

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

**BOLIVIA**

**RURAL LAND REGULARIZATION AND TITLING PROGRAM**

**(BO-L1113)**

**LOAN PROPOSAL**

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## ABBREVIATIONS

|       |  |
|-------|--|
| ABT   | Autoridad de Fiscalización y Control Social de Bosques y Tierra [Forest and Land Social Control and Oversight Authority] |
| APMT  | Autoridad Plurinacional de la Madre Tierra [Mother Earth Plurinational Authority]  |
| AWP   | Annual Work Plan   |
| CIOC  | Comunidades Interculturales Originarias [Original Intercultural Communities]   |
| DDRR  | Registro de Derechos Reales [Real Property Rights Registry]  |
| DGP   | Dirección General de Planificación [Planning Bureau]   |
| ESMP  | Environmental and Social Management Plan   |
| ESMR  | Environmental and Social Management Report   |
| FAO   | Food and Agriculture Organization of the United Nations  |
| FSO   | Fund for Special Operations  |
| INE   | Instituto Nacional de Estadísticas [National Statistics Institute]   |
| INRA  | Instituto Nacional de Reforma Agraria [National Agrarian Reform Institute]   |
| MDRyT | Ministry of Rural Development and Land   |
| MEF   | Ministry of Economy and Public Finance   |
| MPD   | Ministry of Planning and Development   |
| PCR   | Program Completion Report  |
| SESA  | Strategic Environmental and Social Assessment  |
| SIC   | Sistema Integrado de Catastro [Integrated Cadastre System]   |
| SIMAT | Sistema de Mantenimiento y Administración de Tierra [Land Maintenance and Management System]                             |
| TIOC  | Territorios Indígena Comunitario Campesino [Rural Community Indigenous Territories]                                      |
| VIPFE | Office of the Deputy Minister for Public Investment and External Financing   |

## PROJECT SUMMARY

### BOLIVIA RURAL LAND REGULARIZATION AND TITLING PROGRAM (BO-L1113)

| Financial Terms and Conditions   |               |                          |                                 |                                     |          |                          |
|--|---------------|--------------------------|---------------------------------|-------------------------------------|----------|--------------------------|
| Borrower: Plurinational State of Bolivia   |               |                          |                                 | OC                                  | FSO      |                          |
|  |               |                          | Amortization period:            | 30 years                            | 40 years |                          |
| Executing Agency: National Agrarian Reform Institute (INRA)  |               |                          | Disbursement period:            | 5 years                             | 5 years  |                          |
|  |               |                          | Grace period:                   | 6 years                             | 40 years |                          |
| Source   | Amount (US\$) | %                        | Inspection and supervision fee: | (a)                                 | N/A      |                          |
| IDB (OC):  | 51,000,000    | 51                       | Interest rate:                  | SCF fixed <sup>(b)</sup>            | 0.25%    |                          |
| IDB (FSO):   | 9,000,000     | 9                        | Credit fee:                     | (a)                                 | N/A      |                          |
| Local cofinancing:   | 40,000,000    | 40                       | Approval currency:              | US\$                                | US\$     |                          |
| Total:   | 100,000,000   | 100                      |                                 |                                     |          |                          |
| Project at a Glance  |               |                          |                                 |                                     |          |                          |
| Program objective/description: To increase legal certainty over rural property.  |               |                          |                                 |                                     |          |                          |
| <p><b>Special contractual conditions precedent to the first disbursement of the loan:</b> (i) the borrower, through the Ministry of Economy and Public Finance, the Ministry of Development Planning, and the National Agrarian Reform Institute (INRA) will sign a subsidiary agreement defining the following matters, among others: (a) the method to be used to transfer the loan proceeds to INRA; and (b) INRA's commitment to conduct program activities in accordance with the terms of the loan contract (paragraph 3.2); (ii) appointment of the Director of INRA's Planning Bureau (DGP) as the program's general coordinator and of the program component coordinators, in accordance with the terms previously agreed upon with the Bank; and the contracting of the following specialists: financial, procurement, planning, environmental management, and social management, through a competitive process, in accordance with terms previously agreed upon with the Bank (paragraph 3.4); and (iii) the entry into force of the program's Operating Regulations, under terms previously agreed upon with the Bank (paragraph 3.7).</p> <p><b>Special contractual conditions by component:</b> Evidence of the signing and entry into force of the following interagency cooperation agreements: (i) between INRA and the Real Property Rights Registry prior to the disbursement to finance activities related to public registries under Component 2 (paragraph 3.5); (ii) between INRA and the Forest and Land Social Control and Oversight Authority, the Madre Tierra [Mother Earth] Plurinational Authority, and the Office of the Deputy Minister for Land, prior to disbursement to finance activities related to the program's Environmental and Social Management Plan in Component 2 (paragraph 3.5); and (iii) between INRA and the National Statistics Institute, prior to disbursement to finance activities related to the baseline of the program's monitoring and evaluation plan (paragraph 3.5).</p> |               |                          |                                 |                                     |          |                          |
| Exceptions to Bank policies: None  |               |                          |                                 |                                     |          |                          |
| Strategic Alignment  |               |                          |                                 |                                     |          |                          |
| Challenges <sup>(b)</sup> :  | SI            | <input type="checkbox"/> | PI                              | <input checked="" type="checkbox"/> | EI       | <input type="checkbox"/> |
| Cross-cutting issues <sup>(c)</sup> :  | GD            | <input type="checkbox"/> | CC                              | <input type="checkbox"/>            | IC       | <input type="checkbox"/> |

<sup>(a)</sup> The credit fee and the inspection and supervision fee will be established periodically by the Board of Executive Directors as part of its review of the Bank's lending charges, in accordance with relevant policies.

<sup>(b)</sup> The borrower will pay interest on the outstanding balances of the Ordinary Capital portion of the loan at a LIBOR-based rate. Once the outstanding balance reaches 25% of the net amount approved or US\$3 million, whichever is greater, the rate will be set for this balance.

<sup>(c)</sup> SI (Social Inclusion and Equality); PI (Productivity and Innovation); and EI (Economic Integration).

<sup>(d)</sup> GD (Gender Equality and Diversity); CC (Climate Change and Environmental Sustainability); and IC (Institutional Capacity and the Rule of Law).

## I. PROJECT DESCRIPTION AND RESULTS MONITORING

### A. Background, problems addressed, and rationale

- 1.1 **Property rights over land and agricultural competitiveness.** The agriculture sector is one of the most important sectors of the Bolivian economy. Between 2002 and 2014, average annual growth in the sector was 4.16%, accounting for close to 13.4% of gross domestic product. It employs 30% of the total labor force nationally and is even more significant in rural areas where it employs 62% of the labor force. The agriculture sector also makes a significant contribution to Bolivian exports; between 1999 and 2014, exports grew at an average annual rate of 13%, leaping from US\$247 million to US\$1.29 billion. Over this period, the agriculture sector accounted for between 14% and 18% of the total value of the country's exports.<sup>1</sup> Considering that the economy of rural households is closely tied to agricultural activities, growth in the sector contributed to a 21 percentage point reduction in rural poverty levels, with poverty falling from 62% to 39% (Castellani and Zenteno, 2015).
- 1.2 Despite the importance of the agriculture sector, a detailed examination shows low productivity levels. According to the United Nations' Food and Agricultural Organization (FAO), agricultural yield from grain production is 57% of the average for South America and 39% in the case of starchy root crops. In addition, a Bank analysis shows that growth in Bolivia's total factor productivity has been lower than the regional average, with a decline in efficiency but increases in technological change (Nin-Pratt et al., 2015). Data from the Social and Economic Policy Analysis Unit indicate that the area under cultivation increased by 460,000 hectares between 2006 and 2014. This means that sector growth has been due more to expansion of the area under cultivation than to increased productivity. Sector growth was concentrated in a small group of items intended for export in the eastern part of the country, where producers have benefited from the region's natural characteristics (soils, topography, and water), a good level of public spending on sector public goods, and private investments in intensive systems of production with access to financing and the latest technologies.
- 1.3 The agriculture sector's potential contribution to economic growth and rural poverty reduction depends on farmers' increased productivity, particularly among small and medium-sized producers (World Bank, 2008; Escobal, J., 2012). In Bolivia, most small and medium-sized producers are located in the valleys and highlands. The main items of those agricultural producers are crops such as potato, corn, and grains. More than 80% of the parcels with pending regularization and titling belong to the small farmer category, which includes rural producers with fewer than two hectares in the highlands and up to 50 hectares in the lowlands. These agricultural producers are estimated to represent 83% of the country's rural households.<sup>2</sup>
- 1.4 Improving agriculture sector productivity and thus efficiency and sustainability in the use of land in Bolivia requires investments in sector public goods to promote farmers' private productive investments (Lopez, 2004, Blackman et al. 2014, Quisumbing and Kumar, 2014; Ali, et al., 2014). A requirement for achieving this

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<sup>1</sup> The Observatory of Economic Complexity (OEC). What Does Bolivia Export? (<http://atlas.media.mit.edu/en/profile/country/bol/>) and National Statistics Institute (INE, 2012).

<sup>2</sup> <http://bolivia.um.dk/es/danida-es/programas-sectoriales/agricultura>

objective is to establish secure property rights over land. According to the available empirical evidence, such rights reduce the risk of expropriation and give farmers the incentive to make investments that increase productivity and the sustainability of rural properties. In the Bolivian case, the empirical evidence is limited because no rigorous assessments of the impacts of titling on the productivity and sustainable management of agricultural producers' natural resources have been done. Nonetheless, empirical evidence in the region shows the positive impact of titling on the use of inputs, increased productive investments, stimulation of the land market, reduced deforestation, and farmers' income (Aldana and Fort, 2001; Ghatak and Besley, 2010; Deininger and Chamorro, 2004; Hernández and Reardon, 2012; Foltz, Larson and Lopez, 2000, Torrero and Field, 2005; Zegarra, 2008, Gignoux, J. et al. 2013; Lawry et al. 2014; and Rockson et al., 2013).

