

# ***Terra Institute, Ltd.***

## **Annual Report**

**Fiscal year:  
2005 - 2006**



### ***TERRA INSTITUTE LTD.***

1406 Hwy. 18-151E • Mt. Horeb, WI 53572 USA

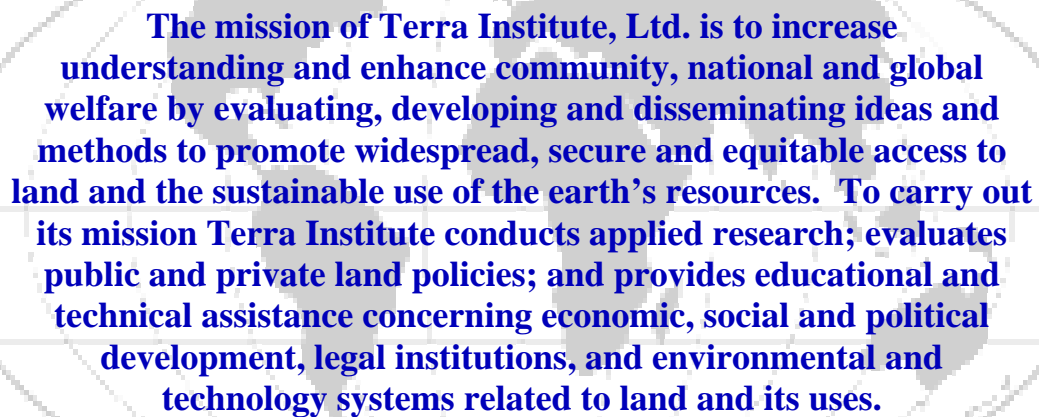
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[www.terrainstitute.org](http://www.terrainstitute.org)

**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 providing technical assistance and training in land tenure, land reform, land administration, registration and privatization activities during the fiscal year ending in June 2006. As a result of a large project in Afghanistan and some smaller ones in various locations throughout the world, Terra continued to be financially sound with each of our Board segregated accounts fully funded. A budget prepared this past summer predicted a loss in excess of \$50,000 for the fiscal year ending in 2007.

Terra Institute was organized as an independent 501(c)(3) nonprofit association in 1974 and incorporated as such under Chapter 181 of the State of Wisconsin Statutes. In addition to the professional staff at the home office in Mt. Horeb, Wisconsin, USA, Terra Institute has nearly 60 members in the United States and worldwide who have a broad range of skills and 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 was in constant contact with Board members for information and advice.

Financial support for Terra's various projects was from the United States Agency for International Development (USAID), and several international regional banks, such as the Asian Development Bank (ADB) and Inter-American Development Bank (IDB). Terra Institute was either the prime contractor or subcontractor with other consulting firms.

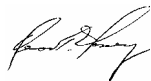
A final report was submitted and accepted in October 2005 on the "Land Market Development Project" under a Cooperative Agreement with USAID in the Republic of Georgia working with the Association for the Protection of Landowner's Rights (APLR), a Georgian nongovernmental organization. Terra continued under a subcontract with Emerging Markets Group, Ltd. (EMG) of Washington, D.C., to work with them on a USAID sponsored project in Afghanistan, "Support for Economic Growth and Institutional Reform Project." During the fiscal year Terra had two full time persons employed under the project; however, that was reduced later to one person for the remainder of the subcontract that is scheduled to end in early 2007. In association with SCANAGRI Denmark A/S, Terra is involved with an Asian Development Bank supported "Capacity Building for Land Policy and Administration Project" in Afghanistan. David Stanfield is the only Terra person contracted with the project. Terra was also a part of a consortium with the Engineering Institute at the University of West Indies to find qualified consultants for the preparation of a Land Adjudication and Registration Programme in Trinidad and Tobago. We are an associate member of the HTSPE Ltd/Promar International Incorporated consortium that bids for the Millennium Challenge Corporation's Technical Assistance in Agriculture task orders. Only one task order was issued last year and our consortium was not selected. Member Allan Williams was hired by the Government of Bahamas as an individual consultant for a Crown Land Policy Study.

