



Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

Appraisal Stage | Date Prepared/Updated: 08-Jun-2018 | Report No: PIDISDSA23743



BASIC INFORMATION

A. Basic Project Data

Country Moldova	Project ID P161238	Project Name Land Registration and Property Valuation Project	Parent Project ID (if any)
Region EUROPE AND CENTRAL ASIA	Estimated Appraisal Date 04-Jun-2018	Estimated Board Date 31-Jul-2018	Practice Area (Lead) Social, Urban, Rural and Resilience Global Practice
Financing Instrument Investment Project Financing	Borrower(s) Ministry of Finance	Implementing Agency Public Service Agency, Department of Cadastre	

Proposed Development Objective(s)

To improve the quality and transparency of the land administration and property valuation systems.

Components

First Property Registration
Property Valuation
Land Administration System Strengthening
Capacity Building and Project Management

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	35.00
Total Financing	35.00
of which IBRD/IDA	35.00
Financing Gap	0.00

DETAILS

World Bank Group Financing

International Development Association (IDA)	35.00
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IDA Credit	35.00
Environmental Assessment Category	
B-Partial Assessment	
Decision	
The review did authorize the team to appraise and negotiate	

Other Decision (as needed)

B. Introduction and Context

Country Context

1. Moldova is a small, economically and culturally open, lower middle-income country with 3.5 million people in 2016.¹ Recently, the economy has grown by an average of 5 percent per year, fueled largely by consumption. Remittances from Moldovans abroad account for a quarter of Moldova's GDP, one of the highest shares in the world. The country is vulnerable to climatic and regional economic conditions and its economic performance remains volatile. The poverty rate measured at the upper-middle-income line of purchasing power parity (PPP) of US\$ 5.50/day is projected to decrease by 3.2 percent in 2016–19, supported by real wage growth, remittances, and public transfers.² The poor and the bottom 40 percent are concentrated in rural areas, which are significantly less well-off than urban areas. In 2016, inequality, as measured by the Gini coefficient, decreased to 26.3 after a minor uptick between 2014 and 2015.³

2. Moldova ranks among the most climate vulnerable countries in Europe and Central Asia (ECA) region based on a range of social and economic indicators. Climate projections indicate increasing mean annual temperatures (exceeding 2 degrees Celsius by 2050), decreasing (in some regions increasing) precipitation, and increase of extreme weather events, such as droughts and floods, as well as other severe weather events such as hailstorms, torrential rains, late frosts, or heavy winds. The INDC⁴ of Moldova particularly request developing mechanism for monitoring climate change vulnerabilities, impacts and costs, promoting crop and flood related insurances and disseminating climate relevant information. Systematic land valuation data prepared before disasters is shown to be essential for estimating costs of climate disaster damage, cost-benefit analysis of recovery planning and disaster-related compensation and insurance systems⁵. Climate induced disasters, mainly floods, are also shown to cause significant temporal displacement of population and loss of housing and other property in Moldova⁶. The Post Disaster Needs Assessment of 2010 floods underlines the need for property registration and improved tenure security to ensure that exposed people can relocate without fear of losing

¹ Country Context: <http://www.worldbank.org/en/country/moldova/overview>

² Country Snapshot: <http://pubdocs.worldbank.org/en/754831507194525377/Moldova-Snapshot-Fall2017.pdf>

³ Moldova, Poverty and Equity Brief, Spring Meetings 2018, World Bank.

⁴ Intended Nationally Determined Contributions for reduction in greenhouse emissions under the United Nations Framework Convention on Climate Change (UNFCCC)

⁵ Mitchell, D., Myers, M. & Grant, D. (2014). Land Valuation: A Key Tool for Disaster Risk Management, Land Tenure Journal, 1:14, 36-69.

⁶ Republic of Moldova (2010). Post Disaster Needs Assessment: Floods 2010. 40 p.



their land rights.

3. Moldova is divided into thirty-two districts (raions), three municipalities, and two autonomous regions (Gagauzia and Transnistria⁷). There are 1,681 localities, of which 982 localities have their own local public authority (LPA). Five localities have municipality status, 66 have city status, and 916 are villages with commune status. The remaining 699 villages are too small to have an independent administration, and belong to either cities (40) or communes (659). LPAs exercise local autonomy through elected local councils and mayors. There are also councils at the district level. The Territorial Office of the State Chancellery is responsible for the administrative control of the LPAs.

