1. Country and Sector Background

In the early 1990s, Bulgaria launched extensive reforms. The principles of private real rights and liberalized land markets were restored in the legislation. Several land restitution laws were passed, affecting farmlands, forests, nationalized immovable properties, and expropriated properties. Local self-governments were re-established, and municipal and state property were regularized by law. Land tenure security for farmland leases was further improved by pertinent legislation. The institution of private notaries was introduced. New land market professions emerged: realtors, developers, land valuers. The new market-oriented reality in the country imposed improvements on land administration institutions and practice. This land administration reform was called upon to solve a number of critical issues, among which the fragmentation of land records, the lack of tenure security and the lack of trust in government institutions.

The Government program was designed to respond to these issues and create a viable environment for land markets. The Government passed a Law on Cadastre and Property Register in April 2000, and a new Cadastre Agency (CA) was established on January 1, 2001 to implement the cadastral aspects of the law. The new agency is currently being set up. It now has its headquarters in Sofia, and twenty-eight regional cadastre offices are set up in the administrative centers of the regions. The new integrated cadastre and property registration systems will be implemented following a gradual process. In order to avoid any disruptions to the rural land markets, the Land Commissions, so far involved in the restitution of rural land, will continue to keep a database for rural land property ownership until the regional cadastre offices are ready to receive this information. The Land Commissions' databases will gradually decrease as the databases in the regional cadastre offices increase. Once the data on rural areas will have been completely transferred to the Cadastre Agency, the Land Commissions will keep the functions related to the maintenance of data on land use according to the requirements set by the Common Agricultural
Policy and other programmes of the European Union. In the case of urban land, some of the existing municipal cadastres are large organizations providing a comprehensive service to local administrations. Others are smaller or less effective. The range of activities and amount of work varies between offices like Sofia or Varna with sophisticated computerised systems and staff of over a hundred to small offices with a few people working in a paper environment. Each municipality must be looked at independently as they have different resources and capabilities. In general, the municipal cadastres will continue to operate as they now do, but will be given methodological guidance and will be monitored by the regional offices of the Cadastre Agency. The municipal cadastres will relinquish their data and part of the cadastre function to the regional cadastre offices, and maintain the function of providing a service to the clients (i.e. owners of real properties, Government departments and organizations, notaries, lawyers, courts, surveying companies, real estate agencies, banks, etc.). They will be linked to the database of the regional cadastre office and, in exchange for fees, they will provide a service to the citizens in terms of query results about properties, excerpts of plans of real property, query results about the property status of a person, certificates of cadastral status, copy of cadastre map, etc. The information system in the 28 cadastre offices will store large amounts of graphic information, and it will be linked to the information system in the 112 district courts, where the information about the properties and the rights on the properties is maintained, on the basis of the identifier of immovable properties. The Government Long-Term Program. To implement the program described above in the whole country, the Government foresees that it will take fifteen years. A long-term program and an annual plan were approved by the Government in 2001. On their basis, the Cadastre Agency will first recruit staff and organize its procedures. Following this, the Cadastre Agency will gather the base materials required for preparation of index maps. The Agency will initially concentrate on a few areas and gradually increase its activity. MOJ intends to have all 112 district courts prepare preliminary lots, so that a near automatic download into the new system can take place as soon as the software for linking the cadastre and property registration systems is developed. The preparation of the preliminary lots would be an office conversion exercise. Some offices have computers and have been provided with the software, but 88 of the 112 offices have retained their purely paper based system, thus the creation of the preliminary lots will be a long-term activity. The Minister will incrementally declare areas that are subject to the Law, and sporadic registration, which involves creation of preliminary lots, will commence from the date of declaration. Systematic registration areas will be selected in coordination with the Cadastre Agency and the preliminary lots prepared on a systematic basis. The activities of the Cadastre Agency and MOJ will commence in Dobrich, making use of the work done under the EU Phare and Dutch Matra projects, that could not be finalized because of the absence of a legal basis at the time it was conducted. This will be considered as an operational trial, and further areas will then be selected and systematic registration will commence. Following this another series of court districts will be selected, up to 8, and systematic registration will commence. Sites around Sofia will be among those selected, for initial operations, jointly by the MOJ working group and the Cadastre Agency. The major cities will not be tackled until such time as the experience from these initial sites is analyzed. The Sofia City Court will work with the existing municipal
cadastre in Sofia, until the Cadastre Agency acquires the resources to manage this work. Over the five-year period of the project, it is expected that data on 65,000 hectares of urban real properties territories will be transferred from about 80 MTS offices to the regional cadastre offices and, if necessary surveyed, adjudicated, and registered, while in rural areas data and land records for 30% of the 260 Land Commissions offices (about 80 offices) will be converted into the new cadastre and registration systems.

