

# World Bank Support for Land Administration and Management: Responding to the Challenges of the Millennium Development Goals<sup>1</sup>

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**Key words:** good governance, land administration, land management, land policy, land reform, Millennium Development Goals, tenure security, World Bank.

## SUMMARY

Land and property are generally the major assets in any economy. In most countries, land may account for between half to three-quarters of national wealth. Land is a fundamental factor for agricultural production and is thus directly linked to food security. Security of land tenure is an important foundation for economic development, social and environmental management, and also for supporting reconstruction following a disaster or conflict. There are many complexities, dimensions and themes associated with land administration and management. Securing land rights is particularly relevant to vulnerable groups such as the poor, women, orphans, displaced persons and ethnic minority groups. Fees and taxes on land are often a significant source of government revenue, particularly at the local level. In most societies, there are many competing demands on land including development, agriculture, pasture, forestry, industry, infrastructure, urbanization, biodiversity, customary rights, ecological and environmental protection. Many countries have great difficulty in balancing the needs of these competing demands. Land continues to be a cause of social, ethnic, cultural and religious conflict. For many centuries, many wars and revolutions have been fought over rights to land. Throughout history, virtually all civilizations have devoted considerable efforts to defining rights to land and in establishing institutions to administer these rights, i.e. land administration systems.

Reform of land administration in any country is a long-term prospect requiring decades of sustained commitment. It is a major investment of capital and human resources and requires strong and consistent leadership in order to achieve effective, sustainable outcomes. The World Bank, with the support of development partners and civil society organizations, are continuing to support land projects throughout the world. These projects have had varying

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emphases on social equity and economic development. In post-conflict countries, tenure security and access to land are major factors in providing long-term stability.

This paper outlines the World Bank's support for land reform programs to meet the challenges of the Millennium Development Goals (MDG), and presents the reconstruction of land and property rights in Aceh, Indonesia, as a special case study.

## 1. INTRODUCTION

Reform of land administration in any country is a long-term prospect requiring decades of sustained commitment. It is a major investment of capital and human resources and requires strong, consistent, transparent and accountable leadership, in order to achieve effective, sustainable outcomes. The World Bank, with the support of development partners and civil society organizations, are continuing to support, land projects throughout the world. These projects have varying degrees of emphasis on social equity and economic development. In post-conflict countries, tenure security and access to land are major factors in providing long-term stability.

## 2. THE IMPORTANCE OF LAND

Land and property are generally the major assets in any economy. In most countries, land accounts for between half to three-quarters of national wealth. Land is a fundamental factor for agriculture production and is thus directly linked to food security. Over the past two decades, much has been written about land being one of the main sources of collateral, used to obtain credit from established financial institutions such as banks, as well as from informal providers of credit.

Former United States President, Mr. Bill Clinton, who now serves as the United Nations (UN) Special Envoy for Tsunami Recovery, following his first visit to Aceh, on May 23, 2005, advised:

*I can think of nothing that will generate more income over the long run for average families in this region than actually having title to the land they own. Then, they will be able to borrow money and build a much more diversified, much more modern economy.*

On July 14, 2005, Mr. Clinton presented his first report on Aceh to the UN Economic and Social Council, (ECOSOC) in New York City, and advised:

*Those of you familiar with the work of Mr. (Hernando) de Soto around the world and similar projects know that the world's poor people have roughly 5 trillion dollars in assets that are totally unusable for economic growth because they don't have title to them so they can't get credit using what they own as collateral. This is going to be done through the World Bank grant in Aceh. It is very forward thinking on both the part of the World Bank and Indonesia but I hope that the other countries affected will do that and in its pursuit of the Millennium Development Goals, I hope that you, Mr. President and ECOSOC, can have an influence in urging this sort of project to be done in other countries outside the tsunami affected areas.*

Security of tenure is an important foundation for social and economic development. Fees and taxes on land are often a significant source of government revenue, particularly at the local level. Securing land rights is particularly relevant to vulnerable groups such as the poor, women and indigenous groups. In most societies, there are many competing demands on land including development, agriculture, pasture, forestry, industry, infrastructure, urbanization, biodiversity, customary rights, ecological and environmental protection. Many countries have great difficulty in balancing the needs of these competing demands. Land has been a cause of social, ethnic, cultural and religious conflict and many wars and revolutions have been fought over rights to land. Throughout history, virtually all civilizations have devoted considerable efforts to defining rights to land and in establishing institutions to administer these rights – land administration systems.

