



1. Project Data

Project ID P101214	Project Name REAL ESTATE CADASTRE	
Country Kosovo	Practice Area(Lead) Social, Urban, Rural and Resilience Global Practice	
L/C/TF Number(s) IDA-46910,IDA-H5440	Closing Date (Original) 31-Jul-2015	Total Project Cost (USD) 10,828,168.02
Bank Approval Date 04-Feb-2010	Closing Date (Actual) 30-Jun-2018	
	IBRD/IDA (USD)	Grants (USD)
Original Commitment	12,250,000.00	0.00
Revised Commitment	11,812,517.49	0.00
Actual	10,828,168.02	0.00

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2. Project Objectives and Components

a. Objectives

The project development objective was to help develop Kosovo's land and property markets and to improve tenure security (Financing Agreement, page 5).

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

No



c. Will a split evaluation be undertaken?

No

d. Components

Component A: Municipal Land Administration (Appraisal 7.38 USD million – Actual 7.59 USD million). The objective of this component was to support the improvement of MCO capacity to deliver services through the financing the following sub-component activities: Sub-Component A1: Detailed design and rehabilitation of the MCOs. This sub-component intended to finance the reengineering of up to 20 MCOs by funding building renovations, furniture, equipment and archives. The goal was to improve client services and apply new front/back office layouts and standardized procedures in order to make transactions more systematic, efficient and transparent. Sub-Component A2: Systematic registration. This sub-component supported systematic updating of cadastral information (“cadastral reconstruction” (CR)) in the MCOs by integrating systematic registration data into the Kosovo Cadaster and Land Information system (KCLIS) after the Kosovo Cadaster Agency (KCA) approved the quality of the data.

Component B: KCA Institutional Framework (Appraisal 1.69 USD million -Actual 2.43 USD million). The objective of this component was to support the KCA’s institutional reform and the upgrading of its technical infrastructure. It was rolled out through the following sub-components: Sub-Component B1: Institutional Reform. This sub-component supported the KCA’s overall reform, based on the Kosovo Cadaster Development Strategy (KCDS), Business Plan (BP) and Implementation Plan (IP). The legal and normative framework were upgraded in several aspects: legislation and operational manuals for front/back office operations, Building Cadaster Construction (BCC), Cadastral Reconstruction (CR), Quality Control (QC) and strategies for Information Technology (IT) and National Spatial Data Infrastructure (NSDI). Sub-Component B2: KCA Technical Infrastructure. This sub-component financed the establishment and maintenance of a Continuous Operating Reference Network (CORN) to provide a single source of reference points to surveyors as well as support a KCA Hotline for MCOs and clients for queries and have an authoritative source of information on legal and technical questions.

Component C: Project Management, Training and Public Outreach (Appraisal 2.62 USD million - Actual 1.67 USD million). The objective of this component was to support the KCA in managing the project, monitor and evaluate the project’s effectiveness, and build its management and other skills. The component financed the following activities: Sub-Component C1: Project Management and Donor Coordination. This sub-component financed the strengthening of the KCA’s Project Coordination Office (PCO) to ensure project due diligence in procurement and financial management, monitor and evaluate the project’s progress, coordinate donor inputs, report to the Government and donors and organize events. Additionally, and as part of credit effectiveness, it was ensured that the PCO’s staff included a coordinator, a financial management specialist, a local procurement specialist, a legal specialist and a cadaster specialist. Furthermore, a Financial Management Manual was prepared as part of the Project Operations Manual (POM). Sub-Component C2: Training. This sub-component supported the design and implementation of a comprehensive training program for KCA and MCO managers and staff, the PCO, private surveyors and other key stakeholders in management, planning, legal, technical and administrative subprojects. Sub-Component C3: Public Outreach. Activities under this sub-component included social assessments, customer satisfaction surveys, and public awareness campaigns to improve outcomes of CR and strengthen women’s property rights.



e. Comments on Project Cost, Financing, Borrower Contribution, and Dates

Project cost. The total project cost at closure was US\$10.83 million, slightly lower than the appraisal estimate of US\$13.86 million.

