

Terra Institute, Ltd.

ANNUAL REPORT

**Fiscal Year
2006 - 2007**



TERRA INSTITUTE LTD.

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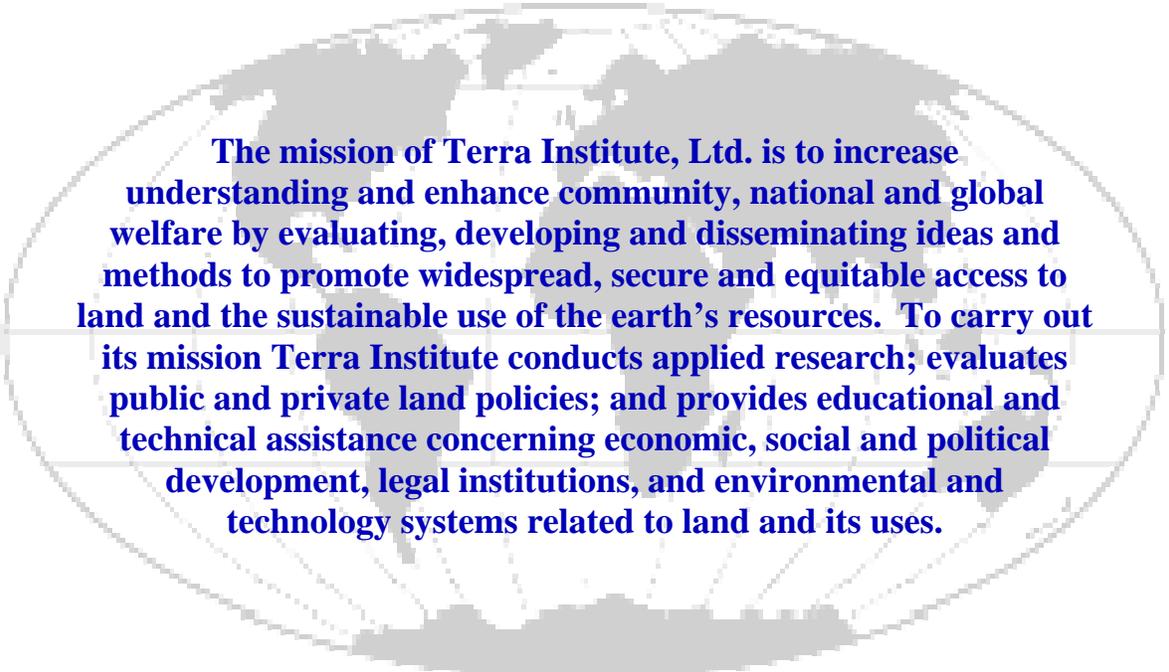
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Terra Institute, Ltd.

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., an independent membership-driven organization, was organized as a nonprofit under Section 501(c)(3) of the Internal Revenue Code and incorporated as such under Chapter 181 of the Wisconsin Statutes. Its over 60 members located in the United States and throughout the world have a wide range of skills and expertise in both physical and social sciences available to the Institute. Individual members are called upon to participate in various projects depending upon their expertise and skills in the subject matter, knowledge of the geographical area and availability of time. Members of the Board of Directors represent a variety of professions with both private and public employment experiences to adequately govern the Institute in performing its mission.

During this past year Terra has continued its success as an international research and consulting firm providing technical assistance and training in accordance with its adopted mission in land tenure, land reform, land administration, registration and privatization activities. Terra continues at this time to be financially sound with each of our segregated accounts fully funded. Financial support for Terra's various projects come primarily from the United States Agency for International Development (USAID), several international regional banks, such as the Asian Development Bank (ADB) and Inter-American Development Bank (IDB) and individual countries. Terra this past year has received funding directly from donor agencies or other entities depending upon whether the Institute was either the contractor with the donor agency or subcontractor to other consulting firms.

During this past year a new Organizational Chart, as suggested by our auditors, was adopted by the Board of Directors for the governance and management of Terra Institute. The Board remains the governing body while a newly created four member Executive Committee under the Board is responsible for managing Terra. In addition to that Committee three other committees, Finance/Audit, Nominations, and Project Development, were created by the Board. The Executive Committee consists of Board members and includes a President, President-Elect, Secretary and Treasurer. All Request for Proposals received by Terra from donor agencies or various consulting firms asking for our partnership in preparing and submitting proposals and unsolicited proposals prepared by our members are reviewed by the Project Development Committee for recommendations to the Executive Committee.

Approximately three months earlier than the date for termination Terra completed 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." Only one Terra member was employed under this subcontract for most of the year. David Stanfield completed Terra's portion of an Asian Development Bank (ADB) funded project in Afghanistan, "Capacity Building for Land Policy and Administration," in association with SCANAGRI Denmark A/S.