### **3. THE MILLENIUM DEVELOPMENT GOALS**

The Millennium Development Goals (MDG) commit the international community to an expanded vision for development, one that vigorously promotes human development as the key to sustaining social and economic progress in all countries, and recognizes the importance of creating a global partnership for development. The goals have been commonly accepted as a framework for measuring development progress. The MDG constructively challenges the entire global community. On the one hand, the MDG challenge poor countries to demonstrate good governance and commitment to poverty reduction. On the other hand the MDG also challenge the more wealthy countries to maintain their commitment to support economic and social development (World Bank 2002).

Many of the targets of the MDGs were first set out by international conferences and summits held during the 1990s. They were later compiled and became known as the International Development Goals. In September 2000 the member states of the United Nations unanimously adopted the Millennium Declaration (UN, 2000). Following consultations among international agencies, including the World Bank, the International Monetary Fund (IMF), the Organization for Economic Co-operation and Development (OECD), and the specialized agencies of the United Nations, the General Assembly recognized the MDG as part of the roadmap for implementing the Millennium Declaration.

The eight MDG are:

- Goal 1: Eradicate extreme poverty and hunger
- Goal 2. Achieve universal primary education
- Goal 3 Promote gender equality and empower women
- Goal 4 Reduce child mortality
- Goal 5 Improve maternal health
- Goal 6 Combat HIV/AIDS, malaria, and other diseases
- Goal 7 Ensure environmental sustainability
- Goal 8 Develop a global partnership for development

To monitor progress with implementation of eight MDG are 18 output targets and 48 key performance indicators. World Bank support for land reform projects is directly aligned to the MDGs, and especially with MDGs 1, 7 and 8. Indicator 32, which is used to monitor MDG 7

(Ensure environmental sustainability), specifically refers to tenure security. Perhaps MDG 3 (Promote gender equality and empower women) could be enhanced if there was an inclusion of an indicator to monitor women's property rights. Issues such as poverty reduction, tenure security, pro-poor land management, good governance, environmental sustainability, gender equality, the rights of vulnerable groups in society, exploitation of information communication technology (ICT) are all key issues for land administration and management programs.

There is no doubt that professional land surveyors and other land-related professionals can contribute to the MDG. Many such professionals provide technical support to the World Bank and its development partners. Therefore, it is very timely that the International Federation of Surveyors (FIG) is proposing to establish a special task force that will bring together expertise to analyze, explain, and present a FIG response to the MDG (Enemark, 2006). It is understood that the proposed task force would endeavor to cooperate with UN agencies, and the World Bank, to develop the FIG strategy, and to advise the FIG Council on necessary actions. Perhaps consideration could also be given to a review of FIG's most pre-eminent publication "Cadastre 2014" (1998), which pre-dates the MDG.

#### **4. OVERVIEW OF WORLD BANK SUPPORT TO LAND SECTOR**

The World Bank has been directly engaged in supporting the land sector for more than thirty years. This work can be broadly divided into key areas: (i) support for policy development, (ii) analytical and advisory (AAA) research; (iii) investment lending to support development and reconstruction (or lending). Land issues are deeply rooted in countries' histories and are often sensitive politically, implying that attempts to address them need to be solidly grounded in empirical research, often building on carefully evaluated pilots. The Bank's strong analytical capacity and intellectual leadership have allowed operations to draw on cutting edge research to show the importance of land issues for overall economic development and to help countries formulate and build consensus around national strategies to deal with land in a prioritized and well-sequenced manner. In many cases, e.g. China, Mexico, Ethiopia, India, South Africa, and Brazil, demand for the Bank's analytical work is equal or greater than that for Bank lending for land projects. Strong links to academic and civil society institutions in client countries and with development partners, continue to allow the Bank to translate analytical inputs into effective solutions to support development and reconstruction.

On the lending side, generally, Bank-funded land projects seek to alleviate poverty and enhance economic growth by improving the security of land tenure and efficiency of land markets through the development of an efficient system of land titling and administration that is based on clear and consistent policies and laws, gender-responsive and supported by an appropriate institutional structure. Lending projects typically involve: (i) legal, regulatory and policy reform; (ii) institutional reform; (iii) systematic land registration (first time titling); (iv) support for on-demand titling and development of subsequent land transactions; (v) land valuation; (vi) improved service delivery for land agencies; and (vii) capacity building for government, private sector and academe (Bell, 2005).

