

1. Project Data:		Date Posted : 06/21/2010	
PROJ ID : P055021		Appraisal	Actual
Project Name : Registration & Cadastre Project	Project Costs (US\$M):	36.77	49.59
Country: Bulgaria	Loan/Credit (US\$M):	30.00	37.10
Sector Board : ARD	Cofinancing (US\$M):		
Sector(s): Central government administration (100%)			
Theme(s): Personal and property rights (23% - P) Regulation and competition policy (22% - P) Legal institutions for a market economy (22% - P) Land administration and management (22% - P) Administrative and civil service reform (11% - S)			
L/C Number: L4619			
	Board Approval Date :		06/21/2001
Partners involved :	Closing Date :	03/31/2007	03/31/2009
Evaluator:	Panel Reviewer :	Group Manager :	Group:
Keith Robert A. Oblitas	Robert Mark Lacey	IEGSE ICR Reviews	IEGSE

2. Project Objectives and Components:

a. Objectives:

The project development objective (PDO), according to the Loan Agreement, is "to improve the coverage, completeness, accuracy, and responsiveness of the real property and cadastre registration systems, thereby contributing to the development of the real property market." The PDO statement in the PAD is very similar, the only difference being a more detailed ending: "and, therefore, contribute to the development of secure tenure of real estate (and hence investments in housing, agriculture, commerce, manufacturing, and services), and of an efficient real property market." This Review uses the PDO statement in the Loan Agreement as it is easier to monitor.

b. Were the project objectives/key associated outcome targets revised during implementation?

No

c. Components (or Key Conditions in the case of DPLs, as appropriate):

Component A - Cadastre System Development (US\$5.1 million at appraisal, US\$9.8 million at closure) aimed to

build the capacity of the newly established Cadastre Agency (CA) to design and implement a unified national cadastre system. It included: (i) the transfer of records from about 80 municipal offices and 80 land commissions covering about 30 percent of the existing land commission offices in the country); (ii) development of the cadastre information technology (IT); and (iii) introduction of modern operational and human resource procedures and standards for the CA.

Component B - Property Registration and System Development (US\$5.8 at appraisal, US\$10.4 million at closure) supported capacity building in the district courts and in the Ministry of Justice (MOJ) for implementing a new real property-based registration system in the 112 district courts and developing oversight capacity of the system. The proposed property registration system was to lower transaction costs and reduce transaction processing times by: (i) refurbishing and equipping the entry courts' offices; (ii) developing data transfer from the old book entry system to a new electronic system; (iii) providing technical assistance to the MOJ for operating the registration system along business lines; and (iv) developing and implementing an IT plan for property registration.

Component C - Cadastre and Property Registration Operations (US\$22.0 at appraisal US\$26.0 at closure) supported the operation of new property-based registration and cadastre systems through the mass registration and joint conversion of parcels, and the creation of an effective data link and exchange between all the agencies. The component financed: (i) part of the geodetic network densification, cadastre surveys, adjudication and associated mapping, data entry of preliminary lots for mass registration, design and implementation of a joint IT and management information system (MIS) both in the cadastre and property registry, and the maintenance and supervision of service contracts; (ii) cadastre and property registration in settlements, apartments and enterprises, including the conversion of the restituted farm-and-forest real property rights into the new systems; (iii) data entry, cleaning, conversion, and transfer of about 2.4 million (of the total 8 million) rural parcels from the land commission offices and court systems; and (iv) the conversion of re-surveys and registration of 600,000 urban and settlement properties into the new cadastre and property registration systems.

Component D - Project Management and Development of a Policy and Legal Framework (US\$1.5 million at appraisal, US\$ 3.4 million at closure) provided technical assistance and supported training activities for the Project Implementation Unit (PIU). It financed: (i) training programs for the staff of the CA and cadastre regional offices, staff and judges of the district court offices, the MOJ, private survey and data entry contractors, notaries, real-estate agents, and bankers; (ii) technical assistance to complete the legal framework for the cadastre and registration systems; (iii) the design and implementation of an IT and management strategy linking data from the ministries of Regional Development and Public Works, Justice, Agriculture and Forestry, and Finance, municipalities, and others into the national IT and communications strategy of the Council of Ministers; (iv) public awareness campaigns targeting professionals and landholders to make them aware of their rights and duties while increasing public knowledge of the new systems ; (v) legal support to the most disadvantaged citizens (low income citizens, minorities, and women) in relation to their property rights; and (vi) monitoring, evaluation, and assessment studies focusing on the efficiency of project management and implementation for the delivery of products and outcomes to users, and the social impacts of the Project.

