

Real Estate Cadastre and Rights Registration Project, Financed Through the World Bank's Loan and Through Other Donor Projects

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SUMMARY

Social changes and endeavors to implement a market economy after the year 2000, necessitated the need to establish a well-maintained (up-to-date) system for Real Estate Cadastre and rights registration on the whole of the Republic of Serbia's territory. Preparations have been initiated and feasibility studies enacted, including the analysis of cost coverage regarding the expanses of the Real Estate Cadastre and rights registration Project, all of it resulting in a World Bank's loan. The Project's main goal is to support development, investments and general benefits of the real estate market for the whole of the Republic of Serbia, by implementing a Real Estate Cadastre, as a singular real estate and real estate rights register. The value of the Project is 30 000 000 \$ (WB loan) and 9 5140 000 \$ (drawn from the budget of the Republic of Serbia), with the implementation period being six years. The Project is expected to end in 2010. The Project consists of two main components: technical and operational development and support, utilizing 86% of the total loan funds, while the institutional development and capacity building account for 16% of the project funds.

The goal of the first component is to support Republic Geodetic Authority as an institution relevant for Project implementation, in accelerating the establishment and maintenance of the Real Estate Cadastre, while upgrading services offered to its end users. On the other hand, the goal of the second component is to stimulate institutional development and establishment of adequate capacities, by promoting and modernizing business procedures, legal regulation development, staff training and human resource development. The Project is financed by the World Bank, and supported by numerous donor projects, financed by member states of the European Union, that will be further elaborated within this paper.

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INTRODUCTION

Priorities and strategy of the Government of Serbia are presented within a National program for integration with the European Union, Action plan for synchronizing Serbian regulations with EU provisions – 2005, Anti-corruption strategy and action plan, Strategic document for poverty reduction in Serbia, and within a National program for environmental protection.

Republic of Serbia's Government considers land matters as priority issues, demonstrated by the Real Estate Cadastre and rights registration Project financed by the World Bank's loan.

Primary goal of the land administration in the Republic of Serbia is to offer its contribution to a sustainable economic development and poverty reduction, better environmental management, more secure real estate rights and operation of an active real estate market through efficient land administration and establishment of a Republic Geodetic Authority as an effective and transparent institution.

1. STRATEGIES AND PRIORITIES OF THE REPUBLIC GEODETIC AUTHORITY

Republic Geodetic Authority (RGA) has been set up as a special republic organization, based on the Law on ministries. According to regional principles, RGA's activities have been organized within 10 regional Centers for the Real Estate Cadastre. On a local level, RGA's scope of work is being implemented through 164 Offices for the Real Estate Cadastre. Apart from RGA's organizational units at a local level, approx. 800 geodetic organizations with approx. 1500 licensed geodetic experts are involved in survey and maintenance activities since 2002. For the purposes of project implementation according to World Bank's regulations, Project Implementation Unit (PIU) has been formed within the RGA.

Republic Geodetic Authority presented its strategic goals within a document RGA's strategic goals for the period 2006 – 2015. RGA's vision is formulated in the following manner:

- Republic Geodetic Authority establishes appropriate legal foundations, facilitating secure real estate ownership and real rights relations, guaranteed by the stated, within the capacity of a "public registry" managing private and public rights.

- Republic Geodetic Authority represents a competent institution for establishing, maintaining and distributing georeferenced/geospatial data on the territory of the Republic of Serbia, taking the lead role in developing national geo-information policies.
- Republic Geodetic Authority offers public sector services on behalf of the state, society and citizens. This institution performs permanent harmonization of data quality, business procedures and rendered services, according to international standards and norms, functioning in an efficient manner, focused on citizens and responsible for public assets.

