

Terra Institute, Ltd.

Annual Report

**Fiscal year:
2004 - 2005**



TERRA INSTITUTE LTD.

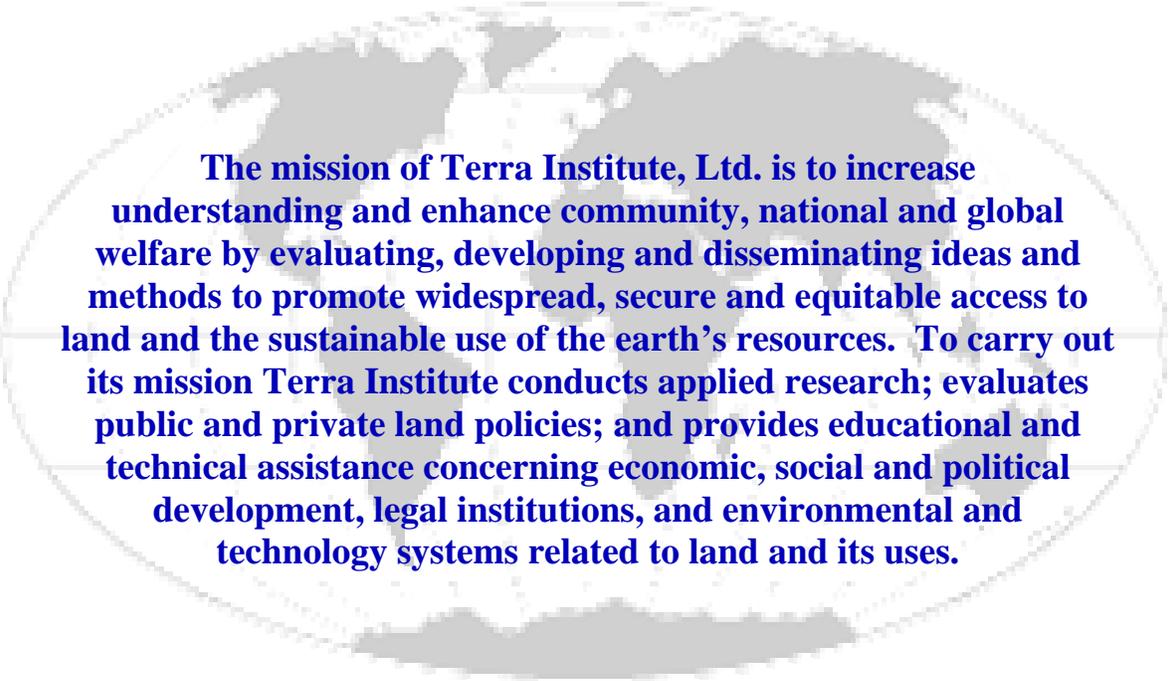
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Terra Institute, Ltd.

MISSION STATEMENT



The mission of Terra Institute, Ltd. is to increase understanding and enhance community, national and global welfare by evaluating, developing and disseminating ideas and methods to promote widespread, secure and equitable access to land and the sustainable use of the earth's resources. To carry out its mission Terra Institute conducts applied research; evaluates public and private land policies; and provides educational and technical assistance concerning economic, social and political development, legal institutions, and environmental and technology systems related to land and its uses.

REMARKS OF THE PRESIDENT AND CHAIRMAN OF THE BOARD OF DIRECTORS

Terra Institute, Ltd. continued its success as an international research and consulting firm dealing with land tenure, land reform, land administration, registration and privatization activities during the fiscal year ending in June 2005. The Institute completed a large project in the Republic of Georgia as well as some smaller projects in the Caribbean and began a large project in Afghanistan. As a result of these projects, Terra continues to be fiscally sound, with each of our segregated accounts, such as those for project development, income continuation, and SEP IRA, fully funded.

Terra Institute was organized as an independent 501©(3) nonprofit association in 1974 and incorporated as such under statutes of the State of Wisconsin. In addition to the professionally staffed home office in Mt. Horeb, Wisconsin, USA, Terra Institute has over 40 members in the United States and worldwide who have a broad range of expertise in both the physical and social sciences available to the Institute.

