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**HONDURAS
LAND ADMINISTRATION PROJECT
(CREDIT NO. 3858-HO)**

**Progress Report
Implementation of Management's Action Plan in
Response to the
Inspection Panel Investigation Report**

March 9, 2009

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ABBREVIATIONS AND ACRONYMS

AFE-COHDEFOR	<i>Administración Forestal del Estado- Corporación Hondureña de Desarrollo Forestal</i> (Honduran Agency for Forest Development)
AMHON	<i>Asociación de Municipios de Honduras</i> (Honduran Association of Municipalities)
APL	Adaptable Program Loan
BP	Bank Procedures
CONPAH	<i>Confederación de Pueblos Autóctonos de Honduras</i> (Honduran Confederation of Autochthonous Peoples)
DCA	Development Credit Agreement
EA	Environmental Assessment
GEF	Global Environment Facility
FONAC	<i>Foro Nacional de Convergencia</i> (National Forum for Inclusive Dialogue)
IBRD	International Bank for Reconstruction and Development
ICF	<i>Instituto de Conservación Forestal</i> (Forestry Conservation Institute)
ICR	Implementation Completion and Results Report
IDA	International Development Association
IHAH	<i>Instituto Hondureño de Antropología e Historia</i> (Honduran Institute of Anthropology and History)
IHT	<i>Instituto Hondureño de Turismo</i> (Honduran Tourism Institute)
ILO	International Labor Organization
INA	<i>Instituto Nacional Agrario</i> (National Agrarian Institute)
IP	<i>Instituto de la Propiedad</i> (Property Institute)
IPDP	Indigenous Peoples Development Plan
IPN	Inspection Panel
IPR	Independent Procurement Review
MASTA	<i>Mosquitia Asla Takanka</i> (Unity of the Mosquitia)
NGO	Nongovernmental Organization
OD	Operational Directive
ODECO	<i>Organización de Desarrollo Étnico Comunitario</i> (Organization for Ethno-Community Development)
OFRANEH	<i>Organización Fraternal Negra Hondureña</i> (Honduran Black Fraternal Organization)
OMS	Operational Manual Statement
OP	Operational Policy
PAAR	<i>Proyecto de Administración de Áreas Rurales</i> (World Bank-financed Rural Land Management Project)
PAD	Project Appraisal Document
PATH	<i>Programa de Administración de Tierras de Honduras</i> (Honduras Land Administration Program)
PCU	Project Coordination Unit
PDO	Project Development Objective
SDR	Special Drawing Rights
SERNA	<i>Secretaría de Recursos Naturales y Ambiente</i> (Ministry of Environment and Natural Resources)
SGJ	<i>Secretaría de Gobernación y Justicia</i> (Ministry of Interior)
SINAP	<i>Sistema Nacional de Administración de la Propiedad</i> (National Property Administration System)

EXECUTIVE SUMMARY

This Progress Report addresses the implementation of the Management Action Plan endorsed by the Executive Directors following the October 4, 2007 Board discussion of the Inspection Panel's investigation of the Honduras Land Administration Project (Credit 3858-HO, US\$25 million equivalent). The Project, approved in February 2004, is the first phase of an Adaptable Program Loan (APL) aimed to modernize the property rights system through institutional strengthening and land surveying, titling and registration activities. In line with the latter, the Project includes a small pilot effort to delimitate and title the lands of selected Garífuna and Miskito communities living in Honduras' Caribbean Coast. The investigation responded to the request submitted in January 2006 by the Honduran Black Fraternal Organization (*Organización Fraternal Negra Hondureña* or OFRANEH) alleging that the Bank had not taken into consideration the rights and interests of the Garífuna people in the design, appraisal and implementation of the Project, and as a result their land rights and collective tenure traditions were under threat.

All activities agreed in the Action Plan have been completed, and this document is the last specific report on its implementation. The Project will close in October 2009 and the Implementation Completion and Results Report (ICR) will include lessons learned on Project implementation and any additional information needed on the Action Plan. The second phase of the Program will likely be submitted to the Board for consideration in July 2009, and the Project Appraisal Document (PAD) will also include any relevant follow up information.

In its investigation report, the Panel concluded that the Bank was broadly in compliance with the policies applicable to the project but that there were instances of non-compliance related to OD 4.20 (Indigenous Peoples) and OP/BP 13.05 (Supervision). Specifically, the Panel considered that project safeguards were inadequate to protect Indigenous Peoples' land rights; project consultations mechanisms did not respond to concerns raised by some organizations and lacked representativeness and support, in addition to being insufficiently supervised; the Indigenous Peoples Development Plan (IPDP) did not include all available consultative mechanisms; indigenous communities were not receiving clear information on land conflict resolution mechanisms; and that the project was not adequately adjusted to the new legal circumstances brought about by the Property Law, which was passed five months after Project approval.

