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**PROJECT PERFORMANCE ASSESSMENT REPORT**

**KYRGYZ REPUBLIC**

**LAND AND REAL ESTATE REGISTRATION PROJECT  
(CREDIT NO. 3370-KG)**

**June 29, 2010**

*Sector Evaluations (IEGSE)  
Independent Evaluation Group (World Bank)*

## Currency Equivalents (annual averages)

*Currency Unit = Som*

1998	US\$ 1.00	Som 20.8	2004	US\$ 1.00	Som 42.6
1999	US\$ 1.00	Som 39.0	2005	US\$ 1.00	Som 41.0
2000	US\$ 1.00	Som 47.7	2006	US\$ 1.00	Som 40.2
2001	US\$ 1.00	Som 48.4	2007	US\$ 1.00	Som 37.3
2002	US\$ 1.00	Som 46.9	2008	US\$ 1.00	Som 36.6
2003	US\$ 1.00	Som 43.6	2009	US\$ 1.00	Som 45.0

## Abbreviations and Acronyms

CAS	Country Assistance Strategy
DO	Development Objective
ECA	Europe and Central Asia Region
FY	Financial Year
Gosregister	State Agency for the Registration of Rights in Immovable
IBRD	International Bank for Reconstruction and Development
ICR	Implementation Completion Report
IDA	International Development Agency
IEG	Independent Evaluation Group
IT	Information Technology
LRERP	Land and Real Estate Registration Project
LRO	Land Registration Office
M&E	Monitoring & Evaluation
MIS	Management Information System
MOF	Ministry of Finance
OECD	Organization for Economic Cooperation and Development
PAD	Project Appraisal Document
PIU	Project Implementation Unit
PPAR	Project Performance Assessment Report
SIDA	Swedish International Development Cooperation Agency
SLRERP	Second Land and Real Estate Registration Project

## Fiscal Year

Government: January 1 - December 31

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The Independent Evaluation Group assesses the programs and activities of the World Bank for two purposes: first, to ensure the integrity of the Bank's self-evaluation process and to verify that the Bank's work is producing the expected results, and second, to help develop improved directions, policies, and procedures through the dissemination of lessons drawn from experience. As part of this work, IEGWB annually assesses about 25 percent of the Bank's lending operations through field work. In selecting operations for assessment, preference is given to those that are innovative, large, or complex; those that are relevant to upcoming studies or country evaluations; those for which Executive Directors or Bank management have requested assessments; and those that are likely to generate important lessons.

To prepare a Project Performance Assessment Report (PPAR), IEGWB staff examine project files and other documents, interview operational staff, visit the borrowing country to discuss the operation with the government, and other in-country stakeholders, and interview Bank staff and other donor agency staff both at headquarters and in local offices as appropriate.

Each PPAR is subject to internal IEGWB peer review, Panel review, and management approval. Once cleared internally, the PPAR is commented on by the responsible Bank department. IEGWB incorporates the comments as relevant. The completed PPAR is then sent to the borrower for review; the borrowers' comments are attached to the document that is sent to the Bank's Board of Executive Directors. After an assessment report has been sent to the Board, it is disclosed to the public.

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**Risk to Development Outcome:** The risk, at the time of evaluation, that development outcomes (or expected outcomes) will not be maintained (or realized). *Possible ratings for Risk to Development Outcome:* High Significant, Moderate, Negligible to Low, Not Evaluable.

**Bank Performance:** The extent to which services provided by the Bank ensured quality at entry of the operation and supported effective implementation through appropriate supervision (including ensuring adequate transition arrangements for regular operation of supported activities after loan/credit closing, toward the achievement of development outcomes. The rating has two dimensions: quality at entry and quality of supervision. *Possible ratings for Bank Performance:* Highly Satisfactory, Satisfactory, Moderately Satisfactory, Moderately Unsatisfactory, Unsatisfactory, Highly Unsatisfactory.

**Borrower Performance:** The extent to which the borrower (including the government and implementing agency or agencies) ensured quality of preparation and implementation, and complied with covenants and agreements, toward the achievement of development outcomes. The rating has two dimensions: government performance and implementing agency(ies) performance. *Possible ratings for Borrower Performance:* Highly Satisfactory, Satisfactory, Moderately Satisfactory, Moderately Unsatisfactory, Unsatisfactory, Highly Unsatisfactory.



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<p>This report was prepared by Keith Oblitas (Consultant) who assessed the project in December 2009. The Task Manager is John Heath and Marie Charles provided administrative support.</p>
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## Principal Ratings

### Land and Real Estate Registration Project (Cr. 3370-KG)

	<i>ICR*</i>	<i>ICR Review*</i>	<i>PPAR</i>
Outcome	Highly Satisfactory	Highly Satisfactory	Highly Satisfactory
Institutional Development Impact**			————
Risk to Development Outcome	Moderate	Significant	Significant
Sustainability***			————
Bank Performance	Satisfactory	Satisfactory	Satisfactory
Borrower Performance	Satisfactory	Satisfactory	Satisfactory

\* The Implementation Completion Report (ICR) is a self-evaluation by the responsible Bank department. The ICR Review is an intermediate IEGWB product that seeks to independently verify the findings of the ICR.

\*\*As of July 1, 2006, Institutional Development Impact is assessed as part of the Outcome rating.

\*\*\*As of July 1, 2006, Sustainability has been replaced by Risk to Development Outcome. As the scales are different, the ratings are not directly comparable.

## Key Staff Responsible

<i>Project</i>	<i>Task Manager/Leader</i>	<i>Division Chief/ Sector Director</i>	<i>Country Director</i>
Appraisal	Edward Cook	Joseph Goldberg	Kiyoshi Kodera
Completion	Jessica Mott	John Kellenberg	Motoo Konishi



## Preface

This is the Project Performance Assessment Report (PPAR) of the Land and Real Estate Registration Project (LRERP) in the Kyrgyz Republic. The LRERP was approved on June 6, 2000 and received an IDA Credit (Credit 3370) of \$9.4 million equivalent, which was fully disbursed by project closure on December 31, 2008. There were two project extensions, amounting to three years in all. The first extension (two years) was approved in December 2004, and was to enable implementation of a larger registration program for agricultural lands. The second extension, of one year, was approved in November 2007 to allow for financial bridging between LRERP and a follow-on registration project.

The report presents IEG findings based on review of the projects' implementation completion reports, appraisal reports, legal documents, sector reports, and other relevant material; and a mission to Kyrgyz in December 2009. The mission visited project sites, and held discussions with government officials and agencies, project directors and staff, beneficiaries, the private sector, key donors and NGOs.

The LRERP was chosen for assessment because, first, it illustrates how a land administration program was successfully developed without significant prior experience or institutional capacity. The features that enabled Kyrgyz, a relatively low-income country for the Europe and Central Asia (ECA) Region, to be generally successful are of interest elsewhere. Second, the institutional structure chosen for the project was to have a single agency implementing cadastral and registration activities together. Kyrgyz's experience can be compared with those of other countries with more complicated arrangements involving dual or multiple agencies. And third, Kyrgyz developed particularly streamlined land administration processes which could be emulated elsewhere. This PPAR is undertaken as part of a series of PPARs of several similar land administration projects in the Europe and Central Asia Region.

Following standard IEG procedures, copies of the draft Project Performance Assessment Report were sent to Government officials for their review and comments. Their comments were taken into account and included in Appendix D.



## Summary

This Project Performance Assessment Report reviews the experience and lessons of the Land and Real Estate Registration Project in the Kyrgyz Republic.

The objective of the Land and Real Estate Registration Project was to “*support development of markets for land and real estate through the introduction of a reliable and well functioning land and real estate registration system.*” This was highly relevant to the Government’s and the World Bank’s development strategy for the Kyrgyz Republic of market-based economic growth. GDP was growing at about four percent per annum, which was insufficient to make significant inroads on the country’s low per capita income of \$490 – only one tenth of average per capita income in Europe and Central Asia. As a basic factor of production, land-related infrastructure needed to be securely owned and readily tradable through an efficient market facilitated by efficient land administration services.

Yet, this was far from the case when the project was conceived: land ownership records were inaccurate or nonexistent; land registration responsibilities were fragmented across a number of agencies with minimal communication between them; a legislative base for land administration was lacking; and trained land administration professionals were scarce. Inadequate documentation of land ownership discouraged potential land purchasers, and banks were reluctant to lend against land collateral without clearly recorded land ownership. Partly as a result of these factors, land transactions were infrequent, productivity enhancing investment on the land was constrained, and the mortgage market was minimal compared to its potential.

The project’s straightforward design was a good reflection of its objective. The components covered creation of a nation-wide land registration service; passing supporting legislation and regulations; a cadastral program to progressively map and confirm ownership of land and other real property; the building-up of a registration system for recording property-based transactions such as sales and mortgages; information technology systems; and a major training program. A particularly noteworthy action was to create only one institution – Gosregister– for handling all land administration activities. Under this single agency, coordination activities proved easier than under the dual-agency approach utilized in a number of countries where cadastre and registration are under separate institutions.

The limited scope of the monitoring and evaluation (M&E) program was the project’s main operational weakness. M&E was strong as concerns management information system-type data which became a useful tool for Gosregister. But there was no M&E of broader economic and social impacts. Aside from this weakness, however, project performance was strong, and all project targets were achieved or exceeded. Amongst the achievements, a nation-wide network of 50 registration offices was established and all staff were trained. The number of properties registered under the cadastre program reached 2.7 million, significantly more than the 0.6 million properties planned. (Under this expanded program, rural areas were included, whereas at appraisal, the decision was to concentrate on urban areas.). Progress was also made towards financial self-sufficiency: about 40 of the 50 registration offices now cover salaries and other operating costs. A particularly noteworthy achievement is the improvement in registration efficiency – procedures for registering a land transaction have been simplified,

costs trimmed, and the time required to register a transaction reduced from weeks or months prior to the project to 5 days currently. The efficiency of the Kyrgyz Republic's land registration system is now rated 19<sup>th</sup> out of 183 countries in the Bank's *Doing Business 2010* report.

The land market grew hugely. The value of annual property sales increased from \$120 million in 2002 to \$1.5 billion in 2007, and the annual value of new mortgages increased from less than \$100 million in 2002 to \$1.3 billion in 2008. Macro-variables such as the general influence of GDP growth will likely have been the main drivers of the growth in the land market, but the improving registration service likely played a facilitating role. The project's small cost of \$11 million helped leverage major land market growth.

Social issues could have received greater attention. It was assumed during project preparation and implementation that, as Gosregister provided women and poorer families with the same rights to the land administration service as other clients, the service would inevitably benefit them. The M&E program did not assess such issues, hence without data this contention cannot be empirically assessed (although one of Gosregister's surveys found that women had more difficulty accessing land administration services than other social groups). However, experience in a number of countries, including in the Europe and Central Asia Region, is that measures to include marginal groups may need to be specifically provided for in a land administration project's design.

The performance of both the Bank and the borrower was *satisfactory*. The Bank designed a project well suited to conditions in the Kyrgyz Republic following good practice in the choice of a single agency and the design of other project features. The supervision team's hands-on guidance helped Gosregister to establish itself and to acquire the skills needed for a modern land administration service. Government provided strong political support, facilitated coordination with local governments and other parties, created Gosregister before project implementation, and passed all legislation needed. On the downside, counterpart funds were insufficient during the project's first two years. Gosregister's performance was exemplary.

The Land Reform and Real Estate Registration Project's outcome was *highly satisfactory* overall. The project's relevance was *substantial* – a liberalized land market would contribute to the country's market-based growth strategy, and project design was well suited to promote this. The project achieved or exceeded its output targets and helped facilitate a major growth in the land market. Both efficacy and efficiency were *high*. (The somewhat lower rating for relevance is because social issues were not considered and M&E was limited to management information.) However, recent socio-political events have introduced uncertainties regarding the degree of future government support to Gosregister, and the risks to its development outcome are best rated *significant* at this time.

