

# Estimating the Extent of Real Estate Privatization in Transition Countries

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**ESTIMATING THE EXTENT OF REAL ESTATE PRIVATIZATION  
IN TRANSITION COUNTRIES**

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Charles Uphaus of USAID started the effort, by challenging the Land Tenure Center and FAO to work together to see whether a land privatization index would be feasible, while Lena Heron of USAID encouraged the work and provided intellectual guidance on how to make the results both meaningful and useful. Jim Riddell and Fritz Rembold of FAO brought their comparative experiences and contacts in European institutions to the effort. Jens Wolters of the Danish Cadastre provided important linkages between this study and the efforts of the UNECE Working Party on Land Administration.

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Comments on this report are welcome, and can be sent to David Stanfield, Tel: 608-262-3657; email: [jdstanfi@facstaff.wisc.edu](mailto:jdstanfi@facstaff.wisc.edu).

## EXECUTIVE SUMMARY

### ESTIMATING THE EXTENT OF REAL ESTATE PRIVATIZATION IN TRANSITION COUNTRIES

In October, 1999, AID, The University of Wisconsin and the Food and Agriculture Organization agreed to a project under the BASIS program, to explore the feasibility of an index of land privatization in transition countries.

The task is to test the feasibility of gathering and publishing statistics on the extent and/or rate of land privatization by working to achieve three objectives:

1. assess and evaluate available data on land privatization for countries in the Eastern Europe and the Commonwealth of Independent States,
2. assess the interest of other donors (FAO, World Bank, OECD and others) in setting up and maintaining a data base on land privatization, and
3. develop a workable indicator to use.

Consultations were undertaken by FAO and the LTC at various international conferences concerning the viability and usefulness of such an effort. Following positive responses, a Workshop on "A Land Privatization Index" was organized in Minsk, Belarus, August 20-23, 2000. The purpose of the workshop was to discuss the feasibility of gathering and publishing statistics on the extent and/or rate of land and real estate privatization in countries and/or regions of countries. The participants presented country studies of: (1) the concepts used in the "privatization" of land (immovable property), and (2) available statistics on the extent of "privatization" carried out since 1990. At the workshop the participants discussed the comparability of these concepts and statistics across regions and countries. The following country reports were prepared for the Workshop and are appended to the report:

1. "Development of Private Landownership in Russia", by Alexey Overchuk
2. "Privatization of Property in the Republic of Moldova", by Ala Climova
3. "Land Privatization in Georgia", David Arsenashvili
4. "Legal Forms of Privatization for Various Types of Land and Real Estate in the Republic of Belarus", S.A. Shavrov and A.A. Zharnovskaya
5. "Land Privatization in Albania" Kathrine Kelm, Petrit Harasani and David Stanfield with Fioreta Luli, Llukan Puka, Malcolm Childress, and Dwight Haase
6. "Legal Aspects of Land Reform in Azerbaijan", Amin Ismailov
7. "Land Privatization and Land Markets in Lithuania", Bronislovas Mikuta

In order to provide background for the conference participants, a compendium of land related statistics for each country was prepared as well as a bibliography on the land privatization theme, both also appended to the full report.

**The following conclusions were reached:**

**Objective 1: assess and evaluate available data on land privatization for countries in Eastern Europe and the Commonwealth of Independent States**

## **Conclusions:**

1.1 For having a common terminology in English, the Workshop used the term “real estate” to be equivalent to the terms “land” and “immovable property”.

1.2 While difficult in some countries, it is possible across countries to define “privatized real estate”, to include only real estate which the State has transferred into private possession and use, and which the holders (owners in most cases) have the right to sell or otherwise alienate.

1.3 Statistical data exist in most countries of the CIS and Eastern Europe on the percentage of agricultural land and apartments which is privately owned. Workshop participants did tabulations of information from special studies very quickly to generate estimates of the percent privatized for land under houses and land under commercial/industrial buildings.

1.4 A special effort would be needed to develop criteria and train experts in their use in order to produce a qualitative index of the legal and institutional development level supportive of the private ownership of real estate for the functioning of real estate markets.

## **Objective 2: Assess the interest of other donors (FAO, World Bank, OECD and others) in setting up and maintaining a data base on privatization.**

### **Conclusions:**

2.1 International organizations such as the World Bank and FAO would be interested in the REPI.

2.2 Probably more important than the donor interest at this point, is the interest shown by the seven country representatives in such an effort, particularly during the time that privatization is of high political salience.

2.3 This country interest, particularly in the CIS countries, suggests that the CIS Secretariat may be the appropriate agency for organizing the publication of real estate privatization indices.

## **Objective 3: develop a workable indicator to use.**

### **Conclusions:**

3.1 One statistical indicator and one qualitative indicator of real estate privatization have been developed through the regional workshop interactions.

- The statistical indicator would be the Real Estate Privatization Index (REPI) which would be the simple average of the percent privatized of agricultural land, apartments, land under houses and land under commercial/buildings which has been privatized.
- The indicator of legal and institutional support for private ownership of real estate would be the consensus with a panel of informed experts of the ranking of the country or region on a series of defined dimensions.

3.2 A second statistical indicator – the percentage of real estate of the four different types which is legally registered – is workable but should be developed once the new title registration systems are functional and once the fragmented deeds systems have been replaced.

3.3 The workshop strongly recommend that indicators be developed (concepts defined and statistics gathered) for inter-regional and international comparisons of *real estate market development* on a permanent basis.

3.4 For particular donors (such as AID) which need indices to help prioritize their investments in economic growth in Eastern Europe and Eurasia:

- Emphasis should be on the development of real estate market development indicators in E. Europe.
- For the former Soviet Union countries, the statistical real estate privatization indicators (REPI) are a priority.
- These REPI's should be relatively easy to produce based on existing statistics or on easily done special studies, with the caution that the concept "private ownership" has to be carefully defined.
- Statistical indices should be flexible enough to include private real estate leasing, once the legal and institutional infrastructure allows the transfer of leased properties on the basis of private contracts.
- The organization of a panel of experts carefully selected to be representative of private owners of real estate as well as the legal profession should be created in each CIS country, along with careful instructions and well crafted questions about the support offered to private owners by the legal and institutional framework. This panel would be asked to reach consensus about the "completeness" of the legal and institutional framework, and to rank their country along several dimensions as described in Annex A. Following their discussions, the panel would provide recommendations about changes needed in that framework.

### **Recommended Next Steps**

#### 1. Privatization workshop with other CIS countries.

Since the procedures for creating "marketized real estate" are still being discussed and implemented in the CIS countries, there is a need for producing useable and comparable indicators. A second "real estate privatization index" workshop should be offered for representation of CIS countries which were not able to attend the Minsk workshop to get CIS consensus on the statistical and qualitative Real Estate Privatization Indices.

At that workshop the findings of the Minsk workshop would be discussed and evaluated for application to these additional transition countries. Any emerging consensus would be presented to the CIS for implementation.

2. Cooperation should continue with the World Bank and the UNECE/WPLA efforts to define the variety of limitations on the rights of the new owners of real estate.
3. A workshop should be held with all countries of Eastern Europe and Eurasia to define basic indicators for describing the functioning of real estate markets, and to get those indicators produced on a permanent basis.

