

PD-ABK-716
9-1-94



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21 June 1994

Attached, please find the first round of Performance Reports as required under USAID/LTC Land Market Development Project, Cooperative Agreement EUR-0049-A-00-4031-00.

cc: John Becker, Bureau
Dianne Blane, USAID/Tirana
✓ PPC/POL/CDIE/DI

ALBANIA RESEARCH STATUS REPORT

SUSANA LASTARRIA-CORNHIEL and PETER C. BLOCH

The following is a summary of the status as of end May 1994 of work on the research themes identified in the Land Market Action Plan and the impact evaluation study, as well as recommendations on what should be done to further these initiatives. The last section deals with administrative aspects of managing the small research grants by the PMU.

Fragmentation of Farm Holdings

a. Agricultural University, Faculty of Agricultural Economics

A group of six professors (headed by Galantina Canco) from the Agricultural University has presented a proposal to study the issue of fragmentation of farm holdings. Several meetings were held with this group to discuss and further develop the proposal. Data and information from surveys already done (by IFDC, by Ministry of Agriculture) were also collected and reviewed to ascertain what information is already available on fragmentation.

The group has proposed to focus on the central region of Albania in an initial research phase because it has the best agricultural land. Their design has three stages. First, a short survey of the central region (Tirana, Durrës, Lushnjë, Elbasan, Fieri, Kavajë districts) will be done by sending a short and simple questionnaire to district cadastral offices asking them for data on land fragmentation at the village level. In the second stage, based on the information gathered in the first stage, villages representing a range of "fragmentation rates" (defined as land plots per recipient household) will be chosen for an in-depth study of the effects of fragmentation on productivity, marketed surplus, etc. Finally, based on the results of this study, policy recommendations about consolidation strategies and/or other possible solutions to negative effects of fragmentation will be made.

The Agricultural University group has presented a revised proposal that specified the methodological approach in greater detail, including a table that is to be filled out based on data gathered from the regional Cadastral offices in 1993 (to be updated subsequently), and gave an itemized budget.

RECOMMENDATION: This proposal should be presented to the Executive Committee of the PMU and be seriously considered for funding.

RECOMMENDATION: The University of Agriculture group has a copy of the 1993 Ministry of Agriculture D-Base data set on land distribution by village. Someone in the group should be trained on how to use D-Base. They could use the PMU computers to look at those data sets and see if there is anything of interest in it.

Once they are familiar with D-Base, they can also look at the IFDC data sets.

RECOMMENDATION: Land Tenure Center should obtain a copy of the 1994 FAO/IFDC survey data set from IFDC Alabama. It is supposed to be ready by mid-June 1994.

b. Land Research Institute

On April 29, oral presentations were given on three proposals by members of the Land Research Institute to do work on other aspects of land fragmentation. The first, by Dr. Sharif Lushaj, described a study of the possibility of using farmer associations as a partial solution to the technical and economic problems of fragmentation. The second, by Justina Boritçi and Vangjo Kovaçi, was about the problems of erosion and water management that are accentuated by fragmentation of irrigated holdings. The third, by Skandër Bellala and Bardhyl Qillimi, was about both environmental protection and management and land fragmentation. It concerns problems of soil fertility and the necessity of soil conservation policy and legislation, especially in the context of fragmentation. Discussions of these proposals were brief because all were presented at a single meeting. Each of them showed promise, although each was overly ambitious given time and budgetary constraints.

One interesting observation -- fragmentation means different things to different people. We have usually made a distinction between subdivision (such as partition of a household's parcel as a result of inheritance) and fragmentation itself (households have several parcels). We feel that the Albanians interpret fragmentation as yet something else -- the simple partition of the unified cooperative fields into individual fields, i.e. a concept closer to subdivision. This type of subdivision is called parcellation in Latin America. We should ensure that the three separate concepts are clearly identified.

Together with the Faculty of Agricultural Economics proposal, some or all of these three will enable a serious, in-depth look at fragmentation from a variety of methodological perspectives.

RECOMMENDATION: These three proposals should be further refined before presentation to the Executive Committee of the PMU.

RECOMMENDATION: Before beginning any of the field investigations or designing any research instrument such as a survey questionnaire on the issue of fragmentation, a review of the international literature on fragmentation, particularly on its effects, consolidation methods, and solutions to negative effects, should be done. David Gandle is assembling material, which he will send to Albania, and will also be writing a review paper on the

fragmentation literature.

Intrahousehold Property Rights

A group of ethnographers at the Popular Culture Institute headed by Yllca Selimi and Aferdita Onuzy presented a proposal to conduct a household survey on this theme. At the first meeting with this group, Albert Dubali suggested that, given the policy priorities of the government, a lawyer be part of the team in order to ensure that the study address legal issues as well.

Following a series of discussions about how best to address the issue, it was agreed that there should be two studies: (1) a review of legal aspects of property rights and (2) an ethnographic study of who actually has rights to family property in practice. The first study would analyze the different laws (draft Civil Code, Family Code, draft Inheritance Law, kanun) that pertain to family property and intra-family property rights, focusing on the identification of inconsistencies, contradictions, conflicts, and gaps within and among the various pieces of legislation. Recommendations for the drafting/redrafting of these laws (which, except for the kanun, are all in different stages of revision) could be made on the basis of this review. The review of formal and customary law could also inform recommendations for the immediate problem of how to register family property.

The second study would enable the Popular Culture group to build upon their considerable experience doing ethnographic work, rather than relying upon them to learn how to conduct sociological surveys, with which they are unfamiliar to date. The ethnographic study would have the following objectives:

- (1) to document the property and inheritance rights of family members as actually practiced;
- (2) how these practices can inform inheritance rules, registration procedures, etc.;
- (3) what dissemination programs are needed to education and inform people, particularly women, of their rights.

One methodological approach to this ethnographic study (and other land market policy studies) is to conduct a rapid survey (RRA, Sondeo, windshield/key informant) in several different regions in order to identify (1) some of the issues of this theme, and (2) some villages and families that could be visited later for case studies.

The group has prepared a very detailed budget for personnel, broken down in a workplan format. Because they were unsure of how to budget per diem, etc., they did not complete the entire budget, but this could be done very quickly.

The Popular Culture group are available for field work after July. Before then, some work can be advanced such as collection of studies done on customary property rights, documentation of formal and customary laws, the legal review, and design of the rapid survey.

Another ethnographer at the Institute, Andromaqi Gjergji, is now officially retired but continues to work at the Institute. She is very knowledgeable on this issue and could participate in this study by doing a historical paper on intra-family rights to family property.

RECOMMENDATION: This proposal should be presented to the Executive Committee of the PMU and be seriously considered for funding.

Fragile Lands

Professor Thoma Plaku of the Department of Soils, University of Korçë, has submitted a proposal ("profile") to conduct research on the problems of fragile, currently unproductive lands that have not been distributed to households. The focus of the work would be eroded or erodible hillside land, in the Devolli district to the east of Korçë. Because he is hoping to complete the requirements for his Doctorate of Science degree by the end of 1994, Prof. Plaku proposed to conduct this research during calendar year 1995. He agreed to consider beginning the work during the summer of 1994, probably employing students to gather primary data in villages in the Devolli district. He will contact JDS to confirm what and how much he will do this summer.

During a general meeting at the University of Korçë, PCS discussed the LMAP with five members of the Department of Soils and one member of the Department of Agricultural Economics. While they were all aware of the request from Albert Dubali to formulate research proposals, other than Prof. Plaku they had not considered doing so. Their questions suggested that they might be interested in such topics as range management and land valuation and taxation. Follow-up might be done during visits to Korçë, but there is no immediate prospect of response.

RECOMMENDATION: A refined proposal from Prof. Plaku should be favorably considered and reviewed before presentation to the Executive Committee.

Forests and Pastures

The problem here is that there has been little serious thinking about management of forest and pasture resources. The old state system of Enterprises (Economies) appears moribund; private operators are unsure of how to proceed; and local governments

(district, comuna and village) have no authority to do anything.

The forest law of 1992 and the draft pastures and meadows law, which I read, are very rigid: they are straight out of 1930's French laws which insist on government control of anything defined as forests, whether state or private; require permits for use and fines for misuse; and generally discourage initiative on the part of anyone to do anything with forest and pasture resources. The two laws do provide for local government rather than national government management of some forests, pastures and meadows, but leave to subsequent legislation the decision as to which part of them will be devolved. There is a clear need for assistance in the preparation of legislation and policies to determine the appropriate locus of management, as well as to encourage replanting, maintenance and rational exploitation of these resources.

Several groups have begun thinking about research on forest and pasture management, including the special problems of protected areas. In Tirana, a group of government officials and university faculty have prepared a profile outlining a broad research program to identify the principal threats to the integrity of forests in different regions of the country. As presented orally (it had not yet been typed, much less translated), it is much too broad but does have the excellent idea of interactivity: unlike most of the proposals that suggest data-gathering, analysis and then presentation at a workshop, this one proposes a workshop as part of, or preceding, the analysis. And the workshop itself is to bring together people of all levels, from national government people, through local government people to just plain people. Because this is an especially high-level working group, the chance of good work is high, but so is the chance that they feel that they know all the answers before they begin.

