



Simplified Procedure

On or after: 22 June 2005

PR-2934

31 May 2005

Original: Spanish

To: The Board of Executive Directors
From: The Secretary
Subject: Brazil. Proposal for a loan for a land regularization and cadastre program

Basic Information: Borrower Federative Republic of Brazil
Amount up to US\$10,8 million
Source Single Currency Facility of the Ordinary Capital

Inquiries to: Mr. Gabriel Montes (extension 2082)

Remarks: This operation was included in the country strategy approved by the Board of Executive Directors on 17 November 2004 (see document GN-2327-1), and its amount does not exceed the ceiling established for Group A countries.

References: GN-1838-1(7/94), DR-398-5(5/03)

Other distribution: Representative in Brazil

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

BRAZIL

LAND REGULARIZATION AND CADASTRE PROGRAM

(BR-0392)

LOAN PROPOSAL

This document was prepared by the project team consisting of Gabriel Montes (RE1/EN1), Project Team Leader; Luis Macagno (COF/CBR); Francisco B. Souza (RE3/EN3); Paula Giraldez (LEG); and Jorge Ordóñez, who helped produce the document.

CONTENTS

PROJECT SUMMARY

I.	FRAME OF REFERENCE.....	1
A.	Socioeconomic framework.....	1
1.	Cadastre and regularization of rural properties in Brazil	1
2.	Legal security of real property ownership	1
B.	The sector	2
1.	Agencies involved with land information (cadastre), regularization, and property registration	2
2.	Legal and operational processes involved in managing land information, regularizing tenure, registering property, and linking the land information system (cadastre) with the property register	3
C.	Brazil's sector strategy.....	5
D.	The Bank's sector strategy and interventions	5
E.	Program strategy and design	7
II.	THE PROGRAM	9
A.	Objective.....	9
B.	Structure and description	9
1.	Property information and land regularization	9
2.	Institutional strengthening of INCRA, state land agencies, and <i>Cartórios</i>	12
C.	Cost and financing	14
III.	PROGRAM EXECUTION.....	16
A.	Borrower and executing agency	16
B.	General execution plan	16
C.	Entities and agencies involved in program execution	17
1.	The Ministry of Agrarian Development (MDA)	17
2.	The program management council.....	17
3.	The national program management unit (PMU) under the MDA	17
4.	INCRA.....	18
5.	State governments and the state land agencies (SLAs).....	18
6.	The real estate records offices (<i>Cartórios</i>)	19
D.	Implementation of the components	19
1.	Property information and land regularization	20
2.	Institution-strengthening.....	21
E.	Execution period and disbursement schedule.....	23
F.	Budget and financial management	23
1.	Revolving fund and disbursement mechanisms	23
2.	Budget execution.....	23
3.	Annual work plans	24
4.	Accounting and financial records and resource management.....	24

G. Procurement of goods and services	24
H. External audits	25
I. Operating Regulations	25
J. Monitoring and evaluation	25
K. Operation and maintenance	27
L. Recognition of local counterpart expenditures	27
IV. FEASIBILITY AND RISKS	28
A. Institutional feasibility	28
B. Socioeconomic feasibility	28
1. Benefits of titling land	28
2. Poverty classification (PTI and SEQ)	30
C. Financial feasibility	31
D. Environmental and social impact	31
E. Risks	33

ANNEXES

Annex I Logical framework

APPENDICES

Proposed resolution

Electronic Links and References	
Basic socioeconomic data	http://www.iadb.org/RES/index.cfm?fuseaction=externallinks.countrydata
Status of loans in execution	http://ops/Approvals/PDFs/BRen.pdf
Information available in the RE1/EN1 technical files	http://opsws3.reg.iadb.org/idbdocswebservices/getDocument.aspx?DOCNUM=384462
Procurement plan / Means of verification	http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=545407

PROJECT SUMMARY
BRAZIL
LAND REGULARIZATION AND CADASTRE PROGRAM (BR-0392)

Financial Terms and Conditions ¹				
Borrower: Federative Republic of Brazil Guarantor: N/A Executing agency: Ministry of Agrarian Development (MDA) Coexecuting agencies: Instituto Nacional de Colonização e Reforma Agrária [National Institute for Settlement and Agrarian Reform] (INCRA) and participating States		Amortization period:		20 years
		Grace period:		3 years
		Disbursement period:		3 years
Source	Amount (in millions)	%	Interest rate:	Adjustable
IDB (Ordinary Capital)	US\$10.8	60	Inspection and supervision fee:	0%
Local	US\$7.2	40	Credit fee:	0.25%
Total	US\$18.0	100	Currency:	United States dollar
Project at a glance				
<p>Project objective: The purpose of the program is to support, in an initial phase, the federal government and the governments in selected states in implementing the mandates under the Land Information and Registry Law (Law 10,267 of 2001), which will help improve the quality of property information.</p> <p>Special contractual conditions: Conditions precedent to the first disbursement of loan proceeds:</p> <ul style="list-style-type: none"> Signature and entry into force of agreements between the MDA, INCRA, and at least three of the participating States (see paragraph 3.2) Creation of the national program management unit (see paragraph 3.7) Entry into force of the program Operating Regulations and the Land Regularization and Cadastre Manual (see paragraph 3.29) Approval of the annual work plan for the first year of program execution (see paragraph 3.30) <p>During program execution:</p> <ul style="list-style-type: none"> Submission for the Bank's approval of the annual work plan for the following year (see paragraph 3.24) Submission of the midterm evaluation report (see paragraph 3.31) Submission of the final evaluation report (see paragraph 3.33) Implementation of the program monitoring and evaluation system (see paragraph 3.32) Preparation of a strategy to encourage public registration of real estate (see paragraph 3.14) <p>Exceptions to Bank policies: None.</p>				
Project consistent with country strategy: Yes [X] No [] Project qualifies as: SEQ [X] PTI [X] Sector [X] Geographic [] Headcount [X] Verified by CESI on: 15 October 2004 Environmental and social review: See paragraphs 4.11 to 4.17. Procurement: See paragraph 3.27.				

¹ The interest rate, credit fee, and inspection and supervision fee mentioned in this document are established pursuant to document FN-568-3 Rev. and may be changed by the Board of Executive Directors, taking into account the available background information, as well as the respective Finance Department recommendations. In no case will the credit fee exceed 0.75%, or the inspection and supervision fee exceed 1% of the loan amount.*

* With regard to the inspection and supervision fee, in no case will the charge exceed, in a given six-month period, the amount that would result from applying 1% to the loan amount divided by the number of six-month periods included in the original disbursement period.

I. FRAME OF REFERENCE

A. Socioeconomic framework

1. Cadastre and regularization of rural properties in Brazil

- 1.1 Brazil has approximately 500 million hectares of farmable land spread over some 4.5 million rural properties. There are however serious problems as to the security of land tenure, rooted in discrepancies between the information on many property titles and the actual status and size of the parcels.
- 1.2 To improve property information and make land tenure more secure, Law 10,267 of August 2001 created a public land registry system and established the framework for developing the National Cadastre of Rural Properties (CNIR). It also makes it mandatory to present a georeferenced property map or a rural property certificate issued by the Instituto Nacional de Colonização e Reforma Agrária [National Institute for Settlement and Agrarian Reform] (INCRA)—documents containing the exact location, boundaries, and area of a plot of land—at the time that deeds to convey ownership or establish property rights are recorded in the property register.
- 1.3 In addition to providing accurate property information and maintaining the cadastre, the system will afford additional benefits associated with better land management, e.g. increasing the legal security of property titles in Brazil; paving the way for land use management projects; facilitating government land access programs, and making collection of the rural land tax (ITR) more effective. In the medium and long term, a transparent land management system will have a positive impact on rural investment, productivity, sustainable natural resource management, and rural producers' income and access to financing. The proposed program will help the federal government and the States begin the process of fulfilling the mandates of the Land Information and Registry Law (10,267/01).

2. Legal security of real property ownership

- 1.4 Brazil has seven main categories of land: (i) private land; (ii) federal land administered by INCRA; (iii) state lands, administered by state land agencies under state laws; (iv) INCRA settlements; (v) land belonging to indigenous communities, which is administered by the Fundação Nacional do Índio [National Indian Foundation] (FUNAI); (vi) national parks and environmental protection areas under the management of the Instituto Brasileiro do Meio Ambiente e dos Recursos Naturais Renováveis [Brazilian Institute of Environment and Renewable Natural Resources] (IBAMA); and (vii) environmental protection areas in the custody of the state land and environmental agencies.
- 1.5 Of the approximately 4.5 million rural properties in Brazil, only about two-thirds are titled, while the rest are owned informally or are located in INCRA settlements. Private, titled land makes up an estimated 41% of Brazil's total area, untitled

INCRA land 12%, INCRA settlements 8%, land belonging to indigenous communities 12%, and protected areas 6%.¹ Urban, peri-urban, and other areas account for the remaining 21%. Statistics show that there is a high degree of legal insecurity, especially acute in some areas, that limits the efficient and productive use of farmland, the income of farmers, and tax receipts.

Region	States	Total properties	Titled	Untitled	% without legal security
North	Acre, Amazonas, Pará, Roraima, Tocantins	308,559	99,861	208,698	68%
Northeast	Maranhão, Piauí, Ceará, Rio Grande do Norte, Paraíba, Pernambuco, Alagoas, Sergipe, Bahia	1,148,158	630,434	517,724	45%
Center-West	Mato Grosso, Mato Grosso do Sul, Goiás, Distrito Federal	325,044	259,570	65,474	20%
Southeast	Minas Gerais, Espírito Santo, Rio de Janeiro, São Paulo	1,543,467	947,730	595,737	39%
South	Paraná, Santa Catarina, Rio Grande do Sul	1,234,972	1,120,851	114,121	9%
	Totals	4,560,200	3,058,446	1,501,754	33%
	(%)	100%	67%	33%	

Source: Estimates from INCRA's database.

B. The sector

1. Agencies involved with land information (cadastre), regularization, and property registration

1.6 The following institutions play an important role in keeping land information, registering property, and regularizing land tenure:

- a. **Ministry of Agrarian Development (MDA).** The MDA's area of responsibility (Decree 5,033/04) encompasses agrarian reform, promoting the sustainable development of family farms, and identifying, demarcating, and titling lands occupied by *quilombo* communities (remnants of Afro-descendent communities).

¹ These are the best available estimates. They will be subject to correction once a new land survey is conducted and real property registers are rectified.

