



Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

Appraisal Stage | Date Prepared/Updated: 23-Jan-2018 | Report No: PIDISDSA23348



BASIC INFORMATION

A. Basic Project Data

| | | | |
|--|---|---|---|
| Country Nicaragua | Project ID P163531 | Project Name Nicaragua Property Rights Strengthening Project | Parent Project ID (if any) |
| Region LATIN AMERICA AND CARIBBEAN | Estimated Appraisal Date 25-Jan-2018 | Estimated Board Date 15-Mar-2018 | Practice Area (Lead) Social, Urban, Rural and Resilience Global Practice |
| Financing Instrument Investment Project Financing | Borrower(s) Republic of Nicaragua | Implementing Agency Nicaragua Attorney General's Office | |

Proposed Development Objective(s)

The PDO is to provide beneficiaries in selected municipalities with (a) updated and integrated cadastral and property registry information, and (b) improved land administration services.

Components

- Institutional and Policy Framework and System Integration
- Cadastre, Regularization and Titling Services
- Municipal Land Administration Services
- Project Management, Monitoring and Evaluation
- Contingent Emergency Response Component (CERC)

Financing (in USD Million)

| Financing Source | Amount |
|---|--------------|
| International Development Association (IDA) | 50.00 |
| Total Project Cost | 50.00 |

Environmental Assessment Category

B - Partial Assessment

Decision

The review did authorize the preparation to continue



Other Decision (as needed)

B. Introduction and Context

Country Context

- Nicaragua has made impressive gains in recent years on poverty reduction and economic growth.** Between 1994 and 2016, real Gross Domestic Product (GDP) growth averaged four percent. Having reached 4.7 percent growth in 2016 the Nicaraguan economy is forecast to continue expanding. This growth has been driven by robust domestic demand and a strong performance of exports. Consumption spending and gross fixed capital formation, as well as net external demand also contributed positively to the development of real GDP. Moreover, extreme poverty in Nicaragua decreased from about 17 percent in 2005 to about 7 percent in 2016.¹ Similarly, the official overall poverty rate decreased from about 48 percent in 2005 to about 25 percent in 2016.² This reduction has been driven mainly by growth through higher labor incomes in the agricultural sector in rural areas. Remittances from abroad and a demographic transition towards a more prominent working age population also had a direct impact on poverty reduction.
- Despite the progress made, Nicaragua remains the second poorest country in Latin America in terms of average per capita income and the fourth poorest in terms of poverty rates.** Not only is the proportion of Nicaraguans living in poverty still high. There is also a large group who are not poor but highly vulnerable to the risk of falling into poverty if exposed to external shocks. Poverty also remains highly concentrated: in 2014, 70 percent of the total poor population of 1.7 million were living in rural areas. The poor in rural areas are more likely to work in agriculture, which remains a key sector in the country's economy even if its relative weight has decreased overtime. On the other hand, most of the population (close to 60 percent) is now urban. Surging urbanization and limited opportunities have led to the proliferation of poor settlements with informal occupation of land often on precarious locations.
- Strengthening property rights continues to be critical for Nicaragua's development and poverty reduction efforts.** As detailed below, recent Government efforts have transformed the land sector with the enactment of new laws, modernization of institutions and systematic land regularization. This has not been an easy task, given the conflict experienced by the country and its impact on land records and tenure security. Many challenges remained after years of inconsistent legal and administrative decisions affecting land that contributed to tenure insecurity and undermined the population's confidence in state institutions, whose capacity was simultaneously weakened. Importantly, it is estimated that in rural areas about one third of parcels are still held without a clear title, affecting poor agricultural producers' tenure security and access to credit, among other things. Overall, land tenure insecurity has hindered potential investments and land market transactions, and generated land disputes.
- At the same time, the country is highly vulnerable to natural disasters and climatic variability, such as hurricanes, extreme rainfall and earthquakes.** Nicaragua's geographic location makes it

¹ Extreme poverty is measured as the percentage of individuals with a per capita consumption lower than the official extreme poverty line of C\$11,259 in 2016.

² Overall poverty is measured as the percentage of individuals with a per capita consumption lower than the general poverty line of C\$18,311 in 2016.



vulnerable to climate-related phenomena such as droughts, hurricanes, floods, landslides and geological events (e.g., earthquakes and volcanic eruptions). It is prone to flooding on its Pacific coast and has experienced hurricanes on its eastern coast. These are expected to continue, particularly in the country's coastal zones. Although estimates are uncertain, tropical cyclones are on the increase and heavy rainfalls, combined with unsustainable land use management, make communities more vulnerable to landslides. Over the last decades, agricultural productivity levels in the country have been adversely affected by weather conditions marked by droughts, which are also likely to occur with higher frequency in the future. Given that the poor are more likely to be employed in the agricultural sector in rural areas, they tend to be more exposed to climatic shocks and natural disasters. The urban and peri-urban poor is also exposed to these risks often due to the hazardous location of their settlements.