Results can, however, be articulated in the broader perspective of what the project has achieved overall. From a situation where modern land administration was virtually absent, an institution was established, staff were trained, and legislation passed. An ambitious program of activities largely new to the Kyrgyz Republic was successfully implemented, and operational efficiency levels were reached comparable to the world's best performing

countries. The lessons below include the “good practice” features that have helped the Land Reform and Real Estate Registration Project to succeed:

- The project’s success can be attributed in part to several good-practice design features: (a) use of a single agency combining all land administration activities; (b) establishing this institution and supporting legislation before project commencement; (c) prioritizing, with a major training program, the development of a cadre of professional staff; and (d) introducing complex activities such as digitization in phases corresponding with evolving management and technical capacity.
- Continuous monitoring of service indicators and flexibility to adjust registration procedures as experience is gained can significantly enhance service efficiency. By rigorous monitoring of its efficiency, and cutting procedures and the involvement of other parties that were not needed, Gosregister significantly reduced the time, costs and complexity of its registration services.
- With efficient operations and institutional arrangements, a land administration service can be financially autonomous. Experience from other countries is that achieving financial independence is often difficult. Yet most of Gosregister’s land registration offices are financially independent despite the low fees charged to clients. Gosregister’s relative success is because the land registration offices are state enterprises, which can earn, retain and spend revenues independent of government; and also because, the single agency system streamlines operations and means that each office can cross-subsidize cadastre with the higher revenues from its registration activities.
- The social aspects of land administration projects need to be considered at the design stage and built into project design. Social impacts need to be monitored, with flexibility to adapt the project in response to implementation experience. This was overlooked by the project. Consequently, there is little knowledge of the land administration program’s effect on vulnerable groups such as women and poorer households, and how the welfare of these groups might be protected or improved.

Vinod Thomas  
Director-General  
Evaluation



# 1. Development and land market issues in the Kyrgyz Republic

1.1 Accelerating the Kyrgyz Republic's pro-poor economic growth is considered by both Government and the Bank to be the country's highest development priority. The Kyrgyz Republic is a low-income country with a population of about 5.3 million and a per capita gross national income estimated in 2008 to be about \$790 per capita – one tenth of average per capita income in Europe and Central Asia. Since the mid 1990s, after the first shock from withdrawal from the Soviet block, economic growth has averaged about 4.4 percent per year (1998-2008), increasing to about 8 percent per annum in 2007 and 2008.<sup>1</sup>

1.2 The Kyrgyz Republic is landlocked, making communications and trade more difficult, and has a quite limited resource base. Gold and hydropower are the two main non-agricultural resources and reserves of the former are reported to be diminishing. In the absence of significant industrial activity, agriculture has been a mainstay of the economy. However, the rural environment is not favorable to agriculture: Kyrgyz's mountainous terrain leaves only about seven percent of land area well suited for farming, and the country's geographic isolation adds costs to export prospects. Nevertheless, agriculture still contributes nearly a third of GDP, but its growth rate – some 2.5 percent per annum in the 1998-2008 period - is not enough to provide the development engine that the country sorely requires. Rapid development of industry and commerce, as well as an upturn in agricultural performance, are needed. Accelerated economic growth will require transition from an economy constrained by an unwieldy public sector and regulatory system to a market economy spurred by good governance and an improved business environment. This has been a consistent strategic objective for the Kyrgyz Republic throughout the last decade.

1.3 The 1998 Country Assistance Strategy directly preceding the Land and Real Estate Registration Project (LRERP), while primarily focused on economic growth, also emphasized better governance, development of the rural sector, and poverty alleviation. Government's Country Development Strategy for 2007-2010 had four pillars: growth-oriented economic policies; improving the business environment; better governance; and more transparent public administration. A liberalized land market was a core part of this strategic framework.

1.4 LRERP's overall aim to introduce an effective land administration system and thereby support development of a well functioning land and property market was a central element of the country's market-based development strategy. As a basic factor of production, land needed to be efficiently used. Security of tenure and reliable market mechanisms to sell and buy land with low transaction costs were needed if land was to be an underpinning for economic growth. Security of tenure was also important to social welfare – owners could rely on their land as a secure asset and means of

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1. Data sources World Bank Data at a Glance, Kyrgyz May 2010, World Bank 2007; Kyrgyz Republic 2007.

livelihood. Guaranteed ownership and a functioning land market reduce the risk of loss of property, thereby stimulating land transfer to higher productivity use, greater investment, development of the mortgage market, and increased liquidity in financial markets. This chain of influences was a reasonable assumption given experience in a number of other countries and from empirical studies,<sup>2</sup> and has been the implicit reasoning behind the support for land reform in Kyrgyz contained in both the Bank's and Government's strategy documents.<sup>3</sup>

1.5 Achieving a liberalized land market would not be easy. At independence from the Soviet Union in 1990, land in the Kyrgyz Republic was owned by the state and agricultural land was formed into collective or state farms. There had, therefore, been little need for registration of properties, and a land market was virtually non-existent. The government progressively adjusted this situation through a land reform program distributing land to former members of the collectives. By 2000, when the LRERP was approved, land reforms were nearly complete and privatization of the remaining collectives was being assisted by the Agricultural Support Services Project (FY98, project period 1998-2008, Credit of \$15.0 million). However, an effective land administration service was still not present. Documented property ownership was confused and inaccurate, and in the hands of a number of agencies, including the Bureau of Technical Inventory, city and regional architect's offices, the State Property Fund, the State Cartographic Agency, and others. Lack of coordination, land legislation and institutional capacity constrained any development of a modern land administration system, and a land market had still hardly commenced. From comments made to the IEG mission by Government and property owners, registering a transaction could take months and the eventual document could not be relied upon to accurately depict boundaries or even the legal status of ownership. Also, there were widespread perceptions amongst landowners, based on their experience of the Soviet period and first years after the Soviet period, that the land was not theirs and might be taken back at any time. This situation was further complicated due to Government's moratorium on the sale of agricultural land intended to protect rural dwellers from land speculators.

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2. See, for instance, Feder 1988.

3. As referred to in: (i) the Kyrgyz 1998 Country Assistance Strategy, the CAS at the time of LRERP's preparation (World Bank 1998), which commented that "the land registration project would help create functioning land markets in both rural and urban areas;" (ii) the Joint Country Support Strategy for the Republic of Kyrgyz (2007 – 2010) (World Bank, and other development partners 2007) which stated that the LRERP "has been successful in increasing land tenure security, improving access to investment capital and more efficient use of land and real estate assets, stemming from an efficient system for land and real estate transactions;" and (iii) Kyrgyz's Country Development Strategy for 2007 – 2010 (Republic of Kyrgyz 2007) which commented that a reliable and well functioning land registration system remained a key Government priority.

## 2. Objectives and Implementation

### Development Objective

2.1 According to the Development Credit Agreement, the Kyrgyz Republic's Land and Real Estate Registration Project's (LRERP) Development Objective was to: ***Support development of markets for land and real estate through the introduction of a reliable and well functioning land and real estate registration system.*** The Project Appraisal Document adds a comment that the project would support "*more intensive and effective use of land and real estate*" However, this statement is not reflected in the text of the PAD including in sections where reference might particularly be expected such as the Results Framework (page 25).<sup>4</sup> Instead, the PAD's discussion of project outputs and outcome is restricted to LRERP's impact on the land market. The intent of the project is thus best defined by the Credit Agreement's statement of LRERP's development objective, and this will be used in the PPAR. Nevertheless, reference to productivity will be made where useful to the discussion of the project's outcome. Reference will also be made to poverty impacts and the rural sector, in line with the Bank's and Government's overall development goal of economic growth including a pro-poor and rural sector orientation (Section 1).

### Design

2.2 The Kyrgyz LRERP had three components supporting this objective (Box 1). The first component financed all activities needed to create an operating nation-wide registration service, including management capacity and monitoring and evaluation (M&E), establishing and equipping offices, and passing necessary legislation and regulations. The second component financed the registration program itself. The third component financed a major training program for Gosregister, the agency created to implement the project.<sup>5</sup> The original design anticipated dealing only with the registration of urban properties, although registration in rural areas was added in 2004. A notable feature of the design was the emphasis on institutional development – the dominant focus of the first and last project components was to this effect.

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4. It is also not referred to in the PAD sections on: Key Policy and Institutional Reforms Supported by the Project (page 9), Project Rationale (page 12), and the Detailed Project Description (Annex 2).

5. The terms "Land"; "Real Estate"; "Real Property"; "Property" and "Land and Property" are used interchangeably in this report. All of these terms mean the land and all immovable assets (house, warehouse, fixed equipment, and others) on the land.

### **Box 1: Objectives and Components of the Kyrgyz Land and Real Estate Registration Project**

**Development Objective:** *To support development of markets for land and real estate through the introduction of a reliable and well functioning land and real estate registration system.*

**Components:**

**Component A – Institutional Development:** Establishment of a national level unified real estate registration system and improvement in real property transaction procedures, including: establishing a Project Implementation Unit within Gosregister to create management capacity for coordinating and monitoring a nation-wide real estate registration system; setting up registration offices throughout the country; implementing “sporadic registration” from these offices; creating a legislative, regulatory and procedural framework for operation of the registry offices; coordination with government agencies, notaries and other real estate professionals to implement effective transaction processes; and coordinating with government the establishment of a fiscal cadastre. (Cost estimate at appraisal: \$6.0 million; actual costs at completion: \$3.9 million.)<sup>6</sup>

**Component B – Operational Services:** Provision of data to the registration offices, primarily through a “systematic registration” program, including: a public awareness program of land registration activities and benefits for government departments, land related civil society such as notaries, and the general public; collecting available land data from existing sporadic sources; and conducting a systematic adjudication program on an area-by-area basis. (Cost estimate at appraisal: \$4.8 million; actual costs: \$6.9 million.)

**Component C – Training:** Training of Gosregister staff, contracted personnel involved with systematic registration, and professional organizations connected with the real estate market, including: establishment of training centers for in-service training; and, establishing a long-term program to raise professional skills of Gosregister staff and of civil society professionals involved with the land market. (Cost estimate at appraisal - \$0.3 million; actual costs \$0.2 million.)

Sources: Development Objective from the Development Credit Agreement; components and costs from the Project Appraisal Document and the Implementation Completion and Results Report.

## **Institutional arrangements**

2.3 A new land agency – The “State Agency for The Registration of Rights in Immovable Property,” commonly referred to as “Gosregister” – was established during project preparation. It was arranged that Gosregister would handle all aspects of land registration and cadastre together – i.e., the “single agency” model that is generally considered the most suitable for land administration, as coordination of activities is simpler. A project implementation unit (PIU) was established within Gosregister and staffed with well-qualified professionals.

<sup>6</sup> For institutional development costs the Ministry of Finance in its letter of June 25, 2010 (attached at the end of this report) has commented on a discrepancy between the estimated project costs of US\$ 3.9 million in the PPAR (using the figures in the ICR) and the Ministry of Finance figure for institutional costs of US\$ 3.5 million. A possible explanation for the difference is the depreciation against the dollar of the Kyrgyz Som. The exchange rate at end 2008 was 39.4 Som per US dollar, whereas in May 2010 it was 45.8 Som per US dollar. This adjustment of 16 percent would be sufficient to explain the difference between the costs in US dollars estimated at project closure and current cost estimates in US dollars.