- b. **Conselho Nacional de Desenvolvimento Rural Sustentável [National Council on Sustainable Rural Development] (CONDRAF).** CONDRAF is a collegiate body within the MDA that proposes guidelines for formulating and implementing policies. It provides a political forum for building consensus and coordinating with other government agencies and civil society, to promote rural development, agrarian reform, and family farming (Decree 4,854/03).
 - c. **Agrarian Reform Secretariat (SRA) of the MDA.** Its responsibilities include formulating, proposing, executing, and overseeing national agrarian reform policies and projects, including land regularization projects, for which it can enter into agreements with States, municípios, and civil society organizations.
 - d. **INCRA.** An independent federal agency operating in the MDA's sphere of action, INCRA is a legal entity under public law with administrative and financial autonomy. Part of its mission is to: (i) promote and carry out agrarian reform and settlement; (ii) take the necessary steps to identify and recover wrongfully occupied federal lands so they can be reallocated to more productive uses; and (iii) manage, organize, and maintain the official cadastre of rural properties, owners and occupiers of rural lands, tenant farmers and sharecroppers, and public lands. INCRA has Regional Superintendent's Offices in every state.
 - e. **State land agencies (SLAs).** Each state land agency manages public land in its respective state. Their responsibilities include keeping land information and regularizing land tenure.
 - f. **Public real estate records offices (*Cartórios*).** *Cartórios* are private agencies tasked with maintaining the register of deeds establishing ownership, prepared by notaries. Under Law 10,267/01, they must record minimum standard information and enter it into the national system within the time frames set out in the law and its regulations. Their activities are regulated by the States and come under the jurisdiction of State and district judges.
 - g. **Instituto de Registro Imobiliário do Brasil [Brazilian Institute of Real Property Registers] (IRIB).** A private, nonprofit institution representing the various *Cartórios*.
2. **Legal and operational processes involved in managing land information, regularizing tenure, registering property, and linking the land information system (cadastre) with the property register**
- 1.7 **Rural land information.** The responsibility for **oversight** of land surveys and for **maintaining information** on rural properties belongs to INCRA. Law 5,868/72 created the National Rural Land Information System (SNCR) and gave INCRA the responsibility of granting rural property certificates. A rural property certificate

includes all the data on a given property in terms of its physical features, geographic location, use of the land, and information on the person in possession of the property, and is a legal prerequisite for any change in the rights to a property, including mortgage, sale, or leasing.

- 1.8 **Regularization of property.** The **administrative**² process for regularizing occupancy of federal and State *terra devoluta*³ is governed by Law 6,383/76. Articles 27 to 29 of this law set forth the following criteria for the conveyance of land belonging to the federal government or the States: (i) the area in possession must be less than 100 hectares; (ii) the land must have been occupied for no less than five years;⁴ (iii) at least 30% of the area must be “effectively cultivated” (through farming or economic forestry); (iv) the possessor or squatter must have his permanent home on the premises; and (v) the possessor must not own any other rural property.
- 1.9 **Registering property:** The system for registering real property was established in the Constitution of the Republic and in the Civil Code, and registry services and responsibilities are governed by Law 6,015/73. It is a constitutive registry system: **property rights do not exist if the property is not registered.** In practical terms, the property register is folio-based and has three main characteristics: (i) the information is indexed by parcel and not by the parcel’s owner; (ii) the property record contains the entire history of the property; and (iii) each record corresponds to a single property and each property has its own record.
- 1.10 **Linking the land information system (cadastre) with the property register:** Law 10,267/01 (regulated by Executive Order 4,449/02) established the **public land registry system**, to modernize the land information and registration system and to better manage information on rural real property. To this end, the law includes three key elements: (i) the creation and operation of the National Cadastre of Rural Properties under INCRA,⁵ a multipurpose geographic information database available to public and private users; (ii) the establishment of the **georeferencing** requirement for the rural property certificate, a unique document which is to identify parcels using the geographical coordinates of benchmarks referenced to the Brazilian Geodetic System, thus fulfilling the requirement that there be a single

² The administrative procedure applies when the process is not disputed.

³ *Terra devoluta*, or “reverted” land, is land whose ownership, for one reason or another, reverted to the federal government or to one of the States.

⁴ Strictly speaking, a permit is given after one year, and the process can be completed after four years of operation with a permit. The provisional license for those who do not meet the five-year legal requirement partially runs counter to the Bank’s experience as to the need for definitive title to property, but at a minimum it allows for the regularization process to begin and permits access to the State credit system. Possessors who meet the legal requirements will receive definitive title.

⁵ Jointly operated with Receita Federal (Brazil’s internal revenue authority).

parcel identification code; and (iii) the responsibility of the *Cartórios* to report to INCRA monthly all changes to real property records. This information is then entered into the National Cadastre of Rural Properties, making for a land information system that is well defined and regularly updated and avoiding the need for periodic surveying exercises. With a georeferenced, parcel-based property register, when new titles or physical changes to properties are filed, the registrar has the tools to identify overlaps, crossovers, and even the **nonexistence of properties**.⁶

C. Brazil's sector strategy

- 1.11 The federal government, through its Multiyear Plan for 2004-2007, is seeking to spur rural development by investing in infrastructure and allocating resources to productive and social programs. A significant share of these investments is going to the country's tropical regions, primarily the southern Amazon region, the Northeast, and Los Cerrados. The government has assigned priority to small-scale owners through programs such as Support for Family Farming (PRONAF), Agrarian Reform, and the food security program called "Fome Zero" (meaning "Zero Hunger"). The success of these programs will depend, among other things, on the existence of clear property rights and effective rural land management policies.

D. The Bank's sector strategy and interventions

- 1.12 The Bank's country strategy with Brazil for 2004-2007, set out in the respective country paper (document GN-2327), establishes three overarching objectives: (i) promote sustained, stable, and environmentally sustainable growth; (ii) reduce poverty, promote social inclusion, and enhance social and regional equity; and (iii) support institution-strengthening and promote democracy and citizen participation.
- 1.13 Taking into account the parameters defined by the government in its Multiyear Development Plan, and in keeping with the above-mentioned document, the Bank will focus cooperation on four areas: (i) productivity and infrastructure; for the agriculture sector it stresses the importance of **supporting activities for the "implementation of a georeferenced national rural property system and registry that will help regularize titling and issue new property titles with legal guarantees;"** (ii) poverty, equity, and human capital formation; (iii) living conditions and efficiency in cities; and (iv) modernization of the State.
- 1.14 The proposed program supports the country strategy in several ways. Helping to enhance the legal security surrounding rural property sets the stage for a more efficient use of natural resources, thereby boosting rural competitiveness. The

⁶ The practice of registering fictitious properties and/or establishing nonexistent rights to public land has led to squatting, known as *grilagem* in Brazil, and is one of the most serious problems the new law helps to correct.

program will also help to modernize the public agencies responsible for land management at the federal level and in the states targeted by the program. It should further be stressed that activities to regularize ownership for small-scale producers and to improve the information base for land redistribution programs have a favorable impact on poverty reduction and sustainable natural resource management programs.

- 1.15 The Bank financed a US\$70 million land acquisition and titling project (BR-0174) with INCRA, which is now under the Ministry of Agrarian Development, as the executing agency. The project, approved in 1981, financed surveying, titling, institution-strengthening, and acquisition of land in five states in the Northeast. The project completion report indicates that execution was satisfactory, although there were delays in the land acquisition component. Execution of the other components was very satisfactory, exceeding the surveying and titling targets. The Bank is also financing a program to develop and implement a model for consolidating the agrarian reform settlements, enabling them to graduate from INCRA support (loan 1248/OC-BR). The program encountered initial problems in execution because of the lack of budget support. Since 2003, however, the new administration has assigned it greater priority and made more resources available, making it possible to reach and even exceed initial targets. Of the 65 consolidation plans called for under the program, 13 are in an advanced stage of execution and 52 are in the contracting phase, and authorization has been given to begin to prepare 20 additional plans over and above the initial target.
- 1.16 After several pilot projects, the World Bank and the government are financing the “Cédula da Terra” project, which combines a community-based land acquisition methodology with a shared contribution scheme for financing complementary investments. The government launched the program with a pilot project in Ceará and, in view of its success, extended it to Bahia, Maranhão, Minas Gerais, and Pernambuco. Evaluations done by the World Bank show that the project is accomplishing its goal of facilitating access to rural land for the poor. The acquired land has proved adequate, the prices are lower than with the traditional methodology, and the acquired farms are expected to be economically and financially viable.
- 1.17 The Bank’s experience offers up lessons that will be factored into this program:
 - a. **An effective legal and institutional framework and the existence of dispute-resolution mechanisms** are essential to the success of a program to regularize land rights. Brazil’s legal framework is adequate, but there needs to be enough flexibility so that the implementing regulations under its laws can address any problems that arise during project execution.

- b. **While regularization efforts may be executed in a decentralized fashion, by States and municípios**, there should be a strong central coordinating entity to set policy and standards and store all relevant information.
- c. **The principal causes of informal landholding are the high transaction costs associated with land and a lack of knowledge about existing regulations and the benefits of titling.** Regularization projects should focus on overcoming these two obstacles.
- d. **Gathering land information, regularizing tenure, and registering titles should be sequential parts of an integral process.** This will expedite the regularization and registration of title, which are essential to ensuring property rights and keeping the land register up to date.
- e. **The process of regularizing land tenure should grant full ownership of the land to its occupant via property titles properly recorded in the property register.** Otherwise, informal real estate markets can develop, and the socioeconomic benefits of ownership are not fully reaped.
- f. **Investments in developing a land register should ensure that the information gathered is maintained and updated.** Investment in a land register should be accompanied by measures that promote and encourage the registration of real estate transactions and allow for the land information system (cadastre) and the property register to be kept up-to-date.

E. Program strategy and design

- 1.18 The program has been designed as the first stage in helping the federal government and the States begin the process of fulfilling the mandates of the Land Information and Registry Law (10,267/01). Once implemented, it will lay a solid foundation for future government land regularization, land access, and rural development programs. Variations in physical and institutional settings, the diversity of State legislation, and the range of legal situations that can be encountered in the field pointed to the need to work on a small scale and to try to complete studies and proposals before proposing a larger-scale operation.
- 1.19 Based on the lessons learned in other projects and the provisions of Law 10,267/01, the program will: (i) move to comply with that law by supporting the creation of the National Cadastre of Rural Properties; (ii) integrate and standardize the land record-related actions of the various national institutions; (iii) systematize and expand land regularization efforts by INCRA and the States; (iv) simultaneously finance a survey of rural property and regularization of tenure of small and medium-sized farm holdings in priority municípios; and (v) support the development of links between the rural cadastre and the *Cartórios*.

