

**PROJECT INFORMATION DOCUMENT (PID)  
APPRAISAL STAGE**

Report No.: PIDA381

<b>Project Name</b>	REAL ESTATE REGISTRATION PROJECT (P128950)
<b>Region</b>	EUROPE AND CENTRAL ASIA
<b>Country</b>	Bosnia and Herzegovina
<b>Sector(s)</b>	General public administration sector (100%)
<b>Lending Instrument</b>	Specific Investment Loan
<b>Project ID</b>	P128950
<b>Borrower(s)</b>	Government
<b>Implementing Agency</b>	Federal Administration for Geodetic and Real-Property Affairs of the Federation of BH, Republic Administration for Geodetic and Property Affairs of the Republic of Srpska
<b>Environmental Category</b>	B-Partial Assessment
<b>Date PID Prepared</b>	29-May-2012
<b>Estimated Date of Appraisal Completion</b>	29-May-2012
<b>Estimated Date of Board Approval</b>	28-Aug-2012
<b>Decision</b>	

**I. Project Context**

**Country Context**

Bosnia and Herzegovina (BH) has accomplished a great deal since the 1995 Dayton Peace Accords. BH has restored peace, is a European Union (EU) potential candidate country and has made great economic progress. Between 1998 and 2008, per capita GDP nearly quadrupled and the poverty rate dropped from nearly 20 percent to about 14 percent. However, in a period of slow growth and escalating financial volatility in Europe, BH has to strengthen its competitiveness. The physical infrastructure, the business environment, and human capital development will not only require significant investments in key administrative bodies such as the property registration system, but improved governance and labor policies. Also the natural resources have to be utilized more sustainably. As with other countries in South East Europe, climate change threatens not only the natural beauty of BH but the key sources of growth, such as agriculture, forestry and hydropower. In response, the State and Entity governments have been pursuing a jointly authored development strategy centered on macroeconomic stability and economic growth, employment and social cohesion, and sustainable development. The strategy's overarching goal is EU accession.

**II. Sectoral and Institutional Context**

The Real Estate Registration Project (RERP) and its predecessor, the Land Registration Project (LRP 2007 - 2012), are part of a programmatic approach towards supporting a well functioning land administration system in the BH by 2016 (the vision 2016 ). Land administration is comprised of systems to administer land rights (such as land registers and cadastres), land-use planning, land dispute resolution mechanisms, and land valuation and taxation. The LRP focused on land rights registration in local courts and the repeater RERP project will focus on improving the cadastre system and the sustainability of the land registration and cadastre institutions.

Land rights registration in local courts, which operate under the guidance of Entity level Ministries of Justice (MOJ), has greatly improved with support from the LRP. Nearly all of the land registration offices have been renovated and reorganized according to new business plans and standards. The backlog of registration requests has been eliminated in all but a few offices. The majority of maps (70%) and land register records have been digitized. Information Technology (IT) systems have been introduced and WEB access to records has been provided to clients. As such, the timeliness and quality of services provided by the land registration offices in both Entities have greatly improved. For example, the land register in Sarajevo registers mortgages and property rights in a matter of days instead of the months or years it took to register property rights before the LRP. BH thus greatly improved its profile in the World Bank Doing Business annual report since 2007, when 331 days was recorded as the time it took to register a property. Today due to LRP's support the nation-wide average time to register property is less than 33 days in the BH. The client surveys commissioned in 2010 confirmed significant increase in user satisfaction with services provided.

The LRP piloted cadastral surveys and introduced an initial IT solution to the cadastre system operated by the Entity level Geodetic Authorities (GA). More remains to be done: cadastre offices require renovation and reorganization; cadastral maps differ from the situation on the ground; urban plans are outdated, and many buildings exist without construction permits. Despite the improvements during LRP, the BH only ranks 101 out of a total of 183 countries for registering a property in the Doing Business 2012. The reason is their below than average performance when compared within the ECA region and globally for number of procedures (7 in BH, 6 in ECA) and the cost [of the registration] measured as a percent of property value (5.3% in BiH, 2.8% in ECA). In addition, cadastre and land register contents are not harmonized, apart from a few areas where the Real Estate Cadastre was established in 1990's and in the Federation of Bosnia and Herzegovina (FBH) LRP pilot areas. While the cadastre is more up to date than the land registers, the latter often include deceased owners or properties that have since been subdivided. A key element of a well functioning system requires that any legal transaction with land and property have harmonized data in both the cadastre and land register. This can be achieved by contracting surveying and legal services to produce the required up-dated documents, whose costs are currently beyond the reach of most households. The lack of harmonized land records results in forgone investment as companies and business which require data for mortgages and the buying and selling of property often are discouraged from having to visit several locations, pay high fees at each location and wait in long queues. It is no better for the citizens; there have been many cases in which citizens are unable to obtain a mortgage due to discrepancies between the cadastral records and the land register.

