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Shelter Sector Reform Project Newly Independent States of the Former Soviet Union

An ICMA Report

Prepared for the Office of Housing and Urban Programs
Agency for International Development



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A GUIDE TO AUCTIONS OF LAND RIGHTS

**Based on the Successful Experiences
of the Cities of Bishkek and Osh**

Kyrgyzstan
August 1996

Prepared for

US Agency for International Development
ENI/EEUD/UDH

By

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ABSTRACT

The following is a manual on Land Rights Auctions prepared by Richard Gaynor, ICMA consultant, under Task Order 113. It outlines the procedures for conducting an auction and provides sample documents.



KYRGHYZ REPUBLIC

**A GUIDE TO AUCTIONS
OF LAND RIGHTS**

**BASED ON THE SUCCESSFUL
EXPERIENCES OF THE CITIES OF
BISHKEK AND OSH**

Prepared by the Ministry of Architecture & Construction,
Chief Architect's Offices of the cities of Bishkek and Osh
with assistance of USAID/ICMA

Bishkek
August 1996

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INTRODUCTION

This Guide is designed to acquaint government officials and others with the policy, practical experience, and technical aspects of auctions of land rights. Since August, 1995, the cities of Bishkek and Osh have successfully held over fourteen experimental auctions. This Guide describes the concepts, legal documents, marketing and public relations materials, and institutional arrangements tested and used successfully in those cities.

This Guide is divided into two chapters. The first provides a general overview of auctions of land rights and answers some of the questions commonly asked about the process. The second describes in step-by-step detail the process of preparing an auction. Attached to this Guide are thirteen (13) Annexes that reproduce auction regulations, model documents and other information about the auctions that local administrations may adapt for their own auction programs.

The experimental auctions in Bishkek and Osh have generated an excellent base of knowledge, legal documents, and other materials upon which others may build and rely. This Guide makes that information available and is to be used as a starting point from which innovation is encouraged.

ACKNOWLEDGMENTS

We would like to express our gratitude to our most active partners like as Chief Architect of Bishkek City Tolobai Keneshov, his former Deputy Sapar Sultanov, other specialists of Bishkek Chief Architect Office - Natalie Oranova, Anarbai Joldoshev, Lyubovj Serova, Chief Architect of Osh City Mamyt Asylbekov, Sansyz Subanov, specialist of Osh Chief Architect Office, and others whose professionalism and patience assisted to realization of this program.

This Guide also borrows and adapts some materials from: "A Guide to Land Auctions in Ukraine - Based on the Successful Experiences of Kharkiv, L'viv, Odessa, and Chernihiv," prepared under the auspices of the United States Agency for International Development (USAID) by PADCO, Inc.

CHAPTER 1: AN OVERVIEW OF AUCTIONS OF LAND RIGHTS

INTRODUCTION

Since August 1995, the cities of Bishkek and Osh have held fourteen (14) competitive auctions of land rights which have generated over \$75,000 in revenue for city budgets. (See Annex 1 for a detailed breakdown of auction results.) In addition to generating much needed money for city budgets, the auctions have dramatically altered the way land parcels are allocated by replacing traditional administrative procedures with competitive methods. The belief is that using competitive methods such as auctions will result in more effective land use by allocating land to the individual or business which sees the most value and opportunity in a specific parcel. Putting land rights into private hands through competitive means should eventually result in increased private investment, construction and development, freeing government agencies from the need to raise money for construction and development. Over time, and as economic conditions in the Kyrgyz Republic improve, this construction and development will help revitalize neighborhoods and create privately owned assets. Cities will share in the increased value of these assets because as assets become more valuable, tax revenues from those assets will also increase.

WHAT IS SOLD AT AUCTIONS OF LAND RIGHTS?

One of the first decisions a city must make in organizing its auction is the determination of which kinds of land rights to offer at the auction and the duration of those rights. The land code of the Kyrgyz Republic currently authorizes three forms of rights: a land lease which is transferable and inheritable during the period of the lease (Life Inheritable Tenure), forty-nine years; non transferable and non inheritable tenure during period of use. forty-nine years; and short term lease rights for temporary use. The cities of Bishkek and Osh have experimented with selling use rights ("prava polzveniya") of varying length ranging from three years to 99 years, with an option to extend the term. Before planning auctions cities will have to familiarize themselves with the land code to ensure the rights they are offering at the auction are authorized under the land code.

In deciding which rights to offer at auction, local administrations should be guided by the following general principles:

1. Since private ownership of land is not authorized under current law, use rights or leases will generate the highest revenues if they are long term (for example 99 years), may be extended automatically, and are fully transferable without permission of the local administration. They will also be perceived as being more valuable if they are

automatically convertible to private ownership at such time in the future as the Constitution and national legislation of the Kyrgyz Republic may be amended to permit.

2. Participation in the auction, private investment in construction, interest in development is greater when the rights being offered are clear and secure. All auction documents must clearly describe the type of rights being offered, their duration, and renewal options so that potential buyers will understand for what they are bidding. Lack of clarity in auction documents or in underlying legislation may discourage participation in the auction.

3. Parcels tend to generate more bidding activity if the process of obtaining approvals for development is clear. Bidding is likely to be most active on parcels that include clear, pre-approved development rights. Similarly, bidders are likely to be most interested in parcels when the taxes, development fees, and other obligations associated with the parcel (such as the obligation to provide infrastructure) are clearly defined at the outset.

4. Bidders tend to be most interested in parcels that provide the winning bidder with the maximum possible flexibility in choosing the use of the parcel and in designing structures.

5. Parcels that include realistic time limits for development will be most attractive. Bidders are reluctant to risk their money on parcels that must be developed within an unrealistically short time.

ARE AUCTIONS LEGAL?

The Land Code of the Kyrgyz Republic gives local administrations the authority to allocate land rights. It does not in any way limit the method by which local administrations exercise this authority.

WHO MAY PARTICIPATE IN AUCTIONS?

Depending on the right being offered for sale at the auction, the Land Code and other land legislation may impose restrictions on who may participate in the auction. For example, the Land Code provides that Life Inheritable Tenure is only available to citizens of the Kyrgyz Republic. Therefore, if a city is auctioning Life Inheritable Tenure rights to a parcel, the auction would be restricted to citizens of the Kyrgyz Republic. Similarly, the land code provides that use rights may be held by joint ventures, but if there is a foreign juridical entity participating in the joint venture, it must also include a "Soviet" juridical entity. Thus, purely foreign joint ventures would be prohibited from participating in an auction of the right to use a land parcel. On the other hand, the Land

Code states that individuals (both citizens and foreigners) and legal entities (including domestic, foreign and mixed) may hold leases for temporary use. This means that in general all physical persons (men and women), and all juridical entities (local and foreign) may participate in auctions of temporary lease rights.

HOW MUCH DOES IT COST TO HOLD AN AUCTION?

The cost of holding an auction varies from city to city and auction to auction. Basic costs may include the following:

1. City staff time necessary to select the land parcels, evaluate them, determine permitted uses, prepare technical conditions, assemble information packets, and complete other similar tasks.
2. Payment for the advertising campaign, including the writing and designing of advertisements for newspaper, radio and television, as well as preparation of posters, leaflets, and other advertising. (The experimental auctions in Bishkek and Osh have cost only a few hundred dollars to conduct, primarily because the advertising campaigns have relied heavily on state-owned or operated media. The advertising campaign is by far the largest potential cost component of an auction. Advertising for the auction is discussed in more detail below.) Information packets to be distributed to potential bidders must also be prepared, but costs are usually recovered by charging potential bidders a reasonable fee for information packets.
3. Payment for the room where the auction is to be held, if a very "high profile" location is designed. Normally a suitable city-owned room is available.

IS AN AUCTION THE BEST METHOD FOR ALLOCATING RIGHTS TO LAND?

Auctions are one of the easiest and most effective methods of competitive land allocation. They are easy to organize, do not require expensive preparation by bidders, are not easily open to corruption or question (because they are held openly), and are relatively easy to administer (because the highest bid automatically wins without consideration of other factors). In some cases, such as development of a prestigious hotel or a complex site, a "competitive tender" or "request for proposal" method may be a better means than an auction. The judges in a competitive tender or request for proposal may consider factors in addition to bid price, such as quality of design, willingness of bidders to sponsor social projects, financial stability of bidders, and proposed timing of construction. This more elaborate method is not usually appropriate for less complicated projects, or for large scale allocation of land rights to private individuals.

CHAPTER 2: STEP-BY-STEP APPROACH TO AUCTIONS

INTRODUCTION

This chapter describes a step-by-step approach for preparing and holding an auction. The approach has been tested in the eleven experimental auctions in Bishkek and Osh and has proven itself by yielding well-run auctions that generated considerable revenues. Cities should expect to make modifications to this approach and the model documents attached in the Annexes to take into account local conditions and special needs. The length of time necessary to organize an auction will vary depending on the number of parcels, the experience of the auction team and other factors. Successful auctions have required approximately three months from the initial decision to do an auction. The time period may become shorter as procedures become more familiar. While the steps described below are presented in their approximate sequential order, some will have to be undertaken simultaneously.

STEP 1. PREPARE AND ADOPT DECISION AUTHORIZING AUCTION AND ESTABLISH AUCTION COMMITTEE

In Bishkek and Osh, the Mayor and Chief Architect initiated the auction process by assigning city staff or forming a city working group to prepare a draft of temporary regulations authorizing the auction. (See Annex 2 for a sample of the Bishkek City Resolution). The Resolution states that the city intends to hold a land auction and establishes a committee to oversee all aspects of preparation for the auction. The committees in Bishkek and Osh have been composed of five to twelve top city officials involved in land issues, as well as additional experts. The chairperson should be a city official with considerable authority, preferably a deputy mayor. Other members of the committee may include:

1. a city executive responsible for land allocation decisions;
2. a member of the city administrative body;
3. the chief or deputy architect;
4. the chief or deputy engineer;
5. a representative of the local land committee (if there is such an agency);
6. a representative of the legal department of the city;
6. a representative of the city property committee;
7. a representative of the city finance department; and
8. a representative of the press or public relations department.

Once the draft Resolution has been prepared it should be presented to the city legislative body for review and approval or for approval by the City Akem.

STEP 2: AGREE ON BASIC PRINCIPLES AND TYPE OF AUCTION, ASSIGN TASKS, SET SCHEDULE

The auction committee should agree on the basic principles for the auction and the type of auction, assign specific tasks to committee members and establish a firm detailed work schedule. Some of the basic principles of the auction will require discussion by the members of the committee. For example, what is the city's goal in holding this particular auction? Should the auction be open to foreign physical and juridical entities in addition to citizens and domestic legal entities? How should starting prices be determined (See Step 4 below)? What types of parcels should be chosen and what rights should be auctioned?

The committee should prepare a schedule of activities specifying tasks, responsible parties or departments, and deadlines.

The cities of Bishkek and Osh have held sealed bid auctions. They chose the sealed bid procedure (instead of a live bid procedure) because it is easier and less costly to administer, and is less likely to result in controversy. An additional benefit is that the mechanism of a sealed bid auction is easily adaptable to a wide variety of municipal applications i.e. competitive procurement of goods and services and disposal of other forms of municipal property such as old or surplus equipment. In sealed bid auctions, there is no auctioneer. The bidders submit their bids on official bid forms in sealed envelopes which are kept in view of all auction participants and members of the auction committee throughout the auction. Bidders may submit as many bids as they like prior to the bidding deadline. Once the bidding is closed, all bids are opened and the parcel is awarded to the highest bidder. Although the psychological pressures of live bid and sealed bid auctions are different, some experts in "gaming theory" feel that the bids received in sealed bid auctions can be higher than bids received in live bid auctions. Because the bidders in a sealed bid auction do not receive information on how high their competitors are willing to go, they may make a high bid in order to preempt the other bidders.

