

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

BOLIVIA

LAND REGULARIZATION AND LEGAL CADASTRE PROGRAM

(BO-0221)

LOAN PROPOSAL

This document was prepared by the project team consisting of: Héctor Malarín (RE1/EN1) Project Team Leader; Teodoro Noel (RE1/EN1); M. Cristina Price (LEG/OPR); Waldo Vargas (COF/CBO); and Sybille Nuenninghoff (COF/CES). Alexandra Ortega (RE1/EN1) assisted in the production of the document.

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BASIC SOCIOECONOMIC DATA

For basic socioeconomic data for Bolivia, including public debt information, please refer to the following address:

<http://www.iadb.org/RES/index.cfm?fuseaction=externallinks.countrydata>

INFORMATION AVAILABLE IN THE RE1/EN1 TECHNICAL FILES

Execution:

Consolidated program operating plan

ABBREVIATIONS

ADC	Andean Development Corporation
CIDA	Canadian International Development Agency
DANIDA	Danish International Development Agency
DDRR	Derechos Reales [Property Rights Registration System]
DFID	Department for International Development (United Kingdom government)
FMO	Financial management office
FSO	Fund for Special Operations
GDP	Gross domestic product
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit [German Technical Cooperation Agency]
IDB	Inter-American Development Bank
IFAD	International Fund for Agricultural Development
INRA	Instituto Nacional de Reforma Agraria [National Institute of Land Reform]
JICA	Japan International Cooperation Agency
MDS	Ministry of Sustainable Development
PNAT	Programa Nacional de Administración de Tierras [National Land Management Program]
PRODESIB	Proyecto de desarrollo sostenible de los pueblos indígenas del Beni [Beni indigenous peoples sustainable development project]
PTI	Poverty targeted investment
SDC	Swiss Agency for Development and Cooperation
SIST	Sistema Integrado de Saneamiento y Titulación [Integrated Regularization and Titling System]
SNR	Sistema Nacional de Registro [National Registry System]
SNRA	Servicio Nacional de Reforma Agraria [National Agrarian Reform Service]
TCO	Tierras Comunitarias de Origen [Indigenous Community Lands]
UCAP	Project management and coordination unit
USAID	United States for Agency for International Development



BOLIVIA

IDB LOANS

APPROVED AS OF OCTOBER 31, 2003

	US\$Thousand	Percent
TOTAL APPROVED	3,290,237	
DISBURSED	2,694,823	81.90 %
UNDISBURSED BALANCE	595,413	18.09 %
CANCELATIONS	243,129	7.38 %
PRINCIPAL COLLECTED	1,135,407	34.50 %
APPROVED BY FUND		
ORDINARY CAPITAL	1,190,831	36.19 %
FUND FOR SPECIAL OPERATIONS	2,027,144	61.61 %
OTHER FUNDS	72,261	2.19 %
OUTSTANDING DEBT BALANCE	1,559,417	
ORDINARY CAPITAL	449,001	28.79 %
FUND FOR SPECIAL OPERATIONS	1,104,075	70.80 %
OTHER FUNDS	6,341	0.40 %
APPROVED BY SECTOR		
AGRICULTURE AND FISHERY	300,289	9.12 %
INDUSTRY, TOURISM, SCIENCE AND TECHNOLOGY	227,843	6.92 %
ENERGY	571,132	17.35 %
TRANSPORTATION AND COMMUNICATIONS	766,193	23.28 %
EDUCATION	134,583	4.09 %
HEALTH AND SANITATION	386,694	11.75 %
ENVIRONMENT	43,456	1.32 %
URBAN DEVELOPMENT	74,234	2.25 %
SOCIAL INVESTMENT AND MICROENTERPRISE	247,999	7.53 %
REFORM AND PUBLIC SECTOR MODERNIZATION	395,696	12.02 %
EXPORT FINANCING	24,478	0.74 %
PREINVESTMENT AND OTHER	117,638	3.57 %

* Net of cancellations with monetary adjustments and export financing loan collections.



BOLIVIA

STATUS OF LOANS IN EXECUTION AS OF OCTOBER 31, 2003

(Amount in US\$ thousands)

APPROVAL PERIOD	NUMBER OF PROYECTS	AMOUNT APPROVED*	AMOUNT DISBURSED	% DISBURSED
<u>REGULAR PROGRAM</u>				
Before 1997	6	287,829	230,224	79.99 %
1997 - 1998	4	122,000	54,448	44.63 %
1999 - 2000	8	189,300	58,558	30.93 %
2001 - 2002	9	189,200	12,514	6.61 %
2003	3	101,000	30,126	29.83 %
<u>PRIVATE SECTOR</u>				
2001 - 2002	2	112,000	24,000	21.43 %
TOTAL	32	\$1,001,329	\$409,870	40.93 %

* Net of cancellations. Excludes export financing loans.



Inter-American Development Bank
Regional Operations Support Office
Operational Information Unit

Bolivia

Tentative Lending Program

2003

Project Number	Project Name	IDB US\$ Millions	Status
BO0178	Education Reform II	36.0	APPROVED
BO0213	Fiscal Sustainability Program	63.0	APPROVED
BO0225	TC Sustainability Support Program	2.0	APPROVED
BO0179	Support Productive Activities in Rural Areas	13.5	
BO0221	Land Regularization and Legal Cadastre	22.0	
BO0219	Sector Program to Support Competitiveness	37.0	
Total - A : 6 Projects		173.5	
TOTAL 2003 : 6 Projects		173.5	

2004

Project Number	Project Name	IDB US\$ Millions	Status
BO0216	Reactivation of the Center of La Paz	20.0	
BO0220	Support to Bolivian Competitiveness System	10.0	
BO0209	Justice Sector Support	10.0	
BO0200	Geotechnical and Environmental Protection of the Cotapata-Santa Barbara Highway	16.0	
BO0224	Rural Electrification	10.0	
BO0207	National Transparency Program	15.0	
Total - A : 6 Projects		81.0	
BO0210	Rural Infrastructure Program	10.0	
BO1001	Restructuring of Private Enterprises	N/A	
Total - B : 2 Projects		10.0	
TOTAL - 2004 : 8 Projects		91.0	
Total Private Sector 2003 - 2004		0.0	
Total Regular Program 2003 - 2004		264.5	

* Private Sector Project

LAND REGULARIZATION AND LEGAL CADASTRE PROGRAM

(BO-0221)

EXECUTIVE SUMMARY

Borrower:	The Republic of Bolivia	
Executing agencies:	National Institute of Land Reform (INRA) and the Judiciary Council	
Amount and source:	IDB (FSO):	US\$22 million
	Local:	US\$ 3 million
	Total:	US\$25 million
Financial terms and conditions:	Amortization period:	40 years
	Grace period:	10 years
	Maximum disbursement period:	4 years
	Minimum disbursement period:	3 years
	Interest rate:	1% first 10 years 2% next 30 years
	Inspection and supervision:	1%
	Credit fee:	0.5%
	Currency:	Currencies of the FSO
Objectives:	The goal of this program is to raise productive investment levels in the countryside and enhance municipal income-earning capacity, by regularizing, enhancing and improving the legal security of ownership rights on the country's real property in rural areas.	
Description:	<p>The program consists of two components:</p> <ol style="list-style-type: none"> 1. Regularization and enhancement of agricultural property rights (US\$17.2 million). This includes: (i) regularization, titling and registration of 14.9 million hectares of land in 44 municipios of the department of Santa Cruz, and 5.6 million hectares in all 16 municipios comprising the department of Pando; (ii) specialized assistance for technical, legal and administrative quality control on the regularization contracts; (iii) support for INRA to carry out the regularization activities for which it is responsible; and (iv) two socioeconomic surveys in the field, one prior to and the other upon completion of the property regularization activities, in order to compile both the baseline data and an additional benchmark for evaluation of the program's economic and fiscal impacts. 	

2. Consolidation and technical bases for maintenance of the legal cadastre (US\$6.3 million). This includes: (i) interconnection of the departmental databases of seven INRA offices to its Integrated Regularization and Titling System; (ii) interconnection of all offices of the property rights system (DDRR) to its National Registry System (SNR); (iii) three national campaigns to publicize and promote property registration, in order to foster a culture of registration and recording in the DDRR; (iv) digitization and indexation of DDRR archives; (v) a study to improve DDRR administrative and financial management, including a critical assessment of the impact of registration service charges on the recording of real-estate transactions; (vi) installation of a mobile office to cope with demand for registration services in the Santa Cruz regularization area; (vii) design, development and implementation of an information system in the municipalities of Pailón, Cotoca, Cobija, and the Chiquitana association of municipalities (*Mancomunidad*), in order to give the country's municipios access to the legal cadastre; and (viii) design of a methodology for effective collection and administration of rural property tax by the municipalities.

Role of the project in the Bank's country and sector strategy:

The current strategy of the Bank with Bolivia, as defined in the country paper, makes poverty reduction its key objective and proposes three lines of action: (i) economic growth and the creation of opportunities; (ii) human capital development and access to basic social services; and (iii) good governance and consolidation of reforms. These lines of action are consistent with the 2001 Bolivian Poverty Reduction Strategy, which establishes the following priority areas: expansion of employment and income opportunities, capacity development, increased security and protection for the poor, and promotion of social integration and participation.

The results of the proposed operation—regularized property rights registered in the real property registry—are expected to contribute to the line of action of the country paper for economic growth and an increase in income-generating opportunities, especially in rural areas. Clear property rights on the land will lessen the uncertainties about ownership and help producers with borrowing capacity gain access to the financial markets, thereby providing an incentive for the investments necessary to increase productivity in economic sectors such as crop and livestock farming and forestry. By seeking to improve the land tenure situation and grant full property rights to its occupants, the proposed operation is also consistent with the Bank's competitiveness strategy (document GN-2195).

**Coordination
with other
official
development
agencies:**

During the design and preparation stage of this operation, the Bank maintained close contacts with international cooperation agencies in Bolivia. In November 2002, a regularization and titling workshop organized by the Ministry of Sustainable Development (MDS), with Bank financing, resulted in a national land regularization plan being prepared. The workshop was attended by officials from the World Bank, the European Community, Netherlands Development Cooperation, the Danish International Development Association (DANIDA), the International Fund for Agricultural Development (IFAD), the United States Agency for International Development (USAID), the Swiss Agency for Development and Cooperation (SDC), the Department for International Development of the Government of the United Kingdom (DFID), the German Technical Cooperation Agency (GTZ), and the Nordic Development Fund. Invitations were also sent to the Andean Development Corporation (ADC), the Japan International Cooperation Agency (JICA) and the Canadian International Development Agency (CIDA). Coordination meetings were held with these agencies to keep them abreast of progress being made in preparation of the operation.

During the execution stage, coordination levels will be maintained with official development agencies through biannual coordination workshops and annual workshops to disseminate results and progress, to which government and international agencies, and civil society representatives will be invited. These events will be financed out of the loan proceeds (paragraph 3.30).

