CONSOLIDATING PROPERTY RIGHTS IN ALBANIA’S NEW PRIVATE FARM SECTOR

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EXECUTIVE SUMMARY

The decollectivization reform in the cooperative farm sector has been impressive both in its conception—its radical shift to full private ownership of land—and in its implementation, which has been extraordinarily rapid. It is promising increases in production for two major reasons: (1) better management of the land from household managers with direct responsibilities for what the land produces and with direct benefits from that production; and (2) secure property rights stimulating new investments in the land and better care of investments made. The first has largely been accomplished in the cooperative farm sector, but the second remains to be done. The productivity impacts of those changes will be achieved, however, only as effective channels of input supply, credit, and marketing are developed for the new smallholder sector. Restructuring of property rights in the state farms, the urban areas, forests, and pastureland is beginning and will also have major impacts.

The following are findings drawn from our observations and analysis:

- The legislation enacting the land reform is transitional while Parliament formulates real property legislation.

- Certificates of ownership have been given out to heads of household, who are almost always men. Although not legally prohibited from owning land, women face traditional practices denying them property ownership.

- The agricultural land reform has been largely a redistribution of land collectivized and organized into cooperatives during the 1950s and 1960s. Some of the state-farm land will be distributed, but much of the state-farm holdings, forestland, and pastureland will remain, for the present, under state ownership and management.

- Although new owners can lease their land and/or pass it on to their heirs, rights to buy and sell land remain restricted and land not used within one year of allocation can revert to the state.

- The land laws require that the land of the ex-cooperatives be distributed to village-resident families on a per-capita basis. Some village families have resisted this formula and have demanded the restitution of lands which their families owned prior to collectivization. The distribution of property titles has been slowed by these restitution demands by former owners, by disputes over the division of cooperative lands between villages, and over the granting of lands to immigrant families.
Serious legal challenges are likely, even after formal legal title is established.

Privatization of state farms, making up one-fourth of all arable land, has not yet commenced, though there are plans to distribute 50,000 hectares of such land to individual families in the near future. The remainder of state-farm land is to be offered to investors as parts of joint venture programs.

A number of critical decisions are faced by government over the next several months. They include:

1) Irregular distributions and tenure security: Distributions of the cooperatives’ lands have not always been in strict accordance with the new laws, and yet repeated reconsideration of their decisions by the land committees would undermine tenure security. One option is for a law to be enacted that would terminate the authority of the land commissions, provide that future challenges to land commission decisions be taken to the courts, provide the courts with criteria for adjudicating those challenges and guidance as to appropriate remedies, and require that all such challenges be brought within one year of enactment of the law or be terminated.

2) Compensation: The decision of government to deal with historical claims through compensation rather than restoration of the land minimizes dislocation of those who are cultivating. Compensation for land claims could be based on pre-1945 holdings and grounded on some locally appropriate multiple of the estimated current annual value of production. Compensation might best be provided in the form of industrial bonds, issued by government, representing interests in state industrial enterprises that are privatized.

3) Land Markets: While the development of land markets is critical to achieving the full benefits of a system of private property, land speculation may provoke landlessness. Government could initially facilitate the operation of a rental market, monitoring its impacts carefully; then, at a later date, permit local sales within villages; and, after a few years, oversee a full and geographically unlimited land market. A clear strategy and legal basis are needed for protecting the interest of families in household land, possibly by requiring that household members consent to any sale and giving them the right to a portion of the sale price.

4) Women’s access to land and credit: While women are theoretically eligible for land distributions, it appears in fact that very few women are receiving land. The codification of women’s equal right to inherit, own, sell, and buy land is especially important, as is an educational program aimed at both men and women regarding these rights. Provisions that enable women
to obtain credit in their own right are also necessary to ensure that women can produce efficiently.

5) Forests and pasture: The retention of most forest and pasture as state land needs a legal provision for the leasing of areas of forest to private enterprises for sustainable production; the leasing of areas of biodiversity to nongovernmental organizations for conservation; and the transfer of areas of forest and pasture from the ownership of the state to the ownership of local villages, where a credible common property management scheme for the resource has been prepared by the community.

6) State-farm divestiture: The diverse circumstances of different state farms will dictate quite different privatization processes and will likely take a few years. Privatization does not mean that the state may not maintain some interest as a shareholder in the privatized enterprise, but that the arrangements with private capital and management structures must be adapted to local conditions.

7) Related credit issues: It is critical that the Bank of Agriculture and Development not be required to lend to the state farms, which continue to lose money in alarming amounts. In this or in any other area, frank and open subsidies are preferable to the bank's undermining its viability and credibility by making unrecoverable loans.

8) Property registration system: The pattern of landownership is new and transparent, with titles unclouded by generations of botched transactions and confused inheritances. This is a unique opportunity for the establishment of a property registration system (PRS), an essential step in achieving the investment effects of private property and the efficiency impacts of a land market. A PRS design and coordination commission is an important first step.

This last area, the property registration system, needs to be given much greater attention than it has so far received. There are major needs for technical and other assistance in this area, and it is important that government and external assistance programs focus on this effort in the near future.
1. INTRODUCTION

The state was the effective owner of all real property in Albania in 1976, following a period of collectivization of land and the expropriation of remaining properties. Now, after a move toward a market-oriented economy, private property is again being created on a massive scale. Albania is beginning to construct a new real-property system which will define the rules of access to, and use of, the country's real (immovable) property—that is, land and the resources fixed to the land. The sustainable use of land-based resources requires the creation of new tenure regimes to provide clarity and security of the rights of the landholders and to ensure that landowners respond to incentives to conserve the resource for future generations while prospering from its use. The land itself requires long-term investments in conservation and rebuilding.

Property rights must be created to provide family holdings with the security of land tenure that is conducive to careful maintenance of the resource. Markets in land must be allowed to develop. Land will change hands, first by inheritance, later by sale. An adequate system of registration of rights in land will be needed to allow these privileges to continue from generation to generation and to be transferred as an integral part of the new market economy. The country's forests (presently occupying just over 1 million hectares), pastures (over 425,000 hectares), irrigation systems, and buildings will need to be placed under a new, decentralized system of land administration.

This paper reviews the laws and procedures currently in place and the progress made in the land reforms to date. It ventures suggestions concerning issues confronting Albanian policymakers in the short term. The primary concern, however, has been to take a longer view—to think in terms of how Albania should plan to move out of this transitional period and build a viable property system as part of its new market economy. We identify opportunities for the government as well as donor agencies to contribute to this process.
2. BACKGROUND

The most salient characteristics of agricultural policy and development in Albania after 1945 are collectivization and attempts to achieve self-sufficiency in food. Prior to World War II, approximately 25 percent of total imports were food products (mostly wheat and maize) and land distribution was skewed. State policies following the war have included increasing the amount of arable land, intensifying agricultural production, producing grains for national consumption, and redistributing and socializing landed property.

Albania consists of three geographical/topographical regions: the Mediterranean coastal lowlands, the hilly region with large plains, and the cool mountainous zone. Total arable land as of 1989 is 706,000 hectares; this is almost double the 390,000 hectares of arable land available in 1950. Most of this new arable land has been obtained by draining swampland in the coastal region and extending irrigation systems, while part has been secured by terracing hillside.

In 1947/48, the state initiated a series of drainage and irrigation projects in the lowland regions; these projects were intensified during the 1960s and 1970s. The construction of irrigation systems not only enlarged the amount of arable land, it also made more intensive cultivation possible, thus enhancing agricultural production. In 1950, 11 percent of arable land (39,000 hectares) was irrigated; by 1990, 61 percent (426,000 hectares) was irrigated (UNDP/FAO 1991, p. 60).

The policy of extending arable land has resulted in serious land degradation and erosion problems in some regions, particularly in sloping areas and on marginal land. Often former pasturelands were converted to agricultural use; sometimes forests were cut down to make way for cultivation. Using pastureland for cultivation also meant that forestland was cut to use as pasture. Some of this converted land will now need to revert to its previous use.

After World War II, 3 percent of agricultural landholders owned 27 percent of the land, while 14 percent of rural families had no land at all. The vast majority of the rural households (83 percent) had an average of only 1.8 hectares (Sjöberg 1991, pp. 32-33). During 1945 and 1946, two radical agrarian reforms were carried out. Owners of large and medium-sized holdings were allowed to retain 5 hectares of arable land; land above this amount was redistributed to small and landless peasants. Altogether, over 170,000 hectares were redistributed to 70,000 peasant families.
The first state farms were created in 1945/46 from çiftlik land and commercial farms owned by foreigners. The tenants of these farms became the agricultural workers of the state farms. The first cooperatives were also created in these years, but countrywide collectivization was pursued in steps over a much longer period.

Prior to the reforms of 1991, the cooperatives occupied about 5,000 square kilometers of land. The state farms still occupy about 1,600 square kilometers. There are 10,400 square kilometers of forests and 4,240 square kilometers of pastures. Topographic mapping has been done for the entire country at a scale of 1:25,000, with some mapping along the coast at 1:10,000. Parcel maps of the state farms and the ex-cooperatives are available at a scale of 1:5,000. The total area of the country is 28,748 square kilometers, with a population of 3.26 million and a gross domestic product per capita estimated at slightly more than US$600 in 1990. The agricultural sector is important, accounting for about 33 percent of the country's net material product and employing nearly 50 percent of the total working population (Blejer et al. 1992, p. 2).

1. The çiftlik system was a remnant of Ottoman rule. Under this land tenure category, peasants were obliged to contribute labor and produce to a private landlord, the state, or a religious institution. In Albania, çiftlik land was most prevalent on the coastal plains, the hill ranges next to the coast, and the Maliq plain in the southeast (Sjöberg 1991, p. 29).
3. **The Collectivization Process**

Collectivization, the process of pooling land of households to form agricultural cooperatives producing collectively, was undertaken over a 20-year period. The first agricultural producer cooperative was created in 1946 on the coastal plain. During this first stage of collectivization, the pooling of land by villagers to form cooperatives was voluntary. Peasant families pooled part of their land to be worked collectively and kept approximately 0.25 hectare to farm individually. The state encouraged villagers to join the cooperatives by giving them preferential treatment, such as tax reductions and lower quotas on compulsory delivery of products. By the end of 1954, 150 cooperatives with 8,900 families were formed, working a total of 31,500 hectares (Sjöberg 1991, p. 88).

Collectivization of livestock also began during this period. As of 1948, families were allowed to keep a maximum of 50 head of sheep and goats; the remaining ruminants were confiscated, as were draft animals. Some peasants slaughtered their animals rather than allow them to be confiscated.

The objective of the second stage of collectivization in the mid-1950s was to extend cooperative production over the whole of the coastal and hill regions and southern mountain areas, and to begin pooling land in the rest of the country (the northern and central mountain region). By 1959, there were over 1,800 cooperatives with 114,700 families, covering over 290,000 hectares (Sjöberg 1991, p. 88). Villagers were encouraged to turn over increasingly larger proportions of their land and livestock to the cooperatives and reduce the amount of livestock and land they held individually. However, families still retained approximately 0.25 hectare of land until after 1964.

Another development during the second stage of collectivization was the consolidation of cooperatives. After 1959, several village cooperatives often were merged into a single larger cooperative. Thus, though the total amount of collectivized land continued to increase, the number of cooperatives decreased from a high of 1,829 in 1959 to 421 in 1983.

In 1965, the third and final stage of collectivization began. The goals of this stage were to fully collectivize those areas of the country where cooperatives had started in the previous stage, to completely eradicate private farming, and to increase the amount of arable land. By the end of 1967, collectivization was completed in the mountainous region and the average personal plot retained by village families had been reduced to 0.11 hectare (Sjöberg 1991, p. 88). The number of livestock kept by families was also sharply reduced. Once again, collectivization was encouraged or forced (depending upon one's point of view) through reduction of taxes, no-interest credit for cooperatives, increased procurement prices for compulsory delivery of agricultural products, increased infrastructural development, input delivery (fertilizers, improved seeds, insecticides), and services (for example, machine and tractor stations) in mountain region cooperatives.
The consolidation process continued as more cooperatives were merged into larger units, sometimes joining as many as seven villages. While the average size of cooperatives was 175 hectares in 1959, it was 1,320 hectares by 1983. During this time, in addition to reducing private family plots by more than half, the state forced the complete collectivization of livestock held by village families and closed the private markets where cooperatives sold their excess produce. (See box 1 for an example of the collectivization process in a northern village.) Only in this final stage was the legal capstone of land nationalization put in place. The 1976 Constitution declared that all land was the property of the state.

Box 1

The cooperative in Çerence village (Dibër District in the northern mountainous region) was first created in 1958 and consisted of only that village. At that time, village families were allowed to keep approximately 3 dynym (1 dynym = 0.1 hectare) of land as personal plots. As collectivization intensified, village cooperatives were merged together to form larger cooperatives, and personal plots were reduced, first to 1.5 dynym and then to 1 dynym. In 1962, two other villages were merged with it to make one large cooperative. The greatest areas (sloped terrain) were not collectivized until 1967.

Families were allowed to keep livestock during the first period of collectivization. However, the number of family-owned livestock was reduced as livestock collectivization also intensified. Livestock belonging to the cooperative was pastured in natural pastureland rented from the state. In 1983, practically all livestock was collectivized into large herds and stables. As a result, the number of livestock decreased.

Work on the cooperative was organized by brigades. Part of the production could be kept by the cooperative for its members. However, the cooperative had to turn over certain amounts (quotas) of its production to the state, even if its own needs were not covered. Cooperative members were paid over the year for each day of work. At the end of the agricultural year, total cooperative production was given a monetary value. If there was any surplus after costs were covered, it was paid out to cooperative members. Those brigades that produced the most received bonuses at the end of the year. Production on the cooperative was financed through state credit, which was often not fully repaid.

During the 1970s, after collectivization was completed, agricultural policy concentrated on making farm income and production more equal among the different regions and on improving living conditions in the rural areas. Thus, electrification projects were extended throughout the whole country, the mountain regions received preferential agricultural services, and social insurance benefits (health insurance and pensions) were offered to cooperative families (employees of state enterprises, including state farms, already enjoyed these benefits). Cooperatives were the means by which rural communities fed
themselves, but the state farms were relied upon to feed the cities so their salaried employees enjoyed a privileged position in the rural sector.

These efforts were partially counteracted during the 1980s, however, when policies focused on increasing agricultural production by concentrating investments and inputs in the most productive areas of the country, particularly the coastal and inland plains. The goal of self-sufficiency, particularly in grain and animal production, continued to guide agricultural policies. Agricultural intensification measures included increased fertilizer applications and selective mechanization in certain areas. While mountainous areas were encouraged to specialize in animal production (both meat and dairy products), they were also expected to be self-sufficient in grain production for bread.

In the late 1980s, agricultural policies once again changed in a continuing attempt to make production more efficient. In 1988, the state reestablished private marketing for most agricultural products. Private family plots were also recognized as important production units and the maximum size allowed per family increased to 0.2 hectare. Cooperatives also redistributed part of their livestock to village families.
4. **The Legal Basis for the Land Privatization Reforms**

Prior to legal reforms in 1991, private property in agricultural land was legally impossible; according to the 1976 Constitution, all land belonged to the state. The legal basis for privatization of land resources is Law no. 7491 of 29 April 1991, "On Fundamental Constitutional Dispositions," in particular, Sections 10-16. This is the authority cited by the subsequent major enactments on land redistribution (Law no. 7501 of 19 July 1991) and private property (Law no. 7512 of 10 August 1991). Here the basic legal framework can be only briefly summarized. All the statutes referred to below have been translated into English and are annexed to this report.

