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LAND ADMINISTRATION REVIEW

ARMENIA

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Introduction

1. At its sixty-first session in September 2000, the ECE Committee on Human Settlements accepted the proposal of the Bureau of the Working Party on Land Administration to provide expert assistance to Armenia on land administration issues (ECE/HBP/119, annex I, programme element "Land registration and land markets"). Security of tenure is one of the most important factors in fighting poverty and stabilizing communities by improving housing conditions through housing investments, reducing social exclusion, improving access to urban services, environment and safety in urban areas. The ECE secretariat in cooperation with the office of the United Nations Development Programme (UNDP) in Armenia and the Armenian land administration authorities established the terms of reference and the programme of the visit (see annexes I and II). The mission of the expert team (see annex III) lasted from 19 to 24 November 2000. An informal follow-up consultation took place in Geneva on 16-17 February 2001 to revise the draft report and clarify findings with the Armenian land administration authorities.

Executive summary

2. During the 1990s, Armenia made remarkable progress in the privatization of land, and in establishing an infrastructure for the registration of rights in real property and for the emerging land market. Agricultural land was quickly privatized during 1991-93, resulting in more than 1.3 million agricultural parcels with temporary title certificates. In 2001, there are now more than 2.5 million parcels, including individual properties and privatized apartments and agricultural plots. Armenia is currently halfway through a large project to survey and document privatized properties, and to issue permanent title certificates through a programme called "First Title Registration". It has received financial assistance and technical advice from the European Union, the World Bank, the United States Agency for International Development (USAID) and the Swedish Government. First title registration is planned to finish in 2004; however, this is conditional on the continuation of foreign financial assistance.

3. The Government of Armenia has largely built its land administration system on the recommendations of the ECE Guidelines on Land Administration (1996). Cadastral mapping and the registration of legal rights in land have been combined in one single institution: the State Cadastre Committee (SCC). A regional network of 47 cadastre offices is now providing services to clients, maintaining both the cadastral maps and the alphanumeric registers. The Government has implemented an internationally recognized policy of separating legal functions, i.e. functions related to the registration of properties and related rights, from functions of a more political nature, such as selling and leasing State land.

4. The State Cadastre Committee has prepared a concept paper that sets out its objectives and its vision of the next steps in the reform and modernization process. The aim is to ensure that the correct regulatory, legal and technical processes are in place to support a modern land market, functioning in accordance with western practice. A land market is currently emerging in Armenia, but it is still limited. A total of 44,000 transactions were registered in 1999 and these mostly concerned the sale or other

types of transfer of ownership of apartments. The law prescribes that transactions shall be registered within 15 days, but the experts were not able to verify whether this target is fully achieved. An information technology (IT) system has been developed and is currently being used to facilitate work at the regional cadastre offices. The State Cadastre Committee has started to design the next generation IT system, based on a concept of shared central databases and networking, much in line with modern IT solutions for cadastres and land registers in west European countries. The Government of Armenia is aware of the need to strengthen the judiciary in order to ensure that legal processes can be executed in a timely and efficient manner to protect and uphold the rights of private and legal persons.

5. As in many other countries in transition, Armenia has concentrated much of its effort on the registration of rural land. Recognizing that a viable land market in urban areas will have a greater impact on economic development, the SCC has recently decided to assign more of its resources to the registration of properties in urban areas. Land in urban areas is generally not yet privatized. Differentiating and defining the ownership of land in cities, between the State, the local authorities and the private sector, are of the utmost importance in the development of a true land market, as well as for city development and for stimulating the housing sector. Improving the legislation and framework for the operation and maintenance of multi-family houses is another very important issue for achieving sustainability in Armenia's housing sector. The SCC has drawn up a set of documents, as well as the Land Code, which is expected to transfer State land to the communities, privatize land on which buildings have been constructed, establish clear and transparent mechanisms, based on land-planning documents, to organize the auctioning of community and State land. The Land Code was adopted in May 2001.

6. The 1991-1993 privatization resulted in a very fragmented land structure in rural areas. The average size of farms is now only 1.3 hectare, normally divided into three or four separately located parcels. Land consolidation and measures to prevent further fragmentation are much needed to improve the farming economy.

7. The massive amount of co-ownership, resulting from the fact that land and apartments were generally privatized to families and not to individuals, is another issue which needs attention in developing the land market in Armenia. The problem of co-ownership has become even more serious since a large number of current shareholders in property live outside Armenia, due to the very high levels of emigration.

8. First title registration, as well as the continued maintenance of the cadastre, will benefit from access to better maps. This is also true of planning and development in urban and rural communities. Armenia still applies strict restrictions on access to topographic maps for military reasons, but this is only part of the problem. Upgrading the geodetic network to international standards based on satellite positioning and supporting general mapping requirements are much needed. Modern orthophoto seems to provide an attractive alternative to traditional mapping.

9. In line with its terms of reference, this review does not encompass all aspects of land

administration. Recommendations are mainly provided for: (i) the completion of first title registration; (ii) the continued operation of the cadastre; (iii) land consolidation; (iv) land valuation; and (v) mapping and surveying in general. To help development in these sectors, a number of recommendations are made concerning overall planning of the land administration infrastructure in Armenia, capacity building and continued donor assistance. The following major actions are needed:

?? To further develop the SCC concept paper into a strategic land administration master plan; to identify key issues for creating a viable land market in Armenia, and for improving the prioritization of various related initiatives;

?? To develop a pilot project for integrated land administration on a regional level (the marz level);

?? To develop appropriate legislation and administration for land consolidation;

?? To develop a national plan for geodesy and mapping, i.e. a plan for the national spatial data infrastructure;

?? To identify needs and prepare a plan for mass valuation;

?? To identify and prepare a programme for training land administration professionals in the public and private sector;

?? To prolong international financial assistance in the following four priority areas: (i) completing first title registration; (ii) carrying out a pilot project for regional (decentralized) land administration; (iii) developing land-consolidation know-how and; and (iv) upgrading the geodetic network and introducing orthophoto mapping.

10. In cooperation with the SCC and the UNDP office in Armenia, the expert team has prepared a programme for an international seminar under the auspices of the ECE Working Party on Land Administration, to be held in Erevan in October 2001.

I. OVERVIEW OF THE CURRENT SITUATION

A. General information

Geography and demography

11. Armenia is situated in Central Asia and bordered by Georgia, Turkey, Azerbaijan and the Islamic Republic of Iran. The total length of its land boundaries is 1,026 km, including a 167-km border with Georgia, 268 km with Turkey, 556 km with Azerbaijan and 35 km with the Islamic Republic of Iran. The total area of Armenia is 29,800 km², with a land area of 28,400 km². The capital city is Erevan.

12. As a predominantly mountainous country, Armenia has little arable land, which represents about 20 per cent of the total land area: 27 per cent of the land is meadows and pastures, and 53 per cent is unused land and forests. Of the 580,000 ha of arable land and perennial crops, 286,000 ha are equipped with irrigation facilities. Eighty per cent of the irrigated land is surface-irrigated, while the rest is irrigated by pumps. Only 50 per cent of the land area is suitable for crop cultivation and grazing, of which 90 per cent is at an altitude of more than 1,000 metres above sea level.

13. In the 20th century, Armenia witnessed dynamic and complex changes in the size, structure, and growth rates of its population. After the First World War, by the end of 1920, only 720,000 inhabitants remained in Armenia. The following decades were marked by increasing fertility rates and population growth. Over the past four decades, the general population has more than doubled. According to official statistics, by the end of 1999, it numbered 3,803,000 people. However, this figure is not accurate, because it does not reflect the continuous outflow of the population during the past decade. According to various expert estimates, more than 700,000 Armenian nationals have emigrated. Recent years have been marked by abrupt demographic changes caused by the devastating earthquake of 1988. Moreover, the difficult economic situation and mass unemployment are forcing Armenians to seek work abroad.

14. The Armenian diaspora is considered an advantage, as it is traditionally strongly linked to the motherland. Armenia is potentially well positioned to repeat the proven success of the countries with a similar advantage (Israel, China). The gradual consolidation of relations with the diaspora is a source of both foreign investment and marketing skills. The Conference of the Diaspora held in April 1999, however, did not come up to the expectations of the Government of Armenia. Although the dialogue was improved, it did not give the desired tangible and immediate outcome of investment in the Armenian economy.

Governance

15. The 1995 Constitution laid down the structure of the judicial power, outlining the judicial reforms, which were completed in 1998. The Constitution stipulates that the judges are independent and apolitical. However, the President of the Republic has an influence on the judiciary as he has the constitutional authority to appoint four members of the Constitutional Court while the National Assembly appoints the other five. The Constitutional Court, created on 6 December 1995, rules on the constitutionality of laws, presidential decrees and government resolutions. It also issues its opinion on the constitutionality of international agreements and resolves disputes on the results of elections and referendums. The Justice Council, another novelty introduced by the Constitution, is at the head of the judicial system and is chaired by the President of the Republic, while the Minister of Justice and the Prosecutor-General are Vice-Chairmen.

16. The 1995 Constitution initiated the decentralization process in Armenia. A three-tier system of administration has been established: central government, regional administration and local self-government. The country was divided into ten marzes (instead of the previous 17 administrative regions) and Erevan, which was also granted marz status. This regional level, i.e. the extension of the central executive power, is vested in the regional governors, appointed by the President of the Republic upon presentation by the Prime Minister. The authority of local self-government is vested in elected community councils. The chairmen of the latter, however, are not independent as the Government can dismiss them, on the recommendation of the regional governors. In other words, the top executive authorities can dismiss somebody who was elected by popular vote. Meanwhile the dependence of the

judicial system does not allow it to legally challenge these decisions. The governors' offices are institutions with strong executive power. The system of regional government and local self-government replicates the presidential model of the Republic. Currently, the local self-government bodies are in a difficult situation. Their present lack of authority does not allow them to collect enough revenue to implement the local budget, whereas the regional and central authorities are not sufficiently concerned with the needs of the local communities.

Economic development

17. The Government of Armenia began building the basis for economic stability and the reform process with the introduction in November 1993 of the national currency, the dram. By the end of 1994, with financial support from the World Bank and the International Monetary Fund (IMF) and bilateral donors, the Government had embarked on a comprehensive programme of macroeconomic stabilization and structural reform. The stability achieved created the basis for an annual real GDP growth of 5.4 per cent in 1994, 7 per cent in 1995, 5.8 per cent in 1996, 3.1 per cent in 1997 and 7.2 per cent in 1998. Yet, real GDP in 1998 was only 41 per cent of the 1989 level. Growth in 1999 (3.3 per cent) proved to be lower than the targeted 5 per cent, which may be attributed to the drought in late 1998. Another reason for low GDP growth in 1999 was the poor performance in agriculture (1.1 per cent growth in 1999 versus 13.1 per cent in 1998) and the sharp contraction in capital investments (17.5 per cent in 1998 versus 0.2 per cent in 1999). Consumer price inflation (annual average) fell sharply from over 5,000 per cent in 1994 to near 200 per cent in 1995 and then to 8.7 per cent in 1998 and 0.6 per cent in 1999. Tight monetary policy appears to have been the main reason for low price inflation. Overall, by regional standards, during the past few years, Armenia has made progress in macro-stabilization and recent economic growth rates are encouraging. As far as structural reforms are concerned and according to the World Bank, Armenia is among the best performing countries in the CIS, showing substantial progress in budget management, tax administration, central-bank regulation, privatization and reforms in various sectors, such as energy, education, health and social security.

18. Domestic investment is constrained by low national savings. The latter were estimated at a negative 15 per cent of GDP in 1998, reflecting the high public deficit and large private transfers and remittance inflows. As a result, investment as a share of GDP is low at 14 per cent, and reliance on external financial assistance is significant.

19. The Government continues to maintain a liberal trade regime and the legal environment for the private sector has been significantly improved. New laws on real property, banks and banking, collateral, bank insolvency and commercial bankruptcy have been adopted. By mid-1999, over 85 per cent of small enterprises and 75 per cent of medium and large enterprises had been privatized. The share of the private sector in GDP increased from 11.7 per cent in 1990 to 75 per cent in 1998. In agriculture, almost 98 per cent of output is provided by the private sector though its share in industry, construction and services is lower (57 per cent of total output). Yet, the private sector remains embryonic and too weak to fuel economic growth and new policies are required in many areas. There is a need to redefine the relationship of the State with micro-economic circles if the free market is to

become an enabling basis for economic development.