STEP 3: CHOOSE PARCELS, DETERMINE PERMITTED USES, AND TYPES OF RIGHTS TO BE AUCTIONED

The selection of parcels, and the determination of permitted uses and types of rights to be auctioned are interrelated issues that must be considered by the committee. The parcel selection process has proven to be the most difficult and time consuming part of the auction process.

A. Selection of Parcels.

The selection of well-located and attractive land parcels is a critical part of a successful auction, especially for a city's first auction. Cities should choose parcels that are special enough to attract bidders. At the same time, cities should not offer their most valuable parcels until the auction process has been tested and has gained public acceptance. Cities always need to consider the following elements of location important to private purchasers and investors:

- Proximity to areas important to occupants or users of the parcel
- Accessibility to transportation
- Quality of neighborhood
- Quantity and quality of surrounding infrastructure such as transportation

The choice of parcels should also involve a discussion of the goals of the auction because different goals will lead to different choices. Potential goals might include:

1. Testing auction procedures. If the goal is to test auction procedures, the committee should choose parcels which generate minimum economic and political risk. This would lead to selection of parcels that are of relatively low value with uses that are easy to change or correct.
2. Generating maximum revenue for the city. If the primary goal of the auction is to generate revenue for the city, the committee should chose parcels that will generate the greatest profits for the user, parcels that have already attracted interest, parcels that already are served by utilities, and parcels that once developed will generate the highest tax revenues for the city and will stimulate other economic activity.
3. Stimulating building or renovation activity. Parcels on which the winning bidder can start working quickly, and for which the fewest government approvals are required will generate the quickest building or renovation activity.
4. Unburdening the city of problem parcels. The city may wish to use the auction as a means of transferring a problem parcel into private hands. If so, parcels that cause the city problems or cost the city money to hold should be chosen. In some cases, parcels that are a problem for the city may still offer opportunities to private individuals or entities.

B. Determination of Permitted Uses.

One of the most important factors to bidders at an auction is what they will be allowed to construct on the parcel. Even a parcel located in the city center may be rendered undesirable by limiting it to a use not demanded by the market. The simplest way to encourage the highest bids and revenue from the auction would be to impose no restrictions at all on the use of parcels. Such an approach would not be appropriate, however, because it would allow the winning bidder to construct something potentially harmful to the neighbors or to the interests of the city. On the other hand, if the city employs the traditional method of narrowly defined and specified "targeted uses" it will reduce the interest of potential bidders and decrease the revenue generated from the auction.

In setting permitted uses, the city must try to strike a balance between protecting the legitimate interests of neighbors and the city, while ensuring that potential bidders have ample choice about how to use the parcel. To this end, the city should allow a broad range of uses that would be consistent with the other uses in the area, and that would be consistent with the city's general plan. Permitted uses may be stated in general terms such as any commercial or residential use not to exceed 500 square meters in size and 15 meters in height. The city should announce permissible uses at the time the land parcels and their starting prices are initially announced to the public.

C. Types of Rights to be Auctioned.

It is important that the auction documents describe types of rights clearly. If lease rights or temporary use rights are being auctioned, the length of the rights must be established to fit the most likely use. For example, no one would build a hotel on land that has only a 10 year lease. Similarly, terms of 50 to 99 years would be required for most office, or commercial uses. Residential uses may require perpetual terms. On the other hand, in the Bishkek and Osh auctions, parcels for gas station or parking lot uses have been extremely popular, despite being offered for relatively short terms such as three years.

In selecting the type of rights to auction, the committee should keep in mind that certain types of rights may only be held by certain types of individuals or entities. For example, if permanent use rights may only be held by citizens, offering permanent use rights will prevent international investors from participating in the auction. The committee should be sure not to inadvertently exclude individuals or entities from participating.

STEP 4: DETERMINE STARTING PRICES

Starting prices are the prices below which no bid will be accepted. They are simply the point at which the auction bidding begins. The setting of starting prices requires the city to balance several factors.

On the one hand, low starting prices tend to entice bidders to enter the process, because bidders sense they may be able to obtain a good deal. As more bidders get involved, bidding activity tends to reach a faster pace, and the eventual selling price may be driven higher.

On the other hand, starting prices play a legitimizing role for the auction process. The credibility of the auction is placed at risk if the public feels that the starting prices were too low and that the winning bidders somehow were able to "steal" the parcels by paying only a symbolic amount. Thus, the city should never set starting prices below a level where if the parcel sold for that amount city officials would feel that they had given the parcel away or would be open to accusations of not having protected public property. Of course, starting prices that are too high may deter bidders from even taking a first look at the parcel.

How should the committee set starting prices? The first step is to get appraisals of the market values of the parcels. This requires the services of a skilled appraiser who is familiar with determining values according to market principles and does not rely exclusively on an artificial formula-driven normative value calculation. The appraiser usually places the value of the parcel within a certain range. Cities may want to set starting prices at the low end of the range determined by the appraiser. Cities may also consider setting starting prices at a slight discount (5-10%) from the market value determined by the appraiser.

STEP 5: PREPARE AUCTION DOCUMENTS

City staff will have to prepare a number documents in advance of the auction to assure that the auction is organized and well run. Most of the necessary documents are assembled in an information package which is distributed to anyone interested in participating in the auction. The cities of Bishkek and Osh have prepared separate information packages for each parcel being offered in the auction. Alternatively, cities could prepare one information package with information about all parcels. In Bishkek and Osh the information packages (See Annex 3) consisted of the following materials:

1. an announcement of the auction, describing when and where the auction will be held;

2. general information about the auction, including descriptions of:

- types of rights and their terms
- eligibility requirements for participants
- terms and conditions of payment for winning bidders
- terms and conditions of the payment
- timetable and schedule for the auction

4. descriptions of the parcel, including:

- short characteristics
- description of permitted uses
- technical and economic indicators
- starting price
- a parcel map

5. an application form to be completed by all bidders interested in participating in the auction ;

6. bid form (the official form on which all bids must be submitted)

7. bid envelope with a sticker (the envelope in which all bids must be submitted).

Information packages were distributed for a fee of 100 Som, mainly to cover the cost of production of the information packages, but also to provide some assurance that those requesting information packages were relatively serious about participating in the auction. The cities kept a list of all people who received information packages. (See Annex 4)

The cities of Bishkek and Osh required all auction participants to pay a deposit in order to be eligible to participate in the auction. The deposits were set at 10% of the starting price of the parcel. A participant wishing to bid on more than one parcel must pay a deposit for each parcel on which he or she intends to bid. Upon payment of the deposit, participants should be provided with a deposit receipt so they have a record of payment. (See Annex 5)

As bid envelopes are opened, the bids are recorded on a "Bid Tabulation" poster which is an enlarged version of an auction protocol so that all participants may see the record of the bids. (See Annex 12) The winning bidder and a representative of the city sign the auction protocol after the winning bid has been awarded. In addition, the winning bidder and the city sign a purchase and sale agreement which should be prepared in advance of the auction. (See Annex 7).

A Resolution on the right of a successful bidder to use the land parcel (See Annex 8) is prepared in advance of the auction. This Resolution forms the basis of Auction Protocol and Sales Agreement between the City and successful bidder which is signed at the time of the auction. A formalize Act of the City for perpetual use (See Annex 9) or Certificate for temporary use (See Annex 10) or right to use land parcel is also prepared in advance of the auction for rapid submission to the City once the Sales Agreement is executed.

If construction is contemplated by the successful bidder, the successful bidder (who is now the lease holder) is given the engineering papers of the land parcel description at the lease hold closing. The lease holder now must formalize design and estimation papers in coordination with the Chief Architect's Office. The lease holder then registers the project with the State Architecture and Construction Control office of the Ministry of Architecture and Construction. MINSTROI issues the permit for construction.

STEP 6: PREPARE AND IMPLEMENT AN ADVERTISING CAMPAIGN

A successful marketing and public relations campaign achieves two crucial objectives: it attracts potential bidders, and promotes a positive public attitude toward the auction process. The more potential bidders know about the process, the more likely they are to participate. The more the public knows about the auction, the more likely they are to view it as a legitimate and worthwhile program.

Some experts feel there is a strong correlation between robust advertising and successful auctions. The biggest decision facing a city is how to reach as many potential bidders as possible and educate the public with the limited advertising funds available. It is essential to promote the auction in a variety of media, including newspapers, television and radio. Each medium has certain advantages and disadvantages so the city must decide which medium is most likely to reach the desired audience with the desired information. Paid television advertisements, the most expensive form of advertising, reach the largest number of people, but typically offer little substantive information because of time limitations. Radio advertisements, the next most expensive medium, lack the visual impact of television, but also reach large audiences and seem to be highly effective in reaching business people who listen to radio but have less time for television. Annex 11 contains samples of newspaper advertisements and posters from past auctions.

The advertising campaign should commence at least four weeks before the auction, with a newspaper advertisement announcing the auction date and location, a list of land parcels, and their permitted uses and starting prices, the date, time and place of the bidders' conference (described in Step 7 below), and the telephone number and address of the office where bidders may obtain additional information. The announcement should be published in several widely read newspapers on a regular basis up to the time of the auction.

STEP 7: HOLD A BIDDERS' CONFERENCE

At least one or two weeks before the auction, the city should invite all interested individuals and juridical entities to participate in a public informational meeting at which members of the auction committee make a presentation about the auction and answer questions. The agenda for the bidders' conference should include the following:

- an explanation of what the auction is and why the city has decided to hold this auction
- a description of each parcel to be auctioned, including location, size, type of rights being sold, permitted uses, and starting prices
- a detailed description of auction procedures and schedule
- an explanation of information packets
- an explanation of fees and costs
- a description of bidding documents
- a description of post-auction procedures for completing the transaction
- repetition of important points
- questions and answers

Annex 12 contains a sample agenda for the bidders' conference.

STEP 8: HOLD THE AUCTION

The key to a smooth auction event is careful planning and organization. The auction committee should meet immediately prior to the auction to resolve any final questions about the auction. The Bishkek and Osh auctions have been held with a minimum of equipment: three tables (one for registering bidders, one for the auction committee, and one on which bids are placed), chairs for auction participants, and two blackboards (one for posting information about the parcels being auctioned, and the second for posting bids as they are opened). The layout of the room should be considered carefully to insure that all participants are able to see the bid table and the information about the parcels. Annex 13 shows a sample of a possible room layout.

The auction should begin with welcoming remarks by the akim, deputy akim or chairperson of the auction committee. He or she should welcome bidders, members of the public, and journalists, and describe the city's goals in holding the auction. The official responsible for holding the auction then takes charge, describing the rights to be sold and the auction process. The Auction Regulations should describe these procedures in detail, including instructing bidders how to bid. Auction participants may then ask questions about the parcels, the auction process or other issues of concern. Once all questions have been answered, the auction begins.

During the time allotted for accepting bids, bidders submit their bids by putting a completed bid form in a bid envelope and placing the sealed envelope on the bid table next to the number of the parcel on which they are bidding. Bidders may submit as many bids as they wish during the bidding process provided they have purchased the bid forms. In Bishkek and Osh, bidders were required to pay 20 Som for extra bid forms and envelopes. If a bidder submits more than one bid, the highest of the bids is the one that is accepted, even if the lower of the bids would have won the auction. All bids should remain in view of all participants and auction committee members during the bidding process. It is best if a member of the auction committee makes periodic announcements about the time remaining to submit bids, so that there is no confusion about when the bidding will close. Announcements at 10 minutes, 5 minutes, 1 minute, 30 seconds, and then a countdown from fifteen seconds may be appropriate. It is also helpful if there is a large clock with a second hand to function as the official clock so there are no disputes about when the bidding is closed. In order to maintain the integrity of the auction process, the bidding should be closed a precisely the time announced in the auction materials and at the start of the auction. Any bids submitted after the close of bids must be rejected.

