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Land Privatization in Albania¹

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1. Introduction

Albania has a population of about 3.2 million, of which an estimated 40% now resides in urban areas. The country has a total land area of 28.7 thousand km², with the following breakdown:

Agricultural land	7.0 thousand km ²
Forest land	10.5 thousand km ²
Pasture land	4.2 thousand km ²
Nonagricultural land	7.0 thousand km ²
(including urban areas, roads, quarries, rivers and lakes)	

Following the approval of the 1976 Constitution and decades of effort to socialize the ownership of all real estate, no private ownership of land or buildings formally existed. The Hoxha regime established one of the more extreme forms of socialism in Eastern Europe.

However, beginning in 1991, and following various programs of land privatization², by 1999 more than 3 million new properties have been created, mostly privately owned. About one-third of these properties are located in urban areas. This transformation has been widely supported politically, even though there is more consensus about the rejection of the dictatorial Hoxha regime than about what a market oriented economy and political democracy actually require in terms of land tenure, land use and development. This paper reviews the history of land privatization, some of the problems which have arisen and the current structure of the land ownership in the country.

The overall framework for privatization is established by Law 7512, (August, 1991) *On Sanctioning and Defending Private Property, Free Enterprise, Private Independent Activities, and Privatization*. A significant policy decision of the Albanian Government is stated in this law:

“All sectors of the economy are open to private activity including state owned

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² We define the term “land” when analyzing privatization as the surface of the earth and structures attached to it. The Albanian term “immovable property” is more precise. In English, the term “real estate” is equivalent.

institutions and other units, with all of the following fields of activity being converted to private property; industry, handicraft, agriculture, building, transportation, banking services... etc.”³

This was a significant step for the government to take and embodied the ideas which paved the way for the massive privatization Albania has experienced in the last decade. The law puts a minimum amount of restrictions on privatization. The law established the National Agency For Privatization to oversee the transformation of ownership through sale to employees, auction, distribution of shares and other methods. By the end of 1992, a very rapid privatization of retail trade and service establishments resulted in 75% being privately held⁴.

The privatization of these establishments, typically in the initial phase, transferred ownership only of non-land assets. A number of issues concerning the land had yet to be dealt with, most importantly being the nature and extent of restitution of land to owners from whom the land had been taken after November, 1944. As in other countries, efforts were made from an accounting perspective to place a value on the equipment and buildings of the enterprises, and then transfer the ownership of these assets as indicated above. The land issue was left for later resolution.

Concerning agricultural land, however, privatization proceeded on a *de facto* basis until the Law on Land was approved by the interim coalition government in 1991. The land privatization process began officially with this distribution of agricultural land, but was soon expanded to include other efforts, as described below.

2. Review of Land Privatization Legislation

2.1 Law On Land (Agricultural)

Land privatization began with Parliament’s approval of Law 7501, *On Land* (July, 1991), for the assignment of agricultural land and land used for housing in villages to resident farm families. The first stage began with the distribution of the agricultural land in the ex-Agricultural Cooperatives. The *Law on Land* granted ownership rights of agricultural land free of charge to families living on the ex-cooperatives and it granted use rights to the families of workers of State farms. Those families which were resident on the ex-cooperatives but were not permanent members of that community, often teachers, medical or scientific personnel, received use rights.

Land was distributed according to the existing available agricultural land and the number of persons living in the villages of the ex-cooperatives. A per capita allotment was calculated. The total area to be assigned to each family was determined by multiplying the number of family members by the per capita allotment. The intent of the law was to distribute all land proportionally to every family according to the number of family members as of August 1, 1991. Agricultural lands, irrigated and non-irrigated, with differing slopes and quality were given size equivalents to make distribution more equitable and there were special distribution criteria for fruit orchards, olive orchards and grapes. Agricultural land within the village boundary lines and not occupied by buildings

³ Law 7512, Article 3

⁴ Hashi, Iraj and Lindita Xhillari. 1999. “Privatization and Transition in Albania”, *Post-Communist Economies*, Vol 11, No. 1, p. 107.

were given in use rather as ownership.

