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PROJECT PERFORMANCE ASSESSMENT REPORT

BULGARIA

**REGISTRATION AND CADASTRE PROJECT
(LOAN NUMBER 46190)**

June 29, 2010

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

Currency Equivalents (annual averages)

Currency Unit = Lev

2000	US\$ 1.00	2.12
2001	US\$ 1.00	2.19
2002	US\$ 1.00	2.08
2003	US\$ 1.00	1.73
2004	US\$ 1.00	1.58
2005	US\$ 1.00	1.57
2006	US\$ 1.00	1.56
2007	US\$ 1.00	1.43
2008	US\$ 1.00	1.34

Abbreviations and Acronyms

BGN	Bulgarian National Currency
CA	Cadastre Agency
CAS	Country Assistance Strategy
DO	Development Objective
ECA	Europe and Central Asia Region
FY	Financial Year
GDP	Gross Domestic Product
IBRD	International Bank for Reconstruction and Development
ICR	Implementation Completion Report
IEG	Independent Evaluation Group
IT	Information Technology
LCPR	Law on Cadastre and the Property Register
M&E	Monitoring & Evaluation
MRDPW	Ministry of Regional Development and Public Works
MU	Management Unit
OECD	Organization for Economic Cooperation and Development
PAD	Project Appraisal Document
PPAR	Project Performance Assessment Report
RA	Registration Agency
RCP	Registration and Cadastre Project

Fiscal Year

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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IEGWB's use of multiple evaluation methods offers both rigor and a necessary level of flexibility to adapt to lending instrument, project design, or sectoral approach. IEGWB evaluators all apply the same basic method to arrive at their project ratings. Following is the definition and rating scale used for each evaluation criterion (additional information is available on the IEGWB website: <http://worldbank.org/ieg>).

Outcome: The extent to which the operation's major relevant objectives were achieved, or are expected to be achieved, efficiently. The rating has three dimensions: relevance, efficacy, and efficiency. *Relevance* includes relevance of objectives and relevance of design. Relevance of objectives is the extent to which the project's objectives are consistent with the country's current development priorities and with current Bank country and sectoral assistance strategies and corporate goals (expressed in Poverty Reduction Strategy Papers, Country Assistance Strategies, Sector Strategy Papers, Operational Policies). Relevance of design is the extent to which the project's design is consistent with the stated objectives. *Efficacy* is the extent to which the project's objectives were achieved, or are expected to be achieved, taking into account their relative importance. *Efficiency* is the extent to which the project achieved, or is expected to achieve, a return higher than the opportunity cost of capital and benefits at least cost compared to alternatives. The efficiency dimension generally is not applied to adjustment operations. *Possible ratings for Outcome:* Highly Satisfactory, Satisfactory, Moderately Satisfactory, Moderately Unsatisfactory, Unsatisfactory, Highly Unsatisfactory.

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.

Contents

Principal Ratings.....	v
Key Staff Responsible.....	v
Preface.....	vii
Summary.....	ix
1. Development Context.....	1
2. Project Objectives and Implementation.....	2
Monitoring and Evaluation.....	4
3. Ratings.....	5
Outcome.....	5
Relevance.....	6
Efficacy.....	8
Improving Coverage.....	9
Establishing a cadastre and registration network.....	9
Regional and rural sector coverage.....	9
Social Inclusion.....	10
Summary Assessment - How successful was RCP at improving coverage?.....	11
Improving Accuracy and Completeness of Land Administration.....	11
General improvements in the accuracy and completeness of data.....	11
Unified information technology.....	11
Transparency.....	12
Summary Assessment - How successfully did the project improve accuracy?.....	12
Responsiveness of Land Administration.....	12
Summary Assessment - To what degree did the project improve the responsiveness of land administration services?.....	14
Development of the land market.....	14
RCP's Overall Efficacy.....	15
Efficacy with the dual agency approach.....	16
Efficiency.....	16
COST EFFECTIVENESS.....	16
Economic Viability.....	16
Risk to Development Outcome.....	17

The Larger Context for Further Impact	18
Achieving financial self-sufficiency	18
Enhancing the impacts of land administration – going beyond the CA and RA	19
The broader business environment	19
Bank Performance	20
Quality at entry	20
Quality of Supervision	21
Borrower Performance	21
Government performance	21
Implementing Agencies	22
4. Lessons	22
Appendix A. TABLES	25
Appendix B. Basic Data Sheet	29
Appendix C. Principal Persons Met	31

Boxes

Box 1: Objectives and Components of the Bulgaria Registration and Cadastre Project	3
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Tables

Table 1: Bulgaria Registration and Cadastre Project: Ratings of Development Objectives and Outcome	6
Table 2: Bulgaria RCP – Progress and Output Indicators	8
Table 3: Efficiency of land administration in Bulgaria and internationally	14
Table 4: Bulgaria – Development of the land market	15
Table 5: Revenues and costs of the Cadastre and Registration agencies (2008 in million BGN)	18

Principal Ratings

Bulgaria Registration and Cadastre Project

	<i>ICR*</i>	<i>ICR Review*</i>	<i>PPAR</i>
Outcome	Moderately Satisfactory	Satisfactory	Satisfactory
Risk to Development Outcome	Moderate	Moderate	Moderate
Bank Performance	Moderately Satisfactory	Satisfactory	Satisfactory
Borrower Performance	Moderately Unsatisfactory	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.

Key Staff Responsible

Bulgaria Registration and Cadastre Project

<i>Project</i>	<i>Task Manager/</i>	<i>Division Chief/ Sector Director</i>	<i>Country Director</i>
Appraisal	L. Holstein	J. Goldberg	A. Vorkink
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Preface

This is the Project Performance Assessment Report of the Registration and Cadastre Project in the Republic of Bulgaria. The project was approved in June 2001, and received an IBRD Loan (Loan No. 46190) of EURO 33.5 million (\$30.0 million equivalent at the prevailing exchange rate). The project was restructured in May, 2006, accompanied by a cancellation of \$4.8 million of the Loan and a one-year extension of the project period to install an information technology system. A further extension of one year was granted in 2008, to complete the information technology system. The project closed in March, 2009, two years beyond the original closing date.

The report presents the Independent Evaluation Group's (IEG) findings, based on review of the project implementation completion report, appraisal report, loan agreement, sector reports, and other relevant material; and a mission to Bulgaria in November/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 Registration and Cadastre Project was chosen for assessment because the project exhibits several interesting design features. First, Bulgaria has adopted a dual-agency approach to land administration, whereas a number of countries have all land administration activities under one agency. Bulgaria's experience adds understanding on the relative merits of different institutional choices. Second, the project was sharply focused on land administration, simplifying project implementation. How this has fared, and consideration of additional actions to further develop the land market is of interest. Third, the project's design and implementation embodied a number of choices and specific features that have general interest in other countries. 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 have been sent to the concerned government officials and agencies for their review and comment. No comments were received from the Borrower.

Summary

This Project Performance Assessment Report reviews the experience and lessons of the Bulgaria Registration and Cadastre Project (RCP) in the Republic of Bulgaria.

The RCP's objective was: *“to improve the coverage, completeness, accuracy and responsiveness of the real property and cadastre registration systems, thereby contributing to the development of the real property market.”* This objective was undoubtedly relevant to Bulgaria's needs. Throughout the period when the project was being prepared and implemented (1999 to 2009), Bulgaria has been in rapid transition. From the vestiges of the former communist regime, an increasingly market oriented economy has been developing and has been further stimulated by the country's accession to the European Union in 1998 and eventual membership in 2007. The primary economic focus of both Government and the Bank has been to develop a demand-based economy; stimulating economic growth through privatization, efficient markets, and supportive public investments and institutional reforms.

The land sector is a necessarily core part of the market liberalization. As a basic factor of production, a liberalized land market is essential to efficient economic growth. Yet this was far from the case before the project. A free land market – i.e. clear land boundaries and assured tenure, and ability to readily buy, sell and mortgage land at low transaction cost – was notably absent. Land ownership records were fragmented under different agencies, land boundaries were imprecise, tenure was not clear and could be disputed, land values were low and transaction costs were high. These uncertainties affected access to credit using land as collateral. Insecurity of tenure was also a disincentive to industrial and agricultural investment and presented risks to the welfare of land-holders dependent on the land for their livelihoods.

RCP's sharply focused design reflected its objective. It provided for the creation of specialized agencies and a network of field offices for cadastre and property registration; preparation of enabling legislation; a program under the Cadastre Agency to map and record ownership of land; a program under the district courts for registration of transactions; establishment of an information technology system; and progressive digitization of land and property records. A project implementation unit was set up to coordinate activities between institutions.

There were two main design issues. First, Government was insistent on maintaining its existing and long-standing arrangement of having separate agencies for cadastre and registration. This “dual-agency” system had been shown from experience elsewhere to be less effective than having all land administration activities under one institution (the “single-agency” model) and was vehemently opposed by the Bank task team. However, when it became apparent that Bulgaria would not forsake its existing system, a calculated risk was taken by the Bank to go ahead with the project in such a second-best situation. The relevance of land administration to Bulgaria's development strategy was considered to justify a less than ideal situation for project implementation. In the event, although not without implementation difficulties, this was justified - the project objectives were achieved.

A second issue was an inappropriate institutional design for RCP's registration activities. Registration of land sales and mortgages, which was under the Ministry of Justice, was to be undertaken by the existing staff of the district courts, and was to be managed by a coordination cell in the Ministry. This proved totally inadequate. Court staff had many responsibilities and to expect them to also handle a modernizing and expanding land registration system was unrealistic. Also, the lightly staffed coordination cell had insufficient capacity and authority to supervise the courts. The result might have been predicted - registration activities hardly got off the ground in the first two years of the project. There was then a decidedly positive initiative. An independent Registration Agency with its own staff was established, analogous to the Cadastre Agency which had been making good progress. The Registration Agency quickly built capacity, and by project completion had achieved the project's registration and efficiency improvement targets – a notable achievement given the late start.

