén Office's own revenues: initial registration and subsequent conveyance fees, certifications, consultations, and digital geographic services. No additional financing is required from the Government of Guatemala or from the Central Registry in Guatemala City during implementation. During the years 2004 to 2008, however, a modest increase of \$12 per conveyance in the current tariff level would permit the Petén Registry to cover recurrent costs, and additional financing would be required for upgrading computer and office equipment, and vehicle replacement.

The financial position of the RGP can be strengthened through the introduction of a progressive tariff structure based on a profit target and diversifying sources of revenue, including more aggressive sale of digital geographic data. A tariff study is included in project activities to further analyze and refine these projections.

b. Cost recovery:

There will be cost recovery at three levels: (i) The government institution responsible for land adjudication (at present CTP/INTA, later MAGA) will be in a better position to recuperate land debt due to the land information generated; (ii) the registry will generate revenues for subsequent transaction services on a more complete coverage of properties, multiplying its market in what is called "delayed cost recovery" (i.e. the initial registration process itself will be nearly free to achieve a more complete coverage). Proximity to the registry in Petén (instead of going to Guatemala City as now) will facilitate registration; and (iii) municipalities will have a cadastre, a key element to implement property tax and service fee collection (see below).

c. Fiscal impact (see Annex 5B):

Improving fiscal performance is not a specific objective of this project but it may, in the medium-term, assist them with municipal planning and resource allocation. According to data from the MOF, the Petén Department collected Q 24,931 (about US\$8,000) in 1996. The current law (Decree 15-98) states that rates are 0.2% of property value for properties with land valuations between Q2,000 and Q 20,000, 0.6% for properties valued between Q20,000 and Q70,000, and 0.9% for properties valued above Q70,000. Assuming that: (i) most properties fall in the first range: lowest-point (Q2,000) for the rural land and mid-point for the urban land (Q11,000); (ii) that collection effectiveness improves from the prevalent 61% to 80% during the time-span of the project; and (iii) the number of titled properties is equal to 50,000 in the rural areas, and 19,400 in the urban areas, the potential collection is estimated to double from 1996 to 1999 and increase 20 times by 2003.

**Potential municipal IUSI collection in Petén
1999-2003**
(in 1998 Constant Quetzales)

	1999	2000	2001	2002	2003
Number of rural properties	12,000	20,000	30,000	40,000	50,000
Total rural	\$29,280	\$52,000	\$84,000	\$120,000	\$160,000
Number of urban properties	1,900	4,800	9,700	17,500	19,400
Total urban	\$25,498	\$68,640	\$149,380	\$288,750	\$341,440
TOTAL	\$54,778	\$120,640	\$233,380	\$408,750	\$501,440

d. Financial Management Assessment (see Annex 5C):

The planning, budgeting, accounting, and reporting systems foreseen by the PROTIERRA-UTECH have been reviewed and seem sound. Under the ongoing \$2.0 million PPF (P-300-0-GY), the project's financial manager and accountant will be trained in Bank guidelines; the financial manager has been hired under satisfactory terms of reference. In addition, UNDP has been supporting funds administration for the implementation of the PPF under a cost-sharing agreement. *As a condition of effectiveness, the Government will sign contract to employ consultants to carry out the procurement activities under the project, satisfactory to the Bank.* A Financial Assessment mission was carried out and, *as a condition of effectiveness, the Government will establish the project's financial management system, satisfactory to the Bank.*

3. Technical:

Remote and aerial technology for land data capture will be internationally contracted. This technology is experiencing rapid breakthroughs, so technological specifications need to remain flexible to be able to capture the benefits of more advanced, cheaper and faster technology as it appears. Therefore, the key factor will be to train local staff to manage absorption of this technological knowledge efficiently. The Project has a specific information technology component that includes cadastral and registral databases, a communication system, and a fully computerized administrative and accounting system. As it requires innovative and expensive technologies, the UTEC has hired an information technology expert to prepare and implement the project's information system master plan. This plan will describe in detail UTEC's computer staff and equipment, training programs, digital data purchase and production.

A mid-term review is scheduled for year 2001. It will include a thorough review of the technical aspects of the project including: (i) supervision of field contractors, (ii) quality control work, (iii) technological flexibility and adaptation, (iv) production of norms and standards for subsequent phases, and (v) technical compatibility with other projects. Additionally, there will be yearly reviews.

4. Institutional:

(a) Executing agencies: (i) MAGA with the participation of CTP and UNER; (ii) General Property Registry, Petén Branch; (iii) CONTIERRA and IDAEH where appropriate; and (iv) participating municipalities.

(b) Project management: Overall project management will be the responsibility of MAGA (policy level) and MAGA-UTECH (operational level).

The coordination of concurrent projects and pilots (in Petén and outside) will be the responsibility of PROTIERRA-UTJ. The Government of Sweden and UNDP are contributing \$5.3 million in technical assistance in order to finance and operate this function within PROTIERRA-UTJ. This includes: (i) staffing; (ii) equipment; (iii) development of a geographic information system to monitor the progress of each project; (iv) development and enforcement of a set of indicators for all projects. UTJ will be in charge of supervising periodically the progress of each land project and will organize bi-annual meetings with donors, government agencies and NGOs.

5. Legal:

The project's procedures would include conflict mitigation and resolution mechanisms, and other safeguards to ensure that if there are any vulnerable and innocent people who may be adversely affected because of the application of the Petén Land Law, they have recourse to a fair process as enshrined in the legal framework described in Annex 14. This would be spelled out in an Operations Manual. *As a condition of disbursement, the Government will prepare a manual which includes, inter alia, the guidelines for the implementation of the demand-driven national and municipal land adjudication process, satisfactory to the Bank.*

Legal issues arise from several fronts explained below. The existing archaic agrarian legal regime underscores the lack of consensus on land issues in Guatemala, making it very difficult to change laws. The Peace Accords opened a space for establishing the legal mechanisms for clarifying rights through the land registry and cadastre, titling (both supported by the proposed program), recognition of indigenous communities' rights (under discussion in the Joint Land Commission), conflict resolution and preservation of cultural heritage sites (under CONTIERRA and IDAEH and supported by this project in Petén).

(a) The Petén Land Law⁶ (the Law) is old (1971, amended in 1972 and 1996) and, although it allows land cadastre, titling and regularization, it is a law that was instrumental in supporting the colonization process in the Petén, which started in the 1950s. Therefore, it includes articles excluding some groups (e.g. non-nationals) and some lands (archeological sites, critical reserves such as river banks). Both the 1985 Constitution and the 1996 Peace Accords (which are not ratified by the Legislature) are of later date. The Law's regulations have not been modified since its issuance in 1973 and include references to obsolete instruments (1969 land use maps) and never-exercised organizational options for communities (i.e. SADEPs⁷). *As a condition of effectiveness, the Government will issue an Executive Accord (Acuerdo Gubernativo) satisfactory to the Bank modifying the regulations of the Petén Land Law, taking into account the provisions of the 1985 Constitution and Peace Accords. Furthermore, the Law establishes a ten-year tutelage on adjudicated land, and prohibits land sales without GoG's prior approval. As a condition of disbursements for the demand-driven national land adjudication process, the article of the Law dealing with the concept of "tutela" will be amended, or abrogated or superseded by subsequent legislation, all in a manner satisfactory to the Bank.*

(b) There is no national cadastre law, so Petén is the only Department, because of legal adjudication purposes of colonization, that allows this in Guatemala. The other cadastre pilots being carried out in the Guatemala territory only include a physical cadastre, with neither titling nor registration. To address these lacunae, the Government is presently drafting a Law for the Registration of Cadastral Information and Norms for the Regularization of Tenure (RIC). This is a commitment under the Peace Accord and therefore must be discussed in the appropriate instances, including the Land Joint Commission (with Indigenous and Government representation) and the Accompanying Commission (with GoG, MINUGUA, URNG, Civil Society representatives). This law will incorporate the lessons from program pilots and therefore it is not recommended to proceed with its approval before they can be properly evaluated.

(c) The institutional framework established by the Petén Law is obsolete. Implementation of the Law was in the mandate of the military-run National Enterprise for the Economic Development of Petén (FYDEP, created in 1959). FYDEP was liquidated in the early 1990s amidst long-standing allegation of mishandling both land and forestry concession adjudication and exploitation; in 1992 land adjudication functions in the Petén were assigned to the National Institute for Agrarian Transformation (INTA), which was already adjudicating land in the Franja Transversal del Norte (under Law 1551). Although INTA has neither been able to catch up on outstanding adjudication requests, nor to regularize FYDEP's adjudications, it has been able to mobilize funds to hire private firms to adjudicate land in the protected areas buffer zones (about 300,000 ha), driven by donor funds supporting protected areas (the Maya Biosphere in the North and others in the South of Petén. Because of INTA's performance, there is wide consensus (documented in the Social Assessment) on the need to take over its operations and end its functions in the Petén. *As a condition of effectiveness, the Government will assign INTA's functions in Petén to MAGA or to the Land Fund. The proposed project would finalize the regularization of titleable national lands, so that Petén's land regime can be incorporated to that of the rest of the country. The Petén Law also created the Petén*

⁶ Decree 38-71. Ley de Adjudicación, Tenencia y Uso de la Tierra en Petén.

⁷ SADEP: Sociedad Agrícola de Desarrollo de El Petén

Land Commission (CTP) which is the highest authority on land matters in the Petén, composed by the Ministers of Agriculture, SEGEPLAN, INTA and Petén mayors. See also the legal framework, policies, procedures and practice for land adjudication in Petén in Annex 14.

6. Social:

A Social Assessment was carried out for the whole Petén Department. The main findings were that beneficiaries' uppermost objective is security of tenure (titles) and also want "to be taken into account," i.e. to participate in the process. Based on this information and available local expertise, the GoG prepared a satisfactory Local Community Participation and Support Plan (PPAPL, see Annex 12) to address local communities' concerns. The specific budget assigned benefiting indigenous communities would range from \$7.2 to 11.5 million, depending on their percentage of the population.

Social Assessment (see Annex 11):

1. The objectives were: (a) to identify the range of socio-cultural groups in Petén and to assess, in a gender-differentiated manner, the range of ways in which these groups hold, use and manage land; (b) to assess problems associated with different types of land holdings, and to identify the types of legal tenure preferred by different direct beneficiary groups in Petén; (c) to identify the most adequate methods for strengthening institutional and technical capacity in grassroots organizations; (d) to ensure that the recommendations of direct beneficiaries and stakeholders are taken into account in the project's design; (e) to identify potential or possible negative impacts of proposed activities for gender relations, for vulnerable and for inter- and intra-community relationships and design activities to preclude/mitigate these impacts; (f) to recommend land tenure legislative changes deemed necessary to meet the needs and preferences of local stakeholders and direct beneficiaries.

The process of the Social Assessment included: (a) focus group discussion meetings - experience teaches that extensionists, at least in Petén, have an impressive amount of knowledge they may share with others when they have reason to believe that they "will be taken into account"; (b) individual interviews with selected key contacts, selected because they are knowledgeable and routinely deal with the topics of the study, and no expectations are raised about the consequences of the study; (c) archival material - since 1990, the number of scientific studies carried in Petén has grown geometrically, and this study was able to exploit that circumstance, in addition to which, the study coordinators and the field team have participated in many of these same studies; in some selected cases, various members of the research team were able to add in-depth information based on their prior studies in a particular settlement ; (d) empirical findings based on focus group interviews in local settlements. The sample population was drawn from a socio-geographic matrix.

The recommendations of the Social Assessment were:

- (i) Project activities must (a) be based on active collaboration between planners and beneficiaries; and (b) be adapted to the particular circumstances and felt needs of each group of settlers.
- (ii) Recommended activities, including ways to strengthen local-level organizational capacity, to increase small farmer income and productivity, and to take into account local preferences for how to use and hold land, are designed for different ethnic groups and for differently organized groups in each land zone.
- (iii) However, several recommendations apply to all groups. There is an urgent need to establish in each municipality a bilingual Legal Office, to assist local people with land claims. Legal offices should be staffed with Q'eqchi-speaking legal technicians in southern Petén, to help adjudicate land claims in ways consonant with Maya customary law and the Peace Accords. The Legal Offices will have significant collateral benefits such as improve inter-community relations and lessen pressure to invade protected areas. The first legal office was opened in September 1998.
- (iv) There is need to accelerate legal reforms, so that Peace Accord promises about Maya customary law and equitable access to land for all can be implemented.
- (v) A social studies specialist should be in place for the length of the project to design, monitor and evaluate social communication programs and efforts to strengthen grassroots organizations; to carry out special gender studies; and to evaluate feedback from and when needed, amend the design for the Legal Offices.
- (vi) Archaeological site inventories must be included in the cadastral study.

These recommendations are imbedded in the project's design, particularly with respect to community participation,

and poor rural communities' specificity, and free legal offices.

The current legalization projects, which this project would complement and expand, have so far titled 300,000 ha (out of a target of 600,000 ha) and none have resulted in any conflict. To forestall any conflict, the project is highly participatory and resorts to assistance in positive and customary law, where most conflicts, if any, are normally resolved. In addition, the project includes more than \$2.0 million for CONTIERRA to monitor for potential conflict --during the municipal and community consultations to occur at the beginning of activities in each sector (see Annexes 2 and 12)--, and at the public viewing stage at the end of the process and carry out social monitoring studies.

7. Environmental assessment: Environmental Category A B C

According to the Environmental mission carried out in January/98, it was found that there are no significant environmental concerns associated with the proposed Project. Several aspects were reviewed:

(a) The main environmental concern in this case is the potential impact of the Project on the protected areas that amount to 60% of Petén. The project does not involve any land regularization activities in these areas which are constituted by the core and multiple zone protected areas, where titling is illegal, and therefore does not encourage movements of colonizers or squatters. Three other major donors: IDB, USAID and KfW are active in the demarcation, registration, and otherwise protection and management of protected and archeological areas both in the North of the Petén (the Maya Biosphere) and the South Petén. In the Biosphere, international environmental NGOs like Conservation International and the Nature Conservancy have active park protection programs. CARE is supporting buffer zone titling to strengthen barriers to park encroachment. The Bank is supporting the preparation of a GEF mid-size grant to protect the Laguna del Tigre Park within the Biosphere, implemented through ProPetén, a local NGO associated with Conservation International. GTZ is supporting a Sustainable Management Program of municipal ejidos in South Petén. Although the proposed project will not work directly in these protected areas, it is expected to reduce pressures on these by increasing incentives to settle outside, where titling is possible, and increasing the productivity of agriculture outside protected areas, thus reducing pressure to convert additional areas of natural habitat to cultivation.

(b) Another concern is the effects of the Project on critical natural habitats. It was found that there are no such zones remaining in the Project area. These have long been settled. Regularizing land tenure in these areas will increase the likelihood of landowners conserving forest resources, a positive environmental impact. Increased planting of tree crops in currently cultivated areas will also be a positive environmental impact.

(c) The Guatemalan Law provides that the National Institute of Forestry (INAB) support the adjudication of any land that is forested. An INAB-accredited forester will be hired by the Project to ensure proper coordination. MAGA and INAB have signed agreements streamlining the approval process. Provision of titles enables farms to take advantage of existing INAB incentives for reforestation.

(d) Most archeological sites in the Petén are in the core and multiple use zones not eligible to be regularized in the project. However, in the case of discovery of non-registered archeological ruins during the regularization process, the project supports IDAEH's policy to identify, register and protect these areas (while respecting their permanence and improvements, if any) including allowing for co-administration and preservation with neighboring communities. The Project will hire an archeologist agreed with the Anthropology and History Institute (IDAEH) to prevent adverse impacts and preserve potential cultural heritage sites, as required by these findings. This is in accordance with the Indigenous Accord (Acuerdo sobre Identidad y Derecho de los Pueblos Indigenas). *During negotiations, the Government agreed to carry out the demand-driven national land adjudication process with participation of IDAEH, in a manner satisfactory to the Bank.*

8. Participatory approach:

(a) Primary beneficiaries and other affected groups:

The direct beneficiaries are the settlers of the rural and urban areas of Petén with existing land claims. They were consulted in the preparation of this Project through the Social Assessment process (interviews, focal groups, etc.). Also, as inputs to the Social Assessment, the Bank organized two broad consultations with Mayan Elders in September and December of 1996. The findings of the Social Assessment include strong demand for land

regularization and for participating in an open and transparent in-field adjudication process. The project's procedures are based on open, participatory adjudication and conflict resolution processes (see PPAPL, Annex 12).

The Indigenous Accord constitutes an impressive framework of commitments in policy and specific activities consonant with O.D. 4.20. Within this framework, clear guiding principles to operationalize commitments were discussed with the GoG in March 1997, including informed participation, concertation and consultation, access to provision or management of project services, and training of indigenous communities. A Local Community Participation and Support Plan (PPAPL) was agreed with the GoG and reflects all of the relevant concepts (see Annex 12).

(b) Municipalities

Municipalities will also benefit by obtaining support for demand-driven land distribution among property possessors, as well as accurate information of their land extension and explicit training opportunities for the use of this information. Municipalities have been consulted during preparation but will play a more important role during implementation as they will provide information and field work guidance.

(c) NGOs:

NGOs have participated in the preparation phase by exchanging information with the Project Team. The Social Assessment included meetings with various NGOs to incorporate their viewpoints about the Project. NGOs are expected to participate during implementation in areas such as: social communication, legal assistance for communities, translation of documents to indigenous languages. Also see below.

(d) Other donors:

A seminar was held during preparation in Petén (Jan/98) with invited representatives of IDB, USAID, GTZ, KfW, UNDP, and government agencies and NGOs (e.g., CARE, ProPetén, del Valle University) in order to discuss the long-term strategy for the National Land Administration Program and the Petén project. These meetings will continue to take place during implementation to ensure proper coordination.

F: Sustainability and Risks

1. Sustainability:

(a) Financial sustainability. The land registry pilot component aims at becoming financially sustainable through transaction fees. This, of course, depends heavily on future demand for these services. Four aspects should contribute to this: (i) a social communication campaign that will inform citizens about the importance of registration for full ownership; (ii) the creation of mechanisms to make registration of land rights changes compulsory; (iii) the establishment of simple procedures and reasonable fees that will not provide disincentives for registration; and (iv) the proximity of the service, up to now only available in Guatemala City. See Annex 5 A for more details.

(b) Operations and maintenance. The establishment of the cadastre and registry should be very well supervised to guarantee the best quality at the base. Inaccurate information at the beginning will compound into important errors. Therefore quality control is an important part of the cadastre and land regularization component. On the other hand, maintenance of the system is as important to keep records up-to-date. The Cadastre and Land Regularization component includes the establishment of updating procedures. See annex 2 for more details.

(c) Social sustainability. Land adjudication through an open and transparent process based on community participation provides the basis for social sustainability. The conflict mitigation and resolution mechanisms imbedded in the systematic adjudication process proposed for this project is expected to contribute to peace and social concord. A social monitoring component of the PPAPL permits ongoing assessment of these outcomes.

2. Critical Risks (reflecting assumptions in the fourth column of Annex 1 B):

<u>Risk</u>	<u>Risk Rating</u>	<u>Risk Minimization Measure</u>
Annex 1, cell "from Outputs to Objective"		
Field Contractors do not deliver high quality services.	M	Intensive training of private sector agents prior to tendering process would allow bidding firms to select local partners for fieldwork. This training started in March 1998 under the PPF.
Less than full beneficiary participation.	N	The pent-up demand for titling and the experience of ongoing titling projects shows that the communities want to participate in this process to ensure peaceful outcome and protect their interests. In addition, social communication campaign expanding on the ones already successfully being used by other projects, addition of free legal support (including interpretation in indigenous languages), organization of land-committees and intercommunity workshops for exchange of information and support for other conflict prevention and resolution mechanisms facilitate this participation.
Land conflicts too numerous to regularize.	M	Ongoing projects have adjudicated 300,000 has without a single unresolved conflict. The project methodology is geared to closure by adjudicating in a transparent, open, community-led and demand-driven manner. Several layers of conflict resolutions mechanisms have been envisaged through this and other proposed Bank projects (community participation, mediation by CONTIERRA, pre-court judicial procedures).
Land Fund Law not approved, because requirement of two-thirds majority, and therefore the "tutela" is not amended.	M	The amendment of the tutela is not contentious, and has been agreed with the Joint Commission on Land and the Accompanying Commission to follow-up Peace Accords. If the Land Fund bill of law is not approved, passage of a specific decree could be envisaged, requiring only simple majority.
Annex 1, cell "from Components to Outputs"		
Trained staff does not remain available at registry	M	The RGP and UTEC are allowed to set own remuneration policies. RGP has started to hire lawyers for registration work, to replace current less effective staff.
Regulations of Petén Law and RIC Law cannot be changed if required	S	The Petén legal framework was reviewed during preparation. Applications of potentially troublesome interpretations of some of the law's articles are minimized through updated regulations (conditions of effectiveness). For the future, National Cadastre Law (the RIC Law) has been drafted and is a commitment of the Peace Accord. Sustained Bank support through the APL will permit drawing on lessons of current pilots to improve this current draft legislation.

Field teams will encounter people who do not want to participate in the adjudication process, because they are not eligible (see annex 14, para. 16)	N	Adjudication experience to-date has not uncovered any such case. But, as the adjudication process is demand-driven and community-based, this risk is minimized.
Overall Risk Rating	M	

Risk Rating - H (High Risk), S (Substantial Risk), M (Modest Risk), N (Negligible or Low Risk)

3. Possible Controversial Aspects:

None

G: Main Loan Conditions

1. Effectiveness Conditions:

- (a) establish the project's financial management system, satisfactory to the Bank (see Section E, 2d).
- (b) the Government will sign contract to employ consultants to carry out the procurement activities under the project, satisfactory to the Bank (see Section E, 2d).
- (c) As a condition of effectiveness, the Government will issue an Executive Accord (Acuerdo Gubernativo) satisfactory to the Bank modifying the regulations of the Petén Land Law, taking into account the provisions of the 1985 Constitution and Peace Accords (see Section E.5, a).
- (d) The functions and responsibilities described in Article 3 of Decree No. 38-71 have been assigned to MAGA or the Land Fund, in a manner satisfactory to the Bank, to carry out demand-driven national land adjudication (see Section E.5, a).