Table 1 displays total World Bank lending for land administration by fiscal year (FY) and region. It highlights a significant, though regionally highly uneven, increase in total lending with the total amount of lending under supervision currently standing at \$1.1 billion. Total commitments in FY01-06 were above \$1 billion, compared to \$760 million in FY95-00, and only \$172 million before FY95. However, the regional distribution is not uniform, with two regions, Europe and Central Asia Region (ECA) and Latin America and Caribbean Region (LAC), making up almost 90% of the size of the portfolio, followed by East Asia and Pacific Region (EAP), and virtually no lending in Africa (AFR), South Asia Region (SAR), and Middle East North Africa Region (MNA). One of the key reasons for such a vast difference is that the background work needed to underpin land administration projects in the MNA has really only just started. Given the importance of land policy for a wide range of situations, plus the Bank's shift from project- towards policy-based lending, it is not surprising to find an increasing number of projects with land policy or administration components.

**Table 1:** Lending for dedicated land administration projects (US Million.)

Region	Under supervision	FY01-FY06	FY95-FY00	Before FY95
AFR	48	48	46	
EAP	124	129	219	30
ECA	451	426	109	80
LAC	447	430	386	29
MNA				33
SAR	5	5		
<b>Total</b>	<b>1,074</b>	<b>1,037</b>	<b>760</b>	<b>172</b>

Source: World Bank, Lending Database, 2006

Table 2 illustrates that the number of these interventions amounted to 74 in FY01-06.

**Table 2:** Number of projects with land administration component/s

Region	FY01-FY06	FY95-FY00	Before FY95
AFR	28	15	16
EAP	13	9	9
ECA	16	10	3
LAC	8	9	13
MNA	3	3	5
SAR	6	3	5
<b>Total</b>	<b>74</b>	<b>49</b>	<b>51</b>

Source: World Bank, Lending Database, 2006

Given the complexity and long-term nature of land-related institutions, work on land would not be possible without having strong partnerships with a wide range of development partners, civil society organizations and academic institutions (Deininger, 2006). The Bank actively contributes to recent initiatives such as the High Level Commission for Legal Empowerment of the Poor, the Global Land Tools Network and is in regular contact with the private sector through institutions such as the International Federation of Surveyors (FIG) and with non-government organizations such through the International Land Coalition. The Bank maintains close relationships with United Nations organizations working in the land sector including

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Habitat, the Food and Agricultural Organization (FAO) and United Nations Development Program (UNDP).

## **5. LAND POLICY REFORM**

Land policy is directly related to the broader concepts of land tenure and property rights. Land, is perhaps, the “ultimate” resource. It is both a physical commodity as well as an abstract concept related to the rights to own or to use it. Land tenure may be seen as an institutional structure that determines how individuals and groups secure access to the productive capabilities of the land or other uses over the land. Land management is the process through which land resources are utilized, while land administration is more concerned with regulation which addresses issues related to land information and how they can be utilized for effective and efficient land management. These institutional structures are comprised of a mixture of political, economic, legal, and social factors and relationships, each of which has an impact on land rights and use (Marquardt, 2003).

Land policy reform serves a number of purposes, which may include: (i) enhancement of security of tenure and providing the basis for determining mechanisms for the distribution of land rights among citizens; (ii) promotion of social stability by providing a clear statement of government goals and objectives toward land; (iii) basis for economic development because decision making is based on expectations and predictability; (iv) ensuring sustainable land use and sound land management; and (v) guidance for the development of legislation, regulations, and institutions to implement the policy and monitor its impacts

Land policy to support land reform, is a complex, and long-term issue. There is no absolute template for land policy and every country has its own unique social, economic, political, environmental, historical, ethnic, cultural, religious context and idiosyncrasies. What works in one country may not be suitable and transportable to another country. In post-conflict countries, tenure security and access to land are major factors in providing long-term stability. All donors need to be cognizant of local conditions and issues and work constructively and flexibly.

