

**STATUS OF PROJECTS IN EXECUTION – FY05**  
**SOPE**  
**REGION: LATIN AMERICA AND THE CARIBBEAN**  
**COUNTRY: NICARAGUA**

**Operations Policy and Country Services**  
**SEPTEMBER 23, 2005**



**Report on the Status of Projects in Execution - FY05**  
**Region: Latin America and the Caribbean**  
**Country: Nicaragua**

**Introduction**

The Status of Projects in Execution (SOPE) Report for FY05 provides information on all IBRD/IDA projects that were active on and beyond June 30, 2005. Thus it bridges the gap in information available to the public between the Project Appraisal Document, disclosed after the Bank approves a project, and the Implementation Completion Report, disclosed after the project closes.

The World Bank has issued a SOPE Report every year as an internal communication to the Board of Executive Directors. Now, in accordance with the Bank's revised disclosure policy, the SOPE Report is also available to the public. By publishing this improved report, we have addressed one of the main concerns we heard from the public during disclosure consultations – that the public has very little access to information on projects while they are being implemented. Readers familiar with past reports will note that projects that closed during the fiscal year are no longer included in the SOPE, since their Implementation Completion Reports are now also disclosed.

The FY05 SOPE introduces a new element: in order to disclose project-by-project comparisons of disbursement estimates and actual disbursements, the SOPE report contains a line chart<sup>1</sup> showing the original estimated disbursement schedule, the latest approved revised schedule (if any) and actual disbursements for investment operations and a table showing the loan/credit/grant amount and disbursements to date.

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<sup>1</sup> Notes:

- Amounts for Projects in currencies other than U.S. dollars may not match exactly due to exchange rate fluctuations over the life of the project.
- Disbursement graphs are not included for Development Policy Loans, which provide quick-disbursing external financing to support policy and institutional reforms. For these loans, funds are disbursed in one or more stages (tranches), released when the borrower complies with agreed conditions.
- Projects which are not yet effective may not have a planned disbursement schedule and thus may not include a graph.

**Country: Nicaragua**

**Project Name (ID):** Atlantic Biological Corridor (P041790)

**Country:** Nicaragua

**Board Approval Date:** 06/25/1997

**Midterm Review Date:** 10/05/2001

**Closing Date:** 09/30/2005

**Loan/Credit/Grant Number:** MULT-28361, MULT-28463

**Sector(s):** General agriculture, fishing, and forestry (49%), Central government administration (22%), Other social services (17%), General education (12%)

**Theme(s):** Biodiversity (P), Environmental policies and institutions (P), Participation and civic engagement (P), Indigenous peoples (S), Land administration and management (S)

**Project Development Objectives:**

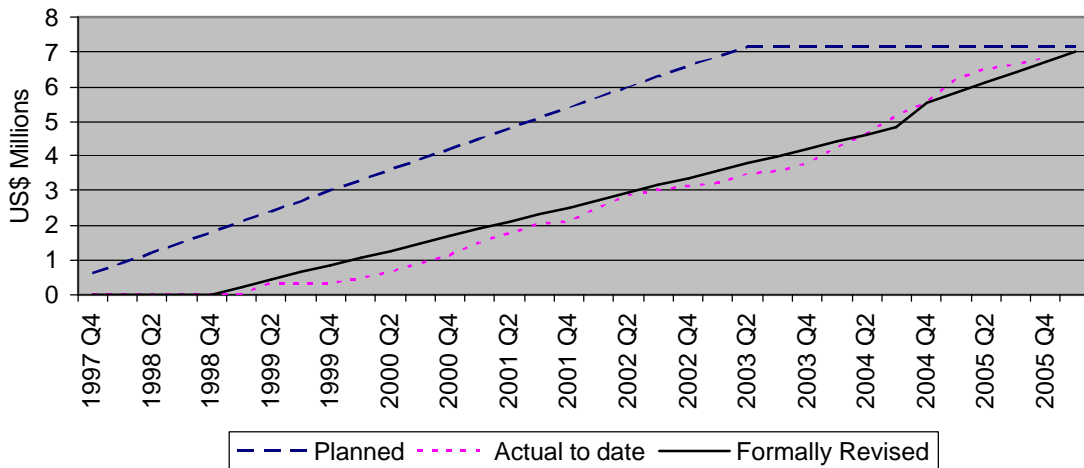
The objective is to promote the integrity of a biological corridor along the Atlantic slope of Nicaragua.

**Progress toward achieving development objective(s):**

It is expected that the project will substantially achieve its objective of better ensuring the long-term conservation of the Mesoamerican Biological Corridor in Nicaragua. Outstanding work has been done in planning, support to protected areas, support to indigenous land titling process and support to local communities through subprojects. Both regional governments have been supported in the process of preparing comprehensive regional planning tools. Management plans were prepared for Cayos Misquitos, Cerro Silva, and Wasashan protected areas. Legislation to allow for titling of indigenous communally held land has been passed by Congress, but progress has been slow on moving forward with actual titling; however the first titles under this project-supported legislation were awarded in Bosawas during this year. Satellite imagery analysis is pending to determine overall changes in forest cover in the project area.