RCP achieved its objectives. Coverage exceeded targets. Some 28 cadastral offices were established and 113 registration offices in the courts were upgraded and equipped, providing an accessible network covering the country, and staff in the field offices and at headquarters were trained. The cadastral target of 300,000 services per annum reached 565,000 services. Cadastral mapping reached 4.6 million parcels compared with the target of 3 million properties. The target for annual registrations of 700,000 services (there were no recorded sales before the project) was also exceeded, reaching 1 million services in 2007 (although this fell to 770,000 in 2008 due to the global financial downturn). The accuracy of land administration was also improved, through more accurate cadastral mapping, digitization of records and establishment of information technology to share land records and transaction data between the two agencies and also accessible to the general public. Finally, registering transactions was made more responsive to client needs. The time required for registering a transaction was reduced from several weeks or even months to about 14 days (the ECA average is 60 days), of which the Registration Agency now takes 1 to 3 days (the rest of the time is for actions required from other government agencies). The land market grew rapidly during the project period, in value terms by about 45 percent per annum. This compares with the situation before the project when land-based mortgages (now the largest segment of the land market) were rare. Social issues could have received more attention. There is minimal information on social impacts of land administration, and investigating this should have been part of project preparation and subsequent monitoring - experience in other countries is that land registration can have deleterious impact on vulnerable groups such as women and poorer households.

RCP's outcome was *Satisfactory* overall. The project achieved its objectives and can be expected to have played a key facilitating role in the rapid expansion of the land market. Efficacy and efficiency were both *substantial*. The project's objectives were substantially relevant to the Bank's and Government's development strategy for Bulgaria. The relevance of RCP's design is assessed *modest* because, while the institutional structure for cadastre was well formulated, for registration the initial design of only a coordinating cell was inadequate. Nevertheless, this was corrected during project implementation. Monitoring and evaluation was *substantial*. Data covered the project's performance indicators, and was reported regularly as part of the management information process.

Risk to development outcome is *Moderate*. The Cadastral Agency and the Registration Agency are now experienced institutions and their services are appreciated by clients and government. However, they would be less vulnerable to any future shortfalls in government financing or to excessive political involvement if they achieved financial independence. This is feasible as combined fees of the two agencies already exceed their operating costs. But first call on such revenues needs to be the agencies themselves – at present all fees go to Government, which then funds the agencies from the general budget. Merging of the two agencies should also be considered. Despite RCP’s general success, from experience with dual and single agencies in other countries, and Bulgaria’s own experience, implementation of the project could be expected to have been more efficient with a single agency

The performance of both the Bank and the borrower was *Satisfactory*. Other than the inadequate initial design of the institutional arrangements for registration, the Bank performed well. Good technical expertise and hands-on guidance were applied throughout the project, and supervision was intensive. This facilitated Bulgaria’s venture creating a modern land administration system with little preceding experience. Government was late establishing the institution for land registration, but the eventual full-time and staffed Registration Agency was far more satisfactory than the coordination cell originally conceived. The two agencies have developed to effective institutions, and have achieved the project’s targets.

As Bulgaria moves forward, two further options to improve the functioning of the land market could be considered. First, further improvements in land administration efficiency will need attention to institutions and processes outside the purview of the Registration and Cadastre Agencies. Thus, while the time taken for the Registration Agency’s actions in the registration process has reduced to only 1 to 3 days, the overall registration process involves three other institutions taking 6 to 12 days between them. Addressing bottlenecks with these institutions must now be the main source of improvements in service efficiency. Second, the broader business environment can be considered. Investment in a building or other structure is often associated with purchase of land. But getting a construction permit in Bulgaria involves 24 procedures and about 140 days. These difficulties in effect add to the cost of a land transaction, and they can be expected to constrain the attractiveness of investing in real estate, and the fluidity of the land market.

The experience gained under the Bulgaria RCP yields the following main lessons:

- (i) *While land administration through a “dual-agency” approach can work, a unified agency is preferable as program implementation is easier and efficiency gains more attainable.* Actions that helped the dual-agency model to work included a project coordination unit and development of a unified data sharing system. The further benefits expected from a single agency would be seamless coordination of activities, more easily achievable financial self-sufficiency, improved registration efficiency, and greater convenience for customers.
- (ii) *The legal and institutional base for land administration should be established before commencing a project, and the land administration institution(s) should have full-time staff and be dedicated only to land administration.* Government had passed a law establishing the

legal basis for land administration more than a year before Board approval, and the CA was established six months before approval. But the registration coordination unit was not established until 16 months after Board approval. Registration activities only got going after the RA had been created.

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

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

(v) *Possible adverse impacts on weaker social groups should be investigated while preparing a land administration project and mitigating project design features included if needed. The impact on such groups should be monitored during project implementation.* Minimal information is available in Bulgaria on social influences, the typical view being that the land administration program is "neutral" in its treatment of all persons. However, in a number of countries, also with no difference in approach between social groups, inequalities have been found, as well as practical solutions.

Vinod Thomas
Director-General
Evaluation

1. Development Context

1.1 Throughout the period when the Bulgaria Registration and Cadastre Project (RCP) was being prepared (from about 1999 to 2001) and implemented (2001 to 2009), and continuing to this day, Bulgaria has been in rapid transition. From the vestiges of the former communist regime, an increasingly market oriented economy has been developing and has been further stimulated by the country's accession to the European Union (EU) in 1998 and eventual membership in 2007. GDP growth in the 1998 – 2008 period averaged a robust 6.3 percent per annum. The primary economic focus of both Government and the Bank has been to develop a demand-based economy; stimulating economic growth through privatization, efficient markets, and supportive public investments. The 1998 Country Assistance Strategy (CAS) called for sustained economic growth by accelerating reforms and rapid development of the private sector. Transformation of institutions and policies to the exigencies and opportunities from Bulgaria's new membership in the EU has also been a dominating policy for Government, strongly supported by the Bank.¹

1.2 The land sector² is a necessarily core part of the market liberalization. As a basic factor of production, a liberalized land market is essential to efficient economic growth. Yet this was far from the case in the 1990's. A first positive step had been taken by Bulgaria through restitution of collective lands and urban land to the former owners. By 2000, just before Board approval of the RCP, land restitution had been virtually completed. However, for both urban and agricultural land, a free land *market* – i.e. clear land boundaries and assured tenure, and ability to readily buy, sell and mortgage land at low transaction cost – was notably absent. Land ownership records were fragmented and recorded under different agencies, land boundaries were imprecise, there were possibilities for fraud, tenure was not clear and could be disputed, land values were low, in part due to such uncertainties, and transaction costs were high due to unclear bureaucratic procedures. Uncertainties also affected access to credit using land as collateral, and tenure insecurity was also a disincentive to industrial and agricultural investment.³

1. As reflected in the 1998 CAS – “Bulgarian foreign and domestic policy is dominated by its aspirations for membership in the European Union.” Also, in the Bank's lending program, of the seven projects reviewed in Bulgaria's FY08 “Status of Projects in Execution” (excluding the RCP), three projects refer to the EU in their development objectives.

2. Throughout this report the terms “land”, “real estate”, “property” and “real property” are used synonymously. In all cases they refer to the land and fixed property on the land (such as a house, shop, factory, drainage infrastructure, etc.).

3. The following comment is in similar vein: “The current land administration system is confusing, strongly fragmented in a number of poorly coordinated institutions, inefficient and overly bureaucratic. Consequently the system does not meet modern requirements in general and those of a transition to a market economy in particular.” (From “Land Markets in Bulgaria.” D. Kopeva, 2003).

2. Project Objectives and Implementation

Objectives and Design

2.1 Development Objective. The Objective of the Bulgaria Registration and Cadastre Project (RCP) was “*to improve the coverage, completeness, accuracy and responsiveness of the real property and cadastre registration systems, thereby contributing to the development of the real property market.*” (from Loan Agreement.) (The Project Appraisal Document (PAD) also refers to securing tenure of real property to boost investments in housing, agriculture, commerce, manufacturing and services, and to the requirements of EU accession. However, this is not reflected elsewhere in the PAD, indicating that the de facto intent of the project was restricted to the Development Objective in the Loan Agreement.)⁴

2.2 Components. The project components (Box 1) are consistent with these objectives. Component A - cadastre system development (costs at project completion \$9.8 million) provided much needed capacity building of the new government Cadastre Agency, including related equipment and technical assistance. Likewise, on the registration side, Component B - property registration system development (costs at completion \$10.4 million) was to create an efficient registration system to reduce transaction costs and time. Component C - cadastre and property registration operations (costs at completion \$26.0 million) supported implementation of a mass registration and supporting cadastre program, and a major program to transfer and digitize land records. Finally, Component D - project management and development of a policy and legal framework (costs at completion \$3.4 million) funded operations of the Project Implementation Unit, training, technical assistance, improving the legal framework, an information technology system, monitoring and evaluation, and a public awareness campaign.⁵

2.3 Each component was broad in scope, resulting between them in a comprehensive program to transform Bulgaria’s land cadastre and registration services to a modern system – in technology, institutional capacity, the administrative and legal framework, and service standards.

4. Investments and security of tenure do not feature in key parts of the PAD where the project’s objectives would normally be expected: the logframe, strategic context section, project description, economic analysis and M&E.

5. The Bulgaria Registration and Cadastre Project was approved on June 21, 2001 and received an IBRD Loan (Loan 46190) of EURO 33.5 million (\$30.0 million equivalent at the prevailing exchange rate). Additionally, the Netherlands government provided a grant of \$2 million for technical assistance and capacity building, primarily contributing to activities under component C. The RCP was restructured in May, 2006 accompanied by a cancellation of \$4.8 million of the Loan and a one-year extension of the Loan period to complete installation of the information technology system. A further extension of one year was granted in FY08 to further develop the IT system to a unified joint information technology system common to both the Cadastre Agency and the Registration Agency. The project closed on March 01, 2009, two years beyond the original closing date, with \$37.0 million equivalent of the Loan disbursed. Due primarily to appreciation of the EURO against the US dollar, project costs expressed in dollars at completion (\$49.6 million) were substantially (about 30 percent) higher than costs estimated at appraisal. Likewise, the value of the loan (after a cancellation of \$4.8 million) was \$37.1 million compared with the loan expressed in dollars of \$30 million (Appendix B).

