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# Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 30-Jan-2024 | Report No: PIDA0267



**BASIC INFORMATION**

**A. Basic Project Data**

Project Beneficiary(ies)	Region	Operation ID	Operation Name
Bosnia and Herzegovina	EUROPE AND CENTRAL ASIA	P180409	Geospatial Infrastructure and Valuation Enhancement Project (GIVE)
Financing Instrument	Estimated Appraisal Date	Estimated Approval Date	Practice Area (Lead)
Investment Project Financing (IPF)	06-Feb-2024	27-Mar-2024	Urban, Resilience and Land
Borrower(s)	Implementing Agency		
Bosnia and Herzegovina	Federal Administration for Geodetic and Real Property Affairs of the Federation of BiH		

Proposed Development Objective(s)

The development objectives are to improve the accuracy and accessibility of land administration information in the Federation of Bosnia and Herzegovina.

**Components**

- Component A: Support to the Establishment of Spatial Data Infrastructure
- Component B: Building Register Development
- Component C: Real Estate Valuation
- Component D: Capacity Building and Project Management

**PROJECT FINANCING DATA (US\$, Millions)**

**Maximizing Finance for Development**

Is this an MFD-Enabling Project (MFD-EP)? No

Is this project Private Capital Enabling (PCE)? No

**SUMMARY**

<b>Total Operation Cost</b>	<b>34.14</b>
<b>Total Financing</b>	<b>34.14</b>



of which IBRD/IDA	34.14
Financing Gap	0.00

DETAILS

World Bank Group Financing

International Bank for Reconstruction and Development (IBRD)	34.14
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Environmental And Social Risk Classification

Low

Decision

The review did authorize the team to appraise and negotiate

Other Decision (as needed)

N/A

B. Introduction and Context

Country Context

1. **Despite a complex and strongly decentralized political setup Bosnia and Herzegovina (BiH) has achieved progress in its development trajectory.** The constitutional structure created through the 1995 Dayton Agreement includes a state-executive (Council of Ministers) and two largely autonomous entities, the Federation of Bosnia and Herzegovina (FBiH) and Republika Srpska (RS), and the Government of the Brčko District, which was added to the structure in 1999.<sup>1</sup> Traditionally, decision-making in BiH has been characterized by lengthy deliberative and legislative procedures fraught with bargaining and uncertainty. Some of the costliest consequences of this institutional structure have been insufficient progress in transforming the economy, slower progress towards European Union (EU) accession than BiH’s neighbors, and an unfavorable environment for businesses.

2. **Macroeconomic stability has been maintained over the past decade.** This stability was largely facilitated by three economic anchors: (i) the currency board linked to the euro; (ii) the state-wide collection of indirect taxes through the Indirect Taxation Authority with a single rate of 17 percent; and (iii) EU membership prospects. The COVID-19 pandemic, Russia’s invasion of Ukraine, and persistent internal political tensions have inflicted a significant cost on BiH’s economy. Still, real Gross Domestic Product (GDP) rebounded to 7.4 percent in 2021, and strong economic activity continued in 2022, with real output growing 4.1 percent. Real output growth in 2022 was supported by investments rising another 2.4 percent, after a surge of close to 23 percent the year before as part of pre-election spending, with general elections taking place end-2022. Meanwhile, private consumption remained robust, supported by remittances and credit growth.

<sup>1</sup> Between the two entities, governance structures and budgetary arrangements are starkly asymmetric. While RS has a centralized governance structure and is subdivided only into local self-governing units (LSGUs; 64 in total), FBiH is subdivided into ten cantons, each with its own executive, legislative, and judicial branches of government. Each canton is further subdivided into LSGUs (79 in total). This unwieldy structure is superimposed on a country of only 3.2 million people.



3. **BiH is particularly vulnerable to the impacts of seismic and climate-related hazards, especially higher-frequency and higher-intensity floods, landslides, wildfires, droughts, and heat waves.** Heavy rainstorms can cause mudslides and flooding of large areas of agricultural land and real estate, as well as lead to other changes in the environment. BiH experiences, and is at high risk of, forest fires due to projected climate change trends and increasing temperatures. The country is ranked third globally regarding its vulnerability to intense rain and prolonged rainfall events. Increasingly variable weather conditions and projected long-term climate changes are anticipated across all seasons and include delayed traditional seasonal onsets and periods of extreme cold to warm weather, resulting in more intense periods of rainfall as well as extended droughts. This is expected to have serious economic consequences for BiH. Awareness about these risks has increased in recent years, and the BiH government is taking action towards climate change adaptation and mitigation as well as disaster response.<sup>2</sup>

4. **Concerning medium- to long-term growth and potential EU candidate prospects, BiH is best served by keeping to its reform path of addressing structural challenges in line with the SAA.** The continued reforms are necessary to address long-standing structural and institutional weakness and enhance competitiveness. BiH needs to continue promoting the potential of the private sector as it simultaneously reduces the footprint of a very large public sector that operates in the country. It also needs to shift its economy from a focus on local consumption and imports to one that recognizes the potential of international integration through investments and exports. To achieve this, BiH needs a business environment that allows companies to grow and expand output, employment, and exports. Advancing clarity in BiH's land and property sector as a means of increasing investor confidence is essential to the success of these private sector development initiatives.

