

Draft, for discussion only
24 May, 1995

**MARKETS FOR IMMOVABLE PROPERTY IN ALBANIA:
AFTER PRIVATIZATION, WHAT?**

David Stanfield*
and
Ahmet Jazoj**

*Advisor to the Immovable Property Registration System Action Plan from the Land Tenure Center, University of Wisconsin, Madison, Wisconsin

**General Manager of the Project Management Unit of the Immovable Property Registration System Action Plan, Tirana, Albania

Note: The opinions and views of the authors expressed in this paper do not necessarily represent the institutions with which they are associated.

MARKETS FOR IMMOVABLE PROPERTY IN ALBANIA: AFTER PRIVATIZATION, WHAT?

David Stanfield
and
Ahmet Jazoj

Albania has a population of about 3.2 million, of which 65% resides in rural 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
*urban	
*water	
*road	
*sand etc.	

According to the Constitution of 1976, the State owned all land and other immovable property (real estate). Beginning in 1991, the country embarked upon a strategy of converting the centrally managed economy into a market oriented one. One of the first steps taken in this strategy was the privatization of immovable property, the transfer of state owned assets to the ownership of private individuals and organizations, and in some cases the creation of long term leasing and usufruct grants from the State to private individuals and organizations.

The objective of this paper is to describe the variety and extensiveness of privatization programs in Albania, as well as what has been done to move on to the next stage, the creation of land market institutions to mobilize the newly created private sector so as to assure the rapid, sustainable development of the country. While clearly a unique experience, the concepts and procedures as well as land market institutional innovations which have been created in Albania may be of interest in other countries which are engaged in the transition to market oriented economies.

1. THE PRIVATIZATION PROCESS

The privatization process began officially with the distribution of agricultural land, but was soon expanded to include other efforts, as described below.

1.1 The Privatization of Agricultural Land

Privatization began with the approval by the Parliament of the Land law No.7501 date 19/07/1991, mainly for the agricultural land and now is being carried out through various programmes. The first stage began with the distribution of the agricultural land in the ex Agricultural Cooperatives according to the criteria:

- Land was distributed according to the present available agricultural land and the number of persons living in the villages of the ex-cooperatives.
- 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 un-irrigated and with differing slopes and quality were given size equivalents to make distribution more equitable.

- There were special distribution criteria for fruit orchards, grapes and olive orchards.
- Agricultural land within the village boundary lines and not occupied by buildings, were given as usufruct and not as property.
- Agricultural land was distributed without cost as usufruct or as property to physical or juridical citizens.

According to Law 7501, the buying and selling of land is prohibited, but the buying and selling of buildings by Albanian citizens is permitted, as well as land leasing to foreigners. On the Decision No. 452 date 17/10/1992 "Restructuring the agricultural enterprise (State Farms)" the government continued to privatize the land of the ex agricultural enterprises (State Farms) and according to the following criteria:

- Agricultural enterprises or their units which were created mainly from the land of the former cooperatives, were given to the village families "in property" according to Law 7501.
- The land benefitted by State investments in drainage, clearing of forests, or expropriation of large estates, was given "in use" to the families of these enterprises, but the land remained property of the state and there was a maximum limit for the land that was distributed to individual persons.

As distinct from other countries, in Albania's legislation for the privatization of agricultural land, the land was not given back to the ex-owners of the property prior to collectivization, but it was distributed to the families which lived in the villages. This was done because the agricultural land per person in Albania was very low (2.2 dunums or tenths of a hectare per person). The majority of the population lived in the villages (over 65%) and the old boundaries and documentation for its recognition were practically non-existent. In actual fact, about 65% of the agricultural land has been distributed more or less in accordance with the law, while about 35% has simply been taken back by ex-owners, or the heirs of the ex-owners who held the land prior to collectivization.

The results of agricultural land privatization to date are:

On Ex-Cooperatives, 365,000 families have control over 426,000 hectares, divided into 1.5 million parcels, with about 2/3 of the parcels being granted through official ownership allotment certificates (tapi). On Ex-State Farms, 101,000 families have control over 120,000 hectares divided into .4 million parcels, held for the most part under usufruct allotments. Landholdings have been privatized on a massive scale. Privatization has also clearly brought about fragmentation of agricultural land.

About 106,000 hectares of ex-agricultural land has not been distributed in ownership or usufruct, mostly due to the low productivity of the land, but also due to the difficulty of privatization of such assets as vineyards and orchards.

1.2 Mapping and Registration of Agricultural Land Prior to 1991

Prior to the start of the 1991 Reform, Albania had a physical cadastral system which was run by the Ministry of Agriculture, Land Division, with 26 cadastral offices in 26 districts. These offices kept the respective cadastral documentation concerning field size and location, predominant land use, and certain topographic information pertaining to nearly all agricultural land in the country. The maps' information was appropriate for planning the centralized economy, and they were kept and maintained by the cooperatives, agricultural enterprises or the sectors in compliance with the needs of those organizations. Following the fragmentation of the ex-cooperatives and ex-state farms, the District Cadastral Offices'

map information has become out of date and has limited usefulness.