One of the most important procedures currently taking place within the RGA is integration of the cadastral registers with rights registers (Land Book). The idea regarding such integration developed due to appropriate legislative formulation in 1988. In order to facilitate a more efficient operation of the integrated registry – Real Estate Cadastre – a new Law on state survey and Real Estate Cadastre has been legislated in 1992¹. Execution of activities concerning the implementation of the Real Estate Cadastre have been somewhat slowed, due to a lack of necessary funds. The Government of the Republic of Serbia identified the importance of such a registry, applying for a loan with the World Bank, in order to expedite and simplify these procedures. Additional integration of alphanumerical and graphical data represents an important process for RGA, linked with WB loan and capacity building Project in Serbia: Real Estate Cadastre and rights registration. Donor support rendered to this project and other development procedures within the RGA are highly important, and RGA is constantly working towards a continual institutional development.

2. SYSTEMS FOR REGISTRATION OF LAND AND PROPERTY RIGHTS BEFORE THE REFORM

Until 1988, Land Cadastre was used in the largest part of the Republic of Serbia, with approx. 40% of the state territory with the established Land Book as an ownership registry, while in the smaller, southern parts of the country, a deed system was in place.

- Land Cadastre represents a form of land registry, containing data on parcels and buildings, from the aspect of their position, shape, area, culture, land fertility level, class, cadastral revenue and users. The shape and area of all cadastral parcels and buildings are displayed on cadastral maps, while other data is entered within the cadastral registry.

Land Cadastre represents a form of land registry, established for the whole of the Republic's territory and representing a basis for the implementation of ownership registries. As such, it does not contain data on actual real estate rights, encumbrances, and real estate limitations. Land Cadastre represents a registry with alphanumerical data

¹ RS. 1992. The Law on state survey and Real Estate Cadastre ("Official Gazette of the Republic of Serbia", no. 83/92)

in digital form since 1970, and with graphical data (cadastral maps) in an analogue format.

- Land Book represents an ownership registry, containing registrations regarding real estates (land and buildings), real estate rights, encumbrances, and real estate limitations. Land Book consists of the main registry and a collection of documents, with different types of Land Book registrations being registration, pre-registration and annotation. For the Land Book it is characteristic that it is still being managed in an analogue form, manually, in the same manner as when it was established, at the end of 19th century.
- Deed book represents a public registry of land owners. Deeds represent evidence that persons have been registered within ownership deeds regarding a certain piece of land. Within the Republic of Serbia, deed system is scarcely present, and only in those parts of the country where the Land Book has not been established.

3. REAL ESTATE CADASTRE AS LAND CADASTRE AND LAND BOOK REFORM

Data stored within the Land Cadastre and Land Books should be – according to legal requirements – regularly and fully synchronized, regarding such aspects as land use types, areas, and cadastral parcel numbers. However, practical situation has often been very different, hence today, in a large number of cadastral municipalities, a significant discrepancy exists between data registered within the Land Cadastre and Land Book.

Additional discrepancies between the Land Cadastre and Land Book have been caused by disposition principles, i.e. voluntary nature of registration, meaning that Land Book registrations have not been obligatory.

Modernization of real estate registry systems in the Republic of Serbia dates back to 1988, when Serbian Parliament legislated the Law on survey, cadastre and real estate registration, stipulating the establishment of a singular real estate and real rights registry, encumbrances and limitations, known as “the Real Estate Cadastre”. In order to promote a more efficient establishment of the Real Estate Cadastre, in 1992 a new Law on state survey, cadastre and real rights registration has been legislated (“Official Gazette of RS”, no. 83/92, 53/93, 67/93, 48/94, 12/96, 15/96, 34/01 and 25/02).

4. REAL ESTATE CADASTRE AND BENEFITS

Real Estate Cadastre is a modern, high-quality, reliable and public real estate register, contain the information on the following: land, buildings, and building special parts (apartments and business

premises, other construction objects), real estate rights, encumbrances and limitations. Within the Real Estate Cadastre, the rules of priority, legality, continuity, transparency, reliability, singularity and obligatory registration are applied. Real Estate Cadastre represents a high-quality infrastructural basis for accelerating and implementing numerous transitional processes, facilitating establishment of a more efficient system for managing real estate and real estate rights, through a singular information system of the Real Estate Cadastre.