- 1.5 **Property rights, sustainability, and conflicts.** Property rights in and of themselves do not guarantee the sustainable use of natural resources. In Nicaragua, the assignment of property rights improved agricultural productivity and also increased the rate of deforestation (Liscow, 2013). The preliminary data for Bolivia (Santa Cruz) indicate that land titling, particularly for ranchers, increases deforestation (Murguía, 2016). Thus, if the regularization of rural property rights is not accompanied by a legal framework and the corresponding environmental management instruments, the results of rural titling tend to generate environmental degradation. In this regard, the evidence shows that a requirement for ensuring the positive impacts of rural land titling on environmental management is the ability to monitor and penalize violations (OECD, 2009). With respect to social conflicts, 10% of the last 25 million hectares subject to intervention are paralyzed by social conflicts. This problem is estimated to be significant in the area where property rights are yet to be regularized, covering 15 million hectares (paragraph 1.6), in that small landholdings (*minifundios*) are involved ([Carrasco, 2016](#)). Under this scenario, dispute resolution is important to remove barriers to titling.
- 1.6 **Status of regularization and titling.** The Bolivian government has made significant strides in the regularization of rural property and the regularization, cadastre, titling, and registration of rural lands is reaching its final stage. Table 1 indicates that the regularization and titling target was approximately 106 million hectares. Between 1996 and 2014, the National Agrarian Reform Institute (INRA) has been involved in interventions covering approximately 93 million hectares as follows: (i) it regularized and titled approximately 41 million private hectares, which included collective properties (*Territorios Indígenas Comunitarios Campesinos* [Rural Community Indigenous Territories] (TIOCs) and *Comunidades Interculturales Originarias* [Native Intercultural Communities (CIOCs)) and individual properties; (ii) it regularized approximately 25 million hectares of public lands; and (iii) it made headway with the regularization of rural lands that did not yet comply with all the legal and technical requirements, involving 27 million hectares. The work of regularization, titling, and registration of rural lands that is pending for the next few years is to continue in the areas not yet subject to intervention, amounting to 15 million hectares, and to finalize the regularization process in 25 million hectares that were already subject to intervention but have not yet complied with all the requirements of the regularization process.
- 1.7 The indigenous peoples and intercultural communities were the primary beneficiaries of INRA's interventions, for a total of approximately 32 million titled hectares, which represents 78% of the total titled area in the country (Table 1).

This is the result of the effect of Law 3,545, which gave priority to the regularization and titling of TIOCs and CIOCs. Small and medium-sized properties occupy second place in terms of titled area, with 5.6 million hectares, which represents 14% of the country's titled area. According to INRA, this individual titling progress occurs in settlement areas, Andean-Amazonian transition areas, and integrated management areas of the Amboró National Park (Cochabamba and Santa Cruz). Lastly, three million hectares held by agricultural companies were dealt with in the regularization process, representing 8% of the country's titled area. The company-held properties are located in Santa Cruz, Pando, and Beni.

**Table 1. Status of Regularization and Titling between 1996 and 2014.**

| Categories  | Titles<br>(Number) | Area<br>(Hectares) | %          |
|---|--------------------|--------------------|------------|
| <b>A. Regularization and titling target</b>               | -                  | 106,751,722        | <b>100</b> |
| <b>B. Titled Area</b>                                     | 391,685            | 40,786,475         | 38.2       |
| <i>B1. Small property</i>                                 | 377,802            | 3,852,050          | 9.4        |
| <i>B2. Medium-sized property</i>                          | 3,148              | 1,667,651          | 4.1        |
| <i>B3. Agricultural company</i>                           | 1,374              | 3,091,530          | 7.6        |
| <i>B4. Community properties (CIOCs)</i>                   | 8,921              | 9,176,971          | 22.5       |
| <i>B5. Rural Community Indigenous Territories (TIOCs)</i> | 440                | 22,998,273         | 56.4       |
| <b>C. Regularized public lands</b>                        | -                  | 24,542,520         | 23.0       |
| <b>D. Area in the process of being regularized</b>        | -                  | 26,867,679         | 25.2       |
| <b>E. Area without regularization and titling</b>         | -                  | 14,555,048         | 13.6       |

Source: INRA, 2016 and Colque et al. 2016.

- 1.8 According to data from INRA (Andrade, 2016), the areas still not covered by the titling policy are distributed throughout the country. Nonetheless, the demand for titling of rural lands is concentrated primarily in La Paz, Potosí, Oruro, Cochabamba, Beni, and Santa Cruz. In terms of the number of titles to be delivered, La Paz (48%) has the highest percentage, followed by Potosí (15%) and Cochabamba (14%). The departments with the largest areas to be titled are: Santa Cruz (30%), La Paz (22%), and Beni (22%).
- 1.9 **Institutional framework of property rights.** The institutional structure for establishing property rights over rural land was developed under the Agrarian Law of 1953. That law created the National Agrarian Reform Service, which is headed by the President and implemented through the National Agrarian Reform Council. The Council controlled the operational aspects of the work of titling rural lands at that time. This institutional framework was redesigned in 1996 with the enactment of Law 1,715/96. With the new law, the Council was replaced by INRA, identified under Law 1,715/96 as a technical and legal institution with operational responsibilities for defining rural land ownership rights. In 2006, Law 3,545/06, which reinstituted the agrarian reform on a community basis, amended Law 1,715/96 by facilitating the titling of collective lands and establishing that all available public lands would preferably be assigned to indigenous or campesino peoples or communities that had limited land. It also established that private lands (medium-sized property owners and companies) would revert to the State if they failed to serve an economic and social function (Endo, 2016; Colque et al., 2016).
- 1.10 Laws 1,715/96 and 3,545/06 retained the National Agrarian Reform Service as the body responsible for planning, executing, and consolidating the agrarian reform process. The Service is made up of: (i) the President, the supreme authority



- responsible for signing title deeds, among other duties; (ii) the Ministry of Rural Development and Land (MDRyT), which is responsible for implementing policies and other strategic activities in the sector; (iii) the National Agrarian Commission, a mixed government/civil society agency charged with community oversight and the strategic course of the agrarian reform process; (iv) the Agrarian *Judicatura* [bench of judges], a specialized body for the administration of agrarian justice, made up of the Agri-Environmental Tribunal and the Agri-Environmental Courts, for the resolution of disputes arising from land ownership and property rights, which was conceived as an independent institution and is thus not part of the Service; and (v) INRA, an autonomous decentralized public agency under the MDRyT responsible, among other things, for steering, coordinating, and executing agrarian property regularization policies (Endo, 2016; Colque, et al., 2016).
- 1.11 Law 1,715/96 kept unchanged the rural property types previously defined by the Agrarian Law of 1953. Rural property types include: campesino site, small property, medium-sized property, and agricultural enterprise. However, Law 1,715/96 added a new type of collective property, the Native Community Land, and recognized equal property rights for men and women, defining parity criteria in land distribution, management, tenure, and use. Another important change introduced by Law 1,715/96 was the development of new instruments recognizing rural property rights. The regularization instruments were developed to implement the multiple objectives of Law 1,715/96: to regularize property rights, consolidate indigenous territories, recover idle lands, certify public lands and distribute them to those who need them, resolve disputes, and develop the rural cadastre (Endo, 2016).
- 1.12 The Real Property Rights Registry (DDRR) supplements the institutional framework of property rights mentioned above. The DDRR is the Judicial Council entity responsible for recording all entries and annotations covering real property rights, including real estate and real estate rights, in Bolivia. It was created by the Law on the Registration of Real Property Rights of 1887; its operational rules are defined in the Civil Code and the regulations approved by Supreme Decree 29,757 of 2004. For a large-scale rural land regularization and titling operation like that proposed in this program, the technical, operational, and technological link between INRA and the DDRR is very important for expediting the registration of rural properties that have been regularized and surveyed. The workloads generated by INRA exceed the existing capacities of the DDRR, which sometimes receives packets of more than 10,000 property titles in files and titling data maps all at once.
- 1.13 **Bank actions and other sources of financing.** Various funding agencies have supported the activities involved in regularizing rural land property rights. The World Bank granted a loan of US\$24.7 million; the Nordic Development Fund financed US\$7.5 million; the Kingdom of the Netherlands provided support through a nonreimbursable fund of US\$8.8 million; the European Union contributed US\$4 million to the process. The Bank began its support for land titling in Bolivia through the “Environmental and Social Protection Project in the Santa Cruz – Puerto Suárez Corridor” (1099/SF-BO), through which it financed a titling subcomponent amounting to US\$2.4 million. The Bank consolidated its participation in this area with a land titling operation for US\$22 million called the “Land Regularization and Legal Cadastre Program” (1512/SF-BO). These funds totaled US\$70 million and were executed between 1996 and 2012.

- 1.14 The advances made in the area of land regularization are part of a series of reforms in the country's legal framework. Since the National Agrarian Reform Council was replaced by INRA, a series of rules was developed to expedite the process of regularizing rural lands. Although an institutional structure was created, INRA still lacked the capacity to implement the new legal framework for land regularization. To overcome the institutional constraints, the decision was made to contract land regularization companies, which transferred regularization technologies and trained local specialists during contract implementation. With the entry into force of Law 3,545/06, the method whereby companies were contracted for land regularization became obsolete and INRA assumed the direct execution of land regularization. The existing financial resources were thus reallocated to finance INRA's specialized brigades (equipment, vehicles, and specialists). The Bank also supported the development, implementation, and linkage of the initial versions of the rural property cadastre and registration systems.<sup>3</sup>
- 1.15 **Problems in land regularization, cadastre, titling, and registration.** The diagnostic assessments of the process of regularization, titling, and registration of rural land indicate that the following issues need to be addressed:
- 1.16 **Limitations of the regulatory framework.** According to the diagnostic assessment of the existing legal framework ([Endo, 2016](#)), the latter permits program execution to start. Nonetheless, the following problems must be overcome during program execution: (i) the regularization, titling, and cadastre manuals are outdated; (ii) the rural land regularization procedures are not entirely suited to the new areas of intervention; (iii) the rural land regularization procedures do not incorporate technological changes that will have a positive impact on titling; (iv) the current dispute resolution mechanism needs to be reformulated to reduce the burden of pending litigation in titling processes; (v) the ability to use land as a guarantee for obtaining credit is restricted to medium-sized property and agricultural enterprises; and (vi) the costs for maintaining the formal status of rural properties are high and the incentives for maintaining the rural cadastre are insufficient.
- 1.17 **Limitations of the regularization process.** The cadastral sweep (*barrido catastral*)<sup>4</sup> is the most efficient methodology for large-scale regularization of land tenure in rural areas with large numbers of producers and low titling levels. The cadastral sweep takes advantage of economies of scale; per title costs are thus lower than regularization based on individual demand. Operation 1512/SF-BO helped the government to implement the cadastral sweep method. Operation 1512/SF-BO financed the basic inputs for implementing the sweep, including: (i) the formation of regularization specialist brigades – contracting of specialists; (ii) the purchase of equipment for the field work; and (iii) logistical support. According to the regularization diagnostic assessment ([Andrade, 2016](#)), in order to achieve the program targets, it is essential that: (i) brigade staff members working in INRA under contingent contracts be retained throughout program execution; (ii) equipment for the field work be modernized; and (iii) the logistical support infrastructure be replaced. An estimated 150 to 200 field brigades will need to be

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<sup>3</sup> The project completion reports (PCR) for project [1099/SF-BO](#) and program [1512/SF-BO](#) detail the efforts made by the Bank and the government to overcome the challenges of regularization work in Bolivia.