**Environmental
and social
review:**

Enhanced legal security of land tenure is expected to generate the following positive environmental and social impacts: (i) higher levels of investment—both productive and related to soil conservation; and (ii) greater access for many producers and low-income groups to the economic benefits arising from clear property rights, such as access to credit and the land market. The latter potential social impact will be boosted by including small-scale rural land owners in the benefits of regularization by allowing them to upgrade their ownership classification to one that allows free transfer of title under existing legislation. Greater access to the land market in Bolivia will contribute to more efficient use of land resources in the long run.

The program does not envisage negative environmental impacts. Risks relating to a possible increase in the use of agrochemical inputs, as a result of increased productive investment stimulated by assured tenure, will be minimized through activities to be developed under the agricultural services program (1057/SF-BO). This operation establishes the National Agricultural Health and Food Safety Service,

with powers that include regulation of quality control over agricultural inputs, especially agrochemicals.

The program also does not anticipate deforestation or deterioration of environmentally fragile areas. Law 1715/96 does not encourage deforestation by persons wishing to demonstrate land occupation; on the contrary, it supports efforts to conserve natural resources in the regularization area. The law establishes that to gain ownership rights, the occupants of medium-sized properties and enterprises need to present the following: (i) a land management plan, if crop or livestock farming, forestry or other productive activities are to be carried out on it; or (ii) legal proof that the property is used for non-productive activities such as conservation and protection of biodiversity, research and ecotourism; or that it is a private natural heritage reserve. In the latter case, legal evidence consists of authorization granted by the relevant public bodies (Agriculture Superintendency, Forestry Superintendency, Ministry of Sustainable Development). In the case of small landowners, ancestral campesino plots and indigenous community lands, their occupants only need to demonstrate residence at the site in question to obtain ownership rights.

Benefits:

In the long run, an improvement in the rural land tenure situation in Bolivia, through property regularization and subsequent maintenance of accurate physical and legal data in the legal cadastre, will generate three types of benefit: (i) less uncertainty surrounding ownership, which will allow proprietors with borrowing capacity to access financial markets, thereby providing an incentive for the investments needed to raise productivity and preserve soil quality in a strategic sector of the economy, namely agriculture; (ii) greater access to the benefits derived from land as an asset for many rural families with little economic capital; and (iii) more effective collection of property tax as a mechanism to promote the productive use of land, stimulate the institutional framework of the real-estate market, and strengthen municipal revenue-generating capacity.

Risks:

The risks associated with achievement of the program's goal are as follows: (i) the number of small landowners with borrowing capacity that upgrade to agricultural properties with freely transferable titles may be limited; (ii) political will may be lacking in the government to implement recommendations for improving DRR administrative and financial management, the system to make collection of the rural property tax more efficient, and institutional mandates for the long-term upkeep of cadastral data. These risks will be mitigated during the program respectively as follows: (i) publicity of the benefits and obligations associated with conversion during implementation of the public campaigns to disseminate regularization in the intervention

area (paragraph 3.8); and (ii) the holding of workshops to coordinate and disseminate program progress and results among civil society and government agencies during execution (paragraph 2.10).

The main risks relating to achievement of the program objective are: (i) rural property owners and occupants in the intervention area may not participate actively during the regularization process; and (ii) real-estate transactions or changes in ownership rights on regularized properties in the intervention areas may not be registered in the DDRR. These risks will be mitigated within the program by: (i) public campaigns to disseminate regularization in the intervention area, describing the scope, benefits and duration of the process, and requesting collaboration in field expertise (paragraph 3.8); and (ii) national campaigns to publicize and promote registration; and installation of a mobile office to attend to demand in the Santa Cruz regularization area (paragraph 2.7).

**Special
contractual
clauses:**

Conditions precedent to the first disbursement: In addition to compliance with the standard contractual conditions, in the terms agreed upon with the Bank, the following special conditions will apply: (i) for INRA—entry into force of the subsidiary agreement between it and the borrower, in accordance with the terms indicated in paragraph 3.1; (ii) for the Judiciary Council—entry into force of the subsidiary agreement between it and the borrower, in accordance with the terms indicated in paragraph 3.1; and (iii) for both executing agencies—opening of separate and specific bank accounts to manage the program funds allotted to them (paragraph 3.25).

Other conditions:

- (i) Before calling for tenders for the procurement of equipment, to implement the integrated regularization and titling system (SIST) in the INRA departmental offices, and install a SIST node in the Agriculture Superintendency, the agreement between the latter and INRA should have entered into force, in accordance with the terms set out in paragraph 3.12.
- (ii) Before starting the competitive tender to hire consulting services for installation of the mobile DDRR office, the decision by the Judiciary Council authorizing its operation should have entered into force (paragraph 3.17).
- (iii) Before calling for bids to supply equipment for the design, development and implementation of an information system in the municipalities of Cobija, Pailón, and Cotoca, as well as the Chiquitana association of municipalities (*Mancomunidad*), agreements between the executing

agencies and each of the above-mentioned municipalities and the Chiquitana association should have entered into force (paragraph 3.18).

Poverty-targeting and social sector classification:

This operation qualifies as a social-equity enhancing project, as described in the indicative targets mandated by the Bank's Eighth General Increase in Resources (document AB-1704). The operation also qualifies as a poverty-targeted investment (PTI) (paragraph 4.15). The borrower will not be making use of the 10 percentage points of additional financing.

Exceptions to Bank policy:

None

Procurement:

Goods procurement will be conducted in accordance with standard Bank procedures. International competitive bidding (ICB) will be required for goods procurement valued at US\$250,000 or above. Consulting services will be hired in conformity with the corresponding standard Bank procedures and those indicated in document GN-1679-3. An international call for proposals will be made to hire consulting services in amounts greater than US\$200,000. For this program, in cases where consulting firms are chosen on the basis of quality and cost criteria, the relative weight of price as an evaluation criterion will not exceed 20%, and the technical or quality element of the bid may not be less than 80%. This program will not involve the execution of works (paragraphs 3.20-3.21).

I. REFERENCE FRAMEWORK

A. Agricultural competitiveness and use of land resources

- 1.1 Agriculture is one of the sectors that contributes most to the Bolivian economy. Representing 14% of gross domestic product (GDP), agricultural and agribusiness activities between them account for about one third of all exports and occupy over 40% of the economically active population. Within this sector, soya and its derivatives constitute the most dynamic subsector in terms of growth and economic contribution. According to the National Institute of Statistics, the soybean oilseed complex is estimated to have achieved US\$318,000 in exports during 2002 (51% of all nontraditional exports and 23% of total exports), compared to just US\$74,000 in 1993. At the present time, soya production has reached a level of 1.2 million metric tons, representing 15.1% of the gross value of agricultural output and occupying one third of the country's total cultivated land area. Other agriculture products with significant exports include chestnuts and timber.
- 1.2 The pace of development of agricultural export subsectors has enabled the administrative departments in the eastern plains (a geographic region with comparative advantages for export crop production) to achieve significantly higher rates of economic growth than departments located in the altiplano or highland areas. For example, GDP in the department of Santa Cruz, the country's leading soya producer, grew by 5% per year in real terms between 1993 and 2002, whereas output in La Paz, Chuquisaca and Potosí (all highland departments) expanded by just 1.8% during the same period. The eastern departments of Santa Cruz, Beni and Pando contributed 35% of nationwide GDP in 2002.
- 1.3 Growth of agriculture for export has been made possible thanks to a major expansion of cultivated areas. Between 1992 and 2000, the country's total area under cultivation expanded by 533,000 hectares; 75% of this new area was given over to soya. However, future growth of agricultural export production will be limited by the availability of suitable new land; so, in practice, expansion will only occur by raising the productivity of the land. At the present time, the yields of the country's main export crops are far lower than those achieved elsewhere in the region. For example, while soya cultivation in Bolivia yields 2 tons per hectare, other producer countries such as Paraguay, Brazil and Argentina obtain yields of 2.6, 2.4 and 2.2 tons per hectare, respectively. A similar situation occurs with all the country's main crops, such as cotton, rice, sugar cane, barley, corn, potatoes and wheat. Without an improvement in the productivity of the land, the long-run growth potential of this strategic sector of the economy is likely to be impaired.
- 1.4 To improve productivity, and hence efficient use of land in Bolivia, current levels of private investment in the countryside need to be increased. To achieve this, property rights over land need to be clear, unencumbered and transferable to third parties, and mechanisms are needed to afford legal security to those rights. Meeting these conditions would make it possible to: (i) reduce the likelihood of confiscation

and thus increase the demand for productive investments on the land in question; (ii) improve access to credit for occupants with borrowing capacity, by raising the collateral value of their property and lowering barriers to the financial market; and (iii) facilitate land transfer towards more productive rural households by energizing the real-estate market. Nonetheless, the chances of increasing productive investment in the countryside and thus making Bolivian agriculture more competitive, are constrained by the irregular land tenure situation.

B. The land tenure situation in Bolivia

- 1.5 The land titling process that took place under the agrarian reform program between 1953 and 1992 generated a proliferation of titles that failed to deliver full and clearly defined property rights on nearly 35% of the country's land, because the property titles that were issued contained deficient physical descriptions, it is now impossible to get accurate information on either the size or geographical location of property in the countryside. These titles also lacked the legal support that can only be provided by their registration in the national property register. As a result, there is an irregular land tenure situation in which property titles refer to areas that do not coincide with reality in the field, and where multiple claims exist to ownership of the same property. Land tenure problems were made worse by the use of a rudimentary system of property registration, which made it hard to trace the historical sequence of transactions executed on a given piece of land. As a result of these problems, about 40% of all properties have been involved in legal or boundary disputes.
- 1.6 Also, in the case of properties legally classified as small properties, the corresponding property rights of their occupants have been restricted by laws established to protect them against seizure by third parties. This unattachable asset status declared on about 35% of the country's properties in this category has deprived their occupants from access to credit that the occupants of land classified as medium-sized holdings or agricultural enterprises currently enjoy. Legal restrictions on small-scale owners' access to financial markets affects levels of productive investment on many small properties, especially those occupied by producers with borrowing capacity.
- 1.7 The government has taken three important steps to correct the irregular legal status of land tenure in Bolivia: (i) establishment of a legal and institutional framework to regularize and enhance ownership rights over rural properties a process known as agricultural property regularization; (ii) modernization of the property registry to strengthen the legal security of property rights in the country; and (iii) voluntary conversion of small landowners into medium-sized landowners.

1. Agricultural property regularization

- 1.8 In 1996, the government established the legal and institutional framework to regularize and to enhance property rights on rural land. The National Agrarian

Reform Service Act (Law 1715/96) defines agricultural property regularization as a transitory technical-judicial procedure that allows for titling of legal holdings through property award processes; settlement of disputes relating to agrarian tenure and ownership; annulment of impaired titles; certification of agricultural property regularization; and formation of the rural cadastre.