After the close of bidding, the bids are opened and the relevant information is listed on the auction protocol described in Step 5 above. As stated above, the winning bidder and a representative of the city sign the protocol and a purchase and sale agreement to formalize the auction results.

Once the auction has been completed, losing bidders should receive a refund of their deposits. Bishkek and Osh refunded 80% of the deposit and retained 20% as a fee for participating in the auction.

STEP 9: COMPLETE THE PURCHASE AND SALE

Once the auction has been completed, the city and winning bidder must concentrate on rapidly and completely fulfilling their respective obligations. For the city, this means that the local administration must be prepared immediately to take decisions to allocate the land parcel to the winning bidder and issue the necessary documentation. For the winning bidder, this means making the remaining payments to the city. The cities of Bishkek and Osh have required winning bidders to pay the balance of the purchase price within 10 days of the date of the auction. Delays in the execution of required documents and actions undermine the credibility of the entire auction process and make future auction participants wary. The auction committee should designate one or more of its members, including a lawyer, to have responsibility for ensuring completion of the purchase and sale and issuance of the necessary documents.

STEP 10: PLAN FUTURE AUCTIONS

The auction committee should convene as soon as possible following the auction to discuss the auction procedures and results, and in particular to note any issues that need to be addressed for the next auction. Each auction generates important information about how to improve auction preparation and procedures and the information is most effective if it is recorded while it is fresh. In addition, each auction provides valuable information about market demands for certain types of parcels, locations, and land uses. This information may be useful in selecting parcels for future auctions and in establishing starting prices.

The auction committee should also develop a strategy and schedule for future auctions. Ideally, the auctions will be successful and will warrant the planning of future auctions. However, it is important for the committee to establish a schedule that will not result in a flooding of the market. Similarly, the committee should develop a plan to ensure that the types of parcels being offered respond to market demand, but are not offered so frequently that they overtake demand.

CONCLUSION

The cities of Bishkek and Osh have been among the first in the former Soviet Union to experiment with sealed bid auctions as a means for allocating land parcels. In general, the auctions have been successful in that they have generated significant income for city administrations, and have provided a valuable foundation of experience and documentation for future auctions. Despite this wealth of experience, the auctions have not been perfect, and each city will have to experiment with its own methods and adopt the experiences and documents from other cities to their own circumstances. All cities are encouraged to share their experiences and suggestions on how to improve this Guide and the auction process.

Annex 2

**Temporary Regulations to hold land auctions
in the city of Bishkek**

RESOLUTION #4
of July 20, 1995

*On approval of "Temporary Regulations on procedure for
conducting of Experimental Sales by Auction
of Rights to Use and Lease Land Parcels in the city of Bishkek"*

To create favorable conditions for rational and effective use of urban land, to attract domestic and foreign investments in the development of social and engineer infrastructure of the city, to encourage a flow of additional funds in local budget to develop the city infrastructure, to provide openness on allocation of land parcels as well as to provide firm guarantees to protect rights of investors for use of land parcels,

I DECREE TO:

1. Approve enclosed the Temporary Regulations on the procedure for conducting of experimental sales by auction of rights to use and lease land parcels in the city of Bishkek (Annex 1).
2. Create Auction Committee responsible for conducting of auctions under Bishkek State Administration.
3. Entrust Auction Committee to draft and approve a package of documents needed to conduct Sales by auction of rights to use and lease land parcels and procedure to license auction activity.
4. Entrust Bishkek's Department of Urban Development and Architecture to prepare materials on land parcels for the following sales by auctions of rights to use and lease land parcels.
5. Agree for the following ratio regarding distribution of land auction proceeds:
 - ▶ 85% - to transit account of Treasury Regional Division of Bishkek for the development of city infrastructure and financing of perspective projects on urban construction;
 - ▶ 15% - to the account of Bishkek Chief Architecture Office to solve land issues, to organize sales by auction of rights to use land.
6. Appoint Deputy Head of Local self-governing M.Kerimkulov as a responsible person for fulfillment of this Resolution.

Head of Local self-governing
of the city of Bishkek

B.Silaev

to Resolution #4 of July 20, 1995
Bishkek City State Administration

TEMPORARY REGULATIONS TO CONDUCT AN AUCTION

This Temporary Regulations is drafted pursuant to the Land Code of the Kyrgyz Republic, the Law "On local self-governing and local state administration in the KR", the Law "On urban development and architecture of the KR" and other normative documents regulating land rights in the KR.

Regulations provide conducting of sales by auction of rights to use or lease land parcels.

AUCTION ORGANIZING

1. Sales by auction of rights to use or lease land parcels shall be held by Auction committee created under City Administration and having a licence for such an activity.

Licence to organize auctions shall be issued by appropriate department of State Administration.

2. Rights to use or lease several land parcels, auction sales of which shall be held according to procedure announced by information announcement may be offered simultaneously.

3. Information announcement shall be compiled by auction organizer on the base of data received from the seller and issued in mass media not later than a month prior to announced auction date.

Information announcement must contain as follows:

- ▶ address or location of land parcel, its size;
- ▶ functional destiny of land parcel according to PDP (General/Master Plan);
- ▶ lease terms for Kyrgyz and foreign investors;
- ▶ mode of auctions, date, time and address where auction shall be held;
- ▶ starting price, terms and conditions of the payment;
- ▶ final term for admission of applications;
- ▶ sum and procedure to contribute bid bond by a buyer;
- ▶ registration cost and procedure of registration.

4. Organizer shall be entitled to reject auction, to cancel any lot in any time non-emplaning any reasons but not later than 3 days prior to announced auction date.

5. From the time of issue of information announcement any legal entity and citizen may acquaint with nature of land parcels offered for the auction.

SELLERS AND BUYERS

1. As sellers on the auctions may be city Administration, legal entities and citizen having duly formalized documents confirming rights to use or lease offered for the auction vacant land parcels who have concluded written agreement with auction organizer and contributed commission payment in the sum of 5% from starting price of the object/lot to the account of auction organizer.

2. As buyers on the auctions may be:

- ▶ of rights to use - citizen and legal entities of the Kyrgyz Republic, religious organizations, Joint Ventures, International cooperations and organizations with participation of Kyrgyz and foreign legal entities;
- ▶ of rights to lease - citizen and legal entities of the Kyrgyz Republic, Joint Ventures, International cooperations and organizations with participation of Kyrgyz and foreign legal entities as well as international organizations, foreign legal entities and foreign citizen with permission of the Government of the KR.

3. To register any participant of the auction shall submit to auction organizer the following documents:

- ▶ application to take part in the auction fixing land parcels, right to use or lease which the buyer shall be aimed to acquire;
- ▶ documents confirming buyer's eligibility (passport copy, registration certificate of a legal entity, permit from the Government of the KR for foreign legal entity, citizen, international organizations, duly formalized proxies if buyer shall act through a proxy);
- ▶ bank or cashier document confirming paid bid bond and registration cost. On expiry of term fixed in information announcement, admission of applications and documents shall be stopped.

Auction organizer after receiving from the buyer all necessary documents shall forward to him/her written notice of participation in the auction stating the date and time of application registration. From the sending of this notice the buyer shall have bidder status in the auction.

9. Auction organizer shall prepare information package which contains all necessary forms for registration of auction bidders as well as the following information relevant to land parcels offered for the auction:

- ▶ description of land parcel with technical and economic indicators;
- ▶ outline of land parcel fixing borders and existing infrastructure;

- ▶ terms and conditions of the future use of land parcel;
- ▶ lease terms and conditions for Kyrghyz and foreign investors.

This information package shall be distributed by auction organizer for additional fee.

10. If buyer make a bid on several objects/lots then he must pay bid bond for every lot.

11. Seller may cancel right to use or lease land parcel from the auction in any time prior to signing of auction protocol. In this case commission payment shall not be refunded to him.

12. Bidder shall be entitled to:

- ▶ acquire information package mentioned above;
- ▶ refuse bidding not later than 3 days prior to the beginning of the auction. In this case within 10 bank days from the time of admission of refusal application, sum of bid bond and 50% of registration cost shall be refunded to him. If refusal comes after stated term, the sum of bid bond shall be refunded within the term mentioned above but registration cost shall not be.

SALES ORGANIZING

13. Auction sales may be open or closed. Open sales shall be held if two and more bidders are available for offered object (lot).

Closed sales shall be held:

- ▶ if one buyer is available for offered lot and if his/her bid is not lower than starting price fixed by the seller;
- ▶ if buyers are available having legally approved privilege for purchase of right to use or lease offered lot.

Prior to auction holding, every bidder must get auction number for what a bidder must submit as follows:

- ▶ his/her passport;
- ▶ a registration certificate;
- ▶ a proxy to make deals.

14. Auction shall be held by auctioneer appointed by auction organizer.

15. Auction shall be started by announcement of characteristics of land parcel, nature of rights, starting price and auction pace.

After call the next price, auctioneer shall call bidder's number who rose his/her

number first meaning rising of price. Then auctioneer shall call the next price according to the auction pace.

Sales for certain lot shall be finished when after triple call of the next price anybody from the bidders does not rise his/her number. Bidder whose number has been called the last shall be auction winner. Auctioneer shall announce of selling of offered lot, call price and auction number of the winner.

16. Auction winner, seller, auctioneer and auction organizer within Auction day shall sign auction protocol a copy of which shall be given to the winner as a proof to formalize documents confirming right to use or lease land parcel.

If auction winner refuses signing of auction protocol then paid bid bond and registration cost shall not be refunded to him/her and results of bidding shall become null and void.

PURCHASE FORMALIZING

17. Auction winner within 10 bank days shall contribute to the account or in cashier of auction organizer the sum stated in the protocol.

18. Bid bond paid by auction winner shall be taken into account on the final accounting.

19. If auction winner does not transfer determined sum in determined time then auction results shall become null and void. In this case the sum of bid bond and registration cost shall not be refunded.

20. Closing of sales agreement for appropriate rights, formalizing of corresponding documents as well as the document confirming right to use or lease land parcel shall be made within 30 days from the time of receipt of money to the account of auction organizer.

21. Documents for right to use land parcel shall be certainly filed in Land-Cadastre documents and issued by Bishkek Chief Architecture Office.

22. If seller or buyer refuse the succeeding signing of sales agreement then bidding results shall be null and void and sums of commission or bid bond shall not be refunded to the fault party. Victim party and auction organizer shall be entitled to make a claim to the fault party on reimbursement of expenses made to hold auction and formalize appropriate documents.

23. Auction organizer shall be responsible for formalizing of documents for right to use or lease land parcel which shall be made at buyer's expenses.

24. Bid bonds shall be refunded to all the rest loser bidders within 10 bank days after signing of auction protocol.

25. On finishing of the auction, its organizer shall submit information of auction results to appropriate department of the city or rayon state administration within a month.

DISPUTES

26. Disputes on validity of results of land auctions shall be considered pursuant to the legislation of the Kyrgyz Republic in people's or arbitration courts of the KR.

Head of the Apparat

S.Bainazarov

Annex 2

to **Resolution #4** of July 20, 1995
Bishkek city state administration

MEMBERSHIP OF AUCTION COMMITTEE

- Kerimkulov M.T. - Committee Chairman (Deputy Mayor)
- Keneshov T.S. - Deputy Chairman (Chief architect of the of Bishkek)
- Joldoshev A.B. - Auctioneer (Specialist from Chief Architect Office)

Members of the Committee:

- Tentiev J.T. - Chairman of permanent deputy committee on issues of communal, transport services and ecology, urban development and architecture
- Raimbekov J.R. - General Director of Bishkek Industrial Corporation "Meyenet"
- Tynaliev Sh.S. - Director of the Department for economic and investment business
- Chymalov Ch.Ch. - Deputy Chief of Bishkek Chief Architect Office

Legal Department of Bishkek city state administration

- Jorupbekov A.D. - City state property fund
- Oranova N.i. - Head of the section of Bishkek Chief Architect Office

Head of rayon administration where located land parcel offered for the auction

Head of Apparat

Bainazarov S.