4. European Union (EU) integration prospects have been driving the Government's policy reform agenda since 2009. Political instability, however, impedes the progress of the reforms, and the governance and corruption challenges remain high. In recent years, the Government's reform priorities have included business environment reforms, modernization of public services, and more balanced regional development. In this context, the Government would need to work to improve security of property rights and further develop real estate markets; enhance e-services for enabling access to real estate information, which will attract investors and reduce transaction costs and time; and expand the property valuation system and improve public property management to generate more revenues from properties, which would be important for local authorities as they rely significantly on intergovernmental transfers.

Sectoral and Institutional Context

5. Like many other former Soviet Union republics, Moldova conducted a land reform in the 1992 that included the transfer of land from state to private ownership, followed by allocation of individual titles to land and property (or real estate), and finally, registration of those individual private rights. In 1998-1999 a real estate registry was established. Following a major restructuring, Cadastru (formerly State Enterprise Cadastru (SEC))—which is responsible for the management of the cadastre, land registry, and valuation—is now a department under the newly-created Public Services Agency (PSA), the implementing agency of the project. Prior to the restructuring, Cadastru was hosted by the Agency for Land Relations and Cadastre (ALRC). Public Property Agency (PPA) is responsible for public property management. Both ALRC and PPA are likely to be transformed under the ongoing government agencies reform.

6. About 85 percent (or 4.7 million of total estimated 5.5 million) of properties in Moldova were registered during the First Cadastre Project (P035771) financed by the World Bank (1998-2007)⁸, including 4.2 million through the systematic process and 0.5 million through the sporadic procedure. Today, there are an estimated 800,000 unregistered private properties in roughly 290 localities throughout the country⁹. The project targets to reach registration of 95 percent (estimated 5.2 million) of all private properties in Moldova¹⁰.

⁷ The status of Transnistria is disputed and the central government does not control this region. Therefore, the proposed project will not support activities in Transnistria.

⁸ First Cadastre Project included original credit (US\$ 15 million) and additional financing in 2005 (US\$ 3 million) for scaling up the project activities.

⁹ World Bank, May 2, 2016 "Republic of Moldova Village Development Scoping Study, Land Sector Note"

¹⁰ Based on the experience of the First Cadastre Project and the pilot project conducted by Cadastru in Varatic community in 2017, there would be 3 to 5 percent of properties which could not be registered during systematic registration but would be registered through subsequent processes which are likely to run beyond the project period.



7. Moldova's public lands account for 45 percent of the country's total surface area with estimated 350,000 land parcels. This land is divided into around 25 percent state owned and 75 percent LPA owned. Only seven percent, or approximately 25,000 parcels are currently registered. The project targets demarcation and registration of the remaining non-registered public land, or estimated 325,000 land parcels. Such high share of unregistered public land provides fertile ground for corruption, and causes conflicts and insecurity for people with land rights adjacent to, or inside, public lands. It also causes significant income losses for the state and LPAs due to unauthorized use of public land and/or natural resources, including an increased risk of a loss of carbon pools caused by deforestation and other unsanctioned, environmentally-unfriendly activities. Incomplete documentation causes additional problems pertaining to the registration of publicly-owned assets, principally those under the control of ministries or LPAs.

8. From 2004 to 2008 Moldova implemented a successful reform of recurrent property taxation, changing a system of taxation based upon the area of the property to one based on its value using mass valuation for urban residential and commercial properties. However, that reform has never been fully implemented. The new mass valuation system was applied to urban areas but not to rural housing, agricultural land, or special properties such as utility networks. As Moldova is predominantly a rural country, only 12.5 percent of properties were included in the mass valuation system. Thus, the system is yet to be rolled out to include the majority of properties. The new system was also expected to result in revaluations taking place every three years. None of this has occurred, with the result that the current valuations and tax rolls in urban areas are well out of date. It is estimated that current market values exceed the appraised values of apartments in Chisinau, which were valued in 2004, by 60 percent. Similarly, the current market values of commercial properties, which were valued in 2009, exceeds the appraised values by an estimated 15 percent. Moldova's fiscal situation, and in particular the financial position of its LPAs, would be considerably improved by a program to extend the system of mass valuation nationwide, as was originally intended, and to carry out revaluations of the properties included in the mass valuation reform and to embed regular revaluations into the system.

9. With donor support, a National Spatial Data infrastructure (NSDI) is being created in Moldova under the responsibility of ALRC. A law on NSDI has been adopted and a prototype geo-portal, including a number of geospatial datasets and services, has been developed. Good progress has been made but further support is required if the achievements made so far are to be developed into meaningful economic benefits. In particular, data exchange protocols and procedures need to be developed, standards have to be defined and adopted, more data must be made available in the correct format, and further capacity built in the sector.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

To improve the quality and transparency of the land administration and property valuation systems.

