



# Project Information Document/ Integrated Safeguards Data Sheet (PID/ISDS)

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Concept Stage | Date Prepared/Updated: 04-May-2018 | Report No: PIDISDSC22963

**BASIC INFORMATION****A. Basic Project Data**

Country Kosovo	Project ID P164555	Parent Project ID (if any)	Project Name Real Estate & Geospatial Infrastructure Project (P164555)
Region EUROPE AND CENTRAL ASIA	Estimated Appraisal Date Oct 01, 2018	Estimated Board Date Oct 31, 2018	Practice Area (Lead) Social, Urban, Rural and Resilience Global Practice
Financing Instrument Investment Project Financing	Borrower(s) Republic of Kosovo	Implementing Agency Ministry of Environment and Spatial Planning, Kosovo Property Comparison and Verification Agency, Kosovo Cadastre Agency	

**Proposed Development Objective(s)**

The Project Development Objective is to contribute to an increase in the availability, transparency and efficiency of land administration and geospatial data and services.

**PROJECT FINANCING DATA (US\$, Millions)****SUMMARY**

<b>Total Project Cost</b>	16.50
<b>Total Financing</b>	16.50
<b>of which IBRD/IDA</b>	16.50
<b>Financing Gap</b>	0.00

**DETAILS****World Bank Group Financing**

International Development Association (IDA)	16.50
IDA Credit	16.50



Environmental Assessment Category

B - Partial Assessment

Concept Review Decision

Track II-The review did authorize the preparation to continue

Other Decision (as needed)

## B. Introduction and Context

### Country Context

- Kosovo is the youngest country in Europe—both based on its new statehood and the average age of its population—with all the accompanying opportunities and challenges.** In terms of opportunities, Kosovo is a potential candidate for membership in the European Union (EU). In terms of challenges, post-conflict fragility, including lack of full international recognition, continue to hamper Kosovo’s growth and development to its full potential. Kosovo’s gross domestic product (GDP) grew by an estimated 3.4 percent in 2016, supported by strong domestic demand. Robust domestic consumption drove growth, aided by investment, mostly private and including foreign direct investment (FDI) from the diaspora. The negative contribution from net exports has been a feature of growth but was lower than in previous years due to lower oil prices. Consistent with strong consumption and the need to rebalance towards more export- and industry-driven growth, services were the key driver of growth, followed by agriculture, with lower growth of industry.
- In the post-global financial crisis period, the Kosovar economy grew consistently above the Western Balkans’ average, albeit from a low base and reaching only 11 percent of EU average per capita income in 2015.** Kosovo’s GDP per capita grew from US\$1,088 in 2000 to US\$3,562 in 2015. Despite significant progress in reducing poverty, Kosovo is the third-poorest country in Europe, with almost a third of the population living below the national poverty line in 2011.<sup>1</sup> Therefore, a considerable overlap exists in the goals of eliminating extreme poverty and promoting the income growth of the poorest 40 percent of the population (‘the bottom 40’). Addressing Kosovo’s challenges requires a complex agenda that would bring together improving the efficiency of and access to public services, increasing the degree of formality in the economy, and creating jobs by supporting private sector growth and development.

### Sectoral and Institutional Context

- Securing property rights remains critical for improving Kosovo’s growth and development as well-defined rights are the cornerstone of a vibrant market economy.** Without a complete and up-to-date cadastre and clearly defined legal

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<sup>1</sup> This estimate comes from the World Bank’s first poverty assessment for Kosovo. The national poverty line was set in 2002/03 and has been updated over time for inflation using the consumer price index (CPI). The poverty line is €1.72 per adult equivalent per day in 2011 prices. The specific poverty estimates from year to year are not strictly comparable because of frequent changes in survey methodology, but extensive sensitivity analysis confirms the downward trend from 2000 to 2011. The years 2009 through 2011 offer the most robust comparisons and indicate a decline in poverty from 34 percent in 2009 to 30 percent in 2011.



rights, there is too much risk for the private sector and citizens to invest. This, in turn, depresses investment, raises the interest rate, and fuels the informal economy. Securing property rights also improves state land management which can help the Government take stock of its assets and release unused or underutilized assets to the private sector. This increases domestic and foreign investors' access to land—an important factor of production—and enhances the allocative efficiency of the economy. Moreover, secure property rights are not only crucial for economic prosperity but also social stability. In a post-conflict country like Kosovo, clear legal rights help stabilize the social situation and facilitate a return to normalcy. One significant challenge involves the ongoing negotiations for the return of pre-1999 cadastral documents from Serbia. Overall, the lack of tenure security and accurate, current ownership information hinders potential investments and land market transactions, creates uncertainty, and generates disputes.