20. Around 60-70 per cent of the total value of foreign direct investment (FDI) accounts for a few cases of investment in response to the offer for privatization of some large State-owned enterprises, including the country's telecommunication facilities, some important hotel facilities and the Erevan Brandy Factory. The Government has initiated a number of measures to make Armenia more attractive to foreign companies. In May 1998, the Parliament adopted a law providing that foreign investments exceeding 500 million drams be exempted from corporate tax for two years and pay 50 per cent of the tax for the following two years. The main sectors that have so far received foreign direct investment are telecommunications, banking, mining, and the production of beverages, tobacco and pharmaceuticals. The main investors are Greece, France, Canada and the United Kingdom. Substantial investment flows into Armenia (especially in industry) are constrained both by poor investment promotion programmes and by a shortage of capacity to absorb and use the substantial financing available from domestic and international sources. If Armenia fails to attract sufficient investments, its further economic growth will be jeopardized.

21. Armenia was one of the most industrialized republics of the former Soviet Union, with a developed high-tech sector and a production almost entirely focused on the Soviet market, which absorbed more than 95 per cent of all Armenian exports. The transition to a market economy was accompanied by shortages in energy supply, lack of spare parts and dependence on imported raw materials and the blockade of Armenia's main transport to outside markets. This has brought about a virtual collapse of the sector, which, in the past, was a dominant area of economic activity. In these circumstances, the country's industrial output declined dramatically and in 1998 reached only around 40 per cent of its 1990 level. Low foreign investment and limited access to domestic finance coupled with the lack of new management skills hampered enterprise restructuring. The Government has tried to overcome the problems of the sector through privatization, but with limited results so far. At the end of 1998, the large industrial units of the previously major industrial sectors – metallurgy, chemicals, electro-mechanics, machine tools and electronics – taken together accounted for less than 17 per cent of total industrial production.

22. In Armenia, over one million people live and work in rural areas, and agriculture represents a major sector of the Armenian economy. It contributes more than 30 per cent to GDP and satisfies about 65 per cent of the domestic demand for agricultural products despite the fact that agricultural resources in Armenia are limited by the country's size and radical reforms have been implemented in the food and agriculture sector since independence. As a result, 321,000 private farmers and some 256 cooperative farms emerged from the former 900 State and collective farms. Land privatization, multifarious forms of ownership and economic management, price liberalization, and the decrease in State intervention at the microeconomic level have created serious conditions for the development of market relations in the sector. On the other hand, land privatization has also had adverse effects, creating farms on small land plots that cannot benefit from economies of scale and cannot be used effectively, especially at the present, extremely low level of development of agricultural unions and cooperatives. The livestock sector was particularly affected by the dissolution of State farms. The livestock was allocated to private

farmers and a significant proportion of the breeding stock was slaughtered because of the shortage of animal feed. The overall number of all types of livestock declined after 1988, but since 1995-1997 a slow increase has been registered, especially in pig and poultry breeding. The same trend was registered in livestock products, especially meat and dairy products.

23. Food security in Armenia is considered a top priority, and efforts are made to increase the domestic production, through new farming technologies, especially in fruit, vegetables and crop production, which will permit a more rational exploitation of the country's potential and land resources. Agrarian reform is still ongoing, but has not been accompanied by the development of support structures that would have helped the sector to increase its potential. The food security policy aims at: (a) an improvement in the agricultural sector overall; (b) an increase in agricultural production; (c) regulation of the import and export of agricultural products, and a constant supply of food products; and (d) an increase in incomes and in the purchasing capacity of the population to ensure access to food.

24. The hardships of post-independence years and the transition to a market economy with all its consequences have seriously deteriorated the social fabric in Armenia. The reforms were accompanied by plunging standards of living, mass unemployment, the impoverishment of the population and social polarization. The polarization of society is deepening, disparities are growing among the various social strata, and some groups of transitional poverty are moving towards structural poverty. More than 53 per cent of per capita GDP generated in the country is consumed by only 10 per cent of the population, while the poorest 10 per cent get only 0.3 per cent of total per capita income.

25. Labour market problems are the most serious at the current stage of Armenia's development. For the past three years, the official unemployment rate has been 10-12 per cent, while real unemployment has probably been three times higher. On 1 July 1999, 196,000 people, or 12-13 per cent of the economically active population, were registered with the employment services; at year-end unemployment was 11.6 per cent. Labour statistics reveal that supply in the workforce exceeds demand by an average of 200-300 times. Thus, the indicator of tension in the controlled labour market of Armenia is the highest among CIS countries. Only 14-15 per cent of all the unemployed registered with the employment services receive unemployment benefits, which are so low that many unemployed (especially men) consider it degrading to go through the entire procedure of registration for US\$ 2-5 a month. This is why most of the officially registered unemployed are women (65 per cent in June 1999). Ninety-five per cent of unemployment is concentrated in urban areas.

B. Land administration: framework and policy

Legal framework

Legislation governing real property in general

26. By definition, real property includes land as well as immovable property located on the land – buildings, public utilities, trees, etc. The owners of real property also have the right to exclude others

from it, and to sell or mortgage it. In addition, an owner of immovable property who does not own the land has the right to use and alter that portion of the land on which the immovable property is constructed.

27. State- and community-owned land is allocated on the basis of an order (deed) issued by one of the following bodies:

?? Community (or municipality) heads – within the administrative boundaries of communities (municipalities),

?? The Mayor of Erevan city – within the administrative boundary of Erevan city,

?? The marzpets (head of marz) – outside the administrative boundary of communities (municipalities),

?? The State agency authorized by the government of Armenia – for privatized enterprises throughout Armenia.

28. Issues related to access to land, including landownership and use, are regulated by the following legislation:

(a) The **Constitution of Armenia**, adopted in 1995, recognizes and protects the right to ownership of land and other real property. It guarantees the free development and equal protection of all forms of property including land and real estate. However, under exceptional circumstances the Constitution provides the State with the power to acquire private property for public purposes. Such acquisition should be accompanied by compensation to the owner.

(b) The new **Civil Code of Armenia**, 1999, abolishes outdated rules governing private commerce and property, encourages free-market activities and guarantees individual property rights. It regulates relationships to land and contains provisions on ownership, use, preservation of and control over the land. It promotes the securing the conditions for free development of all forms and ownership for all subjects of ownership on the basis of multiple forms of economic activities as well as ensuring legality in land relations.

(c) The **Law on the Privatization of State Property**, 1997, regulates all activities relating to the sale of State property. State property includes shares of State-owned enterprises with State participation, and elements of State property including land and real property.

(d) Other laws adopted to protect property rights are the **Law on the State Registration of Rights to Property**, 1999, and the **Law on Foreign Investment**.

29. No specific laws have been framed to address land consolidation. However, the Land Code (art. 97) provides for the change of land plot boundaries, consolidation and subdivision. In particular, it states that: “In rural areas land consolidation, subdivision and the change of boundaries may be effected at the landowner’s request. The work shall be done according to the owner’s request and according to

the plans to merge, split and change boundaries.” Regulations have been defined to govern such activities.

Legislation governing the registration of real property rights

30. The rights to property exist from the time of registration at the State Real Property Cadastre Committee. The main aim of State title registration is to grant and protect property rights, allowing individuals and legal entities the full enjoyment of property rights including sale, use, donation, inheritance and exchange. Title registration is also the means for the State to collect relevant, reliable and consistent data for cadastral purposes.

31. The registration of rights to real property is regulated by the following laws and government decrees:

- ?? The Civil Code, January 1999;
- ?? Law on the State Registration of Rights to Property, 14 April 1999;
- ?? Government Decision No. 465, 1997 – on the Order of Implementation of Unified State Cadastre and Real Estate Monitoring;
- ?? Government Decision No. 466, 1997 – on Confirming the Real Estate Register, Forms of Certificates of Real Estate, Ownership Rights and Pledge, Mortgage, Rent Rights;
- ?? Government Decree No. 867, 1998 – Regulation of the First State Registration of Rights to Real Property in the territories where Cadastral Mapping is concluded.

32. The objects of State registration are property rights, use rights, pledges, mortgages and easements, as well as other rights affecting movable and immovable property. The subjects of State registration are the State, communities, citizens, legal entities, foreign countries (diplomatic missions and consular offices), international companies with branches or representative offices in Armenia, foreign citizens, stateless persons and foreign legal entities. All rights are subject to registration within 30 days from the date of signing the relevant contract documents at the office of the State Cadastre Committee in the locality where the real property is located. Non-compliance with the registration requirements invalidates the transaction.

33. The Unified State Real Property Cadastre was established by Government Decision No. 234 in June 1997 to record and appraise property objectively and effectively and establish a tax policy on real property.

Legislation governing the valuation of real property

34. The Appraising System for the Mass Valuation of Real Property was established by Government Decision No. 234. The legal basis for land and real property valuation is also found in the Law on Land Tax, 1994, and the Law on Real Property Tax, 1997.

Legislation governing decentralized land administration

35. Land administration is decentralized, as described below. In addition to central government agencies, marzes (i.e. State divisions of territorial administration) are governed by the Presidential Decree of 25 July 1995 on the Organization and the Statute of the Government and the Presidential Decree of 15 January 1996 on Supplements to the Decree on the Organization and the Statute of the Government. Local authorities (municipalities and communities) are governed by the Constitution, the Law on Territorial-Administrative Organization, 1995; and the Law on Local Self-government, 1996.

Administrative structure

National level

36. Several levels of administration are engaged in land administration. The State Cadastre Committee is the main central agency. The Ministries of Agriculture, Urban Development, and Environment define the restrictions, norms and rules that apply to real property.

37. An administrative structure has been established to consolidate the responsibility for legal title information and cadastral information within one organization at central government level. The State Real Property Cadastre Committee (SCC) implements and manages the unified real property cadastre, land registration, geodesy, valuation for taxation, land market monitoring, licensing of surveyors, realtors, and topographic mapping. The Committee is responsible for these activities and manages the work of the mapping centre, an information centre. The Committee is thus responsible for legal title, cadastral boundaries, land use and land valuation. Most of the responsibility for establishing methodologies and specifying how the operations are to be carried out is vested in one administrative body, which simplifies the reform and modernization process.

State Real Property Cadastre Committee (SCC)

38. The State Cadastre Committee is the main agency operating in the central level and responsible for land administration. The SCC is authorized to implement and conduct the real property unified cadastre. In line with the former duties of Technical Inventory Bureaus, the SCC is also responsible for land registration and cadastral activities. The SCC is also responsible for implementation of geodetic and topographic mapping activities.

39. The State Committee has the task of preparing legislative, organizational and administrative measures to establish an effective land policy and land administration. It is responsible for the situation in the field and its further development, scientific and structural policy, the formation of the real estate market and the creation of preconditions for extending market relations, and provisions for the harmonization of different types of ownership. In some instances, the Committee is responsible only for the development of methodology but not for its execution, for example, in the case of land valuation. In

other cases, such as land registration, the SCC is also responsible for execution through its local offices. The costs of the maintenance of the central apparatus of the Committee and its activity are covered by the State budget.

40. The Committee operates through 47 local offices (following the former regional structure), which execute the first title registration programme and implement and maintain the Real Property Cadastre; they are not responsible for the development of land policies, etc. As subordinate units, these offices are accountable only to the Committee.

41. Subordinate to the Committee is the Land Use Planning Institute (Giprozem), the former State Institute of Land Planning, which is now a joint-stock company totally owned by the SCC. Clients such as municipalities can obtain consulting services from Giprozem as well as from the private sector. It is intended that the Giprozem will develop strategies for land-use planning, and planning and implementation methods for urban and rural development; and apply and test these methods on pilot projects. It is also intended to transfer these tasks after the middle of the implementation phase to other institutes/authorities.

42. The main objectives and functions of the State Committee are:

- (a) The management of the Unified State Real Property Cadastre;
- (b) The State registration of rights and restrictions on property and land;
- (c) The drawing-up of the State inventory of real property;
- (d) The production of real property cadastral mapping and digital maps;
- (e) The cadastral appraisal of real property, the creation of the base for land and property taxes;
- (f) The organization of real property State monitoring and implementation, the analysis of the real property market and dissemination of that information;
- (g) The introduction into the system of an automated cadastre;
- (h) The drawing-up of land policy, the implementation of land reform through the local authorities;
- (i) The supply of information for the multi-purpose cadastre;
- (j) The preparation of land consolidation projects;
- (k) The definition of scale for topographic maps;
- (l) The establishment and administration of a State mapping fund based on geographical information systems, topographic maps and survey materials;
- (m) The establishment of a State geodetic network;
- (n) The formation of a unified system of coordinate, height and gravimetric measurements;
- (o) The organization and implementation of photo-gravimetric activities;
- (p) Photo-gravimetric activities;
- (q) The licensing of surveyors, realtors and real property appraisers; the licensing and supervision of topographical, geodetic and mapping activities; the publication of maps, atlases, reference books, dictionaries of geographical names;

- (r) The management of the local offices of the Committee, retraining of staff undertaking methodological assistance;
- (s) Drafting the regulations and normative technical documents (State standards, instructions, manuals, orders, etc.) streamlining activity in the field;
- (t) The creation and publication of the unified State real property cadastre reference book;
- (u) Within its jurisdiction, cooperation with international organizations in the implementation of real property cadastral projects;
- (v) Other functions specified by the legislation.

