

THE WORLD BANK

# Land Tenure Policy

SECURING RIGHTS TO REDUCE POVERTY  
AND PROMOTE RURAL GROWTH

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# Land Tenure Policy

## SECURING RIGHTS TO REDUCE POVERTY AND PROMOTE RURAL GROWTH

Modern, efficient and transparent land administration systems are important in reducing poverty, and promoting growth and sustainable development. Security of property rights is central to preserving livelihoods, maintaining social stability, and increasing incentives for investment and for sustainable, productive land use. Making land rights transferable allows the landless to access land through sales and rental markets or through public transfers, and further increases investment incentives. Since the late 1960s, the World Bank has provided financing, technical help and training to strengthen national land administration laws, policies and investment programs.

### CHALLENGE

Uncertainty about land ownership and occupancy rights not only complicates development planning for governments. It can also increase vulnerability, especially of poor and marginalized groups. Moreover, it undermines incentives to take actions that are essential to improving incomes and conserving scarce resources over the longer term. Many countries face a common set of challenges, for which country-specific solutions need to be developed: (i) incomplete or outdated legal and regulatory frameworks; (ii) dispersion of responsibilities across different institutions; (iii) outdated technology that makes land demarcation, regularization and titling a

lengthy an expensive process; (iv) poor integration of relevant databases, within and between countries; (v) uncertain financial sustainability of data systems; (vi) a need to adjust 'best practice' solutions to specific local ethnic, cultural and legal traditions; and (vii) inadequate mechanisms to ensure transparency, good governance, citizen participation and recourse in the various phases of land administration, from demarcation to titling and enforcement. Also, to get the best results from modernizing land administration systems, governments often need to make related investments. For example, providing legal clarity about the boundaries of indigenous lands and protected areas has to be accompanied by strengthened monitoring and enforcement, and changing incentives for investment at the local level; likewise, providing land titles can improve small farmers' and entrepreneurs' incentives to invest, but credit programs also have to be available and accessible to them.

In addition, the continued increase in food prices and cultivation of lands for bio-fuel uses has prompted a sharp increase in commercial pressure on cropland, grasslands, forested areas and water resources in both developed and emerging countries

Two principles of land tenure policy stand out in the quest for growth and poverty reduction:

### 1. The importance of tenure security.

Security of property rights (whether through titling or customary use) and the ability to draw on local or national authorities to enforce those rights are central to preserving livelihoods, maintaining social stability, and increasing incentives for investment and for sustainable productive land use.

### 2. Land access and transferability of rights.

Making land rights transferable allows the landless to access land through sales and rental markets or through public transfers, and further increases investment incentives.

## APPROACH

The International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA) have invested in strengthening land policies and administration systems in member countries for over four decades. The earliest programs in the late 1960s focused on land demarcation and titling in specific geographic areas, usually as part of broader land settlement or rural development programs. In the nine states of northeast Brazil, IBRD supported demarcation and titling of over half a million hectares under several rural development projects. By the mid-1980s, the focus began to shift from securing rights in particular areas to modernizing land administration systems at the national level. One of the first and most ambitious of such efforts was the Thailand Land Titling Program. Since the mid-1990s, the World Bank has scaled up support significantly to help 19 countries of East Europe and the former Soviet Union and several Southeast Asian countries make the transition from state ownership of property and land under command economies to private ownership under

market-based economies. Elsewhere, the World Bank has continued to support both modernization of land administration systems at the national level, and targeted help to specific problem areas, such as undocumented squatter settlements, indigenous lands, coastal marine zones and other environmentally sensitive areas of national or global importance. The World Bank's sister organization, the International Finance Corp. (IFC), has also had a catalytic impact in many countries through its Doing Business surveys, which monitor the ease of registering a property and encourage countries to adopt reforms that make the process more transparent and efficient.