Before approval of Law 7501:

- * **Topographic Service of Agriculture** had surveyed about 10 thousand km² at a scale of 1:5000 for cadastral purposes. About 6 thousand km² of agricultural land were included. Annex A shows an example of such a pre-1991 Cadastral Map. Annex B shows the areas of the country covered by topographic surveys done by the Ministry of Agriculture and Food prior to 1991.
- * **Topographic Service of Construction Ministry** had surveyed about 140 km² at a scale of 1:500 in the urban zones for project purposes, but these maps have not been updated systematically. Annex C shows an example of the available urban mapping.
- * Also, **various institutions** (such as Urbanistic offices) had surveyed the inhabited village centers for the purpose of preparing the Building Regulation Maps of each village. These maps were not done within the national coordinate system, and they have not been systematically updated. This severely restricts their usefulness.

Classical surveying methods have been used in Albania up to today, particularly for parcel surveys. Aerial photography has not been used to produce maps at large scales. Before Liberation in 1944, some work was done in the urban zones to produce maps at a scale of 1:2500.

Unlike other countries, Albania does not have an Urban Cadaster. Only the Ministry of Construction's Topographic Service has functioned for producing maps for urban building construction and administration needs of that Ministry. At present there is no Surveying Law.

The Hipoteka offices in each District operated as deeds and mortgage registries for urban properties, but most were closed for the last 15 years of the Socialist System. A number of commissions and agencies have worked for the privatization of property since 1991, and their documents for the recognition of the property go to the newly reestablished deeds registries (Hipotekas), but only when the new owners decide to record them. The old Agricultural Cadastre Offices and not the Hipoteka Offices receive the copies of the titles for the agricultural land, but these Cadastre Offices are not organized to record transactions, once such transactions are permitted by law.

1.3 Legal Changes after 1991 for Satisfying Demands of Ex-Owners

The Law on Land of July, 1991, made nearly all of the village people owners of the land, but this created social contradictions between the recipients of the land and the ex-owners and their heirs. Thus, the state tried to soften these contradictions and fortify the market economy by means of other laws such as:

a) Law No. 7698 date 15/4/1993: "On the Restitution and Compensation of Ex owners."

This law gives property rights to the ex-owners or their heirs over state properties, expropriated and confiscated after the Liberation on November 29, 1944. The law also defined the methods for the restitution and compensation. It did not include immovable property in the form of the agricultural land treated by Law 7501.

More concretely, this law recognizes ownership rights for those properties which at the moment of law passing, existed in the form of unoccupied house plots or in the form of immovable buildings. In all cases, the rate of restitution and compensation in value or in kind will but up to 10,000 m².

b) Law No. 7699, date 21/04/1993: "On Compensating the Value of the Ex owners of Agricultural Land."

This law recognizes property rights for the purposes of granting compensation for the values for the agricultural land, to all owners of such land at the time of Law No. 108 date 29/08/1945: "Land Reform." The amount of compensation will be calculated for land areas up to 15 hectares.

Following the privatization programme, a number of related laws and acts have been passed for the privatization of enterprises, field land and forest land leasing to private individuals and companies.

c) Law No. 7512 date 10/08/1991: "On Sanctioning and Defending Private Property, Free Enterprise, Private Independent Activities, and Privatization" points out:

"All economy sectors are free to be privatized and exert private activities, including enterprises, institutions and other state units. They may pass to private property in all the fields of their activity and production, industrial, crafting, agricultural and construction etc."

1.4 Other Privatization Programs Since 1991

While the privatization of agricultural land has been the most ambitious of the privatization programs, several other initiatives have been undertaken since 1991:

(a) the sale of approximately 4,000 retail business sites in 1991-92 to individual owners, undertaken by the municipalities to stimulate the re-opening of commercial activities at the time of greatest social and economic need;

(b) the sale of approximately 200,000 housing units in state constructed apartment buildings to adult residents, in a program launched in 1992 (Law 7652, December 23, 1992, "Privatization of State Housing");

The objectives of this law are:

- To completely privatize state constructed housing and to create a free market for dwelling units and other buildings.
- To improve use and administration of buildings.

The prices charged to those who wished to acquire these properties were based on the following criteria:

- Building size
- Value of the building at the time of its construction
- Building location
- Family size and composition

(c) the restitution of property by the state to the owners prior to state acquisition, or to their heirs (Law 7698, April 15, 1993);

(d) the privatization of approximately 14,000 enterprises (through a series of Decisions of the Council of Ministers, particularly No. 248 of May 27, 1993 for the acceleration of privatization of small and medium enterprises, and No. 510 of October 26, 1993 on the privatization of

agricultural enterprises);

(e) the leasing of land in tourism development zones;

(f) the granting of studios as property to artist occupants;

(g) the granting of year to year forestry harvest concessions to private companies for access to publicly owned forests (begun in 1994);

(h) the transfer of use rights to individuals and groups for access to publicly owned pastures (not yet undertaken, but in the final planning stage).

