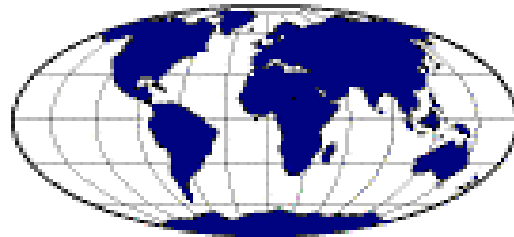


**UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
COOPERATIVE AGREEMENT No. 114-A-01-00111-00**

GEORGIA LAND MARKET DEVELOPMENT PROJECT

Quarterly Report
for the period of
October 1 through December 31, 2001

Submitted by:



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QUARTERLY REPORT
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**GEORGIA LAND MARKET DEVELOPMENT
COOPERATIVE AGREEMENT No. 114-A-00-01-00111-00
BETWEEN
THE UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
AND
TERRA INSTITUTE**

This report comments on the status of the Cooperative Agreement (CA) through completion of the first three months of Work Program #3 (October 1 to December 31, 2001).¹ It also indicates key linkages between Work Program #3 accomplishments, and tasks to be undertaken during Work Program #4 and subsequent periods.

1. TERRA INSTITUTE RESPONSIBILITIES AND ACTIVITIES:

The following work has been accomplished on the various responsibilities, activities and targets as specified in the Cooperative Agreement (CA) between the United States Agency for International Development (USAID) and Terra Institute. (Month #6 = October; Month #7 = November; and Month #8 = December, 2001.)

Annex A provides a graphic representation of the Project Timeline, which includes Terra Institute and APLR “Targets” for Georgia Land Market Development Project, as well as highlighting actual “Targets Achieved” and any agreed changes that may have been made to the timeline. Annex B provides a graphic representation of the targets for the registration of parcels and issuance of certificates for said parcels during the life of the project and the actual numbers for Work Program #3.

1.1 Financial Management Capacities:

During the reporting period, the Auditing Corporation of Georgia (ACG) has continued its pre-audit review of APLR financial transactions. ACG has been and will continue to prepare

¹ Please note: Work Program #3 was extended for an additional fourth month [to January 31, 2002] in order to allow future Quarterly Reports to be completed and reviewed by USAID prior to the preparation of the subsequent three-month Work Program.

monthly reports to Terra that identify any weaknesses in the internal administrative controls of the APLR. The recommendations of these reports are being implemented by APLR.

During this Work Program period, ACG and the APLR's Financial Manager continued work on the APLR's draft *Financial and Administrative Procedures Manual*. The draft manual was completed in December, and provides the basis for systematizing the APLR's financial and administrative activities.

Support provided to APLR by ACG, as well as the direct support provided by Terra's administrative staff, continues to help assure that legal and contractual requirements are satisfied, as well as A133 Auditing Standards requirements and the accounting and tendering procedures of Georgia. These monthly reviews and resulting reports prepared by ACG will help satisfy audit requirements, and will assist the APLR in acquiring the financial, management and procurement skills needed.

During December, meetings were held with the USAID Mission's Controller regarding the A-133 audits of APLR. A tender will be held in January to select a qualified accounting firm to conduct this audit, and the audit itself will be completed in February. A second A-133 audit of APLR will be held in early 2003, and a third and final audit will be performed in the fall of 2003, following completion of all project activities by APLR.

Targets of the CA:

- 1.1.1 APLR accountant prepares accounting report independently by the end of Month 8.
Status: The APLR Financial Officer successfully and independently prepared the monthly accounting report for September (Month 5), thereby achieving this target three months ahead of schedule.
ACHIEVED
- 1.1.2 APLR Operations Manual completed by Month 10
Status: Substantive review and revision of the draft version of the Manual continued during Months 6-8, and the draft version was completed in December. The draft Manual will be reviewed during January, and finalized in Month 10.
ON SCHEDULE
- 1.1.3 Administrative procedures audit by Month 12
Status: An administrative procedures audit was completed and finalized before the end of Month 2.
ACHIEVED

1.2 Revenue Supply, Financial Monitoring and Contracting:

Provision of banking service to accept USAID provided funds from Terra, supply operational funds to the APLR, contract with foreign experts, and monitor financial practices and reporting by APLR. This service will be provided directly by Terra Institute with assistance by financial and administrative-procedures experts.

Targets of the CA:

1.2.1 APLR sub-agreement with Terra by Month 1

Status: Subagreement was signed on 11 May, 2001, Month 1 of the project.

ACHIEVED

1.2.2 APLR bank accounts opened by end of Month 1

Status: The APLR has opened in May, 2001 a US Dollar account and a GEL account in the TBC Bank, for exclusive use in the administration of funds advanced from Terra to the APLR.

ACHIEVED

1.2.3 APLR procedures for reporting on monthly expenditures and reconciliation of accounts by the end of Month 1

Status: Four monthly financial reports were defined and tested during Month 1: 1) A “no-pay invoice” classifying the APLR’s expenditures under the sub-agreement by budget item, showing the accumulated expenditures, any credits received, and work program budget balances; 2) a “reconciliation” report showing the beginning month balances, any transfers or program or interest credits during the month, the total expenditures during the month, and the end of month fund balances; 3) a ledger of all transactions during the month; and 4) a running balance of the overall budget under the agreement with Terra Institute.

ACHIEVED

1.2.4 Terra-identified financial advisors in place, end of Month 2.

Status: An agreement with the ACG was developed and signed on 30 June 2001, for that company’s auditors to perform “pre-audit” reviews of all APLR financial transactions to assure that the documentation and reviews of these transactions are in accordance with the APLR Procedures Manual and with the requirements of Terra Institute’s agreement with the APLR.

ACHIEVED

1.3 APLR Capacity Building:

This task includes the provision of advice and support to the APLR to increase its operational, management, and administrative capacity. This advice and support is provided directly by Terra Institute’s Resident Advisor, short-term expertise as needed, and by NGO (Non-Governmental Organization) development specialists.

During December, with assistance of NGO development specialists Norman Flynn and Bill Malkasian as well as the Resident Advisor, the APLR Board and Senior Staff participated in a Strategic Planning Exercise that resulted in the preparation and adoption of a Strategic Plan for APLR. The Board subsequently met in December, and agreed to appoint a series of Working Committees at its first meeting in 2002, with responsibility to implement different aspects of the Strategic Plan. The Strategic Planning process, and the Plan itself, will provide APLR with the tools needed to forge a sound basis for the future growth and sustainability of APLR as the leading land use NGO in Georgia. A copy of the Strategic Plan is included in this report as Annex C.

In addition, during December the APLR Professional Development Plan was finalized and adopted by the Board. A copy of this plan is outlined in a memorandum which is included in

this report as Annex D. A tender was held to select a training consultant to assist in the implementation of selected portions of the plan. Most of the professional development training will occur during 2002 and early 2003. APLR also initiated other components of the plan, notably by inaugurating the Professional Development lecture series.

A copy of the trip report from Mr. Norman Flynn, from the International Real Property Foundation is included in this report as Annex E. Mr. Flynn also generated a Work Program and budget for the IRPF activities under this theme. Terra Institute is still working with Mr. Flynn on the details of the IRPF's Work Program and budget details and the draft work program and budget is expected to be finalized during the beginning of February. A draft report is available on request.

Targets of the CA:

1.3.1 Confirmation of APLR organizational structure end of Month 3

Status: The revised Charter of the APLR was completed in August (Month #4) and made available to the Board of Directors and membership for review and comment. The Board convened the Annual Meeting of Members in Month 5, at which time the Members voted to adopt the revised Charter, and proceeded to elect a new Board of Directors, confirm the appointment of the Association's Director, and elected an operational Review Committee to advise the Board and the senior management of the Association. Subsequently, during Month 5, the new Board of Directors met to elect its Chairman, and to organize itself to carry forward a program of membership expansion, and the development of a strategic plan for assuring the technical strength and financial sustainability of the Association over the coming years. As a result of these actions, the organizational structure of the APLR has been clarified and confirmed, and the foundations for sustained organizational growth over the coming months and years have been put in place.

ACHIEVED

1.3.2 NGO/SRO (Non-Governmental Organization/Self-Regulating Organization) Development advisor report on the status of the APLR by Month 3.

Status: During his July TDY, Robert Cemovich drafted an Action Plan after consultation with APLR management and staff. The Action Plan outlined the appropriate steps to reorganize the APLR in order to meet the challenges of growth, and the need for financial sustainability. The Action Plan advised the APLR on the content and timing of the Charter revisions, the need for holding the annual Meeting of Members, election of the new Board, and other issues that needed to be addressed by APLR, in accordance with CA and other requirements. The Action Plan was subsequently implemented by the APLR during the months of August and September.

ACHIEVED

1.3.3 Training plan for professional development of APLR staff, end of Month 5

Status: During the course of the many discussions held by APLR management and staff during August and September, it became clear that the APLR's professional development needs are closely related to, and dependent upon, the strategic mission of the organization. However, the articulation of the APLR's Strategic Mission must be based upon in-depth discussion by APLR members, management and staff, and must be reflected in a long-range plan for APLR's organizational development. This activity is planned to happen in November/December, following a series of facilitated workshops

involving all interested parties, and will yield a Strategic Plan for APLR Organizational Development (see Target 1.3.4, below.) The Professional Development Training Program for APLR staff will be consistent with and incorporated into the Strategic Plan. The Plan was completed and adopted during the month of December, and implementation has been initiated.

ACHIEVED

1.3.4 Strategic plan for APLR organizational development, end of Month 7.

Status: Beginning with the discussion of the new Charter of the APLR, and membership and board meetings held in August/September, the conditions have been set in motion to develop the long-term organizational development strategy for APLR. This Plan (which will incorporate the Staff Training Plan) was generated by and approved during the December Strategic Planning Workshop. Final delivery was Month 8.