Regional (marzes) level

43. The marzes are the second level of the State administration; they are not independent bodies but executing units of the State administration. The head of the marz administration, the marzpet, and the deputy are appointed by the Prime Minister. The marzpets have the following responsibilities:

- Land-use planning for and use of State land outside communities;
- The selling and leasing of State land outside communities;
- Planning and implementing regional development projects;
- The coordination and supervision of the activities of ministries and authorities at regional level; and
- The harmonization of interests between communities as well between communities and State authorities.

44. Besides general administrative supervision, the marzes have special tasks, including:

- The supervision of urban construction;
- The design and implementation of proposals on changes to community boundaries;
- The supervision and organizational responsibility for water supply and waste management;
- The construction and maintenance of roads and traffic infrastructure;
- The provision of assistance to State programmes on environmental and resource protection; and
- Implementation of these programmes.

Local level

45. As part of the decentralization process, communities became independent bodies, the third level of administration. Local self-government was introduced in the 930 communities through the first local elections on 10 November 1997. Communities are responsible for detailed land-use planning and the selling and leasing of State land within their boundaries.

46. The effective administration of communities has been limited by insufficient financial and human resources. The communities' revenues are derived mainly from land and property taxes, which are affected by the fact that the real property cadastre has not yet been implemented throughout the

country. It is estimated that less than 50 per cent of taxes are collected. Communities, particularly small ones, lack the capacity to assume and administer their new responsibilities.

Land reform and privatization

47. The scale of land reform in Armenia has surpassed that in all other former Soviet republics. Armenia has almost completely transferred land property to smallholders and dismantled most of the former large-scale farms, i.e. the State farms and the agricultural cooperatives. Farmland as well as single-family houses and flats in multi-apartment blocks were rapidly privatized in 1991-93. The Government is currently implementing a programme to issue title certificates, and to establish the related land registries, maps and services. The programme should be completed in 2004. However, the schedule depends on the provision of additional foreign financial assistance. Large land areas still remain in State ownership. Pastures and forests were not alienated. With some exceptions, urban land has not yet been privatized. The process of land distribution to the owners of buildings, the local authorities and the State is in its infancy.

Privatization of rural land

48. Privatization started in the agricultural sector in 1991 with the privatization of land, cattle and agricultural equipment. By late 1993, 90 per cent of land had been transferred to private ownership. In mid-1997, 63 per cent of arable land, 80 per cent of orchards, 91 per cent of vineyards and 95 per cent of cattle and sheep herds were in private hands. Some 458,000 hectares of arable land, allotments and land parcels around private homes have now been privatized. By 1996 output from collective farms was almost negligible compared to that from private farms.

49. However, not all rural land was privatized. In each community, 25 per cent of each category of land has been kept as State property, in a so-called "State reserve", in order to provide for future growth and the needs of new landless families. Pastures (695,000 hectares) have been excluded from distribution. The privatization programme created 324,000 farms. It is estimated that the number of farms has increased to about 370,000 as a result of fragmentation caused by inheritance, etc.

50. In the land distribution the authorities applied the principle of fairness. The size of land units to be distributed was calculated by dividing the total area of irrigated arable land, non-irrigated arable land, allotments and mown grassland by the number of individuals living in a village. A family of three people received one unit, a family of up to six people received two units, while the families with more than six members received three units of land. The allocation of a particular land parcel to families was made by lottery. In many instances, the villagers classified agricultural land into bad, average and good quality, and families received parcels of each category.

51. This privatization process had resulted in a large number of very small and fragmented farms. There are about 1.3 million land parcels in the country. The average farm size is only 1.3 hectares with every farm having four or five parcels in different locations, of which one parcel is irrigated and others

are not. It is not uncommon for a person to own ten fruit trees in a garden or half a row of grapevines. Even for cereal production, the land per farm amounts to 1.1 hectare.

52. Although family farms provide the basis for the agricultural economy, being responsible for 95 per cent of agricultural output, they are too small to benefit from economies of scale. However, farmers are not reluctant to join farmers' organizations. This is very important given the limited size of the farms since participation in collective activities (e.g. sharing machinery, marketing groups, credit associations, etc.) can result in improved economic efficiency.

53. Initially land parcels were registered in the name of heads of families, although it was intended that all family members born before 1991 should hold rights to the land. Land ownership certificates, which are now being issued by local offices of the State Committee, list all eligible family members as co-owners of these small land parcels. The number of co-ownerships is likely to cause major problems in creating a viable, efficient, land market, particularly bearing in mind that a large number of co-owners live outside Armenia.

Privatization of urban land, buildings and apartments

54. Most residential apartments in multi-storey apartment blocks were privatized in 1991-1993. As with rural property, privatized rights to a flat were assigned to the resident family, not to individuals. Co-ownership is therefore the dominant tenure in urban areas too. In general, ownership of apartments was given to those who occupied them at the time of privatization. However, the associated land parcels were not privatized and remain in public ownership. Hence the problem of separate ownership of buildings and related land parcels. Only owners of private individual houses have become owners of land occupied by those structures and related land parcels. Urban land occupied by foreign embassies and missions is regarded as private land.

55. All land except private land remains in State ownership and is managed by marz authorities if it is outside of the administrative boundaries of the communities and by local authorities if it lies within the communities. Urban land in Armenia covers some 36,620 hectares. The urban area in private ownership totals 6,987 hectares.

Land in the State reserve

56. About 400 large farms of up to 200 hectares were left in State ownership. These farms were reserved for extension, breeding selection, seed production and research purposes. The Government decided to privatize 4000 ha of land by the end of 2001. Nearly one third of arable land and virtually all pastures should remain in State ownership, this land can be leased by individuals. Steps are being taken to increase the efficiency of use of State-owned pastures and mown grasslands located outside the administrative boundaries of the communities.

Assessment

57. In establishing its land administration infrastructure, the Government of Armenia based its work on United Nations recommendations, namely the Guidelines on Land Administration (ECE/HBP/96) prepared by the ECE Committee on Human Settlements. Cadastral mapping and land registration have been integrated into one institution, the State Cadastre Committee. The Government has implemented an internationally recognized policy on separating legal functions, i.e. functions related to the registration of properties and related rights, from functions of a more political nature, such as the selling and leasing of State land. The separation of functions is emphasized by the fact that local SCC offices are responsible only for the maintenance of cadastral maps and ownership registers, and not for policy functions as such.

58. The decentralization of land administration is in line with current international practice. However, local communities in particular do not have the capacity to deliver land administration services.

59. The slow path to legal certainty through the Armenian court system is a very serious threat to the development of an effective land administration system. It will slow down and complicate conveyance and mortgaging transactions. It would be vital to explore means outside the existing court system to improve the ability of citizens to resolve disputes. Any land administration system would suffer from an absence of appropriate mechanisms for resolving disputes over ownership and other rights, boundaries, contracts, expropriation, land-use conflicts, and so on.

C. Cadastral and land registration

60. The cadastre, both on the central and the regional level, has until now been largely occupied with first title registration, but it also services an emerging amount of transactions in real estate. The basic legislation for first title registration and for the continued operation of the cadastre is in place. However, several aspects of the legislation need to be complemented and upgraded. One challenge facing Armenia is to streamline the operation of the cadastre and to improve its services to the public.

First title registration

61. Following the privatization of land, buildings and apartments, the State Cadastre Committee launched a major programme to issue permanent title certificates. The process includes the systematic surveying of boundaries, the production of cadastral maps, presentation at community level, the registration of parcels and legal rights in the cadastre. The fieldwork is largely carried out by private licensed surveyors as a result of competitive tender, and at an average price of US\$ 6 per parcel. Fairly accurate drawings are made of buildings and flats.

62. Digital technology is used both for textual information and for the cadastral maps. A modern facility has been established within the Committee at central level to undertake conversion of survey data into digital cadastral maps. However, maps are produced separately for each community, meaning that a continuous and seamless cadastral map database, founded on a uniform and accurate geodetic

reference system, does not yet exist. These activities have been delayed in view of the lack of financial resources.

63. It is estimated that the total number of real estate units is approximately 2.5 million, of which 1.2 million are rural farm parcels. By November 2000, final title certificates had been completed and issued for about 10 - 15 per cent of the total stock, i.e. some 150,000 properties. It is estimated that the annual production of title certificates will increase significantly over the next years. The current plan is to complete the first title registration by the year 2004. It should be emphasized that should a property fall outside the areas being covered by systematic titling and registration, the owner can request the preparation and issuance of a title certificate (ad hoc registration).

64. The first registration project received major international assistance from the World Bank, the European Union, USAID and Sweden. Current assistance from these sources is due to end in 2001. Unless continued foreign support is secured, the completion of the first title registration project will be prolonged beyond the year 2004.

Operation of the cadastre

65. The services of the 47 local offices are a vital element for cadastre activities to deal with the emerging land market. An information technology (IT) system is being developed to streamline operations at the offices. The system will be implemented at most regional offices during 2001. Legislation states that registration at the cadastre should take no more than 15 days. However, it requires many steps at the cadastre office, and normally one or more inspections of the property, to verify or survey boundaries, to check if there are any illegal constructions, and to assess the cadastre value. In addition, legislation requires that legal documents for registration should in all cases be notarized.

66. The operating costs of the local cadastre offices and the central office are covered by user fees. In 1999, revenue from the 44,000 transactions registered that year amounted to US\$ 2.5 million. The registration fee for cadastre surveying is US\$ 60, and in addition, the client has to pay the notary a fee of US\$ 20 (depending on the type of transaction, the fees vary between US\$ 20 and US\$ 40). The fee to the cadastre for rural property transactions is significantly lower, only US\$ 2. The vast majority of transactions are linked to the sale of apartments, and 60 per cent of transactions are in Erevan alone.

Mapping

67. Mapping in Armenia has not been maintained in recent years. The best maps of Erevan are 20-30 years old. It is estimated that as many as 60,000 existing buildings are not shown on maps. This is a serious hindrance to city development. No modern land-use mapping series exists.

68. The usefulness of maps is further reduced by the fact that information on coordinates is

restricted by military concerns. Maps for public use have coordinate systems that are not tied to the real world. As a result, cadastral mapping does not produce a comprehensive cadastral database. "Islands" of maps produced for each community are not related to one another. This hinders the development of modern land and geographic information systems, which use common coordinate systems to integrate data from different sources. Modern technological developments make security concerns unjustified. Moreover, it is felt that the geodetic data used (Krasovsky ellipsoid and Baltic-Pulkovo height datum) are not geocentric like the ETRF 89 (European Terrestrial Reference) and so conversions are required for any coordinates derived from global positioning systems (GPS).

69. Donor funding supports first State title registration. The World Bank finances the development of the cadastre system (registration of urban and rural land) and the EU finances registration in rural areas only. To date 150,000 State title registration certificates have been issued. It is estimated that there are 2.6 million parcels in existence. Surveying has been systematically completed in 400 of the 930 communities. Both programmes are expected to be completed by 2004 if the funding continues.

Assessment

70. The rapid privatization of real estate in 1991-93, as well as the development of related legislation, and the establishment of an integrated national cadastre organization, should be recognized as a significant achievement. However, further developments and improvements are needed. Key issues in respect of the applied strategies for registration and cadastre development are commented below.

71. Like many other countries in transition, Armenia has now concentrated its efforts on the completion of the first registration of parcels and ownership. It is, of course, vital to provide citizens with security of ownership. Real economic development in a market economy is, however, closely linked to the development of a land market in all its facets (buying/selling, leasing, subdividing, mortgaging, etc.). Hence the first registration is only one of many things in land administration needed to facilitate economic and social development.

72. The registration of urban parcels and apartments is lagging behind. This development is supported by some of the donors, despite the fact that land development and related investments are most likely to occur in cities. Currently the development of Erevan and other cities is hampered by the non-privatization of land, and the non-transfer of State land to local communities for private and public development.

73. It is not uncommon in other countries in transition, and even in some west European countries, that the registration process of legal property transactions is used to collect and update information not essential for the transaction itself. Registration procedures and practices are frequently tied to old traditions. Armenian legislation states that registration should take no more than 15 days, and the IT system currently under implementation will help to streamline the services. The procedures do, however, include some elements of control and data collection that are not necessarily needed for the transaction

(checking illegal constructions, verifying boundaries, collecting data on land use and values). A recent report (May 2000) by the Foreign Investment Advisory Service of the International Finance Corporation and the World Bank indicates that there is a significant potential for simplification and improvement in current registration procedures.