Box 1: Objectives and Components of the Bulgaria Registration and Cadastre Project

Development Objective :

To improve the coverage, completeness, accuracy and responsiveness of the real property and cadastre registration systems, thereby contributing to the development of the real property markets (from Loan Agreement.)

Components:

Component A - Cadastre System Development: Build the capacity of the new Cadastre Agency to design and implement a unified national cadastre system through provision of equipment, office renovations and furnishings, vehicles and technical assistance; development of a cadastre information technology system; preparation of a strategy to enable the agency to run along business lines; and development of operational service standards for customers and a human resources strategy for the agency. Cost estimate at appraisal (base costs without contingencies): \$5.1 million; actual costs at completion: \$9.8 million.

Component B – Property Registration System Development: Capacity building for Bulgaria’s 112 district courts and the Ministry of Justice for implementation of a new real property registration system so as to establish an efficient real property registration system that lowers transaction costs and reduces transaction processing times. Project support includes equipment, furnishings, vehicles, computer software and refurbishing of offices; and technical assistance for developing strategies for digitizing of real estate records, and running the service along business principles including cost recovery. (Cost estimate at appraisal: \$5.8 million; actual costs: \$10.4 million.

Component C – Cadastre and Property Registration Operations: Mass registration of property into a new digitized data system including data entry, cleaning, conversions, transfer of records, and cadastre. Project support would cover. (Cost estimate at appraisal - \$22.0 million; actual costs \$26.0 million.

Component D - Project Management and Development of a Policy and Legal Framework Training of staff from the Cadastre Agency and involved district courts; technical assistance to complete the legal framework for the cadastre and property registration systems; development of an information technology system; a public awareness program; and monitoring and studies relative to system efficiency and social impacts. . (Cost estimate at appraisal - \$1.5 million; actual costs: \$ 3.4 million.

Sources: PAD. (costs data at project completion are from ICR, based on costs in Euro converted to US\$ using Weighted average historical exchange rate of Euro 1 = US\$1.31. Actual costs in dollars exceed appraisal estimates primarily due to the appreciation of the Bulgarian Lev.

Institutional Arrangements

2.4 The Bulgaria Registration and Cadastre Project (RCP) was implemented under what has come to be known as the “dual-agency model” wherein cadastre and registration services are handled under separate agencies. To facilitate coordination between the institutions involved, a “Project Implementation Unit” (PIU) was also set-up.⁶

2.5 The Ministry of Regional Development and Public Works was responsible for the cartography side of the project and a “Cartography Agency” (CA) was established in January 2001 for this purpose. This was some six months before Board approval in June 2001. Another up-front action was the passing of a law which established the legal base for the registration and cadastre program.⁷

6. The two-agency system, sometimes known as the Austro-Hungarian System, was spread under the Austro-Hungarian empire, and is found in a number of countries, mostly in Eastern Europe.

7. The “Law on Cadastre and the Property Register” (April 2000).

2.6 Preparatory actions for the project's land registration program were much less complete. It had been intended under the two-agency model to create a "unit" under the Ministry of Justice to coordinate the registration program.⁸ The unit was formed in October 2002, 16 months after Board approval. The unit proved ineffective. Later, a full "agency" – the "Registration Agency" (RA) - was created in July 2004. This was three years after RCP's Board Approval, but its creation as an independent full-time entity went much further institutionally than the small coordinating cell originally intended, and the RA developed to an effective institution. While the late start had held up registration progress in the first years of RCP, in the second half of the project the RA achieved the intended transfer of registration activities from the courts to its own staff situated in each of Bulgaria's 112 court towns,⁹ and caught up on and surpassed RCP's annual registration targets.

Implementation

2.7 The project commenced inauspiciously given the delay establishing the land registration program. For about two years (June 2004 to March 2006) in the middle of the project period, the Bank rated the project as Unsatisfactory, and, in 2005, even commenced procedures to suspend the project. However, performance picked up in the last years of the project, and all implementation targets were met or exceeded (Table 2). These achievements were helped by two successive one-year extensions of the project, lengthening the project period from 5 ¾ to 7 ¾ years. The expressed reasons for the extensions were to allow establishment of the project's information technology systems, but they also allowed more time for roll-out of the cadastre and registration network, which achieved nation-wide coverage.

Safeguards and Fiduciary Management

2.8 No safeguards were triggered at appraisal and the project was classified as category C, thus not requiring an environmental assessment. The Implementation Completion and Results Report (ICR) reports that there were no social or environmental issues during implementation. However, social risks may be present, as discussed in Section 3.

2.9 No fiduciary malfeasance is reported in the ICR, and financial management was rated satisfactory throughout project implementation. However, contract preparation capacity was weak until the last four years of the project when it improved in line with the general pick-up in performance of the project as a whole.

Monitoring and Evaluation

2.10 Based on the design, implementation and utilization of the Bulgaria RCP, M&E performance is rated *Substantial*.

8. "The project will support the setting up of the Cadastre Agency and of a unit within the Ministry of Justice responsible for property registration." (PAD, page 6)

9. Final approval of transactions was and still is under the local courts.

- **Design. Modest:** An M&E cell was established in the PIU supported by consultants. This was to monitor both the delivery of services and the impacts for stakeholders. The variables that would be monitored corresponded to most of the performance indicators in the project's results framework and provided a comprehensive basis for assessing project progress and performance. This proved to be a useful management tool (refer below). Although beyond the specific objectives of the project, inclusion of some parameters to assess broader impacts of the project such as investments and possible social impacts would have been desirable.¹⁰
- **Implementation. Substantial:** An M&E unit of 3 persons was established in the PIU at project start-up (2001). A consulting team helped establish the work program and provided training. In the first several years, M&E was largely restricted to the cadastral program, but the program was expanded to cover all of RCP's activities after the RA was formed, and several surveys and workshops were held to get client feedback.¹¹ By mid-project the M&E unit was measuring and reporting data on a quarterly basis, and data was included as part of the quarterly Project Management Reports. Also, based on Bank recommendations, the variables measured were expanded to better reflect RCP's core objective to develop the property market. Data collected included variables such as the number of mortgages, number of transactions, interest rates and property prices, all indicators or proxy indicators of development of the land market.
- **Utilization. Substantial:** According to the Director of the PIU, the M&E data has been useful, both for hands-on management, through the regular reporting of physical progress and outcome data, and for client feedback. The workshops highlighted the views of customers that the major improvement in the quality and time requirement for registration also needs to be accompanied by other user -friendly measures, for instance, as simple as having benches to sit on while waiting, and an information desk for guidance on the documentation needed. The IEG mission was also informed that the project's M&E activities would continue, attesting to the utility of M&E in land administration as seen by the implementing agencies.

3. Ratings

Outcome

3.1 Based on the substantial relevance of RCP's objectives and the modest relevance of its design; the substantial achievement of its objectives to improve coverage and

10. For instance, impact of security of tenure on incomes and investment, differences in performance and needs of rural compared with urban sectors, ease of access to land registration services for women and poorer households, etc.

11. To get feedback on customer views, three client surveys were held (in 2004, 2005 and 2007) involving representatives from different stakeholder groups. Results from the workshops were subsequently compiled in a report "The Land and Real Estate Market: Customer Satisfaction and Problems Related to the Activity of the Cadastre Agency and the Registry Agency."

responsiveness, and the high achievement of its objective to improve accuracy; and the project's substantial efficiency; the project's overall outcome is rated *Satisfactory*. The results are summarized in Table 1, followed by a review of project performance.

Table 1: Bulgaria Registration and Cadastre Project: Ratings of Development Objectives and Outcome

<u>Development Objectives</u> To improve the coverage, completeness, accuracy and responsiveness of the real property and cadastre registration systems, thereby contributing to the development of the real property market.	
Evaluation Category	Rating
<u>Relevance:</u>	
• Relevance of Objectives	Substantial
• Relevance of Design	Modest
<u>Efficacy</u>	
• Improving Coverage	Substantial
• Improving Accuracy and Completeness	High
• Improving Responsiveness	Substantial
<u>Efficiency</u>	
	Substantial
<u>Overall Project Outcome</u>	Satisfactory

Relevance

3.2 Relevance of Objectives. The Development Objective of the Bulgaria RCP had substantial relevance. Bulgaria was in process of moving from the command economy of the former communist regime towards a market economy. It was necessary for good economic growth that basic factors of production such as land were operating in an economically efficient market. Accelerated and private sector led economic growth, stimulated by a market economy, was central to the 1998 Country Assistance Strategy issued at the time of project preparation. There is also specific reference in the strategy to "remove regulatory impediments to land transactions and complete permanent registration (i.e. registration and cadastre - the two main activities of the project). The 2006-2009 Country Partnership Strategy, the relevant strategy document at the end of RCP, had broadly similar priorities: improving the efficiency of the economy, reaching a higher growth path and sustained private sector-led growth.¹² The RCP supported this strategy. With secure and geographically defined tenure, land could be sold or leased under a free market, tending, through market

12. Page 9 of the Bulgaria – Country Assistance Strategy, April 9, 1998 (World Bank) and the Executive Summary of the Bulgaria Country Partnership Strategy, June 2006 (World Bank).

forces, to progressively transfer to higher value economic use.¹³ Bulgaria's EU accession added further urgency to this need. The main accession requirements were that there would be transparent and secure titles for real estate, and that an open land market was emerging. There was also a social dimension. Before the land cadastre and registration services promoted by the project, land possession was confused geographically and even as concerns legitimate ownership. This would likely have disadvantaged the poor and less powerful, creating tenure insecurity and also discouraging investment and land sales.

3.3 Relevance of Design: Bulgaria RCP's design was well crafted in its technical features, and this provided a strong base for taking the project forward and delivering in full against the project's output targets (Table 2). Only minor changes to RCP's technical design were necessary during project implementation, further attesting to the quality of the project's technical preparation in the complex land administration sector. Nevertheless, there were several flaws on the institutional side. The first - the choice of a two-agency system, separating land cadastre from land registration – could be considered more a strategic choice than a flaw per se - the decision to have a two-agency system was made unilaterally by Government, and the Bank advised firmly against this. Recognizing the reality of Government's choice, there were then various decisions facing the Bank – to go ahead with a similar sized project with adjustments to reflect the institutional realities of a dual-agency system, to develop a modified and downsized project, to reject the project, or other options. The appropriate choice in such a situation contains a large element of judgment more than empirical reasoning, but is considered further in paras. 3.43 to 3.46. The Bank's eventual choice was to accept the dual agency situation as a reality and go ahead with the project. In the event RCP achieved its targets, but not without considerable difficulties in the first years. The Bank's experience with projects in the ECA Region and elsewhere is that one combined agency is generally better, reducing coordination problems. This proved to be the case for the Bulgaria RCP. Communication between the cadastre agency and the MOJ was quite limited in the first years of the project, whereas close linkage of the two activities is required.