Terra's Board of Directors represents a variety of professions with both private and public employment experiences to adequately govern the Institute in performing its mission. During the year the home office staff are in constant contact with Board members for information and advice.

Financial support for Terra's various projects comes from the United States Agency for International Development (USAID), World Bank, and several international regional banks, such as the Asian Development Bank and Inter-American Development Bank. In projects funded by these organizations, Terra Institute has been either a prime contractor or a subcontractor with other consulting firms, universities, or NGOs.

In December of 2004 Terra Institute entered into a subcontract with Emerging Markets Group, LTD. (EMG) of Washington, DC to work with them on a USAID-sponsored project in Afghanistan, "Support for Economic Growth and Institutional Reform Project" Privatization II. Terra is responsible for portions of the project that concern land titling and registration. At the end of fiscal year 2005 Terra Institute completed a five-year "Land Market Development Project" under a cooperative Agreement with USAID in the Republic of Georgia working with the Association for the Protection of Landowner's Rights (APLR). In addition to these two large projects, Terra completed a project for the Government of Trinidad and Tobago and a consultancy funded by the Department for International Development (UK) for the Turks and Caicos Islands.

Going into our new fiscal year, Terra has presented prequalification documents or proposals for projects in Bolivia, the Bahamas, (LTERA), and will be an associate member of the HTSPE Ltd/Promar International Incorporated consortium to bid for the Millennium Challenge Corporation's Technical Assistance in Agriculture contract.

In the past fiscal year Terra members were involved with two conferences, the Seminar on American Indian Probate and Reform Act and the FIG Commission 7 Symposium on Innovative Technologies for Land Administration. In fulfillment of its 501©3 non-profit status, Terra provided funding support to the Seminar on American Indian Probate and Reform Act, presented a paper at the FIG conference, and made a donation to the Development Studies PhD Program Fund at the University of Wisconsin Madison in memory of Bill Thiesenhusen, past Terra Board member, who was very involved in this program. He was a valuable member of Terra Institute and a good friend to many of the members. He will be sorely missed.

As Terra Institute looks to the future, we look to expand our scope to include taxation, environmental issues, soil conservation and erosion control, forestry, public land management, land use controls, and water resources domestically and worldwide.

To learn more about Terra Institute, its work and its capabilities, please visit our website at www.terrainstitute.org.

**Dean T. Massey, President
TERRA INSTITUTE, LTD.**

ACTIVITIES DURING THE FISCAL YEAR 2004 – 2005

Terra Institute focuses on issues concerning urban and rural land use and policies, environmental protection, land law and natural resource management. In its thirty years of existence it has undertaken research, technical assistance and training projects relating to land use, land law and land registration in over fifteen countries. During this fiscal year the Institute continued its international and domestic activities in Eastern Europe, the Caribbean and in Wisconsin.

LAND TITLING AND REGISTRATION PROJECT IN AFGHANISTAN (LTERA)

In December of 2003 Terra Institute entered into a subcontract with Emerging Markets Group, Ltd. (EMG) of Washington, DC to work with them on a three-year USAID sponsored project in Afghanistan. Terra Institute is responsible for the portions of Component 1 that concern land titling and registration, begun in September of 2004. The overall goal of Component 1 is to assist the government in securing property registration, simplifying land titling procedures, and clarifying the legal framework supporting property rights. Terra provided two full-time employees and four short-term consultants in Afghanistan during fiscal year 2004-2005. A second year under the subcontract of the three-year project begins on October 1, 2005 with a budget of a little over one million. That budget may be altered depending on the number of employees Terra has in the country.

Background:

Afghanistan is a country badly battered by the upheavals of the past quarter century. The current Transitional Administration is attempting to rebuild the country's infrastructure but the government's grasp does not extend much beyond the capital city's (Kabul) limits and much remains to be done. A key part of restoring economic development and stable government institutions is making sure there is clear title to immovable property. Deed registries (Makhzan) are kept at the Afghan Supreme Court and provincial courts, but they are in disarray. Changes in ownership, warlords, war, squatters, refugee return, and economic crises have complicated Afghanistan's property system. In addition, Afghanistan's justice system, which deals primarily with property ownership disputes, is a mix of state law, religious law, and informal local dispute resolution.