This meticulous attempt to divide land of different quality equally contributed to the problem of land fragmentation. Families generally own several small parcels of land which are scattered over a wide area. This fragmentation inhibits many farmers from using land efficiently.

The debate over restitution of agricultural land continues, especially in election years. There are some villages, especially in the North, which refused to follow the legal requirements of land distribution, opting instead to distribute the land to the former owners or their heirs. However, these cases are a minority and have not had a significant impact on the main agricultural growing areas or the new land market.

The legal document for privatization of agricultural land is called a *Tapi*. The *Tapi* lists the location and description for each parcel of land given to the family, with the name of the head of family written on the *Tapi*. The *Tapi* is signed by the Village Elder, the Head of the Land Distribution Commission and the Head of Family. The *Tapi* is currently used by the Immovable Property Registration System (IPRS) to complete official First Registration of rural properties.

The Law on Land of 1991 also gave land “in use” to the workers on the State Farm Enterprises and to the temporary workers present on the Cooperatives and State Farm Enterprises². These in use *Tapis* also listed the head of family as the representative of the recipient family, but put no time limitations on the right. Subsequently, Parliament approved a law (Law 8053) which transformed the in-use holders of agricultural land into “owners” of land, equivalent to the owners originally designated by the Law on Land.

Some very productive agricultural land, about 14,000 hectares, was not distributed to families under Law 7501, but remained in public ownership in some villages. This land is being leased under the provisions of Law , or under Law 8313 (see below).

One criticism of the legal and procedural privatization of agricultural land is the fact that although the land belongs to the family, the *Tapi* lists only the Head of Family. Furthermore, legislation assigns the right to transact business concerning the property on behalf of the family to the head of family only. Concerns have been raised regarding a household head who may alienate or burden the family property without knowledge or consent of the other members or act in other ways to the detriment of the family.

The *Law On Land* initially prohibited sales of agricultural land. In April, 1998, Law 8337, *On the Transfer of Agricultural Land, Meadows and Pastures* set out the steps to be followed for the sale of agricultural land. The new law simplifies procedures for transactions although it still prohibits foreign ownership of agricultural land.

⁵ The idea behind offering use rights for State Farm land was to reserve this land for foreign investment. However, after potential investors declared their intention to replace much of the existing work force through mechanization, the government realized an unacceptable level of workers would be displaced. Finally, at the end of 1995, the government granted ownership rights to the workers through Law. 8053, *For Transferring Ownership of Agricultural Land Without Compensation* (21 December, 1995). The law converts use rights to ownership rights providing the land has been used properly and is not subject to tourist development or national experimental or scientific use.

The 1998 law also attempts to protect the rights of individual members in the agricultural family. The law requires documentation for the composition of the agricultural family at the moment of transfer, verified by a certificate of civil status, as well as a notarized power of attorney from all adult members present in the family at the time of the transaction giving the Head of Family the right to complete the transaction on their behalf.

Land distributed according to Law 7501 is not subject to restitution. However, Law 7699,

Compensation in Value for the Former Owners of Agricultural Land recognizes property claims of ex-owners for the purposes of granting compensation for the values for the agricultural land. This law entitles all owners or heirs of such land at the time of Law No. 108: *Land Reform (29/08/1945)* to compensation which is calculated for land areas up to 15 hectares.

2.2 Leasing of Agricultural Land, Forests, Meadows and Pastures.

In April, 1998, the parliament approved Law 8318 *On Leasing of State Agricultural Land, Forests, Meadows and Pastures*. This law allows physical or juridical persons, including foreign investors, to lease land for periods of 10, 30 and 99 years. District Boards are formed to oversee the leasing auctions and decision making. There is no mention in this legislation of the right of the lease holder to transfer the lease to another person, so it is assumed that this right does not exist. Should a lease holder decide to give up the lease, the Board is informed and a new lessee is found.