Financing. The project was financed through a combination of IDA credit in the amount of US\$6.74 million and an IDA grant of US\$5.51 million for a total estimate of US\$12.25 million. At closure, it was disbursed at US\$10.83 million, as confirmed by the project team.

Borrower contribution. The Borrower commitment was US\$1.61 million. No actual contribution was made.

Dates. The project closing date was extended by a total of three years from July 31, 2015 to June 30, 2018. There was a total of five 5 level II project restructurings, including three Project extensions for a cumulative period of 22 months (ICR p 10-11). The adjustments included the elevation of two IO indicators to PDO indicators to allow the Results Framework to better capture the PDO's target outcomes considering macroeconomic fluctuations. These changes are described below:

1. In July 2015, the first extension of IDA Grant-H5440 and only extension for IDA Credit-46910 for an 18-month period (from July 31, 2015 to January 31, 2017) to support institutional strengthening and sustainability of the KCA and to complete systematic registration.
2. In December 2015, the creation of disbursement Category 4 (Works and Technical Services for Parts A.1, A.2(a) and A.2(c) of the Project). For IDA-46910, Category 4 (75 percent financed) merged all works and technical services from Categories 1 and 2 (both 75 percent financed); for IDA-H5440, the Restructuring allowed the transfer of €2.05 million of grant proceeds from Category 3 (100 percent financed) to Category 4 (100 percent financed). In addition, Two of the project's Intermediate Outcome (IO) Indicators --"Number of Days to Complete a Transaction" and "Target Population with Use or Ownership Rights Recorded as a Result of the Project - were elevated to PDO Indicators as the sole original PDO Indicator; "Increase in the Number of Transactions," was found to be far too dependent on the overall economic performance of the country and, therefore, did not adequately reflect the project's activities.
3. In October 2016, the creation of a new IDA-46910 expenditure called "IS-Technical Services for Part B," with US\$ 296,000 reallocated from Category 4. During the Level 2 Restructuring of December 2015, the official Government request mistakenly left out technical services for Component B from the new cost category. This Restructuring was required to include technical services in the expenditure category for grant funding by the Bank's finance and disbursement terms. Two other reallocations occurred: (i) the reallocation of just over US\$ 1.0 million from IDA-46910 Category 4 to Category 3; and (ii) the reallocation of just over US\$ 542,000 from IDA-H440 Category 3 to Category.
4. In October 2016, the second extension of IDA-H5440 for a 5-month period (January 31, 2017 to June 30, 2017) to test and ensure system operability and sustainability of key IT systems and geospatial data infrastructure and to have sufficient time to draft the new Integrated Cadastre Law as part of efforts to ensure the institutional sustainability of KCA.
5. In June 2017, the third extension of IDA-H5440 for a 12-month period (June 30, 2017 to June 30, 2018) to: (i) maintain engagement on the drafting of the new Integrated Cadastre Law; and (ii)



implement the then-ongoing IT system upgrade that allowed KCA to improve service delivery to citizens, government agencies and the private sector. While these activities continued, the Bank team also used the time to begin scoping out the activities of a new project that would build upon RECAP's achievements.

3. Relevance of Objectives

Rationale

The development objective of the project was relevant during preparation and implementation. In transition countries like Kosovo, improving land administration through a reliable and efficient registration and cadaster system is important for economic growth. Similarly, streamlining planning and permitting processes is basic for improving the overall investment climate and ultimately attract investors. The development objective was also relevant in terms of meeting the EU's accession standards. At completion, the project objectives were aligned with the Country Partnership Framework (CPF) for FY17 – FY21. The CPF was endorsed by the Board of Directors in April 2017 and aligns with the priorities of the Government's National Development Strategy (NDS) for 2016-2021 and the 2016 Economic Reform Program that most effectively contributed to eradicating extreme poverty and improving shared prosperity. The project significantly contributed to the several Focus Area of the CPF including Focus Area 1 – Enhancing Conditions for Accelerated Private Sector Growth and Employment; Objective 1: Improve the business environment and access to finance and Indicator 5: Number of properties updated and validated in the digital cadaster (Kosovo Cadaster Land Information system).

