



<b>1. Project Data:</b>		<b>Date Posted :</b> 12/12/2013	
<b>Country:</b>	Peru		
<b>Project ID:</b>	P078894	<b>Appraisal</b>	<b>Actual</b>
<b>Project Name:</b>	Real Property Rights Consolidation Project	<b>Project Costs (US\$M):</b>	41.66      35.98
<b>L/C Number:</b>	L7368	<b>Loan/Credit (US\$M):</b>	25.00      19.07
<b>Sector Board:</b>	Public Sector Governance	<b>Cofinancing (US\$M):</b>	0.0      0.0
<b>Cofinanciers:</b>		<b>Board Approval Date:</b>	03/14/2006
		<b>Closing Date:</b>	12/31/2011      06/30/2012
<b>Sector(s):</b>	Sub-national government administration (63%); General public administration sector (37%)		
<b>Theme(s):</b>	Personal and property rights (50% - P); Land administration and management (25% - S); Municipal governance and institution building (25% - S)		
<b>Prepared by:</b>	<b>Reviewed by:</b>	<b>ICR Review Coordinator:</b>	<b>Group:</b>
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## 2. Project Objectives and Components:

### a. Objectives:

The objective of the project was to consolidate a decentralized and sustainable property rights system that facilitates access for the Peruvian population . The project objective was the same in the Project Appraisal Document (PAD) and in the Loan Agreement (LA)

The project was to continue the support provided under the Urban Property Rights Project which closed in 2004 and which had a highly satisfactory outcome . The project was prepared and implemented under three presidencies. The government that took office in July 2006 changed the responsibilities of the project implementing institutions involved in the cadaster work, which affected project implementation arrangements, although the change did not affect project objectives or content . Under a new government that took office in July 2011 in the last year of the project, the leadership of the registry, one of the project institutions, was changed several times in a brief period of time . During this period, the new leadership cancelled an important consultant contract on the registry work, which affected the outcomes in this area .

The project objectives were not changed but some outcome targets were dropped during implementation .

### b. Were the project objectives/key associated outcome targets revised during implementation?

No

### c. Components:

The project consists of five components, summarized below . The PAD gives objectives for each component . The component description is taken from the Loan Agreement (LA). The objective of the individual components is taken from the PAD, pp. 9-10.

**1. Comprehensive Real Property Rights Policies** (cost at appraisal US\$0.36 million; cost at completion US\$0.45 million)

To strengthen the policy making process on property rights to preserve the achievements of the legal, regulatory and institutional reforms and to ensure that further policy reforms will lead to equitable socioeconomic growth . The component consisted of:

- (a) Establishment of a multi-sectoral commission to analyze priority issues for real property rights;
- (b) Carrying out of diagnostic socio-economic studies, in areas like cost benefit analysis of accessing formality, credit practices and case studies of land allocation;
- (c) Carrying out participation/consultation workshops with stakeholders on real property rights issues to develop policies at the national level, and to define the functions of institutions involved;
- (d) Preparation of policy reform proposals for the new legal and regulatory framework for, among others, real property rights; land administration and allocation; investment and credit promotion; and inter -institutional coordination.

**2. Provision of Decentralized Formalization and Cadaster Services** (cost at appraisal US\$21.21; cost at completion US\$23.53)

To provide formalization and cadaster services in urban and peri -urban areas of participating municipalities . The component consists of:

- (a) Capacity-building and technical assistance for Participating Municipalities and COFOPRI (Agency for the Formalization of Informal Property) to design and implement formalization strategies adapted to each municipality;
- (b) Supervision of capacity building activities by COFOPRI

**3. Provision of Registry Services** (cost at appraisal US\$15.6 million; cost at completion: figure shown in ICR is US\$6.83 million as of completion (total cost figure for this component not available as the amount spent by Government on the registry after project closing is not known )

To support the integration of real property data and the establishment of the national cadaster system in the SUNARP (National Superintendence of Public Registries ) to improve the quality and accessibility of real property registry services . The component consists of:

- (a) Real property registries information management : provision of technical services /training to support SUNARP's national coverage under an efficient registration model .
- (b) Real property demarcation: (i) modernization/densification of the geodesic network to assist in data validation of cadastral surveys, through a network of permanent monitoring stations; (ii) capacity-building of the national cadaster system through the provision of training to the professional and technical staff of the member institutions of the system on the implementation of the National Integrated Cadaster Law .

