

Project Name RUSSIAN FEDERATION-LAND REGISTRATION & CADASTRE PROJECT - RU

Region Europe and Central Asia Region

Sector General public administration sector (34%);
Law and justice (33%);
Housing finance and real estate markets (33%)

Project ID P078420

Borrower(s) REP OF RUSSIAN FEDERATION

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Environment Category C

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1. Country and Sector Background

The Project is being developed in coordination with two approved Government programs now in the early stages of implementation. The first addresses the registration system, "The Federal Program for the Phased Development of the System of State Registration of Rights and Transactions in Immovable Property", with the Ministry of Justice as the prime implementing agency. The second addresses the cadastre system, "The Federal Targeted Program for Creating an Automated System for Operation of the State Land Cadastre and State Inventory of Real Property", with the Federal Land Cadastre Service of Russia (Roszemkadastr) as the primary implementing agency. Both programs address the need for building improved coordination between the two systems, and the Project will serve as the unifying force in that direction. The CAS is built upon a cross-sectoral approach to improving the environment for economic development in Russia, while addressing important social and environmental issues. The Land Registration and Cadastre Project reflects that cross-sectoral orientation and is directly tied to the Government's strategy to improve the functioning of the public sector, and to foster growth through improved

functioning of markets.

The legislative basis for the Project is in place. The Law on Registration was adopted in 1998, the Law on Cadastre in 2000, the Law on Land in 2001, and the Law on Agricultural Land Turnover in 2002. The Government has also issued a Resolution (No. 537 of July 18, 2000) confirming the unification of the land cadastre with the buildings cadaster into a single real property cadastre. The policy and institutional reforms to be sought under the Project will require elaboration and adjustment of the supporting regulations to these laws and potentially some amendments to them.

2. Objectives

The objective of the Project is to build efficient land administration systems with the purpose of contributing to the development of efficient markets for land and real estate. The basic thrust of the Project is to improve the functioning of the registration and cadastre systems, with a primary focus on their mutual cooperation. This will include linking databases, elaborating existing procedures, and addressing improved customer interface. As part of the customer interface improvement, the Project will be introducing means testing for improved access to services. The objectives are to reduce both the time and cost associated with transactions in land and real estate, to make those transactions more reliable, and to improve access for low income segments of the population to services. Improved coordination of the cadastre and registration systems, along with strengthening their linkages with other parties, will result in improved Government coordination of land and real estate administration.

3. Rationale for Bank's Involvement

The Bank has an established track record in cadastre and registration in the Russian Federation, having implemented the LARIS Project and the registration component of the Housing Project. The Bank has also provided expertise on supporting legislation, including the Law on Registration, the Law on Land, and the Law on Agricultural Land Turnover. The Bank is uniquely positioned to pull together the two Federal Programs listed above, as well as continued bilateral interventions in the area of cadastre and registration. Chief among these are the SIDA-financed projects in the Northwest Region, particularly the pilot linking of the registration and cadastre systems in Arkhangelsk, and the Hermes Program of financing automation of cadastral offices. In addition, there have been a number of donor projects that have earlier piloted work in areas relevant to the Project. Among these were the TACIS-financed project to improve inter-agency linkages in the area of immovable property (Rostov and Taganrog) and the CIDA-financed project in Dmitrov (Moscow Oblast) to introduce one-window registration of immovable property and improved inter-agency information sharing.

4. Description

The Project will be composed of three components: (1) the unified cadastre and registration systems; (2) improved service delivery; and (3) project management.

Unified cadastre and registration systems

The goal of the first component will be to link the operation of the system for registration of rights in land and real estate with the cadastre system. The component will also upgrade both of these systems taken separately. The component will be broken into three sub-components. The registration sub-component will create a national information and technological infrastructure for managing a uniform national registration system of real property. The cadastre sub-component will allow the creation of a truly unified real property cadastre, linking land parcels structures attached to them, allow for a more rapid process of land inventory and valuation, and upgrade existing automated data systems. The linked systems sub-component will address improved information flows and institutional cooperation between the registration and cadastre systems.

The component will put in place communication systems between the state land cadastral offices and real estate registration offices on the federal level, on the level of federal okrugs, subjects of the Federation, and on the rayon/municipal level. The system will be designed to provide potential users with improved access to land cadastral information and information on registered rights. This will require development of software and hardware packages, use of modern information technologies and information protection systems. It will be necessary to ensure compatibility of information systems. Software and hardware packages would include necessary hardware (servers, PCs), peripheral equipment (scanners, plotters, printers, copy machines), software for data processing and managing mapping and descriptive information, filing, data protection, and office software.