**Lending Information/Disbursement Summary (USD millions, as of June 30 2005)**

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
MULT-28361	Effective	7.10	6.83	0.27	0.00
MULT-28463	Closed	0.33	0.31	0.00	0.02



**Project Name (ID):** Second Rural Municipal Development (P055823)  
**Country:** Nicaragua  
**Board Approval Date:** 03/27/2001  
**Midterm Review Date:** 05/05/2003  
**Closing Date:** 06/30/2006  
**Loan/Credit/Grant Number:** IDA-34800, IDA-Q2550, JPN-52534  
**Sector(s):** Sub-national government administration (76%), Central government administration (24%)  
**Theme(s):** Municipal governance and institution building (P), Municipal finance (P), Environmental policies and institutions (S), Other environment and natural resources management (S), Decentralization (S)

**Project Development Objectives:**

The objective is to build the capacity of rural municipalities in the provision of infrastructure, the delivery of municipal services, the sustainable management of natural resources, and the promotion of local economic development.

**The Project was restructured during the 2005 Fiscal Year**

The project was restructured in December 2004 in response to the enactment of Law 466 "Municipal Budgetary Transfers," which established a system for inter-governmental transfers. The restructuring included: (a) creation of a new "Decentralization Reform Process" component, which included support to the Ministry of Finance and the General Controllers Office; (b) expansion of project coverage to all municipalities (except for Managua); (c) closing date extension; and (d) creation of new disbursement categories and reallocation of the proceeds of the Credit.

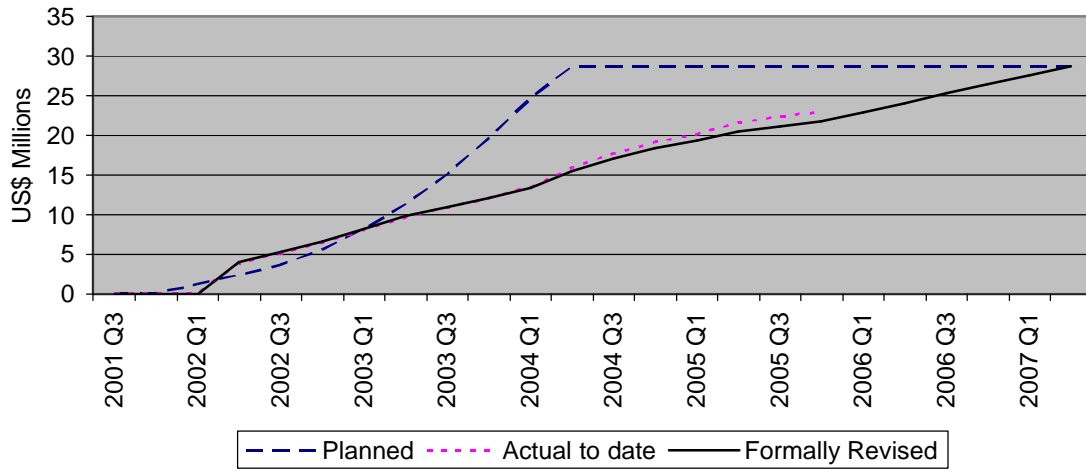
**Progress toward achieving development objective(s):**

The project has demonstrated good progress towards meeting its objective. To date, some of the key accomplishments are: 300 percent increase in tax revenue of targeted municipalities (baseline was US\$9.5 million); 50 percent of Nicaraguan Institute for Municipal Development staff deconcentrated to departmental offices directly supporting municipalities; 100 percent of targeted municipalities have approved municipal land use plans (baseline was zero); nine municipalities contribute to the management of protected areas in their territory (baseline was zero); and 100 percent of Municipal Environmental Commissions established and all are active with participation of public and private municipal entities (baseline was zero).

**Lending Information/Disbursement Summary (USD millions, as of June 30 2005)**

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-34800	Effective	32.10	22.98	7.79	0.00
IDA-Q2550	Closed	1.50	0.00	0.00	1.50
JPN-52534	Effective	0.26	0.20	0.06	0.00

Status of Projects in Execution - FY05



**Project Name (ID):** Telecommunication Reform (P055853)

**Country:** Nicaragua

**Board Approval Date:** 11/18/1999

**Midterm Review Date:** 10/30/2002

**Closing Date:** 06/30/2006

**Loan/Credit/Grant Number:** IDA-32910, IDA-Q1220

**Sector(s):** Telecommunications (54%), Central government administration (46%)

**Theme(s):** Regulation and competition policy (P), State enterprise/bank restructuring and privatization (P), Law reform (S)

**Project Development Objectives:**

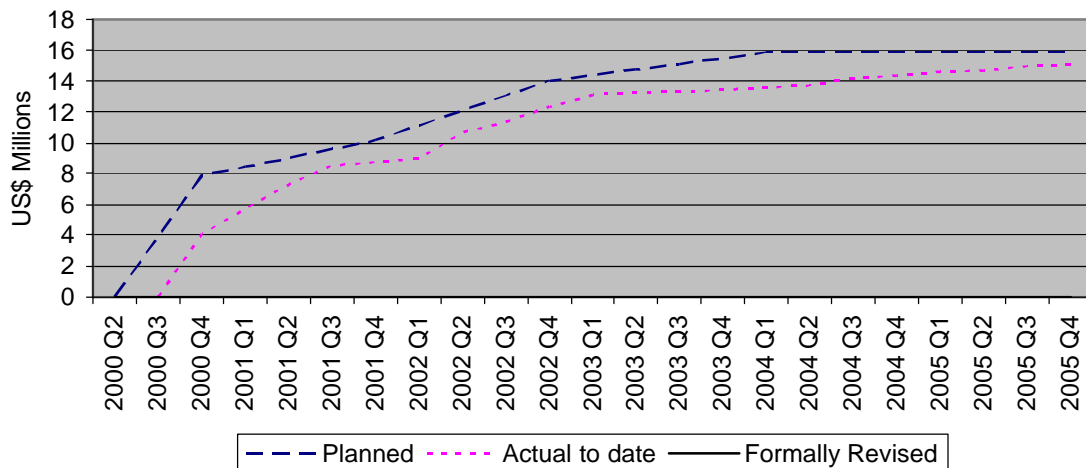
The objective is to strengthen the policy and regulatory environment in the telecommunications sector and improve rural access to services by encouraging private investment in those areas.