Going into our new fiscal year Terra has been awarded a subcontract with International Land Systems, Inc., (ILS) in association with Simmons Aerofilms to work on the "Land Use Policy and Administration Project" supported by the Inter-American Development Bank in the Bahamas starting this fall. Terra is also submitting proposals for projects in Costa Rica, Paraguay and Bolivia.

In this fiscal year Terra members were involved in three international conferences in Sweden, France and Canada, as well as seminars in Wisconsin.

As Terra Institute moves forward we look to expand our scope to include taxation, environmental issues, soil conservation and erosion control, forestry, public land management, land use controls, water resources, community upgrading and business organizations and management related to land resources.

To learn more about Terra Institute, its work and its capabilities, please visit our website at [www.terrainstitute.org](http://www.terrainstitute.org)



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

## ACTIVITIES DURING THE FISCAL YEAR 2005-2006

Terra Institute focuses on issues concerning urban and rural land use and policies, environmental protection, land law and natural resource management. In its thirty plus 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 past fiscal year the Institute continued its international and domestic activities in Afghanistan, the Caribbean, and in the United States.

### PROJECTS

#### LAND TITLING AND REGISTRATION PROJECT IN AFGHANISTAN (LTERA)

In October of 2004, Terra Institute, Ltd. entered into a subcontract agreement with the Emerging Markets Group, Ltd. to implement the land titling and registration component of the USAID project. The overall goal of Component 1 is to assist the Government of Afghanistan in alleviating the uncertainty surrounding land titles through secure, accessible and efficient property registration, simplification of land-titling procedures, regularization of properties in informal settlements, and clarification of the legal framework supporting property rights—all of which will help market reforms to promote sustainable economic growth and to protect the rights of the poor and improve their livelihoods. An important priority in the project is to improve the tenure security of people holding land and buildings in the informal settlements which have sprung up in and around the major cities, particularly Kabul. Institutional investments will be made, however, so as to enable the extension of the titling efforts to smaller cities as well as to rural areas.

#### Background:

As the world is largely aware nowadays, Afghanistan is a badly battered country where the current administration is attempting to rebuild the country's infrastructure. A key factor in restoring

economic development is providing clear title to immovable property. The deed registries (Makhzan), kept at the Afghan Supreme Court and provincial courts, are in disarray. Changes in ownership, warlords, war, squatters, refugee return, and economic crises have complicated Afghanistan's property system. The justice system, which deals primarily with property ownership disputes, is a mixture of state law, religious law, and informal local dispute resolution.

*Court archives  
of property  
documents  
before  
reorganization*



#### Objectives:

The objective of the first phase of this project is to alleviate 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 training and

execution of the project tasks so that Afghans assume ownership of initiatives and are able to rebuild a functioning economy.



*The locking metal cabinets in the registration courts now contain restored books of documents that have been reorganized to provide easy access by both court officials and the public. (USAID/LTERA)*

Terra assisted in the regularization of land ownership by recording titles to the 70% illegal housing that has developed around the larger cities in Afghanistan. A Terra consultant led the Spatial Information Team consisting of Afghans which identified least cost survey methods for mapping parcel boundaries and locating constructions. This team also developed a database system, determining hardware and telecommunications requirements, designing and building the database system, and training users to use the database to enter data for 3,000 deeds linking legal and graphic (spatial) information.

A second team, the Titling Team, also consisting of Afghans led by a Terra consultant, 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. The team is also to report on the capacity of the Afghan Geodesy and Cartography Head Office to take over these activities in the future.

Terra also provided advice to the third Land Registration Team whose task is to establish a simplified process for transfer of titles. This team works closely with the other two teams in designing a legal and regulatory framework with procedures and incentives to motivate people to record their property transactions. This team is also responsible for reorganization of property deed archives in the Makhzans, preparatory to integrating the archives with automated tools resulting in digital deed archives.