Law no. 7512 (10 August 1991) is entitled "On the Sanctioning and Protection of Private Property, Free Initiative of Independent Private Activities, and Privatization." Agriculture is listed as a sector of the economy now generally open to private activity; forestry and water resources will remain state activities except in specific cases provided for by law (§3). In areas that the state continues to manage, joint ventures with foreign capital are permissible (§4). Local legal and natural persons who occupy buildings are deemed to own the land on which the buildings stand. Land with buildings can be acquired from the state with payment. Such built-up land can be privately bought and sold, but not by foreigners, who can only have a lease for up to 49 years. When an enterprise or business is sold to a foreigner, the buyer acquires ownership of the enterprise and its building, but gets the land on which it stands only on lease (§21).

Law no. 7501 (19 July 1991) is entitled "Law on Land." It divides all land into three categories: (1) agricultural land (including orchards and vineyards) whether in rural or urban areas; (2) land occupied by forests, pastures, and meadows; and (3) land with buildings, land for public use (parks, roads, etc.), rocky areas, beaches, and watercourses (§1). The state can confer private ownership of land, but sale and purchase of land are prohibited (§2), and fines of 2,000 to 5,000 leks² for illegal transfers are mandated (§23). This presumably does not apply to land with buildings, covered by Law no. 7512. Land rental for agricultural land appears to be legal, though this is not specified. Agricultural land is to be given in ownership, free of charge, to local legal and natural persons (§3). Families which have been part of a cooperative may take their share of land and withdraw (§5). These shares are to be assigned by Village Land Distribution Commissions with the assistance of District Land Distribution Commissions (§5, §7). The Land Survey Office at the Executive Committee of the People’s Council of the district is responsible for keeping records of the allocations (§9). In addition to members of the cooperative, other rural residents may be given land on terms to be prescribed by the Council of Ministers (§6). Foreigners can rent land to build on, under criteria to be prescribed by the Council of Ministers (§4).

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2. ±90 lek = US$1.00.
More detailed directions on distribution of farmland and orchards are provided in Decision no. 255 (8 August 1991) of the Council of Ministers. Where a cooperative is composed of several villages, the land is first to be broken up among the villages based on their per-capita size (§1). Within a village, the land is to be distributed proportionately to each household on a per-capita basis. In determining the number of members of a household, all members count equally except for those who have permanent jobs in the public or private sector. These individuals are to count a half-share and, in any case, should not receive more than .1 hectare (§2). Rural residents who are not members of the cooperative are to receive half the per-capita share of former cooperative members, but no more than .4 hectare per household, and are to be given the land not in ownership but in usufruct of undefined duration (§3). Agricultural land within village residential boundaries ("within the yellow line") is not to be granted in ownership but assigned for temporary use by the Executive Committee of the village People's Council (§4). To ensure an equitable allocation, the decision provides conversion formulas for different types and qualities of land: for irrigated and nonirrigated land (§5), for sloping land (§6), and for improved land (such as that with terracing) by class of improvement (according to a class 1-to-10 rating system, where such a classification has been carried out) (§7). Orchards and vineyards are to be distributed like any other land, including the trees (§8). Those who receive greenhouses must pay for them (§9).

There are a number of other relevant enactments:

Decision no. 230 (23 July 1991), "Setting Up the Land Commissions": Provides in detail for the establishment of both district and village land commissions, including election procedures for the village commissions.

Order no. 2 (2 August 1991), "The Functioning of the Land Commissions in the Executive Committees of the Districts and Villages": Provides directives on the membership of these commissions, provides that district commissions are responsible for defining the boundaries for distribution of the arable land of the cooperatives, and provides detailed instructions on the process of division of land among households by village commissions.

Decision no. 256 (2 August 1991), "Regulations for the Registration, Changes and Transfer in State Lands and Changes in the Cadastre": Provides for the functions of the Cadastral Office in the reforms, for revisions of the records indicating the use of land, and for regulation of the removal of soils by the Executive Committee of the district. Most of the provisions concern recordkeeping, but it is provided that failure to use agricultural land for one year will cause it to revert to the village for reallocation (§16) and that the new landholders may exchange land to consolidate holdings (§17).

Decision no. 266 (8 August 1991), "Distribution of the Property of Agricultural Cooperatives": Provides for the financial closure of the cooperatives, including payment of debts and division of remaining movable assets, such as livestock, among the members.
Decision no. 307 (29 August 1991), "Duties and Rights of the National Agency on Privatization and the Preparatory Commission on the Privatization Process": Deals with national-level institutions, which are attached to the Ministry of Economics and charged with pursuing the goal of privatization of state property, and their relationship to privatization units within particular ministries.

Decision no. 387 (11 October 1991), "The Administration of Aqueducts of the Villages by the Enterprises of the Communal Economy System": Makes it clear that these state enterprises retain the authority to manage and maintain aqueducts and to charge villages for the water they use.

This is a remarkable statutory output for a single year. The laws were prepared urgently, in a rapidly changing policy environment, and as a result are somewhat sketchy and rudimentary. What is impressive is that the reform has been pursued by government with an obvious concern for legality and consistency.

The process of decollectivization and land distribution resembles the Chinese reform in the years following 1978, but some contrasts in the legal approach are instructive. The per-capita basis of distribution in Albania parallels closely the approach eventually taken by most Chinese villages, and the division of land into several categories prior to distribution among households created similarly fragmented holdings. But many villages in China came to this pattern by a process of incremental change and experimentation. Initially, at least, there were no clear directions from the Chinese state. Particular approaches later appeared to be working, and government urged other local communities to consider them. In Albania, the state imposed a detailed plan of legal land distribution from the outset. Albania has moved directly to full private landownership, while land in China continues to be owned by the villages and is provided to farmer households on a long-term leasehold basis.

The emphasis on clear rules in the Albanian reform is a promising indication of a commitment to legality and the rule of law. On the other hand, it has a less encouraging side. In a substantial number of villages, the distribution process has not been in strict compliance with the law. Some of the reasons for deviation will be examined in the review of implementation of the laws. The alternative approaches to distribution may have enjoyed majority—but not unanimous—approval within the communities. Challenges may be brought against the distribution in some communities, potentially requiring the redivision of the land and counter to the will of the majority in the locale. This is a prospect fraught with political dilemmas for government and should not be lightly undertaken. It may be necessary to legislate for the handling of such challenges.

The body of land legislation which exists today, it should be noted, is transitional in nature. It is not a body of real property law, which defines the rights and responsibilities of owners and those enjoying other rights in land, such as leasehold and mortgages. It is a body of law to manage the transition from cooperative farming to family farming, with fairly fragmentary indications of what the new holders may and may not do with their land. The
real property law—or a law of immovable property (the term used in civil law countries)—will be developed as part of the project in Parliament for the development of a civil code.

As a country which will be seeking ever greater integration with the European Community, Albania would best conform its new laws to the philosophy of legal drafting and terminology of the civil law. This is particularly important concerning the civil code; a bit less so regarding supplementary laws such as those involving the administration of public lands (e.g., pasture and forest). In some cases—for instance, cooperative law and land registration law—legislative models have moved back and forth between common law and civil law systems, and solutions to some of the problems of "fitting" into different legal systems have already been explored.
5. IMPLEMENTING PRIVATIZATION OF LAND IN THE COOPERATIVES

The shift toward increased privatization was greatly accelerated as a result of the first multiparty elections in 1991. In July 1991, Land Law no. 7501 was passed. This law mandates the distribution of all cooperative agricultural land as private property to cooperative members. Nationally there are 531,000 hectares of arable land available from the former cooperatives for distribution to approximately 375,000 families. Eligible families are those who live and work in the village of the cooperative as of August 1991. Other villagers who do not work in the cooperative (e.g., teachers, shopkeepers) can receive land in usufruct while they live in the village.

Distribution of cooperative land is in essence the return of land—but not necessarily the same land—to those villagers whose land was collectivized during the 1950s and 1960s. Pastureland and forestland, which previously belonged to families, villages, or the state, still belong to and are being administered by the state (Ministry of Agriculture and Food). It appears that new legislation will continue this pattern, though it may allow for some areas of these lands to be turned over to villages and/or individuals.

The former holdings of the cooperatives, typically large fields, are now being subdivided and distributed to individual households in the land distribution program based on Law no. 7501. A detailed description of how that law should be applied in different situations is contained in an August 1991 directive from the Ministry of Agriculture and Food. Between 3 and 7 parcels are being allotted to each recipient family, including a house parcel of between 150 and 300 square meters. The separate parcels are small, on average totaling less than 3 hectares per family.

The distribution program is being managed by elected Village Land Distribution Commissions (VLDC) composed of individuals from the villages, under the general coordination of District Land Distribution Commissions (DLDC) and the National Land Distribution Commission, which reports to the minister of the Ministry of Agriculture and Food (MOAF). Land commissions at the district level oversee and approve the distribution of land in the villages. These District Land Distribution Commissions are composed of a chief cadastral officer, four to six topographers, and several agronomists, who assist the villages in drawing up and documenting distribution plans.

The distribution process is carried out in each village by the Village Land Distribution Commission, which often consists of village notables, plus a topographer, a surveyor, and an agronomist from the state. The district supplies maps of the ex-cooperative lands to all the VLDCs to facilitate and document the distribution. The criteria used for distribution are: land quality, irrigation, slope, and number of persons in the household. Parcels are measured and maps are prepared to document the distribution. (Box 2 illustrates how a successful distribution has taken place in a southern village.)
Box 2

Distribution in Ravonik village (Korçë District in the southern mountainous region) has proceeded smoothly and rapidly. The final property certificates have been drawn up and are in the process of being signed and handed out. Members of the Village Land Distribution Commission and Village Council attribute the rapidness of the distribution process to the fact that the villagers organized a Village Land Distribution Commission consisting of seven persons, most of whom were brigade leaders in the cooperative, as soon as the Land Law was passed. A village teacher acted as controller of the distribution process. This commission studied the law and regulations very carefully and took the time and effort to explain the law to the villagers. The commission explained that the land had to be distributed according to the law; otherwise, the land would not be distributed.

The village has 350 hectares of irrigated arable land which has been distributed among the 160 families on a per-capita basis, averaging 5.6 dynym per person. According to soil quality, the average amount of land received per person is: 2 dynym of the most fertile land, 3 dynym of less fertile land, and 600 square meters of the least productive land. Thus, family holdings are fragmented into several parcels. Most families have received 3 to 4 parcels.

Records are being kept of how the land is being subdivided and how the parcels are being distributed. These records include parcel numbers, boundaries, and sketches of the resultant parcels. Certificates of ownership (tapi) are given out to heads of household once the distribution plan has been approved by both the VLDC and the DLDC. These tapi list and describe all the parcels distributed to the family.

Land is being allotted either as "owned" or as "usufruct" to all families resident in the villages as of 1 August 1991. The holders of owned land have the right of exclusive use and the right of giving the land to their heirs. For the present, the right to buy and sell land is restricted. Moreover, if the individuals who are assigned land in ownership do not exercise their possessory rights by actual use of the land within one year of the date of allocation, the land can be reassigned to other persons. Discussions are currently being held to decide whether to eliminate the restrictions on sale either completely or progressively. One option is to encourage renting among villagers in order for families to consolidate their highly fragmented holdings. Another option is to permit sales, but restrict them to residents of the villages for a period of time to encourage consolidation of holdings.

Land which is not considered productive, such as highly saline soils or eroded hillsides, is being allotted in usufruct. This usufruct allocation of marginal or degraded land is being done mostly when requested by the local residents, who do not want to be on record for owning land which does not produce since they fear a tax system based on the size of total landholdings. However, since many usufruct titles for degraded land are being assigned to permanent residents, it is not clear how such titles will be treated by local communities.
Will they be inheritable? Are they transferrable, and if so, what approvals are needed from the village or district commissions? Will the holders consider them of sufficient security to motivate investment in improving the lands through reforestation, the development of agroforestry production systems, terracing, or irrigation?

Temporary residents of villages, such as teachers or technicians, are also allocated land in usufruct. The intention appears to be to enable the village councils to reassign such parcels to other people once the present holders either die or move from the villages.

As of 31 October 1992, 406,651 hectares (87 percent of ex-cooperative land, up from 70 percent in May 1992) had been distributed to 296,261 families (see table 1). However, the MOAF statistics in table 1 concerning the extent of land distribution come from the DLDCs, which consider land to be distributed once the VLDCs complete the allocation process, and do not reflect the final issuance of the formal allocation certificates (tapit). The issuance of certificates is lagging far behind actual land distribution, with only 37 percent of the families having received allocation certificates. From table 1 we can also see that there are variations among the 36 districts, with 4 districts having distributed less than two-thirds of the ex-cooperative land (Dibër, Laca, Malsi e Madhe, and Mat, all in the northern part of the country) and wide disparities among the districts in the distribution of allocation certificates (see figure 1 for the present boundaries of the 36 districts, up from 26 districts in 1991).

The problems being encountered in the distribution of titles to ex-cooperative land arise from several sources. The most serious and generalized problem is that many village families want their "original" properties returned to them, that is, properties which their families held prior to collectivization. For the majority of peasants, it appears that this desire is not simply a matter of the size of the land they are receiving now but also what they owned before collectivization. As a matter of fact, under the per-capita distribution plan, most family lineages usually end up with more land than they had previously, both because the majority of families had very little land before and because arable land has been extended through reclamation and irrigation projects. Rather, families want to return to the actual piece of land their families occupied before collectivization. This in part reflects an attachment to the land, but in some cases it also reflects a sense that the quality of the former family land is superior. (See box 3 for a typical example.)

This particular problem seems to be more serious in the northern region, most likely because collectivization occurred there more recently than in the rest of the country, but also possibly because families are more traditional in the north. The Code of Lekë Dukagjini (Gjeçov 1989), assembled in the past century but still referred to, records the traditional views of landownership which may still have some basis in the cultures of Albania, particularly for the people of the northern region. In the northern district of Lezhë, for example, the Code (pp. 70-72) states:
<table>
<thead>
<tr>
<th>No.</th>
<th>District</th>
<th>No. of villages in ex-co-op</th>
<th>No. of villages that have begun land distrib.</th>
<th>No. of villages that have concluded land distrib.</th>
<th>No. of villages that have received TAPI</th>
<th>No. of families that have received land</th>
<th>No. of families that have received TAPI</th>
<th>Hectares of land actually distributed</th>
<th>% of land distrib. to total co-op land area</th>
<th>% of families that have received TAPI</th>
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<td>406651</td>
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FIGURE 1
New administrative map of Albania (1992)
Land which was once cultivated for a garden or a field or as a dwelling, even if left fallow by the owner for a hundred years, may not be occupied or worked by anyone else in the village.

For people with such beliefs, demands for restitution of their previously owned land can be very strong.

Box 3

Before collectivization, the southern village of Ravonik in Korcë District had no irrigated land, and the amount of arable land was considerably less. During the last few decades, the amount of arable land has increased due to drainage and irrigation projects. Today it consists of 350 hectares of arable land, all of which are irrigated. The main crops are wheat, maize, beans, sugar beet, barley, and forage.

The village of Ravonik has experienced immigration from the highland areas around Korcë. This immigration increased the village population from around 10 or 15 families in the 1940s to the 160 families (approximately 600 persons) who live in the village today. Although the old families wanted to reclaim their previous properties, the land commission explained that the families who had moved to the villages over the years had to receive land also. The Village Land Distribution Commission maintains that only three family lineages actually lost land compared to what they owned prior to collectivization. Most family lineages actually gained land through distribution because reclamation projects had increased the total amount of arable land in the village.