4. **Since 2011, with the support of the World Bank and other development partners, the land and property sector in Kosovo has undergone a substantial transformation.** Under the Kosovo Real Estate Cadastre and Registration Project (RECAP), the Kosovo Cadastre Agency (KCA) has made considerable progress in introducing a modernized land administration system, securing property rights, and improving the business environment. While achieving these results has taken some time due to the need to build legal and technical procedures for registration and IT system development, RECAP's progress means that future investments in land administration and property rights will progress much more expeditiously, now that more solid legal, technical and capacity foundations are in place. The most notable achievements include: (a) a significant improvement in Kosovo's ranking in the World Bank Doing Business Index for Registering Property from 73 (DB 2012) to 33 (DB 2017); (b) systematic registration and updating of cadastral information (called cadastral reconstruction) completed in 30% of the territory of Kosovo; (c) increased land market efficiency, with the time to register a transaction dropping by 65% from 30 days before RECAP to under 10 days as of May 2017; and (d) the introduction of a national spatial data infrastructure (NSDI) with an NSDI Strategy approved as well as the establishment of a national Geoportal with access to datasets from seven institutions, including the KCA.

5. **RECAP has laid the foundation for the next phase of investments and reforms that would focus on improving public sector service delivery and strengthening private sector competitiveness** through: (a) investments to advance ICT and geospatial infrastructure that improve availability, affordability, and transparency of public services in order to better serve citizens and businesses; (b) further cadastral reconstruction to improve the security of tenure; (c) policy and legal reforms that help improve the operating environment; and (d) capacity building initiatives to improve decision-making, particularly with the use of geospatial data.

6. **Another important issue is the pending return of pre-1999 cadastral documents from Serbia as this could increase the risks in the land and property market and could lead to considerably higher demands on the Kosovo Government budget.** The creation of a separate agency, the Kosovo Property Comparison and Verification Agency (KPCVA), and a parallel process to review all property documents will require the state budget to finance a significant number of legal and technical employees as well as other operating costs of running an agency for potentially up to 10 years. If an appropriate and efficient methodology is not developed, the current verification process threatens to decrease the security of tenure in Kosovo by causing confusion in the property market, potentially halting transactions and negatively affecting domestic and foreign investments. This process could also undermine the investments in cadastral reconstruction already made under RECAP by calling into question the ownership established in RECAP project areas. Therefore, it is imperative to develop a methodology that integrates the verification of cadastral documents from Serbia with cadastral reconstruction in the remaining cadastral zones, and addresses how to manage discrepancies in ownership information in zones where cadastral reconstruction is already completed. This new methodology will need to be developed in line with the EU requirements and political agreements on how Kosovo will implement the return of cadastral documents from Serbia.



## Relationship to CPF

7. **The proposed project will support two focus areas of the FY17-FY21 Country Partnership Framework.** First, it will support 'Enhancing Conditions for Accelerated Private Sector Growth and Employment' through the systematic registration activities that will expand the coverage of updated and accurate property rights and enhance the security of tenure, an important condition for private sector development. Systematic registration will also increase access to finance and reduce informality in the economy. Both these aspects are expected to improve the credit markets and the banking sector. The investments in priority geospatial datasets are expected to support the private sector through access to better location information at a lower cost. This, in turn, could result in higher investments and improved job creation. Second, the proposed project will also support 'Strengthening Public Service Delivery and Macro-Fiscal Management' in two ways. The launch of e-services for land administration will improve the availability and quality of services across the country. The investment in geospatial datasets is also expected to create cost savings for Government agencies through data sharing and this would, by extension, improve the macro-fiscal health of the country.

### C. Proposed Development Objective(s)

8. **The Project Development Objective** is to contribute to an increase in the availability, transparency and efficiency of land administration and geospatial data and services.

#### Key Results (From PCN)

9. The **proposed key results indicators** for the project are:
- Availability: Number of properties updated and registered in the digital cadastre register (Kosovo Cadastre Land Information System) (0 to 100,000; gender-disaggregated ownership tracking)
  - Availability: Target land area with user or ownership rights recorded as a result of the Project (30% to 60%)
  - Transparency and efficiency: Number of e-services implemented (0 to 10)
  - Transparency and efficiency: Number of datasets available through the Geoportal (10 to 30)

### D. Concept Description

10. **The underlying principle of the project design is to build on RECAP's progress while addressing sustainability and safeguarding the market against any uncertainties that may emerge with the return of cadastral documents.** Based on the discussions between the Government and the Bank, the proposed project design would center around four areas which represent the unfinished reform agenda: (a) policy and legal reform; (b) technical systematic registration work; (c) ICT and geospatial investments, and (d) support to KPCVA, which has the mandate to process the return of cadastral documents from Serbia. The proposed project will also support cross-cutting solution areas like gender by promoting women's land and property rights as well as citizen engagement by putting in place effective communication channels and a grievance redress mechanism.

