

**PROGRAM TO MODERNIZE THE REAL PROPERTY ADJUDICATION  
AND REGISTRATION SYSTEM**

(DR-0118)

**EXECUTIVE SUMMARY**

**BORROWER AND:** The Dominican Republic  
**GUARANTOR:**

**EXECUTING AGENCY:** The Supreme Court of Justice (SCJ)

<b>AMOUNT AND SOURCE:</b>	<b>IDB:</b>	<b>OC:</b>	US\$11,700,000
		<b>OC/IFF:</b>	US\$20,300,000
	<b>Total contribution:</b>		US\$ 8,000,000
	<b>Total:</b>		US\$40,000,000

<b>FINANCIAL TERMS AND CONDITIONS:</b>	<b>Amortization period:</b>	25 years
	<b>Grace period:</b>	4 years
	<b>Disbursement period:</b>	4 years
	<b>Interest rate:</b>	variable (capitalized interest during execution)
	<b>Inspection and supervision:</b>	1% of loan
	<b>Credit fee:</b>	0.75% per annum on undisbursed balance
	<b>Currency:</b>	US\$ (Single Currency Facility)

**OBJECTIVES:** The purpose of this operation is to achieve a Real Property Adjudication and Registration System within the Judicial Branch that performs its adjudication and arbitration functions efficiently and transparently. Efficiency and transparency will be measured in terms of the speed with which the administration of justice proceeds in matters pertaining to land with no impairment of the legal security of the process.

The specific objectives of the operation are: (i) the legal and institutional consolidation needed to enable the Real Property Adjudication and Registration System (JT) to discharge its functions efficiently and transparently; (ii) technological modernization of systems and procedures supporting the functions; (iii) improvement of infrastructure, equipment and systems in response to the goal of achieving efficiency and transparency; and (iv) strengthening of human resources to enable them

to perform effectively under the new structure and systems.

**DESCRIPTION:**

The operation is defined as a program of institutional reforms of the JT, accompanied by investments to consolidate those reforms. The program consists of four components, and the commitment of its resources will be contingent upon the progress achieved in implementing the legal consolidation pursuant to the matrix of reforms agreed upon with the authorities. The components are:

(i) legal and institutional consolidation (US\$1.7 million); (ii) technological and information-systems modernization (US\$6.7 million); (iii) improvement of infrastructure, furniture and equipment (US\$17.5 million); and (iv) strengthening of human resources (US\$800,000). In addition, US\$5.2 million will be included to finance the program executing unit.

Specific actions. During the execution of this program, the Land Registration Act and related laws will be reformed; the organization of the JT will be decentralized; new title and registry clearance procedures will be established; the geodetic and cadastral infrastructure will be improved; new cadastral measurement and surveying regulations will be prepared; a legal cadastral-information system will be developed; the building that houses the central office of the Tribunal Superior de Tierras [Superior Land Tribunal] (TST) will be remodeled and equipped and three new regional offices of the TST will be built and equipped; a computerized general filing system will be set up for the storage of TST technical data; buildings to house 17 local land courts and title registry offices at the provincial level will be constructed and/or adapted and equipped; and a TST staff training program will be organized and conducted to strengthen the professional capability and quality of the system's personnel.

The program will be implemented over a four-year period by the Supreme Court of Justice through an executing unit to be established for the purpose.

**ENVIRONMENTAL/  
SOCIAL REVIEW:**

The Committee on Environment and Social Impact (CESI) reviewed and approved the environmental brief of this operation at its meeting of May 30, 1997, with no additional reviews being required.

**BENEFITS:**

The direct benefits pursued by this program are associated with the establishment of a new legal framework to support the institutional development needed to establish the administrative and budgetary function within the JT and provide better service to the citizenry by simplifying procedures, reducing turn-around times and improving case management by the JT. An essential part of the benefits sought is to bring about an improvement in the legal security of land tenure for owners and investors, as a consequence of which the program is expected to yield the following indirect benefits: (i) encourage an increase in the mobilization of financing for productive purposes and spur the development of the real estate market by improving guarantees for mortgage loans; and (ii) foster the introduction of technologies that improve agricultural productivity.

**RISKS:**

The greatest risk is that the political decisions and legal, institutional and organizational changes needed to ensure appropriate budgetary management of the JT will not be carried out and, consequently, that the modernization effort will be left short of the funds required for operation on a self-sustaining basis. Safeguard: This risk is attenuated by the fact that the principal mandate ensuring budgetary independence is already in place as a result of the constitutional reform of 1994 and the Law of Financial Autonomy of the Judicial Branch and the National Congress. Using an implementation modality based on annual follow-up reviews, the operation proposed herein will be conducted in stages commensurate with the progress being made in implementing the reforms that will remain pending until the JT becomes autonomous.

**THE BANK'S  
COUNTRY AND  
SECTOR STRATEGY:**

The Bank is of the belief that doing away with legal uncertainty among the economic agents and strengthening the protection of citizens' rights are primary prerequisites for the governability of market systems. The country paper for the Dominican Republic (GN-1958-1) characterizes helping the country surmount the challenge of governance as a priority element of IDB strategy. Strengthening the State for the roles which are appropriate to it, including the regulation of private initiative and protection of individual rights such as the right to justice and to property, are envisaged as ways to support State reform. The present operation is consistent with this strategic line of support for State modernization.

The experience of the IDB with land titling in the Dominican Republic, associated mainly with stages I and III of the PIDAGRO program, was limited to interventions that were not intended to attack the root of the problems pertaining to titling and therefore had a very limited impact on improvement of the system. Accordingly, and as a result of the analysis made, instead of a titling program similar to one originally requested by the national authorities, stress is being placed on the need to reorganize the JT. The purpose of the program proposed herein is to bring about the institutional modernization of the JT to eliminate impediments to progress in key areas such as investment climate, financial intermediation, agricultural productivity, etc., which might lead, at a subsequent stage, to an organized nationwide titling effort to further promote the opening up of real estate markets.

**POVERTY TARGETING:** This program is not targeted specifically to low-income groups.

**CEILING AMOUNTS FOR PROCUREMENT:** The ceiling amounts above which international competitive bidding will be required for procurement under this project are US\$350,000 for goods, US\$1.5 million for works, and US\$200,000 for consulting services contracts.

**EXCEPTIONS TO BANK POLICY:** None

**SPECIAL CONTRACTUAL CONDITIONS:** Conditions precedent to the first disbursement: (i) signature of an implementation and funds-transfer agreement between the borrower and the executing agency; (ii) formal establishment of the program executing unit and appointment of its Executive Director pursuant to the stipulations of this document and its annexes; and (iii) negotiated contract with the selected project management firm.

Conditions during execution ("triggers"): Calls for bids and the commitment of resources will be subject to the approval of a new Land Registry Act and its implementing regulations that simplify procedures and case management and allow for the use of modern technology for cadastral surveys and the retrieval and storage of file and judicial proceedings documentation and that establish the Administrative Department at the TST, under the supervision of the Supreme Court's Administrative Division. The following activities are exempted from this requirement: (a) reform of the Land Registry Act and the organizational activities related to the Supreme

Court's Administrative Division, included in the legal and institutional consolidation component; (b) electronic retrieval of files of the TST in danger of being lost, updating of the geodetic grid, and consulting services needed to review and revise pertinent regulations and included in the technological and information-systems modernization component; (c) studies for detailed civil works designs included in the infrastructure, equipment and systems improvement component; and (d) support for the project executing unit.

## I. FRAME OF REFERENCE

### A. General and institutional context

#### 1. Economic opening, legal climate and production efficiency

- 1.1 Although lagging behind other countries of the subregion, the Dominican Republic is undergoing the necessary transition toward structures that will enable it to improve its positioning vis-à-vis the competitive conditions of the new global economy. Salient features of this transition are the efforts by the public sector to divest itself of investments in productive plant and the promotion of market-based solutions to the challenges of growth and public well-being. But the achievement of a market-friendly environment requires the removal of the constraints to private initiative and competitiveness that still persist. In addition to basic-infrastructure and energy constraints to economic activity, the country continues to operate under institutional conditions that mitigate against an efficient use of factors, including conditions that undermine individual rights and the rule of law. Prominent among the confidence-undermining conditions that hinder economic flows and raise the cost of doing business in the country is legal uncertainty with respect to land ownership. Inasmuch as the mechanism for determining ownership was designed for conditions prevailing in the country at the start of the twentieth century, it is clearly unresponsive to today's economic trends.

