



Note to Task Teams: The following sections are system generated and can only be edited online in the Portal.

Project Information Document/ Integrated Safeguards Data Sheet (PID/ISDS)

Concept Stage | Date Prepared/Updated: 19-Jan-2018 | Report No: PIDISDSC22679



BASIC INFORMATION

A. Basic Project Data

Country Honduras	Project ID P164187	Parent Project ID (if any)	Project Name Land Administration and Information Systems (P164187)
Region LATIN AMERICA AND CARIBBEAN	Estimated Appraisal Date Aug 20, 2018	Estimated Board Date Nov 16, 2018	Practice Area (Lead) Social, Urban, Rural and Resilience Global Practice
Financing Instrument Investment Project Financing	Borrower(s) Ministry of Finance	Implementing Agency Property Institute	

Proposed Development Objective(s)

The development objective of the Project is to improve the land management system and service delivery processes

Financing (in USD Million)

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

Environmental Assessment Category B-Partial Assessment	Concept Review Decision Track II-The review did authorize the preparation to continue
---	--

Note to Task Teams: End of system generated content, document is editable from here.

Other Decision (as needed)



B. Introduction and Context

Country Context

1. Despite a positive recent economic performance, Honduras' development challenges are many and complex. Real Gross Domestic Product (GDP) grew from 2.8 percent in 2013 to 3.6 percent during the first semester of 2015. Growth has not reached the pre-crisis (2009) rate of 5.9 percent in 2003-2007. Growth has been supported by improved terms of trade, higher remittance inflows and improved investor confidence. The economy suffered from several shocks in 2013, including a fall in coffee production and a contraction in investment due to the deteriorating fiscal situation. Poverty rates are also high. One in five people live on less than US\$1.25 per day. In 2013, about 65 percent of the population lived in poverty and nearly 43 percent lived in extreme poverty. The middle class has not grown and remains one of the smallest in the LAC region.
2. Some development constraints arise from the low quality of the country's institutions. Several issues have affected the capacity of the state to advance the development agenda. This includes: (i) enforcing the rule of law; (ii) enacting rules and procedures to implement policy decisions; and (iii) enforcing accountability and controlling macroeconomic instability.
3. Enhancing transparency and modernization of the state would support efforts to foster social inclusion. The World Bank Country Partnership Framework (CPF) seeks to support the Government's 2014-2018 Plan for a Better Life, which focuses on four key areas: (i) enhancing transparency and modernization of the state; (ii) improving social protection for human development; (iii) generating employment and enhancing competitiveness; and (iv) fostering peace and reducing violence. Improving institutions and modernizing the state is a critical area of support to the entire social inclusion and resilience agenda.
4. Multiple dimensions of vulnerability pose a persistent risk to the achievement of economic and social development. The increase in frequency and severity of extreme weather shocks exacerbate the vulnerable situation of the unsustainable land management crisis in urban and in rural areas. The country will need to continue building resilience in order to counter the impact of climate change. Supporting the building of land records and Spatial Data Infrastructure would contribute to improving the modernization of the state. This would enable the country to work with geospatial data and analytics to improve decision making and policy implementation to foster social inclusion and strengthening resilience.



Sectoral and Institutional Context

5. Recognizing the importance of the land sector for the development agenda, the World Bank, through the Honduras Land Administration Projects (PATH), has been instrumental in the formulation and implementation of legal and institutional reforms, along with the development of the National System for Property Administration (SINAP). The latter comprised a series of norms, laws, processes and a technological platform that included modules for an Integrated Real Estate Registry System (SURE), a Territorial Planning Norms Registry (RENOT), and a National Territorial Information System (SINIT).