74. If the perceived benefits of the services of the cadastre do not exceed perceived costs, there is a danger that citizens will engage in transactions outside the system, i.e. without registration. This will be the case particularly if the fees are excessively high in comparison with household incomes, and even more so if corruption is an issue. It should be noted that the fees for rural properties are very low. However, the State Committee has not yet implemented a system to monitor the extent to which people make transactions outside the formal system. As yet, there has been little attempt in Armenia to ascertain the views of clients on the services provided by the State Committee, notaries, surveyors and other professionals involved in land administration.

75. The role of the private sector in surveying, valuation and real estate has been clearly established. USAID activities in Armenia have played an important role in upgrading the skills of private sector professionals. However, the private sector is still weak and heavily dependent on the Government as its most important client.

76. Mapping is increasingly outdated and is limited by restrictions on access to the maps and the public use of coordinates. Surveying and mapping are a major cost component in building cadastres in countries in transition. At the same time, precision in boundary surveys has little effect on the viability of the land market. As long as boundaries are fixed in the field, index maps (with comparatively low geodetic precision) are fully satisfactory in supporting the land market. The average price of US\$ 6 for surveying parcels seems relatively low, and could indicate that current surveying standards should be maintained till the completion of first title registration. However, other technical approaches, such as the use of orthophoto maps, should be evaluated to see if surveying costs could be further reduced. The absence of updated base maps is a serious problem not only for the cadastre, but also for a number of other uses. Orthophotos, as digital data and as hardcopies, would be of great help.

77. The relatively low standard of the geodetic reference network used for cadastral surveying and mapping will create problems for integrating cadastral information with other geo-referenced information, as well as for the joint drawing of current community-based cadastral maps to ensure a continuous, seamless cadastral map or database, which in the end needs to include all land, including State land outside the communities.

D. Land markets

Rural land markets

78. Rural land has been privatized in small parcels of an average 0.3 hectares, resulting in an estimated 1.5 million new rural parcels. The State Cadastre Committee (SCC) is running a large

programme to survey and register these parcels, and present plans and funding will complete this in perhaps two thirds of the communities. Land outside the communities is still held as State land and the privatization of this land has only just begun. Recent farm structure studies in Armenia suggest that three types of farm are emerging: (a) the hobby farm, growing fruit and vegetables where land is only partially used; (b) farmers using their individual land (0.3 hectares); and (c) larger farms created by leasing (10-20 hectares). The average size needed for a viable farm is 5-20 hectares.

Urban land markets

79. In the urban areas, it is estimated that 370,000 of the 400,000 apartments have been privatized, effectively free of charge to the occupants. However, none of these has gone through first State title registration. There are an estimated 60,000 buildings (mostly apartment buildings) that are not recorded on any maps. The normal urban administration of physical planning, zoning, registers/maps showing public restrictions is not in place. Nor is there yet a developed “real estate industry” in the private sector with professionally trained staff. This would normally include:

- Real-estate agents with professional training and standards;
- Independent valuers with professional training and accreditation;
- Mortgage brokers and mortgage providers;
- Site development services (developers, construction companies);
- Trained and experienced legal or conveyancing staff;
- Information services (publishing/marketing of real estate data).

80. At present, the surveying and issuing of title to privatized villas (and land) in the urban sector is proceeding. The cadastral offices, however, are also responsible for checking for illegal building development, and this has delayed the process. New legislation allows many irregularities to be regularized without court action.

Basic legal framework

81. The basic legal and regulatory framework was established over the 1995-2000 period and can be considered broadly satisfactory in terms of the legal basis of property ownership (see chap. I, sect. B). Areas where new legislation may be required to remove unnecessary land market barriers include:

- The separation of building ownership from the underlying parcel ownership;
- The proliferation of co-owners registered in the privatization programme;
- Leasing, protection of rights should the property be sold;
- Greater protection for mortgage; and
- Specific legislation for condominiums (including management and maintenance).

Mortgaging and finance

82. An operational land market requires clear legal priority of a charge on a property, clear procedures in the event of bankruptcy, inheritance, disposition by court/liquidator, and legal entities that

can hold land and property, with their rights to property securely registered. The Law of Contract as it affects the sale and purchase of property should be clear. This is not the case in Armenia at present. Tightening the legal aspects of financial exposure will reduce risk, and hence transaction costs.

83. The access of individuals to credit for purposes such as mortgage is a recent development in Armenia. Although there are more than 30 commercial banks, only the ACBA Bank can provide a mortgage on property and this only for agricultural land. Loans are used for development. The typical size of a loan is US\$ 1,000. The Bank was set up with the support of TACIS. Up to 1997, some 4,600 loans of a maximum value of US\$ 1,500 were granted by the Bank; in 1997 the average loan was US\$ 760. The Bank provides mainly short-term loans used primarily for the purchase of inputs and small equipment. Collateral pledged includes cars, machinery, jewels and land; in Ararat land represents 50 per cent of all collateral. The level of repayment is excellent at 100 per cent. Another risk factor is the stability of the legal system, the ability to take a case to court and to obtain settlement within a reasonable time. The courts in Armenia, in general, cannot respond within a reasonable period of time.

Valuation and property taxation

84. Valuation procedures in both the rural area and the urban area are considered as unrelated to market value, and should be overhauled. Armenia has a mass valuation of real property system: the Appraising System of the State Real Property Cadastre Committee, which came into effect by Government Resolution No. 234 on 30 June 1997. The legal basis for land and real property valuation is also found in the Law on Land Tax and the Law on Real Property Tax.

85. Land and buildings are taxed separately in Armenia. With land worth very little, most revenue comes from the taxation of private houses and apartments. The State Committee provides the Ministry of State Revenue with information on the values of land and buildings subject to taxation. The Ministry of State Revenue is responsible for collecting taxes.

86. Tax revenues are channelled to different levels of the administration. Taxes collected from properties located within community boundaries become part of the community's budget. If a property is located outside a community, the corresponding tax becomes part of the State budget. This system leaves the marz level of administration without taxes collected from land and real property. Land and real property valuation activities are financed from the State budget.

87. The State Real Property Cadastre Committee plans to maintain a database on the valuation of land and real estate. Valuation data are available from the former Bureaux of Technical Inventories, which became local committee offices in 1998. Other data sources are local communities, the Ministry of Agriculture and the Ministry of Urban Development. Valuation data are open to public scrutiny.

88. Almost all types of land in Armenia are subject to taxation, but some are exempted (e.g. State reserves, national and forest parks, botanical gardens and historical-cultural lands, except for land leased and for official use). Land in human settlements in common use, such as squares, streets, crossings, passages, highways, parks, public gardens, is also exempt from taxation. The land tax is reduced by 50 per cent for agricultural and scientific forestry organizations, scientific research institutes and training agencies, experimental, seed and planting enterprises, livestock breeding enterprises, stations and reference points, the list of which is confirmed by the Government. Community administrations can reduce the land tax by 5 per cent.

89. There is a lack of information and knowledge on sales activities. Sales are not tracked and reported, nor are the valuation methodologies linked to market price. The one bank that does offer a mortgage insists on using its own valuers for the appraisal.

Site development and investment barriers

90. In the urban sector especially, land administration is considered to be a burden for a developer. Administration procedures are neither clear, nor transparent, and may involve several trips to different offices. Procedures are bureaucratic, and the necessary permissions to start construction and obtain

approval for building use are excessive and constitute an effective barrier to investment. Factors that could influence these processes include:

- Clear building and construction regulations;
- Processes to support allotment (urban consolidation prior to development);
- Clear procedures for obtaining the necessary permits and approval; and
- The availability of capital and credit.

The market participants

91. A well-developed land market has a spectrum of market participants, from commercial property developers to individual owners and occupiers. Where returns on property investment are considered low or risky, the sector is not attractive to investors. In Europe, average returns of around 8 per cent on capital, exclusive of capital appreciation, are seen as normal and reflect a healthy market with a continuous demand for housing stock, rental office space and retail premises. In the urban environment of Armenia, investment in property is not seen as an investment that will give a satisfactory return on investment, and so the commercial/speculative investor is largely absent. Most market participants are owner-occupiers, and in fact many of them have shared ownership (co-ownership). There are restrictions on the purchase of real estate by foreign companies, though the position of locally registered subsidiaries of international companies is not clear.

Leasing, land mobility, building management

92. Leasing is a very effective tool for mobilizing land and encouraging its more dynamic use, outside of the constraints posed by ownership. This is also noticeable in Armenia, where larger agricultural plots of 10-20 hectares are emerging through leasing. There are also usually few restrictions on the leasing of property by foreign enterprises, however it is important that the rights and privileges of the leaseholder should be protected, e.g. in the case of a property sale. In Armenia, there are two types of leases: for agricultural land upto 25 years and for non-agricultural land upto 99 years.

93. Armenia's estimated 400,000 apartments are located in some 60,000 buildings. In many cases, there is no building management or maintenance agreement among the apartment owners/occupants. In many countries it is normal for the building to have a management organization that is responsible for services, common areas, and essential maintenance, without which the building will deteriorate. Some countries provide legislation to cover this through condominium or housing association laws.

Capital and credit

94. The availability of both capital and credit is severely limited. However, unlike in many other countries, in Armenia there is not much demand for property (in both urban and rural areas). The emigration and depopulation of parts of the country (earthquake, war, economic difficulties) have led to a quantitative excess of real estate. In such a situation the lack of capital is not critical, as prices are either stable or falling.

Assessment

95. The development of efficient, transparent and secure land markets is an essential element in the construction of a dynamic market economy and is regarded as one of the major wealth-creating mechanisms. The possession of clear title to real estate provides the opportunity to obtain credit using the land as security. An owner can generate income directly from the land; the land itself can be improved in quality and hence value. It is the role of the government in a market economy to provide the support conditions and the framework within which the market can function. There is a growing consensus that viable land markets require:

- The clear definition and sound administration of property rights;
- A minimum of restrictions on property use consistent with the common good;
- A simple and inexpensive transfer of property rights;
- Transparency in all matters; and
- The availability of capital and credit.

96. In Armenia at present there are impediments to the establishment of viable urban and rural land markets. There are transactions, but with a lack of transparency, there are bureaucratic obstacles, insufficient credit and a certain uncertainty over both land rights in urban areas and taxation. The Government must clearly signal its intention to provide a stable legislative environment (property law, valuation, tax, land use and physical planning), and should ensure that this is reflected in procedures and tasks at the operational level.

97. In Armenia, there is a shortage of participants, an excess of supply and little liquidity. Market values are low, and there are many formal and informal barriers to the development of the land market in both the urban and the rural sectors. There is no doubt that improved land administration will benefit the market, but land and property have to be seen as something that will yield increased value, a return on investment, or support the local economy. In view of the overall economic and social status of the country, a closer link between the people and the land may open the way to greater wealth creation, especially in rural environments. Support is needed for measures that will:

- Provide for a greater level of land mobility (leasing, accepted valuation procedures, removal of formal and informal barriers, condominium laws);
- Allow the creation of more effective rural and urban property units (consolidation, support urban site redevelopment, regularize illegal extensions);
- Permit more players to participate (complete privatization, foreign direct investments, encourage registration);
- Facilitate the modernization and repair of existing buildings.

E. Rural land management

Analysis of the existing situation

Farm structures

98. There are some 263 Government-owned farms. They are mostly involved in seed production and cattle breeding, and provide agricultural training facilities. They occupy some 79,400 hectares of land with an average farm size of 319 hectares.

99. Land distribution was voluntary. The people were given the right to choose among different models of land distribution. Most people chose individual private farming. Immediately after the land reform the number of large farms declined, thus increasing the number of small farms. The absolute majority of farmers still prefer to work individually with very little cooperation.

100. In 1997 only 878 out of 331,638 private farms worked as cooperatives. Cooperatives are more common among different groups of relatives. The average size of those cooperatives was 25.6 hectares, while the size of an individual private farm at that time was only 1.3 hectares. Cooperation is mostly limited to the sharing of farm equipment. Examples of industry-driven land consolidation are also found now in Armenia. The demand for a guaranteed supply of grapes drives vine producers' associations to buy grapevines from individual owners and form larger land parcels that can better meet the industry's needs.

101. The Government of Armenia remains committed to the policy of land privatization. The driving force behind this policy is, however, the need to increase State revenue. The sale of State-owned agricultural land over the past years has been a slow process. Recently, responsibility for sales was transferred from the Ministry of Agriculture to the State Real Property Cadastre Committee. The Committee has prepared some 10,000 hectares of land for sale. About 1,500 hectares of that land will be offered for the development of rural settlements and the remaining 8,500 hectares of land will be sold for agricultural use in 1.4-hectare parcels. The demand for agricultural land is low. So far the agricultural land sale policy has not been linked with the land consolidation policy.

102. The situation is further complicated by the absence of officially established limits to the minimum land parcel size. That leaves the opportunity for further fragmentation of land into even smaller units. Existing land parcels, some of them are as small as 95 centimetres by 190 metres, are not suitable for efficient agriculture.