These countries are all engaged in the construction of appropriate real estate market institutions. The workshop could address the question, "What indicators might be developed to evaluate whether real estate markets are functioning properly?" Each country would present conceptual and methodological suggestions for defining and measuring the indicators of properly functioning real estate markets which seem to be generally accepted. The discussion should be open for proposals for indicators which some people think are important but which have not become generally accepted.

March, 2001

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## **ESTIMATING THE EXTENT OF REAL ESTATE PRIVATIZATION IN TRANSITION COUNTRIES**

### **1. Background**

This paper summarizes the results of a project “**Design of a Database to Monitor Land Privatization in Eastern Europe and the Former Soviet Union**”, which was supported by the U.S. Agency for International Agency and implemented by FAO and the Land Tenure Center.

The purpose of this project is to evaluate the viability of an indicator based on the extent and/or rate of land ownership privatization—a land privatization index. Such an indicator should be of interest to national policy makers to assist them in evaluating the extent of land ownership privatization in different regions of their countries and to compare their experiences at land privatization with those in other countries. For international development agencies assisting with the transition to market economies, such an indicator should be useful for deciding when assistance in the land privatization process in different sectors of the economy has been sufficient so that attention could be shifted to other aspects of land market institutional development.

The concept of “land markets” refers to the exchange of rights among private holders of land (including sales, leases, gifts, mortgage transfers). For such exchanges to occur easily, the land holders should have the right to carry them out according to the rules established in law and protected by the state. This right to transfer the holding and use of land to another holder is a central component of the bundle of rights granted by the state to land owners in privatization programs.

More specifically this project tests the feasibility of gathering and publishing statistics on the extent and/or rate of land privatization by working to achieve three objectives:

1. assess and evaluate available data on land privatization for countries in the Eastern Europe and the Commonwealth of Independent States,
2. assess the interest of other donors (FAO, World Bank, OECD and others) in setting up and maintaining a data base on privatization, and
3. develop a workable indicator to use.

### **2. Activities Undertaken**

Under this project the following activities have been undertaken:

-- The proposal for developing a “land privatization index” was developed with input from AID, UW, the Association for Cooperation in Economics, FAO, and other specialists in the field, and was translated into Russian (now it is available in both languages).

--The proposal was discussed at the Budapest preparatory workshop (November, 1999) for the World Bank supported “Vienna Initiative”, the UNECE/MOLA conference in London (November, 1999) and the Vienna Real Property Rights Conference (January, 2000) with participation of European international experts and representatives of CIS countries (plus Mongolia).



-- The discussion with the representatives of E. European countries at the London Workshop, and with the CIS countries at Budapest workshop and Vienna Conference showed:

- a) CIS countries and eastern European countries are facing numerous problems connected with the transition to a market economy in the industrial, housing and agricultural sectors.
- b) These countries are at different stages of this transition and are pursuing different policies, and with different concepts concerning how to start and stimulate the movement toward market economies, including the policies and programs for the privatization of state assets.
- c) There is a substantial interest not only in the functioning of real estate markets in the western countries, but also in the experiences of transitional economies, especially more advanced countries, which already implemented the basic components of land market development.
- d) In particular the conference participants from the CIS countries showed interest and found important and useful the development of a database to monitor and compare land and real estate privatization in the region and the possible land privatization Index (LPI) which will measure the level of the development of land markets and will assess and compare different stages of land privatization.

After the Vienna meetings in January, 2000, representatives from Georgia, Azerbaijan, Moldova, Albania, Lithuania, the Russian Federation and Belarus agreed to prepare for and hold a workshop in August, 2000 in Minsk, to present and discuss papers from each country dealing with the concepts of land privatization in each country, and the statistical description of the extent to which land of various sorts has been converted into private holdings with the right to transfer the private ownership or leasehold interests to third parties.

What follows is a discussion of the concepts of land privatization and the statistical description of such privatization which were used initially, and which emerged from that workshop on "A Land Privatization Index", held in Minsk, Belarus 21-23 August, 2000. Minsk was chosen as the workshop site since Belarus is the Secretariat for the CIS, the costs of transportation, hotel and food costs are less than other regional sites, and there was strong administrative support offered by the State Committee for Land, Geodesy and Cartography of Belarus.

Recommendations were crafted at the Minsk workshop about the viability and usefulness of a land privatization index (or indices), and how to make such indicators useful for the development of land market policies.

The host institutions were the National Cadastral Agency of the State Committee for Land, Geodesy and Cartography, and the Land Tenure Center, University of Wisconsin, USA. Funding was provided by a grant from the U.S. Agency for International Development to the Land Tenure Center and by the University of Wisconsin. The agencies where the participants work in their respective countries provided important support to the workshop by encouraging the participants to prepare their respective papers and to participate in the Workshop.

The purpose of the workshop was: Discuss the feasibility of gathering and publishing statistics on the extent and/or rate of land and real estate privatization in countries and/or regions of countries. The participants

presented country studies of (1) the concepts used in the “privatization” of land (immovable property), and (2) available statistics on the extent of “privatization” carried out since 1990. The participants discussed the comparability of these concepts and statistics across regions and countries.

The following people participated in the Land Privatization Index Workshop held in Minsk, Belarus, 21-23 August, 2000:

**Russian Federation:**

Mr. Alexey Overchuk (Assistant Head of Federal Land Cadastral Service of Russia.)

**Azerbaijan:**

Mr. Amin Ismailov (Head, Center for Land Cadastre and Geoinformation Systems, State Land Committee)

**Belarus:**

- Mr. Georgii Kuznetsov ( State Committee for Land, Geodesy and Cartography, Chairman);
- Mr. Sergey Shavrov ( The National Cadastral Agency, the State Committee of Belarus Republic for Land Resources, Geodesy and Cartography, General Director)
- Dr. Alexander Pomelov, Associate Professor, Belarussian Research Center on Land Management, Belarussian State University
- Elizabeth Bulatetskaya, Correspondent, Analytic Weekly Newspaper “Belarussian Market”

**Georgia:**

Mr. David Arsenashvili ( USAID Land Markets Project, Chief Legal Advisor);

**Moldova :**

Ms. Ala Climova (Head of Legal Department, First Cadastral Project Implementation Office);

**Lithuania:**

Bronislovas Mikuta, (State Land Cadastre and Register)

**Albania:**

Mr. Petrit Harasani, Land Market Policy Department, Project Management Unit for the Land Market Action Plan

**FAO:**

Fritz Rembold, Land Tenure and Rural Development Officer, FAO/ Budapest

**Danish Cadaster:**

Jens Wolters, Head of South Jutland Cadastre, National Survey and Cadastre,Denmark

**USAID:**

Lena Heron, BASIS Project Officer, Global Bureau

**University of Wisconsin-Madison**

Dan Bromley, Professor of Agricultural and Applied Economics  
Andrey Kutuzov, Land Tenure Center, Researcher  
David Stanfield, Land Tenure Center, Coordinator of LPI project

The initial plan was for a workshop to be held to reflect on the land privatization experiences of just three countries--one CIS country and two Eastern European countries. The participation of representatives from seven transition countries, six former Soviet Union and one Southeastern European country, greatly exceeded expectations and enabled a fruitful exchange of a variety of experiences.

