1. Project Data

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<td>REAL ESTATE REGISTRATION PROJECT</td>
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<td>Urban, Resilience and Land</td>
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Prepared by: Cynthia Nunez-Ollero  
Reviewed by: John R. Eriksson  
ICR Review Coordinator: Christopher David Nelson  
Group: IEGSD (Unit 4)

2. Project Objectives and Components

a. Objectives

According to both the Financing Agreement (FA) and the Project Appraisal Document (PAD), the Project Development Objective (PDO) was to support the development of a sustainable real estate registration system with harmonized land register and cadastre records in urban areas of both the Federation of Bosnia and Herzegovina (FBiH) and the Republika Sprska (RS) (FA, page 6, PAD, paragraph 9). This review will assess the achievement of this singular PDO broken down into two sub-objectives as follows:
to support the development of a harmonized land register and cadastre records in urban areas of both the FBiH and RS; and

to support the development of a sustainable real estate registration system in urban areas of both the FBiH and RS.

The key outcome indicators under the harmonization aspect of the PDO were:

- **Coverage**: Number of Cadastral Municipalities (CMs) with land register and cadastre data harmonized in FBH and Real Estate Cadastre (REC) established in the RS. A cadastral municipality was an administrative unit for land administration used in the countries that emerged from the former Yugoslavia. Smaller in area than a political municipality, this may contain as few as 2,000 properties. As of March 2019, there were 3,482 cadastral municipalities in BiH.

- **Governance**: Percentage of CMs with harmonized land register and cadastre/REC data publicly accessible online and percentage of users who considered real estate registration services reliable.

The key outcome indicators under the sustainability aspect of the PDO were:

- **Sustainability**: Ratio of real estate registration revenues over costs. Sustainability was measured by the degree an institution generated revenue to match its costs, charged affordable fees, delivered quality services without discrimination and within a reasonable time (PAD, paragraph)

- **Other World Bank (core)**: Number of direct project beneficiaries (joint and individual land owners), of which a certain percentage were female.

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

No

c. Will a split evaluation be undertaken?

No

d. Components

1. **Real Estate Registration Data Development**: (US$18.3 million at appraisal, US$20.1 million at closing) In FBiH this component financed vulnerability mapping, social monitoring, and public awareness campaigns to support registration of real estate rights and vectorization of cadastral maps. These activities led to a harmonized land register and cadastre data of land, buildings, and rights based on field data. In RS, this component financed vulnerability mapping, including coordinate reference system development, social monitoring, and public awareness campaigns to harmonize land, buildings and rights, based on real estate cadastre data.

2. **Real Estate Registration Infrastructure Development** (US$11.1 million at appraisal, US$10.3 million at closing) In FBiH and RS, this component financed the improvement of working conditions and infrastructure in cadastre and land registration offices through office renovations, provision of furniture and equipment, and information and communication technology system development plus the creation of digital archives in RS.
3. **Policy and Institutional Development and Project Management** (US$4.7 million at appraisal, US$3.7 million at closing) In BiH and RS: policy and institutional development in the sustainability and governance of real estate registers and project management and monitoring support through the provision of technical assistance, training, incremental operating costs and equipment.

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

**Project Cost:** Total project cost reached US$34.1 million and disbursed US$30.2 million. The balance is anticipated to be fully utilized by the project closing date (see **Dates** below).

**Financing:** This investment project was financed by the International Development Association (IDA).

**Borrower Contribution:** There was no Government contribution.

**Dates:** The project was approved on October 25, 2012, and made effective 11 months later, on September 23, 2013. The Mid Term Review (MTR) was conducted on June 6, 2016. The original closing date of July 31, 2018 was extended to January 31, 2020. The Borrower requested Additional Financing (AF). With the AF, the project implementation period would exceed ten years. Therefore, in accordance with Bank operational policy, the reviewed document is an interim ICR. There were two level 2 restructurings:

- On January 2, 2016 to change legal covenants - to extend the due date for submitting the long-term strategy and business plans of both implementing entities from December 31, 2014 to December 31, 2016, and allow the RS Geodetic Authority (RGA) to purchase an additional office, and reallocate funds among disbursement categories.
- On October 6, 2017 to adjust targets in the Results Framework, extend the loan closing date by 18 months, and reallocate resources among disbursement categories. The Government requested the extension to keep the Project Implementation Units active during the AF negotiations scheduled for November 2019. The AF Board approval date was anticipated for January 2020. The 18-month extension considered the lengthy ratification process -- the credit became effective after an 11 month delay -- the underestimation of the time needed to harmonize land registry and cadastre data, and establishing Real Estate Cadastre (RECs). The following changes were made in the Results Framework: (i) PDO outcome indicator targets were reduced to reflect the actual costs and pace of implementation; (ii) 2 PDO indicators were dropped because these could not be monitored; (iii) World Bank-required core indicators were added (see Section 4, Efficacy below). In addition, this restructuring addressed baseline methodological and data availability issues.

