I. Introduction and Context

Country Context

Nicaragua is the largest country in Central America with a total area of 130,370 sq. km. It is estimated that 26 percent of the surface area is still under forest cover; 26 percent is used as pastures and 16 percent as arable land. The country has 5.9 million inhabitants distributed approximately 57 percent in urban and 43 percent in rural areas. Indigenous peoples account for 5 percent of the population. Nicaragua is the second poorest country in the Latin American and Caribbean Region after Haiti, with a GDP per capita of US$1,239 in 2011. Approximately 42 percent of the population still lives below the poverty line and one out of every five Nicaraguans lives in extreme poverty. The country’s growth rate in 2011 was the second highest in a decade at 4.7 percent. The challenge over the longer term is to sustain higher growth rates to accelerate poverty reduction, which requires improvements in productivity that can translate over time into higher income growth across the population.

Securing property rights and modernizing land administration institutions are key elements to improve Nicaragua’s productivity. Years of inconsistent legal and administrative decisions affecting land contributed to land tenure insecurity and lack of confidence in state institutions. Recent
administrations have transformed this sector with the enactment of new laws, modernization of institutions, and systematic land regularization. In the 2012 Doing Business Survey, Nicaragua ranked 122 in Registering Property, an improvement of 29 points compared to the previous year. Yet, many of these efforts have been focused in pilot areas. The challenge is to expand them to the rest of the country into areas with no previous cadastre and outdated registry records. In rural lands, it is estimated that about one third of parcels are held without a clear title. Small and poor producers are often the most affected by the lack of titles or inappropriate legal documents. Land tenure insecurity hinders potential investments and land market transactions, as well as being a source of conflict. It is estimated that 35 to 40 percent of all land in Nicaragua has a conflict.

Sectoral and Institutional Context
Recognizing the importance of land tenure issues in the development agenda of Nicaragua, the Government has made substantial efforts to secure property rights and strengthen land administration institutions. The World Bank supported the Government in modernizing the land administration system under the Agricultural Technology and Land Management Project (ATLMP, P007780, 1993-2000). One of the priorities was to resolve the tenure situation of parcels redistributed as part of the agrarian reform in the 1980s. These early efforts, however, were often hindered by competing land policies attempting simultaneously to protect the rights of current beneficiaries and recognize the rights of former landowners. For this reason, it became necessary to establish a suitable land administration framework before launching a massive national land regularization program.

The Land Administration Project (PRODEP, P056018) was prepared to bridge the efforts between the ATLMP and a future National Land Program. This project has been financed through two credits from the International Development Association (IDA): an original Credit of SDR26.2 million (US$32.6 million equivalent), approved in June 2002, and an Additional Financing Credit of SDR6.3 million (US$10 million equivalent), approved in February 2010. The project’s closing date is on April 30, 2013, but virtually all credit funds had been disbursed by July 2012.

The original Project Development Objectives (PDOs) are: (a) to develop the legal, institutional, technical and participatory framework for the administration of property rights in Nicaragua's territory; and (b) to demonstrate the feasibility of a systematic land rights regularization program. After experiencing delays, the Project has performed well, and Progress towards achievement of PDO and Overall Implementation Progress have been consistently rated “Satisfactory” since August 2009. The Project is expected to achieve its PDOs. Major results under each PDO include:

- Strengthening the legal and institutional framework for land administration and improving inter-institutional coordination. The project supported the preparation of the National Land Policy Framework and the approval of the Law for Collective Land Rights of Indigenous Peoples in the Caribbean (2003), the Cadastral Law (2005), and the Public Registry Law (2009). This latter law facilitated the implementation of the Integrated Cadastre-Registry Information System (SIICAR). The current legal framework is sufficient to support systematic land rights regularization as envisioned in the Government's National Land Program.
- Developing, testing and consolidating a systematic land rights regularization program in pilot departments. Cadastral modernization has been completed in Chinandega, Esteli and Madriz, and is underway in Leon, and has benefited over 150,000 families, most of which are poor. Over 41,000 parcels have been regularized. Targets have been exceeded regarding demarcation of protected areas, with 14 areas demarcated and 10 management plans prepared under the Project.
Over the past Government period, 15 indigenous territories – comprising over 22,000 km or close to 19 percent of the national territory – have been demarcated and titled in the Caribbean, representing historical progress in the recognition of indigenous peoples’ land rights in Nicaragua and Latin America in general.

