

PROJECT INFORMATION DOCUMENT (PID) CONCEPT STAGE

Report No.: PIDC22627

Project Name	Real Estate Registration Project (P154561)
Region	EUROPE AND CENTRAL ASIA
Country	Tajikistan
Sector(s)	Central government administration (50%), General agriculture, fishing and forestry sector (30%), Information technology (20%)
Theme(s)	Land administration and management (80%), Personal and property rights (20%)
Lending Instrument	Investment Project Financing
Project ID	P154561
Borrower(s)	Republic of Tajikistan
Implementing Agency	SUERIP
Environmental Category	B-Partial Assessment
Date PID Prepared/ Updated	25-Mar-2015
Date PID Approved/ Disclosed	26-Mar-2015
Estimated Date of Appraisal Completion	25-Sep-2015
Estimated Date of Board Approval	16-Dec-2015
Concept Review Decision	Track II - The review did authorize the preparation to continue

I. Introduction and Context

Country Context

Tajikistan's economic growth moderated to 6.7 percent in the first half of 2014 from 7.5 percent a year earlier as activity slowed in almost all sectors. Weaker world economic growth and lower prices for cotton and aluminum adversely affected the major export-oriented industries, pushing total industrial growth below 3 percent from nearly 7 percent a year earlier. GDP growth is projected to ease to 6.5 percent in 2014 because of the spillover effect from the slowdown in Russia and in export sales. A Russian slowdown affects Tajikistan largely through the remittances channel and the return of migrant workers, adding to labor market supply.

With a population of 8.2 million and a GNI per capita of US\$990 (2013), Tajikistan is the poorest country in the ECA region. However poverty substantially declined between 1999 and 2012 (from 81 percent to about 36 percent); extreme poverty dropped even faster—from 73 percent to 14

percent during the same period; and growth benefits were widely shared - consumption by the bottom 40 percent grew faster than that of the population at large. However, rural poverty remains a significant challenge. The poorest regions include Khatlon and the Gorno Badakshan Autonomous Oblast. From a gender perspective, poverty reduction for women was lower than for men, thereby widening an already existing gender gap.

To create shared prosperity and reduce extreme poverty, the country must re-orient fundamentally its current consumption-driven growth model, which is ultimately unsustainable. Fueled by the remittances of migrant workers, as well as higher wages in state-owned enterprises (SOEs), the service sector is expanding while the small industrial sector is contracting. Job creation is insufficient to absorb the youth bulge and wage growth has outpaced that of labor productivity. To meet the country's and the WBG's poverty goals, it will be necessary to support the expansion of opportunities for private firms and poor and vulnerable groups, by strengthening the rule of law and reducing transactions costs for doing business, including for property transactions.

Sectoral and Institutional Context

The Bank has been active in the land sector for more than a decade, beginning in 1999 with the Bank-financed Farm Privatization Support Project (FPSP) and continuing over the past decade with the Land Registration and Cadaster System for Sustainable Agriculture (LRCSP). With 4.6 million hectares of agricultural land and almost two thirds of the population living in rural areas and dependent on agriculture, land rights for farmers continue to be significant for reducing poverty and increasing shared prosperity. Agriculture is the second largest sector in the economy, accounting for one fifth of GDP growth and 46.5% of total employment. The LRCSP has financed farm restructuring focused on dividing larger collective farms into family-held parcels in order to enable more rural people to be independent farmers, and the LRCSP has regularized land use rights for families already farming on separate parcels but without official documentation. LRCSP has supported the issuance of inheritable land use rights certificates for over one hundred thousand families in rural areas, and some 40% of such certificates were issued to women. The next step for the government is to allow these rights to become tradable and thereby facilitate the functioning of rural land markets, which would also support access to credit. To support such a market a proper land registration system is needed. Increasing awareness of the registration system will also be a critical element in the success of this project.

While all land in Tajikistan remains in state ownership, the rights to immovable property in urban and rural areas (houses, apartments) have been privatized. However the current system offers little tenure security, nor is it connected to the cadaster which records the location of all parcels and buildings. Both foreign and domestic investment remain low in Tajikistan compared to the region, averaging about 15% of GDP annually since 2008. One of the obstacles cited by investors for this low investment is weak rule of law, especially as regards property rights.

Tajikistan is now embarking on a key reform of the real property sector with the establishment of the State Unitary Enterprise for Registration of Immovable Property (SUERIP) as the sole property registry and cadaster entity in the country, with the possibility to provide greater tenure security for all citizens of Tajikistan, as well as foreign investors. SUERIP was created by the Law on State Registration in 2008, formally established by a resolution of the government dated March 2, 2013, but only established in fact on January 2, 2015. The President laid out a clear policy objective of simpler, streamlined registration systems across the country in his state of the nation address of 2013, and the establishment of SUERIP in one of the consequences of this decision.