## Implementation

2.4 The LRERP was approved by the World Bank's Board in June 2000, and was closed 8½ years later in December 2008. The \$9.4 million IDA Credit was fully disbursed by project closure. In the second year of the project IDA funding for civil works and operating expenses was increased to 100 percent in response to Government's difficulties providing counterpart funds. At project appraisal only urban areas had been envisaged for the program, but by mid-project the scope for urban registration was diminishing while Gosregister's registration capacity had become greater than expected. Government and the Bank agreed to develop a rural program, which became the project's major cadastral activity, and the project period was extended by two years. There were no co-financers but the project interacted informally with a number of other agencies providing mutual support to the land sector. The Swedish development agency (Sida) implemented a parallel but coordinated training program supplementing the LRERP training program, USAID projects promoted land reform and privatization of urban property, and a legal assistance program for rural communities was financed under Swiss cooperation. There were two project extensions, amounting to three years. The first extension (two years) was approved in December 2004, to enable implementation of a much larger program for systematic registration including agricultural lands. The second extension, of one year, was approved in November 2007 to allow for financial bridging to the follow-on Second Land and Real Estate Registration Project. No environmental or fiduciary safeguard issues have been reported.<sup>7</sup>

2.5 LRERP reached or exceeded its physical targets, as shown in Table 1 below, which compares achievements against the project's monitorable indicators.

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7. LRERP was classified as a Category C project (minor or no environmental impacts) for which an Environmental Assessment is not required. Supervision documents indicate that Gosregister's financial management included full recording of transactions, regular and timely financial statements, and adequate internal control systems and that auditing was regular and encountered no major issues.

**Table 1: Kyrgyz LRERP Project Monitorable Indicators and Achievement of Targets**

<b>Indicator</b>	<b>Baseline (mid 2000) (before LRERP)</b>	<b>End-of-project target</b>	<b>Actual at project completion (end 2008)</b>	<b>Extent achieved</b>
Establish management capacity to oversee registration systems and encourage development of land markets	No institution or capacity.	Capacity created (Gosregister)	Developed to a proficient agency	Achieved
E Establish 50 land registration offices (LROs)	None	50 LROs established	50 LROs established	Achieved
Provide legislative, regulatory, and procedural base for land administration	Minimal	All procedures issued	All procedures issued	Achieved
Improved database and access to land administration data	No coherent database or no data	Introduce information technology (IT) gradually	Information technology introduced. Digitization nearly complete.	Achieved
Property valuation methodologies established and used in some localities	None	None	Methodologies prepared	Partially achieved
Properties registered through systematic registration	Land records non-existent or in disarray.	0.6 million properties	2.7 million properties	Greatly exceeded
Properties registered through sporadic registration	0.1 million <sup>a</sup>	0.2 million	1.0 million	Greatly exceeded
Processing time for registration reduced to average of 3 days (Gosregister time only )	Not applicable	3 days	3 days	Achieved
Comprehensive training program for all persons involved (all Gosregister staff, local government staff, other involved parties)	Minimal	Comprehensive training (no numbers)	Comprehensive training (500 persons/year)	Achieved
Provide cadastral maps	None	None	Cadastre established	Achieved
Number of property transactions	26,000 <sup>a</sup>	None	44,000 (70% increase)	Achieved
Number of loans against property collateral	22,000 <sup>a</sup>	None	48,000 (120% increase)	Achieved

Source: Gosregister

a. 2002 data.

### 3. Ratings

#### Outcome

3.1 Considering the Relevance, Efficacy and Efficiency of the Kyrgyz Land and Real Estate Registration Project, Outcome is rated **Highly Satisfactory**. The results are summarized in Table 2 and amplified below.

**Table 2: Kyrgyz LRERP - Development Outcome Rating**

<i>Development Objective</i>	<i>Relevance</i>	<i>Efficacy</i>	<i>Efficiency</i>
<i>To support development of markets for land and real estate through the introduction of a reliable and well functioning land and real estate registration system.</i>	<b>Substantial</b>	<b>High</b>	<b>High</b>
<b>Overall Project Outcome:</b>	<b>Highly Satisfactory</b>		

#### RELEVANCE

##### Relevance of Objectives

3.2 LRERP was a natural fit within the Kyrgyz Government's and the Bank's development strategy. As discussed in Section 1, market-based economic growth has been the primary goal throughout the LRERP project period (2000-2008).<sup>8</sup> Improving governance and the business environment are highlighted as essential supporting pillars, and economic growth that is also pro-poor is particularly favored. Thus, in the Joint Country Support Strategy for Kyrgyz (2007-2010), the Bank and other lending partners emphasized "Economic management consistent with strong and sustained pro-poor growth." Within such a strategy a facilitating land administration system has been recognized as a basic need for developing an efficient market economy. As articulated in the 1998 Country Assistance Strategy, the Bank strategy document at the time of project preparation, "The land registration project would help create functioning land markets in both rural and urban areas."

3.3 LRERP's relevance was accentuated by the dysfunctional state of land administration that it had to confront. The land sector was very far from a free market. There were a number of government agencies involved with land registration, and land management, to the extent that there was any, was fragmented with minimal communication between the agencies. There was no legislative framework. Institutional capacity was low. Modern land administration processes were absent.

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8. Refer to: (i) Kyrgyz Country Assistance Strategy (World Bank, April, 1998); (ii) the Joint Country Support Strategy for the Republic of Kyrgyz (2007 – 2010) (World Bank, and other development partners, May, 2007); and (iii) Kyrgyz's Country Development Strategy for 2007 – 2010 (Republic of Kyrgyz, 2007).

Land transactions were scarce and prices low, partly because of concerns about ownership,<sup>9</sup> and the mortgage market was minimal compared to potential.

3.4 The relevance of LRERP's objectives is somewhat qualified by the limited focus of its stated objective, which was exclusively to develop the land market. There are advantages of having a narrowly targeted objective for a land administration project as design and implementation become more straightforward. But there are disadvantages - the impact of land on economic growth is not only based on the land market. With security of tenure, greater incentives are provided to invest on the land. Increased productivity of land can, thus, occur without involving any market transactions. A broader objective, to include higher investment and productivity, would have encompassed the larger economic benefits attainable through a land administration project. To an extent, this wider perspective was expressed in the PAD's addition to LRERP's objective stating that the project would support "more intensive and effective use of land and real estate". But, as discussed in para 2.2, this statement was not reflected in LRERP's Results Framework, indicating that this was not the actual intent of the project. Recognition of social impacts and opportunities would also have been desirable. LRERP's objectives did not specifically state a pro-poor orientation, which is inconsistent with Kyrgyz's development strategy of pro-poor economic growth.<sup>10</sup> Benefits for vulnerable groups such as the poor, elderly and women might have been greater if specific pro-poor features had been built into project design.<sup>11</sup> Also, the relative priorities of urban and rural registration (the project initially focused on urban registration) could have been more explicitly articulated in the PAD.<sup>12</sup> Taking account of LRERP's highly relevant core objective to develop the land

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9. Improved perceptions by themselves are expected to raise willingness to invest on the land and interest in buying land. Sources of insecurity in urban areas are not documented.

10. Security of tenure may have been particularly beneficial for vulnerable groups such as the poor, elderly and women. However, while probable in at least the majority of cases, there is no empirical evidence in Kyrgyz to confirm this or to assess situations where some social groups are at risk as a result of cadastral and land registration activities. More assessment of social needs and impacts would help to investigate possible design features that could enhance the impact of the land administration program on such vulnerable groups.

11. Issues or benefits can vary between urban and rural areas, which need to be separately accommodated in the design of pro-poor measures. The kind of extra economic or social benefits that are attainable in Kyrgyz would likely be very specific to its particular circumstances. For illustration (only), however, opportunities might include: (i) reducing delays and complexity in getting construction permits (Doing Business 2010 assesses that getting a construction permit in Kyrgyz involves 12 procedures and averages 137 delays), which would make it easier for entrepreneurs and farmers to invest on their property, thus enhancing the impact of improvements in land registration efficiency; (ii) small changes in legislation for mortgage finance (as was done in Slovenia) to facilitate both lending and borrowing for collateral-based finance; (iii) any actions that may help women in Kyrgyz to be fairly included in land inheritance under customary law, or law influenced by customary traditions; and (iv) proactive and targeted social inclusion measures in Laos and Bulgaria to increase the welfare of vulnerable groups.

12. The decision to first concentrate on urban areas was likely to have been the right decision - urban land generally has higher factor productivity than rural land. But this ran contra to Kyrgyz's development strategy to encourage economic growth in rural and poorer areas. Analysis or at least better articulation of the reasons for this choice - the balance falling to higher economic growth in urban areas presumably considered to outweigh likely higher social benefits in rural areas would have been desirable. (A moratorium on transactions of rural lands at that time did not preclude economic benefits from agricultural investment on securely owned land).

market, tempered by the limited consideration of productivity and social aspects, the overall relevance of LRERP's Objective is assessed *Substantial*.

### ***Relevance of design***

3.5 LRERP's design was a targeted set of components providing all actions needed to achieve LRERP's intended output – the “introduction of a reliable and well functioning land and real estate registration system.” The need for a strong institutional and legal base was recognized and implemented through creation of Gosregister and supporting legislation. The technical and human resource needs for cadastre and registration services were comprehensively appraised. The features needed for introducing modern technologies such as digitization of data and information technology were identified. And the significant training needs for all personnel and specializations were budgeted. These, and the particular features indicated below, provided a design which effectively supported the project objective and the subsequent implementation of the project.

3.6 A particularly important decision was to have land registration and cadastre under one agency, as experience in Eastern Europe and Central Asia (ECA) and elsewhere indicated that land administration was easier to coordinate under one institution. This agency (Gosregister), and the basic legislative framework to make it work, were established before the project was launched. A stand-alone land project was proposed, as this had been found to be more effective than when land was part of a multi-component project. LRERP's detailed features were pragmatically designed, bearing in mind the implementation capacity of the newly formed agency, as well as of Government and civil society: (i) surveying and mapping used less sophisticated (hence more easily mastered) technology than was available internationally; (ii) information technology was to be introduced gradually; (iii) the less costly and more comprehensive systematic cadastre and registration was to be primarily used rather than sporadic registration;<sup>13</sup> (iv) the network of Land Registration Offices (LROs) was to be rolled out progressively; (v) an institutional structure was set in place that would enable Gosregister and the LROs to attain financial self-sufficiency over time; (vi) a good management information system was established under the M&E program (socio-economic aspects of M&E were, however, weak); and, not least, (vii) a major training program was financed to tackle the evident constraint posed by the unfamiliarity of most of the project activities. These practical features were well attuned to Kyrgyz's particular circumstances. LRERP's relevance of design is assessed *Substantial*. Considering the relevance of both LRERPs objectives and design, the project's overall relevance was also *Substantial*.

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13. Systematic registration maps and registers all land in a given area, whereas sporadic registration is on-demand registration of individual properties. In a situation such as Kyrgyz's, where cadastral and ownership records were so poor (or inexistent) that nearly all land required registration, bulk registration reduces the chances of boundary disputes that can arise when only one property in an area is registered, and is also much cheaper than sporadic registration.

## **EFFICACY**

3.7 The project’s objective, to: “Support development of markets for land and real estate through the introduction of a reliable and well functioning land and real estate registration system,” can be considered in two parts: (i) a project Output – to introduce “a reliable and well functioning land and real estate registration system;” and (ii) the intended Outcome – “development of markets for land and real estate.” These are discussed below.

### **Outputs: Establishing the real estate registration system**

3.8 Developing a legislative base. The legislative framework for LRERP was established early, with the “Law on State Registration of Rights to Immovable Property and Transactions” in 1998 and the “Land Code” in 1999, both before Bank Board approval. These laws established rights for private property, whereas previously all land belonged to the state, and the legal basis for land transactions and other land administration actions. There were numerous revisions to the laws during the LRERP period to update the legal basis for the land administration program as experience was gained. For instance, an adjustment was made to mandate inclusion of both the husband and wife as property owners when registering a land transaction. The registration manual (a document with legal status) was adjusted to incorporate lessons from LRERP’s field experience. A revised Law on State Registration was approved in 2003, mostly to package the amendments up to that point. More recently, the civil code was modified to incorporate the major changes in registration procedures introduced in May 2009. According to a lawyer responsible for much of the legislation, such adjustments can be expected to continue and are healthy for a dynamic and growing program. As an example, the further development of the unified information technology system will likely require some legislative additions to establish the rights of clients and Gosregister concerning procedures for data sharing. This adaptive and practical approach has been effective.