Sectoral and Institutional Context

5. **Recognizing the importance of addressing land tenure challenges, the Government of Nicaragua, with World Bank support, has been implementing a medium-term strategy through a programmatic approach.** The strategy's goal is to strengthen property rights and promote sustainable land governance, underpinned by an understanding that institutional development, legal and policy changes, and clarifying and recognizing property rights requires continued commitment and investments for a substantial period. This understanding has also been reflected spatially, with the Program, officially named *Programa de Ordenamiento de la Propiedad* (PRODEP) rolled out selectively throughout the national territory based on criteria such as economic potential, land tenure issues, level of land conflicts, and poverty levels. (Annex 1 details the Government's vision and targets to 2030). The strategy and program are consistent with the National Plan for Human Development, which recognizes the contribution of land tenure security to economic development by improving productivity through expanded access to credit and facilitating land regularization services at the local level.

6. **PRODEP's implementation formally started in mid-2002, with the first Bank-financed Land Administration Project (P056018).** Given the substantial issues faced by the country, including a post-conflict transition, this Project was designed as a pilot operation focusing initially in selected municipalities in three departments. When the Project closed in 2013, it had helped Nicaragua to put in place a more effective and clearer institutional, legal and policy framework for land administration, and to develop and test a methodology for systematic land regularization for beneficiaries of several agrarian reforms (known as the reformed sector). As part of its institutional strengthening, this first Project also helped develop a pilot system for the integration of cadastre and property registry information (SIICAR 1.0) in one department (Chinandega). Importantly, the Project supported the recognition of territorial land rights of Indigenous Peoples in the country's Caribbean region.³

7. **Building on the experience and results from the pilot phase, the Second Land Administration Project (P121152) was started in 2013.** This second operation has helped to consolidate the land administration framework, including for instance, integration of the land regularization agency into the Attorney General's office to improve coordination, and establishment of the National Commission of Property Registries to manage better standards and procedures. An updated SIICAR (2.0) aligned with the

³ For further details on project performance and results see Implementation Completion and Results Report (ICR) for Nicaragua Land Administration Project, Report no. ICR00002858, October 23, 2013.



new legal and policy framework established under the pilot phase is being developed, and will be implemented in Managua and Estelí, which are departments with high volumes of property transactions and economic dynamism. Moreover, the systematic land regularization has been scaled up to additional departments, and pilot activities are being supported to legalize property of small agricultural producers outside the reformed sector.

8. Implementation of this programmatic approach has contributed to a substantial transformation of the land sector in Nicaragua. The country's policy and legal framework has been strengthened, and key land agencies' capacity improved. Specifically, the Government enacted laws critical for cadastre and property registry modernization, as well as for the recognition of Indigenous Peoples' land rights in the Caribbean region. In parallel, the institutional framework was consolidated with the Attorney General's Office (PGR) taking the lead on land issues, including as the implementing agency for the Bank-financed and other land operations. By the end of the ongoing second land operation, over 42 percent of the country's territory will have benefited from systematic cadastral activities. In addition, representing a historical achievement, Indigenous Peoples in the Caribbean had received collective titles to their ancestral territories covering about 30 percent of the country. Through these efforts, Nicaragua has also developed a good practice model for alternative conflict resolution and promoted gender equality in land rights.

9. Improvements in the land administration framework and regularization process have been mainstreamed, while the methodology developed under the Bank-financed projects has been applied nationwide. This methodology has incorporated current technologies and global good 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 technical capacity of the main land agencies has progressively increased, including the Nicaraguan Institute for Territorial Studies (INETER), which is responsible for the national cadaster system, the Property Intendancy (IP) under PGR, which oversees land regularization, and the property registries under the Supreme Justice Court (CSJ), which under the Judicial branch of government, manage legal records and information.