#### Sectoral and Institutional Context

5. **Over a period of nearly 20 years, BiH has made major progress in establishing effective and professional land registration and cadaster services to facilitate land markets and provide tenure security.** Under the World Bank-financed Land Registration Project (LRP; P096200, approved in 2006 and closed in 2012), FBIH's Federal Administration for Geodetic and Real Property Affairs (FGA)/Federal Ministry of Justice (FMoJ) and the RS's Republic Administration for Geodetic and Real Property Affairs (RGA)<sup>3</sup> adopted new business plans and standards, renovated land registry offices, addressed the backlog of registration requests, digitized part of the cadaster and land registry archives, and adopted information technology (IT) systems to allow for wider sharing of cadastral and land registry data. Another important achievement under LRP was the piloting of a methodology to update and harmonize cadaster and land registry records. Building on these achievements, since 2012, FGA/FMoJ and RGA have scaled up investments in the harmonization<sup>4</sup> of cadaster and land registry records under the ongoing World Bank-financed Real Estate Registration Project (RERP; P128950) and its Additional Financing. Concurrently, FGA and RGA continued to improve working conditions in the land administration sector through the renovation of offices, training of staff, and the acquisition of surveying and IT equipment, among other things. They also introduced address registers, sales-price registers, and digital archive IT systems, and put greater emphasis on records digitization, IT systems interoperability and integration, and the development of e-services for land administration.

<sup>2</sup> Climate change risks identified in this paragraph were assessed using the World Bank *ThinkHazard!* Tool available at <https://thinkhazard.org/en/>.

<sup>3</sup> In FBIH, FMoJ is responsible for preparing the laws and adopting regulations pertaining to real estate registration. Land registry offices work under jurisdiction and supervision of municipal courts, while cadaster departments and cantonal geodetic authorities operate under the guidance and support of FGA. FGA is also responsible for a wide range of tasks related to cadastral surveys, mapping, land consolidation, and the utility cadaster. By contrast, RS's cadaster and land registry are consolidated into the real estate cadaster under RGA.

<sup>4</sup> There are two separate processes for the harmonization of land registry and cadastral records in BiH. In RS, where the cadaster and land registry are managed by RGA, the information contained in the cadaster and land registry are harmonized, and new single record called Real Estate Cadaster is created. In FBIH, where the management of the cadaster and land registry is split between the cadaster departments of the LSGUs and land registry offices in municipal courts, FGA coordinates the harmonization of the information contained in the cadaster and land registry. At the end of the process, these records continue to be managed separately. In both entities, these activities are conducted systematically by cadastral municipality.



6. **However, resolving persistent challenges concerning property valuation, geospatial information management, and building register establishment are essential for well-developed land administration systems and will have major benefits for the country's continued socio-economic development, and FBIH has requested further World Bank support to build upon the past achievements and outcomes of LRP and RERP.** In terms of property valuation, the development of reliable methodologies for estimating market values of individual property units and their subsequent rollout (i.e., mass valuation) would provide information for a variety of purposes and form a key dataset as part of SDI. Building upon the investments via RERP, the harmonization of land records data has contributed to clarity in ownership and use rights data, which is a key component in the development of valuation methodologies. Valuation information would also provide enhanced opportunities for own-source revenue generation for LSGUs as well as other applications such as (i) the identification of vulnerable areas for disaster prevention and recover plans; (ii) the improvement of disaster risk financing and insurance in the event of climate-related hazards; (iii) updating the value of collateral taken by the banking sector for asset-backed loans; and (iv) the development of catastrophe insurance for businesses and households. In terms of geospatial information management, advancing the interoperability of the cadastral data and associated e-services produced under RERP will be used to clarify the standards for public-sector provision of geospatial information, which is crucial for delivering authoritative geospatial services and products that meet the requirements of public and private sector users, academia, civil society organization, etc. These standards and associated quality assurance of geospatial information are also necessary for key FBIH initiatives pertaining to disaster risk management and response, climate-smart urban planning and development, quality infrastructure investments, and sustainability and conservation of natural capital. In this context, FBIH recognizes the importance of addressing these land sector challenges, and the proposed Geospatial Infrastructure and Valuation Enhancement (GIVE) Project would finance the required activities for bridging these gaps.