In line with the Action Plan, the Project has been intensively supervised. A project restructuring was approved in September 2007 to align it with the institutional framework created by the new Property Law, and implementation progress is currently moderately satisfactory. The Bank team has regularly met with pilot indigenous communities and organizations, including OFRANEH, and a Communications Strategy has been implemented to inform these communities about the Project, and particularly about conflict resolution mechanisms. The Project consultative framework has been

strengthened with the activation of the Inter-Sectoral Commission as a central forum to coordinate policy and strategy related to the land rights of indigenous and Afro-Honduran communities. The two regional committees (*mesas regionales*) complementing the role of the Commission have remained active, and pilot communities are supportive of the Project. A local consultant was hired to review all relevant aspects of the new legal framework. The Operations Manual and IPDP have been updated to ensure consistency with the new institutional and legal framework, and procedures for delimitation and titling of indigenous peoples' lands have been discussed with the Government and reflected in the relevant Project documents.

No titling of Garífuna communities' land will take place before the end of the Project. Going forward, Management will continue to encourage Government to promote consensus on – and to make the relevant local legal framework more responsive to – the interests and tenure traditions of indigenous peoples. At the same time, Management will continue to help Government address the concerns of indigenous communities, through *inter alia*, policy dialogue, knowledge exchange, analytical activities, and initiatives that promote their culture and sustainable development. In this respect, the second phase of the Program will likely include support for Miskito communities, none of which has thus far managed to obtain titles to their lands while facing increased development pressure and the advance of the agricultural frontier.

Progress Report to the Board of Executive Directors on the Implementation of Management's Action Plan in Response to the Inspection Panel Investigation Report on the Honduras Land Administration Project

Introduction

1. On January 10, 2006, the Inspection Panel (hereafter referred to as "the Panel") registered a Request for Inspection, IPN request RQ06/1 ("the Request"), concerning the Honduras Land Administration Project (*Programa de Administración de Tierras de Honduras* or PATH, "the Project") partially financed by the International Development Association (IDA)¹ through Credit 3858-HO. The Request had been submitted by the Honduran Black Fraternal Organization (*Organización Fraternal Negra Hondureña* or OFRANEH) on behalf of the Garífuna population of Honduras. In the Request, OFRANEH alleged that the Bank had not taken into consideration the rights and interests of the Garífuna people in the design, appraisal and implementation of the Project, and that as a result, land titling and other procedures under the Project would ultimately cause the loss of their rights over parts of their Ethnic Lands,² as well as the demise of collective property in favor of individual property. Specifically, OFRANEH claimed that the Bank had violated OD 4.20 on Indigenous Peoples, OP/BP 4.01 on Environmental Assessment, OP/BP 4.04 on Natural Habitats and OP/BP 13.05 on Project Supervision.

2. The Bank's Board of Executive Directors authorized the investigation on May 30, 2006. On June 12, 2007, the Panel submitted to the Board its report outlining the findings of the investigation on the Project (Investigation Report No.39933-HN). The Panel concluded that the Bank was broadly in compliance with the policies applicable to the project but that there were instances of non-compliance related to OD 4.20 and OP/BP 13.05, as it considered that (i) Project safeguards were inadequate to protect indigenous peoples' land rights; (ii) Project consultation mechanisms were not adjusted to concerns raised and lacked representativeness and support due to the non-participation of key Garífuna organizations, namely OFRANEH and the Organization for Ethno-Community Development (*Organización de Desarrollo Étnico Comunitario* or ODECO); (iii) The Indigenous Peoples Development Plan (IPDP) did not paid adequate attention to the Inter-Sectoral Commission as a consultative mechanism; (iv) There was lack of clarity on and weak dissemination of information on land conflict resolution mechanisms available to indigenous communities; (v) The Project was not adequately adjusted to changed legal circumstances; and (vi) There was insufficient supervision of Project consultation mechanisms. In addition, the Panel made a number of observations in order to assist in the implementation of the Project. These observations concerned the consultation with Garífuna communities during Project implementation, the rights of Garífuna communities in relation to protected areas, and the legal framework for protecting Garífuna people's rights under the Project.

¹ Since IDA is part of the World Bank Group, the terms "Bank" and "IDA" are used interchangeably throughout this Progress Report.

² Following the International Labor Organization (ILO) 169 Convention, of which Honduras is a signatory, Ethnic Lands are defined in the Development Credit Agreement (DCA) for the Project as: "those lands that have been ancestrally and historically settled by Amerindian groups and/or Afro-Honduran communities for their use and that constitute their habitat on which they undertake their traditional productive and cultural practices."

3. On August 3, 2007, Management submitted its Report and Recommendations in Response to the Inspection Panel Investigation Report (Management Report INSP/39933-HN), which included Management's proposed Action Plan ("the Action Plan") for addressing the Panel's findings.

4. On October 4, 2007, the Board discussed both the Inspection Panel and the Management reports, endorsed the proposed Action Plan, and requested Management to report back on its implementation progress. The present report has been prepared in response to this Board request.