2. Other:

- (a) Disbursement condition to finance demand-driven adjudication process: (i) to amend, abrogate or supersede by subsequent legislation the Article 21 of Decree 38-71, which sets forth the limitation of land adjudication, in a manner satisfactory to the Bank (see section E.5, a); and (ii) to prepare a manual which includes, inter alia, the guidelines for the implementation of the demand-driven national and municipal land adjudication process, in a manner satisfactory to the Bank (see section C.4.b and E.5).
- (b) Furnish to the Bank, no later than June 30 of each calendar year, a monitoring and evaluation report, satisfactory to the Bank.
- (c) Carry out a mid-term review by December 31, 2001.
- (d) Carry out the demand-driven national land adjudication process with participation of IDAEH, in a manner satisfactory to the Bank (see section E.7, d).

H. Readiness for Implementation

- [] The engineering design documents for the first year's activities are complete and ready for the start of project implementation. [x] Not applicable.
- [x] The procurement documents for the first year's activities are complete and ready for the start of project implementation.
- [x] The Borrower's Project Implementation Plan has been appraised and found to be realistic and of satisfactory quality.
- [x] The following items are lacking and are discussed under loan conditions (see Section G).

I. Compliance with Bank Policies

[x] This project complies with all applicable Bank policies.

Signatures


Task Team Leader: Cora Shaw


Sector Manager: Maritta Koch-Weser


Country Director: Donna Dowsett-Coirolo

Annex 1 A Guatemala

Long-Term National Land Administration Program Design Summary

Narrative Summary	Key Performance Indicators	Monitoring and Evaluation	Critical Assumptions
<p>Sector-related CAS Goal:</p> <p>The central theme of the Guatemala CAS is to consolidate peace, supporting programs designed to end the exclusion that has characterized Guatemala's dualistic society and economy. Within this broad theme, the Bank will work on four fronts, one of which is to reduce poverty and exclusion. This program will contribute to poverty alleviation and exclusion reduction, by providing the basic input for efficient, equitable and sustainable land management in Guatemala: <i>land rights information and knowledge</i>.</p> <p>The design of the Program includes open, transparent and participatory methods to achieve the above objective</p>	<p>Compliance with corresponding commitments of:</p> <ul style="list-style-type: none"> - Accord on Indigenous issues - Accord on Socio-Economic Aspects and Agrarian situation 	MINUGUA	<p>Peace Accord commitments are sustained</p>

Narrative Summary	Key Performance Indicators	Monitoring and Evaluation	Critical Assumptions
<p>Program Development Goals:</p> <p>The goals of the Program are: (i) to increase legal security of land tenure in Guatemala; and (ii) to strengthen the legal and institutional framework for land registry and cadastre services nationwide. This is to be achieved through a participatory process for conflict mitigation and resolution, that includes indigenous and non-indigenous communities.</p>	<ul style="list-style-type: none"> - Change in private investment in land/department. This indicator will be measured using land information household surveys (key aspects are: sources of income, capital investments, changes in land use, and conflict resolution), with a baseline recorded at the beginning of the Project. - Maintenance of up to date cadastral and registral information in each department. This indicator will be measured through a periodic and systematic random sampling of the cadastre and registry records. - Financial sustainability of the General Property Registry, Departmental Branch. There will be a set of financial indicators to measure this, comprising, but not limited to: revenues/costs of each registry service and administrative/operational costs. - Community Participation and conflict resolution 	<ul style="list-style-type: none"> - PROTIERRA-UTJ, Bank and other donors - PROTIERRA-UTJ, Bank and other donors - PROTIERRA-UTJ, Bank and other donors - CONTIERRA, Bank 	<ul style="list-style-type: none"> -The Government commits to a long-term and costly Program beyond the Peace Accord time frame. - There is good coordination among government and donors to ensure standard and compatible criteria and technologies. - There will be an important demand for the products of the cadastre-registry system - Communities participate actively

Narrative Summary	Key Performance Indicators	Monitoring and Evaluation	Critical Assumptions
<p>Outputs:</p> <ul style="list-style-type: none"> (i) Digital maps for the entire country (ii) Eligible beneficiaries titled (iii) National multi-purpose integrated cadastre and registration system 	<ul style="list-style-type: none"> - Number of parcels cadastralized and registered in the country. This indicator will be measured through the Project's computerized records during implementation. - Production of cadastral maps - # of titles issued/# of applicants per department - # of departmental cadastre offices up to date - # of departmental registry offices up to date 	<ul style="list-style-type: none"> - PROTIERRA-UTJ, Bank and other donors 	<ul style="list-style-type: none"> - System is properly maintained - Appropriate supervision of field contractors
<p>Program Phases</p> <p>The phases of this program are determined by geographic coverage.</p> <p>(a) First phase</p> <p>Pilots</p> <ul style="list-style-type: none"> - Petén - Zacapa - Alta Verapaz - Baja Verapaz - Sacatepéquez - Department to be identified - Technical assistance, donor coordination, institutional strengthening 	<ul style="list-style-type: none"> - For the national executing agency, PROTIERRA-UTJ¹, equipment, staff, technical training needs identified and met. - PROTIERRA-UTJ, properly coordinated with CTP, CONTIERRA, IGN, RGP. - Objectives, means and overall philosophy of communication to the public defined and implemented. - Existing legislation (Petén Law) reviewed, amendments determined, reforms proposed. - Agencies staffed, structural organization defined, budget approved, mission established, products defined, coordination mechanisms, including the General Property Registry-Guatemala 	<ul style="list-style-type: none"> - PROTIERRA-UTJ, Bank and other donors 	<p>Capacity building and institutional strengthening efforts are effective.</p> <p>Financial support by other donors is maintained.</p> <p>Legal reforms needed are adopted</p>

¹ Please refer to Annex 13A for institutional arrangements

Narrative Summary	Key Performance Indicators	Monitoring and Evaluation	Critical Assumptions
(b) Second phase 6 departments	<p>City in place.</p> <ul style="list-style-type: none"> - # of staff in PROTIERRA-Dept Branches trained in technical courses (mapping, geodesy, cartography, topography, demarcation). - # of staff in PROTIERRA-Dept Branches trained in parcel-level data acquisition, data processing, data presentation. - # of staff in General Property Registry-Departmental Branches trained in registration procedures. 	- PROTIERRA-UTJ, Bank	<p>Capacity building and institutional strengthening efforts are effective.</p> <p>Financial support by other donors is maintained.</p> <p>Legal reforms needed are adopted</p>
(c) Third phase Rest of the country	<ul style="list-style-type: none"> - Legal experience (Petén Law) in Phase I reviewed. - National legal reforms prepared and approved. - Local governments coordinate and enforce the updating of cadastral and registration information. - Local governments use cadastral and registration information for urban and regional plans. - Decrease in the % of international TA - Departmental offices can prepare TORs for large-scale cadastre work. - Departmental offices can supervise fieldwork. - Set of 10 standards defined - Baseline determined for each department - Targets determined nationally - National database feeding system established - Financial indicators attain acceptable levels. - Administrative indicators 	- PROTIERRA-UTJ, Bank and other donors	<p>Capacity building and institutional strengthening efforts are effective.</p> <p>Financial sustainability is maintained.</p> <p>Legal reforms needed are adopted</p>

Narrative Summary	Key Performance Indicators	Monitoring and Evaluation	Critical Assumptions
	<p>attain acceptable levels.</p> <ul style="list-style-type: none"> - Technical indicators attain acceptable levels. - O&M protocols established 		

Annex 1 B
Guatemala
National Land Administration Program

Adaptable Program Lending
Government Letter of Development Program

The Government of Guatemala is committed to alleviating poverty and consolidating peace by means of several reforms, including those pertaining to land policy. One of the instruments of the land policy reform is the establishment of a National Land Administration Program.

Long term goals of the Program

Land administration is a continuous process whereby land information is captured, recorded, maintained and analyzed. This process is crucial for the appropriate management of land and forest resources, for regional and urban planning, for better monitoring of land-related conflicts, in addition to being the fundamental technical support for ascertaining land tenure security. Establishing a national land administration program is a long and expensive process, particularly because accurate data ought to be collected at the parcel level, reviewed at several stages to ensure its quality, and maintained. This requires a firm and long-term commitment from the government in accordance with the Peace Accords.

With these basic premises, the long-term goals of the Program are:

- (i) to increase land tenure security in Guatemala;
- (ii) to strengthen the legal and institutional framework for land registry and cadastre services nationwide.

This is to be achieved through a participatory process for conflict mitigation and resolution, that includes indigenous and non-indigenous communities.

The outputs of the Program will be:

- (i) Digital maps for the entire country
- (ii) Eligible beneficiaries titled
- (iii) National multi-purpose integrated cadastre and registration system

The sequencing of the Program

To reach these goals the Program will be implemented over a period of about 10-12 years. The approach is one of phased progressive expansion of Program activities by geographic area. Several departments will be covered at each phase, starting with the ones where least conflict is expected. This will allow the national executing agency, PROTIERRA-UTJ to strengthen the Program design by incorporating lessons of experience in institutional aspects, drawn from one phase into the next. Therefore there will be two dimensions in the rolling out of phases: geographic coverage and institutional achievement. Each phase will have a set of program achievements sought at the national level and at the department level. This approach is consistent with one of the new lending instruments of the World Bank, the adaptable program lending (APL). The Program will consist of three phases.

- Phase I (1997-2002) covers five areas, Petén, Zacapa, Las Verapaces, part of Sacatapéquez, and another department to be identified. It also includes general technical assistance, support for donor coordination efforts, and institutional strengthening. The World Bank would be financing the largest of the pilots in this phase, in Petén, which is described in the PAD, Annex 2. During this phase the emphasis is on institutional strengthening and especially on capacity building.
- Phase II (1999-2005) covers six departments still to be determined. This phase should consolidate capacity building and institutional strengthening and make adaptations to apply the model developed in Phase I to the new areas.
- Phase III (2004-2010) comprises the remaining departments. As in the previous phases special care should be devoted to continued capacity building and institutional strengthening. In addition there will be stress on quality control and monitoring systems.

Policy and institutional achievements, performance indicators and triggers

Phase I

Policy and institutional achievements	Performance Indicators
<p>Sound <i>national</i> program strategy</p> <p>The strategy will have four pillars:</p> <ul style="list-style-type: none"> - Technical aspects - Institutional strengthening - Communication campaigns - Legal aspects 	<ul style="list-style-type: none"> - For the national executing agency, PROTIERRA-UTJ², equipment, staff, technical training needs identified and met. - PROTIERRA-UTJ, properly coordinated with CTP, CONTIERRA, IGN, RGP. - Objectives, means and overall philosophy of communication to the public defined and implemented. - Existing legislation (Petén Law) reviewed, amendments determined, reforms proposed.
<p>Institutional strengthening at <i>department</i> level</p> <ul style="list-style-type: none"> - Creation of PROTIERRA-Departmental Branches, the executing agencies in charge of the cadastre and regularization work in each department implement a participatory and conflict resolution methodology - Creation of the General Property Registry-Departmental Branches 	<ul style="list-style-type: none"> - Agencies staffed, structural organization defined, budget approved, mission established, products and methodology defined. - Agencies staffed, structural organization defined, budget approved, mission established, products defined, coordination mechanisms with the General Property Registry-Guatemala City in place.

² Please refer to Annex 13A for institutional arrangements

<p>Technical strengthening at <i>department</i> level</p>	<ul style="list-style-type: none"> - # of staff in PROTIERRA-Dept Branches trained in technical courses (mapping, geodesy, cartography, topography, demarcation). - # of staff in PROTIERRA-Dept Branches trained in parcel-level data acquisition, data processing, data presentation. - # of staff in General Property Registry-Departmental Branches trained in registration procedures.
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The triggers to move to the second phase are:

In terms of geographic coverage:

- Completion of the cadastre work in the five areas included in this phase.
- Registration offices operating and linked to cadastres. It is not necessary that the registration work be complete in order to move ahead with the next phase, what is important is that the registration offices are operating.

In terms of national program achievement

- For the national executing agency, PROTIERRA-UTJ, equipment, staff, technical training needs revised based on first phase experience.
- Objectives, means and overall philosophy of communication to the public revised based on first phase experience.
- Required regulatory changes applying to Petén Law approved.

In terms of social monitoring

- Revision and update of the social assessment prepared in the preparation of the first phase, to reflect the new knowledge acquired in terms of social conflict and best resolution methods.

In terms of institutional, technical and social strengthening at department level

- 80% of technical staff in PROTIERRA-Dept Branches certified by international collegiate organizations in technical aspects (mapping, geodesy, cartography, topography, and demarcation).
- 100% of field staff in PROTIERRA-Dept Branches evaluated as competent by the public in parcel-level data acquisition and data presentation.
- Participatory and conflict resolution methodology is accepted, as assessed by social monitoring activities.
- A follow-up to the original Social Assessment shows improvement in social conditions and communities perceptions.

Phase II

Policy and institutional achievements	Performance Indicators
<p>Legal framework reform, <i>national</i> level</p>	<ul style="list-style-type: none"> - Legal experience (Petén Law) in Phase I reviewed. - National legal reforms prepared and approved.
<p>Decentralization, <i>national</i> level</p>	<ul style="list-style-type: none"> - Local governments coordinate and enforce the updating of cadastral and registration information. - Local governments use cadastral and registration information for urban and regional plans.
<p>Capacity building and institutional strengthening, <i>department</i> level</p>	<ul style="list-style-type: none"> - Decrease in the % of international TA - Departmental offices can prepare TORs for large-

Policy and institutional achievements	Performance Indicators
	<p>scale cadastre work.</p> <p>- Departmental offices can supervise fieldwork.</p>

The triggers to move to the third phase are:

In terms of geographic coverage:

- Cadastre works complete in the six departments of this phase.
- Registration offices operating and linked to cadastres.

In terms of decentralization:

- Local governments in the departments not yet covered by the Program request its services and are active participants in the design of sub-projects.
- Financial indicators of the General Property Registry-Departmental Branches show that these agencies are self-sustainable.

In terms of social monitoring

- Full documentation of the social experience of the Program is produced.
- Evaluations by the communities show acceptance of the project and ownership.

In terms of capacity building and institutional strengthening

- Departmental offices establish their own monitoring and evaluation mechanisms.
- Departmental offices establish their process protocols.
- Participatory and conflict resolution methodology is accepted, as assessed by social monitoring activities.

Phase III

Policy and institutional achievements	Performance Indicators
Establishment of <i>national</i> standards for the integrated cadastre and registry system, including <ul style="list-style-type: none"> - map accuracy - density of geodetic network - % parcels cadastralized and registered -% up-to-date records - % successful conflict resolution - service ratings by the public 	<ul style="list-style-type: none"> - Set of 10 standards defined - Baseline determined for each department - Targets determined nationally - National database feeding system established
Capacity building and institutional strengthening, <i>department</i> level	<ul style="list-style-type: none"> - Financial indicators attain acceptable levels. - Administrative indicators attain acceptable levels. - Technical indicators attain acceptable levels.
Operations and maintenance, <i>department</i> level	<ul style="list-style-type: none"> - O&M protocols established

Costs and financing

Program Financing Data APLs	Estimated Cost (US\$ millions)	GoG Financing (US\$ million)	IBRD (US\$ million)	Other donors (US\$ million)
First Phase : Pilots				
-Petén	39	8	31	7.5 Neth.
-Zacapa	8	0.5		7 Germany
- Alta Verapaz	10	3		4 Germany
- Baja Verapaz	5	1		1.8 EU
- Sacatepéquez	2	0.2		2.4 EU
- Department to be determined	3	0.6		
-Technical Assistance, support for donor coordination efforts, institutional strengthening	6.3	1		4.8 Sweden 0.5 UNDP
Total first phase	73.3	14.3	31	28
Second Phase (6 departments)	75	8	32	35 EU
Third Phase (remaining departments)	60	10	50	
Program cost	208.3	32.3	113	63

Note: this table is tentative as costing for subsequent phases depends on the departments and areas included in each phase.

Overall Coordination arrangements

The overall coordination of the National Land Administration Program will be the responsibility of the Institutional Commission for the Strengthening and Development of Land Property Rights (PROTIERRA), through the Technical and Legal Unit (UTJ).

PROTIERRA is headed by the Ministry of Agriculture and has representation from the National Planning Secretariat (SEGEPLAN), the Ministry of Finance (MoF), the Peace Secretariat (SEPAZ), and the Presidential Office for Land Conflict Resolution (CONTIERRA). The inter-institutional formation of this commission makes it the best agency to coordinate the work of national agencies.

The coordination of specific projects will be the responsibility of PROTIERRA-UTJ. The Government of Sweden and UNDP are contributing \$5.3 million in technical assistance in order to create and operate, within PROTIERRA-UTJ, a Project Coordination Division. This includes:

(i) staffing; (ii) equipment; (iii) development of a geographic information system to monitor the progress of each project; (iv) development and enforcement of a set of indicators for all projects

This division will be in charge of supervising periodically the progress of each project and will organize bi-annual meetings with donors, government agencies and NGOs.

Monitoring and evaluation mechanisms

PROTIERRA-UTJ will be in charge of the monitoring and evaluation mechanisms. In the first phase, the indicators to be measured are:

Impact indicators

- Change in private investment in land /municipality
- # of land conflicts successfully resolved
- Maintenance of up to date cadastral and registral information in Petén
- Financial sustainability of the General Property Registry, Petén Branch

These will be measured at two points in time: before the fieldwork starts in an area, and after the area is declared as “cadastered”. These will be the direct responsibility of PROTIERRA-UTJ.

Output indicators (refer to Annex 1D for more details)

- Production of 20 cm accurate maps
- # of titles issued / # of applicants per municipality
- Georeferenciation, measurement and registration of target areas.
- Number of parcels cadastered and registered in Petén

These will be measured every trimester by the PROTIERRA-Departmental Branch and compiled for analysis by PROTIERRA-UTJ

Inter-project coordination indicators

- Density of geodetic network
- Monumentation methods
- Precision of maps
- Accuracy of maps
- Accepted level of error in demarcation
- Acceptable documentation to prove ownership
- Average time for regularization/parcel
- Average cost of regularization/parcel

These indicators (and others as deemed necessary) will be monitored with a geographic information system by PROTIERRA-UTJ on a bi-annual basis, as explained in the previous section (overall coordination mechanisms).

National standards will be determined by PROTIERRA-UTJ in the third phase of the Program.

Program performance indicators (refer to phase tables in this document) and **triggers** will be monitored by PROTIERRA-UTJ and the donor agencies.

Annex 1C
Guatemala
Land Administration Project
First APL Phase- Petén Department

Project Design Summary

Narrative Summary	Key Performance Indicators	Monitoring and Evaluation	Critical Assumptions
<p>Sector-related CAS Goals:</p> <p>The central theme of the Guatemala CAS is to consolidate peace, supporting programs designed to end the exclusion that has characterized Guatemala's dualistic society and economy. Within this broad theme, the Bank will work on four fronts, one of which is to reduce poverty and exclusion.</p> <p>This project will contribute to poverty alleviation and exclusion reduction, by providing the basic input for efficient, equitable and sustainable land management in Petén: <i>land rights information and knowledge</i>.</p> <p>The design of the Project includes open, transparent and participatory methods to achieve the above objective.</p>	GoG facilitates and expedites the starting of the Project and continues to do so during implementation	Monitoring by MINUGUA	Peace Accord commitments are sustained

Narrative Summary	Key Performance Indicators	Monitoring and Evaluation	Critical Assumptions
<p>Project Development Objectives: The objectives of the Project are: (i) to increase legal security of land tenure in the Petén Department; and (ii) to strengthen the legal and institutional framework for land registry and cadastre services in Petén. This is to be achieved through a participatory process for conflict mitigation and resolution, that includes indigenous and non-indigenous communities.</p>	<p><u>Impact indicators</u></p> <ul style="list-style-type: none"> - Change in private investment in land /municipality - # of land conflicts successfully resolved - Maintenance of up to date cadastral and registral information in Petén - Financial sustainability of the General Property Registry, Petén Branch - Community participation and conflict resolution 	<ul style="list-style-type: none"> - PROTIERRA-UTJ and Bank supervision missions - CONTIERRA, Bank 	<ul style="list-style-type: none"> - There is adequate counterpart funding. - Communities participate actively
<p>Outputs:</p> <ul style="list-style-type: none"> (i) Digital maps for the entire department (ii) Eligible beneficiaries titled (iii) National multi-purpose integrated cadastre and registration system 	<p><u>General output indicators</u></p> <ul style="list-style-type: none"> - Number of parcels cadastered and registered in Petén - Production of 20 cm accurate maps - # of titles issued/# of applicants per municipality - Georeferenciation, measurement and registration of target areas 	<ul style="list-style-type: none"> - PROTIERRA-UTJ and Bank supervision missions <p>Project Implementation Completion Report will compile the final results</p>	<ul style="list-style-type: none"> Field contractors deliver high quality services. Full beneficiary participation. Land conflicts are properly addressed.
<p>Project Components/Sub-components: (see Annex 2 for project description)</p> <p>A. Cadastre and Land Regularization includes the technical work: aerial photography and complementary topography for cadastral purposes, historical land rights transfer research, field and office adjudication work and quality control, integration of both physical and legal information. Additional supporting activities are: supervision and quality control, communication campaign,</p>	<p><u>Inputs:</u> \$31.0 million</p> <p><u>Specific output indicators</u> (please refer to Annex 1D)</p> <ul style="list-style-type: none"> - Establishment of geodetic network - Production of aerial photos, ortophotos, and cadastral mapping of Petén - Implementation of mpal training, social communication program and IPDP - Georeferenciation and registration of target areas 	<p>Disbursement reports</p> <p>PROTIERRA-UTEC management reports and supervision missions</p>	<ul style="list-style-type: none"> The government makes the legal reforms required. Demand-driven, community-based adjudication process will be inclusive.