3.9 Training. As a new agency, nearly all of Gosregister’s staff required training. Accordingly, an extensive training program was launched and sustained over the project period. The predominant need was to train the staff of every new Land Registration Office (LRO). Staff then received refresher training every year. Training for all of Gosregister’s activities was required, necessarily involving a broad curriculum to cover the respective staff specializations within the agency. Over time the curriculum expanded to handle other needs such as information technology and M&E. A separate but complementary training program was funded by the Swedish International Development Agency. LRERP’s training program averaged about 500 persons trained per year (including more than one training course for some staff), a massive undertaking, but necessary given the minimal land administration skills available at project appraisal. In the combined view of Gosregister and Bank staff involved with LRERP, and confirmed during the IEG mission’s field visits, the effort put into training has been a particularly important factor behind the project’s achievements.

3.10 Establishing an accessible registration network. As intended, a national network of 50 Land Registration Offices was established under LRERP in three phases. Each LRO was to perform all standard land administration processes and required the necessary equipment and computers, and extensive staff training as described above. All offices are operational, and in 2008 all handled at least some registrations. For the more remote offices, however, business volume is low, which raises some questions regarding their viability. On the other hand, there are social benefits. The LROs are fairly evenly distributed and provide reasonable access to all, both in urban and rural areas.<sup>14</sup> In the 2007 Beneficiary Survey, which sampled clients from the 43 most active LROs, nearly 90 percent of clients reported having to spend less than an hour to travel to their nearest Gosregister office (Gosregister 2007).

3.11 The registration program. Cadastral registration achieved far more than planned. As intended, systematic registration was the primary process used and enabled comprehensive resolution of cadastral records involving the community as a whole. Against a target of 600,000 properties the actual number of properties registered systematically was 2.5 million (Table 3).<sup>15</sup> One million properties were registered sporadically, as against a target of 0.2 million properties. Most of these were for secondary transactions that had occurred since systematic registration (and which could include sales, leases, or mortgage transactions). Partly because of an increased proportion of apartments being registered, the average costs of systematic registration of \$3.00/ property were lower than the expected cost of \$9.00/property. Registration of transactions was substantially influenced by market conditions, but an upwards trend is noticeable over the project period (Figure 1). In 2002 and 2003, the second and third years of LRERP, the number of registered sales averaged 22,000 properties. In the last two project years, 2007 and 2008, registered sales averaged 46,000 properties, despite the market downturn caused by the global financial crisis that was beginning to take effect in 2008. By LRERP's completion, the number of rural systematic registrations (1.3 million) was virtually the same as the number of urban registrations (1.4 million properties), a remarkable progress in such a short time period. Gosregister estimates that over 90 percent of rural and urban properties are now registered.

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14. Such social impacts could, however, be examined more closely; the social benefits due to the proximity of the existing network of 50 LROs may or may not justify the savings from a reduced number of offices. Alternatives to full service LROs could also be considered; for instance, using remote offices on a part-time basis (Gosregister is currently assessing options).

15. In rural areas, families tend to own multiple parcels: the land parcel and house of their residence; one or more arable plots; and possibly orchard and pasture plots. In urban areas, families may own separate properties for a business, a residence and other real property.

**Table 3: Kyrgyz Progress of the Systematic Registration Program**

(Cumulative number of properties in thousands)

Year	Urban Systematic Registration	Rural Systematic Registration	Total Systematic Registration
2000	3.2	-	3.2
2001	130.9	-	130.9
2002	567.8	-	567.8
2003	858.6	-	858.6
2004	1117.3	105.6	1223.0
2005	1254.7	339.2	1593.9
2006	1254.7	807.3	2062.0
2007	1254.7	1251.1	2505.8

*Source:* World Bank 2008a and Gosregister data.

3.12 Information Technology. LRERP adopted a gradual approach to digitization and creation of a unified electronic data base. In Kyrgyz's case this was sensible – Gosregister and its 50 LROs had to build up some capacity before launching an electronic system. An attempt to establish a sophisticated information technology (IT) system from the start could entangle institutional development and even jeopardize the quality of operations. Instead, cadastral and registration records were initially prepared manually with paper records. Gradually, new entries and old records were digitized, starting with the larger LROs. Some of these offices (Bishkek, Kant) are now fully digitized. The final stage – to create an automated registration system, with combined (unified) cadastral and registration data constantly updated and made transparently accessible to concerned users – is being piloted and prepared for roll-out nationwide. Given the progress so far, there are good prospects that a full-fledged national system will be achieved.

3.13 Financial Self Sufficiency. A priority for Gosregister, also supported by Government, is to become financially self-sufficient. Substantial progress towards this has already been made. Each LRO is meant to finance staff salaries and operational expenses by retaining a margin of Gosregister's standard fees for each service. According to Gosregister's registration department and Bank staff, about 40 of the 50 LROs can now cover their operating costs (salaries, materials, utilities), and, of these, about 33 LROs also either fully cover or have short-term potential to cover the costs of equipment renewals and depreciation. The target is to get all offices financially self-sufficient within the next several years. Attaining financial autonomy has not been easy in other countries, and the Kyrgyz example is instructive. Box 3 illustrates the robust financial independence of one of Gosregister's best LROs. Of note is that the office has a sufficient gross margin to also finance the costs of activities with a public good element, such as digitization of old records and systematic registration which are both provided free.

### **Box 2: A Self-sufficient Registration Office**

Kant Registration Office is one of Gosregister's most successful LROs and is financially self-sufficient with the status of a state enterprise. A growth in business has increased revenues from its services (land transactions, information, and other services) from 3.7 million som (\$90,000) in 2005 to 9.7 million som (\$265,000) in 2008. Fees are the standard (low) fees set by Gosregister. Despite these low fees, the revenues cover all operating costs including salaries, utilities, materials, and renewals of equipment and furnishings. (Start-up investments, however, were financed by LRERP). The LRO has self-funded a progressive digitization of old paper records, and the office donates some money to charities. The LRO provides salaries for staff well above Government rates, and adds bonuses quarterly and on special holidays. The Director has nearly tripled her staff's salaries in the last four years. She considers that such salaries develop trust and provide incentives for quality work. As fees are modest in comparison to most countries, financial self-sufficiency has primarily been achieved through gains in efficiency. A client commented to the IEG mission that in 2004 he had taken about a month to register a land purchase. But in November 2009, it was done in 2 ½ days.

Source: IEG mission field visit

3.14 Gosregister's legal status and institutional structure – each LRO as a state enterprise and Gosregister as a state agency - has helped the progression towards self-sufficiency. It has enabled the LROs to collect and retain revenues and has made contributions from them to Gosregister's operational costs possible. Gosregister and the LROs, as entities handling both cadastral and registration activities (the single agency model), can cross-subsidize their cadastral activities from the greater revenues stream resulting from the registration program.<sup>16</sup> And Government's Anti Monopoly Service provides oversight of fees, somewhat like a regulator of a government utility.

3.15 One of the reasons why a large number of the LROs have attained financial self reliance has been the continuous quest by Gosregister to increase efficiency. The most significant change was a radical streamlining of the registration process in 2009 (refer below) which substantially reduced costs. The current fee charged by Gosregister for purchase of a commercial property (there are no other charges) is 2,500 Som (about \$55), which represents only 0.2 percent of the value of a typical property, a low fee relative to most other countries (Table 6).

3.16 Achieving Operational Efficiency. A widely used gauge of the efficiency of a land administration service is to assess performance for the purchase of a property based on three measures: (i) the number of procedures that are needed; (ii) the time typically taken, and (iii) the cost of registration expressed as a percentage of the property's value. These measures are used annually in the World Bank Group's *Doing Business* series. The same criteria have been used for Kyrgyz in this PPAR, but with procedures and data updated and adjusted to reflect findings from mission discussions

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16. Merging the LROs and Gosregister into one institution, which would facilitate cross-subsidization between LROs and between LROs and Gosregister headquarters, and closure of less viable offices are also being considered. (Other options might include reducing staffing of remote LROs to one person who would act as an intermediary with a larger office; possible mobile offices; and greater use of electronic transfer of work to the larger offices.)

with Gosregister and clients. For Kyrgyz, data from two time periods has been measured (Table 4): (i) from 2008 to April 2009; and (ii) for the new streamlined processes introduced in May 2009 and which are still applicable.

3.17 Gosregister's operational efficiency in 2008 is detailed at Annex A, Table A1. The client had to visit Gosregister four times; seven procedures were involved; a technical inspection was mandatory, often requiring a field survey by Gosregister; and charges included a state duty, fees for a notary, and Gosregister's fees. Still, Kyrgyz's efficiency was rated amongst the upper third of countries covered by *Doing Business* (52<sup>nd</sup> out of 183 countries). This was a relatively good achievement, given that there was no experience with modern land administration before the project. Customers were, nevertheless, still voicing their interest in having further improvements, as found in Gosregister's 2007 Social Survey, and expressed to the IEG mission by several clients interviewed. The improving service was generally appreciated, but there were complaints about certain bottlenecks in the procedures prior to 2009. The delay involved surveying a property was a common complaint.<sup>17</sup> However, consistent with Gosregister's low fees, the costs of Gosregister's services were not a major concern of clients. Thus, in the 2007 survey only 11 percent of clients considered that costs were excessive and were part of the difficulties registering a property.

3.18 The new procedures (Annex Table A2), prepared in 2008 and introduced by Gosregister in May 2009 radically reduced the complexity and time for property registration. A technical inspection was no longer required, a notary was not needed as Gosregister now verified all documentation, and taxes were removed. These changes reduced the total time required from about 22 days to 5 days<sup>18</sup> and, in *Doing Business* 2010, Kyrgyz's global ranking for land administration efficiency improved, from 52<sup>nd</sup> to 19<sup>th</sup> out of 183 countries. The LRERP has also become one of the best-performing land administration systems in the Bank's ECA Region portfolio.

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17. "Many clients, organizations and staff of Gosregister think that requirement to conduct annual technical inventory of existing structures and to submit copies of passport each time are unnecessary for securing rights and registering them." (Gosregister 2007)

18. Time durations are the typical times taken for all procedures and all entities involved in the registration process. Any procedural step is assumed to be a minimum of one day, even where it may take a matter of hours. For instance, under the post-May 2009 procedures, Gosregister has a service standard of 3 days. But for the client to go to Gosregister to drop off the documents required for registration, and for pick-up by the client of documents after completion of registration, each action is taken automatically as one day in each case; hence the time taken for registration is taken as five days rather than Gosregister's time of three or fewer days. The use here of a day for each client action (and a minimum of one day for each process) is consistent with the methodology used by *Doing Business*, enabling direct comparison with *Doing Business* estimates for other countries.