Deininger (2006) advises that the first and thus far only policy document on land produced by the World Bank and formally approved by the Bank’s Board is the 1975 “Land Reform Policy Paper” which by now is quite outdated in many respects. To respond to demands for guidance by policy-makers and staff, the Bank produced in 2003 a Policy Research Report (PRR) on ‘Land Policies for Growth and Poverty Reduction’. This document was prepared in close collaboration with the Bank’s regional departments and development partners, and drew on a large body of research. Although the PRR is not a formal Bank policy document, it has in practice assumed its place and become a reference document for staff in the Bank and partner institutions. It is based on four principles, namely: (i) the role of the state in establishing secure property rights; (ii) the importance of well-functioning land markets to provide land access; (iii) the social and economic costs of highly unequal land distribution; (iv) the rationale for focusing regulation on clear externalities and for having efficient government institutions dealing with land. The PRR land policy principles are described below:

**(i). Security of Property Rights:** Land rights are social conventions that regulate the distribution of the benefits that accrue from specific uses of a certain piece of land. A number of arguments support public provision of such rights. First, the high fixed cost of the institutional infrastructure needed to establish and permanently maintain land rights favors public provision, or at least regulation. Second, the benefits of being able to exchange land rights will be realized only in cases where such rights are standardized, regulated and can be easily and independently verified. Finally, without central provision, households and entrepreneurs will be forced to spend resources to defend their claims to property, for example through guards, fences, etc. which is not only socially wasteful but also disproportionately disadvantages the poor, who will be the least able to afford such expenditures (Deininger, 2005).

Security of property rights and the ability to draw on local or national authorities to ensure these rights, are key to increasing investment incentives and productivity of land use. A wide range of options to increase tenure security, from full formal title to legally backed mechanisms at the community level, can result in higher levels of tenure security and studies have shown large differences of land values for plots with more secure tenure. Measures to improve tenure security can also improve the welfare of the poor. However, in many cases, the land owners will need to pay comparatively large amounts of “informal” payments to government officials in order to secure their rights.

Security of tenure is critical in limiting land disputes, and promoting social stability. Once land rights are obtained, how are those rights protected? What assurance does the individual have that his/her rights to land will be protected? Rights over land and property also carry an obligation to respect the rights of others. Thus, there are social sanctions over land rights as there are legal sanctions to protect land rights. Where informal structures no longer function, formal, legal and administrative structures need to be created to provide this assurance or security of tenure. Of particular importance are the rights of vulnerable groups in society such as women and orphans, as is highlighted in the Bank’s support for property rights in Aceh following the tsunami. Aceh is also important as it has only since late 2005, achieved peace, after some 30 years of conflict.

Even though most countries mandate equality of men and women before the law in principle, the procedures used by land administration institutions often discriminate against women, explicitly or implicitly. To overcome this, a pro-active stance in favor of awarding land rights to women by governments, together with rigorous evaluation of innovative approaches aiming to accomplish greater gender equality in control of conjugal land on the ground may be warranted.

**(ii). Well-functioning Land Markets:** Improving tenure security will provide direct benefits only to those who have access to land. Making land rights transferable will not only further increase investment incentives but also allow the landless to access land through markets. Furthermore, transferability that is combined with formal title allows using land as collateral for credit if credit markets are sufficiently developed. Transferability is particularly important in dynamic environments to bring about changes in land use and allow households to shift from agriculture to non-agricultural occupations. Studies show that land rental improves

efficiency and equity in many settings. Land sales markets are often “thinner” but in many circumstances can enable the poor to gain access to land.

**(iii). Equitable land distribution:** Extreme inequality in the land ownership distribution often goes hand in hand with under-utilization of vast tracts of productive land and deep-rooted rural poverty. It is in the state’s interest as well as the private individual’s interest to optimize the productive use of the land. These uses include agriculture and pastures as well as the provision of space for housing and commercial and industrial enterprises. Government policy will help to determine how these production and investment decisions are made by the state and by private individuals. For a variety of reasons, markets alone are often unable to bring about the changes required to attain an optimum structure of production. In this case, ways to increase access to land by the poor have the potential of increasing productivity. Also, as land is often intertwined with social exclusion and acts as a social safety net, increased access to land can also promote equality of opportunity. However, a large number of failed attempts at land reform show that doing so effectively is not easy. Different instruments that can range from land taxation, expropriation with compensation, to activation of rental markets, may be appropriate. Cost and potential benefits of such policies need to be carefully compared to that of other alternatives that may not involve land.

How is access to land allocated among individuals and groups? Are there mechanisms to ensure equal access or equal opportunities to access? The former approach would be a more socialistic approach of guaranteeing access to some land for everyone, but at the possible expense of economies of scale. Over time, such a guarantee could lead to smaller and smaller parcels of land as population grows and new people demand access to land. The latter approach could be seen as a more capitalistic approach that would ensure access to land for those who have the resources to use the land, but could be at the expense of those with fewer or no resources. Over time, this could lead to sizable landless populations that would be problematic if no alternative forms of employment existed.