**Progress toward achieving development objective(s):**

Significant progress has been made related to the objective, both in terms of the expansion of services and in supporting TELCOR, the telecom regulator. The Government privatized 49 percent of the shares of ENITEL (phone company) and America Movil paid \$49.6 million for these shares, closing the transaction. The number of total telephone lines (fixed and mobile) in Nicaragua has increased from 120,000 lines at the beginning of the project to 767,000 lines at the end of 2003. All this is due to private investment. TELCOR is preparing to introduce competition in the local, long distance and international service at the end of 2005. TELCOR awarded the first rural telecommunications development fund bid to connect 343 public telephones in the same number of villages of rural Nicaragua, and extend cellular service to 19 new rural areas. In fiscal year 2005, Congress approved a Law creating a multi-sector regulator that integrates the functions of TELCOR and those of the electricity and water sector regulators. The Executive Branch of Government does not recognize this entity and obtained a favorable legal opinion from the Central American Court. However, Congress does not agree and this situation has created a power vacuum that is not beneficial to the sector.

**Lending Information/Disbursement Summary (USD millions, as of June 30 2005)**

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-32910	Effective	16.93	15.09	0.18	0.00
IDA-Q1220	Closed	2.00	0.00	0.00	2.00



**Project Name (ID):** Land Administration (P056018)

**Country:** Nicaragua

**Board Approval Date:** 06/18/2002

**Closing Date:** 12/31/2007

**Loan/Credit/Grant Number:** IDA-36650, IDA-Q1710

**Sector(s):** Central government administration (44%), Sub-national government administration (36%), Other social services (15%), General agriculture, fishing, and forestry (3%), Law and justice (2%)

**Theme(s):** Personal and property rights (P), Other rural development (P), Land administration and management (P), Indigenous peoples (S), Biodiversity (S)

### Project Development Objectives:

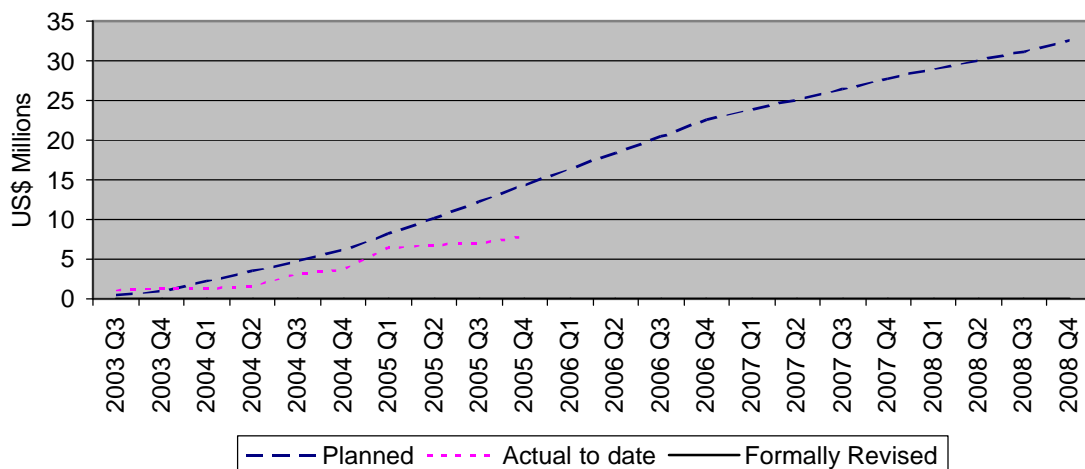
The objective is to improve the security of land tenure.

### Progress toward achieving development objective(s):

The project was implementing slowly until the beginning of the fiscal year, when there was a significant improvement in project management and an increase in 2005 counterpart funds. At the end of June 2005, there was progress on many of the key project activities, including the approval of the cadastral law, the presentation to Congress of the registry law, the titling of five indigenous territories (an historical achievement), the initiation of the regularization activities in three selected project departments and the initiation of the institutional strengthening of the main project executing agencies. If implementation progress continues under the same pace and conditions, it is expected that it will overcome its initial delays and will make substantial progress towards achieving its objective.

### Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-36650	Effective	38.23	7.82	30.42	0.00
IDA-Q1710	Closed	2.00	0.00	2.00	0.00



**Project Name (ID):** Poverty Reduction and Local Development (P064906)

**Country:** Nicaragua

**Board Approval Date:** 05/03/2001

**Closing Date:** 12/31/2005

**Loan/Credit/Grant Number:** IDA-35040

**Sector(s):** General education (32%), General water, sanitation and flood protection (22%), Sub-national government administration (17%), Health (15%), General transportation (14%)

**Theme(s):** Municipal governance and institution building (P), Participation and civic engagement (P), Improving labor markets (P), Rural services and infrastructure (P), Indigenous peoples (S)