2.3 Giving In Usage And Administration Of The Forest And Pastures To Village Associations

The forests and the pastures occupy more than half of the surface in Albania. They are state and private owned. In the framework of the decentralization and delegating more competencies to the local authorities, some pilot areas of State owned forests have been given to the village associations under contractual relations with Komuna forest administration for usage and administration. This process is regulated by the Law on "Forests and the Forest Service Police" and the law on "Pastures".

The Komuna forests are owned by the state and are given for usage to the peasants in permanent residence in that village, to fulfil their needs for wood material, fire wood and other uses.

According to the law, only the permanent resident users in the village are entitled to get 0.4-1ha per family from the communal forests. The users organized in associations are entitled to the common usage of the forests and pastures in a surface larger than the above surface. The contract signed between the Commune and the user envisages a utilization period of 10 years which equals the timeframe for the implementation of a management plan.

State owned pastures have been placed under the administration of Komuna officials (about 240,000 hectares).

No rights exist to transfer these state owned forest and pasture lands held in use or lease, to another group or individual.

Approximately 18,600 hectares of pasture lands and 6,300 hectares of forest land have been restituted to the ex-owners, who hold full ownership rights over them.

2.4 Privatization Of State-owned Housing

In 1992, the government continued the privatization process by passing Law 7652, *On the Privatization of State Housing*. The objectives of this law were to completely privatize State constructed housing, to create a free market for dwelling units and other buildings and to improve the use and administration of buildings. During the communist era almost all new urban housing was in the form of 4-5 story multi-unit blocks. For example, in Tirana these comprise about 56% of all properties in the city.⁶

Rights of ownership were sold to adult occupants who had rental contracts with the State as of December 1, 1992. This has led to a problem involving those occupants who were under 18 years of age at the time. Since those who were not 18 are not included as co-owners, they have no legal right to a share in the property. Some families have tried to remedy the situation by completing a gift contract to the younger family members but this requires the payment of notary and registration fees, an official valuation and transfer taxes.

Flats with two rooms and a kitchen built prior to December 31, 1965, flats with one room and a kitchen built prior to 31 December, 1970 and those flats which were considered in danger of collapse were given free of charge. In addition, former political prisoners and war invalids did not have to pay for their housing. All other state owned housing was privatized for a nominal fee, approximately US \$100-\$400 for apartments which subsequently sold for US \$10,000-US\$20,000.

These new private owners of apartments were granted the right to sell, lease and mortgage their property.

Occupants of State owned housing were under no obligation to become owners of their flats although the overwhelming majority chose to do so. By 1995, approximately 230,000 housing units (apartments) were privatized, and less than 10% remained State owned.

The law provided the option to continue to rent from the state. After 1995, subsidization of rent was discontinued and every 6 months to one year, the Council of Ministers can reassess State rental rates. Rental rates in the private sector are determined by the parties involved and are not regulated by the state.

The land on which the State constructed apartment building sits is evaluated as a separate item and is co- owned by the owners of the individual units. Their rights and obligations of these co-owners are now governed by the Civil Code. One problem that has arisen with the current boom in building is that most new flats have been sold without indicating whether the common areas are transferred in co-ownership or whether the builder continues to own these areas. Further legislation or clarification of existing provisions are needed to determine whether the builders or the occupants are the owners of the common areas. Although many buildings have informal arrangements for maintenance, repair and

⁶ See Margaret Moores, Malcolm Childress, Fioreta Luli, Dritan Caro, and Llukan Puka, "Emerging Uses of the Urban Landscape in Tirana, Albania", Working Paper, June, 1998.

cleaning the common areas (roofs, hallways, stairs, entry ways) more formal guidance is needed when costly repairs and renovations are needed.