- 1.9 Agricultural property regularization consists of two major sequential stages, as follows: (i) review and clarification of the land tenure situation, under the responsibility of the National Institute of Land Reform (INRA); and (ii) emission of supreme resolutions to confirm, authenticate, amend or annul existing property titles, which are the responsibility of the office of the President of the Republic. Since 1996 the INRA stage has made it possible to clarify the tenure situation on 15.4 million hectares, and work is continuing on a further 31.7 million hectares, out of a total of 107.5 million hectares of land requiring regularization in Bolivia.
- 1.10 Agricultural property regularization should have resulted in registration of an equal number of hectares in the property ownership register, but so far only 6.7 million hectares have been registered. Two factors explain why property rights have been legally assured on just 43% of the regularized property: (i) duplication of certain procedures prior to issuance of the supreme resolutions by the office of the President of the Republic during the second key stage of the regularization process; and (ii) the fact that ownership rights cannot be recorded in the property register for beneficiaries that have not fully paid for the fiscal lands awarded or, in some cases, the cost of the regularization process.
- 1.11 Through Supreme Decree 27145 of 30 August 2003, the government established mechanisms to help overcome these two obstacles to the registration of regularized properties. The decree makes it possible to use the final regularization resolutions issued by INRA to register property rights on regularized properties. In cases where the beneficiary has not fully paid for the land awarded, the decree allows proprietary rights to be recorded in the register, with a lien on the property corresponding to the outstanding payment.

2. Modernization of the property register

- 1.12 Alongside the process of regularization and enhancement of property rights on rural land, the government also began work to modernize the property register in order to enhance the legal security of such rights in the country. As part of this task, the National Registry System (SNR) was implemented in 1997, as a unified real computerized system based on the property (real folio) rather than on the proprietor (personal folio). The SNR has achieved two important results. First, it has made the service more efficient by cutting the time taken by the registration procedure from 35 days to 24 hours. Second, it has enhanced the legal security of property rights in the country through: (i) application of a single national procedure that avoids varying legal interpretations at the time of registration and inconsistent process sequencing; (ii) obligatory purging of ownership rights that ensures the system

faithfully reflects the legal status of properties; (iii) adoption of a single national property coding system that makes the handling of successive real-estate transactions more efficient; and (iv) creation of a legal geographical system, known as GeoTEMIS, which can be linked to the INRA rural cadastral information system and any urban cadastral system that may be developed in the future, thereby giving property titles georeferenced identification of the location of the land in question. This linking of the SNR with the rural cadastre system has made it possible to start forming the legal cadastre.

- 1.13 As a public information system recording data relating to property rights on rural or urban real-estate (legal information), in addition to its surface area, location, boundaries and limits (physical information), the legal cadastre is the instrument that will provide legal security to ownership rights on the country's properties. It is therefore essential that the physical and legal information (or cadastral-registry data) pertaining to the property titles stored there remains consistent with the reality in the field over time, especially in the case of titles regularized by INRA. Permanent updating of the information in the legal cadastre can only be achieved if all successive transactions that alter, extinguish or create property rights on regularized properties are recorded in the corresponding register. In Bolivia, the following factors tend to discourage the recording of successive transactions on regularized land in the property registry, and thus contribute to weaker legal security for the corresponding property rights: (i) incomplete knowledge of the benefits of registration among the population; (ii) continued restricted access to registration services in unattended areas; (iii) the current charges for the registration service which may not reflect its real cost; and (iv) lack of a legal interpretation of the topographical plan envisaged in the property registry legal framework as an individual georeferenced cadastral plan, and lack of clear institutional mandates for the maintenance of rural cadastral data both of which are necessary elements for recording transactions involving a physical change on a regularized property.
- 1.14 INRA Administrative Resolution 0215, of 6 October 2003, makes it easier to register property transactions relating to physical changes on regularized land, by establishing the interpretation of the topographical plan as an individual georeferenced cadastral plan.

3. Voluntary conversion from small to medium-sized properties

- 1.15 In addition to speeding up the process of agricultural property regularization and making it more effective (paragraph 1.11), Supreme Decree 27145 of 30 August 2003 allows small-scale owners to voluntarily upgrade to the medium-size landowner category during the regularization process. According to Administrative Resolution RES-ADM-216/2003 of 7 October 2003, INRA will regulate the regime for upgrading from the small to medium-sized properties and will establish requirements for this conversion.

C. Institutional framework for land regularization and registration

1. Agricultural property regularization

- 1.16 Law 1715/96 makes the National Agrarian Reform Service (SNRA) responsible for planning, execution and consolidation of the agrarian reform process, including regularization of agricultural property. The SNRA consists of: (i) the President of the Republic as supreme authority, responsible, among other things, for granting property titles on agricultural and indigenous community lands (ICLs); (ii) the Ministry of Sustainable Development (MDS), responsible, among other things, for preparing general guidelines for municipal governments when approving land-use plans; (iii) the National Agrarian Commission, a mixed government/civil-society body responsible for projecting and proposing agrarian policies on land distribution, regrouping and redistribution; and (iv) INRA, a decentralized autonomous public body attached to the MDS, whose responsibilities encompass the direction, coordination and execution of agricultural property regularization policies.
- 1.17 INRA is structured as a national directorate, which is the top-level institutional authority, and nine departmental offices. The latter are deconcentrated units that carry out activities in coordination with the central body. Since its creation in 1996, the national directorate, acting through its services division, is responsible for planning and coordinating regularization activities, for hiring consulting firms to perform the main tasks within the regularization process, and for quality control of the products of such hirings. The services division is supported by the departmental offices in obtaining information prior to the regularization process that serves as an input for the work of the consulting firms, and for approving the final regularization resolutions and forming the property cadastre, both of which are products of the regularization process.
- 1.18 The tasks of annual operations planning, disbursement management, and the physical and financial monitoring of projects are carried out by the project management and coordination unit (UCAP) attached to the national directorate, which was created through Administrative Resolution DN-ADM-0020/99 of 25 February 1999. This unit has a financial coordinator at the executive level, supported by two professionals and three assistants at the operational level. In order to fulfill its disbursement management and physical-financial project monitoring functions, UCAP is supported by a financial management office (FMO), which is also attached to the national directorate. In addition, INRA has a legal division, together with internal audit, information technology and planning units.
- 1.19 For planning, coordination and monitoring, INRA uses a modern information system to store and manage all the data generated in the different stages of the regularization process. This is known as the Integrated Regularization and Titling System (SIST) and has 12 modules which, among other things, determine the products and outcomes of the regularization process, in terms of regularized areas, beneficiaries, processing times and unit costs. SIST has been installed in the

national directorate, but it now needs to be expanded and fully implemented with on-line communication in the departmental offices. At present, SIST is linked to the SNR for the purpose of mass transfer of data from the regularization process to form the country's legal cadastre (paragraph 1.12).

- 1.20 All the regularization experience obtained by INRA since 1996 is collected in manuals of procedures and technical standards for execution of the corresponding activities. INRA is currently embarked on an institutional reform process to enable it to perform its strategic planning, follow-up and monitoring functions more efficiently, and to deconcentrate decision-making away from the central body towards its departmental offices. This reform is expected to reduce the time taken by the regularization process from 22 to 15 months. Prior to Law 1715/96, the titling process took approximately 12 years to be accomplished.

2. Registration of real-estate property

- 1.21 The Real Rights Registration Act of 1887 created the Property Rights Registration System (DDRR) for the country's real-estate property. Law 1817/97 makes the Judiciary Council (the judicial branch administrative and disciplinary body) responsible for administrative oversight of the country's property registration institution. The DDRR has offices in the capitals of the nine departments, in addition to 13 regional offices in Santa Cruz, La Paz, Chuquisaca and Cochabamba, which register and publicize all changes, liens and limitations affecting the properties. These offices are under the direction of a registrar.
- 1.22 At the present time, the nine DDRR departmental offices have a functioning SNR. This has made it possible to convert about 60% of the country's registered properties to the real folio system. As part of the strategy for continuous modernization of property registration, interdepartmental interconnection of the system is required, in addition to digitization of deteriorated manual files, to continue enhancing the legal security of property rights in Bolivia.
- 1.23 The Judiciary Council has a general management division, created by Decision 34/98 of the Plenary Council on 29 September 1998. This is responsible for management of DDRR registration and for handling the SNR, through its real rights subdivision. The general management division has an administrative and financial department, a human resources department, and a judicial services department, all of which are quite highly structured. The Judiciary Council also has a legal advisory department and an internal audit department.

3. Use of land resources

- 1.24 According to the Municipalities Act, the Popular Participation Act and the Dialogue Act, municipios are responsible for ensuring efficient use of land resources and land use planning, and for collection and administration of the property tax. To carry out

these tasks, the municipios maintain cadastral information systems that record physical and valuation data on the properties within their jurisdiction.

- 1.25 At the present time, the municipios' work on land use and administration of the property tax is hindered mainly by the fact that the cadastral systems they use do not have mechanisms for maintaining and updating physical information on the property, according to the cadastral standards issued by INRA. For rural areas in particular, the municipios simply do not have the necessary physical and legal information on the properties, and their property valuation capacity for tax purposes is virtually nonexistent. These limitations will be overcome when the municipios gain access to the real-estate information system of the legal cadastre under the responsibility of INRA and the DDRR. For this purpose, municipal cadastral information systems need to be interconnected with the legal cadastre to obtain access to up-to-date physical and legal data, and supplement this with economic valuation of the properties in order to increase revenue collected from the property tax. In rural areas, property valuation for tax purposes needs to be based on the agroecological characteristics of the area in question and on market prices.

D. Action by the Bank, other international organizations and sources of funding

- 1.26 INRA regularization activities that have been executed on 15.4 million hectares since 1996, and are ongoing in a further 31.7 million hectares, have received strong support from international cooperation partners. Through a component of the Environmental and Social Protection in the Santa Cruz-Puerto Suárez Corridor project (1099/SF-BO), the Bank, in conjunction with the Nordic Development Fund, is supporting the regularization, titling and registration of about 8,800 rural properties totaling 7.2 million hectares distributed over six municipios in the department of Santa Cruz. This operation will also consolidate the legal cadastre by modernizing and linking the INRA and DDRR information systems in the department of Santa Cruz. INRA has already begun the process of hiring firms to carry out the necessary activities, which are expected to start in the third quarter of 2003.
- 1.27 Since 1996, the World Bank has been supporting government efforts in this area through the national land management program (PNAT). This project, which concluded in 2001, made it possible to establish an efficient and transparent land management system; regularize the tenure situation on 1.9 million hectares in the departments of Santa Cruz and La Paz; identify 500,000 hectares of fiscal land for redistribution; and promote more sustainable use of land resources in Bolivia. The project also designed and installed a single on-line registration system in nine DDRR departmental offices and 13 regional offices. This system is linked to the INRA geographical information system, thereby creating the information base for the legal cadastre.