11. **The proposed project will seek to maximize opportunities for enhancing overall impact of the Bank program in Kosovo** by coordinating with other Bank-financed operations and technical assistance. Based on an initial analysis, there is at least one operation with which the proposed project should be coordinated. The Bank's engagement with the energy sector, with the related safeguard needs, will benefit from access to: (a) several key geospatial datasets either held by the KCA or made available through the Geoportal, and (b) current and accurate cadastral information that is needed for



planning and potential resettlement in the project affected areas. Moreover, the geospatial infrastructure investments envisioned under the proposed project would not only help the Government better track and streamline its activities, it would also create an opportunity for the Bank portfolio to realize cost savings by avoiding duplicate investments and, thereby, increasing the value-add of ongoing investments.

12. **Implementation Arrangements.** The proposed project will replicate the implementation arrangements that have been successfully put in place under the ongoing Bank-financed RECAP Project with KCA as the implementing agency. The KCA reports to the Ministry of Environment and Spatial Planning (MESP), which remains engaged and has expressed support for the new project. Under RECAP, KCA's overall performance was deemed satisfactory for all important functions, such as procurement, financial management, and environment and social safeguards.

13. **Another factor to consider is the Bank's potential involvement with the KPCVA.** Since the KPCVA has never been involved in a Bank-financed project, the Bank will need to assess the agency's capacity for the implementation of the proposed component to support the return of cadastral documents. It is still unclear whether or not the Bank-financed project will work directly or indirectly with the KPCVA. This is, in part, due to the fact that the KPCVA is an agency under the authority of the Parliament rather than a line ministry. If the proposed project includes the component with the KPCVA, then two PCOs could potentially be envisioned: one managed by KCA and the other managed by the KPCVA. The uncertainty around the implementation arrangements is reflected in the section on Risks. An assessment related to KPCVA's ability to implement environmental and social safeguards will also need to be conducted.

### Project Components

14. **The PDO will be achieved through five components.** These components are based on moving forward with the unfinished agenda after RECAP and ensuring that sufficient capacity building is put in place to ensure that Kosovo benefits from the investment.

15. **Component A: Policy, Legal, and Institutional (USD 1.0 million).** This component will continue the important work on ensuring KCA sustainability through policy, legal and institutional support. Despite progress in several areas, KCA's institutional structure does not meet regional and international best practices. First, there is a lack of a vertical structure, meaning that MCOs, which provide cadastral services to citizens, do not report directly to the KCA. This has led to several issues related to standard and consistent service delivery across MCOs. Moreover, since MCO heads are political appointments that do not report to the KCA, there is high staff turnover after elections, resulting in the need for repeated capacity building for the most basic cadastral services under RECAP. This structure is not sustainable in the long term. Second, the current legal and institutional setup dictates that the MCOs keep all the income from cadastral services even though the investments to offer these services (e.g. systematic registration, the IT systems and the Kosovo Positioning System) are made by the KCA. This mismatch in investments vs. income means KCA is dependent on the Government budget for maintenance and upgrade costs which, over the long term, will have an adverse effect on the availability and quality of cadastral services. Therefore, partial or full self-financing should be seriously considered for KCA to be able to provide its services in line with best practices. In 2016, the Government issued an order to address KCA sustainability in the new draft law on cadastre. However, the draft has not been finalized and the key aspects of the vertical structure and self-financing require further debate and endorsement from key stakeholders such as local governments. The proposed component will provide support to the finalization of the draft law with KCA sustainability at its core, and assist the subsequent institutional reforms for successful implementation.

16. **Component B: Systematic Registration (USD 6.0 million).** The objective of this component is to continue the systematic registration work that was started under RECAP. So far, 30% of the territory of Kosovo has undergone cadastral



reconstruction. This component aims to add another 30%, taking the total area with updated cadastral information to a total of 60% of the territory. The areas will be chosen based on the government's priorities and on the basis of the cadastral zones' economic importance to allow for the greatest impact in terms of facilitating transactions, expanding access to credit, and decreasing informality in the economy. This will be done by helping the KCA and MCOs to digitize, update and complete the registration records in the new IT system, the Kosovo Cadastre Land Information System (KCLIS). Some improvements to the process will be considered. This will include moving from the current procedure to update the records based on voluntary applications by owners to an automatic updating of all parcels and information, especially if the pre-1999 cadastral documents are accessible. At the same time, KCA will provide quality control so that all data are verified in accordance with Kosovo standards before they are integrated into official records and before payments are made to contractors. The quality control process was set up under RECAP and will be further refined and streamlined under this proposed project.