Project Background

5. **Project Description.** The Project was approved by the Bank's Board on February 26, 2004 and became effective on December 2, 2004. Current Credit closing date is October 30, 2009. The total Project cost was estimated at appraisal at US\$38.9 million, to be financed through an IDA Credit of SDR16.9 million (US\$25 million equivalent), a Nordic Development Fund Credit of EUR6 million (US\$7.9 million equivalent), and a contribution from the Republic of Honduras (The Borrower) (US\$6.0 million). As of February 2009, the IDA Credit has been largely disbursed.³

6. The Project is the first phase of an Adaptable Program Loan (APL) to help modernize land administration in Honduras.⁴ The specific Project Development Objective (PDO) is to establish and operate an integrated and decentralized land administration system, composed of public and private entities, which provides users in the Project area with accurate information on urban and rural land parcels and effective land administration services in a timely and cost-effective manner. Three components support the achievement of the PDO: (i) at the national level, development of the policy framework and institutional strengthening to support the establishment and operation of the National Property Administration System (*Sistema Nacional de Administración de la Propiedad* or SINAP) (US\$10.9 million); (ii) in specific areas of the country, systematic land regularization, titling, and registration (US\$22.7 million);⁵ and (iii) Project management, monitoring and evaluation (US\$5.3 million).

7. Approximately five percent of Project resources are allocated to the pilot efforts for delimitation and titling of Ethnic Lands under Component 2. The Panel Inspection Investigation relates to the sub-set of these activities focused on pilot Garífuna communities. Currently, seven Garífuna communities, located in the departments of Atlántida and Colón, are included in the Project.⁶ The remaining resources are aimed at pilot Miskito communities in the department of Gracias a Dios.

³ Remaining funds include: those still in the Project's Special Account, which was initially established with US\$2.5 million; expected counterpart funds of Lp.24 million (US\$1.3 million); and all the funds from NDF, which are financing an international contract for surveying and aerial photography that will be completed by December 2009 (the closing date of NDF's Credit).

⁴ A second phase is under preparation, with a likely Board date of July 2009 (see Paragraph 18).

⁵ Regularization is the process through which a land parcel's physical location and tenure status are analyzed and formalized through document review and on-site verification

⁶ There were eight pilot communities initially, but one community decided not to continue participating in the Project.

8. **Project Status.** After significant delays from late 2005 to early 2007,⁷ Project performance has improved, especially in the last 18 months. The Project was restructured, transferring it from the Ministry of Interior (*Secretaría de Gobernación y Justicia*, or SGJ) to the Property Institute (*Instituto de la Propiedad*, or IP),⁸ and currently implementation progress is rated moderately satisfactory. Major advances are evident in regularization in rural and urban areas, benefitting approximately 210,000 families; development of SINAP and modernization of property registries which has reduced registry transaction time and costs; demarcation of protected areas; and strengthening of fiduciary oversight and of the Project Coordination Unit's (PCU) fiduciary capacity. This last advance reflects implementation of an Action Plan⁹ agreed with the Borrower to respond to fiduciary weaknesses that resulted in an INT investigation in November 2006.¹⁰ Currently, both financial management and procurement under the Project are rated moderately satisfactory.

9. **Update on Regularization in Ethnic Lands.** No ethnic lands have thus far been titled under the Project. As noted in the Management Report, delimitation and titling could not be started until the Regularization Manual for Ethnic Lands had received the Bank's no objection and the Indigenous Peoples Development Plan (IPDP) had been updated. Following a participatory preparation process of over 15 months, the final draft Manual was submitted to the Bank in March 2008. The IPDP was updated following six months of consultations that were prolonged by a concerted effort to engage OFRANEH in the process as well as a national emergency in October 2008 due to heavy rains and floods. In January 2009, the Bank gave its no objection to the Manual and the updated IPDP. Soon afterward, preparatory activities for delimitation of lands in pilot Miskito communities were started. Responding to a request from the pilot Garífuna communities, preparation activities for a detailed diagnostic of their current tenure situation are also underway. However, no titling of Garífuna communities' lands will take place before the end of the Project.

10. Public awareness and social mobilization activities, including implementation of the Communications Strategy (see Annex 1 for details), have continued and the regional and local committees (*Mesas Regionales* and *Mesas Locales*) have remained active.¹¹

⁷ This period included the Presidential elections of December 2005 and the Government transition in 2006.

⁸ Project restructuring was approved by the Regional Vice-President on September 24, 2007. The restructuring updated project implementation arrangements to reflect the current national legal and institutional framework, and modified selected outputs related to Component 2 (details of the restructuring are included in Report No. 41915-HN – Restructuring Project Paper). The Credit amendment reflecting the restructuring was signed by the Country Director on October 4, 2007 and counter-signed by the Borrower on October 23, 2007.

⁹ The Action Plan has included, *inter alia*, (i) reorganization of the PCU's Fiduciary Unit; (ii) contracting of new personnel, with Bank's no objection, for financial management and procurement (both, the new Coordinator for the Fiduciary Unit and the Sr. Procurement Officer, as well as the rest of the fiduciary staff, have been found by the Bank Team to have the experience and capacity to work in the implementation of a Bank-financed project); (iii) revising administrative processes (including financial management and procurement) to reflect organizational and procedural changes; and (iv) improved internal controls.