Annex 3

Information Package

KYRGHYZ REPUBLIC

THE FIRST EXPERIMENTAL LAND AUCTION

INFORMATION PACKAGE FOR LAND PARCEL #

Admission and registration of applications to take part in the auction shall be held from August 10, 1995, from 9:00 AM to 4:00 PM in Room #14 of Bishkek Chief Architect Office except of weekend, phone number is 24-76-68.

At the same time you can acquaintance with all information which is interesting for you relevant to this issue.

Auction shall be held on August 22, 1995 at 10:00 AM in the Conference Room of Bishkek Chief Architect Office located on Chokmorov Street, 185, crossed Turusbekov Street.

Bishkek
1995

Dear potential Bidder!

The city of Bishkek will hold the first experimental sales by auction of rights to use/lease land parcels to construct any objects. Land rights for 5 land parcels located in the different areas of the city and designated for construction of shops, offices, small hotels and so on, shall be offered for auction

For construction of any object soft conditions for connection to central utilities shall be presented as well as minimal rates of one-time payments for land use.

Anyone who wants to take part in the auction shall be invited on August 22, 1995.

The auction shall be held like as experiment and aimed at several goals:

- ▶ Rational and effective use of lands of Bishkek city in market conditions;
- ▶ To provide openness on allocation of land parcels;
- ▶ To attract domestic and foreign investors to construction sector;
- ▶ To encourage flow of additional funds to develop social and engineering infrastructure of the city.

This first experimental auction shall be designed as a starting point for a new program for allocation of land parcels for construction and restructuring of construction objects, encouragement of interested and professional approach to solve urban development issues.

Auction Committee

GENERAL INFORMATION

The city of Bishkek in the person of the Head of local self-governing shall sell to the bidder who made the highest bid rights for perpetual use or lease of land parcels.

This information package contains brief information regarding the land parcels offered for the auction.

Information of five offered parcels with more detailed data you can find in Annex including schemes.

Objects to sell:

Right for perpetual use for the vacant land parcels not exceeding of 0.03 hectares;

Eligibility requirements for participants:

Legal entities of the Kyrghyz Republic, religious organizations, joint ventures, international organizations with participation of Kyrghyz legal entities;

Lease Term:

From 20 to 99 years up to certain parcel;

Prolongation of lease term:

Lessee shall be entitled to prolong the term unilaterally for the additional term:

Permitted use:

Type of permitted use shall be described in the information package for each parcel;

Assignment:

Land user or tenant shall be entitled to sell, collateralize, sub-lease pursuant to appropriate resolution of the Head of local self-governing according to established procedure;

Payments:

One-time payment covering the sum equaled to the highest bid on the auction. Annual payment in the amount fixed in the city of Bishkek. Registration cost. Information package cost.

Payment procedure:

Bid bond in the amount of 10% from the starting price of the object which should be made not

25

later than 11:45 AM on Auction day and later deducted from the sum owed to be paid within 10 (ten) days after auction end. Failed bidders shall be reimbursed 80% of bid bond within 3 (three) days.

Registration cost (50 som). Information package price (100 som).

Bid bond, costs of registration and information package should be made by only participants of the auction.

Signing procedure:

Within three days after auction end, winner and the Head of local self-governing shall sign Sales agreement of right to use/lease land parcel including rights and obligations of each party.

Bidding procedure:

Bids must meet the following requirements:

- 1) Each bid must be made in writing in bid form called Confidential bid form.
 - 2) Each bid shall be put into an envelope which must be sealed with a sticker on which the bidder must write the lot number. The bidders shall get a bid form along with an envelope in the information package and can buy additional envelope along with a bid form separately.
- ▶ Bidders shall put their sealed bids on the table in the corresponding sector with the lot number.
 - ▶ There will be five sectors on the table separately for each lot/parcel.
 - ▶ Bidder must use separate bid form and envelope for each parcel if he wants to acquire more than one.
 - ▶ All envelopes shall be on the view of all participants and members of auction committee.

Brief description of the parcel # 220895-A-1

The parcel proposed for construction, is located in the South-East part of the city Bishkek on Akhunbayev street between the Alamedin river and Alma-Atinskaya street.

The parcel is boarded with 9-storey housing buildings in the North and the East, a pile of soil - in the West, public road part of Akhunbayev street - in the South. The land works are made on the land parcel (foundation ditch).

Relief of the parcel is North bended.

Soils - sands, loams, shingles.

Seismic characteristic - 8 points

The utility networks (heating & water supply) pass alongside Akhunbayev street. Water supply line passes from the East to the West about 10 meters from the lateral sides of existing 9-storey housing buildings. According to the Plan of South part of the Center it is a housing area.

...

Permitted use

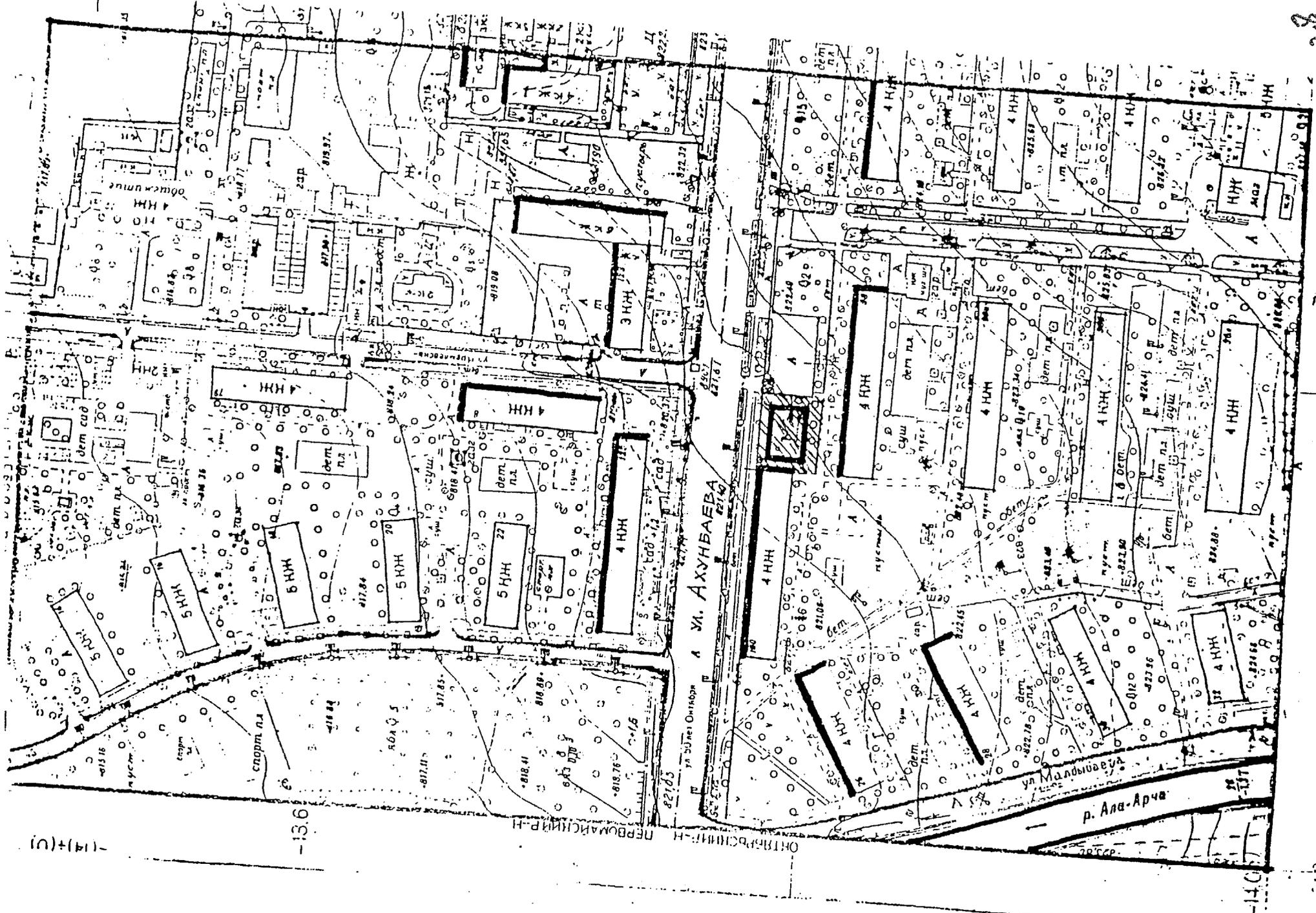
Mall with office, shops, cafe.

Technical & economic indicators

- ▶ parcel size for construction - 0.38 hectares
- ▶ parcel size for improvement/landscaping - 0.51 hectares
- ▶ parcel development size - 5500 sq. M
- ▶ volume of construction works - 8500 sq.m
- ▶ constructions - combined

**Annual payment for land use in the city of Bishkek
718,80 som**

**Starting price is 14,400 som
Bid bond is 1,440 som**



-(14)+(C)

-136

BEST AVAILABLE COPY

-140

AUCTION TIMETABLE

9:30-11:45 Registration

10:00 Opening remarks of the Chairman of Auction Committee
Opening remarks of the Person who is responsible for
conducting of the auction
Presentation of the Committee members

10:15 Opening of the bidding

(The bidders can make bids in any time between 10:15 AM and 12:15 AM)

12:00 The first call for final bids

12:05 The second call for final bids

12:10 The third and last call for final bid

12:15 The end of bidding

AFTER 12:15 AM THE BIDS WILL NOT BE CONSIDERED ! ! !

12:15 Opening of bid envelopes, awarding of winning bid for each
parcel
Formalizing of the protocols

13:00 Concluding remarks

To the Chairman of Auction Committee

APPLICATION
to take part in the sales by auction of rights
to use or lease land parcel

From _____
(Title)

(Name)

1. Having considered announced list of land parcels offered for the auction I want to take part in the bidding of land parcel # _____ on the street _____ for construction of _____

2. Bid bond is made by me to take part in the auction in the amount of _____ som

3. I confirm, that I have been acquainted with the papers on existing status and development prospects of this land parcel. I shall be obliged not make any claims on these issues.

4. In the event of my win on the auction I shall be obliged to sign Sales Protocol, Sales Agreement within three days from the time of auction conducting, within 30 days I shall be obliged to formalize land engineering papers and make payments according to established procedure.

5. I agree that in the event of infringement of auction procedure by me or in the event of my refusal to sign Sales Agreement, the bid bond made by me shall not be reimbursed me and shall be kept by Seller.

6. This application along with the Protocol signed by Auction organizer shall be considered as agreement acting between us prior to signing of Sales Agreement.

7. Address and phone number of the participant:

Passport data: Number _____
Issued " _____ " _____ 19 _____

(Name of organization which issued the passport)

Signature: _____ Date " _____ " _____ 199 _____

Annex 4

Distribution of information packages

Annex 5

Bid bond receipt

**RECEIPT
of bid bond**

This confirms receipt of bid bond in the amount of _____ som

(Sum by words)

on " ____ " _____ 199__

to the account of Bishkek Chief Architect Office# _____
OPU AKB Kyrgyzstan, MFO 330105504 from

Name of auction participant

Title, organization/company

to take part in the sales by auction of rights to use/lease land parcel # _____

for construction which is located on:

(Address)

This document shall be issued in duplicate one copy of which shall be given to the person, who made bid bond and another shall be kept by Bishkek Chief Architect Office.

