

## PROJECT INFORMATION DOCUMENT (PID) CONCEPT STAGE

Report No.: PIDC20485

<b>Project Name</b>	Integrated Land Management Project (P152094)
<b>Region</b>	EUROPE AND CENTRAL ASIA
<b>Country</b>	Albania
<b>Sector(s)</b>	Public administration- Information and communications (30%), General public administration sector (30%), Information technology (40% )
<b>Theme(s)</b>	e-Government (30%), Personal and property rights (30%), Land administration and management (40%)
<b>Lending Instrument</b>	Investment Project Financing
<b>Project ID</b>	P152094
<b>Borrower(s)</b>	Government of Albania
<b>Implementing Agency</b>	Immovable Property Registration Office, ASIG, Ministry of Innovation and Public Administration
<b>Environmental Category</b>	B-Partial Assessment
<b>Date PID Prepared/ Updated</b>	01-Apr-2015
<b>Date PID Approved/ Disclosed</b>	27-Apr-2015
<b>Estimated Date of Appraisal Completion</b>	
<b>Estimated Date of Board Approval</b>	15-Sep-2016
<b>Concept Review Decision</b>	Track II - The review did authorize the preparation to continue

### I. Introduction and Context

#### Country Context

Albania was Europe's most rapidly growing economy in the decade leading up to the global financial crisis of 2008. However, Albania's growth stalled with the global financial crisis, which in turn caused the demand for labor to contract, poverty to increase, and income convergence with the EU also stalled. In 2013, income per capita was slightly over \$8,000 (adjusted for PPP). Nearly 7 percent of the population lives under the \$2.50-a-day poverty line making Albania the fourth poorest country in Europe. In 2012, around 51 percent of the poor were living in urban areas, and 49 percent in rural areas. However, between 2008 and 2012, the rise in poverty was more pronounced in urban areas, narrowing the urban-rural poverty gap during the period.

#### Sectoral and Institutional Context

Despite the rapid progress in the post-1991 Albanian land reform and privatization programs, major challenges remain in the land sector. Lack of land access and an inefficient land market are key obstacles for development in Albania. Widespread informality and the weak enforcement of property rights limits the ability of owners to enter the formal property market, use property as collateral to obtain credit, or even to obtain utility services or protection from expropriation. Some of the issues in access are linked to unresolved property claims; almost 70 percent of all civil cases pending in Albanian courts and a large number of cases at the European Court of Human Rights (ECHR) involve land disputes. Poor enforcement of property rights has impeded the land consolidation process and development of the agricultural sector. Land registration remains incomplete and territorial planning, decentralization initiatives and tourism development are constrained by the lack of current and accurate spatial data and property ownership information. On the fiscal side, local government units in Albania have substantially less public revenues than their counterparts in the region measured as both the share of GDP and of total revenues. Currently, property tax yield in Albania is extremely low, with around 0.13 percent of its GDP against an average of 1.8 percent in OECD countries. Property valuation is calculated at a flat rate based on the size of the property rather than a value-based appraisal methodology.

The Government of Albania plans to upgrade its immovable property registration/cadastral system and develop its National Spatial Data Infrastructure (NSDI) in support of integrated land management (also referred to as a 'multi-purpose cadastre') and introducing a fiscal cadastre. It aims to complete the electronic immovable property registration/cadastral system by updating and improving the current paper-based information and linking key spatial data that will serve to improve security of property rights, enhance governance and the land market, and provide a solid basis for introducing a value-based property tax. It relates to the larger objectives of the Government's plans for increased e-government services, improved investment climate, and support for local government financing.

