

**A. Spatial planning**

***Regional-urban disparities***

Judging from the experience of many UNECE member countries, in order to strengthen its competitive position in the global economic environment Azerbaijan will need to improve its territorial cohesion. Developing an effective spatial planning system to promote spatial balance and consolidation should therefore be one of the Government's key priorities.

Today, Azerbaijan faces a difficult challenge in terms of redistributing economic growth from Baku and the Absheron region, which account for about 90 per cent of all oil and non-oil investments in the country.<sup>17</sup> As mentioned earlier, regional disparities have been addressed in the wider national framework defined by the State Programme for Poverty Reduction and Economic Development for 2003–2005, the State Programme for Poverty Reduction and Sustainable Development for 2008–2015, the State Programme for Socio-Economic Development of Azerbaijan's Regions for 2004–2008 and the State Programme for Socio-Economic Development of Azerbaijan's Regions for 2009–2013. These programmes have created more jobs, social services and utilities. Importantly, the Government has achieved a remarkable reduction in the poverty rate, from 50 per cent in 2005 to 13 per cent in 2008.<sup>18</sup> These four programmes also link up with broader international programmes related to sustainable development, poverty reduction and social equality, most notably the Millennium Development Goals.<sup>19</sup>

Despite such achievements, the gap in living standards within and between different regions remains significant.<sup>20</sup> For instance, in the Absheron region alone, strong economic growth occurs alongside widening socio-spatial disparities,

deteriorating housing and infrastructure, and increasing environmental problems. The Absheron region also stands out with regard to the above-mentioned national programmes; it has attracted 1,424 out of 2,426 new enterprises nationally.<sup>21</sup> The region takes up only 3.9 per cent of Azerbaijan's territory, but it produces 80 per cent of overall industrial output while the socio-economic potential of many regions in Azerbaijan remains unfulfilled. A social survey conducted by the Azerbaijan Regional Development Centre in 2008–2009 revealed economic and social inequalities between the country's regions. For instance, only one third of the respondents were satisfied with their living standards, including access to gas, heating, drinking water, decent housing and infrastructure and leisure facilities. Paradoxes were also found: for example, Agstafinskiy Region produces building materials but has very poor roads itself. Given the condition of uneven spatial development, it is necessary for regional socio-economic programmes to be accompanied by a comprehensive spatial planning system as well as spatial impact assessment.

A new spatial planning system could serve to coordinate a wide spectrum of government policies (health, employment, education, culture, and environment), thereby contributing to more balanced and sustainable outcomes of national policies. Specifically, socio-economic and sustainable development strategies as well as economic planning supervised by the Ministry of Economic Development could be complemented by spatial development strategies and spatial planning aiming to reduce regional disparities.

Spatial planning also unifies housing programmes such as affordable housing programmes for the development of social services, physical and transport infrastructure, and economic development. It thereby has the potential to substantially improve living conditions. This role of spatial planning should be recognized in the national strategic frameworks mentioned above.

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<sup>17</sup> ESCAP, 2007.

<sup>18</sup> United Nations, 2009; World Bank, 2003; Regional Development Centre in Azerbaijan, 2009a

<sup>19</sup> UNECE, 2006.

<sup>20</sup> Regional Development Centre in Azerbaijan, 2009b.

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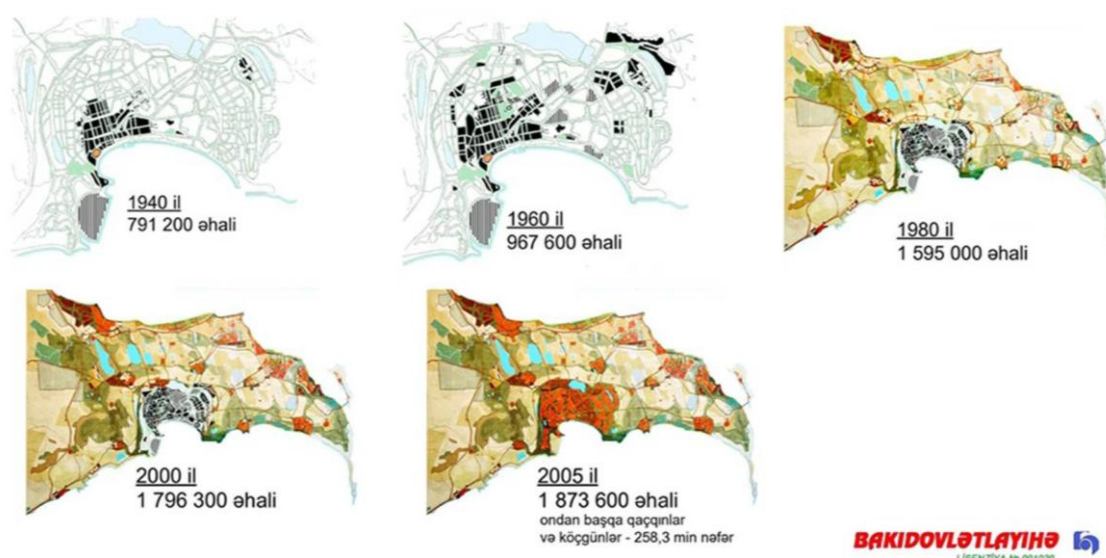
<sup>21</sup> Regional Development Centre in Azerbaijan, 2009b.

