PROJECT ASSISTANCE COMPLETION REPORT

Project Title:	AGRICULTURAL STRUCTURAL ADJUSTMENT PROJECT
Project Number:	538-0090
Funding Period:	1983-87
LOP Funding:	$9,500,000
Implementing Agency:	Government of St. Lucia
PACD:	December 31, 1987

I. PURPOSE

The overall goal of the St. Lucia Agricultural Structural Adjustment Project (ASAP) was to expand employment and to increase incomes for rural farm families. This was to have been supported by the Project's Purpose representing the goals of its three principal components. These are: 1) to increase the economic viability of banana cultivation, and to increase foreign exchange earnings from bananas in order to provide a strong financial base for agricultural diversification; 2) to decrease the dependency on banana receipts and to expand the income opportunities of farmers through private sector market promotion activities for diversified crops; and 3) to promote a more efficient, equitable and rational utilization of rural lands resulting in increased investments in agricultural infrastructure (also geared towards diversified crops). The Project design therefore consisted of a three-pronged approach to remove the obstacles to agricultural diversification and thereby achieve the overall goals of increased employment and incomes for farm families.

II. BACKGROUND

A. Banana Component

At the time of the conceptualization and design of the Project the banana industry was experiencing a downward production cycle. According to most observers, relatively low productivity and a declining exchange rate relative to the Pound Sterling resulted in the income received by banana farmers, even from the protected U.K. market, being insufficient to cover costs. This, combined with hurricane damage in the late seventies and early eighties, led to reductions in both the application rates of necessary agronomic inputs as well as banana field replanting rates. This in turn lead to further reductions in productivity. In addition, inefficiencies in the management of the Banana Growers' Association (BGA) were also provoking higher than necessary 'check offs' against the price paid to its farmer/members.

In order to break this downward cycle the BGA, through the GOSL, requested a grant of US $0.9 million for the purchase of agro-chemicals. These were to have been provided on a loan basis to members willing to engage in replanting activities, and under terms thought to be attractive enough to promote their use at recommended WINBAN levels. Critical to this component was increased field replanting to a rate of 20-25 percent per year from the 15 percent average rate prevalent at that time.

Nevertheless, when responses to the fertilizer tenders were received from U.S. suppliers the prices quoted were substantially higher than those available in Martinique with only minor differences in quality. This supplier also makes his bid more attractive by offering easy credit terms to the BGA. The decision was therefore taken to turn down the offers from the U. S. suppliers and to purchase the needed inputs from the source in Martinique. As a result, the GOSL requested that the component be suspended and that its monies be transferred to the other components.

Among other things, the first amendment to the Grant Agreement therefore transferred all but US $126,800 of the original US $1.0 million allocated to the Banana Component to other Project activities. This remaining amount was earmarked for the BGA's purchase of computer hardware and software, plus a technical assistance contract for its specification and operationalization. These funds had been justified on the grounds that computerization would enable the BGA to better monitor the disbursements and collections of fertilizer credit under this component. The computers improved the administrative capacity of the BGA, and helped to reduce average BGA administrative costs per pound of bananas.

The St. Lucian banana industry has dramatically improved in recent years due to a series of coincidental factors--not the least of which include higher replanting rates, more adequate input use, and a heightened knowledge of proper pesticide use among farmers. In this regard it appears that although RDO/C-supplied Project funds for these activities were reallocated the original Project Purpose of the component was generally accomplished.

B. Marketing Component

St. Lucia's agricultural sector was, and still is, heavily dependent on banana cultivation to the point where adverse natural phenomema, or the loss of its protected market in the U.K. would spell disaster for the economy as a whole. Agricultural diversification was therefore considered by most experts to be a necessary long term goal towards the island's overall economic development. Nevertheless, farmers faced with a guaranteed market for their bananas, with established, well known requirements and channels, and an almost constant weekly income source have been understandably reluctant to engage in diversification activities in a meaningful way.

In an attempt to address this problem, the Project design proposed a two pronged effort: a strengthening of the seedling propagation activities of the Ministry of Agriculture supporting work already started by the BDD; and, concentration on the marketing channels and other aspects of market information, identification and the promotion of selected crops.

The seedling propagation activity consisted of technical assistance and grant funding in the design and construction of plant propagation facilities at three Ministry of Agriculture stations around the country. The technical assistance was adequate to the task and propagation facilities at all three stations were substantially upgraded.

The second area addressed by this component encompassed the generalized support of private sector marketing activities for non-banana agricultural exports. Project supported activities in this field included: the design of an overall marketing strategy embodying a private sector focus; the establishment of a Market Promotion Unit within the Ministry of Agriculture; and the establishment of two revolving loan funds, one for the provision of marketing infrastructure and one for experimental marketing efforts.