ACHIEVED

1.4 Land Privatization, Legal Reform, and Land Market Development Support:

In support of the Legal Sector of the APLR, specialized support and advice from foreign land reform and legal experts on aspects of land privatization, land law reform, and land market development will be provided.

Expat Land Privatization Expertise. Professor William Thiesenhusen arrived in Tbilisi in late November for a two-week TDY to work with the Legal Sector and other team members on state agricultural land privatization, and the development of options for land market transactions involving family owned agricultural land. Recent parliamentary maneuvering and governmental restructuring in Georgia has resulted in a suspension of substantive legislative action and a shifting of political factions. However, Thiesenhusen was able to meet with a wide range of interested parties, both in Tbilisi and in the regions, and a draft report on his findings and recommendations will be submitted in early January.

Case Study of Land Distribution Conflicts. Work continued to help the APLR devise ways to resolve problematic situations where SDLM (State Department for Land Management) land arrangers improperly conduct land distributions (example of Dighomi). During November, the Resident Advisor and the APLR Director attended a meeting at the World Bank's LRU with local Dighomi residents to discuss strategies for completion of the World Bank's registration project in the event of non-cooperation by the former Land Arranger. Also, in December, APLR monitored the selection process for obtaining a new Land Arranger in Dighomi. The Dighomi experience will be documented by APLR at an appropriate time, to serve as a case example of how to investigate and resolve instances of fraud and corruption in local land distribution.

Arbitration/Mediation Services Pilot Project. Disputes dealing with land (as well as other types of disputes) are costly and time-consuming to resolve in a traditional courts framework. Further, court procedures tend to be less flexible, and judges are rarely knowledgeable about land and property issues. Therefore, the project is intending to develop a pilot project to conduct arbitration/mediation services as an alternative dispute resolution technique. During the Moldova site visit, information was collected on the arbitration system in effect in that country. Meetings have also been held with Russian mediation specialists. During December,

a Task Force was formed within the project to prepare a design for the pilot project. The Task Force prepared an initial memorandum, which will be reviewed internally, and finalized for USAID review in January.

Training for Registrars and Notaries. On November 20th, APLR, in cooperation with the SDLM, organized the first national seminar of Registrars in Georgia. A representative of the Chamber of Notaries was also present at the seminar. The seminar explored a wide range of problems and issues affecting the work of Registrars, including:

- Public access to Registry data
- Costs and other impediments to wider use of Registry information
- Training needs of Registry staff
- Registration procedures, including the proper role of Notaries in effectuating property registrations and subsequent transfers
- Physical needs of Registry offices
- Data collection procedures for creating a centralized data base of Registry activity

A series of follow-up meetings with Registrars at the regional level is planned to be undertaken in 2002. Similarly, APLR will cooperate with the Georgian Chamber of Notaries in holding a series of training seminars throughout the country to advise and instruct Notaries on the proper way to document and record real property transactions of all kinds.

Donor Coordination. As was the case in prior months, donor coordination occupied a significant portion of staff time during the Work Program # 3 period, involving APLR, SDLM, KfW, World Bank, and UNDP. With respect the KfW project, a number of meetings were held with foreign experts who were assessing land consolidation issues in the agricultural sector. As a follow-up on earlier discussions on ways to reduce possibilities of overlapping and conflicting work activities, KfW conducted a pilot test, using the UNDP software, that was able to demonstrate that data coming from the Land Market Development project and data coming from the KfW project can be combined without insurmountable difficulty into a single computerized database.

In October, the Resident Advisor and the Legal Sector Chief attended the UNECE Conference in Yerevan, organized by the Land Administration Working Group, to participate in discussions regarding comparative experiences in land administration programs. Also attending were representatives of the Georgian SDLM and of the UNDP program in Georgia.

During December, the Resident Advisor, the Association Director, and the Project Director attended a briefing of President Shevardnadze and his Ministers at the State Chancellery, to review progress made by the Land Market Development project. Representatives of USAID also attended the meeting. The principal presentation was made by Chairman Z. Gegechkori of the SDLM.

Policy Dialogue. A variety of policy options continued to be discussed during Months 6-8, including:

- How to transform Registry Offices into an independent, self financed agency within 3 years, with staff salary subsidized from central budget for that period as needed;
- How to integrate BTI (Bureau of Technical Inventory) information, some staff, and Rayon office space into the Registry Office structure, and how to avoid duplicate

- and/or other unnecessary charges by the BTI during initial registrations and secondary transactions;
- How to conserve both paper and digital records, when to do which, and role of digital information as archival information until market conditions warrant the switch of some offices to digital technology;
 - How to resolve potential conflicts in approaches to initial registration of ownership (i.e., registration of 'households' vs. registration of all household members);
 - Resolution of problems of inheritance, and clarification of the process of transfer of ownership upon the death of a registered owner of land

A workshop on the BTI issue is planned for January. Discussion of the operations and sustainability of Registration Office functions was addressed during the November Seminar of the Georgian Registrars, and will be further developed during the regional workshops scheduled for the first half of 2002. A legislative proposal for resolving the status of ownership (e.g., the 'households' issue) is to be prepared in early 2002.

Regional Cooperation. At the suggestion of Eurasia Foundation, APLR has developed a grant proposal designed to forge working relationships with other NGOs active in land use and real estate market development issues in Armenia and Azerbaijan. Discussions with potential counterparts were held during business trips to Yerevan and Baku, conducted by the Resident Advisor and the Legal Sector Chief in October. It is expected that the grant application will be formally submitted to Eurasia Foundation in January of February of 2002.

Targets of the CA:

1.4.1 Status Report on Activities on Land Privatization, Legal Reform and Land Market Development Support in Month 12

Status: The results of these project activities will be reviewed and assessed in April, 2002

ON SCHEDULE

1.5 SRO Development Support, and

1.6 Association Formation:

As originally envisaged in the CA, an umbrella SRO, linking the APLR and several newly formed real estate market professional associations, could be structured in a way that would allow for a synergistic relationship among the various associations to develop, such that the professional associations would benefit from APLR lobbying, legal/policy advice and public education support. Similarly, APLR would benefit from the financial assistance the professional associations will render to it.

The validity of this premise has been the subject of research by an in-house Team of APLR staff, and by Norman Flynn president of the International Real Property Foundation, a noted Realtor/Valuer, and an expat expert on real estate industry professional Associations who has worked extensively with professional groups in Central Europe and the former Soviet Union.

As a result of Mr. Flynn's most recent TDY, it has been confirmed that the concept of a single, financially-integrated SRO organization is not a feasible concept, but rather the various professional groups involved in the development of a vigorous land market should be separately organized. As opportunities present themselves for forming strategic alliances around common issues, or in pursuit of common objectives, then realistic cooperation can be expected. In the absence of such focused collaborations, however, each professional group should concentrate on the issues most directly affecting, and capable of being affected by, that group. Further, each group should seek its own means for assuring its financial independence and sustainability, rather than seeking to be mutually interdependent on financial matters.

This approach was defined to as a **“Two-Path”** strategy in the SRO Assessment report prepared in September and revised in October by Project Director J. David Stanfield. The idea is to take a more “grassroots” approach, building the professional associations and the APLR step by step, using the “two-path” model.

Path 1 will involve the development of the APLR. Activities on this path would strengthen the capacities and scope of the APLR, through diversification of funding, management training, membership mobilization, and provision of services to the landowning public and to the professionals who also provide services to the landowning public.

Following this path, the APLR will structure its membership to include landowners, public servants, and land market professionals as well as bankers and insurance companies. In essence, the APLR becomes the “SRO Umbrella” organization.

The APLR is looking carefully at what constituents it is serving and build an organization that would provide programs, products and services to those constituents. Some constituents that appear to be well within their mandate would be as follows:

- Farmers
- Landowners in general
- State agencies involved in land administration
- Public utilities
- Entrepreneurs/developers or occasional builders
- Bankers interested in mortgage financing
- Land market professionals (see above)
- The World land planning community (World Bank, United Nations, Eurasia Foundation, etc.)

In terms of financial sustainability, there should also be dues for all APLR members. At least some dues payment by its members would demonstrate more serious commitment to the organization, as well as provide financing for organizational development.

In addition, the association should expand its membership to involve and embrace all the constituencies they hope to serve. Revenue models should be developed with each of these constituencies to generate income for the future self-sustainability of the organization. It appears that the best sources of income would be membership dues, service fees (from various publications and information bulletins, reports, programs and products), and lastly grants from grantor organizations throughout the world, including a reasonable “indirect cost” rate for helping to finance the costs of maintaining the organization.

In terms of its strategic and business planning assistance, therefore, the LMDP (through the IRPF and Terra as well as with the assistance of the specialists of the APLR and other Georgian professionals) can help APLR carefully define its constituents, develop programs, products and services that the constituents find of value and develop revenue sources to underwrite the costs of future ALPR activities (i.e. membership dues, service fees and grants/contracts).

Path 2 will encompass the development of related Land Market Professional Associations. Where there is a demonstrated commitment by professional groups to the formation of professional associations, and through extensive consultation and testing of their resolve, The LMPD will provide training and advice on the strengthening of the association. Only where a clear and short term need exists, however, would LMPD provide financial support.

Bridging these two paths are the common members of the APLR and the members of the professional associations who shape coalitions on specific issues.

The LMDP program of real estate association development, with the participation of specialists from the IRPF and APLR's Secondary Transactions Sector, should begin with basic assistance in such areas as: mission definition, leadership development and mobilization and consensus building. As an extension of these activities and as a consensus is forged, each association will develop strategic and business plans.