- 1.20 The goals and aims of an ambitious regularization program such as that initially proposed by the government can be fully realized only by covering every one of the country's municípios (about 6,000 in 26 states). However, the practical challenges inherent to the project; regulatory, technological, and methodological weaknesses that take time to overcome; and Brazil's budget and external borrowing constraints make it necessary to execute the program in phases, extending coverage to the rest of the country gradually. The first phase will serve a limited number of priority areas in five selected states (see paragraph 2.5), and preparations will continue for later phases that will afford nationwide coverage. Because this will be the first phase of a larger program, special attention must be paid to building capacity (institutional, legal, and technical), modernizing information and communications systems, building the map-linked database (complete with the special equipment), and expanding the technical capacity of the agencies responsible for rural land information and regularization of title. Lastly, if the process is to produce the desired legal security, it is essential to modernize the *Cartórios* and increase their capacity to make the appropriate register entries at the municipal and district level, so that the process can continue into the future.

II. THE PROGRAM

A. Objective

- 2.1 The purpose of the program is to support, in an initial phase, the federal government and the governments in selected states (Bahia, São Paulo, Minas Gerais, Ceará, and Maranhão) in implementing the mandates under the Land Information and Registry Law (Law 10,267 of 2001). The program will thus contribute to enhancing the legal security of these properties and the quality of public information on them.
- 2.2 The execution of this first pilot stage of the program will lay the groundwork for future, more ambitious operations in other states, ultimately improving the quality of information on rural properties throughout the country, enhancing the legal security of ownership thereof, and setting the stage for more sustainable and equitable rural development.

B. Structure and description

- 2.3 To meet the above objective, a series of actions must be carried out that have been grouped into two main, interrelated components: (i) property information and land regularization; and (ii) institutional strengthening of the land information and registration system and participating institutions.

1. Property information and land regularization

- 2.4 This component will finance simultaneous, integrated, proactive campaigns to survey rural land, physically and legally regularize land tenure, and register the rights to real property in specific areas of five states.
- 2.5 The five states where these activities will be conducted were chosen mainly by applying the following criteria: (i) greatest number of properties up to 100 hectares in size that are possessed, not formally owned; (ii) a predominance of public land; and (iii) a lack of government initiatives involving property information and regularization.
- 2.6 In these five states, because of the available funding, the program's scope will be limited to those priority municípios that have the highest rate of possession of properties eligible for regularization in accordance with the respective State legislation (typically, less than 100 hectares) and that have a preponderance of

family farms. Also, the municípios will have to group together to facilitate physical implementation.⁷

- 2.7 The following component targets for the five states were established based on the above criteria and information provided by INCRA:

State	Municípios to participate	Estimated total number of properties	Estimated total number of "possessors"	Number of properties to be surveyed	Number of properties to be regularized
São Paulo	28 (of 645)	372,963	57,499	26,000	6,500
Minas Gerais	14 (of 853)	617,571	102,702	26,000	6,500
Ceará	19 (of 184)	131,000	55,000	26,000	15,000
Bahia	16 (of 417)	477,902	278,438	40,000	10,000
Maranhão	28 (of 217)	87,979	30,000	26,000	6,500
Total	105 (of 2,316)	1,687,415	523,639	144,000	44,500

- 2.8 The survey will cover 100% of the parcels in the selected rural municípios (full sweep), or approximately 144,000 rural properties. A precise geographic description referenced to the Brazilian Geodetic System will be prepared and entered into the land registry system in accordance with the modern regulations under Law 10,267/01. The campaigns will also regularize the occupancy of eligible properties under the respective state legislation (typically those under 100 hectares), resulting in the titling and registration of approximately 44,500 parcels. The program will use conciliation mechanisms, established in accordance with current regulations, for the expeditious resolution of boundary conflicts that may arise during execution.
- 2.9 Program funds will be used to hire companies to do topographical surveys of these rural properties (graphic information), collect property attribute data that will allow the property to be regularized and registered (literal information), operate the mobile operating units (MOUs) that will manage land information and regularization activities at the municipal level, maintain computer software and hardware at the federal and state level, and cover the operating costs for regularization and registration activities. The program calls for the following **property information, regularization, and registration** activities, to be carried out in accordance with current national regulations:

⁷ Based on these criteria, 105 municípios in these states were initially selected. The municípios to actually benefit may change during execution, however, depending on whether the targets set for each state are accomplished in terms of the number of properties surveyed as well as the number of titles regularized.

- a. **Preparatory activities.** First, existing maps, satellite images, and census and agricultural data will be obtained so that the state management units (SMUs) can prepare a detailed land regularization plan. Next, public information and outreach campaigns will be mounted in the municípios, the main objective being to involve municipal authorities and representatives of civil society, especially in the beneficiary communities, in planning the activities to be carried out under the program. Elements of the regularization process relating to environmental issues and women's rights will be emphasized. At the same time, georeferenced support points will be positioned and set within the Brazilian Geodetic System, according to the standards set by the Instituto Brasileiro de Geografia e Estatística [Brazilian Institute of Geography and Statistics], so that properties can be properly demarcated at the municipal level.
- b. **Field activities.** Program funds will be used to hire specialized companies to collect graphic information in the field; the boundaries between properties will be identified, with support from the owners and possessors, using global positioning system (GPS) receivers or topographic techniques that produce similar results. An output of this stage will be diagrams of the rural properties that identify boundaries with the associated numbering. The program will also finance the collection of literal information for each property: (i) a signed statement from the owner, recognizing the boundaries indicated on the property diagram; (ii) a rural property cadastre statement; (iii) an instrument specifically requesting initiation of the titling process; and (iv) a land identification report (LIF) that includes the information needed to verify that the prerequisites for titling have been met.⁸
- c. **Desk activities.** Program funds will also be used to have the information gathered in the field digitized and entered into a database. Once the respective MOU has verified that the graphic and literal field information for a given property is complete and meets the program's quality standards, that property is considered to have been fully surveyed. The graphical files for the properties surveyed in each município are later sent to INCRA for it to certify the georeferencing.
- d. **Regularization activities.** The **land regularization** process for the properties eligible for program support will be led by the respective state land agency in state areas and by INCRA's Regional Superintendent's Office in federal areas. This process begins with (the MOU) checking for past registration of title with the *Cartórios* and the institutions that possess public land, making it possible to then prepare municipal property analyses, assemble the plans and specifications

⁸ The above information requirements for properties eligible for titling are based on specific requirements in the laws of each state. In any event, the rural property cadastre statement and the boundary recognition statement must always be included.

for each property to be regularized, and issue the respective titles. Once a title is issued by the competent authority, and before it is formally turned over to the owner, it must be registered with the georeferenced property map (certified by INCRA), the specifications, and the boundary recognition statement annexed to it. These activities (except for the topographical survey) will be carried out by staff of the respective agencies, while the program will finance the associated operating expenses, such as travel, fuel, office supplies, and part of the cost of title registration. This activity also includes costs related to rectifying the records of properties with an area of less than four tax units.

2. Institutional strengthening of INCRA, state land agencies, and *Cartórios*

- 2.10 This component will strengthen the agencies in charge of land information, regularization, and registration efforts in five participating states and will set the stage for them to form a working network and manage information in accordance with the provisions of Law 10,267/01. Once component 2 is executed and the land information, regularization, and registration activities are carried out using the methodology of component 1, these states will have a modern land information and registry system and an improved model for property regularization and registration efforts. The expectation is that this model will be adopted by the federal government and applied in the remaining states.
- 2.11 The program will finance the provision of equipment for the work teams to perform their daily activities (vehicles, GPS, and office computers) and, specifically, the procurement of hardware, software, training, and all other services needed to put a program information system into operation to manage the **data** resulting from the surveying and regularization activities. The main activity associated with the development of this new model will be on-the-job **training** of the staff of INCRA, the state land agencies, the *Cartórios*, and participating municípios, so that they can assimilate the optimized **processes** and so the various institutions can be truly integrated around the new specialized units.
- 2.12 The component will support the updating of the INCRA National Rural Land Information System in Brasilia and the establishment of the following work units: state management units (SMUs) in each of the 12 participating states, both at INCRA's Regional Superintendent's Offices and at the state land agencies, and mobile operating units (MOUs), which will be set up temporarily in the municípios served by component 1 of the program.⁹ These units will invite the *Cartórios* located in the program's target area and the municipal prefectures to take on a proactive role in the program. In addition to being responsible for surveying and regularization activities, the staff of these units will be pioneering the

⁹ Two MOUs will be set up in each of the five states participating in component 1, with the exception of Bahia, where three MOUs will be created, for a total of 11.

modernization of the land information (cadastre)/registry system in each of the states, and as the program is executed, they will form an institutional network that will be responsible not only for the massive effort to establish the property information and registry under the program (component 1), but also for the future upkeep of the land information (cadastre)/registry system pursuant to Law 10,267/01.

- 2.13 The data gathered during component 1 will be processed and stored in the **program information system**, which will manage all the information resulting from the surveying and regularization activities and facilitate the sharing of information among all program actors. This system¹⁰ will be installed in both the National Rural Land Information System (Brasília) and in the five participating states (both at INCRA's Regional Superintendent's Offices and at the state land agencies), as well as at the respective MOUs and *Cartórios*. It will consist of four subsystems: (i) an updated national database; (ii) five state databases that guarantee data exchange with the National Rural Land Information System; (iii) field work support; and (iv) automatic generation of the property register based on titles.
- 2.14 System files will include up-to-date (graphic and literal) land and registry information on the status of real property in the rural areas covered under the program, available to all interested federal government and State agencies, municípios, *Cartórios*, tax offices, and civil society in general. At the state level, it will support the certification of land information by INCRA, land regularization, and the titling and registration of rural properties; it will be directly linked with the National Rural Land Information System and will facilitate transparent, seamless data sharing between INCRA and the *Cartórios* (linking the land information system and the property register). The program's spatial database at the National Rural Land Information System will be the "seed" of the future National Cadastre of Rural Properties to be established under INCRA and Receita Federal, in accordance with the provisions of the Land Information and Registry Law (10,267/01).
- 2.15 To implement the program information system, each and every agency in the system will be equipped with computers, software (geographic information systems, database management systems, computer-aided cartography) and specialized applications. The *Cartórios* will be provided with an application to streamline the process of recording titles, and both their offices and those of the municipal land information units will be able to exchange data with the system over the Internet.