3.4 Second, the intended institutional structure for registration activities was to use the existing court system and staff and to have only a coordination cell in the Ministry of Justice to manage the program. Without full-time registration staff in the courts and given the many responsibilities of court staff, it was unlikely that registration would receive the dedicated attention that was required. (This was rectified during project implementation when a specialized registration agency was created. Para 3.53). Exacerbating this design shortfall, there was a quality at entry issue. Although RCP was ready on the cadastral side (by appraisal the Cadastre Agency had already been established, and was also backed by new land laws) this was far from the case with land registration. The Registration Agency was only established in 2004, some three years after Board presentation, resulting in minimal registration activity until the second half of the project period.

13. Developing a land market in Bulgaria was further challenged by Bulgaria's unusual demographics and land ownership. About one-third of the population are of retirement age, and the restitution process led to most land going to older people. According to a World Bank survey in 2005, only five percent of the rural heads of households that received land were younger than 40 years old. Productivity was low and without access to land administration services, tenure was insecure, and elderly households tended to stay on their farms. Land transactions to higher value usage were, in these circumstances, limited.

3.5 Third, social issues received only minor attention, despite evidence in a number of other countries that proactive measures might be needed in a project to include and protect vulnerable groups (paras. 3.15 and 3.16). Also prioritization of the number and locations of registration offices could have been considered (para. 3.14). And a more structured path to cost recovery and financial independence would have been helpful (para. 3.39).

3.6 Balancing the strong technical aspects of the project against the institutional and other shortfalls, RCP's relevance of design is rated *Modest*.

Efficacy

3.7 Evaluation Approach. RCP's objective – “to improve the coverage, completeness, accuracy and responsiveness of the real property and cadastre registration systems, thereby contributing to the development of the real property market” – involved four aspects: “coverage”, “accuracy”, “responsiveness”, and “completeness”. These are not precisely defined in the PAD or ICR. Efficacy will therefore be categorized based on inferences in the PAD and on common usage of these terms in land administration. Coverage is taken to refer to the geographic coverage of the project including regional, social and rural-urban variance. Under Accuracy, the management of data and information technology are considered. The Responsiveness section covers the efficiency of land administration services which is used as a proxy for responsiveness of the service to client needs. The PAD provides no clarity on the meaning of completeness, other than a reference to fragmentation of data (PAD page 3). Hence, Completeness is subsumed under Accuracy. Finally, the possible impacts of RCP on market development are examined. A reference point for the main output achievements of RCP is provided in Table 2.

Table 2: Bulgaria RCP – Progress and Output Indicators

INDICATOR	TARGET	ACTUAL AT PROJECT COMPLETION
Coverage and network	- CA 28 offices (all regions) - RA 113 offices (all district courts).	Achieved national coverage. (28 CA offices and 113 RA offices).
Increase number of services	- CA 300,000 services.	- CA 565,000 services.
Reduce service time	- RA - reduce registration of transactions to 1 day. - CA- 3 days.	- RA to 1 day (possibly longer in peak periods) - CA to 3 days regular service and 1 day express service.
Produce improved cadastre map	- Covering 30 % of country area and - Number of properties - 3 million.	- New cadastre maps covering 30 % of country area. - Number of properties - 4.6 million.
Cadastre maps, surveyed and updated	- 7,700 square kilometers prepared.	- 7,700 km ² of cadastre maps updated, surveyed and digitized.
Design and implement a Joint information Technology system for both cadastre and registration services.	As stated	Achieved. Connects all 28 cadastre and 112 court offices, connects RA with CA, and data transparent and available all agencies and public.
Establish geodetic control network	As stated	Achieved

Source: ICR based on CA and RA data.

Improving Coverage

ESTABLISHING A CADASTRE AND REGISTRATION NETWORK

3.8 The intended 28 cadastral offices were set up by the CA – one for each of Bulgaria’s regions. Also as intended, 113 registration offices were established by the RA, a network covering every court town. The RA and CA advised the IEG mission that all offices were staffed and functioning, although some more isolated offices were less efficient performers and required greater management supervision.

3.9 Cadastral achievements. Cadastre maps and registers were created for 4.6 million parcels; significantly more than the appraisal target of three million properties. About 30 percent of Bulgaria’s land area (there was no appraisal target) was covered by “adopted” cadastre maps (i.e. maps that are recognized for official use). Additionally, “approved” cadastre maps (maps that have been legally affirmed and transferred to the CA) were created for 30 percent of the country’s land area as targeted at appraisal.

3.10 Registration achievements. Recorded sales only began in 2005, after the establishment of the RA. Thereafter, deeds lodged for registration increased from 234,000 in 2005 to 325,000 in 2007, an annual increase of 17 percent (Appendix A, Table 3). Sales declined in 2008 to 310,000, but, consistent with the downturns in other countries, this is likely due to the influence of the global economic crisis. The number of property based mortgages per annum increased at about the same growth rate as sales – New mortgages were 63,000 in 2005 and 96,000 in 2007, an annual growth rate of about 15 percent. As discussed in the efficiency section, growth of the market in value terms was considerably greater.

REGIONAL AND RURAL SECTOR COVERAGE

3.11 Regional coverage. The decision to establish RA and CA offices positioned in line with Bulgaria’s network of local governments meant that the number and locations of the offices were predetermined by the locations of the government administrative network. Following the locations of the local governments automatically created a dispersed network of land administration offices. All RA offices are used, with over 70 percent of them registering between 500 and 5,000 transactions in 2008.

3.12 Decentralization. Following the local government administrative network made sense operationally as land administration activities partly involve other branches of local government. Nearly all CA and RA activities are implemented locally rather than being concentrated in Sofia. This provides the close contact with clients and other service providers (notaries, lawyers, locally based officials from ministries) that land administration typically requires.

3.13 Rural-urban coverage. Comparing the relative degrees of service coverage between urban and rural populations is more difficult. Neither RA nor CA specifically differentiate data between the rural and urban sectors - both sectors are considered to have equal access to their services. Nevertheless, the basis for equal accessibility appears present. The dispersed

network of offices means that an RA or CA office is not far from the great majority of villages. Most clients in rural areas would be within 10 kms. of an RA office, and accessible by a local bus ride. Further, major urban conurbations do not dominate the registration market. Registrations in Bulgaria's three largest cities – Sofia, Varna and Plovdiv – represented 25 percent of the national registered sales total in 2008.

3.14 Benefits and cost-effectiveness. The accessibility of the RA and CA offices is considered by RA and CA, and clients met by the IEG mission, to be a strength of the land administration network. Convenience for clients was one self-evident advantage. Ready access would also have a social dimension - benefiting more remote villages with higher poverty levels. Another benefit would be the possible effect of such proximity in stimulating more land transactions, more investment and higher land productivity. Against these economic and social advantages is the cost of coverage. A question that could be posed for the small RA offices is whether the economic and social benefits of having a particular office justify its investment and operating costs. Lack of data precludes quantified analysis, but a subjective assessment and ranking of options would have been desirable at appraisal.¹⁴

SOCIAL INCLUSION

3.15 Land Security. The consistent view of persons met by the IEG mission was that the RCP, by improving security of tenure, had helped increase welfare for the great majority of households. Compared with the prior situation of poorly defined and inaccurate documents (if any), and confused ownership between cadastre, registration and other data sources, the occupier gained clear and secure ownership. A commonly found view was that this was likely to have been particularly beneficial to rural households, especially when land security was essential to subsistence. However, data to back up such views is lacking. Experience in other countries is variable – they include causes and effects such as the above, but also situations where specific proactive measures are required to involve and protect vulnerable groups.

3.16 Gender and ethnic groups. Under Bulgarian law, differentiation between gender, ethnic groups and incomes is not permitted. In, for instance, property ownership, the man's and the woman's names are required on title deeds. All Government and Bank staff met by the IEG mission were adamant that there was also no discrimination in practice, although exceptions might arise. But again, no data was found by the mission – from official or other documents, to back up such claims. No cases of discrimination were encountered by the mission but experience in some countries – for instance in Azerbaijan and Tajikistan – suggests that land registration can be detrimental to vulnerable groups.¹⁵ The Bulgaria RCP itself illustrates both an apparent need,¹⁶ and proactive measures that RCP employed to help

14. As examples, the following might be amongst the options to consider: establishing/keeping an office in a low income area but on a part-time basis using visiting staff from regional centers; mobile offices; absorption of a county court office into the operations of a larger office, etc.

15. As reported in the Project Performance Assessment Report of the Azerbaijan Farm Privatization Project and the Agricultural Development Project (IEG, July 2008); and the Tajikistan Survey (World Bank, USAID and Government of Tajikistan, 2008).

16. The susceptibility for social exclusion appears present from a recent study which found that “the risk of poverty in Bulgaria is twice as large in female-headed households as in male-headed households.” Some 10 to

clients with difficulties. Thus, CA offices provide free legal services to clients with difficulties, and both the RA and CA consider their widespread networks of field offices to be particularly helpful to poorer households and women. The CA considers its legal assistance program successful enough to continue legal services after project completion.

SUMMARY ASSESSMENT - HOW SUCCESSFUL WAS RCP AT IMPROVING COVERAGE?

3.17 Achievements for cadastre and registration – the core of the project and representing over 80 percent of project costs – significantly exceeded the project targets established at appraisal. The CA reached 565,000 services per annum, nearly double the target of 300,000 annual services. The RA reached over 1 million services per annum in 2007 - 43 percent more volume than the targeted 700,000 services. A national network of offices was established and equipped, and staff trained to operational effectiveness throughout both agencies and their field offices. These were outstanding achievements. But there were limited actions and inconclusive achievements for social inclusion. This reduces the overall efficacy for improving coverage from an otherwise high efficacy to a *substantial* rating overall.