PRODEP has successfully evolved from a pilot effort to a consolidated program with a more coherent policy and legal framework, proven methodology for systematic regularization, and the institutional foundations to launch a national effort. As such, the Government has already applied the methodologies developed under the project in other areas of the country. Improvements in the regularization process have been institutionalized, and after overcoming initial challenges, progress has been made in accelerating regularization activities. Between 2003 and 2012, PRODEP regularized more than 207,000 land parcels, including almost 110,000 new titles.

The final project evaluation is underway and will include the comparison of baseline and follow-up household survey in treatment and control groups, revision of the economic and financial analysis, and institutional performance assessments. As agreed with the Government, the Implementation Completion and Results Report (ICR) should be finalized by February 2013.

The Government’s has developed a medium-term vision for a National Land Administration Program. This program requires substantial investments to expand the successful methodologies developed under the pilot to the rest of the country. The proposed Project will support the Government’s medium term plan (5 years) and consolidate the vision for long-term reforms. The description of the medium-term Program is included in Annex III.

Relationship to CAS

The proposed Project is consistent with the World Bank Group's Country Partnership Strategy (CPS) 2008-2012 (Report no. 39637-NI) discussed by the Executive Directors on October 11, 2007. Although the CPS proposed a Second Phase, due mainly to IDA resource constraint the Government decided on scaling up the original project through an additional financing in the short term and moving to a full-fledged, new operation in the next administration.

The importance of land administration is reiterated in the proposed CPS 2012-2017. The new CPS has two strategic objectives: (i) improving social welfare by improving access to quality basic services, in particular by poor rural households; and (ii) raising incomes by improving productivity and competitiveness. The proposed Project would contribute directly to the second strategic objective by improving investment climate through legal reforms, modernization of land administration institutions, and systematic land surveying, titling, and registration. One of the key CPS results would be an improvement in the ranking for registering property in the Doing Business indicators.

The new CPS would continue to focus the governance agenda on regulatory quality, government effectiveness, and voice and accountability. The proposed project would primarily contribute to an improvement of the regulatory quality with respect to property rights, but it would also contribute to greater voice and accountability by disclosing M&E results on the performance of land administration institutions.

The CPS also highlights the importance of land use management in climate adaptation. The demarcation of protected areas under the proposed Project has been identified as an activity that
would contribute to the government strategy towards REDD readiness. Similarly, the proposed Project would continue to support the proposed GEF-financed Corazón II Project in the regionally-important Bosawás biosphere reserve by demarcating and titling the complementary areas of two indigenous territories within the reserve. In alignment with IDA 16 commitments, the proposed Project will be gender informed, and will monitor female beneficiaries that have received new titles and set specific targets for this indicator. The Government plans to finance activities in the cities of Managua and Granada alongside the Second Land Administration Project.

The project is also in alignment with the updated National Plan for Human Development (PNDH), which has as objectives to reduce inequality by increasing poverty-related spending and boosting investment in social sectors and rural infrastructure. The PNDH recognizes land tenure security as a strategy for economic development by improving productivity through expanded access to credit and facilitating free land regularization services at the local level.

II. Proposed Development Objective(s)

Proposed Development Objective(s) (From PCN)

The PDO is to strengthen the property rights of the population in the Project area through improved regularization, titling, and registry services. Building on the foundations of the previous project, this objective will be achieved through strengthening and consolidating the agencies in the land administration system, the systematic regularization of land rights, recognition of indigenous land rights in selected areas, and demarcation of protected areas.

Key Results (From PCN)

The Project will result in a more transparent, accountable, effective, and coordinated land administration sector, which in turn would contribute to improving the investment climate and expanding economic opportunities for the population of Nicaragua. The strengthening of property rights will contribute to secure land access for the poor and other vulnerable populations, as well as contribute to environmental sustainability.

Consistent with the PDO, the following key results are expected:

- Total number of direct project beneficiaries (including x% of women) [CORE INDICATOR]
- At least 120,000 households obtain legal documents, including 80,000 new titles (at least 40% of new titles are issued to women);
- At least 70% of users rate the modernized cadastral and registry services as satisfactory;
- Average number of days to complete a new land transaction in SIICAR is reduced from 49 to 25 days [CORE INDICATOR]

III. Preliminary Description

Concept Description

The proposed Project will have five components: (1) consolidation of the institutional and policy framework (US$6.9 million); (2) strengthening of property registry and alternative conflict resolution capacity (US$3.8 million); (3) property regularization and titling (US$15.4 million); (4) demarcation of protected areas (US$1.1 million); and (5) project management and monitoring and evaluation (US$2.8 million).