¹⁰ The INT investigation looked at fraudulent practices in 2004 and 2005, when the Project was under a different Implementing Agency and PCU. INT identified several instances of misprocurement which led to the cancellation of Credit funds totaling US\$750,500.20 equivalent. The Independent Procurement Review (IPR) carried out in May-June 2008 did not find any major issues related to procurement under the Project.

¹¹ There are two *Mesas Regionales* under the project, one *Mesa Regional Garífuna* and one *Mesa Regional Miskita*. The *Mesa Regional Garífuna* is open to a broad range of Garífuna stakeholders including *Patronatos*, church groups

These mesas complement other Project consultative mechanisms such as the *Inter-Sectoral Commission for Protecting Land Rights of Garífuna and Miskito Communities*¹² and bilateral dialogue with interested organizations. ODECO and the Unity of Mosquitia (*Mosquitia Asla Takanka* or MASTA), the umbrella organization of the Miskitos, are participating in the *Mesas Regionales* and are supportive of the Project. ODECO and MASTA have also been participating in the Inter-Sectoral Commission, which was activated by the Government to strengthen the consultation framework of the Project. The Communications Strategy, which was revised as part of the Action Plan, has helped to promote a more educational approach on Project activities, benefits and processes, and to inform pilot communities about conflict resolution mechanisms.

11. The Bank team has met several times with OFRANEH during the implementation of the Management Action Plan. These meetings have provided a better understanding of the organization's concerns regarding the Project and the needs of the Garífuna communities more generally. Despite a concerted engagement effort, difficulties continue in the interaction between OFRANEH and the Government. OFRANEH remains concerned with the potential impact of project activities on Garífuna communities, particularly given that it considers that several articles of the 2004 Property Law dealing with regularization in Ethnic Lands (included in Chapter 3 of Title V) do not fully support the land rights of indigenous and Afro-Honduran peoples. Moreover, OFRANEH does not agree with the need to have the *Mesa Regional Garífuna* as part of the Project's consultative framework. In light of these concerns, OFRANEH has declined invitations to participate in the *Mesa Regional* and in the Project-related meetings of the Inter-Sectoral Commission. OFRANEH also declined to participate in the formal review and comment process for the Regularization Manual for Ethnic Lands and updated IPDP.

12. Both the Bank and the Government have a good working relationship with MASTA and the *Mesa Regional Miskita*. While most of the Garífuna communities had titles to their lands before the Project started, Miskito communities have not managed to obtain titles to any of their lands. These lands, at the same time, are coming under increasing pressure due to the expansion of the agricultural frontier and agribusiness interests. In this respect, for Miskito communities the Project represents a historic opportunity not only to protect their land rights but also their culture.

and others. In addition, *Mesas Locales* have been established to promote grassroots-level participation by individual pilot communities. In Honduras, the *Patronato* is a local social organization that can officially and legally represent a given community, and is comprised by members of the same community.

¹² The Inter-Sectoral Commission, chaired by the National Agrarian Institute (*Instituto Nacional Agrario* or INA) was established by a Presidential Decree in 2001 as a consultative mechanism at the central level. It is made up of Government entities and of indigenous and Afro-Honduran organizations. Government agencies include IP, SGJ, the Forestry Conservation Institute (*Instituto de Conservación Forestal* or ICF), the Honduran Institute of Anthropology and History (*Instituto Hondureño de Antropología e Historia* or IHAH) and the Honduran Tourism Institute (*Instituto Hondureño de Turismo* or IHT). Indigenous and Afro-Honduran organizations include OFRANEH, ODECO and MASTA. The Honduran Confederation of Autochthonous Peoples (*Confederación de Pueblos Autóctonos de Honduras*, or CONPAH), an umbrella organization of indigenous peoples organizations in the country, and the Association of Honduran Municipalities (*Asociación de Municipios de Honduras*, or AMHON) were invited and accepted to join the Commission as a member and an observer, respectively. OFRANEH participated in the meeting of the Inter-Sectoral Commission of July 12, 2007, soon after the Commission was activated by the Government, but has declined to participate afterwards.

13. Encouraged by the Bank, the Government plans to undertake an awareness-building and discussion strategy regarding Chapter 3, Title V of the 2004 Property Law and its eventual regulation.¹³ Implementation of this strategy should help to address OFRANEH's and other organizations' concerns regarding the Property Law. Management will support Government efforts in this respect, helping to promote a trusting environment where indigenous and Afro-Honduran organizations and relevant government agencies can have a productive dialogue. Moreover, as Project consultations proceed, additional suggestions for Project implementation will be given proper consideration. The Project's consultative framework for the second phase will reflect lessons learned during the first phase and the views of target beneficiaries.

14. In general, reputational and implementation risks remain substantial due to several factors: determining the level of representativeness of indigenous and Afro-Honduran organizations is a major challenge, especially because of internal disagreements and diverging interests across communities; powerful interests influence the level of political will and often exacerbate internal rivalries; and, importantly, the Borrower faces fiscal and capacity constraints to meet the aspirations and demands of indigenous and Afro-Honduran communities.