**Project Development Objectives:**

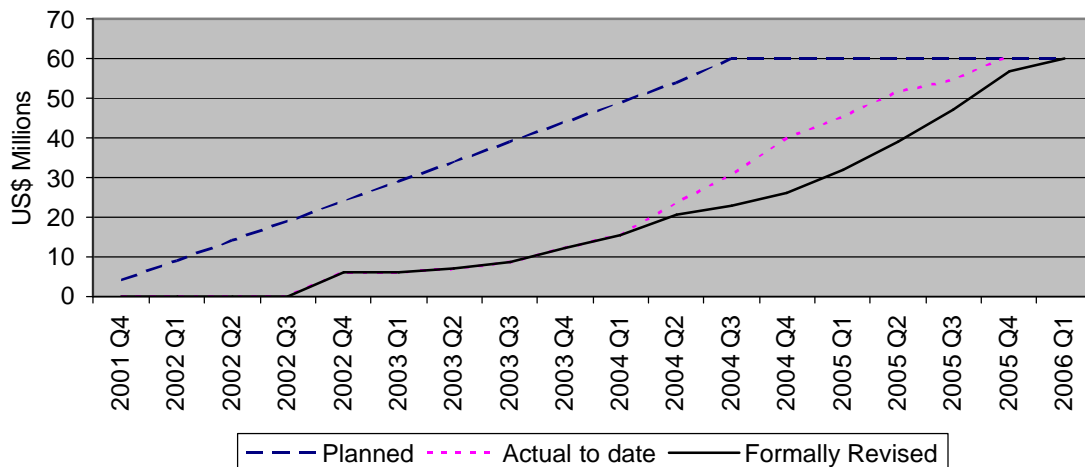
The objective is to implement a portion of the poverty reduction strategy through the Emergency Social Investment Fund (FISE).

**Progress toward achieving development objective(s):**

The project is making progress towards achieving its objective. Implementation of the municipal development and infrastructure components has advanced considerably. The Social Investment Fund (FISE) management introduced many innovations, such as leading the institution toward achieving the goals of poverty reduction through local capacity development. Overall, FISE consolidated its move from an institution merely providing access for the poor to basic infrastructure to an important actor in poverty reduction and local development. The project has also made some progress in the Social Protection component: MiFamilia's Crisis Response pilot has made payments to the landslide victims. The next pilot is underway to intervene in areas affected by drought. However, the Social Protection Policy component is still lagging behind schedule.

**Lending Information/Disbursement Summary (USD millions, as of June 30 2005)**

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-35040	Effective	68.14	60.75	6.49	0.00



**Project Name (ID):** Natural Disaster Vulnerability Reduction (P064916)

**Country:** Nicaragua

**Board Approval Date:** 04/03/2001

**Midterm Review Date:** 01/26/2004

**Closing Date:** 09/30/2005

**Loan/Credit/Grant Number:** IDA-34870, JPN-51374

**Sector(s):** Central government administration (67%), Sub-national government administration (26%), Other social services (7%)

**Theme(s):** Natural disaster management (P), Municipal governance and institution building (S)

### Project Development Objectives:

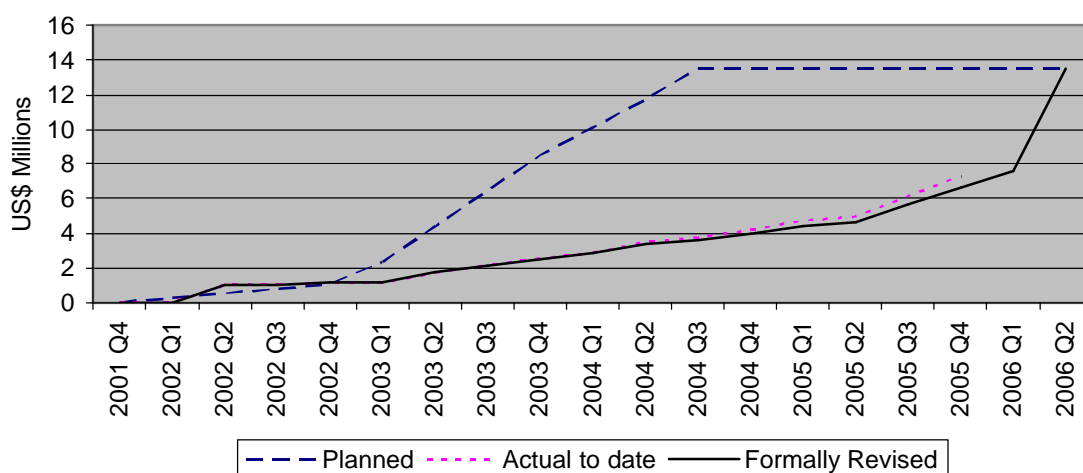
The objective is to improve Nicaragua's disaster management capacity.

### Progress toward achieving development objective(s):

During fiscal year 2005, the project was reorganized to make it independent from the Executive Secretariat of the National System for Disaster Prevention, Mitigation and Response. Some of the achievements of this year in support of the objective were: (a) distribution of rescue equipment to 130 municipal committees; (b) construction of 18 small mitigation works in municipalities of the country's northwest region, with 14 others being contracted and 20 in evaluation; and (c) completion of studies on: involuntary resettlement guidelines for a national policy, study on the seismic vulnerability of Managua, updating of the construction code, manual for temporary shelters, and design of workbooks for students and teachers in all grades to include natural disaster awareness issues.

### Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-34870	Effective	15.32	7.31	7.83	0.00
JPN-51374	Effective	1.49	1.38	0.11	0.00



**Project Name (ID):** Third Road Rehabilitation and Maintenance (P068673)

**Country:** Nicaragua

**Board Approval Date:** 02/15/2001

**Midterm Review Date:** 03/30/2003

**Closing Date:** 12/31/2005

**Loan/Credit/Grant Number:** IDA-34640

**Sector(s):** Roads and highways (91%), Central government administration (9%)

**Theme(s):** Regional integration (P), Rural services and infrastructure (P)

### Project Development Objectives:

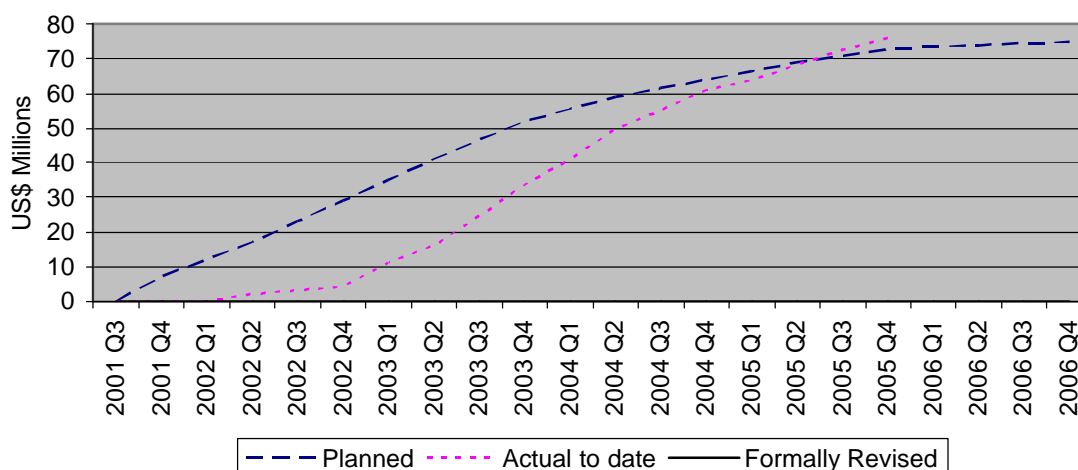
The objectives are to (a) improve transportation infrastructure along the key international trunk road corridors; (b) improve access to productive agricultural areas and to rural communities; and (c) help ensure the sustainability of the road improvements.

### Progress toward achieving development objective(s):

The project is 90 percent completed. The main civil works components, Las Piedrecitas- Nagarote-Izapa (62 km) and Muhan-EI Rama (90.3 km) were completed and opened to traffic by end November 2004. The Ministry of Transport and Infrastructure (MTI) launched its accelerated program for Secondary Roads stabilization in March 2004 and it has produced excellent results. Currently, about 180 km have been completed out of the total of 240 km that were under contract in 2004. Thirty-three microenterprises have been established and are maintaining about 2,080 km of roads. The periodic maintenance program covered the contracting of a consortium to complete the Boaco-Boaco-La Subasta road section (22.85 km), which has now been completed with good results. The road maintenance fund (FOMAV) has been established and has had a relatively successful initial year of operations.

### Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-34640	Effective	85.80	76.18	6.86	0.00



**Project Name (ID):** Competitiveness LIL (P070016)

**Country:** Nicaragua

**Board Approval Date:** 01/19/2001

**Midterm Review Date:** 07/21/2003

**Closing Date:** 06/30/2006

**Loan/Credit/Grant Number:** IDA-34560

**Sector(s):** General industry and trade (53%), Micro and SME finance (24%), Central government administration (21%), Law and justice (2%)

**Theme(s):** Small and medium enterprise support (P), Export development and competitiveness (P), Regulation and competition policy (P), Other financial and private sector development (P)

### Project Development Objectives:

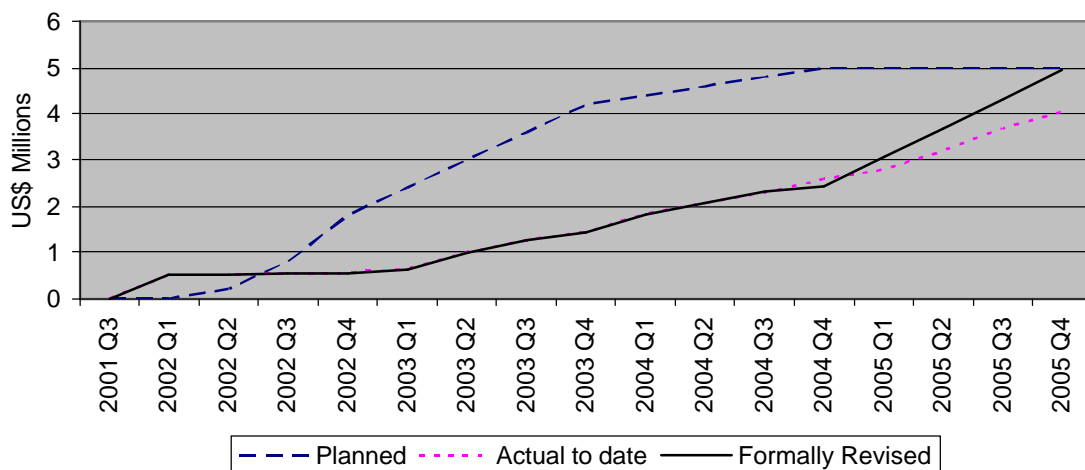
The objectives are to: (a) develop and test private-public partnerships for developing consensus on private sector development in specific sectors; and (ii) pilot sustainable business development services.