### *Spatial planning and urban development in Azerbaijan*

Spatial planning has not been among the first priorities in the broader market economy transformation Azerbaijan is experiencing. The lack of a forward-looking approach to urban planning has led to urban development being

implemented in a very limited way. As seen in Box 1, harmonizing development of urban areas and guiding them effectively are still major challenges.

Figure 2. Master Plan of Baku City



Source: State Committee on Urban Development and Architecture

While there is a lack of systematic legislation in planning and construction, key existing documents include the Law of the Republic of Azerbaijan on the Fundamentals of Urban Development of 11 June 1999 and the Law of the Republic of Azerbaijan on Architectural Activity of 15 May 1998. There are also Presidential decrees and regulations of the Cabinet of Ministers that deal with specific issues, inter alia the introduction of urban planning and land cadastres and the updating of master plans for *rayons* and cities<sup>22</sup>. Master plans of some cities have been partly updated to reflect new changes. Figure 2 shows the Master Plan of Baku City,

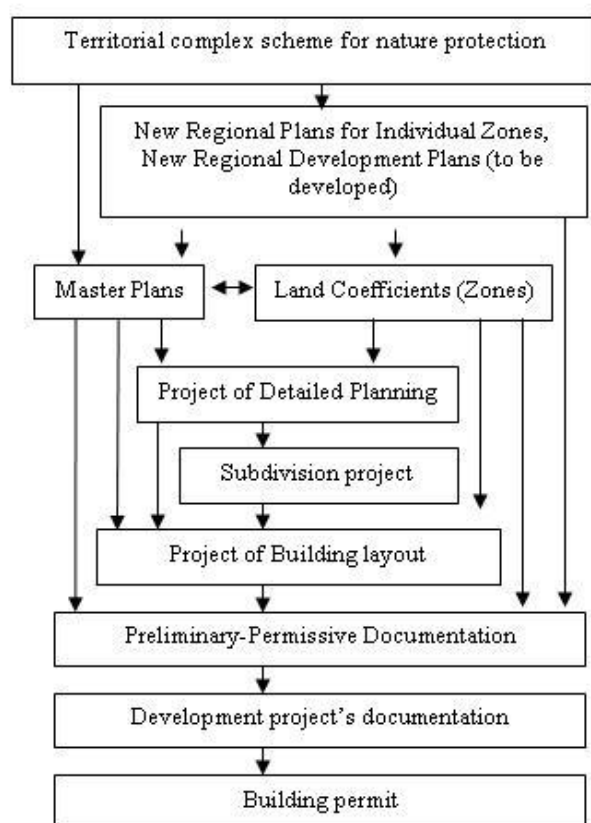
systematically updated up until its expiry in 2005. A new master plan for Baku has not yet been elaborated.

Figure 3 shows the structure of the current planning and planning permit system, which was inherited from the Soviet period. It also includes the recently introduced Territorial Complex Scheme for Nature Protection and the new Regional Plans for Industrial Zones.

Under recent State socio-economic development programmes, the planning system has seen some changes. Regional development plans will be developed for the new economic regions of Azerbaijan, and settlements will have to update their old master plans or develop new ones.

<sup>22</sup> Based on an interview with authorities of the State Committee on Urban Development and Architecture.

Figure 3. System of planning and permitting in Azerbaijan



Source: Process visualization presented in Golubchikov, 2004, p. 234.

### *Planning and development control*

Local-level architectural and planning bodies are required to implement national planning policy through control of the development. Figure 4 shows the formal development management procedure and the actual practices, based on the case of Baku.

Estimates indicate that planning and building permit application for a developer entails about 30 steps.<sup>23</sup> Receiving these approvals involves the following stages: (a) getting preliminary planning permission and transferring 10 per cent of the building costs to the local budget (see Figure 4, stages 1–5); (b) obtaining a “construction passport” (stages 6–10); and (c) receiving the building permit (the beginning of construction per se, stages 11–12). However, a widespread practice is to start construction with only “preliminary planning

permission”.<sup>24</sup> This is happening because the procedures for getting the planning and building permits are unclear and are taking place in too many stages. Mechanisms to enforce planning and building norms and rules are also insufficiently defined.<sup>25</sup> In addition, control of the development only takes into account issues such as material and land use development, without assessing the broader effects of the development project on the surrounding environment, communities and urban economy. It also does not consider how the development project may be affected by other projects.