According to the Bank Task Team's March 20, 2020 email to IEG, after this interim ICR was prepared, the project closing date was extended a second time for another 18 months to July 31, 2021. The AF was anticipated to be effective by then and the new closing date for the project with the AF was anticipated to be July 31, 2022.

### 3. Relevance of Objectives
Rationale

The PDO was relevant to the country's reform agenda and consistent with the BiH Land Administration Sector Policy and Strategy adopted in 2011. In July 2015, the Council of Ministers of BiH, the Government of Republika Srpska (RS), and the Government of the Federation of Bosnia and Herzegovina (FBiH) adopted a joint program of structural reforms known as the reform agenda. In its Governance for Growth strategy in general, and the Justice Sector Reform in particular, priority measures included the creation of a favorable environment for sustainable economic development through a harmonized system of land registry (p 108). This harmonization would lead to legal security in proprietary rights and foster a favorable environment for investments. The PDO was relevant to the reform measures identified such as programs to enhance, harmonize, and make available real estate records and train employees of the land registry administrations to deliver high quality service.

The PDO was relevant to the current World Bank Country Partnership Framework (FY 2016-2020) and supported the three focus areas of (1) increasing public sector efficiency and effectiveness, (2) creating conditions for accelerated private sector growth, and (3) building resilience to natural shocks (CPF, paragraph 42). Financing the inputs that the registration agencies needed to improve their service delivery contributed to the first focus area. The Project adopted e-services, operating procedures, legal reform, and improved office environments to efficiently and effectively deliver its services. The Project was also relevant to the second CPF focus area because clear and secure property data fostered the trading of property, reduced transaction costs, and facilitated its highest and best use. Banks accepted real estate as security for mortgages, and allowed owners access to investment funds. The Project also contributed to the third CPF focus area because creating a complete and secure record of real properties would facilitate rebuilding and reconstruction following a natural disaster.

Rating
High

4. Achievement of Objectives (Efficacy)

OBJECTIVE 1

Objective
- to support the development of a sustainable real estate registration system with harmonized land register and cadastre records in urban areas of both the FBiH and RS

Rationale
The Theory of Change for this objective started with activities or project components such as data development, data infrastructure, and policy and institutional development. These activities would target urban areas in both FBiH and RS. The activities would generate outputs such as properties registered, details captured by software, and results being available online. These outputs would work toward harmonizing records of land registry and cadastre records in both areas.
The key outcome indicators were:

- **Coverage**: Number of Cadastral Municipalities (CMs) with land register and cadastre data harmonized in FBH and Real Estate Cadastre (REC) established in the RS.
- **Governance**: Percentage of CMs with harmonized land register and cadastre/REC data publicly accessible online and percentage of users who considered real estate registration services reliable.