<sup>4</sup> The cadastral sweep is a methodology for systemic surveying of each and every one of the rural parcels in an area to gather the technical and legal information on the property and its owner for the mass regularization of rural property tenure.

financed each year. These brigades are made up of seven regularization specialists. Each brigade's field operations require a minimum infrastructure of GPS equipment, portable computers, complete stations, and vehicles.

- 1.18 **Deficiencies of the technological platform.** According to the diagnostic assessment of the technological platform ([Solíz, 2016](#)), the current technology is capable of continuing the rural land regularization, cadastre, titling, and registration process. However, the following problems must be overcome: (i) consolidating the Land Maintenance and Management System (SIMAT) and the Integrated Cadastre System (SIC) as technical tools; (ii) migrating data from the Integrated Regularization and Titling System (SIST) to the SIMAT/SIC systems; (iii) replacing the use of the SIST with the SIMAT/SIC in all INRA offices; (iv) improving the electronic link between INRA and the DRRR for the large-scale property titling and registration process; (v) reorganizing the data centers and updating the data servers; (vi) updating the equipment (computers); (vii) developing the INRA nexus with GeoBolivia; (viii) reviewing and consolidating administrative systems; (ix) cleaning spatial data; (x) completing the process of digitization and indexation of the INRA documentary collection; and (xi) developing the INRA platform.
- 1.19 **Limitations of environmental and social management tools.** According to the results from the program's Strategic Environmental and Social Assessment (SESA) (see [Carrasco, 2016](#)), the current legal framework is sufficiently developed for the environmental and social management of the rural property regularization process. However, the management tools for handling potential environmental and social problems stemming from rural property regularization are not fully developed. The main conclusion of the SESA indicates that the above weaknesses produce a situation in which current regulations are not fully enforced and/or compliance with them is not verified. Accordingly, the following problems must be overcome during program execution: (i) forest coverage monitoring does not generate information in real time for monitoring and controlling deforestation; (ii) the rural cadastre does not include the environmental information needed to facilitate monitoring and control at each rural property; and (iii) the tools that INRA has for managing social conflicts are inadequate for addressing the complexity of the conflicts and the processes for resolving them.
- 1.20 **Lessons learned.** The proposed project has taken into account lessons learned from loans 1099/SF-BO and 1512/SF-BO and other similar Bank-financed operations in the region (see Table 2).

**Table 2. Lessons learned from the Bank's experience in the sector**

| <b>Problem by work area</b>   | <b>Reflected in project design</b>   |
|---|--|
| <b>Legal framework.</b> It is necessary to ensure that the legal framework allows rural titling to be carried out.  | While the current legal framework allows for moving forward with the regularization, titling, and registration of rural lands, the program will finance activities to improve the regulatory framework.  |
| <b>Institutional organization.</b> Titling requires the participation of various public agencies that neither share information nor coordinate activities well. | The project will finance the strengthening of key institutions involved in the process of regularizing rural property.   |
| <b>Information safeguards.</b> The rural cadastre information must be protected.  | The working methodology for the cadastral survey will be 100% digital with backup systems.   |
| <b>Cadastral survey.</b> The cadastral sweep methodology has yielded good results.  | The sweep methodology will be improved for working in highland areas with small landholdings, through the use of unmanned aerial vehicles, for example.  |
| <b>Monitoring and quality control system.</b> The lack of monitoring systems makes it difficult to manage progress made in rural titling.                       | The project will develop an integrated system for monitoring progress, including the reactivation of participatory monitoring mechanisms.  |
| <b>Community participation.</b> The communities' participation in the titling process was a key factor in the success of the operation.                         | The program will reinstall the interagency titling committees with the participation of authorities from indigenous communities and territories.   |
| <b>Support for permanent institutions.</b> It is important to focus efforts on supporting permanent institutions.   | The project will support INRA, the DRR, the Forest and Land Social Control and Oversight Authority (ABT), and the Mother Earth Plurinational Authority (APMT), which are permanent government institutions, in the work of regularization and environmental and social management of rural property. |
| <b>Management of the regularization brigades.</b> It is critical to design a cadastral sweep methodology with incentives and penalties.                         | In the first year of program execution, funds will be earmarked for the design of a system to monitor the field brigades, taking into account incentives for achieving goals and penalties.  |

Source: OVE, 2014. Comparative Evaluation: Land Regularization and Management, PCRs for the following projects: 906/OC-PE, 1340/OC-PE, 1099/SF-BO, and 1512/SF-BO.

- 1.21 **Conceptual overview of the operation.** The project is conceived as an operation that continues the rural property regularization process initiated by the Government of Bolivia through loans 1099/SF-BO and 1512/SF-BO. The project design emphasizes the key aspects identified in the diagnostic assessment of the current situation: (i) the strengthening of integrated mass sweep campaigns for the regularization of rural property, which will make it possible to proceed with rural titling on a cost-effective basis; (ii) modernization of the cadastre and public registry system, which will help to strengthen the integration of titling entities and public registries, as well as the efficient and secure management of cadastral information; (iii) strengthening of environmental and social management tools, which will help to reduce the environmental and social problems identified; and (iv) maintenance of the cadastre and public registry of rural properties, which will help to reduce transaction costs for the end user.
- 1.22 **Strategic alignment with the Update to the Institutional Strategy 2010-2020, the Corporate Results Framework (CRF) 2016-2019, and the Bank's strategy with Bolivia 2016-2020.** The program is consistent with the Update to the Institutional Strategy 2010-2020 (document AB-3008). Specifically, the program is

in line with the challenge of low productivity and innovation, by increasing farmers' productivity related to the establishment of secure land ownership rights. The program is aligned with the Bank's country strategy with Bolivia 2016-2020 (document GN-2843) in that it contributes to the priority area of increasing productivity and diversification in the economy as well as with its strategic objectives: (i) promotion of innovation and (ii) provision of quality public goods and services. The operation is included in the 2016 Country Programming Document and the 2016 Operational Program Report (document GN-2849). Lastly, the program is consistent with the Agriculture and Natural Resources Management Sector Framework (document GN-2709-5), which identifies security of land tenure as a key activity for improving productivity and the sustainable use of natural resources.

**B. Objectives, components, and cost.** The objective of the program is to increase legal certainty over rural property.

1.23 **Target population.** The program beneficiaries are small and medium-sized agricultural producers and indigenous communities. Small and medium-sized producers characteristically have small family farming operations, primarily for their own consumption and with low levels of access to financing and productive technologies. The livelihood of the indigenous communities is based on the use of natural resources, along with small-scale farming usually occupying less than one hectare.

1.24 **Component 1: Land regularization, titling, and registration (US\$74.9 million).** This component will support rural land regularization, titling, and registration. In this respect, the following stages in the process need to be financed: (i) preparatory stage, which will support: evaluations of the areas of intervention, preparation of the technical and legal diagnostic assessment, increased density of geodetic points; (ii) field survey, which will support: dissemination of regularization, signage of vertices and boundaries, signing of records of agreement, survey of the rural property file, verification of the social function and/or social and economic function, dispute resolution, and development of the cadastral database; and (iii) titling and registration, which will finance: the preparation of draft resolutions, the signing of resolutions, the issuance of property titles, and registration of the titles in the DDDR. This component will also support management of social conflicts and the activities to be financed include: dispute resolution training for INRA staff; implementation of dispute resolution brigades; strengthening of the Agri-Environmental Tribunal for dispute resolution, development and implementation of customer service protocols and mechanisms, and strengthening of INRA's Transparency Unit.

1.25 Component 1 will use loan proceeds to finance key inputs for continuing with rural land regularization (paragraph 1.17). The key inputs for carrying out the regularization work include: (i) retention of INRA temporary staff; (ii) purchase of computer equipment, navigation and measuring equipment, and furniture; and (iii) purchase of logistical support vehicles. Up to US\$47 million in loan proceeds will be used to finance staffing requirements, to hire technical personnel to perform land regularization work. The "service delivery contractor" model indicated in paragraph 3.21 of the Policies for the selection and contracting of consultants financed by the IDB (document GN-2350-9) was identified as being suited to INRA's needs. According to this Bank policy, this model is recommended when

project execution requires the hiring of large numbers of individuals who deliver services on a contract basis.

- 1.26 **Component 2: Land management (US\$14.04 million).** This component will finance: (i) modernization of INRA's rural cadastre technological platform and the DDRR's rural land registration platform to facilitate the administration of mass rural land cadastre, titling, and registration processes; and (ii) the program's Environmental and Social Management Plan (ESMP), which will contribute to the social and environmental management of titled land.
- 1.27 To modernize INRA's cadastral system, the component will finance: the consolidation of the SIMAT and SIC as technical tools for rural land administration, the development and implementation of the INRA–GeoBolivia nexus, the design and implementation of the INRA services platform, and the digitization and indexation of the INRA documentary collection. To modernize the DDRR registration system, the component includes: the development of the DDRR services platform; training for DDRR office staff in the use of the platform developed; and the implementation of the cadastral maintenance campaigns. To implement the ESMP, the component will finance: the strengthening of the national forest coverage monitoring system; the development of the environmental dimension of the rural cadastre; indigenous land management measures; and measures to strengthen the gender focus and interculturality in the titling process.<sup>5</sup>

### C. Results matrix and key indicators

- 1.28 The program has a results matrix (see Annex II) agreed upon with INRA; it shows impact, outcome, and output indicators with their respective baselines, targets, and means of verification. The program's main outcomes are: (i) to regularize and title approximately 24.5 million hectares; (ii) to record property rights in the DDRR for approximately 1,340,000 parcels of small and medium-sized rural producers, benefiting approximately 490,000 families; (iii) to regularize and title the pending indigenous territories; (iv) to modernize the cadastral and registration information systems; and (v) to institutionally strengthen the Bolivian government in order to improve the environmental and social management of land. Over the long-term, the impact of the program will be reflected in increased agricultural income for small and medium-sized agricultural producers.