Country papers were prepared for each participating country and are appended to this report:

4. "Development of Private Landownership in Russia", by Alexey Overchuk
5. "Privatization of Property in the Republic of Moldova", by Ala Climova
6. "Land Privatization in Georgia", David Arsenashvili
7. "Legal Forms of Privatization for Various Types of Land and Real Estate in the Republic of Belarus", S.A. Shavrov and A.A. Zharnovskaya
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10. "Land Privatization and Land Markets in Lithuania", Bronislovas Mikuta

In order to provide background for the conference participants, Andrey Kutuzov prepared a compendium of land related statistics for each country, and Angel Nickolov prepared a bibliography on the land privatization theme, both included in the collection of Country Studies.

### **3. The Concepts of "Ownership", "Land", Immovable Property", "Real estate", and "Privatization"**

#### **3.1 Private Land Ownership**

The increasing importance of private land ownership is particularly dramatic in the transition economies of Eastern Europe and the former Soviet Union. Most of these countries in some way have made the political decision to construct market economies, including the encouragement of land markets, which requires extensive private land ownership.

For land ownership to be "private" requires that the state protect holders' rights to the land, and that these state-protected rights include: (1) the right to exclusive use and enjoyment, meaning the right to exclude others from the land and the right to use the property according to the desires of the owner without causing damages to others; and (2) the right to transfer the property to others, including the right to sell the property, the right to give it to heirs, the right to mortgage it<sup>1</sup>.

Of course widespread private ownership of land is not sufficient for this transition to be successful, but rather is part of many legal and institutional innovations needed to establish dynamic market economies that can function in desirable ways. However, without a serious effort at privatization of ownership rights to land, other efforts at

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<sup>1</sup> The Civil Code of the Russian Federation (CCRF) defines private property rights in Article 209, "The Content of Property Rights":

1. The owner possesses the rights to hold, to use, and to dispose of his property.
2. The owner at his own pleasure may take any actions with respect to the property in his possession as long as they do not conflict with laws and other legal acts and do not harm the rights and interests of other persons as they are protected by the law; he (the owner) may alienate his own property as property to other persons or transfer to them rights to hold and to use and to dispose of the property while remaining its owner, or to use the property as collateral or to exchange in any way or to dispose of it in any other way.

moving toward a market oriented economy will have little effect. Two hypotheses about the linkages between land ownership of real estate and investments in the productive uses of the land underlie this notion<sup>2</sup>:

- (1) private ownership with the right to sell gives the owners the ability to recoup any investments they make in their properties in the future through sale, thereby providing *incentives* for investments; and
- (2) private ownership with the right to sell provides the opportunity for entrepreneurs with investment intentions to acquire real estate from owners who wish to sell, thereby providing *opportunities* for productive investments.

In the countries whose representatives participated in the Workshop, leasehold interests in land are usually not negotiable. That is, people do not buy and sell leased land, except when such leases burden the land whose owner sells it to another person. This situation may change in the future, since some countries, such as Belarus, are considering leasing of state owned agricultural land and the inclusion in the rights of lease holders the right to transfer the lease to another person (e.g., through sale). In such instances, where lease terms are relatively long (30 years or more) and transferable, the country could claim that the land held under such arrangements is “privatized”.

In the design of immovable property registration systems, leases are usually recorded on the registers of the owners. If a private owner has leased two pieces of a parcel, both leases would be recorded on the single register pertaining to the privately owned parcel. However, when the “owner” of several parcels of land leased to private individuals is the State or some public agency, consideration should be given to the creation of separate registers for each leased property. This creation of new property units may help protect the rights of the leaseholder, and facilitate the use of the land as collateral for loans, and simplify the sale of the lease interest in the land.

### **3.2 Land, Real Estate, or Immovable Property?**

The term “land” in the original project proposal refers to a piece of the surface of the earth, and any permanent structures attached to it. Some of the workshop participants preferred the concept of “immovable property”, as defined in the various civil and land codes of the region. Immovable objects to which rights of ownership, lease, possession, mortgage, etc. are attached by law and custom include parcels of land as well as structures attached to the land. In the Albanian Civil Code immovable objects are defined in the following way:

“Immovable objects are the land, the water sources and running water, trees, buildings, other floating buildings, attached to land and anything which is affixed permanently and continuously to the land or buildings”.(Article 142)

The Russian Civil Code (Paragraph 1, Article 130) defines immovable property to include “...land parcels, parts of mineral deposits, separate bodies of water, and everything tightly attached to land, that is, objects whose movement is impossible without causing considerable damage to them including forests, perennial crops, buildings, and structures”.

Immovable properties are objects of ownership. In the cases of land parcels and structures on them, the ownership of a structure attached to the land may not be the same as the ownership of the land parcel itself.

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<sup>2</sup> The composition of the bundle of rights comprising private ownership is a subject of many discussions. See Roy Prosterman and Tim Hanstad (Editors), “Effective Rural Land Relations in ECA Countries: A Comparative Perspective”, Rural Development Institute, November 28, 1998.

Some Seminar participants urged the use of the English term “real estate” to be conceptually equivalent to the term “immovable property” and more commonly found in the English language literature. In the rest of this report (English version) we will use the term “real estate” instead of “land” or “immovable property” when we are referring to the general concept usually referred to in the region as immovable property.

### **3.3 Restrictions on private ownership rights**

States typically place limitations on the rights of ownership, including the use rights and transfer rights held by “owners”:

- **Classes of owners:**

The right of certain classes of individuals or organizations to hold and to acquire ownership of different types of real estate through market transactions may be limited by law or by custom, such as:

- “foreigners” who may be denied the right of ownership of real estate by law,
- particular ethnic or racial groups who may be restricted, in the ownership of real estate in certain places.
- Individuals in a certain age category (minors usually) may be excluded from owning real estate.

- **Limitations on acceptable use:**

Limitations on the rights to use real estate qualify the meaning of private ownership. Use limitations on real estate held in ownership may be established by law and custom, such as the zoning of real estate as exclusive agriculture use, or restricting use as exclusively residential. Zoning may also exclude the use of real estate for commercial or industrial purposes, or there may be legislation requiring that land fulfill its “social functions” in order to continue under the control of its existing owners.

- **Transaction costs:**

High transaction costs in terms of bureaucratic approvals required, informal payments requested, numerous visits to agencies involved in the transaction process can also provide strong limitations on the meaning of “private owners” rights to use and their rights to transfer the property to another person.

### **3.4 Problems with the Concept of Privatization as Used in Transition Countries**

There are two concepts of the structure of real estate privatization used in the region which are somewhat at variance with the notion of “marketable title” to real estate.

In most countries represented at the workshop, privatized real estate is considered as having a “marketable title” if a specific piece of real estate is described in a document describing the transfer of ownership from the state to a specific physical or legal person who holds the marketable right of ownership over that real estate.