**(iv). Regulation of Land:** Although regulations are warranted where there are clear externalities, failure to base zoning and regulation concerning land use on assessment of the capacity needed to implement them, the cost of doing so, and the way costs and benefits are distributed, has often given rise to over-regulation which could subsequently degenerate into a source of rent-seeking. Non-transparent, corrupt, or simply inefficient land administration undermines the operation of the regulatory system and public confidence.

Regulation is necessary to support environmental sustainability (Bell 2005). While the land resource of a country is finite and cannot be expanded, the resource base can be improved upon and it can be degraded. It is in the country’s interest to have its land resources used in a sustainable manner to ensure that the land will remain productive into future generations. Re-forestation and soil conservation programs have long histories in most countries. However, there has been a great deal of recent effort in the analysis of environmental impacts on land use practices.

Regulation is also necessary to protect the intrinsic historic and cultural values of land (Bell 2005). A society’s identity is very much tied to its history and the land it has settled and



defended over time. Most countries are comprised of ethnically and culturally diverse populations which collectively create the social fabric of that nation. Policy decisions can have significant impacts on society at large, ethnic minority groups and small communities. The different value structures often have an impact of land access and use.

Another intrinsic value of land is its aesthetic value. The landscape of a country is a more ambiguous issue, but nonetheless an important consideration in the development of land policy. Scenic vistas, clean, free-flowing rivers, and well managed fields and forests give a positive impression of the country, while denuded, eroded hillsides, urban slums and polluted lakeshores present the opposite image. Again policy decisions can have a positive or negative impact on these perceptions (Marquardt, 2003).

## **6. KEY OUTCOMES OF LAND REFORM PROJECTS**

**Improving tenure security.** Given the fundamental role of secure land tenure, programs to make land rights more secure have long formed a major thrust of Bank interventions in this area, accounting for the largest share of resources spent in the Bank's land portfolio which currently has loans amounting to more than \$1 billion under supervision. As insecurity of property rights is often rooted in ambiguous legal situations and complex or non-transparent institutional arrangements, such programs have included not only demarcation and issuance of certificates but also legal reform and institutional restructuring.

Experience has provided a number of lessons:

- Insecure land tenure prevents large parts of the population from realizing the economic and non-economic benefits such as greater investment incentives, transferability of land, and improved credit market access, more sustainable management of resources, and independence from discretionary interference by bureaucrats, that are normally associated with secure property rights to land. More than 50 percent of the peri-urban population in Africa and more than 40 percent in Asia live under informal tenure and therefore have highly insecure land rights. While no such figures are available for rural areas, rural land users are reported to make considerable investments in land as a way to increase tenure security (Deininger, 2005).
- In many situations legal or institutional reforms will have more far-reaching effects than issuance of certificates - and also be a precondition for documentation to be sustainable, as in the Kyrgyz Republic, Uganda, Cambodia, and Mexico. Such reform, which should take particular precaution to establish transparent and accountable procedures include recognition of secondary land rights, and prevent land grabbing by powerful elites, will thus have to precede or be implemented at least concurrently with efforts at issuing documents.
- Land administration should have comprehensive coverage, be affordable given a country's capacity and prevailing land values, and financially self-sustaining.

- Pressures for uniformly high accuracy surveying and mapping are generally unwarranted, especially for low-value rural lands. The focus should be on the state providing a basic spatial framework, with the option for higher accuracy surveys in areas where needed.
- Spatial information technology provides very useful tools to support land administration and management. However, spatial information technology is no substitute for good governance, transparent and accountable service delivery, equity and justice. The most significant challenges faced are still concerned with policy, law and institutional reform. It is vital that the current "spatial fad" not cloud the real challenges that have to be addressed (Bell, 2004).
- Ensuring secure land tenure will be of particular relevance for vulnerable groups who were traditionally discriminated against. Attention to women's rights will be warranted where women are the main cultivators, where out-migration is high or control of productive activities is differentiated by gender, or where adult mortality and unclear inheritance regulations undermine women's livelihood if their husband dies, as in Africa with HIV/AIDS.