**Table 4: Relative Efficiency of Land Administration in Kyrgyz and Elsewhere**

Country	Number of Procedures	Time (days)	Costs as percent of property value	Global Rank
<b>Kyrgyz Republic</b>				
New processes since May 2009	3	5	0.2	19
At project completion (December 2008)	7	22	2.9	52
<b>Other ECA Countries</b>				
Bulgaria	7	7-14	2.5	56
Slovenia	6	32-56	2.0	108
Armenia	3	4	0.3	5
Kazakhstan	5	40	0.1	31
Russia	6	43	0.1	45
Moldova	5	5	0.9	17
Tajikistan	6	37	4.6	78
Azerbaijan	4	11	0.2	9
<b>Country comparators from outside ECA</b>				
<b>Selected other country comparators</b>				
Thailand	2	2	1.1	6
New Zealand	2	2	0.1	3
Guatemala	4	27	1.0	24
El Salvador	5	31	3.8	46
<b>Regional comparators</b>				
Eastern Europe and Central Asia average	6	60	2.2	
OECD average	5	25	4.6	

Source: IEG mission estimates for Kyrgyz, Slovenia, and Bulgaria, except for the global rank, which is from *Doing Business 2010*. For other countries. All figures are from *Doing Business 2010*.

Note: Costs for all countries include prevailing taxes and relevant fees for client services such as from notaries and lawyers. Time for all countries is total time taken by all institutions involved in the registration. The time recorded for any procedure is the typical actual time taken, but if this is less than one day, one day is assumed.

3.19 LRERP's output achievements overall. LRERP achieved and in some aspects significantly surpassed the targets established at appraisal. Necessary legislation and an institution to be responsible for land registration were established at the beginning of the project. The legislation was effectively adapted during project implementation to respond to the learning gained from experience and to evolving needs. Gosregister developed to an effective institution, a significant achievement given that it started from scratch and Kyrgyz had no experience in modern land administration. A strong training program throughout the project period helped in this regard and supported creation of a national network of registration offices. Registration achievements were

in excess of targets – 2.7 million properties were systematically registered against a targeted 600,000 properties. Operational efficiency (time, cost and number of procedures involved in a property transaction) has developed to the point where Kyrgyz has become a country to emulate. Progress towards financial self-sufficiency,<sup>19</sup> a difficult area for many countries, has been steady, and, with some 80 percent of LROs already covering operating costs, and an established institutional and legislative structure to enable financial independence, appears attainable. In the key activities leading to an effective land administration – legislation, training and creating the project’s institutional base - achievements were fully attained resulting in a registration program greater than targeted and an operational efficiency assessed by Doing Business 2010 as among the top 15 percent of countries world-wide. LRERP more than met its intention to “introduce an effective land registration system”

### **Outcome: Developing a Property Market**

3.20 The intended outcome of the new system of land reforms supported by LRERP was “*development of markets for land and real estate.*” The real property market grew considerably in the 2000s.<sup>20</sup> As shown in Figure 1, the number of mortgages against land collateral and the number of properties sold in Kyrgyz nearly doubled during the project period. In value terms, growth has been even larger - average property prices and the value of mortgages both increased six-fold (Figure 2). This and increased trading volume have translated to major changes in the overall size of the market. In current terms, the value of mortgages issued annually increased from \$85 million in 2002 to \$1.3 billion in 2008, a ten-fold increase.<sup>21</sup> In the same period, annual sales of land and real estate increased eight-fold - from \$123 million to about \$1.5 billion in 2007.<sup>22</sup>

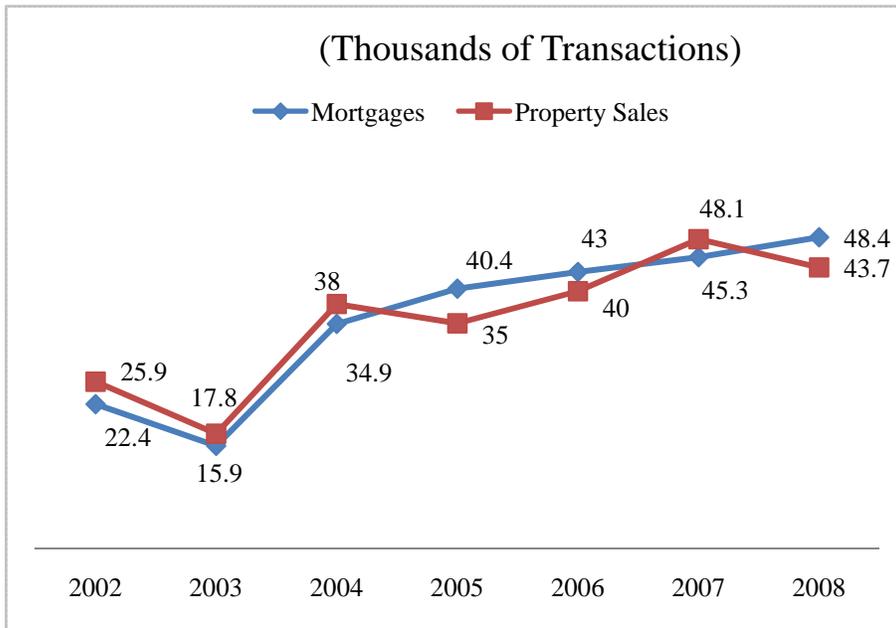
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19. Financial self sufficiency was only mentioned briefly in the PAD and was not targeted in LRERP’s monitorable indicators. But financial autonomy can be expected to contribute to Gosregister’s long-term effectiveness and sustainability.

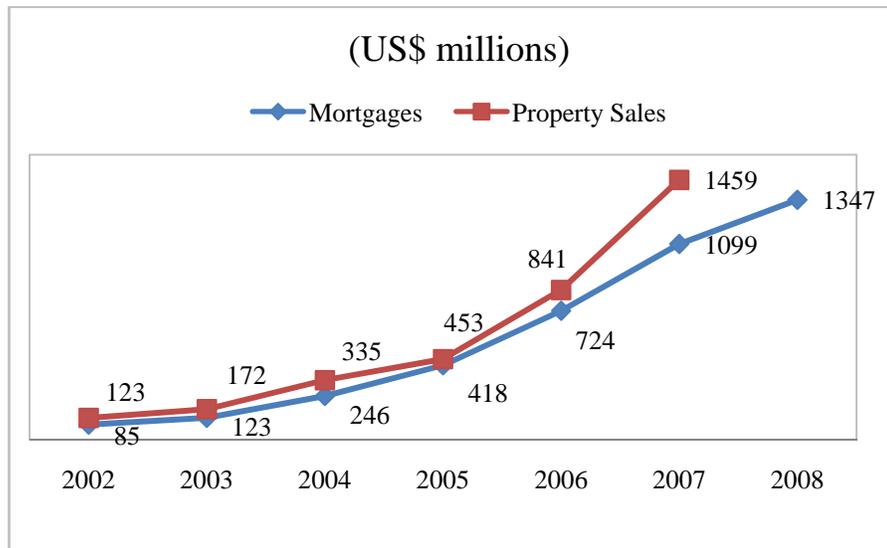
20. No targets for development of a real property market were specified at appraisal.

21. The rural land market does not appear to be a major contributor to the aggregate developments noted above, particularly for longer-term loans. Central Bank data show that outstanding agricultural loans of more than one year duration were less than \$50 million in 2007. Data for seasonal credit are not available. The limited amount of longer term rural loans will primarily be due to the moratorium on sales of agricultural land imposed by Government and applied for most of the project period. Also, LRERP’s systematic registration of rural areas only began in the second half of the project period, and collateral may be more difficult to get for farmers in isolated locations.

22. Values in constant 2002 terms are \$840 million for mortgages (2008) and \$974 million for sales (2007).

**Figure 1: Development of Land Market—Number of Transactions**

Source:ICR based on Central Bank data.

**Figure 2: Development of Land Market—Values**

Source:ICR based on Central Bank data.

3.21 By no means can these developments be ascribed primarily to the project – limited supply of property and excess liquidity has made real estate an attractive investment in Kyrgyz. And the extraordinary market growth rates suggest the probable influence of multiple macro variables: demand and supply as indicated above, and other factors such as the general business climate and GDP growth. But, based on experience in other countries, it can reasonably be expected that the project will have enabled and stimulated development of the land market – a reliable land administration

service was simply not there before. There is no data to provide inferences on cause and effect, and attribution would be difficult even if data did exist. But, from international experience, LRERP's enabling role was likely to have been the assured tenure that it provided to embolden finance institutions to provide mortgages against collateral of now formally recognized property ownership. Also, property owners, knowing that their land and real property investments were secure, would be more interested in borrowing and investing, and purchasers would be willing to pay more for a property guaranteed to be theirs. The magnitude of market growth during the project period, and favorable assessments from clients to the IEG mission regarding LRERP's role in the market developments, are persuasive proxies that LRERP has indeed supported the intended project outcome – development of the land market. LRERP's efficacy was *High*.

## SOCIAL IMPACTS

3.22 The preponderance of views in Kyrgyz is that there are no major issues concerning LRERP's benefits for women headed households, poorer families, and rural communities. All persons – regardless of gender, age, or income - have access to Gosregister's services, with the same fees and processes. The law provides the same rights for women as for men, and LRO staff may also provide informal help to persons experiencing difficulties.<sup>23</sup> In short, the registration program is considered “neutral” given that procedures and tariffs are the same regardless of gender and social stratum. Gosregister staff also point out that there are already some significant features of LRERP that improve social inclusion; among them the nationwide network of LROs facilitating access from remote areas, the free-of-charge systematic registration; and transaction registration costs at low rates. Also, there are some specific programs to promote social inclusion by other development agencies.<sup>24</sup> Nevertheless, the primary activities of LRERP itself, the implementer of the land administration program do not contain a social dimension. In essence, as stated in a recent Bank document: “This project (LRERP) does not explicitly target poor people, but poor and other disadvantaged people, mostly in rural areas, will benefit from the project's focus on improved services and information.”<sup>25</sup>

3.23 Gosregister staff, other Kyrgyz officials, and Bank staff also consider that the most important and immediate social influence of land registration is its provision of clear land rights and security of tenure.<sup>26</sup> LRERP's social impacts, where mentioned, appear to be typically considered along the following lines: after registration of their

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23. This is a possibly underestimated social aspect of land administration operations. As witnessed by the IEG mission in one LRO, and commented on by Gosregister staff as not unusual in other registration offices, informal help may be provided by LROs to elderly, disabled or illiterate persons (for example, help with filling in forms or accessing documents).

24. A legal assistance program for rural communities was financed under Swiss cooperation. The Swedish Development Agency (Sida) provided training on social and gender inclusion.

25. World Bank 2008.

26. The 1999 Social Assessment of land administration issues conducted during preparation of LRERP found that almost all clients interviewed, especially those in rural areas, emphasized insecure land tenure rights as a key issue. (“Social Assessment, Kyrgyz Republic: Land Registration Project,” December 2009).

land, more socially vulnerable families (the poor and women, especially in more remote areas) would be less susceptible to pressures on land ownership or usage from more influential parties, and would have easier access to credit. Such views are consistent with experience in a number of other countries, but they are not automatic and the degree to which access to benefits is actually the same across different social strata may be particularly variable. In the case of LRERP, there is minimal empirical analysis to back up presumed social impacts such as the above. Moreover, from the data that is available, the actual situation appears much more complex.

3.24 The view that land services in Kyrgyz are sufficiently socially inclusive simply by the inherent nature of land administration is not consistent with the limited information that is available. Gosregister's most recent Social Survey (2009) indicates that ease of access to land administration services are considered by clients not to be equal. When asked which type of client received the best service from Gosregister, only seven percent felt that women and veterans received the best service. The remaining 93 percent were considered to have had much more privileged access (Table 5).

**Table 5: Perceptions of Gosregister clients on who receives higher quality land administration services**

Type of Client	Percentage of survey respondents who consider that this group of clients received higher quality service
Veterans and women	7.0
Influential people and organizations	31.3
People or organizations with personal relations in Gosregister	30.7
People or organizations who make additional informal payments to land administration officials	31.0

Source: Gosregister 2009.

