

**PROJECT INFORMATION DOCUMENT (PID)
APPRAISAL STAGE**

Report No.: PIDA747

Project Name	Second Land Administration Project (PRODEP II) (P121152)
Region	LATIN AMERICA AND CARIBBEAN
Country	Nicaragua
Sector(s)	Central government administration (60%), Sub-national government administration (25%), General agriculture, fishing and forestry sector (15%)
Lending Instrument	Specific Investment Loan
Project ID	P121152
Borrower(s)	Republic of Nicaragua
Implementing Agency	Procuraduria General de la Republica (PGR)
Environmental Category	B-Partial Assessment
Date PID Prepared/Updated	24-Jan-2013
Date PID Approved/Disclosed	29-Jan-2013
Estimated Date of Appraisal Completion	22-Jan-2013
Estimated Date of Board Approval	21-Mar-2013
Decision	Project appraisal was authorized on January 10, 2013.

I. Project Context

Country Context

With a Gross National Income (GNI) per capita of US\$1,510 in 2011, Nicaragua is one of the poorest countries in Latin America. Although the situation has improved recently, approximately 42 percent of the country's 5.9 million inhabitants still live below the poverty line and one out of every seven live in extreme poverty. Indigenous peoples, who account for 5 percent of the total population, have particularly experienced deprivation and social exclusion. More than half of Nicaraguans live in urban areas (57 percent), but poverty remains largely a rural phenomenon. Importantly, the country's economic performance has improved over the last decade resulting in moderate growth of roughly 3.2 percent per annum. Following the 2008-2009 global economic crisis, Nicaragua has had a stronger economic recovery than its Central American neighbors, and at 4.7 percent in 2011, its growth rate was the second highest in a decade. The challenge over the longer term is to sustain higher growth rates to accelerate poverty reduction through improvements in productivity and consequently income growth across the population. Moreover, Nicaragua is highly vulnerable to disasters and other external shocks, which threaten development gains. This century alone Nicaragua has suffered the effects of at least five highly destructive events, including tropical storms and hurricanes.

Securing property rights and modernizing land administration institutions are critical for improving

Nicaragua's productivity. Years of inconsistent legal and administrative decisions affecting land contributed to tenure insecurity and undermined the population's confidence in state institutions. With the support of the Bank and other development partners, including the Nordic Development Fund (NDF) and the US-Millennium Challenge Corporation (MCC), recent administrations have transformed the sector with the enactment of new laws, modernization of institutions, and systematic land regularization. Close to 20 percent of the country's territory has thus far benefited from systematic cadastral and regularization activities. Going forward, while continuing to consolidate progress, the Government needs to expand these efforts from mainly pilot areas to the rest of the country and into the regions with no previous cadastre and outdated property registry records.

II. Sectoral and Institutional Context

Recognizing the importance of land tenure issues in the development agenda of Nicaragua, the Government and the Bank have built a strong partnership over time. Between 1993 and 2000, the Bank-financed Agricultural Technology and Land Management Project (ATLMP, P007780) supported the Government's initial efforts to modernize the land administration system, including resolving the tenure situation of parcels redistributed as part of the agrarian reform of the 1980s. These early efforts were hindered by competing land policies attempting simultaneously to protect the rights of land reform beneficiaries and to recognize the rights of former landowners. In turn, it became evident that the country needed to establish a suitable land administration framework before a land program could be implemented countrywide.

Taking into account the above needs, the Land Administration Project (PRODEP, P056018) was designed as a major pilot effort which has been financed through two IDA credits, one of which was an additional financing. Since 2002, PRODEP has helped Nicaragua achieve two major outcomes, namely a more solid and clearer land administration framework and a proven methodology for systematic land regularization. The country's policy and legal framework has been positively transformed, key land agencies' capacity strengthened, and their services decentralized within the pilot areas. Based mostly on the resulting efficiency gains, the time to conduct a land transaction for people living within the pilot areas has been cut by more than half. Moreover, implementation of the methodology for systematic land regularization has benefited over 110,000 rural and urban, mostly poor households with titles to their land. Representing a historical achievement, indigenous communities in the Caribbean have received collective titles to most of their ancestral territories, comprising over 22,000 square kilometers or close to 19 percent of the national territory. Although PRODEP is currently scheduled to close in April 2013, all activities had been completed and all Credit funds almost disbursed by August 2012. This satisfactory implementation has been underpinned by strong government commitment and inter-institutional coordination.

PRODEP has also provided the Government with the foundation to launch a long-term national program which the proposed Project will support. Improvements in the land administration framework and regularization process have been mainstreamed as the methodology consolidated under PRODEP has been applied in other areas of the country. This methodology has incorporated current technologies and global best practices, and by responding to the country's context, it has simultaneously increased national capacity and institutional ownership of results. At the same time, the growing technical capacity has been progressively incorporated into the main land agencies, including the Nicaraguan Institute for Territorial Studies (INETER), the Property Intendancy (IP) under the Country's Attorney General's Office (PGR) – PRODEP's implementing agency – and the property registries under the Supreme Court (CSJ). On this basis, the Government has outlined its

vision for the next 15 years, with an overarching goal of continuing to promote land governance while advancing cadastral and regularization processes and improving land administration services.

