

**PROJECT INFORMATION DOCUMENT (PID)
RESTRUCTURING**

Report No.: **35590**

Project Name	PA Land Administration
Region	LATIN AMERICA AND CARIBBEAN
Sector	Natural Resources Management
Project ID	P050595
Borrower(s)	Government of Panama
Implementing Agency	Ministry of Economy and Finance (MEF) Panama
Environment Category	<input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI <input type="checkbox"/> TBD (to be determined)
Safeguard Classification	<input type="checkbox"/> S ₁ <input checked="" type="checkbox"/> S ₂ <input type="checkbox"/> S ₃ <input type="checkbox"/> S _F <input type="checkbox"/> TBD (to be determined)
Date PID Prepared	Updated March 15, 2006
Date of Appraisal Authorization	November 21, 2000
Date of Board Approval	June 16, 2001 – Restructured in March 2006

1. Country and Sector Background

Panama is a nation of stark contrasts. With a population of about 3 million and per capita GNI of \$4,450, nearly 40 percent of its population lives in poverty. In contrast to Panama City's modern skyline and comforts, slightly more than half of the country's rural residents fall below the poverty line and urban poverty is on the rise with one fifth of city dwellers living as paupers. Panama enjoys sophisticated financial and service sectors, but its public administration systems remain underdeveloped, its civil service weak, and a portion of the economy remains sheltered, serving only the domestic market.

The limited of land tenure security and equitable mechanisms for access to land and land administration services are one of the root causes of poverty. Land administration and titling efforts are key for access to assets, the development of the land market, and for planning purposes, all of which are essential to the country's long-term sustainable development. Land administration services in both rural and urban areas are under-funded, bureaucratic and fragmented. Registration, titling, cadastre and information systems are poorly integrated and outdated. This general environment is further handicapped by complicated land adjudication and titling procedures. In order to address these issues, the Government is committed to key legal, institutional and operational reforms related to land administration as part of its national development agenda.

Panama has a very rich biodiversity with twelve confirmed life zones out of thirty identified globally. A large portion of the Atlantic watershed forms a biological corridor from Colombia to Costa Rica making it a very important part of the Mesoamerican Biological Corridor. The existence of such rich biodiversity, however, contrasts sharply with current land use. Over half of the forests have disappeared and about 25 percent of all lands are considered either degraded or

in the process of rapid degradation. This destruction, in turn, is associated with the lack of clear land tenure security. The project supports the demarcation of protected areas and the regularization of their existing occupants.

Indigenous communities are the poorest of the poor: more than eighty percent are extremely poor and one-half of indigenous children are malnourished. The rights of some of the Indigenous *Comarcas* are not well defined yet, although they constitute a type of autonomous administrative political structure covering approximately 21 percent of Panama. The project supports the consolidation of indigenous territories.

2. Objective

The restructured project development objective is to modernize the land administration system, including priority protected areas and indigenous territories.

3. Rationale for Bank Involvement

The World Bank's support to the project adds value in the areas of policy reform, institutional improvements, and human resource strengthening. The Bank brings integrated global support to this Project, in particular, to legal and institutional reform in potentially sensitive political, economic, and social sectors. The Bank has financed over 100 projects with land-related components, of which about 40 percent have been in the Latin American and Caribbean Region. The Bank's broad international experience allow for objective recommendations on the various options for legal, institutional, and technical framework reform. The Bank is also a pioneer in supporting projects with area-based cadastre and registry components, as reflected in land-related projects in Bolivia, El Salvador, Honduras and Guatemala. The project builds upon the experiences learned from the bank's global portfolio of land projects.

4. Description

The original project of US\$72.4 million (with a World Bank loan of US\$47.9 million) was approved by the Board of Executive Directors on January 16, 2001. During its first four years, the project suffered from significant implementation delays and bottlenecks. As a result, during the mid-term review carried out in May 2005, the need to restructure the project was recognized. In October 2005, the Bank received a request from the Government of Panama to restructure the project. The restructuring proposal is expected to be submitted for consideration by the Board of Directors of the Bank in April 2006. It includes a reduction in scope (by about 25–30 percent) and cost (by about 20 percent).

The restructured Project has 4 components:

1. Land Policy, Legal and Institutional Framework. This component aims at improving the existing policy, legal and institutional framework governing the provision of land administration services, including the institutional strengthening and service decentralization of land administration entities.

2. Land Regularization Services. This component supports the modernization of the Borrower's geodetic network, the gathering and analysis of land tenure related data, including the development and implementation of an Integrated Cadastral and Registry Information System (SIICAR) and its network in selected provinces and districts, and the resolution of land-related conflicts.

3. Consolidation of Protected Areas and Indigenous Territories. This component will consolidate the National Protected Areas System (SINAP), establish and consolidate proposed protected areas within SINAP, and establish and consolidate indigenous territories in the project area.

