



<b>1. Project Data:</b>		<b>Date Posted :</b> 07/23/2001	
<b>PROJ ID:</b> P046044		<b>Appraisal</b>	<b>Actual</b>
<b>Project Name:</b> Kazakhstan Real Estate Registration Pilot Project	<b>Project Costs (US\$M)</b>	13.28	7.97
<b>Country:</b> Kazakhstan	<b>Loan/Credit (US\$M)</b>	10	6.49
<b>Sector(s):</b> Board: ENV - Law and justice (93%), Central government administration (7%)	<b>Cofinancing (US\$M)</b>		
<b>L/C Number:</b> L4146; LP294			
	<b>Board Approval (FY)</b>		97
<b>Partners involved :</b>	<b>Closing Date</b>	06/30/1999	12/31/2000
<b>Prepared by :</b>	<b>Reviewed by :</b>	<b>Group Manager :</b>	<b>Group:</b>
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**2. Project Objectives and Components**

**a. Objectives**  
The main objective of the project, as stated in the MOP, was to design and test models for the implementation of a unified real estate registration system (called for under the Registration Law) which would eventually:

1. Increase security for rights to land and ownership of real estate, thereby encouraging private sector development, increasing investment, mortgaging and environmentally sustainable development practices .
2. Facilitate transactions in land and real estate, increase the security of these transactions and reduce their cost, thus encouraging the the development of land and real estate markets
3. Promote the development of credit systems by providing lending institutions with an authoritative source of security through mortgaging .

The SAR states that "Critical indicators for the success of the pilot project will be the level of sales, lease, mortgage and other transactions handled by the registration system " (page 12.)

**b. Components**  
Total project costs of \$7.97 million comprised: Institution Building (21%),; Registration System (61%); Mapping (12%); and Refinance of the Project Preparation Facility (6%.) The two counterpart institutions were the Committee for Registration Services (CRS) and the State Land Committe(LC) offices.

**c. Comments on Project Cost, Financing and Dates**  
Expenditures on IT were \$2 million less and refinancing of the Project Preparation Fund (PPF) was \$1 million less than budgeted. The category Miscellaneous was budgeted at 0 but realized expenditures was \$1.75 million.

**3. Achievement of Relevant Objectives:**  
Direct evidence of impact ( as measured by key indicators elaborated in the SAR/MOR) is limited and no formal logframe was developed. It is unclear in the ICR whether the transaction figures presented are for the nation or the pilot oblasts. The ICR reports an increase in number of transactions in land and real estate of 13% between 1998 and 2000, and of 66% in the number of mortgages. In the absence of a baseline or extended time series the evidence of project impact is inconclusive .

Since it was a pilot project the main requirement for achievement of objectives was the development of a system that was "accurate, reliable simple to understand, inexpensive and quick to be able to provide services needed ". The system developed for Khazakhstan broadly meets these criteria . The work on the registration process has progressed very effectively and enabled an efficient and effective system to be developed and piloted in 39 rayon or city offices. This system is now being applied nationally and the project -produced manuals produced are in use. The automated registration system is utilized in most pilot CRS offices and "good services at a reasonable price are provided to the public". But "the system does not have all the functionality that was required under the project ." The cadastral land capabilities of the SLC Offices are inadequate, even if the provision of computers, survey equipment and automated State Akt software has had a positive effect on customer service .

The project has only partially achieved its objective of designing, testing and implementing on a pilot basis a unified

real estate registration system. Essential links between the CRS and the SLC offices (which issues acts of ownership and use rights) have not yet been demonstrated to be automatic or foolproof. The system still lacks coherence and unity and cooperation between the agencies is still inadequate. Despite evidence of a good understanding of the lessons of experience from land registration projects in other parts of the World, the Bank was unable to convince the client not to make many of the same mistakes e.g. one lesson not heeded was that "experience .. in central planning and lack of prior experience of the concept of a legal cadastre may lead counterparts to request more complex systems than are required or appropriate " (MOP page 4.) The information technology produced under the project was only "marginally successful."

A satisfactory methodology and a clear direction for future mapping activity has been developed. Some of the survey equipment been put to good use, helping to sustain the operations of the State Institute for Agricultural Aerophotogeodetic Research.