The APLR could create a **Real Estate Brokers** "chapter" in its membership structure, for those brokers in Tbilisi and throughout the country who have worked with the APLR, who demonstrate an interest in collaboration with other professionals in the proper functioning of land markets, and who the APLR could recommend to others as competent and reliable brokers.

An **Appraiser** Association has been formed, and appears to have adequate support from the Eurasia Foundation. At this time, no further support through the LMPD project appears warranted

The **Real Estate Developers** appear to be too small a group at present to consider for association development. **Property Managers** are also too small a group at present to consider for association development.

Due to the small number of professional **Auctioneers**, and their specialized functions, there will be no capacity for developing a separate association. To assist with the privatization programs which are ongoing, the APLR will develop a training program to be offered to these individuals in order for them to acquire a professional certification of their having passed that training program. The cost of preparing the training materials can be paid by the LMDP, but fees paid by the participants will cover the cost of conducting the training.

Notaries are already well organized in the national Chamber of Notaries. They do not require active support, except for a training program that APLR will develop in conjunction with the Chamber. The financing of that training program has yet to be finalized.

Land Surveyors constitute another group that could form an effective professional association, if the interest to do so exists. A list of all cadastral land surveying companies and

their technically qualified staff will be compiled from the lists of subcontractors having performed adequately in the conduct of cadastral surveys for the USAID, GTZ, UNDP, KfW, World Bank, and SDLM. An assessment of the identified individuals will be conducted to determine the interest in and need for a land surveyor association, and what services that association would provide to its members.

Finally, **Registrars** are another group that would benefit from some form of formal professional association, although their status as employees of the SDLM must be recognized in any effort to create such an association, or union.

Since registrars presently are under the control of the SDLM offices, at the first stage it would be necessary to hold several seminar conferences with registrars. Issues raised would include economic independence for the registrars and how at the same time there would be guarantees that they would carry out the public service of registration of transactions in a professional way. Such gatherings should be held, until the Parliament introduces amendments and additions to the budget Law, as result of which registrars shall obtain economic and political independence.

It would be desirable to advise to registrars, at meetings, to form a professional union, which will take care of protection of their rights and independence. Through establishment of such an organization, the struggle against state bureaucracy regarding granting of independence to registrars will be much easier.

The future project activity dealing with Association Development will proceed on this revised basis, rather than seeking the creation of a single umbrella SRO organization that would dominate the land use policy / land market development field.

Targets of the CA:

- 1.5.1 Finalization of Development of SRO Umbrella Strategy Report in Month 6
Status: Based on the “two path” approach articulated above, Association Development expert Norman Flynn conducted follow-up meetings with representatives of the Real Estate Brokerage and Appraisal professions during his TDY in November/December. A draft report was prepared during December, for review and finalization in January.
ON SCHEDULE, as revised
- 1.5.2 Status Report on SRO development in Month 12
Status: The results of the “two path” strategy described above will be reviewed and assessed in April, 2002
ON SCHEDULE
- 1.5.3 Completion of written Charter and SRO registration in Month 18
Status: Pursuant to the findings of the in-depth assessment of the Georgian real property and appraisal industry and the finalization of the work program, this target will be revised accordingly.
- 1.5.4 Fees collected from member associations in Month 20
Status: Pursuant to the findings of the in-depth assessment of the Georgian real property and appraisal industry and the finalization of the work program, this target will be revised accordingly.

1.5.5 Final Report on the establishment of the SRO with recommendations for further institutional development in Month 24

Status: Pursuant to the findings of the in-depth assessment of the Georgian real property and appraisal industry and the finalization of the work program, this target will be revised accordingly

1.6.1 Completion of in-depth assessment of Georgian real property and appraisal industry in Month 5

Status: The findings to date have led to a reconsideration of the original SRO Development concept, as summarized above. As a result of the assessments conducted in Months 4 and 5 by the in-house SRO team, as well as by the expat expert, Norman Flynn, it was deemed advisable to reconsider some aspects of the original SRO concept.
ACHIEVED

1.6.2 Post-assessment Report with recommendations for program activity, in Month 5.

Status: Pursuant to the findings of the initial assessment of the Georgian real property and appraisal industry, as confirmed during subsequent months of discussion, Terra Project Director David Stanfield drafted a revised set of recommendations for elaborating a detailed program of professional association development. This report was finalized in October.

ACHIEVED

1.7 Resident Advisor Support:

David Smith continued to provide full-time Resident Advisor duties to the APLR during the Work Program #3 period, with the exception of November 22-26 and December 21-31, when he was out of country on personal holidays. David Stanfield, Terra Project Director, continued to participate actively in key project activities, and also was present in country on TDY during the Work Program # 3 period from October 29 – November 9, 2001.

1.8 Monitoring and Quality Control:

During the Work Program # 3 period, the Monitoring and Quality Control team initiated its control activities in several raions. Further discussion is provided in the APLR achievements section of this Quarterly Report (see below).

2. APLR OPERATIONAL PROCEDURES AND ACTIVITIES:

The APLR's scope of work is to carry on the registration of ownership rights to approximately 1,130,000 agricultural parcels and 270,000 residential parcels, to continue with public education and land market policy work, and to develop a program for SRO formation and a pilot effort for services to mediate among conflicting parties and to resolve legal difficulties of property owners.

The following work has been done on the various responsibilities, activities and targets as specified in the CA and the subagreement between APLR and Terra Institute.

2.1. Registration of Ownership Rights on Approximately 1,400,000 Agricultural Reform Land Parcels, and Issuance of Certificates to Owners:

In the last quarter, work in support of the initial registration of privatized land parcels proceeded in 51 rayons of Georgia. However, in three of these (Telavi, Kvareli and Lagodekhi), activities of the subcontractor companies were suspended. The reason for this was that registration of the Agricultural Reform land parcels envisaged within framework of the Project in these rayons was almost completed and, at the same time, another donor organization – KfW – began work in these rayons focusing on residential land parcels. Suspension of the work of our subcontractors was caused by the necessity to avoid mutual overlapping of activity of the two donor organizations, and a resulting duplication of work.

Work in one of the high-mountainous rayons – Mestia, in Svaneti – was temporarily suspended, due to harsh climatic conditions of the winter to come and, more importantly, due to the complicated political and criminal situation recently arisen in this region. In these conditions, it is impossible to monitor and inspect quality of the work conducted in the rayon. Work in this rayon will continue in spring of the next year, as soon as the weather and other conditions improve.

Targets of the CA:

2.1.1. 500,000 parcels will be registered by the end of Month 8

Status: A statistical summary of work achieved is given below:

	Registrations Achieved by December 10	Registrations Achieved by the end of December
Surveyed parcels (Field work)	569, 430	577,540
Registered parcels	500, 296	516,819
Issuance or Registration Certificates	480, 962	504,670
Registration maps approved (Cadastral Maps)	412, 713	500,019
Parcels registered in registration journals	439, 020	512,998
Surveyed blocks depicted on topographic maps (Base Maps)	386, 988	577,540

ACHIEVED

2.1.2. 1 million land parcels will undergo initial registration by the end of Month 16

Status: ON SCHEDULE

2.1.3. 1.4 million land parcels will undergo initial registration by the end of Month 24

Status: ON SCHEDULE

2.1.4. Professional staff selected by the end of Month 2

Status: As can be seen from the previous quarter's report, professional staff (i.e., subcontractors to APLR) have been selected to work at the rayon level, both for initial registration support and for secondary transactions sectors. Two rayons were left in the

initial registration support sector – Kaspi and Khashuri (these two rayons were included in the planned 51 rayons). The reason for this was the conduct by the SDLM of similar work in these rayons. It was necessary to delimit the works and work areas (territory), in order to avoid overlapping of these activities. Final agreement with the SDLM took place in November. Based on this agreement, - in Khashuri rayon the Project will complete the initial registration process only for those land parcels previously surveyed by the first stage of the LMDP project, and would thus complete its activities in the rayon. In Kaspi rayon, meanwhile, the LMDP will not work in those four sakrebulo where the SDLM had already conducted works, but will work in all other areas of the rayon. It should be noted that tenders had previously been held by APLR in both Khashuri and Kaspi rayons. It was thus necessary only to process contracts with the winning companies in order the Project to continue with the agreed activities in the two rayons, within frames of agreement with the SDLM. The USAID was kept informed of these issues, and consultations were held with representatives.

ACHIEVED

2.1.5. Training of personnel in new rayons by the end of Month 3.

Status: Training of APLR Subcontractors was completed during Work Program #2.

ACHIEVED

2.2. Development of the Secondary Market, Both for Agricultural and Enterprise Land:

Improving the Institutional Base of the Secondary Land Market. Development of a secondary market on land and real estate, as past practice has shown, must undergo several stages of development. In Georgia, this process began from the years 1998-99, when the process of privatization of enterprise land was activated and, at the same time, the last stage of privatization of agricultural land – final titling and initial registration of rights. By the end of the year 2001, this stage of privatization is almost completed, if we do not count the land parcels that are still state-owned. From today, the next stage of development of the secondary market will be to implement the practice of legal secondary transactions on land. It should be said that legislation regulating this process has been perfected.

The main activity of the Secondary Transactions sector of the LMDP is to encourage and assist secondary transactions. The sector has been carrying out these activities through six subcontractor broker companies. These companies, within frames of cooperation with the Project, have provided free-of-charge broker services to landowners. This practice was, on one hand, satisfactory and effective for beginning development of the secondary market and, on the other hand, this practice played the role of a catalyst in the process of establishment and development of such broker companies. It is a fact that this link of services is one of the most important in the process of development of the secondary market. As a result, simultaneously with the institution of the class of landowners was created one of the professional disciplines providing services to the marketplace – real estate brokers.