### OUTPUTS

- 427 CMs with harmonized land register and cadastre data established RECs in urban areas (baseline 35, original target 524, revised target 468, **partly achieved**). The target was reduced following the 2017 restructuring based on actual costs and pace of implementation. In RS 253 CMs **exceeded** the target of 190. In FBiH 174 CMs **partly achieved** the target of 278. However, according to the Bank Task Team's March 20, 2020 email to IEG, data harmonization and REC establishment was completed in 527 CMs, **exceeding** target.
- 443 CMs were covered by vulnerability mapping (baseline 0, original target 489, revised target 433, **exceeded**)
- 590,655 hectares of land area with use or ownership rights were recorded as a result of the project (baseline 0, original unrevised target 503,000 hectares, **exceeded**)
- The established IT system was deemed capable to maintain harmonized data, achieving target.
- In RS, 70 percent (baseline 65, original target 93, revised target 80 percent, **partly achieved**) of the cadastral maps were in digital form. The revised target in RS was reported not likely to be met even though only 10 percent of the maps remained to be digitized because of the following: (i) the RS GA staff were focused on establishing the RECs; (ii) there were procurement delays using government funds; and (iii) about 7 percent of the RS territory were not yet surveyed and could not be vectorized. This meant that maps or surveyed properties would be expressed in points, lines, and curves based on mathematical equations, not on solid colored square pixels. As a result, no matter how large or small one zoomed in on a vectorized image, the lines, curves, or points remained smooth, not pixelated. According to the Bank Task Team's March 20, 2020 email to IEG, 73.5 percent of RS cadastral maps were converted in digital form (target remained **partly achieved**).
- In RS 18 REC offices (baseline 0, original, unrevised target 17, **exceeded**) were purchased (ICR Annex 1).
- In FBiH, 62.6 percent (baseline 27, original, unrevised target 40 percent, **exceeded**) of the cadastral maps were in digital form.
- In FBiH 50 land registry and cadaster offices were renovated (baseline 29, original, unrevised target 49, **exceeded**).
- In RS, the European Terrestrial Reference System (ETRS) was not used in cadastral surveys in RS (baseline 0, original, unrevised target 100 percent, **not achieved**) because of procurement issues (see Section 10, Other Issues, (b) Fiduciary Compliance, Procurement below). According to the Bank Task Team's March 20, 2020 email to IEG, the RGA informed the Bank they will postpone the tendering of this activity and will advise the Bank when they plan to achieve the target.
- 9 types of E-services were provided to key stakeholders in both RS and FBiH (baseline 2, original, unrevised target 10, **partly achieved**). These services resulted in 4,345,717 individual cases (baseline 0, original, unrevised target 30,000, **exceeded**). According to the Task Team's March 20, 2020 email to IEG, under the AF, with the steady increase in access to the data, the targets were revised for 2020 (3.3 million) and 2021 (3.1 million. Calculating the individual cases would be rectified
in the AF. In addition, FBiH GA provided access to the cadastre data of its State Investigation and Protection Agency (SIPA) and its Intelligence and Security Agency (OSA BiH)

OUTCOMES:

- **Coverage**: There were 427 CMs with harmonized land register and cadastre data in FBiH and Real Estate Cadastres (RECs) were established in the RS urban areas (baseline 35, original target 524, revised target 468, **partly achieved**). According to the Task Team's March 20, 2020 email to IEG, data harmonization and REC established were completed in 527 CMs, **exceeding target**. In RS 253 CMs exceeded the target of 190. All CMs with land register and cadastre/REC data were publicly accessible online by December 31, 2018, achieving target (baseline 8 percent) in FBiH through www.katastar.ba for cadaster data and www.e-grunt.ba for land registry data. In RS, cadaster and registration data were available online at www.rgurs.org/en/servisi/geoportal.

- **Coverage**: There were 427 CMs with harmonized land register and cadastre data in FBiH and Real Estate Cadastres (RECs) were established in the RS urban areas (baseline 35, original target 524, revised target 468, **partly achieved**). According to the Task Team's March 20, 2020 email to IEG, data harmonization and REC established were completed in 527 CMs, **exceeding target**. In RS 253 CMs exceeded the target of 190. All CMs with land register and cadastre/REC data were publicly accessible online by December 31, 2018, achieving target (baseline 8 percent) in FBiH through www.katastar.ba for cadaster data and www.e-grunt.ba for land registry data. In RS, cadaster and registration data were available online at www.rgurs.org/en/servisi/geoportal.

- **1,116,602 land parcels with use or ownership rights were (baseline 516,000, target 1,113,000, **exceeded**). 473,012 land parcels were female owned (target 369,858, **exceeded**).**

- **Governance**: In the RS, both cadastre and land registry records were managed by the RS Geodetic Authority (RGA) and were harmonized under a single record called Real Estate Cadastre (REC). In the FBiH, the municipal cadastre departments managed cadastre data while land registry offices in municipal courts managed land registry data. The FBiH GA (FGA) coordinated the harmonization of the cadastre and land register information. Customer satisfaction surveys in FBiH and RS provided the value for the user perception of quality of real estate registration services. According to the Task Team's March 20, 2020 email to IEG, the first surveys were conducted in 2015 and 2016 with a 78 percent level of satisfaction (target 80 percent, target unmet). The FBiH completed a delayed survey showing a 74 percent level of satisfaction. The results of the delayed RS survey was not yet available.