In some countries (such as the Russian Federation, Ukraine, and other CIS countries) however, there have been more complicated concepts employed, particularly for the privatization of agricultural land:

1. Sharing out of land ownership. In these instances the distribution of land shares followed by certificates pertaining to the land of a former collective or state farm, giving the ownership of the land to the holders of the certificates. The enterprises themselves are re-constituted into various enterprise forms, such as joint

stock companies, production cooperatives, limited liability and mixed partnerships, which lease in, use, and in some cases acquire the ownership of land through contracts with the holders of the land shares.

Neither the land shares nor the certificates refer to specific, demarcated parcels of land in the initial stage of privatization. Issuing land shares show people that they have rights to land. The certificates are intended to start the people down the road to understanding that their land right has value, and that it can be utilized to improve their lives. However, few of these land rights are marketable, nor are they linked to specific parcels of land.

For the “shared out” ex-collectives and ex-state farms (those which have not received land from the shareholders to form legal entities), these entities do not have legal ownership of the land they use and over which they had control previously. These “shared out” entities cannot dispose of land or mortgage it. In principle, they lease land from the land shareholders.

Some of these enterprises simply continue to use the land even if it has been “shared out,” without leases and without payment to the owners of the shares. In some cases, while the land has been “shared out,” the holders of the shares are locked into the converted ex-collective. The shareholders are dependent on the farm management for receiving benefits from the farming operations, for receiving land parcels to organize their own individual or group farming operations, and for being able to sell or mortgage the land or transfer it to heirs. In such instances, which are difficult to quantify, while theoretically the shares are negotiable, in practice such a right has little meaning at the moment. However, the basis has been laid for developing more secure and negotiable tenure forms.

From a purely legal, theoretical perspective, since the holders of the land certificates can sell or otherwise transfer their ownership of these shares, the affected land can be considered privately owned with marketable title. However, an unknown and constantly changing proportion of this land is in practice locked into the control of the managers of the ex-collectives and ex-state farms. We have opted to include this “shared out” land in the category of “privately owned”, but would urge further discussion with the governments using this form of privatization to produce more precise statistics based on actual negotiability of title and not on legal theory.

2. Group Farm Land Privatization. Under this option, land is directly passed into the ownership of enterprises, formed from the residents/workers of the enterprises. The rights of these people are usually not clearly defined or practically defended. Such as their right recoup their investments in the enterprise through sale should they desire to leave, or should they wish to leave assets to their heirs. While such entities can be said to privately own the land, the negotiability of the shares of the enterprise owners is usually very limited.
3. Ambiguous Privatization. Another tenure form for agricultural land holding in many countries is the “lifetime inheritable estate”, carved out of the former collective and state farms. No sale or other transfer of the rights to such properties is legal, except inheritance. This private use and right to give the land to heirs in some statistical series is classified as “privately owned”, which does not correspond to the definition used in the workshop. In the case of the Russian Federation, some land has been granted by the Government into private ownership of individuals, although the amount of such land that could be granted was established at the local level depending on the size of area and population in a particular district. In addition those individual private farmers could buy, lease or take extra land into lifetime inheritable estate. This means that some the land held by individual private farmers can be sold and some of their land cannot be sold.

Finally, real estate may be titled in marketable ownership to physical or legal persons, but still may not be legally allowed to be marketed unless it is registered in a functioning and legally defined system for recording and displaying ownership and other rights to real estate. Any transfer of right is not considered complete or under the protection of the law unless that transfer is registered, including a “patent”, in legally prescribed ways.

Since the privatization process is still underway, and in some regions has not yet begun, it is not surprising that the systems for registering rights to immovable property are still at their initial stages in most countries.

In Russia, for example, the registration of rights to immovable property and transactions with it are carried out by *Registration Agencies* that report to the Ministry of Justice. However, the shift to a parcel-based registration system is just beginning. The registration of rights will be done on the basis of the *State Land Cadastre* data. *The State Land Cadastre* is maintained by the Federal Land Cadastre Service (former Russian Federation State Committee for Land Policy). The Federal Land Cadastre Service is a Russian Federal Government Agency with 89 regional and 2,318 local district offices. The State Land Cadastre is maintained uniformly throughout the country on the basis of the Federal Law on the State Land Cadastre. This law became effective in July 2000.

In Belarus there are two cadastral/right registration systems: One is the land cadastral and land right registration system (National Cadastral Agency), and the second is the building register and building right registration system (BTI). A new Land Registration Law is under consideration by Parliament to establish an Immovable Property Cadastre/Register system, (due for passage in 2001).

In Albania a deed’s registry has functioned since 1991 based on the old “hipoteka” offices which functioned prior to 1975, for depositing deeds of sale, mortgage, and gifts as well as wills referring only to urban real estate. Since 1991 these offices were re-opened and privatization and transaction documents (e.g., sale contracts, wills), mortgages and court decisions mostly pertaining to urban properties, have been deposited. Gradually the new “title” registration system is absorbing the recording functions of the Hipoteka offices, but from a legal perspective registration of transactions done through the deeds system is legally valid registration.

We can say that a specific piece of real estate is moving along the continuum toward greater “marketization” if it has a marketable title attached to it, **and** if that title is registered in an official and legally sanctioned registration system.

#### **4. Types of Privatized “Real Estate”**

Privatization programs have dealt with various types of state/public owned real estate since 1989. Some types of real estate have been privatized more rapidly and more extensively than others. For an economy to become more market oriented means that market forces influence the opportunities for work and for the investment of labor and capital in productive activities. Where “socialization of real estate ownership” has been extended across sectors of the economy, then “privatization” of real estate will be required across sectors. As the economy adjusts to the new rules, jobs are lost and other opportunities arise typically in places different from the site of the lost employment. People have to move, to liquidate their investments in one place and move to another, where they acquire housing and employment opportunities. Similarly for capital investors, who search for opportunities for maximum returns on their investments, mobility of capital geographically and across sectors is necessary for the market economy to function.

There are ambiguities in the concepts used in different countries, and limitations in the statistical data being generated about the complex tenure forms being created across sectors in the privatization programs. Nonetheless, it seems possible and desirable to estimate the extent of privatization done through the granting of

marketable titles, and the extent to which real estate is further “marketized” through registration, of various types of real estate, including but not limited<sup>3</sup> to:

- Cultivated agricultural land
- Apartments in multi-unit structures
- Urban land under housing units
- Land under and around industrial/commercial real estate

To capture some idea about the extent to which privatization of real estate across sectors is occurring, we attempted to gather data on the privatization of four types of real estate:

- the agricultural land, as a measure of the transfer of ownership of important productive assets into private hands, as a stimulus to productive investments and access to capital, and as an investment in the security of rural peoples as well as providing them with opportunities for either expanding their agricultural enterprises or for moving themselves and their assets to other places and economic sectors;
- apartments, as re-inforcement of family security in possessing needed housing, as an incentive to these families’ investments in improving their housing, and for facilitating the mobility of labor by encouraging market transactions in apartments;
- land under houses, for those families in possession of houses, their ownership of the house may be recognized traditionally, but the land plot is often publicly owned, so that the ownership of the land plot is important for encouraging housing investments and for contributing to the dynamism of the housing market (labor and capital mobility);
- land under commercial entities, for encouraging investors by providing security to the place where their economic activities are located, and for making a more attractive asset should the enterprise owner wish to sell.