2. Objectives
The development objective of the proposed project is to improve the coverage, completeness, accuracy and responsiveness of the cadastre and real property registration systems and, therefore, contribute to the development of secure tenure of real estate (and hence investments in housing, agriculture, commerce, manufacturing, and services), and of an efficient real property market. It will thereby contribute to one of Bulgaria’s EU accession requirements: the development of efficient markets. The project will help create an institutional infrastructure that assures real property rights, and the means by which those rights can be securely traded, thus encouraging long-term investments. This will be achieved by (i) addressing the inefficiencies caused by the current cadastre and property registration systems, that are unreliable and whose data are not current, (ii) increasing the awareness of the rights and duties under the new systems among stakeholders, and (iii) undertaking the registration of parcels and property rights in selected parts of the country. The implementation of an integrated cadastre and registration system to cover the whole country would be phased over a period of fifteen years. The proposed project will cover the first five full years of this comprehensive program, and be focused on selected rural and urban areas. The proposed project will support the improvements of the linkages between the cadastre and property registration systems that will then be replicated in the rest of the country.

3. Rationale for Bank’s Involvement
Assistance from other donors in the area of land reform has significantly reduced in recent years. Support from the Bank, at this stage, will allow the fragmented registration effort to develop into a fully integrated, comprehensive, rational system that would actually work. The Bank will contribute to speeding up the transition to a market economy in a crucial domain in which public involvement and positive externalities are important. Besides, through this operation, the Bank will have an opportunity to advise and assist in resolving any continuing impasse among ministries regarding the legislative and institutional changes required to sustain private ownership of land and immovable property and facilitate the operation of real property markets.

4. Description
The project would consist of four components: Component A - Cadastre System Development; Component B - Property Registration System Development; Component C - Cadastre and Property Registration Operations; Component D - Project Management and Development of a Policy and Legal Framework. The project would be implemented in a five-year timeframe. A description of the proposed components follows. Component A - Cadastre System Development. This component would support the design and implementation of a unified national cadastre system in the Cadastre...
Agency, recently established within MRDPW, and in the 28 regional cadastre offices. This support would include office renovations, equipment (hardware, software, furniture, vehicles) and technical assistance for the headquarters of the newly established Cadastre Agency and its regional offices. Technical assistance will be provided to help the Cadastre Agency compile records that will be transferred from the 80 municipal offices and about 80 land commissions (the project will cover about 30% of the existing land commission offices in the country), develop a strategy that will allow the Agency to be run along business lines leading towards partial cost-recovery, and define office procedures and a human resources strategy. The human resources strategy would include the definition of detailed job descriptions, the development of training programs, and the design of a system of performance standards and incentives to be applied in the day-to-day activities of the Agency.

Component B - Property Registration System Development. This component would support the start-up of the new real property based system in the 112 district courts. The objective of the component would be to establish an efficient real property registration system that lowers transaction costs and processing turn-around time. The component would support refurbishing of entry courts’ offices, the purchase of equipment (hardware, software, furniture, vehicles), the provision of technical assistance, and service contracts for the transformation of entry book records into the new system. Technical assistance will be provided to help the entry courts with the management of records, the development of a strategy to run the registration system along business lines, and the definition of office procedures and a human resources strategy. The human resources strategy would include the development of training curricula in specific subjects related to the operation of the property rights registration system, and workshops for notaries and other real property professionals. In addition to seminars for entry judges, the project will study if and how clerks could take more responsibility in the future to allow them to manage the new system in the courts.