The principal objectives of Component 1 are: to rehabilitate Makhzans and secure their archived property deeds; to assist in developing an efficient property registration system; to develop community-based tenure regularization strategies by combining local Afghan traditions with Afghan and Islamic law; to establish more secure tenure to all sectors of the Afghan population; to develop a pilot Legal Assistance Program for Property rights in two provinces, and to build public support for an upgraded land administration system through active community outreach and public education.

### **CAPACITY BUILDING FOR LAND POLICY AND ADMINISTRATION REFORM IN AFGHANISTAN (US\$820,800)**

In June of 2006 Terra Institute, Ltd., in association with SCANAGRI Denmark A/S, began work under this Asian Development Bank effort. The purpose of this one year project is to provide Technical Assistance to the Government of Afghanistan in formulating a national land policy and in building a related institutional structure for land administration. The Team will work with the Inter-Ministerial Land Commission to help conduct an analysis of existing institutional structures concerned with land administration, prepare a draft comprehensive land policy, develop options for a system of land titling and registration, propose a new institutional structure for land administration, and

prepare an action plan to implement the foregoing.

To provide focus and appreciation for the complex requirements of land administration, approximately five pilot communities will be selected for community input into the project. Major achievements of these communities in meeting local land tenure and use challenges in the past will be analyzed, and options explored for resolving land issues presently faced in these communities.

Building on its past work in Afghanistan, the Team will be able to coordinate closely with past and current related work being undertaken by other aid agencies such as USAID, the World Bank, the Afghanistan Research Evaluation Unit, and the Asian Development Bank.



*A Meeting of a Village Council (Shura): At the local level, families, clans, and tribes send their representatives to Village Councils, or shuras, to discuss who has access to communal lands during what months of the year.*

**LAND USE POLICY AND  
ADMINISTRATION PROJECT  
(LUPAP) – BAHAMAS (IDB)  
(US\$183,851.25)**

In June 2006, Terra was notified that our team was selected to provide Technical Assistance under the Land Use Policy and Administration Project in the Bahamas, funded by the IDB.

The general objective of the Project is to improve the efficiency of land administration and land information

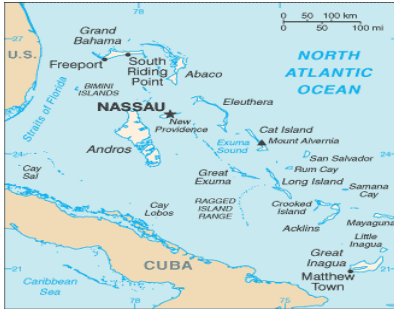
management while preparing modern land policy guidelines and legislation, thereby contributing to improvement of the use of land resources of the Bahamas. To achieve this objective LUPAP consists of three standalone but interrelated components: 1) Land Administration Modernization; 2) Land Information Management; and 3) National Land Issues and Policy Guidelines. Terra Institute, Ltd. will lead the effort under Component 3.

The primary objectives of the National Land Issues and Policy Guidelines Activity is to develop comprehensive land policy guidelines and inform the development of a national land policy by completing an expert analysis of five overriding land policy issues and by completing a local and national-level participatory dialog process. The study will analyze the following land policy issues facing The Bahamas:

- improving land tenure security, including analysis of the issues of Commonage and Generational Land;
- reform and modernization of land legislation;
- rationalization of the institutional organization for government land administration;
- development of an integrated and participatory land use planning process; and
- improving property appraisal methods for ensuring a more equitable and effective property taxation systems.

The Land Policy Manager, Dr. Allan Williams will be supported by topical specialists, in particular the Land Institutions Specialist, the Land Use and Development Specialist, the Land Law Specialist, the Land Economist and Property Tax Specialist and the Socio-Environmental Specialist.