**Table 3. Main Results Matrix Indicators**

| Impact Indicators  | Frequency of measurement                     | Rationale for selection   |
|--|--|---|
| Per household agricultural income (US\$)                     | Baseline and final evaluation of the program | See paragraph 1.3. Increased productivity results in higher income.   |
| Gross value of agricultural production per hectare (US\$/ha) | Baseline and final evaluation of the program | See paragraphs 1.3 and 1.4. Greater certainty regarding land tenure increases productive investment; and this investment increases agricultural productivity. |

<sup>5</sup> In the final stage of the design of the Rural Land Regularization Program, the Ministry of the Environment and Water, the technical focal point for the Global Environment Facility (GEF), asked the IDB for an additional project to be financed by the GEF Fund to implement the environmental dimension of the rural cadastre in the amount of approximately US\$6 million. This additional project will complement the activities envisaged in the program (ESMP).

## II. FINANCING STRUCTURE AND MAIN RISKS

### A. Financing instruments

- 2.1 The total cost of the program is US\$100 million, which will be financed by the Bank through a blended loan as follows: US\$51 million from Ordinary Capital funds and US\$9 million from the Fund for Special Operations (FSO). The local counterpart is US\$40 million. The distribution of the financing by source is shown in Table 4 below:

**Table 4. Program costs and financing (in millions of U.S. dollars)**

| Investment category   | IDB          | Local        | Total         | %             |
|---|--------------|--------------|---------------|---------------|
| <b>I. Administration</b>                                      | <b>2.80</b>  | <b>4.44</b>  | <b>7.24</b>   | <b>7.24</b>   |
| Execution unit  | 2.80         | 4.44         | 7.24          | 7.24          |
| <b>II. Direct costs</b>                                       | <b>56.32</b> | <b>35.56</b> | <b>91.88</b>  | <b>91.88</b>  |
| <b>Component 1.</b> Regularization, titling, and registration | 46.92        | 28.01        | 74.93         | 74.93         |
| <b>Component 2.</b> Land management                           | 9.40         | 7.55         | 16.95         | 16.95         |
| <b>III. Monitoring and evaluation</b>                         | <b>0.58</b>  | -            | <b>0.58</b>   | <b>0.58</b>   |
| <b>IV. Audit</b>  | <b>0.30</b>  | -            | <b>0.30</b>   | <b>0.30</b>   |
| <b>Total</b>  | <b>60.00</b> | <b>40.00</b> | <b>100.00</b> | <b>100.00</b> |

- 2.2 The program is structured as a specific investment operation, to be executed over five years according to the following disbursement schedule and the preliminary financial plan:

**Table 5. Program costs and financing (in millions of U.S. dollars)**

| Source    | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Total |
|-----------|--------|--------|--------|--------|--------|-------|
| IDB Total | 20.95  | 19.11  | 9.07   | 6.95   | 3.92   | 60.00 |
| %         | 34.9%  | 31.8%  | 15.1%  | 11.6%  | 6.5%   | 100%  |

### B. Economic viability

- 2.3 The [ex ante economic analysis of the program](#) uses a cost-benefit methodology. The analysis is based on the program's expected incremental costs and benefits using a time horizon of 15 years and a discount rate of 12%. Program costs include investment, operation, and maintenance. The benefits stem from an estimate of marginal changes in agricultural income as a result of improvements in land tenure certainty and reduced processing time for registering property. Data from the 2008 Agricultural Survey, the 2013 Agricultural Census, and INRA titling databases were used to quantify the direct benefits associated with an improvement in the land tenure situation. The results indicate that the families that obtained title to their land increased their annual agricultural income by US\$336 and the gross value of agricultural production by US\$216/household. Surveys and process analyses at both INRA and the DDRR office were used to estimate the benefits of reduced costs and processing time at the DDRR office. The results show benefits amounting to US\$22.1 million due to a 16% reduction in processing times. The cost-benefit analysis indicates that the program has a positive net present value and an internal rate of return (IRR) of 51%. An analysis was done of the sensitivity to variations in the speed with which the benefits of titling were generated. In the worst case, in which the benefits increase gradually, the IRR is 36%. The benefits of reduced processing time for registration exceed the expected

costs of maintaining the cadastre, which increases system sustainability by transferring these benefits to the users.

### C. Environmental and social risks

- 2.4 This program has been classified as a Category B operation in accordance with the Bank's Environment and Safeguards Compliance Policy (OP-703). During the preparation of the program a Strategic Environmental and Social Assessment (SESA) was developed; it determined that the program would have significant positive impacts and negative risks and impacts. The principal risks identified in the SESA were summarized in the program's environmental and social management report (ESMR). They include: (i) failure to meet the indigenous peoples' demand for titling due to conflicts already existing in the area of intervention; (ii) weakening of campesino communities' organizations due to the demand for individual titling; (iii) maintenance of gender inequality in terms of access to and use of the land; (iv) exacerbation of existing social conflicts and creation of new conflicts due to land titling; and (v) loss of biodiversity and ecosystem services in lowlands due to the deforestation of titled properties. A program environmental and social management plan (ESMP) was developed to mitigate these risks and negative impacts. Table 6 summarizes the main risks and mitigation measures proposed in the ESMP. Thus, the requirements of the Bank's safeguard policies have been fulfilled, especially those of the Indigenous Peoples Policy (OP-765). The ESMR presents compliance with the safeguards policies in detail (paragraph 3.18 of the ESMR). Lastly, consultation processes have been carried out, resulting in records of agreement with the program signed by the principal national organizations representing the program's beneficiaries (paragraphs 3.22 and 3.23 of the ESMR).

**Table 6. Main Risks and Mitigation measures**

| <b>Problem and risks (ESMR)</b>  | <b>Main Mitigation Measures (ESMP)</b>   |
|--|--|
| <b>Problem:</b> Remaining demand from indigenous people in lowlands consists of lands where third parties are present.<br><b>Risk:</b> Failure to provide titling for indigenous populations and potential fragmentation of their territories. | (i) Participatory mechanisms will be implemented for the titling of the remaining areas;<br>(ii) The extent to which the territorial demand of the indigenous populations is met will be evaluated;<br>(iii) INRA will be trained to incorporate the intercultural approach in rural land titling activities.                |
| <b>Problem:</b> Parceling of collective lands in peasant communities.<br><b>Risk:</b> Weakening of community organizations.  | (i) Will contribute to making decisions that are appropriate for communities by providing information on the advantages and disadvantages of collective and individual titling.  |
| <b>Problem:</b> Gender inequality in access to and use of land.<br><b>Risk:</b> Continued gender inequality in access to and use of land through rural titling.  | (i) INRA's Gender Unit will be strengthened;<br>(ii) INRA will be trained to implement a gender approach in titling and registration;<br>(iii) Women's knowledge/exercise of their rights over the land will be promoted.  |
| <b>Problem:</b> Exacerbation of existing conflicts and emergence of new social conflicts;<br><b>Risk:</b> Delay in the regularization of property rights.  | (i) A comprehensive strategy for resolving disputes over rural land will be implemented;<br>(ii) INRA staff will be trained in dispute resolution;<br>(iii) Specialized dispute resolution brigades will be formed in INRA;<br>(iv) The dispute resolution capacity of the Agri-environmental Tribunal will be strengthened. |
| <b>Problem:</b> Increased deforestation of titled properties;<br><b>Risk:</b> Loss of biodiversity and ecosystem services.   | (i) The national plant cover monitoring system will be strengthened;<br>(ii) The environmental dimension of the rural cadastre will be developed;<br>(iii) Soil use plans will be updated.   |

**Source:** Program's Environmental and Social Management Report and Environmental and Social Management Plan, 2016.



## **D. Fiduciary risks**

- 2.5 Based on the results of the institutional assessment, INRA has the institutional capacity needed to assume responsibilities as the executing agency for the proposed operation. The results indicate that programming and organizational capacity, execution capacity, and control capacity are at a satisfactory level of development and present a low level of risk. However, based on the risk analysis, some institutional weaknesses affecting the institution's fiduciary capacity have been identified. Accordingly, an institutional development plan was drawn up to mitigate the risks identified. The main actions include: (i) contracting procurement and financing specialists to strengthen execution capacities; (ii) deepening and institutionalizing an operational framework for risk management; and (iii) developing a framework of internal procedures for accounting and cash flow, as well as updating internal administrative management documents.

## **E. Other project risks**

- 2.6 The SESA has identified the risk that the presence of third parties with legitimate rights within the lowland TIOCs may become an obstacle for completing the titling of all the territory claimed by these TIOCs. This could turn into a reputational risk for the Bank. To mitigate this risk, Component 1 includes participatory titling mechanisms<sup>6</sup> that involve the authorities of the TIOCs, to reach consensus on titling processes and results. In addition, the ESMP includes a diagnostic assessment of the extent to which the territorial demand of lowland indigenous peoples is met, as well as the formulation of new public policies in the event that this demand has not been addressed. An extensive process of consultation with the principal organizations representing those benefiting from and affected by land titling was carried out during the preparation of the program. These consultations have resulted in the signing of records of agreement with the program by the participants, beyond what is required for projects with the identified level of risk and impacts (see paragraphs 3.20 to 3.24 of the ESMR for more details on the consultations).
- 2.7 As indicated earlier, the Bolivian government has been financially supporting the regularization of rural property for the last 20 years. The proposed program, with a total cost of US\$100 million, will complete the work of regularizing rural lands throughout the country, involving 106 million hectares. Once the investment for regularizing rural properties is completed, long-term sustainability will depend on the ability of the key stakeholders to keep the information on rural properties up to date, both in the rural cadastre system (INRA) and in the Real Property Rights Registry (DDRR) system, as identified in the report on the legal framework for the regularization of rural property ([Endo, 2016](#)). The program seeks to improve, simplify, and reduce the costs of rural cadastre and property registration services, as well as to generate information on obligations and benefits so that owners will have incentives and will report to the official entities the existence of changes in property rights (through market transfers or inheritance) or through cadastral conservation processes (subdivisions or consolidations).