10. Considering the progress achieved, and the importance of ensuring sustainability, Nicaragua needs to focus its efforts on several key remaining challenges. The progress made on the policy and institutional framework provides a favorable enabling environment to advance the integration of cadastral and property registry information under clearly defined inter-institutional collaboration. However, SIICAR 2.0 needs to be made fully operational and expanded to key property registries so that the Government can learn and ensure revenues to continue its expansion to other registries. Municipal capacity needs to be further strengthened to support the integration of local governments into the national cadastre system and to foster the system's accuracy and sustainability. Such investments in municipalities have the potential to promote better territorial planning and disaster risk management, and to ensure the continuous updating of cadastral information. Significant efforts have been made to improve the tenure security of rural households with land distributed as part of previous agrarian reforms (the reformed sector). While further regularization is still needed in the reformed sector, other segments of the population such as small farmers outside that sector also face tenure security challenges and a growing need of property legalization. Gender equity should continue to be advanced by ensuring the implementation of current legislation allowing for joint titling for couples and promoting women's land rights.



11. **Given the country's vulnerability, natural disasters and climate change pose challenges for sustaining recent social gains and preventing people from falling into poverty.** Increasing disaster risk knowledge is essential for Nicaragua's development process at the national and subnational levels, and to identify investments in risk mitigation. To inform this knowledge, it is necessary to have more and up-to-date geospatial information. For municipalities, this information coupled with increased technical capacity, could help in developing local vulnerability and hazard profiles to underpin land use plans and overall territorial development.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

The Project Development Objective (PDO) is to provide beneficiaries in selected municipalities with (a) updated and integrated cadastral and property registry information; and (b) improved land administration services.

Key Results

The following key results are expected:

- (a) Percentage of parcel-based data identified and linked in the cadastral and property registry modules of SIICAR
- (b) SIICAR is evaluated independently as satisfactory in terms of operation, data, security and sustainability
- (c) Decrease in the average number of days to complete recording of purchase/sale of property in the Property Registers with SIICAR
- (d) Number of legal documents issued to Project beneficiaries (of which, (i) number of new titles and deeds registered in the Property Registry, and (ii) % that benefit women or couples jointly), and
- (e) Number of municipalities that incorporate at least 90 percent of the INETER cadastral database into SISCAT (municipal cadastre)

D. Project Description

12. The Project will contribute to the establishment of a more transparent, accountable, effective, and coordinated land administration system. In the medium term, the strengthening of property rights will contribute to securing land access for the poor and other vulnerable groups, and more broadly, would contribute to Government's efforts to improve the investment climate and expand economic opportunities for Nicaragua's population. This dynamic is illustrated in the theory of change (see figure 1).

13. The PDOs will be achieved through five components. The first components are directly related to objectives (a) and (b), while the fifth component, consistent with the strategic approach taken for Nicaragua, corresponds to the support for immediate emergency recovery.

14. **Component 1 - Institutional and Policy Framework and System Integration (US\$18.75 million).** This component will strengthen Nicaragua's land administration system by supporting key policy consolidation and inter-institutional coordination and collaboration, and furthering the integration of the cadastre and property registry information and streamlining of processes. As such, it will help expand



SIICAR strategically to key property registries, while promoting the use of information beyond cadastre and regularization and the taking of basic steps towards an inter-operable national land information system to which different entities at the national and local level would access as users and producers of information. Technical co-executing agencies for this component include IP-PGR, INETER, and CSJ. Component 1 will include the following subcomponents and activities:

15. *Subcomponent 1.1 (US\$1.24 million) - Improving land administration policies and interinstitutional collaboration* through: (i) the development and revision of policies, standards, procedures, and technical manuals related to land administration; (ii) carrying out of capacity building and training activities to institutionalize revised policies and processes, manage change, and deepen understanding of the inter-relationship between cadastre and property registry; and (iii) conducting relevant institutional, policy, environmental and other studies to help inform land policy and strategy in the future.

16. *Subcomponent 1.2 (US\$12.76 million) – Strengthening the integration of cadastre and registry information* through: (i) the implementation of SIICAR and the integrated cadastre-registry management model in selected property registries according to criteria set forth in the Project’s Operations Manual; (ii) the migration and linking of cadastral and registry data in Estelí and Managua; and (iii) the preparation of a Sustainability and Change Management Strategy for SIICAR.

17. *Subcomponent 1.3 (US\$4.75 million) – Modernization of the national cadastre system and related services* through: (a) the implementation of a Cadastre Modernization Strategy focusing on the multiple uses of cadastral information, including at the municipal level, and on its integration with registry information and overall sustainability; (b) the establishment of six new Continuously Operating Reference Stations (CORS) prioritized according to current network needs; (c) the establishment of Cadastre Regional Offices in Boaco, Chontales and Rio San Juan; (d) the carrying out of a spatial data infrastructure (SDI) pilot, including (i) the integration of INETER’s geo-spatial databases (disaster risk management, land management, and physical cadastre), and (ii) the preparation of a national-level strategy for SDI’s interoperability with other governmental databases (of ministries and entities generating and using geospatial information); and (e) the implementation of a monitoring and quality control system for private cadastral surveyors.