¹⁰ ORACLE software will be procured to manage the system database, since INCRA already has that program for administering the National Rural Land Information System, with which this system will be integrated.

- 2.16 The component will also finance training for the staff of INCRA and the state land agencies in the new methodologies for carrying out property information and land regularization activities and in managing the system, as well as in specialized technical matters such as georeferencing, geographic information systems, and computer-aided cartography.
- 2.17 The program will also help the *Cartórios* operating in the selected municípios to perform their program-related duties in an appropriate and timely fashion. With support from nonprofit entities with recognized experience in this area, the following activities will be carried out toward that end: (i) a diagnostic assessment of the specific retooling needs of each office; (ii) preparation of action plans for each type of *Cartório*; (iii) preparation of specialized instructional material containing the technical and administrative standards for modernization of the *Cartórios* under the new legal framework (Law 10,267/01); (iv) preparation of a model establishing the equipment and operating standards for the modernized *Cartórios*; (v) training for approximately 200 property registration officials in the *Cartórios*;¹¹ and (vi) development of specialized software¹² that automates the filing of new titles awarded under the program in the *Cartórios*' records.

C. Cost and financing

- 2.18 The cost of this first stage of the program is US\$18 million. The Bank will finance US\$10.8 million (60%) with resources from the Ordinary Capital; local counterpart resources, in the amount of US\$7.2 million equivalent (40%), will be contributed by the Government of Brazil through its Ministry of Agrarian Development. The following table shows the estimated program cost, by investment category and source of financing, for each of the principal activities and components:

¹¹ These activities will be open to staff from the *Cartórios* in all five states participating in the institution-strengthening component.

¹² This application will become part of the program information system.

Estimated Program Costs (in US\$ thousands)

Investment categories	IDB	Gov. of Brazil	Total	%
1. Administration and supervision	759	400	1,159	6.4%
1.1 Creation and operation of the national PMU	759	400	1,159	
2. Direct component costs	9,114	5,831	14,945	83.0%
2.1 Property information and land regularization	7,513	3,416	10,929	
2.2 Institution-strengthening	1,601	2,415	4,016	
3. Associated costs	400		400	2.2%
3.1 Management system	160		160	
3.2 Baseline survey	100		100	
3.3 Midterm and final program evaluations	140		140	
4. Contingencies and escalation allowance	527	122	649	3.6%
4.1 Contingencies and escalation allowance	527	122	649	
5. Finance charges		847	847	4.7%
5.1 Interest		815	815	
5.2 Credit fee		32	32	
Total	10,800	7,200	18,000	100%
%	60%	40%	100%	

- 2.19 In addition to the US\$14.9 million for direct costs associated with the activities under each component, US\$1.2 million is included to finance administrative and monitoring expenses, including the cost of hiring specialized personnel and consultants for the PMU to operate effectively. The US\$400,000 for associated costs will cover contracts with consultants and specialized firms to perform the following studies and diagnostic assessments: (i) preparation of a baseline survey of information on rural properties and evaluation of the program's socioeconomic impacts; (ii) a midterm evaluation, which will include a critical review of technical, operational, and financial execution of the program; (iii) preparation of proposals for any necessary amendments to the legal framework for the efficient execution of subsequent stages; (iv) the final program evaluation, including the preparation of a possible second stage; and (v) implementation of the management system (which includes monitoring and evaluation).

III. PROGRAM EXECUTION

A. Borrower and executing agency

- 3.1 The borrower will be the Federative Republic of Brazil. The executing agency will be the Ministry of Agrarian Development (MDA), through the Agrarian Reform Secretariat, which will operate under the instruction and guidance of a management council. The Instituto Nacional de Colonização e Reforma Agrária [National Institute for Settlement and Agrarian Reform] (INCRA) and the States where the program will take place, through their respective state land agencies, will act as coexecuting agencies. The Conselho Nacional de Desenvolvimento Rural Sustentável [National Council on Sustainable Rural Development] (CONDRAF) will deliberate on the annual work plans, providing high-level political and interagency support and coverage and inviting the participation of civil society.

B. General execution plan

- 3.2 The MDA will bear overall responsibility for the program, which will be executed in a decentralized manner by INCRA through its Regional Superintendent's Offices and by the States through their state land agencies. Program resources, both external financing from the Bank and financing from the federal government, will be transferred from the MDA to INCRA directly, and to the States by way of agreements. While the decentralized execution of the program through INCRA and the States means a greater need for supervision by the MDA and the Bank, this arrangement is more consistent with the legal provisions governing the establishment of the national land information system (cadastre). **Prior to the first disbursement of loan proceeds, the borrower will submit evidence of having signed agreements with the state land agencies of at least three of the participating States (Bahia, Ceará, Maranhão, Minas Gerais, and São Paulo), as well as with INCRA. These agreements must set out the responsibilities of each of the program's coexecuting agencies and the basic rules for the transfer and use of loan proceeds in accordance with Bank rules and procedures.** There are draft agreements with all five States, but the idea is to prevent hurdles in signing one or two of them from halting the start of the program.
- 3.3 The MDA will create a national program management unit (PMU) under its Agrarian Reform Secretariat, which will act under the guidance of a management council and will be responsible for executive management of the operational, administrative, and financial elements of the program. The PMU will also coordinate the decentralized execution of the program handled by INCRA and the States.

C. Entities and agencies involved in program execution

1. The Ministry of Agrarian Development (MDA)

- 3.4 The MDA is ultimately responsible for overall program execution. It is thus responsible for implementing the program operating strategy and must: (i) maintain a dialogue with the Bank; (ii) create the national program management unit (PMU) under its Agrarian Reform Secretariat; (iii) ensure the availability of budget resources and their release in keeping with the timetables established in the annual work plans; (iv) formalize the agreements, contracts, and other administrative and legal instruments necessary for program execution, including those related to the transfer of resources to other coexecuting agencies (INCRA and the participating States) and to its procurement of goods and services.

2. The program management council

- 3.5 By direct delegation of the Minister of Agrarian Development, CONDRAF's Permanent Land Fund Committee will perform the duties of program management council—the deliberative body to guide program execution and evaluate its performance. The Committee is coordinated by the Agrarian Reform Secretary of the MDA and will further consist of: the manager of INCRA's land information department, the President of the Associação Nacional dos Órgãos de Terra [National Association of State Land Agencies], a representative of the Instituto de Registro Imobiliário do Brasil [Brazilian Institute of Real Property Registers] and the executive coordinator of the PMU. The Committee coordinator has *ad referendum* decision-making powers and will cast the deciding vote. The program management council will ordinarily meet every other month.

3. The national program management unit (PMU) under the MDA

- 3.6 The PMU, to be created under the MDA's Agrarian Reform Secretariat, will be in charge of program management and will act under the guidance of the aforementioned Committee. The PMU will assume responsibility for: (i) arranging to meet the conditions precedent to the disbursement of the Bank loan; (ii) monitoring and evaluating the technical/operational execution of the components; (iii) managing administrative and financial matters, e.g. supervising bidding processes handled by coexecuting agencies; (iv) complying with the rules and procedures set out in the Operating Regulations; (v) establishing a physical and financial monitoring and control system, with its corresponding baseline, and applying it; (vi) consolidating the annual work plans and other reports relating to program execution and supervision to be submitted for the management council's approval; (vii) preparing the legal instruments, with the public and private bodies, required for program execution; (viii) coordinating with INCRA and the participating States; (ix) program dissemination and reporting; and (x) maintaining a technical/operational dialogue with the Bank.

- 3.7 To effectively discharge its above roles and responsibilities, the PMU will be run by an executive coordinator, with the support of an operations manager, and will be organized into working groups assigned to the following areas: (i) property information (cadastre), (ii) land regularization, (iii) institution-strengthening, (iv) monitoring and evaluation, and (v) administration and finance. Accordingly, the PMU will have seven specialists. It will also hire specialized consultants to address specific needs that arise during execution. **Prior to the first disbursement of the loan proceeds, the borrower will submit evidence to the Bank that it has set up the PMU under the MDA, created the program management council, and appointed the executive coordinator, the operations manager, a specialist in property information, a specialist in land regularization, a specialist in institution-strengthening, and a management/financial specialist, in accordance with the terms of reference agreed on with the Bank.**

4. INCRA

- 3.8 INCRA, as the agency legally responsible for the National Rural Land Information System, will supervise program activities as they relate to the technical/operational aspects of collecting property information and regularizing tenure of federal *terra devoluta*. It will also consolidate the graphic and literal information resulting from the geodetic surveys and the property information gathered at the state level, providing the respective *Cartórios* with the relevant property data needed to ensure that their information matches up. INCRA will coordinate with the MDA and give instructions as needed to adjust internal procedures for dealing with large-scale land information system updates and regularization for small-scale farmers, making working and coordinating with the state land agencies easier.
- 3.9 INCRA's responsibilities within the program are to: (i) coordinate and execute actions related to collecting property information; (ii) maintain a current roster of experts and professionals known for their work in national geodetic surveys; (iii) carry out actions to regularize tenure of federal *terra devoluta*; (iv) consolidate the graphic and literal rural property information collected at the state level; (v) certify the technical geodetic referencing surveys done for the property information system so that the MOUs can transfer the data to the respective *Cartórios*; (vi) establish and administer the property data sharing network connecting INCRA's decentralized units and its headquarters; and (vii) make information on the development of the National Cadastre of Rural Properties available to stakeholders and the public in general, in accordance with current legislation.

5. State governments and the state land agencies (SLAs)

- 3.10 The States where the program is going to operate will sign agreements with the MDA and will receive the resources to discharge the responsibilities defined therein

from their corresponding state land agency, in accordance with the program Operating Regulations.

- 3.11 The States will sign contracts with specialized firms to execute the activities scheduled in the annual work plans, in accordance with Bank rules and procedures. The States will also ensure that the necessary material resources are available to provide logistical support for proper program execution.
- 3.12 The responsibilities of each state land agency will be to: (i) select the areas to be targeted by the program; (ii) prepare, together with the INCRA Regional Superintendent's Office, the state action plan and the annual work plan for that state; (iii) carry out the physical and informational surveys of the properties in the selected municípios; (iv) lead the process of regularizing parcels of state land; (v) coordinate with local institutions; (vi) hire and supervise specialized firms that provide services in connection with compiling land information; and (vii) submit the required technical and financial reports and promptly report any problem that arises as the work is being done.
- 3.13 The state land agencies participating in the program are: in Bahia, the Coordenação de Desenvolvimento Agrário; in Ceará, the Instituto do Desenvolvimento Agrário do Ceará; in Maranhão, the Instituto de Colonização e Terras do Maranhão; in Minas Gerais, the Instituto de Terras de Minas Gerais; and in São Paulo, the Fundação Instituto de Terras do Estado de São Paulo "José Gomes da Silva." These institutions have sufficient trained staff and have experience with land information and regularization.