103. There is an evident need for a clear land consolidation policy in Armenia. The recent change of structure and transfer of the Land Use Planning Institute (Giprozem) from the Ministry of Agriculture to the State Real Property Cadastre Committee can be interpreted as an attempt by the Government to take comprehensive measures to solve the issue.

104. The State Real Property Cadastre Committee is currently developing approaches to a land consolidation pilot project that will combine the areas of about 10 communities. A pilot project for the development of land planning schemes is under preparation for eight communities. These pilot projects are expected to produce guidelines and documents to be used in other land consolidation projects throughout

the country.

105. The most common way for local authorities to gain revenue from those lands is through leasing. Lease amounts usually depend on the location of the property and its intended use. Marz authorities set lease amounts and the collection rate is close to 100 per cent. Privately owned land is taxed and tax rates are set by the law. Tax payments constitute a considerable share of income for communities. In rural communities this can be as high as 70 per cent of total community income, while in urban communities where privately owned land is marginal it is only 1 – 2 per cent. It is expected that the passing of the new Land Code will allow private landownership in urban areas.

Impact of privatization on agriculture

106. In rural areas family wealth and property were created by privatization; the claim of each family depended on the number of living family members at a key date in 1993. The appropriation took the form of joint ownership. As a result of privatization, the land was fragmented in the rural areas. Today, the number of parcels amounts to about 1.3 million. It is predictable that in future there will be a further fragmentation. In the course of time, most of the adult family members will want to use or alienate their own share. The disadvantage of further fragmentation is that it will impede the development of a land market.

107. The rural physical infrastructure is desolate. It was installed for large-scale farming in sovkhozes and kolkhozes and is now totally ineffective for current farming in small-scale structures. During privatization access to some parcels was provided by new rural roads, but these are in a poor condition. Sole access to many parcels is through neighbours' parcels. Today the location of many roads is no longer that recorded in the cadastre.

108. The irrigation system, installed during the period of large-scale farming, is not appropriate for the new land tenure structures and the new system of rural roads. Water management has collapsed. There is a big backlog of rural physical infrastructure and a great need for re-allotment.

109. The former large-scale State farming has been transformed into an economy of "allotment gardening". There is a serious lack of agricultural machinery and the existing machines are not effective for small parcels. Many peasants use their agricultural products mainly for their own needs; only a small share is produced for the market, on average from 30 to 40 per cent. In Armenia the self-sufficiency rate is lower than 50 per cent. More than half of the food consumed has to be imported.

110. So efforts are to be undertaken to increase agricultural production as soon as possible by making land use and cultivation more efficient. Here land management has to become a driving force for food production and the land market, and land consolidation is a key issue.

111. By land consolidation, holdings may be rearranged to improve the production and working conditions in agriculture as well as promote the general use and development of land. The land

consolidation area will be reshaped with due regard for the structure of the landscape to serve the relative interests of the parties concerned, to further the general use and development of the land, and to benefit the general public. The area in question will be rearranged and scattered or uneconomically shaped parcels will be consolidated to meet modern managerial requirements and reshaped to obtain units of a more favourable location, shape and size; ways, roads, water bodies and other common facilities will be provided, soil-conservation, soil-improvement and landscaping measures will be taken together with any other measures improving the basic conditions of the farming enterprises, reducing the amount of work and facilitating farm management. Village renewal measures may be taken. The legal situation will be clarified.

Development strategies

112. Both the Ministry of Agriculture and the State Real Property Cadastre Committee recognize that there is a demand for land consolidation measures. The land consolidation process is to be promoted by drafting appropriate programmes based on the principles of voluntary land consolidation and encouragement. However, not much consideration is being given to legal aspects.

113. It is difficult to establish legal land consolidation procedures with clear aims and measures that can be quickly executed and completed. The success of the process may be endangered by the manifold interests of individual landowners and farmers and the need for compromises in any voluntary land consolidation. Therefore, other measures (including enforced land consolidation procedures) should be considered where appropriate. In many countries in western Europe, effective economic results were attainable only with a legally enforced land consolidation procedure.

114. Such an "enforced land consolidation" requires the close participation of and consultation with landowners, based on clear, legal participation rights. In this context, political and rural community leaders play an important role. The best way to show the benefits of the enforced land consolidation, however, is a practical demonstration to the farmers of the improved economic results and development in the villages and the whole community.

Assessment

115. The privatization of agricultural land in Armenia took place without any economic or environmental analysis of the newly established private farms. Current landownership patterns cannot support the development of commercial farming and are merely suitable for subsistence farming. Nevertheless, agricultural activity fulfils an important subsistence function in rural households. It is foreseeable, however, that economic difficulties will reduce the number of farms considerably in the future.

116. Land reform has led to an unprecedented level of land fragmentation. The absence of legislation defining the minimum land parcel size and the multiple ownership of land lead to the continued fragmentation of land parcels. Although the Government fully understands the problem it has not yet

formulated a clear land consolidation policy.

117. Large areas of agricultural land remain in State ownership. The Government is willing to sell this land at market prices, but this is not linked to any solution to the problem of land consolidation. Land outside community boundaries remains in government ownership and does not figure on cadastral maps. This situation complicates the transfer of this land to private owners.

118. Land consolidation issues need to be addressed at the central government level. The Government needs to work out a clear policy aimed at creating a rural development programme and supporting land consolidation. It will have to include economic incentives to encourage the participation of landowners in land consolidation.

119. Land consolidation should be addressed as a comprehensive issue and treated as a joint matter for individual farmers, neighbouring communities, marzes and central government. The Government should not differentiate between pilot projects for land consolidation and pilot projects for land-use planning but rather tackle them on the same basis. State land currently offered for sale needs to be involved in the land consolidation process. This land needs to be subdivided into parcels of a size sufficient for commercial farming and offered for sale or in exchange for privatized land. This land consolidation process will have to be supported by cadastre maps for areas outside community boundaries. This will require a programme for the creation of land cadastre maps to cover areas outside community boundaries.

120. The land consolidation issue needs to be approached differently in different parts of the country. Armenia can be divided into at least three agricultural zones (valleys, foothills, mountainous areas). Land consolidation methodologies and farm models will need to be developed to establish optimum farm sizes for each area. Land consolidation will have to be accompanied by a massive information campaign to explain the benefits.

F. Ongoing projects and donor assistance

121. Armenia has received aid from USAID and the EU Food Security Programme. It has also received loans from the World Bank and benefited from bilateral programmes with some western countries.

Bilateral funding

122. The Government of Sweden, through the Swedish International Development Cooperation Agency (SIDA), is providing bilateral assistance worth 5,850,000 Swedish kronor, which is nearly US\$ 600,000. This project started in August 1999, and is primarily concerned with consultancy assistance and training for the State Cadastre Committee. The project concentrates mainly on technology support and technical updating and strengthening of the geodetic network; land consolidation; real property market appraising; training and the provision of information to users. The project also includes the

development of a mass valuation methodology based on market prices and extensive technical training programmes.

123. At present, there are discussions about the provision of Swiss technical assistance.

EU Food Security Programme

124. The EU Food Security Programme (FSP) supports land surveying, registration and the issue of title certificates for agricultural land. More than 200,000 title certificates have been issued, of which 150,000 are first title State certificates provided free of charge using FSP funding. This programme has a commitment of US\$ 9 million and progress has been as below:

1998:

- Purchase of IT equipment (PCs, cabling and software for 18 offices).
- Provision of scanners, GIS/mapping software and 48 PCs for the Mapping Centre.
- Provision of 32 total stations and 5 GPS receivers.
- Installation of a network in the Information Centre.
- Surveying of 47 villages (75,000 units at a cost of nearly US\$ 750,000).
- Digitizing by the staff of the Information Centre.

1999:

- Purchase of IT equipment and cabling for 9 offices.
- Purchase of 11 total stations.
- Surveying and mapping in 95 communities with 210,000 units (average cost of US\$ 7.8/parcel).

2000:

- Plan to complete surveying of 130 communities with 210,000 units (average cost of US\$ 6.7/parcel).

2001:

In accordance with the 2001 business plan, 1.6 billion drams (nearly US\$ 3 million) should be allocated to carry out the following work covering 110,000 units in 54 communities:

- Cadastral surveying and mapping;
- Issuing of title certificates;
- Maintenance of global information network;
- Real property market monitoring;
- The automation of real property appraising;
- The compilation of consolidation, integration and land-use schemes.

World Bank

125. The World Bank project had a total allocation of US\$ 10 million, including counterpart funding from the Government of Armenia worth US\$ 2 million. A total of US\$ 5.9 million has been allocated to surveying. Under this project 11 local offices have been provided with IT equipment and software, and the funding has also benefited the project implementation unit and its staff. The project started on 14 April 1999 and is due for completion on 31 December 2002. It has involved work in both the rural and

urban areas.

1999:

- Purchase of IT equipment (and cabling) for five local offices.
- Surveying in 32 rural communities with 47,700 units and 27 km² of urban area covering 65,000 units.

2000:

- Purchase of IT equipment (and cabling) for six local offices.
- Surveying in 84 rural communities with 130,000 units and 59 km² of urban area covering 140,000 units.

USAID

126. USAID provided grants worth US\$ 5 million between July 1998 and December 2000. Its land registration and titling project was more concerned with land market development and promotion of the private sector, although the counterpart agency was the SCC. USAID contracted the American company RONCO, which provided consultancy and technical services for a number of activities, including:

- Support for the development of land laws and the drafting of legislation;
- Public and private sector capacity building. This included training in valuation (appraisal), and help in establishing private real-estate broker offices and also legal advice centres (outside Erevan).
- Public information campaign (press, TV, publications, flyers);
- Development of regulations for title registration and development /customization of software;
- Surveying of 18 (urban) communities in 1999 and 32 in 2000, involving almost 100,000 parcels, at an average cost of US\$ 5.50 per parcel.

Assessment

127. Donor assistance has been used to strengthen and develop a number of critical components, essential for the establishment of a land market, namely:

- The establishment of the legal, institutional and technical infrastructure needed to provide a system to register clear property rights and securely effect property transfers;
- The creation of a large number of private property units with clear legal titles and supporting technical descriptions ;
- The establishment of core skills in the private sector (real-estate companies, valuation, technical surveying);
- Institutional building and technical upgrading of the State Cadastre Committee and its affiliated institutions.

128. The existing donor commitment to the land administration sector is worth more than US\$ 17

million. It is estimated that perhaps 40 per cent of this has been spent on surveying, 20 per cent on equipment purchase and the balance on consultancy activities and training. The main focus has been the surveying of the land parcels and associated technical activities. A rough estimate suggests that a further US\$ 5-6 million is required to complete the surveying of all parcels in the country and, given the state of the ongoing programme, this completion should be regarded as a priority for further funding.

II. CONCLUSIONS AND RECOMMENDATIONS

A. Strategic master plan for land administration

129. The State Real Property Cadastre Committee (SCC) has made rapid progress in four years in transforming the land administration system from the previous system of State farms and housing to a system that supports the market economy. The SCC prepared a Concept in support of a modern land market, which established the main directions in cadastre development. It would be advisable for SCC to broaden its content so as to create a strategic land administration master plan. The master plan could establish cross-sectoral aims, and identify specific objective measures required for their implementation. The objective measures could have success indicators to be defined, and include a programme of activities, from inception to conclusion. It is expected that different agencies will be responsible for different parts of the plan, and there should be an assessment of the resources, budget and risk of the measures' failure. It is recommended that broad inter-ministerial support be achieved for this strategic programme, and a steering committee with representatives from the State Real Property Cadastre Committee, the Ministry of Agriculture, the Ministry of Finance, and the Ministry of Urban Development, as well as other interested parties, should coordinate and facilitate its implementation.

130. Too many cadastre projects have failed because of a top-down approach without identifying the needs and expectations of the users. The master plan should therefore include a thorough survey of how the public views the current cadastral services, and how these services should be improved. The survey should also evaluate the fee structure to ensure that fees are fixed at a level that does not encourage people to make transactions outside the system.

131. **It is recommended** that SCC in cooperation with the ministries, other State bodies, municipalities and the private sector should prepare a general outline for a strategic master plan for land administration.

132. The master plan should:

?? Identify overall political goals and strategies, and spell out priorities (efficient services for the transfer of ownership, the efficient use of leasing, land consolidation, sustainable housing, urban development, environmental protection, domestic and foreign investments, food security, tax revenues, etc.);

?? Identify needs and priorities for the legal framework;

?? Identify an appropriate distribution of responsibilities among ministries, public agencies at different levels of government and the private sector, and propose changes to the institutional structure;

?? Identify needs and propose action for technical issues, such as for general mapping needs, surveying and mapping standards, use of information technology, etc.;

?? Identify needs and propose action for capacity building and professional development, both in the public and in the private sector;

?? Identify costs and mechanisms for financing;

?? Propose an implementation plan with timetable and budget;

?? Propose a mechanism to identify and monitor public views on the services provided by the government and the private sector involved in land administration.