18. **Component 2 - Cadastre, Regularization and Titling Services (US\$26.23 million).** This component will support the production of cadastral information and the recording and clarifying of land rights through systematic and on demand land regularization, including issuance of legal documents as well as new titles and their registration. The systematic process will continue to focus on beneficiaries belonging to the "reformed sector." On-demand activities will focus on beneficiaries prioritized by government programs, including under the project small producers not belonging to the reformed sector. The Component will also support the legal processes related to Project activities and production of information on State land that pertain to the PGR. To meet the Component’s objective, the Project will also support the demarcation of Protected Areas (PA) located within the municipalities selected for the systematic cadastral surveying. Under this Component, technical co-execution will involve INETER, IP-PGR, CSJ and the Nicaraguan Ministry of Natural Resources and Environment (MARENA). Specific subcomponents and activities for this component are outlined below:



19. *Subcomponent 2.1 (US\$12.75 million) - Expanding cadastral coverage* through the carrying out of cadastral surveying, including *inter alia* acquisition of aerial photography, field activities, and incorporating cadastral information into the national database. In addition to regularization, cadastral surveying activities will generate information for SIICAR implementation and for participating municipalities.

20. *Subcomponent 2.2 (US\$10.38 million) – Expanding legalization, titling and registration* through: (i) the carrying out of systematic land regularization, titling and registration activities in participating municipalities; (ii) conducting regularization, titling and registration on a demand basis for beneficiaries prioritized by the Government’s pertinent national programs as set forth in the Operations Manual; and (iv) the implementation of the Project’s Communication Strategy.

21. *Subcomponent 2.3 (US\$2.29 million) - Demarcating Protected Areas* in participating municipalities through: (i) the carrying out of the demarcation of external boundaries of protected areas, including preparatory work, data collection, consultation of beneficiaries, delimitation, geo-referencing and physical demarcation; and (ii) the carrying out of communication and outreach campaigns around and in protected areas and neighboring communities.

22. *Subcomponent 2.4 (US\$0.81 million) – Implementing mediation and conflict resolution* through: (i) the provision of mediation services during cadastral and regularization processes, and (ii) the provision of conflict resolution training for mediators and staff of co-executing agencies.

23. **Component 3 - Municipal Land Administration Services (US\$2.09 million).** This component will strengthen land administration capacities at the municipal level to promote their effective performance in the national cadastral system, as well as the better use of information for local planning and fiscal purposes, risk management and overall development. In the medium term, this component will contribute to enhance the impact of cadastre information and the sustainability of cadastral investments. Main technical co-executing agencies for this component include INIFOM and INETER, which will work in close collaboration with participating municipalities. The subcomponents and activities under this Component are outlined below:

24. *Subcomponent 3.1 (US\$1.14 million) - Integration of municipalities into the national cadastral system* through (i) the installation of the updated municipal cadastral system (SISCAT) in participating municipalities and its integration with the national cadastral information system; (ii) the provision of technical assistance and training to participating municipalities to incorporate cadastral information into SISCAT and to link SISCAT with the national cadastre system, as well as to prepare municipalities for their role in the maintenance of the national cadastral database; (iii) the preparation of procedures and guidelines to define *inter alia*, the role of municipalities in the national cadastre system and to strengthen the management of the municipal cadastre; and (iv) the preparation of a strategy for the maintenance of cadastral information defining the roles, procedures and standard processes for managing the municipal cadastral databases linked to SIICAR.



25. *Subcomponent 3.2 (US\$0.95 million) - Strengthening municipal capacities for the use of cadastral information for multiple purposes* through (i) the provision of technical assistance and training for the use of geospatial information for disaster risk assessments, investment planning, and territorial development, among others; and (ii) the carrying out of analyses of *ejido* and municipal lands related to the Project's land regularization activities.

26. **Component 4: Project Management, Monitoring and Evaluation (US\$2.93 million)**, will support PGR, and its Project Coordination Unit, to manage the project and to monitor its progress and evaluate it. Specific subcomponents and activities for this Component are outlined below:

27. *Subcomponent 4.1 (US\$2.52 million) – Supporting Project Management* through: (i) the provision of training and carrying out of workshops; (ii) the carrying out of the coordination, administrative and fiduciary aspects of the Project, including audits; and (iii) the oversight of the implementation of a communication strategy and a gender strategy for the Project.

28. *Subcomponent 4.2 (US\$0.41 million) - Supporting the Monitoring and Evaluation of the Project* through: (i) the collection of base line data to assess the Project's social, environmental and economic impacts; (ii) the preparation of the Project's semi-annual progress reports, and the midterm review report and the final evaluation report, including any necessary surveys and data collection activities.