**4. Dissemination of Formalization Benefits** (cost at appraisal: US\$2.05 million; cost at completion US\$1.43)

To encourage economic activity based on real property in the formalized areas .

- (a) Development/implementation of COFOPRI's public education campaigns in credit culture in formalized areas;
- (b) Development of COFOPRI's information bureau to help promote small investment and credit programs, and commercial and productive opportunity links in formalized areas .
- (c) Development/implementation of a real estate exchange containing information on supply and demand of properties in recently formalized areas .
- (d) Development/implementation of public education campaigns about real property rights respect /benefits

**5. Project Management and Monitoring and Evaluation** (US\$3.03; cost at completion; US\$3.68)

Carrying out project coordination activities and monitoring and evaluation activities including assessment of the transparency and accountability framework of COFOPRI and SUNARP and evaluation of the impact of the project.

**d. Comments on Project Cost, Financing, Borrower Contribution, and Dates:**

#### Dates:

- On November 20, 2006, the Loan Agreement was amended on to reflect a reduction in the Loan commitment fee.
- On January 14, 2008, the Loan was amended to modify the role of agencies in project implementation . Law No. 28923 had returned the authority to title state land in urban areas to COFOPRI; and called for the merger between COFOPRI and the agency charged with rural land formalization (*Programa Especial de Titulación de Tierras*). Loan agreement changes included modifying the role of COFOPRI and the municipalities in the implementation of the Formalization and Cadaster Services Provision Component and the composition of the Project Steering Committee . The amendment also expanded the definition of operating costs; and modified parts of the Cadaster Component description to reflect the new role of COFOPRI.
- On November 4, 2010, the Loan Agreement was amended to allow the use of electronic means for delivering applications for withdrawals and supporting documentation .
- In June 24, 2011, the Project was restructured . The modifications included changes in : (i) implementation arrangements following the decision of the Ministry of Finance to convert the Project Coordination Unit into an autonomous budget-holder unit; (ii) component costs; (iii) disbursement arrangements to introduce a new disbursement category, reallocation of Loan proceeds, and an increase in the disbursement percentage (up to 82 percent of the expenditure categories ) to provide adequate financing for selected activities; (iv) extension of the Closing Date by six months to June 30, 2012, to allow SUNARP to complete Project activities related to the migration of property registries to the new registry model; (v) changes to indicators in the results framework; and (vi) revisions to the project annual operating and procurement plans.

#### Costs and Financing

Costs: The original project cost was US\$41.66 million; the financing table in Annex 1 of the ICR shows a total cost of the project at US\$35.83 million (the cost by component table shows total cost at US\$ 35.92). The total project cost at completion is likely to be higher because the Government continued financing work under the registry component. The most significant difference in costs between appraisal and completion was in the Registry Component, the second largest component at appraisal in terms of allocations (Component 3). The main cause of the lower than planned expenditures was the cancellation of the consultant 's contract for the migration of property records, of which about US\$4 million remained undisbursed at the time of cancellation; some of the costs were assumed by Government, but the amount of these expenditures is not known . Costs were higher than estimated for the small Real Property Rights Policies Component (Component 1) and for the largest component of the project, the Cadaster Component (Component 2), where expenditures were 111 percent of planned.

Financing: At completion, IDA had contributed US\$19.07 out of the total Loan Amount of US\$25.00 million or 76 percent of the loan . The lower than expected financing was associated with the cancellation of the registry migration contract The total amount of counterpart financing is not known as the Government contribution to the Registry Component is not available . The ICR indicates that the Government contributed US\$ 16.84 million in counterpart financing by the time of project closing . A total of US\$5.93 million was cancelled (figure in ICR is US\$5.6 million). The project was not cofinanced .