133. A tentative proposal for the contents of the master plan is presented in annex IV.

134. The master plan should be prepared in close cooperation with all ministries and government agencies involved in land administration. Representatives from the marzes and communities, as well as from the private sector, should also take part in the work. Users of the cadastre services, such as banks, real-estate developers and real-estate brokers, should also be invited to participate. A small working group, made up of representatives of the main stakeholders, with a secretariat within SCC, could prepare the draft master plan. Other parties could be represented in a wider reference group. It may be appropriate to establish also a steering committee composed of high-level authorities. The possibility of presenting the master plan as a white paper to Parliament should be considered. A realistic time frame for the preparation of the master plan should be not more than one year. Some normative provisions for the master plan are already included in the Land Code.

B. Pilot model for decentralized land administration

135. Land administration reform has mainly been carried out through a “top-down” approach, where the central authorities have drafted legislation, planned and implemented specific activities, such as the mass surveying by contract of parcels and the data conversion of cadastral maps. These activities depend on external finance and are therefore not sustainable, given the limited resources of the State Committee. The same comments apply to the introduction of the land registry and cadastral software, and the introduction of automation. The SCC therefore needs to consider how the land administration should function, how to support the creation of an operational land administration model, which should be one of the priorities within the overall master plan for land administration. It should be recognized that the most successful land administration agencies in Europe are generally those which enjoy a high degree of decentralization.

136. **It is recommended** that SCC should develop and test a land administration model at marz level through a comprehensive pilot project.

137. This project should define those functions that can be delegated to the marzes, define their interrelationship, and also determine those functions that should be provided at other administrative levels and integrated with those at marz level. This model will consider the land administration activities necessary to support an active land market and rural development process at marz level. It should also

carry out a cost-benefit analysis and identify how the operation can be made financially sustainable. The project will test the implementation at marz level of a proposed decentralized land administration infrastructure. The existing land administration infrastructure (legal, technical and institutional structure) will be analysed and “re-engineered” to optimize a decentralized land administration infrastructure. The “re-engineering” will concentrate on identifying core processes essential to the land administration process and then showing how these can be built into an operational system at marz level. Draft terms of reference for the land administration pilot project are suggested in annex V.

C. Cadastre and land registration

138. There is a certain degree of interference of the cadastre authorities with the authorities engaged in land use, the development and execution of land policies, and the allocation of land.

139. The current use of private professionals is welcomed and supported. It would be desirable to see whether the role of the notaries could be reduced and streamlined with the activities of the cadastre offices to avoid a possible duplication of functions. Many countries allow documents to be registered without the involvement of a notary, or, if the involvement of a notary is required, checking at the registration office is limited. An optimal distribution of responsibilities between the public and private sector requires that the economic liabilities of the parties should be clarified, legislated and supported financially.

140. The SCC has embarked on an ambitious programme using modern computerized techniques for handling and storing textual information as well as maps. With its traditionally strong resources of information technology professionals, Armenia has the potential to benefit from information technology in land administration. However, the technology can only partly contribute to streamlining the infrastructure for an effective land administration.

141. It is extremely important that the services of the cadastre, including the level of fees, meet the expectations of the users. If this is not the case, people will tend not to use its services and to make transactions outside the formal system.

142. The legal requirement in Armenia is that transactions should be registered by the local cadastre office within 15 days, which is good in comparison with many other countries in transition. It has, however, been observed that registering transactions is a process with several steps, including field inspections. The registration process is used to collect other information (land use, cadastral value, etc.) and to undertake various controls (boundaries, illegal constructions) which are not necessary for securing the rights as such. A vital question for any sustainable cadastre: is it necessary to collect all these data, to undertake all this checking, is there a need for this precision, can people afford the fees, etc. That could be explained by the lack of information on real property, and after the first State registration this practice should be discontinued. Finally, the common lack of trust in courts should be mentioned as critical to the sustainability of Armenia’s cadastre and land market.

143. **It is recommended that:**

- (a) The operation of the cadastre should be kept separate from government activities related to the development and execution of land policies, the sale of State land and commercial activities. The local cadastre offices should have no non-cadastral responsibilities. It is important to keep registration functions separate from those of a more political nature.
- (b) The issue of liabilities and related financial mechanisms, such as establishing separate liability funds for public agencies and ensuring that private professionals are properly insured, should be clarified.
- (c) A critical approach to the use of modern information technology for the cadastre should be adopted, ensuring that technology and related systems are permanently supported and adequate in terms of technology, finance and human resources. Procedures applied for first title registration seem to work well and at reasonable cost and should be maintained. It is, however, necessary to investigate the potential of orthophoto maps for the remaining activities, should this be available with foreign assistance. Application of less accurate surveying methods should be considered. It has been demonstrated in many countries that cadastral index maps can be fully satisfactory in supporting the land market.
- (d) A system should be devised to canvass clients' views on the cadastre services and on the private professionals involved in land transactions, and to monitor to what extent transactions are effected without formal registration.
- (e) Current procedures should be analysed for possible further simplification and that risk management analysis should be undertaken to identify those areas where the Government can surrender control, allowing the associated risks to be borne by citizens and property professionals. To fully meet international standards, the deadline required for registration should be shorter than at present (for example, two days). Clients should usually need to visit the cadastre office only once.
- (f) Current standards for geodetic precision in boundary surveys and for measuring buildings and flats should be investigated, and the usefulness of preparing sufficiently accurate index maps should be evaluated.
- (g) The methodology in use for the first title registration project should, in general, be maintained for the remaining land areas. Identifying boundaries directly on orthophotos by visual interpretation should be evaluated as an alternative to traditional field surveying. The production of orthophoto maps should be a priority for donor assistance or domestic financing.
- (h) Procedures for the registration of transactions at the cadastre should be evaluated for maximum simplification. The need for the current collection of comprehensive data and examinations should be reviewed, and the surplus activities transferred, where necessary, to other agencies.
- (i) The amount and structure of the registration fees should be reconsidered.

(j) A study should be conducted to examine possible measures to apply transparent and trusted mechanisms (e.g. arbitration, a special land court, etc.) more efficient than the present court system for resolving land disputes.

D. Mapping and land information infrastructure

144. Both western countries and countries in transition are rapidly moving from analogue maps to digital mapping techniques and geographic databases (GIS). GPS and the distribution of data through the Internet are playing ever more important roles. Advanced countries are developing and implementing so-called national spatial data infrastructures, which, in addition to the information as such, include relevant legislation (for access to data, copyright, privacy, pricing policies, institutional arrangements, the development of human resources, etc.). The spatial data infrastructure supports a variety of sectors and activities, from cadastre to land-use planning, urban and rural development, transport, etc.

145. There are few adequate updated maps available in Armenia. Access to maps is also hampered by military secrecy concerns and regulations. The triangulation network and geodetic datum (projection, etc.) in Armenia need to be updated and modernized, inter alia, to facilitate the integration of geographic data from different sources, and the efficient use of GPS methods.

146. The current production of separate cadastral maps for each community will cause problems in the long run. It will eventually be necessary to implement a continuous map coverage based on complete map sheets, or on a unified geographic information system. The standard cadastral maps should include State land outside the communities as well as land inside the communities. The need for continuous coverage is underpinned by the fact that combining cadastral information with other geo-referenced information is a basic feature of any national spatial data infrastructure.

147. **It is recommended that:**

(a) Geographic information should become an integral part of the land administration master plan, or that a strategy for a national spatial data infrastructure should be prepared as a separate activity closely coordinated with the land administration master plan.

(b) The restrictions on access to maps and geodetic data for military reasons should be removed, as in many other countries in transition.

(c) A programme to address urgent mapping needs should be prepared, probably by producing orthophoto and satellite images. Seeking foreign or domestic financing for this should be a priority.

(d) The issue of expanding the current community-wide cadastral mapping to a continuous seamless coverage should be studied with urgency.

(e) The requirement for modernizing the geodetic reference network should be identified, and appropriate action taken as soon as possible. Armenia should apply to join the European Reference Frame (EUREF), and a connection should be made to the EUREF base stations. It would be advisable to seek assistance through the Swedish programme for this purpose.

E. Land market development

148. Armenia has made significant progress in laying the foundations for an operational land market as a vital part of the transition to a market economy. However, present basic legislation still needs to be improved and supported with new laws in certain areas. Priority should be given to passing legislation to facilitate land market development.

149. Three particularly important issues in the development of the land market in Armenia should be highlighted:

?? The privatization of urban land has, to a large extent, not yet taken place, nor has the transfer of State land to local authorities for urban development;

?? Few final title certificates have been issued to owners of apartments, and legal and practical arrangements for the shared ownership of common parts of buildings (stairs, roofs, utilities, etc.) and of the related land parcels, have not been properly decided;

?? The approach used in the privatization process has resulted in a massive co-ownership of real property.

150. The land market in Armenia is not yet significantly established and is characterized by a lack of market incentives owing to the low value of rural land and a reduced demand for urban housing. In this environment, it is difficult to boost demand through the usual measures of greater transparency, the reduction of administrative barriers and better access to credit.

151. Emphasizing the overall benefit to the economy of facilitating transactions in real property, **it is recommended to:**

(a) Give priority to the outstanding privatization and subsequent registration of land plots and apartments in areas where most economic activity takes place, i.e. in urban areas. Initiatives aimed at improving the situation in the housing sector should be encouraged.

(b) Study possible legal and practical measures to deal with the problem of massive co-ownership, which is further underlined by the fact that many co-owners live abroad.

(c) Give greater priority to the issuing of title certificates for urban properties, including apartments.

(d) Prepare a study on possible legal solutions for the problem of co-ownership in land transactions, for example seek solutions that allow representatives to execute certain transactions on behalf of all the owners of land plots or units.

(e) Implement the following measures:

(i) In the rural sector:

- ?? Enable the restructuring of the agricultural units and reduce fragmentation through the adoption of land consolidation procedures;
- ?? Combine the privatization of State land outside the communities with consolidation procedures, reducing fragmentation and the proliferation of small plots;
- ?? Provide standard documents (pro formas) for leasing, and ensure that leasing legislation adequately protects the interests of lessee and lessor;
- ?? Involve the municipality in land management activities;
- ?? Improve access to water for irrigation purposes through infrastructure projects;

(ii) In the urban sector:

- ?? Prepare guidelines and specimen agreements for the management and maintenance of apartment buildings (housing condominiums);
- ?? Provide simpler registration mechanisms for apartments, e.g. legal ownership only, to ensure simple and rapid conveyance;
- ?? Introduce condominium legislation supporting housing associations, and specifically agreements for the management and maintenance of such real estate;
- ?? Produce large-scale technical maps suitable for zoning, public restrictions and physical planning and ensure that such information is supported through “one-stop shop” procedures;
- ?? Improve plot (re)development by carrying out an analysis to identify the process steps, and then seek to reduce the number of bureaucratic and technical steps involved, consolidating wherever possible;
- ?? Introduce a simple basic property tax system linked to market value and involve the municipalities; and
- ?? Create a simple technical register for technical information, including construction, maintenance liability, description, valuation, permits, facilities; investigate the possibility of using data from the bureaux of technical inventories (BTI);

(iii) In both sectors

- ?? Monitor and publish information about sales, according to property category;
- ?? Find ways to encourage joint property ownership that are socially and politically acceptable;
- ?? Ensure legal protection for mortgage.

- (f) Consider the following national policy objectives:
- (i) The potential involvement of the private sector should be maximized by providing the necessary basic conditions and ensuring that the necessary legal and institutional frameworks are in place to support transactions in land;
 - (ii) Government should dispense with its role as a major landowner;
 - (iii) Government should assume responsibility for the initial modernization and restructuring of land registration and cadastre, valuation, and financial services regulations. It should identify measures in support and encouragement of an increasing number of participants in the land market;
 - (iv) Accountability, openness and transparency should be sought at all levels.

F. Rural development and land consolidation

152. The main constraints to agricultural production and the development of the rural areas are:
- Small, inefficient farms;
 - A steady decrease in annual and perennial crop production;
 - Processing industries work at a very low production level and in difficult financial conditions;
 - A general lack of cash flow in the agro-food enterprises;
 - The lack of rural physical infrastructure suitable for the new agricultural structure;
 - An inadequate irrigation infrastructure;
 - Unsatisfactory provision of services to private farmers;
 - Marketing of the agricultural products – one of the biggest problems;
 - Depopulation of the mountainous and border areas.

153. Two alternative strategies for agricultural development are being discussed at present. One, outward strategy is focused on the development of production where Armenia has comparative advantages. This strategy depends on the opening of new markets for Armenia, which might be difficult especially as Armenia specializes in products similar to those already exported by Turkey. This strategy can be recommended for the long term but could face problems in the short term. Another option would be an inward-looking strategy oriented towards the domestic market. This is an employment-boosting rural development strategy aimed at improving production conditions for the entire agricultural sector oriented towards the domestic (and foreign) market(s).