Narrative Summary	Key Performance Indicators	Monitoring and Evaluation	Critical Assumptions
<p>legal services, mediation and conflict resolution, studies.</p> <p>B. Land Registry, i.e. opening an RGP branch in Petén (Dec/98). The registry would be the pilot for decentralization of registry offices, as mandated by the 1985 Guatemalan Constitution. This component includes equipment, technical assistance, communication systems, and training.</p> <p>C. Project Management, includes management, administration, donor and NGO coordination, auditing and accounts, procurement, disbursement and studies.</p>	<ul style="list-style-type: none"> - Strength. of CONTIERRA - Constitution of operational management and supervision teams - Constitution of cadastral information system <p>Inputs: \$2.0 million</p> <p>Specific output indicators (please refer to Annex 1D)</p> <ul style="list-style-type: none"> - Establishment and operation of registry in Petén - Design and implementation of a registration information system <p>Inputs: \$6.0 million</p> <p>Specific output indicators (please refer to Annex 1D)</p> <ul style="list-style-type: none"> -Establishment of UTEC office in Petén (project management staff, equipment) 	<p>Disbursement reports</p> <p>PROTIERRA-UTEC management reports and Bank supervision missions</p> <p>Disbursement reports</p> <p>Bank supervision missions</p>	<p>Trained staff remains at Registry.</p>

Annex 1 D

Guatemala Land Administration Project

Detailed Project Implementation Indicators (to be monitored by semester)

Output indicator	Original target (06/1/1999-2003)	Actual by (12/1/99)
A. Land Regularization		
Mapping		
- Establishment of a new basic geodetic network - Production of a 1/30,000 aerial photo over 35,500 sq.km - Production of a 1/8,000 aerial photo over 40 sq.km (urban areas) - Production of 1 m accurate orthophotographies over 18,500sq.km - Production of a 20cm accurate urban mapping - Training - Consultancy	40 points 35,500 sq.km 40 sq.km 18,500 sq.km 40 sq.km 3 weeks 12 weeks	
Land record regularization		
- Design and implementation of a municipal training - Design and implementation of a social communication program and local community assistance plan - Establishment of Legal Offices - Georeferenciation and registration of 12 ejidos municipales - Georeferenciation, measurement and registration of rural titled areas - Georef., measurement and registration of 12 urban titled areas	12 mun. trained National, regional and local programs 12 Legal Offices 12 ejidos 11,400 sq.km 12 areas	
Conflict resolution		
- Establishment of CONTIERRA regional offices (staff, equipment) - Training - Consultancy - Community participation programs - Social monitoring	2 offices 150 weeks 90 months 800 communities 8 evaluations	
Supervision and quality control		
- Constitution of the Petén supervision and control teams (staff and equipment) - Constitution of a cadastral information system (staff and equip.) - Training of operators - Training of 5 managers - Consultancies (international and national)	Office and 2 field teams (29 staff) \$ 255,000 68 weeks 5* 6 months \$ 620,000	
Maintenance and updating		
- Constitution of the Petén maintenance teams (staff and equipment)	2 field teams (9 staff)	

B. Land Registry Establishment of the Petén registry. - Establishment of the a registry office in Petén (staff, equip.) - Training - Deeds entry	1 office (5 staff) 56 weeks 65,000 titles	
Modernization of the Petén registry. - Design and implementation of a registration information system (staff and equip.) - Consultancy - Communication services	\$ 300,000 \$ 370,000 \$24,000 per month	
C. Project Management -Establishment of UTEC office in Petén (project management staff, equipment) - Training - Consultancies	Office, management team (17 staff) \$150,000 Yearly audit	

Annex 2 **Guatemala** **Land Administration Project**

Project Description

This annex contains: (A) the detailed project description by components; (B) the land adjudication process; and (C) a glossary of land administration technical terms.

(A) Detailed Project Description

The project consists of three components: cadastre and land regularization, land registry and project management unit.

Project Component 1 - US\$31 million (total cost of component)

Cadastre and Land Regularization. This component supports the mapping of the Petén (geodetic network and aerial photography) cadastre, in-field adjudication upon demand, and data processing of areas subject to regularization. The end result of this component is the establishment of a parcel-based cadastre that can be integrated with the registry system. The open and participatory manner in which project activities are to be conducted is critical to achieving consensus on land issues. Each sub-component is explained below.

(i) **Mapping** includes densifying the existing geodetic network to gain accuracy, mapping with aerial photography for cartographic purposes in the entire department (about 3.6 million ha); cadastral mapping with aerial photography and complementary topography and producing orthophotomaps and photo-restitution in areas that are subject to regularization (about 1.3 million ha). This combined method ensures compatibility of models used by all georeferencing activities in this and in other projects, generates printed images where local communities in regularization areas can identify parcels and boundaries, and provides an overall digital maps database for modern information management.

(ii) **Field-level land data acquisition.** This sub-component includes field work to measure and demarcate each solicitant's plot of land, clarify property rights, solve simple conflicts, and prepare titles to landholders. The project's field activities are undertaken in a highly participatory manner, ensuring that community stakeholders are involved in each step of the process to maximize transparency and use of local knowledge. These activities are process-oriented and based on fact-finding with the community. Specifically, the sub-component includes the following activities, most of which are included in the community support plan of the Government's Local Community Participation and Support Plan (PPAPL).

- design and carrying out culturally appropriate social communication campaigns for all levels of the population on the process objectives and requirements of project activities (PPAPL);
- install about twelve legal offices to provide municipalities, communities, local organizations, and all inhabitants with free multilingual legal assistance. Interested persons can use the services of these offices to acquire knowledge on the project's activities, on land law, existing and alternative forms of

- tenure³ as well as advice on their specific circumstances. These offices are also available to provide legal advice to communities (PPAPL);
- identify and declare regularization areas (e.g. sections of municipalities can be typical areas), plan activities, research registry records, and carry out socio-economic baseline census there. This census provides an accurate and timely diagnostic of economic activities, social organizations, presence of traditional communities, land tenure systems, and possible land conflicts;
 - assistance to local populations during field work and surveys, through support to meetings of local communities and intercommunity committees; these are also opportunities for simple conflict mitigation and resolution (PPAPL);
 - integrate field data (cadastral and registry information) into data base;
 - carry out public viewing of results; this process has two purposes: first, it gives an opportunity to communities to verify and confirm the results of the field work and second, it is the final checking point for the contracting firm (PPAPL); and
 - adjudication of land titles to eligible beneficiaries.

(iii) **Conflict resolution.** In addition to the participatory nature of the systematic adjudication process described above, there are two additional instances for conflict identification, monitoring and resolution. The first, included in this sub-component, provides institutional strengthening and support for CONTIERRA, the Presidential Office for Land Conflict Resolution. CONTIERRA is the institution mandated to implement the alert system to identify potential land conflicts, monitor eventual negative effects of activities, mediate and propose solutions. This Office's creation is a commitment under the Peace Accords, and its scope is national; the Project would support CONTIERRA's activities in Petén, including: (a) social communication, (b) production of information materials in Spanish and Indigenous languages (as required) and other mechanisms to encourage and support the participation of communities, (c) training in mediation and other conflict resolution mechanisms and (d) social monitoring studies. With respect to the last point, CONTIERRA will draft TORs for a set of comprehensive social monitoring studies, including socio-ethnographic and archeological follow-up for the objectives indicated below. These studies are very important because the nature and complexity of potential social conflicts cannot be known ex-ante, and therefore these studies will help in understanding the issues and in designing improved participation and conflict resolution mechanisms for the subsequent phases of the long-term Program. In addition, this sub-component includes more specific follow-up of potentially conflict situations through, training and materials, and higher-level, more specialized legal assistance. All of these activities are included in the PPAPL (see annex 12).

Another backstopping to conflict resolution in Petén is not part of this project, but is included in the proposed Bank-supported Justice Reform Project, which contemplates building six Justice of the Peace offices, and a feasibility study to establish a pilot pre-court office for land conflict resolution, supported by the Supreme Court.

(iv) **Supervision and quality control** includes contributing to the establishment of national technical standards and performance criteria for the cadastral and registry information systems. This sub-component includes: carrying out desk and field control of works and services (i.e. cadastral mapping, topographic works, legal adjudication steps) contracted to the private sector, prior to their integration in the national systems; and fostering acceptable quality standards of these products. Another important

³ The indigenous community legal status is still being studied in the Joint Committees established under the Indigenous Peace Accord but it is expected that this option will be law at the titling phase in year three of the project. See PPAPL, PAD Annex 12. Currently, and until this status is available, the project will present all options available in extant law, including non-for-profit civil associations.

dimension of this activity is ensuring the compatibility of the Project's outputs with the outputs of other similar Government and donor supported pilot cadastre projects taking place elsewhere in the country.⁴

(v) **Maintenance and updating of mapping data**, includes the establishment of local capacity to keep land records information updated. This involves institutional strengthening of municipal and local institutions that will be in charge of maintenance and updating of mapping services. The component will also support building private sector capacity to supply services and products according to national standards and decentralization of cadastre and registry works maintenance services for Petén.

The component will finance works (densifying control points and monumentation of the geodetic network, rehabilitation of offices), field level data acquisition (aerial photography, photo-restitution, production of cadastral maps, topography), equipment (vehicles and computer equipment for geographic information systems, communications and office tools), consultant services (legal and interpretation support for beneficiaries), training (information management, administration and documentation systems), participatory events (social communication, conflict resolution workshops, and community participation activities), and recurrent costs on a declining basis.

Project Component 2 - US\$2 million (total cost of component)

Land Registry Component

The registry will be the pilot for decentralization of registry offices⁵. Currently, there are only two registry offices in the country in the main cities: Guatemala and Quetzaltenango. This component consists of two sub-components:

(i) **supporting the opening of a registry office in Petén**, including the actual establishment of the office, communications links with the headquarters office in Guatemala City, the scanning of Petén land records and setting up for business using traditional as well as improved methodologies, and training.

(ii) **modernizing registry records management** and integration with cadastral data and procedural modernization, including design of the integrated cadastral and registry system and procedures that will be the pilot for the rest of the country. It will serve first the Petén area, and will be evaluated for later application to other registry offices.

The component includes works (office space renovation), office equipment, consultant services, training, (establishing the scanning and registry equipment used in the Guatemala registry, the design and establishment of an integrated cadastral and registry data base to convert to new business methods when cadastral and field information are available, training of registry staff in the new procedures). In addition, the project will finance recurrent costs on a declining basis to start up the new registry, aiming at delayed cost recovery for self-sustainability.

Project Component 3 - US\$6 million (total cost of component)

Project Management Unit to finance the implementation management, administration, monitoring and evaluation and financial audits of the project. The PMU will be in charge of coordination with other

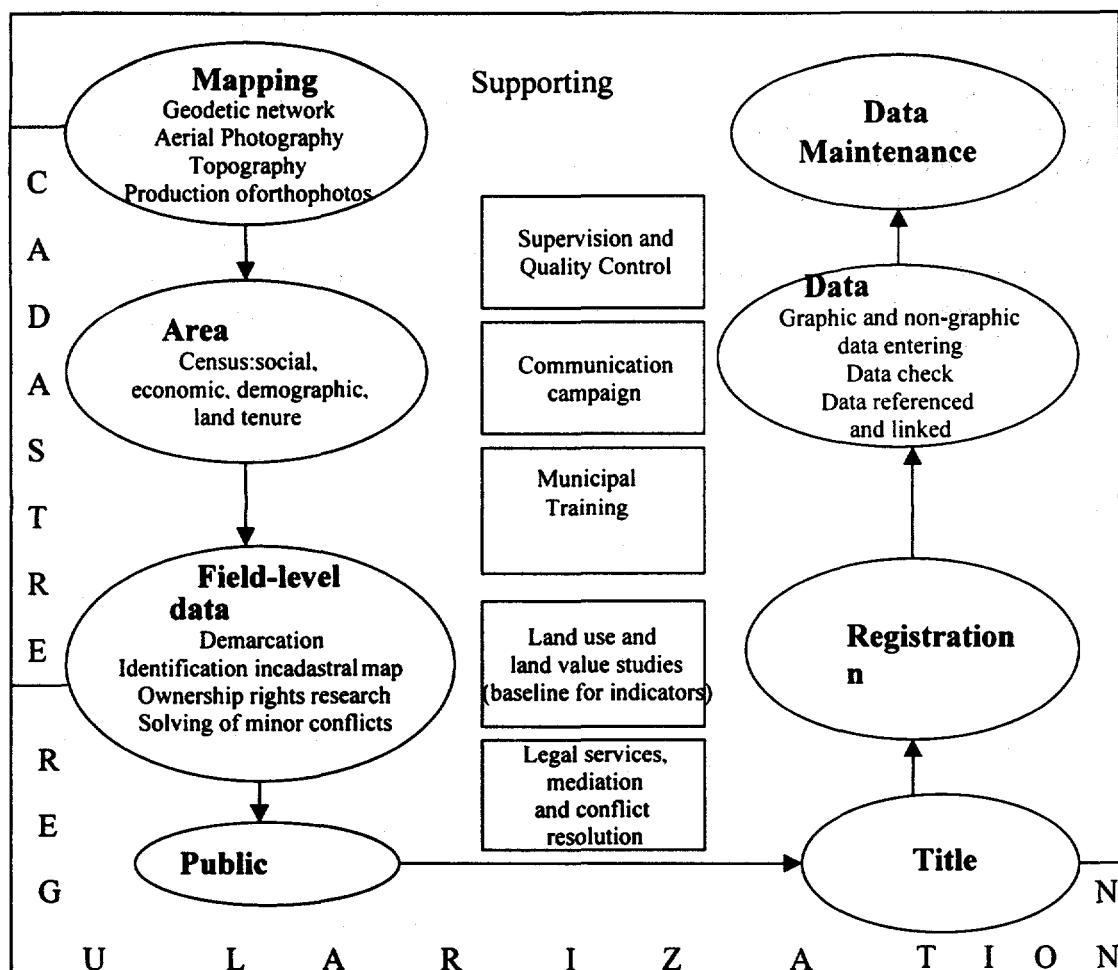
⁴ These other pilots do not include legal adjudication, or new registry offices.

⁵ The 1985 Constitution mandates registry decentralization to departments or regions. Petén is both.

projects, donors, NGOs and civil society, as well as of technical and financial auditing, accounting, procurement, and disbursement. Of particular importance would be the financing of technical assistance and training for procurement and works supervision activities. The component will finance the undertaking of studies for the project, including: (i) review and propose appropriate legislation to improve land legal framework, including up-scaling registry activities to the rest of the country; (ii) improvement of integrated parcel-based cadastre and registry system; (iii) review tariffs and potential new products to promote the land registry and cadastre ; and (iv) socio-economic and land tenure studies, including areas not subject to regularization.

The component will finance vehicles, field and office equipment, furniture, consultant services, training, and studies, financial and technical audits, funds administration, monitoring and evaluation, and recurrent costs on a declining basis.

(B) Land Adjudication Process



OUTPUTS

Production of norms and technical standards
 for subsequent phases
 Digital maps for entire department
 Eligible beneficiaries titled
 Integrated cadastre and registration system

Land Adjudication Process, and Distribution of responsibilities

The project will follow the same sequence as the KfW-supported Proselva methodology approved by CTP⁶. However, each step has been strengthened with a broader participation and legal support of local communities, and strengthening conflict resolution mechanisms

Process		
Private companies	UTECH	Contierra
	Mapping	
	Geodetic work for future cartographic production and field surveys.	
Aerial photographs		
Cartographic production for future field surveys		
	Field-Level Land Data Acquisition/Conflict Resolution/Supervision and Quality Control	
	Social communication program through various medias to present the project at the national, departmental and local levels (PPAPL).	
	Establishment of municipal legal offices to assist local population. (PPAPL)	
	Identify regularization area and planning	
	CTP official declaration of regularization areas	
	INTA and RGP titles registration analysis prior to field surveys.	
	On the field information campaign of local authorities, and communities prior to field surveys (PPAPL)	
	Legal assistance to local communities to obtain a legal status necessary for land adjudication. (PPAPL)	
Organization of field surveys. Beneficiaries request to CTP prior to field-surveys. Support to local population for field surveys.	Assistance to local population during for field surveys, including support to local communities, meetings, workshops, seminars (PPAPL).	Social impact identification and proposals to mitigate negative effects (PPAPL)
Field survey of cadastral-registral information.	Field survey monitoring	

⁶ Proselva methodology has been followed since 1996 within three Petén regularization projects. So far, more than 300,000 has (equivalent of 25% of the World Bank project area) have been regularized.

Process		
Private companies	UTECA	Contierra
Conflict identification and proposal for voluntary conflict resolution.	Conflict resolution through customary law (PPAPL).	Assistance to conflict resolution and social monitoring (PPAPL)
Field surveys delivery	Quality control Registral and cadastral analysis to compare field surveys with INTA and RGP archives.	
	Complementary field surveys (if needed).	Assistance to conflict resolution and social monitoring (PPAPL)
	Registro-cadastral analysis final report. Resolution of UTEC and CTP technical discrepancies.	
	Public viewing for community ratification of field results.	
	Assistance to conflict resolution during the public viewings (PPAPL)	Assistance to conflict resolution and social monitoring (PPAPL)
	Public viewing end.	
	Public registration	
	First payment (10% of the land value).	
	Title registry in the RGP.	
	Issuance of titles to beneficiaries.	
	Saving of all information in the integrated cadastral and registral data bases.	
	Transfer of remaining conflicts to CTP or other competent administrative or judicial body.	Assistance to conflict resolution (PPAPL)

Annex 2

(C) Glossary of terms

Adjudication: the process whereby the ownership and rights in land are officially determined.

Appraisal: estimating the market value of property.

Base map: a general purpose map upon which specific-purpose maps are based. A base map is usually made with reference to the national geodetic survey network, and plotted in terms of the national coordinate system.

Cadastral map: a map showing land parcel boundaries. Cadastral maps may also show buildings.

Cadastral surveying: the surveying and mapping of land parcel boundaries in support of a country's land administration, conveyancing or land registration system.

Cadastre: a type of land information system that records land parcels. The term includes:

- Juridical cadastre: a register of ownership of parcels of land;
- Fiscal cadastre: a register of properties recording their value;
- Land use cadastre: a register of land use;
- Multi-purpose cadastre: a register including many attributes of land parcels.

Collateral: the use property as a guarantee for a loan.

Conveyance: a method whereby rights in land are transferred from one owner to another. The rights may be full ownership or mortgage, charge of lease, etc.

Customary law: unwritten law established by long usage.

Deed: a legal document laying out the conditions under which land is transferred.

Demarcation: the marking-out of the boundaries of each land parcel on the ground.

Densification: increasing the number of survey control points within an area.

Digital mapping: (also known as automated cartography, or computer-assisted cartography): the processes of acquiring (capture), transforming and presenting spatial data held in digital form.

General cadastre: an official public record usually recording the ownership rights, value, and quantity of land in a jurisdiction, State or country; the legal land parcels are recorded in registers and on cadastral maps.

Geodesy: the scientific study of the size and shape of the Earth and the determinations of positions upon it.

Geodetic survey: the process of determining the exact spatial position of points on the Earth's surface. The geodetic network is a basis for topographic, environmental and cadastral surveying and mapping.

Geographic information system (GIS): a system for capturing, storing, checking, integrating, analyzing and displaying data about the Earth that is spatially referenced. It is normally taken to include a spatially referenced database and appropriate applications software.

Global positioning system (GPS): a system for fixing positions on the surface of the Earth by measuring the ranges to a special set of satellites orbiting the Earth.

Land information system (LIS): a system for acquiring, processing, storing and distributing information about land.

Land registration: the process of recording rights in land either in the form of registration of deeds or else through the registration of title to land.

Land tenure: the mode of holding rights in land

Land title: the evidence of a person's rights to land.

- Leasehold:*** land held under a lease, which is a contract by which the right of exclusive possession of land is granted by a landlord (the lessor) to a tenant (the lessee) for an agreed amount of money for an agreed period of time.
- Metes and bounds:*** a property description by reference to the bearings and lengths of the boundary lines (metres) together with the names of adjoining properties (bounds).
- Monumentation:*** the use of existing man-made landmarks as cartographic references.
- Mortgage:*** the conveyance of a property by a debtor (called the mortgagor) to a creditor (called the mortgagee) as security for a financial loan with the provision that the property shall be returned when the loan is paid off by a certain date. In some legal systems there is provision that the mortgagee has the power to sell the concerned property when the interest is not paid in time and the loan is not paid off by a certain date in accordance with the agreed stipulations.
- Photogrammetry:*** the science and art of taking accurate measurements from photographs.
- Real property:*** land and any things attached to the land including buildings, apartments and other construction and natural objects such as trees.
- Rectification:*** the legal process whereby errors on a land register may be corrected.
- Registration of deeds:*** a system whereby a register of documents is maintained relating to the transfer of rights in land.
- Registration of title:*** a system whereby a register of ownership of land is maintained based upon the parcel rather than the owner of the deeds of transfer.
- Spatial referencing:*** the association of an entity with its absolute or relative location.
- Sporadic adjudication:*** the determination of rights in land here and there, now and then.
- Systematic adjudication:*** the determination of rights in land on a regular and systematic basis, for example within one area at one time.
- Triangulation:*** a land survey technique of determining position by measurement of the angles in a series of triangles.

Annex 3
Guatemala
Land Administration Project

Estimated Project Costs
(US\$ million)

	Local	Foreign	Total
A. Cadastre and Land Regularization			
1. Mapping	0.6	1.7	2.3
2. Field-level and Data Acquisition	14.7	0.6	15.3
3. Conflict Resolution	3.5	0.2	3.7
4. Supervision and Quality Control	3.6	1.3	4.9
5. Maintenance and Updating of Cadastral Data	0.9	0.2	1.1
Subtotal Cadastre and Land Regularization	23.2	4.0	27.2
B. Land Registry Component			
1. Establishment of Registry in Petén	1.0	0.3	1.3
2. Modernization of Registry Records Management	0.6	0.3	0.9
Subtotal Land Registry Component	1.6	0.5	2.2
C. Project Management Unit	4.1	1.1	5.2
D. Front-end Fee	-	0.3	0.3
Total Baseline Cost	29.2	5.6	34.9
Physical Contingencies	1.5	0.2	1.7
Price Contingencies	2.0	0.3	2.2
Total Project Cost	32.7	6.1	38.8

Annex 4
Guatemala
Land Administration Project

Economic Analysis Summary⁷

	Present Value of Flows
Benefits	US\$ 27.9 million
Costs	US\$ 20.9 million
Net Benefits:	US\$ 7.1 million
IRR:	12.3%

Discount rate: 10%; Base Year: 1998

Summary of Benefits and Costs

Costs. The economic analysis focuses on rural land titling activities and the associated registry and cadastre maintenance activities, which represent the bulk of project expenditures.⁸ By taking advantage of lessons learned under pilot projects and incorporating improvements such as greater use of aerial photography, the cost of field activities related to regularization will be about \$9 per hectare. Additional costs, including the initial aerial photography and orthophotomap preparation, social communication, conflict resolution, supervision, quality control, and project management brings the average cost of rural land titling to about \$16.9 per hectare. The cost of registry and cadastre maintenance activities comes to about \$1.4 per hectare. Taking into account the different areas to which these costs apply (11,344 km² for titling activities, 18,000 km² for registry and cadastre activities), the average costs of titling and then maintaining that title up to date come to about \$17.8 per hectare. Overall, the cost of rural land titling activities is expected to be about \$15.8 million in present value terms. An additional \$2.5 million (in present value terms) will be spent on registry and cadastre maintenance activities (including the future costs that will be borne by various Guatemalan agencies following the end of the project itself), while the Project Preparation Facility (PPF) and Project Management expenses add another \$1.5 million and \$2.3 million, respectively. The project expenditures included in the analysis are summarized in Table 1.