29. **Component 5 - Contingent Emergency Response Component (CERC) (US\$0.0 million)**. Reflecting the strategic approach taken in Nicaragua across the Bank's portfolio, this Component will provide immediate response to an eligible emergency. As such, in the event of such eligible emergency (as defined in the CERC Operational Manual already prepared and adopted by the Government), and at the request of the Government, the Component would finance emergency activities and expenditures through the reallocation of funds from the Project.

E. Implementation

Institutional and Implementation Arrangements

30. The Project will replicate the implementation arrangements of the ongoing Second Land Administration Project (P121152). The PGR will continue to be the lead agency and implement the Project through its Project Coordination Unit (PCU), the Project Executive Secretariat (SE PRODEP). The PCU will continue to be in charge of financial management, procurement, and the management of all Credit funds. The PCU will also be responsible for safeguard compliance, supervision of the implementation of the communication and gender strategies, and monitoring and evaluation (M&E).

31. The PCU will be under the leadership of a General Coordinator, and will also include as its core staff a technical coordinator and specialists in the areas of procurement, financial management, monitoring and evaluation, social development and gender, environment, and communication. The General Coordinator will have the overall responsibility to supervise the PCU staff in their planning, organizing, and executing of all day-to-day administrative, technical, and legal activities of the project. The Operational Manual includes the PCU's organizational structure and describes the duties and



responsibilities of PCU staff along with the Project's technical, administrative, financial, procurement, safeguards, and M&E procedures.

32. A Project Inter-Institutional Project Committee (CIP), chaired by the PGR and composed of senior management of the co-executing institutions will provide policy and strategic guidance; and a Project Technical Operational Committee, composed of the Technical Secretariat and coordinators of the components, will coordinate project activities at the technical level and support the CIP as required.

33. The technical implementation of the Project will remain decentralized through the co-executing agencies: (i) the CSJ, which through the National Directorate of Registries and the Directorate of Alternative Dispute Resolution is responsible for the registration of ownership, mediation of conflicts and the development and implementation of SIICAR – the latter in close collaboration with INETER; (ii) INETER, responsible for the national cadastre and the realization of the cadastre activities, in addition to monitoring and generating information on natural threats and spatial planning; (iii) the Nicaraguan Municipal Development Institute, responsible for the development of the municipal capacity, including the development of the capacity of cadastral services and the integration with the database of INETER's national physical cadastre; (iv) MARENA, in charge of activities related to protected areas and raising awareness of environmental sustainability; and (v) IP, which participates as agent of the PGR responsible for the processes of regularization and titling the properties of the reformed sector and the legalization of properties of small holders. Before Credit effectiveness, these agencies will sign co-execution agreements by component with PGR specifying their respective roles and responsibilities under the Project. Finally, the IP under PGR will continue to facilitate the regularization and titling processes.

34. Before starting activities at the local level, the 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.

F. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)

The proposed Project will help consolidate the results achieved to date and promote sustainability of results, while expanding key activities into new areas of the country. The Government's program has advanced selectively through the national territory, based on criteria such as economic potential, land tenure issues, levels of conflict, and poverty levels of departments and their municipalities. In line with this approach, the Project will focus on selected municipalities in the departments of Matagalpa, Boaco, Chontales, and Rio San Juan located in the north and central regions of the country. According to these criteria, the project will benefit 21 new municipalities in departments located in the northern and central regions of the country. These municipalities would be distributed in the departments of Matagalpa (2), Boaco (6), Chontales (10), and Río San Juan (3). Matagalpa, Boaco and Chontales are predominantly rural Departments in Nicaragua's Central Region. The Central Region is mountainous facing soil erosion problems in the northern part and water access problems in the central part. Population density is lower and infrastructure is less developed which limits market access. Its northern sub-region (Matagalpa) is an important coffee growing area, while extensive cattle ranching characterizes the central area. The latest



census indicated that the region's population totals 940,000 people, or about 16% of the country's total population. The region has a high poverty concentration, as it includes about half of the country's poor. Moreover, several of its municipalities are within the country's Dry Corridor, which is prone to draughts that pose significant risks for water and food security. Based on the selected municipalities, the Project will support the demarcation of nine protected areas (PAs): two in Matagalpa, three in Boaco, one in Chontales, and three in Rio San Juan. In line with the country's legal framework, the demarcation of PAs does not require expropriation or taking land rights of private property. The Project's social assessment confirmed that whereas both Matagalpa and Rio San Juan have important Indigenous populations, these populations do not reside within the municipalities selected for Project interventions. Less than 1 percent of the population within the Project municipalities self-identify as Indigenous, and those that are there do not meet the Indigenous Peoples Policy (OP/BP 4.10) criteria.