Status of the Implementation of Management's Action Plan

15. The Action Plan has been implemented with full Government support. Progress to date is detailed in Table 1 below.

Table 1
Status of the Implementation of Management's Action Plan

Relevant OD / OP Issue / Finding	Agreed Action	Implementation Progress February 2009
1. OD 4.20 – INDIGENOUS PEOPLES		
a. Nature of Project Safeguards to Protect Indigenous Peoples' Land Rights	1. Continue enforcing the legal framework for the Project (including DCA and other instruments such as Operations Manual and IPDP).	The project is being implemented in conformity with its legal framework. Currently all legal covenants are in compliance. This compliance is regularly monitored through intensive supervision. The supervision budget for the Project reflects this commitment: In FY08, Project supervision cost was US\$298,935 (BB) and US\$77,750 (BB-FAO); in FY09, it has so far totaled US\$138,258 (BB) and US\$31,000 (BB-FAO). Overall, for FY09 Management provided initially 30 percent of resources over the regular supervision budget, and will continue to provide resources to ensure adequate Project supervision.

¹³ To help promote the consultation process, Government (through IP and the PCU) has signed a cooperation agreement with the National Forum for Inclusive Dialogue (Foro Nacional de Convergencia, or FONAC).

Relevant OD / OP Issue / Finding	Agreed Action	Implementation Progress February 2009
	2. Take prompt action, under the DCA, should events threaten compliance with Project safeguards or other legal covenants.	Management has met this commitment through intensive supervision and close follow up, with a Project Team including an Environmental Specialist and two Social Scientists. Emerging issues have been promptly identified and addressed. No major events threatening compliance with Project safeguards or other legal covenants have materialized during the implementation of the Action Plan. Currently, all legal covenants are under compliance.
b. Project Consultation Mechanisms	1. Facilitate evaluation and clarification of the respective roles of the Inter-Sectoral Commission and the <i>Mesa Regional Garífuna</i> as complementary Project consultation mechanisms.	The Inter-Sectoral Commission, integrated by government agencies and indigenous and Afro-Honduran organizations, has met nine times during the implementation of the Action Plan, most recently in February 2009. The Commission has made good progress discussing project implementation concerns and clarifying its role in relation to the <i>Mesas</i> . Specifically, it is broadly agreed that (i) the Commission has a mandate to protect the land rights of indigenous and Afro-descendant peoples at the national level by, <i>inter alia</i> , promoting policy dialogue and helping coordinate land programs, projects and initiatives; and (ii) the <i>Mesas Regionales</i> are specific local consultative mechanisms established under the Project to facilitate participation of pilot communities in Project activities. This understanding has been reflected in relevant Project documents.

Relevant OD / OP Issue / Finding	Agreed Action	Implementation Progress February 2009
	2. Ensure that the roles and responsibilities of the Inter-Sectoral Commission and the <i>Mesa Regional Garifuna</i> , as complementary Project consultation mechanisms, are clarified and consistent with applicable Bank safeguard policies	To provide advice on the relative roles and responsibilities of the Commission and the <i>Mesas</i> , the Bank team has attended three meetings of the Inter-Sectoral Commission. The Bank Team has also met with the <i>Mesas Regionales Garifuna</i> and Miskita during missions. The Bank team has also helped Government review the Statutes of the <i>Mesas</i> and the Presidential Decree that created the Commission. Through this process, it has been clarified that, consistent with Bank policy, the <i>Mesas</i> constitute one of the broad-based consultation mechanisms under the Project, complementing the <i>mesas locales</i> established at the community level and bilateral engagement of interested organizations.
	3. Evaluate and issue a no objection to the Regularization Manual for Ethnic Lands, submitted by the Inter-Sectoral Commission	The Regularization Manual for Ethnic Lands was officially submitted to the Bank by the Inter-Sectoral Commission in November 2008. The draft Manual, which followed a consultation process started in October 2006, had been finalized in March 2008. To ensure consistency, the Bank decided to wait until the IPDP had been updated to give its no objection to the Manual. After reviewing both documents, the no objections were issued in January 2009.
	4. Ensure, if the Regularization Manual for Ethnic Lands and related conflict-resolution mechanisms are approved, that Government will: (i) revise the Project's Operations Manual and IPDP incorporating the approved procedures; and (ii) implement the Communications Strategy to inform potential Project beneficiaries about the approved procedures and the associated support mechanisms available to them through the Project.	The Borrower updated the Operations Manual, which received the Bank's no objection in January 2009. The IPDP was updated through a six-month consultation process from May to November 2008, and received no objection in January 2009. At the same time, the Borrower has been implementing a Communications Strategy in pilot Garifuna and Miskito communities (see Annex 1 for details).
	5. Ensure that semi-annual supervision will include meetings with members of the Inter-Sectoral Commission.	During the implementation of the Action Plan, the Bank team has participated in three meetings of the Inter-Sectoral Commission. The Bank team has also met separately during missions with the Minister of INA, who chairs the Commission, and with MASTA, ODECO and OFRANEH, the indigenous and Afro-Honduran organizations that are members of the Commission.