Benefits. The main benefits expected to be generate by the project are:

- (a) **Improved security.** In Petén, improved security appears to be a major benefit of titling. Farmers consider tenure security to be extremely important, and cite the need to guarantee their household's source of livelihood, which they see as threatened by the potential for loss of land, as a major reason for wanting titles. As discussed below, farmers are willing to pay what for them are substantial amounts to obtain titles and the increased security they represent.

⁷ This annex was prepared by Stefano Pagiola, Economist in the Environment Department. See "Economic Analysis of the Benefits of Rural Land Titling in Petén" in the project files for a full description of the analysis.

⁸ Urban land titling activities, which represent about 14% of total project costs, were not included in the analysis because of the substantial additional resources that would have been required, given the differences between urban and rural land markets. Since urban land titling has much lower unit costs than rural land titling (about 19,000 urban land titles will be issued, compared to about 25,000 rural land titles) and is undertaken on land with much higher unit value, this omission reduces the estimated rate of return to project activities.

- (b) **Farmer investments.** As a result of improved security, farmers are likely to undertake a range of long-term investments that they had previously shied away from. Farmers who have received titles in pilot project have undertaken a range of improvements, including:
- **Tree crops.** Tree crops (including timber trees such as cedar and mahogany and fruit trees such as oranges, mango, banana, and cashew) can be profitable investments. One manzana (0.7ha) of cashew, for example, is estimated to have a rate of return of 35% and a net present value of Q9,720; once full production is reached after 8 years, it will generate a net income of about Q2,000. Similarly, a manzana of oranges is estimated to have a rate of return of 25%, a net present value of about Q16,000, and to generate a net income of about Q5,500 once full production is reached after about 7 years. Farmers without secure tenure are generally reluctant to undertake these investments, however, because of their long-term nature. Farmers in the Tayazal pilot area, however, have begun planting a range of tree crops since receiving titles.
 - **Improved pasture.** Pasture improvements also represent a long-term investment that farmers may be unwilling to make without secure tenure. Several farmers in Tayazal report having sown grazing areas with improved pasture. Aside from the increased livestock production possible from improved pasture areas, the sustainability of the system is also increased.
 - **Increased intensity of agricultural production.** At present, cultivation in Petén is based on frequent fallows (*guamil*). Some measures exist which can allow longer-term cultivation of the same parcel. For example, use of *frijol abono*, a nitrogen-fixing ivy, allows continuous cultivation of the same parcel for extended periods of time. The benefits of its use, however, are only felt beginning two or three years after establishment. Again, such efforts to increase the long-term productivity of land may be discouraged by insecure tenure.
- (c) **Access to credit.** Because of the weakness of Guatemala's rural financial markets and farmers' reluctance to risk losing their land by borrowing against it, increased access to credit will play a minor role in the benefits of titling. To address these issues, the Bank is assisting in the preparation of a Rural Financial Markets Project to address the current weakness of rural financial markets, based on a Rural Financial Market sector study which included extensive surveys in Petén and other departments.
- (d) **Land market improvements.** Despite legal restrictions, land sales already appear to be quite common in Petén. Since the common practice of selling the rights to "improvements" (*mejoras*) is officially frowned upon and since farmers place a high premium on tenure security (which unofficial transactions do not guarantee), it may be expected that the functioning of land markets will improve. Already there is anecdotal evidence that titling eases the operation of land rental markets, since farmers no longer fear tenants will be able to lay claim to rented land.
- (e) **Benefits of maintaining a land registry and cadastre.** Maintaining a land registry and cadastre is likely to lead to three basic groups of benefits:
- Ensuring that the benefits of titling are maintained. Without a functioning land registry, the reliability of titles would gradually degrade over time.
 - Providing a database for land use planning.
 - Substantially reducing transaction costs to users, who must now go to Guatemala City to register their land.
- (f) **Environmental benefits.** On-farm, regularization is likely to result in more sustainable resource use by removing the incentive to clear forest from farmers' own land so as to

establish ownership, increasing the extent to which farmers retain forest cover on their land rather than clearing it for agriculture; increasing planting of tree crops; and improving pasture, which will improve the sustainability of the livestock system. Off-farm, the project is likely to help alleviate the environmental impact of existing migration flows on protected areas by discouraging settlement in the core and multiple-use zones of protected areas and helping channel migration into less sensitive areas. Regularization will only be carried out outside protected areas. Since settlers place considerable importance on the ability to regularize their claims, an incentive will be created for in-migrants to settle outside protected areas.

Farmers require assistance for the potential benefits of new crops and production techniques to be fully realized, due to scarcity of resources and lack of familiarity with the agro-ecological environment of Petén. Improvements to transport and communications infrastructure and to rural financial markets would also help.

Main Assumptions and Results

Table 2 shows the rate of return calculations for the Land Administration Project:

- (a) The magnitude of the estimated benefits of titling is based primarily on the farmers' observed minimum willingness to pay for titles, which ranges from \$19 per hectare for farmers with up to 2 caballerías, to as much as \$113 per hectare, for farmers with 3 to 4 caballerías. This provides a *lower-bound* estimate of the value farmers place on land titles: farmers anticipate receiving benefits at least equal to the amount they pay for the title. In the pilot areas where titling has already been undertaken, uptake of the titles by farmers has been almost universal; in the earlier pilot areas, such as Tayazal, many farmers have now made their second payment. This provides strong evidence of the likely existence of substantial benefits and that farmers expect titling to be financially profitable from their perspective. A benefit estimate of \$35 per hectare is used in the base case calculations, roughly midway between the demonstrated willingness-to-pay for titles of farmers with less than 2 and less than 3 caballerías (the bulk of farmers expected to be affected). Since the willingness to pay is a *lower bound* of the benefits farmers expect to receive from titling, this figure is a reasonable but conservative estimate of benefits. This figure is also consistent with the available data on possible production benefits, such as the returns to cashew or orange production cited above.
- (b) The farmers' willingness to pay provides an estimate of the net present value of benefits. This estimate is converted to an estimate of annual benefits assuming that it takes 10 years for benefits to be fully realized, and that benefits increase linearly beginning with the year in which each plot is titled. This results in an estimated annual benefit of titling of \$5.3 per hectare per year, reached 10 years after titling.
- (c) The flow of benefits is then projected, based on the area titled in each year of the project. About 11,300 km² are expected to be titled, while registry and cadastre activities will benefit all 18,000 km² of land outside the protected areas. The resulting benefit flows are then discounted at 10%.
- (d) The discounted costs of project implementation are then subtracted. The cost estimates include all project costs, except for the cost of urban titling activities and for 50% of the costs of activities expected to have nationwide benefits.
- (e) Since both the estimated project costs and the estimated project benefits are incremental to what would happen in the absence of the project, explicitly computing a without-project case is not necessary.

Under these assumptions, the Net Present Value of the net benefits of the project is estimated to be about US\$7.1 million, with an Economic Rate of Return of about 12.3%, indicating that the project will be profitable. It should be borne in mind that these are *conservative* estimates, since the estimated benefits are based on lower-bound estimates, and since many environmental benefits remain unquantified and the more profitable urban land titling activities were omitted from the calculations.

This project is the first Bank-financed rural land titling project to receive an *ex ante* economic analysis, making comparison of these estimates to other projects difficult. The Bank-financed Second Land Titling Project in Thailand (Loan 3254-TH) had an estimated *ex post* rate of return of 34%. This project probably represents the upper-bound of likely returns to rural land titling, however, since it was implemented in highly-productive agricultural areas with well-functioning credit markets and since Thailand had substantial prior experience with rural land titling (thus holding costs down), a more appropriate comparator is provided by USAID-financed rural land titling activities in Honduras, which had an estimated rate of return (also *ex post*) of 17%—only slightly higher than anticipated in the Guatemala Land Administration Project, even though the Honduras project was implemented in a highland area in which benefits per hectare are likely to be higher than in Petén.

Sensitivity analysis / Switching values of critical items

Given the number of assumptions and the weakness of much of the data, sensitivity analysis is very important.

- (a) Reducing the assumed annual benefits per hectare by 20%, to \$4.2 per hectare, reduces the NPV to \$1.5 million and the ERR to 10.5%. The project breaks even as long as annual benefits per hectare are \$4.0 or more.
- (b) The assumption that the full benefits of titling would only be experienced after 10 years on any given plot does not affect results, since the underlying estimate of the total benefit from titling is unchanged.
- (c) If the area titled proves to be smaller than expected (for example, if areas ineligible for regularization prove to be larger than expected) or if no benefits are received from titling in some areas (perhaps due to other constraints preventing farmers from investing or because poor agro-ecological or socio-economic conditions preclude profitable investments), project benefits will decrease since overhead costs will be spread over a smaller area. If benefits are generated on only 10,000 km², instead of the expected 11,300 km², the NPV falls to \$3.9 million and the ERR to 11.3%. The project breaks even as long as benefits are generated on 8,300 km² or more.
- (d) A cost increase of 10% would reduce the NPV to \$5.0 million and the ERR to 11.5%, while a cost increase of 20% would reduce the NPV to \$2.9 million and the ERR to 10.4%.

These results show that the conclusion that the Land Administration Project is profitable is fairly robust to changes in the assumptions. The key assumption is that of the estimated benefits from titling. The base-case estimate of annual benefits of \$5.3 per hectare is reasonable in light of farmers' demonstrated willingness to pay for titles and is consistent with available data on possible returns from a variety of agricultural production improvements that are likely to be induced by titling. The project will break even as long as annual benefits are at least \$4.0 or more. Since this is only 35% more than the lowest demonstrated farmer willingness-to-pay for titles, and since this willingness-to-pay is a lower bound on expected benefits, it appears likely that this threshold will be reached. The project can withstand some escalation in project costs. However, attention needs to be placed on avoiding excessive cost escalations, since costs are front-loaded compared to the likely flow of benefits.

Table 1.
Costs of Rural Land Titling in Petén under the Land Administration Project
('000 US\$)

	Year												PV Total
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010+
PPF	1,167	407											1,537
Titling and Cadaster Activities													
1 Mapping													
Investment	73	621											
Recurrent	14	14	14	14	14	14	14	14	14	14	14	14	14
Total Mapping	87	634	14	14	14	14	14	14	14	14	14	14	710
2 Field-Level Data Acquisition													
Investment	771	3,179	2,913	2,854	2,819								
Recurrent	54	54	54	54	30								
Total Field-Level Data Acquisition	826	3,234	2,968	2,908	2,849	0	0	0	0	0	0	0	9,408
3 Conflict Resolution													
Total Conflict Resolution	822	520	412	356	289	231	173	116	58	29	14	14	2,269
4 Supervision and Quality Control													
Investment	236	677	144	144	32								
Recurrent	274	554	554	554	284								
Total Supervision	0	510	1,231	698	698	316	0	0	0	0	0	0	2,679
5 Maintenance and Updating													
Investment		223											
Recurrent	88	155	155	155	155								
Total Supervision	88	378	155	155	155	0	0	0	0	0	0	0	711
Total Titling	0	2,332	5,998	4,246	4,131	3,622	245	187	129	71	42	28	28
Land Registry													
1 Establishment													
Investment	100	62	101	45									
Recurrent	48	117	111	168	136	128	128	128	128	128	128	128	128
Total Establishment	148	179	211	214	136	128	128	128	128	128	128	128	1,425
2 Modernization													
Investment RIC	53	53	128	103									
Recurrent RIC	12	24	27	42	42	42	42	72	72	72	72	72	72
Total Modernization	65	77	155	145	42	42	42	72	72	72	72	72	755
Total Registry	0	212	255	366	358	178	170	170	200	200	200	200	2,180
Project Management	0	499	737	698	698	451							2,344
Total	0	3,043	6,990	5,310	5,187	4,250	415	367	329	271	242	228	228
													20,301

Notes: Present values discounted at 10%; 50% of costs of activities with national benefits included; 20% of costs of geodesic network included; costs of urban activities omitted

Table 2.
Rate of Return to Rural Land Titling in Petén
('000 US\$)

	Year																
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014+
Costs																	
Land titling	1,167	3,238	6,734	4,945	4,829	4,073											
Cadaster and Registry	0	134	161	231	226	112	261	225	207	171	153	144	144	144	144	1,437	
Total Costs	1,167	3,372	6,895	5,175	5,055	4,184	261	225	207	171	153	144	144	144	144	1,437	
Discounted Costs	1,167	3,065	5,699	3,888	3,453	2,598	147	115	97	73	59	50	46	42	38	34	313
Benefits of Titling	km2																
Area Titled in Year 2	2,836		0	150	300	451	601	751	901	1,051	1,201	1,352	1,502	1,502	1,502	15,017	
Area Titled in Year 3	2,836			0	150	300	451	601	751	901	1,051	1,201	1,352	1,502	1,502	15,017	
Area Titled in Year 4	2,836				0	150	300	451	601	751	901	1,051	1,201	1,352	1,502	15,017	
Area Titled in Year 5	2,836					0	150	300	451	601	751	901	1,051	1,201	1,352	1,502	15,017
Total Benefits	0	0	0	150	451	901	1,502	2,102	2,703	3,304	3,904	4,505	5,106	5,556	5,857	6,007	60,067
Discounted Total Benefits	0	0	0	113	308	559	848	1,079	1,261	1,401	1,505	1,579	1,627	1,609	1,542	1,438	13,072
Net Benefits	-1,167	-3,372	-6,895	-5,025	-4,604	-3,283	1,240	1,877	2,496	3,133	3,752	4,361	4,962	5,412	5,713	5,863	58,630
Discounted Net Benefits	-1,167	-3,065	-5,699	-3,775	-3,145	-2,039	700	963	1,164	1,329	1,446	1,529	1,581	1,568	1,504	1,404	12,760
NPV	7,058																
ERR (%)	12.3																

Note: All costs and benefits shown are incremental to the without-project case; 10% discount rate used; costs and benefits shown for 2014 represent the present value of all future costs and benefits.

**Annex 5A
Guatemala
Land Administration Project**

Financial Analysis of the General Property Registry (RGP)

1. Introduction

One of the goals of the Land Administration Project is to establish a regional office of the property registry in the department of Petén. This annex summarizes the findings of a study that evaluated the financial consequences of establishing this Regional Office and assessed its financial sustainability. The study determined that, on a national level, the Rate of Return on Revenue (net income divided by revenue) for the registry is positive in all years reflecting a positive cashflow both during implementation and the operational period.

During project implementation (1998 - 2003), the Petén Office will receive \$1.1 million in IBRD financing, covering investment and recurrent costs on a declining basis. The remainder of financing requirements for the Petén Office during implementation will be covered by revenues generated in the Petén. No additional financing is required from the Government of Guatemala or from the RGP during implementation. During the operational period (from 2004 onward) an increase of \$12 per conveyance would permit the Petén Registry to cover all recurrent costs, but RGP financing may still be required for the periodic replacement of computer and office equipment, and vehicles.

The financial position of the ROP would be strengthened by the introduction of a progressive tariff structure based on a profit target and by diversifying the sources of revenue, including more aggressive sales of digital geographic data. A review of the existing tariff structure is included in the project.

2. Income Projection for the Petén Property Registry

The Petén Property Registry will depend upon three potential sources of financing- (a) income derived from the provision of services; (b) fund transfers from the General Property Registry in Guatemala; and (c) IBRD funding. Four types of services will be provided, including conveyances, certifications, consultations and digital geographic data. The demand for each of these services is related to the number of properties registered in the Petén.

At present, there are approximately 10,700 properties registered in the Petén. As a result of the Land Administration Project, an estimated 19,400 urban properties and 24,700 rural properties will be registered. An additional 14,950 rural properties will be registered by other projects. Thus, a total of 59,050 properties -- including the 10,700 properties already registered -- will be registered, representing a net increase of 48,350 properties.

Additionally, an annual increase of 850 urban properties is projected following project completion. It is also estimated that some 1,800 new rural properties will be created from the sub-division of existing farms during the period of analysis.

2.1 Revenue Projection of Conveyances in Petén

The demand for registry services is divided into Initial Registration and Subsequent Conveyances. During the period of analysis covering the year 1998 to 2008, a projected total of 110,000 properties will be registered for the first time. In subsequent years, these properties will in turn generate an estimated 32,000

Subsequent Conveyances.

Conveyances are calculated by multiplying the total number of registered properties by a Subsequent Demand Index (SDI). The SDI was derived by dividing the number of conveyances by the number of registered properties, for the base period (October 1996 to October 1997). During this base period, 10,783 registered properties generated 397 secondary conveyances, implying an SDI of 4%. This rate was used as the base rate of demand during the first year of analysis. It is assumed that the rate increases gradually over time due to the development of the land market for property in the Petén. The SDI Index in Year 10 is assumed to equal 10%⁹.

The average conveyance fee was derived by analyzing data for the Petén for the same base period used to calculate the SDI. Forty-five conveyance categories were identified, of which 8 categories correspond to the Initial Registration of the property, and 37 correspond to Subsequent Conveyances. For each group, the average fee was calculated by dividing total fees by total number of conveyances. The average fees for Initial Registration and Subsequent Conveyances were calculated to be Q. 70 and Q.77 respectively (US \$12 and \$13).

Total revenue from conveyances for the period of analysis was \$970,000.

2.2 Revenue Projection from Other Sources in Petén

Additional revenue will be derived from certifications, consultations and digital geographic services. Revenue from certifications is estimated based on the base year Certification Ratio, defined as the ratio of certification revenue to conveyance revenue. In 1997, the Certification Ratio was 5.3%. This ratio was applied to the conveyance revenue projections to derive an annual estimate of revenue from certifications.

The projection of revenue from consultations assumed base year demand of 2 consultations per day (during the PPF), increasing annually by 2 consultations until reaching 16 daily consultations in Year 7. A total of 250 consulting days per annum were assumed, along with a fee of \$2 per consultation.

Revenue from digital geographic services is difficult to estimate at this point in time. A conservative estimate of \$3,000 per year was assumed. Revenue from these services is included in the analysis beginning only in 2004, since during implementation the registry and geographic information services will be administrated separately.

Total revenue from these three sources was \$159,000 during the period of analysis,

3. Cost Projections

3.1 Investment Costs

Detailed cost calculations were compiled for the Regional Office in Petén. The basecase scenario assumes investment costs of \$295,000 during the PPF and \$112,000 over implementation. An addition investment of \$75,000 is required during the operational stage (beginning 2004). Total investment costs for the period of analysis are \$492,000.

3.2 Recurrent Costs

⁹ By way of comparison, it is relevant to note that the Demand Index for El Salvador is around 12%.

Recurrent costs consist of the Regional Office personnel, other administrative costs, and incremental costs incurred by the Central Office in Guatemala. The additional volume of conveyances generated by the office in Petén will necessitate additional operators in Guatemala, who will be responsible for receiving and analyzing documents sent from Petén studying the conveyance, and preparing an electronic summary. Total recurrent costs during implementation range from \$141,000 to 169,000. During the operational stage annual recurrent costs are estimated at \$130,000.

3.3 Costs Related to the Registry-Cadaster Information Service (RCIS)

In addition to the costs outlined above, the financial analysis of the Registry in Petén must include the costs associated with the operation of the integrated Registry/Cadaster Information Service (RCIS). The Registry itself is integrally linked to the RCIS, and will depend upon updated cadastral information to maintain its registry records during the operational stage. Thus, the exclusion of the RCIS costs during the operational stage would result in an incomplete analysis of total cashflow requirements.

RCIS investment costs total \$230,000 every five years for replacement of computers, a vehicle and field equipment. In addition, recurrent costs total \$68,000 for personnel and administrative costs.

4. General Property Registry Cashflow Analysis

A cashflow projection was developed for the General Property Registry in Guatemala, incorporating the above financing requirements of the Petén office¹⁰. The revenue estimates are derived from a linear projection based on actual data for 1997 and projected revenue for 1998. Registry expenses in 1997 and 1998 were reportedly equal to total revenues, and an estimated 20% of revenues in those years went towards financing the modernization program of the central office in Guatemala City. This phase of modernization will be completed in mid-1999, freeing that revenue for other purposes. In 2000 and 2001, the modernization program for Quetzaltenango will absorb an amount equal to an estimated 80% of the central office's investment costs. Once these two modernization programmes are completed, a significant surplus will be generated annually. Cumulative net revenue for the period of analysis is \$5.3 million, including the financial support of the Petén Office.

5. Financial Indicators

Several financial indicators were considered as potential measures of the financial sustainability of the Property Registry. Upon careful consideration, however, the Return on Revenue (defined as Net Income divided by Revenue) was deemed the most relevant ratio by which to assess the Petén Registry's capacity to self-finance investment and recurrent costs during post-implementation years, and the General Registry's capacity to contribute to the financing of the Petén Registry¹¹.

The Return on Revenue was calculated for three time periods and three tariff levels. The three time periods are Year 0 (1998), the Implementation Period (Years 1999 - 2003) and the Operational Period (2004 - 2008). Averages were calculated for both the implementation and operational periods. The three tariff levels used were: Tariff 1, equal the current average tariff; Tariff 2, equal to Tariff 1 multiplied by a

¹⁰ The cashflow projection for the General Property Registry was based on rudimentary data obtained during the Appraisal Mission, it is recommended that detailed budgetary data be obtained from the GPP, in order to better substantiate these estimates.