The current World Bank approach emphasizes policy dialogue, research, investment and operational support for the resolution of land tenure issues. The World Bank also facilitates the sharing of best practices across countries and regions. In addition to project-specific support, the World Bank continues to use its technical expertise to work with governments to strengthen their land administration institutions and assess the overall land policy





framework. A 2011 report, *Rising Global Interest in Farmland: Can it Yield Sustainable and Equitable Benefits?*, is a recent example of the commitment to informing debate and understanding of agro-investment trends and their impact on economic growth and poverty reduction.



## RESULTS ACHIEVED WITH IDA SUPPORT

The following examples illustrate the kinds of results achieved through IBRD and IDA support for modernization of land administration programs over the past 40 years:

### Making land tenure more secure and improving access to credit.

- In **Thailand**, a series of three IBRD-financed land titling projects during 1985-2001 helped the government produce over 5 million title deeds, directly benefitting an estimated 20 million people (approximately one-third of the national population at the time). As one of IBRD's first such comprehensive efforts on a national scale, the Thailand experience has been the object of considerable research and aspects of the program have served as a model for land administration programs throughout the world. Research findings confirm the importance of secure land tenure for improving access to credit and as incentives to invest. They also emphasize the importance of having such complementary credit programs be available and accessible, in order to achieve these results.
- In **Bolivia** the Land Administration Project (fiscal year 1995) helped update the 1952 land reform law, establish a new tenure regime for indigenous people and modernize the land administration system. As a result, 2.8 million hectares (ha) of land were surveyed and titled.
- In the **Kyrgyz Republic**, the Land and Real Estate Registration Project (FY00) supported the development of markets for land and real estate and also to improve their use. This is being achieved by introducing a reliable and well-functioning system for the registration of rights and the creation of "Gosregister", the state agency which established the legal and administrative basis for registration of land and real estate. By 2007, over 2.4 million immovable property objects have been registered; sales, leases and mortgages have grown, as have tax income and other economic benefits. About 45,000 mortgages valued at US\$1.1 billion equivalent were registered in 2007.
- In **Armenia**, the Title Registration Project (FY99) promoted private sector development by implementing a transparent, parcel-based, easily accessible and reliable registration system for land and other immovable property. Almost all of the country's 2.5 million privately-owned land parcels and buildings were surveyed, and about 1 million property records were stored in a central database.
- In **Bosnia and Herzegovina** the Land Registration Project (FY07), assisted in the development and adoption of new service standards in order to help improve services, transparency, speed and accuracy of registrations. Registration took many months prior to commencement of the project in 2007, but now 80 percent of all transactions are resolved in five days or less and mortgages are registered within a day in 16 of the 47 courts, including Sarajevo.

### Improving post-disaster recovery

- In **Indonesia**, under the Reconstruction of Aceh Land Administration Project (FY05), IDA supported post-Tsunami recovery efforts in Aceh through rapid community mapping, and land registration and titling. The project also introduced the concept of joint titling and gender recording. A total of 222,628 land title certificates were distributed to land owners after the tsunami, out of which 63,181 were given to women either individually or as joint owners with their spouses.

### Protecting indigenous and environmentally sensitive lands

- In **Colombia** under the Natural Resources Management Program (FY94), IBRD helped 58 Afro-Colombian and indigenous community councils gain title to 2.4 million ha of land for households comprising over 100,000 people.
- In **Nicaragua** under the Land Administration Project (FY02), IDA helped to demarcate, title, and

register 1 million ha of indigenous and ethnic community lands in the country's Atlantic coastal region, and prepare territorial management plans with participation of the communities, their leaders and authorities, to guide future development efforts.

### The Honduras Access to Land Pilot Project (FY01)

demonstrated the financial viability of community-based land reform with private financing of land acquisition; 990 families acquired 2,400 ha; 97 percent of farmers able to pay back loans, and farmer incomes doubled in four years.

### Supporting peace and conflict mitigation

- As one of the factors underlying 30 years of civil war in **Guatemala**, land issues featured prominently in the 1996 Peace Accords. Lack of secure tenure rights fueled conflicts and hindered investment, especially in rural areas. Through the Land Administration Project that began in 1999, IBRD has helped to demarcate about 720,000 hectares of rural lands (2,980 properties titled and



registered) and 67,000 urban parcels (28,750 of which received registered titles, and 40% of which are female heads of household), covering most lands in the Department of El Petén. 79 percent of land conflicts were resolved through a participatory mediation process which was piloted under the project. A Second Land Administration Project that begun in 2007 is now extending these activities to several other Departments in the country.