- 1.28 The PNAT also received support from the Nordic Development Fund to disencumber two million hectares of contiguous land in the departments of Santa Cruz, Beni and La Paz.
- 1.29 A supplementary World Bank loan for the PNAT was approved in September 2001, in order to further strengthen the efficiency and transparency of the land management system. This new credit is financing the following: (i) regularization and titling of three million hectares in La Paz and the province of Ichilo in Santa Cruz, including titling in indigenous community lands (ICLs) located in the departments of La Paz, Chuquisaca and Potosí; (ii) support for new rural settlements; (iii) improvement of access to the registry in the country's rural and urban areas by equipping all rural departmental and regional offices with the automated DDRR system; (iv) technical assistance and training for preparation and consolidation of the legal and institutional framework of land management; and (v) INRA strengthening. This operation is expected to conclude in June 2004.
- 1.30 Other international organizations that have been supporting regularization and titling in Bolivia (including INRA and DDRR institutional strengthening) include DANIDA; the European Union (EU); IFAD; Netherlands Development Cooperation; and USAID. The support provided by these international organizations is summarized below.

INTERNATIONAL COOPERATION SUPPORT FOR LAND REGULARIZATION

Project	Financing Source	Amount	Surface area served	Department
Regularization and titling of Monteverde, Guarayos and Iupaguasu ICLs – Pilot	DANIDA	US\$743,553	1,040,000	Santa Cruz Tarija
Regularization and titling of ICLs in Oriente, Chaco and Bolivian Amazonia.	DANIDA	DKK 24,900,000	8,976,547	Beni, La Paz, Santa Cruz, Tarija, Cochabamba
Regularization and titling of Uru Chipayas and Uru Muratos ICLs	DANIDA	US\$110,682	318,751	Oruro
Regularization of the Ayllu Sicuya ICL	DANIDA	US\$70,243	14,470	Potosí
Regularization project in 17 communities in Beni	DANIDA	US\$31,134	44,901	Beni
Regularization of ICLs in highland and lowland areas	DANIDA	US\$3,805,662	4,811,176	La Paz, Beni, Santa Cruz, Potosí
Program to support alternative development in Chapare	EU	EURO 5,800,000	700,000	Cochabamba
Project for regularization and titling in the TIPNIS, TICH and CIRABO areas	IFAD PRODESIB	US\$954,000	629,033	Beni

Project	Financing Source	Amount	Surface area served	Department
Regularization and titling of ICLs in the TIPNIS and TICH areas	IFAD PRODESIB	US\$545,000	864,343	Beni, Cochabamba
Rural legal cadastre project in Chuquisaca	Netherlands Development Cooperation	US\$10,229,523	1,857,791 and 299,507	Chuquisaca
Land titling project in the Tropic of Cochabamba	USAID	US\$3,500,000	80,000	Cochabamba

- 1.31 During the design and preparation stage of this operation, the Bank maintained close contacts with international cooperation agencies working in Bolivia. In November 2002, a regularization and titling workshop organized by the MDS, with Bank financing, resulted in preparation of a National Land Regularization Plan (paragraph 1.35). The workshop was attended by officials from the World Bank, EU, Netherlands Development Cooperation, DANIDA, IFAD, USAID, SDC, DFID, GTZ, and the Nordic Development Fund. Invitations were also sent to ADC, JICA and CIDA. Coordination meetings were held with these agencies to keep them abreast of progress being made in preparation of the operation.

E. Lessons learned from the Bank's experience in the sector

- 1.32 The design and execution of Bank operations in this sector provide certain lessons that have been incorporated into the program. These coincide with lessons learned from INRA regularization experiences, as follows:
- Any process to regularize land tenure, including titling, should involve granting full ownership of the land to the occupant.* Delivery of titles to land occupants, which do not provide clear property rights or have restrictions on their free transfer, end up generating irregular tenure situations, including the development of informal land markets, and they prevent the occupant from taking full advantage of the socioeconomic benefits associated with property ownership.
 - Any investment in cadastral formation should provide for maintenance and updating of the data collected.* To be sustainable, investments in cadastral formation or surveying that are carried out during regularization and titling processes, need the physical and legal data collected to be kept permanently up to date over time. Thus, cadastral formation should be accompanied by actions that promote and encourage the registration of real-estate transactions in the property register.
 - In areas where an irregular land tenure situation exists, investments in cadastral formation without legal regularization of real-estate property rights are of little use.* Legal reconciliation of the reality in the field with the rights recorded in the property register when the cadastre is formed, makes it possible to accurately identify the limits of ownership rights on the property in question and locate

them both geographically and by owner. This makes the cadastral data collected for legal, fiscal or environmental purposes more reliable and transparent.

- d. *Adequate execution of activities aimed at better land management requires timely participation by the public institutions responsible for their design.* In order to ensure coordinated execution and a sense of ownership among all the main actors, the main bodies responsible for land management in the country should participate in the design phase of operations of this type.

F. The Bank's strategy with the country

- 1.33 The current strategy of the Bank with Bolivia, as defined in the country paper, makes poverty reduction its key objective and proposes three lines of action: (i) economic growth and the creation of opportunities; (ii) human capital development and access to basic social services; and (iii) good governance and consolidation of reforms. These lines of action are consistent with the 2001 Bolivian Poverty Reduction Strategy, which establishes the following priority areas: expansion of employment and income opportunities, capacity development, increased security and protection for the poor, and promotion of social integration and participation.
- 1.34 The results of the proposed operation—regularized property rights registered in the real property registry—are expected to contribute to the line of action of the country paper for economic growth and an increase in income-generating opportunities, especially in rural areas. Clear property rights on the land will lessen the uncertainties about ownership and help producers with borrowing capacity gain access to the financial markets, thereby providing an incentive for the investments necessary to increase productivity in economic sectors such as crop and livestock farming and forestry. By seeking to improve the land tenure situation and grant full property rights to its occupants, the proposed operation is also consistent with the Bank's competitiveness strategy (document GN-2195).

G. Conceptualization of the program

- 1.35 The steps taken on regularization by the Government of Bolivia have aimed to comply with the 10-year deadline established in Law 1715/96 for completing this process. Nonetheless, these have proceeded without a methodological framework establishing transparent and targeted technical criteria for obtaining the greatest socioeconomic benefit from regularization investments in a rapid and effective way, at the lowest possible cost. In November 2002, the MDS, in coordination with INRA and with Bank support, held a land regularization and titling workshop in which representatives from various public bodies, civil-society organizations and international cooperation agencies participated. As an outcome of this event, the government began preparation of a national land regularization and titling plan, which was published in April 2003. The plan establishes the following: (i) high-priority areas for regularization in view of the major economic impact

expected from the investment, their demand for regularization and their major potential in terms of fiscal land; (ii) legal and institutional reforms for speeding up and reducing the costs of the regularization process, including reform of INRA (paragraph 1.20); (iii) mechanisms for strengthening consensus, participation and social oversight; (iv) the mechanism for cadastral maintenance and updating, through consolidation of the legal cadastre throughout the country; and (v) general guidelines on land regularization for indigenous populations in highland areas.

1.36 The proposed program will support government efforts to comply with Law 1715/96, in the framework of the above-mentioned plan. The program is founded on the following three strategic pillars that should guide all Bank action in this sector:

- a. *Targeting of agricultural property regularization actions in rural areas with high productive potential, where there is strong demand for regularized property titles.* Targeting these areas will make it possible to maximize the economic benefits derived from greater investment in the countryside, and make Bolivian agriculture more competitive. By serving areas in Santa Cruz and Pando, the proposed program aims to reap the greatest benefits from property regularization in Bolivia, given the importance of the agricultural export sector in these departments.
- b. *Consolidation of the legal cadastre as an instrument to provide legal security to real-estate ownership rights in Bolivia, once the agricultural property regularization process has been completed.* Consolidation means that the legal cadastre, as a unified public system registering physical and legal data on real-estate properties, should be kept up to date and consistent with the reality in the field on a long-term basis. To achieve this, the country needs to take steps to consolidate an institutional and legal framework in which: (i) the municipios take responsibility for maintaining cadastral information on both urban and rural real-estate, under a national standard that makes it possible to set up a single cross-referenced cadastral data system covering all properties in the country; (ii) the DDRR achieves administrative and financial autonomy, thereby ensuring permanent modernization of registry information systems to guarantee the future legal security of ownership rights on the country's real estate; and (iii) linking and integration between the cadastral and national registry systems is maintained, with access open to all public or private entities for uses related to land-use management, environmental conservation, tax administration and development of the real-estate market. The proposed program will make progress towards securing this strategic pillar by giving access to the legal cadastre to selected municipios, consolidating the national rural cadastral data system, and evaluating real DDRR income-generating capacity to achieve future financial autonomy.
- c. *Removal of disincentives to the registration of real-estate transactions in order to keep the legal cadastre up to date.* The legal cadastre can only be kept

permanently up to date if all successive transactions that alter, extinguish or create proprietary rights on regularized properties are registered in the DDRR. This requires support for all government efforts to overcome obstacles to the registration of properties with regularized titles in the DDRR (paragraph 1.13). On this point, the proposed program will help disseminate and promote the benefits of registering real-estate transactions in the property registry; it will support an expansion of the coverage of registration services in areas currently not served, prioritizing municipios with regularized properties; and it will seek to ensure that state-provided registration services are modern, reliable and cost-efficient.

II. THE PROGRAM

A. Objectives

- 2.1 The goal of this program is to raise productive investment levels in the countryside and enhance municipal income-earning capacity, by regularizing, enhancing and improving the legal security of ownership rights on the country's real property in rural areas.
- 2.2 The specific outcomes of the program are as follows: (i) registration in the property registry of property rights on 140,000 regularized rural properties in the departments of Santa Cruz and Pando; and (ii) modernization and linking of the cadastral and registry data systems, in order to consolidate the legal cadastre throughout the country and lay foundations for its permanent maintenance. The program's impacts, together with its expected outcomes and products, are set out in the logical framework annexed to this document.

B. Description of components

1. Regularization and enhancement of agricultural property rights (US\$17.2 million).

- 2.3 This component will make it possible to complete the agricultural property regularization process in the departments of Santa Cruz and Pando, representing 40% of the country's land that could be regularized. This entails work covering 14.9 million hectares in 44 municipios of the department of Santa Cruz, and 5.6 million hectares in the 16 municipios of the department of Pando. The end product of the regularization process (i.e. INRA administrative regularization resolutions) will be sent to the DDRR for their corresponding inscription and registration.
- 2.4 This component also includes: (i) technical, legal and administrative quality control of regularization contracts; (ii) support for INRA in data collection prior to regularization, approval of final regularization resolutions and formation of the property cadastre, which are all activities within its authority; and (iii) two socioeconomic surveys in the field, one prior to and one upon completion of the property regularization, in order to compile both the baseline data and an additional benchmark for the evaluation of the program's economic and fiscal impacts.