Picture 4. Façade of an apartment house in Baku

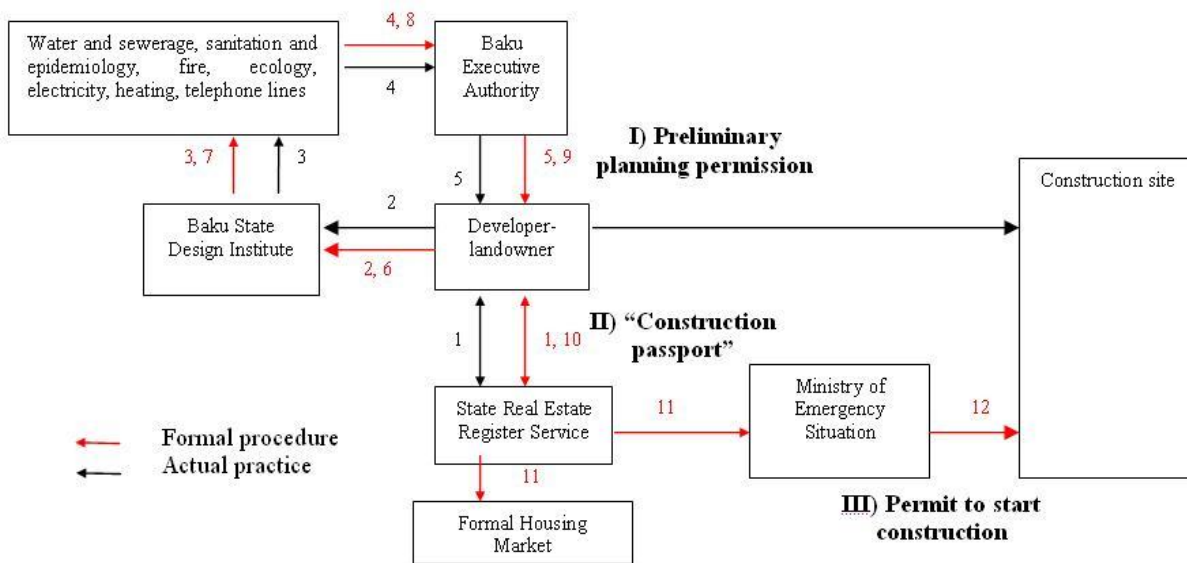
Source: UNECE

<sup>23</sup> IBRD/World Bank, 2009.

<sup>24</sup> Novosti-Azerbaijan, 2009b.

<sup>25</sup> Findings from interviews with authorities.

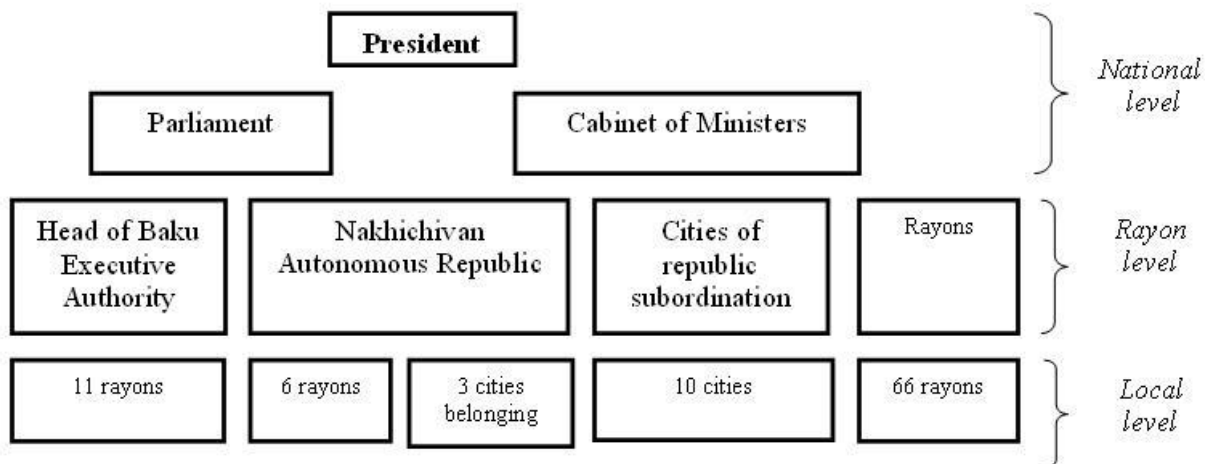
Figure 4. Formal and actual development control in Baku city