17. **Component C: ICT and Geospatial Infrastructure (USD 6.0 million).** This component's objective is to help with the implementation of the recent KCA IT strategy and the Kosovo NSDI strategy that were developed towards the end of RECAP. Both strategy documents show the vision to establish key systems and processes in Kosovo to improve the availability and quality of services in the country and ensure that multiples agencies and the private sector have an avenue to share information and work together. On the IT strategy, the component will make investments in cybersecurity, disaster risk management and recovery, and ensure the proper functioning of all systems related to cadastral services. E-services will be launched for citizens, businesses, and specialized users such as commercial banks and notaries. On NSDI, investments will be made in compliant and interoperable priority datasets for Kosovo.

18. **Component D: Support KPCVA with the Return of Cadastral Documents (USD 2.0 million).** The proposed project may include support to the KPCVA, which has the mandate to process the return of pre-1999 cadastral documents from Serbia. The support would focus on developing consistent procedures and integrating the cadastral data for the two parallel agencies that are processing cadastral documents—the KCA and the KPCVA—in order to avoid tenure insecurity or paralyzing the land market. This component, therefore, aims to provide support on two fronts. First, it would support the policy, legal and regulatory framework to ensure that Kosovo is able to work comprehensively and consistently with the pre-1999 cadastral documents that will be returned and with the post-1999 documents that are in the KCA and MCO archives. Second, it would ensure that there are streamlined businesses processes and coherent data processing, data management, and data storage provisions in place for the KPCVA to manage the digital database that will be delivered from Serbia (i.e. the originals will not be returned), and process those documents with the existing documents from the KCA/MCOs. This component envisions addressing the legal and implementation challenges through the development of a strategy and business plan. Additional financing for the actual implementation of the strategy may be considered at a later date if the Government of Kosovo, KPCVA, and the Bank agree to further investments to support this crucial area.

19. **Component E: Project Management, Capacity Building, Public Outreach, Monitoring and Evaluation (USD 1.5 million).** This component will provide support for project management, donor coordination, and administrative and fiduciary aspects, including audits. This component will also make significant investments in capacity building. A majority of the work will focus on NSDI and training different Government agencies, businesses, and start-ups on how to combine and use geospatial datasets to cut costs, stimulate the economy, and create jobs. Public outreach activities will be undertaken to keep citizens and businesses informed of the rationale and benefits of the proposed project. The component will also finance the collection of baseline data to assess the project's social, environmental and economic impacts; and the preparation of the project's semi-annual progress reports, the midterm review report and the final evaluation report, including any necessary surveys and data collection activities.



## SAFEGUARDS

### A. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

The direct project area would include the additional 30% of the priority cadastral zones of Kosovo (roughly 15% of territory) where cadastral reconstruction activities are planned. The specific areas will be selected in discussion with the KCA, MESP, and MCOs and this is expected to take place by the appraisal stage of project preparation. In addition, upgrading the cadastre IT system and digitizing all cadastral records will have national coverage, and the launch of e-services and the investments in priority geospatial datasets are online activities that will be available to everyone: citizens, private sector, and public sector.

### B. Borrower’s Institutional Capacity for Safeguard Policies

Given KCA's experience implementing RECAP, the agency has satisfactory capacity in dealing with environmental safeguard policies. Even though no social safeguard policies are expected to be triggered for the project, both KCA and KPCVA will have to improve their respective capacities to carry out adequate stakeholder engagement activities, maintain a viable GRM during project implementation, and to the extent possible mitigate any social conflict that may result from project activities. KCA has strong experience in implementing Checklist EMPs and providing adequate due diligence on environmental impacts through their work on the RECAP project. All Checklist EMPs were prepared in a timely manner, along with disclosure, the Borrower has maintained regular communication with the World Bank team, and has conducted regular supervision of the Checklists. No issues were noted on sites, both through reports and on the spot checks during missions.

The proposed project may include support to the KPCVA, which has the mandate to process the return of cadastral documents from Serbia. The KPCVA does not have prior experience working on Bank-financed projects and is, therefore, unfamiliar with Bank rules and requirements. A comprehensive assessment with respect to KPCVA's capacity for environmental and social safeguard policies will need to be conducted. Said assessment will also cover other components that might have social risks and impacts such as Component B Systematic Registration. It is likely that some training will need to take place to help the KPCVA better understand Bank procedures and how to deal with the sensitive issue of social safeguards, which is a high risk item for the KPCVA component. The potential for environmental impacts with respect to the KPCVA component is very low. The World Bank team will work closely with KPCVA and in the event that potential works that may give rise to environmental impacts are planned, adequate training and capacity building will be provided by the Bank environmental specialist and/or externally hired specialists.