### C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

7. The development objectives are to improve the accuracy and accessibility of land administration information in the Federation of Bosnia and Herzegovina.<sup>5</sup>

Key Results

8. Progress towards the PDO will be measured through the following indicators:
- Local Self- Governing Units with building register data established (Percentage)
  - Key geospatial datasets are harmonized with the adopted data standards and available via SDI digital platform (Percentage)
  - Valuation standards that satisfy international best practice developed and adopted (Number)
  - Regular publication of real estate market data (Yes/No)

### D. Project Description

9. The Project will include four components:

10. **Component A: Support to the Establishment of Spatial Data Infrastructure (EUR 6,495,000).** This component will finance activities that support increased geospatial data accessibility and usability through (i) the development of data standards in line with the technical specifications of the INSPIRE Directive<sup>6</sup> and other international standards; (ii)

<sup>5</sup> As the request for a new project has only come from FBIH, GIVE will be implemented in this entity only. However, GIVE's design fully allows for the expansion of project coverage to RS should the latter send an official request to the Bank to be included in the future.

<sup>6</sup> In terms of climate change adaptation and mitigation, the adoption of the INSPIRE Directive's technical standards by FBIH are considered ambitious, as BiH is not an EU member state and, therefore, is not obliged to implement them. Nevertheless, in addition to boosting BiH's EU accession prospects, the standards help FBIH to



improvements to digital data quality and completeness through key dataset harmonization with the new standards; (iii) digitization of priority analogue datasets; (iv) the development of metadata standards and metadata creation and migration; (v) the establishment of an FBiH SDI data center and SDI Digital Platform that are interoperable with existing e-services; (vi) the development of new e-services and products; (vii) continued cadaster and land registry data harmonization for an additional 150 cadastral municipalities in FBiH; and (viii) support to public display of cadastral data. In addition to the INSPIRE Directive, FBiH will utilize best practices from other strategic documents such as the IGIF. Additionally, all activities will comply with FBiH's Law on SDI that was adopted in June 2021 as well as the SDI Strategy and Action Plan for 2023 – 2027 that was developed by FGA. FGA is also responsible for SDI implementation coordination.

**11. Component B: Building Register Development (EUR 18,020,000).** This component will finance activities for the establishment, scale-up, and maintenance of a building register that will cover the entire territory of FBiH. Activities under the component include (i) the development of a methodology for the collection, processing, and quality control of data on buildings and parts of buildings (e.g., apartments, business premises) for creating a building register; (ii) creation of a mobile application for field data collection; and (iii) the development an IT system for managing and maintaining the building register that is interoperable with other key systems and registers<sup>7</sup>. Upon its establishment, the building register will be scaled up throughout FBiH's 79 LSGUs. Activities will include the production of new aerial orthophoto imagery or LiDAR data, their interpretation to obtain related products and approximate footprints of buildings and their 3D representation. The cadaster and selected datasets will be cross-overlaid with the geospatial data layer of buildings derived from aerial imagery. This initial data collection will be checked in the field, and additional information (e.g., age of the building) will be collected. The layout and identification of premises in the buildings will be defined based on the division plans and other sources. Data quality assurance/quality control (QA/QC) and public outreach to explain the benefits and the process of the establishment of the building register will also be carried out.

**12. Component C: Real Estate Valuation (EUR 3,785,000).** This component will finance activities related to the introduction and rollout of mass valuation throughout FBiH based on international standards and best practices. Specifically, the component will support (i) the upgrade of the Sales Price Register system and the collection of data needed for property valuation<sup>8</sup>; (ii) real estate valuation system establishment, including standards, methodology and valuation model development; and (iii) development of a real estate valuation system and mass valuation information portal. The activities will build on previous support financed by Sida that established the existing Sales Price Register and supported capacity building programs for mass valuation. Component C will also support the development and implementation of a set of automated systems and tools as part of the real estate valuation system and mass valuation information portal, including (i) a comprehensive Computer Assisted Mass Appraisal system; and (ii) advanced modelling and analysis tools using artificial intelligence and GIS-based models; (iii) Automated Valuation Models (iv) integrated mapping analysis tools; and (v) advanced data visualization GIS tools. New e-services for professional users and the general public will also be developed under this component.

**13. Component D: Capacity Building and Project Management (EUR 3,540,000).** This component will support (i) strengthening institutional capacities, structures, and inter-institutional collaboration, with the aim of ensuring long-term sustainability of project investments as well as the development and implementation of policies, legal acts and technical guidelines; (ii) training and capacity building programs mainly in areas of SDI implementation, cadastral and land registration harmonization, building register creation and real estate mass valuation, awareness raising and information campaigns; and (iii) project management. Specialized training will be organized under this component for the FBiH SDI Council and Working Groups, SDI stakeholders including government institutions, local authorities, other relevant entities,

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ensure geospatial data interoperability with multiple countries that will be used for better coordination in terms of disaster response with neighboring countries such as Croatia that are subject to similar climate-related hazards such as flood zones.