d. Comments on Project Cost, Financing, Borrower Contribution, and Dates:

There were two significant changes during the implementation of the Project :

(i) The Project's closing date was extended twice . The first extension was from 03/2007 to 03/2008 to allow for the completion of the IT system under Component A, the IT plan under Component B, the IT and MIS system under Component C, and the national IT and communications strategy under Component D . The second extension was from 03/2008 to 03/2009 to develop and test a joint IT system which would integrate the ownership rights of the Registration Agency (RA) with the geodetic survey work of the CA .

(ii) The cancellation of US\$4.3 million from the Loan of US\$30.0 million partly due to a change from "systematic registration" in favor of "sporadic registration" while shifting emphasis to simplified regulations for improving service delivery; and adjustments in cadastral map coverage to only the most active land markets in the country . Despite the cancellation, the total Project disbursement increased to US\$ 37.1 million from US\$30.0 million at appraisal due to the strengthening of the euro relative to the US dollar, . A grant of US\$2 million from the Netherlands financed substantial technical assistance and training under

the Project.

3. Relevance of Objectives & Design:

Relevance of Project Objectives . *Substantial*. At the time of project preparation, Bulgaria was moving from the command economy of the former Communist regime towards a market economy . Creation of efficient markets for basic factors of production such as land was needed to stimulate accelerated private sector led growth. Such growth was central to the Bank's 1998 Country Assistance Strategy. The 2006-2009 Country Partnership Strategy had broadly similar priorities : improving the efficiency of the economy, reaching a higher growth path and sustained private sector-led growth. The relevance of the PDOs deepened as Bulgaria strived towards accession into the European Union . EU accession brought an unexpected demand for land markets and services and the project prepared Bulgaria to meet this demand while developing the appropriate land registry and cadastre infrastructure to facilitate it .

Relevance of Project Design . *Modest*. Project design was technically sound. There were, however, two institutional issues. First, the Government insisted on maintaining its existing and long-standing arrangement of having separate agencies for cadastre and registration. The Bank advised strongly against such an approach, which experience elsewhere had shown to be less effective than having all land administration activities under one institution . However, the Government refused to forsake its existing system. Second, even given the separation of responsibilities, the institutional design for registration activities was inappropriate . Registration was to be undertaken by the existing staff of the district courts, and was to be managed by a coordination cell in the Ministry of Justice . This proved inadequate. Court staff had many responsibilities, and expecting them to handle a modernized and expanded land registration system in addition to these was unrealistic . Moreover, the lightly staffed coordination cell had insufficient capacity and authority to supervise the courts . As a result, registration activities hardly got off the ground in the first two years of the project . In addition, no provision was made for investigating and monitoring the social impact of improved land administration .

4. Achievement of Objectives (Efficacy):

The degree of achievement of the PDO -- *to improve the coverage, completeness, accuracy, and responsiveness of the real property and cadastre registration systems, thereby contributing to the development of the real property market* - is **substantial**. Although geographic coverage of the cadastre maps was slightly below target (17% instead of 20% of the national geographic area), this was compensated by the project's focus on those regions where the land and property markets are most active - in terms of number of properties, mapping exceeded the target with 4.6 million properties mapped compared to an appraisal goal of 3 million. 28 cadastral offices were established and 113 registration offices in the courts were upgraded and equipped (full achievement of targets), providing an accessible network covering the country. Staff in the field offices and at headquarters were trained. The cadastral target of 300,000 services per annum was well exceeded and reached 565,000 services. The target for annual registration of 700,000 services (there were no recorded sales before the project) was also exceeded, reaching 1 million services in 2007 (although this fell to 770,000 in 2008 due to the global financial downturn). The accuracy of land administration was also improved, through more exact cadastral mapping, digitization of records and establishment of information technology to share land records and transaction data between the two agencies and also accessible to the general public . Finally, registering transactions was made more responsive to client needs . Following a slow start, an independent Registration Agency with its own staff was established (analogous to the Cadastre Agency). This quickly built capacity, and by project closure had achieved the registration and efficiency improvement targets . The time required for registering a transaction was reduced from several weeks, or even months, to about 14 days (the ECA average is 60 days), of which the Registration Agency now takes 1 to 3 days (the rest of the time is for actions required from other government agencies). The land market grew in value terms during the project period by about 45 percent per annum. Before the project, land-based mortgages (now the largest segment of the land market) were rare. One weakness is the lack of information on the social impact of land administration. Provision for the investigation and monitoring of this should have been part of project preparation since experience elsewhere shows that land registration can adversely affect vulnerable groups such as women and poorer households .