Relevant OD / OP Issue / Finding	Agreed Action	Implementation Progress February 2009
c. Assessment of Inter-Sectoral Commission in	1. Update IPDP and Operations manual to reflect the existence of the Inter-Sectoral Commission.	The Operations Manual has been revised, and the IPDP updated to ensure consistency with the new institutional/legal framework, including the existence of the Inter-Sectoral Commission. The updated IPDP is posted in the webpage of the Project, and copies have been sent to the <i>Mesas Regionales</i> , all members of the Inter-Sectoral Commission, and to the Project office in Puerto Lempira.
d. Conflict-resolution Mechanisms	1. Support, with Government, meetings of the Inter-Sectoral Commission to discuss Project implementation, consistent with the DCA and applicable Bank policies. In particular, the Inter-Sectoral Commission is expected to discuss different conflict-resolution mechanisms available under current Honduran legislation and propose specific actions in the context of the Project	The Inter-Sectoral Commission has met and discussed Project implementation and conflict-resolution mechanisms. The mechanisms are reflected in the updated IPDP and the Regularization Manual for Ethnic Lands.
	2. Closely supervise the complementary roles of the Inter-Sectoral Commission and Mesa Regional Garifuna in relation to conflict-resolution	The Bank team has closely followed up the activities of the Inter-Sectoral Commission and the <i>Mesas Regionales</i> Garifuna and Miskita. Since no delimitation activities have taken place in the pilot Garifuna communities, and these have only recently started in the pilot Miskito communities, the need for using the conflict resolution mechanisms has not yet emerged.
	3. Ensure that the findings of the legal analysis mentioned under Project Supervision below and agreements reached within the Inter-Sectoral Commission will guide the development of an updated IPDP and Operations Manual with respect to Project-sponsored regularization of Ethnic Lands.	The legal analysis mentioned under Project Supervision below and agreements reached within the Inter-Sectoral Commission guided the updating of the IPDP and Operations Manual. The updated IPDP describe the conflict-resolution mechanisms available to the indigenous and Afro-descendant communities according to the current legal framework. This section was prepared with assistance from a local legal expert.
2. OP/BP 13.05 – PROJECT SUPERVISI		
a. Supervision of Project Consultation Mechanisms	1. Conduct specialized supervision by Senior Social Scientist at least twice annually.	Five specialized missions including a qualified Social Scientist have taken place during the implementation of the Action Plan: September 2007; January (Mid-term Project Review), July, and August-September 2008; and January 2009.

Relevant OD / OP Issue / Finding	Agreed Action	Implementation Progress February 2009
	2. Contract a locally-based Social Scientist in the Honduras Country Office devoted exclusively to Indigenous Peoples issues	A full-time local Social Scientist was hired and is providing close follow up on Indigenous Peoples issues and Project consultations.
	3. Closely supervise activities carried out by the Inter-Sectoral Commission and the <i>Mesa Regional Garifuna</i> .	See above. Continuous commitment being met through intensive supervision and close management follow up.
	4. Review Government efforts to promote community participation in Project-related activities.	The Bank team has reviewed Government efforts to promote community participation in Project-related activities. The local Social Scientist has closely followed up community participation under the Project through, <i>inter alia</i> , attending community meetings and field visits.
b. Supervision Not Adjusted to Changes in Legal Framework for consistency with OD 4.20	1.a. Hire a Honduran lawyer to review all relevant aspects of new legal framework in Honduras, especially as it relates to indigenous peoples' land rights	A local lawyer was hired to conduct the review. A consultation workshop to discuss findings with government took place in March 2008. A first draft report was prepared in August 2008, a revised draft finalized in October 2008, and a Final Report submitted to the Bank in January 2009. Using the review as a basis, an Institutional Analysis was also carried out to help clarify roles of the various agencies dealing with land rights in Honduras.
	1.b. Review with Government the procedures for regularization of Ethnic Lands, to ensure they are compatible with relevant Bank safeguards	Procedures for regularization of Ethnic Lands have been discussed with Government and reflected in the Manual for Regularization of Ethnic Lands. The Manual received the Bank's no objection in January 2009.
	1.c. Work with Government to update the Operations Manual and IPDP and, if necessary, encourage Government to issue regulations or by other means, reduce ambiguities, minimize inconsistencies, and in general make the relevant local legal framework one which allows for regularization of Ethnic Lands through consultative and conflict-resolution processes that fairly take the interests of indigenous and Afro-Honduran peoples into account, in a manner which is compatible with relevant Bank safeguards.	The Operations Manual has been revised. The IPDP has also been updated to ensure consistency with the institutional/legal framework. Management has encouraged Government to promote further consensus on the legal framework for regularization of ethnic lands. Specifically, the Government plans to undertake an awareness-building and discussion strategy regarding Chapter 3, Title V of the 2004 Property Law and its eventual regulation.