The LRP financed the preparation of business plans and standards for land registration and cadastre institutions in both Entities, but institutional challenges still remain. In the Republic of Srpska (RS), a new law in June 2011 unified the land register and cadastre into one centralized institution, the Real Estate Cadastre (REC) at the GA. Shortly thereafter, 16 of the 19 courts handed over their land registers, staff and some resources to the GA. The new law, however, was challenged in the Constitutional Court. The three remaining courts did not transfer their records as they were awaiting the Constitutional Court's decision. In the meantime, the RS government developed a revised law to address the constitutional concerns. The new Survey and cadastre law in the RS has been enacted and came into force on 3 February 2012 and the remaining three courts Bijeljina, Trebinje and Srebrenica have thus proceeded to hand over their land books, staff and equipment to the GA. The risk of further challenge in the Constitutional Court appears very low. The transition from a dual agency land registration system to a single agency represents best practice. As a consequence of the merger, the RS GA does not have adequate space to house all the land book staff, who are also being transferred from the courts, as well as their furniture and equipment. Thus the project will purchase new office premises for REC in the RS.

In the FBH the decentralized dual agency land registration system has been retained. Land rights are registered in the local courts while the cadastre is kept by municipalities. The MOJ oversees the registration but the local courts manage the land registries independently. Similarly, the GA of FBH oversees the cadastre domain, but has limited powers over the cadastral offices within the municipalities. LRP and a previous GTZ project supported the creation of a Land Register Unit (LRU) within the MOJ that coordinates registration activities in the Entity, but the LRU has yet to become a permanent unit. In addition, staff policies vary between municipalities, and between local courts, and this has affected staff retention in the court based land registers. Experiences in other projects across the Europe and Central Asia region (ECA) indicate that registration functions can easily be self-financed and operated along business principles. The project will help the FBH government to reconsider its structures for real estate registration learning from models adopted in many other countries of the ECA region.

The RERP project will support the vision 2016 with a focus on the scaling up of cadastre activities and on the sustainability of the land registration and cadastre institutions. The timeline and budget constraints will not permit full geographical coverage. An urban focus is selected because of the higher land value and market activity rate, and the lower rate of data harmonization, in urban compared to rural areas. In 2011 the State level Land Administration Coordination Board produced a Land Administration Sector Policy and Strategy for Bosnia and Herzegovina, which further elaborated the vision 2016. Since then, each Entity has prepared detailed and costed plans for the land registration and cadastre activities (i.e. in the joint field of real estate registration) that need to be undertaken over the next few years. The RERP will update cadastre records (maps and records of land parcels and built property), harmonize data between cadastre and land registers, and improve working conditions and processes in cadastre offices. Innovative institutional and financial models for infrastructure maintenance will be explored, and capacities and staffing, to ensure long term sustainability and enhanced governance.

### III. Project Development Objectives

The project development objective is to support development of a sustainable real estate registration system with harmonized land register and cadastre records in urban areas of both the Federation of Bosnia and Herzegovina and the Republic of Srpska.

### IV. Project Description

#### Component Name

Component A - Real estate registration data development

Component B - Real estate registration infrastructure development

Component C - Policy and institutional development, and project management

### V. Financing (in USD Million)

#### For Loans/Credits/Others

	Amount
BORROWER/RECIPIENT	4.09
International Development Association (IDA)	30.00
Total	34.09

### VI. Implementation

The RERP will be managed by the GAs in both Entities and additionally by the FBH MOJ for the parts related to land registration in the FBH and by the RS MOJ for the facilitation of the RERP training of the judiciary in the RS. Project Implementation Units (PIUs) will be established in the GAs and they will take over the staff and the archives of the LRUs. The GAs and MOJs shall appoint the Coordinator and a Deputy, who will be the link between the institution and the PIUs.

Inter-entity coordination will be organized through the Project Coordination Board (PCB) consisting of six representatives (RS GA, RS MOJ, RS MOF, FBH GA, FBH MOJ and FBH MOF). The role of the PCB is to coordinate project activities and to exchange project information ensuring a harmonized approach between the Entities.

### VII. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01	X	
Natural Habitats OP/BP 4.04		X
Forests OP/BP 4.36		X
Pest Management OP 4.09		X

Physical Cultural Resources OP/BP 4.11		X
Indigenous Peoples OP/BP 4.10		X
Involuntary Resettlement OP/BP 4.12		X
Safety of Dams OP/BP 4.37		X
Projects on International Waterways OP/BP 7.50		X
Projects in Disputed Areas OP/BP 7.60		X

### VIII. Contact point

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