Some villages have deviated from the mandate of the reform law for land allocation on a strict per-capita basis and have instead restored land to families according to earlier patterns of holding, most often attempting to reestablish the holdings which resulted from the 1945/46 "land-to-the-tiller" reforms. This strategy is opposed by those who have moved into the villages after collectivization and who would not receive land under restitution. It is also opposed by former large landholders or their heirs, who favor instead restitution of the properties they owned before the 1945 agrarian reform. Another complication is that many of the former medium and large landholders and their heirs are no longer residents of the villages, having moved to towns or out of the country after the reforms, and so have not generally been able to press their claims effectively. They or their heirs continue, however, to urge the government to return land to them or at least pay compensation for land not restored.

A related problem concerns attitudes toward immigrant families. Over the past five decades, families from the high mountainous areas have migrated to the lowlands and the plains. Many of them found work in the state farms being formed or joined the cooperatives. Now that the cooperative land is being redistributed, those who settled in villages and joined the cooperatives are eligible to receive land on the same basis as members of the original
resident families. This has caused problems in some areas among the long-term residents, particularly in villages that have received many highland families. (Boxes 3 and 4 illustrate this problem in two different villages.)

**Box 4**

The principal problem in the distribution of land being encountered in Çerenc (Dibër District) is that many villagers want their original properties returned to them. They do not agree with the provision in the Land Law that land be distributed to households on a per-capita basis. In addition, some families are reluctant to take over land that they feel belongs to someone else.

Another major problem is that of new families in the village. In Çerenc, as in many other villages located on valley floors, families have migrated from villages higher up in the mountains. Old village families resent distributing village (ex-cooperative) land to these new families.

Another problem is that of village boundaries. When cooperatives were consolidated in the 1960s and 1970s, several village cooperatives were merged into larger units. In 1991, at the beginning of the distribution process, cooperative land was divided back into the villages that existed prior to consolidation. However, historically, different villages had different resource bases. Decision no. 230 of 1991 provides that the District Land Distribution Commission, which is responsible for determining the boundaries of the arable land of the villages, should adjust those boundaries so that the amount of land available per capita across villages is the same. This procedure—or sometimes its omission—has caused problems between villages in some cases.

The disputes over restitution, land for immigrant families, and boundaries between villages have delayed the issuance of tapi, because the District Land Distribution Commissions often do not approve the issuance of these certificates until the distribution process in villages at least closely approximates the per-capita rule embodied in law. As of 31 October 1992, some 18 months after the distribution process started, over 87 percent of the land has been effectively distributed, but only 37 percent of the families who received land have also received title certificates (table 1).

Even when the DLDCs agree to the issuance of titles, past disputes over rights to land may form a fertile basis for challenges to the rights of new holders. It is important that the dimensions of these problems be clearly understood and that clear criteria for dealing with the challenges be developed. In general terms, the official registration should record rights as distributed, passing over technical irregularities in the distribution process. Where a serious irregularity has taken place, the preferred solution should be compensation of the disadvantaged party rather than disturbance of possession, because the society has a strong interest in building confidence in its ability to provide security of tenure.
6. COOPERATIVES, LAND DISTRIBUTION, AND GENDER

While women in rural areas have always participated in agricultural production, under the cooperative system they became even more involved in agricultural work. The traditional division of labor in agriculture was that men plowed fields and cut wood, and women were responsible for planting seed, cutting hay, and weeding. Mechanization over the past four decades has made agricultural work easier for both men and women, but women still do much of the manual labor; the machines are operated by men.

Women’s participation in the cooperative labor force increased over the years for several reasons. As collectivization progressed, independent sources of income disappeared and the cooperative became practically the only source of earnings. Another reason was the out-migration of men from the villages in search of higher wages in other sectors such as mining or state farms. Thus, women increasingly made up a larger proportion of the rural labor force. From a 41 percent participation rate in 1961, women rose to a 52.4 percent rate in 1981 (Sjöberg 1991, p. 117). In some districts, women’s participation was as high as 70 percent. In 1992, cursory observation of who is working in the fields makes it evident that women still make up a very large proportion of the agricultural labor force. (Box 5 illustrates women’s continued participation in agricultural production.)

<table>
<thead>
<tr>
<th>Box 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turan village in the southern district of Korça has experienced difficulties in obtaining consensus on a land distribution plan. As of May 1992, most of the ex-cooperative land had not been distributed or cultivated. When the cooperative existed, both men and women worked in it. The women did much of the manual field work such as hoeing and breaking up the ground with pickaxes. They also worked in the stables taking care of the animals. Now, while the villager men argue over how the land is to be distributed, the women have gone out and obtained jobs, such as in state farms. Several of the women interviewed in Turan had part-time jobs milking cows in one of the state farms or had jobs in town. In addition, the women work on the family garden plots growing food for their families.</td>
</tr>
</tbody>
</table>

Wages in the cooperatives were paid on a task basis rather than on an hourly rate. Men and women theoretically received the same wage; however, it appears that tasks carried out predominantly by women were remunerated at a lower piece rate than tasks carried out by men. While all wages earned by family members were paid to the household head at the beginning of the collectivization era, a law passed in 1967 required that individuals receive their wages directly.
In the cooperatives, efforts were made in recent decades to ease the burden of household work for women by opening laundry rooms, child-care centers, bakeries, and village dining rooms. While these developments were more readily accepted in the southern part of Albania, cultural values in some areas, particularly in the more traditional north, made this type of communal domestic service unacceptable. Families felt that it was shameful if domestic work could not be done by the family.

The disappearance of the cooperative and the distribution of land to families may have a number of impacts on women. First, most of the services offered by the cooperatives have ceased. This will probably result in more domestic work for women, posing a potential threat to educational opportunities for young women. Second, while both men and women continue to work in the fields, the husband or other male head of household will most likely market the produce and receive the farm income. How this is allocated among family members and who decides how this income is to be spent will determine the impacts of privatization on women. It should be noted that Albanian families, particularly in rural areas, are traditionally male dominated. As late as the 1930s, most Albanians cohabited in large extended families headed by a male elder (Hasluck 1933). All relationships were determined through the male line: women joined the husband’s household at marriage. Today, the extended family unit is much less common, but male-dominated households remain the rule and genealogy is still male oriented.

Another issue that arises with the distribution of cooperative land (and that will be equally relevant when other assets, such as housing and company shares, are distributed) is to whom the land is being titled. While the amount of land being distributed depends on the size of the family, the land itself is given as property to a family. The certificate of ownership, however, is in the name of the household head; in the vast majority of cases, this person is the husband or eldest son.

When district and village officials were interviewed concerning rights to land within the family and whether women were eligible to receive land as heads of household, all agreed that women household heads (generally widows) could receive land in their name. A quick on-site review of several village lists, however, showed that women very seldom received land. While the number of widows in a village is not particularly small, the number of widows who received land is minimal. Thus, though women can theoretically own land, the distribution process in practice has given land only to those women who do not live with an adult male.

Reviewing the documentation of one village, we noted that out of 146 families, only 3 women received land as household heads. While the average amount of land distributed per family in that village was 21,000 square meters, the amount of land these women received was between 9,000 and 16,000 square meters, suggesting that these are very small households. (Box 6 gives another example of the practice of distributing small shares of land to women.)
In Ravonik village (Korçë District) only five women out of 160 households received land as household heads. When the members of the Village Land Distribution Commission were asked whether women could receive land, they replied that women were not legally prohibited from receiving land. Inquiring as to the structure of these five households, it became apparent that they do not have an adult male—no husband or adult son. These female household heads are widows who live either alone, with an adult single daughter, or with young children.

What rights do other members of the family have against the household head during his or her lifetime? Most important, can the land be sold without their consent? From other countries involved in individualization, there are plentiful precedents of land rights concerning husbands seeking employment outside of agriculture and their selling the land out from under their families, leaving their households destitute. It is important that this potentially serious problem be addressed directly and clearly when a land market is permitted, if not earlier. Laws issued in 1991 indicate only that the size of a land parcel allotted shall be determined according to the per-capita size of a given family. Also, the law requires approval from the owner before the transfer of land to the state or to another individual in exchange. It does not indicate, however, whether "owner" means the head of household or the members of the family who were counted in determining the size of the land parcel.

What rights of inheritance do wives and descendants have? In the traditional system, landed property (agricultural land, houses, businesses) was handed down to the sons of the family (Fistani n.d.). Daughters received a dowry at time of marriage (clothes, money, household items), but had no automatic right to inherit landed property, except in unique circumstances and in certain classes—for example, if there were no male survivors and the woman was not married (Durham 1928). Modern Albanian law dictates that all children inherit equally. In the villages, however, traditional law and custom persist. The southern and lowland regions of Albania may be somewhat more progressive regarding women’s property rights, but insufficient current data are available to make an accurate determination. Also, since landed private property has not existed recently, it is difficult to predict what will happen to land in the case of inheritance. A new inheritance law being considered by Parliament is likely to have an impact on this issue.

Women’s situation concerning inheritance is complicated by their traditionally ambiguous position within their own and their husband’s family. Albanian customs treated land as a family rather than an individual possession (Whitaker 1976). Because women were expected to marry and leave their birth family, there was no interest in providing them with any portion of the family patrimony, that is, land. On the other hand, married women often faced difficulty obtaining full acceptance by the husband’s family (Whitaker 1981). This was complicated by the fact that Albanian wives traditionally retained a tie to their birth
family—especially to their brothers—which still provided protection and a home of last resort if the woman were grossly maltreated by her husband and/or his family or if she were widowed. Thus, there was little interest in passing landed property to a widow because she was considered an outsider, and if she inherited the land, it might be lost to the family (Shryock 1988).

It is unclear how much these beliefs and practices still exist in post-Communist Albania. There are a number of articles and books which discuss traditional values and women’s status in Albania, particularly for the pre-Communist era (Durham 1928; Wolchik and Meyer 1985; Pipa 1990; Biberaj 1990; Whitaker 1976, 1981; Shryock 1988). What has not been documented is the real status of women during collectivization and since democratization and privatization, and the impacts of these processes on them. For example, it is unclear how women fare in the division of property following a divorce, though divorce remains a relatively rare phenomenon in Albania (Uçi 1973). Under the Communist regime there was little private property to divide, and the attitude of the new government toward gender equity and women’s rights is uncertain. The attitudes of society toward women and how women view themselves and their rights deserve further study.
7. **Rural Property Registration**

No property system can function effectively as part of a market economy without an adequate property registration system. Land rights must move between generations and between buyers and sellers of property in a market-oriented economy. The larger and more impersonal the market, the greater the need for a registration system that provides proof of title and reduces risks in transaction. High risks and other transaction costs associated with difficulty of proving title can radically decrease the efficiency of the land market and the investment incentives connected with private property.

Sales are not yet legal in Albania, but inheritance, leases, and exchanges are permitted. Inheritance, of course, is creating immediate needs. A son or (less likely, but possible) a daughter who inherits a piece of land may arrange for local witnesses to the father's words to confirm the inheritance. But when the heir wishes to use the land so received as a guarantee for a loan, he or she must be able to document the validity of the inheritance—that is, whether the father was the owner of the land, that the transfer in fact took place, and exactly what land was inherited. A will, made in the legally prescribed form as a matter of authoritative public record, provides the necessary evidence.

These needs become even more acute for participants in a land market. In a modern market economy, assuring the ready availability and veracity of property information for a variety of tenure forms is a critical problem for those engaged in the real estate market. The state typically provides the means by which persons involved in the property market can be sure that the information about the rights being exchanged is "true." This certainty is crucial to both domestic and foreign investors. When the state creates a land registry system, it is providing the public infrastructure for a private market in land.

Before World War II, records of landownership in Albania were sketchy, consisting largely of contracts and grant documents in the hands of descendants. The redistribution of land under the land reform laws of 1945 and 1946 produced relatively complete records: lists of the names of household heads receiving land, the amount of land received, and the location of the land distributed. While this documentation still exists in many districts, it was wholly or partially destroyed in others during collectivization.

During the period from 1967 to 1991, the Land Research Institute in Tirana, in cooperation with the 26 district cadastral offices, has maintained a physical cadastral of all land parcels managed by cooperatives and state farms. This cadastre consists of parcel maps at a scale of 1:5,000, which display information concerning the size and the main land-use capacity of each parcel.

These parcel maps are derived from aerial photographs at a scale of 1:10,000 and are produced using field survey techniques by the cadastral offices and the Land Research
Institute. The aerial photography is provided by the Military Topographic Institute, which has the exclusive right to produce aerial photographs of the country’s topography. This agency also produces topographic maps of the entire nation at scales of 1:50,000 and smaller. Its present technological base was formed in the early 1970s, and it is incapable of producing topographic base maps at a scale larger than 1:10,000.

The land distribution program is producing records at several levels. The VLDCs calculate the per-capita allotment of each class of land based on the area of the land type and the total number of people resident in the villages. The VLDCs then work out the plan of distribution. They prepare sketch maps of every parcel assigned to specific households, including the names of the neighboring property owners, the approximate shape of the parcel, the boundary dimensions, and the parcel area. They then furnish a provisional certificate of allocation for each family, listing the various parcels allotted to the family, the area of the parcels, the type of land of each allotment, and the total land area allotted.

All allocation information is transferred to official certificates of allocation (tapi) by the DLDCs under the supervision of the district cadastral offices of MOAF. These owner and usufruct certificates are issued to each head of household and identify the village where the land is located and the name of the family head to whom the land is allotted. The tapi then list each assigned parcel, its predominant use, and its area, along with the names of the neighboring property owners or some physical feature of the boundary (such as a road). Copies of the certificates are kept at the district cadastral offices, and the original (signed by the recipient of the land, the head of the VLDC, and the head of the DLDC) is kept by the new landowner.

The cadastral information and documentation on the distribution of land in each district is quite detailed. In some cases the level of organization and efficiency is excellent, while in others it is quite sketchy and poorly presented. For a few districts, such as Kavajë, information on each village is available at the district cadastral office, including:

1) a summary list of all families who received land, with the name of the household head and the amount of land received in property and in usufruct;

2) cadastral maps of the village (these are originally the collective maps of the cooperative’s fields), with all the distributed parcels drawn in;

3) field forms (signed by household heads and distribution officials) for each family, listing the parcels received with extension and boundaries and sketches of each parcel (the information on this form is used to fill out the tapi);

4) a list of families who received land in property, outlining the parcels received;
5) a list of families who received land in usufruct, outlining the parcels received; and

6) a book of all the parcels classified according to type and category of land, with calculations to standardize land areas.

The district cadastral offices intend to prepare comprehensive parcel maps for each village based on the demarcation of parcel boundaries which the VLDCs have established (usually stone or post monuments) as well as on VLDC sketch maps and allocation information. This effort has not yet begun in most districts, though the comprehensive parcel mapping has been completed in a few villages.

Lands listed under other tenures surround and are interspersed among these village blocks of household agricultural holdings and house parcels created from the former cooperatives:

- Urban land, used for apartment houses, factories, businesses, and other municipal purposes, is mostly state owned but is in the process of privatization through sale and long-term lease.

- Forestlands are also state owned and managed either by the State Forest Enterprise or through representatives of that enterprise on the 36 district executive committees. Segments of presently state-owned forests may be transferred to village councils or other administrative entities, and some may be sold to private individuals. These possibilities increase the need to have a parcel-based information system to facilitate the management of forests in a variety of tenure statuses.