The results to date of the privatization activities pertaining to immovable property are substantial. However, during this process there have been problems and difficulties including the following:

- * conflicts between ex-owners and new owners over land,
- * conflicts between present dwellers and the former owners of land where buildings are constructed,
- * conflicts between former owners of the buildings and the actual dwellers of the formerly state-owned property,
- * illegal buildings on the periphery of the cities, within and outside of the city limits,
- * illegal buildings in the lands that have been newly privatized,
- * there exist contradictions even within the laws and acts of privatization.
- * land which has not been privatized is often treated as "un-owned", leading to the degradation of the natural resource base.
- * errors and lack of clarity in many privatization actions threaten to produce future insecurities about who owns what.

1.5 Achievements of Privatization Programs

In summary, the privatization process has resulted in the following situation:

--3.0 million properties have been newly created (approximately 2 million parcels of highly fragmented agricultural land and about 1 million urban properties.)

--Numerous conflicts exist between possessors of properties and ex-owners.

--Existing cadastral and registration institutions are incapable of maintaining legal records about who owns what properties, nor are they capable of correcting errors or imprecisions which have occurred in the privatization process.

--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 is treated as "un-owned", leading to the degradation of the natural resource base.

It is highly difficult to take advantage of a market oriented economy unless the country can create a modern immovable property registration system which will provide legal protection to the owners of land and other immovable property, and in the process of its creation can contribute to the resolution of open and latent conflicts among people over property ownership. At the same time, the responsibilities of private owners and respect for public ownership must be re-defined and institutionally supported.

2. HOW TO ESTABLISH PROPERTY MARKETS?

To overcome these difficulties which severely constrain the establishment of sustainable and dynamic immovable property (land) markets, Albanian specialists in collaboration with colleagues from the University of Wisconsin in the USA and the Ordnance Survey of the U.K. in 1993, began to draft the Action Plan for the Project of the Immoveable Property Registration System and Other Land Market Programs. This Plan was approved by the Council of Ministers through Decision No. 505, of 26.10.1993.

Since February 1993, the Government of Albania has also created a Coordinative Working Group with representatives from the five Ministries relevant to a property registration system to implement the Action Plan (Agriculture and Food, Justice, Construction, Finance and Defense).

2.1 Objectives of the Action Plan

The general objectives of the Land Market Action Plan are:

1. To set up a unique, comprehensive, and cost effective, Immoveable Property Registration System (IPRS) to register, present, update and legally protect the public and private rights over the immovable property. The set up of this system will improve the ability of our institutions to organize, present and use the geographical information to support the development of the country.
2. To develop the policy options in order to consolidate the immovable property markets, as well as to encourage these markets to produce a more productive and environmentally sustainable use of the land resources of the country.

In order to put into practice the Action Plan for IPRS, the Government of Albania, as part of the above mentioned Decision No. 505, approved the creation of the Project Management Unit (PMU/IPRS) -- an independent economical unit with the authority to contract for the activities required by the Action Plan and with the primary responsibility of coordinating all activities and funding needed for the completion of the Action Plan.

Action undertaken during the first year included: (1) the establishment of the PMU/IPRS itself, including training in administrative procedures and financial management and reporting as required by international agencies; (2) defining the legal basis for the new registration system; (3) identifying and beginning work in pilot areas for creating Registration Offices by completing the Index Maps and Kartelas; (4) Defining of space, staffing and operational procedures for the Registration Offices; and (5) initiation of land market policy development activities.

2.1 Logic of the Registration System

In the creation of the Immoveable Property Registration System as the first and fundamental institutional innovation in support of land markets, five basic principles are being followed:

- 1) the mirror principle, that is, the information about immovable property which is contained in the Registration Offices should be a reflection of what really exists. To achieve this goal, information about interests in the properties is being collected by field teams from existing and recently produced decisions about the privatization of these rights. Field teams are also verifying the boundaries of the properties. All such information is put on display in the local villages and neighborhoods for 90 days, during which time any errors are corrected.

2) the curtain principle, that is, the property registers (kartelas) should show information about ownership and other interests that does not require further verification. The field work and documentation produced is checked for accuracy, and the essential information is recorded on the kartelas.

3) the certaintyprinciple correct in that if someone is damaged by incorrect information in the Immovable Property registration System, he/she can be compensated by the State.

4) the accessibility principle be minimized so that any person regardless of their wealth or location, can have easy access to the registration system. The Registration Offices are being located in each District so that geographically they are accessible to the people. Costs of transactions are being minimized by allowing any transaction to be carried out at the Registration Office, thereby minimizing legal, notarial and surveying fees.