Terra staff and local counterparts overlooking
Kabul, Afghanistan

Objectives:

The first phase of this project is to assist the Government of Afghanistan in alleviating the uncertainty surrounding land titles through secure property registration, simplification of land-titling procedures, and clarification of the legal framework supporting property rights. A priority of this phase is to deal with the informal settlements that have sprung up around major cities, particularly Kabul. The long-term objective is to build the capacity of the Afghan government and private sector through knowledge transfer, training and involvement in execution of the project tasks so that Afghans assume ownership of initiatives and are able to rebuild a functioning economy.

Terra's role in this project is to regularize land ownership by recording titles to the 70% illegal housing that has developed around the larger cities in Afghanistan. A Spatial Information Team consisting of a Terra consultant as the Lead and involving Afghans as other members of the Team will identify least cost survey methods for mapping parcel boundaries and location of constructions. This may involve integrating survey (municipal) or cadastral (national) mapping archives with property, or using aerial photography techniques, GPS, satellite imagery, and ground surveys and sketches, as appropriate for different types of properties. Survey methods will be tested through one or more pilot surveys.

The Spatial Information Team will also be responsible for database development. This involves assembling a project team of Afghani subject matter and technical experts, defining the functional and technical requirements of the database system, determining hardware and telecommunications requirements, designing and building the database system, and training users to use the database. The goal is to have user-friendly software for scanning-indexing and creation of a legal database which will link legal and graphic (spatial) information presently contained in the *Makhzan* archives, entry of data for 3,000 deeds, training of around fifty users of the software, plus training materials and documentation for the application.



Visitors tour a typical Makhzan in Kabul
Afghanistan

A second team, the Titling Team, also consisting of Afghans and led by a Terra consultant with a degree in law, will produce a report describing viable processes for tenure regularization, an action plan for scaling up tenure regularization for the rest of Kabul, and, where the existing legal framework is adequate to resolve disputes or rectify irregularities, to regularize tenure for 5,000 of the 20,000 properties identified as needing such, and to report on the capacity of the Afghan Geodesy and Cartography Head Office to take over these activities in the future.

A third team, the Land Registration Team, has as its objective to establish a simplified process for transfer of titles. This team will work closely with the Land Titling Consultative Group and a Rule of Law Team to design a legal and regulatory framework supportive of the procedures chosen, including a law for the registration of immovable properties which will describe the procedures and the incentives for motivating people to record their transactions. This team will also be responsible for reorganization of property deed archives kept in *Makhzans* in at least the major cities. This step will prepare the deed registration archives for

integration with automated tools in support of registration management, resulting in digital deed archives. This task will continue the work of a previous USAID project which was scanning property documents and creating digital maps.

Total Contract Value: US \$2,825,495

GEORGIA LAND MARKET DEVELOPMENT PROJECT

This four-year project was coming to a close at the end of Terra's fiscal year 2004-2005. The final reports were issued October 31, 2005.

Background:

In June 2001, Terra Institute, Ltd. entered into a two-year Cooperative Agreement with USAID. The purpose was to provide financial and project management development in order to position the Association for the Protection of Landowner's Rights (APLR) to assume full operational responsibility for the registration of ownership of approximately 1,130,000 agricultural parcels as well as 270,000 residential parcels.

Additional goals were to continue with public education and land market policy work, to develop a program for formation of Self Regulating Organizations, and a pilot effort providing mediation services for parties in conflict and to resolve legal difficulties between property owners. Specific responsibilities of Terra Institute, Ltd. to the APLR included: 1) financial training; 2) revenue supply, financial monitoring and contracting; 3) APLR capacity-building; 4) land privatization, legal reform, and land market support; 5) SRO development support; 6) development of real estate and cadastral services associations, and 7) resident advisor support.