#### 2. Land ownership and security for the economic agents

- 1.2 Accreditation of the ownership of land in the Dominican Republic is based on the "Torrens" system, which postulates the legality, authenticity, public availability and particularity of the records. In practice, however, titling operations are carried out in a precarious and disorderly manner that compromises the credibility of the system and its instruments. As a result, the documentation attesting to ownership is frequently unreliable and disregarded and squatting is endemic.
- 1.3 Tenure, squatting and illegal settlement. It is estimated that as much as 40% of the land in the capital city is illegally occupied and squatting is widespread throughout the country. Thus, a large percentage of real estate transactions is limited to the informal market, particularly in the cities, where the fraudulent occupation of land and its urbanization or conversion to shantytowns creates an extensive illegal land market. This discourages development and complicates the provision of services in poor, usually overpopulated areas. The population density of 160 inhabitants per km<sup>2</sup> implies a heavy pressure on the use of land and its resources. However, the State controls 48% of the agricultural land while accounting for only 17% of agricultural output. This dominant presence and the aforementioned pressure explain in part why the

private structure of tenure is dominated by properties of less than five hectares, frequently with indistinct property lines. Accordingly, public disinvestment would exert a decisive impact on land-ownership patterns provided that the distortions currently holding back the market are removed.

1.4 Basic obstacles.

The titling system does not facilitate an efficient use of private land or promote the operation of real estate markets. Given its painful sluggishness and rigidity, the legal process does not provide a suitable mechanism to accommodate the potential demand for transactions in an economy where the private sector plays an ever-expanding role. The difficulty of tendering land as security to the

banking system constitutes an effective barrier to credit access for productive sectors, and the loss of value of mortgages as collateral for loans inhibits the mobilization of resources essential to the economy. The lack of reliable titles also operates as a disincentive to the adoption of new agricultural technologies, limits private investment in infrastructure and urban housing, and deprives municipalities of a means of maintaining suitable property records.

- 1.5 In the Dominican Republic, the responsibility for accrediting ownership of land and resolving problems related thereto is vested in the Judicial Branch and is exercised through the special jurisdiction of courts designated as "land tribunals." Uncertainties arising in transactions in the real estate market, as in other critical areas, are therefore largely the result of weaknesses in the administration of justice.

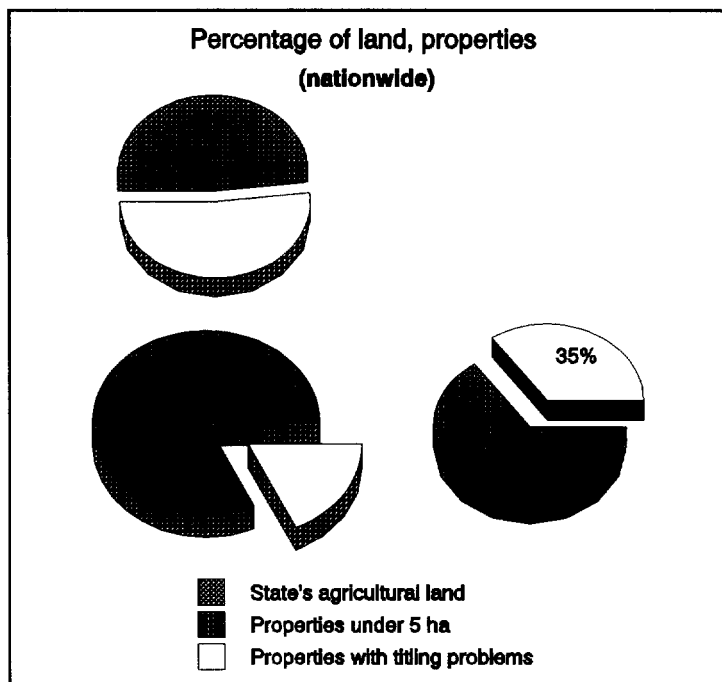


Figure 1: Dominican Republic. Land tenure indicators

B. The administration of justice system

1. Internal organization and position within the state

1.6 The administration of justice in the Dominican Republic is centralized and has historically suffered from significant deficiencies in management and in institutional status vis-à-vis the other branches of the government. The structure consists of 379 courts, including the land tribunals, under the authority of the Supreme Court of Justice (SCJ), as illustrated in Diagram 1. In spite of the separation of powers provided for in the Constitution, the chief constraint on the Dominican Judicial Branch has been its dependence on the other branches of the government. Traditionally bereft of budgetary autonomy, the Judiciary has had to rely for its operation on the allocation provided to it by the Executive Branch, which often differs from the amount budgeted by the Congress. The political appointment of judges and staff, combined with this lack of autonomy, explains the limited institutionality of the system.

1.7 Budgetary dependence. The annual budget submitted by the Judicial Branch has always been corrected by the Budget Office as a routine matter, without consulting the SCJ and often without knowledge of its plans, after which whatever amount the President of the Republic decides upon is allocated to the Judiciary. This results in an "underdisbursement" of funds which are themselves "under-budgeted" and often are barely sufficient to cover personnel costs.

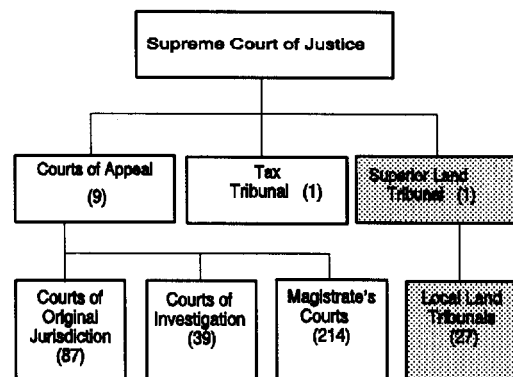


Diagram 1: Dominican Republic. Structure of the Judicial Branch

1.8 Political and administrative interference. The appointment of judges by the Senate and of judicial officials by the Executive Branch gave rise to an excessive politization of justice. There is no training system to offset professional shortcomings, and low salary levels resulting from budget shortfalls have made it difficult to attract qualified personnel and have created a climate conducive to illicit maneuvers. Fortunately, during the last few years the country has taken serious steps to remedy these distortions.

2. Reforms of 1994 and steps toward modernization

1.9 In 1994 the Constitution was reformed and the authority of the Judicial Branch to appoint its own staff, set their salaries and manage its budget was recognized. Under the reform agenda *inter*



alia: (i) the National Council of the Judiciary (CNM) was set up to designate Supreme Court Justices; (ii) the SCJ was given the authority to appoint irremovable judges and thereby lay the groundwork for a judicial career service; and (iii) a system was set up for Judicial Branch staff to pursue higher education. The reform was a decisive step toward judicial autonomy, but its practical implementation has been slow. The law which provided the Judicial Branch with financial autonomy and should enable it to improve its budget planning and execution was promulgated in 1996 but its implementing regulations are needed for it to be administered. In 1997 the CNM selected the new SCJ, which was the initial step toward professionalizing the appointment of judges; but, since the judicial career service is still nonexistent, the Executive Branch will continue to fill vacancies as they occur. In the Jurisdicción de Tierras [Real Property Adjudication and Registration System] (JT), modernization is even further behind schedule.

C. The Jurisdicción de Tierras (JT)

1. How it operates

1.10 The JT is subject internally to the same constraints that affect the entire Judicial Branch plus others stemming from its own design and institutional practice. Although the Torrens system, adopted in 1920, is a successful property-conveyance mechanism in other countries, it is inoperable in the Dominican Republic owing to excessive judicial involvement and to legislative rigidities that lead to serious overcentralization and overcrowding of courts with cases that might otherwise be resolved extrajudicially. As Diagram 2 shows, the system includes property measurement, cadastral surveys, adjudication and titling; all of this is under the Tribunal Superior de Tierras [Superior Land Tribunal] (TST), which is supported by local land tribunals [Tribunales de Origen] and by two auxiliary institutions: the Dirección General de Mensuras Catastrales [General Directorate for Cadastral Surveys] (DGMC) and the Registries. The causes of the institutional delay are apparent in the functioning of each of these levels of operation.

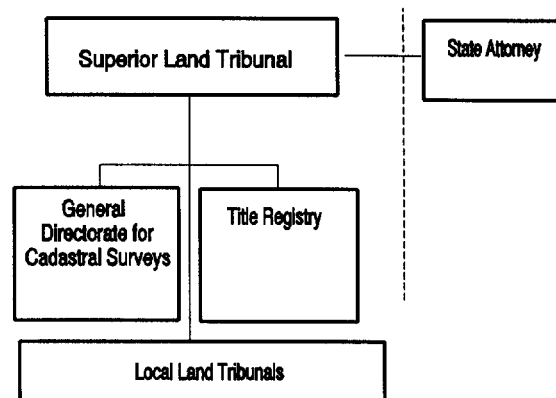


Diagram 2: Dominican Republic. Structure of the JT

1.11 The local land tribunals conduct the proceedings at which decisions as to ownership are handed down in accordance with the principle of

**legality.** But every decision of a local tribunal and every appeal against such a decision is subject to review and approval by the TST; this leads to judicial congestion. In addition to this, there are the problems of inadequate infrastructure, outdated geodetic information and human-resource shortcomings, all of which combine to produce an extremely deficient operation.