Another group is composed of members of an NGO called the Association for the Preservation and Protection of the Natural Environment of Albania (PPNEA), headed by Lekë Qeknuri. They presented an oral version of a profile which aims to conduct an inventory of the sites that are appropriate for protected area status, both those that already are (six national parks and a few "national monuments," all apparently in forest areas) and those that should be, which include other forested areas plus wetlands and other threatened biotopes. They hope to conduct a two-stage project, first to inventory and analyze existing information about protected and protectable areas, and second to conduct fieldwork to fill in gaps, in order to present a national strategy for protection of threatened biological resources. As is true of nearly all of the research proposals, theirs is impossibly ambitious given immediately available funding and human resource, but the problem is clearly worthy of PMU support. JDS will keep in touch with this group to encourage submission of a formal proposal to the Executive Committee for funding of the first phase, at

least.

Several of the places visited during our five days of travel had especially interesting forestry issues. In Preshen, we met with two principals of a private company, Floralb, that has begun to exploit forest resources, both timber and secondary products like medicinal plants. They were able to describe in detail the procedures that are supposed to be in effect (but apparently are not yet) to obtain contracts to cut trees in parcels of state forest, and showed us a warehouse full of secondary products: juniper berries, dried wild apples and honey were the most identifiable ones. The value of these secondary products is probably minimal, but in the absence of the possibility to cut timber they are probably keeping the company going. The main impression was of potential enterprise frustrated by unresolved government procedures.

In Lushnjë, PCB talked with the chief of the technical section of the district forest office. The main subject of the discussion was the management of forests, with special reference to threats caused by people in search of fuelwood and construction timber. He recognized the need for devolution of management to local governments -- comunas and even villages. But his idea of local management turned out to be local obligation to protect the forest as the government would: keeping people, including local people, from touching the trees. He claimed, however, that there were no local institutions that could undertake the responsibility: villages were just a collection of individuals. He talked favorably of a planned project (FAO) that would distribute tree seedlings to farmers to plant on their own land as a source of fuelwood and timber to reduce their need to enter the forest. He also suggested that the forest enterprises could help by giving the waste wood from lumbering to villagers.

RECOMMENDATION: Written and translated proposals on the forest and pasture them should be reviewed by Peter Bloch and/or other appropriate experts for further refinement.

Impact Evaluation Study

The design of the Impact Evaluation (see Annex 9 of Workplan) baseline questionnaire to be applied nationally should be based on the results of a brief study in several regions. This brief field study could also help us identify villages for applying this questionnaire. It would be ideal if this team consisted of both agricultural economists, ethnographers, and possibly sociologists. The design of this brief study and the training of this team in both field methods and data analysis could be done by Neil Chalmers, who has indicated his interest in doing this work. He is not available, however, until September. Hopefully this brief study could be done in early fall.

I doubt that Neil Chalmers would have the time to supervise the baseline study itself. So perhaps Coca del Castillo or Harry Lemel could work with Neil in the design and training and then actually implement the baseline. When this baseline survey would be done needs to be determined if we are going to approach people and ask for a commitment from them.

The survey baseline will not only serve to establish conditions now at the start of registration, but will also create a panel for monitoring during the life of the project.

The brief study (done before the baseline) will have a double purpose in that it can be used to help design and identify villages for some of the land market policy issues studies. For example, the ethnographic study that will be done on intra-household property rights could use the information from the brief study to identify villages and/or families in which to undertake case studies.

RECOMMENDATION: Neil Chalmers, Coca del Castillo and Susana Lastarria should continue to work on this study design. Lastarria and del Castillo should review Annex 9 in Albania in July 1994, and communicate with Neil Chalmers about the small survey and training to be done, hopefully in September-October 1994.

Administrative and Financial Arrangements for Theme Studies

The PMU needs to determine the administrative and financial arrangements that it will have with the different groups that undertake the land market policy issues studies. I spoke to Albert Dubali about this and he said he would talk to the Executive Council about it. One administrative issue is that of advising Ahmet Jazo and the Executive Council about the proposals as they come in. Albert Dubali seemed to think that this can be done as the final version of the proposals are handed in. I see no problem with this.

The relation between PMU and the individual study groups needs to be determined. A. Dubali mentioned that a contract will be drawn up and I suppose that this contract could cover the details of both administrative and financial arrangements. However, what the details are going to be needs to be discussed. This may have to be done over several meetings with Dubali and the executive council. Dubali seems to want to wait until the first definitive proposal is submitted to the executive council before deciding on these issues. This is probably practical in some sense, because they will have a concrete case before them to help them make decisions. But these study groups will need some of this information before they can properly finish their proposals.

RECOMMENDATION: The PMU should prepare guidelines on how they are

going to relate to these groups and what level of administrative and financial control they want to have over the studies. I would suggest that minimal control be exercised, however, that some mechanism be established to ensure that the studies are conscientiously carried out and that reports are satisfactory. One way is to hold payment of salaries until a satisfactory report is handed in.

RECOMMENDATION: For groups that consist of persons who are full-time employees (particularly state employees) but who are doing these studies independent of their institution, the PMU should decide how they will be paid (what level of effort and payment) according to what the Ministry of Agriculture (or whatever state agency) rules are.

RECOMMENDATION: Regarding financial aspects, some guidelines on expense levels should be set up (for example, salary levels, per diem). Also, the executive council should decide what services the PMU can provide to the study groups, such as computer courses and access, a vehicle for field work, etc.

RECOMMENDATION: The research groups need assistance on preparing proposals and research budgets. Perhaps the ICC could prepare and give a course on project budget preparation to the groups who will be preparing project proposals for the Land Market Policy Issues component.

April 11, 1994

Preliminary Plan of Work:

LAND PLANNING FOR URBAN GROWTH AND COMMERCIAL DEVELOPMENT
IN ALBANIA

Herman Felstehausen and Rod Matthews

Background

This report addressed land use planning rules and procedures as they apply to urban expansion and commercial property development in Albania. The focus of this effort is on the capital city of Tirana, and the growth corridor between Tirana and the port city of Durrës (a distance of about 50 km). Tirana is a compact city laid out following classic European lines. The center consists of a large open square with several broad avenues radiating out from the hub. Unfortunately, classical spoke and hub patterns developed prior to the age of automobiles. Economic development is bringing a flood of motor vehicles that cannot be accommodated in terms of either streets or parking under existing patterns. Cross-town and intercity traffic problems will continue to worsen.

The population of the greater Tirana metropolitan area is estimated at about 400,000. Except for government and university buildings, most Tirana structures are drab, unfinished-looking, multi-story apartment houses put up under the communist government. The city urgently requires an expanded land base to accommodate a steady stream of rural to urban migration plus a growing commercial sector. There are strong pressures for improved electrical and water supplies, roads and streets, public transportation, and communication. Former state lands on the periphery of the city are being encroached upon by settlers and land speculators engaging in ad hoc parcel formation and self-constructed housing.

There are clear signs of land speculation taking place on the urban periphery with some squatters deliberately investing in housing and improvements with the expectation that when land registration and ownership claims are adjudicated, they will be able to secure a permanent claim and reap the capital gain. There are many examples of informal land markets at work emphasizing the need for more rapid development of property legislation and development rules. Merchants and vendors are creating semi-permanent kiosks and market stalls in public parks and along highways and public spaces. Commercial land parcels were not adequately provided under the old regime; now with every conceivable product entering the country, entrepreneurs are pushed into the streets and parkways in order to make contact with the public.

In and around Tirana there are large, unmet demands for urban and near-urban land for:

- new parcels for housing construction;
- commercial and office space;
- non-polluting industrial development space;
- water, sewer, electricity, telephone, and waste collection;
- roads, streets, parking, buses, rail, airport and port facilities;
- parkland, open space, conservation buffers to rivers and streams.

Objectives

The purpose of this project is to describe urban and urban fringe land designation and allocation procedures, planning procedures, and models for more efficient coordination among government authorities, service sectors, investors, and property holders. It is envisioned that the

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early phases of this work will focus on pilot studies to better understand the dynamics of land designation, project planning, and development coordination. Attention will be given to both residential expansion zones and commercial-industrial land development.

Plan of Work

Analysis of Urban Expansion Zones. Facilitating and coordinating the development of expanded urban zones for housing, industry, commerce and infrastructure is one of the major challenges facing the City of Tirana and other centers and corridors of growth. Because urban functions involve combinations of public and private actions, it is important to focus on strategies that increase efficiencies when bringing together private actors with legal, administrative, planning and finance mechanisms of the nation, the municipalities and the property holders.

Current planning practice is to focus on specific components of planning and space/facilities allocation. The task now is to expand planning to the system level. This means a strategy unit or team that will assemble all of the components and evaluate 'interactive effects' rather than separate effects. Training should be coupled with this plan of work to illustrate and teach these concepts. Specific work tasks include:

- Assemble maps and descriptive surface data from Tirana's existing master plan. Develop a basic, reproducible base map for Tirana and surrounding lands.
- Calculate hectare figures for Tirana by land use classes. Review standards for space needs for varying densities of housing and commercial activities.
- Identify rivers, streams, woodlands, and other areas of natural and environmental significance. Identify current ownership and control.
- Assemble City of Tirana and Tirana District population statistics. Establish best-estimates of rates of in-migration, workforce size, school-aged population, and population growth.
- Outline legal, technical and administrative steps involved in expanding the urban district (moving the yellow line). Identify the decision-making processes for designating building parcels for housing, commercial-industrial activities, public buildings, parkland and infrastructure.
- Develop basic transportation maps of existing street and highway networks. Examine highway expansion plans for the City of Tirana and the development corridor to the airport and coastal port of Durrës. Begin plans for reserving space for future highway expansion.
- Support mapping of current urban service networks and identify trunk lines with expansion capacity. Identify operating authorities for electricity, water, sewerage, and solid waste.