Improving Accuracy and Completeness of Land Administration

GENERAL IMPROVEMENTS IN THE ACCURACY AND COMPLETENESS OF DATA

3.18 Before the CA's and RA's establishment, cadastre and administrative records were limited in extent and, where existing, were under a number of different agencies, none of which were specialized in modern land administration. This made for highly inaccurate maps, confused boundaries, fragmented records and even cases of multiple claims of ownership of the same property. The RCP brought in a new land administration system, with all activities and records consolidated under two agencies (the CA and RA) and with technologies and processes able to accurately measure land boundaries and maintain and update land records to a level consistent with EU standards.¹⁷ All new land cadastre and tenure records are now digitized, and a program to progressively digitize previous records is ongoing. Quality control standards for cadastral data were promulgated in the first year of the project,¹⁸ and appear to have contributed to a generally considered view that mapping and records are of good standard. This is consistent with the low incidence of client complaints - as of November 2006, 3 million properties had new approved cadastre maps, while only 400 complaints had been received; about one complaint per 7,500 cases.

UNIFIED INFORMATION TECHNOLOGY

3.19 A unified information technology system (the "Integrated Information System for Cadastre and Property Registration") was developed and then, in the last two years of the

15 percent of male-headed households in the survey were in the poor/very poor category; whereas 20 to 25 percent of female-headed households are poor/very poor. (From Bulgaria, Living Conditions before and after EU Accession. World Bank, March 2009.)

17. As indicated in the introduction to the efficacy section, there is minimal indication in the PAD as to what is meant by completeness. An indirect inference from page 3 of the PAD is that it refers to the need to consolidate data, which is already covered under accuracy.

18. Regulation No. 19 of December 2001 – "For Control and Approval of the Cadastral Map and the Cadastral Register."

project, rolled out nationally. This is fully functional and has become the central feature of the new land administration system, improving both the accuracy and efficiency of the land administration system. The system connects all of CA's and RA's field offices and headquarters to a common web-based computer system updated daily. All cadastral and land tenure records and changes are recorded in the system, and data is available to all users including the general public. The digitized system eliminates errors or losses in manual records. Possibly the greatest benefit is that the integrated and unified IT system brings the activities of the CA and RA closer together, significantly improving coordination between the two agencies and improving efficiency.

TRANSPARENCY

3.20 The RCP introduced a number of procedures to increase the transparency of its operations and reduce potential for corruption. Some of the measures noted by the IEG mission were: public notice-boards displaying tariffs; separation of tellers from administration and data entry officials; uniform procedures; use of service standards to minimize transaction times and, hence, opportunities for fraud; and, in larger offices, the use of a ticket system for waiting, so that the window available for a customer is determined randomly rather than selected by the customer or official. The unified information system, once established, also played a role in enabling transparency of data and transactions. Details of properties and transactions are now viewable, with a subscription fee, to notaries, lawyers, government departments, and any other interested person.

SUMMARY ASSESSMENT - HOW SUCCESSFULLY DID THE PROJECT IMPROVE ACCURACY?

3.21 Cadastral mapping is progressively replacing the former inadequate system, providing a sufficiently accurate cadastre to meet EU requirements. Digitized records are replacing paper records, reducing the risk of lost data. The information technology system is making data transparently available, and measures to enhance transparency of transactions are being promoted for all offices. These measures provide for safer, more accurate ownership records, increasing security of tenure as well as the ease of making property transactions. RCP's efficacy improving the accuracy of land administration was *High* in all respects.

Responsiveness of Land Administration

3.22 While "responsiveness" is not defined in the PAD, the PAD's monitorable indicators and discussion refer to reducing the time required for registering a transaction, keeping registration costs low, and services that are simple and easy for the client. Such client-responsive factors can in large part be represented by a standard measure of efficiency commonly used internationally. This comprises three yardsticks. For the purchase of a property: (i) the number of procedures involved in the transaction; (ii) the time typically needed for the transaction, and (iii) the associated costs for the purchaser. Appendix A, Table 1, based on IEG mission interviews with a broad set of stakeholders, represents the case of a property purchase by a medium sized business. A similar exercise has been done for the land administration systems in Kyrgyz, Slovenia and other countries reviewed by IEG, and with

data from the “Doing Business” series of annual reports.¹⁹ For Bulgaria, while there is much in common between IEG mission findings and the Doing Business data (averages are very similar), there are differences in detail. Where the stakeholder interviews consistently indicate such differences,²⁰ the mission findings have been used.

3.23 Number of procedures to register a property purchase. There are seven procedures for a property purchase in Bulgaria – four that are sequential actions and three that can be done in parallel to the sequential actions (as noted in Appendix A, Table 1). With seven procedures involved, Bulgaria’s pathway for registering a property transaction is slightly more complicated than the average for the Eastern Europe and Central Asia (ECA) group of countries (6 procedures) and for the Organization for Economic Cooperation and Development (OECD) with 5 procedures (Table 3).

3.24 Time taken to register a property. In the time taken for registering a property transaction through all procedures, Bulgaria performs relatively well. The assessed fastest time in Bulgaria is 7 days, although business persons and real estate professionals met felt that 14 days or somewhat more would be a more realistic assessment. Nevertheless, even taking 14 days as a more achievable process, this is better than the ECA average (60 days) and OECD (25 days). Data over time for Bulgaria is not available, although from remarks by the RA and Bank staff, there has been a substantial reduction in total time for all procedures from the situation in the 1990s and early 2000s when several months were not unusual.

3.25 For the time taken by the RA alone, (i.e. excluding the time taken by other institutions) there are also no time-series data. The PAD refers as a monitorable indicator to a reduction in RA’s registration time to an intermediate target of five days (and an eventual goal of one day). From discussions with RA staff, the pre-project situation was well over five days. The RA also advised that its service standard had now reached a one-day norm, with three days an outer limit. Interviews during the mission field visits were consistent with these assessments.

3.26 Costs of registering a property. The total costs (public and private sector fees and taxes) of registering a transaction expressed as a percentage of the property’s value are 2.5 percent (Appendix A, Table 2).²¹ Most of this (2.0 percent) is due to the municipal tax. With the municipal tax excluded, the combined service fees of the RA, CA, notary, lawyer and municipality are 0.5 percent of property value. The combined fees charged by the CA and

19. Doing Business, annual reports for 2005 to 2010. International Finance Corporation, World Bank Group.

20. From IEG mission interviews with the RA, CA, clients at RA and CA offices, the Confederation of Bulgarian Industrialists, businessmen, lawyers, a notary, court judge, land purchasing consultant and land-lease contractor in December 2010 (The Doing Business 2010 report uses earlier data (estimation year not specified). However, notwithstanding such differences in detail, overall average estimates for time and costs of registration, work out to be substantially similar between the IEG and the “Doing Business” assessments.

21. An issue raised by an industrialist is that the overall costs of obtaining cadastral maps to investigate business potential can be high. Maps for a typical rural village comprising 10,000 land parcels could cost over 8,000 leva, “hampering entrepreneurship with land;” (iii) the short validity period of property sketches was also cited as a problem – sketches have to be verified again every six months, at significant cumulative costs and effort. Such experiences indicate the potential gains from resolving land administration physical or incentive bottlenecks, both within the purview of the two agencies and by actors other than the RA and CA.

RA are a yet smaller part of property value – only 0.1 percent. Bulgaria’s total transaction registration costs of under 2.5 percent are slightly more than the ECA average (2.2 percent), but about half of the average (4.6 percent) for OECD countries. There is no equivalent comparator data for the RA’s and CA’s costs alone.

3.27 Overall achievements improving transaction processes. The number of procedures involved has not changed much, but reductions in time have been considerable. The RA has met the RCP’s ambitious target of one day for its part of the processing of a property registration (the rest of the 7 to 14 days is for actions taken by other agencies). Costs of registration are low compared with ECA and OECD averages (Appendix A, Table 4). While outside the scope of the project, a further opportunity remains – to also improve efficiency of the other agencies involved with land registration (para. 3.40).

Table 3: Efficiency of land administration in Bulgaria and internationally

Country	EFFICIENCY INDICATOR		
	Number of Procedures	Time	Costs (as percent of property value)
Bulgaria	7	7-14 days	2.5 %
Regional Comparisons:			
OECD countries	5	25 days	4.6 %
Eastern Europe and Central Asia countries	6	60 days	2.2 %

Source: Sources: IEG mission 2009 for Bulgaria, and Doing Business, 2010 (using pre-2010 data) for regional comparisons.

SUMMARY ASSESSMENT - TO WHAT DEGREE DID THE PROJECT IMPROVE THE RESPONSIVENESS OF LAND ADMINISTRATION SERVICES?

3.28 RCP was responsive to consumer needs in the measures used internationally for assessing the efficiency of a land administration service: the number of registration procedures was not reduced, but RA’s time for registration was radically cut, to only one day, and costs of registration are lower than in most countries. Responsiveness was *Substantial*.

DEVELOPMENT OF THE LAND MARKET

3.29 Estimation of RCP’s contribution to development of the land market can only be indicative given several analytical impediments. First is the difficulty of attribution – there are other factors influencing the market which can be expected to have more impact than land administration. Second, time series data encompasses only four years. And third is the influence of the global financial downturn.

3.30 As indicated in Table 4, there has been strong growth in the real estate sales and mortgages markets. The number of new sales and mortgages increased by 10 and 8 percent per annum respectively, and the total value of new sales and mortgages increased by about 45 percent each. These increases were in spite of the beginning of the global financial downturn

in 2008. Foreign direct investment in real estate also increased to the extent that real estate became Bulgaria's largest recipient of foreign direct investment.