- **The project benefited 1,326,579 direct beneficiaries (baseline 90,000, original target 1,680,000, revised target 1,480,000, **partly achieved** of which 35.10 percent were women (baseline 30 percent, original, unrevised target 35 percent, **achieved**). According to the Task Team's March 20, 2020 email to IEG, the project benefited 1,675,708 direct beneficiaries. 35.8 percent of these beneficiaries were women (target exceeded). 1,116,602 land parcels (512,145 land parcels in FBiH and 604,457 land parcels in RS) with use or ownership rights were recorded (baseline 516,000, target 1,113,000, **exceeded**). 473,012 land parcels were female owned (target 369,858, **exceeded**).**

In summary, data was developed, data infrastructure was completed, and policy and institutional development were implemented in both FBiH and RS urban areas. Properties were registered, details were captured by software, and results were available online. These outputs harmonized land registry and cadastre records. Most of the outcome and intermediate indicators were achieved, if not exceeded. The partial achievement of some indicators and the unmet intermediate outcome indicator did not diminish the achievements under this objective. As a result, this outcome was rated substantial.

Rating
Substantial

OBJECTIVE 2
**Objective**
- to support the development of a sustainable real estate registration system in urban areas of both the FBiH and RS

**Rationale**
The Theory of Change for this objective took off from the activities achieved by the objective above such as data development, data infrastructure, and policy and institutional development. The outputs implemented in the target urban areas of FBiH and RS were properties registered, software in place, and continued availability of online access to harmonized data. A self-financing registration system would be achieved when the host institutions generated sufficient revenues to match its costs by charging affordable fees to deliver quality services without discrimination and within a reasonable time period (ICR, paragraph 6).

The key PDO outcome indicators under this sub-objective were:

- **Sustainability:** Ratio of real estate registration revenues to costs.
- **Core:** Number of direct project beneficiaries (joint and individual land owners), of which a certain percentage were female.

**OUTPUTS:**

- 100 percent of the CMs with land register and cadastre Real Estate Cadastre were publicly accessible online (baseline 8 percent, original, unrevised target of 100 percent, **achieved**)
- 1,326,579 direct project beneficiaries benefited from the project (baseline 90,000, original target 1,680,000, **partly achieved**) of which 35.10 percent were women (baseline 30 percent, original, unrevised target 35 percent, **achieved**)
- 408 public awareness campaigns were completed in target areas (baseline, 0, original target 489, revised target 468, **partly achieved**). According to the Task Team's March 20, 2020 email to IEG, public awareness campaigns were completed 542 CMs (target **exceeded**). In RS, 3 campaigns were completed (baseline 0, original target 2, revised target 4, **partly achieved**). In RS, 4 six-month long campaigns were underway and scheduled for completion in 2019.
- 2 customer service surveys were completed (baseline 0, original target 6, revised target 4, **partly achieved**) reporting 78 percent of customers were satisfied with the quality of real estate registration services (baseline 75, original target 90, revised target 80, **partly achieved**). According to the Task Team's March 20, 2020 email to IEG, the final 2 customer surveys were completed in 2019 where FBiH reported 74 percent satisfaction with services. The RS survey results were not yet available.
- 1 Impact Evaluation study was completed (baseline 0, original, unrevised target 2, **partly achieved**). A second, final phase of the impact evaluation was scheduled for 2019 (PAD, Annex 7, paragraph 4).
- Analytical reports were produced providing gender disaggregated data to inform decision making (no numbers reported in the ICR Annex 1). The FBiH land registration software (e-Grunt) generated gender disaggregated reports. In RS, database records included gender information. The land registration software was adjusted to generate gender disaggregated reports.
- 7,781 persons were trained in land registration activities (baseline 1,047, original unrevised target 6,000, **exceeded**)
- Both RS and FBiH had operational and sustainable IT units with competent staff. In RS, RS GA had budget allocated for software maintenance. In the case of FBiH, software responsibility was
transferred from the MOJ to the FBiH GA. The FBiH GA had a fully functioning IT department. The budget contained annual allocation for software maintenance.

