CASE STUDY

Honduras: Land Administration Project

When Land Reform Threatens Land Rights

Inspection Panel -- World Bank

SYNOPSIS

Implemented amid historical dispossession, overlapping claims, and legal ambiguity, the project left Indigenous and Afro-Honduran communities—particularly the Garífuna—vulnerable. A new property law enabled non-Indigenous actors to legalize encroachments, yet Bank Management neither reassessed risks nor adapted safeguards. Consultations bypassed legitimate Garífuna representatives, fragmenting community governance. The Honduras Land Administration Project case underscores the need for continuous legal due diligence, engagement with legitimate representative bodies, and safeguards tailored to communal tenure systems to prevent further exclusion and loss of land rights.[1]

BACKGROUND AND CONTEXT

The Honduras Land Administration Project sought to address land tenure insecurity through the establishment of a decentralized land administration system and the systematic regularization, titling, and registration of diverse land types, including urban, rural, forested, protected, municipal, and ethnic territories. Although the project was designed to strengthen land governance and support development, it unfolded within a context marked by longstanding land conflicts, overlapping claims, and institutional weaknesses—conditions that disproportionately affected Indigenous and Afro-Honduran communities such as the Garífuna.

DESCRIPTION OF THE COMPLAINT/GRIEVANCE

The Garífuna submitted a complaint to the World Bank Inspection Panel, expressing concern that the project would threaten their collective land rights and cultural survival. They argued that it failed to reflect their unique legal status and would instead enable the conversion of communal lands into individual titles. These fears were exacerbated by the passage of a new property law shortly after project approval. The law introduced provisions allowing non-Indigenous occupants of ethnic lands to obtain legal title, potentially legitimizing decades of dispossession by tourism investors, agribusiness interests, and municipal authorities.

COMPLIANCE REVIEW FINDINGS

The Inspection Panel found merit in the complainants' concerns and issued a range of critical findings:

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[1] World Bank. 2023. Land at the Center of Inclusive and Sustainable Development : Volume 1 - Land Administration and Management. Inspection Panel Emerging lessons series No 8. http://documents1.worldbank.org/curated/en/099936404242328316/pdf/IDU02a480d8e0b65504de508a3108ccc839c57fa.pdf

1. **Risk to Collective Land Rights:** The Panel concluded that the project could contribute to the erosion of Garífuna communal land rights, despite including measures intended to protect them. These measures were found to be inadequate, especially in light of the vulnerability of affected communities and the enabling effect of the new property law on non-indigenous claims.

2. **Failure to Respond to Legislative Change:** Although Bank staff had conducted a legal analysis during preparation, the Panel found that Management did not reassess legal risks after the property law was passed. Despite the law forming a core part of the legal framework in which the project was implemented, no follow-up analysis was undertaken—contravening Bank policy obligations that require project teams to assess and respond to significant legal and institutional changes.

3. **Undermining of Legitimate Consultation Structures:** The Panel found that the project's consultation process failed to engage the Garífuna's established representative organizations, notably OFRANEH and ODECO. Instead, the project promoted the creation of a parallel consultation body—the *Mesa Regional*—which the complainants considered illegitimate and unrepresentative. This approach was found to have divided communities, marginalized legitimate leaders, and undermined collective efforts to secure ancestral titles.

4. **Establishment of a Parallel System:** The Panel expressed concern that the Mesa introduced a parallel governance structure that conflicted with the systems the Garífuna had long used to advocate for land rights. This system may have weakened land claims, and left the demarcation and titling process vulnerable to manipulation.

5. **Exclusion of Inter-Sectoral Commission:** The Panel noted that the project failed to coordinate with the Inter-Sectoral Commission for the Protection of Garífuna and Misquito Land Rights, which had been established by the government to address precisely such concerns. This exclusion represented a missed opportunity to strengthen legitimacy and coordination.

6. **Context of Conflict and Legal Ambiguity:** The Panel emphasized that the project was implemented in a context of contested land governance, where communal land titles had long been undermined by unregistered transfers, municipal issuance of private titles, and external encroachments. In many communities, Garífuna lands were either untitled or partially titled, and often subject to occupation through fraud or violence. These factors exacerbated the risk that the project would reinforce, rather than resolve, existing inequalities.

7. **Inadequate Response to Known Risks:** The Panel found no evidence that Bank Management adequately acted on concerns raised both by staff and complainants regarding the new property law. Even though these concerns were documented internally, there was no structured response, nor an adjustment of project safeguards.

CORRECTIVE ACTIONS

In response to the Panel's findings, World Bank Management committed to a series of corrective actions. These included hiring a Honduran legal expert to assess the updated legal framework; reviewing procedures for regularizing ethnic lands; updating project documents to reflect legal changes; and restoring legitimate consultation by engaging OFRANEH and ODECO and clarifying the roles of the Mesa and the Inter-Sectoral Commission.