G. Environmental and Social Safeguards Specialists on the Team

Marco Antonio Zambrano Chavez, Environmental Safeguards Specialist
 Dianna M. Pizarro, Social Safeguards Specialist

SAFEGUARD POLICIES THAT MIGHT APPLY

| Safeguard Policies | Triggered? | Explanation (Optional) |
|-------------------------------------|------------|---|
| Environmental Assessment OP/BP 4.01 | Yes | <p>This policy is triggered given the cross-cutting environmental impacts (although mostly expected to be positive), and small civil works needed as part of the demarcation of Protected Areas and renovation of government buildings. In accordance with OP/BP 4.01 the project is classified as Category B. An Environmental Assessment and Environmental Management Plan (EA- EMP) was prepared by the Government and approved by the Bank during the project preparation phase. The EA (a) identified (screened) potential positive and negative, direct and indirect, and accumulative impacts associated with the Project considering all applicable safeguard policies; and (b) identified mechanisms and measures to prevent, avoid, minimize, mitigate or compensate potential negative impacts.</p> <p>MARENA prepared, and has continuously improved through the previous Land Administration projects,</p> |



an Environmental Guideline for the demarcation of protected areas, to ensure the application of good environmental and social practices during implementation of these activities. All these documents were consulted and disclosed in the country and InfoShop on DD MM, 2018.

Nicaragua has already an Operations Manual and an ESMF that applies to all Contingent Emergency Response Components, including the one under this Project.

This policy is triggered due the demarcation of the external boundaries of protected areas. The boundaries of these protected areas are already well-defined administratively and the Project will not modify them. The project will not finance infrastructure works inside the PA that could potentially affect natural habitats. Nevertheless, the EA-EMP mentioned before will include specific screening tools to ensure that potential impacts on natural and critical natural habitats are properly evaluated.

The demarcation of PAs will contribute the preservation of natural habitats by marking these administrative boundaries on the ground and updating the cartography with georeferenced records.

This policy is triggered because the protected areas that may be targeted for demarcation include forests. It is expected that the Project will contribute to the preservation of forests by marking these administrative boundaries on the ground and updating the cartography with georeferenced records. The Project will not support any forestry (natural or plantation) activity. Moreover, the project only focuses on demarcation of external boundaries of PA's buffer zones, and will not finance any kind of sub-projects.

This policy is not triggered because during the demarcation of protected areas, and construction and maintenance of related physical markers, pesticides and herbicides will not be used.

Natural Habitats OP/BP 4.04

Yes

Forests OP/BP 4.36

Yes

Pest Management OP 4.09

No



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| Physical Cultural Resources OP/BP 4.11 | Yes | <p>This policy is triggered because Project activities might take place in locations that have sacred sites, landscapes of cultural importance, or physical cultural resources not yet screened.</p> <p>Activities with potential risks include minor civil works, cadastral surveying, and demarcation of protected areas. The country's laws and procedures regarding physical cultural resources will be applied for addressing potential "chance finds" encountered during project activities, and related to procedures to be followed will be reflected in the EA-EMP and the Operational Manual.</p> |
| Indigenous Peoples OP/BP 4.10 | No | <p>The Project does not trigger OP/BP 4.10 as the SA corroborated that less than 1 percent of the population within the Project municipalities self-identify as Indigenous, and those that are within the Project area do not meet the Indigenous Peoples Policy (OP/BP 4.10) criteria of collective attachment and language.</p> |
| Involuntary Resettlement OP/BP 4.12 | Yes | <p>This policy is triggered given the possibility that the livelihood of the population living in or within protected areas targeted for demarcation may be affected due to restriction of access to natural resources. The Government prepared a Process Framework to ensure that restriction to access is avoided, minimized or mitigated. The Process Framework takes into account existing protected areas management plans or their annual operating plans to determine the risk of restricting livelihoods and proposes guidelines for potential action plans.</p> <p>In line with the country's legal framework, reflected in the procedures applied in the previous land projects, the demarcation of PAs does not require expropriation or taking land rights of private property (either individual or collective).</p> <p>In regards to the involuntary taking of land, as applied in the previous and similar operations financed by the Bank, the systematic cadastral and regularization activities are considered to be largely outside the purview of OP 4.12 as set forth in footnote 8 of this policy regarding disputes between private parties in land titling projects. Finally, the small civil works for the renovation of some of the</p> |



