

**PROJECT INFORMATION DOCUMENT (PID)  
CONCEPT STAGE**

Report No.: AB1090

<b>Project Name</b>	Access to land For Young Farmers Project
<b>Region</b>	LATIN AMERICA AND CARIBBEAN
<b>Sector</b>	General agriculture, fishing and forestry sector (100%)
<b>Project ID</b>	P088732
<b>Borrower(s)</b>	GOVERNMENT OF MEXICO
<b>Implementing Agency</b>	Agrarian Reform Secretariat
<b>Environment Category</b>	<input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI <input type="checkbox"/> TBD (to be determined)
<b>Safeguard Classification</b>	<input type="checkbox"/> S <sub>1</sub> <input checked="" type="checkbox"/> S <sub>2</sub> <input type="checkbox"/> S <sub>3</sub> <input type="checkbox"/> S <sub>F</sub> <input type="checkbox"/> TBD (to be determined)
<b>Date PID Prepared</b>	July 8, 2004
<b>Estimated Date of Appraisal Authorization</b>	TBD
<b>Estimated Date of Board Approval</b>	TBD

## 1. Key development issues and rationale for Bank involvement

### Country and sector background:

Poverty in Mexico remains widespread. Poverty indicators demonstrate that in 2000, about 53% of its national population suffers from income-poverty (defined as those with a per capita consumption level below that which is needed to meet basic food and non-food needs). In 2002, 35% of the rural population (between 8 to 10 million people) is extremely poor.

In the last decade, Mexico has undertaken major efforts to transform its rural and agricultural sectors, and in particular the social sector<sup>1</sup>, representing nearly 70% of the rural population to try to make it an integral component of a more dynamic economic environment.<sup>2</sup> However, these efforts have been limited due to, inter alia, the following factors:

- As a consequence of legal and administrative restrictions combined with a lack of economic incentives, the social sector has been characterized by a disproportionately low level of investment, often unsustainable resource use, atomization of land, and a high level of poverty. A 2000 survey of ejidatarios (ejido beneficiaries) and private producers found that the average capital endowment in ejido lands is significantly lower than that owned by neighboring non-ejido producers (Procuraduria Agraria, 2000). The 2001 VII Ejidos Census indicates that only 5% of the ejidatarios have their own motor vehicle for productive use.
- There is a situation in the ejidos where most land rights belong to older people many of whom are unable to make efficient use of their land, while young households who are more educated and potentially more efficient farmers suffer from significant land shortages or highly insecure land tenure. Today, the social sector is getting older, young people are migrating to big cities and the USA. Ejidatarios who are beneficiaries of the PROCEDE<sup>3</sup> (Programa Nacional de Certificación de los Derechos Ejidales y Solares Urbanos, the National

<sup>1</sup> The social sector includes social lands classified as “ejidos” and “communal lands” representing half of the country's land. These lands resulted from the massive land distribution process set forth in the 1917 Mexican Constitution, under which indigenous and non-indigenous beneficiaries received rights to a house plot, sole usufruct rights for a parcel of land, and access to communal lands subject to collective management decisions. “Ejidos” are those social lands granted to mostly non-indigenous beneficiaries, while “communal lands” were those granted to mostly indigenous persons.

<sup>2</sup> “Mexico Land Policy - A Decade after the Ejido Reform.” K. Deininger and I. Lavadenz. Washington, DC: The World Bank, 2001.

Certification Program of Ejido Rights and Urban Lots) are largely (50%) older than 50, and 29% older than 65, whereas only 5% of the ejidatarios are 18 to 40

### ***GOM commitment***

GOM and particularly the Secretariat of Agrarian Reform (*Secretaria de la Reforma Agraria*, SRA) are highly conscious of the aging problem and the opportunities for enhancing rural development represented by young rural workers. They have decided to make an effort to help rejuvenate and revitalize the countryside and invest in this more dynamic young segment of the population endowed with more human capital.

The intention is to operate simultaneously on various fronts, including (i) facilitating the intergenerational transfer of land through the creation of a land fund and other means to be discussed and piloted such as the possible provision of some incentives to old farmers who choose to transfer their land to young farmers, (ii) providing technical and financial support to young farmers to invest in off- and on-farm activities, (iii) studying possible measures to stimulate land markets in the social sector within the existing constitutional framework; (iv) studying the introduction of a retirement pension scheme for farmers, and (v) to the extent possible, using the above mechanisms of access to land to consolidate holdings so as to promote the formation of viable farms in the hands of the new generation.

The SRA strategy and access to land program are in line with the 2003 “*Acuerdo para el Campo*”<sup>3</sup> (Agreement for the Rural Areas) signed between the Government of Mexico (GOM), civil society, the private sector and most agrarian organizations. The Agreement states that “[i]t is key to promote land markets in the social sector through innovative mechanisms such as a land fund that will promote access to land for young farmers”.