2. Consolidation and technical bases for maintenance of the legal cadastre (US\$6.3 million).

- 2.5 This component will consolidate linkages between the INRA cadastral data systems and the DDRR property register which make up the legal cadastre, and will extend access to include the Agriculture Superintendency and selected municipalities in the

departments of Santa Cruz and Pando. To achieve this result, the program will carry out activities in three areas: modernization of the INRA cadastral system, modernization of the DDDR registry system, and municipal strengthening to ensure adequate access and use of the legal cadastre.

- 2.6 For modernization of the cadastral system, this component includes: (i) installation of SIST in seven INRA departmental offices, in order to start interconnecting their databases with the central office; and installation of an SIST node in the Agriculture Superintendency, in order to speed up the process of agricultural property valuation for award; (ii) digitization and incorporation into SIST of 1,500 and 700 cadastral files and plans archived in Santa Cruz and Pando, respectively; (iii) upkeep of rural cadastral data during the regularization activities; and (iv) preparation of the institutional mandates needed to maintain this cadastral data on a long-term basis.
- 2.7 For modernization of the DDDR registration system, this component includes: (i) interconnection between all DDDR offices and the SNR; (ii) three national campaigns (one each year) to disseminate and promote property registration in order to foster a culture of registering real-estate transactions in the DDDR; (iii) digitization and indexation of approximately 12 million pages in DDDR files; (iv) a study to improve DDDR administrative and financial management, including a critical evaluation of the impact of charges levied for registration of real-estate transactions; and (v) expansion of access to property registration services in the country, by installing a mobile office to attend to demand in the Santa Cruz regularization zone.
- 2.8 This component also includes the following activities to enable municipalities to gain access and make appropriate use of the legal cadastre: (i) design, development and implementation of an information system in two municipalities and the Chiquitana association of municipalities (*Mancomunidad*) in Santa Cruz, and one municipality in Pando, in order to start opening up access to the legal cadastre for the country's municipalities; and (ii) design of a methodology for collection and effective administration of the rural property tax by the municipalities, including analysis of the transfer to municipalities of land value data held in the Agriculture Superintendency, and its application in Santa Cruz and Pando.

C. Cost and financing

- 2.9 The cost of the program amounts to US\$25 million. The Bank will finance US\$22 million (88%) with resources drawn from the Fund for Special Operations (FSO). The local counterpart, equivalent to US\$3 million (12%), will be contributed by the Government of Bolivia. The following tables show the investment categories and financing source for each of the program's executing agencies.

COST AND FINANCING: INRA
(IN THOUSANDS OF US DOLLARS)

CATEGORY	IDB	LOCAL	TOTAL	%
I. Management and supervision	140	-	140	0.7
II. Direct costs	17,380	2,330	19,710	94.8
1. Regularization and enhancement of agricultural property rights	15,140	2,080	17,220	82.8
2. Consolidation and technical bases for maintenance of the legal cadastre	2,240	250	2,490	12.0
III. Concurrent costs	180	20	200	1.0
1. Workshops for internal coordination and dissemination to civil society	75	4	79	0.4
2. Audits	105	16	121	0.6
IV. Financial costs	600	150	750	3.6
1. Interest	417		417	2.0
2. Credit fee		150	150	0.7
3. Inspection and supervision	183		183	0.9
TOTAL	18,300	2,500	20,800	100

COST AND FINANCING: JUDICIARY COUNCIL
(IN THOUSANDS OF US DOLLARS)

CATEGORY	IDB	LOCAL	TOTAL	%
I. Management and supervision	78	12	90	2.1
II. Direct costs	3,420	432	3,852	91.7
1. Regularization and enhancement of agricultural property rights	-	-	-	0.0
2. Consolidation and technical bases for maintenance of the legal cadastre	3,420	432	3,852	91.7
III. Concurrent costs	107	16	123	2.9
1. Audits	107	16	123	2.9
IV. Financial costs	95	40	135	3.3
1. Interest	58		58	1.4
2. Credit fee		40	40	1.0
3. Inspection and supervision	37		37	0.9
TOTAL	3,700	500	4,200	100

- 2.10 In addition to the direct costs of the activities in the two components, the program includes management and supervision expenses arising from the hiring of individual specialists to assist the executing agencies. Funds are also included to defray concurrent costs that include workshops for coordination and dissemination of the program's progress to civil society and government agencies during execution of the operation, and also for financial audits.

- 2.11 The conditions of the proposed loan will be as follows: (i) amortization period of 40 years (10 years' grace); (ii) interest rates of 1% for the first 10 years and 2% for the next 30 years; (iii) credit fee equivalent to 0.5% of the undisbursed loan amount; (iv) inspection and supervision fees equivalent to 1% of the total loan; and (v) a four-year disbursement period.¹

¹ The total loan amount may not be disbursed in less than three years.

III. PROGRAM EXECUTION

A. Program execution and management

- 3.1 The program will be executed by INRA and the Judiciary Council (jointly referred to as the executing agencies) under the terms established in this document. The borrower will make nonreimbursable transfers of the loan proceeds and local counterpart funding to the executing agencies, to enable them to implement the program activities for which they are responsible. **Entry into effect of the subsidiary agreement between the borrower and INRA, under the terms indicated above, will be a condition precedent to the initial disbursement of funding for INRA. Entry into effect of the subsidiary agreement between the borrower and the Judiciary Council, under the terms mentioned above, will be a condition precedent to the initial disbursement of funding for the Judiciary Council.**
- 3.2 As executing agencies, INRA and the Judiciary Council will maintain suitable accounting and financial records, distinguishing the sources and uses of program funding from other monies managed by them. They will also present the following to the Bank: (i) disbursement requests and due justification for eligible expenditures; (ii) documents relating to compliance with contractual terms and to bidding and tendering processes; (iii) audited financial statements of program elements for which they are respectively responsible, and of the institutions themselves; (iv) half-yearly reports on the use of the revolving fund; and (v) any other financial reports the Bank may request during program execution. The executing agencies will maintain files of original documents supporting procurement processes and expenditures.
- 3.3 The executing agencies will also prepare and submit to the Bank half-yearly execution reports detailing technical and financial progress in activities for which they are responsible, together with the other reports required in this document. INRA and the Judiciary Council will verify the achievement of periodic targets and inform stakeholders of the progress and outcomes of activities within their respective authority.

1. National Institute of Land Reform (INRA)

- 3.4 INRA will be responsible for execution of the component on *regularization and enhancement of agricultural property rights*, in addition to the cadastral system modernization activities (paragraph 2.6); and for access and appropriate use of the legal cadastre by the municipios (paragraph 2.8) in the component on *consolidation and technical bases for maintenance of the legal cadastre*. For this purpose, INRA will prepare the bidding documents, in addition to hiring and making relevant payments for technical supervision of the corresponding contracts.

- 3.5 INRA will perform its administrative-financial tasks and execute the program activities under its responsibility through the services division of its national directorate. This division will be assisted in the technical supervision of contracts by the INRA departmental offices of Santa Cruz and Pando, and by UCAP and the FMO for administrative, financial and accounting management of the program funds allotted to it. The services division, together with the departmental offices, UCAP and the FMO, have participated in the execution of all regularization activities funded by international cooperation. The services division will be strengthened by hiring a procurement and contracting specialist, a management-financial specialist and a certified public accountant.

2. Judiciary Council

- 3.6 The Judiciary Council will be responsible for the execution of activities relating to modernization of the registration system in the component on *consolidation and technical bases for maintenance of the legal cadastre* (paragraph 2.7). For this purpose, it will prepare the bidding documents, in addition to hiring and making relevant payments for technical supervision of the corresponding contracts.
- 3.7 The Judiciary Council will perform its administrative-financial tasks and execute the program activities for which it is responsible through its general management division. This division will be strengthened by hiring a procurement and contracting specialist, a specialist in management and finance and a certified public accountant.

B. Execution mechanism by component

1. Regularization and enhancement of agricultural property rights

- 3.8 Agricultural property regularization will be carried out by firms hired through international competitive bidding (ICB). Five firms will work in an equal number of intervention areas in Santa Cruz, while two firms will operate in Pando. The intervention areas consist of contiguous municipios in these two departments, selected for their size, topographic similarity and property density. The responsibilities of these firms will include carrying out the following tasks: (i) compilation of data on basic cartography, municipal boundaries, geodesic control and maps of protected and environmentally sensitive areas, in addition to the production of base maps; (ii) implementation of public campaigns to disseminate regularization in the intervention area, publicizing the scope, benefits and timeframes of the process, requesting collaboration in field expertise activities, and highlighting the advantages of voluntary conversion from the small to medium-size property classification; (iii) definition, measurement and demarcation of urban zones in the intervention areas; (iv) field expertise activities to compile elements to evaluate the ownership right, the cadastral survey, and verification of fulfillment of the stated economic and social function; (v) technical-legal evaluation, encompassing title search, ongoing agricultural property lawsuits and identification of legal occupants; (vi) participation in public exhibition of results, to identify

- possible errors or omissions with the beneficiaries; (vii) preparation of draft final regularization resolutions for INRA approval; and (viii) generation of geo-referenced data making it possible to form the database for the legal cadastre. INRA will ensure the relevant coordination with government agencies involved in the regularization process according to Law 1715/96, including the Ministry of Sustainable Development, the Ministry of Campesino and Agricultural Affairs, the Ministry of Ethnic Affairs, and the Agriculture Superintendency.
- 3.9 Seven consulting firms will be hired to carry out quality control on the field expertise and on the technical-legal evaluations performed by the consulting firms conducting the agricultural property regularization process.
- 3.10 INRA will procure computer equipment and vehicles, and will hire individual specialists for employment in the national directorate and in the Santa Cruz and Pando departmental offices. These specialists will provide support in data collection prior to regularization, approval of the final regularization resolutions, and formation of the database for the legal cadastre activities for which this institution is responsible.
- 3.11 A consulting firm will conduct the two socioeconomic field surveys, analyze the data, and compile information on revenue collected from the rural property tax in the beneficiary municipios, both before and after the agricultural property regularization process has concluded. This information will reveal the ex ante situation of rural households and local governments that benefit from the program's regularization activities. The surveys will be used respectively as the baseline data and as an additional benchmark for both the final performance review and the ex post evaluation (paragraph 3.32). In both areas of data collection, the firm's responsibilities will include the following: selection of the statistical methodology to be used (e.g. control groups); technical definition of sample size and location; questionnaire design; definition of variables describing the socioeconomic situation of interviewees (demographic characteristics of their household occupants, gender, ethnic origin, education level and occupation of the head of household; characteristics of the property location, number and form of tenure, hectares occupied, title holders of the property, time of occupation, estimated value; agricultural and non-agricultural economic activity carried out; assets on the property permanent crops, animals, equipment and facilities; land transactions; income level; and access to both formal and informal credit); realization of field surveys; collection of tax data at the municipal level; and socioeconomic tabulation and analysis of the data collected. The consulting firm's technical team will include an economist with post-graduate studies and experience in the design and analysis of household surveys.
- 2. Consolidation and technical bases for maintenance of the legal cadastre**
- 3.12 SIST will be implemented with on-line communication in the INRA departmental offices of La Paz, Beni, Oruro, Potosí, Pando, Santa Cruz, and Tarija. For this

purpose, INRA will procure information technology and communication equipment, and will hire individual consultants to design and implement the SIST interconnection and to train staff to operate the system properly. As part of this activity, a SIST node will be installed in the Agriculture Superintendency. An interagency agreement with INRA will establish mechanisms for equipment transfer and staff training in the Superintendency. Accordingly, **before convening the bidding process for the procurement of equipment for SIST installation in INRA departmental offices and installation of a node in the Agriculture Superintendency, INRA will present evidence that the agreement between it and the Agriculture Superintendency has entered into force in accordance with the terms established above.**