5) the "comprehensive" principle, that is, all immovable property, privately and publicly owned, urban and rural is contained in the IPRS. The privatization documents which are being produced by the 8 different privatization programs are being collected and used to register rights to all types of immovable property. Governmental agencies which are responsible for publicly owned immovable properties are being identified on the relevant kartelas.

2.3 The Immovable Property Registration Act: How the Registration System Works

The Immovable Property Registration Act, approved July 13, 1994, describes how the IPRS system works, including how the first registration of different types of immovable properties is done. The Act has eleven Parts, presented in fifty nine (59) Sections. The eleven Parts are the following:

1. Preliminary.
2. Organization of the Immovable Property Registration System.
3. Maps, Parcels and Boundaries.
4. First Registration of an Immovable Property.
5. Certificates and Searches.
6. Registration of Contracts of Lease, Mortgages, "in Use" Titles and Other Interests in Immovable Property.
7. Servitudes, Restrictive Agreements and Restrictions.
8. Rectification and Compensation
9. Decisions of Registrar and Appeals.
10. Fees and Offenses.
11. Miscellaneous.

As noted above, the Act is designed to capture the basic concepts of a parcel based registration system, but at the same time fulfill the needs of an administrative system that can work in Albania. Central concepts of the Immovable Property Registration System are the following:

Kartela: A page of information prepared for each immovable property, including information about its: a) geographical location; b) general description, such as area, type of property, whether within urban boundaries or not, and whether a part of a building; c) who holds different ownership rights over the property; d) who rents, leases, uses, has a servitude, or holds a restrictive agreement over the property; and e) what mortgages, court decisions, or other restrictions on changing ownership exist. (See Annex H for the format of the kartela).

Registry Index Map: A comprehensive map of all parcels of land with kartelas. Scales of maps include 1:2500 for most agricultural parcels and 1:1000 for most urban parcels. (See Annex D for an example.)

Registration Zone: A geographically defined area, usually a District, which is the administrative responsibility of a Immovable Property Registration Office. A zone may be smaller than a District such as in the case of Tirana, or may include two Districts if the Chief Registrar determines that there are not enough properties or transactions in a District to justify a Registration Office.

Cadastral Zone: A geographically defined area, usually a village in rural areas, or a neighborhood in cities, which is small enough to be able to locate parcels relatively easily, usually containing no more than 1500 immovable properties. There are no more than 200 Cadastral Zones in any Registration Zone, and usually fewer.

Immovable Property Number:

Each immovable property has a unique number, composed of the Cadastral Zone number and within that zone, a unique number. For agricultural parcels this number is usually composed of the old field number followed by a "slash" and a subdivision number, e.g., 1289 11/32 which is subdivision 32 of old field 11 in Cadastral Zone 1289. For apartments, the number is composed of the Cadastral Zone number and within that zone a unique number, which is usually the old building number, stairway number and apartment number.

3. FIRST STEPS: THE ACHIEVEMENTS OF THE ACTION PLAN DURING 1994

The Project Management Unit (PMU), which executes the Action Plan for the Immovable Property Registration System with the support of the Government of Albania as well as support from other international donors (USAID, EU/PHARE Programme, and World Bank), has worked to implement the following general objectives.

The Action Plan is composed of three phases:

Phase I: The draft of the Action Plan Project and the design of the administrative and technical procedures were completed and approved by the Council of Ministers.

Phase II: Undertake pilot activities for mapping and registration, including the legal framework; also, begin development of the policy and institutional analytical work to assist in land market institutional development will begin. This 18 month phase began on January 17, 1994.

Phase III: During this 42 month period, the IPRS will be created in all Districts and the land market institutional innovations will be introduced.

During 1994, the PMU/IPRS has worked to implement the second phase of the Action Plan. Although special emphasis has been placed on the development of pilot activities in three districts Lushnje, Kavaje, Tirane, the PMU/IPRS has also begun dealing with registration, surveying and mapping problems in 22 districts of the country (to be completed in Phase III Phase) so as to immediately begin the creation of the new Immovable Property Registration System. Annex F shows the location of the 36 Districts of Albania, as well as of the three pilot Districts.

Achievements include the following:

3.1 Creation and Location of the PMU/IPRS

- The PMU/IPRS headquarters staff was contracted, including the General Manager as well as specialists for Surveying and Mapping, Registration, Legal Questions, Logistics, Finance, and Administration.
- Existing office space was made available, remodelled, repaired, furnished, and supplied in order to be usable.
- Offices were provided with 8 computers, printers, and a photocopy unit for maps.