### 3. Relevance of Objectives & Design:

#### a. Relevance of Objectives:

**The relevance of objectives is rated substantial** . The project has maintained its relevance over time . The project is aligned with the country policy agenda of strengthening public sector capacity at the subnational level . The objective is relevant, even if the link is indirect, to the current Bank Country Partnership Strategy for Fiscal Years 2012-2016 which includes the strategic objectives of "connecting the poor to services and markets" and "improved public sector performance for greater inclusion" (para. 46) . The Project supported objectives of the 2002 Country Assistance Strategy (CAS) and 2004 CAS Progress Report. The CAS was in line with the Government's 2004 Poverty Reduction Strategy which aimed at improving institutional development and governance.

## **b. Relevance of Design:**

**The relevance of design is rated substantial** . The Project built on a previous operation that had been rated as highly satisfactory in terms of outcome . Project components were in line with project objectives and the causal chain between the main investments and intended outcomes was clear, even if some smaller components could have been grouped together . One indicator relating to the legal and regulatory framework was not easily measurable while two others dealing with the cost of registration overlapped . Project activities to be funded were clear and linked to outcomes . The ICR notes that the appraisal team may have underestimated the effect of political changes on the project with the new Government that took office in 2006. The PAD recognizes the political risks. The changes affected the institutional arrangement which needed to be changed (ICR, para. 29-30).

## **4. Achievement of Objectives (Efficacy):**

The operation helped consolidate a real property rights system that facilitates access to property titles for the population. An impact assessment was carried out at the end of the project which helped assess outcomes . Aside from the evidence provided in the ICR a sign of progress made by the country in this area is reflected in the doing business indicator on registering property, where Peru ranks 22 out of 189 countries, compared to 35 out of 176 countries in 2007, when the project started (Doing Business Indicator Reports, 2008 and 2014).

### **1. Strengthen the policy making process on property rights to preserve achievements of the legal, regulatory and institutional reforms: Substantial**

The project contributed to the development of policy /regulatory instruments and new institutional arrangements in the housing sector. The project led to reforms in SUNARP'S policies so they would be permit SUNARP to improve the speed and reduce the price of registering real property and help improve Peru's standing in the "Doing Business Reports." The time it took to register property dropped from 33 days in 2007 to 6.5 days in 2013, the most significant change among the indicators relating to property registration . Studies also helped inform policies related to titling costs, and the role of municipalities in cadaster activities . Diagnostic studies were carried out on the number of titles granted by COFOPRI in the 1996-2007 period and on the granting of available free land in the possession of the Government . In addition to workshops and an international forum on property rights issues, two legal/regulatory reform proposals were prepared including one on the creation of a multi-sectoral commission charged with proposing reforms on property rights issues .

### **2. Provide formalization and cadaster services in participating municipalities to enhance welfare and reduce costs of cadasters : Substantial**

The operation was successful in meeting the objectives of carrying out the cadaster and this resulted in increasing property values, discussed in the section on efficiency below, thus facilitating the beneficiaries' access to economic opportunities . COFOPRI issued over 307,000 property titles (103 percent of indicator), formalized of some 336,000 lots and did the cadaster for over 544,000 properties in the 10 regions in which the project operated. The cost of cadaster services fell, which had an impact on government finances and in the cost of doing business in Peru. Costs to the Government include all administrative costs; the project 's calculations estimated this value at US\$110 or US\$10 over the output indicator target (ICR, para. 49). The impact evaluation prepared on project completion showed that the cost to users of registering a property was reduced by S /19.15 from a baseline of S/70 (figures expressed in local currency, the nuevo sol, ICR, para . 49).

### **3: Support the integration of real property data and the establishment of the national cadaster system in SUNARP to improve real property registry services and access to the population : Modest**

At project closing in June 2012, 10 percent of the target goal had been achieved, with the migration of 600,000 property records out the project's universe of 5,823,770. However, building on activities that were started before project closing, the project had reached the migration of 3.4 million records as of October 31, 2012 (ICR, para. 48). This translates to approximately 58 percent of the total PDO indicator target, representing a critical mass of registries that are key to achieving the consolidation of property rights recognition and protection around a national integrated registry-cadaster system. The critical mass of 3.4 million property records migrated is substantial enough to mainstream the new registry model as it exceeds 25 percent of the estimated total of property records, and relates to the properties in Lima-Callao, the most active and valuable property market in the country. It is possible that since the writing of the ICR the migration of property has continued but this cannot be verified. The analysis on registries assumes that the change in the IT system and the abandonment of the

system originally financed by the project (ICR, paras. 36 and 74) did not affect the quality of service received by users.

