

**UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
COOPERATIVE AGREEMENT No. 114-A-00-05-00091-00**

GEORGIA LAND MARKET DEVELOPMENT ACTIVITY

**Report for Quarter 4
for the period of
May 1 through July 31, 2006**

Submitted by:



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This **Report for Quarter 4** reviews the status of work under the Cooperative Agreement (CA) from the fourth through the sixth months of the Semi-Annual Implementation Plan #2.

The following work has been accomplished on the various responsibilities, activities and targets as specified in the Cooperative Agreement (CA).

1. SUPPORT TO THE NATIONAL PROGRAM FOR AGRICULTURAL LAND PRIVATIZATION

The Parliament of Georgia adopted the Law on Privatization of State-Owned Agricultural Lands in July, 2005. The law, which calls for the privatization of leased and unused state farm lands, is a key legislative act for the development of Georgia's agricultural sector and land market in general.

The privatization of agricultural lands requires assistance for a streamlined and transparent process. Two categories of farm lands to be privatized are leased lands and land parcels that are not currently used or are used informally. Each category requires different approach in terms of planning and implementing the needed professional assistance.

The privatization process is currently progressing with more than 20,000 hectares of land already in private hands.

During this reporting period, APLR has conducted various activities to facilitate privatization of farm lands envisaged by the law.

Coordination with GoG. APLR is in constant coordination with GoG and continues to act as a primary government counterpart on the land issues and farm land privatization in particular. As APLR closely watches the privatization process, it reveals various bureaucratic hindrances that need to be promptly addressed in order to achieve streamlined and hassle-free procedures.

To address these challenges, APLR has taken the following steps:

In July, APLR reshaped its regular land privatization monitoring activity. At the end of each month, APLR prepares for GoG a detailed report showing various problems, issues and observations. These reports also contain updated land privatization statistics and draw GoG's attention to individual, as well as general issues. GoG shows a great interest in such reports - Prime Minister cited information from the first report during his visit to the regions in July. Reports are being sent to the Deputy Ministers of MoED, State Ministry on Reforms Coordination, Chairman of NAPR, and advisor to the Prime Minister.

APLR has been in close contact with MoED, which is a key GoG counterpart for the project. APLR has stressed a special emphasis on the regional network of MoED agencies, with

whom active working relations are established. Project's legal team acts as a source of legal consultations for MoED regional agencies; regular (monthly) exchange of privatization statistical data has become a constant source of information for APLR's privatization statistics.

As in the past, APLR stays in close collaboration with the State Ministry on Reforms Coordination, which ensures mobilization of various public entities in facilitation of privatization process. APLR provides privatization statistics to the State Ministry's office on a monthly basis, which acts as a good tool for strategic decision-making to further streamline the process.

Following key legislative changes affecting farm land privatization (establishment of one-window system, streamlining of hypothecation procedures, etc.), APLR worked intensively with MoF and MoED to abolish the following two necessary prerequisite for land privatization: 1) payment of land taxes; and 2) lease payments. This initiative is described in Section X of this document.

Shortly after former APLR Senior Policy Advisor was appointed as a Chairman of NAPR, APLR established excellent working relations with this agency, which is the final entity in the privatization chain which issues titles to the new landowners. APLR and NAPR management have frequent meetings to discuss ongoing issues – some of them described in Section X of this document.

See *Annex A* for information on specific APLR/GoG coordination meetings.

Countrywide Land Privatization Consultations. APLR continued operation of 9 information centers that provides legal consultations to the lessees and others, currently or potentially involved in the land privatization process. Information centers are located in Tbilisi, Marneuli, Gurjaani, Kutaisi, Akhaltsikhe, Akhalkalaki, and Batumi. Information centers in Marneuli and Akhalkalaki are focused on serving the ethnic minorities residing in those regions. These centers, located in the areas densely populated by ethnic minorities are staffed by local personnel with communication skills in locally-spoken languages (Azeri and Armenian).

In July, to ensure the adequacy of consultations rendered, APLR held in-house training session for its regional staff regarding the amended MoED Implementing Regulations for farm land privatization.