3.31 Clearly, the real estate market has grown rapidly. The more difficult consideration is the degree to which the RCP has influenced this growth. One businessman encountered by the IEG mission felt that other influences have as great or even more impact on market growth as RCP's development of land administration services – for instance, the general economic boom in Bulgaria, and the impact from accession to the European Union. But it would be hard to argue that the RCP has not also had impact. Global experience indicates that secure land tenure and the means to formally record changes in ownership are key foundations for a dynamic land market.²² For Bulgaria, the land cadastre and transaction system introduced under the RCP, despite the high probability that major economic forces have had greater impact on the property market, has been an important facilitator. The project has resulted in property boundaries being unequivocally established, ownership clear, tenure fully secured, land information available to all, and land transactions more expeditious and legally recognized; thereby providing a base for trading and investing in property with greater confidence. Based on the above information, it is reasonable to expect that RCP's impact on the property market has been substantial.

Table 4: Bulgaria – Development of the land market

INDICATORS	2005	2006	2007	2008	PERCENTAGE GROWTH PER ANNUM 2005 TO 2008
Number of registered sales of land/property (in thousands)	234	312	325	310	10%
Total value of registered sales (in BGN million)	3,920	10,440	16,330	12,050	45%
Total new mortgages (in thousands)	63	81	96	79	8%
Total value of new mortgages (in millions)	7,700	12,200	65,000	23,000	44%

Data source: ICR

RCP'S OVERALL EFFICACY

3.32 The RCP achieved or surpassed all the implementation targets set at appraisal. Coverage had *Substantial* achievement. The network of offices was established nation-wide, in rural and urban areas, and accessible to all but the most remotely situated villages.²³ Cadastre and registration significantly exceeded targets, and provided the tenure security and the ease and legitimacy of transactions necessary for stable welfare and investment. Improvements in Accuracy were *High*. Cadastral measurement and records are much more accurate and now at EU standards. All new data is digitized and entered in a transparent information technology system, and can be shared in near real-time between the RA and CA

22. As discussed, for instance, in "Land Policies for Growth and Poverty Reduction", K. Deininger (World Bank, 2003).

23. The complete network, corresponding to the Government local administration's court towns, provided excellent accessibility, although, to assess benefits against costs, a prioritization exercise on the number of offices to establish would have been desirable.

and with clients. Responsiveness had *High* efficacy given the reduction in registration time and a service increasingly geared to customer needs. Registration takes only one day for the RA (although other involved institutions take further time resulting in a 7 to 14 day period), and costs are relatively low when compared internationally. This is likely to have contributed to the boom in the land market since the mid-2000s. Although the overall contribution that the project has had on land market development cannot be determined with currently existing data, proxy indicators suggest *Substantial* impact. Taking the project as a whole, the RCP's achievements have been considerable. RCP's overall efficacy was *Substantial*.

EFFICACY WITH THE DUAL AGENCY APPROACH

3.33 From the above, Bulgaria can be considered a country where the dual agency model has been made to function reasonably well. The project's quite ambitious physical objectives were achieved; the CA and RA have evolved into capable institutions; and the new information technology system has made data freely available between the two agencies, thus achieving part of the advantages of a single agency. The RCP therefore demonstrates that the single agency approach is not categorically the only institutional structure that can make land administration work. Nevertheless, from the IEG mission's observations and as concurred with by both CA and RA, there would be advantages if the two agencies were merged into one institution: (i) achieving financial self-sufficiency would be easier; (ii) coordination of registration and cadastre would be facilitated; (iii) efficiency gains are probable (for instance in registering property, which currently requires separate inputs from both the CA and RA); and (iv) dealing with only one agency would be more convenient for customers.

Efficiency

COST EFFECTIVENESS

3.34 Project costs in dollars were estimated at 36.8 million at appraisal. The actual project costs at completion were \$49.6 million compared with the \$36.8 million project cost estimated at appraisal – a 34 percent increase. The increase in costs was almost entirely due to an appreciation of the Bulgarian leva. Between 2000-2002 and 2006-2008 (three year averages) the leva appreciated against the dollar by about 45 percent, implying cost savings in local currency terms. The project components with the largest savings were cadastre and registration, RCP's primary activities. Cost-efficiency can also be gauged from the perspective of the costs of registering a transaction compared with other countries. As reviewed in the Efficacy Section, the cost of registering a transaction in Bulgaria at 2.5 percent of the value of a property, is within the range of most ECA countries.

ECONOMIC VIABILITY

3.35 An economic rate of return for the RCP was not estimated at appraisal or project completion on the grounds that the macro-variables that might be influenced by the project were so large compared with the project's costs, that, as typically found for land administration programs, even slight changes assumed for the macro-variable, would result

in large changes in the ERR.²⁴ Nevertheless, it is reasonable to assume that the RCP's improved land administration services had at least a facilitating role in the boom of the real estate market from the mid 1990s to 2007.²⁵ The project's influence on the market could be quite small for the RCP to have been economically viable (for instance, using financial costs and benefits as a proxy for economic values, if only one percent of the growth in the value of property sales between 2005 and 2007 was due to the project, the RCP's entire investment costs would be covered by this increase). Consumer views also indicate economic viability. CA/RA service fees cover operational costs, yet services are in demand, even when municipal taxes are added. In RCP's 2008 beneficiary survey,²⁶ the main need expressed by clients was for improved facilities in the registration offices, and the fees for services received relatively minor complaints. This suggests significant consumer surplus. Taking account of RCP's good cost-effectiveness and indications of good economic viability, RCP's efficiency is assessed *Substantial*.

Risk to Development Outcome

3.36 The Bulgaria RCP has a *Moderate* risk to development outcome. The CA and RA are now established agencies with five or more years of experience, and the potential for financial independence is there. Clients and the business community appreciate the services provided (or at least enough to be willing to pay for them), and, based on government's support to the RCP in the last several years, a functioning land market is recognized as important for economic development. These factors provide a strong base of demand-led drivers for a continued good land administration service.

3.37 There are several risk areas (and potential actions to avert them): (i) the current lack of financial self-sufficiency is one uncertainty. An agreed part of the revenues from fees could be retained by each agency, eliminating dependence on government budgets; (ii) Also, there is the risk of untoward political involvement. Government would need to avoid deleterious actions such as frequent management changes for the implementing agencies; and (iii) while the double agency institutional model has been made operational, albeit with some difficulties, merging the CA and RA into a single agency would provide a better coordinated and more autonomous institution with greater facility to become financially and managerially independent. Nevertheless, the growing strength of CA's and RA's management, and of stakeholder interest, provide a buffer against such risks, although risk to development outcome would be reduced yet further with the stronger institutional structure provided by a single agency.

24. A question can also be posed regarding the limits of RCP's objective. Development of the property market is not the only economic impact to be expected from improved land administration services. Security of tenure would, in principle, provide incentives for investment on the property (new or additional machinery for an urban enterprise, equipment, etc.) with a view to increase productivity.

25. Moreover, international experience is that real estate values and access to mortgages based on land collateral, are significantly enhanced when land boundaries are clear and ownership legally established.

26. The "Land and real estate market; customer satisfaction and problems related to the activity of the Cadastre Agency and the Registration Agency" Research Agency Scala, Sofia, 2008.

The Larger Context for Further Impact

3.38 As indicated in the evaluation above, RCP has successfully raised the standard of land administration from a rudimentary base to an increasingly effective service. One of the factors instrumental to this success has been the sharp focus of the project, exclusively to the land administration activities of the two specialized land agencies. As Bulgaria's land administration program goes forward, continued close attention of the CA and RA to their core functions remains essential. Two operational areas that should receive further attention are achieving financial independence, and examining the possibility of migrating to a single-agency institutional structure. Two further perspectives could also be considered: the efficiency of other institutions involved with land administration, and the broader business environment associated with the land market. These opportunities are discussed below (advantages of the single-agency approach are reviewed under Efficacy).

ACHIEVING FINANCIAL SELF-SUFFICIENCY

3.39 Both the cadastre and registration agencies are able to cover their operating costs through their fees; by a narrow margin for the CA, and with substantial surpluses for the RA (Table 5). Together, they had a net surplus in 2008 of BGN 46 million (\$34 Million). The surplus is about 69 percent of the total RCP costs at completion.

Table 5: Revenues and costs of the Cadastre and Registration agencies (2008 in million BGN)

	CADASTRAL AGENCY	REGISTRATION AGENCY	TOTAL
O&M costs	9.2	15.7	24.9
Revenues from fees	12.6	58.7	71.3
Gross margin	3.4	43.0	46.4

Source: ICR based on data provided by the RA and CA

3.40 However, cost coverage is not enough; financial independence is the key need. Without this, the sustainability of the RA's and CA's operations could not be assured over time.²⁷ In IEG mission discussions with the CA and RA, several steps were identified to help achieve such financial independence:

- Each agency to keep (or retain an agreed percentage), the fees it collects to cover staff, operating costs and renewals (of equipment, software and infrastructure) for an agreed development program. (Currently, all fees go to Government, and the CA and RA are then financed from the general budget. By law, the RA is entitled to keep 25 percent of the fees it collects, but this has never been practiced.)

27. At appraisal, intentions to achieve financial self-sufficiency were expressed although an action path to achieve this was not elaborated: "The project will focus on the development of the Cadastre Agency to run along business lines including cost recovery to ensure that the system is sustainable." (PAD, section B.3).

- Fees to be determined by the agency to cover the above costs (with oversight by a regulator, as typical for a utility). The present practice is for fees to be set nationally with limited reference to CA/RA needs.
- Special consideration for the CA. The CA's fees only just covered its operating costs in 2008. By their nature cadastral activities have a public good element (e.g. systematic mapping, geodetic control, digitization of former paper records), while fees can only charge for private services such as preparation of sketches, etc. There is the option of raising fees for these private services to also cover such general services, but there may be practical limits to this.
- Merging of CA and RA. A single agency would resolve the financing issue for the CA. As typically found internationally, RA's registration fees amply cover its service provision costs, and leave a substantial surplus that could be used to cross-subsidize part of cadastral costs.

ENHANCING THE IMPACTS OF LAND ADMINISTRATION – GOING BEYOND THE CA AND RA

3.41 Tackling bottlenecks in registration processes outside the purview of the RA and CA has considerable and largely untapped potential to improve the efficiency of land administration. For the customer, the end result is what counts – the time and cost of the entire registration process, from (in the case of a purchase) decision to buy to when the title deed is received. The RA has now reduced its registration service standard to one day (three days in peak periods). But other agencies are involved, and significant further improvements in efficiency would need to involve improving their processes as well. As example, the municipality and tax department take respectively 2-3 and 3-7 days each. These and other procedures (Appendix A, Table 1) are now the primary bottleneck to improve the efficiency of land registration.