- Similarly, in **Sri Lanka** the North East Housing Reconstruction Program (FY05) assisted in the reconstruction of 31,200 houses in the North East region over a four-year period. This has facilitated the return of displaced populations in the north-east, and the regularization of land titles to targeted beneficiaries.

### Demonstrating the viability of community-based approaches

- In **Honduras** the Access to Land Pilot Project (FY01) demonstrated the financial viability of community-based land reform with private financing of land acquisition. By the end of the

project, 990 families acquired 2,400 ha, 97 percent of farmers were able to pay back loans, and farmer incomes doubled in four years.

- In **Malawi** the Community Based Rural Land Development Project (FY04) built on the new land policy adopted by the country in 2002 with IDA support. By May 2010, 15,000 poor families had access to land. Gross margins per hectare have risen ten-fold for hybrid maize from the pre-relocation baseline.

### BANK FINANCING AND OTHER SUPPORT

Since 1990, the World Bank has supported 76 projects with land administration as a major theme in 48 countries with total assistance amounting to some US\$3.6 billion. In addition, some 228 projects in 78 countries addressed land policy issues as a secondary theme. In some cases projects focused solely on land issues; in others, land issues were one of several components of broader investment programs. Some projects financed specific investments, while others supported policy and institutional reforms.

Some highlights of results achieved in IDA supported projects mentioned above are as follows:

- **Armenia:** 2.5 million privately-owned land parcels and buildings were surveyed and about 1 million property records were stored in a central database.
- **Bolivia:** 2.8 million ha of land were surveyed and titled.
- **Indonesia:** 222,628 land title certificates were distributed to land owners, out of which 63,181 were given to women either individually or as joint owners with their spouses
- **Kyrgyz Republic:** 2.4 million immovable property objects were registered.
- **Nicaragua:** 1 million hectares of indigenous and ethnic community lands in the country's Atlantic coastal region was demarcated, titled and registered.
- **Sri Lanka:** 31,200 houses in the North East region were reconstructed allowing the return of displaced populations and the regularization of land titles to targeted beneficiaries



The World Bank's strong analytical capacity and intellectual leadership has allowed operations to draw on cutting-edge research to show the importance of land issues for overall economic development. It has also helped countries formulate and build consensus around national strategies to deal with land in a prioritized and well-sequenced manner.

### PARTNERS

The World Bank has partnered with regional development banks, UN organizations, bilateral donors, national and local governments, and civil society organizations, in an effort to advance knowledge and support the modernization of national land policy and administration systems. It has also encouraged considerable 'South-South' cooperation among developing countries themselves, often making it possible for government officials and technical staff involved in successful land administration projects to share their experiences with peers in other countries. Examples of partnerships on land policy and administration in which the World Bank has engaged have included the Global Environment Facility, the UN-Habitat-Global Land Tool Network, and the G7 Pilot Program to Preserve the Brazilian Amazon. It also collaborates closely with professional associations such as the International Federation of Surveyors, private foundations such as the Bill and Melinda Gates Foundation, and several multi-donor trust

funds for post-conflict and post-disaster recovery. The World Bank hosted the 2010 Annual Conference on Land Policy and Administration, and maintains an external Land Policy and Administration webpage. The World Bank also participates in the Global Donor Platform for Rural Development which supports an active cross-country research program on contemporary land policy and administration issues.

### MOVING FORWARD

Land and property often account for between one-half to three quarters of national wealth. From this perspective, clarifying land ownership and occupation, and the distribution and value of land resources, as well as designing appropriate laws, regulations and institutions, are very important for growth, poverty reduction, and sustainable development. A supportive legal framework and effective arrangements for land administration are as important to the development process as are sound laws, regulations and institutional arrangements for labor and capital. As climate change, food price volatility, and other factors place increasing pressure on scarce natural resources, countries are facing the need to accelerate efforts to modernize land administration systems to secure land rights; ensure that they have accurate data on land resources, occupation and ownership; and that this information is organized in ways that can be easily updated and shared across institutions involved in development, post-conflict and post-disaster planning. For these



reasons, the last three World Development Reports (2008, 2009, and 2010) have consistently advocated stepped-up support for land policies and institutions.