The Real Estate Cadastre enables registration of all data regarding land, buildings and other construction objects, special building parts, real estate rights, rights holders, encumbrances and limitations in one place, within one governmental institution.

Within the Real Estate Cadastre, registration of data regarding land, buildings, apartments as special building parts is being performed, using parameters such as area (size), parcel number, use type, address, cadastral revenue..., number of floors, special part number, special part area..., and data regarding real estate rights, such as ownership rights and other actual real estate rights, certain obligatory rights, actual encumbrances and limitations.

The advantages of the Real Estate Cadastre, as a singular real estate registry, in comparison to previous methods where different registers have been maintained with land data on one side and data regarding real estate rights and limitations on the other, are as follows:

- Data concerning real estates and real estate rights are managed in one place, within one governmental institution
- Information regarding real estates and real estate rights is complete
- Reduction of expenses and the time needed to perform registration
- More efficient and economical business operation is achieved
- Reliability of the registrations performed is increased
- Facilitation of greater security over real estate ownership rights, coupled with better protection and archiving of all data regarding real estates and real estate rights
- Possibility to perform synchronization and to update numerical and graphical databases in a more efficient manner
- Faster and more efficient data distribution to the interested users
- Development of a legal real estate market
- Supporting faster and more secure mortgage claim procedures.

5. WORKFLOW OF ESTABLISHING THE REAL ESTATE CADASTRE, AND THE RESULTS ACHIEVED

Activities regarding the implementation of the Real Estate Cadastre were of a smaller scope until the year 2000, with unsatisfactory dynamics. There were several reasons for this, one of them

being the lack of legislating bylaws and detailed provisions in support of the Law on state survey, cadastre and rights registration from 1988, followed by insufficient staff experience and the need to hire experts and train the existing staff for the purposes of establishing the Real Estate Cadastre.

However, since the year 2000, results regarding the establishment of the Real Estate Cadastre become more significant, especially intensifying after the legislation of the Amendments and Additions to the Law on state survey, cadastre and real estate rights registration from 2002.

Within the Republic of Serbia, Real Estate Cadastre, as a singular real estate and real rights registry, has been implemented for:

- 80% of the Serbian territory,
- The total number of 3965 cadastral municipalities, or 88% of the total number of cadastral municipalities,
- 14 995 950 cadastral parcels, or 80% of the total number of cadastral parcels.

The establishment of the Real Estate Cadastre has been completed for 38 political municipalities and 2 towns – Sombor and Kragujevac.

During 2009, finalization of REC establishment has been planned for 37 municipalities and 3 towns, followed by REC completion for 31 municipality and 10 towns during 2010.

6. PROJECT "ESTABLISHMENT OF THE REAL ESTATE CADASTRE AND RIGHTS REGISTRATION IN SERBIA" – WORLD BANK (WB)

The beginning of project implementation and link establishment between the World Bank and RGA primarily referred to identifying required works that might be encompassed by smaller pilot projects and studies. First contacts between the World Bank and RGA have been achieved at the beginning of 2003, during several visits from the Bank's team. After the identification, selected project team – composed by representatives of all sectors – cooperated with the Bank's team in preparing and evaluating forthcoming projects. During preparatory phases, negotiations took place between the RGA, World Bank and the Government of Serbia. The Project had been defined at the beginning of 2004, while at the end of May, during the meeting of the Bank's Board of Directors evaluation has been made, and the Government of Serbia (i.e. Republic Geodetic Authority) has been granted with the loan requested.

Project implementation period is October 2004. – October 2010

The value of the Project is 30 000 000 \$ (World Bank) and 9 5140 000 \$ (drawn from the Republic of Serbia's budget).