### C. Environmental and Social Safeguards Specialists on the Team

Esma Kreso Beslagic, Environmental Safeguards Specialist  
Aimonchok Tashieva, Social Safeguards Specialist

### D. Policies that might apply

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	The policy is triggered because there may be some minor civil works during the course of the proposed project. 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 both by KCA and KPCVA 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 and Social Management Plans (ESMPs) or Checklist EMPs will be prepared in accordance with the ESMF provisions aiming to mitigate any environmental and social impacts, to provide the necessary conditions, as well as guidelines and measures to be taken by small works to ensure that health, safety and environmental standards were met. A comprehensive social assessment, including of potential social impacts and risks associated with KPCVA decisions that could lead private individuals to claim properties that are now currently registered and occupied by other private individuals and appropriate corresponding social risk management strategy and measures will also be an integral part of the ESMF. OP/BP 4.01 will also be the basis for developing a comprehensive communications and consultations strategy and carry out adequate consultations with various stakeholders and setting up a viable grievance redress mechanism addressing both environmental and social impacts of the project. Management Report for the Comprehensive Legal and Social Assessment was also conducted as part of project's due diligence to appropriately identify the risks of the project, including potential social risks associated with the exercise of KPCVA's mandate. Among risks identified are potential social conflict, potential displacement, and other associated risks related to the enforcement of KPCVA's new mandate of comparison and verification of original cadastral documents in case/when they return from Serbia. While new cases are not expected under the inherited mandate, not all previous cases are resolved (for example, there are also risks related to the 1,864 unimplemented decisions). There are also risks related to property



		rights of vulnerable or disadvantaged populations such as ethnic Albanians (post 1989 legislation), Internally Displaced Persons and refugees, as well as Roma minorities. Former Housing Property Directorate and the Kosovo Property Agency (now KPCVA) carried out awareness raising campaigns in the past in an attempt to combat such issues.
Performance Standards for Private Sector Activities OP/BP 4.03	No	
Natural Habitats OP/BP 4.04	No	This policy is not triggered because Project activities will not be conducted in protected natural habitats.
Forests OP/BP 4.36	No	This policy is not triggered because Project activities will not be conducted in protected and forest areas.
Pest Management OP 4.09	No	This policy is not triggered because Project activities will not involve purchase, use or storage of pesticides, nor will it support the procurement, or use of, or lead to the increased use of other agricultural chemicals.
Physical Cultural Resources OP/BP 4.11	No	This policy is not triggered because Project activities will not be conducted in areas with physical cultural resources.
Indigenous Peoples OP/BP 4.10	No	This policy is not triggered because Project activities will not be conducted in areas with indigenous peoples.
Involuntary Resettlement OP/BP 4.12	No	The proposed project does not finance any activities that would require or entail any involuntary taking of land or restrictions of access that may cause economic and social impacts. OP 4.12 is does not apply to this projects as most of the risks are associated with disputes that may arise between private parties in land titling projects (footnote 8). As identified in the Management Report for the Comprehensive Legal and Social Assessment, risks such as potential for evictions and/or the demolition of illegal structures are on private land. The proposed REGIP is a land titling project that will support cadastral reconstruction in 30% of priority zones in Kosovo. A more comprehensive legal and social assessment of these social risks will be carried as part of project preparation and on the basis of OP 4.01.
Safety of Dams OP/BP 4.37	No	This policy is not triggered because Project activities will not involve construction of dams or depend on existing dams.
Projects on International Waterways OP/BP 7.50	No	This policy is not triggered because Project activities will not be conducted in or influence international waterways.



Projects in Disputed Areas OP/BP 7.60	No	This policy is not triggered because Project activities will not be conducted in disputed areas.
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### **E. Safeguard Preparation Plan**

Tentative target date for preparing the Appraisal Stage PID/ISDS

Mar 30, 2018

Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing should be specified in the Appraisal Stage PID/ISDS

Prior to appraisal, ESMF, ESMP and Checklist ESMP will need to be prepared to mitigate both environmental and social impacts.

### **CONTACT POINT**

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#### **Borrower/Client/Recipient**

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#### **Implementing Agencies**

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**APPROVAL**

Task Team Leader(s):	Aanchal Anand, Kathrine M. Kelm
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**Approved By**

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