Nevertheless, given that the preparation of a marketing strategy was a condition precedent to the disbursement of funds for the other marketing activities, and that the strategy was never approved by either the GOSL or RDO/C, these funds were reallocated to the Land Registration and Titling Component in Amendment Number Three to the Project Grant Agreement.

C. Land Registration and Titling Component

The confusions and insecurities as to the rights to land were the subject of several early studies culminating in the formation of the Land Reform Commission in 1979 by the Government of St. Lucia. The Land Reform Commission identified the land tenure structure of the country as a primary constraint on the development of a more productive and equitable agricultural system. As a result of a complicated overlay of French and English legal systems it had been estimated that approximately 45 percent of agricultural parcels, held in any one of several tenure forms, lacked secure title. Additionally, approximately one-half of these parcels, or 20 to 25 percent of all holdings, were further encumbered by being held as 'family lands' which are owned in undivided shares by the descendants of an original owner. This situation was thought to be a major disincentive to investment in agricultural land, both from the point of view of individual farmers, as well as bankers who refuse to grant loans in the absence of clear title.

The system of deeds registration in St. Lucia had resulted in a relatively inefficient system of defining and protecting rights to land. The records that were registered were incomplete in that many deeds were vague as to the location of the land and exactly who held what rights to that land. There was little assurance that the deeds and mortgages that were registered were consistent with previously registered transactions relating to a specific parcel of land. Finally, the cancelling of obsolete transactions and the weeding out of documents that had been superseded by subsequent transactions was very difficult, and caused the Deeds Registry to become unnecessarily congested and practically unmanageable.

The Land Registration and Titling Component was undertaken to create a new land registry within a modified legal framework for defining how transactions in land occur and how rights to the land are recorded. The creation of a workable, comprehensive registry of the rights and interests in the land was the immediate objective of the project, a part of the overall goal of improving agricultural productivity by improving security of tenure.

The system of land registration proposed for St. Lucia in 1983 was modeled after similar ones implemented between 1968 and 1981 in the Cayman Islands, Turks and Caicos, the British Virgin Islands, Anguilla, Antigua, and Montserrat. Due to the peculiar legal history of St. Lucia, the legislation considered and approved by the St. Lucian Parliament in 1984 to prepare for the Project had to adapt to the country's Civil Code which in certain ways is different from the Common Law used in the countries where the registration system had been installed in other Caribbean countries.

The registry which the Project in fact established in three years, following its initiation in late 1984, is composed of a registry map, representing all parcels in the country, plus the land register, which contains a page for each parcel describing the interests in the land for that parcel plus other parcel- and owner-related information.

To create this system, a systematic demarcation and mapping of all parcels was undertaken, as well as the adjudication of ownership and other interests in the land for each parcel delineated. United Aerial Mapping (UAM), of San Antonio, Texas was selected as the contractor to perform the survey and to provide technical assistance to the GOSL in the establishment of the Land Registry. The first members of the team arrived in August, 1984 and the survey work began in November of that year. This contracting with a private firm to manage a land-registration project was the first time such an arrangement had been attempted.

III. SUMMARY OF INPUTS AND ACCOMPLISHMENTS

The project budget, at $9.5 million was heavily concentrated on the land registration and titling activities with $8,585,000 allocated for this component including $8,365,078 which was spent under the Host Country Contract to UAM, Inc. Expenditures under this component were broken down into technical assistance (64%), local staff (20%), commodities (9%), and operations (7%).

The project demarcated, surveyed, and recorded a total of 33,287 parcels, 5,944 of which were in the urban area of Castries. The Land Registry for the entire country was created, containing the registry map of all parcels, the parcel register, as well as the parcel files containing the field data concerning the claims made to the project and the decisions made as to the interests in each parcel.

A Registrar of Land has been appointed (acting), and staff and office space have been provided to the Land Registry. The parcel files, the register, and the maps are in the Registry and easily accessible to Registry staff. Notaries are using the Registry on a daily basis, as is the general public. The number of transactions, mostly land certificates, land transfers, and mortgages , has increased from 178 in January, 1987 to over 600 in March, 1988. Revenues to the Government of St. Lucia from these transactions has steadily increased to over $7,000 per month.

The process of recording rights to land by the project went more smoothly than had been anticipated, with a total of only 910 hearings before the Adjudication Officers; such hearings arose when there was a dispute that could not be resolved in the field as to ownership or boundary of one or more parcels. The UAM contract and the project was completed in December, 1987.