3.2 Management and Administration Capacity

- The Statute for the structure and operation of PMU/IPRS was prepared;
- A computerized financial control information system was prepared to categorize every expenditure of the PMU and to report monthly to the funding agencies concerning the expenditures per budget category and what the monthly balance is for each category. This internal financial management system of the PMU/IPRS has been created to function according to donors' rules and Albanian Laws;
- The Internal Regulation of PMU/IPRS was prepared, including the system for planning activities and for the preparation of quarterly activity reports for each Department of the PMU;
- Audit. In August, 1994 an analysis was done by the U.S. Government Defense Audit Agency concerning the accounting system of PMU, internal control, management and organizational structure. The result of this Audit was that the "management and organizational structure of PMU/IPRS facilitates administrative and financial control, adequately divides the duties including various levels of authorization for expenses... PMU/IPRS policies, procedures and internal controls for the preparation of payments of payrolls are adequate". Two deficiencies came out during the audit, namely the need for training of all Department Heads in how to exclude non-allowable costs, and the need for more formal control over staff time. These two suggestions have been implemented.
- Subcontracts of PMU/IPRS with the University of Wisconsin (for the USAID funding), Terra Institute (World Bank funding), and the PMU/PHARE in the Ministry of Agriculture and Food have been prepared and signed.

3.3 The creation of the legal basis for the Immovable Property Registration

- Law No. 7843 of 13.07.1994, "On Immovable Property Registration" was approved by the Popular Assembly and signed by President of Republic of Albania, with Decree No.907.
- The final designs of the property Kartelas (Registers) of Property Registration, the respective certificates as well as the methodological guide for completing the Kartelas have been prepared.
- Materials have been collected, and the drafts for land leasing and land buying and selling legislation have been prepared.

3.4 Creation of Index Maps and Property Kartelas

- The entire country has been divided into "Cadastral Zones" for assisting in the location and unique numbering of all parcels of land. There are 2952 rural cadastral zones, which correspond to the villages whose boundaries in most cases were demarcated during the land distribution early phases in 1991 and 1992. Annex G shows the rural Cadastral Zones of the three pilot districts. The city of Tirana has also been divided into Cadastral Zones with relatively equal number of properties. Other cities are also being divided into urban cadastral zones.
- Base maps at scale 1:2500 have been prepared for about 200 villages, and the Land Institute and MTI are working on others.
- Work contracts are formed with 120 land surveyors in 15 Districts, and the Land Research Institute and Military Topographic Institute.
- Aerial photography was done in a 4000 km² field area where the 3 pilot districts are located, and the PMU/IPRS is working to make use of this to prepare the index maps.
- A number of contracts with foreign firms are signed according to the European Community regulations for equipment which will improve the work of surveying and mapping.
- Field update and survey work for the preparation of property index maps for 81,466 hectares of agricultural land, or 51% of the 1994 plan, in 24 districts was to be completed. Of these, pilot districts, field work has been carried out for 24,670 ha, or 40% of the plan. Kavaja is lagging behind, but Berat, Gramsh, Korce, Shkoder have worked well. Annex E shows the different surveying approaches which are being used in the Tirana District for the production of these index maps.
- The pilot experiment was conducted for the evaluation of new procedures involving GPS for the mapping of even small land parcels.
- The format for the Kartela or registry page for each property was designed and tested to assure its applicability to the various privatization programs.
- Kartelas were created for all properties in the pilot village of Lumth.
- A computerized data base was designed for capturing the information from the kartelas, and tested in Lumth. In that data system, the information in the kartelas from a particular Cadastral Zone (usually a village) is transferred to the data base in exactly the form that it appears on the kartelas. Subsequently, consistency tests are made by computer to identify and correct errors in the data entry or in the kartelas themselves. Then four lists are prepared: (1) the list of all family heads in the Cadastral Zone, sorted alphabetically, with the properties that their families own (Annex I); (2) the list of all properties in the Cadastral Zone, sorted by property number (Annex J); (3) the list of all heads of family, sorted by family name (Annex J); and (4) the summary statistics concerning the area of land by types of land use in the Cadastral Zone, and the number of owned properties, in use properties and state owned properties in the Cadastral Zone (Annex K).
- Procedures for the listing of properties and owners were designed and tested.

3.5 Creation of model Registration Offices in three pilot zones (Lushnja, Kavaja, Tirane)

- The registration offices in Lushnja and Tirana (districts) are remodelled and partially equipped. The topographic sector in the Land Research Institute is also repaired, as well as the

environments where the photogrammetric equipment will be kept. The PMU/IPRS has almost completed the repairs to the registration office in Kavaja. The furnishing of these offices and the acquisition of the needed supplies will be completed soon.

- The Index Map of Property for Lumth village in Lushnja and their respective kartelas have been created and filled in. The exhibition phase began December 8, and will last 90 days, as required by law, in order to correct any errors in the property maps or kartelas. Annex H shows what a kartela looks like and what information it can contain. There is one kartela for every immovable property (parcel or apartment).

- The computerized data base error correction procedures have been finalized. Once the lists are prepared, following the initial error identification and correction phase done only through computer processing of the data base. The various lists produced from the data base for each Cadastral Zone provide the information put on display in the exhibition phase of first registration. Any errors which the local people find in names, areas, types of land use, or geographical location of parcels are noted, and where empirically correct, the errors are corrected in the kartelas and in the data base. The most common complaint from villagers is that the measured areas are larger than what they think is the true areas of their parcels (often shown on the tapis they received from the Land Commission). If the villager who makes such a complaint can show a survey plan done by a competent surveyor which supports their claim, then the registry index map is corrected as well as the area on the kartela and in the data base.