To address the main issues there are several key aspects that must be included as part of a comprehensive reform and introducing an integrated land management structure. First, overall land policy and the related legal framework are weak or contradictory and they need to be harmonized and strengthened. Second, several institutions and agencies are responsible for allocating and managing immovable property and this has led to gaps and overlaps in responsibility as well as weak coordination and oversight of the various land reform programs. Third, land administration remains weak. Although Albania has developed a modern IT system for the Immoveable Property Registration Office (IPRO) only 10% of the country's properties are registered digitally. Eighty percent properties are still paper-based and of poor quality and the remaining 10% of properties have not gone through the first registration process. Finally, the national geo-spatial data infrastructure is in the nascent stage and needs to be fully developed in order to gain the benefits associated with such infrastructure and data sharing, as well as complying with the European Union INSPIRE Directive. (Note: The Directive 2007/2/EC of the European Parliament establishes an Infrastructure for Spatial Information in the European Community (INSPIRE)).

Previous World Bank engagement in the land and property rights sector include the Land Administration and Management Project (LAMP) implemented from 2007-2014. Under LAMP the IPRO structure and legal framework were changed to introduce a modern land administration structure where the IPRO was transformed into a self-funding agency. In addition, the modern IT system with e-services layers was developed and 10% of the properties were digitally registered.

The IT system has been rolled out to all 35 local offices and the initial business processing changes have been introduced.

### **Relationship to CAS**

The proposed project is in line with the recommendations of the Systematic Country Diagnostic (SCD) as well as the objectives of the upcoming Country Partnership Framework 2015-2019 (CPF), which proposes to support sustainable and inclusive land management practices. The project will contribute to all three focus areas of the CPF.

Furthermore, addressing constraints on the land market is one of the six priority areas set by the Government. The proposed project scope fits within the government's draft National Strategy for Development and Integration.

## **II. Proposed Development Objective(s)**

### **Proposed Development Objective(s) (From PCN)**

The proposed project's development objective would be to contribute to an increase in the efficiency, transparency, reliability and availability of an integrated land management system through integration of key IT systems, and geo-spatial and immovable property information.

The project would achieve these goals by (i) supporting the development of an integrated land management policy and harmonized legal framework; (ii) improving the regulatory environment, business processes, staff capacity and customer orientation in the IPRO; (iii) updating, upgrading and digitizing the paper-based registration information for priority areas of the country; (iv) improving transparency of immovable property ownership and transactions by increasing digital information and on-line access; (v) facilitating spatial data access, exchange and sharing; and (vi) developing a new methodology for value-based property tax and piloting new approaches for enhancing property taxation.

### **Key Results (From PCN)**

The key results expected from this proposed project are:

1. Digital immovable property registration and data quality improvements that increase the accessibility and reliability of the current system measured by percentage of digitized records. The core land indicator "Land parcels with use or ownership rights recorded as a result of the project" could be used.
2. An improved institutional structure and coherent integrated land management system measured by adoption of a national land policy and strategy for integrated land management that clearly defined roles and functions for land market interventions
3. Improved transparency and efficiency measured by increased access to and use of the digital registration system and reduced transaction time. The Core Land Indicator "Average number of days to complete the recordation of a sale/purchase in the land administration system" could be used.
4. Compliance with key points of the EU INSPIRE Directive for spatial data infrastructure measured by number of institutions that are compliant with the INSPIRE Directive and number of geoportal (spatial data) users
5. Increased fiscal sustainability through an improved property valuation and taxation system measured by adoption of new valuation/taxation standards and success of mass appraisal system pilot in select municipalities

6. More equitable property taxation system measured by changes in tax burden (distributional effects) of mass appraisal system pilot in select municipalities

### **III. Preliminary Description**

#### **Concept Description**

The proposed project will have the following four components:

Component A: E-Governance for Enabling Integrated Land Management. This component would support the Ministry of Innovation and Public Administration (MIPA), to manage the development and implementation of an enabling e-governance technical environment to support a wider Integrated Land Management Program. This would involve the development of Integrated Land Management policy, strategy, legal framework and technology to create an enabling technical environment, and development of rules, standards and human resource capacities to manage implementation of the program. Many of the provisions of the EU INSPIRE Directive could be translated to the policy, legal and technical framework in Albania. The component would work closely with the MIPA and the new National Spatial Data Agency (ASIG) to ensure that the data models, metadata rules and strategy for including the data layers for the main themes in the INSPIRE directive and areas of key government interest in the urban and land sectors are included in the integrated land management system.