*The land of the Commonwealth of the Bahamas is comprised of an archipelago of 700 islands and more than 2000 cays and rocks.*

Terra is joined in this effort by prime contractor International Land Systems, Inc. and Simmons Aerofilms, Ltd. The 18 month project began in August 2006.

**TECHNICAL ASSISTANCE IN AGRICULTURE (TAA)**

Millennium Challenge Corporation represents the United States Government to secure a firm or consortium to provide services to facilitate the due diligence process for MCC programs, projects, and activities proposed by eligible countries; and to provide technical assistance to MCC and country staff to carry out proposed project activities. Terra Institute was invited to join the HTSPE Ltd/Promar International Incorporated consortium to bid for the MCC’s Technical Assistance in Agriculture contract.

Terra is an associate member of the consortium with special responsibility for coordinating inputs by Sector Assessment Specialists and Analysts based in the USA. Terra will have technical responsibility for assignments in the Land Tenure Sector. It is anticipated that the MCC will make Indefinite Delivery/Indefinite Quantity (ID/IQ) contract awards with a ceiling value of \$1 million per contract per year. Work may be required through exercise of options during the 5 year period of performance.

Under the MMC TAA, Terra responded to a Request for Proposal for the Due Diligence Consultant for Rural Productivity Assessment in El Salvador but the Consortium was not selected to carry out the task order.

**GEORGIA LAND MARKET DEVELOPMENT PROJECT (GLMDP)**

This four-year project came to an end in July of 2005 and the final reports were submitted to USAID and the Republic of Georgia October 31, 2005. Goals of the project were to register 1,400,000 parcels of land giving landowners secure title and providing support for the Association for the Protection of Landowners’ Rights (APLR).

The USAID/Caucasus considers the Georgia Land Market Development Project a shining example of a successful project with tangible results to individuals and legal entities interested in the protection of property ownership rights of all landowners of Georgia. Through these efforts, APLR will support the orderly and transparent development of the land and real property market. The APLR will be the leading source of expertise in land issues for the government and landowners of Georgia.



*Agricultural land in Georgia registered under the GLMDP*

**LAND ADJUDICATION REFORM PROJECT (LARP)**

Terra Institute, Ltd. assisted the Engineering Institute of the University of

the West Indies in identifying the best technical team to provide consultancy services under its contract with the IDB. The consultants provided services in the areas of Information Technology, institutional and organizational development, environmental and social impact analysis, economic evaluation, communication and participation. The consultants also collected socio-economic baseline data to inform, assess, monitor and evaluate the project.

## **PROJECT DEVELOPMENT**

### **BOLIVIA PREQUALIFICATION SUBMISSION –**

In August of 2005 Terra Institute teamed with two Bolivian companies to submit qualifications for the Pre-Qualifications Process for the Adjudication, Titling and Registration of the ‘Polygon One’ Project in Chiquitos, Bolivia.

Terra’s involvement in this project was initiated by Terra Associates and their colleagues in Bolivia. As a result, Terra worked with Economist Rene Salomon and his team of technical and legal specialists in Santa Cruz and La Paz, Bolivia to prepare the Pre-Qualifications submission for the work. The objective of the project is to regularize and definitively clarify and register the real property rights to all agrarian lands in the Province of Chiquitos. The general purpose of the Project is to clarify and secure agricultural property rights in advance of the construction of a major inter-regional road in this critical transportation area of Bolivia and prepare for the social and economic impacts expected to result from the construction of this road.

Unfortunately, after the formal opening of Pre-Qualification submissions, the Agrarian Reform Institute declared the Pre-Qualification process abandoned.

Although this effort did not produce a direct result as yet, this exercise has allowed Terra to make some good connections with Bolivian companies and also provided the opportunity to translate the majority of required documents to Spanish. With slight modification, these documents can be used again in future bidding processes in Latin American countries.