Creating an automated system of state land cadastre and an automated system of a unified state registry of rights in real estate and transactions with it would allow to speed up the processing of registration requests and the issuance of land cadastral and real estate documents; it would ensure information exchange in real time with local administrations offices involved in issuing certificates to legal and private persons and to establish interagency information links. The automated system would allow exchange of land and cadastral information, to provide information regarding unregistered rights to the agencies responsible for managing the state urban development cadastre, forest cadastre, water cadastre, cadastre of subsurface resources and other cadastres and registries. The appropriate technology (or technologies) for linkage of the information systems will be examined carefully during project preparation. Emphasis will be on utilization of the internet, though our counterparts are concerned about the supporting infrastructure for internet use in some parts of the country.

Our counterparts have indicated their intention of providing nationwide coverage under this Project. The task team views this as being highly ambitious, given the complexities that will be encountered in each location where the Project is implemented. The way forward will be to agree on a list of pre-conditions necessary for system implementation at the local level, a list of criteria for selection of regions to participate in the first phase of the Project, and a piloting of the work load at the local level.

Improved Service Delivery

This component would focus on further institutional capacity building for both the registration and cadastre systems with primary orientation to improving the quality of interface with the client. An important element will be improving access of low-income segments of the population to registration and cadastre services. This component will be composed of three sub-components: (1) legal/regulatory reform and implementation; (2) systems management; and (3) public awareness campaign.

The first sub-component will identify and address needed changes and additions to the legal and regulatory basis for operation of the cadastral and registration systems, particularly with respect to their more efficient coordination with each other and in codifying means testing in providing cadastral and property registration services. Needed changes in institutional roles and relations for the purposes of simplifying, and reducing the costs of, transactions in immovable property will also be handled.

The systems management sub-component will improve the efficiency of operation of the registration and cadastral offices by identifying weaknesses in the current operational procedures and business practices. A critical aspect of this will be improving the quality of services provided to clients. This sub-component will:

- identify ways in which office operations can be made more efficient
- provide a strategic plan for interaction with the client (optimization of the office design, steps for improving practices of interactions with the population, aligning incentive structures with the goals of servicing the client swiftly and efficiently)
- develop a strategy for means testing for cadastral service provision
- provide resources for re-equipping offices in selected sites as samples of client friendly spaces for efficient service provision
- provide training to the staff of the cadastral and property rights services in interactions with client and service provision
- create benchmarks for measuring staff performance in terms of service provision
- create instruments for measuring client satisfaction.

The public awareness sub-component will provide information to the population about the reasons and procedures for registration of land and real estate. The purposes of this will be to provide assistance to potential clients in understanding basic procedures and the institutions involved and to reduce the number of transactions that are occurring outside the official cadastral and registration of rights systems. This sub-component will develop an information strategy for the cadastral and property rights services, develop pilot media interventions (television, radio, newspapers), and develop and produce brochures and other printed materials for distribution throughout the country.

The component will finance consultant services for legal and regulatory reform, business systems analysis, stakeholder analysis, and public information. It will finance training of staff of the cadastre and registration offices, and repair and refurbishment of a select number of offices. It will also finance the production of printed materials and other media interventions.

Project Management

A Project Implementation Group, staffed in accordance with Project needs, will be financed. This Group will be dually subordinate to the Ministry of Justice and Roszemkadastr and will be a direct continuation of the Project Preparation Group (PPG) now being established. (As noted below, the PPG is being established on the basis of the LARIS PIU). In addition there will be project implementation groups at the regional level and services provided by other regionally based organizations (see section 4, below).

This component will finance consultant services.

Unified cadastre and registration systems
Improved service delivery
Project management

Note: The financing figures presented below are very preliminary and subject to change during actual preparation of the Project.

5. Financing

Total (US\$m)

BORROWER \$20.00

IBRD \$130.00

IDA

Total Project Cost \$150.00

6. Implementation

The Project will be jointly implemented by Roszemkadastr and the Ministry of Justice. To that end, a Joint Working Group has been set up by the two agencies to oversee preparation of the project. Agreement has been reached on creating a Project Preparation Unit (PPU) whose legal status will be (to be provided soon) and will be composed of specialists in both registration and cadastre. The Head of the PPU has been appointed and formerly worked in the PIU of the Housing Project, responsible for the Title Registration Component. The PPU will also draw upon staff of the LARIS Center, the project implementation unit of the LARIS Project, for expertise in cadastre, GIS and IT, as well as project management functions. Agreement on full staffing, function responsibilities, and subordination and reporting to the two implementing agencies will be determined on the first preparation mission.