¹¹ The internal Rate of Return (IRR), Net Present Value (NPV) and Benefit/Cost ratio are not appropriate in the context of the present analysis, neither for the Petén Registry, nor the General Registry at the national level. In the case of the Petén Registry, incremental net revenue is negative throughout the period of analysis. Thus, the IRR can not be calculated. The Net Present Value and Benefit/Cost ratio could be calculated, however the results would be spurious, since the full benefits of the project include not just the generation of revenues from registry services, but rather the increased economic activity that the improved land market will help engender.

factor of 2; and Tariff 3, equal to Tariff 2, multiplied by a factor of 2.5. With Tariff 2, net income switches from negative to positive in 2008, while with Tariff 3, the switch occurs in 2006. The implication is that the Petén Registry is able to self-finance recurrent costs by 2008 with Tariff 2 and by 2006 with Tariff 3.

Annex 5B
Guatemala
Land Administration Project

Fiscal Impact of the Project

There is potential to increase fiscal income for Guatemala in the next decade. Several factors will contribute to realize this potential.

1. Real property-related taxes in Guatemala

Data source: DICABI¹²

There are basically 3 real property-related taxes in Guatemala: the real property tax, known as IUSI (Impuesto Unico Sobre Inmuebles), the Property Transfer Tax, and the Tax on Bequests and Legacies. This tax system was reformed in important ways in 1992 and in 1994, as reported below. The three taxes together used to represent Q60 million in 1992, right before the reforms took place, of which 85% was from the IUSI, 10% from the Property Transfer Tax, and 5% from the Tax on Bequests and Legacies. The Property Transfer Tax was replaced in 1992 by the Value Added Tax, IVA, for which there is no collection information as the existing statistics add up all income due to IVA, regardless of the type of property being transferred. Since the IUSI is by far the most important of the real property taxes, this annex reports exclusively on it.

2. The real property tax (IUSI) before 1994

Data source: DICABI

The IUSI has been the most important real property-related tax in Guatemala. Before 1994 the IUSI was administered centrally by the Cadastre and Valuation Agency, DICABI. The basis of the tax was property value, assessed by DICABI. This centralized system has become inefficient as the country has grown fast. Three main factors explain the low levels of IUSI income achieved before 1994: i) low tax rates; ii) low collection effectiveness; and iii) incomplete information.

Tax rates

The rates used were 0.2% of property value for properties valued between Q2,000 and Q20,000, 0.6% for properties valued between Q20,000 and Q70,000 and 0.9% for properties valued above Q70,000. The average rate, resulting from dividing the total tax billed by the total assessed property value, has been of the order of 0.64%. The average coincides with the median rate due to two extreme and opposite effects: a) 46% of the total properties in the DICABI's database are valued at less than Q2,000, and are therefore exempted; and b) properties valued above Q70,000 can reach very high values.

Collection effectiveness

Another issue is collection effectiveness. To examine this, an effective collection rate is calculated as: total collected/total billed. This rate has been in Guatemala of the order of 61%. Specific data for Petén was not available.

Information

With limited resources, DICABI has been unable to keep up with the creation of new properties and the valuation of registered properties. Technical advisors in DICABI estimate that the agency's database

¹² DICABI= National Cadastre and Valuation Agency.

covers only 50-60% of the total number of existing properties. This percentage varies from region to region as departments close to the capital have usually better information. Other agencies estimate this percentage to be even lower, between 40-50%.

3. The real property tax (IUSI) after 1994

Data source: Project Municipal Strengthening for Land Tax Administration (closed).

In 1995 the tax administration started to be decentralized to municipal governments. This has been a gradual process in which the largest municipalities have engaged first. As a consequence, the IUSI income still administered by DICABI decreased substantially to Q24 million in 1995, Q5.4 million in 1996, and Q6.6million in 1997 (only January through September). To date, forty-six municipalities have been approved to administer the IUSI using the database provided by DICABI, and a subset of these are already managing it. A sample of six of these municipalities¹³ yielded an average collection per month of Q52,819, or per year of Q633,828. If this average were to be assumed for all municipal governments, the potential would be Q209 million, or at least 4 times the DICABI collection before 1994.

In December 1997 was approved a new IUSI law (Decree 122-97), with the intention of strengthening further the decentralization process and simplifying the calculation of the IUSI. The base of the tax was changed to area of the property instead of its value. Rates were determined on the basis of relative location (urban/rural), and use (residential, commercial, industrial). This law was amended in early 1998 due to criticism from different sectors of the Guatemalan society, resulting in Decree 15-98, with land value, once again, as the basis of the tax. There is a high degree of uncertainty with respect to new changes in the IUSI laws.

4. Potential collection in Petén

In Petén the IUSI collection in 1996 was of Q24,931 among the lowest departmental collections in the country. In order to estimate the potential collection, several assumptions were used. The IUSI collection is projected to increase from Q24,931 in 1996 to Q54,778 in 1999 (2 times) and to 501,440 by 2003 (20 times).

Assumptions:

- there are about 25,000 rural properties to be titled by the World Bank Project 15,000 to be titled by other projects, and 10,000 already titled
- there are 20,000 urban properties to be titled
- the annual increase in the number of urban and rural properties is variable
- most rural properties fall in the first land value category, lowest point, i.e., Q2,000
- most urban properties fall in the first land value category, mid-point, i.e., Q11,000
- the collection effectiveness improves from the prevalent 61% to 80% in the time-span of the project, with 5% increase per year.

¹³ Amatitlán, Cobán, San Miguel Petapa, San Lucas Sacatepéquez, Chiquimulilla Santa Rosa, Ayutla San Marcos

Potential IUSI collection in Petén
1999-2003
(in 1998 Constant Quetzales)

	1999	2000	2001	2002	2003
1. Rural					
Number of rural properties	12,000	20,000	30,000	40,000	50,000
Average land value	2,000	2,000	2,000	2,000	2,000
Tax rate	0.20%	0.20%	0.20%	0.20%	0.20%
Collection effectiveness	61.00%	65.00%	70.00%	75.00%	80.00%
Total rural	\$29,280	\$52,000	\$84,000	\$120,000	\$160,000
2. Urban					
Number of urban properties	1,900	4,800	9,700	17,500	19,400
Average land value	11,000	11,000	11,000	11,000	11,000
Tax rate	0.20%	0.20%	0.20%	0.20%	0.20%
Collection effectiveness	61.00%	65.00%	70.00%	75.00%	80.00%
Total urban	\$25,498.00	\$68,640.00	\$149,380.00	\$288,750.00	\$341,440.00
TOTAL	\$54,778	\$120,640	\$233,380	\$408,750	\$501,440

**Annex 5C
Guatemala
Land Administration Project**

Financial Management Assessment

Financial Management Systems, and Conversion to LACI System of Disbursements.

The UTEC will be responsible for the preparation and maintenance of all project accounts, management reports (financial and non-financial), Request for Reimbursement (SOEs), and management of Project Bank accounts in accordance with International Accounting Standards. A mission by a Bank-certified consultant visited Guatemala to assess readiness of the UTEC, in preparation for the implementation of the Loan Administration Change Initiative (LACI).

At present, UTEC is in the process of being staffed. The Unit is partly staffed, and the financial specialist hired. In addition, an accountant will be hired. UTEC has hired a firm to establish a Chart of Accounts, General Ledger, Cash Books and Auxiliary Records, which will be the basis of an integrated financial management system, in accordance to the system that will be established for all government agencies under the Integrated Financial System Project, SIAF, (Loan 3895-GU). This work will be completed by November 1998.

Prior to loan effectiveness, the UTEC will have in place an accounting system and planning/budgeting procedures capable of generating financial reports, including funds flow statements, with proper financial controls and capable of complying with Bank audit requirements.

Annex 6 **Guatemala** **Land Administration Project**

Procurement and Disbursement Arrangements

Procurement

There is no up-to-date Country Procurement Assessment Report (CPAR) for Guatemala and no comprehensive review of local regulatory and institutional framework for procurement was conducted. The Ministry of Agriculture (MAGA) through its Project Implementation Unit (UTEC) will be responsible for all procurement activities under the project. This is the first World Bank project for MAGA, and their experience on procurement is limited to NCB and local shopping carried out for a Project Preparation Facility Advance (PPF-300-GU). For this PPF, UNDP is providing procurement services and managing funds through a Cost Sharing Agreement (CSA).

UTEC staff are being trained on World Bank procurement. They have attended a Basic Procurement course in Guatemala for World Bank projects. A Procurement Specialist with experience on World Bank projects will be hired by UTEC. In the interim, additional implementation assistance is needed to begin implementation and manage procurement establishment efficiently.

As mentioned above, UNDP is currently providing procurement services and managing funds. The Government considers that continuity of these services is critical to an efficient project implementation and has therefore requested this support be continued. In addition, UNDP is exceptionally qualified to provide the administration services required under this Project. First, UNDP has already been vested with the responsibility of implementing many of the commitments under the Resettlement Peace Accord, including the land commitments in the Project areas. This responsibility affords UNDP a unique understanding of the complex range of issues affecting the Project. The Government considers that the complementary of these issues requires UNDP's full coordination with the responsibility of administering the Project funds. Second, UNDP has developed a unique comparative advantage through its current involvement in a virtually identical assignment in another post-conflict country, El Salvador, and a very similar assignment in Honduras. Land administration projects present many peculiar aspects which affect packaging decisions and choice of contracting methodology and, in turn, can have a significant impact on the Project's quality and efficiency. Project design in the present case has benefited from the experience gained in these like projects. Similarly, the experience gained by UNDP in carrying out procurement and its involvement in contract administration in such projects, uniquely positions it to provide these services vis-a-vis potential competitors. UNDP has already committed to second to the Guatemala Land Administration Project some of the procurement staff involved in the El Salvador Land Administration Project. For the said reasons, the Government feels that it is in the best interest of the Project to retain UNDP for the administration services. Under these circumstances, a sole-source selection is justified under paragraph 3.9 (a) and (d) of the Consultant Guidelines.

UNDP will work in close coordination with the Procurement Specialist retained by UTEC and local staff to transfer procurement and disbursement skills to them through day-to-day on-the-job training. The capacity building effort must be specifically aimed at enabling local staff to carry out their responsibilities successfully and independently with a view to phasing out external assistance. This progress will be monitored by UTEC as part of its procurement monitoring and reporting responsibilities and assessed by the Bank team once a year. The total cost of these administration services is estimated to be US\$900,00 equivalent based on an all-inclusive 3% service fee and the contract with UNDP will be based on the Standard Form of Agreement Between a Bank/IDA Borrower and a UN Agency.

Procurement Arrangements (Table A). Procurement of works and goods financed by the Bank under the project would be carried out in accordance with the Bank's *Guidelines for Procurement under IBRD Loans and IDA Credits* (January 1995, revised January and August 1996 and September 1997). Consultant services to provide technical assistance and training would be procured in accordance with *Guidelines for Selection and Employment of Consultants by World Bank Borrowers* (January 1997, revised September 1997). As applicable, International Competitive Bidding (ICB) would use the Bank-issued Standard Bidding Documents for procurement of goods and National Competitive Bidding (NCB) would be based on standard bidding documents and procedures acceptable to the Bank. The review of the first NCB contract should have the objective of agreeing to documentation and procedures to be used in subsequent NCB packages.

Goods consist of vehicles, motorcycles, computer equipment, office equipment, field equipment for supervision and quality control, and furniture for registry offices and UTEC. To the extent possible, goods will be grouped in packages of a estimated cost of at least US\$150,000 to be purchased under ICB procedures. For packages below the estimated cost of US\$150,000 but above US\$25,000, up to an aggregate amount of US\$800,000, NCB procedures will apply under simplified procedures for small contracts (e.g., below US\$50,000). Standard Bidding Documents (SBDs) issued by the Borrower and satisfactory to the Bank would be used. Goods estimated to cost less than US\$25,000, up to an aggregate amount of US\$ 700,000, will be procured under national or international shopping procedures, based on price quotations from at least three eligible bidders. Details of shopping procedures including a format for request of quotations would be discussed and agreed to at negotiations.

Works consist of mapping and geodesic works (aerial photography, orthophotomaps, measurement and monumentation of points in the field) and rehabilitation of offices. Mapping works will be procured under ICB procedures. Small works for rehabilitation of offices will be procured under lump-sum fixed-price contracts awarded on the basis of at least three bids from qualified local contractors.

Consultant Services would be procured in accordance with the Bank's procedures for hiring consultants. (See Table A.1). Cadastre regularization activities (US\$14.2 million) will be contracted as consultant services following QCBS selection process. These activities consist of the analysis of existing land tenure documents, new maps, cadastral inquiries field measurements, and resolution of land conflicts. The experience of the firms on regularization work, the methodology and work plan to carry out all field activities can vary from firm to firm and significantly impact the efficiency of the assignment. Given the size and the geographical spread of the regularization activities, at least 4 contracts will be required, and will be awarded under a period of time.

The project will hire consultants who will be essentially involved in two project activities: (i) strengthening of the PCU (US\$3.5 million) and (ii) the assistance to the cadastre and land regularization component (US\$3.4 million). For the strengthening of the PCU, mostly individual consultants will be hired, i.e., specialists in management, administration, finance, disbursement, procurement, technical supervision and quality control. The cadastre and land regularization component is the key component of the project. This component requires consultants with strong knowledge of local conditions, local languages, and very good communication skills with local population and indigenous communities (Table A.1).

Monitoring of procurement practices would be carried out to ensure consistency with Bank guidelines, the operational manual and the procurement plan. During Bank supervision, random reviews of procurement documents would be conducted. Procurement audits will also be carried out as part of the annual external auditing, where not only financial implementation will be examined, but also procurement procedures and physical implementation.

Prior review thresholds (Table B). The Bank would conduct a prior review of contracts of about 70% of the total project cost: (a) all ICB contracts; (b) the first two NCB contracts for goods; (c) the first two contracts under national and international shopping; (d) consultant contracts with firms above US\$100,000; and (e) consultant contracts with individuals above US\$30,000.

Disbursement

Allocation of loan proceeds. Disbursements would be made against the categories of expenditures indicated in Table C. The proceeds of the proposed loan are expected to be disbursed over a period of four years. The project closing date is expected to be June 30, 2003

Special Account. For all expenditures that will not be administered by UNDP, a Special Account (SA) in US dollars may be established at the central bank or in a commercial bank acceptable to IBRD, with an authorized allocation of US\$ 2.0 million, sufficient for financing four months of eligible expenditures.

Use of Statements of Expenses (SOEs). Disbursements would be made on the basis of full documentation for all expenditures made under contracts requiring prior review by the Bank, and contracts whose value would be raised above the prior review limits as result of amendments. For all other expenditures, disbursements would be based on SOEs: (a) contracts for goods costing less than US\$150,000 equivalent, (b) contracts for works costing less than US\$500,000 equivalent, (c) contracts for consulting firms costing less than US\$100,000 equivalent, (d) contracts for individual consultants costing less than US\$30,000 equivalent, (e) training, and (f) incremental recurrent costs, i.e. salaries, operating costs of PCU, maintenance of equipment, office supplies, utilities, etc.

UNDP CSA. Upon loan effectiveness and signature of the CSA, disbursements would be made directly to UNDP and would function similarly to a special account. An initial advance sufficient for expenditures of up to six months would be made and subsequently replenished based on acceptable reporting of eligible expenditures made from the advance.

Retroactive Financing. Retroactive financing of up to \$3.0 is recommended for expenditures incurred after May 26, 1998.

Audit

The UTEC would have the records and accounts of the project for each fiscal year, including the Special Account, audited by independent and qualified external auditors, in accordance with generally accepted auditing standards and procedures, and terms of reference satisfactory to the Bank. Certified copies of the audit reports would be submitted to the Bank no later than June 30 of each year.

Annex 6, Table A: Project Costs by Procurement Arrangements

(in US\$million equivalent)

Expenditure Category	Procurement Method				Total Cost
	ICB	NCB	Other	N.B.F.	
1. Goods					
Vehicles a/	0.5 (0.5)	-	-	-	0.6 (0.5)
Computers b/	0.8 (0.8)	-	0.2 (0.2)	-	1.0 (0.9)
Field Equipment c/	0.4 (0.4)	0.2 (0.2)	0.3 (0.2)	-	1.0 (0.8)
Office Equipment c/	-	-	0.1 (0.1)	-	0.1 (0.1)
Furniture and Other c/	-	0.5 (0.4)	0.1 (0.1)	-	0.6 (0.5)
2. Works					
Mapping Works d/	1.8 (1.6)	-	0.1 (0.0)	-	1.9 (1.6)
Rehabilitation of offices	-	-	0.1 (0.0)	-	0.1 (0.0)
3. Cadastre Regularization e/	-	-	14.2 (10.7)	0.2	14.4 (10.7)
4. Consultant Services f/			9.1 (8.2))	-	9.1 (8.2)
5. Training g/	-	-	0.9 (0.8)	-	0.9 (0.8)
6. Recurrent Costs	-	-	6.4 (4.5)	0.3	6.7 (4.5)
7. PPF	-	-	2.1 (2.0)	-	2.1 (2.0)
8. Front-end Fee	-	-	0.3 (0.3)	-	0.3 (0.1)
Total	2.9 (2.8)	0.7 (0.6)	34.7 (27.6)	0.5	38.8 (31.0)

Note: N.B.F. = Not Bank-financed.

Figures in parenthesis are the amounts to be financed by the Bank loan/IDA credit

a/ International shopping for vehicles and motorcycles (US\$58,000)

b/ International Shopping for computer equipment (US\$0.3 m)

c/ Other equipment will be procured through ICB, NCB and national shopping (US\$ 0.5 m)

d/ Mapping works include aerial photography and orthophotomaps.

e/ Regularization include regularization of records and registration and will be contracted as services.

f/ Consultant services arrangements are shown in Table A.1

g/ This category includes training related expenses different from consultants.

Annex 6, Table A1: Consultant Selection Arrangements (optional)

(in US\$million equivalent)

Consultant Services	Selection Method							Total Cost
	QCBS	QBS	SFB	LCS	CQ	Other	N.B.F.	
A. Firms								
a) System design for land registry	x							0.2
b) Training of the system	x							0.1
c) Auditing				x				0.1
d) Monitoring and Evaluation	x							0.1
e) Social studies for communities	x					x		0.2
f) UNDP contract						x		0.9
g) Publicity campaign	x							0.4
h) Social communication program	x							0.1
i) Technical assistance for decentralization	x							0.5
j) Data management	x							0.1
k) Cadastre Regularization	x							14.2
l) Decentralization management	x							1.0
B. Individuals								
a) PCU staff (12 people)					x			1.4
b) PCU Short-term Consultants					x			0.1
c) Consultants for Conflict Resolution					x			0.3
d) Social Specialist for Land Regularization					x			0.1
e) Supervision and Quality Control Team (9 people)					x			1.8
f) International consultants for Supervision and Quality Control					x			0.7
g) International consultants for geodesic network					x			0.5
h) Consultants of geodesic network					x			0.1
i) Consultant for social communication					x			0.1
							Total	23.7

Note: QCBS = Quality- and Cost-Based Selection
 QBS = Quality-based Selection
 SFB = Selection under a Fixed Budget
 LCS = Least-Cost Selection
 CQ = Selection Based on Consultants' Qualifications
 Other = Selection of individual consultants (per Section V of Consultants Guidelines), Commercial Practices, etc.
 N.B.F. = Not Bank-financed.

Annex 6, Table B: Thresholds for Procurement Methods and Prior Review

Expenditure Category	Contract Value (Threshold)	Procurement Method	Contracts Subject to Prior Review / Estimated Total Value Subject to Prior Review
1. <u>Goods</u>	US \$ thousands		US \$ millions
Vehicles	150	ICB	All (0.6 m.)
Computers	150	ICB	All (0.8 m.)
	>25	International / National shopping	First two (0.05 m.)
Field Equipment	150	ICB	All (0.5 m)
	25-150	NCB	First two (0.1 m.)
	>25	International/ National shopping	First two (0.05 m.)
Other	25-150	NCB	First two (0.1 m.)
	>25	National shopping	First two (0.05 m.)
2. <u>Works</u>			
Mapping	500	ICB	All (1.8 m)
Office rehabilitation	>150	Lump-sum contracts	First two (0.05)
3. <u>Cadastre regularization</u>	>200	Service contracts	All (14.2 m) 1/
4. <u>Consultant Services</u>	>200	Service contracts	All (3.0 m) 1/
With firms	>100	Service contracts	All (3.0 m) 2/
	<100	Service contracts	Only TORs
With individuals	>30	Service contracts	All (3.0 m) 2/
	<30	Service contracts	Only TORs
5. <u>Training</u>	Not applicable		
Total value of contracts subject to prior review:			27.3 m.

1/ Review of TORs, short-list, RFPs, technical evaluation report and financial evaluation report.

2/ Review of TORs, short-list, RFPs and financial evaluation report.

Annex 6, Table C: Allocation of Loan Proceeds

Expenditure Category	Amount in US\$million	Financing Percentage
1. Works a/	1.5	90%
2. Goods b/	2.5	100% FE, 100% LE (ex-factory costs), and 80% LE for other items procured locally
3. Consultant Services c/	17.6	100%
4. Training	0.8	100%
5. Operating Costs d/	4.3	100%, 70%, 40%
6. Front-end Fee	0.3	Amount due
7. PPF refinancing	2.0	Amount due
8. Unallocated	2.0	
Total	31.0	

a/ Includes mapping, aerial photography, and orthophotomaps.

b/ 100% financing for foreign expenditures and ex-factory local goods, and 80% for other local expenditures.

c/ Includes field work for regularization of land records.

d/ Declining percentage: 100% up to an aggregate amount of US\$ 2.5 million, 70% up to an aggregate amount of US\$4.0 million, and 40% thereafter.

