CASE STUDY

Peru: The Rural Land Cadastre, Titling, and Registration Project

Indigenous Land Titling Stalled by Safeguard and Design Failures

Independent Consultation and Investigation Mechanism (MICI) -- Inter-American Development Bank (IDB)

SYNOPSIS

Peru's Rural Land Cadastre, Titling, and Registration Project (PTRT3) case study highlights the challenges of implementing land titling initiatives in Indigenous territories. It demonstrates that success requires far more than technical cadastral work—it demands culturally appropriate, trust-based processes grounded in good-faith consultation, contextual risk analysis, and sustained institutional engagement. Project design must integrate social, political, and environmental complexities, including overlapping land claims, historical marginalization, and ecological pressures. Safeguards must be tailored to these realities, and implementation requires strong institutional capacity, leadership continuity, and inter-agency coordination. Environmental considerations—such as biodiversity baselines and ecosystem impacts—should be integrated from the outset. Ultimately, land titling should be seen not just as a tenure security intervention, but also as a conservation and human rights strategy, recognizing the crucial role of Indigenous stewardship in protecting ecosystems and sustaining livelihoods.[1] [2] [3]

BACKGROUND AND CONTEXT

Launched in 2014 with a US$40 million budget, the **Rural Land Cadastre, Titling, and Registration Project (PTRT3)** aimed to strengthen land tenure security in rural Peru through surveying, titling, registration, and institutional capacity-building. Implemented by the Ministry of Agriculture and Irrigation, the project soon faced serious concerns. In 2015, AIDESEP (Interethnic Association for the Development of the Peruvian Amazon), representing over 1,100 native communities, filed a complaint with IDB's MICI. They alleged that the project prioritized the titling of colonist lands over Indigenous territories, worsening land invasions, territorial conflicts, and environmental degradation—raising questions about compliance with IDB environmental and Indigenous safeguard policies.

CONSULTATION PHASE – FROM AGREEMENT TO IMPASSE

In 2016, MICI declared the case eligible, initiating a **Consultation Phase** between AIDESEP, the project execution unit (UEGPS), and the IDB. A **Memorandum of Commitments** was signed in 2017, pledging to title 403 Indigenous communities, include Indigenous members in field brigades, and conduct a study on land trafficking.

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[1] MICI. 2022. Report on the conclusion of the consultation phase and transfer to the compliance review phase. Rural land cadastre, titling, and registration project in Peru, third phase. https://www.iadb.org/document.cfm?id=EZSHARE-1009163277-1211
[2] MICI. 2024. Compliance review report . Rural land titling & registration project in Peru - third phase (ptrt-3). https://www.iadb.org/document.cfm?id=EZIDB0000559-1009163277-2745
[3] IDB. 2025. Management Action Plan. https://www.iadb.org/document.cfm?id=EZIDB0000559-1009163277-2794

However, implementation failed:

- By early 2022, only 10 communities (2.48%) had received titles.
- Indigenous participation in fieldwork was limited to 18 months (2019–2021).
- The land trafficking study was delivered three years late.
- Monitoring closed in April 2022 with non-compliance, and MICI transferred the case to Compliance Review.

In its subsequent analysis of the 2017 agreement and its implementation, MICI identified structural, operational, and contextual challenges that ultimately prevented effective execution.

Structural and Design Limitations

- Over-reliance on project execution – The MICI agreement had been tied almost exclusively to PTRT3 activities, limiting flexibility to explore alternative solutions when project implementation stalled.
- Slow disbursement and design weaknesses – At the agreement's signing in 2017, only 2.33% of funds had been disbursed. The agreement's dependence on pre-existing project activities restricted its conflict-prevention potential.

Operational and Contractual Breakdowns

- Minimal delivery on titling targets – Only 2.48% of the target was achieved, with contractual shortfalls reducing the scope from 403 to 331 communities. Diagnostic work was incomplete, leaving an estimated 166 communities without progress.
- Contract disputes and early terminations – Execution challenges with contracted firms led to the early termination of project lots 1 and 4 in 2020 and 2021, and inactivity in project lot 2 since January 2021. By August 2021, fieldwork was halted in 3 project lots covering 98% of the target communities.

External and Contextual Challenges

- COVID-19 disruptions – Fieldwork was halted for nearly half of 2020 due to public health restrictions.
- High staff turnover – Six executive directors and eight general coordinators led the UEGPS between 2017 and 2022, with frequent changes in technical staff.
- Security risks for Indigenous leaders – Since 2013, at least 15 leaders were killed in the Amazon, many linked to land rights disputes involving illegal activities.
- Unmet expectations and loss of trust – Delays and limited progress created frustration, distrust, and polarization among Indigenous peoples, despite the project's potential to reduce the land titling gap (estimated by AIDESEP at 673 communities in 2020).

Loan Closure and Policy Decisions

- Project extensions and loan closure – The project's completion date was extended twice, but in October 2021 the government decided not to seek a further loan extension, limiting the timeframe to February 2022.
- Government decision to self-finance – The choice to continue with only national funds and regional coordination, without hiring private firms, effectively ended the possibility of fulfilling the MICI agreement.