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| | | co-executing agencies' offices do not require land acquisition. |
| Safety of Dams OP/BP 4.37 | No | This policy is not triggered because Project activities will not involve construction of dams or depend on existing dams |
| Projects on International Waterways OP/BP 7.50 | No | This policy is not triggered because Project activities will not be conducted in or influence international waterways. |
| Projects in Disputed Areas OP/BP 7.60 | No | This policy is not triggered because Project activities will not be conducted in disputed areas. |

KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT

A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

There are expectations of positive impacts on the environment and it is expected that there will be a reduction in the risk on sensitive and vulnerable areas. During the cadastral surveying process it is important to identify vulnerable areas to potential disasters, critical or sensitive areas from the environmental point of view, and sites of historical, cultural and/or archaeological values, in order to avoid the affectation of these areas and guarantee the protection of these areas and people safety. No large scale, significant and/or irreversible impacts are expected during implementation.

The demarcation of protected areas did not cause any restrictions in access in any of the previous Bank-financed Projects in this sector in Nicaragua, and under this project no changes in official rules around land use will be changed. However, the Process framework has been prepared to screen for potential impacts and established the procedures to consult affected parties to prepare and implement actions plans

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:

Indirect impacts relate to the physical demarcation of protected areas and minor civil works as part of the renovation of government offices. Demarcation is not likely to cause any impacts on biodiversity, since GPS and satellite images are to be used as part of the process. Minor civil works, essential for the protected areas' demarcation, require the opening of trails that may cause the formation of gullies, especially when made in a slope. These sites may also be local pockets for debris and contamination. The EA-EMP includes mitigation measures for the small works taking place within protected areas. As per MARENA guidelines, forest clearing around or between markers will not be required for Project activities.

Although it has not been the case thus far under the previous Projects financed by the Bank, landholders' incentive to clear forest land in order to demonstrate possession and use of a parcel's land may result in longer term adverse impacts, if unmitigated or if it were to take place in a relatively large scale. It is possible that a landholder might accelerate land clearing activity in advance of the Project's cadaster activities. Other than land clearing, individuals or groups may be inclined to take over public, state or protected area lands in order to pressure for land titling. The legal



framework is clear about these issues, and the Project's Communication Strategy emphasizes that forest clearing is not necessary to claim possession. The Project will also finance an environmental awareness campaign to foster conservation and sustainable natural resource management.

No land titling to private individuals (non-indigenous) will take place in areas with outstanding ancestral claims by Indigenous Peoples.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

The Project's Social Assessment (SA) looked specifically at Indigenous Peoples' land issues in the department of Matagalpa, beyond the scope of the beneficiary municipalities. The SA concluded that the Indigenous Peoples' ancestral land claims within the department are legally titled and recognized per their original royal titles granted under the Spanish monarchy and later recognized by the Government of Nicaragua. These lands are under active administration by their traditional organizations, where collective lands are administered under usage and/or rental contracts depending on the type of user. In the municipality of Matagalpa Indigenous Peoples own title to 61,337 hectares as recognized in 1902 and 1904. In the municipality of Sebaco the Indigenous Peoples own title to 23,554 hectares as recognized in 1918. In Muy Muy, the Indigenous Peoples own title to 1,159 as registered in 1953. Whereas the capacity for land Administration varies, it was found that especially in Sebaco, the rents for these lands are used to benefit social programs to support the elderly, health costs for low-income residents, government administrative costs, the construction of churches, scholarships for youth, among other social programs. Given this situation, where Indigenous Peoples hold relatively strong land rights and recognition- unique for Indigenous peoples in the Central, Pacific and North part of Nicaragua- the Project did not include these municipalities within the Project area.

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.

PGR and co-executing agencies have experience with Bank's safeguard policies relevant to land administration efforts in the country. Safeguard compliance has been satisfactory under PRODEP, and this performance should continue since similar policies will apply under the proposed Project. Under previous Bank-financed Projects, these agencies have gained significant experience through the demarcation of 19 protected areas with no apparent negative social or environmental impacts.

Regarding the environmental management capacity of the PGR, after several years of experience with the implementation of the Project through its Executive Secretariat (SE-PRODEP), the PGR assumed direct responsibility for environmental management through an Environmental Attorney (Procurador Ambiental). The Environmental Attorney will be responsible under the Project of cross-cutting environmental management and will coordinate with MARENA the demarcation activities of PAs. For social safeguards, the project team includes a Social and Gender Specialist who coordinates with regional offices of co-executing agencies such as IP and INETER. There is also a Communication Specialist that facilitates access to information and community outreach. There is agreement that additional social and environmental safeguard specialists may be added to the SE-PRODEP, if considered necessary during implementation.