2.5 Privatization of State Assets not included in other Privatization Programs

State owned enterprises are able to establish joint ventures with foreign capital. Both nationals and foreigners are able to engage in private economic activity. Persons who carry out economic activity are able to set their own prices unless a Council of Ministers Decision determines there is a monopoly, in situations of difficulty or scarcity of supplies or in cases where certain commodities are a vital necessity for the general public. Foreign individuals have the right to transfer assets and foreign earnings out of Albania.

The authority to govern and organize the transfer of State owned property rests with the Ministry of Public Economy and Privatization which establishes the methods for privatization. Transfers are conducted through auctions, private sale of shares or free distribution of shares after as assessment of the value has been made. The National Privatization Agency (NPA) is the sole institution authorized to carry out privatization procedures, unless specified otherwise by law. The NPA is supervised by the Council of Ministers.

By the end of 1994, the NPA has transferred approximately 33,000⁷ small scale enterprises to private ownership. A series of Decisions of the Council of Ministers, particularly No. 248, *For the acceleration of privatization of small and medium enterprises* (May 27, 1993) and No 510, *On the privatization of agricultural enterprises* (October 26, 1993) and a strong political support of the privatization of small scale enterprises led to the implementation of rapid privatization.

In addition, approximately 4,000 retail business sites in 1991-92 were sold by municipalities to individual or corporate owners in order to stimulate the re-opening of commercial activities at the time of greatest social and economic need.

Subsequent restitution of land and buildings to ex-owners which had previously been privatized by the NPA and Municipalities has created legal requirements for the two parties to enter into lease agreements or co-ownership agreements. Needless to say there have been many conflicts which are still un-resolved, effectively removing such properties from the market until the conflicts and inconsistencies are resolved.

2.6 Municipal Sale of Urban Land

The Municipality had the right to privatize land within its jurisdiction according to the Law *On Urban Planning*, the Law *On Buying and Selling of Building Sites* and accompanying regulations. The privatization procedures and corresponding documents vary depending on the year concerned and administrative division of the city/village. There are more than 8 different procedures used and the accompanying documentation can be different for each category. In general, there are 2 steps in the process, one for the land or building site and one for the building.

Law 7980, *On Buying and Selling of Building Sites*, regulates transfers of land which are

⁷ Hashi, Iraj and Lindita Xhillari. 1999, p. 106.

designated for building purposes. Although Albanian citizens can freely buy and sell building sites, there are some restrictions for foreigners. Foreign persons obtain the right to purchase unoccupied building sites only after they have made investments that have a value no less than three times (3 x) the value of the building sites as defined by the Council of Ministers. For occupied building sites, foreigners who buy or construct objects whose value is three times (3 x) more than the price of the occupied building site obtain the right to purchase the building sites.

2.7 Restitution and Compensation

The different component in the land privatization process has been the restitution of confiscated property. In April 1993, the Government of Albania decided to "recognize the right of ownership to the ex-owners or their heirs (to) properties that have been nationalized or illegally taken by the State" after the communists took power in 1944. Law 7698, *On Restitution and Compensation of Properties to Ex-owners* is complex and at times ambiguous. It addresses expropriation of immovable property only and depending on various factors such as the former and current characteristics of the property, former and current use, investments and current ownership, there are various options for the Restitution Commission to choose from in adjudicating claims. These include "recognition of ownership and restitution", "recognition of ownership and compensation" and, in the case of State owned enterprises, "recognition of ownership, restitution of land and the right to purchase the enterprise".

The most important aspect of the law is that it pertains to urban land or 'land within the municipal boundaries' expropriated after 29 November, 1944. Thus, there is no restitution of agricultural land distributed according to Law 7501.

Parcels of vacant land within municipal boundaries are called *truall* which translates roughly as building sites. On this land the owners can build houses or other buildings as long as building permission is obtained through the local or district urban planning office. For land which continues to carry the agricultural designation, ex-owners or their heirs will receive compensation only. Also, restitution is limited to 10,000 m². Former owners with claims over that amount will receive compensation for the excess amount.