Terra currently has two ongoing projects. One, "Land Use Policy and Administration Project," a subcontract with International Land Systems (ILS) in the Bahamas is nearing completion in the next fiscal year. A second, the "Crown Land Management Project" in Turks and Caicos Islands, is funded by the Island's government, is scheduled for completion in late 2007.

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 2006 - 2007

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, Moldova and in the United States.

PROJECTS

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 was to provide Technical Assistance to the Afghan Government in formulating a national land policy and in building a related institutional structure for land administration. The terms of reference specified five outputs. Dr. J. David Stanfield was Terra's key person under this project in the capacity of Rural Land Policy Advisor.

Specifically, the Team worked with the Inter-Ministerial Land Commission and helped with the following activities:

Output 1: Devise and test a method of community consultation for reaching agreements about legitimate users of pastures and forest land.

Output 2: Assess institutional structures and technical capacity for land administration in Afghanistan.

Output 3: Draft an Action Plan for rural land administration reform in Afghanistan to provide guidance and structure on how to approach the complex issue of introducing institutional change and to arrive at feasible solutions for the land problems of the country.

Output 4: Strengthen the national land policy. An inter-ministerial working group developed a national land policy which received final approval by the cabinet on September 3rd 2007.

Output 5: Recommend amendments to the legal framework for land and land administration in Afghanistan.



Two Court Employees, Copying Deeds by Hand

Building upon its past work in Afghanistan, the Team coordinated 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 in modernizing land policy and administration in Afghanistan.

LAND TITLING AND REGISTRATION PROJECT IN AFGHANISTAN (LTERA) (US\$2,825,495)

The three year Land Titling and Economic Restructuring Activity (LTERA), implemented by Terra Institute, Ltd. and the Prime Contractor, Emerging Markets Group Ltd., promotes a new property rights regime and tenure security for millions of Afghans. This is accomplished through the liquidation of state-owned enterprises (SOEs), new mapping and land surveying standards, legislation, and the formalization of property rights. LTERA's approach involves analyzing the existing legal framework of land administration, including issues related to property adjudication and registration, mapping and land surveying, formalization of informal property rights, identifying gaps in the framework, and making appropriate recommendations to the Government of Afghanistan to improve land administration.

Dr. Yohannes Gebremedhin, Terra's Land Titling Team Leader to USAID's LTERA project, continued on assignment through April 2007. Prior to his departure, Dr. Gebremhedin reported to Terra on a regular basis the activities under the Land Titling Component.

One of the major activities of the Land Titling Team during this year was organizing and implementing a study tour in Egypt for a high level Afghan delegation. The principal objective of the study tour that took place from September 8 to September 15 2006 was to enable key decision makers and technical personnel to understand the nature of a successful informal settlement upgrading and tenure regularization program, its program cycle and the processes of project management. The members of the high level Afghan delegation met with a range of senior Egyptian government officials and their development partner NGOs. As planned the study tour enabled the members of the delegation to gain experiences from direct discussions with counterparts on program implementation, and site visits which offered best practices of upgrading informal settlements and addressing the problem of tenure insecurity with a participatory approach. Networking with Egyptian counterpart government officials, as well as building team spirit between the representatives of key Afghan government bodies, were also important objectives of the study tour. The Team facilitated discussions between Afghan officials and Egyptian counterparts.



The Property Clarification Board in District 7 pilot areas meets to determine the veracity of claims and clarification of property ownership.

When in Afghanistan, the Team gave much focus to the machinations of the Land Working Group which focused on Land Policy in Afghanistan. The Land/Titling Team provided technical and coordination assistance to the Land Working Group. They continued to meet on a regular basis with those in attendance including members of the Working Group as well as ministers and deputy ministers of the three key line ministries (Agriculture, Urban development and Justice). After thoroughly deliberating and debating for many months, a draft Land Policy document was presented to the three line ministries. The Land Policy was formally adopted and the signing ceremony

took place on the 24th of January, 2007 at the Ministry of Agriculture.

The Team continued their work through the year in the areas of Informal Settlements, Pilot Projects, Adjudication, property rights clarification, donor coordination and a review of land related laws.

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

Terra began mobilizing consultants for work for LUPAP in October, 2006.

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 improving 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. led the effort under Component 3.

The primary objective of the National Land Issues and Policy Guidelines Activity was 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 completing a local and national-level participatory dialog process. The study analyzed 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 system.

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

Terra was joined in this effort by Prime Contractor International Land Systems, Inc. and Simmons Aerofilms, Ltd.