- 1.12 The DGMC performs the surveys that identify the individual properties in a legal cadastre in accordance with the principle of **particularity or singularity** of properties. When the current law was enacted, the DGMC was assigned the function of regulating cadastral technology with the aim of maintaining a high degree of cartographic reliability. But the techniques and equipment then in use were incorporated into the text of the law, which rendered it unduly rigid in the light of subsequent technological advances.
- 1.13 The Title Registry registers deeds attesting to ownership rights and issues a title by which the State guarantees those rights on the basis of a Guarantee Fund established by law pursuant to the principle of **authenticity**. The registry is also called upon to maintain a documents storage and verification system pursuant to the principle of **public availability**, but the rigidity of the law inhibits the registry offices from using more efficient information collection, storage and electronic accessing techniques.
- 1.14 The State Attorney acts as investigator for land-related complaints presented by citizens who allege that their rights have been violated. However, centralization is such that this single official is responsible for serving the entire country from his office in Santo Domingo.

## 2. Financing

- 1.15 The distortions cited above are impeding the operation of an institution that, ironically enough, generates more than sufficient resources to operate appropriately, as demonstrated by the financial analysis (see technical file). The JT has no defined budget of its own because its funding is included in the Judiciary's budget which, as previously noted, is barely sufficient to cover salaries. However, the revenues generated by the JT exceed the total budget of the Judicial Branch year after

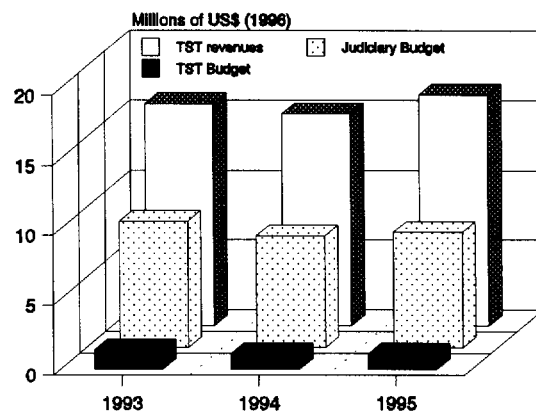


Figure 2: Dominican Republic. Revenue and Expenditures-JT

year. It was estimated that the JT would generate US\$16.7 million for 1996 and that once it was modernized it would require an annual budget of US\$6.2 million, including the service of the loan proposed herein.

D. Conclusions of the analysis

1. Principal constraints

- 1.16 The analysis shows that the deficient operation of JT is associated with distortions of the following kinds: (i) legal, (ii) technological; (iii) infrastructural; and (iv) human-resource-related.
- 1.17 Legal constraints. To deal with 2.5 million properties, the JT has the same legal framework that it had 77 years ago when there were only 250 properties in the country. By contrast, the system processed 32,000 transactions involving a total of US\$1.2 billion in 1996. While the new Financial Autonomy Law of 1997 authorizes the Judiciary to initiate expenditures on the same footing as the other branches of the government, it fails to extend similar authority to its component jurisdictions vis-à-vis the SCJ. The Guarantee Fund established by law to support ownership rights is inoperative, which inhibits the secondary mortgage market. Excessive judicial involvement and archaic methods lead to inefficient practices, e.g. handwritten and manually-bound books, which make it difficult to maintain an updated inventory of titles and lead to a backlog of cases and poor service to users.
- 1.18 Technological constraints. The geodetic grid that serves as a basis for the definition of property lines is out of date, which results in inconsistencies between documents and makes cadastral surveys time-consuming and costly. Surveyors are using antiquated tools, and the DGMC literally has no equipment. Technological anachronisms reduce the transparency of the process, render it cumbersome and encourage fraudulent intermediation.
- 1.19 Infrastructure constraints. Decades of inadequate budgets have led to acute limitations on physical plant, furniture and equipment. The files are in disarray and are unreliable. The courts are housed in premises that are inadequate to the majesty of judicial proceedings and the discretion they require and fail to give citizens access to justice. The dearth of resources leads to documentary disorganization and deficiencies and the loss of documents supporting property rights and creates opportunities for the falsification of titles.
- 1.20 Human-resource constraints. The political nature of judicial appointments detracts from the probity of the system, and the eligibility requirements for registry clerks are often ignored, resulting in the frequent appointment of persons lacking the specialized skills required by the public fiduciary responsibility

placed upon them by the law. An absence of oversight is common: parties to a dispute cover judicial costs, surveyors contract for surveys without supervision, and registry employees are paid by banks, creating conflicts of interest and innumerable opportunities for fraud and corruption. Weaknesses in the disciplinary system contribute to a climate of relative impunity.

## 2. Strategy of the Bank and the government

- 1.21 The Bank is of the belief that doing away with legal uncertainty and protecting citizen rights are primary prerequisites for the governability of market systems. The country paper characterizes helping the country surmount the challenge of governance by means of action to improve the Judiciary as a key strategy. The proposed program is part of this modernization effort in response to a request by the government for a titling program.

## 3. Concept of the proposed operation

- 1.22 Although the urgency of land-tenure regularization is recognized, the conclusion from the analysis and the lessons learned is that the situation cannot be improved through titling alone, without addressing the legal, technological, infrastructural and human-resource constraints that originally gave rise to the system's deterioration. On the contrary, it is believed that a massive titling effort under the present conditions of excessive judicial involvement, centralization, technological backwardness and serious deficits would entail an unacceptable risk of further complicating the distortions and exacerbating the sluggishness of the markets. Accordingly, instead of a titling program, emphasis is placed on reorganizing the Real Property Adjudication and Registration System, and the objective of the program proposed herein is to modernize that system through investments, contingent upon the country's implementation of the institutional reforms required for attainment of the objectives.

## II. THE PROGRAM, ITS COSTS AND FINANCING

### A. Objectives

#### 1. Purpose

- 2.1 The purpose of this operation is to achieve a Real Property Adjudication and Registration System [Jurisdicción de Tierras] (JT) that performs its real property adjudication and arbitration functions efficiently and transparently. Efficiency and transparency will be measured in terms of the speed with which the administration of justice proceeds in matters pertaining to land with no impairment of the legal security of the process.

#### 2. Specific objectives

- 2.2 The specific objectives of the operation are: (i) the legal and institutional consolidation necessary to enable the JT to discharge its functions efficiently and transparently; (ii) technological modernization of systems and procedures supporting the functions; (iii) improvement of plant and equipment to make them consistent with the majesty of judicial proceedings and with the goal of protecting the security of the records; and (iv) strengthening of human resources to enable them to perform effectively under its new structure and systems.

### B. Description

- 2.3 The program embodies a strategy based on legal simplification and technological modernization efforts combined with decentralization of the Real Property Adjudication and Registration System, the latter through the establishment of three regional superior land tribunals (TSTs) and upgrading of 26 local land tribunals. The following components are included to accomplish the objectives outlined above: (i) legal and institutional consolidation; (ii) technological and information-systems modernization; (iii) improvement of infrastructure, furniture and equipment; and (iv) strengthening of human resources.

#### 1. Legal and institutional consolidation (US\$1,739,700)

- 2.4 This component will promote the institutional measures and legal instruments the JT needs in order to operate efficiently and with the requisite autonomy for the attainment of self-sufficiency. The component seeks to reduce the turn-around times and costs of title issuance and clearance by simplifying the procedures and reducing the need to resort to the courts whenever a judicial act can be replaced by administrative processes. It also seeks to improve case management practices and, at the same time, strengthen the legal security of processes. Given that the institutional analysis

has shown a need for decentralization, the component will include technical assistance for the design, consultation process and implementation of whatever decentralization model is best for operation of the system. The component includes actions in two major areas: (a) Land Act reform; and (b) administrative organization of the JT.

a. Land Act reform (US\$685,300)

- 2.5 The program will finance technical assistance for updating the Land Registry Act and related laws in such a way as to accommodate the internal organization of the JT, procedures and case management, the title guarantee fund and the disciplinary system, to speed up the administration of justice in land-related matters without prejudice to transparency and legal security. Technical assistance will be made available as well in the adjustment of titling and registration provisions to allow the introduction of modern technology in measurements, cadastral surveys, etc. and to provide for the development and timely implementation of the pertinent regulations.
- 2.6 The consulting services to be hired will be charged specifically with reviewing and formulating statements of purpose and legal texts covering the following aspects of the Land Act:
- (i) System organization/decentralization scenarios for regional deconcentration of the courts, the offices of the State Attorney before the Superior Land Tribunal, and the General Directorate for Cadastral Surveys.
  - (ii) Internal management policies, including proposed reforms to restructure responsibilities and work flows so as to differentiate between and reassign the responsibilities pertaining to: (i) the jurisdictional function, vested in the magistrates and judges, who are independent, irremovable and subject only to the rule of law; and (ii) the administrative function, the purpose of which is to support and assist the jurisdictional areas and the responsibility for which would lie with administrative divisions.
  - (iii) Clearance, titling and registry procedures, including the proposed reform of the mechanisms established under the JT Act. Particular emphasis will be placed on speeding up these procedures and spelling out the responsibilities of the State Attorney for enforcing the regulations of other jurisdictional spheres in matters pertaining to the protection of ecological and scientific reserves, environmentally fragile areas, illegal occupation policies, etc.