- 2 long-term strategies for real estate registration were completed, achieving target.
- In RS, 8 technical reports (including 2 studies on land consolidation) and legislative drafting support for by-laws for the new cadastre law legislation were noted as completed by January 2020 (baseline 0, original, unrevised target 8, partly achieved).
- Electronic conveyance, however, was not achieved. Conveyance refers to the transfer of ownership/title from one entity to another. This transfer included document preparation from the time a property is listed to settlement and completion of transaction. A component of digital conveyance required a certification authority center responsible for issuing and verifying digital signatures. Both FBiH and RS had e-government platforms. These platforms allowed for e-signatures and e-payments. These were linked to the government systems. Tests were undertaken for both FGA and RGA. However, there were no legal frameworks or certification authorities for e-signatures. Therefore, no tests were undertaken for the registration software. Technically, the indicator was achieved but not operational until legal and institutional arrangements were adopted and implemented. However, the implementing agencies did not have these responsibilities.
- The system had not been technically enabled for the entire country (both FBiH and RS, baseline 0, target Y, not achieved) with key registers such as personal ID, company ID, and address registry. In FBiH, the cadastre system was technically enabled but not in RS. In RS agreements were signed with (i) the Ministry of Interior to exchange Personal ID and Address Registry data, and (ii) the Agency for Intermediary, IT and Financial services (APIF) to exchange Business Entities register, Cadastral and Address Registry data. The arrangements and web services were being tested at the time of this interim ICR.
- Digital archiving was operational in 89 priority offices (baseline 3, original, unrevised target 20, substantially exceeded). In FBiH, digital archives were operational in 82 offices. In the RS, digital archives were established in 12 offices, according to the Task Team's March 20, 2020 email to IEG.
- Volume and Value of mortgages achieved were almost achieved in RS while exceeded in FBiH
- The volume and value of transactions or requests for registration in the land registry offices below show that this indicator was almost achieved in RS and substantially exceeded in FBiH

**OUTCOME:**

The PDO outcome indicator relative to sustainability was deleted during the MTR because two elements of the indicators could not be monitored, i.e., (i) the ratio of real estate registration revenues (coming from the GAs, Courts, Ministry of Justice (MOJ), and CMs) over (ii) the costs of real estate registration delivered to the provided (GA, the Courts). The FGA could not monitor the revenues and expenses because of the decentralized administrative structure. The RGA chose not to monitor CMs, Land Registration Offices, the FMOJ, and the FGA to instead co-finance the purchase of a building and establishing RECs. The ratio of expenses to revenues did not follow the trend identified in the PAD and hence, could not be compared.

The project benefited 1,326,579 direct beneficiaries (baseline 90,000, original target 1,680,000, revised target 1,480,000, partly achieved) of which 35.10 percent were women (baseline 30 percent, original, unrevised target 35 percent, achieved). According to the Task Team's March 20, 2020 email to IEG, direct beneficiaries reached 1,675,708 million (target exceeded), of which 35.8 percent were women (target achieved).

In summary, after building on the achievements under the first objective above, there was no data to support the objective that the land registration system was sustainable. Legal and regulatory features of electronic
conveyances still needed to be completed and would be addressed by the AF leading to a modest achievement of this objective.

Rating
Modest

OVERALL EFFICACY
Rationale
The overall efficacy is rated substantial for the following reasons:

- the outputs and outcomes under the first sub-objective were substantially met. Harmonization in the target cadastral municipalities were achieved and were publicly available. There were drawbacks that had to do with data collection or available data that will be addressed in the remaining period of the project and under the AF.
- the outputs and outcomes under the second sub-objective were modest. The sustainability of the land registration system could not be supported by non available data. At the same time, there were legal and regulatory features of electronic conveyances that needed to be addressed during the AF.

Overall Efficacy Rating
Substantial

5. Efficiency
Economic and Financial Efficiency: At appraisal, the PAD’s Economic Analysis identified three direct benefits from the Project, improvements in (i) compliance of registration and cadastre records; (ii) registration service; and (iii) access to credit. Two models measured these benefits to prepare an ex ante economic cost-benefit analysis (CBA):

- a Property Market Dynamics model that estimated the increase in market transaction volume and value due to improved registration services, and
- a Mortgage Market Dynamics model that estimated the reduction of mortgage and consumer interest rates spreads.

The second model could not be replicated at closing due to lack of information to verify that mortgage interest rate changes were due to the Project. The first model generated an EIRR of 76 percent.

At closing, an ex-post economic CBA used the Property Market Dynamics model, using actual project outputs and costs. However, data harmonization/REC creation had only been running for a short period and attribution
was doubtful. Benefits estimated at EUR297 million derived from the increase in property values and number of market transactions due to the use of cadastre and registration systems. This, in turn, generated benefits in improved access to housing finance. Project cost was estimated at EUR30.6 million inclusive of projected costs up to the project closing. The EIRR was 127 per cent, using a 12 per cent discount rate (there was no rationale for the use of a 12 percent discount rate).