It is important to note that in most of the countries of the former Soviet Union houses used for residences have been considered privately owned all during the Soviet period. However, in some countries of Eastern Europe (Albania, for example) in the transition to socialism after WWII even privately held houses became the property of the state. In such cases special restitution programs were crafted to re-establish their private ownership. In both cases, specific procedures for the privatization of the land parcels under the buildings may be required. In Moldova, for example, this privatization of parcels under privatized buildings is being done on a mass basis, with ownership of the land granted automatically to the owners of the buildings. Similar provisions for unifying the ownership of land under and around buildings, and the ownership of the buildings attached to the land, are being applied in Georgia and Azerbaijan.

## **5. Two Methods for Measuring Real Estate Privatization**

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<sup>3</sup> Statistics on the issuance of marketable title to pasture land (in some countries pastures are grouped with cultivated agricultural land), and forest land are not readily available, since very little privatization has occurred. In many countries, there are legal prohibitions against the privatization of such land. Therefore for this workshop including such land is not helpful. In future workshops, however, for countries where pasture and forest land are more important economically or politically, the desirability of including these types of land can be re-visited.



Methodologically, we approached the construction of “indices of privatization” from two perspectives. The first approach was to determine whether there were statistical data on the extent of privatization of real estate of the four types outlined above. That is, we wanted to see whether statistical data could be found concerning what proportion of each type of real estate had been privatized as defined above. Toward this end, the Workshop participants prepared statistics concerning the privatization of different types of real estate, understanding the term “privatization” as the State conferring on private owners (individuals and legal persons) the right of exclusive use of real estate and the right to transfer ownership to others.

However, while we may be able to say, with some rough confidence, the proportions of particular classes of real estate (agricultural, urban) that have been transferred from state or municipal ownership to private groups or individuals, legitimate questions can be raised about the secure, effective and actual control of that real estate by the new owners. For instance, if newly privatized land may only be used as it was previously under state control, then while title may have been transferred to individuals, the usual components of ownership—the ability to decide the uses to which the land may be put, the ability to control who may use the land, the ability to bequeath or sell it, the right to compensation should the land be reclaimed by the state or municipal authority—may still be missing or limited in scope.

To address these questions the Workshop participants prepared analyses of the legal definitions of private ownership of real estate in their respective countries. These analyses help clarify the meanings of private ownership behind the statistics which they assembled about privatization of different types of real estate.

## **6. Statistical Indicators of Real Estate Privatization**

### **6.1 Two Dimensions**

Using the statistical approach, we can define a matrix of combinations for which statistics can be generated to compare both regionally and internationally, the processes of “privatization” of real estate. Table 1 shows the approximate statistical indicators of “privatization” of various types of real estate in the countries which participated in the workshop. We have not included forest and pasture land in the table since there has been little interest in the privatization of such lands, and in some countries it is legally prohibited. Also, for simplicity of presentation, we have not included “houses as objects”, but have included “land under houses” as a type of real estate.

Another distinction was made at the Workshop concerning the quantification of these variables. In some countries, the legal possibility to privatize some types of real estate does not exist. In Belarus, for example, it is presently not possible legally to convert agricultural land into private ownership. In several countries, it is legally not possible to privatize forest land. Where such statistics are generated for international comparisons, it would be necessary to footnote that a “zero” entry means that it is not possible legally to privatize such land, or at least a special symbol used (such as a “Ø”) should be used..

In Tables 1 and 2, we show the statistics presented at the workshop with the symbol “?” used when the country representatives indicated that the estimates are relatively more uncertain. Given the stages of privatization,, and the nature of statistical data in most countries in such a dramatic transition from one property system to another, it is not surprising that some of the statistics are relatively uncertain.

In Table 2 the situation is more difficult, since the goal in nearly all countries is to establish a modern, parcel-based registration system for all real estate, urban and rural, publicly and privately owned. However, most registration functions are done based on the archiving of documents, patents and subsequent transactions filed in

the time order of their registration. During the period of creating the parcel-based real estate registration system, the older document depository system and the new title based system coexist. For comparability purposes, it is necessary to decide whether this dual system should be reported, since they are both legally valid, or whether only the progress toward creating parcel-based real estate registration systems should be reported. For the time being, we report the combined registration statistics.

**Table 1: Percent of Privatized Real Estate with Marketable Titles (ownership with right to sell) for Various Types of Real Estate in Selected Transition Countries**

Country	Types of Real Estate				Average Percent
	Agricultural Land %	Apartments %	Land under Houses %	Land under Commercial/Industrial Objects %	
Albania	80	90	84	90 <sup>4</sup>	86
Azerbaijan	98	80	80	5	71
Belarus	Ø <sup>5</sup>	100	1	Ø	25
Georgia <sup>6</sup>	30	85	100	60	69
Lithuania	73 <sup>7</sup>	96	99 <sup>8</sup>	97 <sup>9</sup>	91
Moldova	91	90	80	15	69
Russia	62	46	30 <sup>10?</sup>	2	35?

<sup>4</sup> Includes only privately held land, and does not include documentation of state ownership of land.

<sup>5</sup> Legally not possible to convert into private ownership

<sup>6</sup> These statistics from Georgia come from a special study conducted by an NGO, and are considered more accurate than the data officially issued by the state.

<sup>7</sup> Includes pasture land

<sup>8</sup> Legally, land under houses is available for sale but all the documents for marketable titles are not yet complete.

<sup>9</sup> Legally, land under commercial/industrial objects is available for sale but all the documents for marketable titles are not yet complete. Source: Statistics, Land Management and Law Department, Lithuanian Real Property Central Databank. Data as of 1. 9. 2000

<sup>10</sup> In Russia, the privatization of land parcels on which houses have been built is moving slowly in urban areas (about 21% of the housing parcels are privately owned), but somewhat more quickly in rural settlements (55% privatized). Overall we estimate 30% of such parcels were privately owned at the end of 1999.

**Table 2: Percent of Real Estate with Registered Ownership Titles for Various Types of Real Estate in Selected Transition Countries**

Country	Types of Real Estate				Average Percent
	Agricultural Land %	Apartments %	Land under Houses %	Land under Commercial/Industrial Objects %	
Albania	48	90 <sup>11</sup>	90	90 <sup>12</sup>	80
Azerbaijan	98	80	60	5	61
Belarus	Ø <sup>13</sup>	100	1	Ø	25.3
Georgia <sup>14</sup>	33	3,5	2,8	60	24.8
Lithuania	49 <sup>15</sup>	96	43	7	48.8
Moldova	47	15	5	14	20.25
Russia	62	??	??	?	??

## 6.2 A Summary Statistical Index of Real Estate Privatization?

Simple indices of these two aspects of real estate privatization can be developed, as shown in the last column on the right for Tables 1 and 2, namely the simple average of the percentages “privatized” for four types of real estate. The data are more complete in Table 1, which shows that Lithuania has the highest proportion of real estate on the average whose title is marketable, followed by Albania, then Azerbaijan. Georgia and Moldova have equal average scores, although Georgia ranks relatively low on agricultural land privatization, while Moldova ranks low on commercial land privatization. The pattern of privatization for different types of real estate varies, however, across the studied countries. This variation shows the value of presenting an overall indicator accompanied by a presentation of that indicator’s component parts for each country.