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<sup>6</sup> The Interagency Titling Committees are the main mechanism of participation. The participants in these committees are the authorities of indigenous and campesino organizations and the representatives of the program's beneficiaries. The role of the committee is to reach agreement with INRA on the work plans for the titling of beneficiary communities and TIOCs and to promote the beneficiary population's participation in and monitoring of the execution of these plans. The role of the committees will be duly clarified in the program's Operating Regulations.

### III. IMPLEMENTATION AND MANAGEMENT PLAN

#### A. Summary of implementation arrangements

- 3.1 The borrower will be the Plurinational State of Bolivia and the executing agency will be INRA, legally established under Law 1,715/96 as a decentralized public entity of the MDRyT with national jurisdiction and legal status.
- 3.2 INRA's responsibilities as executing agency include: (i) maintaining consolidated accounting records that make it possible to identify the sources and uses of program funds by component; (ii) preparing and submitting disbursement requests and supporting documentation to the Bank, together with the financial statements for the components under its responsibility; (iii) contracting the program's annual external audits and submitting the respective reports to the Bank; (iv) preparing open calls for proposals and bid processes, processing contracts and payments, and providing technical supervision of the contracts for activities under its responsibility; (v) preparing the consolidated monitoring and evaluation reports required, submitting them to the Bank, and making them publicly available; and (vi) ensuring compliance with the contractual clauses established in the loan contract, the program's Operating Regulations, and the agreements signed for program implementation. **A condition precedent to the first disbursement will be the signing of a subsidiary agreement between the Ministry of Economy and Public Finance, the Ministry of Development Planning, and INRA defining the following aspects among others: (i) the method to be used to transfer the loan proceeds to INRA; and (ii) INRA's commitment to conduct program activities in accordance with the terms of the loan contract.**
- 3.3 Program execution will use INRA's existing organizational structure, in both technical and fiduciary (procurement and finances) and legal matters. In this respect, the Planning Bureau (DGP) will be designated as the entity responsible for the general coordination of the program and the ESMP; the Regularization and Titling Bureau will be designated as the entity responsible for the execution of Component 1; the Land Management Bureau will be designated as the entity responsible for the execution of Component 2; and, lastly, the Administration and Finances Bureau will manage the program's budget, procurement, legal analysis, and financial control.
- 3.4 The Director of INRA's DGP will serve as the general coordinator of the program with sufficient autonomy to make operational decisions, prepare all documents, program actions, and coordinate with the participating entities and the IDB. **A condition precedent to the first disbursement will be the appointment of the Director of INRA's DGP as the general coordinator of the program, appointment of the program component coordinators, in accordance with the terms previously agreed upon with the Bank, and the contracting of financial, procurement, planning, environmental management, and social management specialists through a competitive process, in accordance with the terms previously agreed upon with the Bank.**
- 3.5 During program preparation, provision was made for the signing of interagency collaboration agreements between INRA and the DRRR Office, the APMT, INE, and the ABT. These agreements will lay the foundation for cooperation among those involved and will describe the activities covered under the agreement, the parties' commitments, including the operation and maintenance of investments,

- and other conditions necessary for execution. Evidence of the signing and entry into force of the following interagency cooperation agreements: (i) between INRA and the DRRR, will be a special condition for the disbursement of financing for activities related to public registries under Component 2; (ii) between INRA, the ABT, the APMT, and the Office of the Deputy Minister for Land, will be a special condition for the disbursement of financing for activities related to the program's ESMP under Component 2; and (iii) between INRA and INE, will be a special condition for the disbursement of financing for activities related to the baseline of the program's monitoring and evaluation plan.
- 3.6 To facilitate implementation of the ESMP, in the context of the program, INRA may provide cooperation and technical coordination to the relevant public institutions that assist in achieving the program's objective.
- 3.7 **Program Operating Regulations.** Execution of the program will be governed by the program's [Operating Regulations](#). These regulations establish guidelines and operational procedures related to: (i) the responsibilities of the entities participating in the program; (ii) operational procedures for the planning and programming of the activities to be financed; (iii) financial and procurement instructions; (iv) procedures for the program's environmental and social management; and (v) operational instructions for the implementation of activities to monitor and evaluate the program's impact. **The entry into force of the program's Operating Regulations, under terms previously agreed upon with the Bank, will be a contractual condition precedent to the first disbursement.**
- 3.8 **Procurement.** The procurement of works, goods, and consulting services funded with program resources will be carried out in accordance with the Bank's policies as set forth in documents GN-2349-9 and GN-2350-9 and the provisions of the loan contract and the program's Fiduciary Agreements and Requirements (see Annex III), including the procurement plan for the first 18 months. That plan includes the purchase of vehicles, operations and computer equipment, furniture, the contracting of individual consultants and consulting firms, and other items. In addition, the procurement plan includes the contracting of "service delivery contractors" corresponding to the staff engaged in the regularization and titling process (paragraph 1.25). The contracting procedures currently used by INRA for annual or multiyear periods will continue to be used for these individual consultants. The procurement plan will be updated each year or whenever there are substantial changes, subject to the Bank's approval. Procurement may be made using the ex post review method as established in Annex II.
- 3.9 **Recognition of retroactive expenses.** The Bank may recognize and charge against the local contribution up to US\$6,000,000 (15% of the local contribution) in eligible expenses incurred by INRA prior to the loan approval date for operational and temporary staffing expenses, provided that requirements substantially similar to those established in the loan contract have been met. Said expenses must have been incurred on or after 6 January 2016, the program profile approval date, but in no case may they include expenses incurred more than 18 months prior to the loan approval date.
- 3.10 **Audit.** During the loan disbursement period, within 120 days following the end of INRA's fiscal year, the program's annual audited financial statements will be submitted to the Bank. The audit will be performed by a firm of independent auditors acceptable to the Bank. The determination of the scope and other related

aspects will be governed by the Guide to Financial Management for Projects Financed by the IDB (OP-273-6) and the guide on financial statements and external audit.

**B. Summary of results monitoring arrangements**

- 3.11 **Monitoring.** The program has a monitoring and evaluation plan. INRA will prepare and send a monitoring report to the Bank no later than 60 days following the end of each six-month period during project execution. These reports will focus on the achievement of the output indicators and progress made in terms of outcomes, the identification of problems encountered and corrective measures adopted. INRA will submit to the Bank's satisfaction the annual work plan (AWP) corresponding to the upcoming year, no later than within the final quarter of each year during project execution. INRA will perform two independent evaluations financed using loan proceeds: (i) the midterm evaluation will be submitted to the Bank no later than 90 days after 50% of the loan proceeds have been executed; and (ii) the final evaluation will be conducted no later than 90 days after 90% of the project's funds have been executed. These reports will include an evaluation of the quality of the data in the monitoring system, the degree to which the expected outputs, outcomes, and impacts established in the Results Matrix have been achieved, as well as the level of compliance with the ESMP, including progress made in the social and environmental indicators.
- 3.12 **Evaluation.** The impact estimates will be based on the differences-in-differences method applied to a panel of households that includes a treatment group and two control groups. To this end, provision has been made for two surveys, a baseline and the final evaluation. The proposed sample includes the non-random identification of a group of municipios with a high percentage of titling in the first two years of the program. Later, through a propensity score matching process, a control group of municipios with a high percentage of titling prior to 2016 (control group 1) and another control group of municipios that will be titled at the end of the program (control group 2) will be identified. The municipios in control group 1 will serve to verify the proportion of attributable marginal change over time, while the municipios in control group 2 will be used to measure the program's impact in the execution period. The sample for the baseline study is estimated to include 3,500 farmers distributed in 50 municipios (20 treated and 30 in the two control groups; households will be selected at random within each municipio). A similar sample will be used for the final evaluation. The data collection budget has been included in the project. The design of the operation provides a good opportunity for generating empirical evidence on the impact of rural land titling on productivity, income, and the sustainable use of natural resources.

| Development Effectiveness Matrix  |     |   |  |               |
|---|-----|---|--|---------------|
| Summary   |     |   |  |               |
| I. Strategic Alignment  |     |   |  |               |
| 1. IDB Strategic Development Objectives   |     | Aligned   |  |               |
| Development Challenges & Cross-cutting Themes   |     | -Productivity and Innovation  |  |               |
| Regional Context Indicators   |     |   |  |               |
| Country Development Results Indicators  |     |   |  |               |
| 2. Country Strategy Development Objectives  |     | Aligned   |  |               |
| Country Strategy Results Matrix   |     | GN-2843   | Improve the provision of quality public goods and services.  |               |
| Country Program Results Matrix  |     | GN-2849   | The intervention is included in the 2016 Operational Program.  |               |
| Relevance of this project to country development challenges (If not aligned to country strategy or country program)   |     |   |  |               |
| II. Development Outcomes - Evaluability   |     | Highly Evaluable  | Weight   | Maximum Score |
|   |     | 9.8   |  | 10            |
| 3. Evidence-based Assessment & Solution   |     | 9.3   | 33.33%   | 10            |
| 3.1 Program Diagnosis   |     | 3.0   |  |               |
| 3.2 Proposed Interventions or Solutions   |     | 3.6   |  |               |
| 3.3 Results Matrix Quality  |     | 2.7   |  |               |
| 4. Ex ante Economic Analysis  |     | 10.0  | 33.33%   | 10            |
| 4.1 The program has an ERR/NPV, a Cost-Effectiveness Analysis or a General Economic Analysis  |     | 4.0   |  |               |
| 4.2 Identified and Quantified Benefits  |     | 1.5   |  |               |
| 4.3 Identified and Quantified Costs   |     | 1.5   |  |               |
| 4.4 Reasonable Assumptions  |     | 1.5   |  |               |
| 4.5 Sensitivity Analysis  |     | 1.5   |  |               |
| 5. Monitoring and Evaluation  |     | 10.0  | 33.33%   | 10            |
| 5.1 Monitoring Mechanisms   |     | 2.5   |  |               |
| 5.2 Evaluation Plan   |     | 7.5   |  |               |
| III. Risks & Mitigation Monitoring Matrix   |     |   |  |               |
| Overall risks rate = magnitude of risks*likelihood  |     | Low   |  |               |
| Identified risks have been rated for magnitude and likelihood   |     | Yes   |  |               |
| Mitigation measures have been identified for major risks  |     | Yes   |  |               |
| Mitigation measures have indicators for tracking their implementation   |     | Yes   |  |               |
| Environmental & social risk classification  |     | B   |  |               |
| IV. IDB's Role - Additionality  |     |   |  |               |
| The project relies on the use of country systems  |     |   |  |               |
| Fiduciary (VPC/FMP Criteria)  | Yes | Financial Management: Budget, Treasury, Accounting and Reporting.<br>Procurement: Information System.   |  |               |
| Non-Fiduciary   |     |   |  |               |
| The IDB's involvement promotes additional improvements of the intended beneficiaries and/or public sector entity in the following dimensions:                                       |     |   |  |               |
| Gender Equality   | Yes | The Environmental and Social Management Plan include a series of measures to strengthen the participation of women in the benefits of land titling. These include strengthening the INRA with a specialist in gender; the adoption of gender mainstreaming in all activities of INRA; a communications strategy to increase awareness by women of their rights and the benefits of titling. |  |               |
| Labor   |     |   |  |               |
| Environment   | Yes | The program will strengthen the deforestation monitoring system and the inclusion of the environmental dimension in the cadastre. These environmental management tools will improve the Government's capacity to monitor and sanction environmental infractions such as illegal deforestation.  |  |               |
| Additional (to project preparation) technical assistance was provided to the public sector entity prior to approval to increase the likelihood of success of the project            |     |   |  |               |
| The ex-post impact evaluation of the project will produce evidence to close knowledge gaps in the sector that were identified in the project document and/or in the evaluation plan |     | Yes   | The program will generate valuable information on the causality between titling and: i) increased productivity; increase in intra investments - property taxes; and iiii) increased use of financial services. |               |