**4: Formalization benefits dissemination to encourage economic activity based on real property : Substantial .**

The Project's Impact Evaluation Study shows that as a result of the project there is a growing recognition by households of their rights and the need to register property . This especially true in the registration of improvements to properties, where the project helped increase registration after improvements by over 32 percent (ICR, para. 49). It could be expected that the growing registration culture will lead to increased economic activity, including credit and the sale of properties . Some 124,000 property owners and some 86,000 high school students benefitted from the registry culture campaign . In addition, networks of social promoters were established in five regional offices; a real property exchange was created and the Ministry of Education has agreed to include registry and credit culture in the curricula; these changes should have lasting effects .

**Poverty** . The Project's impact assessment shows that there was an important relationship between titling and physical improvements in titled properties. The impact assessment does not show a significant effect on such parameters as access to public services, education and health, but these are likely to be longer term effects .

**Institutional and Financial** . The project contributed to the capacity of COFOPRI to manage urban cadasters, and increased the tax collection of Municipalities as mentioned under efficiency below . . The project also strengthened the capacity of National Geographic Institute (IGN) with additional installations, which has given it the capacity to provide referencing services to the government and possibly the private sector, potentially creating a new source of revenue for the agency . The ICR notes that the increased collection of property taxes in participating municipalities became an unintended outcome of the Project .

**5. Efficiency:**

**The project efficiency is rated substantial .**

The Economic Rate of Return at appraisal was estimated at about 20 percent. The Net Present Value (NPV) was estimated to be around US\$72.6 million. Benefits were estimated on the basis of incremental property value due to formalization. Calculations were based on coverage projections under the Project, A sensitivity analysis showed that even with a benefits reduction of 75 percent, returns were still significant. A financial analysis showed that the costs of the registry-cadaster component would be compensated by increased SUNARP and District Municipality revenues for registration fees and municipal property tax .

The ICR does not include calculations of the economic rate of return but reports on the findings of impact studies which show substantial increases in property values . The studies were prepared by the same consultants that prepared the appraisal estimates using the same methodology . The studies on properties titled under the project show an improvement in property value of US\$3,226, a value that is 3.5 times higher than the expected value at the beginning of the project (ICR, para. 54). The gains are attributable to titling and possibly to other factors such as the economic boom in Peru . The task team noted that considering the land value increases and the number of titles granted, the rate of return of the project is significantly higher than that estimated at appraisal . Also, the impact evaluation study did not calculate the NPV of the project, but team calculations using the same parameters as the PAD, show that the NPV would be significantly higher than expected at appraisal (a minimum of 4.5 higher). The ERR and NPV calculations are not shown because of the very high returns, a part of which may be attributable to exogenous factors . IEG agrees with the decision.

With respect to financial returns, according to the task team an impact study of 22 municipalities that participated in the project shows that additional property tax revenues in 2010 were almost twice the amount in the preceding year (ICR, para. 52)

It is likely that increases in land values were at least as high as projected at appraisal .

**a. If available, enter the Economic Rate of Return (ERR)/Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation :**

	Rate Available?	Point Value	Coverage/Scope*
Appraisal	Yes	20%	86%

ICR estimate

No

\* Refers to percent of total project cost for which ERR/FRR was calculated.

## 6. Outcome:

The relevance of the project objectives and design were substantial . The outcome for the cadaster objective was substantial: COFOPRI issued over 307,000 property titles, formalized some 336,000 lots and did the cadaster for over 544,000 properties in the 10 regions in which the project operated . The outcome of the registry component is rated modest although considerable progress was made; by the time that the ICR was prepared the critical mass of 3.4 million property records had migrated which was substantial enough to mainstream the new registry model as it exceeds 25 percent of the estimated total of property records, and relates to the properties in Lima-Callao, the most active and valuable property market in the country . The outcome of the other two components is difficult to measure but the dissemination of the registry culture is substantial, and the time taken to register property was also substantially reduced . The efficiency of the project was substantial given the large increases in land values that can be partly attributed to titling .