During the reporting period, APLR information centers have recorded a total of 848 consultations rendered:

<i>Tbilisi</i>	296
<i>Marneuli</i>	144
<i>Akhaltsikhe</i>	52
<i>Kutaisi</i>	188
<i>Gurjaani</i>	111
<i>Akhalkalaki</i>	17
<i>Batumi</i>	40
<i>TOTAL:</i>	848

GIS¹ Support to NAPR for Leasehold Privatizations. The launch of the leasehold privatization has resulted in increased demand for land survey, boundary correction, and registration. Only a few NAPR regional offices have the capacity and equipment to use the up-to-date integrated cadastral databases that the Agency possesses. APLR continued to support the National Agency of Public Registry and the land survey companies to ensure their mobilization in meeting the intensity of privatization process. Support entailed operation of one central and 4 regional GIS support centers (Marneuli, Gurjaani, Kutaisi, Akhaltsikhe) that checked the boundaries of the leased parcels (sketches prepared by surveyor companies hired by lessees) against the integrated cadastral and aerial images to ensure there is no overlap with other parcels in the area. GIS support centers provide free-of-charge assistance and therefore, became very popular not only among land lessees but local government agencies as well.

GIS support centers, which are equipped with modern equipment and digital land cadastre databases, also acted as a source of GIS-related consultations for regional registry offices.

Leasehold Privatization Achievements. Within the given activity, APLR strongly supported privatization of leasehold agricultural lands. As per July 31, 2006, 1,944 leased land parcels with the total area of 16,991 hectares have been privatized. See the table below for details.

<i>Region</i>	<i>Number of land parcels privatized</i>	<i>Area of land parcels privatized (hectares)</i>
<i>Kakheti</i>	<i>476</i>	<i>6713</i>
<i>Samegrelo – Zemo Svaneti</i>	<i>226</i>	<i>1641</i>
<i>Kvemo Kartli</i>	<i>300</i>	<i>2501</i>
<i>Samtskhe Javakheti</i>	<i>230</i>	<i>1503</i>
<i>Guria</i>	<i>93</i>	<i>1523</i>
<i>Imereti</i>	<i>281</i>	<i>1276</i>
<i>Shida Kartli</i>	<i>81</i>	<i>678</i>
<i>Racha-Lechkhumi</i>	<i>29</i>	<i>130</i>
<i>Mtskheta-Mtianeti</i>	<i>228</i>	<i>1026</i>
<i>Total</i>	<i>1944</i>	<i>16991</i>

Preparation of Privatization Plans. Land Market Development Activity envisages support to the privatization of state farm lands that are currently not used. APLR will assist at least 500 Sakrebulo in preparation of privatization plans for the agricultural land parcels to be sold via auctions. Privatization plans are Sakrebulo maps prepared using aerial imagery which identifies the areas that local administrations are proposing to privatize via special auctions. Privatization plans are subject to approval of MoED before privatization process can begin.

As of July 31, privatization plans for 375 Sakrebulo around the country have been finalized and handed over to local Sakrebulo. Draft privatization plans are prepared for all 500 Sakrebulo envisioned by the CA; however, they are being negotiated with local self-governments and are expected to be finalized within the next two months.

¹ Abbreviation for *Geographic Information Systems*

Many Sakrebulo have already initiated the process of approval of privatization plans by MoED, and, in 14 sakrebulo the auctions have already been held with APLR's assistance. The process has been very active in Kvemo Kartli region, where GoG has placed high priority to complete the privatization of unused farm lands and requested Project's urgent assistance.

The table below shows the status of land auction countrywide – many regions are yet to process newly-received privatization plans that APLR has prepared:

Region	Number of land parcels privatized via auctions	Area of land parcels privatized (hectares) via auctions
<i>Kakheti</i>	26	324
<i>Samegrelo – Zemo Svaneti</i>	-	-
<i>Kvemo Kartli</i>	633	5079
<i>Samtskhe Javakheti</i>	-	-
<i>Guria</i>	-	-
<i>Imereti</i>	-	-
<i>Shida Kartli</i>	-	-
<i>Racha-Lechkhumi</i>	-	-
<i>Mtskheta-Mtianeti</i>	6	23
Total	665	5426

APLR made efforts to spread information about forthcoming land auctions. TV clip has been prepared that will be aired on regional TV stations informing the public about specific rayons and Sakrebulo where privatization plans have been prepared and auctions are to be conducted. This will also contribute to the public pressure on some Sakrebulo leaders, who may be hesitant to hold auctions fearing responsibility or avoiding full disclosure of available farm lands.

Training for MoED and NAPR officials. Following the significant amendments to the MoED Implementing Regulations for farm land privatization, APLR legal specialists have conducted a round of regional training sessions where the updated regulations were introduced to the officials. The trainings have been conducted as a full-day event in each Regional center with the participation of MoED and NAPR officials. Besides its main target, training sessions have created good opportunity for discussion and consultations regarding current issues related to land privatization.