Chief Accountant
Bishkek Chief Architect Office

SEAL

Annex 6

Sales protocol

Protocol # _____

SALES PROTOCOL FOR LOT NUMBER:

(Address)

Date of sales "____" _____ 199__

Sales place: _____

#	ORGANIZATION/ COMPANY	BIDDER'S NAME	ADDRESS	PROPOSED BID (IN SOMS)
1				
2				
3				
4				
5				
6				
7				

(Continue on the next page)

THE HIGHEST BID: _____ som _____ tyin

(SUM BY WORDS)

THE BIDDER WHO PROPOSED THE HIGHEST BID:

(ORGANIZATION/BIDDER)

OBLIGATIONS OF THE PARTIES:

Seller and Buyer must sign Sales Agreement within three days after the auction.
Seller and Buyer must formalize land engineering papers within 30 days after the auction.

Seller _____
(signature)

Auction organizer _____
(Signature)

Buyer _____
(signature)

Date & time _____

Annex 7

Sales Agreement

SALES AGREEMENT

of Right to Use (Lease)
land parcel _____

Bishkek city _____ 199__

Bishkek city in the person of _____
acting in accordance with the Land Code of the KR, the Law On Local Self-Administration, the
Law On Status of the capital of the KR hereinafter referred to as Seller on the one hand and

_____ in the person of _____
acting in accordance with _____
hereinafter referred to as Buyer on the other hand have agreed as follows:

I. Subject of the Agreement

1.1. According to Protocol # ___ of _____ 199__ of sales by auction of rights to use land
parcel Seller shall assign to Buyer right to use land parcel by size of _____ hectares on the
address: _____
for construction _____

1.2. Buyer shall transfer fund in the amount of the highest bid less of sum of bid bond in the
amount of _____
within the term before _____ 199__ to the account of Bishkek Chief Architecture
000609857 OPU AKB Kyrgyzstan Bishkek city, MFO 330105504.

1.3. Bishkek Chief Architecture in accordance with Resolution # ___ of (date) of the Head of
Local Self-Administration after receiving all funds shall transfer (amount) to the account of
Treasury Regional Department of Bishkek city.

2. Rights and obligations of Buyer

2.1. Land user shall be entitled to sell, lease, pledge his/her right to use his/her land parcel
according to appropriate resolution of the Head of local self-administration formalized according
to established procedure.

2.2. Buyer shall be obliged to develop the land parcel and put into operation the object according
to approved project within the term and manner according to applicable legislation and
normative documents.

2.3 Buyer within 30 calendar days shall formalize according to established procedure land
engineering documents (resolution on allocation of land parcel, act for land use).

Payment for design works shall be made according to a separate agreement.

3. Rights and obligations of Seller

3.1. In case of failure to pay of full amount in fixed term, sales results shall become null and void, any process fees shall not be refunded to the fault party, land engineering papers shall not be formalized. The bidder defaulting on payment shall be informed in writing of termination of the Agreement unilaterally on expiry of 40 calendar days after auction holding. Right to use the land parcel may be assigned to other bidder who made the highest bid from the rest bids for this lot.

3.2. Seller jointly with Buyer shall formalize, register and issue resolution of the Head of local self-administration on allocation of land parcel and land use act within a month from the day of auction holding provided by observation of terms and conditions of this Agreement by Buyer.

4. Additional terms and conditions

4.1. In case of non-observation of terms and conditions of this Agreement, the Agreement shall be terminated. In this case the fund spent for the auction shall not be refunded to Buyer (i.e. registration cost, infopacket price, installments for acquisition of right to use land parcel).

4.2. Any disputes arising on the terms and conditions of this Agreement shall be settled by mutual consent or court procedure determined by applicable legislation.

4.3. Any differences and amendments to the Agreement shall be considered valid and shall come into effect in only the case of written agreement between both parties and signed by authorized persons. This Agreement shall be signed in duplicate by one copy for each party. Both copies of this Agreement shall be equally legally binding.

Particulars of the Parties:

Seller
Head of local self-administration

Silaev B.I.
Bishkek, Chui prospect, 168
Tel: 217-766

“ ____ ” _____ 199

SEAL

Buyer

Organization

Position

Name

Address

Telephone

Account # _____

This Agreement shall be filed in registration book #4 of Bishkek Chief Architect Office under # _____ of “ ____ ” _____ 1995.

Annex 8

Resolution on Use Right

On allocation to use by

(name of user)
of land parcel to design and construct _____

(name of construction object)
for _____
(term)

Taking into account the results of the first experimental sales by auction of rights to use land parcel in the city of Bishkek on the basis of Auction Protocol # ___ of ___ 19___ for Lot # ___ according to Article 89 of the Land Code of the KR:

I DECREE TO:

1. Allocate for use by _____

_____ of land parcel by size of _____ hectares to design and construct _____

_____ for _____

According to enclosed scheme.

2. Oblige _____ to:

- order APZ (Architecture-Design Assignment) at Bishkek Chief Architect Office to design the project within a month;

- design and approve according to established procedure the project

_____ within the term prior to January 1, 1997;

- submit for correction and re-registration Act for Right to Use allocated land parcel;

- obtain permit from Gosarchstroicontrol inspection to begin construction works;

- begin construction works on allocated land parcel within the term prior to September 1, 1997;

- make installments for reserving and succeeding annual installments for use of urban land (territory) according to enclosed calculation timely prior to the beginning of construction works;

- improve and maintain properly the land parcel in the borders fixed on enclosed scheme.

3. Begin any construction works only with permit of Gosarchstroicontrol Inspection.
4. Put object into operation only after its acceptance.
5. In case of infringement of applicable legislation, terms and conditions under Sales Agreement or this Resolution, the local administration shall be entitled to forfeit right to use allocated land parcel without indemnification of costs made on this parcel.
6. Ask the Government of the KR to approve this Resolution.
7. Chief Architect Office, rayon administration of local self-administration of Bishkek city and BPO of city utilities enterprise Meyenet shall be responsible for fulfilment of this Resolution

Head of local self-administration

B.Silaev

Annex 9

Act for Right to use land parcel

A C T
FOR RIGHT TO USE
LAND PARCEL

ENTREPRENEUR
(NAME)

(NAME OF THE OBJECT)

Bishkek - 1996

45

ACT
ON LAND PARCEL ALLOCATION TO USE
FOR CAPITAL CONSTRUCTION AND SUCCEEDING USE

The city of Bishkek, nineteen _____, Chief Architect Office of Bishkek city state administration in the person of Chief of Bishkek Chief Architect Office Keneshov T.S. on the one hand and

(entrepreneur or company name)

on the other hand hereinafter referred to as "BishkekChiefArchitecture" and "Perpetual User" have made this act as follows:

1. Subject of Act

1. On the basis of Resolution #___ of (date) of Bishkek city state administration BishkekChiefArchitecture shall allocate to Perpetual User for construction and succeeding use land parcel by size of _____ hectares under borders fixed on the plan enclosed to this Act which is an integral part of this Act.

II. Volume and nature of construction

2. On allocated land parcel Perpetual User shall be obliged to make _____ cub.m of buildings of _____ sq.m in total size with total estimation cost of _____ on the time of issue of this Act.

III. Term of construction

3. Perpetual User must begin construction works on land parcel not later than _____ 19__ and complete construction on _____ 19__.

IV. Conditions of construction

4. Perpetual User shall be obliged to make construction works in exact accordance with approved project using good quality materials according to construction code and regular succession of land development.

5. Construction of temporary residential and non-residential buildings (houses, barracks, garages and etc.) shall be prohibited except for buildings connected directly with construction of determined project.

6. Perpetual User shall not be entitled to put into operation complete buildings before their acceptance by special commission appointed according to established procedure.

**V. Obligations of Perpetual User
on demolition of existing residential buildings on land parcel
and providing peoples living there with housing**

7. There are following buildings and structures on land parcel allocated to Perpetual User which are transferred to him: _____

8. Perpetual User shall be obliged to:

a) take over management of buildings listed in item 7 _____;

(It's necessary to state in acceptance act conditions of the buildings and depreciation)
within _____ term from the day of signing of this Act;

b) demolish buildings listed in item 7 within the following term
_____;

c) provide residents of demolished buildings with housing according to existing norms and established rules;

d) replant green plantings which due to be demolished and can be replanted
_____ within _____ term and pay to
owners of these plantings the amount determined by special commission.

VI. Conditions of usage and improvement of land parcel

9. Perpetual User shall be obliged to:

a) maintain properly his land parcel and adjacent areas;

b) maintain these buildings and not deteriorate living conditions of residents of these buildings until the time of demolition of buildings listed in item 8;

c) save all green plantings on the land parcel which not due to be replanted or cut down which be made only according to Bishkek state administration permission in writing;

d) not break existing gutters;

e) not damage underground structures and allow the peoples to work on them without any impediments if they need it;

f) in case of necessity to remove underground structures being on the land parcel, make these works at his/her own expenses under certain stipulation of coordination of this issue with interested organizations;

g) fence site not later the beginning of construction and during the construction;

h) take off any temporary and auxiliary structure and improve area on construction completion;

l) make sidewalks and assist to pave adjacent road on construction completion;

j) plant plantings accordingly to approved project;

k) pass without any impediments to the parcel representatives of Bishkek Chief Architect Office and other interested bodies of city state administration during construction period as well as usage of the parcel.

Until construction completion entirely provided by this Act, Perpetual User shall not be entitled to assign rights and obligations under this Act to any other organization without permission of Bishkek Chief Architect Office in writing.

VII. Special conditions

a) Construction and reconstruction of buildings and structures is possible only with permission of Bishkek state administration and coordination with Bishkekchiefarchitecture;

b) Act for Right to use land parcel shall be submitted to correct after approval of the project.

VIII. Responsibility of Perpetual User to observe terms and conditions provided by this Act

10. In case of use land parcel improperly or doing construction works breaking conditions set forth in items 3 and 4 Bishkekchiefarchitecture shall be entitled to suspend immediately construction works on the site to recover a forfeit from Perpetual User in the amount of _____ and to oblige him to eliminate made breaches.

Bishkekchiefarchitecture shall be entitled also to recover a forfeit from Perpetual User for break of demolition of buildings. non-replanting of plantings and break of conditions of use and improvement of the parcel according to items 8 and 9 of this Act.

11. In case of regular break without significant reasons of construction schedule provided by this Act, start of construction works without permission of Gosarchstroicontrol as well as using land parcel improperly by Perpetual User the parcel with all structures which are on the parcel shall be exempted by proposal of BishkekChiefArchitecture and allocated to other user according to established procedure.

IX. Formalizing and keeping of Act and accounts

12. This Act shall be signed and sealed by BishkekChiefArchitecture and Perpetual User in duplicate by one copy for each of them.

13. Addresses:

BishkekChiefArchitecture _____

Perpetual User _____

Perpetual User's Account _____

SUPPLEMENT: Plan of the parcel

BishkekChiefArchitecture _____
(Signature)

Perpetual User _____
(Signature)

SEAL

Note:

Pursuant to the resolutions of Bishkek gorsovets (city council) #138 of 2/04/93 and Bishkek city administration #962 of 29/11/93 annual payment for use of city land (territory) shall be (determined sum - e.g. 313) som.