Annex 7
Guatemala
Land Administration Project

Project Processing Budget and Schedule

A. Project Budget (US\$000)	Planned (At final PCD stage)	Actual
	108.3	25.8
B. Project Schedule	Planned (At final PCD stage)	Actual
Time taken to prepare the project (months)	24	24
First Bank mission (identification)	6/1/1996	6/24/1996
Appraisal mission departure	2/12/1997	5/26/1998
Negotiations	2/28/1998	10/29/1998
Planned Date of Effectiveness	6/30/1999	06/30/1999

Prepared by: PROTIERRA-UTJ

Preparation assistance: PPF 300-GU for \$2.0; PHRD grant (TF029522) for \$400,000

Bank staff who worked on the project included:

Name	Specialty
Cora Shaw	Task Team Leader
Mark Cackler	Country Sector Leader
Alexandra Ortiz	Urban Economist
Frederic de Dinechin	Land Information Specialist
Teresa Roncal	Procurement Analyst
Stefano Pagiola	Environmental Economist
Roger Pipe	Project Economist Consultant
Juan Martinez	Social Scientist Specialist
Norman Schwartz	Anthropologist Consultant
Marcela Tovar	Social Scientist Consultant
Jacques Gastaldi	Cadastre Consultant
Tom Korczowski	Land Information Systems Consultant
Douglas J. Graham	Biodiversity Specialist
Reynaldo Pastor	Counsel
Jose Roberto Lopez-Calix	Resident Representative
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Sally Zeijlon	Senior Country Officer
William Partridge	Lead Specialist Social Development
Thomas Wiens	Lead Specialist Rural Development
Augusta Molnar	Senior Social Scientist
Shelton Davis	Principal Social Scientist
Livio Pino	Financial Management
Lynn Holstein	Surveyor Consultant and Peer Reviewer

Rudolf van Puymbroeck	Chief Counsel
Paula Pini	Social Specialist

Annex 8
Guatemala
Land Administration Project

Documents in the Project File*

- A. Borrowers' Implementation Plan**
 - A1. Carta del Gobierno sobre el Prestamo de Programa Adaptable
 - A2. Conflictos-matriz
 - A3. PPAPL-Plan de Participacion y Apoyo a la Población Local
- B. Bank Staff and Consultants Assessments and Reports**
 - B1. Environmental assessment review (Douglas Graham, Jan/98)
 - B2. Economic analysis report (Stefano Pagiola, June/98)
 - B3. Social assessment report (Norman Schwartz, Juan Martinez, May/98)
 - B4. Legal assessment (Guillermo Sandi, March/98)
 - B5. Technical assessment (Frederic de Dinechin, April/98)
 - B6. Municipal Strengthening for Real Property Tax Administration - Training Proposal (Alexandra Ortiz, Jan/98)
 - B7. Financial Analysis report (Roger Pipe, June/98)
 - B8. Institutional assessment and capacity building recommendations (Jacques Gastaldi, April/98)
 - B9. COSTAB Tables, June/98*
 - B10. Terms of Reference for the Design of the Registry/Cadastre Information System (T. Korczowski, March/98)
 - B11. Information Technology Plan
 - B12. Plan de Capacitacion y Cronograma
 - B13. Terminos de Referencia para el Gerente Tecnico Internacional
- C. Other**
 - (a) Laws and legal studies:
 - Political Constitution of Guatemala (National Assembly, 1985)
 - Base legal INTA: acuerdos, decretos y ampliaciones complementarios a su función (INTA, 1996)
 - Criterios de calificación registral (Registro de la Propiedad, 1996)
 - Final report of the analysis of the Municipal Land legislation in the framework of the Land Administration Project (Fredy Argueta & Rodolfo Ochaetta, 1994)
 - Analysis of the Guatemalan Registry legislation: Needs for change and expectations (Jorge Bonilla, 1994)
 - Analysis of Agrarian Legislation in the framework of registry and cadastral registration (Roberto Morales, 1994)
 - Framework and legal opinion to cover the following aspects of the department of Petén (PROTIERRA-UTJ, 1998)

(b) Peace:

- Acuerdo de Paz Firme y Duradera (Dec/98)

(c) Indigenous Peoples Studies:

- Indigenous Peoples Profiles (Marcela Tovar)
- Memorias de Consultas con los Ancianos Maya (Huehuetenango, Septiembre y Noviembre 1996)
- Indigenous Peoples: Findings and Recommendations (Theodore Downing, 1993)
- Mayan agriculture and Natural resource management: a review of salient features (Avrum Shriar, 1997)

*Including electronic files.

Annex 9

Guatemala

Land Administration Project

Statement of Loans and Credits

- a. Intended disbursements to date minus actual disbursements to date as projected at appraisal.
 - b. Rating of 1-4: see OD 13.05. Annex D2. Preparation of Implementation Summary (Form 590). Following the FY94 Annual Review of Portfolio performance (ARPP), a letter based system will be used (HS = highly Satisfactory, S = satisfactory, U = unsatisfactory, HU = highly unsatisfactory): see proposed Improvements in Project and Portfolio Performance Rating Methodology (SecM94-901), August 23, 1994.

Note:

Disbursement data is updated at the end of the first week of the month.

Annex 10
Guatemala
Land Administration Project

Country at Glance

POVERTY and SOCIAL	Guatemala	Latin America & Carib.	Lower-middle-income	Development diamond*	
				Life expectancy	Gross primary enrollment
Population mid-1996 (millions)	10.9	485	1.125		
GNP per capita 1996 (US\$)	1,470	3,710	1,750		
GNP 1996 (billions US\$)	16.0	1,799	1,967		
Average annual growth, 1990-96					
Population (%)	2.9	1.7	1.4	GNP per capita	Gross primary enrollment
Labor force (%)	3.5	2.3	1.8		
Most recent estimate (latest year available since 1989)					
Poverty: headcount index (% of population)	..	..	..
Urban population (% of total population)	42	74	56		
Life expectancy at birth (years)	66	69	67		
Infant mortality (per 1,000 live births)	44	37	41	Access to safe water	Guatemala
Child malnutrition (% of children under 5)	..	..	..
Access to safe water (% of population)	64	80	78		
Illiteracy (% of population age 15+)	44	13	..		
Gross primary enrollment (% of school-age population)	84	110	104		
Male	89	..	105		
Female	78	..	101		

	1975	1985	1995	1996	Economic ratios*	
					Guatemala	Lower-middle-income group
GDP (billions US\$)	3.6	9.7	14.8	15.7		
Gross domestic investment/GDP	16.1	11.5	14.9	13.7		
Exports of goods and services/GDP	21.7	11.9	19.3	18.9	Openness of economy	
Gross domestic savings/GDP	14.3	10.5	8.8	8.5		
Gross national savings/GDP	14.6	8.9	11.0	10.8		
Current account balance/GDP	-1.8	-2.5	-4.0	-2.9	Savings	Investment
Interest payments/GDP	0.3	1.2	0.9	0.7		
Total debt/GDP	8.8	27.3	22.2	19.9		
Total debt service/exports	4.4	27.9	11.9	9.7		
Present value of debt/GDP	..	..	18.9	..		
Present value of debt/exports	..	..	..	..	Indebtedness	
(average annual growth)		1975-85	1986-96	1995	1996	1997-05
GDP	1.9	3.9	4.9	3.1	4.5	
GNP per capita	-0.9	0.6	0.2	3.0	2.5	
Exports of goods and services	-1.9	5.7	13.7	7.7	5.8	

STRUCTURE of the ECONOMY	1975	1985	1995	1996	Growth rates of output and investment (%)	
					GDI	GDP
(% of GDP)						
Agriculture	..	..	23.9	24.8		
Industry	..	..	18.9	19.3		
Manufacturing	..	..	14.8	14.7		
Services	..	..	57.2	55.9		
Private consumption	78.9	82.6	85.7	86.1		
General government consumption	6.9	7.0	5.5	5.4		
Imports of goods and services	23.5	13.0	25.5	24.1		
(average annual growth)		1975-85	1986-96	1995	1996	1997-05
Agriculture	1.2	3.2	3.6	2.5		
Industry	2.1	3.6	4.8	2.9		
Manufacturing	2.1	2.6	3.2	1.9		
Services	2.3	4.4	5.6	0.8		
Private consumption	2.2	4.1	5.2	3.8		
General government consumption	4.7	3.4	1.3	2.5		
Gross domestic investment	-3.7	8.0	-2.9	-12.2		
Imports of goods and services	-5.7	10.8	7.6	0.2		
Gross national product	1.9	3.6	3.1	12.1		

Exports	Imports
91	0
92	35
93	0
94	0
95	10
96	0

Note: 1996 data are preliminary estimates. Figures in italics are for years other than those specified.

* The diamonds show four key indicators in the country (in bold) compared with its income-group average. If data are missing, the diamond will be incomplete.

Annex 10
Guatemala
Land Administration Project

Country at Glance

PRICES and GOVERNMENT FINANCE				
	1975	1985	1995	1996
Domestic prices (% change)				
Consumer prices	13.2	18.6	8.4	10.4
Implicit GDP deflator	13.1	18.8	8.5	9.1
Government finance (% of GDP)				
Current revenue	..	..	11.7	11.2
Current budget balance	..	..	2.9	2.4
Overall surplus/deficit	..	..	0.0	-0.6
TRADE				
	1975	1985	1995	1996
(millions US\$)				
Total exports (fob)	..	1,060	2,156	2,224
Coffee	..	452	576	516
Sugar	..	44	246	224
Manufactures	..	..	603	649
Total imports (cif)	..	1,175	3,292	3,323
Food	..	85	607	645
Fuel and energy	..	262	287	338
Capital goods	..	197	832	813
Export price index (1987=100)	..	115	127	122
Import price index (1987=100)	..	87	106	107
Terms of trade (1987=100)	..	132	119	113
BALANCE of PAYMENTS				
	1975	1985	1995	1996
(millions US\$)				
Exports of goods and services	783	1,161	2,800	2,975
Imports of goods and services	860	1,257	3,727	3,788
Resource balance	-78	-96	-928	-813
Net income	-66	-170	-159	-99
Net current transfers	78	19	491	456
Current account balance, before official capital transfers	-65	-247	-595	-456
Financing items (net)	169	354	438	590
Changes in net reserves	-104	-107	157	-134
Memo:				
Reserves including gold (mill. US\$)	353	472	783	948
Conversion rate (local/US\$)	1.0	1.2	5.8	6.1
EXTERNAL DEBT and RESOURCE FLOWS				
	1975	1985	1995	1996
(millions US\$)				
Total debt outstanding and disbursed	322	2,656	3,275	3,132
IBRD	39	225	158	200
IDA	0	0	0	0
Total debt service	35	335	342	340
IBRD	4	24	54	27
IDA	0	0	0	0
Composition of net resource flows				
Official grants	3	27	105	65
Official creditors	23	139	-21	..
Private creditors	27	2	10	..
Foreign direct investment	80	62	75	80
Portfolio equity	0	0	0	0
World Bank program				
Commitments	26	45	0	9
Disbursements	7	49	13	69
Principal repayments	1	13	40	13
Net flows	8	38	-26	58
Interest payments	3	11	14	14
Net transfers	3	24	-40	42

Annex 11
Guatemala
Land Administration Project

Summary of Social Assessment

Objectives

1. A Social Assessment was carried out as part of Project preparation with the following objectives: (a) to identify the range of sociocultural groups in Petén and to assess, in a gendered-differentiated manner, the range of ways in which these groups hold, use and manage land; (b) to assess problems associated with different types of land holdings, and to identify the types of legal tenure preferred by different direct beneficiary groups in Petén; (c) to identify the most adequate methods for strengthening institutional and technical capacity in grassroots organizations; (d) to ensure that the recommendations of direct beneficiaries and stakeholders are taken into account in the project's design; (e) to identify potential or possible negative impacts of proposed activities for gender relations, for vulnerable and for inter- and intra-community relationships and design activities to preclude/mitigate these impacts; (f) to investigate the range of land tenure alternatives available in the existing law and to recommend changes deemed necessary to meet the needs and preferences of local stakeholders and direct beneficiaries.

The Social Assessment was carried out for the entire Department of Petén. The Project area was defined taking into account its findings and project objectives. The Project area excludes all the multiple use and core zones, which cannot be titled. Please refer to the Map at the end of the document.

Social Assessment Process

2. The Social Assessment included: (a) participatory --focus group discussions; (b) individual interviews with selected key contacts; (c) archival material - since 1990; the number of scientific studies carried in Petén has grown geometrically; (d) empirical findings based on the field work. The sample population was drawn from a socio-geographic matrix.
3. Historical and socio-ethnographic bibliographies include the Peace Accords of December 1996, particularly sections dealing with access to land, the rights of Maya communities, and consultation with the civil society. The Peace Accords deal with two major problems that have affected Guatemala for five hundred years - unequal access to land, particularly by indigenous communities.
4. The study was carried out in a limited time-frame, and facing some tensions and public skepticism, mostly in protected areas that are not part of the Project. For these reasons the study used a combination of research methods as explained in paragraph 2. An experienced field team with many years of work in Petén and extensive contacts among small farmers was selected. Most of the team members work with CARE, which itself has a land legalization program in Northern Petén.

Population in Petén

5. The population of Petén went from about 21,000 in 1959 when FYDEP was created, to 25,207 in 1964, right before the colonization of the department began. By 1981, the population was reported as 186,488. By 1990, the figure was 311,300 and by 1998 it was 513,310, with an increasing proportion - but not a

majority - of the population being Q'eqchi'. AHG and APESA (1992) claimed that the population growth rate was about 9 percent/year. AHG and APESA (1992) also reported that about 66 percent of the Petén population works in the agricultural-ranching sector. Assuming that the average household has 6 people, that would mean there are at least 85,552 households in Petén as of 1998. Under the assumptions that 50 percent of them are in the agricultural-ranching sector (42,776 households), and that each household controls in one form or another 45 hectares, the total number of hectares used for agriculture and/or ranching would be 19,249 km².

Project beneficiaries

6. In Petén the multi-ethnic groups are organized on the basis of (i) language affiliation and (ii) settlement history and length. In terms of language affiliation there are two groups: Mayas (among them Q'eqchi' and Itzá) and Ladinos (refer to the table below). In terms of settlement type there are various groups including, native Peteneros, colonists, settlers organized in cooperatives, and groups interested in forest concessions. The intersection of these categories results in four groups of settlers: (a) native Petén Ladinos and Itzá Maya, (b) Ladino and Maya colonists, including displaced persons, (c) Ladino and Maya settlers in cooperatives, including returning refugees, and (d) Ladino and Maya groups interested in forest concessions.

Petén Population Differentiated by Language Affiliation

MUNICIPALITY	1990	1998	MAYA	LADINO
San Benito	15,116	25,000	2,500 (10.0)	22,500 (90.0)
S. Francisco	3,335	10,000	2,000 (20.0)	8,000 (80.0)
La Libertad	34,483	75,000	22,500 (30.0)	52,500 (70.0)
Santa Ana	8,486	15,000	3,000 (20.0)	12,000 (80.0)
Dolores	41,195	62,700	12,540 (20.0)	50,160 (80.0)
Poptún	29,513	60,510	36,300 (60.0)	24,210 (40.0)
San Luis	73,111	90,000	72,000 (80.0)	18,000 (20.0)
Sayaxché	45,053	60,000	54,000 (90.0)	6,000 (10.0)
Flores	24,940	50,000	10,000 (20.0)	40,000 (80.0)
San José	2,515	3,100	1,830 (59.0)	1,270 (41.0)
San Andrés	11,434	22,000	7,700 (35.0)	14,300 (65.0)
Melchor	22,134	40,000	4,000 (10.0)	36,000 (90.0)
Total	311,300	513,310	228,370 (44.5)	284,940 (55.5)

Note: Most of the departments of Flores, San Jose, San Andres, and Melchor de Mencos are in core and multiple use zones, therefore out of the Project area. A good portion (approximately 50%) of Sayaxché is excluded for the same reasons. Without these, the total Maya Population included in the Project is of 178,000, a lower figure than the one presented in the table, but nonetheless a high percentage of the total.

7. Native Peteneros include Ladinos descending from families who have lived in Petén for as many as three hundred years, and Itzá Maya. They do not usually monocrop or farm large parcels, rather many of them harvest non-timber forest products (NTFPs) for a living. Some colonists live in well-organized communities, while others live in relatively unorganized settlements. Many Maya colonists (and a plurality of them are Q'eqchi') claim land under the Peace Accords. Most Ladino colonists are from the south coast or eastern Guatemala.

8. The socio-ethnographic data indicate that although small farmers share much in common, no two settlements are exactly alike. Few generalizations hold for all of them, except that they mistrust government, and they all want to be secure on the land and to be consulted about plans for any project affecting them.

Stakeholders

9. The main stakeholders include: (a) national, departmental and municipal government authorities, (b) grassroots organizations, (c) NGOs and the scientific community, and (d) private sector groups. There are several community organizations in Petén. The area that each one covers and their activities are summarized in the table below. Recently, priests have helped people in southern Petén to form Land Committees to legalize their holdings. CONAP and INTA are working with NGOs and private firms respectively to legalize holdings.

Community Base-Organizations in Petén

ORGANIZATIONS	AREA	GOALS AND ACTIVITIES
COMITE 42	42 settlements along road to El Naranjo Frontera, La Libertad	Grassroots land legalization and development project organization
COMITE 8	8 settlements along road to Bethel cooperative	Grassroots organization in formation; project development
CENTRO DE ATENCIÓN INTEGRAL MAYA	Q'eqchi' communities in Poptún and associated with Poptún Catholic Church parish	Land legalization program working with community land committees
OXLAJU TZUULTAQ'A MAYA Q'EQCHI'	18 Q'eqchi' settlements in La Libertad	Grassroots project development organization
CONSEJO INDIGENA Q'EQCHI'; DEL PETÉN	Sayaxché	Grassroots project development organization
ASOCIACION BIO-ITZA	San José, Itzá Maya	Forest concession in ejido of San José

10. Settlers are formally organized and represented by local groups, such as Land Committees (*Comités Pro Tierra*); government-sanctioned Improvement Committees (*Comites Pro Mejoramiento*); Q'eqchi' Councils of Elders (*Consejos de Ancianos*); and deputy mayors. However, Q'eqchi' communities tend to be more densely organized than Ladino ones, where individualism is more marked. These groups, close to the people and a form of local democracy, lack institutional strength, knowledge, and technical capacity to confront state agencies. Exceptions occur, e.g., the Bio-Itzá Association and refugee cooperatives. Most groups have to cope with increased costs for land based on INTA's reassessments of land values, and inefficiencies and favoritism in INTA. Because the state has not satisfied demands for land and is perceived to favor the rich (or, for Q'eqchi', Ladinos), people are forming and joining regional ethnic and communal associations to promote their interests, e.g., the Committee of 41 Communities in northwestern Petén and regional Q'eqchi' organizations.

Historical background

11. Problems facing Petén (and Guatemala) are rooted in history as well as current conditions. Major historical events include the Spanish conquest, Liberal reforms of the 1870s, the 1944 Revolution, the unequal benefits of the expansion of the cotton and beef industries in the 1960s, the economic crisis of the mid-1970s to the present, thirty years of internal war, and the return to formal democracy in 1986, followed by the Peace Accords of 1996. The historical legacy includes (a) unequal land distribution and ethnic discrimination in the Guatemalan highlands; and (b) profound, pervasive mistrust of the state.

12. In 1959, the government tried to cope with some of these problems by creating a parastatal company, FYDEP, with the mandate to develop and colonize the northern lowlands, including sparsely populated Petén. Congress passed several laws concerning the sale and titling of national land in Petén, and FYDEP pursued an agro-export model for development, based largely on the creation of large cattle ranches. The colonization program became disorganized and began to replicate conditions in the highlands. As population grew, land was acquired in irregular ways, traditional systems of tenure were disrupted, and small farmers unable to acquire title became insecure squatters.

13. During the 1980s many small parcels and ranches were abandoned. With the dissolution of FYDEP between 1986-1990, the opening of an INTA office in Petén around 1992, the Peace Accords, refugees returning to Guatemala, increasing land shortages in southern Guatemala, and continuing migration to Petén, land administration there became more complex, confusing and conflictive. By 1994 INTA had registered 5,000 titles, with another 40,000 applications pending. There are 70,000 to 80,000 small farmers occupying public or private areas without title.

14. Spontaneous, massive colonization and farming and ranching practices not adapted to lowland tropical soils has led to cycles of forest conversion for crops and pastures, soil depletion and further forest conversion. In 1989 and 1990, the government created a national park service, CONAP, and the Maya Biosphere Reserve (MBR) in northern Petén. Protected areas cover about 31.0 percent of all the lands in the department. Later on the government created reserves in southern Petén under Proselva.

Key issues identified by project beneficiaries

15. Today there are about 50,000 rural households in Petén, many claiming they need 45 hectares of land. Several factors promote small farmer movement to protected areas and private estates - growing population; unequal land distribution in southern Petén; farming and ranching practices which erode the land and provoke an advancing agricultural frontier; and absentee ownership of and irregular claims to large estates.

16. Education levels are low, and generally settlers lack knowledge of legal options regarding land holdings. Women do not usually play a role in public discussions about land, except in refugee cooperatives and NTFP villages. Though settlers tend to have good relations with NGOs, their mistrust of state agencies, particularly those dealing with land issues is profound.

17. Poor settlers and native Peteneros feel that planners have not consulted with them, and, as they say, they do "want to be taken into account." Most settlers are weary of cooperatives (refugees are an exception). Many accept the idea of forest reserves, but it is difficult to know if this is rhetoric, based on need or a genuine commitment to conservation.

18. Additional findings from the study are that farmers are shortening the fallow; often lack knowledge and/or incentives (lack of land security, market demands, lack of access to credit and technical assistance) to adopt strategies better suited to the lowland tropics; and lack favorable access to markets for a broader range of products. Many farmers note that they must work harder to maintain production standards and note increasing aridity in Petén plus decreasing soil fertility. As a result, they must convert more forest, move onto private estates which they believe are not being used or were acquired in some irregular fashion, and/or migrate to the MBR where they believe land is available. Q'eqchi' and Ladino farmers do adopt some soil management techniques (principally use of **Macuna spp.**), and respond to new market opportunities. Q'eqchi' and Itzá have specific cultural values promoting forest conservation. However, poverty, insecure land tenure, and market conditions make it difficult for them to act on their values. (Ladinos, too, will conserve resources, but more for practical than traditional cultural reasons.)

19. Most Q'eqchi' and Ladino colonists (unlike Itzá Maya and Petén NTFP harvester) prefer individual private land titles. The choice is more common among Ladinos than Q'eqchi', who often want to combine individual parcels with common community property. To increase their security, colonists in San Francisco and Santa Ana want to privatize ejidos, though this may conflict with the preferences of native Peteneros townsmen.