CROWN LAND IMPLEMENTATION CONSULTANCY FOR THE TURKS AND CAICOS ISLANDS GOVERNMENT (TCIG) (US\$107,577)

In November 2006 the TCIG approved a new Crown Land Policy which stated 21 key principles and actions related to Crown land. Due to successful previous work in TCI, Terra Institute, Ltd. was chosen by the Ministry of Natural Resources to carry out this Crown Land Implementation Consultancy which was designed to assist the TCIG (through the Ministry) in completing the design, development and initiation of urgent aspects of a Turks and Caicos Crown Land Management Project intended to finance and guide the full implementation of the Crown Land Policy over an estimated two year period of time.

This project was carried out by a team of five specialists with significant experience in the institutional, technical and legal aspects of development and implementation of land policies. This team approach allowed for the various disciplines required to be covered and also provided for exchange of ideas between land and property specialists resulting in a more comprehensive product for the Ministry of Natural Resources. The primary deliverables of this consultancy were:

- A comprehensive Institutional Report on the establishment of a Crown Land Unit/Department that will include:
- A comprehensive technical and legal analysis of existing land legislation and Crown Land Policy which will include legal notes and drafting instructions to support the drafting of the Crown Land Ordinance;
- A Technical and Administrative Manual for the Management of Crown Lands;
- A one day workshop on the Technical and Administrative Manual for Ministry personnel and the proposed draft legislative notes for the Attorney General's Chambers;
- A one day technical course on the principles of cadastral surveying including the use of Global Positioning Systems, the processing of survey data and equipment demonstrations for the personnel in the Lands and Surveys Department; and
- A final report which presents the activities, reports and recommendations of the consulting team. This final report will lay the groundwork for the Ministry of Natural Resources to develop the Crown Land Management Project and a Crown Land Management Project Document so

that the TCIG may eventually finance and fully implement the Crown Land Policy over the next few years.

SECOND RURAL INVESTMENT AND SERVICES PROJECT IN MOLDOVA (RISP II) (US\$556,190)

The project team meets with villagers in Bolduresti, Moldova which was chosen as one of the pilot villages under the Land Re-parceling Project.



In June 2007, Terra was notified of the award for this project. Under a grant from the International Bank for Reconstruction and Development, and financing by the World Bank and Swedish SIDA, and in partnership with NIRAS AB, Sweden, Terra Institute will assist the Government of Moldova with implementation of Component #4 **Land Re-Parceling Pilots** – to respond to the concerns of Government and others about the fragmentation of agricultural land by facilitating the efficient functioning of land markets in pilot locations through the implementation of village voluntary land re-parceling projects based on international best practice. Terra Institute, Ltd. will be providing the Land Management Expert who will be largely responsible for planning and carrying out the pilot projects in the six villages, focusing on small peasant farmers as its primary target group. The specific objectives of these pilots are to: (i) test the demand for and feasibility of land re-parceling with small landowners as the primary target group; (ii) use the pilot experience as the basis for designing a potential national-level approach, including techniques, resource requirements and legislative framework; and (iii) assess the impact of re-parceling at the local level, on land markets, agricultural production, and equity. Mobilization of the team will begin in August 2007.

TECHNICAL ASSISTANCE IN AGRICULTURE (TAA)

Millennium Challenge Corporation represents the United States Government to short-list firms and consortiums 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.

PROJECT DEVELOPMENT

During the fiscal year Terra created and implemented a Project Development Review committee, as well as a procedure for this committee to follow in reviewing possible projects and deciding what actions should be taken to pursue a project. This committee now keeps an eye on possible funding sources such as the United States Agency for International Development (USAID), the International Development Bank (IDB), and the Millennium Challenge Corporation (MCC). Terra developed proposals with potential partners such as Chemonics, International Land Systems, Inc. (ILS), the QED Group, and Weidemann Associates, Inc. During this fiscal year, Terra participated in Expressions of Interest and responded to several Requests for Proposals in El Salvador, Paraguay, Mauritius, Mozambique, Benin, as well as Native American Indian Rights issues. Key topics of interest continue to be in the areas of land policy and administration, impact evaluation, upgrading cadastral registration, and good governance in land administration.

CONFERENCES AND SEMINARS

World Bank

Dr. J. David Stanfield of Terra Institute contributed to the World Bank Conference on Land Policies and Legal Empowerment of the Poor in Washington, D.C. November 2nd and 3rd, 2006. His presentation, titled "Land Administration in Post-Conflict: The Case of Afghanistan," was offered as one entry in the section titled "The Role of Land in (Post) Conflict.

Bolivia

The "Access to Land and the Sustainable Management of the Natural Resources and Forest" workshop in Santa Cruz, Bolivia February 12, 2007 was funded by a grant from Terra Institute, Ltd. which covered the costs for approximately 60 attendees plus costs for two speakers, printing, communication, and other expenditures.. The workshop was organized by Rene Soloman, Terra member and former Executive Director of the National Institute of the Agrarian Reform in the Republic of Bolivia. The seminar was proposed by local organizations representing indigenous sectors, farmers and livestock producers, and organized peasants from various departments. These participants wanted an event at which they could present their local natural resource policies and their experiences with their application. They also wished the opportunity to debate with the private and social sectors some issues of land and natural resource policy. During the workshop, they presented differing points of view on newly-proposed Land, Forest, and Environment laws.