Currently, for effective development of the secondary market, it is necessary to accelerate the establishment and development of other professional groups that are involved in this process. This includes, first of all, improving the system of registration of land and real estate itself and ensuring its efficiency. Next, attention must be given to development of legal-consultation services, development of arbitration and mediation activities, and expanding the practice of

bank lending on land and real estate. Development of the secondary market, in itself, depends greatly on the overall level of economic growth and development in the country.

This is confirmed by the analysis of activities of the existing broker companies (Annex 1), conducted by the Secondary Transactions Sector during this Work Program period. This analysis has shown that some of these companies have either changed their activity profile, or have shut down. There is a threat that broker activities will become unprofitable or illegal. There are also cases where landowners have returned title to their properties back to the state. This can be said especially about urban enterprise lands. All of the above demonstrates that development of the real estate market demands careful study and improvement of a broad range of professional, institutional, legal, and economic factors in addition to the simple registration of legal title.

Improved Data Collection on the Secondary Market in Georgia. The analytical processing of statistical data on land and real estate markets is of great importance. This data is generated at the rayon Registry level, as new transactions are recorded. The Secondary Transactions sector has elaborated data collection format for the collection and monthly aggregation of such statistical information. The information obtained within the above-mentioned format will allow us to assess the development of real estate market, as well as its weak and strong sides. The Sector has tested this format in Gori and Zestaponi, and the issue was also discussed during the meeting with Registrars (November 14), noted above. Support of the Registrars is essential since the registration office is the body where the necessary information is identified and obtained. It is planned to gather and analyze the statistical information, which already exists within this format with the assistance of the SDLM's Bureau of Statistical Analysis. The result of this analysis will be used as a future analytical material for the future prognosis.

International Cooperation in the Study of the Real Estate Market. In order to become better acquainted with foreign practice of the real estate market, the Head of the Secondary Transactions sector visited Sofia, Bulgaria, where in October was held the CERAN international conference that dealt with the development of real estate markets in the countries of Eastern and Central Europe. A report on this visit was submitted in December.

Future Directions of the Sector's Activities. During December, the Secondary Transactions sector elaborated a strategic plan, according to which it is planned to change the direction of the activity of the Secondary Transactions sector and conform it as well as possible to the requirements for the development of the secondary market. This strategic plan anticipates focusing the sub-contractor companies on activities such as public meetings, where will be discussed topical issues for the representatives of different layer of market participants. Through the analysis of these issues, it will be possible to identify market requirements, and make relevant amendments in legislation or practice. Up to the present, activities of the sector were oriented to the financing of transactions accomplished through the facilitation of relevant sub-contractor brokerage companies. This practice already resulted in some change: it has encouraged and developed the brokerage companies, especially in rayons (in Tbilisi and central regions this sector was already developed). However, this activity appeared to give special advantage to the subcontractor companies, at the expense of their competitors. It was therefore decided to discontinue this practice in the future so as to avoid creating a non-competitive environment in this sphere.

Targets of the CA:

2.2.1. Increase the number of secondary transactions by 20% by the end of Month 14.

Status: The obtaining of statistical information, which will be carried out with the new format elaborated by the sector, will allow us to objectively evaluate the development of real estate market, the characteristic of which is secondary transactions. Based on initial fragmentary data, however, it appears likely that an increase of at least 20% will be realized within the planned period.

ON SCHEDULE

2.2.2. Increase the number of secondary transactions by 40% by the end of Month 24.

Status: See discussion above.

ON SCHEDULE

2.3. Supporting and Facilitating the Preparation of a Draft Law on the Privatization of Land Left in State ownership, and Other legal Issues:

The LMDP Legal Team has undertaken a series of activities designed to improve the legal and administrative situation for landowners in Georgia, and to research other topics which can lead to the drafting and enactment of relevant new legislation.

National and Regional Meetings of Registrars. For that purpose, the APLR, with participation of the LMDP Project, organized on November 14 a national-level meeting of land and real estate registrars. This meeting was the first of a series of smaller regional meetings, which will be held on location in rayons, and would identify the most significant problems existing in the registration system. Representatives who took part in the initial meeting of Registrars came from the registration offices of all rayons of Georgia, Heads of the SDLM, to whom the registration offices are currently subordinate, as well as the Chairman of the Notary Chamber, as well as representatives of other parties involved in this process.

Arbitration/Mediation Services Pilot Project. The Legal Team is developing a pilot project to conduct arbitration/mediation services as an alternative dispute resolution technique. During the Moldova site visit, information was collected by one of the Team members on the arbitration system in effect in that country. Meetings have also been held with Russian mediation specialists. During December, a Task Force was formed within the project to prepare a design for the pilot project. The Task Force prepared an initial memorandum, which will be reviewed internally, and finalized for USAID review in January.

Review of Leased Agricultural Lands Privatization Issues. During December, foreign expert Dr. William Thiesenhusen was invited to assist the project. During the course of this visit, he met with numerous persons involved in government and the private sector who are involved with the use (and disposition) of leased agricultural lands. He also studied the draft Law on Privatization of Agricultural Land Remaining in State Ownership prepared by the Association. He will provide his comments and final report on this issue in mid January.

Dr. Thiesenhusen also gave a lecture for representatives of the Association and the project, in which he presented his opinions and views regarding of and management in Georgia and protection of landowners' rights. These opinions were based on expert's large experience in land usage field in various developing countries of the world. On the discussion that followed the course of a lecture, it was stated one more time that the Association has to deal not only

with the issues of land ownership but expend its activities in the direction of land usage as well. Otherwise dealing with just protection of landowners' rights might become useless for landowners themselves. Employees of the Association and the project positively evaluated their meeting with the expert.

Targets of the CA:

2.3.1. To prepare analytical report of necessary legislation by the End of Month 6

Status: Although the finalization of this report was delayed as a result of the parliamentary and governmental conditions this fall, the report was prepared during the month of December. This document will guide the activities of the Legal Team for the duration of the LMDP project.

ACHIEVED

2.4 Supporting Land Reform with an Effective Public Education Campaign:

Draft Strategic Plan for the Sector's Activities. The Public Education Sector has drafted a strategic plan to guide its activities for the balance of the LMDP. This draft strategy, prepared in October, will be revised in future months as activities progress. It was deemed that this document is a draft of the final document and it cannot be considered the sector's strategy, in its current version. The Head of the sector is continuing to work in this direction and is perfecting the document. Some of the key elements of the Sector's strategy are noted below:

Preparing the TV-programs. In the month of September, an agreement was processed with the TBC-TV STUDIO and preparation works on the four TV programs began. In October, script materials were perfected and work on the program's plan was completed. In November, preparation of the first TV program was fully completed. An English language version of the program was also prepared and submitted to the USAID for consideration. According to the comments of the USAID, the program was amended and placed in the TV broadcasting net of the month of December – on the First Channel of Georgian Television.

Radio Programs. The CA originally envisaged preparation of two radio programs and two TV programs. However, it was determined that greater impact could be achieved by producing four TV programs, and the Target was modified accordingly. Nevertheless, the radio medium can be used for briefer "spot" broadcasts of 3 to 10 minutes and, after consultation with the APLR and LMDP management, it was decided to invite, for the purpose of coverage of events planned within frames of the Project, journalists of the information programs of the First Channel of Georgian Radio, who will present pertinent information to the listeners, by means of 3-10 minute stories. Such cooperation with them will be realized next year.

Press Reviews: During the past quarter, the sector prepared two analyses of the Georgian press. The sector also conducted a sociological survey of journalists ("Prospect of Cooperation"). An analysis of survey results was attached to the Georgian Press Analysis (for the period October 1 to November 20) and submitted to sector directors of the LMDP. The study provided noteworthy information, which should be taken into account while planning various activities.

Public Meetings: In October, a meeting was held with landowners of the village Akhalsheni, of Gurjaani rayon, on the issues land parcel consolidation, sales procedure, farm development.

The indicated meeting was filmed for the second TV program. For the second TV program we filmed the conference of registrars and the meeting of World Bank representatives with farmers of the village Dighomi.

In the month of October, four planning meetings were held with potential participants in the Bakuriani seminar, including representatives of banks and insurance companies. Those who were the most active during these meetings were identified as speakers for the seminar for journalists.

In the beginning of December (December 7), the sector held a meeting in Tskaltubo. The meeting was aimed at studying the opinion of landowners on the following issues:

- Problems of farmers related to farm expansion,
- Compliance between land quality and land tax
- Study of how active are the farmers when land, existing in villages, is being disposed

Meetings on the same issues were also held in the villages of Telavi (December 11-12) and Gori (December 20-21) rayons.

Bakuriani Workshop for Journalists. The Public Education Sector organized a three-day seminar for representatives of Georgia's principal newspapers. The purpose of this workshop, which was well received by the participants, was to acquaint journalists with the issues and problems of the land sector, and of landowners generally, with a view to improving the quality of coverage of these issues in the press. Information was also presented at this seminar by representatives of commercial banking and insurance agencies ("Sakartvelos Banki", "Aldagi") which was useful both for journalists and the Project's employees.

Acquainting the Public with Activities of the Association and the LMDP. During the period October through December, the Public Education sector provided individual consultations on progress of activities of the Association and the LMDP, to representatives of the mass media, including: newspaper "Akhali Epoka"; Giorgi Chubinidze, "Dilis Gazeti"; Inga Jabanishvili, "Georgian Times"; Meri Makharashvili, "Rezonansi"; Mariana Imnadze, Vaso Kapanadze, "Droni"; and Lela Mchedlidze, Tiniko Izoria. The indicated consultations concerned various topics: progress of initial registration of land; landowner rights; land sales; mortgages; etc.