Analysis of Commercial-Industrial Zones and the Real Estate Process. The primary initiative and responsibility for the development of commercial-industrial zones usually rests with municipal governments and the mayor's staff. Not only must the mayor and the council be in a position to make major decisions, but they also play an important coordinating role in extending water, sewerage, electrical service, streets, parking and other infrastructure. Cities can secure help and financial assistance in these efforts by considering joint public-private ventures where the investor shares in the burden of preparing and promoting commercial sites. Topics to be addressed under this subject include:

- Ascertain status and ownership of land in commercial and industrial zones. Establish the range of permitted land uses and ability to make space available to sub-users.
- Review parcel definition and size designation in commercial-industrial zones. Estimate the impact of commercial-industrial zones on adjacent land; give attention to the Tirana-Durrës corridor.
- Estimate total land costs including land payments, permitting and infrastructure costs. Establish standard square-meter cost calculations and pricing.
- Identify staff for the operation of commercial-industrial zones, coordination with municipal government and Council on Territorial Adjustment, and appropriate levels of promotion and advertising. Calculate expected employment levels and wage impacts as a result of developments in the zones.
- Review method of financing in commercial-industrial zones, by end user, state bank, commercial banks, and foreign capital.
- Develop strategies for marketing real estate, including the operation of brokers in the transaction process.
- Make recommendations on brokerage procedures including documents such as listing contracts, offer to purchase and/or lease forms, principal/agent relationships, commissions and fees, and service as salesperson.
- Examine the collection and dispersal of information on land for sale and lease. Consider procedures and standards for financing real estate transactions.
- Offer plans for real estate development business that integrate the steps of the real estate process -- such as design-build, turn-key projects.

Improving the Planning Process

Facilitating and coordinating the assignment of new urban zones for housing, industry, commerce and infrastructure is one of the major challenges facing the City of Tirana and adjoining development corridors. Urban expansion depends upon a relatively high degree of public and private coordination involving: (a) physical resources -- land and topography, (b) governmental authority and administrative procedures including land records, (c) political decision-making and policy factors, (d) transportation and access, (e) urban services, (f) economic factors affecting land price, holding costs, and capital appreciation, and (g) natural and environmental factors. In Albania, land development coordination is often difficult and unclear because many legal and administrative processes related to land parcel formation and control have not yet been resolved.

Given this background, there are a number of policy actions that should be considered in carrying out future planning:

Albania should create a **National Planning Council**.

Many of the inputs to urban planning in Albania are of adequate quality but were developed with narrow objectives or functions in mind. Missing is a coordinating body that can assemble and evaluate alternative plans and strategies. A National Planning

Council should be created with a technical staff to advise the Council of Ministers and the Superior Council on Territorial Adjustment. This council and staff would speed up the resolution of some of the urban expansion questions of Tirana and other major cities.

Adopt a **task management** approach to urban development planning.

Urban development planning is a complex process that seemingly requires that everything be done at once. The Urban Planning Institute and the Office of Territorial Adjustment have the main responsibility for drafting expansion plans and implementation legislation. Municipal mayors and national ministers are under heavy pressure to act quickly in making urban improvement decisions. The Urban Planning Institute lacks staff and equipment to respond to all of these requests at once. A concerted effort should be made to identify planning teams to address subjects ranging from urban services to land for housing and businesses. Task management teams could help to establish priorities in responding to areas of highest need.

Provide **training and technical** assistance through the Urban Planning Institute and the Polytechnical University.

In order to reduce the response time in preparing maps and studies for new housing and commercial zones and transportation improvements, the Urban Planning Institute requires basic equipment, especially PCs and copy machines. With the addition of minimal equipment, the Institute staff should begin the preparation of standardized urban data sets, especially hectare figures of land occupied by existing urban use classifications, and hectare needs for housing, transportation and other uses. Standard density criteria and other measures need to be developed and used to increase the sense of progress in local and regional planning meetings. We propose a set of technical training courses to improve staff capacity and to introduce staff and administrators to new concepts related to integrated planning.

Establish two or three **pilot projects**.

Three problems have already been observed that would lend themselves well to special case studies that would yield pilot project experience that has the advantage of modeling general program actions in the future. Pilot projects also offer a way to harness the energies of foreign and outside experts traveling to Albania to observe and study development. The three priority case studies should address: (a) an urban expansion area on the edge of Tirana planned for new housing; (b) a commercial-industrial development zone involving commercial parcels, clarifying ownership status, and installing access and infrastructure; and (c) designation and preservation of an open space corridor with procedures and criteria for defining natural areas and rules for conservation and protection.

Collaboration

Given the size and scope of urban land planning tasks in Albania, and the limited capacity of current planning agencies, outside assistance groups should make some effort to share information and collaboration in developing local capacity. This plan of work received assistance, ideas and comments from:

-The Urban Planning Institute, George Kotmilo, Director.

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- The Office of Territorial Adjustment, Ministry of Construction, Shpresa Leka, planning specialists.
- Polytechnical University of Albania, Agron Lufi, Dean.
- Tirana Department of Town Planning, Koco Kaskaviqi, Director.
- Project Management Unit (PMU), Land Registration Program, Ahmet Jazo, Director.
- Harry Merritt, Professor of Architecture, University of Florida, and consultant to the Polytechnical University, Tirana
- Sally W. Iadarola, Executive Volunteer, Stamford, Connecticut, and consultant to the Urban Planning Institute, Tirana.
- Mona Serageldin, Harvard University Graduate School of Design, and consultant to the Eastern European housing development program of the United States Agency for International Development.

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STUDY OF URBAN LAND PLANNING PROCESSES IN ALBANIA

Abstract:

Population pressures, along with rapidly growing demands for housing and commercial space, have created the need for more rapid and efficient urban land allocation methods. Meeting these needs requires more effective urban growth administration and planning, particularly improved procedures for allocating land for housing and private investments. Urban land planning involves the integration of numerous diverse factors. These include identifying the physical and ownership features of the land, while at the same time, coordinating government policies, private investment priorities, traditional land claims, multiple uses, and overall environmental concerns.

This project phase is focused on two objectives. The first is to identify the numerous procedural steps, land allocation methods, and levels of authority and administration involved in urban growth and development. The project will explore possible models for improving the integration of public and private functions. As metropolitan areas grow, geographic and spatial features must become more integrated with property rights, governmental rules, community organization, and financial practices.

The second objective is to create a comprehensive framework for discussion leading to more effective planning of land areas, particularly the periurban areas of Tirana and other selected cities. This stage will consider optional administrative and planning models with the goal of simplifying urban land designations, municipal boundary changes, public service extensions, and private investment practices. The work will include a discussion of current urban planning procedures, methods for moving boundary lines and designating new commercial and industrial zones. All major levels of planning and administration will be reviewed including land registration and territorial adjustment policies.

Summary of project stages:

1. Document basic procedural steps for:

- establishing commercial-industrial zones
- designating land for low-cost housing
- extending public infrastructure
- identifying park and open space lands
- arranging capital and finance

2. Evaluate these processes empirically in specific periurban areas;

3. Develop new models for policy discussion and evaluation in order to:

- streamline urban growth and decision-making procedures
- review territorial adjustment policies
- describe expanded municipal role in changing
urban boundary lines and in creating industrial zones
- consider procedures for public-private joint ventures

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PROJECT MANAGEMENT UNIT
for
The Property Registration Action Plan

24 March 1994

INTRODUCTION

In November 1992, the Land Tenure Center (LTC) of the University of Wisconsin was invited by the Government of Albania (GOA) and the U.S. Agency for International Development (USAID) to assess the question of how to develop a land market system for Albania. As a result of this initial visit and subsequent proposal, LTC received funds from USAID to conduct a 1-year project to develop a Land Market Action Plan. USAID refers to this project as Phase I. The Action Plan was written as a result of Phase I and is the basis for the LTC proposal for developing land markets in Albania. This Action Plan proposal was submitted to several donors for possible funding. USAID and European Community (EC/PHARE) agreed to consider funding this proposal. EC/PHARE approved funding for this proposal in January 1994. USAID has approved the research part of the proposal and is currently negotiating the budget. They estimate the grant to be awarded as of the end of March 1994. USAID refers to this proposal as Phase II.

The Council of Ministers of the Republic of Albania by a Ministerial decree on 26 October 1994, has created a Project Management Unit (PMU). The PMU is an independent economic unit, designed to carry out the activities of the Land Market Action Plan (Phase II). PMU is governed by all existing Albanian Laws. A Coordinative Working Group has been established by the Council of Ministers to make policy decisions for the operation of the PMU. The Council of Ministers appointed Llazar Korra, former Vice Minister of the Ministry of Agriculture to head this group. Mr. Korra then appointed the following members:

Llazar Korra, former Vice Minister, MOA
Albert Dubali, Director, Land Research Institute
Ahmet Jazo, General Manager, PMU
Shpresa Leka, Specialist, Ministry of Construction
Alida Stamo, Legal Representative, PMU
Edmond Leka, Director, Military Topographic Institute
Qemal Rizvanolli, General Director, Forestry
Gjergji Kotmilo, Director, Urban Institute
Adriana Civici, Officer, Ministry of Finance
Unspecified, Representative, Ministry of Justice

→ which serves
as a Board
of Trustees

The PMU presents policy recommendations to this Working Group through its Executive Board (administrative board) at the request of its General Manager. The Executive Board is made up by the division chair persons of the PMU. This board is responsible for determining the regulations for the technical operation of the PMU.