### Progress toward achieving development objective(s):

The private sector has taken a leading role in the Presidential Commission on Competitiveness, in both strategic planning and operational supervision. The project has made impressive gains in cluster development, adding the cacao and fish culture clusters to already mature clusters in coffee, forestry products, tourism, and milk. In coordination with Foreign Investment Advisory Service, the project presented detailed value chain studies and a plan of action for improved integration and productivity in the textiles and apparel, beef and coffee sectors. The project developed a proposal for restructuring the national labor training system, including a detailed reform proposal for the National Training Institute. To support the Poverty Reduction Support Credit effort, the project helped the Ministry of Economy to develop draft laws and reports on anti-competitive behavior and administrative simplification for business registration and operation.

### Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-34560	Effective	5.84	4.03	1.69	0.00



**Project Name (ID):** Offgrid Rural Electrification (PERZA) (P073246)

**Country:** Nicaragua

**Board Approval Date:** 05/15/2003

**Closing Date:** 12/31/2008

**Loan/Credit/Grant Number:** IDA-37600, JPN-26676

**Sector(s):** Renewable energy (74%), Central government administration (10%), Micro and SME finance (10%), Other industry (4%), Other social services (2%)

**Theme(s):** Climate change (P), Small and medium enterprise support (P), Rural services and infrastructure (P), Infrastructure services for private sector development (S), Indigenous peoples (S)

### Project Development Objectives:

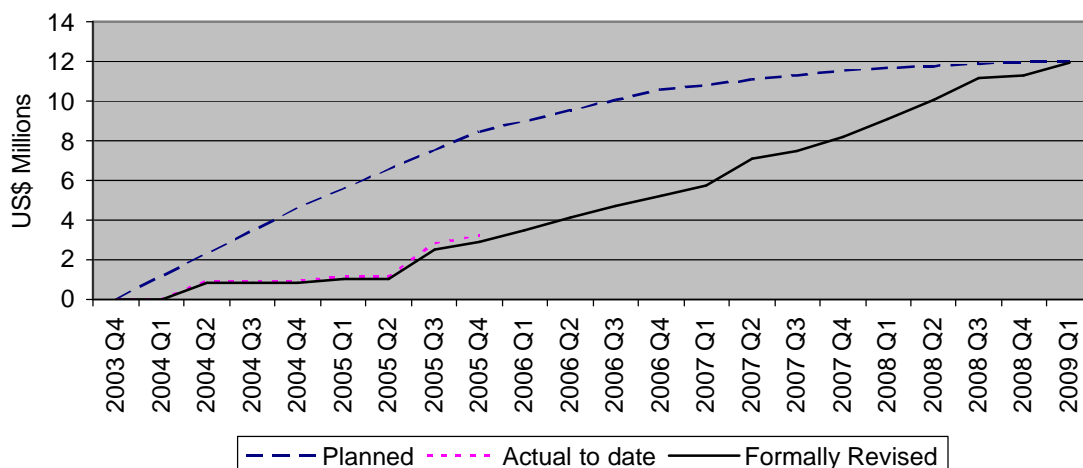
The objective is to support the sustainable provision of electricity services and associated social and economic benefits in selected rural sites, and strengthen the Government's institutional capacity to implement its national rural electrification strategy.

### Progress toward achieving development objective(s):

The project is supporting the provision of electricity services and strengthening Government's institutional capacity. Implementation has advanced as planned, after an initial delay in the first rural electrification project of El Bote. Solar electrification has started with the construction of Solar Battery Charging Stations in five indigenous communities and with the launching of the National Solar Credit Line. Preparation of additional rural electrification sites is also progressing with the support to the grid extension for La Unión Puerto Principe, the feasibility studies for a possible mini-hydroelectric plant, and the measurement of wind currents in San Juan del Norte. In parallel, work on energy policy issues for renewables, national price, subsidies and tariff matters, as well as the National Wood Survey is underway. Finally, microfinance services and support to small businesses in the communities benefiting from electrification has advanced as programmed to improve the payment capacity of potential users of electricity, thereby contributing to the long- term sustainability, and also to maximize the economic impact on the community.

### Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-37600	Effective	12.84	3.20	9.73	0.00
JPN-26676	Closed	0.45	0.43	0.00	0.01



**Project Name (ID):** Broad-Based Access to Financial Services (P077826)

**Country:** Nicaragua

**Board Approval Date:** 05/18/2004

**Closing Date:** 12/31/2009

**Loan/Credit/Grant Number:** IDA-39030

**Sector(s):** Micro and SME finance (70%), General finance (30%)

**Theme(s):** Regulation and competition policy (P), Small and medium enterprise support (P), Rural markets (S), Standards and financial reporting (S)