- Procedures for the operation of the registration offices have been prepared, as well as the procedures for the first registration.

- The identification and analysis of the documentation which grants the right of private ownership of property has been carried out in order to integrate such documents into the new system in support of the "Immovable Property Registration" Law.

As is seen from this scheme, many commissions and organizations have worked on privatization of rights to immovable property. Most of the documents produced to grant private ownership for non-agricultural properties have ended up in the District Hipoteka offices, although finding documents in these offices is difficult. A plan is being implemented to computerize the log books of the larger hipoteka offices in order to more easily track transactions following privatization as well as to facilitate the location of relevant documents concerning urban and industrial properties which have been privatized. The cadastral offices are the repository of the titles or Tapis for agricultural land.

In Urban zones, the PMU/IPRS has completed the delineation of cadastral zones in the city of Tirana and the PMU/IPRS is working for modeling the registration of properties in a pilot zone, beginning with existing maps and assigning unique property numbers to each property in the Cadastral Zone selected for the pilot activity. This work will begin soon in the pilot cities of Lushnje and Kavaja.

3.6 Land policy options for strengthening the land market and land use preservation

Regarding the problems of land market policy development, the PMU/IPRS has begun studies in cooperation with specialists from Albania, University of Wisconsin, and Terra Institute (in Wisconsin). The main studies are:

- * Completion of the land division and the definition of the rights over land;
- * The intra-family rights to land;
- * Land fragmentation, and consolidation options;
- * Management and protection of the environment, particularly forest and pasture lands, and agricultural land not distributed to ownership or use;

- * Guidance of growth in urban and peri-urban areas, especially in the Tirana District and other districts subject to rapid in-migration.
- * Geographic Information Systems design and development

All studies will contribute to the resolution of problems affecting the creation of the new Immovable Property Registration System, as well as to the preparation of policy options for guiding the evolution of property markets. Of special emphasis in the short term are the needs for legal and administrative bases for: (1) land protection; (2) the provision of ownership rights to the long term possessors of dwelling units in villages, towns and cities; (3) buying and selling of agricultural land; (4) the conversion of in-use agricultural land allotments to lease contracts or to ownership; (5) the provision of forest and pasture land, presently publicly owned, as compensation to ex-owners of agricultural land; (6) the immovable property tribunal to resolve pending conflicts and future difficulties; and (7) standards for property surveys and for the surveyor profession.

3.7 Training of people for the preparation and execution of the technological and institutional measures for the fulfillment of the Action Plan.

- Members of the Executive Council of PMU/IPRS went on a study tour to become familiar with real property registration and cadastral systems in the U.K., France, Belgium, Germany and Bulgaria.
- PMU/IPRS staff visited BEV in Austria to study the operation of Cadaster and Austrian legal offices (since their system is similar to the Albanian system).
- Three papers were prepared which describe and justify the Action Plan, for presentation at the June 1994 GIS/LIS Conference in Hungary.
- Short courses were attended by staff concerning Analytical Photogrammetry and Digitalizing and GPS.

3.8 Financial Activities

For the implementation of the Action Plan for IPRS in 1994, the Project Management Unit is based on funds from PHARE PROGRAMME for Surveying and Mapping with 1 million ECU according to the agreement of 1992. The use of the 2 millions ECU funds of 1993 will begin soon. USAID has also funded PMU/IPRS operations dealing with the registration system in 1994 with about US\$450,000, plus funding for equipment and supplies as well as technical cooperation according to the government agreement.

PMU, USAID, and PMU/PHARE representatives have continually monitored and reviewed the 1994 budget management plan. This assistance has been of great importance, since initially the PMU/IPRS did not have sufficient experience in these aspects.

4. PROBLEMS AND DIFFICULTIES

4.1 Legislation and Registration Problems

- Various Laws and Acts have contradictions among themselves. They complicate the Registration process substantially. For example:

- ** the conception of truall (house plots) is not the same in Laws 7501 and 7698. Law 7501 privatized the agricultural land but in the tapi for these lands, a truall allotment for each family is included. Law 7698 provides for the restitution of truall to ex-owners, or

its compensation at a high level. Therefore, there are conflicts between the "owners" of house plots as determined by the operations of Law 7501, and the "owners" as decided by the Restitution and Compensation Commissions operating under Law 7698.

- ** Agricultural lands within the boundary line of villages should be given "in-use" according to 7501, but in fact they have been granted in ownership to villagers; agricultural lands within the municipal boundaries of villages are being restituted by the Restitution Commissions. So, again, according to privatization documentation there are often two different, legal owners for one and the same property.
- ** The Civil Code, which Parliament approved a few weeks after approving the IPRS Act has some contradictions with the law of registration. The Code assigns the administration of IPRS to the Ministry of Justice, while the IPRS Act has the IPRS administered by a Chief Registrar who has cabinet status.