Payment shall be transferred:

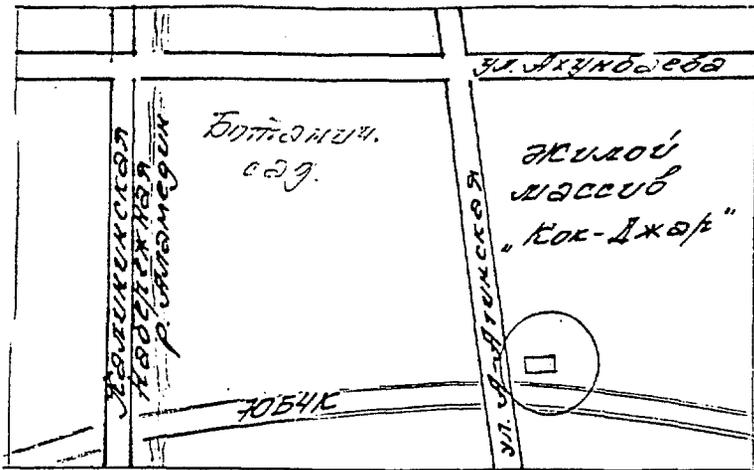
- 95% - 297.35 som to the Account # 000090302 AGB "Bishkek" MFO 330107741 .of Treasury Regional Department in Bishkek

-5% - 15.65 som to BishkekChiefArchitecture's Account # 000609857 OPU AKB "Kyrgyzstan" MFO 330105504 quarterly taking into account price index.

Chief of Department of Development Plan

Oranova N.I.

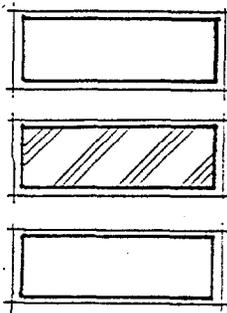
СИТУАЦИОННАЯ СХЕМА



Сводный план территории

№	X	Y
I	-14816,0	+4295,8
II	-14794,8	+4294,2
III	-14791,0	+4335,0
IV	-14795,0	+4345,5
V	-14809,7	+4347,7

УСЛОВНЫЕ ОБОЗНАЧЕНИЯ:

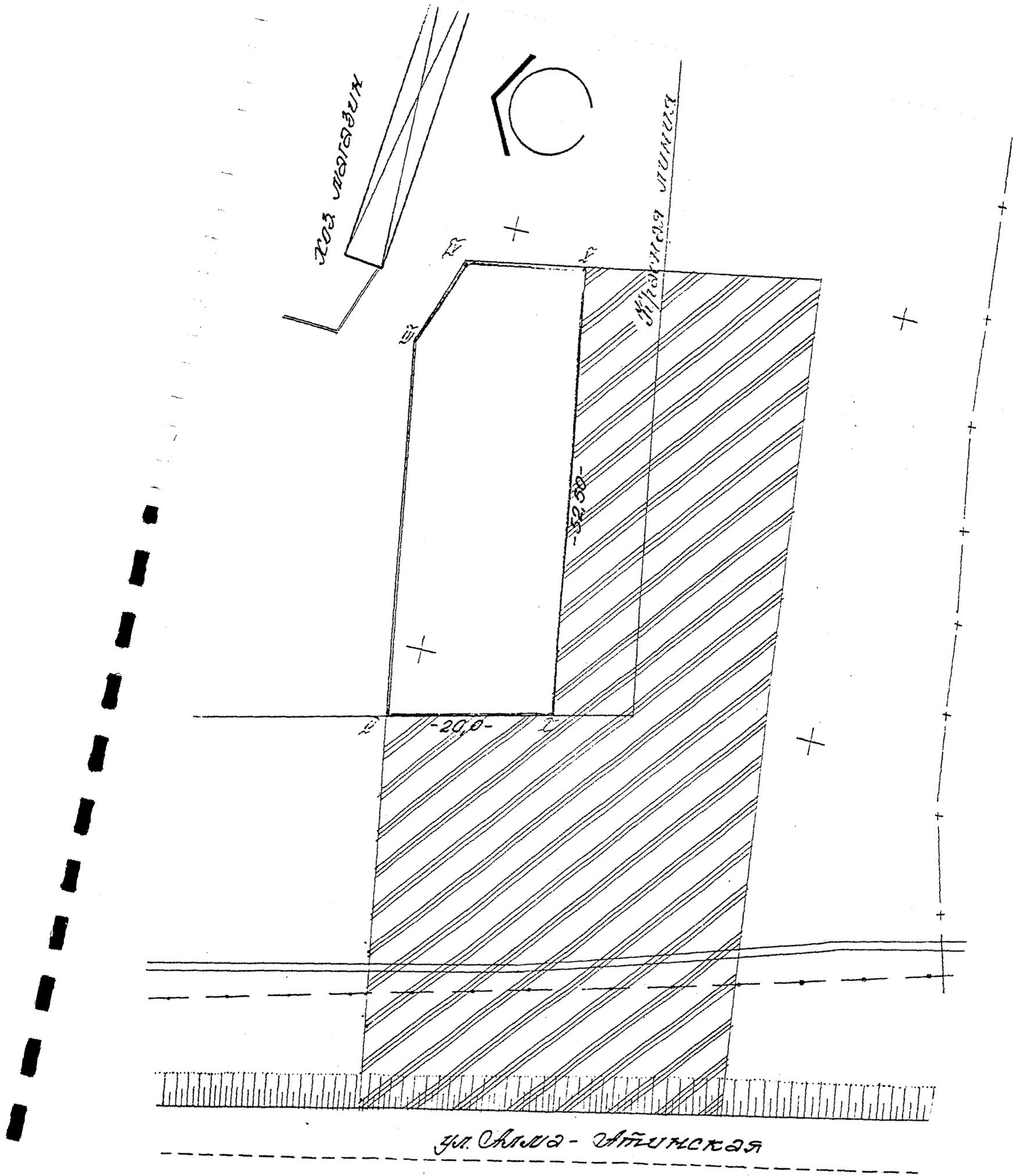


Жилые участки, предоставляемые в пользование под проектирование и строительство стационарного типа с комплексом обслуживания
 Территория обязательного благоустройства

Существующая застройка.

ЭКСПЛИКАЦИЯ:

Ш 1:500	Объектно-кадровый план с комплексом обслуживания по ул. Савицкая-Школьная		
Должность	Дата	Подпись	Фамилия
№4 ОДЭ	19.04.96г.	Ормисев	Франова И.С.
Исполнитель	19.04.1996г.	Ормисев	Ормисев И.С.



Annex 10

**Certificate for Right to use land parcel
on the temporary base**

**CERTIFICATE
OF RIGHT FOR TEMPORARY USE
OF LAND PARCEL**

NAME OF A COMPANY OR ENTREPRENEUR

A # _____

This Certificate is issued to _____
(name of person or company)
by the state administration of _____ oblast of the KR
(by whom)
for right to use land parcel on the temporary base from land of _____
(Name of constant land user)
on the basis of _____
(# and date of ordinance, resolution)

Total size of the land parcel is _____ hectares including _____

Term of temporary use: from _____ 19 ____ till _____ 19 ____.

The land parcel is allocated for _____

(Purpose & term)

A # _____

(Map of the parcel)

Note:

Pursuant to the resolutions of Bishkek gorsovett (city council) #138 of 2/04/93 and Bishkek city administration #962 of 29/11/93 annual payment for use of city land (territory) shall be (determined sum -e.g. 303) som according to price of the base year (1/01/95).

Payment shall be transferred:

- 95% - 297.35 som to the Account # 000090302 AGB "Bishkek" MFO 3301077741 of Treasury Regional Department in Bishkek.

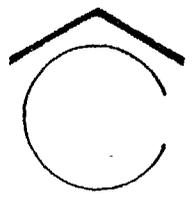
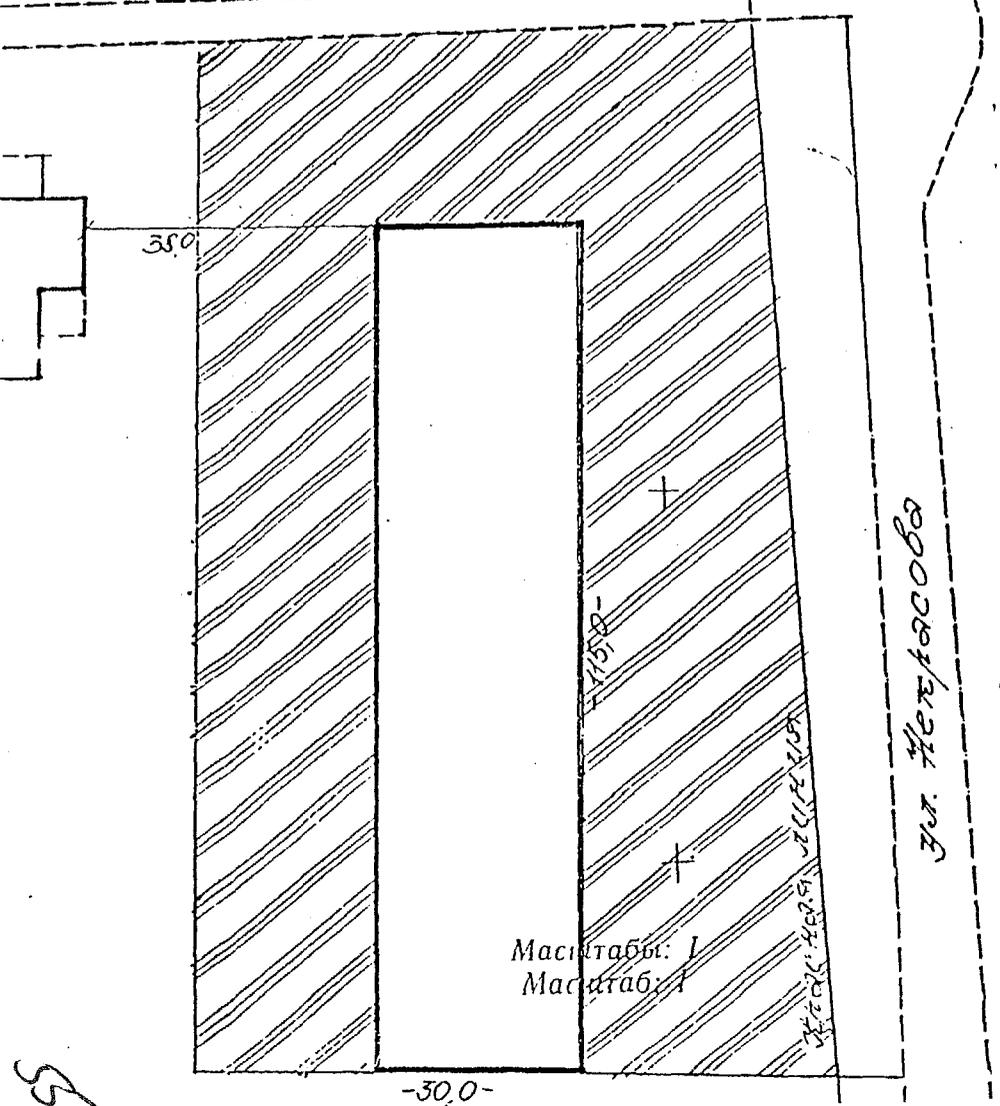
-5% - 15.65 som to BishkekChiefArchitecture's Account # 000609857 OPU AKB Kyrgyzstan MFO 330105504 quarterly taking into account price index.

Chief of Department of Development Plan

Oranova N.I.