3.42 It was a sensible strategy for RCP to focus uniquely on getting the dysfunctional/non-existent land and registration services going. This was already a tough challenge and was a good first step. But now, in parallel with continuing the improvement of the RA and CA, attention to the other agencies and processes will yield the largest gains in the efficiency of registration. The current efforts by RA/CA to establish “one-stop-shops” combining processes is a potentially promising avenue in this direction.

THE BROADER BUSINESS ENVIRONMENT

3.43 Bulgaria's goal to develop the land and real property market and to enhance investments across all main sectors (housing, industry, agriculture and services) is also stimulated by other aspects of the business environment. The ease of getting permits for construction, which is often associated with purchase of land, is one such factor. Thus, in the case of a real estate buyer who plans to install or expand a building on the land to be purchased, if construction permits are particularly difficult to obtain, this in effect adds to the cost of registering the property. Here, according to Doing Business 2010, there are major inefficiencies. Getting a construction permit involves 24 procedures and 139 days, putting Bulgaria in the 119th place out of 193 countries in the global ranking for obtaining a construction permit. Bulgaria's RCP is limited to land administration – an already difficult task. But, the project's objectives to develop the land administration service are placed in a

broader perspective if government considers the business environment as a whole. Land administration may be improved, but high costs and delays in starting construction can be expected to constrain the attractiveness of investing in real estate, and in turn reduce fluidity in the land market. A consideration for Government would be to identify and tackle the most significant constraints in the broader business environment that also impinge on the land market.

Bank Performance

QUALITY AT ENTRY

3.44 Technically, the project was well prepared. Clear guidance was provided in the PAD and the project design remained mostly valid throughout project implementation. The Bank team provided extensive technical guidance as most project activities were new to Bulgaria. This included hands-on guidance as Government created the CA and prepared the project's underpinning legislation. On the cadastral side the project had the basic requirements for implementation – the CA was already established with supporting legislation before Board approval. But land registration services did not even have an institution to undertake the work. At its face value, delaying Board presentation until the RA had been established would have been a more prudent course of action.

3.45 On the other hand, initiating the RCP before it was ready may represent one of those situations where strategic considerations outweigh “good practice.” For Bulgaria, with accession to the EU imminent and with a pressing need to stimulate economic growth to a higher path, there was a particular need to free up basic factor markets – not least, the land market. Tenure security could be substantially improved with cadastral work alone, which is already a significant benefit. Further, if there are no legal, credit market or other constraints, secure tender would provide better conditions for investing to make the property more productive. But market development would have increasing constraints over time as registering transactions would need to use the cumbersome procedures that then existed. Thus, there is a case for considering that the further benefits from registration services, while evidently needed, could as a second best come later. Going ahead while recognizing that development would be uneven between cadastre and registration activities could make sense, despite the more prudent course of action referred above. Nevertheless, if this was the implicit thinking, project design would best have been tailored to a more graduated and smaller land registration component.

3.46 The intended institutional structure for land registration also raises questions. The PAD envisaged establishing a small coordination unit within the Ministry of Justice.²⁸ Hands-on implementation was assumed to be handled by staff in the district courts. Specialist land administration staff would be lacking and court staff would have other judicial duties to handle. Yet the coordination unit and district courts were presumed to take land administration from the barely functional to a modern and effective service. Based on global experience, a structured cadre of full-time land professionals at headquarters and in the field

28. This unit was to be called the Property Registration Control and Management Unit and was to be established within the Ministry of Justice (PAD, page 11).

would have been better. The weak initial institutional arrangements for registration (which were later corrected during project implementation) are nevertheless countered by the strong quality at entry of the technical aspects of the project and of the institutional arrangements on the cadastral side. Overall, quality at entry was *Satisfactory*.

QUALITY OF SUPERVISION

3.47 The Quality of Supervision was *Highly Satisfactory*. The supervision team included the technical specialists needed and responded at critical junctures with more intense and frequent missions (there were five missions in FY06 during project restructuring). The team was effective in helping resolve bottlenecks and providing guidance to Bulgaria as it took on land administration activities which were mostly unfamiliar. This enabled a major improvement in project performance, and the substantial achievement (with two additional years) of the project's objectives. The only significant question is whether the project should have been declared unsatisfactory earlier than 2004 – at that time the land registration program had hardly begun. Nevertheless, Bank attention to the issues was considerable - supervision intensity was high during the critical 2001-2003 period (intervals between missions averaged four months), and dialogue with Government was at senior level - broadly what one would expect had the project been rated unsatisfactory earlier. Supervision further intensified in the second part of the project period, under task management from Sofia. This enabled hands on work with the agencies and contributed to the spurt in project activities.

3.48 Remarks by the CA and RA to the IEG mission about the Bank's performance, during both preparation and implementation of the project, were consistently favorable; in particular as regards the Bank's technical expertise, its hands-on guidance, and its greater access to government for promoting reforms. Ultimately, a strong supervision performance and detailed technical assistance to Government during project preparation, including for the institutional structure of the CA and legal aspects, outweighed the initial institutional shortfalls for registration at project start-up, and led to a successful project outcome. The Bank's overall performance is rated *Satisfactory*.

Borrower Performance

GOVERNMENT PERFORMANCE

3.49 As up-front actions, the Government took two significant actions that formed a base for the RCP: the passing of the law on Cadastre and the Property Register; and the creation of the CA. The main issue was the Ministry of Justice's reservations about forming a registration institution. Nevertheless, the RA, while established late, became much more than the implementation cell planned at appraisal²⁹ – it became, with government support, a “real” agency, with its own specialist staff, facilities, budget, mandate and management. This was a leap beyond the idea at appraisal to just have a small coordinating cell, the more so given that creation of an independent agency was politically difficult as it impinged on the powers and long-term vested interests of the Ministry of Justice, the district courts and other parties. Once the RA had been established, proactive engagement by Government supported a

29. The cell was termed the “Property Registration Control and Management Unit.” (PAD page 18)

turnaround in RCP's performance. Taking Government performance as a whole, while the institutional arrangements for registration could have been resolved earlier, Government's strong and ultimately successful performance in later years, warrants a *Satisfactory* assessment overall.

IMPLEMENTING AGENCIES

3.50 Once created (the CA in 2001 and the RA in 2004), both agencies progressively built themselves up and have become effective institutions.³⁰ They have established a nationwide land administration program, with facilities, trained staff and modern information technology. Based on beneficiary surveys and confirmed from IEG mission field interviews, clients appreciate their services. Both agencies have exceeded project targets, and have successfully continued the land administration program after the project period. The implementation capacity of the two agencies provides a good base for further development. Another consideration that reflects well on Bulgaria – both government and the RA/CA – and on the Bank, is the relatively short time it has taken to establish the institutional capability and experience to enable the country to continue without further Bank support. At appraisal, RCP was considered as a first tranche of a 15 year program.³¹ Yet the implementing agencies, while appreciative of Bank expertise and support, do not consider further Bank assistance a critical need. It is not uncommon for the Bank to be involved developing a land administration program over a 12 to 15 year period, involving two or more consecutive projects.³² Performance of the implementing agencies was *Highly Satisfactory*.

3.51 The performance of Government and the implementing agencies were strong in most respects. Borrower Performance is rated as *Satisfactory* overall.

4. Lessons

4.1 The experience gained under the Bulgaria RCP yields the following Main lessons:

- (i) *While land administration through a “dual-agency” approach (separate institutions for cadastral and registration) can work, a unified agency is preferable as program implementation is easier and efficiency gains more attainable than with a single agency.*

30. The degree to which institutional arrangements for registration have gone is not reflected in the ICR. Also not reflected is the time frame within which the two agencies were established and developed to their current competence. By comparison, recognizing that development of land administration systems is a long-term process, it is not uncommon for the Bank to provide support over more than one project. Bulgaria is proceeding without such further Bank engagement, and, while a second Bank project would probably add value, to date, Bulgaria has managed well without external support.

31. Thus, from the PAD (page 2) “The implementation of an integrated cadastral and registration system to cover the whole country would be phased over a period of 15 years. The proposed project will cover the first five full years of this comprehensive program.”

32. For instance, Thailand had three projects, Kyrgyzstan and Azerbaijan are in their second projects.

Nevertheless, practical steps can be taken to reduce the disadvantages of a dual-agency system. Bulgaria, once both the CA and RA had been established, moved fast, and the RCP's project objectives were achieved. Actions that helped the dual-agency model to work included: establishing a PIU providing a coordination bridge between the CA and RA; and, later, the unified information technology system providing fully shared data. Nevertheless, there would be further benefits with a single agency, amongst these: that coordination between activities would become seamless; financial self-sufficiency would be easier; registration efficiency would be faster; and there would be greater convenience for customers (paras. 3.3 to 3.33).

(ii) *Establish the institutional and legal base for land administration prior to a project.* Government had passed a law establishing the legal basis for land administration more than a year before Board approval, and the CA was established six months before approval. But the registration coordination unit was not established until 16 months after Board approval. Registration activities only got going after the RA had been created. (paras. 3.4 to 3.49).

(iii) *The need for agencies, dedicated only to land administration.* Having only a coordination unit within the Ministry of Justice to oversee land administration activities of the district judiciaries was inadequate. District judiciary staff were not solely answerable to the coordination unit and had many other duties besides land administration. It was not until the RA was formed – a specialized agency with trained, full-time staff and a clear command structure – that land registration got off the ground (para. 3.4).

(iv) *Formal financial autonomy for land-revenue generating administration agencies is preferable as financial self-sufficiency is more easily attained and the financial status assures financial and administrative stability.* RA and CA already have combined inflows from fees that cover operating costs. However, the fees or a portion thereof need to be retained by the agencies, and cadastral activities may need cross-subsidization from the RA to the CA. (This would be simpler if the CA and RA were merged to one institution.) Financial self-reliance would better assure adequacy of funds and provide more administrative autonomy (para. 3.39).