EC/PHARE is contracting the PMU directly for technical assistance in mapping and surveying. USAID will directly grant funds to LTC. LTC will then fund PMU activities for setting up Property Registry Offices by means of a subcontract.

TRIP REPORT

I travelled to Tirana, Albania 13-25 March 1994. The purpose of my trip was to assess the current financial management system and reconcile the financial reporting needs of all donors with the laws of the Albanian constitution. The University of Wisconsin gave me a list of control issues which it recommends to be in use at PMU. USAID also gave me a list of financial criteria which it uses to review their grantees. I used these lists as a guideline on which to base my review of the PMU financial management system. The following is a detailed report of the financial management system at PMU. This includes (1) policies which are already in place to handle current activities, (2) details on the Executive Board meeting which was held during my visit to discuss administrative issues, (3) details from meetings with the audit agencies of Albania, (4) my recommendations for policy development based on these events, and (5) my conclusion.

ACCOUNTING PROCEDURES

PMU began operation on 15 January 1994 under an advance from the European Community made in DM currency. PMU has opened a bank account in DM. A Lek account was automatically opened by the bank (all payments to Albanian nationals/organizations must be made in Lek--the currency of Albania). The Financial Officer of PMU also opened a dollar account to make necessary payments in USD. Separate bank accounts and working files will be maintained for the different funding agencies.

The Financial Officer of PMU is a former employee of the MOA Financial Department, has a university degree in Economics, and is cognizant of Albanian accounting policies as gained from previous experience at the MOA and from the Albanian Accounting Law. This law is published by the Supreme Audit Bureau of Albania. Currently, PMU has no cash on hand. All expenditures are made through bank account transfer endorsements written against the PMU bank account at the Savings Bank. The bank automatically transfers the money from the PMU account to the account of the vendor on the endorsement. It is not necessary that both PMU and the vendor accounts be at the same bank. The banks in Tirana are able to coordinate accounts throughout the entire country. Albanian law promotes use of this accounting payment procedure. Salary money is the only actual cash withdrawn from the PMU bank account at this time. (Internal bank transfers can only be made between business accounts, not personal accounts.) All account transactions are noted in the ledger of the PMU.

Albanian law requires that PMU have both a financial officer and a cashier. The person authorizing the expenditure documentation cannot be the same person who hands out the cash. Due to the small size of the PMU at this time, the secretary also serves as the cashier.

Salaries

Salary levels are determined by the Council of Ministers, which has set the standard by which all Albanian employees of international agencies are governed. PMU currently has a permanent payroll of 7 employees:

Ahmet Jazo	General Manager (GM)
Abaz Alizoti	Construction Overseer
Mehmet Grepsa	Surveying Specialist
Spiro Lamani	Mapping Specialist
Alida Stamo	Lawyer
Erida Pegini	Financial Officer (FO)
Adriana Pali	Secretary / Cashier

Any additional staffing will be decided with a meeting of the Executive Board. At such time, the qualifications of possible employees will be reviewed and considered.

The following is a detail of the salary payment process:

1. Payroll information form is prepared on the 2nd and 17th of each month by the FO (if these days fall on a weekend or holiday, the payroll will be done on the next regularly scheduled business day); payroll data includes: employee name, base salary, income tax and social security tax withheld, and the net salary. This form is authorized by the FO and GM.
2. FO prepares the bank authorization letter based on the net salary amount to withdraw the necessary funds from the PMU Lek account to pay the salaries. This letter is authorized by the FO and GM. The Cashier takes this letter to the bank to withdraw the cash. The bank issues a receipt for the cash withdrawn. The Cashier returns to PMU with the cash for the salaries and the bank receipt.
3. Cashier prepares a money order for the total net salary payment, based on the bank receipt. This money order is authorized by the FO after verifying cash withdrawn from the Lek account with the bank receipt.
4. Cashier prepares a cash order for the total net salary. At this time the Cashier also prepares a Payment Voucher (which has the same information as the cash order written both in Albanian and English). Both the cash order and the payment voucher are authorized by the FO and GM. With this documentation, the Cashier is now authorized to distribute the individual cash salary payment to each employee. Upon receipt

of the cash, employee signs original payroll documentation prepared by the FO.

5. All original documentation of the salary payment process is attached to payment voucher and filed numerically.

Income Tax Deduction

The Income Tax deduction is determined by the base salary of each employee. The tax rate is based on the Income Tax law as established in the official journal of the People's Assembly of Albania. After the payroll information form is prepared:

1. FO prepares the endorsement, authorized by the general manager, for the Income Tax Office. This form is then taken to the bank for a bank transfer of funds from the PMU account to the account of the Income Tax Office.
2. Bank statement of this transaction is available for pick up at the end of the day. All original payroll documentation is attached to the bank statement by the FO, and filed.

Social Security Tax

The Social Security Tax deduction equals 3% of the maximum margin of each employee's is salary (this is not necessarily equal to the base salary rate of each employee) plus 32.5% of the total maximum salary margin. These salary margin guidelines are established by the Social Security Office of Albania. After the payroll information form is prepared:

1. FO prepares an special Social Security endorsement form, authorized by the general manager. This form is then taken to the bank for a bank transfer of funds from the PMU account to the account of the Social Security Office.
2. Bank statement for the total of PMU daily transactions is available for pick up at the end of the day. All original payroll documentation is attached to the bank statement by the FO, and filed.

(NOTE: Income tax and Social Security tax deductions have been calculated on the payroll information form. The endorsement payments have not yet been made. It is necessary for the legal representative of the PMU to register this foundation with the court before taxes can be paid.)

Purchasing / Services

The following procedure is used to purchase all necessary items of the PMU requested by its employees.

1. Person needing item(s) to be purchased gets estimates from at least 2 vendors.

2. Estimates are then given to the GM to decide which vendor PMU will use.
3. Person needing item(s) goes to the vendor selected in order to get a bill of sale order. This bill is then taken to FO and used to process the payment documentation.
4. FO prepares the endorsement for the transfer of funds (along with an extra working copy) to take to the bank for authorization. The extra working copy is needed to prove to the vendor that the bank account transfer of funds has been approved.
5. FO or some other designated person then takes the extra working copy which has been authorized by the bank, along with the original bill of sale order, to the vendor in order to pick up the requested item.
6. Vendor then marks the bill of sale order as a receipt upon presentation of bank authorized endorsement. This receipt, and the authorized extra working copy are given to the FO to be attached to the endorsement form and filed along with the bank statement for total daily transactions of the PMU which can be picked up at the end of the day.

Endorsements are 4 carbon forms: 2 cc for the bank, 1 for PMU and 1 for the vendor. The bank uses this form to authorize that the PMU bank account will cover the requested expenditure. At the end of the each day, the bank prepares a transaction statement to send to the PMU for the total of all daily transactions made. The bank attaches the PMU copy of each endorsement to this statement. (The transaction statement includes date, account daily beginning balance, expenditure credit, description of money order item, and the adjusted end of the day balance.) The bank also sends the vendor copy of the endorsement directly to vendor. PMU made an extra working copy so that it could go to the vendor immediately after the endorsement has been authorized by the bank in order to pick up the needed item. All original documentation is attached to the bank statement by the FO, and filed.

For large dollar equipment purchases, PMU has a formal closed bidding process. The General Manager appoints relevant specialists to a committee. This committee drafts up a list of equipment requirements. This list is then put into a formal request for bid which is sent to as many possible suppliers as are available. These suppliers are mostly in Europe and the United States. The day after the deadline for submission of tender, the committee opens all tenders and evaluates the proposals based on a point system. The bid which scores the highest number of points is awarded the contract.

Inventory cards are maintained for all equipment purchases made by PMU. University of Wisconsin/USAID inventory stickers have been requested for equipment purchased with these funds.

Service Contract

PMU is an independent economic unit which has the ability to contract with other Albanian individuals/organizations. The procedure for contracting services is as follows:

1. PMU writes a legal and binding contract to hire the professional services of a person or agency which documents the terms of the services to be performed. This contract is duly signed by the relevant parties.
2. After the service has been performed, the person/agency contracted submits a final accounting of the terms of service. This accounting is authorized by the relevant parties listed on the contract.
3. FO prepares a cash order or bank endorsement to process payment for the contracted services. The contracted person/agency signs this documentation upon receipt of the cash, or acknowledgement of the bank transfer of payment.
4. Cashier prepares the payment voucher. This is authorized by the GM. All original documentation is attached to the payment voucher by the FO, and filed.

EXECUTIVE BOARD MEETING

The first meeting of the Executive Board with members of the PMU administrative unit was held Monday, 21 March 1994, to discuss existing and future administrative policy needs. A future meeting will need to be held to determine which requirements need to be put before by the Coordinative Working Group.

Court Registration

It was noted at this meeting that the legal representative of the PMU must register this foundation at the court as soon as possible.

Staffing

Any future employees to be hired by PMU must be presented to the Executive Board. The qualifications (resumes) of the potential employee(s) will be reviewed and considered at the time of the meeting. It was also decided that specialist employees submit progress reports on a monthly basis to the General Manager.

Subcontracts

There are currently 2 donors to the PMU, EC/PHARE and the University of Wisconsin. EC/PHARE funds have already been granted. They have issued an advance to PMU in order to continue with work in progress which was begun under Phase I.

Delivery Orders detailing the work agenda of PMU for each donor will be negotiated every 6 months. The first Delivery Order for each donor have been prepared. During the fourth month of this current Delivery Order, the next Delivery Order will be prepared in order that enough time is allowed to process payment of the accompanying budget.