54

УБАКТЫЛУУ ПАЙДАЛАНЫЛУУЧУ ЖЕР УЧАСТОГУНУН ПЛАНЫ.
 ПЛАН ЗЕМЕЛЬНОГО УЧАСТКА ВРЕМЕННОГО ПОЛЬЗОВАНИЯ



Координаты углов

N	x	y
I	-14376,4	-1593,5
II	-14262,0	-1589,6
III	-14262,8	-1559,7
IV	-14377,9	-1563,9

М 1:1000

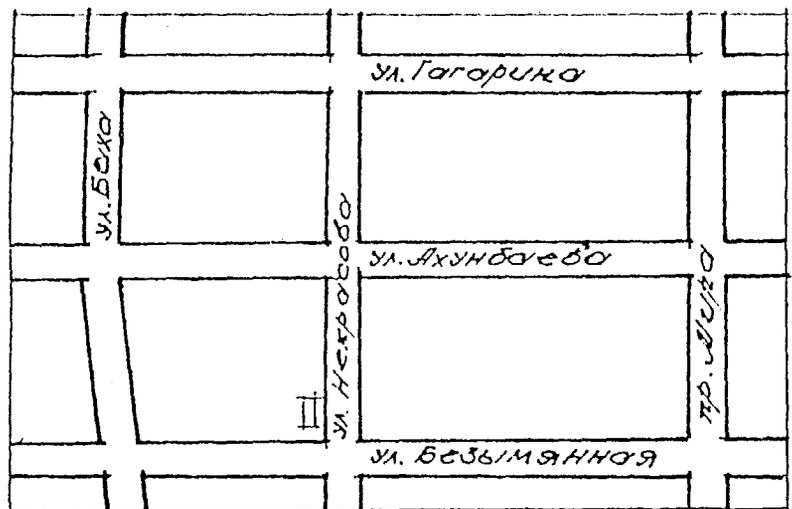
мамлекеттик акимдигинин башчысы _____

Жерге жайгаштыруу боюнча мамлекеттик
 инспекциянын директору _____

П. О.
 М. П. Глава государственной администрации _____

Директор государственной инспекции
 по землеустройству _____

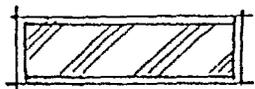
ЖЕРДИ ПАЙДАЛАНУУНУН ШАРТТАРЫ
УСЛОВИЯ ПОЛЬЗОВАНИЯ ЗЕМЛЕЙ



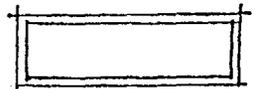
Ситуационная схема:
Условные обозначения:



Территория, предоставляемая под проектирование и строительство.



Территория обязательного благоустройства.



Существующая капитальная застройка.

ЖЕРДИ ПАЙДАЛАНУУНУН ШАРТТАРЫНЫН АТКАРЫЛЫШЫ ЖӨНҮНДӨГҮ БЕЛГИЛЕР
ОТМЕТКИ ОБ ИСПОЛНЕНИИ УСЛОВИЙ ПОЛЬЗОВАНИЯ ЗЕМЛЕЙ

Примечание:

В соответствии с постановлениями Бишкекского горсовета № 133 от 2.04.93 г. и Бишкекской горгосадминистрации № 962 от 29.11.93 г. ежегодный платеж за использование городской территории составляет 304,32 сом в ценах на 1.01.95 г.

Плата перечисляется:

- 95% - на расчетный счет Регионального отделения казначейства по г. Бишкек № 000090302 ОИУ АКБ "Бишкек" МФО 330107741.

5% - на расчетный счет Бишкекглавархитектуры № 000090357 ОИУ АКБ "Кыргызстан" МФО 330105504, поквартально с учетом индексации цен.

Начальник отдела дежурного плана *Ориссева*. Сранова И. по застройке

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Annex 11

Samples of advertisements

Впервые проводят Экспериментальный Аукцион

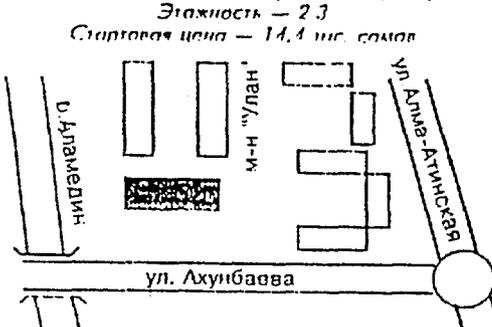
по продаже прав пользования земельными участками и прав их аренды в Бишкеке под строительство объектов.

Цель проведения аукциона:

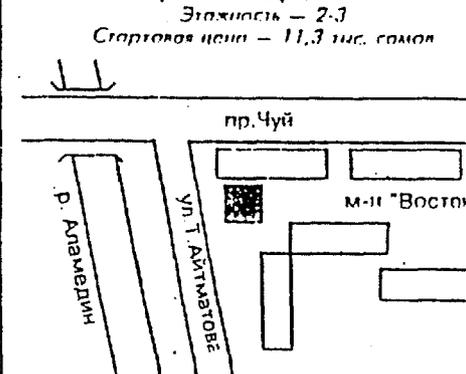
- наиболее эффективное использование земли на основе принципов рыночной экономики;
- получение дополнительных средств для реализации городских программ социально-экономического жилищного развития.

На аукцион предлагаются земельные участки

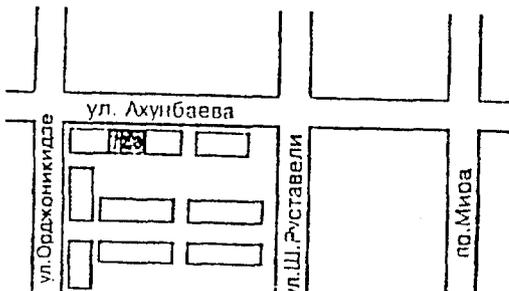
1 На территории микрорайона "Улан" по ул. Ахунбаева, между рекой Аламеддин и ул. Ала-Ашиевой, - под строительство общественно-торгового центра с офисом, магазинами, объектами бытового обслуживания, кафе.
Этажность - 2-3
Стартовая цена - 14,4 тыс. сомов



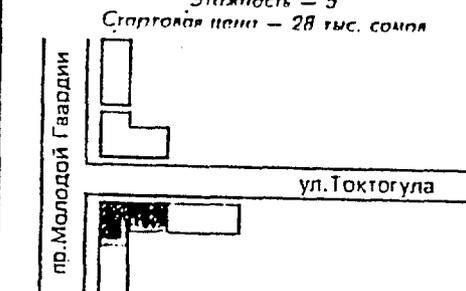
2 На территории микрорайона "Восток-5" по ул. Митова и проспекту "Чуй" - под строительство магазина с офисом и кафе.
Этажность - 2-3
Стартовая цена - 11,3 тыс. сомов



3 С южной стороны ул. Ахунбаева между ул. Ш. Руставели и ул. Саджонкидзе - под строительство бизнес-центра или магазина с офисом (на усмотрение участника аукциона).
Этажность - 2-3
Стартовая цена - 18 тыс. сомов



4 На пересечении улицы Токтогула и проспекта Молодой Гвардии (юго-восточная сторона) - строительство бизнес-центра, офиса с магазином (кафе), гостиницы на 75-100 мест и банка (на усмотрение участника аукциона).
Этажность - 5
Стартовая цена - 28 тыс. сомов



5 По ул. Ахунбаева - ул. Крылевской (южная сторона) - под строительство офиса с магазином (кафе), торгового центра, жилого дома или гостиницы (на усмотрение участника аукциона).
Этажность - 2-5
Стартовая цена - 12,2 тыс. сомов.



**Аукцион проводится
22 августа 1995 года
в Бишкекглавархитектур**

Участников аукциона приглашаем для ознакомления с условиями аукциона другими организационными вопросами 15 августа 1995 года в Бишкекглавархитектуру на конференцию.

Дополнительно с условиями аукциона можно ознакомиться в Бишкекглавархитектуре по адресу: ул. С. Чокморова (б. ул. Энгельса), 185, комнаты 5, 14.
Телефоны: 24-76-68, 21-25-26

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58-

Понедельник, 8 апреля 1996 г.

Перспективы вашего бизнеса...
БЫЛО ВРЕМЯ ДУМАТЬ, СЕЙЧАС – ВРЕМЯ ДЕЙСТВОВАТЬ.

Для предпринимателей, бизнесменов Кыргызской Республики, иностранных юридических лиц

**16 АПРЕЛЯ 1996 г.
в 10 часов**

**В Бишкекглавархитектуре
местное самоуправление г. Бишкек и Комитет
по проведению аукционов проводят**

АУКЦИОН

ПО ПРОДАЖЕ ПРАВ ПОЛЬЗОВАНИЯ ЗЕМЕЛЬНЫМИ УЧАСТКАМИ

На аукцион выставляются под строительство объектов следующие участки:

В микрорайоне N 4 по пр. Б. Юнусалиева – под строительство гостиницы, жилого дома со встроенно-пристроенными банком, бизнес-центром, супермаркетом.

Площадь участка – 0,24 га,
этажность – 9,
стартовая цена – 56890 сомов.



На пересечении улиц Орозбекова и Токтогула – под строительство выставочного зала, зрелищного учреждения культуры, офиса. Возможна встроенность – кафе, аптеки, магазина (на выбор).

Площадь участка – 0,34 га,
этажность – 3-4,
стартовая цена – 126715 сомов.



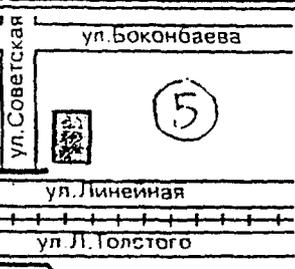
В микрорайоне N 5 (основные ориентиры – ул. Суеркулова пересекает пр. Б. Юнусалиева) – под строительство магазина и пунктов службы быта; магазина, офиса, кафе; магазина, офиса и жилья.

Площадь участка – 0,09 га,
этажность – 2-3,
стартовая цена 17361 сом.



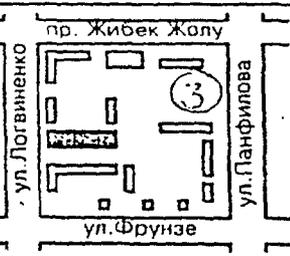
На пересечении улиц Советской и Линейной – под строительство бизнес-центра, туристического центра, торгового дома.

Площадь участка – 0,25 га,
этажность – 3-5,
стартовая цена – 93173 сома.



По улице Логвиненко (между пр. Жибек Жолу и ул. Фрунзе) – под строительство временной (до начала капитального строительства) автостоянки на 80 мест.

Площадь участка – 0,2 га,
стартовая цена – 74538 сомов.



В жилом районе "Красный строитель" – под строительство мини-рынка с магазином, мини-рынка с предприятием общественного питания, мини-рынка.

Площадь участка – 0,2 га,
этажность – 1,
стартовая цена – 12716 сомов.



11 АПРЕЛЯ в 10 ЧАСОВ в Бишкекглавархитектуре состоится КОНФЕРЕНЦИЯ ДЛЯ УЧАСТНИКОВ АУКЦИОНА.

Вы познакомитесь с условиями аукциона, получите подробную информацию по всем организационным вопросам. Условия аукциона можно дополнительно уточнить в Бишкекглавархитектуре – ул. С. Чокморова (бывшая ул. Энгельса), 185. Кабинеты 5, 9, 14. Телефоны: 21-25-26, 24-89-24, 24-83-09.

1 На пересечении ул. Советская и Горького, на территории микрорайона "Юг-2" под строительство супермаркета, торгового центра, бизнес-центра.



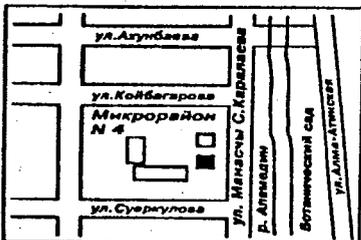
Площадь участка - 0,26 га.
Этажность - 3-5 этажей.
Стартовая цена - 65593 сома

2 На пересечении улиц Юнусалиева и Суеркулова, на территории микрорайона N 4 - под строительство летнего кафе по продаже прохладительных напитков и мороженого.