**Strengthening Land Rental Markets.** Deininger (2005) advises that the Bank has long argued that, in order to realize the full benefits that can accrue from rental markets, governments need to ensure that tenure security is high enough to facilitate long-term contracts, and eliminate unjustified restrictions on the operation of such markets. Limitations on the operation of land sales markets may, in some cases, be justified on theoretical grounds but extremely few situations where certain types of land rental may need to be circumscribed. In practice, efforts to implement land market restrictions have almost invariably weakened property rights and their unintended negative consequences have far outweighed the positive impacts they were intended to achieve. Therefore, there is a strong case for eliminating restrictions on rental markets where they continue to exist. Also, with few exceptions, e.g. (temporary) caps on speculative land acquisition in the case of rapid structural change little can be said in favor of sales market restrictions as a policy tool.

**Land reform:** Land reform has had varying degrees of success in achieving greater efficiency and empowering the poor (Deininger, 2006). While land reforms have achieved considerable success in some Asian countries such as Japan, Korea and Taiwan, land reforms in Latin America have often been less successful. One reason for limited impact was that reforms were often guided by short-term political objectives, and that an "agrarian" emphasis on full-time farming increased their cost (while reducing the number of potential beneficiaries- and the reforms' impact on poverty. To ensure success, respect for existing property rights, access to non-land assets, working capital, output and credit markets for beneficiaries and a conducive policy environment are essential. Beneficiary selection should be transparent and participatory, and attention needs to be paid to the fiscal viability of land reform efforts. The Bank is exploring ways to use market-based mechanisms to transfer land to poor beneficiaries and to dealing with the legacy of aborted or only partially successful land reforms, e.g. by eliminating overlapping property rights, in a number of countries such as Brazil and South Africa.

**Strengthening land administration capacity:** Most Bank-funded projects have given particular emphasis to capacity building in the government institutions responsible for the public administration of land. Often it is not just the lack of capacity in land administration which has been the challenge, but also lack of capacity in public administration generally. In addition, weak private sector capacity means that the government must provide a greater range of services. Developing private sector capacity in land administration and management should be viewed in a broader context than just land surveying and may include other service delivery areas including planning, ITC, valuation, law, conveyancing and property sales.

The Bank realizes that one reason for the land administration system to perform less than satisfactorily is unjustified government monopolies (e.g. in surveying) that may promote "rent seeking" and decrease the quality of service provision. It does so in a project context and through participation in international networks that promote use of modern technology to establish low-cost and transparent land administration tools. It also supports gradual devolution of responsibility for land use regulation and taxation to local governments which, if coupled with capacity building, could make a contribution to efforts towards more effective decentralization.

**Dealing with Land Conflict:** Increasing scarcity of land in the presence of high rates of population growth, possibly along with a legacy of discrimination and highly inequitable land access, implies that many historical and contemporary conflicts have their roots in struggles over land. This suggests a special role for land policy in many post-conflict settings. An ability to deal with land claims by women and refugees, to use land as part of a strategy to provide economic opportunities to demobilized soldiers, and to resolve conflicts and overlapping claims to land in a legitimate manner, will greatly increase the scope for post conflict reconciliation and speedy recovery of the productive sector, a key for subsequent economic growth. Failure to put in place the necessary mechanisms may keep conflicts simmering, either openly or under the surface, with high social and economic costs especially because, as time goes by subsequent transactions will lead to a multiplication of the number of conflicts which can result in generalized insecurity of land tenure (Deininger, 2005).

## **8. GOOD GOVERNANCE**

Throughout the world, land-related development cooperation is giving sufficient attention to integrating governance principles and safeguards into the design, implementation and impact monitoring of land administration and management projects. Although secure tenure and access to land have been universally accepted as the base for economic and social development, recent privatization of land, liberalization of land markets, and increasing demand and competition for land, have in many developing countries led to insecurity, betterment of the rich, and deprivation of the poor. A primary cause of this is weak governance in land administration. Deininger (2005) notes that if institutions are weak, this can be a "hot-spot of red tape and corruption", as in the case of India where a recent study estimated annual bribes paid in the land sector at a staggering US \$700 million.

While technical solutions for supporting land administration are generally accessible, affordable and appropriate, the problems caused by corruption, the general lack of law and

order, and poor public sector management have become recognized as the key barriers to land administration reform, development of formal land markets, public confidence and investment. Good governance in land administration aims to protect property rights of individuals as well as of the state by introducing principles such as transparency, accountability, rule of law, equity, participation and effectiveness into land related public sector management.