Key Results

- Percentage of land in Moldova recorded in cadastre increased (target: 95 percent)
- Percentage of urban residential and commercial properties revalued (target: 95 percent for both urban residential and urban commercial)
- Percentage of customers satisfied with Cadastru services (target: 70 percent; gender-disaggregated)
- Rules, procedures, methodologies, and information on registration and valuation easily and widely accessible and procedures operate for the public to verify their information (target: Data available online and/or offline)



D. Project Description

10. The Project consists of four components: (A) First Property Registration; (B) Property Valuation; (C) Land Administration System Strengthening; and (D) Capacity Building and Project Management.

Component A – First Property Registration (USD 17.8 M)

11. This component will support the first registration of public and private land in Moldova and strengthen the data quality for records already in the land register. This component will also organize mandatory public displays and public awareness campaigns to ensure citizens are engaged and aware of the procedures, activities, and benefits during first property registration. In addition, a comprehensive Grievance Redress Mechanism will be set up at Cadastru to monitor feedback received from beneficiaries and provide a formal avenue to appeal. The component consists of three subcomponents: i) systematic registration of private land – including public displays, public awareness campaigns and a grievance mechanism; ii) systematic registration of public land; and iii) data quality improvement.

Component B – Property Valuation (USD 5.8 M)

12. This component will support extending the system of mass valuation to incorporate those properties not currently included and to carry out a revaluation of the properties that are already in the mass valuation system but have not been revalued since 2008. In the process, the objective is to set up a system that can provide periodic revaluations as these are more efficient than one-time revaluations after a long period of time. They help improve the transparency of the property market and keep the property valuation system current and usable for a range of purposes including property taxation, updating the collateral offered by mortgages, valuing public sector assets, and updating the valuations of investment portfolios and company balance sheets. The component consists of three subcomponents: i) initial mass valuations; ii) revaluations; and iii) valuation infrastructure and appeals system.

Component C – Land Administration System Strengthening (USD 9 M)

13. This component will support the strengthening of the land sector in Moldova by facilitating policy dialogue and conducting a review of the existing institutional and regulatory frameworks, proposing improvement where possible. It will also encourage a development of simplified business processes and modernization of cadastre services through use of ICT, and support development of NSDI. The component consists of three subcomponents: i) support land sector policy development and sustainability; ii) support ICT system strengthening; and iii) support further development of the NSDI.

Component D – Capacity Building and Project Management (USD 2.4)

14. This component will support capacity building at stakeholder agencies and institutions to ensure the smooth implementation of project activities and support project sustainability, as well as provide support for project implementation. The component consists of three subcomponents: i) training and capacity building; ii) customer orientation and servicing; and iii) project management and will finance: (a) training and capacity building for LPAs staff; (b) trainings and capacity building activities at Cadastru and other relevant agencies – including training to improve their client orientation and servicing; (c) the design and implementation of a comprehensive social assessment and three customer satisfaction surveys; (d) monitoring and evaluation; and (e) Project Implementation Unit (PIU).



E. Implementation

Institutional and Implementation Arrangements

15. The implementing agency for the project is the Public Service Agency through its Department of Cadastre (Cadastru). PSA will implement the project in close cooperation with the Agency of Land Relations and Cadastre, Ministry of Finance, Ministry of Agriculture, Regional Development and Environment, Ministry of Justice, Public Property Agency, eGovernment Center, LPAs and public and private sector institutions producing and managing geospatial data. The cooperation and coordination between PSA and relevant government agencies and LPAs representatives will be implemented through a Project Council (PC). PC will provide policy guidance and direction to project implementation. The PC will tentatively include representatives of the State Chancellery (chairing the PC), Ministry of Finance, Ministry of Agriculture, Regional Development and Environment, Ministry of Justice, Congress of Local Authorities of Moldova (CALM), and Public Services Agency.

16. PIU will be established in Cadastru and will be responsible for day-to-day implementation and for providing specific technical oversight to project activities. PIU will be responsible for procurement, financial management, monitoring and evaluation and safeguards under the project. It will be led by a PIU Director and tentatively include specialists in land registration and cadastre, valuation, law, Monitoring and Evaluation (M&E), procurement and financial management recruited externally. Heads of the relevant Cadastru divisions will act as component/subcomponent coordinators. Fiduciary staff familiar with the Bank procedures will be recruited externally on a competitive basis following the Bank's Procurement Regulations. Although Cadastru has a decade of experience in implementing World Bank projects (e.g. First Cadastre Project implemented through 1998-2007) the current institutional memory is limited.