The Project consists of the following two components:

TS 3D – Cadastre and Land Registration

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7th FIG Regional Conference

Spatial Data Serving People: Land Governance and the Environment – Building the Capacity

Hanoi, Vietnam, 19-22 October 2009

Component A- Operational development and support to REC establishment (86% of the total funds)

- Geodetic reference frame
- Digital Cadastral Map (DCM/DKP)
- REC establishment
- REC establishment for the area of Belgrade
- Improvement of real estate rights registration services
- Modernization of information and communication technologies (ICT)
- Legal advice service

B- Institutional development and capacity building (14% of total funds)

- Business plan definition and development
- Updating and applying ICT strategy
- Legal framework completion
- Public awareness and publicity campaign
- Human resource training and development
- Project management
- Research and development

Operational development and support provides development of methodologies and establishment of the Real Estate Cadastre, coupled with its maintenance, while simultaneously offering high-quality services to clients. Republic Geodetic Authority is completing the implementation of the Real Estate Cadastre, together with developing real estate registration systems and procedures for updating digital graphic databases.

Specific tasks are achieved for subcomponents: development of an active reference base for the whole of the Republic of Serbia's territory (AGROS), production of digital cadastral maps (updating, conversion and renewal), execution of cooperation campaigns with citizens at large, and publication of REC's benefits, together with strengthening secondary transaction registration system through consistent standards and high-quality services offered to clients, facilitating the conditions for creating a modern digital database for graphical information.

Institutional development and capacity building provides institutional development and capacity building within the Republic Geodetic Authority but also within the private sector, mainly involving surveying experts participating in various activities of chiefly technical nature, important to REC establishment. Education and training sessions are constantly taking place, being parts of various projects and programs, and aimed at defining annual development plans, leading towards financial independence, staff training, public awareness and support provision within a complex legal framework regarding the area of land management.

The loan funds are being utilized for the procurement of goods, technical and other services according to the World Bank's procedures, not according to local regulations. The complete public procurement procedure is controlled by the World Bank.

The expected project realization results involve improvement of the data and services offered, operational development concerning the establishment of the REC and DCM, together with improved work conditions and a superior service delivery, thanks to the adaptation and renovation of business premises and equipment procurement. Another expected result is institutional development and an increase of satisfied service users.

The most import issue regarding the implementation of this Project is to overcome prejudice, letting go a part of the business activities to the private practice, while defining high-quality projects, timely producing detailed and high-quality technical specifications and implementing adequate procurement procedures. The afore mentioned Project – within some of its components – follows the activities planned according to the Mid-term work plan, with the most important activities being production of a Digital Cadastral Map and establishment of the Real Estate Cadastre.

7. REC INFORMATION SYSTEM FINANCED FROM THE WORLD BANK'S LOAN

Apart from the project activities regarding "REC establishment and rights registration in Serbia", implementation of a new information system for the Real Estate Cadastre (NISKN) is also underway. This system will unite five independent systems: front desk, cadastral registry, digital cadastral map, registry of spatial units and address registry. Documentation for NISKN production includes graphical and numerical data; it has been produced for a time period, encompassing user demand analysis, use cases, functional specifications and finally, data model. Currently, system development is in its final phase, and system testing should commence in the near future.

NISKN will enable formation of a central database and data distribution via the Internet. Also, this system will facilitate faster application resolving procedures and change registrations, through optimal allocation of various procedures to appropriate RGA's organizational units.

With the implementation of a new information system for the Real Estate Cadastre, the Authority will reach one of its goals in modernizing REC, not only for the needs of the RGA, but also enabling data access to a wide specter of users.

Information system for the Real Estate Cadastre facilitates necessary conditions for simpler and more economical land management, including land exploitation and construction planning, that in turn directly influences economic growth, sustainable development and poverty reduction.

REC information system represents a basis for implementing local and regional geo-information systems such as those used by departments for urban and spatial planning on local level, power companies, water and sewer companies, telecommunication companies and real estate market.

Modern Real Estate Cadastre does not only involve IT aspect, but also concerns more efficient and cost-effective registration procedures, leading towards a more liberal approach to cadastral data, affecting a comprehensive analysis of legal provisions and regulations, amendments and legislation of new bylaws, according to European standards. To that end, RGA produced draft Law on state survey and cadastre, while the resource Ministry for spatial planning and the environment proposed this draft to Serbian Parliament for consideration and adoption in July 2009.