The workshop provided an opportunity for open discussion of the issues of private land reform, formalization of some issues to discuss and resolve the private land reform effort, and the participation of local governmental units in policy making and efforts to apply new policies.

Representatives from the Prefectures of Pando, Trinidad, and Santa Cruz made presentations describing their work on management of land distributions and forestry problems.

Representatives of producers hoped to see a better operation of the land market based on the Agrarian Law. They hoped for clear norms and procedures that would allow a greater transparency in the allocation or purchase of land.



Pando producer (farmer), Alfonso Almaraz, addresses the workshop participants.

As a result of the workshop, participants expressed a desire to develop an action plan encouraging the various organizations represented at the workshop to continue working together in the future.

Wisconsin Land Information Association (WLIA)

At the 2007 WLIA Annual Conference (Appleton, WI), Terra member and Director David Stanfield presented a paper “Modernizing the Register of Deeds in Dane County Wisconsin.” The paper was coauthored by Ms. Jane Licht, former Register of Deeds for Dane County Wisconsin.

Other

Terra’s staff and Directors attended several professional development seminars, including one on “Rules and Procedures for a Great Meeting” and another titled “Update on New Auditing Standards.”

RESEARCH SUPPORT

Research and Educational Assistance

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



These documents 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 Program for Land Tenure and Environmental Management (LATEM)

Terra was contacted by Dr. Hunud Abia Kadouf of the LATEM Unit from the International Islamic University in Malaysia. He and three other academicians of this university planned an educational visit to the US to “establish links and explore possible areas of cooperation in research, consultancy and/or training in the areas of land tenure, environmental law, and rural development.” While in the US, the group visited the Institute of the Environment at UCLA; the Rural Development Institute in

Seattle WA; Terra Institute, the East Asian Legal Studies Center, and the UW Land Tenure Center in Madison WI; the Lincoln Institute of Land Policy in Cambridge MA; and the Worldwatch Institute, the Embassy of Malaysia, and the World Bank in Washington DC. Terra Institute hosted the group from **April 20-23, 2007**. During their time in Wisconsin, Terra arranged their meetings with Terra staff and Executive Committee, the Land Tenure Center, the Town of Dunn, the Center for East-Asian Studies and the Land Information and Computer Graphics Facility at UW, as well as arranging a visit to Midwest Environmental Advocates, Inc. Terra and LATEM hope that this visit brings a greater understanding of each of our roles in developing countries and hope that this trip will help cultivate new collaborations and projects in Malaysia and other parts of the world.

Other

Terra Institute, Ltd. extended an invitation to Eng. Safar from Afghanistan. Safar worked as a key person with Terra on the two current projects in Afghanistan and earned high praise for his abilities and his interest in building the capacity of the Afghanistan Government and his Afghan counterparts to help build sustainable land administration policies and institutions in his home country. The purpose of the visit was to expose Eng. Safar to successful land administration and management agencies and procedures in Dane County, Wisconsin. Due to political uncertainties, his visit was postponed to a later time period.

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



Study tour participants from the Caribbean and Terra staff enjoy a break from site visits.

Terra Institute, Ltd.**

STATEMENT OF FINANCIAL POSITION - June 30, 2007

ASSETS

Current Assets

Cash	\$ 57,166
Certificates of Deposit	175,500
Accounts Receivable	225,351
Prepaid Expenses	-
Furniture and equipment - net	1,700
TOTAL ASSETS	\$ 459,717

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable	\$ 4,127
Accrued payroll and taxes	731
Accrued expenses	-
Line of Credit	5
Total Current Liabilities	4863

Net Assets

Board Designated Net Assets	129,476
Undesignated Net Assets	325,378
Total Net Assets	454,854

TOTAL LIABILITIES AND NET ASSETS	\$ 459,717.00
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STATEMENT OF ACTIVITIES - for the year ended June 30, 2007

UNRESTRICTED NET ASSETS

SUPPORT AND REVENUE

Grants and Contracts	\$ 735,047
Interest Income	7,847
Other	-
Total Support and Revenue	742,894

EXPENSES

Salaries	331,844
Payroll Taxes	21,601
Employee Benefits	89,440
Professional Fees	231,013
Subcontracts	-
General Office	8,665
Rent	9,100
Marketing and Communications	6,380
Insurance	1,725
Travel and Meetings	42,695
Other	6,343
Total Expenses	748,806

Change in Net Assets	(5,912)
Net Assets at Beginning of Year	460,766
Net Assets at End of Year	\$ 454,854

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

TERRA INSTITUTE, LTD. BOARD OF DIRECTORS

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