Source: Based on IBRD/World Bank, 2009

*The recent emergence of the regional level in strategic planning*

Figure 5. Administrative-territorial division of Azerbaijan in 2003



Source: Based on UNDP, 2003

Figure 5 shows the administrative-territorial division of Azerbaijan in 2003. In recent years, however, Azerbaijan’s regionalization has taken shape through State strategic programmes for socio-economic development and poverty reduction. Overall, 10 economic regions were formed (see Picture 5). Several key factors were used to define the regions: economic and geographical position, natural conditions and resources, population density, sectoral and territorial structure, and historical aspects. This regionalization will serve as the basis for the

development of regional development plans as part of the State Programme for Socio-Economic Development of the Regions of the Republic of Azerbaijan for 2009–2013.<sup>26</sup>

<sup>26</sup> Findings from an interview with authorities of the State Committee on Urban Development and Architecture.

Picture 5. Recent regionalization of Azerbaijan



Source: State Committee on Urban Development and Architecture

### Recent trends in the governance structure

The Government is improving the administration of planning and construction activities. In 2007, the State Committee on Urban Development and Architecture was set up by Presidential decree to design, regulate and implement the uniform urban development policy, planning and architecture. Formally, the allocation of land plots for construction is subject to review by the relevant local executive authority (see chapter I for the role of municipality and local executive body functions). This review is done by the local offices of the State Committee on Land and Cartography, and by the planning body under the executive authority at the *rayon*/city level. Cooperation between these bodies and the State Committee on Urban Development and Architecture is not clearly defined. Moreover, on 30 August 2007, after the collapse of a newly built residential building (see Box 1), bringing more order to inconsistent construction practices was given high priority, notably in the Presidential Decree No. 624 “On the Strengthening of State Control over the Construction Sphere in the Republic of Azerbaijan”. To better supervise building processes and systematize building regulations, the Decree established the State Agency for Control over Safety in Construction.<sup>27</sup> The Agency has also representatives at the regional level.

<sup>27</sup> Based on interviews with authorities at the State Agency for Control over Safety in Construction.

### Recent development of spatial plans

Although master planning has not been a high priority during the last 15 years, some design projects have nonetheless been undertaken. One example is a design project for the “Greater Baku” (1986–2005), which includes Baku city, the industrial town of Sumgait and a number of smaller towns and settlements on the Absheron peninsula (see Picture 6). Together, they form an area of 3,400 km<sup>2</sup>, with approximately 4 million residents - about half of Azerbaijan’s population. Unfortunately, due to illegal land occupation and unsuccessful management of the land, the plan was never realized.

Picture 6. Design project for Greater Baku



Source: State Committee on Urban Development and Architecture

In recent years, the State has increased its investments in urban planning activities from 850,000 AZN in 2008 to 2 million AZN in 2009 (UNDP, 2009). This has led to the development of master plans for 10 cities and several urban redevelopment projects in the Absheron region and Baku (Pictures 7 and 8).

In 2009, the World Bank signed an agreement with the State Committee on Urban Development and Architecture to assist with master planning for Greater Baku and to coordinate participation of different stakeholders.

*Picture 7. Urban planning*

H. Əliyev prospekti boyunca tikililərin konsepsiyası



Source: State Committee on Urban Development and Architecture

The Bank initially allocated USD 5 million. In March 2009, the State Committee on Urban Development and Architecture announced the recruitment of a consultant, as part of the World Bank loan agreement, to develop three components for the Greater Baku Master Plan: (a) new maps and GIS for the design of a rational planning system and an information system for planning based on the latest technologies; (b) regional and strategic plans; and (c) institutional arrangements for the design of regional plans and data exchange (ABC, 2009b). In April 2009, 35 bids from foreign companies in 16 countries were received. Six are to be selected for further stages of the competition for implementing the Greater Baku Master Plan (ABC, 2009a).

Planning authorities believe that the approval of the State Programme on Socio-Economic Development of the Regions of the Republic of Azerbaijan for 2009–2013 ushered in a new stage for spatial planning in the country. According to the Programme, the State Committee on Urban Development and Architecture is expected to create regional development plans (Figure 3). The State Committee expects a vast amount of work, including generation of a significant volume of economic, demographic, and environmental data that will allow for extensive analysis of the regional development trends and improved formulation of plans.<sup>28</sup> A recently conducted

<sup>28</sup> Findings from an interview with the State Committee on Urban Development and Architecture.

comprehensive population census is also considered to be a key document for the Committee's work.