Note: (\*) Indicates contribution to the corresponding CRF's Country Development Results Indicator.

The objective of the program is to increase the legal security of rural property. This is expected to lead to the increase in income of beneficiary rural households, through an increase in the gross value of agricultural production. The diagnosis provided in the document and documentation that supports it is robust with respect to the current situation, shortcomings and causes of insecurity of tenure in the country. Likewise, the proposed interventions under components 1 and 2 clearly respond to the deficiencies identified in the diagnosis and evidence is presented that validates the effectiveness of the proposed actions in other contexts.

The vertical logic of the results matrix is well delineated. Overall, indicators at all levels are SMART. The baseline for some impact and results indicators is from 2008, therefore does not represent the starting point of the program.

Ex ante economic analysis of the program uses a cost-benefit methodology. The benefits come from the estimated marginal changes in agricultural income by improving the security of land tenure and the reduction in processing time in the land registry.

The Monitoring and Evaluation Plan proposes the identification of causal impacts through the use of differences in difference with Propensity Score Matching methods. Overall the plan meets the requirements established in the DEM Guidelines.

## RESULTS MATRIX

|                           |  |
|---------------------------|--|
| <b>Project objective:</b> | The general objective of the program is to increase legal certainty over rural property. |
|---------------------------|--|

### EXPECTED IMPACT

| Indicators  | Unit of measurement | Baseline |      | Target |      | Means of verification            | Observations   |
|---|---------------------|----------|------|--------|------|----------------------------------|--|
|   |                     | Value    | Year | Value  | Year |                                  |  |
| EXPECTED IMPACT   |                     |          |      |        |      |                                  |  |
| <p><b>Impact:</b> Increase total net household incomes</p> <p><b>Indicator:</b> Increase in total net household income</p>  | US\$/year           | 801      | 2008 | 974    | 2021 | Program Impact Evaluation Report | Data from the National Agricultural Survey (2008) were used to estimate growth in net household income that farmers would have with more secure land tenure. Data at the municipal level (2000-2006) from INRA were used to identify producers' title status. The estimate was based on a simple income function model based on farmers' assets and characteristics (Zegarra, 2016). The lower bound confidence interval was used. |
| <p><b>Impact:</b> Increase agricultural productivity of agricultural producers</p> <p><b>Indicator:</b> Increase in the Gross Value of Agricultural Production (GVAP)</p> | US\$/ha             | 870      | 2008 | 1,075  | 2021 | Program Impact Evaluation Report | Data from the National Agricultural Survey (2008) were used to estimate growth in net household income that farmers would have with more secure land tenure. Data at the municipal level (2000-2006) from INRA were used to identify producers' title status. The estimate was based on a simple income function model based on farmers' assets and characteristics (Zegarra, 2016). The lower bound confidence interval was used. |

### EXPECTED OUTCOMES

| Expected outcomes   | Unit of measurement    | Baseline |      | Intermediate |      | Targets |      | Means of verification                   | Observations  |
|---|------------------------|----------|------|--------------|------|---------|------|---|---|
|   |                        | Value    | Year | Value        | Year | Value   | Year |   |   |
| <b>Final outcome.</b> Increase in productive investment.<br><br><b>Indicator.</b> Value of agricultural producers' productive investment (machinery and equipment)  | US\$ invested per year | 215      | 2008 | -            | -    | 241     | 2021 | Program Impact Evaluation Report        | <ul style="list-style-type: none"> <li>- The target value is based on estimates of the program's economic evaluation. The estimates' lower bound confidence interval was used.</li> <li>- These values will be verified with baseline surveys and follow-up of the program's impact evaluation.</li> </ul>  |
| <b>Intermediate outcome.</b> Reduced cost of titling rural properties.<br><br><b>Indicator.</b> Average cost of complete rural property titling process   | US\$ per hectare       | 8.31     | 2016 | -            | -    | 7       | 2021 | INRA Monitoring and Follow-up System    | <ul style="list-style-type: none"> <li>- The baseline value is the result of the diagnostic assessment of regularization, cadastre, titling, and registration of rural land (Andrade, 2016).</li> <li>- The target value is based on recommended improvements in land regularization processes, operational infrastructure, and technology, which could reduce per hectare titling cost by 15%.</li> </ul>                |
| <b>Intermediate outcome.</b> Reduced average time to record property purchase/sale<br><br><b>Indicator.</b> Timed needed to record purchase/sale of property in Public Registries   | Number of working days | 39.7     | 2016 | -            | -    | 25      | 2021 | Program Monitoring and Follow-up System | <ul style="list-style-type: none"> <li>- The baseline value is the result of the diagnostic assessment of the time spent by citizens and legal entities in procedures to record property in the Office of Real Property Rights (Medeiros, et al., 2016).</li> <li>- These values will be verified with the study of strategies for maintaining regularization planned for the first year of program execution.</li> </ul> |
| <b>Intermediate outcome.</b> Reduction of the area of intervention with disputes due to regularization and titling<br><br><b>Indicator.</b> Number of hectares with conflicts due to regularization and titling of rural property | Millions of hectares   | 5        | 2016 | -            | -    | 3       | 2021 | Program Monitoring and Follow-up System | <ul style="list-style-type: none"> <li>- The baseline value is the result of the Strategic Environmental and Social Evaluation (Carrasco, et al., 2016 and Endo, 2016).</li> <li>- The target value is based on recommended improvements in dispute resolution instruments (Carrasco et al., 2016 and Endo, 2016)</li> </ul>  |
| <b>Intermediate outcome.</b> Institutional strengthening of INRA and the DDRR<br><br><b>Indicator.</b> INRA and the DDRR offices sharing cadastre and registry information automatically  | %                      | 0        | 2016 | 0            | 2019 | 100     | 2021 | Program Monitoring and Follow-up System | <ul style="list-style-type: none"> <li>- The value is based on the recommendations from Component 2 (Solíz, 2016).</li> </ul>   |

## OUTPUTS

| Outputs   | Estimated cost (US\$) | Unit of measurement           | Baseline | Year 1  | Year 2  | Year 3  | Year 4  | Year 5  | Final target | Means of verification                   |
|---|-----------------------|-------------------------------|----------|---------|---------|---------|---------|---------|--------------|---|
| Component I: Rural land regularization, titling, and registration                               |                       |                               |          |         |         |         |         |         |              |   |
| Output #1. Rural property titles delivered to agricultural producers and indigenous communities |                       |                               |          |         |         |         |         |         |              |   |
| Indicator 1.1. Number of beneficiaries with titles registered at the DDRR offices               | 74,938,706            | Households                    | 566,356  | 104,707 | 151,866 | 107,635 | 82,217  | 49,650  | 1,062,431    | Program Monitoring and Follow-up System |
| Indicator 1.2 Number of property titles registered at the DDRR offices                          |                       | Title                         | 653,535  | 296,320 | 426,990 | 292,354 | 212,185 | 115,289 | 1,996,732    |   |
| Output #2. Intercultural conflict management  |                       |                               |          |         |         |         |         |         |              |   |
| Indicator 2.1. INRA staff training on social conflict resolution                                | 70,000                | Number of people trained      | 0        | 200     | 300     | 300     | 100     | -       | 900          | Program Monitoring and Follow-up System |
| Indicator 2.2. Implementation of a specialized brigade on social conflicts                      | 150,000               | Number of brigades            | 0        | 1       | -       | -       | -       | -       | 1            |   |
| Indicator 2.3. Strengthening of Agri-environmental Tribunal for dispute resolution              | 150,000               | Number of specialists trained | 0        | 30      | 30      | 50      | 20      | 30      | 160          |   |