- Land distribution by commissions under the provisions of Law 7501 has been accompanied by errors and inconsistencies which has required IPRS field teams to engage in the clarification of rights to land, rather than just the registration of those rights. This means that field work is proceeding more slowly than originally planned, but it also means that the information in the registries will be a more accurate reflection of what actually exists than would otherwise be the case without this careful field review.

- The Government has not nominated the Chief Registrar nor the Deputy Registrars; thus, the administrative structure of the IPRS is being operated by temporary appointments.

- There is a lack adequate office space for the district coordinators, as well as for the Registration Offices; the central Government has issued orders to local government officials to provide this space, but little response has been provided by these officials.

- A large number of privatization agencies and commissions have been at work on the privatization process. This complicates the gathering of documents.

- Since 1993, the operation of the Hipoteka offices has enabled the recording of privatization documents and transfers of urban properties and some village housing. The information in these offices has to be transferred to the IPRS. This has been difficult due to poor facilities and limited staff of the Hipoteka offices.

4.2 Surveying and mapping problems

- The lack of an urban cadaster creates problems for beginning Property Registration because urban property boundary mapping has to be done entirely by field teams, rather than by updating existing records (as is the case for rural properties).

-During privatization of village agricultural land, maps of the privatized parcels were not done well, or not done at all. This means that the field teams often lack this information. The Cadastral Offices should have carried out this work, but were unable to do so. Consequently, field teams contracted by PMU/IPRS have a great volume of preliminary work to do which requires additional time and expense.

-The technical level of some specialists and coordinators does not meet the requests made by the Project and relevant Regulations.

-Districts have not provided office facilities for the field teams, which has delayed the

preparation of the registry index maps.

-PMU/IPRS and the Military Topographic Institute (MTI) have not yet signed an agreement for making the aerial photography available for use in the IPRS. This is due in part to the late arrival of the contracted photogrammetric equipment. This is further complicated by concerns of the Ministry of Defense about the use of the photography.

-Existing maps of urban zones have not always been available for PMU. Central maps of the inhabited villages are also lacking. The technical state of the existing village settlement maps is very poor.

-The limited resources of the Ministry of Agriculture and Food, assigned by the Council of Ministers as the oversight Ministry for the PMU, and the lack of a civilian Surveying and Mapping State agency complicate the work and the development of an effective strategy. PMU/IPRS has not managed to complete the index maps preparation quickly because existing topographic maps are in the hands of agencies in three different Ministries.

It is the aim of the Action Plan and PMU strategy to create a civilian mapping agency to provide badly needed mapping information to the general public. However, this aspect needs to be reviewed, and a special sub-project created.

It is essential that the PMU introduce some additional activities into the Action Plan:

- * Surveying, mapping and the use of new technologies,
- * Digitization of maps,
- * The set up of an effective GIS coordinated with other institutions.
- * Information gathering and management in the Registration System.
- * The set up of Geographic Information System for civilian purposes and the stimulation of land survey privatization,
- * Cooperation with teaching and application institutions, especially with Politechnical University, MTI, LRI.

5. CONCLUSION

Following ambitious efforts at privatizing immovable property, the Albanian Government, with the assistance of USAID, the PHARE Programme of the European Union, and the World Bank, created the Action Plan for the Immovable Property Registration System. The Council of Ministers approved this Action Plan in October, 1993, and it was initiated in January, 1994 with the formation of the Project Management Unit.

The first steps in the implementation of that Action Plan have been taken in 1994. The priority is the creation of the Immovable Property Registration System for documenting and protecting private and public rights to immovable property. In the process of creating this system, field teams are reviewing and correcting errors in the privatization programs, and at the same time are providing local input into this process so that the majority of conflicts over ownership can be resolved before registration is permitted.

Initial activities have also been undertaken to develop institutional bases for strong and socially responsible property markets in the future, while providing for the protection of the natural environment and cost effective development of land in and around urban areas.

There has been a six-month delay in beginning the implementation of the Action Plan, which was to start in January, 1994. The delay is due to organizational problems and delays in negotiating of funding

agreements as well as to difficulties which arose during the preparation of base maps, the delay in the arrival of necessary equipment, the insufficient level of PMU to respond the requests of the donors, and other logistic difficulties.

However, considering the great volume of work which has been accomplished in the field, the Project has had a good beginning. Moreover, the concepts and procedures as well as land market institutional innovations which have been created in Albania may be of interest in other countries which are engaged in the transition to market oriented economies.

BIBLIOGRAPHY OF PAPERS PREPARED CONCERNING THE ACTION PLAN

Several technical reports and papers have been prepared concerning the Action Plan and the Registration System in particular, many of which have been presented to international professional conferences:

Barnes, Grenville, D. David Moyer, Michael Santori, Ramesh Shrestha and Eric DesRoche, "The DESIGN AND COMPARATIVE EVALUATION OF A GPS METHODOLOGY FOR CADASTRAL SURVEYING AND MAPPING IN ALBANIA", Final Report prepared for the Land Tenure Center, U.W., September, 1994.