### **COSTA RICA – SERVICIO PARA LA FORMACION CATASTRAL Y LA COMPATIBILIZACION DE LA INFORMACION DEL CATASTRO Y REGISTRO (IDB)**

Terra representatives attended the pre-bidding conference in April of 2006. It was determined that as a not-for-profit organization, the project was not a good fit with Terra’s mission.

However, Terra representatives identified a need for an assessment pre-proposal which could be useful in future tenure regularization efforts. The idea was presented to Costa Rican officials and was warmly received. To date, no commitments have been made but dialogue will continue into the next fiscal year.

## **CONFERENCES AND SEMINARS**

### **Global Pro-poor Land Tool Network Conference (Stockholm, SE)**

Terra member Yohannes Gebremedhin attended this conference which was sponsored by SIDA and UNHABITAT in November 2005. The purpose of the conference was to prepare and garner support for the implementation of the global land tool network, with the objective of supporting the development of pro-poor land tools in the developing world and transitional economies. The main topics of discussion were the global need for land tool innovation and a proposed institutional arrangement for the network, with UNHABITAT as the center. Dr.



Gebremedhin briefed the participants on Terra's past activities in policy formulation dialogue and pilot and community-based approaches, and assured them of Terra's commitment to sharing best practice experience and to working toward a common understanding and agenda.

### **Wisconsin Land Information Association Annual Meeting**

The Wisconsin Land Information Association held its annual meeting March 2-3, 2006 in the Wisconsin Dells. The organizers invited Dr. J. David Stanfield to make a presentation to expand the boundaries of thinking of the Land Information community in Wisconsin. The purpose of this presentation was to report on the Information and Communication Technology work that Terra has done in "post conflict societies". Dr. Stanfield's presentation, titled "Reconstruction of Land Administration in Post Conflict Conditions", described Terra's recent experience in Afghanistan.

### **International Symposium**

The International Symposium "At the frontier of land issues: Social embeddedness of rights and public policy", sponsored by Campus ENSAM-INRA, was held in Montpellier, France May 17 to 19, 2006. Terra member Bastiaan Reydon attended this symposium on behalf of Terra Institute to present a paper, observe the main issues on land tenure and land administration discussed, and contact people working on land issues. His report saw the main issues as problems of policies of registering and titling in general, and limits of registering and titling as a form of improvement of the wealth situation of the poor. A common problem seemed to be that the more powerful and the richest obtain the majority of the gains of registering and titling. Registering and titling becomes especially difficult when applied to communal land. The consensus was that reforms should try to take into

account all previous land ownership situations, and to make community based assessments in trying to establish clear land ownership.

### **World Urban Forum Conference**

The World Urban Forum held in Vancouver, Canada in June of 2006, sponsored by UNHABITAT and the UN Human Settlements Programme, was attended by Terra member and Director Warren Gaskill who represented Terra and acquainted attendees with Terra's "Community Upgrading Model". This week-long event was attended by some 10,000 presenters and attendees. The conference consisted of over 200 events and 80 exhibitors addressing the problems of unabated growth of informal urban communities and the incredible cost to humans, cities and the environment. The event and the participants primarily involved the governments and the non-government organizations that are wrestling with the social and environmental issues of rapid urban growth. The World Urban Forum provides participants and hosts an opportunity to share ways they are addressing common problems.



*Site of the Third World Urban Forum in downtown Vancouver CANADA*

### **Exempt Organizations IRS Workshop**

This workshop, presented by experienced IRS Exempt Organizations Specialists, explained what small and mid-sized 501(c)(3) organizations must do to keep

their tax-exempt status and comply with tax obligations. Additional topics covered unrelated business income, employment issues, Form 990 tips, and required disclosures. This introductory workshop was designed for administrators or volunteers who are responsible for the organization's tax compliance. Catherine Joy, CFO, and Lynn Burns, COO, and Brenda Haskins, Director, attended this conference on June 27, 2006.