The EA-EMP has set out good practices for the minor works within protected areas and renovation of selected government offices. MARENA has similarly developed guidelines for the demarcation activities, and will follow up progress on these activities through its municipal delegations. The Environmental Assessment (EA) and Social Assessment (SA) will be widely publicized to municipalities and on the ground by the relevant PCU specialists. Training and workshops will take place for the EA and SA.



5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

The Project will generally have positive impacts on the population living in participating municipalities. The primary stakeholders of the Project will include:

(a) Individual beneficiaries of cadastral surveying, titling, and regularization services: Participation of the target population in the cadastral survey and regularization processes is essential to Project success. Those who stand to benefit the most from the Project include cooperatives that have parceled their land to individuals and land owners with no legal documents to their land, particularly those settled on national lands eligible for regularization.

(b) Female beneficiaries of titling and regularization services: Agrarian reform's practices in the 1980s favored land distribution to males as heads of households and former permanent agricultural workers. Since then Nicaragua has passed gender-sensitive legislation which requires that titles be issued jointly to husband and wife. The project will contribute to balancing the initial gender bias through new titling and regularization under this legal framework. The Project will include a gender equity strategy to ensure Project benefits are gender inclusive, and the Project results framework will include gender-differentiated indicators.

(c) Small landholders outside the reformed sector, which also face tenure security challenges and a growing need of property legalization.

(d) Population living in or around selected protected areas: MARENA will conduct the demarcation of external boundaries of protected areas in consultation with this group of stakeholders. A survey will be conducted to collect socio-economic and land tenure data, but no regularization of land parcels within the protected area will take place under the Project.

(e) Municipal authorities and technical staff: They will benefit from technical assistance, cadastral information, and improved coordination with national agencies, which can result in an improvement of services and more fiscal revenue.

(f) Co-executing agencies: They will benefit from a consolidation of their institutional capacity and land tenure information to carry out their mission.

Secondary stakeholders include: (a) developers and real estate agents; (b) producer organizations and trade associations; (c) Non-governmental organizations and providers of professional services; and (d) other government institutions that need access to cadastral and registry information.

PGR and the co-executing agencies have demonstrated a satisfactory track record during the implementation of the previous project. Safeguard compliance has also been satisfactory under the previous project. As mentioned above, the PCU will include an environmental, social/gender, and communications specialist. The proposed Project will also incorporate a grievance redress mechanism by adapting the system already in place at PGR.



B. Disclosure Requirements

Environmental Assessment/Audit/Management Plan/Other

| | | |
|-----------------------------|-----------------------------------|--|
| Date of receipt by the Bank | Date of submission for disclosure | For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors |
| 05-Dec-2017 | 23-Jan-2018 | |

"In country" Disclosure

Nicaragua
23-Jan-2018

Comments
PGR and regional offices

Resettlement Action Plan/Framework/Policy Process

| | |
|-----------------------------|-----------------------------------|
| Date of receipt by the Bank | Date of submission for disclosure |
| 05-Dec-2017 | 23-Jan-2018 |

"In country" Disclosure

Nicaragua
23-Jan-2018

Comments
PGR and regional offices

C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting)

OP/BP/GP 4.01 - Environment Assessment

Does the project require a stand-alone EA (including EMP) report?

Yes

If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report?

Yes

Are the cost and the accountabilities for the EMP incorporated in the credit/loan?

Yes

OP/BP 4.04 - Natural Habitats

Would the project result in any significant conversion or degradation of critical natural habitats?



No

If the project would result in significant conversion or degradation of other (non-critical) natural habitats, does the project include mitigation measures acceptable to the Bank?

NA

OP/BP 4.11 - Physical Cultural Resources

Does the EA include adequate measures related to cultural property?

Yes

Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?

NA

OP/BP 4.12 - Involuntary Resettlement

Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?

Yes

If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?

Yes

OP/BP 4.36 - Forests

Has the sector-wide analysis of policy and institutional issues and constraints been carried out?

NA

Does the project design include satisfactory measures to overcome these constraints?

NA

Does the project finance commercial harvesting, and if so, does it include provisions for certification system?

No

The World Bank Policy on Disclosure of Information

Have relevant safeguard policies documents been sent to the World Bank for disclosure?

Yes

Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?

No



All Safeguard Policies

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?

Yes

Have costs related to safeguard policy measures been included in the project cost?

Yes

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?

Yes

Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?

Yes

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APPROVAL

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| Practice Manager/Manager: | Jorge A. Munoz | 23-Jan-2018 |
| Country Director: | Andrea C. Guedes | 24-Jan-2018 |

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