The principle of the law is to restitute urban property whenever possible. If restitution is not feasible, the ex-owner will receive compensation. In general, if the site is unoccupied or buildings unchanged as of April, 1993, the ex-owner has the right to restitution. This is also true of sites which contain temporary constructions, defined by the urban planning office. If the site or buildings have been privatized to third persons but remain unchanged, the property will generally be restituted and the State must compensate the third party. If the site is occupied with buildings erected after 1 January, 1991, the site is restituted to the ex-owner who then has the right to collect rent from the building owners or negotiate the sale of the site.

'Self-help' compensation is engaged in by individuals who justify their unauthorized occupation of land as just compensation for expropriated property. Since the State has no available cash to give to ex-owners and vouchers are worthless, especially after the fall of the pyramid schemes in 1996, the only readily available option is to accept alternative land. However, rather than waiting for an official assignment of land, individuals eligible for compensation are occupying the beach front and building permanent structures for

homes, restaurants and hotels. Not only has this hindered the plan for tourism development, but the rampant building is completed without proper zoning and infra-structure such as electricity, sewer and water lines. The coastal waters near these areas are becoming increasingly polluted and the trees adjacent to the beaches are almost completely cut down, increasing the extent of barren lands precisely in areas whose value could be maximized by preserving their natural beauty.

It is clear that the privatizations done legally and in accordance with different laws have created situations of overlapping claims to land and buildings from more than one owner. Cases have already arisen in which one applicant has a claim to a parcel based on a National Privatization Agency sale while a second claimant to the same parcel has privatization documents based on a decision from the District Restitution Commission. There are also claims based on a local Court Decision, even though this would appear to be legally inconsistent. Restitution commissions, courts, land commissions and the National Privatization Agency have little communication and are not always thorough in their title searches before assigning rights. This had created conflicts between two sources of property rights- those which stem from the privatization of state land procedures and those which derive from the restitution process.

Aside from cases still in the court system, the re-allocation of urban immovable property is now almost complete, although a high percentage of ex-owners of urban land still have additional claims based on assertions that what they have been allocated is not full compensation.

The restitution law and procedures are also being applied for the restitution of forests and pastures, which had been privately owned prior to 1944, although the amount of land being claimed by ex-owners is very small.

2.8. Land for Tourism

Law 7655, *On the Development of Priority Areas Concerning Tourism* attempts to outline a strategy for and regulate tourism development. Albania obviously has a great potential for tourism, as a major source of employment and foreign exchange. However, this law has not been implemented to any significant extent.

3. Other Legislation

3.1 The Constitution

The Albanian Constitution was approved on 21 October, 1998. Three articles of the new Constitution reflect rights to property.

Article 11:

1. The economic system of the Republic of Albania is based on private and public property, as well as on a market economy and on freedom of economic activity.
2. Private and public property are equally protected by law.
3. Limitations on the freedom of economic activity may be established only by law and for important public purposes.

Article 41:

1. The right of private property is guaranteed.
2. Property may be gained by gift, inheritance, purchase or any other classical means provided by the Civil Code.
3. The law may provide for expropriations or limitations in the exercise of a property right only for public interests.
4. The expropriations or limitations of a property right that are equivalent to expropriation are permitted only against fair compensation.
5. For disagreements connected with the extent of the compensation, a complaint may be filed in court.

Article 42.

1. The freedom, property and rights recognized in the Constitution and by law may not be infringed without due process.

3.2 Civil Code

The Albanian Civil Code, approved by Parliament in August, 1994, sets up 3 types of ownership; individual, co-owner and family. Family ownership pertains to agricultural land. The family as a whole, not individual members, holds the vested ownership interest. The farm family is represented in property dealings with third parties by the Head of Family who is elected by its members. In general, the eldest male is the Head of Family. If an individual member requests his or her share in the family property, a division is made according to the amount of property owned by the family, the number of family members and the individual's contribution to the farm economy. After the shares are calculated, the individual is paid in cash. If an individual requests property in kind for the purposes of setting up another farm family and all family members agree, the land itself may be divided.