Component C - Cadastre and Property Registration Operations. The project will support the gradual introduction of the property-based registration system, and the creation of an effective data link and exchange between all the agencies involved. This component would define and implement joint operations for the cadastre and property registration systems. The project would finance geodetic network operations, cadastral surveying and adjudication and associated digital mapping, data entry of preliminary lots for mass registration, the design and implementation of joint information technology and management systems in both the cadastre and the property registry, service contracts for maintenance, supervision and quality control. It would support the creation of an urban cadastre and property registration in settlements, apartments and enterprises, and the conversion of the restituted farm- and forest-real property rights. The project will finance the data entry, cleaning, conversion, and transfer of about 2.4 million of the 8 million total rural parcels from the land commission offices, to the new cadastre offices and court systems - using contractors. Under the project 600,000 urban and settlement properties would also be converted or re-surveyed and registered into the cadastre and property registry.

Component D - Project Management and Development of a Policy and Legal Framework. This component would finance the costs of a Project Implementation Unit (PIU) responsible for the overall coordination of the activities under the project, training activities and technical assistance. The project will finance training programs for employees of the Cadastre Agency, staff of the cadastre agency.
regional offices, private contractors, as well as entry judges, notaries, real estate agents and bankers. These programs will include subjects related to technical skills, as well as relevant procedures of the new law and its ordinances. The training would be largely undertaken by the University of Architecture, Civil Engineering and Geodesy, within the Faculty of Geodesy. University staff would initially participate in study tours or seminars organized by international experts, and then carry out the training in house. The project will also finance technical assistance to (i) complete the legal framework for the cadastre and property registration systems, e.g., draft the necessary regulations for the implementation of the Law on Cadastre and Property Registration, and propose amendments to improve the condominium provisions in the law and the mortgage system; (ii) create a policy environment for the development of real property markets; (iii) design and implement an information technology and information management strategy allowing the linking of data from MRDPW, MOJ, MAF, MOF, municipalities and others, that would be developed in the context of the national IT and communications strategy of the Council of Ministers; (iv) conduct a public awareness campaign with the double purpose of targeting professionals and landholders, making them aware of their rights and duties in the new systems, and increasing public knowledge of the cadastre and property registration systems; (v) provide legal support to the most disadvantaged citizens (low income citizens, minorities and women) in relationship to their property rights. Young lawyers will be financed under the project to provide legal extension services in the villages and towns; and (vi) design and set up a system that would monitor the impact of the proposed project on beneficiaries, including customer surveys. These activities will aim to increase the trust of citizens in public institutions dealing with cadastre and property registration.