Relevant OD / OP Issue / Finding	Agreed Action	Implementation Progress February 2009
	2. If necessary, further restructure and align the Project with the new legal framework, including reaching an agreement with Government on possible measures related to the indemnification of third parties who hold annullable titles in Ethnic Lands.	A project restructuring was approved in September 2007 to align it with the institutional framework created by the new law. Indemnification of third parties who hold annullable titles in Ethnic Lands has not yet been required under the Project. Should it become necessary, however, the Bank will renew its discussions with the Government to seek agreement on possible measures.
3. OTHER RELEVANT ACTIONS TO ENHANCE PROJECT IMPACT		
a. Communications Strategy	1. Supervise implementation of Communications Strategy to inform beneficiary communities about the Project.	The Communications Strategy was revised with advice from the Communications Specialist, the Social Scientist, and the Local Indigenous Peoples Specialist. Strategy implementation has been intensively supervised. The Communications Specialist supervised implementation in September and November 2007; January, June, September and November 2008; and January 2009. Periodic teleconferences are also carried out to ensure close follow up. At the same time, the <i>Mesas Regionales</i> Garifuna and Miskita have been actively involved in the validation process of the strategy and of communication materials. (See Annex 1 for details)
b. Implementation of Process Framework; Designation of More Protected Areas	1. Conduct semi-annual specialized supervision by an Environmental Specialist to ensure compliance with the Process Framework	Five specialized missions including an Environmental Specialist have taken place: September 2007; January (Mid-term Project Review), May, and September 2008; and January 2009. The Process Framework itself has not been applied yet given that Project activities have not been found to result in any restriction of access.
	2. Ensure that Government prepares an acceptable Manual for Protected Areas (MPA). Demarcation of Protected Areas will not start until Bank gives no objection to this Manual.	The MPA was prepared and received no objection from the Bank in March 2008. Demarcation of protected areas is underway.
	3. Ensure that Protected Areas targeted under the Project benefit from the support of local communities.	The MPA includes community consultation and participation processes. The demarcation process has been closely supervised by the Bank.

Next Steps

16. Management has implemented all items in the Action Plan. The Credit has been now largely disbursed and the Project is being implemented moderately satisfactorily. Intensive supervision will continue until the Project closes in October 2009, and during the next phase, which is likely to be presented for the Bank Board's consideration in July 2009. Under the Project, management remains committed to maximizing opportunities for the participation of pilot communities, in accordance with principles established in Bank safeguards (in particular the policy on Indigenous Peoples); and providing the support necessary for the Inter-Sectoral Commission to serve as a central Project consultation forum.

17. Going forward, Management will continue to encourage Government to promote consensus on – and to make the relevant local legal framework more responsive to – the interests and tenure traditions of indigenous and Afro-Honduran peoples. At the same time, management will continue to help Government address the concerns of the indigenous and Afro-Honduran communities through policy dialogue, knowledge exchange, analytical activities, and initiatives that promote their culture and sustainable development.¹⁴

18. The Program's second phase is likely to continue supporting the strengthening of land rights of indigenous peoples. If included, delimitation and titling would focus on Miskito communities, none of which have managed to obtain titles to their lands. These communities are supportive of the Project and the Government has confirmed its interest in working with them to ensure that their land rights are adequately recognized. In addition, pilot communities during the second phase would receive technical assistance and capacity building, which would include, *inter alia*, education on property rights, strengthening of local organizations, legal advice and small productive projects.

19. Management is concluding reporting on the implementation of the Action Plan, but will continue to follow up on its key issues. The Project's Implementation Completion and Results Report (ICR) will include lessons learned and any additional information needed on the Action Plan. When the second phase of the Program is presented for the Board's consideration, the Project Appraisal Document (PAD) will discuss the progress on outcomes of the first phase, and will also include, as needed, follow-up information on relevant activities related to the Action Plan.

¹⁴ Examples of these activities include, *inter alia*, (i) the Regional Workshop of Land Programs held in August 2008 in Petén, Guatemala, where agencies across Central America exchanged experience and knowledge, including on the efforts to regularize Ethnic Lands; (ii) the ongoing policy work on land policy and programs in Central America, including an analysis on the regional experience on recognizing indigenous and Afro-descendant peoples' land rights; and (iii) implementation of an Norwegian Trust Fund (NTF) proposal to promote sustainable community tourism in indigenous and Afro-Honduran communities in the Caribbean regions of Honduras and Nicaragua.

Annex 1

Implementation of Communications Strategy in Pilot Indigenous Communities

Background on Communications Strategy

1. A Communications Strategy was prepared in early 2007, overseen by a Communications Specialist from the Project Coordination Unit (PCU) and in consultation with Government and local beneficiaries. This strategy included: (i) distribution of posters and calendars informing potential beneficiaries about the project; (ii) distribution of pamphlets and brochures with key messages on the Project; and (iii) billboards about the project placed strategically in project areas. A specific set of these activities were targeted to pilot Indigenous and Afro-Honduran communities.
2. The Strategy was revised between August and October of 2007 to promote a more educational approach on Project activities, benefits and processes, and to align it better with the Project's communication needs and challenges. Moreover, as part of the implementation of the Management Action Plan, a Bank mission visited the project in November 2007 and worked with the project's Communication and Ethnic Affairs Coordinators on an Action Plan that started being implemented in December 2007.