Rating

High

4. Achievement of Objectives (Efficacy)

OBJECTIVE 1

Objective

To help develop Kosovo's land and property markets.

Rationale

Outputs (extracted and adapted from ICR pages 30-35)

- The number of Municipal Cadastral Offices with improved workflows was 23 against a target of 20 and a baseline of 2.
- Increased percentage coverage to land administration services for all was increased to 77.4% against a target of 80% and a baseline of 30%



- Increased percentage access to land administration services for women to 16.81% against a target of 15% and a baseline of 12%
- The reduction of the average number of days to complete the recording of the purchase or sale of property in Kosovo's land administration system in both urban and rural areas reduced to 9.84 days against a target of 10-days and a baseline of 30 days.
- The process of Cadaster Reconstruction and Building Cadaster Construction recorded 300,000 use or ownership rights exceeding the original PDO indicator end target of 180,000.
- The number of transactions registered by 10% per year 31274 against a target of 48718 and a baseline of 27500.
- Increased access to land administration services for women was 16.81% against a target of 15%. With a baseline of 12%
- Target land area with use or ownership rights recorded as a result of project 84639.0 Ha against a target of 50,000 Ha and a baseline of 0.
- Land parcels with use or ownership rights recorded as a result of the project 178412 against a target of 132,000 and baseline of 0.
- Land parcels with use/ownership rights recorded as result of project – female 29,991 against target of 26400.
- Operations manuals for Municipal Cadaster Offices in use against a target of *in use* and a baseline of *draft*.
- Kosovo Cadaster Agency guidelines approved 4 against a target of 4 and a baseline of 0.

Outcomes

Given the combination of outputs and outcomes, the project helped to develop land and property markets. From a client perspective the project contributed to the recordation of 300,000 use or ownership rights exceeding the PDO target of 180,000. In addition, land parcels with use or ownership rights recorded because of the project was 178,412 against a target of 132,000. On the ground, changes were visible to citizens. The reduction of the average number of days to complete the recording of the purchase or sale of property in Kosovo's land administration system in both urban and rural areas reduced to 9.84. The project contributed to expanding property markets for women as it met target. Land and property transactions throughout project did increase, transactions were linked to macroeconomic factors that affected Kosovo during project implementation. Subsequently, the performance of RECAP's "Number of transactions registered by 10 percent per year" fluctuated over time, with overachievement in some years and underachievement in other years. On a cumulative basis, the project overachieved its original target. For example, the cumulative target of the indicator up to 2017 was 260,897 transactions whereas the project recorded 320,167 transactions, i.e. 23 percent over the cumulative target.

Rating
Substantial

OBJECTIVE 2



Objective

To improve tenure security.

Rationale

Outputs (extracted and adapted from ICR pages 35-36)

- The number of licensed private surveyors using the Kosovo Continuous Operating Resource Network increased to 159 against a target of 30.
- Adoption of the National Spatial Data Infrastructure (NSDI) strategy as planned.
- Creation of Digital archive as planned.
- Customer surveys to assess the satisfaction level achieved was 81 against a target of 53 and a baseline of 43.

Outcomes

Given the combination of outputs and the achievement of outcomes, the project helped to improve tenure security. The adoption of National Spatial Data Infrastructure (NSDI) strategy as well as the creation of digital archive helped create verifiable and public information on an equal access basis to the public. In addition, the adoption of the cadastral manuals would provide assurance of quality control in the system including the recordation of properties. This is reflected in the high level of satisfaction of final users as service satisfaction reached 81% against a target of 53%. There were other outcomes which are not as well documented and lack outcome metrics including the delivery of 46 trainings were organized for the benefit of 810 participants. The ICR reports that the outcome of the trainings was increased technical knowledge in KCA and the MCOs. Improved job training expected to help resolve the lack of human capacity within Kosovo's land administration system and in theory should have contributed to increased level of the competency levels of management and staff who were directly involved in overseeing land and property records, registration and transactions as well as the affiliated policies and procedures. No metrics on competency were presented in the ICR.

Rating

Substantial

Rationale

The overall rating is substantial consistent with the substantial rating for the two objectives: (i) to help develop land and property markets in Kosovo and (ii) improving tenure security.