Data and information contained and offered by the Real Estate Cadastre is not only needed by the citizens at large – this information is required for every scientific research, planning and designing, land management and arrangement. Such data is available to all users, on municipal, town and national level. On a national level, users of REC data are ministries, directorates and agencies, while on the local level users come in the form of municipal authorities (Secretariat for urban planning, municipal directorates for construction land, urban planning authorities), followed by public utility companies (power supply, postal services, water supply and sewage, remote heating companies), private sector (geodetic organizations, lawyer companies, real estate transfer companies), citizens and foreign investors.

8. DONOR PROJECT DURING THE PERIOD 2004-2008

During the identification of tasks required for project implementation, and also during the project implementation period in cooperation with the World Bank, numerous donor projects have also been implemented in parallel:

- Japan- Grant, project identification and articulation period, (382.400 \$)
- Kingdom of Norway:
- *First phase - 2005 – Center for map scanning (900.000 €)*
- *Second phase - 2006 – Center for map scanning, (600.000 €)*
- *Third phase - 2008-2009 – Digital archive, Scanning Center and NIGP, (750000€)*
- EU – European Agency for reconstruction - CARDS – digital ortophoto map production (9 million €)
- Republic of France – Real estate valuation methodology (470 000 €)
- Kingdom of Sweden:
- *First phase - 2005 Capacity building for RGA, (700 000 €),*
- *Second phase 2006-2008, Capacity building for RGA, continuation of cooperation (2800000 €)*

- *Third phase 2009-2012, Capacity building for RGA, continuation of cooperation negotiations are ongoing*
- Germany - GTZ – Land management / Cadastre in Serbia (1 million €).

9. NEW LAW ON STATE SURVEY AND CADASTRE

Legislation of the new Law was primarily necessitated by the need to rectify certain problems and inconsistencies identified in practice, during the application of the existing Law on state survey, cadastre and real estate rights registration ("Official Gazette of RS", no. 83/92, 53/93, 67/93, 48/94, 12/96, 15/96, 34/01, 25/02 and 101/05).

The existing Law is in force for 15 years now, with a significant number of amendments. However, social changes, increasing governmental demands and greater user needs require greater efficiency within the public sector, and the fact that the existing Law was insufficient to fully allow realization of such demands, while also hampering production and implementation of future programs and projects within cadastral modernization in Serbia prompted legislation of the new Law.

Improvements to the existing legal regulations regarding state survey, cadastre and real rights registration, according to the present and future needs of the Republic of Serbia, while taking into consideration European norms and standards based on modern techniques and technologies concerning state survey, cadastre and real estate rights registration necessitated legislation of a new Law.

Some of the concrete reasons for defining and legislating the new Law on state survey and cadastre are as follows:

- Harmonization of the current regulations regarding survey and Real Estate Cadastre with the existing regulations in EU member states
- Enhancement of the present work environment for private geodetic companies, especially from the aspect of issuing and revoking work licenses for the activities involving state survey, survey maintenance, while also improving the existing relations and cooperation between the Republic Geodetic Authority and private geodetic organizations
- Increased security and accuracy of cadastral registration, both during cadastral establishment and maintenance phases
- Cartographic area arrangement, production of a topographic-mapping database and derived products
- Establishment of real estate valuation and determination based on procedures and methods of mass real estate valuation
- Establishment and management of a National spatial data infrastructure
- Implementation of supervision over the work of geodetic organizations

- Definition of punitive measures and harmonization of fines according to regulations stipulating fine amounts
- Harmonization of this Law with other, existing laws within the Republic of Serbia's legal system.

RGA produced a draft Law on state survey and cadastre, while the resource Ministry for spatial planning and the environment recommended the draft to Serbian Parliament for analysis and adoption. According to its new jurisdictions and responsibilities, RGA is performing preparations of the organizational transformation, aimed towards gaining financial independence through a five-year business plan, and based on the Rulebook on work position systematization.