There is confusion and disagreement among State agencies, private sector parties such as notaries and even among families themselves as to who farm family members are and must therefore give legal consent for any transaction involving the farm family property. There is disagreement over the interpretation of "*documents that certify the composition of the family at the moment of transfer of ownership...*" Some legal experts claim "at the moment of transfer of ownership" refers to the moment of privatization in August, 1991. Others claim that it refers to the moment the current transaction takes place.

A second problem arises when the Head of Family dies. It is not clear whether the family should name a new Head and, if so, the procedures for doing so or whether the family can agree to divide the property and turn it into individual or co-ownership status.

3.3. The Immovable Property Registration Law

As the privatization of property proceeded, various members of Ministries, agencies and enterprises met to discuss the best way to register and secure property rights. The Inter-Ministerial Land Market Working Group concluded that returning to the pre-World War II system of assigning urban properties in the Hipoteka Offices and agricultural properties to the Cadastral Offices was not the best and most efficient option. The group ultimately decided that an integrated mapping and registration system would best serve Albania. With the technical assistance and funding of USAID, the World Bank and the European Union, the Immovable Property Registration System (IPRS) was set up in 1994.

The driving force behind the system, the Law *On Registration Immovable Property* (Registration Law) was adopted in July, 1994.

Albania has more than 3 million properties divided into 36 districts and 3,070 cadastral zones. Each district has a registration office and Registrar who oversees the mapping and registration process. The IPRS is headed by the Chief Registrar who is appointed by and directly responsible to the Council of Ministers. The Registrar's powers include: issue certificates of ownership or lease or other interests in property, require any person to produce documents relating to the immovable property, summon any person to appear before him/her to give information or explanation respecting immovable property, suspend registration, administer and verify anything mentioned above, and with the approval of the Chief Registrar, fine any person who presents incorrect information.

Once there is valid registration with the IPRS, all subsequent transactions are subject the provisions of the Registration Law. Priority of registration is defined according to the order in which the instruments which led to the registration are properly presented to the Registrar, irrespective of the dates of execution on the instruments and notwithstanding that the actual entry may be delayed. In other words, one must properly register any instrument affecting the property before the owner and/or property is legally bound.

As of 31 July, 2000, 40% of the immovable properties (including agricultural parcels, village house plots, apartments, houses and businesses, publicly owned properties, etc) have been officially registered and the ownership rights attached to them are capable of being transferred according to law⁸.

4. Extent of Land Privatization

The results of agricultural land privatization to date are summarized in Table 1.

4.1 Agricultural Land

- On ex-Cooperatives, 353,718 families have control over 439,139 hectares, divided into 1.5 million parcels, with over 90% of the parcels being granted through official ownership allotment certificates (*Tapi*). According to official Ministry of Agriculture and Food as of 30 June, 2000, this percentage of families with *tapi* is closer to 99%, although that figure seems to be bit high. Each family's allotment of parcels includes a parcel around the family's house.
- On ex-State Farms, approximately 91,000 families have control over 123,334 hectares divided into 300,000 parcels, granted under usufruct allotments which were subsequently converted into ownership by law, but not yet by official document in most cases.
- Privatization has clearly brought about fragmentation of agricultural land, with each family holding an average of 4 parcels, usually not contiguous, which are small in area (averaging around 0.3 hectares).
- The farm family is the owner of the land, not individuals. The *Tapi* states that the land is given in ownership to the family of X (the name of the head of the family). The members of the family at the time of the distribution were not identified.
- About 110,000 hectares of ex-cooperative agricultural land has not been distributed in

⁸ Project Management Unit, Bulletin July, 2000 "Registration of Immovable Properties".

ownership or usufruct and is classified as “refused lands”, mostly due to the low productivity of the land or arid conditions (about 70% of the “refused” lands), but also due to being a long distance from the potential owners’ houses and conflicts among local residents and ex-owners.