**Administrative and Operational Efficiency:** The delay in Project effectiveness (January 25, 2013 to September 23, 2013) cascaded to an 11-month implementation delay (ICR, paragraph 14). This delay was apparently an average for BiH projects but was not adequately factored in during appraisal. The delay was from two sources - the complex signing and ratification procedures (see Section 12 Lessons below) and the underestimation of the time required for the harmonization of data from the land registry and establishing Real Estate Cadastres (RECs). As a result, preparatory activities were negatively affected, such as non renewing of contracts for certain staff of the Project Implementation Units (PIUs). This led to a loss of institutional and technical knowledge. Retroactive financing was available but not implemented because the Project had not been ratified by both entities. In January 2016, the FA was amended to extend the due date to meet the covenant that applied to the submission of the long-term strategies and business plans for the sustainable management of real estate registration services in RS and FBH (ICR, paragraph 16).

The moderate shortcomings in operational efficiency, unexplained discount rate used, and the non replicability at closing of the second model to establish efficiency, resulted in a modest rating for overall efficiency.

**Efficiency Rating**

**Modest**

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:

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

### 6. Outcome

The relevance of objectives was high. Efficacy was rated substantial. There was evidence supporting mostly achieving targets under objective one and modest achievements in objective 2. This interim ICR was prepared in October 2019. The Bank team indicated that all targets would be achieved by project closing in January 2020 but no data was provided in this ICR. Efficiency was rated modest because of a shortfall in administrative and operational efficiency. The moderate shortcomings in the project efficiency warranted an overall outcome rating of Moderately Satisfactory.
a. Outcome Rating
   Moderately Satisfactory

7. Risk to Development Outcome

The following pose risks to development outcome:

- **Financial risks to sustain the registration system.** These risks refer to the robustness of financial flows and financial viability. Both the FBiH GA and RS GA have strong political and financial support from their respective entity government. However, current models of funding do not give the RS GA and FBH GA financial autonomy. Both the RS GA and FBH GA are service-oriented institutions that are able to raise revenue to achieve financial autonomy. They both show good revenue flows from their services to support a move to self-financing status. In the FBiH, the volume and value of transactions have tripled or quadrupled from a baseline figure of 70,000 transactions valued at BAM 644 million (EUR 329 million) to 304,640 transactions at a value of BAM 2.803 billion (EUR 1.065 billion) by the end of 2018. In the RS, the figures have also risen, somewhat more modestly, from 44,000 transactions worth BAM 405 million (EUR 207 million) to 55,660 transactions worth BAM 512 million (EUR 262 million). To mitigate these risks, both agencies will conduct in-depth assessments under the proposed AF to strengthen financial viability of the agencies.

- **Technical risks in maintaining the FBiH registration software (e-Grunt).** The FBiH MoJ did not have a budget nor an IT department. Hence, the Land Registration Project (LRP) and the Real Estate Registration Project (RERP) funds were used to outsource the maintenance of e-Grunt over a decade. To mitigate this risk, the FBiH government transferred software maintenance to the FBiH GA, which was a fully functioning IT department. In 2018, the government issued a decree allocating maintenance funds for the FBH software.

- **Risk in Government ownership/commitment (for example, continuation of supportive policies and budgetary provisions).** The agencies are well established organizations. They function effectively. The governments recognize their successes. Services are in demand and routinely used by the public. The respective entity governments support both agencies. However, risk remains that the entity governments may not continue to provide supportive policies and budgets to both agencies. This risk is mitigated by the AF currently being negotiated to indicate Government commitment and guided by experience elsewhere showing that reliance on central budget funding creates uncertainty and restricts what agencies can achieve.

8. Assessment of Bank Performance

a. Quality-at-Entry
   This project was the second phase of the predecessor Land Registration Project (2007-2012). The project was part of a programmatic approach to a fully functioning and sustainable land administration system that would facilitate investment and good governance. Land administration covered systems to
administer land rights (such as land registers and cadastres) land use planning, dispute resolution, valuation and taxation. This project included the improvement of the legal framework, testing methodologies for data harmonization, establishing real estate cadastres (REC), completing IT strategies, and investing in human resources and technology. The Bank team was fully familiar with the strategy, relevance and approach of the project. The preparation adequately covered technical, financial, and economic aspects of the project. The implementation and M&E arrangements took off from the LRP. activities to achieve the PDO. Poverty, gender and social developments aspects were considered.

In summary, a minor shortcoming in risk assessment was evidenced by the resulting delay in loan effectiveness, the need to reduce targets because of implementation delays, underestimation of the time required to harmonize data and establish RECs, and use of non-monitorable indicators to show how to achieve sustainability. These showed significant shortcomings in identification and preparation, rating this as moderately unsatisfactory.