Considering the land tenure challenges still faced by Nicaragua, implementing a national land program will require a concerted effort and substantial resources. Further consolidation of the policy and institutional framework is needed, including advancing the integration of the cadastral and property registry information. At the same time, municipalities should continue to be strengthened in order to promote decentralization, territorial planning and disaster risk management (DRM), and ensure the updating of cadastral information. Critically, it is estimated that in rural areas about one third of parcels are still held without a clear title. Small and poor producers are often the most affected by the lack of titles or inappropriate legal documents. Agrarian reform practices in the 1980s favored land distribution to males as heads of households and former permanent agricultural workers. Under these circumstances, gender equity needs to be advanced by ensuring the implementation of current legislation allowing for joint titling for couples and promoting women's land rights. Overall, land tenure insecurity hinders potential investments and land market transactions, and generates conflict, as suggested by the estimate that 35 to 40 percent of all land in Nicaragua faces some type of conflict. Building on the progress made on DRM, the Government also needs to ensure that disaster vulnerability and climate change issues are appropriately considered as it moves forward with its land agenda. Given its long engagement in the country, and its regional and global experience, the Bank – which is currently Nicaragua's main partner in land administration modernization – is uniquely positioned to continue supporting the country to deal with these challenges.

III. Project Development Objectives

The Project Development Objectives are: (a) to strengthen the property rights of the population in the Project area through improved regularization, titling, and registry services; and (b) to improve Nicaragua's capacity to respond promptly and effectively to an eligible emergency.

IV. Project Description

Component Name

Consolidation of the Institutional and Policy Framework

Strengthening of Property Registry and Alternative Conflict Resolution Capacity

Titling and Regularization Services

Project Management, Monitoring and Evaluation

Contingency Emergency Response Component

V. Financing (*in USD Million*)

For Loans/Credits/Others	Amount
BORROWER/RECIPIENT	0.00
International Development Association (IDA)	40.00
Total	40.00

VI. Implementation

For Components 1 through 4, the Proposed Project will replicate the implementation arrangements that have been successfully put into effect under the first PRODEP. The implementation arrangements for Component 5 (CERC) will be detailed in a specific Operational Manual (which is

a disbursement condition for this component). Accordingly, PGR, which the Government has made the main land institution in the country, will continue to be the implementing agency through the existing Project Coordination Unit (SE-PRODEP), which will have the responsibility for financial management (FM) and procurement, and will continue to manage all Credit funds. In addition, the PCU will be responsible for safeguard compliance, supervision of the implementation of the communication and gender strategies, and monitoring and evaluation (M&E). The technical implementation of the Project will remain decentralized through the co-executing agencies. A Project Inter-Institutional Committee (CIP), chaired by PGR and including senior management of the co-executing agencies, will provide policy and strategic guidance; and a Project Operational Technical Committee (CTO) will have consultative character to act as an ad hoc group under CIP when specific issues require in depth analysis.

The Project will include the main four co-executing agencies from the previous operation. These include, CSJ, which through the Directorate of Public Property Registries (DRPP) and the Directorate for Alternative Conflict Resolution (DIRAC) is responsible for property registry, conflict mediation, and the development of SIICAR, in close collaboration with INETER; (ii) INETER, responsible for the national cadastre, (iii) INIFOM, responsible for municipal capacity development, and (iv) the Ministry of Environment and Natural Resources (MARENA), in charge of protected areas. In addition, INIDE will co-execute the data collection and evaluation capacity strengthening activities under Component 1. Before Credit effectiveness, these agencies will sign agreements with PGR specifying their respective roles and responsibilities under the Project. Finally, the Property Intendancy (IP), a decentralized entity under PGR, will also continue to be a part of the Project, facilitating the regularization and titling processes. As was done under the previous operation, before starting activities at the local level PGR will sign participation agreements with the municipalities benefiting from the Project. These agreements will describe the roles and responsibilities of the municipalities within the scope of their local competencies as part of the land administration system.

VII. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01	x	
Natural Habitats OP/BP 4.04	x	
Forests OP/BP 4.36	x	
Pest Management OP 4.09		x
Physical Cultural Resources OP/BP 4.11	x	
Indigenous Peoples OP/BP 4.10	x	
Involuntary Resettlement OP/BP 4.12	x	
Safety of Dams OP/BP 4.37		x
Projects on International Waterways OP/BP 7.50		x
Projects in Disputed Areas OP/BP 7.60		x

VIII. Contact point

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