**4. Significant Outcomes/Impacts:**

1. The registration system is firmly established with operational procedures defined in the manuals and legislative changes embodied in the revised Law on Registration, which is currently before the Parliament.
2. The CRS have used the regulations, procedures, training schemes and manuals developed by the project to establish a registration system throughout the country.
3. The prime requirements of the project were achieved, thanks to the works completed by the registration and legal specialists of the PIU who did excellent work, ensuring training, registration procedures and practice were of high quality.
4. Technical Assistance for registration was extremely effective and largely responsible for the ultimate success of the project.

**5. Significant Shortcomings (including non-compliance with safeguard policies):**

1. Continued lack of direct coordination between land and legal cadastres will lead to increasing discrepancies over time that will impact the functioning of the system of registration of rights, leading to disputes over boundaries and ownership.
2. Recommendations to ensure obligatory linkages between the work of the SLC and CRS have not been acted upon by Government.
3. Although agreements between ministries were signed before approval there was inadequate involvement of the SLC in the project design and detailed steps of project implementation.
4. The PIU was insufficiently strong to carry out its intended coordination functions and received inadequate support from higher levels of government.
5. Transactions costs remain excessive, especially for the issue of land acts by the SLC.
6. Weaknesses in the cadastre and information systems development were a result of inadequate work, inadequate consultant input, poor management and failure by Government to act on issues and weaknesses reported in Aide Memoires.
7. Users' opinions were not taken account of in the purchasing decisions for hardware and software, leading to incompatible systems, unreliable equipment and a considerable waste of money. No linkage between the systems in CRS and SLC was established.
8. Training for SLC staff in the use of cadastre, GIS software and survey equipment was unsatisfactory. Most of the \$620,000 software has not been utilized. Simpler systems would have been adequate for both GIS and registration purposes.
9. The CRS and PIU took insufficient action on a number of important issues concerning procedures and standards.
10. Lack of government counterpart funds from the latter half of 1998 caused severe problems.
11. Lack of development of agricultural land policies have stunted growth in development of sales and mortgages in rural areas.

<b>6. Ratings:</b>	<b>ICR</b>	<b>OED Review</b>	<b>Reason for Disagreement /Comments</b>
<b>Outcome:</b>	Satisfactory	Moderately Satisfactory	Satisfactory achievement in establishing registration is offset by continuing difficulties in coordination, and inefficiencies in implementation of GIS/IT components.
<b>Institutional Dev .:</b>	Substantial	Substantial	
<b>Sustainability:</b>	Likely	Unlikely	While the sustainability of CRS operations is likely, full benefits will not be achieved without integration of the cadastre and legal ownership databases. The

			sustainability of SLC operations to achieve this end appears unlikely at present.
<b>Bank Performance :</b>	Satisfactory	Satisfactory	
<b>Borrower Perf .:</b>	Satisfactory	Unsatisfactory	Apart from some deficiencies in PIU functioning, the CRS performance was "Satisfactory." Government's performance, however, is rated "Unsatisfactory" for not sustaining high level support for co-ordinating between agencies, and failing to sustain funding .
<b>Quality of ICR :</b>		Satisfactory	

**NOTE:** ICR rating values flagged with '\*' don't comply with OP/BP 13.55, but are listed for completeness.

**7. Lessons of Broad Applicability:**

1. The decision to operate the new registration system on a fee for service basis confirmed experience in other countries, increasing sustainability and lessening dependence on the national budget . CRS experience contrasts with the SLC, whose survival now requires either amalgamation with the CRS or increased budget allocation and/or a new donor funded project. Development of equipment, training and systems, developed for SLC under the project, is hampered by lack of funds .
2. Government support, which was initially strong, slipped during the latter part of the project, confirming that "high-level" support and long-term commitment is critical to project success" (MOR, page4.)
3. The difficulty in CIS countries of establishing a system due to "institutional conflicts amongst the agencies involved" was confirmed in Khazakhstan .

**8. Assessment Recommended?**  Yes  No

**9. Comments on Quality of ICR:**

The ICR gives clear insights into the achievements and failures of the project .