COMPLIANCE REVIEW: FINDINGS AND RECOMMENDATIONS

Following the transfer of the case to the Compliance Review Phase, **MICI identified multiple instances of noncompliance** with the IDB's social and environmental safeguards. These findings are summarized below:

1. Deficient Consultation with Indigenous Populations

The project's consultation process during its design did not meet the requirements for meaningful or good-faith consultation and negotiation. Although some meetings were held with Indigenous representatives, these were:

- Limited in scope and content
- Conducted without prior dissemination of information in culturally appropriate formats, languages, or locations
- Lacking genuine two-way dialogue

Key documents—including the Environmental and Social Management Plan (ESMP) and the Environmental and Social Analysis (ESA)—were not updated to reflect community concerns. As a result, Indigenous perspectives on potential adverse impacts and mitigation measures were effectively excluded from project design.

2. Minimization of Risks and Negative Impacts

The Bank's own due diligence studies identified several **critical risks**, including:

- Short-term social conflicts stemming from boundary disputes.
- Insufficient resources to title all targeted Indigenous lands, prompting prioritization of "conflict-free" areas and leaving vulnerable communities behind.
- Lack of a clear inventory of existing land conflicts.
- Well-documented deforestation and colonization pressures in the Amazon, downplayed as "moderate" risks.
- Overlaps between Indigenous territories, protected areas (ANPs), and public forest lands (BPPs), which required policy reforms outside the project's scope.

Despite these risks, the Environmental and Social Management Report (ESMR) underplayed their seriousness. The absence of a socio-environmental baseline and conflict mapping should have triggered a reassessment of the titling component—particularly given that land titling in this context was not a mere administrative task, but a complex process with deep social and environmental implications.

3. Inaccurate Risk Classification

The project was initially classified as Category "B", despite its known implications for Indigenous rights and potential for significant environmental and cultural impacts.

In 2017, it was reclassified as Category "A", but the only operational change made was the introduction of annual supervision—falling short of the rigorous safeguards typically required for high-risk projects.

4. Ineffective Outsourcing Model

Despite knowledge of the challenges associated with Indigenous land titling, the Bank outsourced implementation to four consulting firms, repeating a model that had previously failed. The outsourcing approach led to:

- Delays in contracting and mobilizing the firms.
- Contractors with limited contextual knowledge and weak capacity to engage with Indigenous communities.
- Transfer of diagnostic and fieldwork responsibilities from regional governments to firms, with the former relegated to validation roles.
- Inefficient and unpopular arrangements, worsened by payment structures that disincentivized performance.

These issues directly contributed to severe underperformance and the early termination of several contracts.

5. Major Coordination Failures

Institutional coordination was significantly hindered by:

- High turnover at the Project Execution Unit (UEGPS), particularly in senior management roles.
- Weak collaboration between UEGPS and DIGESPACR (the agency responsible for developing titling guidelines).
- Poor coordination between consulting firms, UEGPS, and regional governments.

These shortcomings led to persistent bottlenecks and operational paralysis across project areas.

6. Lack of a Dedicated Environmental Component

Although environmental and social aspects were nominally integrated, the project lacked a standalone environmental component. Specifically:

- No identification of critical habitats, biodiversity concerns, or ecosystem services was conducted during preparation
- The required socio-environmental baseline was deferred to the implementation phase and delegated to contractors
- As a result, key environmental risks were neither adequately assessed nor mitigated from the outset

7. Minimal Results and Unmet Expectations

Despite its ambitious goals, the project's titling achievements were negligible. Bank supervision failed to trigger timely corrective actions, leading to:

- Unrealistic expectations among Indigenous communities
- Widespread frustration and disillusionment when promised titles were not delivered

Internal IDB supervision reports (2019–2020) acknowledged the high likelihood that the project would fail to deliver land titles to most beneficiary communities—potentially resulting in violations of customary rights.

In response, MICI issued a set of strategic recommendations to address systemic weaknesses and prevent future harm:

- **Strengthen due diligence and supervision** in Indigenous land titling projects to ensure early identification and mitigation of risks.
- **Use pilot phases** to test feasibility, identify potential challenges, and refine approaches before scaling up.
- **Assess and reinforce institutional capacity** from the outset, ensuring sufficient staffing, resources, and inter-agency coordination.
- **Integrate Indigenous affairs specialists** into project screening and planning processes.
- **Provide regular training** for environmental and social teams on land regularization risks and Indigenous rights.
- **Adapt supervision methods** to the complexity of operations, including segmented reporting and flexibility to redesign when needed.
- **Link titling strategies** to biodiversity conservation and climate objectives to maximize environmental and social benefits.
- **Enhance transparency and information-sharing** through accessible, well-maintained documentation systems.
- **Support Indigenous communities** with tools, training, and technical assistance for sustainable land use, forest monitoring, and environmental law enforcement.

MANAGEMENT ACTION PLAN AND MONITORING

In 2025, the PTRT3 Management Action Plan set out a series of measures to strengthen project performance and safeguard implementation. It commits to:

- Piloting smaller-scale operations before national rollout.
- Integrating biodiversity, land-use planning, and Indigenous rights into project design.
- Ensuring the early involvement of Indigenous experts and organizations.
- Enhancing staff training and safeguard oversight. Strengthening information-sharing platforms and public documentation.
- Promoting direct community engagement and capacity-building.
- Publishing a lessons-learned report focusing on:
    - Environmental safeguards
    - Meaningful consultation
    - Collaboration with environmental authorities.

MICI will monitor the implementation of the Action Plan for up to five years, assessing both compliance and the effectiveness of measures taken to address systemic shortcomings.