The public administration of land, including the management of state lands, has a high potential for abuse. In many countries, corruption and abuse of power have resulted in the undermining of tenure security. As a consequence this has adversely impacted the business climate and economic activities due to increased costs of doing business, lack of confidence of the private sector, and under-utilization of land. At the same time, high costs and inefficient prolonged procedures due to corrupted land registration systems discourage people to register their land, and operate within the informal land market sectors. This also impacts land tax revenue, and reduces government spending on the provision of public services and infrastructure.

## **9. CASE STUDY: RESPONDING TO DISASTERS AND CONFLICT IN ACEH**

Responding to the land issues in Aceh (Indonesia) has been especially challenging given the disastrous tsunami and earthquakes, as well as the long-running civil war.

On December 26, 2004, a 9.0 magnitude earthquake struck 150 kilometers off the coast of Aceh, on the island of Sumatra in Indonesia. Forty-five minutes later, a tsunami wave hit Aceh, and with minutes it swept clean an 800 kilometer coastal strip of Aceh. This is equivalent to the coastline from San Francisco to San Diego. A reported 130,000 people were killed and 37,000 remain missing. The actual toll could be as high as 170,000. Up to 500,000 people were made homeless. On March 28, 2006, a major earthquake added to the toll in Nias (an island off North Sumatra), Simuleu (island off Aceh) and southern parts of Aceh. The December 2005 earthquake caused the 2,000 sq. km. Island of Simuleu with its 78,000 inhabitants, to sink about one meter, while the March 2006 earthquake caused it to rise two meters, or even more in some locations. In addition to the huge loss of human life, these events caused immense social, economic and environmental devastation to areas that were already impoverished and reeling from almost 30 years of armed conflict.

The tsunami appeared to bring an "informal" truce to the 30-year conflict. However, incidents continued. For example, during the first month following the tsunami, the Indonesia government reported (January 24, 2006) that 200 insurgents had been killed. On August 15, 2005, the Government of Indonesia and the Free Aceh Movement (GAM) signed a peace accord in Helsinki, intended to end the three decades of armed conflict, which had resulted in 15,000 deaths of civilians, separatist insurgents and soldiers. The peace agreement, which continues to hold, has been described as the silver lining in the dark clouds of the tsunami and earthquake disasters (BRR, 2005). The de-mobilization of former GAM soldiers has created a number of land-related challenges, including the provision of land for farming to provide livelihoods for former GAM soldiers and also the controlling of illegal logging by unemployed former GAM soldiers.

The reconstruction of Aceh and Nias is estimated to require at least US\$5.8 billion to restore lost assets. This includes taking into account rising inflation due to high demand for reconstruction related goods. One year after the tsunami, US\$4.4 billion, from the international community, had already been allocated for specific reconstruction projects. The Bureau of Reconstruction and Rehabilitation (or Badan Rehabilitasi dan Rekonstruksi –BRR) has adopted the theme of “build back better”. Progress is being made, though it will take many years to achieve sustainability. The reconstruction of Aceh sees the majority of MDG being directly addressed. The Multi-Donor Fund (2006), which is jointly chaired by the World Bank, BRR and Ambassador of the European Commission, reports on funding a portfolio of 16 projects, mobilizing US\$392 million to support: (i) recovery of communities; (ii) infrastructure and transport; (iii) sustainable management of the environment; and (iv) capacity building and governance.

The tsunami and earthquakes caused significant damage or destruction to property on extensive tracts of land. While some of the land can be rehabilitated, in many areas the land became permanently submerged or was washed away into the sea. Many land parcels will never be habitable or productive again, requiring relocation of surviving owners and families. Much farm land was washed away or damaged by salt water. Even where communities can re-build on original locations, many households need to move to facilitate improved community spatial plans that provide wider roads, facilities and escape routes. Significant losses were sustained by the land administration system, as summarized in Table 3.