### **Linkages to CAS**

Both the previous CAS (April 2002) and the new CPS (Country Partnership Strategy for FY05-08), place rural development through the improvement of land markets and access to land as one of the key pillars for poverty reduction and growth.

The previous CAS specifically mentioned the need for a more integrated rural strategy that would include, *inter alia*, the improvement of land tenure security, access to land, and land markets as key factors markets.

The new CPS will focus on reducing poverty and inequality, increasing competitiveness, strengthening institutions and promoting environmental sustainability. This new CPS includes a loan to provide Access to Land for Young Farmers (FY06) to support GOM program in rural areas.

### **Rationale for Bank involvement**

The SRA, through SHCP, sent in October 2003 a letter to Mexico Country Director asking for WB assistance to SRA. In March 2004, SHCP sent a second letter of interest to the Country Director asking for PHRD to support project preparation. This PHRD was approved in June 2004. The SRA, the implementing agency, has already named a director and appointed a team for project preparation, and as mentioned above, SHCP has already budgeted in 2004 Mx\$270 million to start pilot activities.

The World Bank is uniquely placed to assist the GOM given its experience on land policy and operations assistance worldwide. Project design will take into account lessons from three countries in the region where access to land

---

<sup>3</sup> The purpose of PROCEDE is to resolve boundary conflicts, regularize land tenure, delineates ejidos and individual parcels boundaries and issue property rights in ejidos and communal lands. This program that started in 1993 is demand driven and free. It allows beneficiaries to choose their property rights regime and eventually documents rights to a house plot, sole usufruct rights for a parcel of land, and access to communal lands subject to collective management decisions.

programs are under implementation - Brazil, Guatemala and Honduras- and also from experiences outside the region.

The proposed project would also build on a body of research on land made by the World Bank in Mexico including : (i) the 2001 Land Policy ESW, (ii) an international conference in December 2003 to review access to land in different countries; (iii) an on-going analytical study based on field work in selected *ejidos* and *comunidades* to better understand barriers and incentives to land access, and (iv) planned work on urban property rights (FY06).

Finally, GOM would benefit from the Bank's new expenditure eligibility policy (OP/BP 6.0) approved by the Board in April 2004, that authorizes the financing of land acquisition with Bank loan proceeds as long as certain key conditions are met (the country financial parameters have been approved, the land is used for productive purposes, the transactions involved do not distort local land markets, transparent mechanisms for the channeling of financial resources to beneficiaries and adequate monitoring and evaluation systems are in place, etc.).

## 2. Proposed objective(s)

The Project Development Objective is to establish a beneficiary-driven sustainable mechanism that allows poor young farmers to acquire or rent productive farm lands and implement productive and environmentally sustainable on and off-farm investment subprojects that significantly increase their income and welfare. The mechanism would rely on a combination of loans and matching grants.

Therefore, the project would contribute to an integrated rural development strategy that emphasizes the improvement of land markets and promotes rural dynamism by providing new on-farm and off-farm (e.g. eco-tourism) opportunities to young farmers. The project would also benefit old farmers, by allowing them to benefit from the transfer of their lands to young farmers.

Project design will pay specific attention to the participation and inclusion of indigenous people in the process, since they are part of the project beneficiary groups.

## 3. Preliminary description

It is expected that the project (estimated total cost: US\$140 million) would have four components: (i) land acquisition and rental; (ii) investments to enhance the productive capacity of the acquired lands; (iii) modernization of Agrarian Registry and (iv) project management, technical assistance, and monitoring and evaluation.

## 4. Safeguard policies that might apply

Safeguards: The project will very likely need an environmental assessment (OP 4.01, most land projects are category B), Indigenous Peoples policy (OD 4.20). It is less likely that the project will trigger the following safeguards: Natural Habitats (OP 4.04), Cultural Property (OPN 11.03), Involuntary Resettlement (OP 4.12), and Forest (OP/BP 4.36). Social and environmental assessments will confirm safeguards ratings and will be highly participatory and will determine which safeguards are triggered and the necessary mitigation actions.

## 5. Tentative financing

Source:	(\$m.)
BORROWER/RECIPIENT	40
IBRD	100
Total	140

## 6. Contact points

Contact: Frederic de Dinechin  
Title: Sr. Land Administration Specialist  
Tel: 1 (202) 473 7873  
Fax: 1 (202) 522-0262  
Email: [fdedinechin@worldbank.org](mailto:fdedinechin@worldbank.org)

Jose Maria Caballero  
Lead Agriculture Economist  
Phone: +52 55 5480 4250  
Fax. 52 55 5480 4222  
**E-mail:** [jcaballero@worldbank.org](mailto:jcaballero@worldbank.org)