Component 1: Consolidation of the Institutional and Policy Framework (US$6.9 million)
The objective of this component is to consolidate the land administration system and facilitate inter-institutional coordination of Project activities through capacity strengthening of the co-executing agencies. The component will comprise the following sub-components and activities:

Subcomponent 1.1: Strengthening of Cadastral Services Capacity, by supporting the Nicaraguan Institute of Territorial Studies (INETER) in developing a framework for sustainable cadastral services and maintenance with the participation of the municipalities and property registries. Specific activities include: (a) preparing technical and administrative regulations for the cadastre and providing training on the standardization of cadastral procedures; (b) supporting INETER’s departmental offices in the provision of cadastral services, including the issuance of cadastral certificates; (c) supporting municipalities in the design and implementation of capacity building programs and technical assistance to coordinate cadastral services with INETER; and (d) renovating and equipping INETER’s offices in Nueva Segovia and Jinotega.

Subcomponent 1.2: Strengthening of Land Regularization Capacity, by supporting the Property Intendancy (IP) in: (a) updating the Property Information System (SIIPRO) and deploying the Legal and Cadastral Information System (SILEC) in the three new departments; (b) strengthening IP’s capacity to deliver titling, regularization and legal services at the central and departmental levels, including improving record management and filing system, covering incremental costs, and renovating and equipping offices; and (c) capacity building in IP’s departmental offices in the Project area.

Subcomponent 1.3: Strengthening of Municipal Land Administration Services, by supporting the Nicaraguan Institute of Municipal Development (INIFOM) in: (a) preparing technical guidelines and regulations for the management of municipal cadastres; (b) providing capacity building to municipalities to use the Municipal Cadastral System (SISCAT) for property taxation and land use planning, as well as linking this database with the Integrated Financial and Administrative Municipal System (SIAFM) and INETER’s national cadastre; and (c) providing capacity building to strengthen the sustainability of municipal cadastres.

Component 2: Strengthening of Property Registry and Alternative Conflict Resolution Capacity (US $3.8 million)

The objective of this component is to support the Supreme Court of Justice (CSJ) in strengthening the capacity of the regional property registries in systematic titling and registration, consolidating SIICAR, and strengthening the capacity of the Directorate for Alternative Conflict Resolution (DIRAC). The component will comprise the following sub-components and activities:

Subcomponent 2.1: Property Registry Capacity Strengthening, by supporting the regional property registries in the Project area to carry out systematic titling and registration.

Subcomponent 2.2: Consolidating SIICAR, by supporting CSJ and INETER in validating the pilot version of the system in Chinandega and deploying an enhanced version in the departments of Chinandega, Esteli, Madriz, and Leon. Specific activities under this subcomponent include: (a) consolidating the pilot version, upgrading hardware and licensing requirements, migrating data to new platform, adding more options for types of land transactions and a data mining function, and creating a digital folio for the cadastre linked to a successive tract and cadastral regulations; (b)
redesigning the software to respond better to institutional requirements and to ensure better maintenance control; and (e) deploying the enhanced version of the system in the selected departments in a secure environment.

Subcomponent 2.3: Alternative Conflict Resolution strengthening, by supporting CSJ’s DIRAC in: (a) providing mediation services during the cadastral survey in the departments of Nueva Segovia, Jinotega, and Rivas, and expanding the provision of mediation services to the regularization and titling processes in the rest of the Project area; (b) training mediators and co-executing agencies personnel to improve their capacity to resolve land conflicts related to the agrarian reform, demarcation of protected areas, and titling of indigenous peoples’ lands; and (c) preparing a manual to standardize the outcomes of the mediation in order to provide legal validity to agreements on boundary disputes and property rights.

Component 3: Titling and Regularization Services (US$15.4 million)

The objective of this component is to record and clarify the land rights of three main groups of stakeholders: (a) the total population of selected municipalities in the departments of Nueva Segovia, Jinotega, and Rivas through a systematic process; (b) individuals requesting land regularization services or prioritized by national programs; and (c) complementary areas of two indigenous territories in the department of Jinotega. The component will comprise the following sub-components and activities:

Subcomponent 3.1: Systematic Titling and Regularization Services, by supporting INETER, IP, PGR, and property registries in: (a) conducting a systematic cadastral surveying of approximately 138,000 parcels in Nueva Segovia, Jinotega, and Rivas; (b) preparing and implementing operational plans to legalize as national lands the properties pending from the agrarian reform in order to regularize them in favor of current possessors; (c) regularizing, titling, and registering properties; and (d) implementing the Project’s Communication Strategy.