- On the ex-State Farms, 26,786 hectares remains in state ownership out of the original total of 150,120 hectares, of which 23,667 hectares of generally very productive land is leased.
- It is estimated that 80% of the land classified as agricultural in 1990 has been titled to agricultural families (See Table 1) since 1991.
- About 50% of this agricultural land has been legally registered and is available for transactions (875,000 parcels out of 1.8 million private agricultural land parcels—we estimate that approximately 30% or 375,000 registered parcels are publicly owned). Approximately 71% of this titled agricultural land has been provisionally registered⁹, pending community display and final correction, and in some cases the correct issuance of allotment certificates by the District Land Commissions which are still lacking. Any titled owner may apply for special first registration to permit the sale of a land parcel to be legally registered.

4.2 Forest and Pasture Land

Forests and pastures have traditionally not been privately owned, even prior to the last war. Some restitution claims are being processed and land returned to the ex-owners, but the percentage of such land will be relatively low when compared with agricultural land. At present only 6,314 hectares of land forest land has been privatized, although another 35,674 hectares is being managed by Komuna offices of the General directorate of Forests and Pastures through use contracts arranged with groups of villagers. In the case of pasture land, 18,595 hectares have been privatized, and another 239,714 is being managed in the Komunas through use contracts with villagers similar to those arranged for forest land. The Komuna use rights arrangements are not marketable, that is, cannot be sold.

4.3. Urban Land

As noted above, various privatization programs have affected urban land. However, statistics on the extent of urban land privatization are difficult to find. A special study was launched of the ownership and use of urban land in 6 major cities (Tirana, Durres, Elbasan, Lushnja, Korca, and Gjirokaster, which represent about 45% of the urban population of the country, with greater Tirana alone approaching 30%). This study used random samples of 1 hectare blocks of land within the municipal boundaries, followed by a complete census of properties (land parcels and parts of buildings such as apartments) within each block. The sample estimates were used to produce estimates of the city totals for various parameters.

- As of the end of 1998, about 50% of the land within municipal boundaries remains in public ownership, including roads, parks, green spaces, and land occupied by public buildings as well as land still occupied by publicly owned commercial and industrial enterprises.
- Vacant urban land (between apartment buildings, parks, green spaces—1153

⁹ Ibid. We estimate that out of the 1,967,628 provisionally registered parcels, approximately 1.4 million are privately owned

hectares in total in the six cities, or 15% of the total urban land area) is about 78% publicly owned. Some of this land will be privatized, but much will be maintained in public ownership and use.

- Urban land parcels occupied by buildings is 62.4% privately owned, and the 4928 hectares in this category represents about 2/3 of the urban land area in the six cities. While some privatization of these parcels will be done, public buildings will continue to occupy publicly owned land. Some efforts have been made to privatize land under public buildings, and then oblige public agencies in the buildings to pay rent to the private land owners, but this seems to be an undesirable solution from the public point of view at least.
- Commercial/industrial enterprises occupy about 1440 hectares or about 20% of the total urban area of the six cities. About 40% of this land remains state owned, while 14% is owned by joint state/private ventures, and the remaining 46% is privately owned. It is likely that most of these enterprises will be privatized as the large scale privatization program is pushed forward.
- Urban land occupied by residential structures, 2464 hectares total in the six cities—about 1/3 of the total urban area in the six cities—is 88% privately owned, and will probably approach 100% once the restitution process is completed.
- Vertical “properties”, apartments, are mostly owned by private individuals, including the state built apartments which have been privatized and the privately built apartments which have been constructed since 1992.
- A temporary deeds registry (Hipoteka) has been created in nearly all cities to record the privatization documents for urban land and transactions, while the first registration process is completed for the new IPRS. From the studies of the six cities, approximately 90% of the private holders of urban land and apartments have hipoteka recorded documents attesting to their legitimate ownership of the properties¹⁰. The documentation of ownership of state owned land is extremely deficient.