Overall Efficacy Rating



Substantial

5. Efficiency

Economic Analysis

The economic analysis developed by the PAD had limitations and could not be used to develop an accurate assessment of the efficiency of the project. The flawed economic analysis stems from the approach that had been taken by many World Bank land administration projects linking the efficiency of the project to market based variables rather than more direct benefits generated by land administration projects. The flaws of the PAD economic analysis also included using optimistic assumptions for forecasts and not accounting direct benefits such as cadaster reconstruction and building cadaster construction.

Thus, the ICR did not replicate the analysis and instead, carried out efficiency analysis is based on direct benefits. The ICR efficiency analysis are based on three direct benefits:

(i) immediate costs savings to citizens from cadaster reconstruction. The cost of sporadic registration of one parcel in Kosovo EUR 150—representing 50% of average monthly wage and even a higher percentage of income of the bottom 40%. Therefore, cadastral reconstruction paid for by RECAP was crucial in clarifying the property rights associated with 330,000 parcels. This represents EUR 49.50 million cumulative savings for citizens that did not have to pay sporadic registration costs but would get the benefits of registration.

(ii) immediate cost savings to citizens, businesses and government (local/national) from building cadaster reconstruction. The rights for 3,040 buildings and 41,500 parts of buildings (apartment and business) in 30 cities between 2012 and 2015. The costs of sporadic registration associated with buildings and parts of buildings are EUR 120 and EUR 80 respectively. Therefore, the BCC work financed by the project represents cumulative savings of EUR 3.68 million to citizens, businesses, and government as they did not have to pay BCC costs but would get the benefits from registration.

(iii) productivity gains from the digital archive. Investments in digital archive have led to significant productivity gains for both KCA and MCOs because staff do not have to spend time manually checking paper archives and documents and do not require travel from one office to another. Time savings can range from 1 hour for simple sale extracts, 2-4 hours for historical extracts, and sometimes weeks for more complex cases requiring travel to other parts of Kosovo. A 2-hour time saving per transaction is assumed over transaction requests and requests are capped at 20% of actual registered sales. Based on average wage in Kosovo and estimating that up to 30% of the municipal cadaster office completed scanning for the digital archive, the estimated productivity gains are EUR 0.04 million for the period of 2015 to 2018.



The approach taken by the ICR is methodologically sound and provides an accurate assessment of the major components of the projects. However, there are aspects of the project, including the capacity building – that are not directly included in the assessment.

Based on the three streams of benefits, and using a discount rate of 25 percent and project period of 2011 to 2018, the ICR calculates the project NPV €6.18 million (approximately US\$ 5.15 million) and the IRR is estimated at 40.9 percent. The NPV is greater than zero and the IRR exceeds the discount rate of 25 percent.

Operational/Administrative Issues

The project experienced a delay of 18 months in effectiveness due to delays in the ratification of the project's Financing Agreement by Parliament. To address the issue, the Bank granted three extensions for the effectiveness date and established good communication with the Government. The project team and the CMU engaged key figures of Kosovo's various political parties who were part of parliament to address any concerns regarding IDA financing or project activities. Once the delays were resolved, parliament approved the project and it became officially effective on June 17, 2011.

Efficiency Rating

Substantial

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

	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal	✓	21.00	0 <input checked="" type="checkbox"/> Not Applicable
ICR Estimate	✓	40.92	0 <input checked="" type="checkbox"/> Not Applicable

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

6. Outcome

The overall outcome rating is assessed as Satisfactory based on: (a) High rating on Relevance; (b) Substantial rating for Efficacy in achieving the first and second objectives; and (c) Substantial rating for efficiency with respect to the use of resources to achieve the project objectives and outcomes.

a. Outcome Rating

Satisfactory

7. Risk to Development Outcome



There are several risks to development outcome associated with the project:

KCA Institutional Sustainability. A budgetary imbalance exists at the central level with the Kosovo Cadaster Agency, which is responsible for investments and maintenance of the cadastral data and systems, while the cadastral service revenues are generated at municipal cadastral offices and go to the municipalities. The funding of the Kosovo Cadaster Agency is not robust and relies on Government budget allocations. Additionally, since cadastral staff are appointed by the mayor of the municipality, there is a turnover associated with elections with corresponding challenges with retention of capacity.