Quality-at-Entry Rating
Modestly Unsatisfactory

b. Quality of supervision
The Bank supervision was appropriate and well-targeted throughout implementation. There were semiannual supervision missions. According to the ICR, aide memoires identified problems reflected in candid performance ratings, and provided appropriate corrective measures to achieve the PDO. The delay in securing the October 2017 restructuring, however, was attributed to the complexity of reaching agreement in BiH. Reports were completed and submitted promptly. The implementing agencies complemented World Bank supervision, and acknowledged that advice was appropriate, professional and highly appreciated. The Bank team also worked with the implementing agencies for transition arrangements, as evident in the preparation underway for AF at the government's request. The Government showed its commitment to the project by ensuring that the PIUs remained active to help with the AF negotiations. Administrative procedures, however, remained weak. This was evident in the lack of ability by the implementing agencies to collect data to monitor sustainability of the PDO outcome indicators. The implementing agencies provided adequate staff.

Quality of Supervision Rating
Modestly Satisfactory

Overall Bank Performance Rating
Modestly Satisfactory

9. M&E Design, Implementation, & Utilization
a. M&E Design

There were two implementing agencies: The Federal Administration for Geodetic and Real Property Affairs (FGA) of the Federation of Bosnia and Herzegovina (FBiH), and the Republic Administration for Geodetic and Property Affairs (RGA) of Republika Srpska (RS). The FBiH and RS constitute Bosnia Herzegovina (BiH).

M&E under the RERP followed the data gathering and analysis under the LRP, including some project baseline data. The Theory of Change was sound. Key activities involving registering land and cadastre in urban areas of FBiH and RS, improving the conditions of their offices, developing strategies, training staff and conducting public awareness campaigns led to outputs to achieve the PDO. The PDO was clear and specified achieving a sustainable system by harmonizing data. The indicators covered all project outcomes. World Bank required core indicators were added in the 2017 restructuring. Both agencies allocated resources to gather and assess data. The M&E design and arrangements were well embedded institutionally since this followed the LRP set up. The results framework clearly envisaged how the data would be collected, such as reports, assessments and customer surveys.

The indicators were specific, measurable, and time bound. However, certain indicators could not be easily measured, and were dropped in the 2017 restructuring. These included data on revenues and costs; “average cost to user for secondary real estate registration” and “amount of time an average customer spends in the front office per visit for real property transfer and mortgage registration”. Some targets were set too high or too low. According to the Task Team's March 20, 2020 email, there was shorting in calculating the target indicator regarding the number of e-services delivered per year. There were difficulties in collecting some M&E data (see M&E Implementation below).

b. M&E Implementation

Data supporting the indicators in the Results Framework were collected. The first of two customer surveys were conducted in 2015 (FBiH) and 2016 (RS). The first of two impact evaluation (IE) studies were undertaken at the start of the Project. There was a strong commitment to M&E from both implementing agencies. M&E data were openly reported on the implementing agencies’ web sites and in the Implementation Status and Results Reports. There were some difficulties in collecting data, resulting in the 2017 restructuring to amend indicators in the results framework. Implementation was also delayed leading to reducing some targets. The M&E rating was downgraded in late 2017 due to difficulties in obtaining these data. Delays in the second customer surveys and IE studies meant that a valuable source of information was not available for this interim ICR. There were some questions about methodology in setting baseline and targets for the level of satisfaction associated with the use of land registration systems. Against a baseline of 89.3 percent and target of 90 percent the results of the surveys conducted in FBiH (79 percent) and RS (75.1 percent) revealed differing methodologies and were not comparable.

M&E functions and processes were likely to be sustained after project closing since this was the second phase of a two phased project design. Additional resources were also under consideration under the project’s AF, currently under preparation and scheduled for Board approval in 2020.
c. M&E Utilization

The M&E reports were used by the World Bank team and agencies to assess progress, identify issues, and modify implementation. The Project's M&E reports became mainstreamed and now used by both agencies as a management tool. Evidence was provided by RS GA request to adjust disbursement categories when additional investments were required to establish RECs to achieve the PDO. The M&E reports were used to engage in policy discussions, particularly regarding women's real property ownership. Transparent reporting of results improved governance and was offered as a best practice example for other government bodies in both entities.

The Project's M&E was rated modest even though it was well implemented and utilized. Weaknesses were observed in design that included several indicators that could not be monitored and unrealistic targets resulting in the 2017 restructuring. This led to adjustments of targets, dropping indicators, clarification of methodologies used in establishing user perception.