3.25 Any underestimation of social issues in Kyrgyz would not be the first case for an ECA country. A 2007 farm survey of four ECA countries (Bulgaria, Moldova, Azerbaijan and Kazakhstan) found that apparently gender-neutral legislation and procedures might need special features to enable equal *effective* access for women to land administration services as were available for men.<sup>27</sup> And, about 70 percent of divorced women surveyed in Tajikistan did not get property after divorce.<sup>28</sup>

3.26 A possible source of complications in Kyrgyz might stem from the juxtaposition of the traditional customary law with the relatively recent written legislation.<sup>29</sup> In traditional areas, customary law, which does not provide automatic inheritance by a widow, might prevail. Or land grabbing by a powerful family or

27. "Qualitative interviews suggest that although formal legislation and procedures are largely gender neutral in all four countries, women's access to information and legal recourse is substantially less than men's" (Dudwick, Fock, and Sedik 2007, p. 66).

28. Source: "Gender and Property in Kyrgyzstan Swedesurvey," (March 2008).

29. As discussed in World Bank 2001.

enterprise might be legitimized as a result of formal land registration (Box 2).<sup>30</sup> It would be desirable for Kyrgyz to investigate LRERP's social impacts. For any issue identified, there may be relatively straightforward ways to reduce these risks, or even better, to actually enhance social benefits. For instance, in Bulgaria, a legal assistance network is available to landowners. In Laos, a strong bias towards male land ownership was substantially reduced with a network of village volunteer women, who received training and then counseled the women in their village on land rights and transaction processes.<sup>31</sup>

3.27 Such examples and Gosregister's own survey suggest that social inclusion issues cannot be ignored in Kyrgyz. A common finding with land administration projects, illustrated by some of the examples above, is that *specific* actions need to be included in a land administration project in order to include disadvantaged groups in project benefits, and to protect them from any adverse impacts. This was missing in LRERP.

**Box 3: Access to Land for Women and the Poor**

Concerns about the access of women and the poor to land services have been raised by a number of sources. For instance:

- “There is no legal discrimination against Kyrgyz women in the matter of inheritance: The Family Code guarantees equal rights in regard to the distribution of property. (but) In rural areas, women are discriminated against in the disposal of family property.” (FAO 2010.)
- “There are differences in the extent to which men versus women hold land ... which result from the wider cultural and socioeconomic culture of the country.” (World Bank 2008b, p. 14. Second Land and Real Estate Project, PAD)
- “When households break down, due to abandonment, divorce, or death of a spouse, women's access to land is jeopardized because under customary law, men “own” the land and house.” (Giovarelli 2001)
- “Customary law appears to super-cede the written law in many rural villages, although women have the legal right to land as individuals, this right is rarely exercised.” (Women's Rights to Land in the Kyrgyz Republic. (Giovarelli 2001)
- “The procedures (registration) are the same for all people, but some people need special attention: socially disadvantaged population, disabled people” (Gosregister 1999.)
- “Access to courts for rural people, and especially rural women, is limited by the costs .... of hiring legal representation, travelling to court, and paying court fees.” (Giovarelli 2001)

“Legislation and procedures that appear gender neutral because they do not make a distinction between the rights of men and women may, nevertheless, affect men and women in very different ways, given how traditional gender relationships and stereotypes affect access to information, resources and power.” (Dudwick, Fock, and Sedik 2007)

30. In Russia and Kazakhstan, land speculators, including large conglomerates, are cited as having exploited poor or less educated families through buying up their land immediately after land distribution. (Lerman, Csaki, and Feder 2004; Deininger 2005).

31. Source: IEG mission notes from visit to Laos in 2008.

## EFFICIENCY

3.28 An economic rate of return was not calculated for LRERP, either at appraisal or in the Implementation Completion and Results Report (ICR), on the grounds that the macro-variables that could be assumed influenced by the project (such as land market size, collateral based investments and mortgage interest rates) are so large relative to project costs that even small changes in the estimated value of a variable could result in large changes in the rate-of-return result. Nevertheless, cost-effectiveness comparisons indicate that LRERP brought in a highly efficient service. As concerns systematic registration (two-thirds of project costs), the cost per property was about \$2.75. This is low relative to other ECA countries where registration costs are \$5 and up, although cross-country comparisons are complicated by different conditions.<sup>32</sup> There is no disaggregated data to differentiate LRERP's efficiency between the rural and urban sectors.

3.29 A more directly comparable activity is registering real estate transactions, as the essence of the action – change of ownership – is the same across countries. Here, Kyrgyz stands out. The analysis of LRERP's operational efficiency in the efficacy section shows that the average registration costs for a land transaction of 0.2 percent of property value compares well with the ECA regional average of 2.2 percent and with the average for OECD countries of 4.6 percent (Table 6). Kyrgyz has also gained efficiency over time - in 2005, LRERP's registration costs were about 6 percent of property value.

3.30 Another way of assessing LRERP's viability is to compare the cost of the project - \$11 million – with some of the variables that LRERP can be expected to have influenced. Thus, the increase in mortgages against land collateral of \$1.2 billion is over 100 times the total project cost. Even if only half of the value of mortgages was directed to investment and the project only influenced the size of investment by two percent, project costs would already be covered. Based on international experience LRERP's market influences are likely to have been more than this arithmetic. Ministry of Finance staff consider that LRERP's market impact has been strong. Without formal title, it had been difficult to get mortgages in the past, and secure land transactions need a recorded and legal base for the new owner. All of these indicators point to a robust economic impact. The Efficiency of LRERP was *high*.

## Monitoring and evaluation

3.31 LRERP's M&E program is assessed based on its Design, Implementation and Utilization of the data.

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32. Comparisons of land administration costs can be misleading. The degree of survey work for systematic land registration was low in Krgyz as cadastre could be based partly on Soviet period data. Also, the nature of the property influences costs. In Kyrgyz's case registration of urban apartments was relatively low cost.

## DESIGN

3.32 The PAD provided minimal information regarding the purpose and activities for monitoring and evaluation. The references to monitoring that were cited were almost entirely related to the monitoring of the project's physical progress or quality of implementation. In such management information system (MIS) type data the M&E program was well designed, as attested by the availability of most of the data related to LRERP's achievement indicators shown in Table 1. However, monitoring of project outcome was hardly mentioned in the PAD, and the few references made were restricted to development of the land market and not to investment on the property and productivity changes. There was also no disaggregation of data by gender, social strata and rural-urban situations. The quality of design for LRERP's M&E system was *Modest*.

## IMPLEMENTATION

3.33 Nevertheless, an institutional structure was established and provided a functional base for developing the MIS aspects of the M&E program. M&E was headed by a specialist in the PIU, with a network of six regional coordinators who, between them, made regular visits to the 50 local registration offices. The M&E coordinator also established links with the central bank and other finance institutions to gather market data such as trends in sales or mortgages, very relevant to the project's central objective.

3.34 The MIS developed into a sophisticated system providing regular data to Gosregister management and Government. This was valuable and included data to track performance of each LRO, such as the average time taken to register a transaction, complaints received, and compliance by each office with established registration procedures. There were also three surveys in the project period: at appraisal, at project mid-term, and in 2007 (the latter termed the "beneficiary survey"), and another survey in 2009. These provide a useful broadening of information for assessing the project's progress. But most of the data measures outputs (for example, the number of registrations per month, the time taken registering a property, client satisfaction with the service), rather than outcomes such as improvements in welfare and social impacts, and increased investments.<sup>33</sup> As a result, even these surveys were primarily of an MIS nature. For a service delivery project such as LRERP, a management information system to assess the quality and development of the service is the core implementation need; but increased attention to outcomes would have been desirable.

3.35 Another area to consider is the right balance between monitoring and project implementation. The M&E unit has been extensively used by Gosregister for quality control, which is a natural companion to monitoring of service performance. But the M&E unit may be overly involved in hands-on project implementation. For instance,

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33. A commendable development since project closure has been the proposal by the M&E unit of several strategic studies with an outcome orientation: for instance, on access to credit for housing construction and commercial investments; and access to land for house construction.

the unit is involved with decisions on staff training, and with public awareness programs, and participates in meetings with stakeholders and when planning systematic registration campaigns. Implementation of M&E had the same gaps on the outcome side as in its design, but operational monitoring was *Substantial*.

#### **UTILIZATION**

3.36 Although the design gaps had limited M&E to a predominantly MIS type program, this information was important for monitoring Gosregister's development program and efficiency, and M&E was effective in this operational role. The M&E unit prepares a project progress report including some outcome related data (for example, mortgages and property sales) every quarter. The PIU management advised the IEG mission that the data system had proven to be an important management tool for assessing the progress and quality of service of the project. Utilization of M&E was *Substantial*.

#### **OVERALL M&E RATING**

3.37 A strong MIS, which was assiduously and effectively used by project management to improve performance, is qualified by gaps in the M&E of outcomes and social welfare. Nevertheless, LRERP's M&E is assessed *Substantial* overall based on the good connectivity between the MIS system and its application in operational decisions.

#### **Risk to Development Outcome**

3.38 LRERP's risk to development outcome is assessed as *Significant*. Most of the project's risks can be addressed by Government and Gosregister and, with vigilance and actions as appropriate, can be mitigated, but political risks are less predictable:

3.39 Political and management risks: Recent socio-political events in Kyrgyz have introduced considerable uncertainty over the short-term. For the medium and longer term, awareness (already present across a broad spectrum of civil society) of the importance of an effective land administration service may be a sustaining influence on government commitment to the program.

3.40 Political pressures could influence the choice of managers and staff for Gosregister. It will be essential that management staff continue to be selected judiciously and are given the mandate and senior government back-up to operate as a technical institution, protected from political or other vested interests. The ongoing reorganization of government agencies presents questions on how it will affect Gosregister's performance. Nevertheless, as discussed above, demand from clients is likely to put pressure on both Government and Gosregister to maintain a good land administration service. In the medium-term, the Bank's presence under the Second Land and Real Estate Registration Project will also influence Gosregister's sound governance.

3.41 Financial independence. To date, Government has effectively supported Gosregister’s program, but rationing of counterpart funding in the first two years of the project illustrates the potential risks from relying on the budget process. Financial self-sufficiency would avert this risk, and to an extent would protect Gosregister from any untoward political pressure. LRERP has progressed well towards financial independence (some 80 percent of LROs cover at least their operating costs), and the extra mile, to a fully independent agency and LROs, would be well worthwhile. With the possible exception of some remote LROs, this is attainable, although economic fluctuations could affect the volume of transactions and hence of fees. An additional consideration for Kyrgyz is the possible impact of the rapidly expanding mortgage market on the quality of the banking sector’s lending portfolio.<sup>34</sup>

3.42 Governance and corruption: A number of good-practice measures were taken by Gosregister to make its operations as transparent as possible: posting service fees in customer waiting areas; separating processors from accountants; providing a waiting number system so that a customer cannot determine which Gosregister staff will handle his business; and providing a “complaint box”. This appears to have had some effect. In the 2007 customer survey 15 percent of clients said they had experienced corruption (90 percent of these cases were for expediting registration processes rather than changing the substance of what Gosregister was doing). For a country ranked 162<sup>nd</sup> out of 180 nations in Transparency International’s 2009 Corruption Perceptions Index,<sup>35</sup> the transparency of Gosregister’s operations appears to be better than it might have been. Nevertheless, Gosregister will need to continue its efforts to maximize transparency and to reduce the risk of corruptive practices damaging institutional integrity.

## **Bank Performance**

### **QUALITY AT ENTRY**

3.43 The Bank fielded a team with a good skills mix and substantial experience in land administration and ECA land projects. The Bank team provided continuous guidance, and the technical expertise to design a project suited to the country’s circumstances. The resultant design, except as regards the limited attention to social issues and M&E, was strong, in particular: a single agency implementation model, which was particularly desirable in a country with still limited administrative capacity; a stand-alone project rather than part of a multi-component project; the emphasis on

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34. The very high land market growth rates in Kyrgyz would in part be due to changes in GDP growth rates, changes in the investment climate, speculative land purchases or other macro-influences on the land market. Experience in a number of countries is that rapid increases in land and property values accompanied by rapid increases in bank lending have resulted in deterioration of the quality of the banks’ portfolios; and experience has also shown the need for monitoring and regulating the banking sector.

