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Working Party on Land Administration

WORKSHOP ON TITLE REGISTRATION SYSTEMS AND REAL PROPERTY MARKETS

Report prepared by the delegation of Armenia in cooperation with the secretariat

Introduction

1. The Workshop on title registration systems and real-property markets took place in Erevan from 10 to 13 October 2001. Armenia's State Committee for the Real Property Cadastre hosted the Workshop.
2. Representatives of the following countries participated: Albania, Armenia, Denmark, Finland, France, Georgia, Germany, Netherlands, Lithuania, Romania, Russian Federation, Slovenia, Sweden, Switzerland, United Kingdom and Ukraine. Experts from the European Commission, the United States Agency for International Development (USAID) and the World Bank also participated.
3. Mr. H. Abrahamyan, Minister for Territorial Management of Armenia, made an introductory statement at the Workshop. He reported that in Armenia, as in most countries in transition, great importance had been given to the establishment and development of the real property market. In this regard, he mentioned land privatization, the establishment of the housing fund, as well as small and medium enterprises. He also emphasized the implementation of legislative reforms to support the real property market. He pointed at the establishment of the cadastre system in Armenia in 1997. Referring to the Workshop, he assured the participants that the results of this event would further promote the development of the real property cadastre system.

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4. Ms. B. LIPEJ (Slovenia), Chairperson of the ECE Working Party on Land Administration, reported on its role, mission and activities. She noted that one of the goals of the Working Party's activities was to promote privatization and effective real estate markets through the development of modern land cadastral and registration systems. The ECE Guidelines on Land Administration (ECE/HBP/96) were highlighted in view of their importance for countries in transition in setting up their land administration systems.

5. Mr. M. VARDANYAN, Chairman of Armenia's State Committee for the Real Property Cadastre, reported that, from 1997, Armenia had paid particular attention to the formation of an effective real property market based on a modern real property cadastre system. In this context he mentioned the establishment of the cadastre system, as well as the adoption of normative and legal documents on this subject, such as the Law on State Registration of Rights in Real Property, the new Civil Code and the Land Code. He also emphasized that the UNECE Guidelines on Land Administration had been used as a basis for Armenia's cadastre system and the experience of market economies in this field had been studied and taken into account.

6. The Workshop considered the following main themes:

**Theme I: the Armenian experience.** First State title registration (introduction of automated cadastre; institutional reform). The discussion was based on the ECE land administration review prepared by the international team of experts.

**Theme II: the role of land cadastre systems in the activities of government agencies, the private sector and individuals.** The role of land administration in the public and private sectors; establishing links and cooperation between land cadastre and other organizations and agencies.

**Theme III: rural development and land administration.** Methods to improve farm size and land-use schemes; appraising process for land consolidation; incentives for land consolidation; legislative issues; socio-psychological aspects; needs for land management plans; facilitation of land markets in rural areas; land leasing; development of mortgage institutions; etc.

7. The chairpersons, moderators and keynote speakers were:

**Theme I:**      **Chairperson:** Mr. M. Vardanyan  
**Key speakers:** Mr. J. Thomas (Germany) and Mr. A. Overchuk (Russian Federation), members of the ECE international expert team for Armenia

**Theme II:**      **Chairperson:** Ms. B. Lipej  
**Moderators of the discussion:** Mr. M. Leupin (Switzerland) and Mr. M. Traynor (United Kingdom)  
**Key speakers :** Mr. Van der Molen (Netherlands), Mr. V. Kislov (Russian Federation), Mr. H. Sahakyan (Armenia) and Mr. E. Mesropyan (Armenia)

**Theme III:**   **Chairperson:** Mr. A. Overchuk  
**Moderator of the discussion:** Mr. J. Thomas  
**Key speakers:** Mr. S. Tovmassyan (Armenia), Mr. V. Grigoryan (Armenia) and Mr. G. Ivarsson (Sweden)

8.     On 10 October, technical visits were organized to the State Committee of the Real Property Cadastre.

9.     In the afternoon of 12 October, a technical presentation was organized on geographical information system (GIS) technologies. LH Systems presented its latest product. This was followed by a presentation of the product of the Armenian private company Arminco, associated with the establishment of the automated system of State registration of real property rights.