- Pasturelands are state owned and are directly managed by the State Pasture Enterprise through representatives of the enterprise on the 27 district executive committees. At present there are discussions of turning over the management of village pastureland to village councils. The terms of this transfer have not been defined, but might involve assigning use rights to villages or conferring full ownership on local communities.

- State farms in most cases comprise land brought into production by land reclamation programs and land confiscated from large estates. In some cases state-farm land also includes property previously owned by peasant producers either because it had been reallocated to a state farm from a neighboring cooperative or because it was incorporated in the state farm after the merger of several cooperatives.
8. **Urban Property**

In urban areas (including worker residences in ex-cooperatives, towns and cities, industries and services, etc.), the construction and possession of housing has been coordinated through village councils (following 1971, cooperative councils) and town or city councils in collaboration with the urban institutes of the 26 districts. These urban institutes maintain zoning maps to guide approval of house-raising as well as industrial and other urban land uses within the boundaries of urbanized areas (within the "yellow line") in each district.

Under the previous regime, private housing was discouraged in various ways. First, a very long time was required to get approval to build or extend a house (for example, 2-4 years in Korçë). Second, private housing was confiscated for a variety of reasons and little or no compensation was paid; people living in the affected residence were obliged to pay rent to the state for their continued occupancy.

The bulk of urban housing has been administered by the communal housing enterprise of each administrative area and rented to the occupants at a rate of 30 lek per month for a two-room flat or 35 lek per month for a slightly larger unit. Up to 1991, private rights to both publicly and privately built housing were limited to the right to pass the house to heirs. Following the decisions of 1990 and 1991, people have been purchasing land from the state to construct housing, selling land between private parties, and proclaiming inheritances. Long-term lease arrangements between the state and private individuals have defined access to commercial properties in the city centers.

In urban areas, such transactions as wills for inheritances and deeds for sales (the latter have to be approved by the local council) are being registered. These documents are drawn up by attorneys, notarized by the district notary (an official of the district court named by the Ministry of Justice), and archived in the district hypothecation office. Hypothecation offices file the original of the deed (the notary retains a copy). In some jurisdictions, the hypothecation office issues certificates to owners verifying their rights to specific parcels of land as identified by a street address and described by a survey plan. In other precincts, such as Tirana, the hypothecation office files the deeds, enters the names of the parties in an index, notes an abstract of the transaction in a registry book, and stamps the deeds to identify their recording, but does not issue separate certificates of ownership to the new owners.

This system operates only for urban properties. Such transactions were quite limited in the previous regime but have been increasing in the past year. In 1989, for example, in the Korçë District, with approximately 11,500 households, there were 600 recorded transactions of urban land. During the first 5 months of 1992, there have been 820 notarized and recorded transactions, which on an annual basis represents a transaction for every 6 households. In Lushnje, with a population of fewer than 5,000 households, there have been only 40 transactions in the first 4 months of 1992. In Tirana, the hypothecation office
reopened in March 1991 after being closed for 10 years, and during the first 5 months of 1992, there have been 1,809 recorded transactions, or about 1 transaction for every 11 households.

Following 1944, the state assumed ownership of all industries in urban areas and confiscated the properties of company-owning families judged to be enemies of the state. Most of these confiscations were made without compensation or entailed a minor, symbolic payment. The closing of all private markets in 1983 completed the process of state control of the economy. In the city of Korça, officials estimate that between 6 and 10 percent of the present resident families suffered this sort of confiscation, though the rate may be higher. Most of the confiscated shops remain empty. In some cases, shop spaces have been rented to businesses during the past two years. In other cases, confiscated buildings have been demolished and apartment and/or office edifices constructed on the land. With the reestablishment of a market economy, policies are required for the reopening of private businesses and the reassignment of spaces to private business people.
9. **FORESTLAND**

The total forested area of Albania is 1,044,680 hectares, with a total volume of 82.1 million cubic meters, of which 50.4 million cubic meters are timber. Forests are defined as areas covered by trees or shrubs to an extent of at least 30 percent. All forests are presently state property and under the management of the General Directorate of Forests of MOAF. The forest area has been decreasing for the past 40 years, with a total area lost of 280,000 hectares, though forests have increased by about 30,000 hectares in the 1980s due to the afforestation of marginal land (usually pastureland) and the slowing down of conversion to agricultural land.

The management of protected areas also falls within the responsibility of the Directorate of Forests. Despite losses of forestland and swamps to agriculture and other uses during the past decades, some areas in Albania remain almost untouched by humankind. Biologists estimate that at least 3,200 plant species survive in the country. The river estuaries and lagoons with adjoining wetlands on the Adriatic Coast are important habitats for many birds and other animals as breeding grounds or feeding areas during migration. The most important areas are the Kune-Vain wetland in Lezhe and the Lag e Karavastase-Divjaka lagoon and sand dunes near Lushnje, which have been partially protected. The virgin forests in the high mountains are important areas for wildlife and genetic resources for the entire European continent. However, data concerning the variety of species are scarce, and much inventorying needs to be done to fully appreciate the diversity that still exists.

National parks total only 9,340 hectares, and hunting reserves, about 35,000 hectares, mostly along the Adriatic Coast. Clearly the area for effective protection of biological diversity is inadequate, and immediate efforts are required to extend forested areas and to modify the uses of forests, national parks, and other protected regions. Such preservation and protection does not mean rejection of market forces. Ecotourism in these areas, for example, could earn significant foreign exchange.

New legislation is now being considered for the improved management of forests and industries that process forest products. It is important that local people be involved in new forest-management arrangements so that there is a shared commitment to regenerating trees that are cut and controlling pastures to encourage natural regeneration. For with the decline of the legitimacy and power of the state in a context of acute economic crisis, village people may feel motivated to take what they can from what is considered state property and not be concerned with the long-term ecological and economic implications of their plunder.

New legal, policy, and organizational options should be tested, including:
the ownership of trees as economic crops by private individuals to encourage the planting of trees regardless of the tenure status of the land;

the ownership or long-term leasing of forested lands by village councils and/or village or regional nongovernmental associations in conjunction with efforts to find economically viable options for the sustainable extraction of forest products;

the ownership or long-term leasing by nongovernmental organizations and individual entrepreneurs of areas of substantial biodiversity which can be preserved and marketed for ecotourism programs; and

the clear demarcation and inventorying of fragile areas that are of great biological diversity and/or in danger of species extinction.

For managing these diverse tenure forms, mapping of forest parcels and demarcation of their boundaries are of fundamental importance.
10. PASTURELAND

Pasture areas, which are typically cleared slopes with natural vegetation, have also been state property since 1946. Prior to 1980, the state rented pastures to owners of livestock, but with complete collectivization after that date, access to pastures became part of the national system for allocating resources to cooperatives and state farms.

Before 1983, collectivized pastures were administered by the State Forestry Enterprise. In 1983, the State Pastures Enterprise was created to open new areas, to permit more intensive management of existing pastures, and to collect rent for access to all pastureland. With the breakup of the cooperatives, it appears likely that the Pastures Enterprise will turn over the administration of pastureland to nearby village councils.

Concerning how pastureland resources have been managed, the case of the Korça District is instructive. In Korce and Pogradec, the State Pastures Enterprise administers 30,000 hectares of pastureland. These are basically summer pastures located above 1,000 meters in altitude. Some are near villages, but others are distant and accessible only during the five months of summer. During the winter months, cattle are kept in stables or are sent south (though not more than 10,000 head are sent south in a normal year). There are approximately 200,000 goats and sheep, which at present are over 90 percent privately owned, and about 50,000 head of cattle. Ten sheep and goats equal one cow in terms of feed consumed. The district has had about 15,000 hectares of cultivated forage to feed cattle when pasture is not available, making about 0.3 hectare per cow.

The Pastures Enterprise divides pastures into zones of approximately 5,000 hectares, each of which is managed by an agronomist or forest engineer. The pasture manager’s duties include clearing the area of rocks, weeding, fertilizing, and, most important, constructing and maintaining water sources.

The pastures previously assigned for the use of four or five villages of a cooperative are now divided among the communities. These pastures are still considered to be state owned, and the state intends to charge the villagers for access. It appears, however, that the general rule is for certain pastures to be accessible only to villagers from a particular village. Prior to decollectivization, state farms and cooperatives paid 9 lek per head for five months of pasturing. This year the charges to state farms and individual owners of livestock are 30 lek per head for sheep and goats and 70 lek per head of cattle. This rent is collected in the month of June.

Owners are responsible for the care of their livestock in the pastures. With the breakup of the cooperatives, village owners must hire herders and arrange for their pay and oversight. Although individual owners may obtain herders to care only for their livestock,
the distribution of animals during the past two years has probably spread the herds among many of the 25,000 villagers in the district.

Prior to collectivization of land, pastures close to individual villages were considered the common property of that village in the sense that villagers with livestock could pasture their animals without charge. There were also owners who controlled access to their private pastureland. Privately owned herds over 200,000 head in size were commonly brought to the district to take advantage of the cooler temperatures and relatively well-watered pastures in Korcë. The state was the owner of the upper pastures and rented access in a way similar to the present system.

During the past few decades, good pastureland has been converted to agricultural use to make each village self-sufficient in grain. The reduction in area of pastures resulted not only in animal feed shortages, but also in the use of fragile, inappropriate lands for cultivation and pasture, and thus led to erosion. With the conversion of pastureland to agricultural use, no more than 30,000 head of livestock are presently brought in, and the numbers in the district are only slightly higher than what existed in 1938. It appears that the numbers of livestock are increasing following the distribution of the land and the breakup of the cooperatives.

Livestock feeding has been a serious problem in recent years. Prior to decollectivization, a two-year cow would weigh 325 kilograms on average if raised on state farms, and 275 kilograms if raised on cooperatives. The relative price of livestock has been low, with the sale price of a kilogram of meat being equivalent to 3 kilograms of wheat. Prices are quite unstable presently, but the relative price of livestock appears to be rising.

The decollectivization of cattle occurred prior to the decollectivization of land in most cases. The system devised was for cooperative livestock to be divided equally among the component villages. The village livestock were then valued, and villagers contributed the per-capita value of the livestock to a village livestock fund. Those who wished to take livestock did so, while those who did not divided the money pool among themselves. Village councils set the price of the livestock and managed the distribution.

The administration of pasturelands seems to be becoming more decentralized, with de facto management being shifted to individual owners of livestock or to groups of individual owners. The clear danger in the present condition of weakened and ineffective state management is that there may not be sufficient coordination among these livestock owners to avoid the degradation of pastureland.

The decentralization process can be positive, however, if new institutional arrangements are created to replace those of state ownership and management of pastures. New legal, policy, and organizational options should be tested, including:

- the viability of long-term leasing or outright ownership of some pastures by private individuals to see whether private holders of
pasture, under conditions of improved livestock prices, will invest in improvements to the land and more intensive systems of livestock raising, thereby reducing the pressures on forests and the use of forestland for pastures; and

- the ownership or long-term leasing of pastures by village councils and/or district or regional nongovernmental associations and the management of such pastures to meet the needs of the owners of livestock.

Village initiatives should be encouraged for carrying out these tests and the legal framework adapted to permit diverse tenure forms. The mapping of pastureland parcels and the demarcation of their boundaries on the ground are of fundamental importance.
11. **STATE FARM DIVESTITURE**

In command economies modeled on the former Soviet Union, such as Albania after World War II, state farms were formed to provide ruling groups and cities with agricultural products. Consequently, state farms were provided with scarce resources—vital imports purchased with precious foreign exchange, machinery, technology, specialists, and so on—that were not provided to the rest of agriculture, that is, the cooperative sector. Workers on state farms received regular wages and welfare benefits, as did workers in other state enterprises. In contrast, villagers on cooperatives merely divided the value of any remaining production among themselves. Administered prices for cooperative outputs tended to be set low by state purchasing agents, while state-imposed costs for inputs were relatively high. In addition, state farms in Albania were seen as having been established mainly on the land of former large landowners or on new land opened by state construction workers who, for example, drained swamps or cleared hillsides.

Since 1991, the new government has quickly privatized the cooperative sector, parcelling land out in per-capita allotments to villagers. But, as of June 1992, the state farm sector—consisting of 23 percent of the arable land, more than one-third of the farm population, and the bulk of capital investment in agriculture—has remained outside of the restructuring process. Reform is obviously necessary; it is estimated that state farms have lost 3 billion lek (approximately US$30,000,000) in the past year. The state-farm land reform was delayed both because government was reluctant to tackle reform of the cooperative and state-farm sectors at the same time and because the issue of state-farm reform was seen as unusually complex.

One reason political leaders have delayed privatization and sought alternatives is an awareness that the land/population ratio is so low on state farms that per-capita division would result in miniplots, which could in turn lead to the creation of subsistence-oriented agriculture on some of the best land in the country. If land were returned to the local villagers, it could mean pushing two-thirds of state-farm workers off the land and intensifying the already sizable problems of unemployment, crime, flight to the cities, and state payment of welfare.

Another reason is that many agriculture officials question whether the state farms should be privatized. These specialists believe that the farms were very productive until 1978, when a break with China cost Albania the foreign exchange it needed to purchase inputs (e.g., enriched livestock feed, tractors) that kept state farms producing. Hence, they believe that with hard currency from foreign investors and an infusion of Western management techniques, state farms can once again be efficient, large-scale producers. In addition, once the state farms produce what the world market will pay for instead of what a command-economy elite wishes, it is argued, then they can be enormously profitable. In short, state-farm directors, parliamentary specialists on agriculture, and some officials in the
Ministry of Agriculture oppose the privatization of state farms, believing that it would cost Albania a precious and potentially productive and profitable resource. They would prefer to turn state farms into the equivalent of joint stock companies backed by foreign finance, with market opportunities provided by a foreign investor.

Very preliminary field observations in Albania suggest, however, that this scenario may be based on erroneous premises. First, it is doubtful that state farms were profitable up through 1978. In fact, state-farm production was based on inputs seized elsewhere at artificially imposed low prices. The appearance of profitability under such circumstances may be achieved, but based on experience elsewhere, it is very unlikely that the system was ever profitable by the standards of a market economy.

Second, not all state-farm land was previously swampland or expropriated estates. In fact, almost all state farms incorporated some villagers who perceive themselves as having been expropriated. In addition, a part of the supposedly new land placed under cultivation by state farms is in ecologically fragile areas, whose use was greatly intensified, for example, when hills used for grazing were transformed by extensive inputs of manual labor into terraces which have gradually eroded, while livestock were fed with expensive, imported feed.

Finally, the large number of state-farm workers who come from neighboring towns or cities and the few who moved in from poor, mountainous areas are viewed by local villagers as outsiders who are given wealth that should belong to "hard-working local peasants, not to the soft-handed town women or ignorant strangers from the mountains." Villagers may wish to force the "outsiders" off and regain the land. The longer privatization is delayed, the greater the tensions on state farms between villagers and all others will become, a problem with explosive potential.

If an attempt is made to prolong the life of the state farms as they are, state-farm workers will find their privileged access to goods gradually slipping away as more and more of these goods are distributed by the market. In this period of interim uncertainty, angry and anxious state-farm workers may engage in slowdowns, destroy state property, sell or steal state assets; and otherwise express their frustration.