35. Transparency International publishes an annual list assessing transparency (corruption) by country. The ranking of Kyrgyz in recent years has been: 2005-130th; 2006-142nd; 2007-150th; 2008-166th; and 2009-62nd. (Ranking is expressed as the number of countries assessed to have more transparency than Kyrgyz. The smaller the number, the more transparent the country.)

self-sufficiency (over time); an intensive training program; phased implementation of the LROs; and gradual introduction of information technology as Gosregister gained capacity. It was also recognized that the project should start with the legal basis and implementation agency already established, and these were created before Board approval. Quality at entry was *Satisfactory*.

### **QUALITY OF SUPERVISION**

3.44 The Bank team was intensively involved with the project. In LRERP's first three years, the intervals between missions were only four months, which in the case of a new institution charged with unfamiliar activities was helpful. The team provided hands-on guidance to Gosregister helping it develop into a well performing agency. The Bank was flexible where strategically appropriate: agreement to extend the project period enabled Gosregister to consolidate its institutional capacity, to expand the systematic titling program, and to provide more time for preparation of a follow-on project based on the greater experience that LRERP's extension provided. The consistent view of Gosregister and Government persons met by the IEG mission was that the Bank (in both design and supervision) had been an essential partner. The Bank's technical expertise and its ability to engage policy makers on key issues were the two most commonly cited qualities. Quality of supervision was *Highly Satisfactory*.

3.45 Taking account of the Bank's performance during both project preparation and implementation, the Bank's overall performance was *Satisfactory*.<sup>36</sup>

### **Borrower Performance**

#### **GOVERNMENT PERFORMANCE**

3.46 In most respects, Government provided exemplary support to the project. It appointed a strong management and team for Gosregister and backed the agency up when politically sensitive decisions needed to be made centrally or with the local governments. Necessary legislation and regulatory changes were approved, including sensible adjustments during project implementation as experience was gained. Government also protected Gosregister from other institutions which wanted to take over parts of its activities. However, Government fell short providing counterpart funding during the first two years of the project. An otherwise highly supportive Government effort is thus best assessed as *Satisfactory* when performance is considered overall.

#### **IMPLEMENTING AGENCY PERFORMANCE**

3.48 Gosregister performed well. It was strongly committed to the project, and the leadership and other senior staff were effective champions of the land administration reforms. Training of its staff was a priority, and built institutional capacity. Gosregister

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36. Under the IEG-OPCS guidelines, when the parts of an overall rating differ, and both are positive or both are negative, unless justified by exceptional circumstances, the lower of the two ratings is taken for the overall rating.

used initiative in adapting the project as experience was gained. All monitorable indicators were met, and the review of LRERP's efficacy has shown high quality achievements. (Specific social inclusion measures and socio-economic aspects of M&E were not greatly improved during project implementation, but these were design issues and not part of Gosregister's operational mandate.) Most important in evaluating Gosregister is to assess its performance from the context of the project as a whole: the bottom line is that a project embarking on an ambitious program of activities largely new to Kyrgyz was successfully implemented, and Gosregister reached operational efficiency levels comparable to the world's best performing countries. Implementing agency performance was *Highly Satisfactory*.

3.49 Taking account of a mostly strong performance by the Kyrgyz Government and the particularly strong project implementation by Gosregister, the Borrower's performance is rated *Satisfactory* overall.

## 4. Lessons

4.1 The experience of the Kyrgyz Republic Land and Real Estate Registration Project yields the following main lessons:

- *A single implementation agency for land administration has operational advantages over a dual or multi-agency approach.* As the sole agency responsible for land administration, it was easier for Gosregister to coordinate cadastral and registration activities, to reduce bottlenecks, and to improve efficiency (paras. 3.6, 3.21 and 3.43).
- *The project's success can be attributed in part to several design factors (a) the implementing agency and supporting legislation were established before project implementation; (b) the project prioritized development of a trained cadre of professional staff; and (c) large-scale or complex activities were introduced in phases.* Gosregister could commence operations immediately. Major training built staff proficiency in all key skills. The network of registration offices and the digitization and information technology systems were developed progressively in line with evolving management and technical capacity (para. 3.6).
- *Continuous monitoring of service indicators and flexibility to adjust procedures as experience is gained can significantly enhance service efficiency.* Gosregister progressed from modest operational efficiency (about 22 days to register a transaction and involving 7 procedures) to one that most countries would wish to emulate (5 days for registering a transaction (of which Gosregister time is 3 days) and involving only 3 procedures). The difference was because of ongoing monitoring against service standards, and examination of procedures for cutting out if not needed (paras. 3.15 to 3.18).

- *With efficient operations and institutional arrangements, a land administration service can be financially autonomous.* Experience from other countries is that achieving financial independence is often difficult, and in some cases the point is made that self-sufficiency cannot be expected for services with a public goods element. Yet, subsequent to the initial investments, Gosregister has most of its LROs financially independent (paras 3.20 and 3.22 and Box 2) despite the relatively low fees it charges to clients (Tables 5 and 6). Factors behind Gosregister's relative success are: (i) the enabling legislative and institutional arrangements (LROs, as state enterprises, can earn, retain and spend revenues independent of government); (ii) the single agency system (LROs and Gosregister cover both cadastre and registration) which streamlines operations and means that each office can cross-subsidize, as needed, cadastre from registration revenues; and, (iv) close monitoring by Gosregister, through a good management information system of the operational efficiency of each LRO. (paras 3.13 to 3.15)
- *The social aspects of land administration projects need to be considered at the design stage and built into project design. Social impacts need to be monitored, with flexibility to adapt the project in response to M&E findings.* Gosregister's good operational monitoring was not matched by monitoring and special studies on the social side. For issues such as the impact of cadastre and registration on the poor, women, less-educated and other potentially vulnerable groups, there is little knowledge of the land administration program's effect and how the welfare of these groups might be protected or improved (paras. 3.22 to 3.27 and 3.31 to 3.35).



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## Appendix A. Efficiency of Land Registration before and after May 2009

**Table 1: Efficiency of Land Registration – Former procedures (up till May 2009)**

Procedure	Time (days)	Costs (Som)	Notes
1. Property seller requests from Gosregister a Registration Certificate (Abstract) and a Technical Passport	1	( Fees in procedure 2)	
2. Gosregister does inspection or more detailed field survey	14	- 150 (cost of abstract - 1200 Gosregister fee)	Includes field survey of property. (Mandatory unless transaction within 1 year of last inspection). Technical survey could take less than 14 days.
3. Seller receives Technical Passport from Gosregister including Cadastral Plan and Abstract	1	No fee	
4. Notary notarizes sale-purchase agreement in presence of buyer and seller	1	40,000 (State duty) 1,000 Notary fee	Notary fee depends on property value.
5 Buyer applies to Gosregister for registration of title transfer	1	615	Gosregister fee
6. Gosregister reviews material and prepares title.	3	No fee	
7. Buyer receives documents of title from Gosregister	1	No fees	
<b>TOTAL 7 Procedures</b>	<b>22</b>	<b>2.9</b> (of property value)	For cost percentage, take total of costs in table (42,965 Som = \$1,074) as percent of property price assumed at \$37,000 (refer note below). Registration costs are 2.9 % of price of house.
<p>Key assumptions: (i) For regular procedures as up to May 2009; (ii) calculation is for purchase of land and warehouse on periphery of Bishkek; (iii) time of registration assumes a relatively straightforward case without encumbrances; (iv) assumed value of property is \$37,000, based on 50 X Gross National Income per capita following Doing Business methodology, 2010; (v) every procedure is assumed to take at least 1 day (even if only a matter of picking up a paper); (vi) calculation method follows “Doing Business” methodology but, for actual situation and data, uses Gosregister/client interviews by IEG in December 2009; and (vii) technical inspection/survey (procedure 2) was mandatory pre-May 2009, except as noted for procedure 2 (Doing Business 2009 assumed no technical survey).</p> <p>Data Sources: Gosregister and IEG visits to registration offices and discussions with clients (December 2009)</p>			

**TableA2: Efficiency of Land Registration – New Procedures (as from May 2009)**

<b>Procedure</b>	<b>Time (days)</b>	<b>Costs (Som)</b>	<b>Notes</b>
1. Buyer, with seller, applies to Gosregister for registration of title transfer	1	2,500 fee for Gosregister services	Surveying of property no longer mandatory. If needed (outdated survey) would add about 9 days.
2. Gosregister prepares documentation	3	No fee	3 days is Gosregister service standard. A duration of less than 3 days is possible.
3. Buyer receives documents of title from Gosregister	1	No fee	
<b>TOTAL 3 Procedures</b>	<b>5 days</b>	<b>0.2%</b> of property value	2,500/40 = \$62 costs. Property value \$37,000
<p><i>Sources:</i> Gosregister and IEG visits to registration offices.</p> <p><i>Note:</i> Key assumptions: (i) Gosregister's new procedures as from May 2009 are used; (ii) transaction is for purchase by a business of land and warehouse on periphery of Bishkek; (iii) time of registration assumes a relatively straightforward and undisputed case; (iv) surveying of property is chosen by buyer not to be done as surveying is no longer mandatory and existing cadastral data is adequate; (v) calculation method follows "Doing Business" methodology but uses Gosregister/client estimates and data as of December 2009; (vi) assumed value of property is \$37,000; and (vii) every action is assumed to take at least 1 day – this includes first visit to Gosregister (procedure 1), and pick-up of title (procedure 3). NB. Doing Business assumes using a notary (Som 40,000 plus photocopying charges) which is now an option rather than mandatory.</p>			

## Appendix B. Basic Data Sheet

### KYRGYZ LAND AND REAL ESTATE REGISTRATION PROJECT- (CREDIT 33700)

#### Key Project Data

	<i>Appraisal estimate</i>	<i>Actual or current estimate</i>	<i>Actual as % of appraisal estimate</i>
Total project costs	11.1	11.0	99
IDA Credit	9.4	10.0	106
Cofinancing	-	-	
Borrower (excluding financing charges)	1.7	1.0	59
Cancellation	-	-	

#### Project Dates

	<i>Original</i>	<i>Actual</i>
Board approval	-	06/06/2000
Effectiveness	-	09/14/2000
Closing date	12/31//2005	12/31/2008

#### Staff Inputs

	<i>Actual/Latest Estimate</i>	
	<i>No. Staff weeks</i>	<i>US\$ ('000)</i>
Identification/Preparation/Appraisal	n.a.	588
Supervision	192	748
ICR	n.a.	n.a.
Total	n.a.	1336

**Mission Data**

	<i>Implementation status</i>	<i>Development Objectives</i>
6/29/2000	S	S
08/23/2000	S	S
12/06/2000	S	S
04/06/2001	S	S
08/27/2001	S	S
12/20/2001	S	S
04/11/2002	S	S
08/27/2002	S	S
12/11/2002	S	S
04/28/2003	S	S
10/07/2003	S	S
11/13/2003	S	S
03/29/2004	S	S
08/19/2004	S	S
11/11/2004	HS	HS
03/28/2005	HS	HS
06/22/2005	HS	HS
12/12/2005	HS	HS
02/28/2006	HS	HS
08/21/2006	HS	HS
03/09/2007	HS	HS
10/10/2007	HS	HS
02/28/2008	HS	HS
10/16/2008	HS	HS

Staff specializations: Land administration, economics, legal, social development, information technology, financial management, procurement, disbursement, operations. (skills listed by mission not available)