Implementation of Communications Strategy for Pilot Indigenous and Afro-Honduran Communities

3. Implementation of the communication strategy in pilot indigenous and Afro-Honduran communities has included two main types of activities: radio programs and printed materials.
4. **Radio programs.** Broadcasting of the radio programs started in December 2007. They include a one-hour weekly live program on Saturdays and 45-second radio spots throughout the week announcing the program on *Winanka Radio*, for Miskito Communities, and on *Radio Católica* for Garífuna communities, with an additional 30-minute summary of the program broadcast on *Radio Católica* during the week. The programs are conducted by a local communication facilitator, based on scripts prepared by the Project's Communication Coordinator. They include as much as possible 'voices from the communities,' either through the participation of interviewees (e.g. members of the local or regional *Mesas*, leaders of local communities, etc.), or through call-ins from the audience. Project staff and the Minister of INA have also participated in the programs to explain certain aspects of the Project (e.g. the community titling model in the Moskitia). Facilitators regularly report to the Communication Coordinator through audio recordings of the weekly programs, as well as monthly reports on the programs conducted and topics discussed, participation of interviewees in the programs, and the types of questions and comments received through call-ins from the audience. Programs are conducted in Spanish and in the local languages, to maximize reach and understanding of the contents.

5. Radio programs have been presenting and exploring a variety of topics related to the project, its activities, processes and relevant institutions. These have included, for example, the steps of the titling process, the Regularization Manual for Ethnic Lands, the various institutions involved and their role (e.g. Inter-Sectoral Commission, *Mesas Regionales*), the conflict resolution mechanisms, project activities in the framework of the UN Convention on Indigenous and Tribal Peoples in Independent Countries, environmental education on the benefits and limitations posed by the Protected Areas within the pilot Indigenous and Afro-Honduran communities, definition of key concepts of the Project and the process, as well as gender equity aspects.

6. The Bank has seen evidence of the positive impact of the programs and the importance they have gained among local communities. Given limited communications infrastructure in the region, programs are used as a means of communication among local representatives (e.g. to call for meetings of the *Mesas Regionales*); they have also contributed to further clarify certain project activities (e.g. the scope of the Diagnostic Study to be carried out in pilot Garífuna communities). Additionally, inviting the communities to call-in gives them a channel to communicate with the project and to voice their concerns, and request clarifications regarding land tenure issues. The questions and concerns are taken as inputs to improve the clarity and quality of future program scripts.

7. **Printed materials.** Printed materials complement the radio programs by focusing on two main aspects: (i) the Project and the activities to be carried out in the short-term in the pilot communities, the steps of the process and how they will benefit the communities, and additional sources of information on the project in the area (e.g. contact of the *Mesa Regional*, PATH or INA, as well as information about the schedule and radio frequency of the radio programs); and (ii) the conflict resolution mechanisms, the types of conflicts that can be resolved through them, and the relevant institutions in each particular case. Given their more permanent character, the messages relayed through printed materials must focus on confirmed activities or processes. Therefore, the preparation of the brochure about the conflict resolution mechanisms was in stand-by until the updated Indigenous Peoples Development Plan (IPDP) and the Regularization Manual for Ethnic Lands, which include a description of these mechanisms, had been validated through consultations. Materials have been printed in both Spanish and the local languages. They also integrate a gender perspective.

8. Printed materials have been subject to a thorough review process within the Bank (including the Communications Specialist, as well as the Social, Indigenous Peoples and Gender Specialists), and a validation process among Indigenous and Afro-Honduran representatives (including the *Mesas Regionales*). Printed materials related to the project and its activities are disseminated in the communities in coordination with the local organizations and representatives. See examples below.

Bank Supervision of the Communication Strategy

9. The Bank has closely supervised the implementation of the strategy through missions (September and November, 2007; January, June, September and November, 2008; and January 2009) and regular audio-conferences with the Communication and Ethnic Affairs Coordinators. The Bank's Communications Specialist, in collaboration with the Social, Indigenous Peoples, and Gender Specialists, has been providing continuous advice and guidance on the definition of the contents of the radio programs and printed materials, as well as on the dissemination mechanisms for the materials.

10. Progress has been generally satisfactory. Preparation of the printed materials advanced adequately although relatively slowly due to the need to ensure that they were finalized through a participatory process. This process has specifically ensured the adequacy of the language, effectiveness of the contents and ownership of the strategy. Overall, the extended preparation and implementation of the Communications Strategy has contributed to strengthening the relationship between the Project and members of the *Mesas* and of the pilot communities in general.

Follow-up Actions

11. The Bank's Communications Specialist has supervised the planning of the 2009 Project budget to ensure that the Communications Strategy is fully implemented in the pilot communities, including complementary printed materials and activities.