These are serious concerns. But almost no state farm will be profitable or attractive to foreign investors unless its labor force is reduced (some by two-thirds or more) and the property ownership structure is clarified. This means that off-farm employment must be swiftly increased, perhaps by infrastructural labor projects such as building farm-to-market roads and upgrading housing and sewer infrastructure in towns and cities. However much interim measures help in a transition period, the real solution requires more off-farm employment. In China, the decollectivization reforms were accompanied by a program of rural industrialization which absorbed large numbers of people shifting out of agriculture, in both villages and provincial cities and towns. Government can speed up this process by decentralizing and privatizing enterprise ownership, with rewards for more local investment.
It is important to abandon the illusion that state farms were once profitable and that new, big tractors could make them lucrative again. Those tractors were always underutilized and rapidly destroyed by a lack of parts, services, and upkeep. Market tendencies are in the direction of smaller, more intensively used vehicles. Foreign assistance agencies and MOAF will need to promote the productive use of such vehicles in the former state-farm sector and the ex-cooperative sector by training service technicians, promoting machinery-leasing arrangements, contacting parts suppliers in neighboring countries, and organizing local farmers into private farmer associations for obtaining credit and arranging sales, purchases, exports, and the like.

Attempts to maintain state production are likely to repeat the destructive, uneconomic irrationality of the command-economy era. While maintaining state farms in the form of share companies may benefit management personnel and the existing labor force, there is a danger that the enterprises will fail and thereby hurt the economy and strengthen anger and dependency which could readily turn antidemocratic.

The families of former owners of land now organized into state farms will feel doubly betrayed if they are not compensated nor receive restitution of land. They were the first victims of the old communist order and now fear that the democratic government will renge on electoral promises of compensation. Government lacks both the money and the land to compensate former owners and all other claimants. Officials who dismiss these families as only 20,000+ individuals underestimate their political clout. One option is for the state to offer these families industrial bonds, which could be used to secure credit from the Bank of Agriculture and Development upon proof that a profitable enterprise will result which enhances off-farm employment, especially in particular regions.

In short, the government is searching for ways to transform the state farms to maximize equity, employment, and efficiency, and to establish economic units and organs that will prove profitable and attractive to investors—a very difficult task in times of political and economic crisis. This sector must be recapitalized, and it will be difficult to do so without privatization, by which we mean an end to or drastic curtailment of state ownership and withdrawal of the state from a management role. Within these parameters there is room to experiment, as Albania must, with different privatization scenarios for the differently situated state farms. The breakup and distribution of land may be appropriate in some cases. Where processing facilities are associated with the state farm, they might be privatized separately and enter into production contracts with the new farmers. Or the farms could be privatized as large units. There are a variety of possible arrangements between foreign investors and local interests. There is an awareness of all these options in the Ministry of Agriculture and Food, and none should be taken as the model. Solutions will need to be tailored to the particular circumstances of specific state farms.
12. **RELATED CREDIT ISSUES**

The Bank of Agriculture and Development was established in October 1991 to facilitate privatization. The bank is ably managed and is rapidly building a competent professional staff. Its bylaws are intended to make the bank autonomous, that is, able to act on market criteria and not compelled to respond to short-term political pressures.

The bank, however, has recently been forced to respond to short-term political pressures to meet the survival needs of the poorest farmers in the poorest areas and to support the demands of Italian grain purchasers. However worthy poor farmers may be of bank credit, they would be better off if provided with additional resources by the state or openly supported by a social safety net. It is important that the bank be neither discredited nor bankrupted by the extension of credit to persons who are unable to repay. In addition, the bank does not need to subsidize Italian purchasers with below-market credit that cheapens the price of grain.

It would intensify the banking and credit crisis if the bank were, in addition, ordered to provide credit to former state farms which are losing money at an annual rate of 3 billion lek, almost ten times the original funds of the bank.

The Bank of Agriculture and Development will function well if an institutionalized property system permits the use of land to secure loans. That requires new laws and institutions and a capacity to act as a bank in order to develop a professional, decentralized loan system based on banking criteria. Credit is in great demand and should go to those who can maximize its productive use. Most credit, however, seems aimed at preventing worst-case, short-run, political outcomes. It is important that future credit be dispensed in an equitable manner, with women as well as men being eligible for agricultural loans.
13. **PROSPECTS AND RECOMMENDATIONS**

**PROSPECTS**

The Albanian land reform is impressive in both conception—in its radical transition to full private ownership of land—and implementation, which has been extraordinarily rapid in the cooperative sector.

The land reform is promising in production terms. What has been accomplished so far is to change the agrarian structure of most of Albania's farms from cooperative to family farming. In comparison, the parallel reform in China after 1978 is credited with major positive impacts on production, even without the grant of full property rights. Agricultural production rose by 61 percent between 1978 and 1984. Some estimates suggest that two-thirds of this growth is attributable to the land reform. In fact, it is not possible in retrospect to confidently disaggregate the impacts of land reform, on the one hand, and the concurrent liberalization of agricultural prices, on the other. It is broadly accepted, however, that the reform accounted for a large part of the production increase in China.

Nothing quite so dramatic should be anticipated in Albania, because while transition in China was accomplished in a relatively stable political and economic milieu, transition here has been accompanied by substantial change and confusion in other sectors of the economy. This is particularly critical as regards input supply and marketing. Classic land-to-the-tiller reforms in Latin America, for instance, often exhibited an initial dip in production. Landlords had played an important role in input supply and marketing for their tenants, a role whose importance had been underestimated in the political heat of the reform, and it took time to construct alternative channels. The same is true when large cooperative farming operations are broken up into family holdings. USAID's focuses on input (fertilizer) supply and private farmer associations address these issues directly, and to the extent they succeed, they will enable Albanians to reap the benefits of their land reform.

There are also indications that sizable potential increments in productivity can be obtained by providing full property rights and a property registration system which facilitates proof of rights, providing security of tenure and security in transactions. Greater security of tenure is expected to have positive impacts on investment both directly and indirectly via better access to credit. In Thailand, for example, studies of the World Bank-funded land registration project in the early 1980s attributed substantial production increases over several years to the program largely through the improved access to formal-sector credit provided by a mortgageable title.

Again, these are "best-case" scenarios. The extent to which productivity gains are reaped as a result of tenure reform and land registration will depend heavily on conditions in the rest of the market economy. For instance, titling had little impact on production in
areas of Thailand where plentiful informal-sector credit was available to farmers without recourse to land security.

The suggestion here is not that great gains in production are immediately achievable. It is that, even in the difficult and confused situation of agriculture in Albania today, the reforms are successfully setting the stage for solid, sustainable increases in production over the next decade. To realize them, a body of property law will need to be created which provides secure and versatile tenure arrangements; a property record system must be instituted which will realize those benefits for farmers; and input, credit, and marketing facilities should be developed.

**ISSUES AND RECOMMENDATIONS**

**Dealing with irregular distributions:** There have been distributions in some villages which do not comply with the per-capita basis mandated by law. Every effort should be made to enforce the law. But where division has been completed on some other basis which had broad support in the village, it should not lightly be reworked. In the north, we heard discussion of the use of force by government to require a new division of lands in these villages. Our sense is that, where the village consensus has resulted in the creation of new holdings, there is a strong social interest in preserving and stabilizing those holdings. Wholesale redistributions should be avoided. If someone has clearly been disadvantaged by the pattern in the legislation not having been followed, awards of compensation against those in the village who correspondingly benefited might be the solution. Some very limited reworking may be necessary where someone entitled to land was completely excluded from the process. But it is important that these needs not give too long a life to the land commissions, which were intended to be temporary.

*We recommend that after approximately six months, a law be enacted which:* (1) by a specific date terminates the authority of the land commissions; (2) provides that all challenges to land commission decisions in the future be taken to court; (3) provides the courts with criteria for adjudicating those challenges and guidance as to what remedies are appropriate; and (4) proclaims that all such challenges should be brought within one year of the enactment of this law, or they will lapse.

**Compensation:** The government has indicated its intention to deal with historical claims not through restoration of the land but through compensation. This approach seems sound, because it minimizes dispossession of those who have been working the land and thus lessens dislocations of production. It does not, however, avoid the difficulty of deciding which "original" owners should be compensated, those before or after the 1945 redistribution. Estimating compensation in the absence of a market in land is also difficult, but in other land reform situations where market valuations were not available, multiples of the value of annual
production have been used, usually a multiple between 10 and 16, which on empirical evidence would be roughly the market value of the land in a land market situation.

We recommend that compensation be based on the pre-1945 landholdings, and that it be based on some locally appropriate multiple of the estimated current annual value of production.

We recommend that compensation initially be provided in the form of industrial bonds by government, representing interests in state industrial enterprises which are being privatized.

We note that donor assistance with such compensation is highly unlikely, particularly in the case of the United States, where law (the Helms Amendment of the Foreign Aid Act) specifically prohibits use of foreign assistance for such purposes.

A land market: The development of a land market is of great importance to capitalization of the agricultural sector. A land market tends toward efficiency in land distribution and is a necessary condition for the use of land as collateral for loans. On the other hand, at this transitional moment markets are so imperfect that they can easily produce unanticipated results. Government understandably fears land speculation and resultant landlessness. There is reason to fear sales of land by heads of households, leaving families destitute.

We recommend that government initially facilitate the operation of a rental market, monitoring its impacts carefully; that at a later date, local sales, within villages, be permitted; and that after a few years, a full and geographically unlimited market be allowed.

We recommend that sales not be permitted until there is a clear strategy and legal basis for protecting the interest of all family members—including women—in the household land, by requiring their consent, for instance, to any sale and giving them a right to a portion of any purchase price.

Women and land: The legal status of women as landowners is unclear and needs to be clarified and codified. Provision must also be made to encourage villages taking over functions formerly carried out by cooperatives to continue community support services for women, such as day-care centers and laundries. Further research is necessary on north-south and urban-rural differences in women's roles as workers and landowners, and how these impact on effectual land reform, so that effective legal measures can be devised to protect women's property rights.

Forests and pasture: In the legislative drafts in preparation during our visit to Albania, forests and pasture are retained as state land. As a general rule, this may be appropriate. But there are many villages, especially in the north, whose economic viability
requires access to greater natural resources and which might prove the better managers of pastureland and forests adjoining their communities if they are provided with secure tenure.

We recommend that legal provision be made for leasing areas of forest to private enterprises for sustainable production and leasing areas of biodiversity to nongovernmental organizations for conservation.

We recommend that legal provision be made for the transfer of areas of forest and pasture from the ownership of the state to the ownership of local villages, where a credible common-property management scheme for the resource has been prepared by the community.

State farm divestiture: It would be unrealistic to try to prescribe any standard model for state-farm divestiture. One is divesting not just land, but a processing plant, an operating enterprise. In some cases, the land will be broken up wholly or partly; in other cases, the current scale will be maintained. A diversity of approaches will inevitably be used. If economic viability is to be achieved, however, they will all require the shedding of a large part of the state-farm work force. The state, politically, will find it difficult to make the necessary management decisions.

We recommend that there be genuine divestiture and privatization, whatever the mechanism. This does not mean that the state may not maintain some interest as a shareholder in the privatized enterprise, but, if so, it should be a minority shareholder with no special role in management.

Property registration system: Albania has a pattern of landownership which is new and therefore transparent, with titles uncompromised by generations of botched transactions and confused inheritances. There is a unique opportunity to preserve the simplicity and certainty of the new titles by establishing a property registration system (PRS). An effective PRS is essential to the achievement of the incentive effects of private property and the efficiency impacts of a land market.

We recommend that government establish a commission to decide upon the shape of that system and how it will be brought into being, and that one or more donors take the necessary steps to inform the work of the commission and provide it with technical assistance.

AN IMPORTANT OPPORTUNITY: THE PROPERTY REGISTRATION SYSTEM

At the outset, we suggested that our objective was to look a little down the line, beyond the politically difficult and financially constrained decisions which must be made almost immediately. In the medium range, beyond the next year, the need will be to systematize and institutionalize the property system.
We suggest that a major thrust in donor assistance in this area should be support for the establishment of a property registration system to consolidate private property in land. Such a system is built around a property registry, established through cadastral survey and registration of titles. The importance of such a system in Albania is only presently being perceived. Now that private property in land has been established, it is necessary to provide the public infrastructure: a record system which will prove land rights, enhance tenure security, and allow land rights to move between generations and in commerce with minimal risk.

As noted earlier, the economic potential of private property cannot be fully realized without such a system. When a PRS functions well, people engaged in the real (immovable) property market enjoy relative security of tenure. That tenure security unifies and helps develop the land, capital, labor, and environmental components of the modern market economy. Those owning the right of transfer of real property who wish to gain access to the capital markets can do so via loans secured by mortgages. Those possessing only their own labor can gain access to land through rental arrangements with the owners of the land. Without an effective PRS, the component parts of the modern market economy cannot be linked efficiently.

The formation of a market economy requires the clear and secure definition of rights to property in land and the responsibilities of the holders of those rights, that is, an efficient and effective PRS. Various agencies are presently assigned the functions of documenting rights of access to real property: (1) the Land Research Institute, the district cadastral offices, and the Military Topographic Institute for ex-cooperative parcels and for state-farm parcels; (2) the district notaries, urban institutes, and hypothecation offices for privately held urban land used for housing; (3) the Communal Housing Enterprise for publicly owned housing; (4) the State Pastures Enterprise for pastureland parcels; and (5) the State Forestry Enterprise for forested parcels.

These agencies have been created and equipped to operate in a command economy and do not now have the legal bases, the organizational staffing and equipment, or the interlinkages to provide the foundations for a market economy. There is as yet no modern land registration law or a land survey law. The cadastral capabilities of existing agencies are limited. There are substantial staffs of interested and enthusiastic technicians, but their methods are primitive and an infusion of new cadastral technologies, such as total stations and GPS (Global Positioning System), are badly needed. An institutional realignment is needed to meet future needs, including the disposition of properties that are presently state owned and which can be incorporated into the market economy and the creation of new tenure forms for the ownership and management of forests and pastureland. In anticipation of completing the very major property registration involved in establishing a system of private property, there is a need to consider how the private sector can assume an important operational role in collaboration with governmental agencies—yet another institutional innovation.
REFERENCES


REPUBLIC OF ALBANIA

The President

LAW

ON THE LAND

On the basis of Article 16 of Law no. 7491, dated April 29, 1991, "On the main dispositions of the Constitution," on proposal of the Council of Ministers,

THE PEOPLE'S ASSEMBLY OF THE REPUBLIC OF ALBANIA

DECIDED:

Article 1

Land in the Republic of Albania is divided into:

a) Agricultural land occupied by field crops, fruit plantations, vineyards, and olive trees, wherever they may be and irrespective of size, in the countryside, in the cities or other residential centers;

b) land occupied by forests, pastures, and meadows;

c) nonagricultural land occupied by economic and socio-cultural buildings, military units, and the area around them; land occupied by dwelling houses and their courtyards, land for general use (streets, highways, airports, railways, squares, parks, gardens, sports grounds, cemeteries); rocky areas, coastal sandy areas, beaches; water areas (lakes, reservoirs, ponds), various canals, rivers, streams, river-beds, swamps; areas with historical or archaeological buildings and monuments, etc.

Article 2

The state gives land to physical or juridical persons. They enjoy the right of ownership and all other rights envisaged in this law.

The sale and purchase of land is prohibited.
Article 3

Agricultural land is given as ownership or in usufruct to local juridical or physical persons without remuneration.

Article 4

Foreign juridical or physical persons can rent land to build on. The purpose and terms of use are defined by special contract.

The rent of the land is set upon assessment of the purpose of use, location, and other economic conditions, in conformity with criteria set by the Council of Ministers.

Article 5

Upon division of the land, families which have been members of an agricultural cooperative have the right to secede and operate on their own, becoming owners of the agricultural land provided to them by the organization of which they were members. The size and location of this land is defined by the land commission.