Implementation of the Project will be supported by groups established at the regional (oblast) level for this purpose, with the agreement and participation of regional government. (The possible role of the Federal okrugs in management of project implementation was briefly discussed during the identification mission and will be further explored by the first preparation mission.) The Project will also be supported by the regional cadastral centers, which are subordinate to the Federal Cadastre Center in Moscow and directly affiliated with Roszemkadastr. The role of bodies subordinate to the Ministry of Justice in implementation of the Project will be determined during preparation.

7. Sustainability

A major issue is the financial sustainability of the automated systems to be supplied under the Project. Experience has shown that the low-volume

rayon cadastral offices may well not be in a position to sustain the automated systems being considered for this project. The cadastral offices, being part of a Federal structure, are dependent on the Federal budget for their financing. They have not been allowed to retain revenue generated by providing services, which has weakened both incentives to improve the quality of services and the de facto ability to finance more than basic operations. It is common in developed market economies for cadastral offices to be at least partially self-financing on the basis of retained earnings from fees for service, and this approach will be recommended for the Russian Federation.

Since 1998 a great deal has been accomplished in setting up offices for the registration of rights and in actually registering rights and subsequent transactions. Heretofore the registration of rights offices have operated at an acceptable level of efficiency. As noted above, the new registration and cadastre project will aim to raise that level of efficiency. The successes recorded thus far in implementation of the system of registration of rights would not have been possible without the principle of self-financing from fees for services. The identification mission was informed that as part of a broad Government policy, draft legislation is being prepared that would eliminate the right of Government organizations to retain earnings from fees collected. Implementation of such a change would have immediate and significant impact on quality of services provided and on the overall functioning of the system of registration of rights. In turn, this will greatly hinder the ability of the project to deliver its objectives.

8. Lessons learned from past operations in the country/sector

A number of lessons have come from the LARIS Project and were vetted at a LARIS Project seminar held in March, 2002 in Moscow. First, financial sustainability of the automated systems in low-volume rayon cadastral offices is in doubt. The proposed allocation of automated systems under this Project will need to be justified on a set of business criteria that target the high-volume, high-value offices. Second, there is a need for feedback from the regional and local levels concerning the actual situation on the ground and specific interventions that are most needed to support the goals of the Project. This will be particularly important under the new Project, given the need for inter-agency cooperation, connections with other Government agencies involved in land and real estate, and the goals of improved customer service and reduced transactions costs. This will require obtaining agreement with, and support from, regional and local government on a set of critical institutional, policy, and logistical questions and having in place appropriate regional implementation arrangements to guarantee the smooth flow of information from bottom up and from top down.

Lessons coming from the Bank's Russia portfolio as a whole include the following. Projects with dual implementing agencies have been particularly challenging. It is important to have a clear agreement between the agencies concerning their respective roles and responsibilities in project implementation and a reliable mechanism for coordinating activities. At the early stage of preparation of this Project, a good working relationship has been established between the MOJ and Roszemkadastr and plans are moving forward to staff a Project Preparation Group that will link the efforts of both agencies. The arrangements for inter-agency

coordination will need to be further strengthened in the course of project preparation.

Along these lines, there will be a need to clarify with the Ministry of Finance project management responsibilities vis a vis the two implementing agencies, the PPG and the MOF. This issue will be addressed during the first preparation mission with the goal of having a written agreement on roles and reporting arrangements prior to Project appraisal.

The experience under other Bank projects in Russia demonstrates the importance of ensuring that the necessary pre-conditions for successful project implementation are in place at the local level. Regions will need to satisfy a set of selection criteria and will have to compete to be included in the early phases of project implementation.

There was a tendency in the early rounds of Bank projects in Russia to focus on project inputs, rather than outputs or development objectives. For this Project it will be critical to have a set of sound monitoring indicators for outputs and objectives and a strong project implementation structure to ensure that they can be effectively tracked. Initial discussions with our counterparts have been fruitful in this area. During preparation of the project, this will need to be firmed up and an adequate project implementation arrangement agreed to at the regional level.

9. Environment Aspects (including any public consultation)

Issues : N/A

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Note: This is information on an evolving project. Certain components may not be necessarily included in the final project.

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