- (iv) Introduction of innovative and proven technologies pertaining to land surveys, cadastres, storage of technical and legal documents, and registration of titles.
- (v) Reform of fiscal levies now provided for in Chapter XXIX of the current Land Act and other laws that provide for the levy of taxes on the conveyance of real-property rights.
- (vi) Reform of the Guarantee Fund cited in Chapter XXV of the current Land Registry Act, the updating of which can lay the groundwork for the development of a secondary mortgage market.
- (vii) Reform of the JT's disciplinary rules to create the necessary means for the supervision of judicial staff and of judges in their new status as irremovable civil servants under the 1994 Constitution.

b. Administrative organization of the JT (US\$1,054,400)

2.7 The consulting services to be hired will be responsible, specifically, for identifying and proposing the activities required for attaining the goal of strengthening the administrative and financial management capacity of the Superior Land Tribunal in the following areas:

- (i) Organizational structure that the Superior Land Tribunal needs to have in the administrative area, in general, and in the budget administration area, in particular, in the context of strategic rationalization with the Administrative Division of the Supreme Court of Justice. Levels of authority and responsibility will be better defined to improve budget management.
- (ii) Personnel administration, which will include job analyses and evaluations and position descriptions.
- (iii) Budget planning, execution and control, which will include designing systems and procedures with the relevant flow charts and preparing an efficient budget planning system, identifying basic projection parameters, developing the timetable for preparing the internal budget, and identifying those responsible for its development and implementation. Also, designing the management control system, including, if applicable, a proposal for simplification of procedures and controls.
- (iv) Management information systems required in order to modernize procedures in the following areas:

(i) financial/budgetary matters; (ii) personnel; and (iii) judicial statistics, with emphasis on the production of data disaggregated by gender, marital status, socioeconomic status, etc., and other indicators to be used for future monitoring of the social, gender and other impacts of the new procedures and for publicizing and clarifying them.

(v) Communication strategy for the design and subsequent implementation of institutional reengineering.

2. Technological and information-systems modernization  
(US\$6,728,000)

- 2.8 The purpose of this component is to update the geodetic grid that serves as a basis for property surveys. To this end, technical assistance, equipment and training as needed for the correction of property lines nationwide will be provided and cadastral survey tests will be conducted in a pilot area to evaluate the new cadastral technology and the management of the resulting information on an experimental basis. In addition, as the pertinent modifications to the legal framework of the system are adopted, the measurement and delimitation procedures will be modified with a view to introducing modern technology into property surveys and titling and into the registration, preservation and transmission of land-tenure information in order to enable judges and officials to speed up their work and properly safeguard papers required as legal support documents.
- 2.9 Technical assistance and equipment will be provided to the JT in general and to the DGMC in particular for the purpose of modernizing methods and procedures so as to ensure an efficient, accessible and reliable cadastral system. The modernization of technology will be helpful to the TST in its work pertaining to land-tenure regularization, titling and property registration. Activities in three areas are included, e.g.: (a) geodetic-cadastral information; (b) cadastral surveys; and (c) legal cadastral information systems.
- 2.10 Improvement of the geodetic-cadastral infrastructure. Funding will be provided for the following tasks: (i) improve the national geodetic grid by introducing the Global Positioning System (GPS) to serve as a basis for cadastral-survey activities by the private sector and the country's mapping authorities; (ii) complete a study that will help to lay the groundwork for a new cartography organization in the country and for the preparation of new maps of the national territory; (iii) endow the land administration system with the technical capacity to manage the new GPS network and provide technical assistance to the private sector throughout the program; and (iv) conduct a training program for technical staff of the DGMC, IGU and ICM.



- 2.11 Modernization of cadastral surveys. The following activities will be financed: (i) development of more efficient regulations providing for the use of modern technology in cadastral surveys and in the verification thereof by the DGMC; and (ii) training of private and public surveyors in the country.
- 2.12 Modernization of legal/cadastral information systems. This item includes the development of a unified system to bring together the following types of information: (a) cadastral data; (b) management control and judicial statistics; and (c) information from the legal files of the TST. Five principal activities will be financed, i.e.: (i) procurement of equipment and provision of technical assistance for implementing the integrated information system in the new offices of the JT; (ii) training of JT staff, including the DGMC, the Registries, the State Attorney's Office and the Secretariat of TST, on the use of the information and on management of the new system; (iii) organization of the cadastral information to facilitate the titling process in the future; and (iv) an emergency program to obtain copies, using high-speed scanners, of the minimum amount of basic information needed on clearances, titling, and registration which is available in the JT and in danger of being lost or destroyed because of the present condition of the files of the TST.
- 2.13 The consulting services for this last activity will perform a detailed review of the information contained in the survey profiles and the information needed for the individual property records, with the aim of devising the optimal electronic format for use in integrating the TST files with the unified information system.
- 2.14 With a view to contributing to an improvement of property assessments and to the possible future establishment of a general property tax, the component also includes a study on updating the existing property tax records, currently managed by the Dirección General de Catastro Nacional [General Directorate for the National Cadastre] (DGCN), providing for their continued maintenance, and integrating the legal records with the tax records.

3. Improvement of infrastructure and equipment (US\$17,492,200)

- 2.15 This component seeks to improve the JT's infrastructure and equipment at: (i) the TST central offices, the regional TSTs and the local courts; (ii) the property registration offices and the DGMC to ensure adequate collection, maintenance and storage of support documents for property ownership and other real-estate rights and public access to the pertinent information. To this end, the system, at both the central and survey-region levels, will be provided with appropriate physical facilities and functional furniture, as well as equipment and supplies required for the performance of its functions.

- 2.16 The component calls for the development of architectural drawings and civil-engineering designs which are readily adaptable to whatever decentralization model is decided upon. The component includes two areas: (a) buildings and installations; and (b) furniture and equipment.

a. Buildings and installations (US\$14,290,900)

- 2.17 The program will finance the detailed designs 1/ and the rehabilitation or construction of buildings at the central, regional and local levels needed for decentralized operation of the system, in accordance with functional and space requirements and in the number decided upon. The final designs for installations to be rehabilitated or built will be developed taking into account the present as well as foreseeable demands in each of the system's units and, specifically, the activities carried out in each of the JT's facilities, with due regard to the prospective elimination or modification of functions as a result of the proposed simplification.

- (i) Remodeling of the headquarters building. The program will finance the modifications to the JT's headquarters building, which houses the TST, the DGMC and the system's other central units. This will include refurbishing the installations and providing them with appropriate furniture and equipment. The remodeling will include the facilities of six local land courts and the Registry of the National District, all located in the TST building. The modifications will incorporate the physical infrastructure needed so that, in addition to the JT's functions of titling and registration, support functions (e.g. accounting, human resources, finances, security, services and parking) can also be carried on.
- (ii) Construction of regional infrastructure. Investments will be financed with due regard to zoning regulations in the area in which the various architectural units are located and to the spatial relationships that should exist among the various units of the system under the decentralization model adopted, as well as, in each case, the necessary provision for orientation, lighting and security. The program calls for:
  - (i) construction and equipping of three regional TST

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1/ The terms of reference for the consulting services responsible for developing the detailed designs are included in the project's technical file.

offices in accordance with modular design M2, 2/ which includes regional units of the DGMG and the Title Registry as well as the local land court for the region in question; and (ii) improved facilities for 17 local land courts according to modular design M1, which includes the pertinent registry office. Of these 17 courts, 15 will be installed in new buildings and two will be housed in existing buildings and merely provided with equipment.

b. Furniture and minor equipment items (US\$3,201,100)

- 2.18 As part of the component, funding will be provided for the purchase and installation of furniture and equipment needed for appropriate functioning of the offices and for the maintenance of a reliable, up-to-date and readily accessible yet secure data system.