Work in the area is increasingly addressing governance challenges, including instruments such as global performance standards and user surveys, in parallel with further analytical work. The World Bank is joining forces with partners to seek lower-cost land administration technologies and services (e.g., in land surveying, titling, registration, alternative conflict resolution mechanisms) to ensure the coverage and sustainability of its work in the poorest areas.

The World Bank will continue to work with countries on diagnosis, policy dialogue, operational and financial support in an effort to establish land administration systems that help protect the rights of the poor, induce better national resource management, increase investment, and help shift towards a more diversified economic structure.



## Nicaragua: Indigenous Peoples' Land Demarcation and Titlements

### Challenge

Most of Nicaragua's indigenous and Afro-descendent peoples, with their considerable ethnic and cultural diversity, live in the Caribbean region of Nicaragua, known as the Atlantic Coast. Although the area is rich in natural resources, almost 80 percent of its population faces extreme poverty. The advance of the agricultural frontier, immigration, population resettlement after the armed conflict, and uncontrolled development have put pressure on natural resources and land occupation patterns. As a result, land conflicts and inter-ethnic rivalry have increased. For many years, the lack of an institutional and legal framework made it difficult for indigenous and afro-descendent communities to have their rights to land and natural resources formally recognized and their territories demarcated and titled.

### Approach

Drawing upon World Bank studies which highlighted the connection between land tenure security and poverty reduction, the government moved to improve the legal, institutional and technical framework for the administration of property rights in Nicaragua, beginning with rural areas where most of the country's poor live.<sup>1</sup>

Recognizing indigenous peoples' land rights in the Caribbean required an innovative and unique approach, taking into account traditional decision-making and consultation structures, collective tenure arrangements and communal use of natural resources, as well as the culture and worldview of indigenous peoples. Many community leaders have been involved in the demarcation process, which follows a participatory methodology emphasizing conflict resolution. The demarcation itself is a challenging task, requiring arduous work in often remote and isolated areas.

### Results

**The institutional and legal framework for recognizing indigenous peoples' land rights has been strengthened and land titling is proceeding apace.**

### Highlights:

- Among other laws and decrees, two critical laws were successfully passed by the National Assembly: the Communal Property Regime for Indigenous and Ethnic Communities on the Atlantic Coast and the Bocay, Coco and Indio Maíz Rivers (Law 445, December 2002); and the National Cadastre Law (Law 509, November 2004).
- The land titling process has thus far provided tenure security and/or use rights to those who are not indigenous or Afro-descendants and do not form part of the communal system but who live in these territories. Law 445 also contemplates conflict resolution processes among the communities in the region and among these and third parties.
- As of July 2009, 9 territories have been duly demarcated, titled and registered, covering an area of more than 10,000 km<sup>2</sup>. A total of 53,000 inhabitants, mainly Miskito and Mayangna, living in 123 communities have benefited from land demarcation and titling.
- The titling of Awas Tigni (733.94 km<sup>2</sup>), one of the 9 territories titled so far, represents a historical achievement. In 2001, this community had won a case against the Nicaragua government in the Inter-American Court of Human Rights demanding recognition of its collective land rights. In December 2008, with the support of the Project, Awas Tigni was finally titled.
- Another 6 territories belonging to indigenous and Afro-descendant peoples are due to be demarcated, titled and registered by 2010.

### IDA Contribution

- IDA committed US\$32.6 million equivalent to help finance the Land Administration Project (known as PRODEP). The rest of Project costs (estimated at US\$38.5 million) is being financed by the Nordic Development Fund (EUR5.5 million) and counterpart funding from the Government of Nicaragua.
- In the case of land regularization on the Pacific coast, where the legal framework is not yet as conducive to recognizing indigenous peoples' rights, Bank safeguard policies under the Project are helping promote progress by Nicaragua on sensitive issues such as acknowledging the existence of indigenous populations and finding feasible ways to recognize their land claims.