*Picture 8. Hippodrome reconstruction*

Çadır meydanı ərazisində yaşayış kompleksinin konsepsiyası



Source: State Committee on Urban Development and Architecture

### ***New urban development and construction regimes***

Drafts of the Urban Development and Construction Codes are now being considered by a special Parliamentary Committee. The documents are expected to systematize planning and building regulations. A parallel development of these two regimes is explained by the fact that planning and construction are supervised by two different executive bodies: the State Committee on Urban Development and Architecture, and the State Agency for Control over Safety in Construction, respectively. The Agency was the initiator of the draft Construction Code and now works in the Parliamentary Committee. The State Committee initiated the draft Urban Development Code in December 2008. The Code passed the first reading, but was subjected to substantial revision. While there is discussion in the Parliamentary Committee about the amalgamation of these two complementary regimes, these laws should remain separate, as two different controls.

**Box 1. Unbalanced land development in Baku city**



**Picture 9. Pirouz Khanlou. October 2005 (in Khanlou)**

Irregular and imbalanced land development in Baku is a worrying phenomenon. The city centre gives the first impression of the buildings being carefully looked after; but a jumble of broken roads, beautified facades of decrepit buildings, unplanned residential infill, and the lack of green space are very soon a recognized reality. Being in a strategic position—the “face” of Azerbaijan—Baku provides an extreme example of uneven urban improvement that affects the city’s unity and cohesiveness. A free market economy and democratization were associated with the lack of planning. These phenomena, accompanied by increases in oil revenues, have fuelled the development of a profit-driven housing construction market with limited consideration of spatial and social issues. Between 2000 and 2005, about 500 high-rise buildings (15–25 storeys) and thousands of new luxurious low-rise buildings were constructed, completely changing the land use pattern and character of the city. Nowadays, most housing developers in Baku continue to build without planning or proper coordination. Moreover, new residential infill occupies formerly public spaces. The legislative vacuum, along with the lack of clear planning concepts, have served as justification for ad hoc practices of land allocation. This creates an “unhealthy” built environment that not only puts government and private investments at risk, but will also have detrimental effects on the well-being of the residents for many years to come.

*Illegal residential infill and “ghost buildings”*

In 2007, a whole new 16-storey residential infill building collapsed in downtown Baku, taking several lives. The building was built without taking account of the closely surrounding houses, which eventually led to a disastrous landslide. According to a 2007 Presidential Decree, each new house is now subject to inspection by the newly formed Agency for Control over Safety in Construction. To date, the Agency has already raised concern about the safety of approximately 200 houses. Furthermore, peculiar housing development in Baku is that the city’s landscape is dominated by unfinished multifamily houses (“shell houses”) that are already in operation, but lack connections to water, sewerage, etc. because the builders did not apply for the permits required by the Baku City Executive Authority at the start of the project. Such houses are therefore illegal de jure, but de facto very widespread.



**Picture 10. Demolished building after earthquake in Baku, August 2007**  
Source: Day.az

## B. Land administration

### *Land management and land administration*

The draft on Urban Development Code regulates the development of settlements, cities, and *rayons*. The Code consists of six chapters and 52 articles. These cover aspects such as the assessment of socio-economic development, creating favourable living conditions for the population, designing master plans and supervising their implementation, protecting historical environments, modernizing infrastructure in small cities, building pedestrian walkways and developing green areas. Interviews show that the document was based on the Russian Urban Development Code. It remains to be seen how the Code adheres to sustainable development principles and whether it provides for any monitoring and assessment mechanisms.

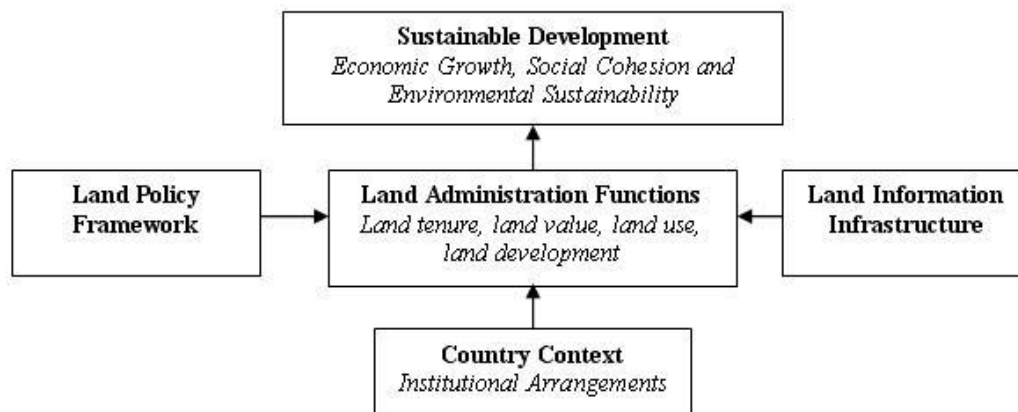
The draft Construction Code includes about 200 articles that set standards for aspects of building design, health, and safety of people in and around buildings. The Code will also bring order to the organization of the overall construction process. The document contains links to the existing normative-technical documentation (SNIP), and further reconsiders the relationship between participants in the construction process (e.g. builders, residents). Equally important, there are provisions on mechanisms for updating, applying, and enforcing building standards and rules. Penalties and administrative responsibilities for non-compliance are likewise included. Nonetheless, it is also necessary that building regulations set standards for meeting national targets for sustainable development, poverty reduction and socio-economic development.