5. Efficiency (not applicable to DPLs):

An economic rate of return was not estimated either at appraisal or project completion. Typically for land administration programs, the project's influence on macro variables is so large compared with its costs, that even slight changes in macroeconomic assumptions would result in large changes in the ERR. Nevertheless, it is reasonable to assume that improved land administration services had at least a facilitating role in the boom of the real estate market from the mid 1990s to 2007. Even if its influence on land markets is assumed to be quite small, the project would still have been economically viable (for instance, using financial costs and benefits as proxies for economic values, if only one percent of the growth in the value of property sales between 2005 and 2007 were attributed to the project, its entire investment costs would be covered by this increase). Efficiency is assessed as **substantial**.

a. If available, enter the Economic Rate of Return (ERR)/Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation :

	Rate Available?	Point Value	Coverage/Scope*
Appraisal		%	%
ICR estimate		%	%

* Refers to percent of total project cost for which ERR/FRR was calculated.

6. Outcome:

The project's overall outcome is **Satisfactory**. It achieved its objectives and can be reasonably assumed to have played a key facilitating role in the rapid expansion of the land market. Efficacy and efficiency were both **substantial**. The project's objectives were **substantially** relevant to the Bank's and Government's development strategy for Bulgaria. Although the relevance of design was **modest**, design weaknesses were corrected during project implementation.

a. Outcome Rating : Satisfactory

7. Rationale for Risk to Development Outcome Rating:

Risk to development outcome is **Moderate**. The Cadastral Agency and the Registration Agency are now experienced institutions, and their services are appreciated by clients and government. However, they would be less vulnerable to any future shortfalls in government financing or to excessive political involvement if they achieved financial independence. This is feasible as the combined fees of the two agencies already exceed their operating costs. But the agencies themselves require first call on the revenues generated - at present all fees go to Government, which then funds the agencies from the general budget. Merging of the two agencies should also be considered in order to benefit from synergies demonstrated in other countries.

a. Risk to Development Outcome Rating : Moderate

8. Assessment of Bank Performance:

Overall, the performance of the Bank was **Satisfactory**.

Quality at entry . Satisfactory. Technical preparation was of a high standard, and technical features required little change during project implementation. The range and level of consultation were appropriate. The basic legislation and structuring of the Cadastral Agency, both established before Board approval, were well crafted with guidance from the Bank. Initial institutional arrangements for land registration proved inadequate, although this was rectified later when a specialized full time agency was created.

Quality of Supervision . Highly Satisfactory. Effective guidance was provided as Bulgaria took on largely new land administration activities. The Bank team was also adept at resolving bottlenecks. The team responded at critical junctures in project implementation with more intense and frequent missions (there were five missions in FY06 during project restructuring). Hand-over of task management to the

Bulgaria office provided closer and more timely interaction with the two agencies and Government . This included dialogue as needed at the political level . The team also facilitated a significant increase in the pace of implementation in the second half of the project .

a. Ensuring Quality -at-Entry :Satisfactory

b. Quality of Supervision :Highly Satisfactory

c. Overall Bank Performance :Satisfactory

9. Assessment of Borrower Performance:

Government . Satisfactory . As up-front actions, the Government took two significant steps that facilitated both preparation and implementation: passing the basic legislation required for the project and the creation of the Cadastre Agency. The Registration Agency, while established late, successfully replaced the inadequate coordination cell in the Ministry of Justice . Proactive engagement by Government helped to bring about a turnaround in the project's performance.

Implementing Agencies . Highly Satisfactory . Once created, both agencies progressively built themselves up and became effective institutions . They established and implemented a nationwide land administration program, with facilities, trained staff and modern information technology . Both agencies have exceeded project targets, and have successfully continued the land administration program after the project period. The implementation capacity of the two agencies provides a good base for further development - a considerable achievement when compared with the situation before they were established.

a. Government Performance :Satisfactory

b. Implementing Agency Performance :Highly Satisfactory

c. Overall Borrower Performance :Satisfactory

10. M&E Design, Implementation, & Utilization:

Design . Modest: The results framework as initially designed was limited and focused too much on output rather than outcome-related variables. For example, there were few indicators of land market development such as mortgages, transactions and interest rates. Inclusion of parameters to assess broader impacts of the project such as investments and possible social impacts would have been desirable.