20. Among many Q'eqchi' and some Ladinos, the tendency to prefer individual titles is based on their understanding of land laws, which restrict their options. Among the Itzá and Q'eqchi' existing legal options are in conflict with traditional beliefs about land holding. Among Q'eqchi' the entire process is complicated by lack of bilingual communications programs and their mistrust of Ladinos. Q'eqchi' interpret Peace Accords concerning the identity and rights of indigenous peoples to mean they have a right to enter core zones of the MBR and to settle on archaeological sites, which they consider part of their sacred heritage; it is difficult to assess how much of this is a negotiating tactic, and the depth of belief probably varies. Ladinos justify their actions, when they do so at all, in terms of class inequality rather than past and present injustice.

21. Many colonists favor applying laws pertaining to land tenure in Petén even though or because this will mean revision of properties, particularly large estates.

22. Though examples of relatively successful colonization exist, most small farmers face multiple problems, including insecure land holdings, limited legal options, soil depletion, lack of technical assistance to increase productivity and incomes without further soil depletion, and lack of bureaucratic responsiveness.

23. There has been little planning for traditional and non-traditional users of MBR resources who live outside core and multiple use zones.

24. Most of the issues summarized above relate to present social (education, historical heritage), natural (soil aridity) and institutional conditions (mistrust of the State). Unlike other parts of Guatemala, in Petén conflicts among communities are few. Land conflicts tend to occur between groups of settlers and (a) state agencies such as IDAEH or CONAP (and by implication, NGOs identified with CONAP in the minds of settlers) and (b) possessors of or claimants to large estates, particularly estates which small farmers believe are abandoned or were obtained in an irregular manner, e.g., after poor people had been settled on the site.

Key issues identified by stakeholders

25. Key contact people in grassroots regional organizations, local government, and NGOs were interviewed. In general, they make distinctions between Maya and Ladinos; tend to believe that municipal ejidos do not serve useful purposes (which tends to overlook the valuable experiment regarding forest management in the ejido of Sayaxché); report that most people mistrust state agencies. They support the Peace Accords and balancing socio-economic development with forest conservation. However, some lean to on-farm conservation practices, and others to exempting large parts of the MBR from settlement. They note the depletion of soils and forests, and the need to provide settlers with technical assistance to increase farm production without increasing forest conversion. They also note an urgent need for bilingual communications programs.

Recommended Activities

26. Based on the above findings Project activities must (a) be based on active collaboration between planners and beneficiaries and (b) be adapted to the particular circumstances and felt needs of each group of settlers. The recommended activities are guidelines, precisely because detailed planning must grow out of local consultation processes. If this is not done, if beneficiaries do not believe they were "taken into account," then even the most prudent activities may fail.

27. Recommended activities, including ways to strengthen local-level organizational capacity, to increase small farmer income and productivity, and to take into account local preferences for how to use and hold land, are designed for different groups and for differently organized groups in each land zone (buffer zones, archeological parks, ejidos, national land and the Itzá forest reserve). There are recommended activities for groups using MBR resources without residing there. The possible downside of the recommendations and mitigation measures are also discussed.

28. However, several recommendations apply to all groups. There is an urgent need to establish in each municipality a bilingual Legal Office, to assist local people with land claims. Legal offices should be staffed with Q'eqchi' lawyers in southern Petén, to help adjudicate land claims in ways consonant with Maya customary law and the Peace Accords. The **Legal Offices** will have significant collateral benefits, e.g., by helping groups of Ladino farmers they will improve inter- and intra-community relations, and by assisting groups of small farmers legalize holdings they will lessen pressure to employ extra-legal measures such as invading core zones.

29. There is an urgent need to accelerate legal reforms, so that Peace Accord promises about Maya customary law and equitable access to land for all can be implemented. Were there more legal options regarding land ownership than presently exist, there might be less pressure for individual private titles. In addition, more options might facilitate adoption of resource conservation measures. Along with this, the recommendation is that existing laws and rules concerning private individual land holdings in Petén be applied. Programs of bilingual (at a minimum, Spanish and Q'eqchi') should be established and used to explain the nature and benefits of the cadastral study.

30. Projects for women should be income-generating and be based on women's activities, so that added income will remain with the women. Commercial ventures should be based on prior market studies. Experience with the Eco-Escuela of San Andrés suggests that in Petén, gender equality and empowering women is facilitated best by giving women alternatives, culturally compatible ways to earn and to keep more money.

31. Resettlement Issues. Potential resettlement could be likely in the nontitleable protected areas, which include main archeological sites. The project excludes these non-titleable areas. In the project area, if non-registered archeological sites are found, IDAEH has an inclusive policy of co-management with neighboring communities, which is in accordance with the Indigenous Accord.

32. Recommendations for a separate Bio-Itzá Reserve project are consistent with the Peace Accords, will help protect El Zott Biotope, and offer other communities a model of how to deal with ejido resources.

33. A social studies specialist should be in place for the length of the project to design, monitor and evaluate social communication programs and programs for strengthening grassroots organizations; to carry out special gender studies; and to evaluate feedback from and when needed amend the design for the **Legal Offices**.

33. Annex 2 of the Social Assessment recommends that archeological site inventories accompany the cadastral study. Both should include immediate, concrete and visible benefits for all property owners and claimants.

Annex 12
Guatemala
Land Administration Project

Local Communities Participation and Support Plan (PPAPL)¹⁴

The Local Community Participation and Support Plan (PPAPL) was developed by the GoG in order to incorporate the recommendations of the Social Assessment. It has two main objectives: (i) to inform the local population about the objectives, benefits, and activities of the Project; and (ii) engage the communities in the planning, implementation and evaluation of the Project. The PPAPL has four operational modules:

1. Providing effective information to the beneficiaries through a social communication program
2. Making effective the participation of beneficiaries through a community support plan
3. Strengthening of institutional mechanisms for conflict resolution
4. Social Monitoring

There are further studies, included in the Project Management Unit component. The PPAPL is directed to: government agencies and NGOs that operate in Petén, local governments, community based organizations, local community organizations, and the population of Petén. In addition to responding to the Social Assessment recommendations, the GoG has and is undertaking parallel activities that will complement activities of the PPAPL. These are: (i) creation of a Land Fund to facilitate the acquisition of land by eligible communities; (ii) creation of CONTIERRA as the presidential office for land conflict resolution; (iii) design of legal reforms to recognize alternative land tenure systems and organization forms of indigenous communities; (iv) preparation of a plan to protect sacred sites; and (v) reform of the judicial system including the construction of six judicial courts in Petén and a feasibility study to establish pre-judicial courts for land conflicts in Petén.

1. Social Communication Program

The activities of this module include:

- Hiring in PROTIERRA-UTEC of bilingual (Spanish and Maya language) staff to support: the information collection process; the literature review activities; the design, production and dissemination of written, visual, and oral messages; and the field work.
- Hiring in PROTIERRA-UTEC a social expert to prepare, design, produce and disseminate the social communication program.
- Carrying out a diagnostic of existing communication channels.
- Defining the communication strategy.
- Implementing the strategy, including: information system design, selection of media, and periodic evaluation of the effectiveness of the strategy.

2. Community Support Plan

The activities in this module are:

¹⁴ This annex is a summarized translation of the original document produced by the GoG. The original can be found in the Project Files.

- Carrying out socio-ethnographic studies to diagnose the social and organizational structure in each area of the Project.
- Identifying leaders and key liaisons persons.
- Establishing of municipal Legal Offices to provide legal advice to beneficiaries.
- Providing legal assistance to community organizations.
- Designing a participatory evaluation system.
- Carrying out archeological studies and workshops.

3. Strengthening of institutional mechanisms for conflict resolution

The activities in this module include:

- Hiring in PROTIERRA-UTEC of specialized personnel
- Establishing, in coordination with CONTIERRA, decentralized regional offices
- Mapping of conflict occurrences

4. Social Monitoring

The activities in this module include:

- Studying social representation systems within the community
- Establishing transparent consultation and dissemination mechanisms on operational procedures involving community participation (including public viewings)
- Carrying out periodic evaluations of sensitivity and confidence of information provided to the community
- Monitoring of the above activities by CONTIERRA

Other Activities included in the Project Management Unit Component

These include:

- Socio-economic and land tenure studies in Petén.

The PPAPL includes the following tables (in Project Files. Each table has the categories that are explained below, the problems associated with each, the relevant policies, the relevant agencies, and the Project's support in each case.

- (i). Land ownership types in buffer zones: private with registered title, private adjudicated by INTA (or by its FIDEP) with original beneficiary occupying the parcel, private adjudicated by INTA with occupier different from beneficiary, abandoned.
- (ii). Land ownership types in municipal “ejidos”: leased parcels, private parcels.
- (iii). Land ownership types in private lands: private with registered title, private without registered title.
- (iv). Existing land information problems: all the department is located in two original large estates that have been subdivided in an erratic way; the scarce registration information is in the Registry in Guatemala City; the nomenclature used by INTA in its adjudications does not match the national nomenclature system; there is agricultural use in areas zoned for forest use; urban development is chaotic.

The estimated PPAPL budget is presented in the table attached.

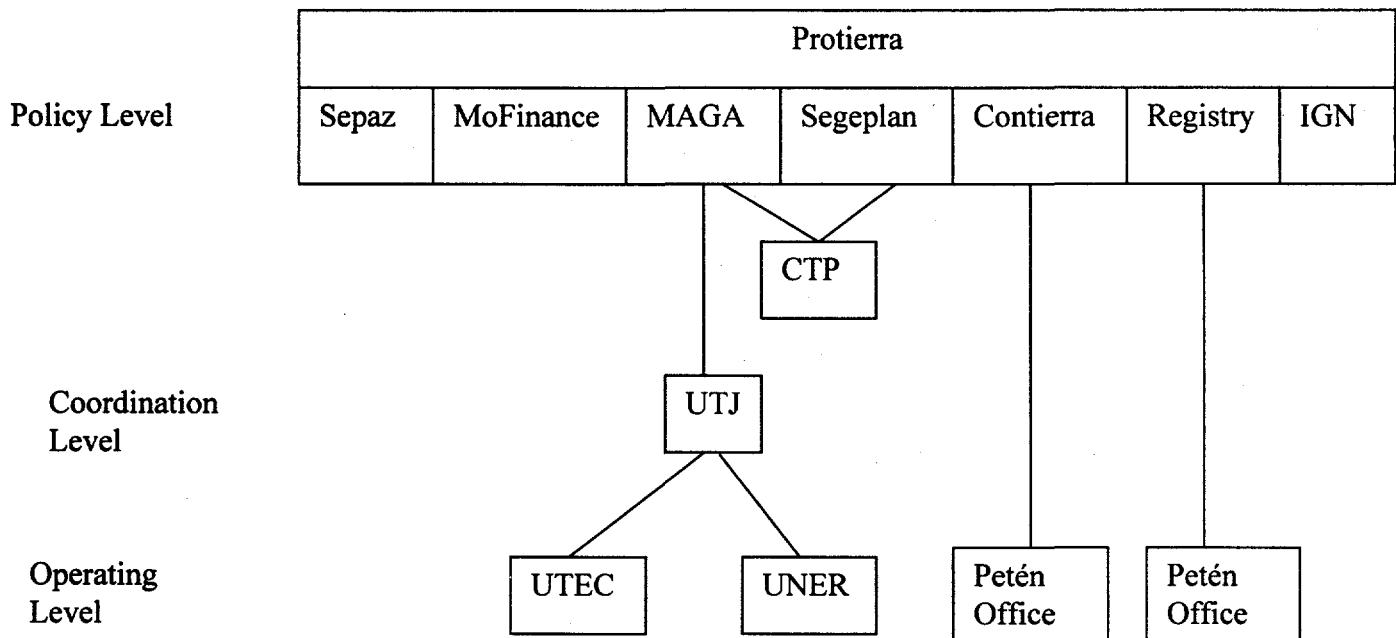
Local Community Participation and Support Plan PPAPL detailed costs

	PPAPL detailed costs (\$1,000)							Field-data acquisition costs		
	Costs without contingencies									
		1998	1999	2000	2001	2002	2003	Total	12.7% of indigenous people	44.5% of indigenous people
Costab Tables 100	Component									
	PPF									
	Social specialist (\$2800 per month)	33.60	16.80					50.40		
	Social communication program	50.00						50.00		
102	Field-level data acquisition								1693.55	5934.08
	Social specialist	16.80	33.60	33.60	33.60	16.80	134.40			
	Social communication program (design and implementation , including radio and TV campaigns)	150.00	150.00	150.00	150.00	150.00	750.00			
	Support to local communities (1999/2000, 800 communities * \$355)	284.00	113.60	56.80				454.40		
	Support to inter-community committees (1999/2000, 40 committees * \$355)	14.20	5.68	2.84				22.72		
	Local legal offices (1999/2004, 12 municipalities \$21,283)	81.73	81.73	81.73	81.73	81.72	408.64			
103	Conflict resolution									
	Socio-ethnographic, archaeological and community support studies and workshops (local and international consultancies)	70.00	70.00	55.00				195.00		
	Inter-community committees' workshops (1999/2000, 40 workshops * \$600)	15.00	15.00	15.00	15.00			60.00		
	Communication material production and diffusion (including bilingual brochures)	75.00	75.00	75.00	75.00			300.00		
	Inter-community committees' training	251.20	100.50	50.20				401.90		
	Juridical assistance to local organizations and communities	120.00	48.00	24.00				192.00		
	CONTIERRA's support (including social monitoring)	569.00	429.00	389.00	389.00	364.00	2140.00			
301	Project Management Unit									
	ZN and ZUM land tenure studies					200.00	200.00	400.00		
	Total	83.60	1663.73	1122.11	933.17	944.33	812.52	5559.46	7253.01	11493.54

Annex 13 A
Guatemala
Land Administration Project

Institutional Arrangements

This annex contains two parts: (i) an organigram of institutional arrangements and implementation action that shows the relationships among different agencies; and (ii) a diagram showing the functional responsibilities of UTJ.



PROTIERRA: Interinstitutional commission for the development and strengthening of land property rights, created by executive decree. It is responsible for institutional coordination of the seven national land programs related to the peace accords (see next page).

PROTIERRA-UTJ: PROTIERRA's national technical and legal unit, is responsible for the design and coordination of the national cadastral and registry program, under MAGA.

UTEC: PROTIERRA's Petén executing and coordinating technical unit. It will implement the cadastre and registry project in Petén, i.e. social communication campaign, field work, data analysis, quality control, supervision, training, under MAGA.

UNER: Special unit to be created under MAGA to assume INTA's functions until the Land Fund Law now before the legislature is approved.

CTP: Petén land commission, created by legislative decree. It designs and applies land policies in Petén. It is the highest authority on land in Petén.

CONTIERRA: Presidential office for land conflict resolution, created by special decree.

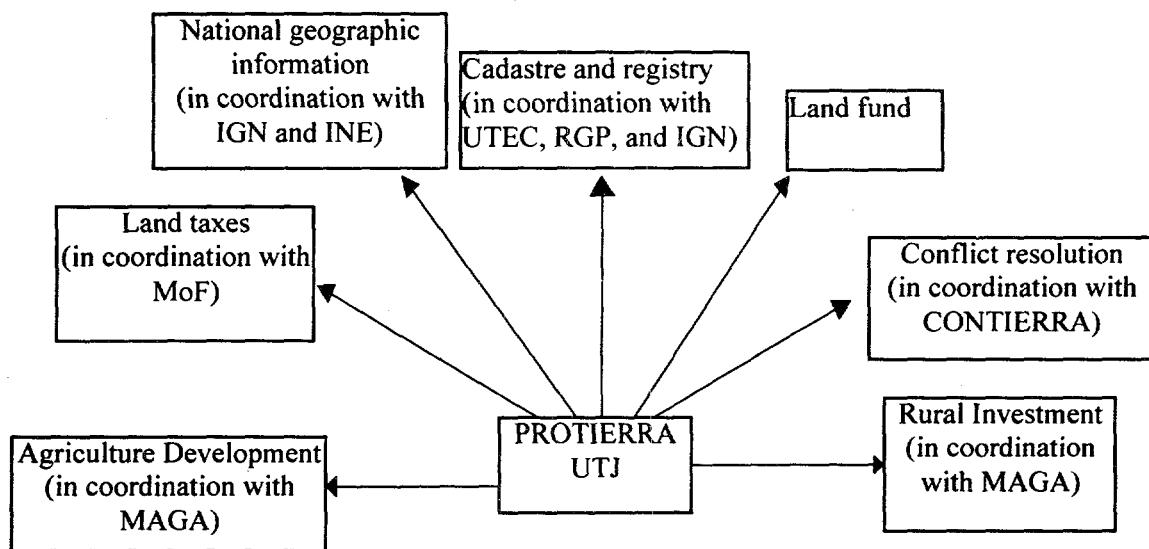
RGP: General property registry under the Ministry of State (under Ministry of Interior), it is responsible for the management and maintenance of the national registry. In the Project it will set up guidelines for the structure of RGP-Petén, procedures and products.

RGP Petén Branch: General registry property, Petén branch (to be created by the project). It will be in charge of the registration of land transactions in Petén.

IGN: National geographic institute under the Ministry of Communications, Public Works, Transport and Housing (MCOPIV). IGN will provide technical support to UTEC in geographic information systems, geodesy, global positioning system, production of orthophotos, cartographic information administration.

Functional Responsibilities of PROTIERRA/UTJ

Seven Land Programs Related to the Peace Accords



Annex 13 B
Guatemala
Land Administration Project

Training Plan Summary

1. Technical training

The program addresses five levels of staff, all include acquisition of practical experience.

Levels	1	2	3	4	5
Staff	Field workers	Verificators	Quality control	Professional	Managerial
Content:	Basic Cadastre	Topography: small and large scale, aerophoto- grammetry, remote sensing, errors, verification methods	Procurement	Administration: Administrative Law, Management	Land registration institutional framework
		Legal: real rights, communal rights, legal research, conflict resolution, land registry, legal proceedings	Performance Criteria	Legal: Civil, Administrative, Law, Real Property, Fiscal issues, Cadastre	Municipal institutional and legal framework
			Terms of Reference drafting and control	Topography: Geodesy, GPS, Information Systems	Higher level learning institutions
				GIS: Data base management, Communication systems, Programming languages	Legal institutions
					International land registry and cadastre models
Location	Local	Local	Local	International	International

Chronogram

1998	fin mayo	fin junio	fin julio	fin agosto	fin septiembre	fin octubre	fin noviembre	fin diciembre				
Formación nivel 1	→											
Constitución equipos de terreno	→											
Entrenamiento equipos de terreno	—	—	—	→								
Formación nivel 2					→							
Formación nivel 3						→						
Ejecución trabajos bajo PPF	----	----	----	----	----	----	----	----				
Gerente de proyecto	—	—	—	—	—	—	—	—				
1999	fin Enero	fin Feb	fin Marzo	fin Abril	fin Mayo	fin Junio	fin Julio	fin Ag	fin Sept	fin Oct	fin Nov	fin Dic
PPF	----	---	----	----	----	----	----	----	----	----	----	----
Gerente de proyecto	—	—	—	—	—	—	—	—	—	—	—	—
Inicio del proyecto					→							
Formación nivel 4					—	—	—	—	—	—	—	—
Formación nivel 5					---	---						

2. Municipal strengthening training

The main objective of the proposed training is to revise (according to the new law) the municipal administration training program that was provided to the first group of 88 municipalities under the World Bank-supported Institutional Development Fund grant to Strengthen Municipalities for Land Tax Administration (GT-44097, closed), and cover the remaining local governments. The operational objectives are:

- i) Strengthen the administrative capabilities of the 330 municipalities in the country in property registration, property classification, tax calculation, tax charging, and tax collection. This training will also include techniques on advertisement and public communications campaigns aimed at creating tax consciousness in the communities.
- ii) Develop the standard support software according to the requirements of the law.
- iii) Provide training in the installation, use and maintenance of the software in all 330 municipalities.
- iv) Develop a training methodology to strengthen the capabilities of local governments in project formulation and investment programs design with a strong community participation element. A total of 12 technical units will be created in 12 municipal governments as a pilot. Out of this experience the methodology can be validated.
- v) Support the National Association of Municipalities in the preparation and execution of a National Municipal Development Strategy.

Methodology

The methodology includes five elements:

- i) Classroom courses for municipal administration to take place in each of the 8 regions of the country. These courses will include 2 or 3 local officials of a number of 10-12 municipal governments. The courses will be held in hotels for periods of one week each.
- ii) Practicum courses to provide hands-on experience. These will take place in each municipal government. Typically each course might take 2-3 days or an entire week. The trainers will stay in the corresponding town.
- iii) Exchange programs. These will be of two types: a) study tours to take mayors and other local officials to visit good examples of decentralized local governments within Central America and perhaps South America; and b) exchange programs in which technicians from advanced municipalities would work for 1 or 2 weeks in less advanced ones. These exchange programs will contribute to the sustainability of the training program.
- iv) Software training. This will be hands-on training with the trainers visiting each municipal government for a short period of time. Depending on the timing of software completion, this module could take place at the same time as the practicum courses.
- v) Creation of technical units within 15 municipal governments. These technical units will receive training in: identification, design, appraisal, supervision and evaluation of investment projects. There will be a strong community participation component.

For each course, whether in classroom or practicum there will be a short standard evaluation to be filled out systematically. All evaluations should be tabulated and an information system maintained. Impact evaluations to determine in the long-term the usefulness of the courses will be devised as well.

The program should, in the first months of implementation design a small unit in charge of following-up the different activities described above. The unit will operate in the second year of the program. This unit will be in charge of providing software maintenance and training supplements, coordinating the exchange programs, and supporting municipalities with their education and information campaigns. Ideally this unit will continue after the program is finished and will be inserted within the institute or agency designated by the government to undertake the technical assistance programs for municipalities.