### Partners

Co-financing by the Nordic Development Fund (EUR5.5 million)

### Next Steps

- IDA has committed another US\$10 million in late 2009 to continue the work of PRODEP. Some of the new municipalities proposed for inclusion under the additional financing have indigenous populations seeking recognition of their land rights.



Women and the poor now receive legal protections regarding their ownership rights to real estate assets.

## Kyrgyz Republic: Land Registration Spurs incentives and Growth

### Challenge

As it emerged from Soviet rule following independence in 1991, the Kyrgyz Republic faced the challenge of creating a system of property rights. A big obstacle was the lack of enforceable ownership rights, which resulted in insecurity, a lack of collateralized credit, and high transaction costs. For households and businesses, it was difficult to buy, sell, or inherit real estate, or to use real estate as collateral for borrowing. Several agencies were active in this arena, but their work was uncoordinated and largely deficient. Information on real estate rights was hard to access and retrieve.

### Approach

The IDA-financed Land and Real Estate Registration Project was launched in 2000 to establish an efficient cadastre system—which is a comprehensive register of a country’s property that includes details of ownership, tenure, and location. This new property system was designed to provide the new legal framework for secure ownership, increased access to credit, decreased transaction costs, and more efficient buying and selling. The project set up registration offices throughout the country, provided assistance for legislative and regulatory reforms, and conducted training for diverse stakeholders—including government officials, civil society, and various organizations working in the real estate sector.

### Results

**Most private properties are now registered. More than 2.5 million real estate units are registered, including 661,000 units whose situation was regularized under the project.**

### Highlights:

- **Access to credit greatly increased.** Access to credit increased through a new system that uses real estate collateral. More than 48,000 mortgages valued at over US\$1.3 billion were registered in 2008.
- **Property sales grew.** Property sales grew to 48,100 units in 2007, although due to the economic downturn, there were only about 43,700 sales in 2008.
- **Transaction costs decreased.** Land-related transaction costs are estimated at less than 2 percent of property values for large estates and less than 1 percent for houses and apartments. This compares favorably with an average of 2.7-4.3 percent in OECD countries.
- **Local registry offices became sustainable.** Fifty registration offices were opened on schedule, with training provided to staff. Most were already able to cover operational costs through revenues generated from services rendered.
- **Customer service improved.** The project implemented a number of measures to reduce the opportunities for corruption, and to improve accountability and customer service.

### IDA Contribution

The Land and Real Estate Registration Project cost US\$10.95 million, of which IDA financed US\$10.02 million. It was coordinated with local government, real estate professionals, real estate brokers, notaries, and lending institutions, all of which played an important role during implementation.



## Partners

The World Bank Group coordinated with other donors before the project was designed. The US Agency for International Development (USAID) had conducted a small pilot project testing techniques for the collection of data necessary for property registration and had taken a lead role in drafting a Land Registration Law. The Swedish International Development Cooperation Agency (SIDA) agreed to finance technical assistance components. Both USAID and SIDA were active on property-valuation methodologies and property tax. Under a Swiss program, aerial photographs were obtained for Bishkek and Osh, which enabled the project to produce digital maps for these cities.

## Next Steps

A Second Land and Real Estate Registration Project became effective in late 2008 and is slated to run through 2012. It will continue to register additional types of real estate in the national registry system, including informal urban settlements, urban parks, government properties, and pasturelands. The cadastral mapping also needs to be gradually upgraded. Currently, the majority of local registry operations are able to finance their current expenditures. However, they continue to depend on the government for capital investment, information technology, and quality control. To strengthen the Kyrgyz Republic's overall system of property rights, the project aims to continue strengthening institutional capacity, particularly financial management of registry operations, records management, and strategy development.



More than 2.5 million real estate units are registered, including 661,000 units whose situation was regularized under the project.