Land administration systems provide the infrastructure for implementing a country's land-related policies and land management strategies (Williamson et al., 2008). Such systems include the marine environment, buildings and all long-lasting structures attached to or under the surface. Mapping, cadastral surveying and registration practices are all familiar functions of land administration; however, a broader role of land administration is organizing sound land management that promotes economic, social, and environmental sustainability. Figure 6. *A sound land management concept*

Figure 6 presents a modern conceptual understanding of a coherent land administration system that takes into account the socio-cultural and institutional arrangements in a particular country, the need for good land information infrastructures and a comprehensive land policy framework (Enemark, Williamson et al., 2005).

As an integrated system, land administration should effectively support the wider government agenda relating to sustainable development and poverty reduction in Azerbaijan. Land information infrastructure (e.g. real estate registration and the real estate cadastre) is fundamental, as it represents a vital information layer for an integrated land management system.

Figure 6. A sound land management concept



Source: Based on Enemark et al., 2005



### ***Legal framework***

Since the mid-1990s, a substantial body of legislation has been created that includes: the Law on Privatization of State Property (7 January 1993), the Constitution (27 November 1995), the Law on Land Reform (16 July 1996), the Land Code (25 June 1999), the Law on Mortgage (3 July 1998/15 April, 2005), the Law on Land Tax (24 December 1996), the Law on Leasing (30 April 1992), the Law on State Land Cadastre, Land Monitoring and Land Management (22 December 1998), the Civil Code (28 December 1999), the Law on Land Lease (12 March 1999), the Law on Land Market (26 December 1999), the Law on State Register of Real Estate (29 July 2004/29 June 2004), the Law on Management of Municipal Land (29 June 2001/28 October 2008), the Law on Privatization of Housing Stock in Azerbaijan (26 January 1993), as well as about 50 other relevant laws, decrees and legal acts. Currently, a draft Law on the State Cadastre of Real Estate is being considered.

### ***The land reform and its impact on the land administration system***

The land reform has resulted in three types of landownership: the State has 56.9 per cent, municipalities 23.7 per cent, and private interests 19.4 per cent (UNECE, 2007). The land reforms have introduced new principles and relations into the land sector, and have allowed for free-of-charge allocation of land to citizens. They have also introduced payments for land use, conditions for land transaction, peasant and husbandry farms, a specialized land fund for individual housing construction, a new land registration and cadastre system, and monitoring of land use and protection.

In rural areas, initial mass privatization of State agricultural enterprises based on a ballot distribution of land assets has provided equal access to the land resources of these enterprises for the rural population. This was seen as an effective reform, as the private sector made up 98 per cent of the agricultural production in 2000 (UNECE, 2007). As many as 2,651 family farms and 1,191 collective enterprises have been created, while 869,000 families have become landowners. A major problem, however, is that the infrastructure inherited from the Soviet period is 80 per cent dilapidated; there is also a problem of land fragmentation and the need for modernized strategic land management systems (ibid). In urban areas, the effect of land and housing privatization

has been rather challenging, as cities have lost their strategic management of land resources, allowing irregular private development practices. Public areas with essential social and physical facilities for residents have been replaced with commercial housing.<sup>29</sup> Moreover, while citizens have received rights to their housing assets (apartments), common areas in buildings and the land under housing estates continue to be managed by municipal authorities.

### ***State and municipal land***

Municipalities have become responsible for organizing the use of their land. In reality, both rural and urban local governance structures lack sufficient capacity to make effective decisions, acquire proper knowledge of land tools (zoning, subdivision, negotiation, and taxation) and summon the financial resources for strategic organization and systematic control of their land resources.

The State holds the largest land share, which includes land under buildings belonging to governmental authorities and State enterprises. The land reform provided the State with new opportunities for privatization and effective property management. These required the establishment of the State Committee for Management of State Property through a Presidential Decree of 16 September 2005. However, effective asset management practices have not yet been developed, and currently major attention is being given to selling land plots of former State enterprises to private entrepreneurs.

Overall, the management of State and municipal land is neither coordinated nor transparent. Poor management of the State land resources can be inferred from the fact that the State administration is not always aware of how much land it owns.<sup>30</sup> Since 2009, however, a new regulation stipulates that State and municipal land can only be privatized through open auction, which may eventually make the system more transparent.

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<sup>29</sup> Based on observations during the research mission in May 2009, as well as interviews with authorities.

<sup>30</sup> Findings from the fieldwork interviews.