10. DONOR PROJECTS DURING THE PERIOD 2009-2011

Project implementation financed through World Bank's loan, coupled with donor support during the period 2004-2008, together with the results achieved, influenced donor countries to continue with support provision in the following manner:

- Kingdom of Norway
- Third phase 2009-2011 – Digital archive and NIGP, (1 million €)
- Kingdom of Sweden
- Third phase 2009-2011, Capacity building for RGA, (1 163 059 €),
- EU – European Agency for reconstruction - CARDS – digital orthophoto map production (9 million €)
- Japan - Capacity development for DODK production. Technical component has been signed.

Project: Digital archive, Geoportal for RGA: continuation of donor cooperation with the Kingdom of Norway, providing efficient and high-quality Scanning Center for the purposes of meeting work quotas and plans regarding the establishment of the Real Estate Cadastre. This involves establishment of a Digital archive, supported by adequate equipment for transition and safe storage of paper documentation, coupled with archiving of data produced by the Scanning Center. This donation will also support development of RGA's capacities for active participation in EU integrations and harmonization procedures regarding geodetic services and geographic data through geoportal implementation, while simultaneously supporting preparation of the Serbian NSDI strategy, according to INSPIRE guidelines.

Capacity building project for RGA: Real Estate Cadastre and rights registration, financed Swedish international development agency (SIDA), is aimed at supporting Real Estate Cadastre and real rights registration Project, financed by the World Bank (WB) and the European Union

(EU), and centered on supporting administrative developments in Serbia, based on institutional cooperation between the RGA and Lantmateriet, during 2nd phase.

RGA highly appreciated the support received, and Kingdom of Sweden intends to offer its support during 3rd phase. Capacity building project is defined through the following sub-projects: AGROS, development; mortgage system – development and implementation. Mass real estate valuation concept. Development of quality control procedures, Digital archive – development and implementation. Intranet development.

CARDS- project financing is continued from EU donations, for the purposes of orthophoto production for the territory of Serbia. Donations are also used for new computer equipment procurement, rendering significant technical support to the REC Project. Technically obsolete equipment in local RGA' Offices will be replaced with new and modern equipment, significantly reducing the expenses connected with maintenance and servicing, while simultaneously overcoming numerous problems regarding the acquisition of components for obsolete hardware.

Capacity building project for the purposes of producing basic state map of Serbia: financed by the Government of Japan, this activity is aimed towards transfer of technologies, equipment acquisition and staff education, facilitating implementation of a sustainable system for production, updating and distribution of a basic state map (DODK) in scales 1:5000 and 1:10000, i.e. developing these activities as a whole.

Suggested donor projects are complementing each other, offering significant support during the final phases of REC establishment and rights registration Project financed by the World Bank's loan. All of this involves close cooperation and planning between different donor projects.

11. EXPECTED RESULTS OF THE REC ESTABLISHMENT AND REAL RIGHTS REGISTRATION IN THE REPUBLIC OF SERBIA

Results of the Project for REC establishment and real rights registration, based on the priorities and strategies defined by the Government of Serbia, as a general goal have the development of land administration sector within the Republic of Serbia, in the following manner:

- *Contributing to a sustainable economic development and poverty reduction, better environmental management, real estate rights security and an active real estate market, through an efficient land administration.*

This opens many new possibilities for the RGA, requiring it to strengthen its institutional capacities, making them sustainable for the future, while appropriately functioning within its jurisdictions, achieving the results defined within the Project.

Project results: Real Estate Cadastre will represent a modern, singular real estate and real rights register, securing data reliability and control of the cadastral and legal procedures, based on ISO standards and recognized international practice, compatible with data from other governmental institutions while constantly raising service quality. Only in such a manner, REC sustainability will be guaranteed.

Republic Geodetic Authority will become a flexible organization, oriented towards its users, efficient and effective in cadastral and right registration activities, and in the fields of real estate valuation, surveying and National spatial data infrastructure.

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