6. The land sector has undergone a substantial institutional and legal transformation. In recent years, Honduras has achieved substantial improvements in the legal, institutional and operational framework for the protection and management of property rights. The promulgation of the 2004 Property Law laid out a comprehensive legal and institutional framework for strengthening land administration, including the creation of the Property Institute (PI) – Instituto de la Propiedad – to oversee the national cadastre and real estate registry and regularize land tenure in an integrated manner. The Property Law also established the foundation for the conversion of the registry system from person-based (Folio Personal) to parcel-based (Folio Real), enabling the unification of cadastral information (geo-spatial description) and legally recognized rights. Tegucigalpa and San Pedro Sula – the two largest cities in the country – modernized six key regional property registries, surveyed over 365,000 parcels and generated more than 40,000 new property titles. These efforts resulted in more efficient, effective and transparent land administration services in the selected project areas through improved cadastral mapping, land titling, registration of land transactions and records management. However, there is an ongoing land agenda in the country.

7. Securing property rights remains critical for fostering social inclusion and the development agenda. To secure property rights, a strong land institution is needed. The primary land institution must be strong enough to: (i) implement and enforce the land and/or property law; (ii) norms and regulations; and (iii) lead and oversee the country's land agenda. Laws, norms and regulations are only as strong as the technical and political capabilities of the leading institution that enforces the legal framework. Political commitment and support is needed to help the country to develop a strong land institution. The existence of weak land administration systems restrains economic and social development, since it allows for the creation of an informal economy in which assets are undervalued, untaxed and unreported. Important results have been achieved and there is an ongoing land agenda. Continued support to the land sector and the development agenda would prevent the jeopardization of these improvements.

8. A strategic approach is needed to modernize the land institutions. A well-focused modernization strategy needs to be set in place, starting with the modernization of the Property Institute (PI). At a minimum, the strategic approach should include a clear strategy to: (i) strengthen the capacity-building strategy, which should include staffing, equipment, and infrastructure; (ii) assess and strengthen land services and the land administration system; (iii) develop an IT system to have an accurate, current and reliable land record cadastre and its associated attributes and spatial data. These represent the legal boundaries of land tenure and provide a vital baseline that is capable of integrating into other geographic systems and that allows data stewards to retrieve, create, update, store, view, analyze and publish land information; (iv) include simpler implementation arrangements and structures that can help to mitigate limited institutional capacities and risks of political interference; and (v) include an innovative monitoring and evaluation system to conduct periodic and systematic monitoring that will allow backstopping to make corrective measures.



Relationship to CPF

9. **Land tenure is central to economic work.** It is recognized that the government has made substantial improvements in the legal, institutional and operational frameworks for the protection of property rights. It is also recognized that Honduras still faces important challenges to consolidate the land governance system. Key land agencies need to enhance institutional coordination and avoid isolation from each other. Municipalities need to be strengthened to advance the decentralization of the system and ensure maintenance of cadastral information. Substantial improvements have been done in the demarcation and titling of the Miskito indigenous peoples. However, a more strategic and culturally-responsive strategy is recommended. Further strengthening of land use for women and women's access to land is also needed.

10. **The Proposed project is aligned with the current Honduran Country Partnership Framework (CPF), which seeks to strengthen and modernize state institutions to foster social inclusion and development.** The CPF recognizes that progress has been made in the land sector and that there is an ongoing agenda. Weak property rights could discourage investments and restrict economic competitiveness and social inclusion. The CPF establishes the connection between the promotion of competitiveness and land regularization. Among other factors, land regularization is one of the key areas to be improved to promote competitiveness, attract and retain investors and to support diversification of the exports. Land tenure security is an indispensable condition to efficiently promote investments in improving land management.

C. Proposed Development Objective(s)

Note to Task Teams: The PDO has been pre-populated from the datasheet for the first time for your convenience. Please keep it up to date whenever it is changed in the datasheet.

11. The development objective of the Project is to improve the land management system and service delivery processes

Key Results (From PCN)

12. The Proposed key results indicators for the Project are:

- Complete the linkage between the cadastre and the property registry in all certified Municipal Associated Centers;
- Improve business processes to complete the transition from paper-based to automated processes;
- Improve SINAP to support processes and land management information;
- Improve the quality of services in processing transactions (this would be measured by periodic surveys)

D. Concept Description

Note to Task Teams: The following sections are system generated and can only be edited online in the Portal.



SAFEGUARDS

A. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

The proposed operation would finance establishing the link cadastre - registry in at least 2 property registries of the Departments of San Pedro Sula and Francisco Morazán. It would establish the service on demand in at least 4 property registries in Francisco Morazán, San Pedro Sula, Puerto Cortes and la Ceiba. In the Departments of La Paz, Marcalam Ocototepeque, Santa Rosa de Copan, Nacaome, Santa Barbara and Yuscaran, at least 8 regional offices of the PI will be modernized. It will establish the Front-Back Office model in at least 3 new property registries in San Pedro Sula and La Ceiba and it will finance the consolidation of said model in Tegucigalpa. It will finance the establishment of 4 Associated Municipal Centers in La Lima, Puerto Cortes, San Pedro Sula, Choloma and El Progreso. The project will demarcate the following protected areas: (i) Zona Productora de Agua de Piedra de Apaguiz en Danlí; (ii) El Paraiso Danlí; and (iii) la zona del Uso Multiple del Cerro del Tigre en Ampala, Department del Valle. Demarcation entails the physical marking of boundaries with one meter concrete pole markers. The physical impact of establishing this boundary is minimal. In some locations where there is a larger human population present a fence, of limited extension, might be erected, in order to minimize the impact of potential encroachment. The project would also work with 4 Miskito Indigenous Territorial Councils (Katainasta, Auhya, Yari, Finzmos and Bamiasta). In these areas, it would work with the indigenous peoples in strengthening the design and use of alternative forms of conflict resolution.

B. Borrower’s Institutional Capacity for Safeguard Policies

The Property Institute created the Project Administration Unit (Unidad Administradora de Proyectos (UAP)) which is fully integrated by the Project Coordinating Unit of the PATH II. This team is well-versed and trained in World Bank policies, including fiduciary, social and environmental. This would contribute to the execution of the next operation.

C. Environmental and Social Safeguards Specialists on the Team

Gunars H. Platais, Environmental Safeguards Specialist
 Mariana T. Felicio, Social Safeguards Specialist

D. Policies that might apply

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	The Project is expected to have minimal or no adverse environmental impacts. It is classified as Category B. The Project will demarcate external boundaries of selected protected areas. The Project will not support any regularization within these areas nor will it demarcate the boundaries of their core zones. The works envisioned entail clearing vegetation sufficiently to place concrete markers at specific georeferenced spots. No deforestation or degradation of native forests ensues. In areas closer to population centers, fences will possibly be erected. The EA will address the potential impact of the project on forests and/or



the rights and welfare of local communities. It will diagnose and analyze the socio-environmental aspects and possible negative impacts to the natural and social environment as a result of the implementation of the Project. Specifically it will: (i) conduct a socio-environmental diagnosis of the legal and institutional framework; (ii) undertake a socio-environmental characterization of the area of influence of the Project; (iii) develop a diagnosis of the institutional capacity for the management of environmental aspects; (iv) present an analysis of the World Bank's safeguard policies and how the project is expected to comply with them during implementation; (v) identify the potential socio-environmental impacts and propose the respective actions or measures to prevent, mitigate and/or compensate them including the potential impact of the project forests and/or the rights and welfare of local communities; (vi) formulate an Environmental Management Plan (EMP) to be applied during project implementation, including the respective budget, schedule and responsibilities for its application; and (vii) present a Project Supervision and Environmental Monitoring Plan, including the respective indicators to measure the results of environmental management.

Natural Habitats OP/BP 4.04

Yes

The project is expected to have minimal or no adverse impacts on natural habitats. This policy is triggered on a precautionary basis on the off chance that in anticipation of land titling rural property owners increase the transformation of their properties to "productive use" and in so doing affect natural habitats. Sub-projects that would involve the significant conversion of natural habitats will not be financed. Specific actions would be addressed in the operational manual.