## 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 members presented papers at international and domestic symposiums and conferences. Terra has also made available several research papers and project documents on the website at [www.terrainstitute.org](http://www.terrainstitute.org)



All of the documents on Terra's website have been produced during studies that were undertaken during the course of this year's projects as well as recent and past projects.

## INTERNATIONAL VISITORS TRAINING PROGRAMS

Terra also conducts training programs for foreign visitors to the United States. Topics include land tenure issues, natural resource management, environmental protection, rural and urban land use controls, business organization, privatization of state-owned

enterprises, economics of agriculture, and best farming practices. Terra Institute wishes to continue and expand upon the concept of international exchange programs.

During the past ten years the former Soviet Republic of Kyrgyzstan has created the legal framework necessary for land privatization and the establishment of a land market. The majority of the land, both agricultural and urban, has been transferred into private ownership and the government has established a State Registration Agency responsible for registering all rights to land and all transactions involving land. Many challenges remain in the areas of municipal land management, appraisal of state assets, implementation of zoning regulations, obtaining construction permits, and purchasing and leasing of municipal land.

In March of 2006 Terra Institute was asked to host Department of State visitors from Kyrgyzstan: Mrs. Nurjamal Satarovna Baibolova, Chair of the Bishkek City Council; Hon. Mamytbai Matkabylovich Salymbekov, Member of Parliament, Head of Land Use Commission; and Mr. Nurlanbek Toibaev, Head, State Committee for Urban Development and Architecture, Government of the Kyrgyz Republic.

Terra Institute developed an itinerary for these guests for three days during their visit to Madison, Wisconsin, arranging for them to learn about Purchase of Development Rights in the Town of Dunn, meet with the Dane County Register of Deeds, learn about our Smart Growth plans from the Dane County Towns Association attorney, plus providing luncheons and tours with Terra President Dean Massey and founder David Stanfield, as well as a dinner with additional key staff members of Terra Institute.

Past training programs and study tours have been developed for land professionals from Albania, the Caribbean, the Republic of Georgian and Vietnam.

**Terra Institute, Ltd.\*\***

**STATEMENT OF FINANCIAL POSITION - June 30, 2006**

**ASSETS**

**Current Assets**

Cash	\$	203,414
Certificates of Deposit		80,893
Accounts Receivable		239,927
Prepaid Expenses		857
Furniture and equipment - net		2,921
<b>TOTAL ASSETS</b>	<b>\$</b>	<b>528,012</b>

**LIABILITIES AND NET ASSETS**

**Current Liabilities**

Accounts Payable	\$	29,565
Accrued payroll and taxes		26,676
Accrued expenses		11,000
Line of Credit		5
Total Current Liabilities		67,246

**Net Assets**

Board Designated Net Assets		126,794
Undesignated Net Assets		333,972
Total Net Assets		460,766

**TOTAL LIABILITIES AND NET ASSETS** **\$ 528,012.00**

**STATEMENT OF ACTIVITIES - for the year ended June 30, 2006**

**Revenues and Support**

Support and Revenue		
Grants and Contracts	\$	1,011,117
Interest Income		5,743
Other		8
Total Support and Revenue		1,016,868

**Expenses**

Salaries		376,805
Payroll Taxes		22,270
Employee Benefits		65,406
Professional Fees		267,814
Subcontracts		82,950
General Office		11,991
Rent		8,250
Marketing and Communications		5,907
Insurance		11,548
Travel and Meetings		43,474
Other		1,154
Total Expenses		897,569

Change in Net Assets		119,299
Net Assets at Beginning of Year		341,467
<b>Net Assets at End of Year</b>	<b>\$</b>	<b>460,766</b>

*\*\*All information is based on audited financial statements*

## **TERRA INSTITUTE, LTD. BOARD OF DIRECTORS**

**James Bockheim, Ph.D.**  
**Regional Planner and Professor of Soil Science**  
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**Land Tenure Center**  
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**Land Tenure Specialist and Senior Scientist Emeritus**  
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