### Project Development Objectives:

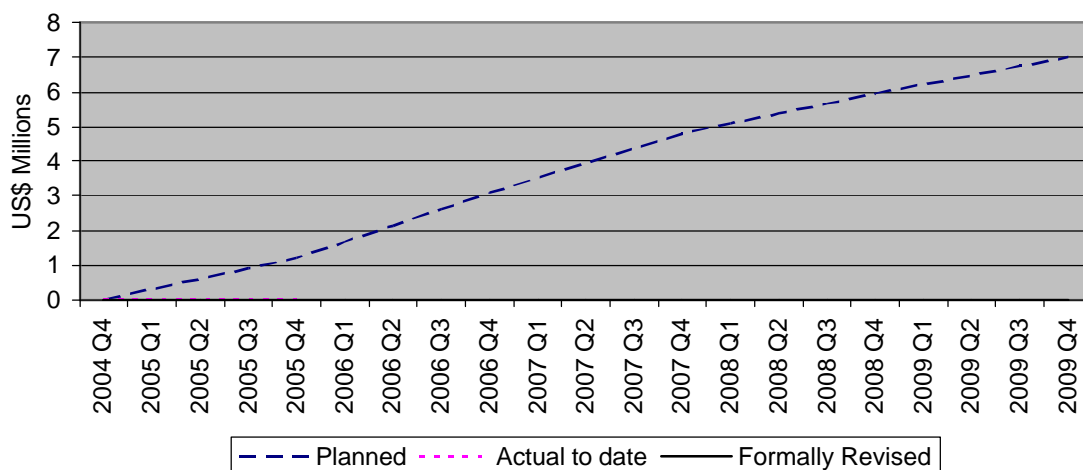
The objective is to improve access to financial services provided by sound, profitable financial institutions for low-income households and micro and small businesses.

### Progress toward achieving development objective(s):

The project became effective in the latter part of the reporting period and was still in too early a stage for meaningful progress.

### Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-39030	Effective	7.00	0.00	7.00	0.00



**Project Name (ID):** Public Sector Technical Assistance (P078891)

**Country:** Nicaragua

**Board Approval Date:** 03/25/2004

**Closing Date:** 06/30/2008

**Loan/Credit/Grant Number:** IDA-38770, MULT-54143

**Sector(s):** Central government administration (100%)

**Theme(s):** Administrative and civil service reform (P), Public expenditure, financial management, and procurement (P), Poverty strategy, analysis, and monitoring (S), Participation and civic engagement (S), Law reform (S)

**Project Development Objectives:**

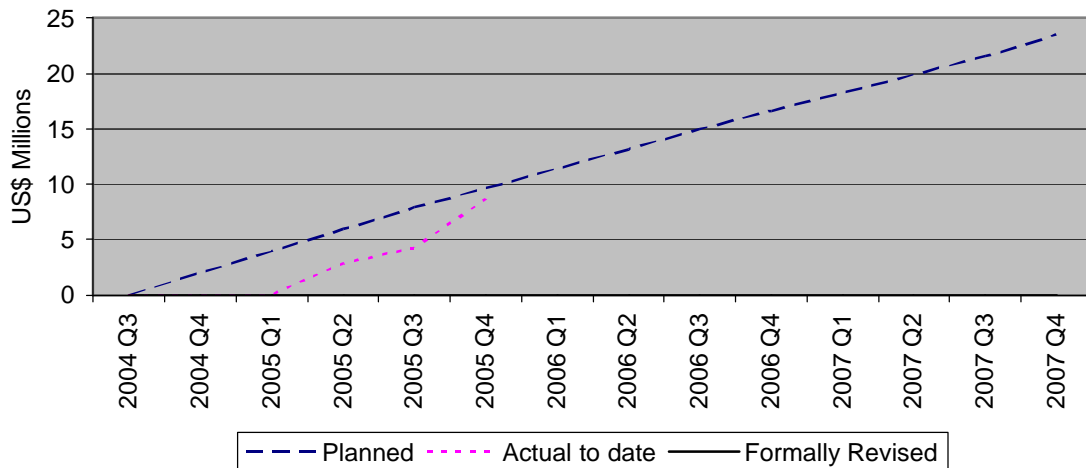
The objective is to strengthen the public sector's capacity to develop and implement public policies to increase overall effectiveness, efficiency and transparency in the use of public resources and to ensure the implementation of the Poverty Reduction Strategy.

**Progress toward achieving development objective(s):**

The project has not completed its first year of implementation and as a result, outcomes cannot yet be assessed. Although some progress was observed in technical activities, institutional issues and the country's overall political environment may affect the project's ability to achieve its objective in the planned timeframe.

**Lending Information/Disbursement Summary (USD millions, as of June 30 2005)**

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-38770	Effective	23.05	7.35	15.94	0.00
MULT-54143	Effective	3.13	1.30	1.83	0.00



**Project Name (ID):** Education (P078990)

**Country:** Nicaragua

**Board Approval Date:** 09/02/2004

**Closing Date:** 06/30/2008

**Loan/Credit/Grant Number:** IDA-39780, NETH-53991

**Sector(s):** Primary education (35%), Secondary education (35%), Central government administration (24%), Sub-national government administration (5%), Pre-primary education (1%)

**Theme(s):** Education for all (P), Other accountability/anti-corruption (S), Decentralization (S), Administrative and civil service reform (S)