Cooperation with Other Projects: The sector will continue cooperation with the project "Promedia II" of the program of the International Center of Journalists and will periodically take part in the trainings organized by them, which will be conducted by American journalists. This will increase the level of qualification of the sector's employees.

APLR Newspaper, "Landowner": A major activity initiated during this quarter was preparations for the APLR/LMDP Newsletter. This publication is designed to provide information to rural residents about the activities of the LMDP and about landowners' rights generally. It will also be a vehicle for conveying information of interest to farmers, covering a wide range of topics. Through subscriptions and advertisements, program income will be generated that will help support and extend the activities of both the LMDP project and the Association.

Other Publishing Activities: During this reporting period, the Legal team (with assistance of the Public Education team) prepared a reference book on legal terminology related to land issues. In January it will be widely reviewed, and a publication date of February is likely.

Other materials prepared during this reporting period, for publication early in 2002, include:

- a booklet about the Association and the LMDP (to be printed in January)
- an Open Letter from the Association to Georgian landowners (to be printed in January)

In addition, a brochure providing detailed information land taxation is being prepared. Preparation of this brochure is included will be funded in part by the Eurasia Foundation.

Targets of the CA:

2.4.1 Delivery of Material for Four TV Programs by the end of Month 6.

Status: This target initially envisioned the production of two radio and two TV programs. In order to maximize the reach and coverage of the programs, it was determined that TV coverage would have greater impact, and the target was modified to result in the production of four TV programs. The outline and rough script for the series was delivered in October, and the first show was produced and shown on national TV in December on Channel 1.

ACHIEVED

2.4.2a Completion of At Least 10 Public Meetings by the end of Month 6.

Status: Fourteen (14) public meetings have been held since May 2001. The list of meetings and supplementary information is listed in Annex F of this report.

ACHIEVED

2.4.2b Completion of At Least 10 Public Meetings by the end of Month 12.

Status: Based on the activities elaborated in the draft Strategic Plan, there should be no difficulty in meeting this Target.

ON SCHEDULE

2.4.2c Completion of At Least 10 Public Meetings by the end of Month 18.

Status: Based on the activities elaborated in the draft Strategic Plan, there should be no difficulty in meeting this Target.

ON SCHEDULE

2.4.2d Completion of At Least 10 Public Meetings by the end of Month 24.

Status: Based on the activities elaborated in the draft Strategic Plan, there should be no difficulty in meeting this Target.

ON SCHEDULE

2.5 Quality Control and Monitoring

Initiation of Activity of the Sector. The LMDP's Quality Control and Monitoring unit began its activities during this period, by conducting control in up to 15 rayons of different regions of Georgia, and conducting general inspection in two rayons: Borjomi and Lagodekhi, for a total of 17 rayons covered.

It must be noted that the activities of the sector during the current program were partly of a testing nature for the purpose of perfecting the process of sector activities. Based on received practice, the procedure of sector activities was elaborated and perfected.

The sector was equipped additionally with material technical means, with mobile computer equipment. At the end of the work program the sector will inspect total of 12 rayons instead of planned 17 rayons. This is due to the inspection carried out in Borjomi, which took more time than expected. Inspections were conducted in following rayons: Telavi, Akhmeta, Kazbegi, Akhlagori, Zestaponi, Sachkhere, Chiatura, Lanchkhuti, Ozurgeti, Chokhatauri, Dusheti. General inspection was carried out in Borjomi rayon.

Mistakes revealed during the inspection of subcontractor activities often were of a general character in each rayon, such as:

- Mistakes in names and surnames of the owners;
- Prepared information is poorly organized – information in subcontractor's or registrar's office is not organized according to relevant principles;
- Existence of repeated or unused numbers in registration numbering.

As the practice showed us, indicated mistakes are unavoidable and subcontractors periodically correct them. This fact was also confirmed by registrars.

Significant mistakes were disclosed in Borjomi rayon, which resulted in necessity of conducting a general inspection in this rayon. During the course of an entire week, work results were studied carefully. Based on revealed mistakes, a detailed report has been prepared. The mistakes were mainly discovered in field surveys, which caused concern to owners and the local land management offices.

Administration of the Association and the project issued a warning to the Borjomi rayon subcontractor and at the same time suspended payment of a submitted invoice until problems could be resolved. At the end of November, the indicated rayon was re-inspected and, based on verifications performed at that time, the amount of compensation to be paid to the subcontractor was determined.

2.6 Facilitating Development of Professional Associations

APLR Strategic Planning Workshop: Foreign experts Norman Flynn and Bill Malkasian visited the Association in late November/early December. The purpose of their visit was to conduct two-day seminar for representatives of the Association and the project, as a result of which strategic plan for the future development of the Association was elaborated. At the conclusion of the seminar, an initial version of a strategic plan was elaborated. A final report, with follow-up tasks elaborated, will be provided by the experts in late December, for review and adoption by the APLR Board in January.

Real Estate Brokers' and Appraisers' Associations: Flynn and Malkasian also held similar meeting and discussions with representatives of Georgian Real Estate Brokers and Appraisers. Recommendations for each of these groups will also be included in the experts' report.

3. CONCLUSIONS, RECOMMENDATIONS AND REQUESTS FOR ASSISTANCE

3.1 Technical Aspects of the CA

3.1.1 Expatriate Technical Assistance during this reporting period included:

- a) Dr. David Stanfield – Project Director and NGO/SRO Development Advisor
October 30 – November 9, 2001
- b) Mr. Norman Flynn (International Real Property Foundation)– Realtor/Valuer, Auction Association Advisor
November 28 – December 4, 2001
- b) Mr. William Malkasian (International Real Property Foundation) – Association Development Specialist
November 28 – December 2, 2001
- c) Professor William Thiesenhusen (Terra Institute) – Land Market and Land Reform Advisor.
November 28 – December 15, 2001

3.1.2 Expatriate Technical Assistance programmed for the upcoming reporting period will include:

- a) Dr. David Stanfield – Project Director and NGO/SRO Development Advisor
January 15 -- February 15, 2002
- b) Mr. Norman Flynn - (International Real Property Foundation)– Realtor/Valuer, Auction Association Advisor
March 2002 (Exact dates TBD)

3.2 Financial Aspects of the CA

The Chief Financial Officer will be submitting the quarterly Financial Status Report (SF269a) as required to the appropriate USAID office. The CTO has requested copies of this report and this request will be accommodated.

3.3 Conclusion

No unexpected or untoward problems were encountered during the third Work Program period, and no exceptional need for special assistance has arisen.

SUMMARY TIMELINE: TARGETS AND ACHIEVEMENTS

Terra Institute, Ltd. (T) and APLR (A) Targets for Georgia Land Market Development Project & TARGETS ACHIEVED		
Month	Task	Description
1-APR/MAY01	2.1T 2.2T 2.3T	Sub-Agreement with Terra Institute in place (MONTH 1) Open Bank accounts for APLR (MONTH 1) Define procedures for reporting on monthly expenditures and account reconciliation for APLR (MONTH 1)
2-JUN01	1.4A 2.4T	Identification of professional personnel for new rayons (MONTH 3) Financial Advisors in place (MONTH 1)
3-JUL01	1.5A 3.1T 3.2T	Training of professional personnel completed (MONTH 4) Confirmation of APLR organizational structure (MONTH 5) NGO/SRO Development Advisor Report on status of the APLR (MONTH 3)
4-AUG01		
5-SEP01	6.1T	Completion of in depth assessment of Georgian real property and appraisal industry (to establish baseline indicators) ¹ (MONTH 5)
6-OCT01	3.1A 4.1A 4.2aA 5.1T 6.2T	Delivery of Analytical Report on needed legislation, regulations and other legal needs (draft legislation, regulations and other legal instruments as needed) (MONTH 8) ² Delivery of material for bulletins, four (4) television programs ^{3,4} (MONTH 8) Completion of at least ten (10) public meetings (MONTH 7) Finalization of Development of SRO umbrella strategy report Post-assessment report with recommendations for program activity ^{5,6} (MONTH 6)
7-NOV01		
8-DEC01	1.1A 1.1T	500,000 parcels registered (MONTH 8) APLR accountant prepares accounting report independently (MONTH 5)
9-JAN02	3.3T 3.4T	Finalization of Training plan for professional development of APLR Staff ^{7,8} (MONTH 8) Finalization of Strategic plan for APLR organizational development ⁹ (MONTH 8)
10-FEB02	1.2T	Completion of APLR Operations Manual (Draft version completed in Month 8)
11-MAR02		
12-APR02	4.2bA 1.3T 4.1T 5.2T 6.3T 6.4T	Completion of at least ten (10) public meetings Completion of administrative procedures audit (MONTH 2) Report of activities on Land Privatization, Legal Reform and Land Market Development Support Status Report on Association Development ¹⁰ (Formerly "Status Report on SRO") Completion of Development of Business Plans by Assisted Associations ¹¹ (Formerly "Completion of development of business plans by Georgian cadastral surveyors, real property appraisal and legal professions for the creation, management and sustainability of cadastral surveyor, brokerage, auction and appraisal associations) Completion of the Development of Management Training Plans for Assisted Associations ¹² (Formerly "Completion of the development of association management training plan")

¹Target moved from Month 4/Work Program 2 Approved by USAID 29JUN01

² Finalization of report was delayed as a result of the parliamentary and governmental conditions.

³ Based on consensus that TV impact is greater than radio, four (4) TV programs rather than two (2) will be produced. All radio programs (2) will be eliminated. Approved by USAID 5OCT01

⁴ Program #1 was produced and broadcast on national television in December, 2001

⁵ Target moved from Month 4/Work Program 2 Approved by USAID 29JUN01

⁶ Delivery of 6.2 delayed by WTC disaster Approved by USAID 5OCT01.