4. Project Administration, Monitoring & Evaluation. This component will strengthen the technical and administrative capabilities of land administration entities at national and local level, and support the design and implementation of a monitoring and evaluation system.

5. Financing

Source:	(\$m.)
BORROWER	10.67
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT	47.9
	Total 58.57

6. Implementation

The project is being executed by the Ministry of Economy and Finance (MEF), through the Directorate of Cadastre and Patrimony (DGCBP) and the Directorate of Social Policy (DPS), in collaboration and coordination with the Ministry of Agriculture through the National Directorate of Agrarian Reform (DINRA); the Ministry of Governance and Justice, through the National Directorate of Local Governments (DGL); the Department of Indigenous Affairs (DPI); the Ministry of Public Works, through National Geographic Institute (IGNTG); the National Authority for the Environment (ANAM); the Public Registry (RP); and the Project Coordination Unit (PCU). Following the project restructuring, the Ministry of Housing (MIVI) has been included as co-executing agency, given its role in approving the urban cadastral plans before they are registered. Interagency coordination is promoted at the national level by two structures created specifically for the project: the Superior Council (SC) for Land Administration and the Technical Operational Committee (TOC). They are responsible for the policy and technical regulatory frameworks, respectively, needed for project implementation. In each province, the decentralized representatives of these national agencies have field-level implementation responsibilities, mainly through UTOs (temporary decentralized units).

The Project Coordination Unit (PCU) is responsible for the overall financial and administrative implementation of the project and plays a major coordinating role in the overall project execution.

7. Sustainability

Sustainability is promoted through: (i) the supportive and decentralized institutional framework; (ii) sector and inter-sectoral coordination; (iii) local organizations involvement; (iv) technology

transfer program; (v) comprehensive training programs; (vi) private sector involvement (especially in land administration services delivery); and (vii) participatory evaluation and monitoring system. To attain sustainability goals, the Project also encourages local capacity building and the financial and technical viability of the agencies involved.

8. Lessons Learned from Past Operations in the Country/Sector

Develop a Comprehensive Framework. The most important lesson learned from international best practice in land administration is that it is necessary to use a comprehensive, holistic, and integrated framework rather than considering land only as a factor of production or in its agricultural potential. Such a framework must include consideration of equity, security, and efficiency, as well as the social, cultural, and environmental implications. The Project is based on this kind of vision involving titling, natural resource conservation and management, land administration services, and indigenous peoples land rights.

Technical Coherence. It is essential to ensure that one standardized and coherent technical methodology is in place. Therefore, a unified methodology for land regularization, making use of the Integrated Cadastre and Registry Information System (SIICAR), is being developed and adopted by all relevant land service agencies. This methodology applies to funding to be provided by other agencies such as the parallel project financed by the Inter-American Development Bank (IDB).

Promote Participation at the Local and Community Level. The project supports the carrying out of a program to increase the participation of local stakeholders and municipalities, including the organization of round tables. It further supports: (i) physical demarcation activities in selected protected areas, including the participatory decision-making process needed to define the boundaries and status of the demarcated area; (ii) the participatory development of management plans for proposed protected areas; and (iii) the physical demarcations of and the establishment of alternative conflict resolution mechanisms in selected *comarcas*.

Monitoring and Evaluation (M&E). Under the restructured project, the M&E has been strengthened to monitor both physical output indicators with financial management/resource use and procurement processes.

9. Safeguard Policies (including public consultation) (to be updated from final PAD)

Safeguard Policies Triggered by the Project	Yes	No
<u>Environmental Assessment (OP/BP/GP 4.01)</u>	[X]	[]
Natural Habitats (<u>OP/BP 4.04</u>)	[X]	[]
Pest Management (<u>OP 4.09</u>)	[]	[X]
Cultural Property (<u>OPN 11.03</u> , being revised as OP 4.11)	[]	[X]
Involuntary Resettlement (<u>OP/BP 4.12</u>)	[X]	[]
Indigenous Peoples (<u>OD 4.20</u> , being revised as OP 4.10)	[X]	[]
Forests (<u>OP/BP 4.36</u>)	[]	[X]
Safety of Dams (<u>OP/BP 4.37</u>)	[]	[X]
Projects in Disputed Areas (<u>OP/BP/GP 7.60</u>)	[]	[X]
Projects on International Waterways (<u>OP/BP/GP 7.50</u>)	[]	[X]

The environmental category of the Project is unchanged (Category “B”). The restructured project area remains within the original project area (selected districts in the provinces of Chiriquí, Veraguas and Boca del Toro as well as protected areas in the provinces of Panamá, Colón, Coclé, Veraguas, Herrera and Los Santos).

10. List of Factual Technical Documents

- (i) Government’s restructuring proposal (dated October 20, 2005)
- (ii) Original PAD (dated December 14, 2000)

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