In the hilly and mountainous zones where peasant families cannot get the necessary minimum of agricultural land, the state takes measures so other sources of livelihood are guaranteed to them by the Council of Ministers.

Article 6

Families which reside in the countryside but are not members of the agricultural cooperative, as well as those which work and live in agricultural enterprises, are given agricultural land for use, the size of which is defined by the Council of Ministers.

Article 7

A government land commission at the Ministry of Agriculture, land commissions at the executive committees, and people's councils of districts and the people's councils of villages are set up for the distribution of land in ownership or for use to be granted to juridical or physical persons, and for the elimination of the recently created confusion in this area.

The rights and duties of these commissions are defined by the Council of Ministers.
Article 8

Prior collective ownership, size or boundaries of the land given for use or as ownership to juridical or physical persons are not recognized.

Article 9

The state agency specializing in information on the land is the land survey office at the executive committee of the people's council of the district.

Article 10

The land which is given as ownership or for use to any juridical or physical person is registered in the cadastral office.
Any change after the first registration is also registered in the cadastral office.

Article 11

Juridical or physical persons who have or will receive arable land in ownership or in usufruct are obliged to use it only for agriculture purposes, to preserve and increase its productive capacity, to systemize and build constructions for its protection.

Article 12

The owners and users of agricultural land are obliged to protect the irrigation and hydroelectric projects, their installations and equipment. No owner or user has the right to prohibit other owners and users from using this equipment and installations.

The agencies of government at the locale and in the districts have the right to settle disagreements.

Article 13

Dwelling houses, economic, socio-cultural, and any other type of building are built within a border line (the yellow line).

Land for construction is given with or without remuneration according to the criteria set by the Council of Ministers.

It is prohibited to build any type of project outside the settlement border (the yellow line) without special decision of the respective competent organ.

The value of the land is included in the total value of construction and assembly.
Article 14

The construction of buildings and other projects for agricultural and livestock purposes is allowed on agricultural land according to the rules set by the Council of Ministers.

Article 15

Any juridical or physical person to whom is given land for use and who does not use it for agriculture or raising livestock within one year is deprived of the right to use the land.

Article 16

When the juridical or physical persons who get land as ownership or in usufruct, for construction or for other economic activities do not respect the terms for the completion of the project according to the prior agreement, they are obliged to pay an amount equal to the average annual rent of the land.

Article 17

Industrial and mineral refuse, waters with a chemical content harmful for agriculture, must be channeled and gathered in special places in order to protect the land and the plants, prevent the pollution of water, and not endanger the life of the people, animals, and birds. The location of such places and the area where a project is to be built need approval. If this is not given, no construction or functioning of the project can begin.

It is prohibited to deposit or bury any type of dangerous locally produced or imported refuse.

Article 18

With the approval of the draft proposal and area of construction by the respective agency, the land is given as ownership or for use to those who carry out the construction, but not before three months after work has begun. The change in a cadastral entry is made when construction work begins.

Article 19

Juridical or physical persons are deprived of their right of ownership or use of the land, in cases when this is needed by the state for various projects, on the basis of the approval of the respective agency. When the state occupies land which is the property of juridical or physical persons, it is obliged to replace it with another equal piece of land and,
if this is not possible, to recompense for the investments made and the real value of the land. Disagreements on the amount of money to be reimbursed are settled by the court.

Article 20

The damage caused by fruit plantations, olives, vineyards, agricultural crops, to economic, socio-cultural, social, and other buildings is compensated for by the subject which has caused the damage. The amount of compensation is set by the executive committee of the district people's council on the basis of the real value. Disagreements on the amount of compensation are settled by the court.

Article 21

The agencies of the local government of the respective jurisdiction prohibit occupation or ill usage of land within their jurisdiction in contravention of this law and other respective acts under the law.

If a case of occupation or damage of the land is observed, the members of the people's councils of the respective jurisdiction, the owners or users of the land, the land survey office, the jurisdictional urban planning staff, and the people's police are obliged to keep reports on the basis of which the offender is asked to return the land to its former state within three days. Otherwise, the report is handed over to:

The popular councils of the village, the city quarter, the city, or the region, which within two days decide on the destruction of the object and the return of the land to its former state. The decision is implemented by the agency which has taken it within five days from its proclamation. The offender has to meet the expenditure for the return of the land to the former state:

- the cadastral office which has to take the administrative measure, when it is not a case of a penal act;
- the investigative organ, when the violation is a penal act and the decision of the respective people's council has not been implemented.

Article 22

When the land is taken, occupied, or damaged by a third person, the owner or the user has the right of appeal to the court.

Article 23

Persons who act in contravention of the dispositions of this law and the special dispositions of the acts of the Council of Ministers on this question, who do not utilize the land they have been given in ownership or for use themselves but transfer it to a third party,
who do not take protective measures, who build objects without authorization, who do not bring the land back to use within the term set in the contract, and do not inform the land survey office on time of changes in the state of the land they own or use without justified reasons, and when these violations do not constitute penal acts, they are penalized by the head of the land survey office in the district by a fine from 2,000 to 5,000 leks for administrative offense.

An appeal can be lodged against the sentence within 10 days of its proclamation by notification to the head of the executive committee of the district people's council, whose decision is final.

The persons who, in contravention of legal dispositions, occupy, damage, or misuse land in any form, are to be prosecuted according to the dispositions of the Penal Code.

Article 24

The criteria for the division, registration, change, transfer of ownership, evaluation, and renting or usufruct of land, as well as the tasks of the land survey office, are set by the Council of Ministers.

Article 25

Agricultural land given as ownership on the basis of this law, can be inherited according to the legal dispositions on inheritance which will be approved.

Article 26

Law no. 5686, dated Feb. 21, 1987, "On protection of the land," as well as all other by-law dispositions opposed to this law are annulled.

Article 27

This law comes immediately into force.

Tirana, July 19, 1991
No. of law : 7501

PRESIDENT OF THE REPUBLIC

Ramiz Alia
DECISION

Nr. 230 dated 23.07.1991

ON

SETTING UP THE LAND COMMISSIONS

Upon the proposal of the Ministry of Agriculture, the Council of Ministers

DECIDED:

Setting up of the land governmental commission and of the land commissions with a temporary function in districts and villages.

I - The land governmental commission is an organ to the Ministry of Agriculture and its chairman is the vice chairman of the Council of Ministers and its vice chairman, the Minister of Agriculture.

The commission has these rights and duties:

1. Leads, organizes, coordinates, and checks the work in the Ministry and in the other main institutions, in the district and village executive committees on the implementation of the land law.

2. Pursues the implementation of legislation on the redistribution and the transfer of the land either in ownership or in usufruct of different subjects, discusses and decides the solution of problems raised by the district land commissions, solves disagreements between the districts on land boundaries; requires the compiling of specific documentation of the work done by the district and village commission.

II - District land commission

The district land commission is headed by the chairman of the district executive committee and has these rights and duties:
1. Solves the disagreements arising from the division of the cooperatives, regarding:
   a) The area and the boundaries of the arable land
   b) New land opened since the setting up of joint cooperatives.

2. Solves disagreements between individuals and the village land commission.

3. Solves problems arising when a cooperative is totally dispersed but a little land is left.

4. Discusses and decides what materials are presented by the village commission, with their particular proposals.

5. Proposes discussion to the governmental commission.

6. Sets up groups of specialists and authorizes them to participate in the village land commission and compiles the complete cadastral documentation of the land.

III - Village land commission

A village land commission consists of the representatives of the village executive committees and of two specialists (a topographer and an agronomist) who will be recommended by the district land commission. The commission will be elected by vote of those who live and work in each village and will be considered elected when it wins 50% of those voting.

The chairman of the commission is elected by a secret vote of the commission itself. The decisions of the commission are binding.

A commission has these rights and duties:

1. Verifies the number and composition of the agricultural cooperative member families, as well as the other families that live and work in a village, according to civil status, and defines the area belonging to each family.

2. Makes the distribution of land and the necessary corrections on disagreements, taking into account that distribution of land will be:
   a) according to the actual territorial state of the land, without considering the old boundaries.
   b) according to the possibility of giving it in only one location, and as close to the dwelling as possible.

3. Defines the amount of arable land and the places where the land will be given to the families that wish to leave the agricultural cooperatives and exist as separate subjects. Distribution of land is made on the basis of the number per capita in each family who is in the cooperative.
4. Presents problems and disagreements to the district land commission, and acts after receiving its approval.

5. The commission, as it defines, in collaboration with the peasants the place and area of land for everybody, draws up two copies of land certificates for each family, with the signatures of the chairman of the commission and of the authorized specialist of the district commission, as well as the head of the family that takes the land. The village commission presents a report on the work done in the distribution of land and on other unsolved problems. This report will be signed by all commission members. In addition to all distribution deeds, copies of these documents are presented to the district land commission.

6. In accordance with the material of the village commission, as approved by that of the district, the cadastral office compiles the sketches of the work and charges the authorized specialists to provide complete cadastral documentation.

7. Decision nr.198, dated 24.06.1991, is abrogated.

This decision enters into force immediately.

THE CHAIRMAN OF THE COUNCIL OF MINISTERS

Ylli Bufi
ORDER

Nr. 2, dated 2.8.1991

ON

THE FUNCTIONING OF THE LAND COMMISSION
IN THE EXECUTIVE COMMITTEES OF THE
DISTRICTS AND VILLAGES

In implementation of the decision of the Council of Ministers Nr. 230, dated 23.7.1991, "On the setting up of the land commissions," upon the proposal of the Ministry of Agriculture, the Council of Ministers

ORDERS:

I. For the District Land Commission.

1. The composition of this commission is approved upon the decision of the district executive committee by August 3rd, 1991. It will consist of up to 15 members, staff and specialists of agriculture and other sections that are familiar with the district, such as agronomists, economists, accountants, lawyers, surveyors, representatives of the finance section, employment office, town planning and the agricultural bank, and representatives of police as well. The chairman of the district executive committee will serve as the chairman of the district land commission.

2. The village boundaries of arable land in the agricultural cooperatives, composed of more than one village, will be defined by the district land commission.

3. The district land commission will meet not less than once in three days, and report each week to the district executive committee about steps taken to implement the land law.

4. A district land commission decision will be considered decided when more than 50 percent of the general number of the members of the commission vote in favor.

5. A district land commission sends information every Friday to the governmental land commission of the Ministry of Agriculture, relating evidence supporting decisions.
6. To carry out the tasks and solve the problems that will arise during its work, district land commission, as needed, may set up subcommissions for special problems or work groups, and at the same time involve surveyors (topographers) from other sections of the economy (mining, geology, construction, etc.).

7. The materials that the land commissions works on and reports to superior organs are treated and maintained by the district executive committees as official documents, in accord with the rules for preservation and maintenance in archives.

II. For the Village Land Commission.

1. This commission will consist of 5 to 7 members, according to the size of the village. Commissions must be set up by the date August 7th, 1991, and work until all decisions are settled.

2. Village land commissions decide on a program of daily tasks so that by September 1991 the transfer of land in ownership and in usufruct must be completed. It reports daily to the district land commission about the volume of work accomplished in land distribution.

3. Distribution of land, irrigated or unirrigated, flat or sloping, shall be within the competence of the village land commission to evaluate.

III. The order of the work of the land distribution commission and the respective documentation.

1. A land commission is equipped by the cadastral office with the cadastral registry and the book of parcels.

2. A village land commission familiarizes itself by comparing the land to the cadastral registry. As it assesses the entire village area, the commission will draw these conclusions:
   - the area of arable land for each cadastral item, divided into arable land, arboriculture, vineyards, and olive-trees.
   - sets the boundaries in the registry for the area of this land that is irrigated.

3. District executive committees and the office for the respective civil branch will give to the village land commission a list with the names of the family heads (name, father-name, surname) and the number per capita for each family as of August 1st, 1991. These lists are to be made public in the village.

4. Village land commissions, based on information as to land and family composition, defines the area of land in square meters (m²) per capita and the land area for each family, according to the criteria of the Council of Ministers.
5. After calculations according to point 4, a village land commission will measure out the land area for each family. All land parcels given to a family will be accompanied by sketches (parcel registrations). Each parcel will be assigned a cadastral number from the registry of parcels.

After concluding the division of all parcels, it is required that the area of the division of the separate parcels be matched with that of the registry of parcels. This is done to ensure conformity of the parcel area in the cadastral book with the parcel area defined according to the division.

6. A village land commission will survey all land and measure it, with no others accompanying it.

7. When the measuring and distribution of all land is completed, a name-list of families is compiled for land ownership or land use.

8. After the distribution, a village land commission will confer the area of the given land in ownership or use, according to the cadastral items, in accord with the data of the registry of parcels in a certain village.

9. A village land commission, after concluding the distribution of land in ownership or in use, will report in a written form to the district land commission.

10. A village land commission in handing over land to the peasants will show the location, the boundaries, and the area. The delivery will occur in the presence of the commission and the head of the family that receives the land, and noted on a document signed by both sides.

11. The definition of parcel boundaries will be done by the village land commission with distinctive signs.

12. The owner receives a land certificate, a copy of which is sent to the cadastral office.

13. A cadastral office, after receiving copies of the land certificates from the village commission for all families that possess land in ownership or in use, organizes the technical work for establishing the new cadastral documentation.

IV. Some Other Organizational Measures.

1. The Ministry of Agriculture and the district executive committee assign specific tasks to all employees of the agricultural section and of the agricultural stations to implement the "Land" law in time.
2. By August 10, 1991, meetings should be organized by district and zone with all land commissions in the villages, to assure that the Land Law has been implemented in accord with the decision of Council of Ministers Nr. 230, dated 23rd July 1991, and the respective orders issued to this purpose. According to a special program, more specific details to perfect technical preparation will be organized with all the specialists of different kinds that are charged by the district land commission.

This order enters in force immediately.

CHAIRMAN OF THE COUNCIL OF MINISTERS

Ylli Bufi
The Republic of Albania

The Council of Ministers

Decision

Nr. 255, dated 2.8.1991

On

The Criteria of Distributing Agricultural Land

In implementation of Article 24 of Law no. 7051, dated July 19, 1991, "On the land," and upon the proposal of the Ministry of Agriculture, the Council of Ministers

Decided:

1. The land is distributed according to the present state of the acreage possessed by the agricultural cooperative on a per capita basis.

   For the agricultural cooperatives which as subjects are made up of more than one village, the land commission in the district defines the agricultural lands of every village, accumulating fair proportions of the acreage of land per capita of each village within the boundaries of the cooperative.

2. In all cases, the land is distributed proportionally to each family per capita according to the registration of civil status on August 1, 1991.

   The number of persons of an agricultural cooperative member family will include all its members: children, pupils, students, military men, pensioners, members of the cooperativist families working on provisional contract, and refugees, despite their sex, excluding those family members who at the moment of land distribution are in a permanent working relation with the state or private sector.

   The cooperativist family members who are in permanent working relations with the state or private owners, will be given as property half the land per capita that belongs to each member of the agricultural cooperative, but no more than 1 dynym (one-tenth of a hectare) will be given as property.
3. The other families residing in the countryside, but which are not members of the agricultural cooperative will be given for use half the land per capita that belongs to the cooperative member, but no more than 4 dynym per family.

4. The agricultural land within the yellow line which is not yet occupied by buildings and yards, is not to be distributed or given as a property. These lands are given for temporary use by the executive committee of the people’s council of the village.