- 3.13 A consulting firm will digitize the cadastral files and plans archived in Santa Cruz and Pando, respectively, and incorporate them into SIST.
- 3.14 A cadastre specialist and a lawyer will be individually hired to support the INRA departmental offices in Santa Cruz and Pando in the following activities: verification of georeferenced cadastral plans and legal documentation, assignment of cadastral codes and transfer of this information to the DDRR and municipios, as part of the upkeep of rural cadastral data while the regularization process is taking place.
- 3.15 A consulting firm will be hired to draw up the necessary institutional mandates for maintenance of cadastral data on a long-term basis. Its responsibilities will include: analysis of the demand for real-estate transactions involving physical alterations; design of the institutional, technical and administrative framework to ensure the sustainability of the cadastral system; and a proposal for its implementation.
- 3.16 The execution scheme for activities relating to modernization of the registry system (paragraph 2.7), for which the Judiciary Council is responsible, is presented below.
 - a. Information technology and communication equipment will be procured from a supplier, to interconnect 10 DDRR district offices and 18 provincial offices to the SNR. The supplier will also implement network infrastructure corresponding to this equipment, using platforms compatible with the judiciary communications system and that make it possible to provide online services to the public through the DDRR Internet portal.
 - b. A consulting firm will be hired to carry out campaigns to publicize and promote property registration. These will aim to explain to the public at large the benefits of registration of real-estate transactions in the DDRR, together with the duties and rights associated with property registration in Bolivia. The campaigns will be designed to reach all social sectors, taking account of Bolivia's sociocultural and multiethnic reality and paying particular attention to the dissemination of women's property rights.

- c. A consulting firm will be hired to digitize and index DDRR files; it will develop software compatible with the SNR for this purpose, in order to provide for secure and rapid data search.
 - d. A consulting firm will be hired to conduct a study to improve DDRR administrative and financial management at the national level. Its duties will include the following: (i) critical evaluation of efficiency in the provision of DDRR services, encompassing organizational structure, functions, methods and procedures, and the number and qualifications of permanent staff and other employees; (ii) estimation and comparative analysis of the unit costs of the different DDRR services, in relation both to the cost of similar services elsewhere in Latin America, and to current registry charges; and (iii) definition of legal and institutional mechanisms to provide the DDRR property registry with greater administrative and financial autonomy. The outcome of the study will recommend organizational and management changes, together with a detailed action plan for their implementation.
- 3.17 The DDRR mobile office will be staffed by a subregistrar and at least four registry assistants, who will be individually hired. Among other things, a Judiciary Council decision will delegate to this mobile office registry functions associated with the registration, alteration or extinction of real rights, in compliance with the relevant legal provisions. For this purpose, **prior to issuing the call for proposals for consulting services to install the mobile office, the Judiciary Council will present evidence that the relevant decision issued by it authorizing operation of the office has entered into force.**
- 3.18 In close coordination with the Judiciary Council and the municipalities, INRA will acquire computer and communication equipment, and will hire individual consultants to design and implement an information system enabling the municipalities of Pailón and Cotoca, and the Chiquitana association of municipalities (*Mancomunidad*) in Santa Cruz, and the municipality of Cobija in Pando, to interconnect with the legal cadastre. This system will include a compatible technical link with the urban cadastral system currently operating in the country. Interagency agreements between INRA, the Judiciary Council, the beneficiary municipalities, and the Chiquitana association will establish mechanisms for transferring equipment to these municipalities and the Chiquitana association and training their staff. For this purpose, **before issuing the call for proposals for procurement of equipment for design and implementation of the information system in the municipalities of Cobija, Pailón, and Cotoca, and the Chiquitana association of municipalities (*Mancomunidad*), INRA will present evidence that the agreements signed between the executing agencies and each of these municipalities and the association of municipalities have entered into effect.**
- 3.19 INRA will also hire a consulting firm to design the methodology for collection and administration of the rural property tax and its application in the municipalities of

Pailón and Cotoca, and the Chiquitana association of municipalities (*Mancomunidad*) in Santa Cruz, and the municipality of Cobija in Pando. This consulting firm's team should include, as a minimum, a professional tax specialist with wide knowledge of the administration of rural property taxes. The results of this study will be disseminated by the firm through workshops to the country's municipios, and will be made available to the public via the INRA website 30 days following conclusion of the service contract.

C. Procurement of goods and services

- 3.20 Goods procurement will be conducted in accordance with standard Bank procedures. International competitive bidding (ICB) will be required for goods procurement valued at US\$250,000 or above. Consulting services will be hired in conformity with the corresponding standard Bank procedures and those indicated in document GN-1679-3. An international call for proposals will be made to hire consulting services in amounts greater than US\$200,000. For this program, in cases where consulting firms are chosen on the basis of quality and cost criteria, the relative weight of price as an evaluation criterion will not exceed 20%, and the technical or quality element of the bid may not be less than 80%. This program will not involve the execution of works
- 3.21 Bidding to supply goods for amounts below these limits will be conducted in accordance with domestic legislation. In this program, goods procurement using Bank financing or local counterpart funding will require competitive bidding when the amounts involved are equivalent to US\$30,000 or more; and a private tender will be required in the case of smaller amounts.

D. Execution timetable and disbursement schedule

- 3.22 The quarterly schedule of execution for the activities described in this component is shown in the following table:

[illegible]

Program activities	Year 1				Year 2				Year 3				Year 4			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Preparation of institutional mandates for maintenance of the rural cadastre on a long-term basis																
Interconnection of DDDR offices with the SNR																
National campaigns to promote registration																
Digitization and indexation of DDDR files																
Study to improve DDDR administrative and financial management																
Installation of a mobile office in Santa Cruz																
Design and implementation of information system in municipios in Santa Cruz and Pando																
Design of a methodology for collection and administration of rural property tax																

3.23 Disbursements will be distributed over four years, as summarized in the table below.

DISBURSEMENT SCHEDULE
(in millions of US dollars)

YEAR	IDB	LOCAL	TOTAL	%
1	3.4	0.5	3.9	15.6
2	9.6	1.4	11.0	44.0
3	7.6	1.0	8.6	34.4
4	1.4	0.1	1.5	6.0
TOTAL	22.0	3.0	25.0	100.0

3.24 In order to make program disbursements, two revolving funds will be established, one for INRA and another for the Judiciary Council, for up to 5% of the total financing allocated for execution of the activities in their respective spheres of authority. Each of the executing agencies will present half-yearly reports to the Bank on the status of its revolving fund, within 60 days following the end of each calendar semester.

E. Accounting, internal control and audit

3.25 To maintain control of the funds transferred to the executing agencies, the latter will have single and separate bank accounts to manage the proceeds of the loan and the local counterpart funding assigned for execution of their respective activities. The executing agencies will maintain internal control systems for administering the funds assigned to them, in accordance with Article 7.01 of the general conditions of the loan agreement. **The opening of these bank accounts will be a condition precedent to the initial disbursement of the financing allocated to each executing agency.**

3.26 Each executing agency will present to the Bank audited financial statements, of the institution itself and of the program funds assigned to it, within 120 days following

the end of each fiscal period. Audits will be performed in accordance with terms of reference previously agreed upon with the Bank and the Bank's policies and procedures for audits. The Bank procedures set forth in document AF-200 will be followed in the selection and hiring of audit firms. The audit costs will be covered by the Bank financing.

F. Consolidated operating plan

- 3.27 In order to allow proper planning and subsequent monitoring of program execution, the executing agencies will make use of a consolidated operating plan, which will be submitted to the Bank as the "initial report" required under Article 4.01(d) of the loan contract. This will include a description of the investment activities in each component; a table of program costs for each investment category and source of financing; the execution scheme for program management, supervision and evaluation; the execution mechanism for each component; physical execution and disbursement timetables; periodic management indicators and the means of verification to be used, which will be consistent with those set out in the logical framework (Annex II); and the bidding and contracting plan. In addition, terms of reference for all contracts relating to consulting services or procurement of equipment identified for each program activity are attached to the operating plan. A draft of this plan was prepared using funds from operation ATN/SF-8376-BO.

G. Program monitoring

- 3.28 Thirty days before the conclusion of every calendar semester, each executing agency will submit to the Bank a report detailing the results of its respective activities. These reports will analyze the technical and financial progress of the activities in question, highlighting actions carried out and targets achieved in relation to the logical framework indicators, as well as describing performance and making a critical analysis of problems faced and the corresponding mitigating measures adopted. The reports will also take into account data forming part of the integrated regularization and titling system (paragraph 1.19). The final progress report will include the results of the socioeconomic field survey to be conducted once the activities for agricultural property regularization are completed. The reports corresponding to the second semester of the year will contain any adjustment made to the program's consolidated operating plan. The executing agencies will individually agree with the Bank any changes to be made in the execution of program activities arising from discussion of these reports. The semiannual progress reports will be prepared using the standardized formats designed by the Bank's Country Office.
- 3.29 Once 50% of program resources has been disbursed, each executing agency will carry out a midterm review of its program activities. This will include: (i) progress made in achieving program targets, using the logical framework outcome and product indicators; (ii) an evaluation of the sustainability of investments made; (iii) results of interagency collaboration during execution; (iv) analysis of impacts

resulting from staff turnover; (v) the fulfillment of contractual commitments; and (vi) an evaluation of unit costs and processing times in regularization activities and registration in the DDRR registry. In the case of the Judiciary Council, the midterm review will also include the following: (i) results of campaigns to disseminate and promote registration; (ii) progress made in the study to modernize DDRR administrative and financial management; and (iii) an evaluation of the demand for registration services attended by the mobile office in Santa Cruz. In the case of INRA, the midterm review will also include: (i) results of the quality control contracted for the regularization process; and (ii) evaluation of the demand for cadastral services on regularized properties in the Santa Cruz and Pando departmental offices. No later than 30 days after the midterm review is conducted, the executing agencies will present individual reports to the Bank indicating the topics to be included in the corresponding evaluation. Program adjustments resulting from discussion of the midterm review report will be agreed with the Bank during the corresponding management mission.