Objectives:

In April 2003, USAID and Terra Institute, Ltd. signed a two-year extension program. Under the then-current conditions of the Georgian transition to a market-oriented economy, the proposed extension listed the following core objectives: 1) implement quality assurance of initial land registration, 2) advance the process of land privatization, 3) strengthen APLR and other land market institutions, 4) conduct legal and business consultations, 5) provide land and property

information services, and 6) to continue financial management development.



Over 2.4 million Land Title Registration Certificates were issued during the life of the Georgia Land Market Development Project

During the July 2003 – June 2005 two-year time period, Terra Institute continued to support the APLR in implementing these activities, some of which were new to the APLR. Terra guided the APLR in concentrating more on its professional development, Public Education, and consultancy work, as these were judged to be the necessary tools to establish the APLR as a successful organization with strong management skills, high public recognition, and self-financing capabilities.

At the end of this project, the APLR, with assistance from Terra and other organizations, has achieved its goal of registering 2.4 million agricultural land parcels across the country.

They have identified and corrected mistakes in the cadastral and registration work previously performed. Cadastral information from two different projects has been integrated into one uniform database for which a single parcel-numbering system was designed. During the project the APLR has been active in policy analysis and drafting of new laws to help develop a real estate market. The APLR has also supported alternative dispute resolution activities, worked in public education, and legal consulting. Terra Institute has guided and advised the APLR in organizational development, management evolution, and financial management.

Terra provided organizational development assistance to the APLR by providing a resident advisor for four years who acted to support the APLR in developing an administrative structure, as liaison between the APLR and other USAID projects, USAID personnel, and other donor-supported land administration projects. Terra also provided technical assistance to the APLR on a quality assurance program, the improved property

registration system, options for privatizing land still in state ownership, suggestions on generating members and income to the APLR, and financial management improvement.

Total Contract Value: US \$8,122,795

CROWN LAND POLICY AND MANAGEMENT FOR THE TURKS AND CAICOS ISLANDS (TCI)

During fiscal year 2004-2005 Terra completed a project titled “Crown Land Policy and Management for the Turks and Caicos Islands” (TCI) funded by the Department for International Development in the United Kingdom. The Crown (the government of the UK and Commonwealth) is the largest landholder in the Turks and Caicos Islands. Crown land is described as the “Heritage Asset of the People of the Turks and Caicos Islands”. The purpose of the project was to examine current Crown land policy and practice, and, working together with a government-appointed panel, to gather wide views from government agencies, land professionals, and other stakeholders to produce recommendations for a future comprehensive approach that would maximize sustainable revenues from Crown land, taking into account competing economic, social, and environmental factors. The recommendations also took into account potential benefits to the long term economic and social interests of the community and ensured transparency and openness in the administration of Crown land.

Terra was contracted as the Administrative Agent for this project, handling all logistical, administrative and managerial activities associated with this activity. The three member team of consultants visited TCI during the first half of 2005. The project has been completed, but this consultancy may result in a follow-on project to implement the policies identified in the report.

Total Contract Value: US \$43,716

LAND ADJUDICATION AND REGISTRATION PROGRAMME (LARP)

Consultants recommended by Terra Institute, Ltd. were involved in a 10-week project (June 2005) “Land Adjudication and Registration Programme” (LARP), funded by the Inter-

American Development Bank and the Government of the Republic of Trinidad and Tobago (GORTT) with the objective of assisting the Steering Committee in preparing a Project Implementation plan and loan proposal. The primary components of LARP were in the areas of Information Technology, Institutional and Organizational Development, Environmental and Social Impact Analysis, Economic Evaluation, Public Communication and Participation, and a Socio-Economic Baseline Survey. The lead institution on the project was the Engineering Institute of the University of the West Indies, assisted by HHB & Associates, a Trinidadian firm. The Consultants contributed research and reports to at least one or more of each of the components. The results of this project will be used as the basis for the implementation of another phase of the Agricultural Sector Reform Programme-Technical Assistance Program (ASRP-TAP) at a later date. The technical work has been completed and the reports have been accepted by the GORTT.