This was the first land adjudication project undertaken in the Eastern Caribbean and the first time one had been contracted commercially. An indication of the significance and success of the project is the set of stamps issued by the Government of St. Lucia in 1987 featuring the land registration and titling activities under the project.

Under the marketing component three plant propagation stations were rehabilitated and a comprehensive Marketing Task Force report was published at a cost of $130,000. The banana replanting component was modified during the project and consisted of the purchase of computer hardware and software and technical assistance to design and install the system at a cost of $124,000.

IV. DEVELOPMENT IMPACT

The creation of a functioning Land Registry for over 33,000 parcels within approximately three years is impressive. This achievement is moderated, however, by the difficulties the project had in resolving the problems of family land. Approximately one-third of the parcels in the country are still in this status. Few family-land parcels were partitioned and the ownership individualized. Thus, the project did not resolve the problems of tenure insecurity.

At least three factors limited the project's impact on tenure insecurity. The legal framework was probably inadequate at the initiation of the project. The Civil Code's rules for handling family-owned parcels were different from those incorporated into the Land Registration Act and the Land Adjudication Act, leading to confusions between the common-law concepts of proprietorship in common and adjudications in favor of the heirs of a deceased person, and the Civil Code concepts of community property and rights of survivorship.

Furthermore, the proposed mechanism of trust for sale for resolving the lack of negotiability of family-land parcels, defined in the two acts of legislation, proved inadequate, both in terms of the difficulty of applying the notion in specific circumstances as well as in terms of the resistance to the concept by families and attorneys on the grounds of its unfairness.

These problems with the formulation of the acts of Parliament for the first two years of the project were multiplied by the amendment of the two acts in early 1987. The amendment removed the clause in the original legislation which had stated that the new act took precedence over any preceding and potentially conflicting rule of law. This action by Parliament to remove the priority of the new legislation opened the door to questions as to which body of law was to be applied in the operation of the new Land Registry.

The project did affect tenure insecurity by providing absolute and provisional titles to those holders of land who did not possess adequate legal documentation of their ownership prior to the project. Thus, the project improved the tenure security of about 20 percent of the claimants to land who received absolute title. Of the remaining 80 percent, about 20 percent who received provisional title continued to be in a disadvantageous position interms of documented title; about 57 percent who received absolute titles already had enjoyed secure documentation of ownership prior to the project.

The inability to award absolute titles, however, corresponds in large part to the inability to resolve the family-land issues. Only about 50 percent of the family-land parcels were awarded absolute titles.

The demarcation and mapping done by the project may prove to be one of its strongest contributions to improving the property system of St. Lucia. Prior to the project only 20 percent of the parcels had an adequate survey plan, and 23 percent had no written description of the boundaries whatsoever. The remainder had very approximate descriptions. Following the project all parcels are described in the Registry's parcel map at the scale of 1:2,500 for rural areas and 1:1,000 for urban ones. This represents a substantial improvement in accuracy and availability of parcel-boundary information.

V. RECOMMENDATIONS FOR CONTINUING MONITORING

As an institutional development project its effects will be long term in nature. RDO/C should monitor the progress of the Land Registry through annual reports and occasional field visits paying particular attention to the process of resolving the incompatibilities between the Land Registration Act and the Civil Code by the Bar Association and Parliament. USAID may be able to assist this process through other projects.

It is also recommended that a follow-up study of the impact of the land registration and titling component be undertaken in about four years to compare with baseline data.

VI. LESSONS LEARNED

RDO/C notes that first, a project of this nature is doomed to failure without widespread consensus and political support throughout the society and professional community. It appears that this undertaking in St. Lucia has been unusally blessed by almost universal support.

Second, it is essential that there be definitive planning and unquestionable integrity in terms of operations. For example, the persons chosen to implement the project must have a clear understanding of the work to be accomplished and the demonstrated technical ability to execute the work to a high standard. The UAM Inc. contract team achieved an outstanding record of management and technical performance in St.Lucia.

Finally, with respect to the banana component, factors exogenous to the project (e.g., banana prices) can have very beneficial effects on project outputs. The resultant upturn in the banana industry permitted the Mission to reallocate monies to other project components. It is therefore important to retain a degree of flexibility in AID projects in order to re-program funds more effectively to achieve project objectives.

Drafted by:DEHarrington:6/5/88:1941b

Clearances:

D/ARDO:JASleeper	(Draft)
ARDO:LKLaird	(Draft)
A/C/PDO:DChiriboga	(Draft)
A/CONT:JBAhn	(Draft)
C/PRM:DMutchler	(Draft)
D/DIR:ABisset	(Draft)