2. SUPPORT TO LAND REGISTRATION AND LAND REFORM IN AJARA

The privatization program under the Law on Privatization of Agricultural Land Remaining in State Ownership, will be implemented in Ajara and elsewhere in Georgia. However, there is an additional need for the completion of a first-stage land reform in Ajara. Due to the political situation, the first stage agricultural land reform in Ajara was implemented only partly during the 1990s. Land has not been distributed in 42 sakrebulo in the region; therefore, the recent amendments to the legislation allowed extension of timeframe for land reform in Ajara until 2008.

APLR initiated the following activities during this reporting period to support the completion of land reform in the region:

Registration of Allocated Agricultural Lands. Agricultural land that had been allocated by land reform in Ajara was not been registered until the political situation changed in the region. Within the Land Market Development Activity, APLR prepared registration documents for 37,400 parcels - with this effort, registration of agricultural lands that had been previously allocated within the first-stage land reform in early 90s was completed.

APLR will facilitate the registration of additional 35,000 (estimated) parcels (previously unallocated) that will be allocated in 42 Sakrebulo where land reform was blocked by the former regional government; the launch of survey-registration of these parcels is awaiting a GoG approval – see paragraph below.

APLR is committed to provide identification and survey of the land parcels in 42 Sakrebulo where land reform is yet to be implemented. This effort includes two stages – identification of areas to be allocated for land reform and identification and demarcation of parcels to be distributed and titled. The first stage was completed by December, 2005.

Local Government Coordination. APLR continued to participate in the prolonged debate within the Land Reform Commission formed by Ajara government for the purpose to define the strategy for land distribution.

As reported earlier, allocation of agricultural land areas to be transferred to the Ajara residents in private ownership was officially approved by the Government of Ajara in February. However, Ajara regional government expressed its position to seek GoG approval to the land reform regulations before starting the process. APLR was requested by regional government to provide legal expertise to draft all necessary documents needed for GoG approval. As GoG approval had not been a part of the overall process from the start, this additional step has caused delay in the start date for the reform.

As a result of several rounds of discussions, involving legal specialists from APLR central and Batumi offices, several amendments were made to the documents and the final package was sent to the GoG in July. The final package of documents includes GoG ordinance on the approval of land areas to be transferred to private ownership and Implementing Regulations for Ajara land reform. GoG session on August 13 is supposed to take a decision regarding Ajara land reform.

GoG consent will be a final go-ahead for prolonged Ajarian land reform, which is opening a new set of assistance activities for APLR, including training of local Sakrebulo officials with the preparation of training materials. This activity will be followed with actual allocation of land parcels on the ground and registration of titles.

3. SURVEY OF LAND PARCELS IN ‘WHITE SPOT’ AREAS

Several donor-supported projects have been carrying out land survey and registration activities. However, this resulted in several areas uncovered, namely “white spots”. Identification, surveying, and registration of these “white spots” are essential to provide the complete registration of private parcels.

APLR had completed identification and survey of “white spots” in Kakheti, Kvemo Kartli and Imereti regions during the first stage of LMDA (in cooperation with Terra Institute Ltd.).

The work associated with surveying of all identified ‘white spot’ areas was completed during the last reporting period and handed to the KfW Land Cadaster and Registration Project that is conducting integration of cadastral data prepared with the support of different donor organizations into a unified system.

The integrated data is planned to be transferred to the NAPR once the agency builds up necessary capacity (including proper personnel and equipment) to receive and maintain the data. It is expected that data on at least 30 rayons will be handed over to the newly-equipped NAPR offices before August, 2007.

4. POLICY ANALYSIS AND FORMULATION

The GoG has placed high importance on developing land related policies and has turned to international experience for policy advice. APLR is committed to closely cooperate with the Government and NGOs to provide policy advice on land-related issues. In the past, APLR assisted the GoG and the Parliament to initiate and formulate various legal amendments and acts related to the country’s land policy.

Most part of APLR’s policy work during the reporting period was focused on facilitation of agricultural land privatization. The privatization process has revealed the need for key initiatives that would further streamline the process.

Streamlining Privatization Process at NAPR. Registration of the leasehold agreement by a lessee is one of the necessary prerequisites to privatize the land. Unclear registration procedure of lease agreements required from a lessee to submit unnecessary documents which hindered the entire land privatization process.

APLR worked with the NAPR to establish clear procedures for leasehold registration. NAPR sent official instruction to all of its territorial agencies to streamline the procedures for leasehold registration and require a lessee to submit two documents only: the lease agreement and the land sketch².

This important streamlining effort was followed by the round of brief training sessions for NAPR regional personnel, organized by APLR.

Video clips, announcing the enactment of the new regulation have been prepared by APLR and will be broadcasted on central and regional TV stations.