Component B: Data for the Integrated Land Management System. The biggest challenges facing IPRO remains the pre-2011 registration data (data for approximately 80% of property in the country). A national process to digitize, update and upgrade the data is urgently needed so it can be uploaded and maintained in the IT system as part of the wider e-government strategy. Actions under this component will complete first registration in any remaining priority areas, provide institutional support to IPRO, and fulfill other data requirements. The process requires a regulatory framework to determine administrative boundaries, address the particular issues associated with the southern coastline, and a procedure to recognize the rights of users in remote areas who are often from the most vulnerable groups and rely on forest products for their livelihood. The proposed project would therefore include a subcomponent to access these data and link to the IPRO IT system.

Component C: Property Valuation and Taxation. This component would support the establishment of a more efficient and transparent property valuation and taxation system. Actions under this component will include conducting mass appraisal system pilots based on international valuation standards in select municipalities. The component could also contribute to the strengthening of local governments' capacity to bill and collect property tax revenues and to assure the flow of information across the different institutional users.

Component D: Project Management, Capacity Building and Monitoring and Evaluation (M&E). The project would also support IPRO and ASIG with updating and implementation of their Strategic Business Plans in order to ensure IPRO operates as a service oriented business and ASIG develops its capacity to operate as the hub for geo-spatial information. These modernization plans require intensive training and information campaigns for all internal and external users. A strong M&E program is also needed to track progress for each institution and to collect and analyze gender data about property ownership and services. Actions under this component will include developing a business plan for ASIG, devising an integrated training and capacity building plan for implementing agencies, and strengthening M&E methodology and rigor at the implementing agencies.

**Gender:** The project will have a specific gender focus. Social surveys will be conducted as needed and any policy or legal reforms will include public consultations with a gender sensitive focus. In addition, the project will also collect and analyze gender disaggregated data.

**Citizen Engagement:** The property registration process has an inherent citizen engagement requirement through the mandatory 30 day public display. Special public awareness activities, information and consultations were established under the LAMP project and will be further refined under the new project. Any work on policy, strategy development or changes to the legal/regulatory framework will be widely consulted with key stakeholders. The project will incorporate the new beneficiary feedback indicator.

**Climate Change/Disaster Risks:** The project will support development of the National Spatial Data Infrastructure which is the basis for collecting, using and sharing geo-spatial information. Any policy or strategy work will include a review for environmental impacts according to the law in Albania and World Bank safeguards requirements for Category B projects.

#### IV. Safeguard Policies that might apply

<b>Safeguard Policies Triggered by the Project</b>	<b>Yes</b>	<b>No</b>	<b>TBD</b>
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:	45.00	Total Bank Financing:	45.00
Financing Gap:	0.00		
<b>Financing Source</b>			<b>Amount</b>
Borrower			0.00
International Bank for Reconstruction and Development			45.00
Total			45.00

#### VI. Contact point

##### World Bank

Contact: Kathrine M. Kelm  
Title: Sr Land Administration Special

Tel: 458-8941  
Email: kkelm@worldbank.org

**Borrower/Client/Recipient**

Name: Government of Albania  
Contact: Erjon Luci  
Title: Deputy Minister  
Tel: 35542259898  
Email: erjon.luci@financa.gov.al

**Implementing Agencies**

Name: Immovable Property Registration Office  
Contact: I. Muho  
Title: Chief Registrar  
Tel: 35542403375  
Email: Ilirjan.Muho@zrpp.gov.al

Name: ASIG  
Contact: Lorenc Cala  
Title: General Director  
Tel: 0035542269280  
Email: info@asig.gov.al

Name: Ministry of Innovation and Public Administration  
Contact: Milena Harito  
Title: Minister  
Tel: 35542277355  
Email: info@inovacioni.gov.al

**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>