Relationship to CAS

The Country Partnership Strategy (CPS) for 2015-2018 stresses the need to alter the current consumption-driven growth model to achieve the authorities' objectives by creating jobs that will absorb the employable youth and create economic wealth. The proposed project is provided for under the Private Sector Led Growth Pillar of the CPS. By strengthening the role of the private sector, the objective is to create enabling conditions to expand micro, small and medium-sized enterprises and thereby create jobs. Joint IDA-IFC work will reduce transaction costs for business, increase access to finance, and increase the reliability of electricity supply. The proposed project would directly contribute to this outcome by supporting the implementation of a unified registration system nationwide, which would improve tenure security and reduce transaction costs for property transactions. Increased tenure security would also allow for more secure mortgaging of real property, thus laying the foundation for productive investments, business development and job creation. The proposed Project will closely coordinate with the IFC which is also supporting improvements to the investment climate and tax administration.

II. Proposed Development Objective(s)

Proposed Development Objective(s) (From PCN)

The proposed project development objective is to support the establishment of a unified real estate registration system nationwide which is reliable, transparent and efficient.

Key Results (From PCN)

Proposed key results include: 1) reduction in transaction time for registration; 2) rules, procedures and information widely and easily accessible to all users; 3) increase in the number of properties registered in the system; and 4) increased trust in the registration system by users. The proposed project would also use the core sector indicator: Target population with use or ownership rights recorded as a result of the project, gender disaggregated.

III. Preliminary Description

Concept Description

The proposed project will be financed with a US\$10.0 million IDA grant/credit in the following percentages: 45% IDA grant financing and 55% IDA credit financing.

The proposed components include:

- a) Real Estate Registration System Development. This component would support the establishment of a national real estate registration system and the institutional development of SUEIP. The component would include: physical infrastructure improvements, improving customer services and transparency, support to planning and institutional sustainability, support further development of policy and the regulatory framework for registration, and support training activities.
- b) IT Development and Data Management. This component would support the digitizing/conversion of paper documents into a central database and development of an IT system for alpha-numeric data. The component would include activities such as: data conversion, data capture and incorporation into the new system (paper and digital), conversion of mortgage information (currently help by the Ministry of Justice) and incorporation into the new system, software development, and on-line services for professionals and the public.

c) Project Management, Public Awareness and Education, Monitoring and Evaluation. This component would include: support to SUERIP to manage the project through financing a small PMU, monitoring and evaluation, and public awareness and education campaigns and outreach activities. Public awareness and education activities would make use of non-governmental organizations interested in land rights, rural citizens and women, in particular. Monitoring and evaluation would include gender disaggregated data on registration as is already collected for issuance of use rights certificates. Monitoring would also include a citizen engagement mechanism to collect feedback to track improvements in customer service and confidence in the system. The preparation will also consider the possibility to set-up a grievance redress mechanism for land registration.

IV. Safeguard Policies that might apply

Safeguard Policies Triggered by the Project	Yes	No	TBD
Environmental Assessment OP/BP 4.01	x		
Natural Habitats OP/BP 4.04		x	
Forests OP/BP 4.36		x	
Pest Management OP 4.09		x	
Physical Cultural Resources OP/BP 4.11	x		
Indigenous Peoples OP/BP 4.10		x	
Involuntary Resettlement OP/BP 4.12		x	
Safety of Dams OP/BP 4.37		x	
Projects on International Waterways OP/BP 7.50		x	
Projects in Disputed Areas OP/BP 7.60		x	

V. Financing (in USD Million)

Total Project Cost:	10.00	Total Bank Financing:	10.00
Financing Gap:	0.00		
Financing Source			Amount
BORROWER/RECIPIENT			0.00
International Development Association (IDA)			10.00
Total			10.00

VI. Contact point

World Bank

Contact: Victoria Stanley
 Title: Senior Rural Development Speci
 Tel: 458-7811
 Email: vstanley@worldbank.org

Borrower/Client/Recipient

Name: Republic of Tajikistan

Contact: Safarali Najmiddinov
Title: Minister of Finance
Tel: (992-372) 21-14-17
Email: min_fin@tojikiston.com

Implementing Agencies

Name: SUERIP
Contact: R. Umariyon
Title: Director
Tel: 8378815021
Email: not available

VII. For more information contact:

The InfoShop
The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 458-4500
Fax: (202) 522-1500
Web: <http://www.worldbank.org/infoshop>