Streamlining Privatization Process at MoED / Tax Agencies. During several weeks, as soon as the privatization process started, one of the significant burdens for those willing to privatize land has been the necessity to approach tax agencies in order to obtain notification

² Boundaries of the land sketches are compared against integrated aerial and cadastral images free-of-charge at APLR GIS centers (see Paragraph 1)

on absence of tax liabilities³. As tax inspectorate offices operate in regional centers only⁴, collection of the note, if ever made possible, was associated with travel and queues, hence reducing the efficiency of the process and motivation of the leaseholder.

Last year, APLR policy team initiated a significant amendment to the Administrative Code, establishing the concept of “one window” at the MoED territorial agencies. According to the proposed amendment, MoED agencies are enabled to request notifications regarding tax liabilities from the Tax Department directly and the latter is required to submit the requested information. However, in many cases tax agencies are unable to provide tax liability notifications as their records are disorganized and past liabilities (or absence of liabilities) are not duly recorded.

APLR strongly supported a radical change in the privatization process: the need to separate out tax compliance issue from the land privatization process. APLR convinced the GoG of the fact that privatization process should not be hindered by the overwhelming bureaucracy that exists within the tax agencies. On the other hand, APLR made an argument that the abolishment of the requirement to present a notification on absence of tax liabilities of the lessee will highly contribute to the improved tax compliance - firstly, a farmer with a private property will become a more compliant taxpayer as he/she would be unwilling to take a risk of property arrest or involuntary hypothecation; secondly, the government would have a leverage to collect tax arrears by arresting property (land) of a non-compliant taxpayer who is already a legitimate private owner of his land.

These efforts resulted in a significant amendment to the MoED Land Privatization Implementing Regulations that totally separated tax and privatization processes.

The new rules came into effect in July 2006. The adoption of the new regulations removed one of the most common and severe hindrances in the land privatization process.

APLR organized training sessions for MoED regional staff countrywide (see Paragraph 1) and planned effective PR campaign (see Paragraph 5) to communicate the new and important changes to the public.

Privatization of Individually-Used Pastures. Farm land privatization law, adopted in July, 2005 excludes pastures from the privatization process due to the frequent common use of these types of lands in Georgia.

While many pastures are commonly used by villagers, or are so-called “alpine pastures” that are used by large groups of shepherds during specific seasons, an ample part of pastures are individually used for private farming activities. Such pastures are almost always leased from the state, fenced, and operated individually by individual farmer or a private company. APLR believes, and many MPs and GoG officials agree, that such pastures can become private, and this would only benefit their owners, as well as the sector at large.

APLR initiated legal amendments to the privatization law allowing privatization of individually used, leased pastures. The proposed mechanism of privatization remains the same as for the other types of leased farm lands.

³ Established by the Administrative Code

⁴ As opposed to MoED offices, which operate in every Rayon.

In July, the Agrarian Committee of the Parliament had a hearing of this initiative. APLR presented the benefits of the amendment; as a result, the amendment was approved by the committee hearing. In the same month, the Parliament voted in favor of the amendment on the first hearing. The second and the third hearings are planned in September-October, 2006, after the Parliament reconvenes for its fall session.

Elaboration of Internal Regulations for NAPR. New Law on Immovable Property Registration requires an internal regulation of NAPR to map out the process. APLR has teamed up with Georgia Business Climate Reform project and together with NAPR lawyers have set up a working group to draft the regulations for MoJ approval.

The group worked intensively during several months and a final draft has been submitted to NAPR. Conclusive consultations are planned in August, before NAPR sends the new regulation for approval to MoJ.

NAPR, GBRC, and APLR are planning to cooperate further – once the regulations become official, the group intends to publish user-friendly guides to immovable property registration for various types of NAPR “customers”.

5. PUBLIC EDUCATION AND AWARENESS

APLR is conducting an intensive public outreach campaign to inform lessees, landowners and other interested parties of the procedures and benefits of land privatization. APLR ensures appropriate delivery of that information to ethnic minorities who do not speak Georgian.

During this reporting period the public education activities have been conducted in the following steps:

APLR Privatization Hotline. Starting from September 2005, APLR launched privatization hotline which acts as a source of privatization-related information. The operator of the hotline delivers basic information regarding land privatization; for the additional queries operator redirects callers to the corresponding regional office or information center. The frequency of received calls demonstrates the need for this method of outreach and consultation - around 2000 calls have been registered at APLR since September.