The project is rated moderately satisfactory because of the partial achievement of the registry outcomes which was one of the two key objectives of the project .

**a. Outcome Rating :** Moderately Satisfactory

## 7. Rationale for Risk to Development Outcome Rating:

The development outcomes achieved through the Project are likely to be maintained . Cadaster and registry work already done cannot be reversed easily, nor can the institutional strengthening aspects of COFOPRI, the participating municipalities and IGN. Also, the municipalities that had cadasters put in place were able to increase their collection of property taxes the following year, creating an incentive for them to maintain the system. The project has continued progressing after the completion of Bank-financed operations, demonstrating that the government has acquired the know-how to continue with the implementation of this activity without Bank support; and implementing agency for the registry component has confirmed its commitment and political will to finish the migration of the remaining registries is part of its short-term strategy with its own resources. It also confirmed the importance of the integration of registries and it is proceeding with the work .

**a. Risk to Development Outcome Rating :** Moderate

## 8. Assessment of Bank Performance:

### a. Quality at entry:

The Project aimed to expand on the positive results of an earlier project, and took into account lessons learned from the previous project. The institutional arrangements were based on the experience with the earlier project; COFOPRI and SUNARP, the main project institutions, had developed an expertise under the earlier project .

The PAD was well prepared and showed the depth of the Government and Bank knowledge of land titling issues in the country. The PAD covered all requirements including a discussion on the economic evaluation and the safeguard issues. The project framework was clear although one indicator regarding the legal framework was broad two indicators on registries overlapped and some baseline data was missing, a problem which could have been overcome in the early stages of supervision . An issue with the appraisal was the risks that the Project would face if the favorable political context that was in place at appraisal were to change. Project objectives were not changed as a result of the changes introduced after Loan approval and in the end the institutional changes brought about early in the project did not appear to have impacted project outcomes. The Project TTL noted that all property rights projects have a political dimension and thus risks and that this had been identified in the PAD. The very successful UPRP project had been designed and implemented under two administrations and this did not present a problem. The project implementation arrangements were similar to those of the earlier project which was highly successful. It is likely that SUNARP's capacity was overestimated given the delays with the large registry migration contract . Outcomes under this project were impacted particularly by changes in the leadership of SUNARP (five times in six months) towards the end of the project, which coincided with a change in government after elections. It is

difficult to mitigate for the type of changes that occur after elections. The ICR notes a problem with the technical design of the scope of work of the data migration system which did not include protocols on standards which delayed contract execution, although it should have been possible to address this problem during implementation assuming this was a project design issue .

**Quality-at-Entry Rating :** Satisfactory

**b. Quality of supervision:**

Implementation Status Reports record that the Bank supervised the project seven times in the period between 2007 and 2011, which is below average. The Bank was proactive in resolving the various issues that arose. Internal reporting was candid, although the ratings were optimistic . This is reflected in the fact that despite the initial problems which led to a change in implementation arrangements; a turnover of staff at different stages of the project and a serious procurement issue, the project was downgraded only two times. The Bank's task team was praised in an internal INT report that recognized the efforts in finding an effective resolution to the corruption issues that arose during project implementation and suggested the team's approach could be potentially used as a best practice on Bank projects. The problems with the SUNARP consultant contract (more than 15% of the loan), related both to the approval of the terms of reference and the contract which included a no fault provision, are reflective of supervision problems in the information technology area. The supervision team should have collected baseline indicators and restructured indicators much sooner.

**Quality of Supervision Rating :** Moderately Unsatisfactory

**Overall Bank Performance Rating :** Moderately Satisfactory

**9. Assessment of Borrower Performance:**

**a. Government Performance:**

The ICR notes that the Government played a key role during project preparation showing high levels of ownership and a strong commitment to the Project, which was a continuation of the successful project which was implemented during this administration. The administrations which came into office in July 2006 (shortly after the Loan was approved) and in July 2011 continued their general commitment to the project . The new administrations, however, brought in new leadership to the key implementing agencies, and affected the project management unit where there were several changes at the outset . Also, legislation passed after Loan approval required restructuring the project implementation arrangements . The changes in leadership of SUNARP in the last year of the project affected outcomes in the registries . Because Government performance until the end of the project was generally satisfactory, its performance in rated moderately satisfactory .