6. The real estate records offices (*Cartórios*)

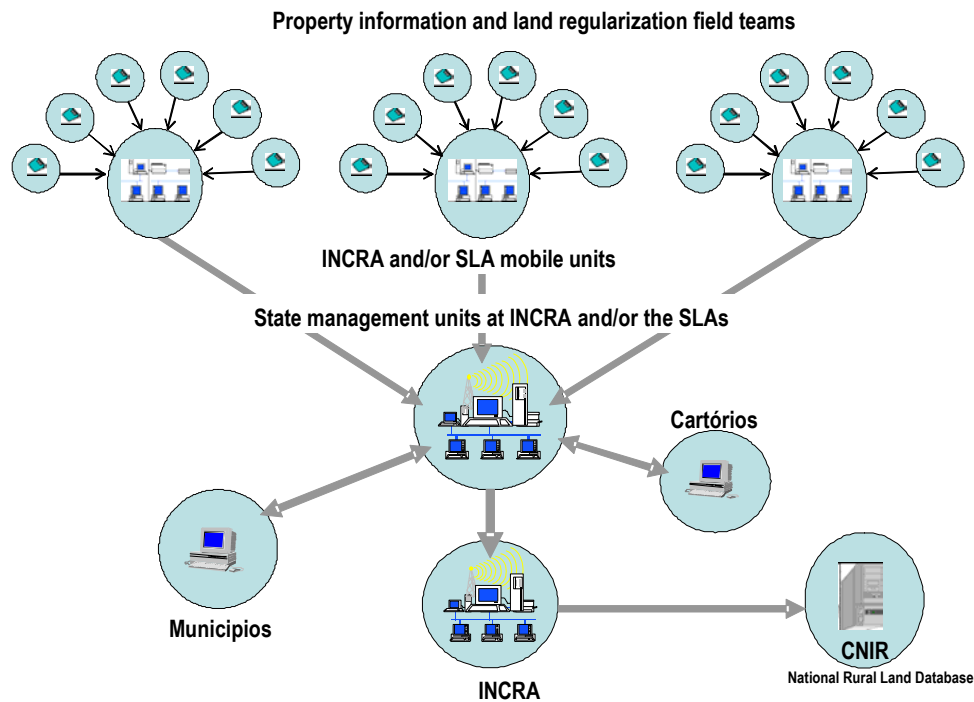
- 3.14 The *Cartórios* have the legal duty to report relevant data on each registered property to the National Rural Land Information System. A nonprofit entity with recognized experience in this area will assist the PMU in carrying out activities aimed at preparing the *Cartórios* for their participation in the program. **The borrower will prepare, under the aegis of the management system and in a manner deemed satisfactory to the Bank, a strategy to promote the public registry of the properties in the *Cartórios*.**

D. Implementation of the components

- 3.15 All work will be done under the administrative and financial management of the PMU and will follow INCRA's technical standards with regard to gathering and recording land information and regularizing tenure of the federal *terras devolutas*, and the standards of the respective state land agency in the state *terras devolutas*. The proposed operating plan will be adapted by each State taking into account its legal, technical, and institutional realities.

1. Property information and land regularization

- 3.16 The figure below represents the technical/operating structure for the property information and land regularization component, from executing the field work to entering the information in the program information system and in the National Rural Land Information System. Six major groups will be involved in executing this component: (i) the field teams (private firms); (ii) the mobile operating units (MOUs); (iii) the state management units (SMUs); (iv) the central control unit at INCRA headquarters in Brasilia (CCU); (v) the municípios; and (vi) the *Cartórios*.



- 3.17 In each state, responsibility for operational management will be shared by the SMUs set up at both the INCRA Regional Superintendent's Office and at the state land agency. These units will be responsible for state-level program planning and coordination, supervising the MOUs, controlling the quality of technical outputs, and helping to produce them. At the municipal level, two MOUs will be set up in each state,¹³ each made up of 8 to 10 employees of the INCRA Regional

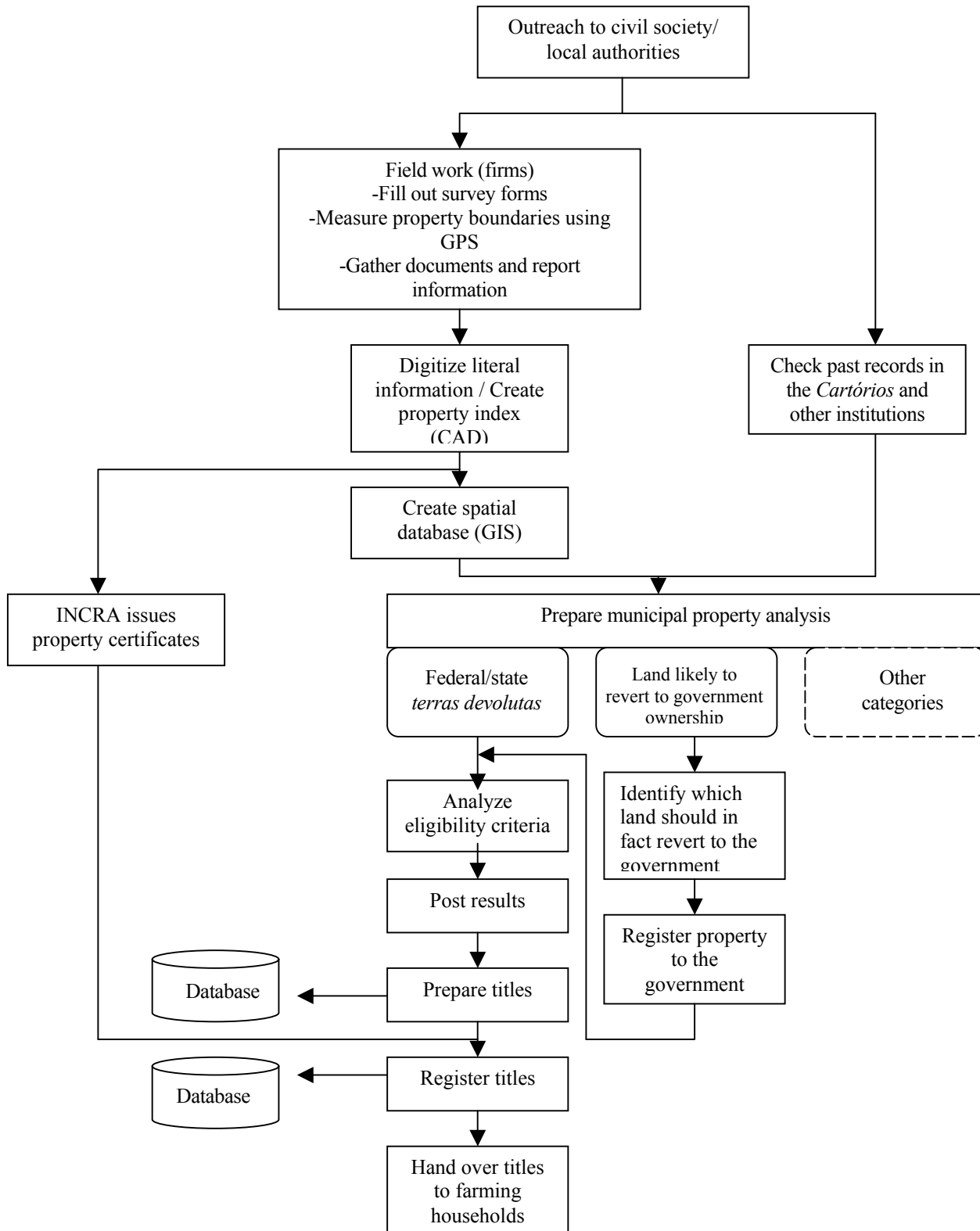
¹³ Each MOU will serve an average of 10 municípios, depending on their property density. Three MOUs will be created for Bahia.

Superintendent's Office and the state land agency. They will handle operational aspects of collecting property information and regularizing land tenure, and will be responsible for quality control of the firms hired to perform the field work. The MOUs will be set up in the initially selected municípios temporarily; when the program launches its mass collection activities, they will be moved to other municípios. The flow chart on the next page illustrates the activities under the property information and land regularization component described in paragraph 2.9 (subparagraphs a, b, c, and d).

2. Institution-strengthening

- 3.18 At the start of the program, INCRA and the state land agencies will set up the units in charge of execution in each of the five participating states. INCRA will determine which staff members will be part of the SMUs at its Regional Superintendent's Offices, and the MOUs. Each state land agency will assign personnel to the respective SMU and to the MOUs, and will decide together with the municipal prefecture on the physical space where they will work. Computer equipment for office work, vehicles, and GPS receivers will be arranged for centrally through the PMU, which will contract with suppliers of these goods to deliver them to the corresponding state land agency and INCRA Regional Superintendent's Office in each of the states. The PMU will hire firms to train all INCRA, state land agency, and the *Cartórios* assigned to execute the program.

FLOWCHART OF THE PROPERTY INFORMATION AND LAND REGULARIZATION PROCESS



- 3.19 To implement the program information system, and taking into account the specific needs of the different state land agencies and *Cartórios*, the PMU will coordinate with INCRA to hire a private firm to be in charge of performing a needs analysis and designing, developing, and implementing the information system, including the national database subsystems, the state databases, field work support, the link with the National Rural Land Information System, and the automated registration of titles granted under the program. The technology infrastructure (hardware and software) needed to implement the system will be procured centrally by the PMU and delivered to the offices of each of the five SMUs at the state land agencies, the five SMUs at INCRA'S Regional Superintendent's Offices, and at INCRA headquarters in Brasilia. Related training will also be contracted centrally by the PMU, but provided at the various locations.

E. Execution period and disbursement schedule

- 3.20 The program execution period will be three years. The tentative disbursement schedule is presented below:

Tentative Disbursement Schedule (in US\$ thousands)

Source	Year 1	Year 2	Year 3	Total
IDB	3,603	3,598	3,599	10,800
Local	2,430	2,321	2,449	7,200
Total	6,033	5,919	6,048	18,000

F. Budget and financial management

1. Revolving fund and disbursement mechanisms

- 3.21 The revolving fund for the program will consist of 5% of the loan amount. The Bank will perform an ex post review of the procurement of goods, works, and services for amounts less than US\$50,000, except when the PMU hires staff, in which case the Bank will do an ex ante review, regardless of the contract amount.