4. Strengthening of human resources (US\$799,100)

- 2.19 In addition to the technical training events included in component 2 of the program, as part of the component presently being described, funding will be provided for the development and training of staff of all the units of the JT as required for appropriate implementation and consolidation of the legal, institutional and administrative changes undertaken as a result of the program. The component also includes dissemination of these changes among the JT's users and the general public.

a. Training (US\$285,000)

- 2.20 Financing will be provided for the design, organization and implementation of a training program for staff of registries, courts and other units of the department, as well as the Office of the State Attorney, to strengthen the capacity and professional caliber of the system's human resources. This program will include special training events as well as in-service training.
- 2.21 Training events. These will be of two types: (i) **personal-motivation and human-development** events to foster pride in the work of the JT and enhance the drive and self-esteem of its staff as a means of deriving the utmost benefit from the institutional changes, including those pertaining to human-resource administration and the disciplinary system, in keeping with employee responsibilities and the prospective judicial career service law; and (ii) **technical training events** on substantive aspects of the new rules and procedures put in place to improve

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2/ A list of the modules identified, with specifications and the location of each in its region, is included in the project's technical file.

efficiency. Modular workshops will be designed for each area and level of training and repeated as many times as required to meet the training requirements.

- 2.22 In-service training. Funding will be provided for a training program for trainers whose knowledge will then be disseminated by means of in-service training based on the actual cadastral-survey, clearance, and property-titling and registration processes to be followed under the reformed procedures.

b. Dissemination program (US\$514,100)

- 2.23 A dissemination program targeted at the users of the system will be funded and carried out for the purpose of publicizing the new operational modalities and ways of access to the services, with emphasis on the public nature and transparency of the new procedures, which are conceived to ensure respect for the rights of individuals regardless of gender or socioeconomic status.
- 2.24 The dissemination activities will be two-fold in purpose: (i) a continuing information and guidance service for users of the JT's offices; and (ii) a national drive, broad in scope but limited in time, to publicize the benefits of the reform, especially among the population with less access to the system.
- 2.25 User information and guidance system. The program will finance consultancies and training events to endow a team of employees with the skills and knowledge needed to engage in "oral interface" with the system's users in each of the JT's offices and guide them with respect to the steps, procedures and rights associated with the department's new legal environment. The members of this team will be responsible for passing on what they have learned to other employees who can substitute for them in this function. The service will be designed so as not to require any increase in the department's payroll, and printed material on matters relevant to this public-orientation function will be provided.
- 2.26 National dissemination campaign. A proactive campaign will be conducted for the purpose of disseminating the new procedures instituted by the JT. The drive will include educational events on the importance of gender-related issues in matters pertaining to land tenure and of enhanced awareness - particularly among the lower-income, less-educated population groups whose access to justice faces more barriers - of their rights to a property title and the means at their disposal for asserting those rights. With this purpose in view, manuals and instruction books will be designed explaining how the system works and how to use its institutions and describing the documentation required at each step of the process and the costs involved, etc. The campaign will make intensive use of mass media reaching substantial segments of the target population, as well as of nongovernmental organizations having extensive experience with such groups.

C. Scale

- 2.27 To determine the scale of the program, various strategic modernization scenarios were considered and a model was adopted that combines system decentralization with a strategy of legal and institutional simplification that makes it possible to minimize the investments in infrastructure and technology and still secure an equal or greater impact in terms of resource-use efficiency, system sustainability and quality of resulting service.

D. Cost and financing

- 2.28 The total cost of the program comes to the equivalent of US\$40 million. Of this total, US\$32 million would be financed by the proposed Bank loan from the ordinary capital resources, US\$20.3 million of which would be subject to an interest subsidy by the Intermediate Financing Facility, and US\$8 million would be contributed by the Government of the Dominican Republic as the local counterpart. The following table contains a breakdown by investment category and source of financing.

<b>TOTAL COST OF THE PROGRAM</b> (In US\$000)			
<b>INVESTMENT CATEGORY</b>	<b>LOCAL</b>	<b>OC</b>	<b>TOTAL</b>
<b>1. Engineering and administration</b>	<b>1,911</b>	<b>4,499</b>	<b>6,410</b>
-Legal and institutional consolidation	0	0	0
-Technological and cadastral modernization	0	52	52
-Improvement of infrastructure and equipment	735	735	1,470
-Strengthening of human resources	0	0	0
-Executing unit	1,176	3,712	4,888
<b>2. Direct costs</b>	<b>2,530</b>	<b>17,061</b>	<b>19,592</b>
-Legal and institutional consolidation	0	0	0
-Technological and cadastral modernization	534	2,895	3,519
-Improvement of infrastructure and equipment	1,996	14,026	16,022
-Strengthening of human resources	0	0	0
-Executing unit	0	50	50
<b>3. Concurrent and incremental costs</b>	<b>1,927</b>	<b>4,019</b>	<b>5,946</b>
-Legal and institutional consolidation	696	1,044	1,740
-Technological and cadastral modernization	631	2,526	3,157
-Improvement of infrastructure and equipment	0	0	0
-Strengthening of human resources	599	200	799
-Executing unit	0	250	250
<b>Subtotal</b>	<b>6,368</b>	<b>25,580</b>	<b>31,948</b>
<b>Unallocated</b>	<b>1,027</b>	<b>2,767</b>	<b>3,794</b>
<b>Interest</b>	<b>0</b>	<b>3,333</b>	<b>3,333</b>
<b>Credit fee</b>	<b>605</b>	<b>0</b>	<b>605</b>
<b>Inspection and supervision</b>	<b>0</b>	<b>320</b>	<b>320</b>
<b>TOTAL</b>	<b>8,000</b>	<b>32,000</b>	<b>40,000</b>

- 2.29 The amortization period for the loan would be 25 years, with a four-year grace period. The disbursement period would be four years. The interest rate would be variable at the standard level applied by the Bank to ordinary capital loans. The local counterpart would be provided by the central government as a capital contribution to the Supreme Court.

### III. IMPLEMENTATION OF THE PROGRAM

#### A. Implementation scheme

##### 1. Implementation modality

- 3.1 The operation is conceived as an investment program based on institutional and policy reforms in the justice sector. Its actions will be associated with restructuring needs to enable the Real Property Adjudication and Registration System (JT) to operate in an appropriate legal framework and recover its status as a budgetarily and administratively independent jurisdictional authority. Implementation

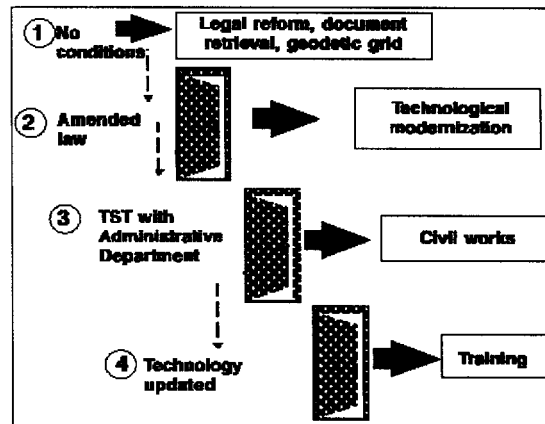


Figure 3: Requirements and sequence of implementation

will be monitored by means of annual reviews to verify progress in terms of the policy and reform requirements matrix presented in the legal reforms annex included in the project's technical file.

- 3.2 The matrix cited above prescribes the sequence of actions and investments triggered by compliance with the conditions shown in Figure 3. It specifies - in terms of subcomponents and activities - the reform-related disbursements that could be made in advance without the fulfillment of any prior condition and those which are subject to (i) enactment of a new Land Registry Act, (ii) creation of TST's Administrative Department, and (iii) adoption of regulations and procedures for updated technologies involving property measurement, cadastral-data collection and storage, filing, case management and judicial statistics. The executing agency will prepare a yearly report on progress of the reforms for discussion with the Bank at the annual program review.

##### 2. Organization for implementation

- 3.3 The executing agency and the borrower. The Supreme Court of Justice (SCJ) will be the executing agency for the program and will exercise responsibility for its overall management. The borrower, on behalf of the Republic, will be the National Executive Branch, which will in turn be responsible for providing the local counterpart funds for the operation, as well as for transferring the loan proceeds to the executing agency under a formal transfer agreement.

3.4 Executing unit. The program executing unit (PEU) will be created by decision of the Supreme Court of Justice, which will appoint the unit's Executive Director and oversee its functions. As shown in Diagram 3, provision is made for the establishment of an advisory committee to the SCJ including representatives of the three branches of government to enable them to collaborate in policy matters and high-level decisions about the operation. In order to ensure impartiality, administrative efficiency and the highest technical quality in the program, a specialized professional management firm will be hired through international competitive bidding to conduct the day-to-day activities.