|   |           |                                  |   |     |     |     |     |   |     |   |
|---|-----------|----------------------------------|---|-----|-----|-----|-----|---|-----|---|
| Output #3. Development and implementation of land regularization, cadastre, titling, and registration customer service mechanisms |           |                                  |   |     |     |     |     |   |     |   |
| Indicator 3.1. Development of customer service protocols and mechanisms   | 50,000    | Number of protocols              | 0 | 1   | -   | -   | -   | - | 1   | Program Monitoring and Follow-up System |
| Output #4. Strengthening of INRA Transparency Unit  |           |                                  |   |     |     |     |     |   |     |   |
| Indicator 4.1. Update of transparency manual  | 108,000   | Number of manuals                | 0 |     |     |     |     |   |     | Program Monitoring and Follow-up System |
| Indicator 4.2. Implementation of manual in all INRA offices   |           | Number of specialists trained    | 0 | 200 | 300 | 300 | 100 | - | 900 |   |
|   |           |                                  |   |     |     |     |     |   |     |   |
| Component II: Land management   |           |                                  |   |     |     |     |     |   |     |   |
| Output #1. Update and implementation of SIMAT/SIC to complete regularization of rural properties                                  |           |                                  |   |     |     |     |     |   |     |   |
| Indicator 1.1. Update of SIMAT/SIC  | 824,802   | Software updated                 | 0 | 2   | 0   | 0   | 0   | 0 | 2   | Program Monitoring and Follow-up System |
| Indicator 1.2. Implementation of SIMAT/SIC  |           | Number of offices using software | 1 | 5   | 4   | -   | -   | - | 10  |   |
| Output #2. Development of the information technology (IT) platform for real property rights services                              |           |                                  |   |     |     |     |     |   |     |   |
| Indicator 1.3. Implementation of the IT platform for real property rights services  | 800,000   | Platform                         | 0 | -   | 1   | -   | -   | - | 1   | Program Monitoring and Follow-up System |
| Output #3. Design and implementation of the INRA services platform  |           |                                  |   |     |     |     |     |   |     |   |
| Indicator 1.4. Design of the platform   | 3,868,430 | Number of platforms designed     | 0 | 1   |     |     |     |   |     | Program Monitoring and Follow-up System |
| Indicator 1.5. Implementation of the platform   |           | Platform launch                  | 0 | -   | 1   | -   | -   | - | 1   |   |

|  |           |   |   |      |      |      |      |      |      |   |
|--|-----------|---|---|------|------|------|------|------|------|---|
| <b>Indicator 1.5.</b> Implementation of GeoBolivia nexus                     |           | Nexus in operation                        | 0 | -    | 1    | -    | -    | -    | 1    |   |
| <b>Output #4.</b> Cadastral maintenance                                      |           |   |   |      |      |      |      |      |      |   |
| <b>Indicator 1.6.</b> Cadastral maintenance campaigns                        | 600,000   | Number of campaigns                       | 0 | 1    | 1    | 1    | 1    | 1    | 5    | Program Monitoring and Follow-up System |
| <b>Output #5.</b> Digitization and indexation of INRA documentary collection |           |   |   |      |      |      |      |      |      |   |
| <b>Indicator 1.7.</b> Digitization and indexation of files                   | 1,900,000 | Number of files digitized and indexed     | 0 | 1000 | 1000 | 1000 | 1000 | 1000 | 5000 | Program Monitoring and Follow-up System |
| <b>Output #6.</b> Strengthening of INRA Operations Center                    |           |   |   |      |      |      |      |      |      |   |
| <b>Indicator 1.8.</b> Permanent infrastructure for INRA                      | 6,044,172 | Number of offices improved or constructed | 2 | -    | 3    | 4    | 1    | -    | 10   | Program Monitoring and Follow-up System |

## **FIDUCIARY AGREEMENTS AND REQUIREMENTS**

**Country:** The Plurinational State of Bolivia

**Project number/  
name:** BO-L1113 – Rural Land Regularization and Titling Program II

**Executing agency:** National Agrarian Reform Institute (INRA)

**Prepared by:** Carolina Escudero (PRM) and Abel Cuba (FM)

### **I. EXECUTIVE SUMMARY**

- 1.1 This Annex III has been prepared on the basis of the following elements, used to determine the level of fiduciary risk associated with the program: (i) results of the most recent Public Expenditure and Financial Accountability (PEFA) assessment, 2009; (ii) analysis of institutional capacity used during the design of the INRA operation.
- 1.2 Program execution will be the responsibility of INRA, a decentralized entity of the Ministry of Rural Development and Lands (MDRyT).
- 1.3 Accounting records for the operation will be maintained in the Public Management System (SIGEP). The IDB's Integrated Project Administration System (SIAP-IDB), developed by the Country Office in Bolivia (CAN/CBO), will be used for the financial reports required by the Bank. The IDB's standard bidding documents or other documents agreed upon with the Office of the Deputy Minister for Public Investment and External Financing (VIPFE) and made available through SICOES<sup>1</sup> will be used for execution of this operation. Similarly, SICOES will be used for the publication of specific procurement notices.
- 1.4 The Government of Bolivia and the Bank have drawn up an agreement for making partial use of the Basic Standards of the Goods and Services Management System (NB-SABS) in IDB-financed operations in Bolivia. This program may apply that agreement once it enters into force.

### **II. FIDUCIARY CONTEXT OF THE EXECUTING AGENCY**

- 2.1 As a public agency, the MDRyT is governed by Law 1,178 of 20 July 1990 on Government Control and Administration. This law regulates the administration and control systems for government resources, and their relationship with country public investment and planning systems.
- 2.2 INRA uses SIGEP for all of its financial records. SIGEP offers secure and reliable access to budget execution information. With Bank support, an Accounting

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<sup>1</sup> Government Contracting Subsystem, which has been approved for use in Bank operations.

Management Module has been developed in this system, which systematizes reporting based on the financing structures and the currency of loans from international development partners, which is expected to come on line in 2017. Until then, INRA will use SIAP-IDB as a supplementary accounting and reporting system for accountability and financial reporting purposes. As a State agency, INRA is supervised by the Office of the Comptroller General and an internal audit unit.

### **III. FIDUCIARY RISK EVALUATION AND MITIGATION MEASURES**

- 3.1 The Institutional Capacity Assessment System (ICAS) assessment of INRA indicates an adequate level of institutional development and capacities and a LOW level of fiduciary risk. However, provision has been made to strengthen the team that will be responsible for program execution, by contracting staff working full-time in the areas of financial management and procurement, and by holding training update workshops on Bank policies on fiduciary matters.

### **IV. CONSIDERATIONS FOR THE SPECIAL CONDITIONS OF THE CONTRACT**

- 4.1 **Operating Regulations.** The Operating Regulations will include details of execution arrangements, procedures, and information flows, previously agreed upon between the Bank and the parties.
- 4.2 **Exchange rate agreed upon with the executing agency for rendering accounts.** The exchange rate used will be the one in effect in the borrowing country on the effective date of the conversion of funds into local currency in the executing agency's accounts.
- 4.3 **Financial statements and other audited reports.** For the duration of the program disbursement period, audited program financial statements will be submitted to the Bank within 120 days after the end of each of the executing agency's fiscal years. The statements will be audited by an independent auditing firm acceptable to the Bank. The final report will be submitted to the Bank within 120 days following the date stipulated for the last disbursement under the loan.
- 4.4 The terms of reference for contracting the independent auditing firm will be subject to the Bank's prior approval and may include outputs under the International Standards on Auditing, related to the financial audit of the program, and related audit tasks.

### **V. CONSIDERATIONS TO BE MENTIONED IN THE SINGLE ANNEX, IN THE DESCRIPTION OF THE CORRESPONDING COMPONENT**

- 5.1 The program provides for the purchase of 41 4x4 light trucks totaling up to US\$1,762,178 for INRA's regularization and titling activities. The details on the purchase terms, procurement method, and estimated prices are set out in the procurement plan duly agreed upon with the Bank. In addition, the program Operating Regulations include the technical and legal analysis supporting the need to purchase vehicles as well as the technical specifications to be used in the bidding process.

## VI. PROCUREMENT EXECUTION AGREEMENTS AND REQUIREMENTS

- 6.1 **Procurement execution.** Procurement will be carried out in accordance with Bank policies set forth in documents GN-2349-9 and GN-2350-9.
- 6.2 **Procurement of works, goods, and nonconsulting services.** Contracts for works, goods, and nonconsulting services provided for in the program and subject to international competitive bidding (ICB) will be carried out using the Standard Bidding Documents issued by the Bank.
- 6.3 Works for an estimated amount of less than US\$3 million will be contracted via the shopping method, using the standard price comparison document for works procurement prepared by the Bank for operations in Bolivia; works for an estimated amount of less than US\$250,000 will be contracted via the Shopping method, using the document for requesting quotes for small contracts agreed upon with VIPFE, which is available in SICOES.
- 6.4 Off-the-shelf goods (computer equipment, furniture, etc.) for an estimated amount of less than US\$200,000 will be procured via the shopping method and using the document for requesting quotes for the purchase of goods agreed upon with VIPFE, which is available in SICOES.
- 6.5 **Selection and contracting of consultants.** Consultants will be selected using the selection methods in the Bank's procurement policies (GN-2350-9), taking the following into account:
- a. **Selection of consulting firms.** Consulting firms for the project will be selected using the Bank's Standard Request for Proposals and Request for Proposals documents for amounts of less than US\$200,000 agreed upon with VIPFE, which are available in SICOES.
  - b. **Shortlist of consulting firms.** The list may be comprised entirely (100%) of Bolivian firms, for contracts with a value of up to US\$200,000.
  - c. **Selection of individual consultants.** Individual consultants will be selected on the basis of a comparison of the candidates' individual qualifications. When the call for proposals is made through SICOES, one qualified candidate will suffice; when the call is by invitation, the qualifications of at least three qualified candidates will be compared. When the tasks involve working with other people in providing administrative or operational assistance, the advisability of using individual consultants with supplementary services will be examined on a case-by-case basis.
  - d. **Services contractors.** As explained in the Proposal for Operation Development, the program needs to retain temporary staff members who have received training and are currently working on the process of land regularization, titling, and registration, in order to ensure achievement of program targets in due time and manner. Accordingly, such staff will be financed with loan funds in an amount up to US\$47,000,000 within the framework of provision 3.6 of Policy GN-2350-9.
- 6.6 **Procurement planning.** INRA will publish the procurement plan in the Procurement Plan Execution System (SEPA) and will update it at least once

each year to reflect the project's actual execution needs and the progress achieved.

- 6.7 **Advance procurement/retroactive financing.** The Bank may recognize and charge against the local contribution up to US\$6,000,000 (15% of the estimated amount of the local contribution) in eligible expenses incurred by INRA prior to the loan approval date, for operating and temporary personnel expenses, provided that requirements substantially similar to those established in the loan contract have been met. Such expenses must have been incurred on or after 6 January 2016, the program profile approval date, but in no case may they include expenses incurred more than 18 months prior to the loan approval date.
- 6.8 **Domestic preference.** The application of domestic preference will not be considered in the procurement processes envisaged for this operation.
- 6.9 **Terms of reference and technical specifications.** The executing agency, in coordination with the program's Project Team Leader, is responsible for reviewing the shortlist selection criteria, terms of reference, and/or technical specifications. In all cases these must be agreed upon ex ante.