2. Budget execution

- 3.22 The program budget will be administered by the PMU, which will transfer funds to the state land agencies and INCRA, following procedures set by the Undersecretary for Planning, Budget, and Administration of the MDA. The budget will be formulated by those in charge of each component within the PMU, in coordination with INCRA and the state land agencies. This budget, once approved by the

management council, will be consolidated by the MDA and submitted to the Ministry of Planning, Budget, and Management.

- 3.23 In accordance with federal government regulations, the PMU will have to open a specific management unit within the Federal Integrated Financial Administration System (SIAFI) to handle budget and financial execution for the program's external and local counterpart resources. The PMU's executive coordinator, supported by the head of the administrative and financial area, will be responsible for programming the use of these resources and for preparing payment and disbursement requests.

3. Annual work plans

- 3.24 The principal instrument the PMU should use to manage program execution is the annual work plan (AWP). Before being used, AWP's must be submitted for the consideration of the program management council and the Bank and approved. **In the last quarter of each calendar year, the borrower will submit the respective AWP for the following year for the Bank's approval, and an execution report for the previous year's AWP.**

4. Accounting and financial records and resource management

- 3.25 The PMU will coordinate with the coexecuting agencies to prepare and submit to the Bank: (i) disbursement requests and supporting documentation for eligible program expenditures; (ii) semiannual reports on revolving fund activity; and (iii) audited financial statements and other reports required by the Bank; and (iv) it will maintain an effective system for filing documentation supporting eligible expenses, for verification by the Bank and external auditors.
- 3.26 The PMU and each of the coexecuting agencies will also: (i) keep separate records of program operations to allow for the accounting and financial management of financing provided by the Bank and the local counterpart, in accordance with Bank requirements; (ii) maintain separate and specific bank accounts for managing the loan proceeds and the local counterpart resources; and (iii) select and contract out for works, goods, and consulting services, including a system for contract management.

G. Procurement of goods and services

- 3.27 Goods and services, including consulting services, will be procured following Bank rules and procedures. The borrower requested that the provisions of the Bank's new procurement policies, i.e. document GN-2349-4 for goods and document GN-2350-4 for consulting services, be applied.¹⁴ International publicity will be used

¹⁴ See the Procurement Plan for details.

for the procurement of goods and related services costing US\$500,000 or more, works costing US\$10 million or more, and consulting services for amounts over US\$200,000. The shortlist of consultants, for consultancies valued at less than or equal to US\$500,000, can be made up entirely of local consultants.

H. External audits

- 3.28 The PMU will submit annual program financial statements within 120 days after the end of the fiscal year and the final audit within 120 days after the last disbursement, in accordance with the terms of reference approved by the Bank. The external audit will be conducted by auditors acceptable to the Bank—in this case, the Federal Control Secretariat, which performs all the external audits for the federal government—in accordance with the requirements of documents AF-100 and AF-300, and based on the terms of reference agreed on with the Bank (document AF-400).

I. Operating Regulations

- 3.29 Operating Regulations have been prepared, discussed, and agreed upon during program preparation and analysis so that all program participants can become familiar with, understand, and uniformly apply procedures. The Operating Regulations must be approved by the program management council and receive the Bank's nonobjection. **Prior to the first disbursement of the loan proceeds, the borrower will present evidence to the Bank that the program Operating Regulations containing the basic administrative, technical, and financial procedures for program execution, and the Land Regularization and Cadastre Manual have been formally approved and put into effect. Any amendments to these regulations must receive the Bank's nonobjection.**

J. Monitoring and evaluation

- 3.30 The Bank's Country Office in Brazil will oversee and monitor program execution. The MDA, through the PMU, will submit an initial program execution report that is based on the logical framework and includes the AWP for the first year. **Prior to the first disbursement of the loan proceeds, the borrower will submit to the Bank the initial program execution report, based on the logical framework and including the annual work plan for the first year of program execution.**
- 3.31 Given the pilot nature of the program and the need to make adjustments and changes during execution, a midterm program evaluation will be done that will focus on analyzing the logical framework indicators: whether the physical targets have been met (properties surveyed and registered); the percentage of properties for which the information in the property register matches that in the land information system; the increase in use of the public registry system; and indicators of institutional modernization (how well the units and systems at the municipal, state,

- and federal level function and how they interrelate with the *Cartórios*). The evaluation should also propose options for the financial sustainability of the new information system. **When 18 months have passed since the date of the first disbursement, or when 50% of the loan proceeds have been disbursed, the borrower will hire a specialized, independent firm to perform a midterm evaluation of program execution, in accordance with the terms of reference agreed on with the Bank.**
- 3.32 As an integral part of program administration and supervision, the PMU will commission a baseline study¹⁵ and the design and implementation of a program monitoring and evaluation system (PMES) used to compile and analyze data and prepare reports. In addition to the indicators produced by the program information system and the data from the accounting and financial control system, the PMES will also include the indicators described in the environmental management plan for the program.¹⁶ **The disbursement of more than 20% of the loan proceeds will be contingent upon the implementation of the program monitoring and evaluation system, in accordance with the terms of reference agreed on with the Bank.**
- 3.33 As the program draws to a close, the PMU will hire an independent firm to conduct a final evaluation, based on which future stages of the program can be designed for other parts of the country. The final evaluation will analyze the performance of the indicators set out in the logical framework. One important input will be the economic evaluation (paragraph 2.19), based on the indicators in the baseline study and on sampling during program execution. **When 80% of the loan proceeds have been disbursed, the borrower will commission the final program evaluation, in accordance with the terms of reference agreed on with the Bank.**
- 3.34 The executing agency will assemble, file, and store all information, indicators, and parameters, including the AWP and the midterm and final evaluations, so as to enable: (i) the Bank to prepare the project completion report; and (ii) the Bank's

¹⁵ Early in the process, samples of representative farmers—those who have title to their land and those who will be involved in the titling process—will be surveyed, and variables such as their net worth (assets minus debt) will be measured to gauge their operating efficiency in the base year (income earned that year). These results will make it possible to estimate several indicators, such as rate of return, labor productivity, land productivity, and family income. The baseline study should include variables and parameters related to the environmental management plan, such as the use of chemical inputs, soil conditions, and the status of women with regard to property rights. These same indicators will be measured four or five years later to determine the effects of titling. Comparing properties that were already titled with properties titled through the program will enable the influence of variables other than titling to be measured.

¹⁶ Included will be impact indicators such as progress in demarcating protected nature areas, *quilombos*, and indigenous areas; trends in land use; developments in the participation of civil society; and increases in the use of chemical inputs and soil conservation techniques; as well as outcome indicators such as the number of technical staffers trained in environmental and gender issues and development of the dispute-resolution mechanism.

Office of Evaluation and Oversight (OVE) to carry out an ex post evaluation of program outcomes or impacts, should it decide to do so, in accordance with policy paper GN-2254-5.

K. Operation and maintenance

- 3.35 The loan contracts will include a commitment from the borrower, through the MDA, that the vehicles financed with program resources will be operated and maintained in accordance with generally accepted technical standards, and that the necessary personnel and materials will be on hand for their efficient operation.

L. Recognition of local counterpart expenditures

- 3.36 The Bank can recognize, as part of the local counterpart contribution, up to US\$75,000 in expenditures made for program preparation, including hiring consultants, conducting seminars, and preparing dissemination materials, that were incurred before the loan was prepared, but after 15 January 2005, provided the same requirements as are set forth in the loan contract are met.

IV. FEASIBILITY AND RISKS

A. Institutional feasibility

- 4.1 Brazil currently has the legal foundations and the institutional capacity to carry out the proposed program. Law 10,267/01 established the public land registry system, calling for the creation of the National Cadastre of Rural Properties under INCRA, the georeferencing requirement for issuing the rural property certificate, and the responsibility of the *Cartórios* to report changes in real estate records to INCRA every month. At the national level, the MDA, through the Agrarian Reform Secretariat, is in charge of guiding the national agrarian reform process, while INCRA is legally charged with developing and maintaining the rural land information system and land regularization of federal areas. The institutional structure at the state level consists of the state land agencies, which are responsible for property information, titling, and land regularization in state areas.
- 4.2 Although the institutional structures at both the federal and state level are complex, it should be noted that the law requires them to coordinate with one another and clearly establishes the flow of information between them. All efforts should converge around INCRA, which is the agency that grants the rural property certificate and registers the information in the National Rural Land Information System. The smaller scale of the program will also make coordination easier,¹⁷ as will the creation under the MDA of the PMU, which will consolidate information on program execution. For its part, the Conselho Nacional de Desenvolvimento Rural Sustentável, the government's top authority to engage in dialogue with civil society on rural development policy, will deliberate on the annual work plans, providing high-level political and interagency support and coverage.

B. Socioeconomic feasibility

1. Benefits of titling land

- 4.3 The line of reasoning as to why titling is advantageous begins with the fact that the owner has a bigger incentive to invest when there is greater certainty of reaping the fruits of the investment; this in turn is reflected in higher property values, which some studies have reported can appreciate by 30% to 80%. The greater incentive to invest is accompanied by the ability to access formal credit markets by using the land as collateral. These factors, coupled with a favorable policy framework, translate into increases in output, productivity, and ultimately, the income of farmers. The ability to freely transfer titled land, both permanently (by sale) or

¹⁷ The size of the program and the experience of countries like Peru (150,000 properties regularized each year) suggest that a three-year execution period should be sufficient.

temporarily (by leasing it), and the lower transaction costs further increase the above benefits. All these beneficial effects should come together to make the value of properties to which the owners enjoy full property rights higher than the value of properties to which rights are precarious or nonexistent. Hence, one way of gauging the benefits of the program's titling component would be to measure the price difference between properties of equal quality, with title and without.