**Project Development Objectives:**

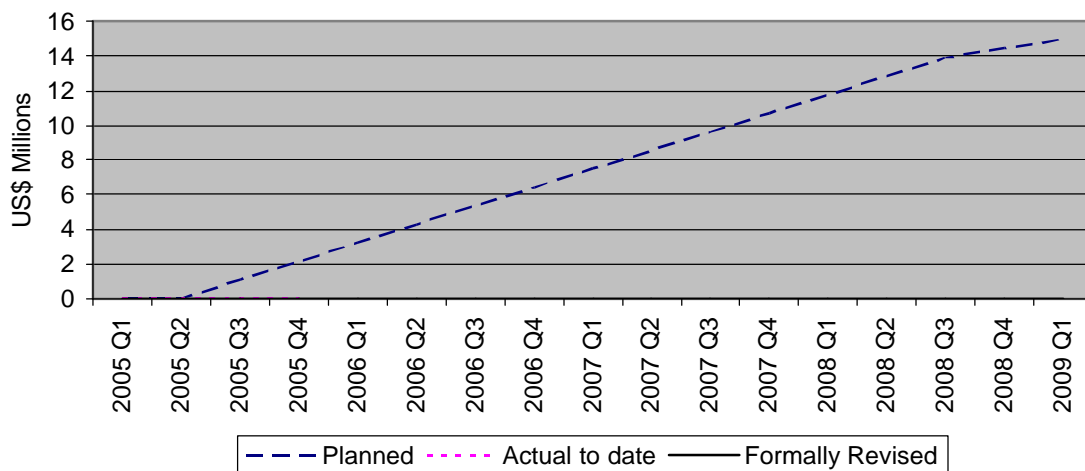
The objectives are to: (a) increase enrollment for preschool, primary and secondary education; (b) improve attention to quality and relevance of learning; (c) improve systems of governance and accountability; and (d) harmonize donor assistance.

**Progress toward achieving development objective(s):**

So far, the project has made good progress towards achieving its objectives. Despite some initial delays, in May 2005 the Ministry of Education launched a program to increase first time enrollment in primary schools. Although preliminary statistics show a net increase of 18,589 students enrolled in the school autonomy program, the bulk of the increase was registered in secondary education. While this is a positive trend, it will be important to continue to improve the operational plan, pedagogical design and outreach efforts of this program.

**Lending Information/Disbursement Summary (USD millions, as of June 30 2005)**

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-39780	Effective	15.18	0.00	15.18	0.00
NETH-53991	Closed	7.00	7.00	0.00	0.00



**Project Name (ID):** Health Services Extension and Modernization APL 2 (P078991)

**Country:** Nicaragua

**Board Approval Date:** 04/05/2005

**Closing Date:** 11/30/2009

**Loan/Credit/Grant Number:** IDA-40500, JPN-53140

**Sector(s):** Health (93%), Central government administration (5%), Sub-national government administration (2%)

**Theme(s):** Health system performance (P), Population and reproductive health (P), Child health (P), Nutrition and food security (S), Decentralization (S)

### Project Development Objectives:

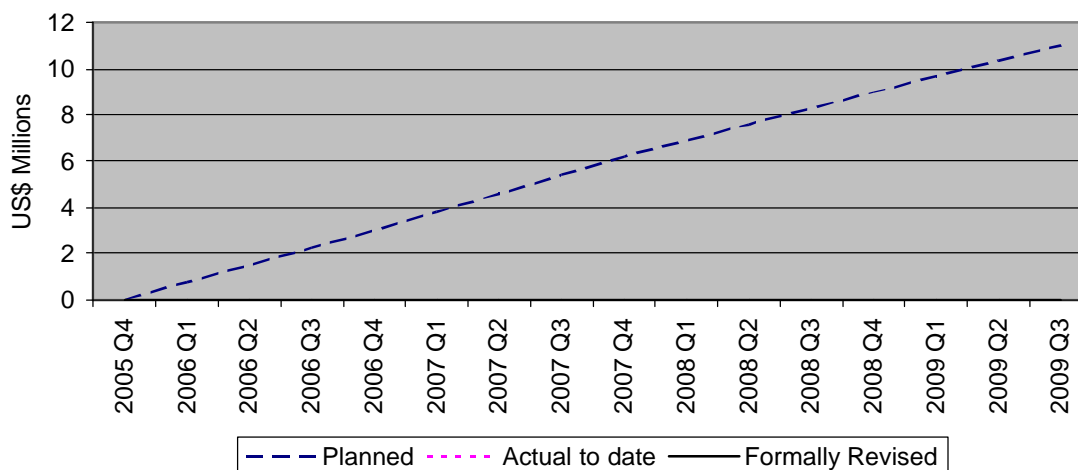
The objective is to improve health outcomes in Nicaragua, particularly among the poor.

### Progress toward achieving development objective(s):

The project was not effective before the close of the reporting period.

### Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-40500	Not Effective	10.51	0.00	10.51	0.00
JPN-53140	Effective	0.72	0.34	0.38	0.00



**Project Name (ID):** Poverty Reduction Support (P082885)

**Country:** Nicaragua

**Board Approval Date:** 01/22/2004

**Closing Date:** 12/31/2005

**Loan/Credit/Grant Number:** IDA-38500, JPN-52689

**Sector(s):** General public administration (40%), Primary education (15%), General agriculture, fishing, and forestry (15%), Health (15%), General industry and trade (15%)

**Theme(s):** Education for all (P), Public expenditure, financial management, and procurement (P), Other financial and private sector development (P), Health system performance (P), Rural policies and institutions (S)

**Project Development Objectives:**

The objective is to support the implementation of key poverty-reduction actions in Nicaragua's Poverty Reduction Strategy.

**Progress toward achieving development objective(s):**

Progress in the last fiscal year was significant. The Government's efforts to maintain a stable macro framework have been strong. However, donors providing budget support have stressed the importance of having an on-track International Monetary Fund-supported program. Progress in indigenous land titling is particularly noteworthy and reflects sustained efforts in an area where progress in the past had been slow. Progress is also evident in actions concerning the water and sanitation strategy and rural electrification. Nevertheless, little or no advances were made in other critical issues, including pensions and municipal development.

**Lending Information/Disbursement Summary (USD millions, as of June 30 2005)**

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-38500	Effective	72.06	36.03	36.03	0.00
JPN-52689	Closed	0.40	0.27	0.13	0.00