17. Thematic working groups (WG) would be established to provide technical guidance to project implementation and would tentatively include Cadastre WG, Public Land Delineation WG, Property Valuation WG, Policy and Regulatory WG and Geospatial WG.

18. In terms of collaboration and synergies among external parties, EU, Norwegian donor and UNDP will be natural partners as they support the Government of Moldova on NSDI, ICT, and address registry through policy advisory and technical support. PSA through PIU will carry out the important function of donor coordination to ensure that priorities are clearly identified and implemented and that effort is not duplicated.

F. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)

The project supports the development of national level systems for national coverage. The project supported investments would target central and regional government offices covering the whole country and providing services countrywide. The registration of private land, estimated 550,000 land plots will take place in approximately 290 rural locations scattered around the country. As for public land delineation and registration it will involve approximately 308,000 land plots in 850 so called territorial administrative units (locations). Property valuation will involve properties in all 900 locations in all 32 districts (raions) in Moldova.



G. Environmental and Social Safeguards Specialists on the Team

Cesar Niculescu, Environmental Safeguards Specialist
Aimonchok Tashieva, Social Safeguards Specialist

SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	The project will possibly support minor renovation and remodeling works of office space, thus OP/BP 4.01 on Environmental Assessment will be triggered. The associated environmental impacts would typically include: dust, noise, on-site safety and waste management. The above impacts are to be successfully mitigated through application of the good engineering and construction practices, and with mitigation and monitoring measures to be specified in the project Environmental and Social Management Framework (ESMF) prepared by PSA (SEC) and approved by the World Bank. This document will provide the necessary environmental and social conditions, guidelines and measures to be taken by the small works contractors to ensure that health, safety and environmental standards were met. Site-specific Environmental Management Plans (EMPs) will be prepared in accordance with the ESMF provisions aiming to mitigate any environmental impacts, to provide the necessary environmental conditions, as well as guidelines and measures to be taken by small works contractors to ensure that health, safety and environmental standards were met. Social assessment and appropriate social risk management strategy will also be an integral part of the ESMF.
Performance Standards for Private Sector Activities OP/BP 4.03	No	
Natural Habitats OP/BP 4.04	No	
Forests OP/BP 4.36	No	
Pest Management OP 4.09	No	
Physical Cultural Resources OP/BP 4.11	No	



Indigenous Peoples OP/BP 4.10	No	
		The Project activities do not require any relocation or resettlement, since most of the investments consist of the provision of goods and services, as well rehabilitation of small-scale infrastructure. Similarly to the First Cadastre Project, the proposed activities do not require triggering of OP 4.12. Systematic registration activities to be financed under Component 1 may pose certain risks, including those related to excess land use and absentee titleholders. These risks are described in more detail Section 3.6 of this ESMF. With regard to mitigation measures, public awareness activities, meaningful consultations, and establishment & maintenance of project level Grievance Redress Mechanism play an important role. Some of these mitigation measures are financially supported through the project components to ensure their adequate implementation. Notably, the project's component on Strengthening of Land Administration Systems will finance preparation of a comprehensive Social Assessment. It main output will be to develop recommendations for the government of Moldova in addressing the existing gaps to make them in line with international standards. Social Assessment will also take into account the principles of the World Bank's social safeguards policies, and include measures to address potential negative impacts of the project. A draft TOR for the comprehensive social assessment will prepared as part of the component on Strengthening of Land Administration Systems, and will become publicly available both in the Bank's and Borrower's website when finalized.
Involuntary Resettlement OP/BP 4.12	No	
Safety of Dams OP/BP 4.37	No	
Projects on International Waterways OP/BP 7.50	No	
Projects in Disputed Areas OP/BP 7.60	No	



KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT

A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

While most of the project activities are environmentally-neutral, some minor renovation and remodeling works of office space would be funded. The civil works activities are not expected to have any major or negative environmental impacts, and would be temporary, and at a local scale. These would typically include: general health and safety, construction waste, hazardous waste management, construction material management, traffic management, dust, noise and vibrations, and general public safety and awareness.