- 4.4 As official data on the value of properties with and without title were not available, an alternative method was used to estimate the benefits of titling. This method involved estimating the difference between the returns to land, capital, and management for owners, tenant farmers, and sharecroppers and the returns obtained by occupants who have no title. The lack of historical data seriously limits the ability to quantify the potential benefits of the property information and titling component listed in the previous paragraph, but data were obtained from the 1995-1996 agricultural census done by the Instituto Brasileiro de Geografia e Estatística that made it possible to quantify, among other variables, the returns to land, capital, other fixed factors, and management obtained by four groups of agricultural producers: owners, tenant farmers, sharecroppers, and occupants. The returns would be expected to be higher, per unit of land, for owners and other producers whose use of the land is legally secure, such as tenant farmers and sharecroppers, than for occupants.
- 4.5 The data came from 166,725 producers classified as family farmers in the five states. Of these, the majority were owners: 120,955 (73%). Occupants were the next largest group, with a total of 26,562 (16%); next came sharecroppers, with 12,116 (7%), and last were tenant farmers, with 7,092 (4%). An examination of returns to land, capital invested in other fixed assets, and management for the different types of farmers revealed that these figures were negative in all the states and for all types of farmers, except for tenant farmers in Minas Gerais, which shows the troubled state of family farming in Brazil. When these returns were calculated on a per hectare basis, however, the numbers proved to be consistently less negative for owners than for tenant farmers, sharecroppers, and occupants, with the already noted exception of tenant farmers in Minas Gerais. In other words, owners lose less than do nonowners.
- 4.6 To calculate the benefits of titling at market prices, the estimated returns for producers that operate with a certain degree of legal security (owners, sharecroppers, and tenant farmers) were compared with returns for mere occupants, assuming that only half of the difference was due to titling. Also, several assumptions were made about the order in which these benefits accrue over time. Then, the program's costs and benefits were compared, and indicators of rate of return (net present value and internal rate of return) were estimated, assuming that the only benefits of the program would be those derived from titling, and therefore charging 100% of the costs to that component. The net present value (NPV) at market prices, calculated at a discount rate of 12%, ranged from US\$24.4 million to

US\$26.4 million in the baseline situation (50% of benefits), while the internal rate of return (IRR) ranged from 32% to 40%. If only 50% of the benefits in the baseline situation are attributed to titling (25% of the total), the NPV ranges from US\$5.2 million to US\$6.2 million and the IRR from 17% to 20%.

- 4.7 For the economic assessment (at social prices), correction factors were applied to some of the market prices given in the previous paragraph to convert them to economic or social prices. The correction factors used were taken from a World Bank study on irrigation in Brazil's Northeast¹⁸ and were applied to the benefits. In this case, the NPV of the baseline situation, calculated at a discount rate of 12%, ranged from US\$16.7 million to US\$18.2 million and the IRR ranged from 26% to 33%. When only 50% of the benefits of the baseline situation were attributed to titling, however, the NPV dropped to between US\$1.4 million and US\$2.1 million and the IRR ranged from 14% to 15%. It bears mention, however, that the assumptions made about the benefits of titling are extremely conservative, since the benefits attributable to the property register were not included, and the program costs were not corrected to reflect social prices.

2. Poverty classification (PTI and SEQ)

- 4.8 This operation qualifies as a social equity enhancing project, as described in the indicative targets mandated by the Bank's Eighth Replenishment (document AB-1704). Furthermore, this operation qualifies as a poverty-targeted investment (PTI). The borrower will not be using the 10 percentage points in additional financing. First, the farmers to benefit from **titling** clearly qualify as small-scale agricultural producers by the very design of the project, since only occupied properties of less than 100 hectares will be titled. The average area of the properties to be titled in the five states is in fact 20.5 hectares—4.6 times smaller than the average size of all properties located in the targeted areas, which is 94.6 hectares. Of the five states covered by the project, three (Bahia, Ceará, and Maranhão) are located in the Northeast and the other two (São Paulo and Minas Gerais) belong to the Southeast. In all five, the incidence of poverty is much higher in rural areas than in urban areas. According to World Bank estimates,¹⁹ approximately 41% of the rural population of the Northeast and Southeast is poor, compared with 14.5 % of the urban population. The average per capita income in the two regions was R\$2,123 and R\$3,056 respectively; both figures are below the per capita GNP in 1996, which was R\$4,945. These numbers tell us that the rural parts of the Northeast and Southeast have poverty indicators below the national averages. Lastly, estimates from the Poverty and Inequality Advisory Unit of the Bank's

¹⁸ World Bank, "Irrigated Agriculture in the Brazilian Semi-Arid Region: Social Impact and Externalities," Report 28785-BR, Washington, April 2004.

¹⁹ World Bank, "Rural Poverty Reduction in Brazil: Towards an Integrated Strategy," Report 21790-BR, 2001.

Sustainable Development Department suggest a **poverty line** of R\$140 per person per month, expressed in nominal 2000 reais (approximately US\$76/month, or US\$912/year). A study by INCRA and the Food and Agriculture Organization (FAO)²⁰ showed that in the Northeast 92.7% of farms had annual family income below R\$3,000 in the 1995/96 agricultural season, or about R\$667(=US\$667) per person, falling below the IDB poverty line. These farms accounted for 76.7% of the total area corresponding to family farms. In the Southeast, the situation was somewhat better, though also below the poverty line established by the IDB: farms with income below R\$3,000 represented 69.8% of the total and occupied 53.6% of the land area, with annual per capita income of US\$789. The same INCRA/FAO study also found that **occupants without title** tend to be lower-income producers. In other words, the program will benefit the poorest farmers amongst a group of poor farmers.

C. Financial feasibility

- 4.9 The program's financial feasibility is guaranteed by the fact that the MDA's 2004-2007 Multiyear Investment Plan includes nearly US\$30 million for the program. Nevertheless, MDA authorities opted to limit the program's cost to just US\$18 million, bearing in mind the pilot nature of the project. The 2005 MDA budget put before the Congress by the government, which was passed in late November 2004, included R\$18.3 million (about US\$5.8 million) for the program. These funds will be duly channeled toward the program by means of the appropriate adjustments and procedural changes once the Bank loan has been formally approved.

D. Environmental and social impact

- 4.10 The program does not call for any actions with direct impacts on the physical/biotic environment. It is possible, however, that it may indirectly have positive impacts and risks for the environment, as well as various social impacts, such as potential conflicts within communities in the target areas, or potential impacts on natural resources in protected areas.
- 4.11 The program's positive environmental and social impacts may include: (i) greater access for the rural population to the benefits of regularizing rights to rural property; (ii) higher quality and greater availability of land and registry information on rural properties in the land database and the property register, for use by public and private entities, thus facilitating better environmental management and land use planning for natural resource protection areas, indigenous areas, *quilombos*, and

²⁰ INCRA/FAO, "Novo retrato da Agricultura Familiar: O Brasil Redescoberto" [A New Picture of Family Farming: Brazil Rediscovered], February 2000.

- other areas of national interest; and (iii) greater likelihood that good farming practices will be used that will enhance the sustainable use of natural resources.
- 4.12 Among the potential adverse impacts that could be caused by the process of titling rural properties are: (i) conflicts among squatters over the use of insufficiently demarcated protected areas; (ii) the possible titling of properties that do not fully comply with the legal reserve mandate; (iii) potential conflicts with indigenous communities and *quilombos*; (iv) intensified use of agrochemicals that pollute water sources; (v) intensified use of the land, leading to soil conservation problems; and (vi) an expansion of farming areas, leading to greater resource extraction and its consequent impacts on wildlife.
- 4.13 Brazilian law provides an effective legal framework for enforcing socioenvironmental policies during program implementation: Law 6,938/81 established the National Environmental Policy (PNMA), the National Environmental System (SISNAMA), and the National Environment Council (CONAMA). This set of rules and regulations constitutes the basis for applying measures to mitigate potential program impacts. Brazil also has legislation that specifically protects green cover, defines permanent conservation areas as a function of the course of waterways and other variables, and sets aside legal reserve areas; the percentage of protected land varies from state to state, but can be as high as 80%, as in the case of the Amazon region. The program's social outreach activities will encourage communities to respect these regulations and to use good farming practices to preserve the productive capacity of natural resources. The program will have a positive effect in this regard, facilitating the involvement of agencies in charge of environmental management and enforcing environmental regulations. Within the MDA, the environmental sustainability of projects and the recognition of the social, ethnic, and cultural diversity of beneficiaries have been established as fundamental policy, and environmental guidelines for agrarian reform settlements have been adopted.
- 4.14 The program will not title land belonging to indigenous reservations, *quilombos*, or conservation areas, nor will it formalize occupation of land within these areas. Different methodologies apply in these cases, by virtue of special legislation, and all resulting information will be reported to the competent entities (FUNAI, IBAMA, Fundación Palmares) so they can initiate procedures for recognizing and delimiting such areas. Land registry within reserve areas, along with the subsequent legal steps (compensating private owners or expropriating land from possessors), is the responsibility of the corresponding environmental agencies.
- 4.15 With respect to women's rights, the program will encourage enforcement of the law, which seeks to protect women's economic rights by making joint title—or placing title in the woman's name—mandatory for rural properties. Training and the program's publicity campaigns will include topics that specifically reinforce this perspective during the regularization process. A recent INCRA/FAO project

established several gender-related lines of action that will be fully applicable during program execution: (i) actions to promote gender considerations within INCRA and the MDA; (ii) actions to allow for the empowerment of women in agrarian reform settlements; and (iii) incorporation of the gender perspective in INCRA's plans and programs.

- 4.16 In view of the above, a program **environmental management plan** (EMP) was prepared that outlines a socioenvironmental intervention strategy emphasizing four lines of action: (i) the design of activities, institutional mechanisms, and special measures to minimize the negative effects of potential indirect impacts; (ii) program articulation with the various segments of civil society and relevant social movements; (iii) instruction and training of technical staff at institutions involved in socioenvironmental and gender issues; and (iv) inclusion of a series of socioenvironmental indicators in the program monitoring and evaluation system, so the suitability and efficacy of the proposed mitigation measures can be assessed.
- 4.17 The following measures are to be taken under the EMP: (i) enter into agreements with environmental agencies with a presence in the areas targeted by the program, to mount educational and informational environmental protection campaigns; (ii) facilitate access to the information generated through the program for agencies tasked with environmental management; (iii) encourage the state land agencies to adopt dispute-resolution mechanisms during the process of collecting property information; (iv) include criteria and procedures to be applied with regard to social and environmental issues in the program Operating Manual and the land regularization manual, including a gender perspective and considerations that affect different ethnic groups; (v) ensure the direct participation of civil society in the data collection and land regularization campaigns by hiring specialized consultants to help with social outreach activities in the different municípios to be covered by the program; these consultants will work in coordination with the mobile operating units (MOUs) and will be supported by municipal rural development councils and other similar entities (terms of reference available); and (vi) include the relevant social and environmental variables in the program monitoring and evaluation system. The estimated costs of the actions proposed in the EMP were factored into the corresponding program components as well as the planned expenses of the PMU. Resources for specific consulting services were included in the program budget to help implement these recommendations, especially as regards the participation of civil society. These consultants will assist the MOUs in each state in preparing the community participation channels in the municípios and will also train the technical teams on environmental conservation, rights of women and ethnic groups, and methodologies for the evaluation of outcomes.