## Bosnia and Herzegovina: Land Registration Project

### Challenge

Systems for the registration of property rights in Bosnia and Herzegovina (BH) have been in disarray since World War II and made worse following the 1992-1995 war. Records were lost and people were displaced, and the legal records often no longer reflected the actual situation. Over the last twenty years, informal development of large areas occurred because of the difficulty in getting permission to build or occupy property. It is very difficult to complete basic real estate transactions, develop property or to borrow money based on property as collateral.

### Approach

The project helped to establish land registration units within the Ministries of Justice in the country's two constituent entities, the Federation BH and Republika Srpska (RS). Working conditions improved through building renovations in 37 locations, together with the supply of equipment and software, and streamlining of work processes. Data entry into automated systems and the provision of expert consultants to help reduce backlogs and enter data is under way and over 460 temporary staff were hired for this purpose. Systematic survey and situation analyses are being conducted in eight sites to assess the scope and complexity of problems associated with informal developments and weak planning systems, and to investigate the possibility of providing a greater level of financial support to local government through property taxes.

### Highlights:

- New service standards have been developed and adopted to help improve services, transparency, speed and accuracy of registrations. Registration took many months prior to project launch in 2007, but now 80 percent of all transactions are resolved in five days or less and mortgages are registered within a day in 16 of the 47 courts, including Sarajevo.
- Ninety-two percent of property folios in the RS and 89 percent in the Federation BH were digitized, as well as 1.9 million hectares of cadastral maps, exceeding the project target of 1.4 million hectares.
- Over 18,000 backlogged cases have been resolved since 2007, at a time when new registration requests have increased by almost 100 percent. Service delivery has improved through automation and improvements to the physical infrastructure, and corruption opportunities have been largely eliminated. Requests for documentation can be processed in a matter of minutes.
- New legislation covering land registration, spatial planning, cadastre, property taxation and regularization of informal developments were drafted.

### IDA Contribution

The project, funded by an IDA Credit of US\$15 million equivalent, is making good progress towards meeting its long-term objective to “facilitate the orderly development of transparent land markets through registration of real estate rights and complimentary policies that enable transactions to be made with security and efficiency.”

### Partners

IDA has helped coordinate donor activities with the U.S. Agency for International Development in property taxation and planning; European Union (EU) in providing geodetic networks and maps; and a joint Swedish, Austrian and German project that provides

the technical assistance specifically for the Land Administration Sector and the IDA-funded Land Registration project. IDA helped to coordinate an EU-funded regional project for the Balkans to assess and regulate spatial data infrastructure that is required as a basis for implementing the Infrastructure for Spatial Information in the European Community (INSPIRE) directive for EU member states.

### Next Steps

The project documentation includes a long-term vision for the land administration sector, up to 2016, and the project provides funds for the government to implement the first stage up until 2011. The analysis and policy work conducted within this project forms the basis for completing the longer-term vision in subsequent years. This work addresses the national requirements for improved spatial planning, building permitting, property taxation, spatial information related to e-government initiatives, and regularization of existing developments.



The project has contributed to a significant reduction of backlogs in property registration (over 18,000 cases have been resolved since 2007) and more efficient customer service in many courts.

## Macedonia: Reforming the Land Market

### Overview

Drawing upon International Bank for Reconstruction and Development (IBRD) funding and expertise, the former Yugoslav Republic of Macedonia (FYR Macedonia) can now provide modern and efficient cadastre services and faster property registration, making it possible for citizens to secure their real estate assets and access financing.

### Challenge

In 2005, the real estate cadastre covered less than 43% of the country, and uncertain property rights and weak land registration services created significant constraints to foreign investment. Confidence in the registration and cadastre records was low since the records were out of date, and 60-70% of apartments were not registered at all.

The lack of confidence and difficulty caused by incomplete records had negative effects on private sector investment and development of the economy overall: many land transactions were not registered, and cadastre and other records (courts, notaries) were incomplete and out of date, leading to uncertainty and a lack of trust in the property markets. Another direct consequence of unclear property rights was the constraint on collateral and mortgage financing, making it difficult for citizens to mortgage and transact property. Property ownership was not registered consistently in any central place and the lack of secure titling made mortgage financing difficult or impossible for most citizens.