When the No-Pay Invoice accounting for the budget of the Delivery Order is submitted, a copy of the relevant exchange rate documentation must be attached. It is also possible that a copy of the relevant expenditure documentation must be attached.

Due to fluctuating exchange rates, proper documentation (receipts and records) must be maintained in order to reconcile the accounting of the first Delivery Order with the budget preparation of subsequent Delivery Orders.

PMU has no operating funds other than what is received from donors. I have requested information from the University of Wisconsin on the possibility of purchasing an insurance policy. The University made no recommendation on this request.

In reviewing the pertinent Articles of the subcontract, the issue of title of equipment purchased was again discussed. As it stands, title ownership of any equipment purchased by PMU will be maintained by the donor until such time as the title is legally transferred.

AUDIT AGENCIES

The PMU is governed by 2 auditing bodies: (1) MOA Financial Audit Department, and (2) Supreme Audit Bureau of Albania. The following information about the audits these agencies conduct is as a result of meetings I had with the Chiefs of these two agencies. There is no fee for these audits.

The MOA Financial Audit Department serves as a sub-unit for the Supreme Audit Bureau in conducting the internal audits of its subsidiaries (i.e., PMU). Audits by this agency are done at the request of the Director of the MOA Finance Department (usually on an annual basis) according to the annual plan as set out by the Ministry Director. When the order for conducting the audit is given, the General Manager of the PMU is notified. The audit procedure used is as follows:

1. Cash is counted and reconciled with the records maintained by the Cashier.
2. Bank statements are reconciled with the ledger maintained by the Financial Officer.
3. Expenditures are reconciled with the controlling budget.

4. Items purchase are reconciled with inventory records. These items are usually kept in storage for safe keeping when not in use.
5. Salary controls are examined.

After the audit is finished, the auditor immediately writes up a report. The auditor makes recommendations based on its findings (serving an assistance function). PMU has up to 1 (one) month to implement all instructions made by the auditor. The auditor then conducts a follow-up program.

The Supreme Audit Bureau operates under the governance of the Constitution of Albania. This agency has the right to audit PMU at any time, but it is not obligated to do so unless other policy criteria require this action. The MOA Financial Audit Department follows the same audit process as the Supreme Audit Bureau, and therefore, is the controlling auditing agency of its subsidiaries. MOA is responsible for conducting regular audits of PMU. If the Supreme Audit Bureau does conduct an audit, it does not take any legal action against PMU. It would write its report and submit this to the MOA. MOA is then responsible for following up on this report with the PMU. The prime concern of the Supreme Audit Bureau is any policy control issue. This agency requests that general accounting questions be directed to the MOA Financial Audit Department.

In an Albania, audit licenses are issued by the Director of the controlling agency (in this case, the Director of the MOA) based on the completion of a university degree program in finance economics. To my knowledge, there are no private audit agencies in Albania at this time.

At the end of my visit, I met with a regional auditor of USAID who was in Tirana. At that time I learned that the USAID Regional Audit Bureau has determined that, in general, the Albanian Accounting Law does not meet all of the criteria governing U.S. accounting policy. To reconcile this deficiency, it was recommended that a U.S. citizen trained in U.S. financial policy be hired to serve as the Financial Officer of the PMU. (I also note that this suggestion was made by Internal Audit at the University of Wisconsin when they gave me their list of control criteria.)

Steve Haynes, USAID/Tirana Project Director who was also present at this meeting, had a resume for someone who is available for employment in an administrative capacity. He will pass this on to me shortly.

The following section is my recommendations for PMU administrative needs. These recommendations are to serve as guidelines for future needs, but I understand that Albanian law requirements must be referred to when making final policy decisions.

RECOMMENDATIONS

1. Use of only 1 (one) duplicate form for all payment transactions.

My impression of the general accounting practices of PMU is that, due to the number of forms prepared for processing payments, that there is some redundancy of operation which is an inefficient use of time. The Finance department of the PMU would be able to maximize its work output if only 1 form was used throughout the entire payment process. This would be a duplicate form with the necessary number of file copies which would contain all required data in both Albanian and English. (For example, one copy for the FO, and one for the cashier; an additional copy could be submitted with the No-Pay Invoice of the subcontract.) All of the required authorizations can be made on this 1 form at the appropriate time instead of filling out a different form at each stage of the payment process. All of the necessary receipts, estimates, and other accompanying data as required by Albanian Accounting Law would be attached to this form. This form could be an adaptation of one of the already existing forms, the Payment Voucher. This system has been implemented by another department at the University of Wisconsin which had a large project being run through a local management unit in another foreign country, and worked well in maintaining financial control.

2. Numerical system for filing financial documentation.

Filing financial documentation with numbered forms facilitates the reconciliation of the entire accounting process. The number of the relevant form(s) is entered in the accounting ledger and serves as a quick reference guide as to where detailed information (i.e., receipts) is filed. If files are maintained by numerical order, the records can then be easily located.

This filing system would be enhanced by using only 1 form to process all accounting data.

3. Limitation standards for cash on hand.

At this time, there is no checking system in Albania for handling the payment of expenditures. There are two possible means of conducting a payment transaction: (1) bank transfer between business bank accounts, and (2) using cash on hand. Financial management control is better maintained if the amount of cash that is kept on hand (e.g., in a safe at the office) is kept to a minimum; this is especially important for PMU because it has more than one donor.

Another important issue to consider, is reconciliation of exchange rates at the time when money to be used as cash on hand is withdrawn from the bank account. This information, supported with receipts, must be clearly documented in order to maintain a proper financial management system.

In terms of transporting the payments, the Albanian banking system of authorizing transfers of funds between business bank accounts allows for better financial control measures. The bank transfer plan is a relatively basic process and appears to be the preferred means of payment. This payment option reduces the need to have a large amount of cash on hand.

4. Availability of authorizing personnel.

The Chief of Party and the Albanian counterpart (in the case of PMU this is David Stanfield and Ahmet Jazo) are the final authorizations required before any payments can be made. It may be necessary for these people to be able to designate authority for signing payment documents if they plan to travel outside of Tirana for an extended period of time. (I will need to get the recommendations of USAID and University of Wisconsin auditors in handling this issue.)

Due to limited banking hours, the payment process would be greatly facilitated by establishing a set time schedule which would apply to every business day for the final authorization of all payments.

5. Request for an internal audit.

The MOA Financial Audit Department stated that the General Manager of PMU could request them to conduct a pre-audit. It would be helpful if an audit of the PMU was performed, and a copy of the auditor's qualifications statement be made available to the donors. This statement would assist EC/PHARE and the University of Wisconsin in processing the funds which will go to the PMU. The Supreme Audit Bureau requires that these types of requests be handled by the controlling audit agency (in the case of PMU, this is the MOA).

6. Hiring an Office Manager.

It is a general financial management policy that the person responsible for reconciling unprocessed, unaccounted for expenditures and contract/subcontract Delivery Orders to the cash on hand and in the bank account, should not be a person directly connected to the accounting office of the PMU. This reconciliation should be done at least once a month, and must consider exchange rate fluctuations. If USAID and University of Wisconsin audit agencies approve, I would suggest that this person could also be authorized to sign all financial documentation in the absence of either the Chief of Party or the General Manager. Instead of hiring a U.S. financial manager to be the PMU bookkeeper, I propose that the U.S. hire instead serve as the Office Manager.

CONCLUSION

To conclude this report, I would like to summarize my findings

on the PMU.

The overall objective of the PMU over the next 5 years, to implement the Land Market Action Plan of Albania, is an important, functional need of this country. As it is presently designed, the PMU, as a foundation, will cease to exist at the end of this 5-year project. It is necessary during this 5-year period to have a public Registration Management Unit evolve out of PMU. The employees of PMU, due to their acquired expertise in this area, will most likely be absorbed into this self-supporting, public unit.

The purpose of my visit was to evaluate the existing financial operation, and to reconcile the requirements of the Albanian Accounting Law with those of the donors. I designed my review according to the financial reporting criteria lists given to me by the University of Wisconsin and USAID. At the conclusion of my review, the financial management process of PMU now meets all required financial reporting criteria.

A copy of the English translation of the Albanian Accounting Law, as prepared by a private Albanian company, is available at the PMU and at my Madison Office.