5. Conclusions

Although Albania is faced with political, economic and social problems, important steps have been achieved in moving the country toward a market oriented economy. The steady progress made in completing and implementing substantive and procedural privatization laws have combined to provide an entrance into the global market economy. Despite the problems with communication among the State agencies that have the responsibilities to privatize State property and numerous land conflicts which result, the fact remains that a majority of immovable property is now in the hands of private owners and the land market is functioning.

Problems, however, resulted from this ambitious effort:

- About 3 million properties have been newly defined (approximately 1.8 million parcels of highly fragmented agricultural land and about 1.2 million urban properties), private and public.

¹⁰ Lemel, Harry (1999) “Tenure Security and Investment Patterns among Properties in the IPRS Urban Property Survey”, Land Tenure Center report, p. 6.

- Agricultural land is mostly held in family ownership, but the definition of a family is imprecise in the Civil Code. Sale of family owned agricultural land is allowed for registered land, and according to the procedures established in Law. However, there are differing interpretations of these required procedures, which leads to delays in transactions and high transaction costs.
- The ownership of apartments is acquired under Law 7652, through a sale contract between the Housing Agency and jointly all adult occupants who had rental contracts with the State as of December 1, 1992.¹¹ There are no restrictions on the transfer of such properties, except in practical terms when all co-owners do not sign the transfer agreements, yielding to the head of family in such matters as tradition dictates.
- Numerous conflicts exist between possessors of properties and ex-owners.
- There are numerous errors or imprecisions which have occurred in the privatization programs, leading in some cases to overlapping claims by different owners to a single property.
- Private owners of land believe that they can use their properties however they wish. This belief is producing chaotic urban development which will require substantial investments to assure public health and desirable future growth.
- Land remaining in public ownership has often been treated as “un-owned”, leading to the degradation of the natural resource base.

¹¹ Article 9, Article 20.
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Table 1: Ownership Status of Land (and Apartments) in Albania

Type of Land Holding	FROM MINISTRY STATISTICS			FROM URBAN LAND STUDY IN SIX CITIES (1999)					
	Ag Land, in Hectares	Forests	Pastures	Urban Land, with buildings (ha.)	Urban Land, Vacant, (ha.)	Urban Land: Houses, Villas, (ha.)	Urban Land: Commercial, (ha.)	Total Urban Land, in Hectares	Urban, Apart-ments, number
Privately Owned (1)	562473	6314	18595	3075.4	252.3	2163.2	669.9	3366.4	149,028
	80.4%	0.6%	4.5%	62.4%	21.9%	87.8%	46.5%	44.6%	94.6%
State owned (2)	136949	1043500	393000	1633.2	899.5	288.8	571.4	3982.0	8,521
	19.6%	99.4%	95.5%	33.1%	78.0%	11.7%	39.7%	52.7%	5.4%
Mixed (3)				219.4	0.7	11.6	198.8	205.0	
				4.5%	0.1%	0.5%	13.8%	2.7%	
Total	699422	1049814	411595	4928.0	1152.5	2463.6	1440.1	7553.4	157,549
	100%	100%	100%	100%	100%	100%	100%	100%	100%

(1) Privately owned land is defined as land which is held by a family or individuals or a legal person, Which can be transferred through sale, gift, mortgage, etc. to another owner.

(2) State owned agricultural land includes agricultural land which villagers refused to accept in ownership or in use, agricultural lands which have been leased to private individuals for their use, plus agricultural land still held by other Ministries and public entities. State owned forest and pasture lands include lands given in usufruct, lease or other use right to private individuals or groups, who do not have the right of selling these use rights.

(3) Mixed ownership refers to joint venture businesses, part State and part private ownership.