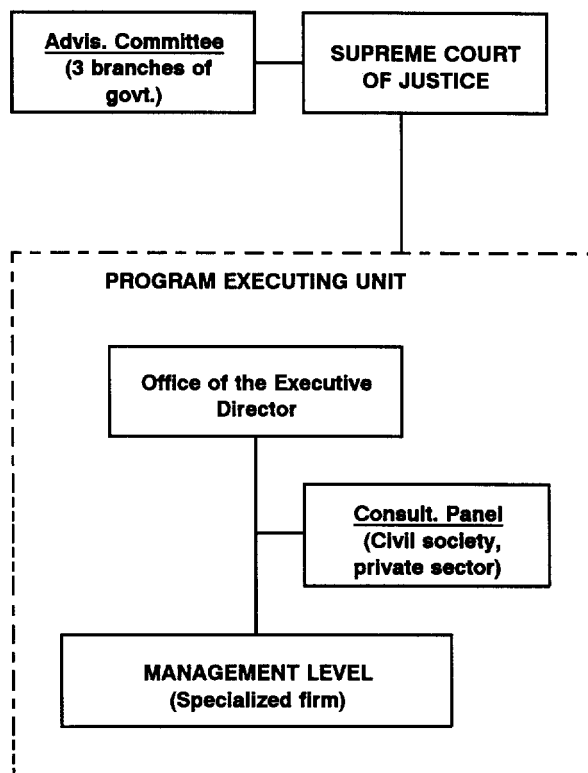


Diagram 3: Organization for execution

3.5 In order to provide the PEU with a locus where it can interact with the private sector and civil society, a Consultative Panel with a membership chosen from the ranks of associations, trade groups, NGOs, etc., connected to this field will be established to advise the PEU on substantive matters and to serve as a forum for discussing reform activities prior to their submittal to the Legislative Branch. The implementation scheme referred to in this paragraph and in paragraphs 3.3 and 3.4 has been accepted by the Executive Branch and the SCJ.

B. Specific implementation guidelines, by component

3.6 The technical services and consultancies listed under each component will be implemented in accordance with terms of reference which the Bank has reviewed and which are included in the program's technical file. In consonance with the policy and reform matrix in the annex on execution of the program, which is also available in the technical file, a number of actions and investments have been identified whose justification calls for a specified legal setting, policy decisions or the completion of reforms already in progress. Whenever the procurement of goods or services for any component of the program requires formal approval in terms of satisfying a pertinent institutional, policy or reform requirement, it is so noted below.



1. Legal and institutional consolidation component

- 3.7 The activities associated with reform of the Land Act do not require any specific legal and institutional setting. However, those pertaining to the administrative organization of the JT do require that the legal framework (law and regulations) be amended to allow the administrative function within the system to be reassigned, in consultation with the Administrative Division of the Supreme Court of Justice, to professionals responsible for budget planning, execution and control, personnel administration, and jurisdictional support services, as well as for operation and maintenance of the JT's physical plant and information systems.

2. Technological and information-systems modernization component

- 3.8 Modernization of the measurement and information-systems technology in use and its interface with property records, judicial business, etc., including the relevant training and development activities, requires that the legal framework pertaining to property measurement, registration and titling allow the use of whatever technologies, methods, practices and procedures are adopted under the program. In view of this, the implementation of such modernization measures as part of the program will depend on prior approval and promulgation of the pertinent legal framework to the satisfaction of the Bank and the national authorities. This requirement does not apply to the electronic retrieval of TST files at risk of being lost, the modernization of the geodetic grid, and the consulting services needed to revise and amend pertinent regulations.

3. Infrastructure, equipment and systems improvement component

- 3.9 Implementation of this component, with the exception of the studies for development of the detailed designs for the civil works, will require assurances that the investment will be properly managed, maintained, repaired and replaced on a timely basis. In order to ensure that this condition is satisfied, the new Land Registry Act will have to provide for the establishment of the Administrative Department of the TST.
- 3.10 Once the above conditions have been satisfied, in the case of civil works, construction or remodeling, prior to any call for bids it shall be demonstrated to the Bank's satisfaction that the Dominican State is the owner of the properties on which the work will be done.

4. Human-resources strengthening component

- 3.11 Implementation of the training and dissemination activities included in this component will be contingent upon prior adoption

of the technological advances and procedures in the new regulations to govern the JT.

C. Recovery of costs

1. Assessments, taxes and targeted funds

- 3.12 The JT is authorized by law to administer a system of taxes associated with the services it renders. This system is based on real property taxes and transfer fees, including estate and gift taxes, and taxes on luxury housing and urban lots. The annual collection under these taxes is more than enough to cover the operating costs of the JT, including the cost of the present investments, as well as those of other departments of the Judicial Branch. This means that the system is a net generator of resources within the justice system. The legal and institutional reforms proposed under this program will help make the department's functions more flexible and transparent and thereby contribute to a reduction of the underlying problem of the undervaluation of properties with a view to tax evasion, which depresses revenues. The proposed reforms will, in addition, help to consolidate the resource-allocation mechanism required for adequate cost recovery.

2. The budgeting and resource-allocation mechanism

- 3.13 The revenues generated by the JT's tax assessments are not collected directly by the JT but are taken in by the government's tax-collection agencies and allocated through the central public budgeting process. While the program does not propose the direct collection of revenues by the JT, the Supreme Court authorities will promote the reform of the Land Registry Act to establish an Administrative Department in the JT.

D. Implementation and disbursement periods

- 3.14 The program would be implemented over a four-year period beginning in the first quarter of 1998. According to the estimates of implementation, and taking into account the sequence of the conditions or "triggers" pertaining to the various components, the disbursement timetable by investment category would be as follows:

DISBURSEMENT TIMETABLE, BY COMPONENT (In thousands of U.S. dollars)					
COMPONENT	YEAR I	YEAR II	YEAR III	YEAR IV	TOTAL
Legal and institutional consolidation	348	1,392	0	0	1,740
Technological and cadastral modernization	336	1,346	2,691	2,355	6,728
Improvement of infrastructure and equipment	0	875	7,872	8,746	17,492
Strengthening of human resources	0	200	240	260	799
Program Executing Unit (PEU)	1,297	1,297	1,297	1,297	5,188
Unallocated	216	593	1,414	1,569	3,794
Financial costs	345	608	1,195	2,110	4,258
<b>TOTAL</b>	<b>2,544</b>	<b>6,310</b>	<b>14,709</b>	<b>16,437</b>	<b>40,000</b>

E. Transfer of resources and revolving fund

- 3.15 For the purposes of the program, the executing agency will maintain the account into which the funds from the IDB financing will be deposited at the Central Bank, and the account into which the local counterpart will be deposited, at the Banco de Reservas. In order that the executing agency may have timely access to the funds from the financing to cover program-related obligations, it is recommended that a revolving fund of up to 5% of the loan amount be established for Supreme Court use.
- 3.16 Pursuant to these commitments, and as stated above in paragraph 3.3, the borrower will enter into an agreement to transfer funds to the executing agency, spelling out an expeditious procedure for the transfer and undertaking to assign resources for the program on a timely basis. Signature of this agreement will constitute a condition precedent to the first disbursement from the loan.

F. Operation and maintenance

- 3.17 The architectural designs include provision for all the installations required for the necessary daily and periodic maintenance of infrastructure, equipment and furnishings. The necessary workforce should be trained to provide the level of service required for the operation of modern and efficient facilities. The object here is to ensure that the services rendered to the public in these facilities will, in addition to being highly efficient, project the best possible image both within and outside the buildings.

- 3.18 No problems are foreseen with respect to the concurrent costs associated with this level of service, inasmuch as the revenue from titling fees and the registration of real properties will be more than sufficient to cover the operating and maintenance costs arising from the modernized system. The executing agency undertakes to operate and maintain the buildings, equipment and furniture included in the program and to submit annual maintenance plans pursuant to the Bank's standard contractual clauses. In addition, responsibility for monitoring the plan and advising on revisions needed in the maintenance plans will be included in the terms of reference of the specialized firm to be hired to manage the PEU.

G. Procedure for the procurement of goods and services

- 3.19 The procurement of goods and services required for implementing the program will be conducted in accordance with the Bank's standard regulations and procedures.
- 3.20 The amount above which the procurement of goods under the program will require international competitive bidding will be US\$350,000. In the case of civil works, international competitive bidding will take place when the estimated cost is equal to or greater than US\$1.5 million, and prequalification will be required. International open calls for offers will be issued for consulting services starting at US\$200,000.