Advertising in Media. Information on country-scale trainings for the representatives of the territorial units of the Ministry of Economy and the regional administrations, concerning the Amendments to the Regulations on the State Owned Agricultural Land Privatization was disseminated as electronic newsletter through Caucasus Environmental NGO Network - CENN and American Chamber of Commerce – AmCham.

Meanwhile preliminary works have been completed for the extensive TV ad campaign to be launched from August and last till the end of October. Namely, animated clip on simplified privatization procedures has been created and detailed media plans prepared for the Central Televisions. Precise plans for the regional TV channels are under elaboration.

APLR Magazine and Website. APLR continues to publish its quarterly Landowner edition – during the reporting period the magazine provided various land-related articles and placed consultative information. *Ref. Annex C.*

Landowner published an article by T. Chkheidze – Agrarian Policy of the Georgian Government, where he underlines high importance of land reform for the land market development and Igor Betkhoshvili's Highland Farming is a Priority. The Q and A section of the magazine offered qualified legal advice in response to readers' queries.

Ads and privatization guidelines were included in April-June issue of the Magazine Landowner. The above information was accompanied by hotline number and contact information of Association Offices throughout Georgia so that interested people could consult with APLR legal advisers domiciliary.

New APLR website was designed. The website is being tested and will be available at (www.aplr.org) in near future. It will serve as comprehensive information source on the organization and its activities.

6. OTHER APLR ACTIVITIES AND DONOR COORDINATION

During the reporting period, APLR has established cooperation and linkages with various local and international organizations.

APLR technical personnel received training on using land registration software from the **KfW Land Cadastre and Registration Project**. Association expects another task order from the Project envisaging training of personnel of more than 30 NAPR territorial units.

USAID/Caucasus evaluated APLR's proposal on support to property restitution for the victims of Georgian-Ossetian conflict. The proposal was rated as one of the top 5 finalists, and forwarded to **USAID Office of Conflict Management and Mitigation (DCHA/CMM) in Washington, for final evaluation.**

APLR has been awarded a grant agreement from **OSCE High Commissioner on Minority Issues** which envisages opening up a legal consultation center in Marneuli, Kvemo Kartli.

APLR has been contracted by **Georgian Wildlife Conservation Center** to prepare an action plan for resettlement and land compensation aimed at restoration of Khanchali Lake in Southern Georgia.

APLR continues its active cooperation with **BTC Pipeline Co.**, and is facilitating a procedure of land use hand-back within the pipeline construction corridor.

ANNEX A. ISSUES OF LANDOWNER MAGAZINE




The cover of the magazine 'მეურნის მსახურთა' (Landowner's Service) features a central photograph of a man in a dark jacket and hat plowing a field with a brown horse. The background shows a line of bare trees under a cloudy sky. The magazine's title is prominently displayed in a stylized font at the top, with a red and white logo. The year '2006' and the issue number '№ 2 (22)' are also visible. At the bottom, there is a small logo for 'ჩვენი მამულები' (Our Estates) and contact information for the publisher.

2006
მეურნის -
მსახურთა
№ 2 (22)
ქვემოთხაზის ქვარბაღი ერთეული

თქვენთვის საჭირო და საინტერესო
ორი გაეცხება ერთ ჟურნალში

ჩვენი
მამულები
2006 წლის
მარტი
№ 3 (169)
სამკაბეძველი
მეურნეობის
ბანკი

ANNEX A. ISSUES OF LANDOWNER MAGAZINE

მინის მესაკუთრეთა უფლებების დაცვის ასოციაცია გაცნობებთ, რომ მიმდინარეობს იჯარით გაცემული სასოფლო-სამეურნეო მიწების პრივატიზების პროცესი

არსებულ მოიჯარეებს საშუალება გექლევათ გამოიყენოთ მინის გამოსყიდვის უპირატესი უფლება!

სიახლე!


პრივატიზების პროცესი გამარტივდა:

პრივატიზებისთვის აღარ მოითხოვება საიჯარო ქირის ან მინის გადასახადის გადახდის დამადასტურებელი ცნობის წარდგენა

იჯარის უფლების რეგისტრაციისა და პრივატიზებისათვის (საპრივატიზებო) საფასურთან ერთად მოითხოვება მხოლოდ საიჯარო ხელშეკრულება და ზუსტი აზომვითი ნახაზი

დანვრილებითი ინფორმაციისათვის მოგვმართეთ

ცხელ ხაზზე: 206-205





2006
თველის -
სექტემბერი

მიწის
მესაკუთრეთა

№ 3 (23)

საქართველოს კარგალები ერთად

2006 წლის ივლისი - აპრილი №5 (171)

თქვენთვის საჭირო და საინტერესო ორი გამოცემა ერთ ფორმატში