Implementation . Substantial. An M&E cell was established supported by consultants . In the first several years, M&E was largely restricted to the cadastral program, but the program was expanded to cover all project activities after the Registration Agency was formed, and several surveys and workshops were held to get client feedback. By halfway through the implementation period, the M&E unit was regularly measuring data and producing Project Management Reports on a quarterly basis . Also, the indicators measured were expanded to include more outcome related variables and proxy indicators of land market development.

Utilization . Substantial: The M&E data has been useful for hands-on management, through the regular reporting of project progress. M&E activities are continuing, attesting to the utility of M&E in land administration as seen by the implementing agencies .

a. M&E Quality Rating : Substantial

11. Other Issues (Safeguards, Fiduciary, Unintended Positive and Negative Impacts):

No safeguards issues associated with the Project were reported in the ICR . However, It would have

been desirable to have assessed whether adverse social consequences of improved land administration, especially registration, manifested themselves in Bulgaria, as they have done elsewhere .

The ICR reports that financial management was rated as satisfactory throughout implementation, and that regular internal and external audits were carried out with satisfactory results .

12. Ratings:	ICR	IEG Review	Reason for Disagreement / Comments
Outcome:	Moderately Satisfactory	Satisfactory	The project was relevant, cadastral and registration achievements exceeded expectations and economic impact appears substantial.
Risk to Development Outcome:	Moderate	Moderate	
Bank Performance:	Moderately Satisfactory	Satisfactory	Although the initial institutional design for land registration was flawed, technical design was good and supervision was intensive, providing hands-on guidance as the Borrower took on mostly unfamiliar activities.
Borrower Performance:	Moderately Unsatisfactory	Satisfactory	Both the Cadastral and Registration Agencies performed well and institutional capacity was progressively strengthened.
Quality of ICR:		Satisfactory	

NOTES:

- When insufficient information is provided by the Bank for IEG to arrive at a clear rating, IEG will downgrade the relevant ratings as warranted beginning July 1, 2006.

- The "Reason for Disagreement/Comments" column could cross-reference other sections of the ICR Review, as appropriate .

13. Lessons:

(i) Although the project has demonstrated that land administration through a “dual-agency” approach can be successful, a unified agency is still preferable since program implementation is easier and efficiency gains more attainable .

(ii) The legal and institutional base for land administration should be established before commencing implementation, and the land administration institution (s) should have full-time staff and be dedicated only to land administration .

(iii) Financial self-sufficiency for a land administration agency is desirable and feasible if fees are appropriately channeled. Fees need to be retained rather than passed to Government, and cadastral activities may need cross-subsidization from registration revenues .

(iv) The efficiency of other institutions and processes are relevant to a achieving a well functioning land market. For example, in Bulgaria, the Registration Agency’s one to three day turnaround for its part of land registration is not matched by other involved institutions which add another one to two weeks . The land market is also affected by constraints outside the registration process, such as obtaining a construction permit.

(v) Possible adverse impacts on weaker social groups should be investigated while preparing a land administration project and mitigating project design features included if needed . The impact on such groups should be monitored during project implementation .

14. Assessment Recommended? ● Yes ○ No

Why? A cluster of land administration PPARs in ECA is being undertaken to support IEG's forthcoming Land Policy Study. One of the issues that the PPAR will address is the relative ease of implementation and performance of single agency or multi-agency approaches to cadastre and property registration .

15. Comments on Quality of ICR:

Overall, the quality of the ICR is Satisfactory . It is candid in its assessment of the prevailing economic and political environment under which the project was designed, implemented, and supervised, and presents considerable information on project activities .

Assessment of ratings would have benefitted from a broader approach . The ICR should have paid more attention to the dearth of trained land professionals, the absence of a legislative base, and weak institutions that prevailed prior to the project The fact that the project met or exceeded its targets also warranted greater acknowledgment. Moreover, there should have been more recognition that the eventually established Registration Agency went much further than the coordination cell envisaged at appraisal, and developed into a competent agency . A more thorough assessment of social issues would have been useful.

a. Quality of ICR Rating : Satisfactory