⁷ Target moved from Month 5/Work Program 2 Approved by USAID 5OCT01

⁸ Target moved from Month 7/Work Program 3 Approved by USAID 12NOV01.

⁹ Target moved from Month 7/Work Program 3 Approved by USAID 12NOV01.

¹⁰ Target to be renamed as noted above pending USAID approval.

¹¹ Target to be renamed as noted above pending USAID approval.

¹² Target to be renamed as noted above pending USAID approval.

13-MAY02		
14-JUN02	1.2A 2.1A	1,000,000 parcels registered Increase in secondary transactions by 20%
15-JUL02	6.5T	Preparation of Charter Documents and Initiation of Registration Procedures for Assisted Associations ¹³ (Formerly "Finalization of charter documents" and "Registration of four distinct associations representing: cadastral surveyors, real property brokers/property managers, auctioneers and appraisers within the umbrella SRO")
16-AUG02		
17-SEP02		
18-OCT02	4.2cA 5.3T 6.6T	Completion of at least ten (10) public meetings Completion of Registration Procedures for Assisted Associations ¹⁴ (Formerly "Completion of written Charter and SRO registration") Development and Delivery of Targeted Training Curriculum and Trainers Relevant to each Assisted Association ¹⁵ (Formerly "Development and delivery of targeted training curriculum and trainers relevant to each association (Cadastral, Brokerage/Property Management, Auctioneering and Appraisal)")
19-NOV02		
20-DEC02	1.3A 5.4T	1,400,000 parcels registered Dues and Fees Collected from Membership of Assisted Associations ¹⁶ (Formerly "Fees collected from member associations")
21-JAN03		
22-FEB03		
23-MAR03		
24-APR03	2.2A 4.2dA 4.2T 5.5T 6.7T	Increase in secondary transactions by 40% Completion of at least ten (10) public meetings Report of activities on Land Privatization, Legal Reform and Land Market Development Support Final Report on Establishment of Assisted Associations, with Recommendations for Further Institutional Strengthening ¹⁷ (Formerly "Final Report on the establishment of the SRO with recommendations for further institutional development") Final Report on APLR Development, with Recommendations for Further Development ¹⁸ (Formerly "Final report on Association with recommendations for further development")
25-MAY03		
26-JUN03		Final Report on Project Achievements, Including Analysis of Factors Influencing Successes and Failures

¹³ Target to be renamed as noted above pending USAID approval.

¹⁴ Target to be renamed as noted above pending USAID approval.

¹⁵ Target to be renamed as noted above pending USAID approval.

¹⁶ Target to be renamed as noted above pending USAID approval.


¹⁷ Target to be renamed as noted above pending USAID approval.

¹⁸ Target to be renamed as noted above pending USAID approval.

AnnexB_TARGETS Page 1 of 3

Work program's #	Work Pr.#1		Work Pr. #2			Total	Work Pr. #3			Total
Month #	1	2	3	4	5		6	7	8	
Month #	May01	Jun01	Jul01	Aug01	Sep01		Oct01	Nov01	Dec01	
Field work				150000	150000	300000	70000	70000	60000	500000
Registration				150000	150000	300000	70000	70000	60000	500000
Issuance				150000	150000	300000	70000	70000	60000	500000
Cadastral maps				150000	150000	300000	70000	70000	60000	500000
Reg. journals				150000	150000	300000	70000	70000	60000	500000
Base maps				150000	150000	300000	70000	70000	60000	500000

 Work Program Target

 Targets under Agreement

AnnexB_TARGETS page 2 of 3

Work Pr. #4			Total	Work Pr. #5			Total	Work Pr. #6				Total
9	10	11		12	13	14		15	16	Total	17	
Jan02	Feb02	Mar02		Apr02	May02	Jun02		Jul02	Aug02		Sep02	
46500	46500	47000	640000	60000	60000	80000	840000	80000	80000	1000000	50500	1050500
46500	46500	47000	640000	60000	60000	80000	840000	80000	80000	1000000	50500	1050500
48000	48000	49000	645000	70000	70000	71000	856000	72000	72000	1000000	51000	1051000
48000	48000	49000	645000	70000	70000	71000	856000	72000	72000	1000000	50000	1050000
48000	48000	49000	645000	70000	70000	71000	856000	72000	72000	1000000	50000	1050000
62500	62500	63000	688000	63000	63000	63000	877000	63000	60000	1000000	50000	1050000

AnnexB_TARGETS page 3 of 3

Work Pr. #7			Total	Work Pr. #8			Total	Work Pr. #9			
18	19	20		21	22	23		24	Total	25	26
Oct02	Nov02	Dec02		Jan03	Feb03	Mar03		Apr03		May03	Jun03
50500	50500	50500	1202000	49200	49200	49100	1349500	50500	1400000		
50500	50500	50500	1202000	49200	49200	49100	1349500	50500	1400000		
51000	49400	49400	1200800	49400	49400	49400	1349000	51000	1400000		
50000	50000	50000	1200000	50000	50000	50000	1350000	50000	1400000		
50000	50000	50000	1200000	50000	50000	50000	1350000	50000	1400000		
50000	50000	50000	1200000	50000	50000	50000	1350000	50000	1400000		

Annex B_ACTUAL Page 1 of 1

Work Program's #	Carry-over*	Work Pr. #1		Work Pr. #2			Total	Work Pr. #3			Total	WP#3 (cont.)	
		1	2	3	4	5		6	7	8			9
		May01	Jun01	Jul01	Aug01	Sep01		Oct.	Nov.	Dec			Jan.
Field work		--	--	--	150000	150000	300000	70000	70000	60000	500000	46500	
	283000	--	--	--	116951	71052	471003	71241	20113	15183	577540		
Registration		--	--	--	150000	150000	300000	70000	70000	60000	500000	46500	
	163000	--	--	--	59639	139045	361684	79860	34864	40411	516819		
Issuance		--	--	--	150000	150000	300000	70000	70000	60000	500000	48000	
		--	--	--	138624	146424	285048	105726	52156	61740	504670		
Cadastral maps		--	--	--	150000	150000	300000	70000	70000	60000	500000	48000	
		--	--	--	81559	136515	218074	97606	64073	120266	500019		
Reg journals		--	--	--	150000	150000	300000	70000	70000	60000	500000	48000	
		--	--	--	123434	102577	226011	159759	40623	86605	512998		
Base maps		--	--	--	150000	150000	300000	70000	70000	60000	500000	62500	
	283000	--	--	--	116951	71052	471003	71241	20113	15183	577540		



Work Program Target



Actual achievements during Work Program**



Targets under Agreement

* **Note:** the field work and registration totals in this column were initiated during the LMDP Phase I, and completed during LMDP, Phase II

** **Note:** All figures in these fields include only work that has been verified and approved by APLR. Actual work accomplished by subcontractors may be higher.

ASSOCIATION FOR THE PROTECTION OF LANDOWNERS' RIGHTS
miwis mesakuTreTa uflebebis dacvis asociacia

THE STRATEGIC PLAN
strategiuli gegma

November 30, 2001
30 noemberi, 2001 w.

The **VISION STATEMENT** of the ASSOCIATION FOR THE PROTECTION OF LANDOWNERS' RIGHTS (APLR) is that APLR will be a self-sustained leading advocate for landowners' rights in Georgia

miwis mesakuTreTa uflebebis dacvis asociaciis (asociaciis) **xedvis ganxadeba:**
asociacia gaxdeba saqarTveloSi miwis mesakuTreTa uflebebis wamyvani
TviTdafinansebadi damcveli

The **MISSION STATEMENT** of the ASSOCIATION FOR THE PROTECTION OF LANDOWNERS' RIGHTS (APLR) is to represent and provide services to the individuals and legal entities interested in the protection of property ownership rights of all landowners of Georgia by supporting the orderly and transparent development of the land market. The APLR will be leading source of expertise of land issues for the government and landowners of Georgia.

miwis mesakuTreTa uflebebis dacvis asociaciis (asociaciis) **misiis ganxadeba** aris warmoadginos da gauwios momsaxureba im fizikur da iuridiul pirebs, romlebic dainteresebulni arian saqarTvelos yvela miwis mesakuTris qonebrivi uflebebis dacvaSi miwis bazris gamWvirvale da mowesrigebuli ganviTarebis gziT. asociacia gaxdeba miwis sakiTxebTan dakavSirebuli eqspertuli codnis mowinave wyaro saqarTvelos mTavrobisa da miwis mesakuTreTaTvis.