6.10 **Table of threshold amounts (in US\$000)**

| Works                             |             | Goods and Nonconsulting Services  |                              |   | Consultancies   |   |
|-----------------------------------|-------------|-----------------------------------|------------------------------|---|---|---|
| International Competitive Bidding | Shopping    | International Competitive Bidding | National Competitive Bidding | Shopping  | International Publicity for Consulting Services (except when CQS is used) | Shortlist 100% National (except when CQS is used) |
| > US\$3,000                       | < US\$3,000 | > US\$200                         | ≤ US\$200                    | ≤ US\$50 and<br>≤ US\$200 for common goods and services | > US\$200   | ≤ US\$200   |

- 6.11 **Main procurement processes(\*)**. The main procurements for this operation are detailed below:

| Activity  | Type of Bidding Process | Estimated Date                            | Estimated Amount (US\$ 000) |
|---|-------------------------|---|-----------------------------|
| <b>Consulting firms</b>   |                         |   |                             |
| 14 contracts for services related to verification of land use, conceptual framework of rural environmental cadastre, national environmental cadastre system, analysis of ecological easements, strengthening of national plant coverage monitoring system, et al. | CQS                     | According to data in the procurement plan | US\$1,160                   |

| Activity  | Type of Bidding Process | Estimated Date                 | Estimated Amount (US\$ 000) |
|---|-------------------------|--------------------------------|-----------------------------|
| Consulting for formulation of eight indigenous territorial management plans, according to prioritization  | QCBS                    | Year 2 – 1Q                    | US\$960                     |
| Consulting to support strengthening of the Agri-environmental Tribunal in the area of dispute resolution  | QCBS                    | Year 1 – 2Q                    | US\$150                     |
| External audit of the program   | QCBS                    | Year 1 – 4Q                    | US\$300                     |
| Development of program baseline   | QCBS                    | Year 1 – 1Q                    | US\$275                     |
| Final evaluation of the program   | QCBS                    | Year 5 – 4Q                    | US\$275                     |
| <b>Individual consultants</b>   |                         |                                |                             |
| Service delivery contractors. Direct contracting of INRA's temporary staff who have been trained in and are familiar with: <ul style="list-style-type: none"> <li>- Regularization, titling, and registration processes</li> <li>- Tasks of coordination and planning, administrative and financial management, legal advice, departmental coordination and management, and social and environmental management of the program</li> </ul>   | DC                      | Based on procurement plan data | US\$47,594                  |
| Various contracts to integrate technical teams responsible for: <ul style="list-style-type: none"> <li>- Updating the SIMAT/SIC</li> <li>- Development of IT platform for real property rights services</li> <li>- Design and implementation of INRA services platform</li> <li>- Classification of small property</li> <li>- Support on interculturality topics</li> <li>- Design and development of protocols for customer services mechanisms, and</li> <li>- Strengthening of the INRA Transparency Unit</li> </ul> | IICQ or NICQ            | Based on procurement plan data | US\$3,932                   |
| <b>Goods</b>  |                         |                                |                             |
| 3 contracts (two of them in several lots) for purchase of IT equipment  | ICB                     | Based on procurement plan data | US\$3,046                   |
| Navigation (GPS) equipment  | ICB                     | Year 1 – 2Q                    | US\$1,210                   |
| 41 4x4 light trucks   | ICB                     | Year 1 – 2Q                    | US\$1,762                   |
| 2 contracts to purchase furniture for INRA's decentralized offices  | Shopping                | Based on procurement plan data | US\$96                      |
| 2 contracts to purchase software  | Shopping                | Based on procurement plan data | US\$155                     |

| Activity  | Type of Bidding Process | Estimated Date                 | Estimated Amount (US\$ 000) |
|---|-------------------------|--------------------------------|-----------------------------|
| <b>Works</b>  |                         |                                |                             |
| Various contracts for construction or improvement of existing infrastructure for INRA                               | Shopping                | Based on procurement plan data | US\$6,044                   |
| <b>Nonconsulting services</b>   |                         |                                |                             |
| Digitization and indexing of titling files  | ICB                     | Year 2 – 4Q                    | US \$1,900                  |
| Preparation and execution of communication and registration campaigns to update and maintain the cadastral database | ICB                     | Year 2 – 1Q                    | US\$600                     |
| Development of training manuals and activities for INRA staff on the institution's new services platform            | Shopping                | Year 2 – 1Q                    | US\$268                     |
| Various contracts for various services related to training activities, etc.   | Shopping                | Based on procurement plan data | US \$441                    |

\* To access the procurement plan for the first 18 months, click here.

**6.12 Procurement supervision.** The project may be executed based on ex post review of procurement processes worth up to 100% of the threshold for NCB, as set out in the table below. (Direct contracting and procurement transactions not included in this table will be subject to ex ante review.) The external audit firm for the program will conduct the annual ex post review of procurement. Although the level of fiduciary risk is rated LOW, the Bank will offer ongoing training and advisory services during program execution.

**Threshold for Ex Post Review**

| Works                                 | Goods and Nonconsulting Services    | Consulting firm services Shortlist may be 100% national | Consulting Services Individuals |
|---------------------------------------|-------------------------------------|---|---------------------------------|
| Contracts for amounts ≤ US\$3,000,000 | Contracts for amounts ≤ US\$200,000 | Contracts for amounts ≤ US\$200,000                     | Not subject to any limit.       |

**6.13 Operating or recurring expenses.** These are expenses (operational and maintenance, among others) necessary for the program to operate. They will be agreed upon with the Project Team Leader and included in the procurement plan. This type of expenses will be executed according to the executing agency's administrative procedures, as referenced in the Operating Regulations.

**6.14 Direct contracting.<sup>2</sup>** Goods and nonconsulting services (for example workshops/meetings: rental of hall/site, audiovisual equipment, transport,

<sup>2</sup> OP-272-2 establishes a threshold of up to US\$750,000 for direct purchases or contracting of goods, works, and nonconsulting services and provision 3.6(a) of document GN-2359-9 refers to cases in which neither the savings nor the efficiency of competitive bidding is justified.



facilitators, etc.) for individual amounts below US\$500 and totaling no more than US\$5,000, may be contracted directly in order to achieve economy and efficiency in execution. These contracts are to be approved by the Project Team Leader through the procurement plan.

- 6.15 **Files.** INRA will be responsible for establishing the supporting documentation, procedures, and controls necessary for project execution, as well as for safeguarding them in accordance with the terms of the loan contract and local laws.

## **VII. FINANCIAL MANAGEMENT AGREEMENTS AND REQUIREMENTS**

- 7.1 **Programming and budget.** INRA will utilize an administrative division<sup>3</sup> under which the project will be created. This will allow budget records to be based on individual identification of the sources of financing and funds used in project execution. Initial inclusion in the budget as well as future budget modifications will be based on the annual work plan and project execution plan agreed upon with the Bank. Budget modifications must also be approved through a Ministerial Resolution by the Ministry of Development Planning (MPD), through the MDRyT.
- 7.2 **Accounting and information systems.** Program transactions will be recorded in SIGEP. This system integrates the various accounting events at different points in time in a single registry and complies with budgetary requirements (budget execution), recording of financial position (assets, liabilities, equity, and earnings), and cash management (cash transfers), on an accrual basis. In addition, for purposes of project accounting, a chart of accounts will be prepared to allow for the identification of expenditures incurred in each period on a cash basis, aligning the program's investment categories with the respective budget line items and accounts. Moreover, until such time as the SIGEP Accounting Management Module is in operation, INRA will use the SIAP-IDB as a supplement on an interim basis for financial reporting.
- 7.3 **Disbursements and cash flow.** The loan will primarily be disbursed in the form of advances of funds, based on the program's financial programming, which will be updated periodically. The Bank may make a new advance of funds once at least 80% of previously disbursed fund advances have been accounted for. Loan proceeds will be deposited in a separate account in U.S. dollars, and subsequently transferred to another account in local currency (both within the CUT).<sup>4</sup>
- 7.4 **Internal control and internal audit.** INRA financial management is subject to annual reliability reviews by the internal audit unit and given the relative importance of the program it is expected to be included in this type of review. As a strategic activity under its mandate, the Bank will arrange annual coordination meetings with the internal audit units, in order to identify monitoring activities for the program.

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<sup>3</sup> Under SIGEP's budgetary programming structure, an administrative division may include several projects with independent records and controls.

<sup>4</sup> Unified Treasury Account.

- 7.5 **External control and reports.** In order to comply with the annual submission of the program's audited financial statements, INRA will hire an independent auditing firm acceptable to the Bank, following Bank policies, the cost of which will be covered from program funds.
- 7.6 **Financial supervision plan.** The planning and frequency of supervision will be based on identified fiduciary risks. The following activities are envisaged: (i) the annual external audit by the firm hired for the review of program financial statements; (ii) onsite visits to the program's investment sites; and (iii) visits to verify compliance with the internal control recommendations issued by the program's external auditor.

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-\_\_\_/16

Bolivia. Loan \_\_\_\_/BL-BO to the Plurinational State of Bolivia  
Rural Land Regularization and Titling Program

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 Plurinational State of Bolivia, as Borrower, for the purpose of granting it a financing to cooperate in the execution of a rural land regularization and titling program. Such financing will be for the amount of up to US\$51,000,000 from the resources of the Single Currency Facility of the Bank's Ordinary Capital, corresponds to a parallel loan within the framework of the multilateral debt relief and concessional finance reform of the Bank, and will be subject to the Financial Terms and Conditions and the Special Contractual Conditions of the Project Summary of the Loan Proposal.

(Adopted on \_\_ \_\_\_\_ 2016)

BO-L1113  
LEG/SGO/CAN/IDBDOCS#40403194-16

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-\_\_\_/16

Bolivia. Loan \_\_\_\_/BL-BO to the Plurinational State of Bolivia  
Rural Land Regularization and Titling Program

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 Plurinational State of Bolivia, as Borrower for the purpose of granting it a financing to cooperate in the execution of a rural land regularization and titling program. Such financing will be for the amount of up to US\$9,000,000 from the resources of the Bank's Fund for Special Operations, corresponds to a parallel loan within the framework of the multilateral debt relief and concessional finance reform of the Bank, and will be subject to the Financial Terms and Conditions and the Special Contractual Conditions of the Project Summary of the Loan Proposal.

(Adopted on \_\_\_\_ 2016)

BO-L1113  
LEG/SGO/CAN/IDBDOCS#40403179-16