- 3.30 The consolidated program operating plan (paragraph 3.27), together with the half-yearly monitoring and midterm review reports will be published no later than 30 days following their approval by the Bank, on the INRA and DDRR websites respectively. INRA will also hold a biannual coordination workshop, in addition to a yearly workshop to publicize results and progress, to which representatives of government agencies, international organizations and civil society will be invited. These workshops will be financed out of the loan proceeds.

H. Ex post evaluation

- 3.31 In conformity with Bank policy, and in consultation with the borrower, it was agreed to conduct an ex post evaluation of program activities. This will be conducted by INRA and the Judiciary Council, and financed out of their own funds, as appropriate.
- 3.32 The ex post evaluation will aim to determine the impacts of the operation. It will be carried out two years following the date of the last loan disbursement and include, but not be confined to, measurement of the corresponding logical framework indicators i.e. changes in net family income associated with changes in productive investment on the property; access to the real-estate market as a result of possession of a regularized property title; and changes in revenue collected from rural property tax in the beneficiary municipalities. Other items to be considered in the ex post evaluation include improvements in the efficiency and cost of services provided by INRA and the DDRR; progress in consolidating the institutional and legal framework for appropriate administration of the legal cadastre (paragraph 1.36b); and the sustainability of the investments included in component 2 of the program.
- 3.33 To achieve its objective, the ex post evaluation will identify and quantify changes that have taken place in the original basic data; it will compare those changes with the impact targets established in the logical framework, and will identify factors

both internal and external to the project that contributed to achievement of the targets. For this purpose a comparative analysis of data will be made, based on socioeconomic indicators such as the baseline and benchmarks compiled at the end of the agricultural property regularization process. To carry out this comparative analysis, socioeconomic data will be obtained through a new rural household survey, with characteristics similar to those financed for the program on an ex ante basis (paragraph 3.11). Data on property tax collections in the beneficiary municipios will be updated. The estimated cost of the ex post evaluation is put at US\$150,000.

IV. VIABILITY AND RISKS

A. Institutional viability

- 4.1 The broad experience acquired in the planning, coordination, execution and supervision of agricultural property regularization projects since 1996 underwrites INRA's ability to implement the proposed operation. Two factors contribute to the sustainability of this execution capacity: (i) all the experience on regularization obtained by INRA since 1996 has been compiled in manuals of procedures and technical standards for the execution of regularization activities; and (ii) the professionals heading the divisions, units and offices are appointed by the National Director, who in turn is appointed by the President of the Republic for a five-year term, chosen from a short-list approved by a two-thirds majority in the Chamber of Deputies; this arrangement affords job stability to the permanent staff. Most INRA employees are on contracts and are financially dependent on the existence of projects, given the transitory nature of regularization activity.
- 4.2 The Judiciary Council also has similar project execution experience. Since 1997, this institution has been embarked upon modernization of property registration with the implementation of the SNR, while also collaborating with INRA in the registration of regularized property titles held in the DDRR register. Both its president and its consultants are appointed by the national congress and hold office for 10-year terms. They cannot stand for re-election until a period equal to their expired mandate has elapsed. The general manager of the council is appointed by resolution of the Council Plenary. The permanency of judicial branch officials is governed by the Judiciary Administrative Career Regulations, approved by Council Plenary decision 247/2003 of 11 September 2003. This establishes that staff permanency and promotion shall be based on evaluation processes and on performance, effectiveness, efficiency, integrity and probity in the job.
- 4.3 With regard to financial management and accounting capacity, analysis during program preparation showed that both organizations have an integrated accounting system in place, with modules dealing with treasury, budget, control of fixed assets, warehouse control and contract oversight, in addition to organizational charts and updated manuals of functions. In the case of INRA, payments made to contractors and suppliers using local counterpart funding are processed through the SIGMA system, directly debiting the corresponding special accounts with the Central Bank, and payments made using loan proceeds are channeled through the specific fiscal accounts for the project. Payments by the Judiciary Council are channeled through its fiscal accounts. The two executing agencies make payments with loan proceeds through their specific fiscal accounts for the project. The auditors certified administration of the funding for the national land management program financed by the World Bank in fiscal 2002. The internal control recommendations made by the auditors are minor observations that are being corrected by the departments and divisions responsible. For program execution purposes, capacity in the areas of

bidding process preparation and administrative-financial and accounts management, will be strengthened in both executing agencies by hiring suitable specialists.

B. Technical viability

- 4.4 Agricultural property regularization will be carried out on a routine basis in adjacent municipios. This methodology, known as “barrido” [literally, sweeping], has proven to be most cost-effective for regularizing property rights on land, especially in rural areas. As it is a methodology that makes it possible to systematically and proactively collect both legal and geographic data on the property and its owner, in contiguous geographic areas, the “barrido” method involves economies of scale and thus significantly lower costs, in relation to results obtained, than regularization on demand: cadastral survey of the property, regularization of property rights and their registration in the property registry, and formation of the database for an interconnected cadastral-registry data system. Wholesale regularization is being used by the Bank in similar projects elsewhere in the region. In Bolivia, the routine regularization process has cut processing times from 12 years to 15 months.

C. Socioeconomic viability

- 4.5 To estimate unit costs and execution times for the regularization activities included in the program, for the first time more precise information was used, estimated by INRA at departmental and municipal level by geographic zone (highlands and lowlands), average size and number of property units in the area, accessibility of the zone, and population density. This information is available in the National Regularization and Titling Plan.
- 4.6 On the basis of the cost data mentioned above, and taking into account progress made on regularization in the various municipios being served, the direct cost of regularization was estimated at US\$0.72 per hectare in the department of Santa Cruz and US\$0.21 per hectare in the department of Pando. When the estimated supervision cost of US\$0.14 per hectare is added in, total regularization costs per hectare amount to US\$0.86 and US\$0.35 for the departments of Santa Cruz and Pando, respectively. In the case of Santa Cruz, the total cost of the regularization and titling activities in the Santa Cruz-Puerto Suárez environmental and social protection corridor project (1099/SF-BO) was estimated at US\$0.67 per hectare. The additional US\$0.19 per hectare in Santa Cruz for this program reflects the different size of properties in the municipios served in these two operations.

D. Financial viability

- 4.7 The executing agencies are public entities with their own revenues generated from the activities assigned to them by law. In the short and medium term, however, both executing agencies depend on subsidies from the National Treasury. In the case of INRA, the approved budget for fiscal 2003 amounts to Bs 3.5 million and it expects

to collect Bs 5.2 million by the end of the period. INRA has a commitment not to budget for these funds in this fiscal year but to seek their inclusion in the 2004 budget as part of the counterpart funding during the first year of the project. The Judiciary Council relies even more heavily on the National Treasury for execution of the program activities for which it is responsible.

E. Environmental and social impact

- 4.8 Enhanced legal security of land tenure is expected to generate the following positive environmental and social impacts: (i) higher levels of investment—both productive and related to soil conservation; and (ii) greater access for many producers and low-income groups to the economic benefits arising from clear property rights, such as access to credit and the land market. The latter potential social impact will be boosted by including small-scale rural land owners in the benefits of regularization by allowing them to upgrade their ownership classification to one that allows free transfer of title under existing legislation. Greater access to the land market in Bolivia will contribute to more efficient use of land resources in the long run.
- 4.9 The program does not envisage negative environmental impacts. Risks relating to a possible increase in the use of agrochemical inputs, as a result of increased productive investment stimulated by assured tenure, will be minimized through activities to be developed under the agricultural services program (1057/SF-BO). This operation establishes the National Agricultural Health and Food Safety Service, with powers that include regulation of quality control over agricultural inputs, especially agrochemicals.
- 4.10 The program also does not anticipate deforestation or deterioration of environmentally fragile areas. Law 1715/96 does not encourage deforestation by persons wishing to demonstrate land occupation; on the contrary, it supports efforts to conserve natural resources in the regularization area. The law establishes that to gain property rights, the occupants of medium-sized properties and enterprises need to present the following: (i) a land management plan, if crop or livestock farming, forestry or other productive activities are to be carried out on it; or (ii) legal proof that the property is used for non-productive activities such as conservation and protection of biodiversity, research and ecotourism; or that it is a private natural heritage reserve. In the latter case, legal evidence consists of authorization granted by the relevant public bodies (Agriculture Superintendency, Forestry Superintendency, Ministry of Sustainable Development). In the case of small landowners, ancestral campesino plots and indigenous community lands, their occupants only need to demonstrate residence at the site in question to obtain property rights.
- 4.11 Law 1715/96 guarantees the rights of indigenous and native peoples and communities over their ICLs, taking into account their socioeconomic and cultural implications, and the sustainable use of natural resources, in accordance with the

- Constitution. The ICL classification includes the concept of indigenous lands as defined in Convention 169 of the International Labour Organization. ICL titles grant indigenous and native peoples and communities collective ownership of their lands. ICLs cannot be reverted, alienated, burdened, attached, or acquired by prescription. The law also establishes a specific procedure for ICL regularization. In order to conclude and consolidate the process of regularization and titling in ICLs, the government, with support from the World Bank and DANIDA, will adapt the rules and procedures for admission and processing of new ICL claims, to consider the following, among other topics: (i) a more rigorous methodology for certifying the ethnic identity of the applicant communities and for determining the spatial needs of the ICL; and (ii) a differentiated procedure for ICLs located in highlands, limiting the extent of the grant to the Ayllu unit of measurement and promoting internal agreements within the communities to speed up the regularization process and reconcile conflicting interests.
- 4.12 As regards regularization of protected areas, four million hectares have already been regularized or are in the process thereof. As part of the program's regularization work in Santa Cruz, legal security will be consolidated in the protected areas of Noel Kempf Mercado, Amboró, and the Kaa-I-Yaa National Park. In Pando, regularization of the Manuripi-Heath National Park is being concluded. Among ICLs, 5.9 million hectares have been regularized and titled nationwide, and a further 12.5 million hectares are in the process of regularization out of a total of 32 million hectares for which ICL claims exist. In the areas where regularization activities will be carried out in this program, all the ICLs have already been regularized, or all areas declared as protected areas and ICLs are currently in the regularization process.
- 4.13 The Regulations for Law 1715/96 envisage social control mechanisms within the regularization process, such as the media campaign and publicity of results. The campaign in local mass communications media will publicize the scope, benefits and terms of the regularization process; request collaboration in field expertise from proprietors, occupants and third-party stakeholders; and call upon social organizations, authorities and stakeholders to participate in informative meetings on the regularization process. Publicizing the results enables owners, occupants and persons with a legal interest, to bring to light material errors or omissions that occurred in the previous stages of the process. Law 1715/96 has also set up Departmental Agrarian Commissions as mechanisms for supervising regularization procedures and for receiving complaints, petitions and suggestions on the process from grass-roots organizations. These commissions are presided over by the Departmental Prefect, the Environment Unit, the Unit for Indigenous and Native Peoples' Affairs, the Prefecture Agriculture Unit, and four representatives from campesino organizations, colonizers, indigenous peoples and agricultural producers.
- 4.14 Law 1715/96 calls for equity criteria to be applied in land distribution, management, tenure and use, in favor of women regardless of their civil status.