The data were not complete concerning the degree of registration, particularly in Russia. Even in other countries the continuing reliance on fragmented systems for title registration give a false impression of the degree to which privatized titles have been registered. It is probably premature to use national statistics for this dimension of the privatization process until the new registration systems are more firmly established.

The participants at the Minsk Workshop concluded that data gathering on the real estate privatization indicators shown in Table 1 should be done during the time when privatization is of high priority.. During the transition phase, when real estate privatization is of strong policy relevance, countries should make an effort to use carefully defined categories of real estate which are comparable across regions and countries, and carefully generate the data to construct the above defined indicators.

<sup>11</sup> In Albania as well as in many CIS countries, the registration of rights is done through a traditional document based registration while a more modern parcel based system is being created. The statistics on “registration” are somewhat deceptive, since they include both types of registration systems.

<sup>12</sup> Includes only privately held land, and not documentation of state ownership of land.

<sup>13</sup> Legally not possible to convert into private ownership

<sup>14</sup> The statistics from Georgia come from a special study of the registrations made in the Public Registry

<sup>15</sup> Includes pasture land

One word of caution is required about the statistical approach to indicators. Any quantitative indicator is a partial reflection of the phenomena it attempts to describe. Inter-regional comparisons of indicators within countries are difficult, and even more difficult is the comparison of indicators internationally. The users of such statistical information must be informed of its limitations and use reasonable caution when relying on such information for estimating the extent of privatization programs.

## **7. A Qualitative Evaluation of the Legal Framework for Private Ownership of Real Estate**

While conditions will certainly vary across countries, it is important that we gain an improved understanding of the extent to which the new owner is in fact able to make land-use decisions consistent with the accepted idea of ownership in the rest of Europe. This reference point is necessary because throughout Western Europe (indeed in the U.S.) all private real estate is ultimately subject to collective action under some form of zoning or land-use controls. Those land-use controls in Western Europe and in the U.S. are the result of a blend of market and political forces.

A real estate privatization index for the former centrally planned economies must therefore incorporate some measure of the government controls that may or may not allow the new owner to exercise a range of choice as to how that real estate is to be used that would then encourage entrepreneurial behavior.

A real estate privatization indicator should incorporate some measure of how difficult (bureaucratically) and expensive (fees, time needed, etc.) it is for the owners of newly privatized agricultural or urban real estate to be able to use it as the owner might wish for it to be used within prevailing ecological constraints, rural controls, and public health considerations. And if the new owner cannot undertake the hoped-for land uses, then we should identify the processes, if any, that exist for obtaining permission to do so. That is, we need to know about the process whereby permission to alter existing land uses might (or might not) be granted.

Turning from rural to urban real estate, some of the same issues may apply. That is, can the new landowner make decisions about land use, or must some governmental approval be obtained for some uses? If the latter, is that proposal process lengthy and approval unlikely?

For housing (apartments or houses) we also need to know something of the nature of this new ownership. What latitude exists for owners of single-family housing to make modifications and improvements? Are fees charged for permission to make such changes?

When houses or apartments are privatized yet the state (or the municipality) retains ownership of the land beneath such structures, what level of control still resides with the state or municipality? Similar questions could be applied to commercial real estate.

While difficult to quantify, such dimensions of real estate privatization can be described by informed observers as shown in the appended studies of privatization in the seven countries. To further quantify these observations, the Workshop participants, all of whom had completed an analysis of the legal bases of real estate privatization in their countries, were asked to respond to a questionnaire shown in Annex A.

While not using a panel of informants who have an opportunity to discuss and reach consensus about the questions, the results indicate that this approach can be informative and perhaps more importantly can stimulate the discussion of the legal and institutional framework which gives operational meaning to the quantitative indicators of ownership privatization. A tabulation of the workshop participants' responses to the questionnaire is shown in Annex A to illustrate this technique. To arrive at an overall index, the

average rankings of the degree to which the legal and institutional framework is “completed” are shown in Table 3. This table shows the overall legal/financial framework as well as the legal protection of private ownership rights for agricultural land, urban land and housing (apartments and houses).

**Table 3: Expert rankings of six countries’ degree of completion of legal framework for protection of private ownership rights.**

	ALBANIA	BELARUS	GEORGIA	LITHUN.	MOLDOVA	RUSSIA
LEGAL/FINANCIAL	0.62	0.62	0.83	0.78	0.82	0.72
AGR LAND	0.92	0.17	1.00	1.00	0.97	0.92
URBAN LAND	1.00	0.72	1.00	1.00	0.97	0.92
HOUSING	0.94	0.78	1.00	1.00	0.97	0.93
Total	0.87	0.57	0.96	0.95	0.93	0.87

Clearly Belarus has not yet crafted a strong legal framework in support of private property. Georgia and Lithuania rank high, with Moldova next in the rankings, followed by Russia and Albania. These five countries are very close to one another in the overall rankings, although they all are relatively low on the development of their general legal and financial frameworks for supporting real estate markets based on private ownership.

### **The Expert Ranking Methodology**

The expert ranking methodology typically uses a panel of experts who discuss the dimensions being evaluated before arriving at a consensus. Such a methodology is used by the Freedom House for its index of political rights and civil liberties<sup>16</sup>, where a Freedom House team ranks countries on a checklist of political rights and civil liberties. AID uses a country-by-country expert panel approach, to index the degree of Non Government Organization Sustainability<sup>17</sup>. The country panels use descriptions of the dimensions of NGO sustainability to rank their countries. Careful instructions to the panels provide consistency in rankings in order to compare one country with another (Freedom House uses a single US based team to rank all countries). Both of these efforts use a group of experts to place a country or region along continua as indicated in carefully phrased questions.

At our workshop a single person was asked to rank his/her country in response to questions shown in Annex A. As in other such experience with this methodology, there is subjective variability of the results, depending on the composition of the expert group. In our case, some of the respondents may have ranked their countries in terms of the formal provisions of the law and how institutions should be functioning, while other respondents may have focussed on how the law and institutions function “in action”, and not ideally. Moreover, the methodology can result in fairly similar rankings of countries, as happened in this case where the qualitative rankings were closely grouped, except for Belarus, when the “objective” statistical indicators showed substantial differences among the countries.

<sup>16</sup> Freedom House, Freedom in the World: The Annual Survey of Political Rights and Civil Liberties 1999-2000, 2000.

<sup>17</sup> 2000 NGO sustainability Index—Scoring Guidelines, E&E/DG.CSM, AID, Washington. 2000.

As reported by the Russian participant in the Workshop, a qualitative study of these limitations on the rights of owners in the transition countries using the “informed expert consultation” method is planned by the U.N. Working Party on Land Administration (WPLA) to be conducted over the coming months.

Interestingly, the rankings shown in Tables 1 and 3 are correlated—with a .75 Spearman rho coefficient, (legal and institutional rankings were lacking for Azerbaijan):

Country	Table 1 Rank	Table 3 Rank	Diff.
Lithuania	1	2	1
Albania	2	4	2
Georgia	3	1	2
Moldova	3	3	0
Russia	4	4	0
Belarus	5	5	0

This correlation provides some validation for the two approaches, but the differences among the countries on the two indices are instructive. From a policy perspective, it seems as if the privatization debate is less advanced in Belarus and Russia. In Russia the general legal and financial framework appears less developed than the legal rules pertaining to specific types of real estate, while in Belarus, the legal framework is generally underdeveloped. In Russia, some privatization has occurred across sectors, particularly in agriculture, while in Belarus only apartments are privately owned.