REPUBLIC OF ALBANIA

LAW ON THE REGISTRATION OF
IMMOVABLE PROPERTY

April 8, 1994 draft

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REPUBLIC OF ALBANIA

LAW ON THE REGISTRATION OF IMMOVABLE PROPERTY

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REPUBLIC OF ALBANIA

LAW ON THE REGISTRATION OF IMMOVABLE PROPERTY

On the basis of Article 16 of Law No. 7491, dated April 29, 1991, on the main dispositions of the Constitution, "on proposal of the Council of Ministers",

THE PEOPLE'S ASSEMBLY
OF THE REPUBLIC OF ALBANIA

DECIDED:

To present an Immovable Property Registration Act as follows:

PART I

Preliminary

Section 1. Definitions

In this Act the following definitions shall apply:

"Chief Registrar" means a person, appointed under this Act who is responsible for the immovable property registration system and for assuring that the Registrars of the immovable property registries throughout the country manage their Registries in accordance with the provisions of this Act and with the provisions of other relevant Laws;

"court" means the place which resolves disputes concerning immovable property including the Immovable Property Tribunal;

"immovable property" means land, water sources, buildings as well as other things attached permanently to land or buildings;

"immovable property registration area" means a local subdivision or geographic area designated by the Minister in collaboration with the Chief Registrar for purposes of registration of immovable property under this or any other law;

"instrument" includes any title document, court judgment, order or other document requiring or capable of registration under this Act;

"Minister" means the Minister designated by the Council of Ministers responsible for the registration of immovable property;

"proprietor" means the person as defined in relevant law or regulation who is registered under this Act as the owner of immovable property, a contract of lease or a mortgage. There are two types of "proprietor": (1) an individual or legal person, including joint proprietors; and (2) a family head who represents the interests of the family, as defined in relevant law or regulation;

"the register" means the page of the volume of the Register Book in which the record is kept in respect of an immovable property;

"to register" means to make an entry, note or record in the register kept under the provisions of this Act;

"Register Book" means the set of all registers for immovable properties in a specific immovable property registration area;

"Registrar" means the person responsible for the Immovable Property Registry of a defined administrative sector;

"Registry" means the immovable property registry office established under this Act;

"Registry Index Map" means the map or series of maps referred to in Part IV of this Act;

"restriction" means an order of the Registrar to restrict the registration and/or dealing of a particular immovable property;

"restrictive agreement" means a restriction on the use of immovable property;

"survey" means the determination of the boundaries of an interest in immovable property that is part of the register;

"survey plan" means the document that shows the boundaries of an interest in immovable property that is part of the register;

PART II

Organization of the Immovable Property Registration System

Section 2. Immovable Property Registries

There shall be established and maintained in each District or other administrative center as defined under the authority of the Minister, an Immovable Property Registry in which there shall be kept:

- a) Immovable Property Registers, in accordance with the provisions of Part II of this Act;
- b) a Registry Index Map, in accordance with the provisions of Part III of this Act;
- c) all contracts of transfer, court judgements, mortgages, inheritances, and other legal documents which affect rights to immovable property as well as survey plans of immovable properties, indices of these records and other records necessary for the operation of an immovable property registry;

Section 3. Chief Registrar

The Minister shall appoint a Chief Registrar for a renewable 5 year term, and a Deputy Registrar also for a renewable 5 year term, who shall be responsible for the coordinating the administration of all immovable property registries, including the designation of immovable property registration areas and other duties prescribed in this law.

In the absence, for whatever reason, of the Chief Registrar, the Deputy Registrar may exercise any of the powers vested in the Chief Registrar by this Act.

Section 4. The Registrar

The Minister shall appoint, in consultation with the Chief Registrar, as many Registrars for a renewable term of 5 years, and Assistant Registrars as may be necessary for carrying out the provisions of this Act in the immovable property registration areas.

The Registrar for each immovable property registration area shall be responsible to the Chief Registrar and to the Minister responsible for immovable property for the maintenance of records and all other aspects of the administration of his/her registry.

Section 5. Powers of the Registrar

The Registrar may exercise the following powers in addition to any other powers conferred on him/her by this Act.

- a) the Registrar may issue certificates of title or lease to a person who makes such a request and is entitled to such a certificate;
- b) the Registrar may require any person to produce any instrument, certificate or other document or survey plan relating to the immovable property, contract of lease or mortgage in question, and that person shall be obligated to produce it;
- c) the Registrar may summon any person to appear before him/her or a person delegated by him/her and give any information or explanation respecting immovable property, a contract of lease or a mortgage, or any instrument, certificate or other document or survey plan relating to the immovable property, contract of lease or mortgage in question, and that person shall appear and give the requested information or explanation;
- d) the Registrar may refuse to proceed with any registration if any instrument, certificate or other document, survey plan, information or explanation required to be produced or given is withheld or any act required to be performed under this Act is not performed;
- dh) the Registrar may administer and verify the above information;
- e) the Registrar may order that costs, charges and expenses incurred by the Registrar or by any person in connection with any investigation or hearing held by the Registrar or on his/her orders for the purposes of this Act shall be borne and paid by such person in such manner and in such proportions as the registrar may think fit, and the amount of such costs, charges and expenses as shall have been incurred by the Registrar or authorized subordinates of the Registrar shall be deemed to be a fee to which the provisions of sections of this Law and its Regulations relating to fees shall apply.
- f) the Registrar may order fines for administration offenses in the application of this law.

Section 6. Seal of the Registry

There shall be a seal for the Registry. Each Registry shall have a copy of this seal, and every instrument purporting to bear the imprint of this seal shall be received in evidence and, unless the contrary is shown, shall be deemed without further proof to be issued by or under the direction of the Registrar.

Section 7. Liability of Registry Officers

The Chief Registrar and any Registrar shall not, nor shall any other officer of the Registry, be liable to any action in respect of any act or matter done or omitted to be done in good faith in the exercise of the powers and duties under this Act, or any regulations made under it. Such officers shall be subject to the prescribed penalties for violations of law.

Section 8. The Immovable Property Register

Each volume of the Register Book in the immovable property registry shall include a register for each government owned immovable property and a register for each privately owned immovable property.

Section 9. Effect of Registration

No immovable property, contract of lease or mortgage registered under this Act shall be capable of being disposed of except in accordance with this Act or other relevant law or regulation.

Once registration is declared as valid, every subsequent transaction involving rights to immovable property shall be carried out in conformity with the provisions of this act.

The registration of any person as the proprietor of immovable property shall vest in that person, either individually, jointly or as representative of a family, the ownership of that immovable property together with all rights and obligations belonging or appurtenant thereto.

Every proprietor acquiring any immovable property, contract of lease or mortgage shall be deemed to have had notice of every entry in the Registry relating to the immovable property, contract of lease or mortgage.

Section 10. Priority of Registered Interests

Registration shall have priority according to the order in which the instruments which led to their registration are properly presented to the Registrar, irrespective of the dates of execution of the instruments and notwithstanding that the actual entry in the register may be delayed.

Section 11. Required Registration

Any contract or other document affecting rights to immovable properties shall be presented for registration no later than thirty days from the time the instrument or other document is executed;

Section 12. Delay in Registration

Where an instrument or other relevant document is presented more than thirty days after the date of the execution of the instrument or other relevant document, then, in addition to the registration fee, an additional fee equal to twenty per cent of the registration fee shall be payable for each day which has elapsed since such date.

Section 13. Power to Compel Registration

If the Registrar is satisfied that any person, through willful default, has failed to register any instrument which is registerable under this Act, the Registrar may by notice in writing order such person to present such instrument for registration, and thereupon the registration fee and any additional fee payable shall become due and shall be payable by such person whether the instrument is presented for registration or not.

Section 14. Stay of Registration.

Where any person proposing to deal with registered immovable property has, with the consent in writing of the proprietor, applied for an official search and has stated in his/her application the particulars of the proposed transaction, the registration of any instrument affecting the immovable property to be included in or affected by the proposed transaction shall be stayed for a period (hereinafter referred to as the suspension period) of fifteen days from the time at which application for the search was made, and a note shall be made in the register accordingly.

If within the suspension period a properly executed instrument affecting the proposed transaction is presented for registration, such instrument shall have priority over any other instrument which may be presented for registration during the suspension period, and shall be registered notwithstanding any restriction or other entry for which application for registration may have been made during the suspension period.

Section 15. Registration of Co-Proprietors of Immovable Properties

Every instrument that certifies the ownership of two or more persons, and its registration in the Registry must show the identity and where appropriate the share of each co-proprietor.

PART III

Maps, Parcels and Boundaries

Section 16. Registry Index Map

The Registrar shall be responsible for and maintain a map or series of maps, to be called the Registry Index Map for the immovable property registration area covered by that Registry.

The Registry Index Map shall show the boundaries and geographical locations of immovable properties as well as other features.

The immovable properties shall be assigned a unique identification number, the same number being used to identify the immovable properties on their registers and on the Registry Index

Map.

A survey plan may be filed of a particular immovable property to augment the information available from the registry index map, and the filing of the survey plan shall be noted in the register.

Section 17. Correction of the Registry Index Map and New Editions

The Registrar may cause to be made a survey of any immovable property for the purposes of this Act and, after informing every person affected thereby, may cause the Registry Index Map to be corrected as a result of the mentioned survey.

The Registrar may correct any error in the Registry Index Map which does not affect the interest of any person.

The Registrar, may at any time, direct the preparation of a new Registry Index Map or any part thereof, and there may be omitted from the Map any matter which the Registrar considers obsolete.

Section 18. Boundaries

The Registry Index Map indicates the approximate boundaries and area of the immovable properties depicted thereon.

When the parties to a dispute concerning a boundary or boundaries agree to resolve the dispute, the Registrar shall record the agreement on the Registry Index Map and on the affected registers, and shall file the agreement signed by the parties to the dispute.

Where any uncertainty or dispute arises as to the position of any boundary, and the parties to the dispute cannot agree concerning such boundary, the Registrar shall instruct them to present the dispute to the competent court within fifteen (15) days, and shall make a notation on the Register and the Registry Index Map. If there is no petition to the court within the specified time, the Registrar shall determine the position of the boundary.

Section 19. Maintenance of Boundary Features

Every proprietor of immovable property shall maintain in good order any features which demarcate the proprietor's boundaries.

The Registrar may in writing order the demarcation within a specified time of any boundary in such permanent manner as he/she may direct.

The Registrar may in writing order which of adjoining proprietors shall be responsible for the care and maintenance of any feature demarcating a common boundary, and the person so identified will have the responsibility.

Within 30 days the proprietors have the right to appeal in court against the order of the Registrar. If within this period of time there is no exercise of this right, the order is considered as accepted.