H. Monitoring and supervision mechanism

- 3.21 To monitor and supervise program activities, the PEU will establish an expeditious and simple system incorporating those variables with the greatest relevance for monitoring the performance of the program, taking into account for this purpose the logical framework shown in Annex I to this document. The system should be administered by the management of the PEU, whose responsibility it will be to produce an annual monitoring report for submittal to the Bank before the annual review meeting. This report will emphasize the progress made in satisfying the implementation requirements set forth in the policies and reforms matrix and will include a report on the JT's budget performance during the previous year as well as the projected budget for the following year.
- 3.22 Provision is made for the Bank to send out a monitoring mission during the last quarter of each year of program implementation to review the progress of the program during that year and schedule the work for the year ahead on the basis of the advances achieved in the institutional reforms. In the first year, a mission will be added at the start of implementation to agree on the work plan for launching the program.

- 3.23 During the implementation period, the executing agency will submit the project's financial statements on an annual basis, duly audited by a firm of independent public accountants acceptable to the Bank.

I. Evaluation of the program

- 3.24 While the scope of the monitoring will be comprehensive, the program will be evaluated by the Bank within five years of program implementation on the basis of a sample of the department's organizational units. The development of a matrix of indicators based on the logical framework methodology used by the Bank will lend continuity to the program's evaluation.
- 3.25 In keeping with the goal of decentralizing the Real Property Adjudication and Registration System, the function of monitoring and evaluating the logical framework indicators will be focused on the system's national and regional offices, and the responsibility for integrating and systematizing the information will lie with the program executing unit in Santo Domingo. Special emphasis will be placed on the indicators pertaining to real estate market operations, mortgage financing, increases in the number of titles awarded and issued, and the number of cadastral measurements and surveys performed with new technologies.

#### IV. PROGRAM RATIONALE

- 4.1 Achievement of the purpose of this project, stated in paragraph 2.1, would generate indirect benefits associated with broader aims such as: (i) promoting greater legal security over land-tenure matters for owners and investors; (ii) creating incentives for increased mobilization of financing resources for productive purposes and the development of the real-estate market by improving the guarantees for mortgage loans; and (iii) promoting the introduction of technologies that improve agricultural productivity. (See Logical Framework in Annex I). As a result of the project, securing a real-estate certification should be possible through a simple, secure procedure supported by modern control techniques.

##### A. Technical feasibility

- 4.2 The number of professional employees involved in technical activities within the structure of the Real Property Adjudication and Registration System (JT) is adequate. This staff, moreover, has been found to have the skills and experience needed to help implement the activities included in the program. Nevertheless, the institutions involved, as well as their staff, exhibit a critical weakness in terms of the transformation of existing systems and procedures. Consequently, solid technical and procedural training will be required along with transfers of technology and innovative ideas and a reasonable investment in modern equipment to increase the capacity of the staff. The proposed program includes actions and investments in the areas cited.
- 4.3 In the specific area of judicial modernization, management of registration and ownership information, and cadastral surveys, the program will emphasize the use of automated document management technology to retrieve essential records in danger of being lost. It will also stress the introduction of innovative - though easy-to-use - technology into the daily routine of the TST and of private agents associated with the JT. To ensure that this technology is properly used, the program will emphasize the importance of a solid presence of international expertise to provide technical support in its introduction. This support will be combined with investments in on-the-job training and with specifically targeted funding in the amount of US\$800,000 for the establishment of a high-level curriculum and the conduct of a training program in cadastres. The training allotment includes funds for three graduate fellowships and training grants on the new technology for approximately 200 public surveyors.

B. Environmental feasibility

- 4.4 The proposed program does not include activities involving the titling of rural or urban properties and would therefore not have the type of direct environmental or social-impact effects, either positive or negative, which are normally associated with projects under which titles to land are issued and property rights are formalized. However, by promoting a legally, technically and administratively sound JT, the program creates an opportunity to implement specific measures and to complete studies and develop recommendations for reducing the negative impact of future titling operations and deepening the benefits associated with a secure and transparent titling system. Inclusion of such activities in the program ensures that the appropriate conditions will be in place when a massive tenure regularization effort such as the country requires is undertaken.
- 4.5 The Dominican Republic's Land Act is a law of a procedural nature that deals only with the procedure involved in formalizing the ownership of land by documentary means. It does not deal with the underlying issues of substantive law. Consequently, there is no reason for this law to establish conditions to regulate the use of land or to lay down tenure-regularization policies. Nonetheless, the system provided for in the law characterizes the State Attorney's Office as a locus where procedural actions of the TST are reviewed for conformity with the substantive laws on the rights of society and individuals, environmental protection, agrarian reform, etc. and with State policies on the use of national lands and their resources. The law also attaches considerable importance to the principle of "public access" to titling documents, which is an obvious condition for access to justice with significant social-impact implications for ample sectors of the population. Viewed in this context, the actions of the program will strengthen these areas of interface with the substantive aspects previously cited.
- 4.6 Legal measures. The Land Act reform will decentralize and streamline the property-registration process. These changes will be focused specifically on serving those social sectors that are traditionally excluded from the benefits of secure titling for reasons related to cost, legal sophistication, sluggishness and centralization of procedures, lack of procedural transparency and absence of timely information. The new law and its regulations will be submitted at the preliminary-draft stage for the comments of civil society, including NGOs with a wide grassroots network, with a view to ensuring the participation of stakeholders. Adoption of the new legal framework will be a condition for disbursement of significant investments under the technological and infrastructural improvement program.
- 4.7 Institutional measures. Support would be provided to the State Attorney's Office for its oversight function in the environmental, social and public-interest areas. This support would take the form

of a study to determine its personnel requirements, develop policy recommendations and identify the technical assistance and investments needed to strengthen the role of that office. The program includes US\$75,000 for completing that study.

- 4.8 Specific investments. The program also calls for the following investments with an indirect environmental and social impact: (i) a **Cadastral Legal Information System**, including the start of a parcel-based information system compatible with the natural-resources database currently being developed by the Department of Agriculture. Such a system will also include a transaction management mechanism and statistics on the various judicial acts, disaggregated in such a way as to provide a basis for a subsequent assessment of the impact of system modernization by gender, income groups, education level, etc. (US\$500,000); (ii) a nationwide **Publicity Campaign** to disseminate information on the prospective new Land Act and its regulations and the implications in terms of providing a means of access to justice for broad underprivileged population groups. The campaign will focus (without excluding other groups) on the lowest-income sectors, women, rural population and on the groups with the highest levels of illiteracy and the lowest education levels, relying for this on the assistance of NGOs that work with such groups. Activities will be supplemented by the development of a permanent mechanism to provide information to the user in JT offices. The mechanism should include an oral orientation capability as well as printed matter on rules, procedures and legal rights (US\$445,000).
- 4.9 Participation of women. The legal and institutional reforms proposed in the context of the program will take into account the legal and common-law rights of women and children to land, especially in those cases in which a couple lives together without the benefit of marriage or in a common-law marriage or in which the woman is the head of household. Provisions that safeguard a woman's status as a holder of each of the relevant real-property rights will be identified along with provisions that facilitate an orderly succession process; tenure indicators disaggregated by gender and marital status for use in assessing the gender impact of the reforms; and educational and promotional efforts on the importance of gender issues in matters of land tenure.
- 4.10 The total amount budgeted in the program for securing positive indirect social and environmental impacts and mitigating negative ones is US\$1.27 million. There is a reasonable expectation that the program will indirectly encourage conservation and better management of soil and water resources to the extent that access to a reliable property title promotes the improvement of soils, mitigation of erosion and, in general, a more efficient use of land-related resources. Future investments would enjoy greater legal security and, through their impact on agricultural



productivity, would contribute to an improvement of the income and living standards of small owners.

C. Institutional and financial viability

- 4.11 The proposed program is part of the overall effort to improve the country's justice system, and in the last analysis its success will depend on the progress of the sector reform as a whole, especially as it concerns its upper reaches such as the SCJ and its central instruments such as the Judicial Career Service Law, the School for Judges, etc. However, the special character of the JT and the urgent and particular nature of the problems it faces merit a specialized intervention different from the others foreseen or currently being undertaken by the Bank in the sector.
- 4.12 The constitutional framework in effect since August 1994 makes it possible to conduct the modernization activities envisaged in the program. The country has the requisite professional capacity and legal experience for reviewing the legal and institutional framework and making the changes needed in order to achieve the proposed modernization goals. Moreover, the private sector, and especially its financial and agribusiness subsectors, is prepared to extend support to the modernization process, and there is broad consensus among the various sectors of national life on the need to clean up the registration and titling system and modernize the land administration system, all of which ensures an ample base of social support for the present program.
- 4.13 The figures in the financial study are evidence that the actions and investments of the program are financially sustainable provided that the necessary funds are allocated to it and that budgetary autonomy is granted to a JT which is itself generating nearly sufficient revenue for the operation and maintenance of the entire Judicial Branch. This granting of autonomy will be a prerequisite for disbursements to cover most of the investments in physical plant and equipment that require maintenance and replacement. The expectation is warranted that the income generated as a result of activities under the program will increase to the extent that the system is made more transparent, the undervaluation of properties is reduced and the efficiency of the system is improved.