The ACE study<sup>18</sup> of land market development in E. Europe suggests a number of other possible real estate market development indicators. A permanent data collection for the estimation of all of these indicators would be expensive. A careful consideration of these and other proposals should be made to see to what extent statistics should be permanently generated. Simpler indices, such as those proposed in this paper, may be preferable

## 8. Economic and Political Context

General economic and political conditions also encourage or discourage the supply and demand of marketable real estate and the attractiveness of alternative opportunities for long-term asset investments. While the Workshop participants did not develop concepts and methods for describing these conditions, further thought along these lines would be useful.

## 9. Conclusions

### 9.1 Objective 1: assess and evaluate available data on land privatization for countries in Eastern Europe and the Commonwealth of Independent States

#### Conclusions:

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<sup>18</sup> Action for Cooperation in the Field of Economics (ACE), “THE DEVELOPMENT OF LAND MARKETS IN CENTRAL AND EASTERN EUROPE”, November, 1999. Richard Baldwin, Project Director. The aim of the study was to examine the development of land markets in central and eastern Europe and to seek to identify policies which would be useful in overcoming transition problems and in establishing well regulated functioning land markets, especially during the EU pre-accession period.

9.1.1 For having a common terminology in English, the Workshop used the term “real estate” to be equivalent to the terms “land” and “immovable property”.

9.1.2 While difficult in some countries, it is possible across countries to define “privatized real estate”, to include only real estate which the State has transferred into private possession and use, and which the holders (owners in most cases) have the right to sell or otherwise alienate.

9.1.3 Statistical data exist in most countries of the CIS and Eastern Europe on the percentage of agricultural land and apartments which is privately owned. Workshop participants did tabulations of information from special studies very quickly to generate estimates of the percent privatized for land under houses and land under commercial/industrial buildings.

9.1.4 A special effort would be needed to develop criteria and train experts in their use in order to produce a qualitative index of the legal and institutional development level supportive of the private ownership of real estate for the functioning of real estate markets.

## **9.2 Objective 2: Assess the interest of other donors (FAO, World Bank, OECD and others) in setting up and maintaining a data base on privatization.**

### **Conclusions:**

9.2.1 International organizations such as the World Bank and FAO would be interested in the REPI.

9.2.2 Probably more important than the donor interest at this point, is the interest shown by the seven country representatives in such an effort, particularly during the time that privatization is of high political salience.

9.2.3 This country interest, particularly in the CIS countries, suggests that the CIS Secretariat may be the appropriate agency for organizing the publication of real estate privatization indices.

## **9.3 Objective 3: develop a workable indicator to use.**

### **Conclusions:**

9.3.1 One statistical indicator and one qualitative indicator of real estate privatization have been developed through the regional workshop interactions.

9.3.2 The statistical indicator would be the Real Estate Privatization Index (REPI) which would be the simple average of the percent privatized of agricultural land, apartments, land under houses and land under commercial/buildings which has been privatized.

9.3.3 The indicator of legal and institutional support for private ownership of real estate would be the consensus with a panel of informed experts of the ranking of the country or region on a series of defined dimensions.

9.3.4 A second statistical indicator – the percentage of real estate of the four different types which is legally registered – is workable but should be developed once the new title registration systems are functional and once the fragmented deeds systems have been replaced.

9.3.5 The workshop strongly recommend that indicators be developed (concepts defined and statistics gathered) for inter-regional and international comparisons of *real estate market development* on a permanent basis.

9.3.6 For particular donors (such as AID) which need indices to help prioritize their investments in economic growth in Eastern Europe and Eurasia:

- Emphasis should be on the development of real estate market development indicators in E. Europe.
- For the former Soviet Union countries, the statistical real estate privatization indicators (REPI) are a priority.
- These REPI's should be relatively easy to produce based on existing statistics or on easily done special studies, with the caution that the concept "private ownership" has to be carefully defined.
- Statistical indices should be flexible enough to include private real estate leasing, once the legal and institutional infrastructure allows the transfer of leased properties on the basis of private contracts.
- The organization of a panel of experts carefully selected to be representative of private owners of real estate as well as the legal profession should be created in each CIS country, along with careful instructions and well crafted questions about the support offered to private owners by the legal and institutional framework. This panel would be asked to reach consensus about the "completeness" of the legal and institutional framework, and to rank their country along several dimensions as described in Annex A. Following their discussions, the panel would provide recommendations about changes needed in that framework.

## **10. Recommended Next Steps**

### 10.1. Privatization workshop with other CIS countries.

Since the procedures for creating "marketized real estate" are still being discussed and implemented in the CIS countries, there is a need for producing useable and comparable indicators. A second "real estate privatization index" workshop should be offered for representation of CIS countries which were not able to attend the Minsk workshop to get CIS consensus on the statistical and qualitative Real Estate Privatization Indices.

At that workshop the findings of the Minsk workshop would be discussed and evaluated for application to these additional transition countries. Any emerging consensus would be presented to the CIS for implementation.

### 10.2 Cooperation should continue with the World Bank and the UNECE/WPLA efforts to define the variety of limitations on the rights of the new owners of real estate.

### 10.3 A workshop should be held with all countries of Eastern Europe and Eurasia to define basic indicators for describing the functioning of real estate markets, and to get those indicators produced on a permanent basis.

These countries are all engaged in the construction of appropriate real estate market institutions. The workshop could address the question, "What indicators might be developed to evaluate whether real estate markets are functioning properly?" Each country would present conceptual and methodological suggestions for defining and measuring the indicators of properly functioning real estate markets which seem to be generally accepted. The discussion should be open for proposals for indicators which some people think are important but which have not become generally accepted.



## ANNEX A: A QUALITATIVE APPROACH TO MEASURING THE EXTENT OF REAL ESTATE OWNERSHIP PRIVATIZATION

A questionnaire was developed for the workshop participants to describe the legal and institutional meanings of private real estate ownership in different countries.