Ratings: S = Satisfactory, HS = Highly Satisfactory

**Follow-on operations**

<i>Operation</i>	<i>Loan/Credit no.</i>	<i>Amount (US\$ million)</i>	<i>Board date</i>
Second Land and Real Estate Registration Project (SLRERP)	H380	5.85	07/15/2008

## **Appendix C. Principal Persons Met**

### **Kyrgyz Republic**

Kyrgyzbai Alagushev, M&E specialist, Helvetas  
Adamjan Djoldoshev, Director, Gosregister  
Bakytbek Jusupbekov, PIU/Registration Director, Gosregister  
Junus Kalmamatovich, Project Manager, Second Land and Real Estate Registration Project  
Tommy Kalms, Head SIDA (Swedish) team, Gosregister  
Azamat Kulmurzaet, Operations, Ministry of Finance  
Hanspeter Maag, Country Director, Swiss Cooperation Agency  
Melis Mambetaliev, Lawyer  
Isabekov Narybek, Cadastre Specialist  
Elisabeth Katz Riaz, Program Manager, Kyrgyz Swiss Agriculture Program  
Mairambek Tairov, Agricultural Investments and Services Project Coordinator  
M. Shamkonov, State Secretary, Government of Kyrgyz Republic  
Bolot Tashtanov, Head of M&E, PIU, Gosregister  
Asyl Undeland, Rural Development Fund, Bishkek

### **World Bank**

Gavin Adlington, Lead Land Administration Specialist  
Edward Cook, Senior Land Administration Specialist  
Dinara Djoldosheva, Senior Country Officer, Kyrgyz Country Office  
Talaibek Koshmatov, Operations Officer, Bishkek Office  
Jessica Mott, Senior Natural Resources Economist  
Natalia Pisareva, Senior Economist, Kyrgyz Country Office  
Roger Robinson, Country Manager, Kyrgyz Republic



## Appendix D. Borrower Comments

### Letter from State Registration Service – English Translation

**Mr. Roger Robinson  
Country Manager  
World Bank Office  
in the Kyrgyz Republic**

**Dear Mr. Roger Robinson,**

***Re: Draft Project Performance Assessment Report for the Land and Real Estate  
Registration Project  
(Credit No. 337-KG)***

Hereby I would like to express the appreciation to you and the World Bank for the support to economic reforms conducted by the Government of the Kyrgyz Republic aimed at improving the social and economic life of the population of the Kyrgyz Republic and for the high rating assigned by the Independent Evaluation Group to the Land and Real Estate Registration Project results.

The following results have been achieved during implementation of this project:

- Management capacity has been established to control registration systems and promote land market development;
- 50 local registration offices have been established throughout the republic, which operate on a self-financing basis;
- Legal regulatory and procedural data bases have been established to manage land resources;
- Titles to 2.7 million units of real estate have been registered in a systemic manner (for free);
- Information technologies have been introduced, the real estate database has been established; access to data on land management is being improved.

We believe that the project goals and objectives have been achieved; as the result the a reliable and well-functioning system of registration of titles to land and real estate has been introduced, the land and real estate markets are functioning and developing in the Kyrgyz Republic, and we fully agree with the rating of the independent WB evaluation team.

As you know, the project outcomes have significantly exceeded the initial expectations, and thanks to the achievements the first project has been recognized by the World Bank management as one of the most successful projects across the world and have

received the award "Letter Life for People in Europe and Central Asia" at the awarding ceremony in Washington on April 3, 2008.

Given the above mentioned achievements, upon request of the Government of the Kyrgyz Republic the World Bank made a decision to finance the second project to strengthen further land and real estate markets and cadastral cartography.

Once again I would like to express my gratitude and hopes for further fruitful cooperation.

**Sincerely,**

**State Secretary**

**K. Shamkanov**

## Letter from State Registration Service – Russian Original

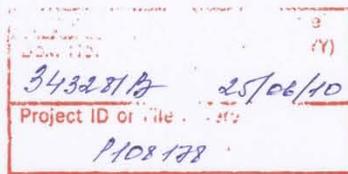
КЫРГЫЗ РЕСПУБЛИКАСЫНЫН  
ӨКМӨТҮНӨ КАРАШТУУ МАМЛЕКЕТТИК  
КАТТОО КЫЗМАТЫ



ГОСУДАРСТВЕННАЯ РЕГИСТРАЦИОННАЯ  
СЛУЖБА ПРИ ПРАВИТЕЛЬСТВЕ  
КЫРГЫЗСКОЙ РЕСПУБЛИКИ

720040 Орозбеков көчөсү, 44 тел. (312) 661 946, факс. (312) 300 347, г. Бишкек, ул. Орозбекова 44.

№ 2-25/1063 “ 25 ” июнд 2010 ж.



Г-ну Роджер Робинсону  
Главе Офиса Всемирного Банка  
в Кыргызской Республике

Уважаемый Роджер Робинсон,

Отн: Проект отчета по оценке результатов проекта «Регистрация земли и недвижимого имущества» (номер кредита 337-KG)

Позвольте выразить Вам и Всемирному Банку благодарность за поддержку проводимых Правительством Кыргызской Республики экономических реформ, нацеленных на улучшение социально экономической жизни населения Кыргызской Республики и за высокую оценку результатов проекта «Регистрация земли и недвижимого имущества» данной независимой оценочной группой Всемирного Банка.

В ходе реализации данного проекта были достигнуты следующие результаты:

- сформирован управленческий потенциал для контроля систем регистрации и стимулирования развития рынков земли;
- создано 50 местных регистрационных органов по всей республике, которые функционируют на принципах самофинансирования;
- создана правовая регулятивная и процедурная база управления земельными ресурсами;
- в системном порядке (бесплатно) зарегистрированы права на 2,7 млн. единиц недвижимого имущества;
- внедрены информационные технологии, создана база данных единиц недвижимого имущества, совершенствуется доступ к данным по управлению земельными ресурсами.

Мы считаем, что цели и задачи проекта были достигнуты, в результате чего в Кыргызской Республике внедрена надежная и слаженно функционирующая система регистрации прав на землю и недвижимое имущество, функционирует и развивается рынок земли и недвижимого имущества и мы полностью согласны с оценкой независимой оценочной группы Всемирного Банка.

Как вы знаете, результаты проекта существенно превзошли первоначальные ожидания, и за достигнутые результаты, первый проект был признан руководством Всемирного Банка, как один из самых успешных проектов во всем мире, и получил награду под названием « Улучшая Жизнь Людей в Европе и Центральной Азии» во время награждения 03.04.2008 года в Вашингтоне.

С учетом вышеупомянутых результатов, по просьбе Правительства Кыргызской Республики, Всемирный Банк принял решение о финансировании второго проекта, для

**Letter from State Registration Service – Russian Original (cont'd.)**

дальнейшего усиления рынков земли и недвижимого имущества и кадастровой картографии.

Еще раз выражаю свою благодарность и надеюсь на дальнейшее плодотворное сотрудничество.

С уважением,

Статс-секретарь



**К.Шамканов**

## Letter from the Ministry of Finance – English Translation

**Mr. Roger Robinson  
Country Manager  
World Bank Office  
in the Kyrgyz Republic**

**Dear Mr. Roger Robinson,**

***Re: Draft Project Performance Assessment Report for the Land and Real Estate  
Registration Project  
(Credit No. 3370-KG)***

Hereby I would like to express the appreciation to you and the World Bank for the support to economic reforms conducted by the Government of the Kyrgyz Republic aimed at improving the social and economic life of the population of the Kyrgyz Republic and for the high rating assigned by the Independent Evaluation Group to the Land and Real Estate Registration Project results.

As you know, the following results have been achieved during implementation of this project:

- Management capacity has been established to control registration systems and promote land market development;
- 50 local registration offices have been established throughout the republic, which operate on a self-financing basis;
- Legal regulatory and procedural data bases have been established to manage land resources;
- Titles to 2.7 million units of real estate have been registered in a systemic manner (for free);
- Information technologies have been introduced, the real estate database has been established; access to data on land management is being improved.

We believe that the project goals and objectives have been achieved; as the result the a reliable and well-functioning system of registration of titles to land and real estate has been

**Letter from the Ministry of Finance – English Translation (cont'd.)**

introduced, the land and real estate markets are functioning and developing in the Kyrgyz Republic.

At the same time, I would like to note, that in the Project Efficiency Evaluation Report on the Institutional Development Component there was amount of 3,9 mln. dollars US mentioned, whereas according to data of the Ministry of Finance of the Kyrgyz Republic the amount has made 3,5 mln. dollars US. In this connection would you kindly explain, what was the reason for the variation to appear, please?

Once again I would like to express my gratitude and hopes for further fruitful cooperation.

**Sincerely,**

**State Secretary**

**D. Shaydiev**

## Letter from Ministry of Finance – Russian Original

КЫРГЫЗ РЕСПУБЛИКАСЫНЫН  
ФИНАНСЫ МИНИСТРЛИГИ



МИНИСТЕРСТВО ФИНАНСОВ  
КЫРГЫЗСКОЙ РЕСПУБЛИКИ

### MINISTRY OF FINANCE OF THE KYRGYZ REPUBLIC

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ОКПО 00036529 ИНН 00802199610179  
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э/с 1230040005725389  
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Факс: +996 (312) 66-16-45  
Телекс: 245-156 KUN KH

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Kyrgyz Republic, 720040  
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Телефон: +996 (312) 66-05-04  
Факс: +996 (312) 66-16-45  
Телекс: 245-156 NUR KH

от 25.06.10г. № 16-2-2/5141

на № \_\_\_\_\_

С.О.Д.И.И.	Date
Box. No.	(M, YY)
34322118	25/06/10
Project ID or File:	
P108128	

Уважаемый г-н Робинсон,

Г-ну Роджер Робинсону  
Главе Офиса Всемирного Банка  
в Кыргызской Республике

*Отн: Проект отчета по оценке результатов проекта «Регистрация земли и недвижимого имущества» (номер кредита 3370-KG)*

Позвольте выразить Вам и Всемирному Банку благодарность за поддержку проводимых Правительством Кыргызской Республики экономических реформ, нацеленных на улучшение социально экономической жизни населения Кыргызской Республики и за высокую оценку результатов проекта «Регистрация земли и недвижимого имущества» данной Независимой Оценочной Группой Всемирного Банка.

Как вы знаете, в ходе реализации данного проекта были достигнуты следующие результаты:

- сформирован управленческий потенциал для контроля систем регистрации и стимулирования развития рынков земли;
- создано 50 местных регистрационных органов по всей республике, которые функционируют на принципах самофинансирования;
- создана правовая регулятивная и процедурная база управления земельными ресурсами;
- в системном порядке (бесплатно) зарегистрированы права на 2,7 млн единиц недвижимого имущества

043065 \*

**Letter from the Ministry of Finance - Russian Original (cont'd.)**

— внедрены информационные технологии, создана база данных единиц недвижимого имущества, совершенствуется доступ к данным по управлению земельными ресурсами;

Мы считаем, что цель проекта достигнута, в Кыргызской Республике внедрена надежная и слаженно функционирующая система регистрации прав на землю и недвижимое имущество, функционирует и развивается рынок земли и недвижимого имущества.

Вместе с тем, хотелось бы отметить, что в Отчете об оценке эффективности проекта по компоненту «Институциональное развитие» указана сумма финансирования в размере 3,9 млн. долл. США, в то время как по данным Министерства финансов Кыргызской Республики сумма составила 3,5 млн. долл. США. В связи с этим, просим Вас пояснить в связи с чем возникла указанная разница в данных.

Еще раз выражаю свою благодарность и надеюсь на дальнейшее плодотворное сотрудничество.

**С уважением,**

**Статс-секретарь**

**Д. Шайдиева**

Исп. Вед. спец. Кулмурзаев  
Отдел РИП т.66 05 06