D. Special issues, risks and safeguards

1. Special issues

- 4.14 As specified in chapter III, a number of program activities have been identified on which work could begin immediately after ratification of the Bank's loan by the Congress. These are: (i) activities included in the legal and institutional consolidation component whose purpose is to support the reforms, including studies and coordination events on the new law and its regulations; (ii) bringing the geodetic grid up to date; and

(iii) electronic recovery and safeguarding of existing records in danger of being lost in the TST. Other components of the program require a special legal and institutional framework or decisions that the program itself proposes to help develop.

## 2. Risks and safeguards

- 4.15 The greatest risk of the operation is that the political decisions associated with the aforementioned legal and institutional framework, in particular the legal and organizational changes needed to ensure the budgetary and administrative autonomy of the Judicial Branch, in general, and of the JT, in particular, are not made and, consequently, that the modernization effort is left short of the funds required for sustained development and for the maintenance and replacement of the investments. Safeguard: This risk is attenuated by the fact that the principal mandate ensuring judicial independence and budgetary autonomy for the Judicial Branch is already in place as a result of the constitutional reform of 1994. Moreover, the Law on Financial Autonomy of the Judicial Branch and the National Congress, approved in February 1997, is already in force, although the pertinent institutional development and strengthening needed to ensure effective budgetary and administrative management has yet to take place in the Judicial Branch and the JT. Using an implementation modality based on annual follow-up reviews, the operation proposed herein will conduct its actions in stages commensurate with the advances being achieved in the specific implementation of the reforms envisaged in the matrix agreed upon with the authorities.
- 4.16 Another risk lies in the likely opposition to the changes adopted on the part of executives and staff who are benefiting from the system as it currently stands. Safeguard: The focus of the program tends to counter this potential opposition because it in no way precludes the existence of legitimate management spaces that can be filled by private initiative within an efficiently and transparently organized titling system. Indeed, positive incentives for professionalism are provided in the form of in-service development and training on the use of advanced technology that would raise the productivity of system agents in both the public and the private sector. In any event, enforcement of the reforms and associated provisions will require political will on the part of the authorities and resolute application of the disciplinary rules of the Real Property Adjudication and Registration System.

**DOMINICAN REPUBLIC**  
**PROGRAM TO MODERNIZE THE REAL PROPERTY ADJUDICATION AND REGISTRATION SYSTEM**  
**DR-0118**

**Logical Framework**

<b>OBJECTIVES</b>	<b>INDICATORS</b>	<b>MEANS OF VERIFICATION</b>	<b>ASSUMPTIONS</b>
<p>al security in land-tenure owners and investors.</p> <p>obilization of financing or productive purposes.</p> <p>nt of the real-estate market.</p> <p>of agricultural and soil-nt technologies.</p>	<ul style="list-style-type: none"> <li>- Mortgage financing operations increase by 10% during the five-year period subsequent to implementation.</li> <li>- Operations on the real-estate market increase by 15% during the five-year period subsequent to implementation.</li> <li>- Operations to finance technological improvements to agriculture and soils increase by 15% over the five-year period subsequent to implementation.</li> </ul>	<ul style="list-style-type: none"> <li>- Mortgage bank statistics</li> <li>- Commercial and development bank statistics</li> </ul>	<p><b>From goals to sustainability</b></p> <ul style="list-style-type: none"> <li>- Other macroeconomic conditions on savings and private investment, e. g. quasi-fiscal deficits, interest rates, the absence of term capital markets, etc. removed.</li> <li>- Macroeconomic stability maintained and there is no contraction of GDP.</li> </ul>
<p>Adjudication and Registration modernized and performing its functions efficiently</p>	<ul style="list-style-type: none"> <li>- TST's budget is managed on a decentralized basis during the last two years of implementation.</li> <li>- JT judges are appointed in accordance with regulatory criteria during the last two years of implementation.</li> <li>- The number of awards, titles issued and other acts to clarify ownership rises by 15% during the last two years of implementation.</li> <li>- The number of cadastral measurements and surveys performed using the new technologies rises by 25% during the last two years of implementation.</li> </ul>	<ul style="list-style-type: none"> <li>- Budget-execution records of the JT.</li> <li>- Statistics from the courts and registries (to be implemented under the project).</li> <li>- Statistics from the cadastral offices (to be implemented under the project).</li> </ul>	<p><b>From purpose to goals</b></p> <ul style="list-style-type: none"> <li>- The judges and senior judicial authorities are honest and follow procedures according to the principles of the law and the principles of professional ethics.</li> <li>- The staff and support personnel perform their duties honestly and apply the knowledge acquired during their training course.</li> </ul>

OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
<p>constitutional framework of the JT</p> <p>and procedures of the JT</p> <p>re and equipment of the JT</p> <p>ources of the JT strengthened</p>	<p>1.1 Land Registry Act reformed and regulations adopted in the second year of the program</p> <p>1.2 Administrative organization of the JT updated in accordance with regulations in the third year of the program.</p> <p>1.3 Basic documentation of the Land Registry retrieved and stored in keeping with the legal-security requirement in the second year of the program.</p> <p>1.4 JT's management information and control system in place and operational in the second year of the program.</p> <p>2.1 Geodetic-cadastral support-network benchmarks updated 100% in the third year of the program</p> <p>2.2 Modern cadastral-survey technology implemented in the second year of the program</p> <p>2.3 Legal cadastre information system in place in the second year of the program</p> <p>3.1 Building housing the central office of TST remodeled and in use in the third year of the program</p> <p>3.2 100% of modular buildings housing regional offices constructed and in use in the fourth year of the program</p> <p>3.3 Furniture and equipment for 100% of the regional modules installed in the fourth year of the program</p> <p>4.1 70% of JT personnel trained in the new technologies and procedures in the fourth year of the program</p> <p>4.2 Program for dissemination of new JT procedures 100% implemented in the fourth year of the program</p>	<p>1.1. Legislative records of the Congress</p> <p>1.2 Published text of the law and its regulations</p> <p>1.3 Inspection reports of the management information and control systems</p> <p>2.1 Field reports on geodetic inspection</p> <p>2.2 Files of cadastral and property registry</p> <p>2.3 Legal cadastre information system printouts</p> <p>3.1 Construction supervision report</p> <p>3.2 Field inspections</p> <p>4.1 Training-event attendance records</p> <p>4.2 Training-evaluation records</p>	<p><b>From components to purposes</b></p> <ul style="list-style-type: none"> <li>- The judicial authorities set conditions or "triggers" for implementation of each components.</li> <li>- The National Congress approves the legislative reforms and the advancement of the</li> </ul>
<p>in the specific work plan sion to launch the program</p>			<p><b>From activities to components</b></p>

RGII-DR034P  
DR-0118  
Original: Spanish  
Appendix I

## PROPOSED RESOLUTION

REPUBLICA DOMINICANA. LOAN \_\_\_/OC-DR TO THE REPUBLICA DOMINICANA  
(Program of Modernization of the Real Property  
Adjudication and Registration System)

The Board of Executive Directors

### RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the República Dominicana, as Borrower, for the purpose of granting it a financing to cooperate in the execution of a Program of Modernization of the Real Property Adjudication and Registration System. Such financing will be for the amount of up to US\$32,000,000, from the resources of the Single Currency Facility of the Bank's Ordinary Capital, and will be subject to the "Terms and Financial Conditions" and to the "Special Contractual Conditions" of the Executive Summary of the Loan Proposal.

RGII-DR041P  
DR-0118  
Original: Spanish  
Appendix II

PROPOSED RESOLUTION

REPUBLICA DOMINICANA. PARTIAL PAYMENT OF INTEREST ON  
LOAN No. \_\_\_\_/OC-DR TO THE REPUBLICA DOMINICANA  
(Program of Modernization of the Real Property Adjudication and Registration System)

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, as administrator of the Intermediate Financing Facility Account, hereinafter referred to as the "account", to enter into such contract or contracts as may be necessary with the República Dominicana, as Borrower, and to adopt other pertinent measures to use the resources of the account to pay a part of the interest due by the Borrower on outstanding balances of up to US\$20,300,000 of the loan authorized by Resolution DE-\_\_\_\_/\_\_\_\_, in accordance with the provisions set forth in Document FN-263-11, approved by the Board of Executive Directors on December 21, 1983, and the amendments thereto.