Budget and timing

The total budget to cover the 330 municipalities is estimated at \$1,500,000

Table 1: Budget

Number	Expense	\$
1	Training in-classroom	290,000
2	Practicum	195,000
3	Software: training and installation	72,000
4	Trainers	395,000
5	Training Module: Municipal Development Policies	
5.1.	Municipal Development Strategy	75,000
5.2	Projects	58,000
	TOTAL TRAINING	1,085,000
6	Exchanges	
6.1	International	29,775
6.2	National	41,300
6.3	Short-term consulting	45,000
	TOTAL EXCHANGES	116,075
7	Administration	
7.1	Technical coordination	72,000
7.2	Administrative assistant	24,000
7.3	Secretaries	12,000
7.4	Equipment	15,000
7.5	Office expenses	23,000
7.6	Logistic support	21,000
7.7	Rent	24,000
7.8	Cars	38,000
7.9	Messenger	12,000
7.10	Concierge	7,200
	TOTAL ADMINISTRATION	248,200
	SUBTOTAL	1,449,275
	UNDP (3.5%)	50,725
	TOTAL	1,500,000

The expected timing for this program is 24 months from November 1998 to March 2000. The funding will be:

Table 2: Sources of funding and timing

Amount	Source	Timing
\$70,000 (estimated)	World Bank trust fund 28551	March 1998-June 1998 (completed)
Operational expenses	United Nations	July 1998-September 1998
\$400,000	USAID (pending)	October 1998-October 1999
\$1,100,000 (estimated)	World Bank, Land Administration Project	June 1999-March 2000

Additional sources of funding may come from the European Union (UNDP is coordinating this front) and USAID. USAID has a program called "Citizen Participation in Local Governments" to provide technical assistance and training to 15-20 municipalities to strengthen citizen participation in the formulation of public policy, development agendas, and budget priorities, within a 4-year period. This program coincides with the fourth objective of this proposal and the fifth methodology component.

Annex 14
Guatemala
Land Administration Project

Legal Framework, Policies, Procedures and Practice for Land Adjudication

1. This annex describes the Borrower's Legal Framework, Policies, Procedures and Practice for Land Adjudication to be applied during the regularization of property rights under the proposed project. The proposed project is being processed as the first operation of an Adaptable Program Loan (APL), and it supports Government efforts to comply with its land commitments under the 1996 Peace Accord. Such APL will permit that land commitments be implemented during a longer term, beyond the Peace Accord timetable, thereby underscoring Government commitment.
2. The Legal Framework is made up of the relevant provisions of the 1985 Constitution, the 1996 Peace Accords – mainly the Identity and Rights of the Indigenous People Accord (the Indigenous Accord) and the Socioeconomic Aspects and the Agrarian Situation Accord (the Socioeconomic Accord), the Peten Land Law and its regulations and land adjudication procedures and practices in the project area of the Peten Department.
3. The Indigenous Accord calls for many consultative processes with the indigenous population, mainly through Joint (Indigenous and Government) Commissions ("Comisiones Paritarias"); the Project recognizes that these consultative processes are ongoing and that its design must allow flexibility to adapt to their outcomes. The Project's procedures would include conflict mitigation and resolution mechanisms, and other safeguards to ensure that people who may be adversely affected because of the application of the Peten Land Law have recourse to a fair process as enshrined in the legal framework described here.
4. The 1985 Constitution sets forth provisions (Art. 66-70) to protect Indigenous Communities way of life, social organization, languages and dialects, as well as protection for their lands held in communal or collective tenancy.
5. A proposed bill of law to implement the Constitutional provisions described in the above paragraph has been discussed with the Comisiones Paritarias and will be submitted to Congress for its approval. Since the introduction of the bill of law is still being debated, the proposed project has incorporated activities that do not require passage of implementing legislation, namely, an implementation methodology predicated on culturally appropriate social communication and training, community participation in national land rights adjudication and titling process, and formal and informal conflict mitigation and resolution mechanisms, as well as the provision of free, bilingual legal technical assistance and support at the local level. The Constitutional requirement for special protection for communal land holdings of indigenous communities would be implemented through the issuance of appropriate regulations.

6. The main Accords relevant to this proposed project are the Indigenous Accord and the Socio-Economic and Agrarian Accord¹⁵.

7. **Indigenous Accord (Acuerdo sobre Identidad y Derechos de los Pueblos Indígenas).** As mentioned in para. 3 above, the Indigenous Accord mandates the creation of several Joint Commissions (including Land, Sacred Sites, Reform and Participation, Constitutional Reform), which provide the formal fora for formulating proposals to comply with specific commitments. These commissions have not finalized their deliberations nor have they reached consensus on all issues yet. The project design has taken into account the issues where agreements have been reached and passage of legislation is not required. For those issues which are still being debated (i.e. the definition of indigenous communities legal forms of organization), the project, through its participatory process, offers a full range of existing options for community organization, including those contemplated under the Peten Land Law and its regulations. An example of the first case is the establishment under the project of free, legal offices with bilingual lawyers, in full compliance with the commitments to eradicate any form of discrimination and that indigenous communities be informed about official matters relating to their rights and obligations in their indigenous language. An example of the second case (i.e. those issues that are being debated) is that of acknowledging the legal personality of indigenous communities. This arises from the lack of appropriate legislation to implement the Constitutional provision (Art.70). This is currently on the agenda of the Joint Commission on Land.¹⁶

8. Another area of importance relates to customary law. The Indigenous Accord provides for strong recognition of customary law and commitment by the Government to seek legislation to recognize the right of indigenous communities to run their own affairs in accordance with their customary tradition, and access to the legal system for indigenous people through free legal services for poor indigenous persons and free interpreters. The representatives of the Government and those of indigenous peoples have agreed on the following wording for a proposed Constitutional Reform: "The State recognizes customary law, as those norms, principles, values, procedures, traditions and customs which regulate indigenous peoples internal way of living ("convivencia"), as well as the validity of their decisions, as long as they comply with them voluntarily and the fundamental rights defined by the national legal system, the international treaties and conventions on human rights which are adopted, accepted and ratified by Guatemala are not violated, and the rights of third parties are not affected".

9. A third issue contemplated in the Indigenous Accord relevant to the proposed project is the commitment to acknowledge land rights of indigenous peoples. These land rights include communal, collective rights, and individual rights. The Accord recognizes the importance to develop legislative and administrative measures for the recognition, titling, protection, recovery, restitution and compensation of these rights.

¹⁵ The Resettlement Accord (Acuerdo para el Reasentamiento de las Poblaciones Desarraigadas por el Enfrentamiento Armado) was signed in Oslo in June 1994, and became effective immediately. After four years of implementation, the parties agreed to close in September 1998, the registration of new beneficiaries under this Accord and all applicants have since been referred to the Land Fund. This draft Land Fund Law assigns then priority for ten years.

¹⁶ The Government presented to the Legislature a draft Land Fund law for its beneficiaries (draft prepared and issued by the Joint Land Commission, and agreed with the Accompanying Commission with URNG, Civil Society and MINUGUA representation). This information is relevant because it provides an indication of the Government's pragmatic approach to land adjudication and access. Article 22 of the draft Land Fund Law reads: "Organized Beneficiaries: The Land Fund will facilitate services of legal assistance to the beneficiaries to obtain constitution and legal personality of their organizations, be them civil associations, cooperatives, own forms of organizations of indigenous and peasant communities or any other selected by them. These beneficiary organizations can be dissolved and dispose of their assets in accordance with their by-laws, provided they are not in arrears with the Fund".

10. All the above measures are to receive priority due to the gravity of the land situation. To this end, and as agreed, the Joint Commission on Land has been established to study, design and propose appropriate procedures and institutional arrangements. Moreover, the Government has committed to make every effort to mobilize the necessary resources to fulfill these commitments, including those under the proposed project.

11. To support the above commitments, the proposed project would grant title to national lands (i.e. land currently owned by and registered in favor of the State like in Petén) to possessors through an open and transparent process under the Petén Land Law. The forms of organization to be recognized for titling purposes would be those provided in the revised regulations of the Petén Land Law. The national lands covered under the project exclude the non-titleable national lands under protected areas regimes: the core, multiple use and archeological zones. The project would include an archeologist certified by the national Institute of Anthropology and History (IDAEH), the administrator of cultural heritage and participant in the Joint Commission on Sacred Sites, to register any findings (also see para. 22).

12. **Socio-Economic Accord (Acuerdo sobre Aspectos Socioeconómicos y Situación Agraria).** The relevant issues covered by this Accord, include the following commitments, which are supported by the project, as explained below:

13. **Legal Framework .** This section recognizes the need for reform of the land legal framework to end the lack of protection of Indigenous Communities and rural dwellers. The Government has committed to:

- promote legal reform. The project provides technical assistance for this purpose;
- protect lands of ejidos and municipalities. The project provides support to municipalities which request assistance to clarify their land rights;
- regulate the participation of Indigenous Communities in connection with communal lands to ensure that the communities take decisions with respect to their own lands. The project provides support for the legal incorporation of communities in all allowable forms under the Petén Land Law. These would allow community organizations to hold title to land and deal with it in their own manner until such time as implementing legislation has been promulgated under Art. 67 of the Constitution;
- expedited resolution of land conflicts. The project implementation is based on open and transparent community-based conflict mitigation and resolution mechanisms;
- establish and apply judicial and non-judicial procedures to settle land disputes (esp. direct arrangement and conciliation), taking into account, inter alia, the provisions of the Indigenous Accord . The project implementation is based on open and transparent community-based conflict mitigation and resolution mechanisms;
- regularize the titling of lands of those Indigenous Communities and beneficiaries of INTA, who have legitimate possession of adjudicated lands. The project's land regularization activities focuses on the Petén area;
- establish the Presidential Office of Legal Assistance and Land Conflict Resolution (*Dependencia Presidencial de Asistencia Legal y Resolución de Conflictos sobre la Tierra -CONTIERRA*) to provide advice and legal assistance to farmers, including free legal representation in lawsuits. The project

supports the establishment of CONTIERRA offices in Petén, as well as free and bilingual legal offices in each Petén municipality.

14. Real Property Register and Cadastre. The Government also agreed in the Socioeconomic Accord to promote legislative changes to permit the establishment of a registry and cadastre system that is: decentralized, multi-user, efficient, financially sustainable, of easy update and mandatory. As of today, the Government has commenced the process of information gathering and clean-up (*saneamiento*) of the register-cadastre information, starting with priority zones (like Petén). Under the ongoing Project Preparation Facility (P-300-GU) for this project, proceeds have been used to finance training to the project coordination unit of data management.

15. A joint implementation, land registry and CONTIERRA office has already been established with PPF financing in Petén.

16. **The Petén Land Law** (Decrees Nos. 38-71, as amended by Decrees 48-72 and 118-96, and 1973 regulations¹⁷) governs the adjudication of national land in Petén Department. During the adjudication process the GoG will take into account the above legal framework, and other supplementary legislation applicable to the land adjudication process. The Petén Land Law will be interpreted in accordance with its regulations which will be amended as condition of effectiveness to clarify the interpretation of such law in light of the Constitutional provisions and the Peace Accords. The main features of the Petén Land Law are the following:

- the Petén Land Commission (CTP) has the authority to lay down the overall policies with respect to land tenure in the Petén (Art.2); this is described in the PAD (C: Project Description, Section 4: Institutional and implementation arrangement and E: Summary Project Analysis, section 5: Legal Analysis);
- three situations, if found, may lead to rejection of request for adjudication. These three cases are: (i) the applicant is not eligible (non-national, non-poor, or owning sufficient land elsewhere), Art. 16; (ii) the applicant is requesting land that cannot be adjudicated because it is an archeological site or a national reserve, Art. 15; and (iii) the land being claimed belongs to someone else and therefore the Government cannot adjudicate it.¹⁸ See para. 17 for transparent due process to contest administrative decisions.
- the concept of the State's tutelage¹⁹ (Art. 21) reduces clarity with respect to land title. The Government has agreed to reduce eliminate such concept through the draft Law for the Land Fund (referred in footnote 15).
- Art. 23 and 24. Art. 23, provides that those in possession of land who did not meet the requirements for adjudication of national lands when the law became effective were to hand over their lands to the Government agency. However, Art. 24 states that people who do not meet all the requirements to be beneficiaries but who have made productive use of the land may be adjudicated the land and, if they do not want to remain in such lands, are to be compensated for the value of the improvements made. The

¹⁷ These regulations have not been updated since their issuance in 1973.

¹⁸ The Government has informed the Bank that, after adjudicating 300,000 ha of national lands in the past four years, under projects financed by other donors, there has been no conflict or displacement resulting from the adjudication process.

¹⁹ Tutelage is a legal restriction imposed by the Petén Land Law which precludes the adjudication beneficiary to transfer, exchange, subdivide such property without prior written Government permission, for twenty years (this period has been reduced to ten years).

Government has informed the Bank that no one has ever been dispossessed of land under Art. 23. However, if this provision is applied by the CTP, the adversely affected people may address this rights through the process described in para. 17 below.

- those who were adjudicated land in violation of the law or did not comply with the obligations agreed to in the land adjudication contract, lose their rights in the land and the value of improvements (Art. 48). This article refers to two possible situations: violation of the Law (i.e. receiving the land illegally, as it is suspected of many persons connected with people in power in the past), or non-compliance with conditions of adjudication (i.e. non-payment of land purchase price). The first is founded in the respect for the legal system, and the second on the respect of the contractual obligations of the beneficiary.

17. The Peten Land Law sets forth in Art. 54, and in its regulations (Art. 58-62), a transparent process by which adversely affected people can defend their land claims rejected for the above reasons. The Peten Land Law establishes an administrative appeal process based on the level of the decision (“revocatoria y reposición”). Moreover, people cannot be evicted without previous judicial intervention, as a consequence of execution of a decision (Decree 119-96 - Law of Administrative Disputes - Decreto 119-96, Ley de lo Contencioso Administrativo).

18. The revised regulations of the Peten Land Law would clarify important provisions and ensure that such law be interpreted in light of the Peace Accords, and the relevant Constitutional provisions. For example, it would define the range of available forms of organization recognized for titling of land of indigenous groups, such as community enterprises (as per Art. 67).²⁰

19. **Procedures and Practice of Field Adjudication.** Under the above legal framework, the Government has adjudicated 300,000 ha of national land in the buffer zones of protected areas in the Peten, in the last four years. This is part of a strategy to protect further encroachment in the core and multiple zone protected areas; these activities have been financed by other donors. Based on this experience, the Government has developed the procedures and practice leading to guiding principles for field adjudication, which have been tested thoroughly in the Peten, and which the proposed project builds upon.

20. The procedures for adjudication are described in the Annex 2 of the PAD and in the Government's Local Community Participation and Support Plan (PPAPL, Annex 12). The PPAPL addresses the legal and institutional context of the proposed project, as described above. The PPAPL also describes the principles and practices used hitherto for the resolution of conflicts related to the adjudication agenda, and chance findings of cultural heritage sites. The methodology proposed under the proposed project includes recommendations and findings obtained through the social assessment process, and reports that the communities' expressed priorities are: (i) to have security of tenure; and (2) to be “taken into account” in the adjudication process. The overarching principle is to reflect the Government and the communities' willingness to arrive at solutions, for as long as communities wishes are heard and the Government respects them.

21. In the light of the Social Assessment recommendations, the project activities are based on a wide-ranging culturally-appropriate social communication process at the national, regional and local level and active and inclusive participation mechanisms at the local (i.e.: municipal, inter and intracommunity)

²⁰ See footnote 15. Also, the Social Assessment identified that, except for some recently arrived *q'eqchi'* communities, many people interviewed preferred individual titling.

level. The PPAPL also includes the establishment of legal offices with bilingual (mostly from the *q'eqchi'* group) capabilities to ensure inclusion of non-Spanish speaking populations.

22. **Access to Ceremonial Sites and Cultural Heritage.** In Guatemala, the Joint Commission on Sacred Sites is in the process of producing a joint report on criteria of what constitutes a sacred site and committing special resources or safeguarding them by the state or civil society. The Director of the Institute of Anthropology and History (IDAEH) heads the Government's delegation to this Commission. The Social Assessment points out the potential of discovering archeological sites in the Peten, many of which are not yet inventoried and registered. Currently, the Cultural Property Law is being revised and the Peten Land Law specifies (art. 15) that archeological sites can be rented for tourism purposes. The project supports a modality to grant, to willing communities, the co-management and administration of archeological sites; this is consistent with the Indigenous Accord. Regarding the policy on access to sacred sites, and though in transition, the proposed Government policy is also included in the draft Land Fund law , which is that, when a recognized ceremonial site is located in a property to be conveyed with Land Fund intervention, the land with the site will be subdivided and this parcel and a servitude to guarantee public access to it will be registered in favor of the Nation.

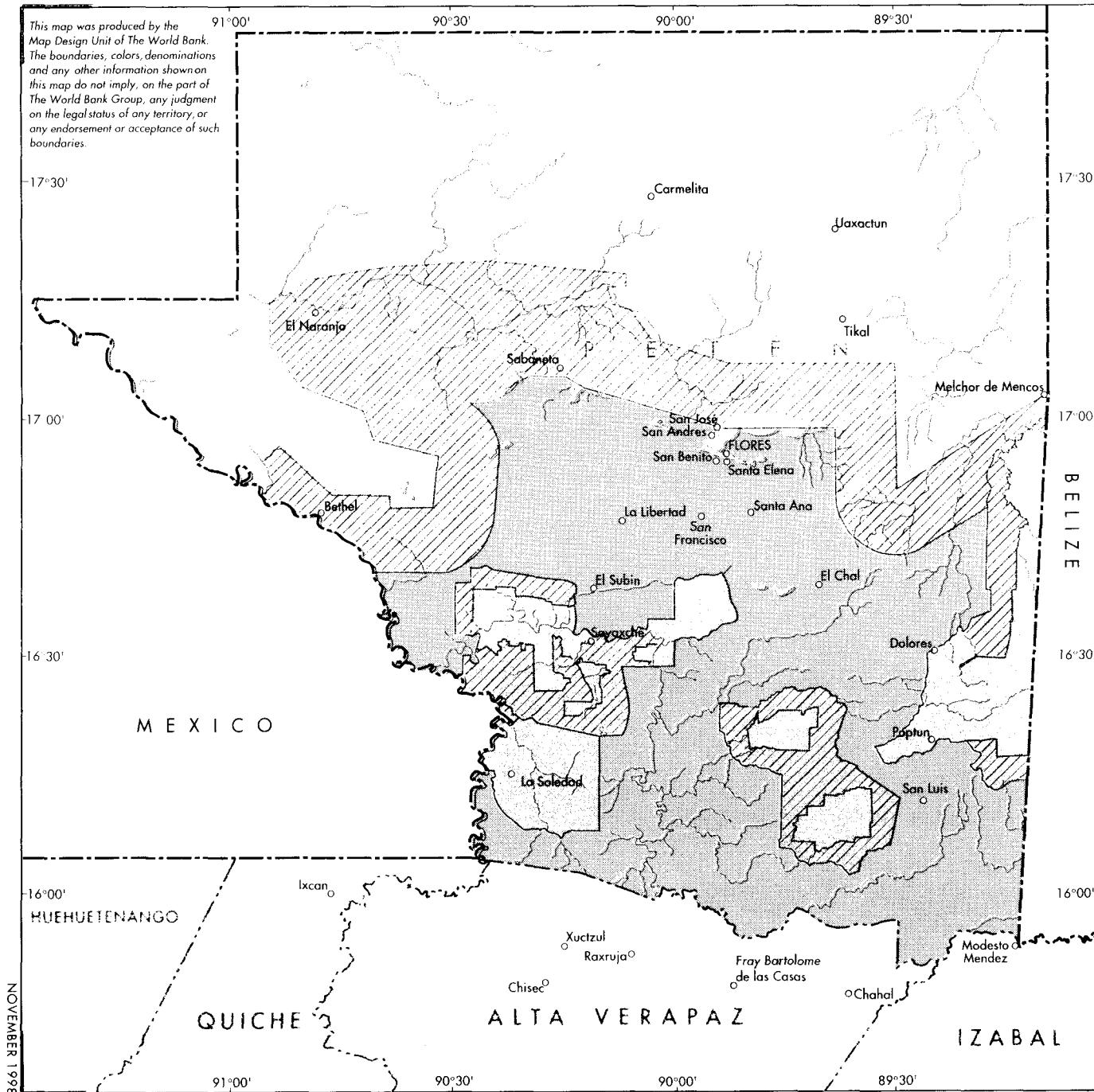
23. **Practice of Land Adjudication.** Actual practice can be illustrated by the experience of La Maquina. An indigenous community established possession around a non-inventoried archeological site, now known as La Maquina. The land adjudication team of the Maya Biosphere buffer zone (financed by USAID and implemented by an NGO, CARE), followed an iterative process, first with the community, and then with an IDAEH archeologist, to arrive at a community and Government-supported decision (in this case the institution was IDAEH because it administers cultural heritage sites). The community made internal decisions concluding in a sustainable and non-conflictive agreement among themselves and then with the adjudication and Government team. In balance, the outcome was the most desirable for all participants' perspective. Moreover, the boundaries to the archeological site are now enforceable because of community ownership.

24. The Government's project team has hired the social mediation management and expertise demonstrated in the above experience, and will continue to implement adjudication with the conflict resolution mechanism displayed in this occasion, partly using funds from the project.

25. The experience of La Maquina, as well as the ongoing titling projects permit to establish a set of principles, which constitute the core principles of the project implementation activities required for implementation of the project. These principles are:

- Informed participation: the project activities will be announced and discussed with local authorities and groups before deploying the technical staff, in order to anticipate, monitor and resolve any conflicts that may require special attention.
- Culturally appropriate support: the project will facilitate, free of charge and in the spirit of compliance with objectives and commitments under the Peace Accords, legal and organizational technical assistance, at the local level and in indigenous languages, to assist communities and individuals on legal land adjudication issues.
- Intra-community conflict resolution: the project will promote local, traditional conflict mitigation and resolution mechanism and ensure that the land distribution result of this process is adjudicated in a manner respectful of the community's decisions, within the constraints of other potential claims over the same space.

- Due process. Where rights (possessory or otherwise) are affected, the Government will follow the due process spelled out in the Peten Land Law article 54, its regulations article 45, 58-62. No person can be evicted from land it occupies without previous judicial intervention, Law of Administrative Conflicts, Decree 119-96 (Ley de lo Contencioso Administrativo).



GUATEMALA DEPARTMENT OF EL PETÉN

Land Administration Project

- BUFFER ZONES
 - MULTIPLE USE AND CORE ZONE
 - NON - PROTECTED AREAS
 - SELECTED CITIES AND TOWNS
 - RIVERS
 - LAKES
 - DEPARTMENT BOUNDARIES
 - INTERNATIONAL BOUNDARIES
- 0 10 20 30 40 50 KILOMETERS

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