Subcomponent 3.2: Demand-based Titling and Regularization Services, by supporting INETER, IP, PGR, and property registries in surveying, regularizing, titling, and registering selected parcels on a demand basis and/or individuals prioritized by national programs such as agrarian reform beneficiaries holding parcels recently legalized as national lands and groups of female small farmers identified by the Ministry of Agriculture and Forestry (MAGFOR).

Subcomponent 3.3: Demarcation and Titling of Indigenous Territories, by supporting IP, INETER, the Secretariat for the Development of the Atlantic Coast, and National Commission for Demarcation and Titling (CONADETI) in the demarcation and titling of two complementary areas belonging to the indigenous territories of Mayanga Sauni Bu (MSBU) and Miskitu Indian Tasbaika Kum (MITK) in the department of Jinotega. These communities are located in the Special Development Zone, within the Bosawas Biosphere Reserve, which covers the basin of the rivers Alto Wangki and Bocay. The Project will support co-executing agencies in: (a) validating the existing territorial diagnostics; (b) establishing conflict resolution mechanisms; (c) financing the demarcation, titling, and registration procedures; and (d) providing capacity building and coordination activities with regional and national agencies.

Component 4: Demarcation of Protected Areas (US$1.1 million)
The objective of this component is to demarcate the external boundaries of at least five protected areas and implement an environmental communication and educational campaign. The component will comprise the following sub-components and activities:

Subcomponent 4.1: Demarcation of Protected Areas, by supporting the Ministry of Environment and Natural Resources (MARENA) in the demarcation of the external boundaries of five protected areas in Nueva Segovia and Jinotega relevant to the cadastral surveying activities under the Project. As has been the practice, the Republic of Nicaragua shall refrain from granting or considering any claims for lands within or adjacent to Protected Areas, unless said lands have been physically demarcated in a manner satisfactory to the Bank. The demarcation process will include: (a) conducting preparatory work and consulting with beneficiaries; (b) conducting field socio-economic and land tenure data collection; (c) determining the precise boundaries; (d) physically demarcating with markers (mojones), geo-referencing and registering the boundaries in the Cadastre and Registry; and (e) placing signs in the perimeter and within boundaries of the protected area. These activities shall be carried out in accordance to the Environmental Management Plan, MARENA’s Environmental Guidelines for the Demarcation of Protected Areas, and the Process Framework to ensure that appropriate measures are taken to prevent, minimize, mitigate and compensate any negative environmental and social impact or restriction of access to sustainable use of natural resources.

Subcomponent 4.2: Environmental Communication and Educational Campaign, by supporting, MARENA in: (a) conducting an environmental and educational communication campaign in at least five protected areas and neighboring communities, which will include basic information about the protected area, relevant environmental laws and regulations, direct and indirect benefits of natural resources conservation activities, and recommended land management practices; (b) coordinating this campaign with the local Family, Health, and Life Councils; and (c) facilitating to the general public and institutions information on the protected areas in accordance to the Access to Public Information Law.

Component 5: Project Management and Monitoring and Evaluation (US$2.8 million)

The objective of this component is to support Project administration and monitoring and evaluation. The PCU established during the original project will continue to be responsible for overall project coordination under the leadership of PGR. The component will comprise the following sub-components and activities:

Subcomponent 5.1: Project Management, by supporting SE-PRODEP in: (a) overseeing the technical management of Project activities, including planning, coordination, supervision, and provision of technical assistance; (b) carrying out the fiduciary aspects of the Project, including financial management, audits and procurement; (c) providing training and workshops; (d) supervising the implementation of the communication strategy and gender equity strategy; and (f) ensuring safeguard compliance, including implementation of the Environmental Management Plan, Process Framework, and Indigenous Peoples Plan.

Subcomponent 5.2: Monitoring and Evaluation, by supporting SE-PRODEP in: (a) monitoring the Project’s physical and financial progress; (b) preparing bi-annual progress reports, midterm review and final evaluation; and (c) collecting baseline data to assess the Project’s social, environmental, and economic impacts, including gender-differentiated impacts.
### IV. Safeguard Policies that might apply

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### VI. Contact point

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