### Results

- Since the project launch in 2005:
- Real estate cadastre coverage of the country grew from 43 % to 99% of the territory.
- The annual number of registered transactions increased by 121 % - from 42,116 registered transactions in 2005 to 93,240 in 2009.
- Annual mortgages registered in the land administration system doubled from 3,000 in 2005 to more than 6,000 in 2009, demonstrating a substantial increase in using ownership rights as collateral. Since the project began, over 30,000 mortgages were registered.
- In 90% of offices in the country, the project reduced the time to register a sale transaction to 5 days or less - down from 60 days in 2004.
- At the end of 2009, there were 248 accredited private surveyors and 100 registered companies providing services directly to citizens - up from 14 private surveyors and no registered companies at project commencement.



### Toward the Future

Project achievements are being scaled up through additional IBRD financing that will support the country in developing its national spatial data infrastructure in line with European Union (EU) requirements. This support will include digitization of cadastre maps, facilitating data sharing among public, private, and government institutions, and upgrading the national geodetic reference infrastructure. The project will also build capacity within the Authority of Legal and Property Affairs, which oversees property and legal issues involving public authorities and agencies.



As any other citizen, I have had dealings with the cadastre agency, both privately and as a private entrepreneur for a long time. The difference is obvious, and it can be seen from the shorter time and processes for property registration to the attitude and professionalism of the employees. I am now able to turn my real estate quickly into a capital asset to finance my business, which greatly helps in a dynamic market that we work in..

—*Maja Dimitrievska, Businesswoman, Skopje*

## Securing Property Rights in Armenia

### Challenge

Land reform was one of the earliest reforms launched by Armenia and was a crucial step in moving from a collective Soviet system to a market-based private-sector driven economy. Databases of property information and a registration system were created in the early 1990s but as Armenia progressed in its transition, the country needed a more reliable and transparent system for registering property.

### Approach

Building on existing databases and a pilot USAID project, IDA's Title Registration Project sought to:

- Establish a network of Information and Registration Centers throughout the country and institute surveying and cadastral mapping.
- Create a transparent, parcel-based, easily accessible registration system for immovable property.
- Provide a chronological record of property owners and their rights and obligations.

### Results

**Property rights are now secure, the property market efficiency has increased, and women and the poor now receive legal protections regarding their ownership rights to real estate assets.**

### Highlights

- Registered mortgages have grown rapidly: from 38 percent in 2002 to 48 percent in 2003.
- Tax equity has significantly improved—nearly all properties are now recorded and municipalities and rural communities can begin to levy property taxes.
- 47 fully-functioning Information and Registration Centers (IRC) throughout the country registering land parcels and buildings.
- Time to register a real estate transaction has dropped from 14 days to 1 day.

- Almost all 2.5 million privately-owned land parcels and buildings in Armenia surveyed.

### IDA Contribution

- Total project cost: US\$10.6 million -- of which IDA provided US\$8.0 million.
- IDA drew on its experience in land privatization in other countries.
- Helped scale up a working model (developed by the government under a USAID-funded pilot)
- Project backed small-scale privatization and the establishment of secure property rights, also supported under IDA's first and second policy loans for Armenia.

### Partners

- Sweden financed the upgrading of the geodetic network as well as technical assistance in title registration. USAID provided most of the early technical assistance in registration. Switzerland financed aerial photography, mapping, etc.
- IDA capitalized upon other donors' funding: its survey activities focused on urban areas, while the EC addressed rural areas.
- A Japan Population and Human Resources Development Grant helped prepare the project and build initial capacity within State Cadastre Administration.

### Next Steps

User fees collected by the State Committee on the Real Property Cadastre cover the cost of the registration centers' operations and maintenance. The system's financial viability is expected to further improve as the volume of transactions continues to increase, while staff costs are expected to decline now that the initial systematic registration effort is completed.





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