The Project activities do not require any relocation or resettlement, since most of the investments consist of the provision of goods and services, as well rehabilitation of small-scale infrastructure. Particularly, components on property valuation and taxation, strengthening of land administration systems, and capacity building are expected to have minimal direct social impacts in the context of the World Bank's social safeguards policies (i.e. OP 4.12 on Involuntary Resettlement). However, systematic registration activities to be financed under Component I may pose certain risks, including those related to excess land use and absentee titleholders. These risks are described in more detail Section 3.6 of this ESMF. With regard to mitigation measures, public awareness activities, meaningful consultations, and establishment & maintenance of project level Grievance Redress Mechanism play an important role. Some of these mitigation measures are financially supported through the project components to ensure their adequate implementation. The project's component on Strengthening of Land Administration Systems will support preparation of a comprehensive Social Assessment (SA). The main output of the SA will be to develop recommendations for the government of Moldova in addressing the existing gaps to make them in line with international standards. Social Assessment will also take into account the principles of the World Bank's social safeguards policies, and include measures to address potential negative impacts of the project. Since the preparation of the SA is supported through a project component, the ToR for SA will be prepared upon project effectiveness, and will become publicly available both on the Bank's and implementing entity's website.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:

The proposed project activities, if not properly implemented, can generate potential environmental negative effects related to:

- categorization, zoning and delimitation of agricultural land, natural, protected and public interest ecosystems;
- possible degradation and loss of biodiversity
- possible soil degradation, loss of fertility and productivity on delineated and registered cadastral lands.

Potential social risks, among some others, include the following:

- Excess land use (there are cases when the owner uses a larger area than the area allocated during land privatization and stated in the formal documents).
- absentee titleholders (a considerable number of holders of titles that did not register ownership rights immigrated or are abroad).

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

n.a.



4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.

The potential local impacts are to be successfully mitigated through application of the good engineering and construction practices, and with mitigation and monitoring measures that are specified in the project's Environmental and Social Management Framework (ESMF) prepared by PSA (Cadastru) and approved by the World Bank. The ESMF is providing the necessary environmental and social conditions, guidelines and measures to be taken by the small works contractors to ensure that health, safety and environmental standards are met. Site-specific EMP Checklists for minor rehabilitation or small-scale works will be prepared in accordance with the ESMF provisions aiming to mitigate any environmental impacts. The EMP checklist-type format will cover typical core mitigation approaches to civil works contracts with small, localized impacts.

There would be no works in protected areas or outside urban areas, nor on or adjacent to cultural heritage protected sites. During the project implementation, the agricultural landowners, and protected areas systems will not be affected, and land will not be withdrawn or alienated.

With regard to mitigation measures of social risks, public awareness activities, meaningful consultations, and establishment & maintenance of project level Grievance Redress Mechanism play an important role. Some of these mitigation measures are financially supported through the project components to ensure their adequate implementation. The project's component on Strengthening of Land Administration Systems, through consultant services, will support preparation of a comprehensive Social Assessment, which will take into account the principles of the World Bank's social safeguards policies and include Social Management Plan.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

The draft ESMF cleared by the Bank on April 25, 2018 was disclosed on by PSA (Cadastru) website on April 26, 2018, and a public discussion took place on May 15, 2018 at the PSA premises. Various stakeholders attended said consultations, including representatives of CSOs, local cadastre offices, government agencies, and project beneficiaries. In total, there were 55 participants. The stakeholders discussed the proposed activities, project beneficiaries and expected results. Specifically, the environmental screening, social aspects, and roles of relevant institutions were discussed. Also, participants of the consultative process emphasized the need to involve stakeholders from early stage of project implementation to ensure transparency. Final ESMF includes updates and adjustments to better meet stakeholders' concern. Final ESMF was disclosed on Infoshop on May 22, 2018, and in-country on May 31, 2018 (both English and Romanian versions).

B. Disclosure Requirements

Environmental Assessment/Audit/Management Plan/Other

Date of receipt by the Bank	Date of submission for disclosure	For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors
16-Mar-2018	22-May-2018	

"In country" Disclosure



Moldova

31-May-2018

Comments

C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting)

OP/BP/GP 4.01 - Environment Assessment

Does the project require a stand-alone EA (including EMP) report?

Yes

If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report?

Yes

Are the cost and the accountabilities for the EMP incorporated in the credit/loan?

Yes

The World Bank Policy on Disclosure of Information

Have relevant safeguard policies documents been sent to the World Bank for disclosure?

Yes

Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?

Yes

All Safeguard Policies

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?

Yes

Have costs related to safeguard policy measures been included in the project cost?

Yes

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?

Yes

Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?

Yes



CONTACT POINT

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APPROVAL

Task Team Leader(s):	Olivera Jordanovic Aanchal Anand
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Approved By

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Practice Manager/Manager:	Jorge A. Munoz	13-Jun-2018



Country Director:	Satu Kristiina Kahkonen	15-Jun-2018
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