Kosovo Property Comparison and Verification Agency Mandate. In December 2016, a law was enacted changing the nature of the former Kosovo Property Agency and creating the new Kosovo Property Comparison and Verification Agency. The Agency's additional mandate is to process the pending pre-1999 cadastral documents. The processing of these documents could help fill gaps in the Kosovo cadaster. However, if the pre-1999 documents are not properly integrated into the Kosovo cadaster, it could potentially decrease tenure security and could cause disruptions in the property market. This risk, in turn, could affect the sustainability of cadaster reconstruction investments already made in 30 percent of Kosovo's priority cadastral zones under the project.

8. Assessment of Bank Performance

a. Quality-at-Entry

The project was well prepared and conceived but had several M&E design shortcomings, which required modification as part of the restructuring. The design shortcomings increased the level of effort required for the preparation of the ICR:

- The results chain was based on unrealized assumptions including that transactions could be increased by 10 percent each year.
- There was a lack of an indicator that specifically tracked the number of people whose property rights were registered because of the project.
- The sole PDO indicator did not measure the number of days to register the sale of a residential property or the increase in the percentage of the population in target areas with registered rights.

The forecasted economic analysis did not appropriately capture the estimated positive outcomes that the project would produce in line with the PDO.

Quality-at-Entry Rating
Moderately Satisfactory



b. Quality of supervision

As noted by the ICR, the review of project records, together with testimonials from project participants during the life of project, confirm that the Bank provided effective support to implementation. The following points highlight the quality of supervision.

- The task team continuously assisted the project teams to improve implementation and track progress towards the PDO. This was done through in-country missions as well as remote support from Washington, DC.
- The active participation of a country-based staff in supervision allowed for immediate support and high-level policy discussions as needed.
- The Bank team helped Kosovo Cadaster Authority personnel to improve field data collection and management significantly throughout the project.
- The project team took the appropriate steps to address the project's only Unsatisfactory rating when it arose; the 18-month delay in effectiveness due to circumstances outside the scope of the project resulted in the only time that the project experienced Moderately Unsatisfactory and Unsatisfactory ratings for Development Objectives and Implementation Progress.
- In response to Government requests, the Bank agreed to extend the project's closing date three times to ensure good implementation and address issues regarding the institutional sustainability of the Kosovo Cadaster Agency.

Quality of Supervision Rating

Satisfactory

Overall Bank Performance Rating

Moderately Satisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design

The M&E design was influenced by the general direction of World Bank land administration projects, which at the time of appraisal used market indicators to measure project outcomes and successes. The vulnerability of this approach was evident when the Global Financial Crisis affected client countries with Bank-financed land and real estate projects and the progress of all market-linked indicators were negatively affected even though projects continued to reach their objectives.

The M&E design had shortcomings in that the PDO indicator did not measure important aspects of the project including number of days to register the sale of a residential property or the increase in the percentage of the population in target areas with registered rights. While the appropriate intermediate



output indicators were later elevated to measure these outcomes effectively, they should have been included in the M&E Framework and categorized as PDO indicators from the beginning.

b. M&E Implementation

The project progressed and was implemented largely as planned with regular discussions with Kosovo Cadastral Agency and timely submission of M&E reports.

Improvements in the M&E framework were made during project restructuring and during the mid-term review including new indicators (1-4 in the list below) that were a requirement that all land projects include these core land indicators into their Results Frameworks. The following is the list of changes made to the M&E framework and indicators:

1. Added “Target Population with use or ownership rights recorded as a result of the project”, which was later elevated to a PDO indicator.
2. Added “Target land area with use or ownership rights recorded as a result of the project”.
3. Added “Land parcels with use or ownership rights recorded as a result of the project”.
4. Added “Land parcels with use/ownership rights recorded as a result of the project—female”,
5. Disaggregated in data on the number of days to complete the recording of the purchase/sale of property by urban and rural areas, which was first reflected in RECAP’s seventh ISR.
6. Modified goal of customer satisfaction with cadastral services for a 10 percent satisfaction increase for each customer survey.
7. Lowered indicator “Increased access to land administration services for women” from 30 percent to 12 percent
8. “Adoption of National Spatial Data Infrastructure (NSDI) Strategy” and “Creation of Digital Archive” IO Indicators were added.

c. M&E Utilization

The project team and the implementing agency used the indicators to monitor the progress of the project and the M&E system has been mainstreamed into the Kosovo Cadastral Agency.