5. The distribution of the irrigated and nonirrigated land will be made:
   a) by converting the irrigated and nonirrigated by the ratio 1 to 1.5 up to 2;
   b) by proportionally distributing the irrigated and nonirrigated land in separate parcels according to the number of persons (per capita).

6. The distribution of the land according to its slope will be made by converting the flat land to the sloped land in the following ratios:
   a) 0-10\% slope the coefficient 1;
   b) 11-25\% " 0.8;
   c) 26-40\% " 0.7;
   d) over 40\% " 0.6.

7. In those districts in which improvement of the land has occurred, which already takes into consideration its fertility and slope, the land’s distribution is made on the basis of the class of the land’s evaluation. (In this case the point 6 criterion is not used.)

   The conversion coefficients according to class are:
   a) Class I and II the coefficient 1.25;
   b) Class III and IV " 1.0;
   c) Class V " 0.8;
   d) Class VI and VII " 0.7;
   e) Class VIII, IX, X " 0.6.

8. The distribution of the land planted to fruit trees (orchards, vineyards, olive trees) is made:
   a) according to the criteria of the arable land, counting also the fruit trees;
   b) by distributing per capita the acreage of fruit tree plantations to every family.

9. Greenhouse covered lands are distributed as other lands and are considered as part of the acreage belonging per capita. The greenhouses are evaluated by the commission and are paid for by those to whom they are assigned.

10. The lands which for the time being are utilized by research-scientific institutions, despite their location, are not distributed and remain at their disposal.
This decision enters into force immediately.

Prot. no. 1675/1
Date: August 5, 1991

THE CHAIRMAN OF THE COUNCIL OF MINISTERS

Ylli Bufi
DECISION
Nr. 256, dated 2.8.1991

ON
REGULATIONS FOR THE REGISTRATION, CHANGES, AND TRANSFERS IN STATE LANDS AND CADAstral CHANGES

In implementation of Article 24 of the Law nr. 7501, 19.07.1991, "On the land," by proposal of the Ministry of Agriculture, the Council of Ministers

DECIDED:

I - THE DUTIES OF THE CADAstral OFFICE

Article 1

The cadastral office contains and reflects the actual data for land areas and their reclamation, and also the changes which occur after the initial registration.

In the registry of the cadastral office, the land is registered according to these points: arable land, fruit trees, vineyards, olive trees, forests, pasture, meadows, and other nonagricultural land, according to their owners and their users.

Article 2

The basic records for the registration and the changes in the state of agricultural and nonagricultural land are: the topographical survey, simple cadastral measurings, inventory of the forestry areas and pastures, and improvements of land.

Article 3

The change of land declared in cadastre, after the initial registration, is done on the basis of the act of a corresponding organ, according to the laws in force and after completely passing from the old state to the new one.
Registration of arable land, that profit from the opening of new lands, will be done after the work foreseen in the project of their opening and securing are concluded, while for fruit-trees after their plantation is done.

**Article 4**

The cadastral office implements the decisions of the state organs for the transfer and the changes in the state of the land, maintains up-to-date data on the land bank, files the respective information in the registry, and organizes the work to carry out the topographical surveying in accord with the cadastral registration of the nonsurveyed zones.

**Article 5**

The cadastral office compiles the data on the land bank for a district and for each owner and user and presents an index every six months to the Ministry of Agriculture and the respective section in the district executive committee.

**Article 6**

The cadastral office exercises control over and takes the specific measures for the implementation of the law and dispositions under the law, in the administration and protection of the land by land owners and users.

**Article 7**

The cadastral office participates in studies of the various investors who hold land for constructions and other purposes, as well as of changes in the transfer of land. It, with the legal urban office, gives permission for construction of dwellings and other objects on arable land, inside or outside boundary lines, after the approval of the competent organs.

**Article 8**

Cadastral offices are not allowed to make changes in the land record books without the decision of the respective organ. When it is notified by the act of the respective organ as to changes in the state of the land which are not based on dispositions in force, the issue is presented to the executive committee of the district which will decide on the state of the changes.
Article 9

The correction of material mistakes on the record book of the cadastral office is made by the chief of the cadastral office, after confirmation by the juridical organ.

II - LAND CHANGE

Article 10

A change of use designation from forest land, pasture, and meadow to arable land, through the opening of new lands is made:

a) with the approval of the executive committee of the district after petition for the approval of the juridical person who has it in usufruct from the local government of the village, when the new land opened is degraded forests without any future prospect, in shrubs, in pastures, and in meadows;

b) with the approval of the Ministry of Agriculture according to the proposal of the district executive committee, taking into account the opinion of the juridical person who has it in usufruct, when the new land is converted from the industrial forests.

Article 11

Changes in the cadastral items, parcels, orchards, vineyards, olive-trees, which are in usufruct of physical or juridical persons, are done with the approval of the district executive committees, after the owner notifies the cadastral office and presents the necessary documentation.

Article 12

In the transfer of the land from arable into nonarable, due to erosion and other phenomena, the district executive committee must decide, when it is proved by a technical report of the agricultural section, that reclamation and transfer into arable land is impossible.

III - TRANSFER IN OWNERSHIP AND IN USE OF THE LAND

Article 13

On the approval of the respective organs for the opening of new lands, according to these regulators, the transfer of the land in usufruct to the physical and juridical person is approved.
Article 14

The transfer of the land from the state user to another one proceeds as follows:

a) with the approval of the Ministry and the other central organs and in accordance with the district executive committee and the respective user, when the transfer is from one user dependent on the Ministry or other central organ, to another user dependent on the district executive committee or vice versa;

b) with the approval of the district executive committee and in accordance with the users and owners, when the transfer is made by the owner or the private user to the state user.

Article 15

Transfer of land from one state user to an owner or private user and vice versa is done:

a) with the approval of the Ministry of Agriculture according to a proposal by the district executive committee in accordance with the user, when the transfer is made from the state user to owners or private users;

b) with the approved of the district executive committee and in accordance with the users and owners, when the transfer is made from the owner or private user to a state user.

Article 16

When the user does not exploit the arable land during a year’s time, s/he is excluded from the right to use it and the land is transferred to another with the approval of the local administrative organs of the village.

Article 17

The exchange of land for consolidation purposes and rational exploitation when size and quality are almost identical between owners and land users is done by the agricultural sections in coordination with each other.

IV - FOR THE PROTECTION AND RECLAMATION OF LANDS

Article 18

The raw material for brick, ceramic, and inert material factories, and for manufacture and construction by juridical and physical persons to fulfill their own needs, contrary to the
land's evaluation, is permitted with the approval of the executive committee of the district, according to a contract made with the owners or the users of the land.

Article 19

The aims and purposes of decisions set out in these rules and in other dispositions, must take into consideration the nature of the soil where the construction is to occur.

Investors are obliged to return the land to its original state partially or totally, according to the aims and conditions which should be spelled out by the executive committee of the district, in negotiations with the owners and the users, but not later than 4 (four) months from the finishing of the constructions.

Article 20

The removal of sod from agricultural land is permitted with the approval of the executive committee of the district, after the owner's and user's agreement is given on land reclamation, and the land is excluded from the land bank.

Article 21

Land border markers which are destroyed or taken for a period of time for the construction of various objects included in these rules or in other dispositions, are to be indicated on terrain in the presence of the investor, owner, or user of the land, and the cadastral office's representative.

Article 22

The reclamation of agricultural land which is destroyed for a period of time for the construction of an object and other needs of production, is made by the investor according to the request of the owner or user of the land, on the basis of specified measures of preservation.

The organ which has under its competencies the approval of the project and land preservation, approves measures for the preservation and reclamation of the land.

Article 23

The state organs that have the right to decide changes and transfers of land, and the owners or users, when the lands that they have in ownership and in use are being transformed are obliged to record this to the cadastral office of the district within 30 days from the time
the decision or the change occurs, so that the respective changes are recorded in the proper registry.

Article 24

The decision nr. 9, dated 27.02.1978, of the Council of Ministers and every other disposition which is contrary to this decision, are annulled.
This decision comes immediately into force.

THE CHAIRMAN OF THE COUNCIL OF MINISTERS

Ylli Bufi
DECISION

Nr. 266, dated 8.08.1991

ON

DISTRIBUTION OF THE PROPERTY IN AGRICULTURAL COOPERATIVES

With the proposal of the Ministry of Agricultural, Ministry of Finance, and the General Directory of the Albanian State Bank, the Council of Ministers

DECIDED:

1. In agricultural cooperatives, decisions shall be taken at a general meeting to divide, aiming at organizing a just distribution of property, implements, and the financial resources.

2. When land is worked or occupied by agricultural crops, calculations should be made for the expenses made to the present for the cultivated crops and for the care taken of them. This financial obligation should be precisely described in the respective records.

3. The value of distributed cattle and other objects which have been taken by force from the cooperative or that have been distributed to the peasants by respective commissions, should be precisely described in the respective records.


5. Based on the balance of 1991, the distribution of cooperative property, should be made according to these criteria:
   a) A general inventory of cooperative property and its precise value with the materials missing charged to those who have taken them.
   b) The financial state of the cooperative should be appraised, as to different claimants, the state of the money situation, etc.
   c) Cooperative debts should be calculated:
      - debts to the state budget;
      - debts to the bank for credits;
      - debts to the tractor station for different works and irrigation;
      - debts to others up to 30.09.1991.
6. The value that remains should be calculated and distributed to the peasants, taking in consideration:
   a) The distribution of money equivalents and products are not made until every debt is paid.
   b) The income for 1991 should be distributed according to the work days or work norms fulfilled up to 30.09.1991
   c) The other part of the income should be distributed according to the wage fund owed to all members of the cooperative since its creation and to the last day it functions, that is, 30.09.1991.
   d) If the cooperative is not capable of paying back its debts, these debts should be charged to its members in proportions to the land they have received. In this case the debts that come from the financial investment of the high type cooperative and debts for areas that have been improved to increase the production of the land, should not be paid back by the cooperative members.
   d) The value of the cattle distributed and the value of the cattle that have been taken by force should be calculated and kept in mind when cattle are distributed.
   dh) In the distribution of the property, firstly the cooperative members should be given, according to their wishes, constructed objects, such as stables and other buildings, machines and equipment, and calves in growth. These should be distributed individually or on a group basis, according to wishes, so as to equal the property that belongs to them according to the distribution even if it is not enough to reach the amount agreed.
      Some big objects, such as stable complexes, bakeries, mills, stores, and trucks for transport that cannot be sold, should not be damaged, but be taken good care of and governed by the village executive committee until the day of privatization.
   e) If the cooperative has no monetary means for the final liquidation of the possessions that belonged to any member, but who possesses goods, material, and essential means which are not taken by the cooperative families, then it arranges its sale outside the cooperative, in the enterprises, other cooperatives and institutions, and to individuals too. The financial liquidations to the cooperative members is made according to the decision of the commission for the distribution of the cooperative property.

7. The commission for the distribution and liquidation of the cooperative property is chosen at a general meeting or by its representatives. As a rule, the chairman of the cooperative is chosen as the chairman of the commission, whereas the vice-chairmen are the chief of the finance section and the head of the review-control commission. Commission membership consists of 10-15 persons.

8. It is necessary for the chair of the cooperative, the finance section person materially responsible, and other leading persons responsible for a proper administration of the property to accomplish with complete responsibility and in regular ways the distribution and liquidation of the cooperative property. The chairman of the cooperative, employees of the finance and plan departments, and persons in charge of material, such as persons in the stores, guards, etc., are to work on the distribution and liquidation of property and to be paid by the cooperative up to the accomplishment of the task.
In cases when these members are no longer in the cooperative, they must return temporarily to accomplish these essential tasks.

9. The Ministry of Agriculture, Ministry of Finance, General Directory of the Albanian State Bank, and the district executive committees are charged with the implementation of this decision.

This decision enters into power at once.

CHAIRMAN OF THE COUNCIL OF MINISTERS

Ylli Buçi
The People's Assembly of the Republic of Albania in order to establish a new economic order and effectuate the transition from a state of controlled, central planned economy to an economic system based on free market principles, in accordance with Articles 10, 11, 12, 13, and 16 of the Law Nr. 7491, April 29, 1991, "On Fundamental Constitutional Dispositions," at the proposal of the Council of Ministers,

DECIDED:

Article 1

In the Republic of Albania, private property, free initiative, independent private activities, the doing of business, foreign investments, the right to obtain and grant credits, the right to employ and be employed, the privatization of state-owned property, and the entire process of converting the economy of the Republic of Albania from a controlled centralized planned economy to a free market economy, are sanctioned and protected:

Article 2

Albanian or foreign subjects exercise the following private activities (but not limited to):

a) as individuals,
b) as partners,
c) as collectivities or cooperatives,
d) with the establishment of enterprises, corporations or with limited liability, anonymous and other possible forms,

e) in the form of banks, charity foundations and institutions, and other possible forms.

All the above activities are regulated by law.

Article 3

All sectors of the economy are opened to private activity including state-owned institutions and other units, being converted to private property in all fields of activity of industry, handicraft, agriculture, building, transport, banking services, science, research, cultural and artistic activities, law, charity, foundations, and other possible forms.

Other state-owned enterprises and units in branches of special importance to the national economy: energy and mining, oil and gas, mail, telecommunication, forestry, water resources, motor-roads, railways, seaports, airports, air and railway transportation, may be subject to privatization on specific occasions as provided by law.

The state-owned enterprises and units aforementioned in the second paragraph of this article are free to set up joint venture enterprises with foreign capital in conformity with existing laws.

Article 4

Local and foreign physical and juridical individuals exercise their private economic activity with their own financial means, through loans or issuance of shares, or other forms.

Article 5

The subjects mentioned in Article 2 of this law, are entitled to carry out their private activity following their registration in the court of the district where they exercise their activity.

In order to be registered, they must present an application to the court, which includes the object of the activity, and when it is about partnership, joint ventures, etc., also the contract or agreement and the statute regarding their activity.

The court sends a copy of the respective decision to the financial organ in its jurisdiction within ten days from the date the decision has been taken and registers the real estate of the subject.

When the reasons for the decision of the court on the application are not accepted, the subjects are entitled to appeal within ten days from the proclamation of the decision to a court of the second degree whose decision is definitive.

If the court does not act within ten days from the presentation of the application, the license is considered automatically approved.
Article 6

Albanian or foreign private physical and juridical persons, in accordance with the law, set their own prices as tariffs on production and services, on the basis of offer and demand. For commodities and services on which competition is limited because of a monopoly situation or difficulties and scarcity in many supplies, as well as on some commodities and services of prime necessity for the people, the Council of Ministers, by special decree, sets maximum limits on prices and tariffs. A decision is in force up to one year from the date of its proclamation.

Article 7

Albanian and foreign private physical and juridical persons provide the material-technical base necessary for acting, through contracts with the state sectors, directly in the free market or through foreign physical and juridical persons, in conformity with the extant legislation for export-import activity.

Article 8

The Ministry of Finance determines the rules and regulations for economic-financial documentation, the way to calculate fiscal contributions and the time limit of its deposit, the control of obligatory social security of the private sector. It also defines the criteria for calculating profits for the local and foreign private physical and juridical persons who exercise private activity in Albania. Local or foreign private physical and juridical persons in their activities maintain regular accounts and fulfill specific registrations in conformity with the specific law.

Article 9

Albanian and foreign physical and juridical persons are entitled to the right of having their respective accounts at the local and foreign banks in Albania and to pay off their obligations through them. Local or foreign private physical and juridical persons deposit their annual balance sheet and profit and loss account at the finance section of the local authority.