MAJOR TRENDS
ZiriTadi mimarTulebebi

1. Government will continue to play increasingly negative role in the industry of real estate and issues of property rights within the country

Goal:

APLR will be the leading advocate for the RE industry and property rights in Georgia

- a. By July 1, 2002 APLR will host its annual legislative conference on an analysis of the State Normative Acts to prioritize those aspects of the acts which APLR will successfully lobby resulting in the passage of at least 2 laws by December 2002

- b. By December 2002 APLR will defend at least three significant legal cases to set appropriate legal precedence resulting in less corruptive and more efficient legislative system. An additional 5 cases will be added per year thereafter.
1. mTavroba gaagrZebebs uaryofiT zegavlenas uZravi qonebisa da sakuTrebis uflebis dacvis sakiTxebze qveyanaSi

mizani:

asociacia unda gaxdes uZravi qonebis dargis da sakuTrebis uflebebis wamyvani damcveli saqarTveloSi

- a. 2002 wlis 1 ivlisisaTvis asociaciam unda umaspinZlos morig yovelwliur sakanonmdeblo konferencias, romelic mieZRvneba saxelmwifo normatiuli aqtebis analizs. konferenciaze ganisazRvreba sakanonmdeblo aqtebis prioritetuli aspektebi, romlebsac asociaciam unda gauwios warmatebuli lobireba. am lobirebis Sedegad 2002 wlis dekembrisaTvis miRebuli unda iqnas sul cota, 2 kanoni;
 - b. 2002 wlis dekembrisaTvis asociacia warmoadgens damcvels minimum sam mniSvnelovan sasamarTlo saqmeze, raTa Camoyalibdes Sesabamisi sasamarTlo precedenti, romlis Sedegic iqneba nakleb korufciuli da ufro efekturi sakanonmdeblo sistema. yovel wels unda moxdes 5 damatebiTi saqmis ganxilva.
2. Donors funds are unreliable and serious reductions could jeopardize the APLR's future

Goal:

APLR will become financially self-sustained

- a. By March 2002 the system of membership dues will be established (including different dues for different types of members) resulting in covering 20% of total operational expenses by July 2004;
- b. By July 2004 APLR will increase its membership to 1,000 in increments as follows: 2002 – 330, 2003 – 400, 2004 – 400, while retaining 80% of the new members;
- c. By July 2004 sources of non-dues revenue will be added resulting in covering 40% of operational expenses by 2004;
- d. By 2004 APLR will collect 30% of its total operational expenses from "overheads" from new donor projects;
- e. By 2004 APLR will have a reserve fund (created from current overhead available) to cover operational expenses for 12 months.

2. donorebis dafinanseba ar warmoadgens myar dasayrdens da seriozulma Semcirebam SeiZleba safrTxe Seuqmnas asociaciis momavals

mizani:

asociacia unda gaxdes TviT-dafinasebadi organizacia

- 2002 wlis martisaTvis uda SemuSavdes sawevroebis sitema (sxva da sxva sawevro gadasaxadebi sxva da sxva tipis wevrebisaTvis), romlis Sedegadac sawevroebi dafaravs asociis saoperacio xarjebis 20%;
- 2004 ivlisisaTvis asociaciis wevrTa raodenoba 1000-mde gaizrdeba (Semdegi etapobriviT): 2002 - 330, 2003 – 400, 2004 – 400, amasTanave SenarCunebuli iqneba axal wevrTa 80%;
- 2004 wlis ivlisisaTvis ara-donori organizaciebisagan miRebuli Semosavlebis wyaroebidan daifareba saoperacio xarjebis 40%
- 2004 wlisaTvis asociacia mTliani saoperacio xarjebis 30%-s dafaravs axali donori organizaciebis proeqtebis “arapirdapiri dafinansebidan”;
- 2004 wlisaTvis asociacias eqneba sarezervo fondi (Seiqmneba arsebuli “arapirdapiri dafinansebis” saxsrebidan), romlis raodenoba unda faravdes 12 Tvis saoperacio xarjebis.

3. Political and economic reforms in Georgia will continue to be inadequate

Goal:

APLR will be a leading advocate for political and economic land reform

- a. By January 2003 APLR will draft appropriate laws and amendments effectively transferring functions relating to land to local government, resulting in their passage by June 2003;
- b. By January 2003 APLR will have lobbied in the Law on Privatization of Remaining Land, resulting in its passages.

3. saqarTveloSi gatarebuli politikuri da ekonomikuri reformebi iqneba kvlav Seusabamo

mizani:

asociacia unda iyos miwasTan dakavSirebuli politikuri da ekonomikuri reformebis wamyvani damcveli

- a. 2003 wlis ianvrisaTvis asociacia SeimuSavebs saTanado kanonebisa da cvlilebebis proeqtebs, rac efeqturad moaxdens miwasTan dakavSirebuli funqciebis gadacemas adgilobrivo xelisuflebisaTvis. es kanonebi unda Sevides ZalaSi 2003 wlis ivnisisaTvis;

- b. 2003 ianvrisaTvis asociacias eyoleba lobi darCenili miwisnakveTebis privatizebis Sesaxeb kanonebis misaRebad.

4. Heavy corruption will continue to stifle the real estate market

Goal:

APLR will be leading advocate to eliminate corruption in the real estate sector

- a. By May 2003 APLR will have hosted six regional seminars for registrars resulting in the drafting of a law (to be passed by May 2004) to allow the registrars to be economically independent and establish a Registrars Association.

4. Zlieri biurokratia da korufciis gamo gagrZeldeba uZravi qonebis bazris umoqmedoba

mizani:

asociacia unda gaxdes wamyvani dameveli organizacia, romelic ibrZolebs uZravi qonebis seqtoriSi korufciis aRmosafxvrelad

- a. 2003 wlis maisisaTvis asociacias unda hqondes Catarebuli eqvsi regionaluri seminari registratorebisaTvis, romlis Sedegadac Seiqmneba sanon-proeqti (roelic unda miRebuli iyos 2004 wlis maisSi), rac saSualebas miscems registratorebs gaxdnen ekonomikurad damoukideblebi, gadaWran sakuTari problemebi da da Camoayalibon registratorebis asociacia.

5. Funds for the purchase of real estate will continue to be inadequate

Goal:

APLR will help create an environment to attract capital to real estate

- a. By December 2002 APLR will have formed an extensive coalition on tax reform to draft and lobby comprehensive tax reform legislation resulting in increasing foreign investment and the bills passage by December 2004;
- b. By December 2003 APLR will have sponsored and passed or amended an existing law allowing and encouraging banks to increase their mortgaging capacities for all real estate assets resulting in available mortgage capital
- c. By July 2003 APLR will have planned an International Donors Conference to be held in early 2004 to include all donors currently active in the South Caucasus resulting in increased donor activity in Georgia

5. uZravi qonebis Sesasyidad gankuTvnil Tanxebi iqneba araadekvaturi

mizani:

asociaciam xeli unda Seuwyos iseTi garemos Seqmnas, romelic miizidavs uZravi qonebis kapitals

- 2002 wlis dekembrisaTvis asociacias eqneba Camoyalibebuli koalicia reformis sakiTxebze, romelic Seqmnis sagadasaxado kanonmdeblobis proeqtebs da moaxdebs maT lobirebas, ris Sedegadac gaizrdeba ucxouri investiciebi da miRebuli iqneba kanonebi 2004 wlis dekembrisaTvis;
- 2003 wlis dekembrisaTvis asociacia daafinansebs da miiRebs an Seasworebs arsebul kanonmdeblobas, romelic saSualebas miscems da waaxalisebs bankebs gazardon uZravi qonebis giravnoba, romlis Sedegadac Seiqmneba giravnobis xelmisawvdomi kapitali;
- 2003 wlis ivlisisaTvis asociacias eqneba dagegmili saerTaSoriso donorebis konferencia, romelic 2004 wlis dasawyisSi Catardeba da moicavs yvela donors, romelic aqtiurad muSaobs samxreT kavkasiis regionSi, rac gamoiwvevs donorTa saqmianobis gazrdas saqarTveloSi.

6. There will be an increased demand for advocacy service from owners and other groups and agencies

Goal:

APLR will increase its capacity to provide land rights advocacy services

- a. By July 2002 APLR will assess its advocacy services which will include “demand analysis”, to determine what fees can be charged for different capacities resulting in charges for such services based on clients' ability to pay;
 - b. By January 2003 APLR will commence quarterly evaluations of demand and advocacy capacity resulting in expansion or contraction based on demand
6. gaizrdeba moTxovniloba iuridiul momsaxurebaze mesakuTreebisa da sxva jgufebisa da saagentoebis mxridan

mizani:

asociaciam unda gazardos miwaze uflebebis dacvis momsaxurebis SeTavazebis SesaZleblobebi

- a. 2002 wlis ivlisisamde asociacia ganaxorcielebs iuridiuli momsaxurebis Sefasebas, romelic miocavs “moTxovnis analizs”, raTa ganisazRvros Tu ra

- gadasaxadi unda dawesdes sxvadasxva SesaZlebobisaTvis, rac gulisxmobs Tu ramdenad gadaxdisunariani momxmarebeli ama Tu im momsaxurebaze;
- b. 2003 wlis ianvrisaTvis asociacia daiwyebis moTxovnis da iuridiuli SesaZleblobis kvartalur Sefasebebs, rac gulisxmobs moTxovnis mixedvisT mis gafarToebas an Semcirebas.

7. The profile of APLR will elevate during the project but the association will not be in position to capitalize on this

Goal:

APLR will increase its capacity and visibility to sustain its profile to its audiences (government, public, landowners, donors, etc.)

- a. By July 2002 APLR will analyze the internal/external communications to determine the added impact from the USAID project, resulting in determining the amount of added communications required, after the project is complete;
 - b. Starting from January 2003 APLR will increase its communication capacity by 20% annually.
7. asociaciis profili gaizrdeba proeqtis ganmavlobaSi, magram asociacia ver SeZlebs am mdgomareobis Semdgom SenarCunebas

mizani:

asociaciam unda gazardos Tavisi SesaZleblobebi da aqtiurad warmocinos Tavisi Tavi, rom SeinarCunos profili publikis winaSe (mTavroba, sazogadoeba, miwis mesakuTreebi, donorebi, sxva.)

- a. 2002 wlis ivlisisTvis mmuda moamzadebs gare/Sida urTierTobebis analizs, raTa ganisazRvros USAID-is proeqtis damatebiTi gavlena, rac gulisxmobs damatebiTi sakomunikacio Tanxebis dadgenas moTxovnisda Sesabamisad, proeqtis dasrulebi Semdeg;
 - b. dawyeuli 2003 wlis ianvridan asociacia Tavisi sakomunikacio SesaZleblobebis wliurad 20%-iT gazrdis.
8. Current expansion to the regions will be difficult to sustain as projects are completed

Goal:

APLR will make the regional offices self-sustained.