**Government Performance Rating** Moderately Satisfactory

**b. Implementing Agency Performance:**

The Project's implementing agency, COFOPRI, was responsible for Project management, monitoring and evaluation. During the early stages of project implementation, activities headed by COFOPRI suffered delays due to a high turnover in the PCU . Internal structural issues led to differences between the PCU and the administrative line units within COFOPRI. By the project's mid-term review in 2009 most of these issues had been resolved and COFOPRI successfully met most of the project targets under its responsibility . COFOPRI was proactive once the issues related to irregular activities in the contracting of consultants were identified but the investigation uncovered administrative weaknesses that could have jeopardized the project .

The National Geographic Institute's (IGN) performance was exemplary. Project activities under its responsibility were implemented in a timely and cost-efficient manner earning the praise of the task team and Government

The difficulties with the migration contract, reflected in the fact that there was a substantial undisbursed amount one year before project closing suggest that SUNARP needed support . Cabinet shifts during the administration that took office in July 2011 resulted changes in the Superintendent position of SUNARP over a short period which weakened its role in the implementation of one of the project 's important components. During the six-month period between October 2011 and March 2012, SUNARP was led by three superintendents, one adjunct superintendent and one general manager with provisional superintendent powers. SUNARP was not able to effectively accomplish the migration of registries under its responsibility . Before October 2011, the migration contract under its leadership had flaws which appeared not have had a solution.

Because of the problems with COFOPRI early in the project, and the impact on the project of the SUNARP performance, implementing agency performance is rated moderately unsatisfactory .

**Implementing Agency Performance Rating :** Moderately Unsatisfactory

**Overall Borrower Performance Rating :** Moderately Satisfactory

## **10. M&E Design, Implementation, & Utilization:**

### **a. M&E Design:**

The project's results framework included outcome and intermediate performance indicators . One outcome indicator dealing with policy reform was broad and difficult to attribute to the project . Baseline data for some indicators do not appear in the PAD, although these could have been recorded during project implementation . The ICR reports that COFOPRI had a solid monitoring and evaluation system that fed the Bank 's systems; the system was put in place under the URPR project .

### **b. M&E Implementation:**

Intermediate results indicators were monitored during implementation support missions and reported in ISRs . During implementation, studies were carried out to help measure outcomes; these included studies to verify the consistency of SUNARP databases, consultancies to estimate titling costs, studies to estimate cadaster impact on municipalities, an independent study on territorial management tools and an impact evaluation to assess the impact of the project on poverty and other welfare indicators . However, baseline indicators were not collected in a timely manner and the restructuring of indicators should have been done sooner .

### **c. M&E Utilization:**

Impact analysis was thorough and reported in the ICR . M&E indicators were monitored and discussed with the Government. This led to the decision to drop some indicators during the 2011 restructuring.

**M&E Quality Rating :** Substantial

## **11. Other Issues**

### **a. Safeguards:**

At appraisal, the project was rated as a category C requiring no environmental assessment . The design of the Decentralized Formalization and Cadaster Services component incorporated guidelines in the Operational Manual to avoid formalization in risk areas or in or near archeological sites . The project team confirmed that during implementation no safeguard policies were triggered .



#### b. Fiduciary Compliance:

Regular procurement processes were done following Bank guidelines . The project was required to furnish to the Bank a procurement audit, not later than six months after the end of each fiscal year . This requirement was not met by the Project for the years 2009-2011 and the Bank did not receive an explanation for this .

The land titling system applied to the project required a large number of consultants working in the field for COFOPRI in the 2008-2010 period. The design was based on a successful experience under the URPR Project . A total of 717 consultants were hired . In May 2010, the PCU reported irregularities to the Task Team, which in turn, reported to the Bank's Department of Institutional Integrity (INT) the findings of an internal procurement post review. The review found that some of the consultants hired had presented false information on their CVs, misrepresenting their education credentials in their job applications . These findings prompted the Task Team to advise the Borrower to review all consultant contracts to verify the information provided by them under the Bank funded project. COFOPRI conducted the review and found that 78 of the 618 consultants recruited at that point presented false documents . The Government reimbursed the Bank for the funds used to pay the affected consultants.