M&E Quality Rating
Modest

10. Other Issues

a. Safeguards

Environmental Safeguards: The project was assigned a category B and triggered OP/BP 4.01 Environmental Assessment. No other safeguards were triggered. The project complied with the safeguard. An Environmental Management Framework was prepared for both implementing agencies. Sites where facilities were renovated had specific Environmental Management Plans, which were part of the contract documents for works and supervision. No works were done beyond the existing footprint of buildings. There was no resettlement, no chance findings, or asbestos removal from sites. Overall safeguards and environmental assessment were rated satisfactory (ICR, paragraph 64).

b. Fiduciary Compliance

Financial Management: Financial management was rated satisfactory (ICR, paragraph 65). The implementing agencies fully complied with the covenants of submitting acceptable financial reports including audits. The audit report for the year ending December 31, 2017 was submitted late on July 12, 2018, due to the late selection of an audit firm. The auditors issued an unmodified opinion on the Project Financial Statements prepared by the PIUs. There were no accounting issues or internal control deficiencies noted.

Procurement: Procurement performance was satisfactory. The government responded to all pending issues raised in the last Procurement Performance Review. Procurement functioned well with some delays in approvals and payments. There were no integrity investigations. However, there were procurement
problems associated with the European Terrestrial Reference System (ETRS) that RS was not able to use in its cadastral surveys as planned. According to the Task Team's March 20, 2020 email to IEG, the RGA intended to postpone the tender for this activity and will advise the Bank when they will achieve this target.

c. Unintended impacts (Positive or Negative)
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d. Other
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11. Ratings

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<thead>
<tr>
<th>Ratings</th>
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<tr>
<td>Quality of ICR</td>
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12. Lessons

The ICR offered six lessons from this operation that others implementing projects in BiH or elsewhere may find useful (ICR, paragraphs 75-80). Four of these are presented below:

- **Designing a project in two-phases acknowledges limited borrower capacity and supporting service infrastructure.** This project was the second of two steps to modernize land administration in BiH. This modular approach recognized that post conflict societies require a longer timeframe to achieve unity. An incremental approach to transformation requires both sides of the conflict to reach a shared vision and build upon less risky approaches. Such an approach, however, means that the benefits from data harmonization / REC creation may reach some owners later than others.

- **Sequencing the implementation of IT systems in a modular (phased) approach may improve the way it works in the long run.** A phased, step-by-step approach to development and rollout works well and can be easier to implement than a system that seeks to do everything from the start. Starting from a basic registration system, project software was progressively expanded and introduced new modules as the institutional capacities of the agencies increased. Using experienced in-house experts plus donor expertise also helped to build both software and IT capacity. The increased capacity will be invaluable in guiding the IT sector, particularly in RS, where the RS GA intends to replace its cadaster and land registration software.
• Working closely with the Governments at the state and subnational levels may avoid delays in loan effectiveness and overcome obstacles to implementation. This project took 11 months to become effective. Project implementation was adversely affected. The 2018 CPF Performance Learning Review in BiH found that complex signing and ratification procedures are chronic issues in achieving loan effectiveness. World Bank teams working with BiH should consider the Performance Learning Review recommendations to map out all administrative processes to avoid similar issues in the future.

• Indicators require readily available data to measure the financial sustainability of a real estate registration system. The PDO included an element related to the financial sustainability of the FBiH real estate registration systems. The results framework initially included indicators to measure the revenues and costs of these systems. During implementation, the FBiH GA realized it was not possible to monitor these indicators. In FBiH, there remained two registries - the cadastre (under the jurisdiction of 79 municipalities) and the land registry (under the jurisdiction of 31 municipal courts). The FBiH GA oversaw the cadastre system but the Land Registration Offices (LRO) and cadaster offices did not have their separate records of revenues and expenditures. The attribution of project support to a financially sustainable real estate administration system could not be easily determined. The AF will obtain implementing agencies’ business plans to include accurate data on the revenues and costs of the FBiH and the RS real estate registration systems. Also included are policy discussions on a sustainable institutional framework for real estate registration in the FBiH and self-funding status in both entities.

13. Assessment Recommended?

No

14. Comments on Quality of ICR

The ICR offered a detailed overview of the project. The report was concise. The report focused on the results. The narrative supported the ratings. The link of the evidence to the findings was clear, including when the evidence showed that the targets were not achieved. The implementing agencies and independent surveys provided evidence linked to findings. Performance and ratings followed guidelines and were internally consistent. The annexes completed the story line and supported the achievements reported. There was candid discussion of the shortcomings of the indicators in the results framework, the shortcoming in operational efficiency and too short a period to claim causality. The ICR’s lessons were clear, useful, and based on evidence outlined in the ICR.

a. Quality of ICR Rating

Substantial