## **SUMMARY AND CONCLUSIONS**

### *The Armenian experience*

10.    During the 1990s, Armenia carried out a very rapid privatization of land. It also established 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 were 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".

11.    The State Cadastre Committee (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 arrangements are in place to support a modern land market, functioning in accordance with western practice.

12.    The State Cadastre Committee has started to design the next generation of information technology (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.

13.    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.

14. The 1991-1993 privatization resulted in a very fragmented land structure in rural areas. The average size of farms is now only 1.2 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.

15. The State 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.

*The role of land cadastre systems in the activities of government agencies, the private sector and individuals*

16. In regard to the interaction between the land administration system and the public and private sectors, the following observations were made:

- (a) There are many possible combinations of tasks and degrees of cooperation between the public and the private sector;
- (b) Crucial are: timing; extent of participation; control and quality;
- (c) For the private sector, opportunities exist in:
  - Upgrading process;
  - Service delivery and data maintenance;
- (d) The acquired cadastral data must be shared by the various government agencies to:
  - Reduce costs;
  - Improve their content and quality;
  - Contribute to optimal informed policy-making.
- (e) Keep the entire cadastral system as simple as possible to minimize costs.

*Rural development and land administration*

17. The Workshop's participants addressed the issue of rural development and land consolidation mostly with reference to countries in transition. It was noted that in economies in transition the need for land consolidation resulted from the land reforms that were implemented in that part of Europe in the 90s. Commonly these land reforms included the dismantling of large agricultural enterprises and the distribution of agricultural land to private individuals.

18. In many instances these decisions were based on political reasons and those who implemented them often overlooked the economic and environmental consequences of such moves. In economies in transition this approach resulted in the creation of numerous subsistence farms incapable of maintaining commercial levels of farming.

19. The Workshop's participants identified the need for land consolidation in countries where actual land plots were demarcated and distributed among peasants. It was noted that land consolidation should be carried out on the basis of specially developed land management and land-use planning projects. Existing infrastructures (road and irrigation networks as well as settlements) left from former large farms should be used whenever possible.
20. Armenia and Georgia were starting to develop land consolidation pilot projects in some farming communities. It was recommended that, given the variety natural conditions and cultural traditions in these mountainous countries, different land consolidation schemes should be tested in different parts of the country. It was recommended that zoning principles had to be applied for the establishment of an optimal farm size.
21. The Workshop's participants held that land consolidation procedures could be both compulsory and voluntary. In economies in transition where peasants had just recently become landowners persuading them to take part in land consolidation might be a delicate political issue. The Government and local authorities should take a leading role in educating members of the farming community about the need for land consolidation.
22. The participation of the government in such programmes was hampered by the general lack of finance in economies in transition. International assistance that could include training and public-awareness campaigns as well as the development of small land consolidation pilot projects were needed.
23. The Workshop's participants recommended different ways of improving and rationalizing the configuration and size of land parcels. This could be done through purchase, exchange or leasing arrangements between owners of neighbouring parcels. It was also important to use reserved land in government ownership in land redistribution procedures.
24. It was noted that the development of proper legal infrastructures to support land consolidation was the key to success. The legal procedures should include regulations governing compulsory land consolidation to prevent the authorities from abusing landowners' rights. At the same time economic mechanisms needed to be set up to encourage landowners to consolidate their land. These mechanisms could include compensation mechanisms and tax exemptions or lower interest rates for those who wish to take part in land consolidation projects.
25. The workshop's participants warned of the danger of further fragmentation and recommended specifying the minimum size of a land parcel by law.
26. It was noted that a gradual increase in the average farm size and a decrease in the number of people with full-time employment in farming should be expected. Governments should consider programmes to support the development of full-time employment opportunities for people living in rural areas. Priority should be given to the development of supply and marketing systems to support farmers.