154. Any agricultural and rural development strategy should take into account the high level of labour supply in rural areas and the low prospects for a medium-term reversal of migration flows. The modernization of agriculture will be stalled as long as the rest of the economy cannot absorb the resulting excess labour capacity in rural areas. In this context it would be rational for the strategy to favour labour-intensive farming (fruit and vegetable production, etc.). There is a consensus in Armenia that the resettlement of abandoned villages should be encouraged.

155. Both strategies are interdependent. Therefore, short-term and medium-term measures have to concentrate on improving production and working conditions and livelihoods in rural areas. A conclusive land administration policy could make an important contribution to this.

156. The development policy for the rural areas should not focus only on farms. Policy has to create also non-agricultural jobs in rural areas, to increase family incomes and to improve the general standard of living in rural areas, too. Only in this way will it be possible to stop or even to reverse the migration from rural areas and the urbanizing of a few cities. That is attainable by a long-term cross-sectoral rural development programme.

157. **It is recommended that** the Government should set up a development programme for rural areas, which should contain at least the following elements:

- The development of transport infrastructure;
- The development of water-supply and sewage-treatment systems;
- The development of telecommunication facilities;
- The promotion of small enterprises and crafts in rural communities;
- The promotion of village renewal.

The development programme has to be implemented by regional development concepts at the marz level.

158. Land consolidation is an effective means to improve agricultural production and working conditions. The appropriate legal approach could reduce fragmentation, improve sustainable rural infrastructure and bring it in line with current and future farming structures. In this context problems with irrigation and soil erosion could also be solved.

159. **It is recommended that** the legal basis for "enforced land consolidation" according to European patterns should be created; that procedure has to be built on the following pillars:

- Responsibility for the procedure is in the hands of the participants (landowners);
- All landowners constitute a body of participants;
- The State authority should lead land consolidation procedures;
- Land consolidation should be enforced only when it is not possible on a voluntary basis by all landowners. In other cases, land consolidation (on the basis of the existing laws) should be voluntary.

160. Efficient and productive farming is attainable only with equipment for larger areas. That could be used on the land still in the State reserve. This entails a change in the strategy for the privatization of State-owned land and in the responsibility for the privatization process, replacing them by a conclusive rural development strategy.

161. **It is recommended that**

- (a) The ongoing privatization of State land should be stopped;

(b) Responsibility for the use of State land (inside the boundaries of communities) should be transferred to the marz administration;

(c) A strategy for the use of State land on the principles of checks and balances with the communities should be designed.

162. The implementation of comprehensive and manifold land consolidation tasks needs an efficient administration. Responsibilities have to be clearly regulated and the administration has to be equipped with sufficient human and financial resources.

163. **It is recommended that**

(a) Marzes should become responsible for the planning and application of land consolidation procedures;

(b) Major preparations for a land consolidation framework should be undertaken by the State Real Property Cadastre Committee (SCC). This could include: legislation activities, development strategies for rural areas; testing these strategies in pilot projects; the education and training of State and municipal employees in land consolidation and rural development; the preparation of regulations and guidelines for implementing the corresponding procedures and projects;

(c) A communication strategy should be designed for the following groups: experts in agricultural extension should be comprehensively informed on aims, methods and executing procedures of land consolidation; farmers, landowners and citizens should be briefed by brochures, information events and meetings as well as workshops on the challenges and opportunities of land consolidation; pilot land consolidation and rural development projects should be executed and evaluated; the related experiences have to be publicized.

164. At the beginning, it is important for land consolidation projects to have a general basic scheme to ensure comparability during the monitoring and evaluation phase.

165. The following structure is **recommended** for a land consolidation project:

(a) **Aims:** Land consolidation is an instrument for the sustainable improvement of production and working conditions in agriculture as well as for promoting the general use and development of land in rural areas. The land consolidation area will be reshaped with due regard for the structure of the landscape to serve the interests of the parties concerned and to benefit general public interests. The area in question will be rearranged and scattered or uneconomically shaped parcels will be consolidated to meet modern managerial requirements, to obtain units of a more favourable location, shape and size, with common facilities and infrastructure. This will facilitate soil conservation, soil improvement and landscaping, and improve the basic conditions of the farming enterprises, reducing the amount of work and facilitating farm management. Village renewal measures may be taken. The legal situation will be clarified. The property rights relationships should be reshaped if necessary. It creates

the property-related conditions for investments (in the non-agricultural sector too) and thus opportunities for new jobs in rural areas.

(b) Steps: The identification of rural communities with an urgent need of development (improving agricultural production, increasing farming productivity, creating jobs etc.);

- The identification of communities able and willing to work out a development concept and to implement it by a land consolidation procedure;
- Calculating the prospective costs and guaranteeing finance; recruiting donors and/or sponsors;
- The appropriate explanation to the landowners and citizens who are likely to be affected; the creation of a spirit of acceptance and trust;
- Executing the procedure: formal land consolidation decision, foundation of the body of participants, identifying the parties concerned;
- The comparative valuation of different options, on the basis of the road and water resource plan, with an accompanying landscape-conservation plan as well as measures for irrigation systems, against soil erosion, against salinization, consideration of the wishes of landowners and farmers regarding re-allotment and compensation;
- The compilation of the results in the land consolidation plan with the reshaping of farms and publication of the land consolidation plan;
- The implementation of the plan, of construction measures, and of village renewal measures;
- The updating of public records, the formal conclusion of the land consolidation procedure; monitoring.

(c) Results: The acceptance by communities, farmers, landowners and citizens of land consolidation and development procedures. The reshaping of a concrete area for sustainable economic development and advantages for all the participants and parties concerned. On-the-job training for the employees of the land consolidation authority. A pilot project with demonstration results for further projects. The accompanying monitoring and final evaluation will permit the objective reproduction of the results.

G. Land valuation

166. A market-based valuation system for taxation purposes has not been introduced. Countrywide introduction of this system is prevented by the small numbers of real property transactions in some parts of the country and the low property values. The current system does not take into the account the encumbrances of the rights of owners of real property. As land and real property taxes collected at community level go to community budgets, the Ministry of State Revenue is not motivated to monitor its collection. There is no direct flow of land and real estate taxes to marz level. That prevents marzes from becoming effective tools of local administration. Large areas of land remain (partly) exempt from taxation. This reduces revenue flows to the State budget.

167. **It is recommended that**

(a) The Government should develop and adopt cadastral mass valuation methods for different types of land. Agricultural land valuation should be based on soil valuation data collected in Soviet times;

(b) The State Real Property Cadastre Committee should be given the responsibility for monitoring the collection of revenue. This could be achieved through a computerized data exchange between the State Committee and the Ministry of State Revenue;

(c) The Government should review its policies, leaving a share of revenue collected through land and real property taxes to the marzes and reviewing exemptions from land tax.

H. Framework for capacity building

168. Capacity building is the process of ensuring that stakeholders have the ability to provide land administration services in a sustainable manner. It is needed to implement an integrated approach to the administration and management of land resources. Since capacity building involves sustained human resource development, it takes place within a continuous learning and changing environment. It requires an ability to manage change.

169. Limitations in capacity arise from factors such as:

- ?? Inadequate funding;
- ?? Inadequate human resources;
- ?? Inadequate working environment for individuals responsible for implementing land policies;
- ?? Inadequate opportunities for education and training for upgrading skills;
- ?? Inadequate programmes to ensure the involvement and commitment of stakeholders.

170. The need for capacity building in land administration will remain important for a number of years for several reasons. Most land registration and cadastral activities are currently directed towards systematic first registration, an activity that is scheduled to end in 2004, although it will probably slacken off after 2002, when the European Union and World Bank projects terminate. As first registration activities are completed, more resources will be reallocated to the administration of subsequent transactions (sales, mortgages, etc.). This change in business will affect not only the workflow of the State Real Property Cadastre Committee but also that of private licensed surveyors, notaries and lawyers, as well as other organizations.

171. As they manage this shift in focus to land and credit market transactions, the State Committee and private licensed appraisers will be expanding the implementation of programmes to appraise and tax agricultural, commercial, industrial and residential properties. It is also intended that marzes, communities and, to some extent, the State Committee will play an increased role in land-use planning, regulation and enforcement. Changes are also anticipated in public land management, where marzes will be authorized to sell State land outside communities.

172. The increased decentralization of certain land administration services to marzes and communities will require capacity building at these administrative levels. It will also require improving the ability of the State Cadastre Committee to deal with 11 marzes, including Erevan, and 930 communities. Similarly, the increasing role of the private sector (surveyors, notaries, lawyers, appraisers, realtors, etc.) in land administration will require capacity building within these professions, as well as within the State Cadastre Committee to enable it to interact with hundreds of individual real-estate professionals and their professional bodies.

173. **It is recommended that** Armenia should develop a comprehensive framework for capacity building, given the extensive range of land administration functions (registration of land and credit transactions, property appraisal and taxation, land-use regulations and enforcement, land consolidation) and the large numbers of stakeholders (ministries and government agencies, marzes, communities, surveyors, notaries, lawyers, appraisers, planners, developers, financial institutions, and citizens). The comprehensive framework should address:

(a) *Increasing the capabilities of individuals.* Education and training will be needed to meet the new challenges, such as integrated administration and the management of land and resources, information technologies, environmental sustainability, legislative developments, and growing economic and social considerations. Staff will require training to upgrade skills to face such changes, to increase their knowledge, and to make them aware of recent developments. Skills can be acquired through education, formal or on-the-job training. Individuals should have a clear understanding of their roles and responsibilities. Ensuring sustainability includes learning the technical skills necessary to maintain operations, the financial skills for the collection of revenues and disbursement of payments, and the managerial skills for strategic planning, etc.

(b) *Strengthening the capabilities of organizational units (land agencies, communities, private sector organizations, etc.).* The goals, functions, responsibilities and resources of land administration agencies should be clarified. Land agencies should be strengthened with the necessary resources (human, technical, infrastructure, and financial) and provided with the support required to identify training needs and to implement solutions. Staff recruitment should be based on sound criteria and organizations should provide adequate job security and conditions to retain people whose skills have been upgraded.

(c) *Improving the cooperative arrangements between organizational units.* Organizations at various levels of government and in the private sector interact with each other. The actions of one agency affect the workload and abilities of others to deliver services to the end-user. As well as improving the coordination of land agencies, attention should be given to improving coordination with education facilities, such as universities, to ensure that curricula are adapted to changing training and education requirements.

(d) *Supporting the institutional, administrative, legal and policy environment.* Sustaining the capacities of individuals and organizations requires an enabling environment addressing

cross-sectoral issues. Achieving such an environment may require the implementation or reform of development policies and plans, the legal framework, the distribution of institutional responsibilities, human resource policies, conflict resolution policies, and of the allocation and management of resources and assets.

(e) *Increasing public awareness to enjoy the full benefit from land administration services.* Increased public awareness of the responsibilities of land agencies helps to ensure the accountability of those agencies and improves their effectiveness in delivering services to customers. Increased awareness of the benefits helps to generate public support, which, in turn, fosters a willingness to pay for the services. This should build on the work undertaken by USAID.

174. The capacity-building framework should be used to determine those land administration services for which capacity must be increased. Capacity building will be required when the present capacity to deliver a service is below the minimum level required for that service to be sustainable. Steps to be taken include:

(a) The identification of goals and priorities to ensure that the training of people and the strengthening of organizations do result in higher efficiency and effectiveness;

(b) The identification of minimum levels of capacity for each land administration service to be sustainable. The level of service to be provided is one factor in determining the capacity required for sustainability. A higher level of service may be more sustainable than a lower level, since people may be more willing to pay for a higher (i.e. better) service than for an inferior one. Another factor is the choice of technologies: different technology options require different skills and other resources in the organization. Economic factors also affect sustainability: there must be sufficient revenue flow to cover recurring maintenance costs and other operating expenses, and the users must have sufficient wealth to ensure that the services are paid for regularly. If a minimum level of service is deemed essential for a community and yet the community cannot afford to pay for that service, its financial resources must be supplemented from outside the community. Technical, institutional, economic, social and political feasibilities should thus be assessed. In general, technical problems may cause a temporary lack of capacity, but sustained failures arise from problems such as inadequate finance, poor administration, the lack of community support, etc. The lack of capacity in one area may be followed by others, e.g. a lack of capacity in financial management in a community may result in the failure to collect all the revenues due, which reduces the ability to pay for staff and to repair computers and other infrastructure. The organization may then be forced to provide a lower-quality service. This would be accompanied by a decline in public support for the organization and an increasing reluctance to pay for the inferior service;

(c) Assessment of the existing levels of capacity to provide to each land administration service and identifying those services where capacity is below the minimum level defined for sustainability;

(d) The design of a capacity-building programme to improve the delivery of specific land administration services, estimating the costs of the programme, identifying resources to fund it, etc. Such

a programme should increase the capabilities of individuals, strengthen the capabilities of organizations, improve the cooperative arrangements between organizations, support the enabling environment (institutional, administrative, legal and policy environment) for land administration, and increase public awareness;

- (e) Implementation of the capacity-building programme;
- (f) Monitoring and evaluation of the programme using pre-defined performance criteria.