(v) *Significant further improvements in the functioning of land markets can be gained by improving the efficiency of land administration processes outside the purview of the specialist land agencies.* The RA has now reduced the time taken for its part of the registration process to one day. However, another 6 to 13 days are required for other institutions (The Municipality, Tax Department, etc.) to do their work. The opportunities for future improvements in efficiency will come primarily from these institutions (paras. 3.41 and 3.42).

(vi) *Land market constraints in the broader business environment merit consideration.* The RCP, by making land administration processes more efficient, has played a significant facilitating role in liberalizing the land market. But in broader terms this is not the only important influence on the land market. For instance, getting a construction permit, a frequent sequitur when a business buys a property, takes about 140 days and involves 24 procedures (para. 3.43).

(vii) *Possible adverse impacts on weaker social groups (such as the poor, women and illiterate) of land administration projects should be averted by specific project design features. The impact on, and utilization of, services, by such groups should be monitored and analyzed as implementation proceeds.* Minimal information is available in Bulgaria on social influences, the typical view being that the land administration program is “neutral” in its treatment of all persons. However, in a number of countries, also with no difference in approach between social groups, inequalities have been found, as well as practical solutions (paras. 3.15 and 3.16).

(viii) *When deciding on the number and distribution of land administration offices, the trade-off between uniform coverage and accessibility on the one hand and cost-effectiveness on the other should be considered.* In the case of Bulgaria there is a logic in following the Government administrative system, with one land administration office for each of the country’s court towns. This provides the same density of coverage as for other Government services. For smaller offices, however, less costly alternatives to permanent offices, such as part-time or mobile offices, could be considered (para. 3.14).

Appendix A. TABLES

Appendix A - Table 1 - Efficiency of Land Registration ^{a/}			
Procedure	Time (days)	Costs (in BGN)	Notes
Procedure 1 Cadastral agency prepares sketch	3 – 7 days	10 BGN (to CA)	Done by CA
Procedure 2 Tax valuation by municipality (as base for property tax)	2-3 days	5 BGN	Done by Municipality
Procedure 3 Get certificate of good standing	3 – 4 days (in parallel with other procedures)	5 BGN	From registration court (the company may already have this) (done in parallel with Procedures 2, 3 and 6)
Procedure 4 Get non encumbrance certificate from real estate register	1 day (in parallel with other procedures)	6 BGN	From RA
Procedure 5 Obtain tax clearance certificate. ^{b/}	3 to 7 days (in parallel with other procedures)	No charge	From tax department (to indicate that no tax is owed)
Procedure 6 <u>Notary executes transfer deed</u> (sale contract signed in presence of both buyer and seller and notarized)	1 day	Notary fee = 1,500 BGN Municipal tax = 10,000 BGN Lawyer fee = BGN 400 and up	<u>Notary fee</u> is based on authorized scale, starting at 1.5 % of property value. A 500,000 BGN property would have a fee of 1,500 <u>Municipal tax</u> is 2 % of property value; for BGN 500,000 property BGN 10,000 <u>Lawyer fee</u> depends on services provided)
Procedure 7 <u>Registration</u> RA registers notarized deed, enters in land records and provides copy of deed to buyer	1 day (could be up to 3 days in peak periods)	500	0.1 % of property value.
TOTAL 7 procedures	7 to 14 days	12,400 BGN	2.5 % of property value
<p>Source: IEG mission.</p> <p>^{a/} Assumes purchase of a peri-urban property on the outskirts of Sofia of value 500,000 BGN (\$375,000), and using “normal” service (the fee is larger for express service).</p> <p>^{b/} Other certificates are also needed and can be obtained in parallel with procedures 1 to 3 above: (i) certificate of good standing (issued by registration court; the company may already have this; BGN 5); (ii) non-encumbrance certificate (no mortgages etc.) from real estate register (BGN 6); and (iii) tax clearance certificate from tax department indicating no taxes are owed; no charge). (iv) For convenience of the customer, notary may collect and pay municipal tax and other fees.</p> <p>^{c/} The time schedules in the table assume no undue delays by the other agencies involved.6/1/1549</p>			

Procedure	Number of Procedures	Time (days)	Costs as percent of property value
Bulgaria All procedures and costs (from PPAR)	7	7-14	2.5
Bulgaria: All procedures and costs except taxes (from PPAR)	as above	as above	0.5 (without tax)
Bulgaria: RA and CA fees only (from PPAR)	as above	as above	0.1
Regional Comparisons (all procedures and costs)			
OECD countries (from Doing Business, 2010)	5	25	4.6
Eastern Europe and Central Asia (from Doing Business, 2010)	6	60	2.2

Source: Sources: IEG mission 2009 and Doing Business, 2010 issue

Indicator	2005	2006	2007	% annual growth 2005 -07	2008
Property sales					
Number of registered sales of land/property (in thousands)	234	312	325	17	310
Total value of registered sales (in BGN million)	3,920	10,440	16,330	83	12,050
Average value of a land/property sale (in BGN thousands)	17	33	50		39
Property mortgages					
Total new mortgages (in thousands)	63	81	96	15%	79
Total value of new mortgages (in millions)	7,700	12,200	65,000	n.a.	23,000
Average value of a mortgage loan (in BGN thousands))	123	150	679		291
Foreign direct investment					
FDI inflows (in EURO billions)	3.2	6.2	8.5	n.a.	n.a.
<u>Rank of real estate in FDI stock</u>	5 th	2 nd	1 st	n.a.	n.a.

Data source: Bulgarian National Bank and ICR

Appendix A - Table 4. Efficiency of land registration in comparator countries				
Procedure	Procedures	Time	Costs as percent of property value	Global ranking
Bulgaria Bulgaria (PPAR) All costs	7	7-14	2.5	56
Bulgaria: excluding taxes	as above	as above	0.5 (without tax)	n.a.
Bulgaria PPAR (RA and CA costs only)	as above	as above	0.1	n.a
Regional Comparators				
OECD countries	5	25	4.6	n.a.
Eastern Europe and Central Asia average	6	60	2.2	n.a.
Country Comparators				
Slovenia	6	391	2.0	108
Kyrgyz – Pre-May 2009	7	22	2.9	52
Kyrgyz – Post May 2009	3	5	0.2	19
Czech Republic	4	78	3.0	62
Hungary	4	17	11.0	61
Moldova	5	5	0.9	17
Poland	6		0.5	88
Slovakia	3	17	0.1	11

Sources: IEG Mission for Bulgaria, Kyrgyzstan and Slovenia., Doing Business for other countries

Appendix B. Basic Data Sheet

BULGARIA REGISTRATION AND CADASTRE PROJECT - (Loan 46190)

Key Project Data (amounts in US\$ million)

	<i>Appraisal estimate</i>	<i>Actual or current estimate</i> 1/	<i>Actual as % of appraisal estimate</i>
Total project costs	37.8	49.6	131
IBRD Loan	30.0	37.1	124
Cofinancing 2/	-	2.0	n.a.
Borrower	7.1	10.4	146
Cancellation		4.8	n.a.

1/ Increased expenditure primarily due to devaluation of local currency

2/ A grant from Netherlands

Project Dates

	<i>Original</i>	<i>Actual</i>
Board approval		06/21/2001
Effectiveness		10/03/2001
Closing date	03/01/2007	03/01/2009

Staff Inputs

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

Ratings of Project Performance in ISRs

(In implementation supervision reports)

(staff specializations not available)

Date ISR Archived	Development Objective	Implementation Progress
06/28/2001	S	S
11/02/2001	S	S
11/27/2001	S	S
06/27/2002	S	S
12/27/2002	S	S
01/16/2003	S	S
05/27/2003	S	S
12/01/2003	S	S
06/23/2004	U	U
11/24/2004	U	U
06/17/2005	U	U
09/24/2005	U	U
01/21/2006	U	U
03/24/2006	U	U
06/13/2006	S	S
12/20/2006	S	S
07/17/2007	S	S
01/28/2008	S	S
06/27/2008	S	S
10/22/2008	S	S
01/22/2009	S	S
03/14/2009	S	S

Appendix C. Principal Persons Met

Bulgaria

(In alphabetical order)

Anadoliev, Kamen. Kamen Notary
 Chaleva, Mima. Chief Secretary, Geodest, Cartography and Cadastre Agency, CA
 Dhzoaeva, Tsevetalina. Attorney
 Draganov, Samuil. Financial Expert, Implementation of Projects and International Cooperation, CA
 Elgersma, Martijn. Deputy Head of Mission, Netherlands
 Filipov, Ivaylo. Consultant Project Manager, PIU, RA
 Georgiev, Anastas. Deputy Executive Director, Registration Agency (RA)
 Georgiev, Georgi. Chairman, Auto3P, Inc.
 Georgiev, Nastias. Deputy Executive Director, RA
 Harmandjiev, Philip. Industrialist
 Hristova, Irena. RA
 Kamenov, Kamen. Notary and member Notary Council
 Kirov, Mihail. Head, CA Office, Lovech
 Marinov, M. Executive Director, NAAS
 Maysok, M. IT Director, CA
 Milenkova, Doriana. Agricultural Officer, Netherlands Embassy
 Mravova, Yondaura. Consultant, RA
 Myashkov, Ivan. IT Director, Cartography and Cadastre Agency (CA)
 Naneff, Kristo. Head, MIS Group, RA
 Petrov, Stephen. IT Consultant, CA
 Stoichkova, Lazarina. PIU Director, CA
 Stoichkova, Pryankova. IT Director, CA
 Stoyanova, Boryana. Head Legal Department, Raiffesen Bank
 Uladeouva, Galina. Consultant, PIU, RA
 Yanakiev, Angel. Head Manager, Geoconsult and Chairman, Chamber of Graduated Surveyors
 Zlatan, Zlatanov. Head, Geocad Surveying and Photogrametry, Inc.

World Bank

Adlington, Gavin. Lead Land Administration Specialist
 Fichtl, Florian. Country Manager, Bulgaria
 Georgieva, Anna. Senior Operations Officer and Task Team Leader, RCP
 Shuker, Iain. Sector Leader
 Stanley, Victoria. Senior Operations Officer