E. Risks

- 4.18 **Interagency coordination and agreements between the MDA's Agrarian Reform Secretariat and the States and *Cartórios*.** The property information,

regularization, and registration activities will necessitate the involvement of several local stakeholders, such as INCRA's Regional Superintendent's Offices, the state land agencies, and the *Cartórios*. Accordingly, agreements must be formalized for coordinating actions with the MDA, and contracts need to be negotiated with the *Cartórios* to reduce registration costs and to modernize the information systems and comply with the requirements of Law 10,267/02.

- 4.19 **Administrative processes used by the *Cartórios*.** The *Cartórios* are regulated by state and district judges, so there is a risk that standards for the registration process could vary. A nonprofit entity with experience in this area has been included in the Working Group to ensure that the administrative procedures used by the *Cartórios* are standardized and that their staff are trained. A national strategy will be designed to create incentives to encourage owners to register their newly regularized properties.
- 4.20 **Legal framework for property register.** Given that the program will result in new descriptions of properties that are currently in the register, an administrative process to streamline the current judicial process for rectifying the register will enhance the program's impact. A bill establishing a streamlined mechanism for the administrative rectification of titles recorded in the register is currently before the National Congress.

BRAZIL (BR-0392)
LOGICAL FRAMEWORK
LAND REGULARIZATION AND CADASTRE PROGRAM

NARRATIVE SUMMARY	INDICATORS	MEANS OF VERIFICATION	MAIN ASSUMPTIONS
<p>GOAL</p> <p>To help increase the legal security of land tenure and the sustainable and equitable development of the rural areas targeted by the program.</p>	<ul style="list-style-type: none"> ▪ Higher profitability of family farms in areas targeted by the program. ▪ Improved quality of public information on rural properties. 	<p>Comparative analysis of socioeconomic indicators measured after two years and after project completion versus the baseline.</p>	<p>Economic development will continue in rural areas. The property register will facilitate opportunities for farmers under public programs for rural</p>
<p>PURPOSE</p> <p>To support the federal government and the governments in selected states in the initial phase of implementation of the mandates under the Land Information and Registry Law (Law 10,267 of 2001), which will help improve the quality of property information.</p>	<p>OUTCOMES</p> <p>By the end of the program:</p> <ul style="list-style-type: none"> ▪ The public land registry system and information system (defined in Law 10,267/01) are installed and operating in five states: Bahia, Ceará, Maranhão, Minas Gerais, and São Paulo. In each state, the system should be characterized by the following: <ul style="list-style-type: none"> – A state management unit (SMU) is set up at the state land agency and at the INCRA Regional Superintendent's Office. – Mobile operating units (MOUs) are working. – The land information and registration system is up and running. – The georeferenced land database is linked to INCRA's National Rural Land Information System. – Title information in the property register and the land information system (cadastre) is identical. – Georeferenced land survey completed on 100% of the properties in the selected municípios in each state. – 100% of the rural properties of small-scale producers (posseiros) that meet the legal requirements area regularized in the selected municípios in each state. – At least 60% of the properties (including properties other than those mentioned above) in the selected municípios have consistent physical, cadastre, and registry data. 	<p>Final program evaluation.</p>	<p>Program activities will result in greater incentives for national registering of property regularization transactions.</p>

NARRATIVE SUMMARY	INDICATORS	MEANS OF VERIFICATION	MAIN ASSUMPTIONS																																																																						
COMPONENTS Component 1: Property information and land regularization	OUTPUTS ▪ Approximately 144,000 rural properties in the selected municípios (approximately 105) are geodetically surveyed and recorded, as follows: <table><tr><th>State</th><th>Year 1</th><th>Year2</th><th>Year 3</th><th>Total</th></tr><tr><td>BA</td><td>5,400</td><td>17,300</td><td>17,300</td><td>40,000</td></tr><tr><td>CE</td><td>3,400</td><td>11,300</td><td>11,300</td><td>26,000</td></tr><tr><td>MA</td><td>3,400</td><td>11,300</td><td>11,300</td><td>26,000</td></tr><tr><td>MG</td><td>3,400</td><td>11,300</td><td>11,300</td><td>26,000</td></tr><tr><td>SP</td><td>3,400</td><td>11,300</td><td>11,300</td><td>26,000</td></tr><tr><td>Total</td><td>19,000</td><td>62,500</td><td>62,500</td><td>144,000</td></tr></table> ▪ Tenure of approximately 44,500 rural properties held by small-scale producers is regularized in the municípios surveyed, as follows: <table><tr><th>State</th><th>Year 1</th><th>Year 2</th><th>Year 3</th><th>Total</th></tr><tr><td>BA</td><td>1,354</td><td>4,325</td><td>4,325</td><td>10,000</td></tr><tr><td>CE</td><td>2,000</td><td>6,500</td><td>6,500</td><td>15,000</td></tr><tr><td>MA</td><td>850</td><td>2,825</td><td>2,825</td><td>6,500</td></tr><tr><td>MG</td><td>850</td><td>2,825</td><td>2,825</td><td>6,500</td></tr><tr><td>SP</td><td>850</td><td>2,825</td><td>2,825</td><td>6,500</td></tr><tr><td>Total</td><td>5,900</td><td>19,300</td><td>19,300</td><td>44,500</td></tr></table>	State	Year 1	Year2	Year 3	Total	BA	5,400	17,300	17,300	40,000	CE	3,400	11,300	11,300	26,000	MA	3,400	11,300	11,300	26,000	MG	3,400	11,300	11,300	26,000	SP	3,400	11,300	11,300	26,000	Total	19,000	62,500	62,500	144,000	State	Year 1	Year 2	Year 3	Total	BA	1,354	4,325	4,325	10,000	CE	2,000	6,500	6,500	15,000	MA	850	2,825	2,825	6,500	MG	850	2,825	2,825	6,500	SP	850	2,825	2,825	6,500	Total	5,900	19,300	19,300	44,500	Midterm and final program evaluations. Semiannual progress reports.	Interagency coordination among the Ministry of Agrarian Development, INCRA, the state land agencies, and the <i>Cartórios</i> enables the public land registry and information system to operate transparently and efficiently.
State	Year 1	Year2	Year 3	Total																																																																					
BA	5,400	17,300	17,300	40,000																																																																					
CE	3,400	11,300	11,300	26,000																																																																					
MA	3,400	11,300	11,300	26,000																																																																					
MG	3,400	11,300	11,300	26,000																																																																					
SP	3,400	11,300	11,300	26,000																																																																					
Total	19,000	62,500	62,500	144,000																																																																					
State	Year 1	Year 2	Year 3	Total																																																																					
BA	1,354	4,325	4,325	10,000																																																																					
CE	2,000	6,500	6,500	15,000																																																																					
MA	850	2,825	2,825	6,500																																																																					
MG	850	2,825	2,825	6,500																																																																					
SP	850	2,825	2,825	6,500																																																																					
Total	5,900	19,300	19,300	44,500																																																																					

NARRATIVE SUMMARY	INDICATORS	MEANS OF VERIFICATION	MAIN ASSUMPTIONS
<p>Component 2:</p> <p>Institutional strengthening of INCRA, the state land agencies, and the <i>Cartórios</i></p>	<ul style="list-style-type: none"> ▪ The program information system is installed and running starting in year 1, managing the data from the surveying and regularization activities under component 1 and making it available for use. The system will be directly linked with the National Rural Land Information System, making it easy for INCRA, the state land agencies, and the <i>Cartórios</i> to share property data. The system comprises four subsystems: (i) the national database; (ii) five state databases that guarantee data exchange with the National Rural Land Information System; (iii) support for the field work done by each MOU (11); (iv) data exchange with the National Rural Land Information System and the <i>Cartórios</i>; and (v) automated generation of property registers from individual titles. The system will be comprised of the following entities: <ul style="list-style-type: none"> – Strengthened National Rural Land Information System at INCRA headquarters in Brasília. – 10 SMUs set up in the five program states (five at the INCRA Regional Superintendent's Offices and five at the state land agencies) – 11 MOUs working in the states of Bahia (3), Ceará (2), Maranhão (2), Minas Gerais (2), and São Paulo (2). ▪ 240 employees of the state land agencies and the INCRA Regional Superintendent's Offices are trained on how the program information system works and how to operate it. ▪ 200 registrars from the <i>Cartórios</i> are trained in the selected municípios in the 12 states targeted by the program. ▪ The <i>Cartórios</i> in these municípios are equipped to act in accordance with the provision of Law 10.267 and its regulations and report information on real estate transactions to the National Rural Land Information System within the time frames given in that law. 	<p>Midterm and final program evaluations.</p>	

NARRATIVE SUMMARY	INDICATORS	MEANS OF VERIFICATION	MAIN ASSUMPTIONS
ACTIVITIES			
0. National program management unit			
1. Property information and land regularization			
1.1 Preparatory activities			
1.2 Field activities			
1.3 Desk activities			
1.4 Regularization activities			
2. Institutional strengthening of INCRA, the state land agencies, and the Cartórios			
2.1 Information system			
2.2 Organizational structure			
2.3 Training staff			
2.4 Modernizing the Cartórios			
3. Associated costs			
3.1 Baseline study			
3.2 Management system			
3.3 Midterm and final evaluation			

Budget by component and activity (in US\$ thousands)				
Item	Year 1	Year 2	Year 3	Total
0.	349	405	405	1,159
1.	1,447	4,741	4,741	10,929
1.1	50	85	85	220
1.2	1,126	3,757	3,757	8,640
1.3	227	755	755	1,737
1.4	44	144	144	332
2.	3,488	264	264	4,016
2.1	2,055			2,055
2.2	1,269			1,269
2.3	64	214	214	492
2.4	100	50	50	200
3.	260	70	70	400
3.1	100			100
3.2	160			160
3.3		70	70	140

Semiannual progress reports.

PROPOSED RESOLUTION

Brazil. Loan /OC-BR to the Federative Republic of Brazil
Cadaster and Land Regularization Program

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the Federative Republic of Brazil, as Borrower, for the purpose of granting it a financing to cooperate in the execution of the cadaster and land regularization program. Such financing will be in the amount of up to US\$10,800,000, from the resources of the Single Currency Facility of the Bank's Ordinary Capital, and will be subject to the Financial Terms and Conditions and to the Special Contractual Conditions of the Executive Summary of the Loan Proposal.