175. **It is recommended that** a capacity-building specialist should help to prepare the pilot model for decentralized land administration so as to identify and prioritize training needs and develop a comprehensive training programme for the various government agencies (SCC and its local offices, the court system, other central agencies, marzes, local communities) and the private sector (surveyors, valuers, realtors).

176. With regard to land consolidation, the following capacity-building activities **are recommended**

- (a) The creation of awareness and understanding of the potential and limitations of land consolidation through workshops and study tours to selected central and east European countries (for example, Poland, Hungary, Czech Republic and eastern Germany). This education component should be for politicians responsible for land consolidation legislation and Armenian experts involved in the drafting of parliamentary bills;
- (b) The implementation of post-graduate studies on rural development and land consolidation at a university in Armenia in cooperation with foreign universities (e.g. German universities) and short courses;
- (c) The provision of on-the-job training for employees involved in the land consolidation project through a workshop and study tour to land consolidation projects in selected east European countries; through cooperation with a land consolidation agency in eastern Europe; and through international consultants.

I. Donor assistance

177. **It is recommended that** first title registration should be completed as soon as possible according to the existing concept and the SCC should be encouraged to find all possible support to complete the programme.

178. **It is recommended that** the design and implementation of the pilot model for decentralized land administration should receive support. This should proceed through an introductory study of the model for the decentralized land administration structure funded by a donor, and which will prepare a larger project for donor funding and implementation.

179. **It is recommended that** donors should support the development of the land information infrastructure through orthophoto mapping and other approaches.

180. **It is recommended that** capacity-building programmes should be supported as a priority.

Annex I

TERMS OF REFERENCE OF THE MISSION

The United Nations Economic Commission for Europe, through its Working Party on Land Administration, will undertake an assessment mission to Armenia in November 2000. A team of international experts will define the most appropriate areas for future cooperation between the United Nations Development Programme (UNDP) and the Economic Commission for Europe (ECE) in land cadastre and related administration. The international expert team will carry out a needs assessment study and prepare an outline for a project document with a time frame for future cooperation between ECE, UNDP and the Government of Armenia.

The following aspects of land administration will be covered:

- (a) Preparations for an ECE workshop on cadastre and land registration to be held in Armenia (Yerevan) in October 2001 (including drafting an outline of the workshop's programme and organization, identification of key speakers and participants);
- (b) Drawing-up of a pilot project proposal for a model district with an effective land administration system. Visiting of various communities with the installed system and preparation of appropriate recommendations for improvements to be made in the work of local cadastre offices;
- (c) After studying the present situation with regard to land consolidation (on the basis of information provided by the host authorities and interviews with local experts), make proposals for policy development and national strategy on land consolidation, as a critical element in introducing economies of scale in the agricultural sector;
- (d) Preparation of recommendations on the training of land administration authorities and local staff;
- (e) After meetings with the donors to discuss progress and bottlenecks in donor assistance, make proposals for better coordination and efficiency of donor assistance as a means for the further attraction of donors to Armenia in the field of land administration.

Annex II

MISSION PROGRAMME

Sunday, 19 November

Arrival of the international experts in Erevan
Organizational meeting of the team

Monday, 20 November

Meeting in the UNDP office in Erevan
Meeting in the State Real Property Cadastre Committee (SCC)
Technical visits in SCC
Meeting in the TACIS Coordinating Unit in Armenia

Tuesday, 21 November

Meeting with the Minister of Finance and Economy Meeting with the European Commission Food Security Programme's project management unit
Meeting with the representative of the World Bank in Armenia
Visits to local cadastre offices and review of surveying activities

Wednesday, 22 November

Meeting with the Mayor of Erevan and the City Architect
Visits to local SCC offices
Visits to mountainous areas
Team office work

Thursday, 23 November

Meeting with the representative of USAID in Armenia
Visits to local SCC offices and review of the land register software application
Team office work

Friday, 24 November

Meeting with the Minister of State Revenue
Meeting in the SCC office
Meeting in the UNDP office
Farewell meeting

Saturday, 25 November

Departure of the experts

Annex III

INTERNATIONAL EXPERT TEAM

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Land Tenure Service
Food and Agriculture Organization of the United Nations
Rome, Italy

Mr. Guennadi VINOGRADOV
UNECE secretariat
Environment and Human Settlements Division
Palais des Nations
8- 14, av. de la Paix

Geneva, Switzerland

Annex IV

STRATEGIC MASTER PLAN FOR LAND ADMINISTRATION DEVELOPMENT

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1. Executive summary
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 - 3.1. Main aims of legal reform
 - 3.2. Specific measures for legal reform
 - 3.2.1. Establishing legal security for Mortgages
 - 3.2.2. Drafting a condominium law
 - 3.2.3. Drafting a land consolidation law
 - 3.3. Success indicators
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 - 4.1. Main aims of institutional reform
 - 4.2. Specific measures
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 - 5.2.3. Strengthening of basic geodetic network, establishment of a national system of spatial units
 - 5.2.4. Medium and small-scale topographic mapping programme
 - 5.2.5. Creation of a Technical (and Valuation) Register of Buildings
 - 5.3. Success indicators
6. Finance and other resources

- 6.1. Projected modernization costs and achieving self-sufficiency
- 6.2. Donor and government funding
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- 8.5. Global budget (summary of all sub-project expenses)
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Annexes

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Annex IV

A. Background – analysis of current status of the sector

A.1. Existing status of the sector

A.2 Ongoing and currently planned activities

Annex V

**DRAFT TERMS OF REFERENCE FOR A LAND ADMINISTRATION PILOT PROJECT
AT MARZ LEVEL**

1. Summary

The project aims to prepare a detailed feasibility study and a proposal for the establishment of a sustainable land administration project supporting urban land markets and rural development.

2. Background

In 1995-2000 the Government of Armenia undertook reforms aimed at re-establishing private property rights able to support the creation of a land market and thus contribute to the development of the market economy.

While there have been steps to prepare the legal framework and technical activities, a functioning administration system and land market able to support the normal activities of a market economy are not yet in place.

Armenia has made remarkable progress in the privatization of land, and in establishing an infrastructure for the registration of rights in real property and for the emerging land market. Agricultural land was quickly privatized during 1991-93, resulting in more than 1.3 million agricultural parcels with temporary title certificates. There are now more than 2.5 million parcels, including individual properties and privatized apartments and agricultural plots. Armenia is currently halfway through a large project to survey and document privatized properties, and to issue permanent title certificates through a programme called "First Title Registration". It has received financial assistance and technical advice from the European Union, the World Bank, USAID, and the Swedish Government. First title registration is planned to finish in 2004; however, this is conditional on the continuation of foreign financial assistance.

The Government of Armenia has largely based its land administration infrastructure on the recommendations of the United Nations Economic Commission for Europe (UNECE), as outlined in its Guidelines on Land Administration (1996). Cadastral mapping and the registration of legal rights in land have been combined in one single institution: the State Cadastre Committee (SCC). A regional network of 47 cadastre offices is now providing services to clients, maintaining both the cadastral maps and the alphanumeric registers. The Government has implemented an internationally recognized policy of separating legal functions, i.e. functions related to the registration of properties and related rights, from functions of a more political nature, such as selling and leasing State land.

The SCC has prepared a concept paper that sets out its objectives and its vision of the next

steps in the reform and modernization process. The aim is to ensure that the correct regulatory, legal and technical processes are in place to support a modern land market, functioning in accordance with European practice. A land market is currently emerging in Armenia, but it is still limited. A total of 44,000 transactions were registered in 1999 and these mostly concerned the sale or other types of transfer of ownership to apartments. Mortgage loans are generally not available for investments in land or buildings. The law prescribes that transactions shall be registered within 15 days, but the experts were not able to verify whether this target is fully achieved. An IT system has been developed and is currently being used to facilitate work at the regional cadastre offices. The SCC has started to design the next generation IT system, based on a concept of shared central databases and networking, much in line with modern IT solutions for cadastres and land registers in west European countries. The Government of Armenia is aware of the need to strengthen the judiciary in order to ensure that the legal processes can be executed in a timely and efficient manner to protect and uphold the rights of private and legal persons.

As in many other countries in transition, Armenia has concentrated much of its efforts on the registration of rural land. Recognizing that a viable land market in urban areas will have a greater impact on economic development, the SCC has recently decided to assign more of its resources to the registration of properties in the cities. Land in urban areas is generally not yet privatized. Differentiating and defining the ownership of land in urban areas, between the State, the local authorities and the private sector, are of the utmost importance in the development of a true land market, as well as for city development and for stimulating the housing sector. Improving the legislation and framework for the operation and maintenance of multi-family houses is another very important issue for achieving sustainability in Armenia's housing sector.

The 1991-1993 privatization resulted in a very fragmented land structure in rural areas. The average size of farms is only 1.3 hectare, normally divided into three or four separately located parcels. Land consolidation and measures to prevent further fragmentation are much needed to improve the farming economy.

The massive amount of co-ownership, resulting from the fact that land and apartments were generally privatized to families and not to individuals, is another issue which needs attention in developing the land market in Armenia. The problem of co-ownership has become even more serious since a large number of current shareholders in property live outside Armenia, due to the very high levels of emigration.

The current situation is therefore that while many reforms have been carried out, there is not yet a synthesis at the operational level. There is evidence of barriers that create delay, increase transaction costs and generate a lack of transparency in dealings. Specific sectors such as valuation, use, planning, permit issue are considered to be either inadequate or non-functional or subject to excessive bureaucracy. There is a limit to the reform that can be imposed from the centre, and there is a wish to establish operational procedures at the local level, which will lead to tangible results.

3. Scope

The work will cover:

(a) An introductory study for the preparation and presentation of a model for land administration with the primary focus at marz level. This will identify all the land administration functions that are required to support the urban and rural land markets (especially any rural development requirement), and propose a model for their organization and management. The division of responsibilities between the centre, the marz, and the municipality must be clearly spelled out. The model should explicitly consider the role of the private sector. The model should also analyse the financial basis of the proposed model, and demonstrate how it can be supported after donor support is withdrawn. (See recommendation in chap. II, sect. B, pilot model for decentralized land administration;

(b) The preparation of a full-scale project proposal suitable for donor funding that would implement the proposed model in a marz and selected municipalities. (See recommendation in chap. II, sect. B, pilot model for decentralized land administration);

(c) The preparation of a training needs assessment to run alongside subparagraph (b) above and taking note of the remarks about capacity building in chapter II, section 8, capacity building.

4. Requested resources

A consultancy team is required with the following composition:

(a) Development economist (team leader)

The team leader should be an experienced development economist with at least ten years' international experience of public sector reform and experience of land administration. The consultant should have experience in planning and analysing institutional structures, and preparing financial plans. The consultant should be fluent in English. Ability to speak Russian would be an advantage. The consultant should have experience in drafting proposals for donors such as UNDP, EU and the World Bank;

(b) Land administration specialist

The land administration specialist should have direct experience of working within a land administration agency, and have a thorough knowledge and understanding of how decentralized land administration functions can operate. The consultant should have at least five years' international experience, working directly in the countries in transition of eastern Europe and the CIS. Ability to speak Russian would be an advantage;

(c) Land consolidation expert / rural development expert

The land consolidation expert should have ten years' experience of the development and application of land consolidation procedures, as well as a thorough understanding of the legal requirements necessary

to support land consolidation. The consultant should have at least five years' international experience. Ability to speak Russian would be an advantage;

(d) Training needs analyst

The expert should have at least five years' experience in establishing the training needs of national land administration agencies, and have similar experience from other central and east European countries. The expert must have experience in: management training needs assessment; technical training needs assessment (IT, GIS/LIS, surveying and mapping); and devising and delivering training programmes in the above areas.

5. Requested input

The consultancy team is expected to allocate a total of four working months to the project, including a two-week trip to Armenia.

6. Reporting

The team will report to the UNDP Resident and to the Chairman of the State Cadastre Committee. A short inception report is required after two weeks to identify the steps in the process and set a schedule for the deliverables. The final draft report is to be issued after six weeks, and subject to a two-week review by the SCC. The consultants will receive comments and must resubmit a modified report within two weeks of receiving the comments.

7. Deliverables

Inception report after two weeks

Final draft report after four weeks

Final report within two weeks of receiving comments from SCC

8. Timing

Second half of 2001

Annex VI

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