### A. General Circumstances

1. Is the registration or recording of property easy, accurate and up to date?

1	2	3	4	5	6
no	somewhat			yes	

2. Is the judicial system objective and independent with respect to real estate ownership?

1	2	3	4	5	6
no	somewhat			yes	

3. Is there effective public enforcement and protection of property rights?

1	2	3	4	5	6
no	somewhat			yes	

4. Are court decisions enforced?

1	2	3	4	5	6
no	somewhat			yes	

5. Can ownership interests be pledged as collateral for loans?

1	2	3	4	5	6
no	somewhat			yes	

6. Are primary and secondary mortgage markets well developed?

1	2	3	4	5	6
no	somewhat			yes	

7. Are there good investment alternatives to investing in real estate?

1	2	3	4	5	6
no	somewhat			yes	

8. Are property taxes assessed in relation to the economic value of the asset?

1	2	3	4	5	6
no	somewhat			yes	

9. Are there adequately developed real estate brokerage services, surveyors, notaries, valuation experts, etc.?

1	2	3	4	5	6
no	somewhat			yes	

10. Are women equal before the law with respect to ownership of agricultural or urban land?

1	2	3	4	5	6
no	somewhat			yes	

### B. Agricultural Land

11. What are the ownership rights and restrictions on ownership of agricultural land?

- |   |
|---|
| a) Does the owner have the right to undertake a range of uses that are broadly consistent with existing social practices? |
| b) Can the owner sell the property?   |
| c) Can the owner lease the property?  |
| d) Can the owner bequeath the property?   |
| e) Is fair market compensation provided for in cases of condemnation?   |
| f) Can the property interest be used to settle debts?   |

For agricultural land please classify the items “a” through “f” with the following scale

1	2	3	4	5	6
no	somewhat			yes	

### C. Urban Land

12. What are the ownership rights and restrictions on ownership of urban land?

- |   |
|---|
| a) Does the owner have the right to undertake a range of uses that are broadly consistent with existing social practices? |
| b) Can the owner sell the property?   |
| c) Can the owner lease the property?  |
| d) Can the owner bequeath the property?   |
| e) Is fair market compensation provided for in cases of condemnation?   |
| f) Can the property interest be used to settle debts?   |

For urban land please classify the items “a” through “f” with the following scale

1	2	3	4	5	6
no	somewhat			yes	

### D. Apartments

13. Do these same conditions apply to the ownership of apartments?

- a) Does the owner have the right to undertake a range of uses that are broadly consistent with existing social practices?
- b) Can the owner sell the property?
- c) Can the owner lease the property?
- d) Can the owner bequeath the property?
- e) Is fair market compensation provided for in cases of condemnation?
- f) Can the property interest be used to settle debts?

For apartments, please classify the items “a” through “f” with the following scale

1	2	3	4	5	6
no	somewhat			yes	

### E. Houses

14. Do these same conditions apply to the ownership of houses?

- a) Does the owner have the right to undertake a range of uses that are broadly consistent with existing social practices?
- b) Can the owner sell the property?
- c) Can the owner lease the property?
- d) Can the owner bequeath the property?
- e) Is fair market compensation provided for in cases of condemnation?
- f) Can the property interest be used to settle debts?

For houses, please classify the items “a” through “f” with the following scale

1	2	3	4	5	6
no	somewhat			yes	

### F. Commercial Property

15. Do these same conditions apply to the ownership of commercial property?

- a) Does the owner have the right to undertake a range of uses that are broadly consistent with existing social practices?
- b) Can the owner sell the property?
- c) Can the owner lease the property?
- d) Can the owner bequeath the property?
- e) Is fair market compensation provided for in cases of condemnation?
- f) Can the property interest be used to settle debts?

For commercial properties, please classify the items “a” through “f” with the following scale

1	2	3	4	5	6
no	somewhat			yes	

The following spreadsheet shows the tabulations of the responses to the questionnaire by the participants in the Minsk Workshop (except for Azerbaijan). Housing and apartments have been combined in the graphic display. We converted the score (1-6) into a percentage of "completion" with 6 being regarded as "complete".

	Question	ALBAN	AZERB	BELAR	GEORG	LITHUAN	MOLDOV	RUSSIA
	<b>General</b>							
1	registration	4		3	5	5	6	4
2	judicial system	2		3	5	5	6	6
3	protect property	4		2	5	5	6	5
4	enforcement	5		6	4	5	5	5
5	collateral	4		5	6	5	6	3
6	mortgage	1		1	4	3	3	1
7	investment options	5		5	5	4	5	6
8	ad valorem taxes	1		1	5	4	1	2
9	real estate services	5		5	5	5	5	5
10	gender equality	6		6	6	6	6	6
	<b>average</b>	<b>3.7</b>		<b>3.7</b>	<b>5.0</b>	<b>4.7</b>	<b>4.9</b>	<b>4.3</b>
11	<b>Agricultural land</b>							
a	range of uses	5		1	6	6	6	5
b	sell	6		1	6	6	6	5
c	lease	6		1	6	6	6	6
d	bequeath	4		1	6	6	6	6
e	compensation	6		1	6	6	5	6
f	settle debts	6		1	6	6	6	5
	<b>average</b>	<b>5.5</b>		<b>1.0</b>	<b>6.0</b>	<b>6.0</b>	<b>5.8</b>	<b>5.5</b>
12	<b>Urban land</b>							
a	range of uses	6		1	6	6	6	5
b	Sell	6		5	6	6	6	5
c	Lease	6		6	6	6	6	6
d	Bequeath	6		6	6	6	6	6
e	Compensation	6		3	6	6	5	6
f	settle debts	6		5	6	6	6	5
	<b>Average</b>	<b>6.0</b>		<b>4.3</b>	<b>6.0</b>	<b>6.0</b>	<b>5.8</b>	<b>5.5</b>
13	<b>Apartments</b>							
a	range of uses	6		1	6	6	6	5
b	Sell	6		6	6	6	6	5
c	Lease	6		6	6	6	6	6
d	Bequeath	6		6	6	6	6	6
e	Compensation	6		3	6	6	5	6
f	settle debts	4		6	6	6	6	5
	<b>Average</b>	<b>5.7</b>		<b>4.7</b>	<b>6.0</b>	<b>6.0</b>	<b>5.8</b>	<b>5.5</b>

14	Houses							
a	range of uses	6	1	6	6	6	6	5
b	Sell	6	6	6	6	6	6	5
c	Lease	6	6	6	6	6	6	6
d	Bequeath	6	6	6	6	6	6	6
e	Compensation	6	3	6	6	5	6	6
f	settle debts	4	6	6	6	6	6	6
	<b>Average</b>	<b>5.7</b>	<b>4.7</b>	<b>6.0</b>	<b>6.0</b>	<b>5.8</b>	<b>5.7</b>	
15	Commercial Property							
a	range of uses	6		6	6	6	6	5
b	Sell	6		6	6	6	6	5
c	Lease	6		6	6	6	6	6
d	Bequeath	6		6	6	6	6	6
e	Compensation	6		6	6	5	6	6
f	settle debts	4		6	6	6	6	6
	<b>Average</b>	<b>5.7</b>		<b>6.0</b>	<b>6.0</b>	<b>5.8</b>	<b>5.7</b>	

### AVERAGES

	ALB	BEL	GEO	LIT	MOL	RUS
GEN	3.7	3.7	5.0	4.7	4.9	4.3
AGR	5.5	1.0	6.0	6.0	5.8	5.5
URB	6.0	4.3	6.0	6.0	5.8	5.5
APT	5.7	4.7	6.0	6.0	5.8	5.5
HSE	5.7	4.7	6.0	6.0	5.8	5.7

	ALBANIA	BELARUS	GEORGIA	LITHUANIA	MOLDOVA	RUSSIA
LEGAL/FINANCIAL	0.62	0.62	0.83	0.78	0.82	0.72
AGR LAND	0.92	0.17	1.00	1.00	0.97	0.92
URBAN LAND	1.00	0.72	1.00	1.00	0.97	0.92
HOUSING	0.94	0.78	1.00	1.00	0.97	0.93