Article 10

Private partnership is created through the joining of capital by two or more Albanian or foreign persons. The economic and financial relations between them are adjudicated according to the contract concluded between them. The contract specifies the object of their
activity, the capital deposited by each member, the profit share of each partner proportionate to holdings, the duration of partnership, the manner of liquidation, and other elements.

The partners share the same rights and obligations deriving from the partnership contracts, in cases of companies composed of individuals.

Article 11

Private activity by trade, manufacturing, service, and other collectivities or cooperatives is conducted in conformity with the by-laws and rules adopted by them. These documents should specify the object of the activity, the capital share, the way of organization and management, the forms of distribution of revenues among the members, the rules of employment and payment of nonmember workers, as well as other rules concerning economic-financial obligations.

Article 12

The various share-holding enterprises or companies created with monetary and material capital with one or several Albanian or foreign individuals, as well as with shares, conduct their activity on the basis of the founding contract, the by-laws, or the rules adopted by them which specify the object of the activity, the initial capital, administrative management, the economic-financial relations, as well as contractual employment and other relations.

Article 13

Joint ventures created between state-owned enterprises or units and foreign private subjects, local private subjects, or both local and foreign private subjects, conduct their activity in conformity with the contract and by-laws adopted by them and in respect of extant law.

Article 14

The local or foreign private physical and juridical persons can transfer possessions or lease to the other local or foreign physical or juridical persons, enterprises units, or various objects according to specific contracts between them.

The transfer of possession or lease of ground, on which these objects are built, is set by Article 21 of this law.
Article 15

Private activity is exercised in conformity with the regulations in force on standards and quality, the control of weights and measures, hygiene, working conditions, technical security, environment protection, etc., and is controlled by state organs assigned to do this job.

Article 16

The Ministry of Foreign Economic Relations in cooperation with the Ministry of Economy, after the promulgation of this law and at the beginning of each year, must define the limitations on export-import goods.

Article 17

Foreign individuals who exercise economic activity, have the right to repatriate capital and profits in foreign currency.

Private physical and juridical persons who exercise economic activity according to this law, have the right to self-financing into leks and foreign currency.

The exchange of Albanian currency with foreign currency or vice versa is done in compliance with the rate set by the Albanian State Bank or in the free private foreign currency market.

Local and foreign private physical and juridical persons have the right to get credits in leks and foreign currency from the Albanian State Bank or other local or foreign, private or state banks.

Article 18

Employment relations in the private activity are stipulated by the contract freely concluded between the sides. For questions not foreseen in the working contract, dispositions of work legislation are applied.

Article 19

Employment is done by the private employer, who registers the employees in the enterprises book and informs the local jurisdictional administration in the areas where the activity is conducted.

In private activities the employers are obliged to secure their employees. The latter have all the rights to the law "On Social State Security of the Republic of Albania."
Article 20

Employees who might become redundant in the process of privatization of the state sector are treated according to special provisions on social assistance.

Article 21

Local private physical and juridical persons are granted in possession building grounds against payment, enjoying also the right of buying and selling.

Foreign physical and juridical persons are granted building grounds by local physical and juridical persons on lease for a period up to 49 years, according to a special contract.

The selling price and leasing of state-owned building grounds are set by the financial local jurisdictional organ which has the authority, according to criteria defined by the Council of Ministers and according to supply and demand.

The selling and leasing of the building grounds is carried out by the above-mentioned financial organ. The sums paid for the grounds are set aside to be used for the development of infrastructure under the jurisdiction of the local power.

Local physical and juridical persons who are the owners of the existing buildings of any kind are also the owners of the grounds which these buildings occupy. When the latter are bought by foreigners, they have the right of ownership only on the building, while the land on which the building rises is leased according to the second paragraph of this article.

Article 22

The National Privatization Agency is set up at the Council of Ministers for the transfer of state ownership to private ownership. It is competent for the management, organization, and coordination of work for the process of privatization. It grants the authorization, announces the form, sets the time and the sequence of the transition of objects of state ownership to private ownership.

The National Privatization Agency cooperates with the Preparatory Commission for the Process of Privatization at the Ministry of Economy. This commission coordinates the work with the sub-commissions of privatization set up at the ministries, institutions, and other local power organs for the evaluation of the object and the preparation of the respective documentation, which is presented to the National Privatization Agency. This agency has the right to lease state-owned objects.

Article 23

The transfer from state ownership to private ownership is made by auction, private sale of shares, free distribution of state shares to local physical persons, or any other appropriate method.
The value of state property to be privatized is defined by considering the physical condition, location, the character of production or of the service of the object.

The state property which is privatized should not change its destination for two years. The change of destination within this time limit may occur with the permission of the National Privatization Agency.

Article 24

Auctions are organized and announced by the National Privatization Agency. They are open, free, and equal to all. The participants at an auction must present documents of various forms recognized by law, certifying their capacity to pay.

At first, physical and juridical persons of Albanian nationality alone are permitted to take part in an auction. If the object is not sold in the second session of the auction, then with the approval of the National Privatization Agency, foreign physical and juridical persons take part in the auction.

Valuation and sale of means of turnover are done at actual declared prices at the moment of the sale.

The owner proclaimed by the auction gains the right to ownership through the complete payment of the value of the object, or through the partial payment of this value. When the payment is partial, the remaining part of the value of the object is distributed free of charge or is sold to the existing employees in the form of shares.

The part of the value of the object which is distributed free of charge or is sold to the employees is defined by the National Privatization Agency.

The part of the value of the object which is distributed free of charge must not surpass 30 percent of the value.

Article 25

The privatization of state property through the sale of shares is organized and announced by the National Privatization Agency, which sets the nominal value of shares.

The rules for the issuance, distribution, protection, and selling of shares are set by the Ministry of Finance in cooperation with the Albanian State Bank.

Article 26

Disputes in relations between debtors and creditors either state or private, resulting at the moment of the transferring of state enterprises or units to private property, are settled through agreement between sides, and when this is impossible, through the court.
Article 27

The revenues resulting from the transfer of state property to private property are deposited to the state budget.

Article 28

Foreign investment and private property by local or foreign physical and juridical persons, in the territory of the Republic of Albania, cannot be expropriated or nationalized and they are not subject to other measures equal to nationalization or expropriation, but for special cases in the interest of public use as against payment and full reimbursement.

Reimbursement, in cases mentioned in the first paragraph of this article, will be equal either to the investment or to the value of the expropriated or nationalized property at the date the expropriation has been announced to the side to be expropriated and this reimbursement will be paid without delay, together with bank interest accumulated to the date of payment. The reimbursement is fully realizable and freely revocable.

In case reimbursement is delayed, it is paid in a sum which puts the local or foreign physical or juridical person in a position no less favorable than the one he had before, if this sum would have been deposited at the date of expropriation or nationalization. Conditions for the deposit of this reimbursement must be defined before the date of expropriation or nationalization.

Article 29

The laws on expropriation or nationalization or any other respective related measure as well as the sum of reimbursement may be an object of investigation by the court.

Article 30

The Decree Nr. 7476, March 12, 1991, "On Permission and Protection of Private Property and Activity," as well as all other dispositions which run counter to this law, are abrogated.
Article 31

The law enters into force immediately.

Tirana, August 10, 1991
Nr. of the Law: 7512

CHAIRMAN OF THE PRESIDIOUM

Kastriot Islami
REPUBLIC OF ALBANIA

Council of Ministers

DECISION

Nr. 307, dated 29.08.1991

ON

DUTIES AND RIGHTS OF THE NATIONAL AGENCY ON PRIVATIZATION
AND THE PREPARATORY COMMISSION ON THE PRIVATIZATION PROCESS

Carrying out the Law nr. 7512, dated 10.08.1991, "On sanctioning and protecting private property, free initiative, and independent private activities," the Council of Ministers

DECIDED:

I - The National Agency of Privatization, an organ of the Council of Ministers, is an executive organ specialized for directing, organizing, and incorporating the work of the process of privatization. The National Agency of Privatization has its branches in districts.

II - The National Agency of Privatization has these main rights and duties:

1. Declares the form and realizes the transition of state property into private property.

2. Cooperates with the Preparatory Commission for the Privatization Process of the Ministry of Economy on problems of the transition of state property into private property.

3. Authorizes and determines the time and sequence of the transition of state property into private property, excluding those under the branches of the agency in districts according chapter III, point 4, of this decision.

4. Provides the public with necessary technical, economic, and financial data, as well as on the activity of the state institutions and enterprises that may be privatized.
5. Organizes and declares the privatization of state property through the selling of shares, as well as determines the nominal value of the shares.

6. Approves a commission for either selling or giving free-of-charge shares for the objects that pass on to the physical and juridical persons, native and foreign, and oversees this activity.

7. Approves the transfer of privatized state property within a period of two years in accord with the law.

8. Rents enterprises, certain state objects, and units to the physical and juridical persons, native and foreign, based on proposals made by the Preparatory Commission for the Privatization Process. Objects for which there are property claims can be rented with a limited time contract until the conflict is resolved.

9. Studies and submits for revision in the Council of Ministers projected laws on the transition of state property for enterprises or units with special importance for the national economy, with privatization according to law.

10. Determines the part of an object’s value which is to be distributed free-of-charge or to be sold to working people.

11. Asks from the competent organs the suspension of nonbinding acts published by the ministries and other central institutions and local organs of the state administration that are contrary to the legal dispositions in force for resolving the problems of privatization until their nullification.

12. Controls the work for evaluating the enterprises and the other state units which pass from state property to private and inquires into the technical-economic data and financial information on them.

13. Together with organs of local power and its branches in districts, oversees the solving of problems which arise in enterprises and state units that are being privatized until their transition into the property of private physical and juridical persons.

14. Reviews and makes recommendation on the legality and illegality of acts prepared by the ministries and other central institutions on privatization, before these projects are submitted for revision and approval to the Council of Ministers or in the People’s Assembly.

15. Directs and controls its branches in districts.

16. Creates a special fund for the requisite pay of the agency employees, its branches, preparatory commission and subcommissions of the privatization process.
For creating this fund, the agency takes up to 2 percent of the selling price or of the annual rent for each object which is privatized or rented. Use of this fund is made in accordance with criteria decided by the Ministry of Finances.

17. Oversees the resolution of organization, information, and necessary papers for the problems of the transition of the state property into private property with links with the organizations and organs of foreign countries.

III - The Branch of the National Agency of Privatization in a district or region has these main rights and duties:

1. Approves the commissions in the auction for objects which become the property of physical and juridical persons, native or foreign.

2. Approves the participants in auctions for physical and juridical persons with Albanian nationality. In cases when objects are not sold in the first session, the branch submits for approval to the National Agency of Privatization the foreign physical and juridical persons who can take part in an auction.

3. Organizes and initiates auctions in accordance with the corresponding orders on this problem.

4. Authorizes and determines the time and sequence of the transition of state property into private property for units of trade, craftsmanship, services, as well as roadways and water transport.

5. Takes into account the advice of trade unions before proposing the form, time, and sequence of privatization.

IV - The Preparatory Commission for the Privatization Process attached to the Ministry of Economy has these main rights and duties:

1. Cooperates with the subcommissions of privatization in the ministry and other central institutions and with the organs of local power for considering the sequence and the periods for privatization of the branches, sectors, enterprises, and other state units of attached entities.

2. Incorporates the work of the subcommissions of privatization in the Ministry, of other central institutions, and of the organs of local power for evaluating, selecting, and deciding on the enterprises, units, and other state objects which will pass from state property into private property.
3. Submits to the National Agency of Privatization the documentation and explanatory material sent by the subcommissions of privatization for the resolution, sequence, form, and time of transition of enterprises and other state units from state property into private property. This documentation shall include data on the output of the enterprise; on the performance and cost of the state property, including technical-economic and financial figures which reflect actual impacts in the market; on the manner, shape, and time proposed for privatization; on the number of workers, territory, data on the way the state has become its possessor and the problems linked with it; etc.

4. Inquires and obtains from the ministries and other central institutions, from the organs of local power in districts and regions, and from the enterprises, all the technical, economic, and financial data needed to analyze and study the requirements of a transition of state property into private property.

5. Aids, oversees, and advises the subcommissions for privatization created in the ministries, in other central institutions, and in organs of local power for the carrying out of legal dispositions of disputes on privatization.

6. In monitoring the changes of property, studies and analyzes the problems arising from amending the existing legislation, as well as designing regular and specific advice to support and deepen the process of privatization.

7. Monitors and incorporates the work of the ministries and central institutions, with the organs of local power, with economic associations and organizations, native and foreign, so as to publish information, exchange literature and experience in order to stimulate and develop privatization and new private activity.

V - Organs and Salaries:

1. The director general of the National Agency of Privatization is nominated and relieved from duty by the chairman of the Council of Ministers. The director general nominates specialists attached to the National Agency of Privatization, chairmen of branches, and specialists in districts.

2. Attached to the National Agency of Privatization, its administrative council is created as an advisory organ to the director general, to consist of a number of specialists of the agency and its branches nominated by the director general.

3. The office staff in the organs of the National Agency of Privatization will be 10 persons, of whom 7 will be clerks and 3 workers supervised by the organ and paid from a fund of 70,000 leks.

4. The monthly salaries of other employees of the National Agency of Privatization will be: for the director general, 1,200 leks; for the specialists, 1,000 to 1,100 leks.
5. The budget for the branches of the National Agency of Privatization in districts and regions will be provided by the approved funding of salaries by the executive committees of the people's council of districts and regions for the year 1991. The number of employees for each district and region will be determined by the director of the National Agency of Privatization and the chairman of the executive committee of the people's council of the district or region.

6. The salary of the chairman of a branch of the National Agency of Privatization in a district and region will be the same as that of the section chiefs, whereas the salaries of the other employees of the branch will be the same as that of the specialists of the executive committee sections of the districts.

7. The number of employees in the organ and the budget for the Preparatory Commission of the Privatization Process shall be included with the number of employees of the Ministry of Economy.


This decision comes into force at once.

CHAIRMAN OF THE COUNCIL OF MINISTERS

Ylli Bufi

TO THE MINISTRIES AND OTHER CENTRAL INSTITUTIONS OF THE PLURALISTIC PROVISIONAL EXECUTIVE COMMITTEES OF DISTRICTS AND REGIONS

Nr. Prot. 2053
Date 7.09.1991

SECRETARY GENERAL

Dr. Teodor Kareco
DECISION

Nr. 381, dated 11.10.1991

ON

THE ADMINISTRATION OF AQUEDUCTS OF THE VILLAGES
BY THE ENTERPRISES OF THE COMMUNAL ECONOMY SYSTEM

With the proposal of the General Division of Communal Economy, the Council of Ministers

DECIDED:

1. The aqueducts which supply with water the population of the villages within their boundaries, and which are governed from the people's councils of the villages, those which are totally constructed, and also those which are being constructed, to pass, according to their villagers' demand, under the administration of the enterprises of the Communal Economy.

2. The Ministry of Finance, in accordance with the General Division of the Communal Economy, to set a precise price for water marketed in the village.

3. The General Division of the Communal Economy, in accordance with the executive committees of the districts, to take charge of aqueducts from the enterprises of the Communal Economy within 1991.

4. The General Division of the Communal Economy is charged to advise how to act in accord with this decision.

5. Articles 2, 3, and 4 of the decision of the Council of Ministers, nr. 428, dated 19.12.1986, "For the insurance of the drinking water in all villages and living centers, and for the improvement of suppliance of the cities with drinking water," are discharged.

This decision comes into force immediately.

THE CHAIRMAN OF THE COUNCIL OF MINISTERS

Ylli Bufi