**Table 3: Damage to property Rights and the Land Administration System in Aceh and Nias**

<b>Nature of damage</b>	<b>Quantification of Damage</b>
<b>Loss of BPN staff:</b>	40 BPN staff in Aceh Province. 30% of staff of Kota Banda Aceh Land Office lost.
<b>Destroyed and damaged land offices and office facilities:</b>	6 BPN Land Offices including the District Land Office in Banda Aceh completely demolished or severely damaged. Similar destruction of survey equipment for mapping and office facilities (computers, photocopiers, scanners, digital cameras, printers, and stationery) to support urgent record recovery.
<b>Damage to Government land books (the official register of land):</b>	An estimated 10% of land books lost. A significant amount of remaining 90% found in a critical condition requiring urgent conservation and restoration work.
<b>Destruction of official land documents, including cadastral maps:</b>	80% of land documents lost, including almost all cadastral maps
<b>Damage and disappearance of property rights evidence:</b>	Destruction of much of the physical evidence of property boundaries and witness evidence held in the minds of those who perished
<b>Number of parcels affected:</b>	300,000 land parcels comprised of 170,000 urban land parcels and 130,000 rural land parcels.
<b>Registered Land Parcels:</b>	Approximately 60,000 (40,000 urban and 20,000 rural).
<b>Non-registered Land Parcels:</b>	Up to 250,000
<b>Mortgaged Land:</b>	An estimated 5% of titled land parcels were mortgaged, with mortgages registered by BPN

The implementation framework for the reconstruction of property rights adopted by the government is provided under the Reconstruction of Aceh Land Administration (RALAS) Project, being implemented under the direction of the National Land Agency (Badan Pertanahan Nasional – BPN), and funded by a three-year, \$28.5 million multi-donor grant

through the World Bank. The broad goal of the project is to improve land tenure security in Aceh with specific objectives to: (i) recover and protect ownership land rights of the people in the affected and surrounding areas; and (ii) rebuild the land administration system

RALAS aims to ensure that community-led processes are conducted to a standard that will have a strong-legal basis for future titling by landowners. Key land challenges facing the reconstruction of Aceh include: (i) complex Indonesian laws and Syariah law; (ii) land speculation; (iii) evictions from land; (iv) protection of the rights of widows and orphans; (v) land requirements for demobilized GAM soldiers; (vi) relocation of communities whose land was submerged or became uninhabitable; (vii) land consolidation, re-allocation and spatial planning; and (viii) good governance.

The protection of land and property rights is seen as fundamental for long-term reconstruction efforts and peace, as well as advancing the social, economic and cultural rights of the people (BRR, 2005). Implementation of RALAS, and its linkages with the broader reconstruction program, demonstrates the particular unique, complexities experienced by land administration and management in addressing the MDG.

## **10. CONCLUSION**

Land administration and management reforms are complex and long-term. Measures to increase land tenure security, reduce the transaction costs of transferring land rights, establish an appropriate regulatory framework and prevent undesirable externalities, usually cut traditional institutional boundaries. It is essential to have a long-term vision and to include land policy issues in the overall framework of a broadly based development strategy that addresses the wider social, economic and environmental agenda. The extent to which objectives are achieved should be independently monitored, and jointly with other government programs aimed at poverty reduction and economic development. Land policy has a special role for many post-conflict settings in providing a stable foundation and maintaining the peace. Land reform has an integral role in meeting the challenges of the MDG.

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#### **BIOGRAPHICAL NOTES**

**Keith C. Bell** joined the World Bank in 2003, after a distinguished career in both the public sector and the Army in Australia, culminating as the Surveyor-General of Victoria, 1999-2003. Prior to this he held a range of senior positions including: General Manager in Planning and Land Management of the Australian Capital Territory Government 1997-1999; Executive Officer (and Secretary) of the Australian New Zealand Land Information Council (ANZLIC); and Director of the National Land Data Center in the Australian Government. His early career saw him work in the exploration industry, hydrography and private sector land development. Within the World Bank, he has responsibility for supporting land administration projects throughout the East Asia Region, and works in Cambodia, Indonesia, Lao Peoples Democratic Republic, Philippines and Vietnam. In early 2005, he commenced leading efforts to deal with

land and property rights in Aceh and North Sumatra following the tsunami disaster. He has only recently returned to Bank headquarters. He is a licensed surveyor and engineer, and has higher degrees in science, human resource management and business administration. He is a Fellow of several professional institutions including: (i) the Institution of Engineers, Australia; (ii) the Institution of Surveyors, Australia; (iii) Australian Institute of Company Directors; and (iv) the Australian Institute of Management. He is also a Member of the American Society of Civil Engineers. In 2003, he was awarded a Doctor of Applied Science (*Honoris Causa*) from the Royal Melbourne Institute of Technology (RMIT) University. He has also received a number of military decorations and awards.

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