### ***The governance framework***

The State Committee on Land and Cartography (SCLC) and its *rayon* offices are in charge of the land reform. SCLC: (a) carries out land management, geodesy, and cartography fieldwork; (b) maintains the land cadastre; (c) issues landownership certificates (this function was transferred in 2004 to the State Service for the Registration of Real Estate); and (d) manages aerial photography and the production of maps. SCLC has four departments: the State Land Design Institute, the State Land Cadastre and Monitoring Scientific Centre, the State Aero Geodetic Enterprise and the Baku Cartographic Factory. At the beginning of the land reform process, SCLC and the State Commission on Agrarian Reforms were preparing a list of the people eligible to obtain landownership rights, and were trying to identify land plots on outdated maps by simple methods. Currently, SCLC exercises control over land use regardless of the type of landownership. Land allocation is determined by the regional offices of SCLC, but the final decisions are actually made centrally by SCLC.

New land relations and the introduction of the land market required a new system of recording, so in 1998 SCLC launched a unified system for the State Land Cadastre as required by the Law on State Land Cadastre, Land Monitoring and Land Management. Land cadastre centres in the 10 regional offices of SCLC were established. To date, the State Land Cadastre already covers 20 per cent of the territory of Azerbaijan (UNECE, 2007).

The State Service for the Registration of Real Estate (SSRRE) was established on 4 August 2003 on the basis of the former Bureau of Technical Inventory. It was fully functional as of 2005. Until 19 May 2009, it was the only organization responsible for the unified real estate registration and cadastre system in the country. During that period, 21 regional offices and 61 branch offices (6 in Baku), were created (a) to register ownership rights for immovable property, (b) to increase investment activity in the country, (c) to establish the framework for the real estate market, (d) to develop simplified procedures for mortgage registration, and (e) to protect ownership rights. In 2005, SSRRE registered 87,000 property transactions, and in 2006, 130,000. SSRRE keeps records both electronically and in hard copy, and provides extracts for owners who wish to sell their property or apply for a mortgage.

The State Committee for Management of State Property (SCMSP) was established in 2005 to privatize and manage State property. Between 2005 and 2009, it established 23 regional offices and 67 local offices (11 in Baku). Between 2000 and 2006, the total number of privatized properties reached more than 35,000. Since 2000, SCMSP has also maintained the National Automated Property System (NAPS) to register and manage all State property. More than 130,000 units of real estate belonging to 15,000 State enterprises and 11,000 lease agreements have been registered in NAPS. SCMSP received financing from the budget. NAPS has not been enhanced since 2000, however. It is only available in Baku, and local or regional offices have no access to it. Currently, the data in NAPS is being updated in an annual inventory exercise in which all ministries, agencies and State-owned enterprises are requested to provide updates on their property and other assets.

On 19 May 2009, both SSRRE and SCMSP were abolished by a Presidential decree that introduced a new State Committee on Property Issues (SCPI) and the State Service on Real Estate (SSRE) on the basis of the former SSRRE. The former SCMSP Chair was appointed the Chair of the new SCPI. On 24 June 2009, the Statute of the new SCPI was approved by the President through the Decree “On the Promotion of the Activities of the State Committee on Property Issues of the Azerbaijan Republic”. The Auction Centre under the former SCMSP was replaced by an Auction Centre coordinated by the new SCPI. Overall, SCPI will have 726 employees, including 260 in the central administration, 315 in the local offices, 80 in the SSRE and 71 in the Auction Centre.

### ***Unified Registration and Real Estate Cadastre System***

Since November 2005, the Government has been developing the Unified Registration and Real Estate Cadastre System (URRECS) relying on its own investments and support from several donors (e.g. the Swiss Confederation, KfW, USAID, ACDI/VOCA, the European Union, the Asian Development Bank and the World Bank). On 1 March 2006, the National System of Registration of Real Estate was launched, and parallel registration is now being implemented in four local offices of the current SSRE: in Baku city and the Lankaran, Sheki, Gabala, and Salyan *rayons*. All 21 offices of the current SSRRE are to be integrated into this registration system. The

information centres established in the headquarters of the current SSRE are connected to the Baku office and also gather data from other offices to integrate into the registration software system. The system has mostly dealt with text data. Future plans include an upgrade of the existing registration system and the development and implementation of new functionalities, including a graphical component and its integration with the existing registration system. The system will also allow for online Internet access in order to speed up services and increase transparency.