Total contract value: n/a

CONFERENCES AND SEMINARS

American Indian Probate Reform Act (AIPRA) of 2004 Continuing Legal Education Seminar

The American Indian Probate Reform Act (AIPRA) of 2004 was enacted on October 27, 2004. The Act amends the Indian Land Consolidation Act and amendments made in 2000. This Act affects ownership rights in trust or restricted land, unless the land is located in Alaska.

AIPRA changes the way trust estates are distributed to heirs after death. This increases the importance and benefits of writing a will or doing an estate plan. AIPRA also improves an individual's ability to consolidate interests in trust or restricted land.

The seminar in May 2005 was hosted by the UW Land Tenure Center and the Law School, the Great Lakes Indian Law Center, the Indigenous Law Students Association, and the Ralph M. Hoyt Memorial Lecture Fund in Real Estate. It was attended by 67 individuals from 11 states consisting of representatives of 11 tribes, law firms, federal government, externs, and speakers and staff. Terra Institute provided financial

support to this Continuing Legal Education Seminar.

The International Federation of Surveyors (FIG) Commission 7 – Cadastre and Land Management Symposium on Innovative Technologies for Land Management

The International Federation of Surveyors (FIG) is composed of ten commissions, each with a specific focus in the surveying community. FIG Commission 7, whose focus is on cadastre and land management, recently held its annual meeting in Madison, Wis., June 18-23, 2005. This was the first time in the 128-year history of FIG that a commission convened its annual meeting in the United States. Thirty FIG delegates from 24 countries attended. For many of them, it was their first visit to America.

The theme of the FIG Commission 7 Annual Meeting centered on international land management and development issues. In most countries of the world, these issues are handled on a national basis. However, the United States is unique because most of its surveying and land management issues (zoning, sale, transfer, assessment, taxation, etc.) are administered and regulated at the local level. This difference became a primary focal point of the annual meeting, and the United States representatives focused on giving the international delegates a better idea of how things work in the states.

RESEARCH SUPPORT

As mandated by its mission statement and its status as a 501(c)(3) non-profit organization, research and educational assistance are integral components of Terra's activities. To that end, Terra made a financial contribution to the AIPRA Educational Seminar as well as a donation to the University of Wisconsin Development Studies PhD Program Fund in memory of Bill Thiesenhusen, former Terra Board member. Terra members also presented papers at the FIG 7 conference in Madison, WI.

Terra has also made available several research papers and project documents on the website at www.terrainstitute.org. These documents have been produced during studies that were undertaken during the course of this year's projects.

Terra Institute, Ltd.

STATEMENT OF FINANCIAL POSITION - June 30, 2005

ASSETS

Current Assets

Cash	\$	138,386
Accounts Receivable		272,345
Prepaid Insurance		1,826
Total Current Assets		412,857
Property & Equipment		16,129
Less: Accumulated Depreciation		(11,986)
Net Property & Equipment		4,143
TOTAL ASSETS	\$	417,000

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable	\$	37,095
Accrued Expenses		31,295
Payroll Withholdings		7,139
Line of Credit		5
Total Current Liabilities		75,534

Net Assets

Unrestricted Net Assets:		
Board Designated Net Assets		125,361
Undesignated Net Assets		216,105
TOTAL LIABILITIES AND NET ASSETS	\$	417,000

STATEMENT OF ACTIVITIES - for the year ended June 30, 2005

Revenues and Support

Grant Revenue	\$	1,026,997
Contract revenue		695,123
Interest Income		1,730
Total Revenues and Support		1,723,850

Expenses

Program Services		1,409,892
Management and General		212,917
Fundraising		15,467
Total Expenses		1,638,276
Increase (Decrease) in Unrestricted Net Assets		85,574
Net Assets at Beginning of Year		255,982
Net Assets at End of Year	\$	341,466

TERRA INSTITUTE, LTD. BOARD OF DIRECTORS

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University of WI – Madison

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