<sup>7</sup> This will include, at a minimum, the unified system for cadaster and property registration, address register, Sales Price Register, the SDI platform developed under Component A, and the e-Government system.

<sup>8</sup> Under GIVE, the types of real estate intended to be valued are primarily apartments, individual houses, garages, business premises, and agricultural land.



and FGA management and technical staff. Similarly, the capacity building programs will be designed and implemented for real estate registration and valuation institutions, including FGA, municipal authorities, and the FBiH Tax Administration.

Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Area OP 7.60	No

Summary of Screening of Environmental and Social Risks and Impacts

14. The Project, at this stage, does not include any activities that may have a physical footprint or have direct or indirect environmental impacts. The main objective is to support (i) development of spatial data infrastructure (ii) develop a building register (iii) mass valuation of real estate; and (iv) building capacities in areas of SDI implementation, cadastral and land registration harmonization, building register creation and real estate mass valuation in FBiH. New IT hardware will be bought without replacing old equipment and minor refurbishment works for a data center are foreseen. To mitigate potential carbon emission increase, the procurement of new IT hardware will take into account energy efficiency measures. These requirements will be aligned with the procurement procedures and set out in the Project Operational Manual (POM) for the Project. Mitigation measures due to minor refurbishment works will be prescribed in an Environmental and Social Management Plan Checklist, also included and defined in the POM. With no activities that would pose direct or indirect environmental implications, the associated environmental risk is assessed as Low.

15. The Project will also focus on, inter alia, establishment of a building cadaster for government stakeholders. This activity will be for buildings/facilities (e.g., apartments, business buildings premises) and will not include individual houses or land, thereby avoiding private ownership issues that are more prevailing when dealing with the latter. For activities under component B and C mostly existing data will be utilized. However, some data collection in the form of aerial imagery and LiDAR surveys, will be financed. This initial data collection will be checked in the field, and additional information e.g. age of the building, will be collected. Stakeholder engagement activities will be performed to explain the value of the activity and inform the communities about potential field data checking activities. Although the acquired data will not be publicly disclosed provisions of digital data protection and security will be part of the POM as well as any systems/frameworks established under the Project. Although no adverse risks and impacts to vulnerable groups are expected as result of the Project activities, to ensure these groups benefit equally from the Project, GIVE will, through activities in Component D, conduct vulnerability mapping to identify land sector-specific needs of vulnerable and marginalized groups that reside in FBiH. The proposed Project will not finance any kind of major civil works but will finance some refurbishment of existing facilities. Project activities will cause neither land acquisition nor physical displacement to formal or informal occupants. Given the low risk of the Project no standalone Stakeholder Engagement Plan (SEP) and Labor Management Procedures (LMP) have been prepared. The Borrower has, however, prepared an Environment and Social Commitment Plan (ESCP) that outlines the measures and actions required to avoid, minimize, reduce or otherwise mitigate the potential environmental and social risks and impacts of the Project. The prepared ESCP entails provisions standard to the LMP and SEP to ensure requirements of ESS2 and ESS10 are met and is disclosed and consulted on prior to Project appraisal. In addition, the borrower will prepare a POM by the Project effectiveness, which will include provisions to ensure the requirements of relevant ESSs (ESS1, ESS10, ESS2 and ESS3) are met.

**E. Implementation**



Institutional and Implementation Arrangements

16. The project will be managed by FGA and financed via Component D. FGA has vast experience implementing Bank-financed projects. A PIU will be housed at FGA and will manage implementation of project activities. The PIU will include civil servants and contracted consultants and will operate under the FGA sector for the management of projects from the Public Investment Program, providing day-to-day support for project implementation. The PIU will include specialists, including a Team Leader, Project Component Leaders, a Monitoring and Evaluation (M&E) Specialist, a QA/QC Specialist, a Procurement Specialist, a Financial Management (FM) Specialist, IT Specialist, Geospatial/SDI Specialist, Cadastral and Land Registration Specialist, Mass Valuation and Sales Price Register Experts, a Social Specialist, and an Administrative Assistant. Adherence to the Project Operational Manual (POM), approved by the World Bank, will govern the PIU's activities by detailing consultants' and civil servants' expert roles, their responsibilities, and internal processes. The PIU will oversee and monitor all project operating costs and take care of equipment and logistics, all in coordination with FGA management. Additionally, the PIU will be responsible for the preparation, update, and disclosure of ESF documents as well as overall ESF and national legislation compliance throughout project implementation.

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**APPROVAL**

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