Площадь участка - 0,010 га
Этажность - 1 этаж
Стартовая цена - 482 сома

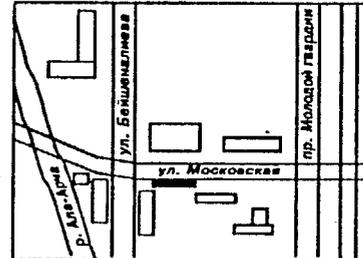
3 По улице манасы Каразаева (бывшая Калининская набережная), на территории 4-го микрорайона - под строительство жилого дома с квартирами повышенной комфортности. При желании на первом этаже могут быть размещены предприятия общественного назначения.



Площадь участка - 0,24 га
Этажность - 6 этажей

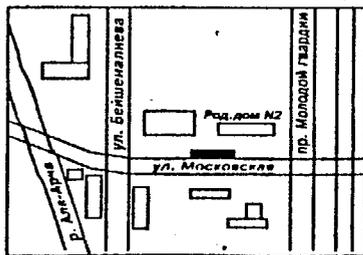
Для предпринимателей, бизнесменов Кыргызской Республики, иностранных юридических лиц
мэрия города Бишкека и комитет по проведению аукционов
27 августа 1996 года в 10 часов
проводят в Бишкеклавархитектуре
АУКЦИОН
по продаже прав пользования земельными участками
На торги выставляются (под строительство объектов) участки:

4 На пересечении ул. Московской и Бейшеналиевой - под реконструкцию существующей остановки с размещением навеса остановки, киосков, скамеек, урны, телефонных автоматов и рекламных установок.



Площадь участка - 0,02 га
Стартовая цена - 18 634 сома.

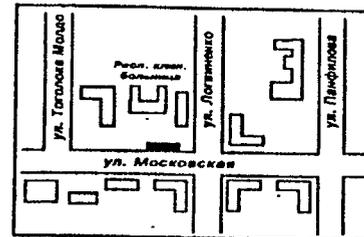
5 По ул. Московской между ул. Бейшеналиевой и пр. Молодая гвардия в районе роддома N 2 - под реконструкцию существующей остановки с размещением навеса остановки, киосков, скамеек, урны, телефонных аппаратов и рекламных установок.



Площадь участка - 0,02 га
Стартовая цена - 18634 сома

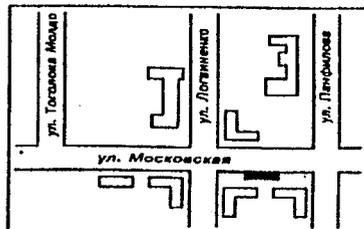
6 На пересечении ул. Московская и Логвиненко у Республиканской клинической больницы - под реконструкцию существующей остановки с размещением

установок.



Площадь участка - 0,014 га
Стартовая цена - 13044 сома.

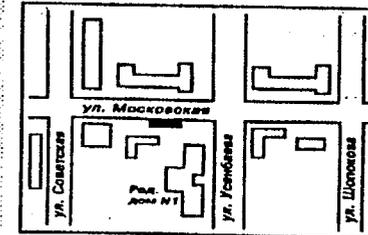
7 На пересечении ул. Московская и Логвиненко в районе здания музея генерала Панфилова - под реконструкцию существующей остановки с размещением навеса остановок, киосков, скамеек, урны, телефонных аппаратов и рекламных установок.



Площадь участка - 0,016 га
Стартовая цена - 14907 сомов.

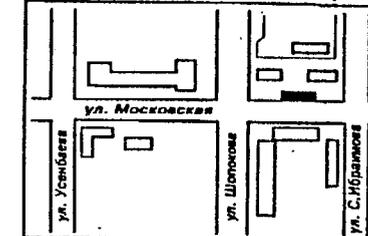
8 По ул. Московская между ул. Советская и Усенбаева в районе роддома N 1 - под реконструкцию существующей ос-

тановки с размещением навеса остановки, киосков, скамеек, урны, телефонных аппаратов и рекламных установок.



Площадь участка - 0,01 га
Стартовая цена - 9317 сомов

9 На пересечении ул. Московская и Ибраимова под реконструкцию существующей остановки с размещением навеса остановки, киосков, скамеек, урны, телефонных аппаратов и рекламных установок.



Площадь участка - 0,017 га
Стартовая цена - 15839 сомов.

10 По улице Советская в районе мебельного магазина под реконструкцию существующей остановки, киосков, скамеек, урны, телефонных аппаратов и рекламных установок.



Площадь участка - 0,018 га
Стартовая цена - 17361 сом.

22 августа в 10 часов в Бишкеклавархитектуре состоится КОНФЕРЕНЦИЯ ДЛЯ УЧАСТНИКОВ АУКЦИОНА

Вы познакомитесь с условиями аукциона, получите подробную информацию по всем организационным вопросам.
Условия аукциона можно дополнительно уточнить в Бишкеклавархитектуре по адресу: ул. С. Чокморова (бывшая ул. Энгельса), 185, кабинеты 13, 14.

Annex 12

Conference Agenda for potential participants

Bishkek City Administration
Office of the Chief Architect
Experimental Auction
August 22, 1995

Instructions to Bidders/Conference for potential bidders

I) Before the Auction:

Selection of Parcels:

Before applying to take part in the auction, each bidder should select the parcel or parcels that he would like to make a bid on. The bidder is required to pick up separate information packet for each parcel. Each information packet for each parcel requires a processing fee of 100 som.

Information Packet:

Only one information packet for each desired parcel may be given to each bidder. Information packets are registered in the Information Packet Distribution Log, and may not be copied or distributed except with the express consent of the auction committee or the City Government,

Each bidder is required to read and understand the information packet with all enclosed documents. Any questions may be directed to the Information Center prior to the auction.

Each bidder is required to sign a statement on the Application Form that he agrees with the rights and responsibilities of the auction, and is bound by them.

The information Packet contains the following documents:

- Application
- Receipt of Down Payment
- Bid Forms
- Inside Envelope Sticker
- Outside Envelope Sticker

The uses of these documents will be explained in further instructions

Down Payment/Bid bond:

Each bidder is required to pay a down payment no less than two hours before the last call to bids at 12:15 pm on August 22, The down payment is a guarantee of participation in the auction. It is equal to 10% of the starting price of the desired parcel. The down payments for the following properties are as follows:

- 220895-A-1 1440 som
- 220895-A-2 1130 som
- 220895-A-3 1800 som
- 220895-A-4 2800 som

62

- 220895-A-5 1200 som

In the event that the bidder is the highest bidder for a parcel, the sum of the down payment is subtracted from his TOTAL price, and he must only pay the balance to obtain rights.

If the bidder is not the highest bidder, then the Auction Committee is required to return 80% of the down payment within 5 working days of the auction. The other 20% is a participation fee for the auction, and is paid to the accounting office of the Chief Architect's Office. For the following parcels, the following sums are returned to the non-winning bidders:

- 220895-A-1 1152 som
- 220895-A-2 904 som
- 220895-A-3 1440 som
- 220895-A-4 2260 som
- 220895-A-5 960 som

Anybody wishing to withdraw his application has the right to receive the 80% of his Down Payment at any time.

Documents

Bidders are required to completely fill and sign all documents necessary to place a bid.

All documents must be the original documents provided by the Auction Committee. Any photocopied or duplicated documents are grounds for dismissal of bids.

The Application must be filled out and signed prior to registration on Auction Day. All information must be truthful and accurate.

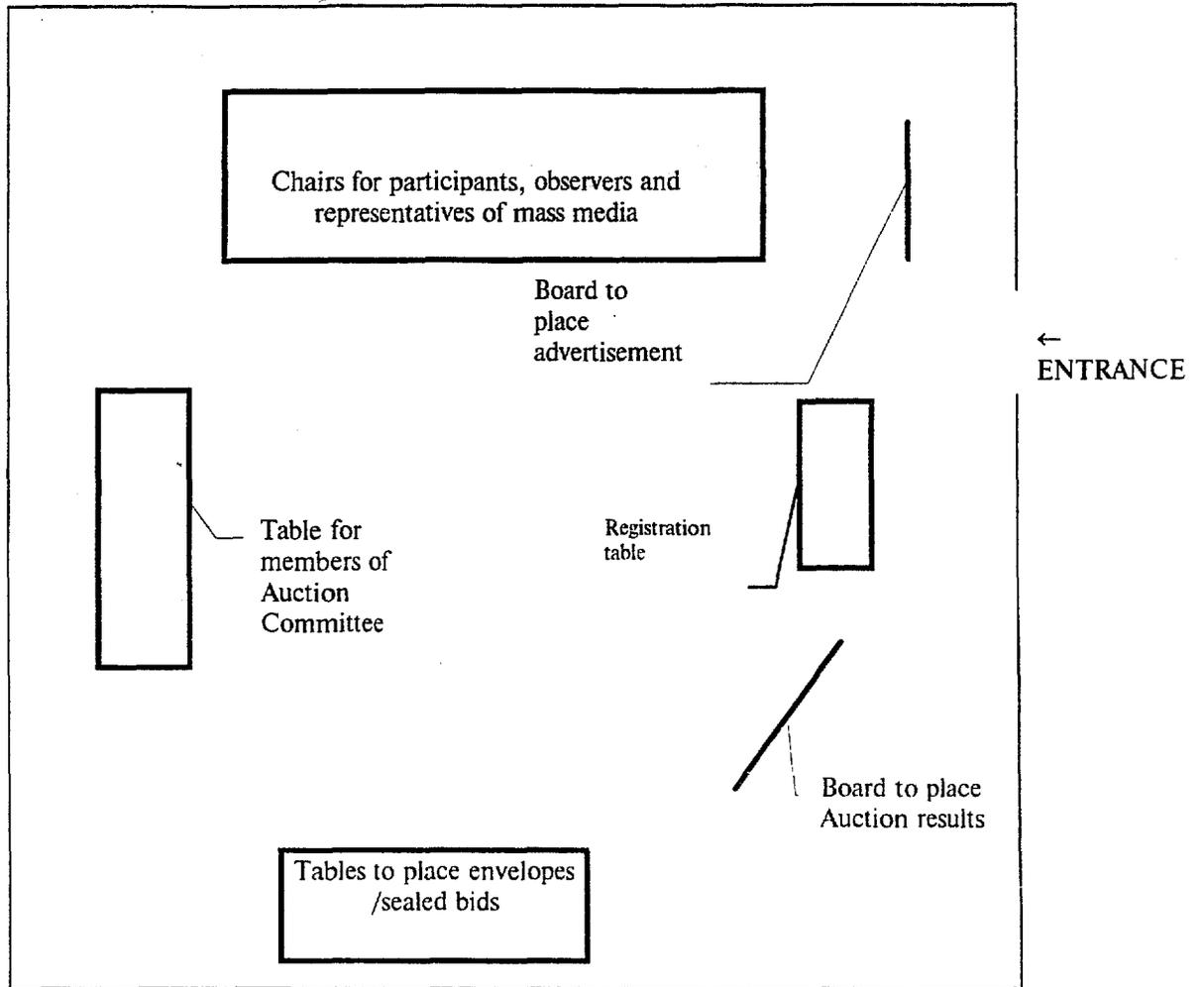
In order to place his bid, the bidder is required to use the official Bid Form, Bid Envelopes, and Bid Stickers provided by the Auction Committee at the Information Center or Conference.

The bidder must fill the bidform with the accurate information, including name of bidder, name of company, address, telephone number, complete number of lot that the bid is being made on (Example: if the bidder wishes to make a bid on parcel #2 in Vostok 5 is to write: 22089-A-2), the bidding price in som and tyiyn, and a signature with date.

The bidder then places the completed Bid Form inside of an envelope. The envelope is then sealed, and the bidder places a Sticker over the seal of the envelope. The bidder then writes the desired parcel number in the appropriate box on the envelope.

Answers the questions.

A PLAN OF THE PREMISES TO HOLD AUCTION



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