Section 20. Interference with Boundary Features

Any person convicted of illegally modifying or damaging any boundary whether or not any penalty is imposed upon him/her, shall be liable to pay the cost of restoring the boundary feature, and such cost shall be recoverable as a civil debt by any person responsible for the maintenance of the feature.

Section 21. Combinations and Subdivisions

Where contiguous immovable properties are owned by the same proprietor and are subject in all respects to the same rights and obligations, the Registrar, on application by the proprietor, may combine those properties by closing the registers relating to them and opening a new register or registers and revising the Registry Index Map in respect of the immovable property or properties resulting from the combination.

Upon the application of the proprietor of an immovable property for division of his/her immovable property into two or more immovable properties, the Registrar shall effect the division by closing the register relating to the subdivided immovable property and opening new registers and revising the Registry Index Map in respect of the new immovable properties resulting from the division, and recording in the new registers all existing entries appearing in the closed register. The application for division shall contain the approvals required by law for the division of immovable properties.

The Registrar may, on the application of the proprietors of contiguous immovable properties who are desirous of changing the layout of their properties, and with the consent in writing of all other persons in whose name any right or interest in such properties is registered, cancel the registers relating to such properties and update the registers and Registry Index Map in accordance with the revised layout;

Provided that, where in the opinion of the Registrar a proposed reparation involves substantial changes of ownership which should be effected by transfers, the Registrar may in his/her discretion refuse to effect such reparation. The Registrar must not allow any transfer which deletes legal rights.

Where a proprietor wishes to subdivide his/her immovable property, the Registrar shall require the proprietor to submit a survey plan of the proposed subdivisions prepared by a licensed surveyor and certified by the appropriate authority as conforming with the requirements of any planning law for the time being in force.

Section 22. Transfers of Part of the Immovable Property

No part of the immovable property included in a register shall be transferred unless the proprietor has first subdivided the immovable property, in accordance with the law, and new registers have been opened in respect of each subdivided portion of the immovable property.

PART IV

First Registration of an Immovable Property

Section 23. First Registration

The first registration of any immovable property shall require the preparation of a Register in accordance with the provisions of this Act, and in accordance with the provisions of any other Act which define ownership, subsidiary interests and encumbrances which exist for any immovable property which is to be brought onto the Register of Immovable Property.

Section 24. Manner of First Registration

The Registrar, a person or any group designated by the Minister shall require that the ownership and boundaries of each property to be registered shall be documented, using the following criteria:

- a) Ownership and boundaries of immovable properties shall be considered as properly defined by a title issued under law 7501 of 19.7.1991, contracts of privatization under law 7652 of 23.12.1992, decisions of the Commissions of Restitution under law 7698 of 15.4.1993, other laws, other official instruments which confer private ownership, and Court decisions.
- b) Those individuals, families and legal persons who claim ownership rights over immovable properties, are obliged to present to the Registrar an application for registration of ownership. This application shall contain a declaration of ownership, a survey plan of the immovable property, and certified copies of documents which support the application for registration, including statements from neighbors and other persons as to the correctness of the boundaries and as to any matter relating to ownership.
- c) Provisional registration shall be prepared from the information produced from a) and b).

Section 25. Public Notice

A public display of the provisional registration shall take place for 90 days in a prominent and relevant place within the geographic area where the properties are located.

Notice shall also be provided for that 90 day period in a public manner designed to reach individuals who might make a claim to the immovable properties in question.

During that display period all errors or disputes shall be made known to the Registrar in writing. No claims of error or dispute made after that 90 day period will be accepted.

Section 26. Legalization of First Registration

Following the public display period, all immovable properties for which there are no pending claims of error or disputes shall be given valid registration and certificates of ownership may be issued by the Registrar.

Section 27. Resolution of Conflicting Claims in First Registration

The Registrar shall consult with the parties claiming errors or disputing the information contained in the Registers or in the Registry Index Map to clarify and correct those errors and resolve any disputes. Such corrections and resolutions shall be made in writing and signed by the parties involved. Any disputes already resolved by any commission or court shall require no further action by the Registrar, unless errors have occurred.

Any disputes or errors which cannot be resolved with the agreement of the parties involved shall be referred to the competent Court, and a notation placed on the relevant Registers of Immovable Property concerning the existence of the disputes and the Court to which the disputes have been referred.

PART V

Certificates and Searches

Section 28. Certificates of Title and Certificates of Lease

The Registrar shall, if requested by a proprietor of immovable property or a lessee where no certificate of title or certificate of lease has been issued, issue to the proprietor a certificate of title or a certificate of lease in the prescribed form showing all subsisting entries in the register affecting that immovable property or contract of lease.

Only one certificate of title and certificate of lease shall be issued in respect of each immovable property.

A certificate of title or certificate of lease shall be only prima facie evidence of the matters shown therein, and the immovable property or lease shall be subject to all entries in the register whether they are shown on the certificate or not.

The date of issue of a certificate of title or certificate of lease shall be noted in the register.

Section 29. Lost or Destroyed Certificates

If a certificate of title or certificate of lease is lost or destroyed, the proprietor may apply to the Registrar in the Registry where the immovable property is located for the issuance of a new certificate, and shall produce evidence to satisfy the Registrar of the loss or destruction of the previous certificate.

The Registrar shall require a statement that the certificate has been lost or destroyed.

The Registrar, if satisfied with the evidence as to the loss or destruction of the certificate, and after the publication of such notice as the Registrar may think fit, may issue a new certificate.

When a lost certificate is found, it shall be delivered to the Registrar for cancellation.

Section 30. Inspections and Copies

Any person, on application in the prescribed form, and payment of the relevant fees, may inspect and may request a certified copy of any Register and any portion of the Registry

Index Map or any filed instrument or survey plan.

Section 31. Evidence

A copy certified by the Registrar of the Register or part of the Registry Index Map or any survey plan or instrument filed in the registry shall be admissible in evidence in all actions and matters and between all persons or parties to the same extent as the original, and a signature on any such certified copy purporting to be the signature of the Registrar shall be presumed to be the signature of the Registrar until the contrary is proved.

A Court may compel the Registrar to produce a certified copy of the register, of the Registry Index Map or a portion of it, or of any filed instrument or survey plan when it is necessary as part of the evidence, except when a certified copy, already in existence, is deemed sufficient by the Court.

PART VI

Registration of Contracts of Lease, Mortgages, "In Use" Titles and Other Interests in Immovable Property

Section 32. Registration of Contracts of Lease

A contract of lease, for an immovable property, for a period less than two years is not required to be registered. Any other contract of lease for an immovable property must be registered by noting it in the proper section of the Register of the lessor's immovable property.

If a contract of lease is for a part of a government owned immovable property and has a duration of two (2) years or longer, a separate Register shall be created for each part of the immovable property and a notation made on the Registry Index Map.

Section 33. Registration of Mortgages

The mortgage shall be completed by its registration in the appropriate section of the register of the immovable property, or part of it, which is used as security for the mortgage and the registration of the person in whose favor it is created as its proprietor and by filing the instrument.

Section 34. Registration of Legal Mortgages

The Registrar shall enter legal mortgages in the appropriate section of the Register of the affected immovable property.

Section 35. Satisfaction of a Mortgage

The Registrar shall order that the mortgage be cancelled from the register of immovable property when the necessary acts required by relevant law or regulations to satisfy the mortgage are performed. Any request for cancellation of a mortgage must be accompanied by the document which justifies the cancellation and is signed by the Registrar.

Section 36. Registration of In Use Titles

A separate register shall be created and a notation made on the Registry Index Map for any "in use" title pertaining to government owned immovable property. The holder of the in use title shall be noted in the appropriate section of the register and the government shall be noted as the Proprietor.

Section 37. The Registration of Immovable Property Acquired by Prescription

Registration of immovable property acquired by prescription is accomplished by presenting to the Registrar the decision of the court which has declared that prescription has taken place.

The Registrar shall give notice of the declaration of the court to the proprietor, if any, of the immovable property affected and to any other person who may, in the Registrar's opinion, be affected by the court decision.

The Registrar, shall, in accordance with the decision of the court, register the immovable property in the name of the person who has acquired ownership by prescription.

Section 38. The Registration of Transfer of Ownership by Law, by Judgement of the Court, or by Administrative Acts

Where the Government or any person has become entitled to any immovable property, contract of lease or mortgage under any law or by virtue of any order or certificate of sale made or issued under any law, the Registrar shall, on the application of any interested person supported by such evidence as the Registrar may require, register the Government or the person entitled, as the proprietor.

Section 39. The Registration of a Partition of Co-Owned Immovable Property

If all the co-proprietors agree through a notarial act, partition of immovable property owned by them may be made.

An application for the partition of co-owned immovable property may be made in the prescribed form to the Registrar by:

- a) any one or more of the proprietors; or
- b) any person in whose favor an order has been made for the sale of an undivided share in the immovable property in execution of a court decision.

Partition shall be completed by following the procedure set out in section 21.

Section 40. Registration of Powers of Attorney

Upon the application of the grantor or the grantee of a power of attorney, such power of attorney shall be entered in the ownership section of the Register of the immovable property in question, and the original shall be stored in the backup file of the immovable property in question.

Section 41. Registration of Instruments Completed Abroad

All relevant instruments prepared abroad, when presented for registration, shall be translated and legalized according to law.

PART VII

Servitudes, Restrictive Agreements and Restrictions

Section 42. Registration of Servitudes

The proprietor of an immovable property may record a servitude through the presentation to the Registrar the act of the creation of the servitude in the form required by law, which specifies:

- a) the nature of the servitude, the period for which it is granted and any conditions, limitations or restrictions intended to affect its enjoyment; and
- b) the immovable property affected and the particular part thereof so burdened.