Forests OP/BP 4.36

Yes

- Deforestation in anticipation of land titling: Despite strict environmental legislation that requires a permit for deforestation and increased monitoring capacity by ICF (the Forest Conservation Institute), it is possible that the landholder might accelerate land clearing activity in advance of the arrival of the project field teams who would measure, map, and register a land parcel, in order to demonstrate the largest possible area under "productive use"
- Increased land clearing from greater access to capital: By receiving secure land titles, many



		<p>landowners would enjoy increased access to capital, resulting from improved access to credit. This means that some of them might opt to use part of their increased access to capital for clearing the remaining forests on their property to expand their area of pasture or cropland.</p> <ul style="list-style-type: none">• Increased migration to forest frontier areas: Some rural land owners might be inclined to sell their fully-titled land and use the proceeds to migrate and clear more land at the forest frontier, even though this goes against recently observed migration trends in Honduras.• The EA will address the potential impact of the project on forests and/or the rights and welfare of local communities.
Pest Management OP 4.09	No	<p>Project activities do not involve purchase and/or storage of pesticides and /or any type of chemicals.</p>
Physical Cultural Resources OP/BP 4.11	Yes	<p>This policy is triggered due to the potential affectation of sacred and cultural sites during the land regularization processes. Honduras has laws and procedures to deal with these issues and will be applied for addressing any potential impact during any of the activities executed by the Project. The EA will specify relevant measures including chance find procedures to address any such impacts.</p>
Indigenous Peoples OP/BP 4.10	Yes	<p>Component 1 (Institutional Strengthening) and Component 2 (Improvement of ICT infrastructure and workflows) will not directly benefit IPs. Component 3 (Targeted regularization, registration, mapping and geo-referencing of rights) will support participatory community mapping, participatory demarcation and will support the issuance of communal titles for Miskito Peoples' communities residing in the Department of Gracias a Dios. It will include outreach and communication efforts as well as capacity strengthening to enable IPs to access digitized paper records. The Social Assessment that will be conducted during the preparation of the Project will identify the communities. Although the specific communities are not yet identified it is recommended to prepare an Indigenous Peoples Plan.</p>
Involuntary Resettlement OP/BP 4.12	Yes	<p>The Project is expected to have minimal or no adverse impacts on land acquisition and/or displacing people. However, a Process Framework will be prepared as a preventive measure. There may, however, be a restriction to access to natural resources as a product</p>



of the demarcation of protected areas which will be taken into consideration.

Safety of Dams OP/BP 4.37	No	The project will not support the construction of dams or reservoirs. Therefore, this policy is not triggered.
Projects on International Waterways OP/BP 7.50	No	Project activities will not be conducted in or in influence of international waterways. Therefore this policy is not triggered.
Projects in Disputed Areas OP/BP 7.60	No	Project activities will not be conducted in disputed areas. Therefore, this policy will not be triggered.

E. Safeguard Preparation Plan

Tentative target date for preparing the Appraisal Stage PID/ISDS

Jul 20, 2018

Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing should be specified in the Appraisal Stage PID/ISDS

The borrower would need at least two months to prepare the Social Assessment, Indigenous Peoples Plan and the Environmental Assessment.

CONTACT POINT

World Bank

Mary Lisbeth Gonzalez
Senior Social Development Specialist

Borrower/Client/Recipient

Ministry of Finance

Implementing Agencies

Property Institute
Ebal Díaz
President of Board of Director
jnoecortes@me.com



FOR MORE INFORMATION CONTACT

The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 473-1000
Web: <http://www.worldbank.org/projects>

APPROVAL

Task Team Leader(s):	Mary Lisbeth Gonzalez
----------------------	-----------------------

Approved By

Safeguards Advisor:	Marco Antonio Zambrano Chavez	06-Dec-2017
Practice Manager/Manager:	David N. Sislen	06-Dec-2017
Country Director:	Andrea C. Guedes	23-Jan-2018

Note to Task Teams: End of system generated content, document is editable from here.