5. Financing

Total Project Cost 37

6. Implementation

Steering Committee. A Steering Committee, consisting of Deputy Ministers from MOJ, MRDPW, MOF and MAF, the Director of the Cadastre Agency, and senior officials from the Supreme Judicial Council, the Council of Ministers, the National Association of Municipalities, the Union of Notaries, and the Union of Surveyors and Land Managers, will be officially established by a decision of the Council of Ministers to oversee implementation, provide overall guidance, review and approve the annual work plans and budgets of the project. The Steering Committee will be co-chaired by the representative of the Ministry of Justice and the representative of the Ministry of Regional Development and Public Works to ensure balance in the split of functions between MOJ and MRDPW, and continuity in the works of the Steering Committee. Between its sessions, the two chairmen will act on behalf of the Steering Committee on the basis of common decisions. Project Implementation Unit. A Project Implementation Unit (PIU) will be established in the Cadastre Agency to implement the tasks foreseen under the project. The PIU will implement all components and will be fully in charge of all payments, procurement, contracting, disbursement, reporting, accounting, consolidation, planning, budgeting and auditing relating to the project. In particular, the PIU will: serve as the secretariat to the Steering Committee. The Project Director will take
part in all meetings of the Steering Committee as a liaison with all Ministries involved in supporting the implementation of the project as well as the Bank, responsible for the preparation of the annual work plan and the related budget proposal for the approval of the Steering Committee, and guide the budget approval process with Government responsible for all activities related to procurement on the basis of TOR and technical specifications prepared with the assistance of the Cadastre Agency and the Ministry of Justice, supervise and pay contractors, create a system of accounting and auditing of the project acceptable to the Government and the Bank, coordinate the financial management of the project, including preparing requests for replenishment of the Special Account, establish a monitoring and evaluation function including annual and sub-annual reporting processes on all project performance indicators. The PIU will consist of a Project Director, a Technical Coordinator, a Property Registration Specialist, a Procurement Specialist, an Accountant/Disbursement Specialist, a Financial Manager, a Monitoring and Evaluation Specialist, and an Assistant. The Project Director, the Procurement Specialist, Financial Management Specialist, and the Accountant would have to be appointed before negotiations. It is envisaged that, after the project is completed, the activities related to public awareness and legal advice to the most disadvantaged will be carried out by the Cadastre Agency and the property registration unit to be created within MOJ. Project Teams in the Line Ministries. Staff of the Cadastre Agency and the Ministry of Justice will be appointed to work on a full-time basis to undertake technical tasks, and monitor and supervise the work of the PIU in the execution of the project. To fulfill these functions the Minister of Justice will designate staff of the Inspectorate, which is currently responsible for overseeing the work of the district courts. As of January 1, 2002, these functions will be taken over by a real property registration unit to be established within MOJ for the technical direction, inspection, monitoring and evaluation of the real property registration activities of the district courts. Organizational structure and qualification requirements of employees will be established by the Minister. Each Project Team will have the necessary office facilities, and the operational costs of the Project Teams will be borne by the respective Ministry. Each project team will: cooperate at the central level with the PIU, supplying information on project implementation; cooperate with the PIU in preparing annual work and budget plans for the project; program, coordinate and monitor the activities it is responsible for, and prepare proposals for updating the project implementation plan. These proposals will be submitted to the Steering Committee for approval; check whether components are carried out in accordance with the project implementation plan and the policy of its ministry; prepare technical specifications and terms of reference, sit in the evaluation committee to select contractors. The Project Team within the Cadastre Agency will be responsible for preparing technical specifications, terms of reference, and monitoring the quality of work for the activities financed under component A - cadastre system development, whereas the Project Team within the Ministry of Justice will be responsible for preparing technical specifications, terms of reference, and monitoring the quality of work for the activities financed under component B - property registration system development. For the joint activities relating to components C and D, TOR and technical specifications will have to be prepared in coordination by the two Project Teams.
7. Sustainability
The project will support the Cadastre Agency and the unit for real property registration to be created within the Ministry of Justice in developing a system that will be run along business lines and human resources strategy. Assistance will be provided to the two agencies in planning the financial costs necessary to perform cadastre and property registration activities, setting up fees, planning human resources needed to fulfill cadastre and property registration activities, and office procedures in terms of service standards and processing times. The development of a planning strategy for financial and human resources needs will ensure the sustainability of the cadastre and property registration systems.

8. Lessons learned from past operations in the country/sector
In the ECA region in 2001, there were about 15 projects in as many countries with land administration components, with 8 of them classified as stand-alone projects. This experience indicates that there is a need for projects with a strong focus on land administration, and it is not enough to try to accomplish these complex objectives just through a component within a broader operation, at least at this initial stage when the institutional arrangements for guaranteeing security of land and real estate tenure have to be established. The experience also points out that land administration projects should have solid government support and have a simple institutional framework. In the case of Bulgaria, it proved impossible to achieve the Bank’s preferred one agency model for the land administration system. About 18 months were spent trying to achieve this outcome by the project team, and several sections of civil society and the Government. When Parliament enacted the April 2000 Cadastre and Registration Law, it put in place the two agencies model. Upon request from the Government of Bulgaria, the Bank decided to support the two agencies model (which prevails in many developed countries) and focused on ways to achieve good linkages and cooperation between the cadastre and the property registration systems. Previous experience also showed the need for a single strong PIU that would work in cooperation with teams in the two partner agencies, the Cadastre Agency and the Ministry of Justice.

9. Program of Targeted Intervention (PTI) N

10. Environment Aspects (including any public consultation)
Issues : The project has been rated as category C. The project will have a positive environmental impact since it will provide the legal framework on which to build databases or specialized cadastre for managing farm and forestry lands and green areas in urban settlements.

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12. For information on other project related documents contact: