



1. Project Data:		Date Posted : 01/05/2005	
PROJ ID: P007398		Appraisal	Actual
Project Name: Rural Land Management Project	Project Costs (US\$M)	41.8	44.8
Country: Honduras	Loan/Credit (US\$M)	32.1	40.0
Sector(s): Board: RDV - General agriculture fishing and forestry sector (86%), General public administration sector (14%)	Cofinancing (US\$M)		
L/C Number: C2940			
	Board Approval (FY)		97
Partners involved :	Closing Date	01/31/2003	01/31/2004
Prepared by :	Reviewed by :	Group Manager :	Group:
John R. Heath	Christopher D. Gerrard	Alain A. Barbu	OEDSG
2. Project Objectives and Components			
a. Objectives			
<p>(i) Modernize the system of rural land registration, laying a foundation for more effective land titling;</p> <p>(ii) Strengthen the role of the state forestry administration (AFE-COHDEFOR) and promote participation of local populations in managing natural resources;</p> <p>(iii) improve agriculture and forestry practices in upland farms to stabilize income and thereby decrease forest encroachment; and</p> <p>(iv) rationalize the national protected areas system, conserving representative areas of the nation's ecosystems . (Staff Appraisal Report)</p>			
b. Components			
<p>(i) Land Administration Modernization (Expected cost, US\$ 11.8 million; Actual cost, US\$15.1 million). Surveys and legal investigations in urban areas and small rural communities to provide municipal authorities with the data needed for proper land adjudication .</p> <p>(ii) Natural Resources Management (Expected, US\$23.1 m.; Actual, US\$20.5 m.) Comprising: measures to strengthen the forest management capacity of AFE-COHDEFOR and local communities; provision of technical assistance, training and research for better management of uplands; and selection of, and investment in, areas slated for biodiversity protection</p> <p>(iii) Project Coordination Unit (Expected, US\$3.2 m.; Actual, US\$4.2 m.)</p> <p>(iv) Valle de Sula (Expected, <i>Not Applicable</i>; Actual, US\$4.4 m.) This component was added in response to Hurricane Mitch and financed emergency reconstruction in the Sula region .</p>			
c. Comments on Project Cost, Financing and Dates			
<p>A supplemental credit for US\$8.3 million was granted on 22 November 2001. Of this, US\$4.4 million was used to address damage caused by Hurricane Mitch and the remainder served to offset the depreciation of the SDR relative to the US dollar.</p>			
3. Achievement of Relevant Objectives:			
<p>The performance indicators specified in Annex G of the Staff Appraisal Report set only one quantitative target --the</p>			

number of upland producers to be covered by the project --making it difficult to assess to what extent the project achieved what it set out to do.

(i) **Modernize rural land registration (Achieved).** Roughly 72,000 urban lots and 77,000 rural parcels were registered. About 27,000 ha of land belonging to indigenous communities were demarcated and titled . A further 48,000 ha of land in the Department of Comayagua were registered in the computerized, parcel -based property registry system. Several municipal boundaries were demarcated .

(ii) **Strengthen state forest administration (Achieved).** Nine forest master plans were created, covering 560,073 ha of public forest land . By raising public awareness and developing contracts with municipalities, the project helped to reduce the number of forest fires (in the Department of Yoro there were 385 in 1997 but only 63 in 2001).

(iii) **Improve agriculture and forestry practices (Achieved).** With respect to agriculture extension and the Fund for Upland Producers the project covered 9,814 families in three Departments, exceeding the appraisal target of 6,500 families. The project successfully out-sourced extension for poor upland farmers, with the government awarding contracts to private providers, most of whom were local NGOs and firms .

(iv) **Rationalize protected areas (Achieved).** The project strengthened the management of 13 units of eight protected areas in three Departments. In these protected areas, 251,171 ha were successfully demarcated . Park management committees were established and involved local people in management of protected areas .

4. Significant Outcomes/Impacts:

- According to the ICR, the new approach to land administration --involving creation of a web-based Unified Registries System--is international best practice and became "one of the most important development instruments of the country".
- The project set up an innovative monitoring system which made it possible to tailor the extension services to the expressed needs of producers .
- The land administration modernization component generated an economic rate of return of 13 percent (compared to the 17 percent forecast at appraisal).
- The project contributed to major legislative reform, including development of the Forestry Law .

5. Significant Shortcomings (including non-compliance with safeguard policies):

- There was only limited progress in making the farming practices of poor upland producers more environmentally sound.
- So far there has been no large-scale and systematic incorporation of local communities into public forest management.

6. Ratings:	ICR	OED Review	Reason for Disagreement /Comments
Outcome:	Satisfactory	Satisfactory	
Institutional Dev .:	Substantial	Substantial	
Sustainability:	Likely	Likely	
Bank Performance:	Satisfactory	Satisfactory	The Quality Assurance Group rated Quality at Entry as "Satisfactory".
Borrower Perf .:	Satisfactory	Satisfactory	
Quality of ICR:		Satisfactory	

NOTE: ICR rating values flagged with '*' don't comply with OP/BP 13.55, but are listed for completeness.

7. Lessons of Broad Applicability:

- It is possible to combine public funding of agriculture extension with delivery being handled by private service providers.
- The time needed to bring participatory forest management to fruition is typically underestimated : the biggest challenge is securing long-term financing and institutionalizing the division of rights and responsibilities between government forestry departments and communities in the forest hinterland .
- Poor farmers discount the future at a high rate and short -term incentives must be provided if they are to embrace new farming practices designed to conserve soils and water .

8. Assessment Recommended? Yes No

Why?

No PPARs have covered Honduran agriculture and rural development since 1978. Two new projects grew out of the one covered by this review (Land Administration, P055991 and Forests and Rural Productivity, P064914), and when these are completed there would be a good case for a cluster assessment of the three operations .

9. Comments on Quality of ICR:

The economic analysis is thorough and in all other respects the ICR provides a complete account of what the project achieved.