Project Financial Management was considered satisfactory or moderately satisfactory throughout project implementation. Quarterly financial monitoring reports and yearly audits were submitted on time and were acceptable to the Bank . Minor errors and inconsistencies found during FM supervision missions were properly addressed (ICR, para. 44).

#### c. Unintended Impacts (positive or negative):

The ICR does not report any unintended impacts, although the increased tax revenues by participating municipalities, discussed in the efficiency section, was not anticipated in design .

#### d. Other:

NA

12. Ratings :	ICR	IEG Review	Reason for Disagreement / Comments
<b>Outcome:</b>	Moderately Satisfactory	Moderately Satisfactory	
<b>Risk to Development Outcome:</b>	Moderate	Moderate	
<b>Bank Performance :</b>	Moderately Satisfactory	Moderately Satisfactory	
<b>Borrower Performance :</b>	Moderately Satisfactory	Moderately Satisfactory	
<b>Quality of ICR :</b>		Satisfactory	

#### NOTES:

- When insufficient information is provided by the Bank for IEG to arrive at a clear rating, IEG will downgrade the relevant ratings as warranted beginning July 1, 2006.
- The "Reason for Disagreement/Comments" column could cross-reference other sections of the ICR Review, as appropriate.

#### 13. Lessons:

Some of the main lessons reflect those in the ICR .

**The political risk of real property cadaster and registration work should be recognized at appraisal and to the extent feasible taken into account in project design** . The PAD recognized the political risks associated with the project. As a result of changes in the political environment, the project saw a number of management

changes which in the case of COFOPRI were overcome by the mid-term review in 2009. Contrary to previously agreed arrangements, towards the end of the project implementation, SUNARP's short-term strategic plans changed and the completion of the registration process stopped being a priority. The weak commitment of SUNARP administrations in 2011 to the country's policy agenda at that time led to the cancellation of important work and to the project not meeting some of its objectives. It is difficult to mitigate for this type of problem. However, in highly political environments, where changes cannot be predicted, it is probably helpful to front-load politically sensitive activities, and to divide them into discreet lots.

**The scope of work for large IT activities, such as the registry work, should require standardized protocols and the Bank has to be particularly vigilant particularly during supervision on the scope of work and terms of consultant contracts. Also it is important to have technically strong implementation teams in the country to carry out IT activities.** The registry design did not contemplate standard protocols for cadaster data digitization, which resulted in a heterogeneous process which delayed results. The consultant contract included a "zero error" clause which made it difficult to deliver the required products. The Bank and implementing agencies did not identify the issues.

**Projects involving the recruitment of a large number of consultants should include procedures that ensure an efficient contracting process where due diligence standards are applied.** Hiring large numbers of consultants is difficult to manage in any project and the risk associated with this was not addressed in the PAD. The establishment of clear and standardized procedures for the contracting of consultants including checking the consultant qualifications would help manage the problem.

**Limit the number of executing agencies in politically sensitive projects and when there is potential instability in staff.** The project implementation arrangements were not unusual for multi-institution projects and the institutions involved in the project had worked successfully in the earlier project with a somewhat different structure. It is difficult to mitigate against changes in the political environment, as Governments are free to change institutional arrangements, as was the case in this project. If there is a likelihood of political instability, it is probably preferable to keep the number of institutions involved to a minimum. Also, the implementation difficulties highlight the importance of champions of reform within government. The first project included highly qualified and motivated staff, some of which were changed early during implementation.

14. Assessment Recommended?  Yes  No

#### 15. Comments on Quality of ICR:

The ICR contains sufficient information to be able to form a judgement of the project outcomes and the performance of the Borrower and the Bank. However, the ICR has a number of shortcomings. The project history is not clear in the ICR. Project implementation spanned three presidencies and some of the institutional issues such as the problems in SUNARP coincided with a change in government following a general election. The roles of agencies are not clearly explained and the reader needs to refer to the PAD for clarification. The report would have benefitted from editing which might have resulted in a clearer story line. Figures in the cost and financing tables show slightly different project costs. IEG has received comments from an implementing agency. It suggests that the report provide details on the obstacles to the implementation of the registry component.

a. Quality of ICR Rating : Satisfactory