Barnes, Grenville, Michael Santori, and Bruce Chaplin, "A GPS METHODOLOGY FOR SURVEYING AND MAPPING CADASTRAL PARCELS IN ALBANIA", paper presented to the ACSM Convention, Charlotte, North Carolina, February, 1995.

Bockheim, James, "AN ACTION PLAN FOR PROTECTING ALBANIA'S NATURAL RESOURCES", mimeo report, Terra Institute and Land Tenure Center, 1995.

Felstehausen, Herman and David Stanfield, "ALBANIAN LAND MARKET PROJECT: MAPPING AND REGISTERING THE PUBLIC'S INTEREST IN PRIVATE PROPERTY", paper prepared for the URISA Conference, San Antonio, Texas- July 16-20, 1995

International Computer, "COMPUTERIZATION STRATEGY FOR THE IMMOVABLE PROPERTY REGISTRATION SYSTEM", mimeo, Tirana, January, 1995.

Jacobs, Harvey, "AGRICULTURAL LAND PROTECTION POLICY FOR ALBANIA: LESSONS FROM WESTERN EUROPE, NORTH AMERICA AND JAPAN", mimeo report, Terra Institute and Land Tenure Center, 1995.

Jazoj, Ahmet, Spiro Lamani, Leart Lira, "SURVEYING AND MAPPING STRATEGY FOR SUPPORTING EMERGING LAND MARKETS", paper presented to the GIS/LIS Conference in Budapest, June, 1994.

Lamani, Spiro, "IMMOVABLE PROPERTY REGISTRATION SYSTEM IN ALBANIA, UNIFICATION OF CADASTRAL MAPS WITH PROPERTY REGISTRATION", paper presented to the ACSM Conference, Charlotte, North Carolina, February, 1995.

Lemel, Harry, David Gandle and David Stanfield, "ALBANIA'S LAND DISTRIBUTION PROGRAM: PROBLEMS OF THE TIRANE, KAVAJE AND LUSHNJE DISTRICTS, AND OPTIONS FOR OVERCOMING THEM", LTC, mimeo report, U. of Wisconsin, 1993.

Massey, Dean. "LEGAL AND INSTITUTIONAL FRAMEWORK FOR LAND PROTECTION IN ALBANIA", Terra Institute and Land Tenure Center, 1995.

Mathews, Rod & Genc Pasko, "TOURISM DEVELOPMENT IN ALBANIA", 1995.

Measurement Sciences Incorporated, "GEODETTIC OVERVIEW FOR LAND REGISTRATION AND MAPPING IN ALBANIA", Report for the Land Tenure Center, U.W., 1992.

Sherko, Romeo and Naim Sula, "PROPERTY REGISTRATION - AN INFORMATION

MANAGEMENT ISSUE", paper presented to the GIS/LIS 94 conference in Budapest, June, 1994.

Sherko, Romeo, "GENERAL VIEW ON SPECIFICS OF IMMOVABLE PROPERTY REGISTRATION SYSTEM IN ALBANIA", mimeo, paper presented to the Evaluation Seminar on the IPRS, Tirana, November, 1994.

Spielman, Stefan, "THE PRIVATIZATION OF STATE ENTERPRISES", mimeo report, 1994.

Stanfield, David, "A PROPOSAL FOR CREATING A LAND MARKET IN ALBANIA", Computers, Environment and Urban Systems, Vol 17, pp. 263-268, 1993.

Stanfield, David and Maksi Raço, "LAND MARKETS, INFORMATION AND A PROPERTY REGISTRATION SYSTEM IN ALBANIA", Computers, Environment and Urban Systems, Vol 18, No. 2, pp. 133-144, 1994.

Stanfield, David, "ESTABLISHING OWNERSHIP OF HOUSES IN URBAN AREAS OF VILLAGES AND IN CITIES IN ALBANIA", mimeo, PMU/IPRS, Tirana, 1994.

Stanfield, David and Ahmet Jazoj, "MARKETS FOR IMMOVABLE PROPERTY IN ALBANIA: AFTER PRIVATIZATION, WHAT?", paper presented to the American Congress on Surveying and Mapping in Charlotte, North Carolina, Feb, 1995

Stanfield, David and Agim Kukeli, "CONSOLIDATION OF THE ALBANIAN AGRICULTURAL LAND REFORM THROUGH A PROGRAM FOR CREATING AN IMMOVABLE PROPERTY REGISTRATION SYSTEM", Paper prepared for the GIS/LIS '95 * Central Europe Conference, Budapest, Hungary, 12-16 June, 1995.

Stamo, Alida and Norman Singer, "The ALBANIAN IMMOVABLE PROPERTY REGISTRATION SYSTEM", paper presented to the ACSM Convention, Charlotte, North Carolina, February, 1995.