M&E Quality Rating

Substantial

10. Other Issues

a. Safeguards



The project was rated Category B project for Environmental safeguards. The main activities that required site specific Environmental Management Plans (EMPs) were: the reconstruction and refurbishment reengineering activities for the MCOs and the KCA office in Prishtina. All associated impacts, such as dust and noise from the construction works, construction waste management and other, small-scale impacts, were mitigated through sound construction practices. The PCO has prepared Checklist Environmental Management Plans (EMPs) for each of the project sites that are included in the bidding documents for each of the respective MCOs or the KCA. The PCO ensured compliance of the contractor and supervisor as well as adequate reporting. No operational policies for social safeguards were triggered by the project and no issues arose during implementation. Additionally, neither waivers of Bank policies were required, nor did issues arise during project implementation. The ICR (para 66) considers the Environmental and Social Safeguards rating as satisfactory.

b. Fiduciary Compliance

Financial management. Fiduciary assessments were conducted to ensure that the KCA had the institutional capacity to implement project. Additionally, the conditions for credit effectiveness ensured that the PCO consisted of the appropriate staff and had a Financial Management Manual that was acceptable to the Bank as a means of ensuring KCA’s readiness for project implementation. The Financial Management reporting was accurate and reliable as there was adequate controls over processing of payments and invoices and compliance with Bank financial reporting and disbursement requirements. No significant issues have been reported by the auditors in their audit report and management letter (ICR, para 69).

Procurement. The ICR (para 67) reports that a procurement post review mission was conducted in February 2017 and found that in general the PCO/KCA had followed the World Bank procurement procedures set forth in the PAD, Legal Agreement and procurement plan.

c. Unintended impacts (Positive or Negative)

d. Other

11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Satisfactory	Satisfactory	
Bank Performance	Moderately Satisfactory	Moderately Satisfactory	



Quality of M&E	Substantial	Substantial
Quality of ICR	---	Substantial

12. Lessons

Two lessons were selected from the ICR, with some adaptation of the language:

- *Bank-financed projects benefit from targeting the gender sensitization of an implementing agency, as this helps to mainstream gender into regular agency operations and ensures the drive for sustainability of gender-related outcomes beyond the life of Bank-financed projects.* The gender focus can include public outreach activities to raise women’s awareness of their property rights and the importance of including their name as co-owners. These activities need to be client designed and implemented to improve the achievement of the Bank’s corporate commitments.
- *To avoid delays in effectiveness it is important to explain the project’s benefits to key officials in charge of project ratification.* This requires a proactive awareness attitude which equally engage a diversity of ruling parties and opposition to generate widespread support for an important reform agenda.

IEG-defined lessons

- *Robust PDO indicators are the ones that are directly affected by project activities or outcomes, and relatively shielded from market fluctuations.* Under this project, the shock caused by the global financial crisis and the subsequent dropping of indicators linked to the real estate market exposes an important issue in the design of indicators.
- *An economic analysis of Land Administration projects requires well-reasoned and realistic estimates of expected benefits.* These estimates should be justified using empirical historical performance data under similar settings as the project being appraised.

13. Assessment Recommended?

No

14. Comments on Quality of ICR

The ICR provided substantial evidence and analysis and it is presented in a concise and effective manner. In addition it provided evidence and substantial analysis on key lessons - particularly as it refers to gender and the performance of the cadaster system. The results-oriented and internally consistent presentation, which adhered to OPCS guidelines, provided a clear narrative. In addition, the ICR provided a



candid and objective assessment of the Bank's quality at entry performance which provided a clear depiction of the challenges during implementation and the rationale for adjustments. The only area where the ICR could have provided greater detail is the capacity building.

a. Quality of ICR Rating
Substantial