Steps taken to strengthen women's participation in the regularization process include recording the names of both members of a couple in possession of a property in the corresponding title deeds, even though they may not be formally married. INRA also has a gender unit responsible for the dissemination and training of women's rights in legal land tenure. SDC and the World Bank are supporting the work of this unit, by disseminating legal provisions and procedures to enable women to access and exercise their land tenure rights. In order to address gender considerations arising in agricultural property regularization actions, the program will include: (i) campaigns to publicize and promote registration, which will be designed in light of Bolivia's sociocultural and multiethnic reality, paying special attention to the dissemination of women's property rights (paragraph 3.16b); and (ii) collection of ex ante field data on beneficiaries broken down by gender (paragraph 3.11), and compilation of data generated by regularization activity in SIST by beneficiary type (paragraph 1.19). These activities will make it possible to duly evaluate women's participation in the land regularization process and in national campaigns to promote registration. An intended program outcome is to have the property rights of all female heads of households eligible for regularization in the project area recorded in the property registry by the end of the program (Annex II).

- 4.15 Although the process of selecting the 60 municipios in which the program will carry out regularization activities did not consider poverty levels, 56 of the municipios chosen, or 94% of the area to be regularized by the program, have poverty levels above the national average of 58.6%, according to the 2001 National Population and Housing Census. Accordingly, this program qualifies as a poverty-targeted investment (PTI), on the geographic classification criterion. It also qualifies as a social-equity enhancing project as described in the indicative targets mandated by the Bank's Eighth General Increase in Resources.

F. Benefits

- 4.16 Improving the situation of rural land tenure in Bolivia, through regularization and subsequent maintenance of accurate physical and legal information in the legal cadastre, will generate benefits or socioeconomic impacts of two types: (i) less uncertainty surrounding ownership, which will enable proprietors with borrowing capacity to access financial markets; this in turn will stimulate the investments needed to raise productivity and preserve soil quality in a strategic sector of the economy, namely agriculture; and (ii) more effective collection of the property tax as a mechanism to promote the productive use of land, stimulate the institutional framework of the real-estate market, and strengthen municipal income generating capacity. Also, for rural families with scant economic capital, many of whom occupy land classified as small properties, registration in the DRR of their ownership rights on the land they occupy, together with voluntary conversion into a medium-sized property or an agricultural enterprise, will allow them to improve their liquidity by being able to claim capital of their own (i.e. land).

G. Risks

- 4.17 The risks associated with achievement of the program's goal are as follows: (i) the number of small landowners with borrowing capacity that upgrade to agricultural properties with freely transferable titles may be limited; (ii) political will may be lacking in the government to implement recommendations for improving DDRR administrative and financial management, the system to make collection of the rural property tax more efficient, and institutional mandates for the long-term upkeep of cadastral data. These risks will be mitigated during the program respectively as follows: (i) publicity of the benefits and obligations associated with conversion during implementation of the public campaigns to disseminate regularization in the intervention area (paragraph 3.8); and (ii) the holding of workshops to coordinate and disseminate program progress and results among civil society and government agencies during execution (paragraph 2.10).
- 4.18 The main risks relating to achievement of the program objective are: (i) rural property owners and occupants in the intervention area may not participate actively during the regularization process; and (ii) real-estate transactions or changes in ownership rights on regularized properties in the intervention areas may not be registered in the DDRR. These risks will be mitigated within the program by: (i) public campaigns to disseminate regularization in the intervention area, describing the scope, benefits and duration of the process, and requesting collaboration in field expertise (paragraph 3.8); and (ii) national campaigns to publicize and promote registration; and installation of a mobile office to attend to demand in the Santa Cruz regularization area (paragraph 2.7).

BOLIVIA
LAND REGULARIZATION AND LEGAL CADASTRE PROGRAM
(BO-0221)

PROCUREMENT PLAN

DESCRIPTION	FINANCING		PROCUREMENT METHOD ^{a/}	PREQUALIFICATION	TENTATIVE DATE FOR PUBLICATION OF SPECIFIC PROCUREMENT NOTICES (YEAR-SEMESTER)
	IDB (%)	LOCAL (%)			
A. CONSULTANCY SERVICES					
Regularization of agrarian property in Santa Cruz and Pando. Lots: 7					

DESCRIPTION	FINANCING		PROCUREMENT METHOD ^{a/}	PREQUALIFICATION	TENTATIVE DATE FOR PUBLICATION OF SPECIFIC PROCUREMENT NOTICES (YEAR-SEMESTER)
	IDB (%)	LOCAL (%)			
Workshops for coordination and dissemination to civil society Lots: Several Amount: US\$80,000	87	13	LCB	No	2004-I
B. GOODS					
Specialized equipment and vehicles to support INRA in obtaining data prior to regularization, approval of final resolutions and formation of property cadastre Lots: Several Amount: US\$480,000	87	13	ICB	Yes	2004-III
Computer and communication equipment for six INRA departmental offices and Agrarian Superintendency Lot: 1 Amount: US\$526,000	87	13	ICB	Yes	2004-I
Computer and communication equipment, and related services, for interconnection of DDRR offices Lot: 1 Amount: US\$1,470,000	87	13	ICB	Yes	2004-I
Computer and communication equipment for interconnection of three municipios in Santa Cruz and one in Pando. Lot: 1 Amount: US\$142,000	87	13	LCB	No	2005-I

a / ICB: International competitive bidding; LCB: Local competitive bidding.

BOLIVIA
LAND REGULARIZATION AND LEGAL CADASTRE PROGRAM (BO-0221)
LOGICAL FRAMEWORK

SYNTHESIS	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
GOAL			
To raise productive investment levels in the countryside and enhance municipal revenue capacity	Impacts: <ul style="list-style-type: none"> Positive net income for rural households generated by productive investment associated with possession of a regularized and registered property title. Collection of rural property tax by the municipios becomes effective. 	Comparative analysis between socioeconomic indicators obtained not less than two years from conclusion of the program, and the baseline and results of data compiled at the end of the program	<p>The social and economic climate is suitable for investments in the countryside.</p> <p>Municipios take responsibility for maintaining the cadastral information on urban and rural properties, under a national standard that makes it possible to set up a single interconnected cadastral data system throughout the country.</p> <p>DDRR achieves administrative and financial sustainability to assure permanent modernization of the SNR.</p>
PURPOSE			
To regularize, enhance and improve the legal security of ownership rights on the country's real property in rural areas	Outcomes: <ul style="list-style-type: none"> Ownership rights of 132,000 and 8,000 rural properties in the intervention areas of Santa Cruz and Pando, respectively, are registered in the DDRR by the end of the program. The property rights of all female heads of household, eligible for regularization in the intervention area, are registered in the DDRR by the end of the program. Demand for regularization among 10 indigenous communities in the intervention area is addressed by INRA by the end of the program. 	<p>INRA and Judiciary Council progress reports after 48 months of program execution</p> <p>Information in the INRA Integrated Regularization and Titling System (SIST) compiled after 48 months of program execution</p>	<p>Small-scale proprietors with borrowing capacity voluntarily upgrade to the agricultural property category which allows free transfer of property title.</p> <p>Political will exists in the government to implement recommendations to improve DDRR administrative and financial management, the system to improve the efficiency of rural property tax collection, and the institutional mandates for the maintenance of cadastral information on a long-term basis.</p>

SYNTHESIS	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
	<ul style="list-style-type: none"> Physical and legal information on properties in the intervention areas filed in the legal cadastre are kept consistent with the reality in the field, and made available to the Agrarian Superintendency, the municipios of Pailón, Cotoca, and Cobija, and the Chiquitana association of municipalities (<i>Mancomunidad</i>) by the end of the program. Recommendations to improve DDRR administrative and financial management are implemented during program execution. Recommendations to improve the efficiency of rural property tax collection are implemented during program execution. Institutional mandates recommended for maintenance of cadastral information on a long-term basis are implemented during program execution. 		
COMPONENTS			
Regularization and improvement of agricultural property rights	<p>Outputs:</p> <ul style="list-style-type: none"> Final regularization resolutions for 14.9 million hectares in 44 municipios of Santa Cruz, and for 5.6 million hectares in the whole department of Pando issued by INRA, at a rate of 15 months per resolution, by the end of the program Urban zones for the 27 municipios in Santa Cruz and one in Pando that will be subject to regularization defined in year two of the program Baseline and collection of socioeconomic and tax information for ex post evaluation of the program completed in years one and four of the program, respectively 	INRA monitoring reports after 12, 24 and 48 months of program execution	Owners and occupants of rural properties in the intervention area participate actively during the regularization process.

SYNTHESIS	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
<p>Consolidation and technical bases for maintenance of the Legal Cadastre</p>	<p>Outputs:</p> <ul style="list-style-type: none"> • INRA departmental offices in Beni, Pando, La Paz, Oruro, Potosí, Santa Cruz, and Tarija, as well as the Agrarian Superintendency, interconnected to SIST in year two of the program. • 1,500 and 700 files and cadastral plans in Santa Cruz and Pando, respectively, digitized and incorporated into SIST in year two of the program. • Cadastral services offered to owners of disencumbered rural properties during program execution. • Study for preparation of institutional mandates for the maintenance of cadastral information on a long-term basis concluded in year two of the program. • 10 district offices and 18 provincial offices of the DDRR are integrated into the SNR in year three of the program. • Three national campaigns to disseminate and promote property registration carried out in year three of the program, at a rate of one per year. • 12 million folios of files archived in the DDRR digitized and indexed in year three of the program. • Study to improve DDRR financial management concluded in year three of the program. • DDRR mobile office to attend to demand in the Santa Cruz regularization area, in operation in years three and four of the program. • Information systems interconnected to SIST and SNR in the municipios of Pailón, Cotoca, Cobija, and the Chiquitana association of municipalities (<i>Mancomunidad</i>), in operation by the end of the program. • Methodology for the effective administration of rural property tax designed and applied in Santa Cruz and Pando by the end of the program. 	<p>INRA and Judiciary Council progress reports after 12, 24, 36 and 48 months of program execution</p>	<p>Real-estate transactions or alterations to ownership rights on disencumbered properties in the intervention areas are registered in the DDRR.</p>