The instrument in legal form which applies for a servitude shall be filed and shall include a survey plan sufficient to describe the location and extent of such servitude.

The registration of the servitude shall be completed by its notation in the appropriate section of the register of the immovable property affected.

Section 43. Registration of Restrictive Agreements

Where an instrument contains a Restrictive Agreement and is presented to the Registrar, the Registrar shall note the restrictive agreement in the appropriate section of the register of the immovable property burdened by the restrictive agreement, either by entering particulars of the agreement or by referring to the instrument containing the agreement, and shall file the instrument.

Section 44. Registration of Restrictions

For the prevention of any fraud or improper dealing or for any other sufficient reason, the Registrar may, either with or without the application of any person interested in the immovable property, contract of lease or mortgage after directing such inquiries to be made and notices to be served and hearing such persons as the Registrar thinks fit, order that a restriction be recorded in the appropriate section of the register of the affected immovable property. That restriction shall prohibit or restrict transactions involving the immovable property.

A restriction may last:

- a) for a particular period; or
- b) until the occurrence of a particular event; or
- c) until the making of a further order, and

may prohibit or restrict all dealings or only such dealings as do not comply with specified

conditions, and the restriction shall be registered in the appropriate register.

The Registrar shall order a restriction to be entered on the Register in any case where it appears to the Registrar that the power of the proprietor to deal with the immovable property, contract of lease or mortgage is restricted.

Section 45. Notice and Effect of Restrictions

Upon the entry of a restriction, the Registrar shall give notice in writing to the proprietor affected thereby.

So long as any restriction remains registered, no instrument which is inconsistent with it shall be registered except by order of the court or of the Registrar.

Section 46. Removal and Variation of Restrictions

Upon application by any interested person based on a notarized instrument, the Registrar may order the removal or variation of a restriction.

Upon the application of a proprietor affected by a restriction, and upon notice of it to the Registrar, the court may order a restriction to be removed or varied, or make such order as it thinks fit, and may make an order as to costs.

Section 47. Release and Modification of Servitudes, Restrictive Agreements

Upon presentation of a request by the owner of the servitude or by the parties to the restrictive agreement in the prescribed form the registration of the servitude or the restrictive agreement shall be cancelled, and the servitude or the restrictive agreement shall thereupon be extinguished.

PART VIII

Rectification and Compensation

Section 48. Rectification by the Registrar

The Registrar may rectify the register or any instrument presented for registration in the following cases:

- a) in the case of errors or omissions not materially affecting the interest of any proprietor;
- b) where any person has presented a certified copy of the court decision which proves that he/she has acquired an interest in immovable property by prescription;
- c) in any case and at any time with the consent of all persons interested; or
- d) where, upon resurvey, a dimension or area shown in the register or on the registry index map is found to be incorrect, but in such case the Registrar shall first give notice to all persons appearing on the register to be interested or affected by the Registrar's intention so to rectify.

Upon proof of the change of the name or address of any proprietor, the Registrar shall, on the written application of the proprietor make an entry in the register to record the change.

The Chief Registrar, if so requested, may review the decision of the Registrar concerning the rectification of the register.

Section 49. Right to Compensation

Subject to the provisions of this Act, or any other law or regulation relating to the limitation of actions, any person suffering damage by reason of:

- a) any rectification of the register under this Act; or
- b) any mistake or omission in the register which cannot be rectified under this Act, other than a mistake or omission in a first registration; or
- c) any error in a certificate of official search issued by the Registrar or a copy of or extract from the register or in a copy of or extract from any document or survey plan, certified under the provision of this Act,

shall be entitled to be compensated by the State out of funds provided from the National Budget.

Section 50. Procedure for Awarding Compensation

The Registrar may, on the application of any interested party, determine whether a right of compensation has arisen under this Part of this Act and, upon approval by the Chief Registrar, award compensation and may add thereto any costs and expenses properly incurred in relation to the matter.

Section 51. Amount of Compensation

When compensation is awarded in respect of any loss relating to any interest in immovable property, it shall be calculated in accordance with the Regulations to this Act:

PART IX

Decisions of Registrar and Appeals

Section 52. Power of Registrar to Make a Statement

Whenever any question arises with regard to exercise of any power or the performance of any duty conferred or imposed on the Registrar, the Registrar may, and shall if required to do so by an aggrieved party, make a statement for the opinion of the Chief Registrar; and then the Chief Registrar shall give its decision on the issue, which shall be binding upon the Registrar.

Section 53. Appeals

Any person aggrieved by a decision, direction, order, determination or award of the Registrar, which has been reviewed by the Chief Registrar, may, within thirty days of the rendering of the final decision, direction, order, determination or award by the Chief

Registrar, give notice to the Registrar in the prescribed form of the intention to appeal to the appropriate court against the decision, direction, order, determination or award.

On receipt of a notice of appeal, the Registrar shall prepare and send to the appropriate court, with an information copy to the Chief Registrar and to the appellant, and to any other person appearing to the Registrar from a review of the register to be affected by the appeal, a brief statement of the question in issue.

Where an aggrieved party requires the Registrar to make a statement for the opinion of the court, such party shall deposit with the Registrar such sum as the Registrar shall consider sufficient to meet the costs of such proceedings.

Section 54. Effect of Appeal

A note that an appeal to the Chief Registrar or to the court is pending shall be made in the register affected by the appeal and any disposition shall be subject to such notice.

PART X

Fees and Offenses

Section 55. Fees

Fees shall be payable in respect of certificates of title, certificates of leases, certified copies, searches, survey plans, printed forms and all other matters connected with registration such fees as shall from time to time be prescribed.

The Registrar shall refuse registration until the prescribed fees are paid.

All fees shall be set periodically as part of the Immovable Property Registration Regulations and shall be defined by the Minister responsible for immovable property registration with the advice of the Minister of Finance and the Chief Registrar.

The income which has been realized through the payment of the fees shall remain at the Registry where they are paid in and shall become the working annual budget for the maintenance and development of the Registry, after informing the Chief Registrar.

All fees, receipts and expenditures therefrom shall be accounted for annually in writing by submitting accounting reports to the Chief Registrar and the appropriate financial authority of the relevant organ of the central government. The Registrar shall assume legal responsibility for any irregularities.

At the end of each fiscal year, any budgetary surplus of a registry will be transferred to the budget of the office of the Chief Registrar.

Section 56. Offenses

Any person who:

- a) knowingly misleads or deceives any person authorized by or under this Act to require information in respect of any immovable property or interest in

immovable property; or

- b) fraudulently issues or makes, or fraudulently induces the issue or making, of any certificate or other document, or any registration or any erasure or alteration in any certificate or other document or in any register; or
- c) fraudulently uses, assists in fraudulently using or is privy to the fraudulent use of any instrument or form purporting to be issued or authorized by the Registrar; or
- d) causes any defacement, obliteration, mutilation or unauthorized entry or alteration to be made on or in any register, filed instrument or other relevant document, shall be guilty of an offence and liable on conviction to a fine which shall be set out in the Regulations to this Act.
- dh) wilfully defaces, removes, injures or otherwise impairs any boundary feature or any part of it unless authorized to do so by the Registrar shall be guilty of an offence and liable on conviction to a fine which shall be set out in the Regulations to this Act.
- e) fails to comply with an order of the Registrar under Section 13 within one month of the service of the notice shall be guilty of an offence and shall be liable on conviction to a fine as determined by the Law on Administrative Offenses.
- f) who is ordered by the Registrar under Section 19 to demarcate any boundary or to care and maintain any boundary and who allows the boundary feature or any part of it to be destroyed or removed shall be guilty of an offence and liable on conviction to a fine as defined by other law. Act.
- g) has received a summons to appear before the Registrar or to produce any document, and that person neglects or unreasonably refuses to appear in accordance with the summons, or to produce any document which is required by the summons, or to answer upon oath or otherwise any question which is lawfully put to said person by the Registrar under the powers conferred by this Act, then that person shall be guilty of an offence and liable on conviction to a fine which shall be set out in the Regulations to this Act.

When the above offenses do not come under the Penal Code, they are subject to fines as decided by the Registrar in accordance with the Law on Administrative Offenses.

PART XI

Miscellaneous

Section 57. Regulations

The Minister, with the approval of the Council of Ministers, may make regulations to give effect to the purposes and provisions of this Act, including the forms to be used under this Act, the fees payable for anything to be done thereunder, and for prescribing anything which may be properly carried out under the provisions of this Act.

Section 58. Saving of Rights

Nothing in this Act shall prejudice any of the interests, rights, powers and privileges conferred on the Government by any other written law.

Section 59. How Matters not Provided for
in the Act Shall be Decided

Any matter not provided for in this Act or in any other law or regulation in relation to immovable property, contracts of lease and mortgages registered under this Act and interests therein shall be decided in accordance with the principles of justice, equity and good conscience.

Section 60. Beginning Operation of a Registry

The date for entering into operation of any Registry is fixed by the Minister. Upon beginning to function, all existing instruments and documents from before the approval of this law in the Hipoteka Offices, Agricultural Cadaster Offices and others needed for the registration of immovable property shall pass to the administration of the Registry.

Section 61. Entering into Effect

This law enters into effect immediately.

Tirana, date

No. of Law: **to be inserted**

PRESIDENT OF THE POPULAR ASSEMBLY

(signature)