The Real Estate Registration (RER) project was launched in 2006 following an agreement between the World Bank and the Government of Azerbaijan. The objective of the RER project is to ensure the formation of a reliable, transparent and efficient real estate registration system that can support the real estate market and will be suitable for the management and use of State-owned immovable property (Kadaster, the Netherlands, 2007). More specifically, the project will support further development of URRECS, the creation of the digital Real Estate Cadastre Map and further improvements to the State Property Management System (SPMS). To these ends, the World Bank has provided a loan of USD 30 million and the Government has invested USD 8.5 million. The time frame for the RER project included the period between 22 February 2007 and 22 September 2007 for the implementation of the RER Grant Project, and the period between 23 September 2007 and 28 February 2013 for the RER Loan Project. Overall, the RER project will cover the whole 86,600 km<sup>2</sup> of Azerbaijani territory. It includes four components: (a) real estate registration (SSRRE); (b) State property management and register (SCMSP); (c) base mapping and land cadastre (SCLC); and (d) training, policy development, and project management (the Project Management Unit, or PMU)(SSRRE, September 2007).

Overall achievements under the RER project include substantial improvements in the registration of property rights, a full renovation of the SSRRE headquarters and the establishment of the PMU in the new offices. The latter was accompanied by the full provision of equipment meeting international standards for the training centre and good progress in the completion of aerial photography for the production of orthophotomaps. However, there have been major delays in project activities due to a lack of coordination between the three implementing

agencies (the now reformed SSRRE and SCMSP, and SCLC), the high turnover in procurement officers in the Project Management Unit, and the need for their retraining. Furthermore, illegal development remain a major concern and a significant impediment to an efficient real estate market (SSRRE, 2008). Development of a policy strategy to deal with this problem has already been initiated by the current SSRE, and an inventory of illegal buildings (including their types, numbers, etc.) in pilot areas in 2009 has been agreed upon.

The establishment of an Address Registry has been given top priority by the Government.<sup>31</sup> Following a Presidential decree of 27 November 2008, a national Address Registry will be developed. It will support public and private activities such as territorial management, land development and land use planning, operation of public services based on infrastructure networks (e.g. electricity, gas, water and sewage), maintenance of roads, public transportation, post/mail distribution and related logistics, police operations, efficient responses to emergency calls, and preparation of the population register and relevant statistics. There is also a specific need to properly manage informal settlements by providing the residents with official addresses. SSRE has requested foreign aid to help establish the Address Registry, based on best practices of other countries.

#### *Progress and challenges for the real estate registration process*



Picture 11. One-stop window service in Khirdalan Municipality, May 2009 Source: UNECE

<sup>31</sup> Findings from interviews with authorities at the current SSRE.

The State Registration of Rights to Real Estate includes the registration of titles associated with transfer of ownership and the registration of titles certified before the enactment of the Law on the State Register of Real Estate. The Law on the State Register of Real Estate standardizes the registration of rights to real estate and other property, their origin, limitation (encumbrances) and transfer. This Law defines who has the right to obtain information from the Register, what data the Register contains and how it is implemented. Furthermore, the Law establishes the procedure for transferring real estate data from the former registration bodies to the new State real estate registration system. The Law also defines requirements for the registration process and the documents to be registered. It contains the description of tasks and the responsibilities as well as the contents of the registry. It provides conditions for the termination of rights, the refusal of registration and the correction of mistakes made in the registration process. It also provides sanctions for non-compliance with regulatory rules. The current SSRE keeps both electronic and paper documentation.



Picture 12. Entering cadastral data in Khirdalan Municipality, May 2009 Source: UNECE

Formally, the State registration of rights to real estate is implemented in the following order: (a) acceptance of the application for the registration with the required documents and a payment slip for the State duty; (b) verification of the documents' data with the data in the State Register; (c) checking of disputes over rights and other issues important for the rejection or suspension of the registration; and (d) entry of records in the verified documents and into the State Register. Overall, the procedure should take no

more than 20 days. The cost of title registration varies by property type and size, and can be in the range of 14–70 AZN. The required documents for the registration are: (a) a completed application form; (b) a document proving the transfer of rights to the real estate (e.g. a notarized agreement of purchase and sale, or documents or certificates issued by relevant registration bodies before the enactment of the Law on State Register of Real Estate, decisions of the court, etc.); (c) the floor plan (“technical passport”) for the construction; (d) the land survey map; and (e) the receipt of payment of the State fee.

SSRE statistics recorded that in a six-month period in 2008, SSRE filed 20,325 initial registrations, 41,281 re-registrations and 9,906 mortgage registrations (SSRRE, 2009). However, substantial delays have recently raised concerns about registration procedures, their high cost and the lack of transparency. In March 2009, for example, there were complaints about long queues and a three-month registration procedure—in contrast to the required 20 days in the SSRE Baku office, which conducts about 40 per cent of the all registrations in the country. People claimed that the main reason for this situation was that there was a parallel queue to register titles for an extra payment, and this took only 3–10 days. However, the office explained the backlog in the registration by the need to deal with widespread inaccuracy of the submitted property documents (Novosti-Azerbaijan, 2009a).