- a. By November 2002 APLR will have completed analysis of the regional offices demographic areas and economic capacity, resulting in individual regional plans of self-sustainability;
 - b. By November 2003 APLR will develop a realistic revenue sharing model with each regional office, with incentives built in for facilitating membership recruitment and the selling of products and services, to assist them in self-sustainability
8. Zneli iqneba exlandeli regionaluri gafarToebis SenarCuneba proeqtebis dasrulebis Semdeg

mizani:

asociaciis regionaluri ofisebi unda gaxdes TviT-dafinansebadi

- 2002 wlis noembrisaTvis asociacias eqneba srulyofili regionaluri ofisebis analizi maTi demografiuli da ekonomikuri SesaZleblobebis Sesaxeb, ris Sedegadac Seiqmneba TviTdafinansebis individualuri regionaluri gegmebi.
- 2003 wlis noembrisTvis asociacia SeimuSavebs Semosavlebis ganawilebis realur models TiToeul regionalur ofisTan, romelic moicavs stimulebs wevrTa mosazidad da produqciisa da momsaxurebis gayidvas, rac xels Seuwyobs maT TviTdafinansebaSi

MEMORANDUM

To: Irina Gabriadze, USAID CTO

cc: Sergo Gudzuadze, LandMark Project Director; Jaba Ebanoidze, APLR Director;
David Stanfield, Terra Project Director; Norman Flynn, IRPF

From: David B. Smith, Terra Resident Advisor

Re: APLR Professional Development Plan

Date: 12 November 01 (*Finalized: 11 December 01*)

I. SOW Requirement and Scheduling

Under the *APLR Capacity Building* component of the Land Market Development Project, Terra Institute is obligated to assist APLR in developing and implementing a Professional Development Plan for APLR staff. (*Target 3.3, Training Plan for Professional Development of APLR Staff.*)

This task was originally scheduled to be completed at the end of Month 5, or September 2001. However, following the TDY of Association Development specialist Norman Flynn, it was decided to integrate this report with *Target 3.4, Strategic Plan for APLR Organizational Development*. These two components will be presented in a combined report, in draft form by the end of month 7, with the final report version to be delivered by January 2002.

II. Summary of Professional Development Plan Elements

Following is a list of key elements of a Professional Development Plan for the benefit of APLR staff. This draft outline plan will be discussed with the APLR Board of Directors and senior staff during the month of November, and will be a topic for consideration at the APLR Business Planning session to be facilitated by Norman Flynn on November 29/30. Results of this consultation and discussion will be incorporated in the draft and final reports noted above, and will form the basis of the Professional Development Plan to be carried out during the remainder of the project (January 2002/June 2003).

A. Management Training: APLR staff and Board members will receive training in a number of administrative and management areas.

Procedures Manual Training: APLR is developing a series of procedures manuals to guide the Association's financial and administrative activities. A workshop will be developed by the Association's Financial Manager, with assistance from the outside auditing consultant, to acquaint all staff with the purpose and content of these manuals. Attendance at these training sessions will be mandatory for all staff.

Project Management Training: APLR staff need additional training in a variety of project management activities and techniques, including:

- program strategy development, and the articulation of long-term goals and objectives;
- activity definition, and definition of achievable short-term targets and indicators;
- impact monitoring, evaluation and reporting methods;
- staff management methods, including effective delegation of responsibility to and supervision of junior staff;
- effective time management.

A trained facilitator will organize a series of practical workshops for APLR staff. Attendance will be mandatory for senior staff, and optional for other staff who may wish to participate in this activity.

A. Professional Development Lecture Series: The lecture series will consist of a periodic (weekly, or bimonthly) program of invited speakers who will be asked to make a 20 to 30 minute presentation on a land reform or related topic, followed by discussion with the APLR staff. Speakers will come to APLR, perhaps at lunchtime, or perhaps at the end of the business day, and address the APLR staff (and possibly other guests.)

Guests might include senior APLR staff (e.g., Sector Chiefs, study tour or conference attendees, etc.); senior staff from other related projects and donor organizations (e.g., World Bank, UNDP, KfW, SIDA, GTZ, etc.); public sector experts; academic or professionals involved in the field of land policy research and development; Parliamentarians; expat experts on TDY; and so forth.

All APLR staff will be expected to attend these events, unless other necessary commitments prohibit their attendance.

B. Targeted Training in Public Speaking and Presentation Methods: APLR senior staff are frequently called upon to make presentations in public forums. This element of the professional development plan will consist of the provision of training workshops designed to improve public speaking and presentation skills. A trained facilitator will organize a series of practical workshops for APLR staff who wish to participate in this activity.

C. English Language Training: Many APLR staff have some knowledge of the English language, and some are quite fluent. However, given the widespread use of English in the international arena, nearly all APLR staff would benefit from additional English language training.

During the course of the LMDP, it is proposed to provide two English language training courses, one for beginners and the second for intermediate and/or other level students. These courses will meet two or three times per week at the APLR office, and will be lead by qualified ESL trainers. Proficiency testing will be carried out at the end of each six-month training period. Participating staff members will receive instruction, instructional materials

free of charge. One-half of the time spent in class will be treated as paid administrative leave. All APLR staff will be eligible to participate in English language training.

D. Conference Attendance: APLR staff will be encouraged to participate actively in international conferences and workshops when there is a clear relationship to their current or potential future role with APLR. Staff may propose such attendance in writing to the Association's Director and the LMDP Project Director. Participants must agree to prepare a written paper for presentation to the conference or workshop, and must also agree to give a presentation to the APLR staff following their return. Travel and per diem expenses will be paid for all approved travel, and time spent at the conference and on necessary travel will be compensated as regular time.

E. Short Courses: APLR staff may also make a request to enroll in academic short courses and other non-APLR training events. Such requests shall be made in writing to the Association's Director and the LMDP Project Director. The relevance to the person's current or future role in the APLR shall be clearly stated. Enrollment and other such expenses will be reimbursed by the LMDP. However, no compensation shall be provided for time spent at such courses or training events.

**TRIP REPORT
GEORGIA
NOVEMBER 28 - DECEMBER 4, 2001**

Prepared By: Norman D. Flynn
With: William E. Malkasian

January 2002

**International Real Property Foundation
Washington D.C.**

TRIP REPORT
TBILISI, GEORGIA
NOVEMBER 28 - DECEMBER 4, 2001
By: Norman D. Flynn

Bill Malkasian and I left Yerevan at approximately 8:00 in the morning Wednesday, November 28th for the six hour ride to Tbilisi. After checking into the hotel, we met with David Smith who is Terra's Resident Advisor and Lela Shatirishvili, the Secondary Market Specialist for the Land Reform Project. She briefed us on the activities of the brokers as she attended their annual meeting and observed the election of a new president and directors to the association. We also discussed the strategic planning process the following two days, looked at the arrangements and generally scheduled out the remaining meetings of the trip.

The Strategic Planning Process
November 29-30, 2001

We met at 11:00 the following morning after having an overview of Tbilisi conducted by the hotel. Bill Malkasian and I conducted a 2-day Strategic Planning Process. After outlining the various stages of the Strategic Planning Process, we led a discussion for about one hour of where APLR is at the moment. It appears that during their history, they have developed an excellent reputation in generating land reform with the various assistance of the Eurasia Fund, the Booze Allan USAID Grant and the current Land Reform Grant, they have developed a capacity to run projects and continue to build reputation. They have reasonable legal expertise, however, the association itself is relatively under-developed. In its 8 years of existence, it has grown from an initial 50 to 70 members, none of whom have ever paid any dues. Estimates varied from individuals in the room as to how many would decline membership if dues were collected but it was generally agreed that about 30-40% would disappear.

Attending the session were the five members of the board of APLR and the major staff members from the project as well as the directors of the three regions. (A list of attendees is enclosed.) They discussed the possibility of extending three additional regions.

It was best estimated that only 2-3% of the population actually knew about APLR but that the professional community, the governmental bodies and those interested in land reform knew them very well.

It was difficult for the group to separate their analytical thought between the "project" and the "association." Generally they all felt that the project was going very well and that they had developed considerable expertise in land registration and other aspects of real estate work in the market.

What they hadn't done is develop the association into a well-structure, well-thought out group. On the other hand, the association had an annual meeting in which 20-30% came naturally, 40-50% the president had to beg and 10-20% of the members didn't come at all. This still means nearly 80% (50+ people) attended. There are no committee structures or significant activities occurring in the association outside of running and managing the project. We, therefore, determined that at the end of strategic planning process that Bill Malkasian would put on an "Association Structure" discussion which he did for approximately an hour and a half attended by every single member of the Strategic Planning Committee.

The first step of the analysis was a discussion of where they are now and what the general view of where the future might be. The second session, we broke up into two work groups and did an extended analysis on the strengths, weaknesses, threats and opportunities to the association in the next three years. A copy of the results of that discussion are included with this report. That took us to approximately 5:30 the first day.

The second day began at 10:00 a.m. with a discussion of the issues generated out of the particularly weaknesses and threats to the organization. Nine initial issues were identified, later reduced to eight.

We then had a discussion on what the mission statement and vision for the association might be and after much discussion, concluded that the vision and mission statement in the strategic plan is that which the association should adopt.

We then reverted to two break-out groups looking at 4 issues each, one fundamentally on governance and the other one on legislative/legal affairs. We concluded our work by approximately 4:15 whereupon Bill Malkasian did the one and half hour seminar while I edited the final version of the plan. At approximately 5:45, the Strategic Planning Committee reviewed the edited version and unanimously passed the plan. A copy of the final plan is included.

Observations Regarding the Plan

The plan does set out the necessary steps to reach self-sustainability at the end of the project. It also outlines a very ambitious program of legislative activities, conferences, and significant outputs.

What remains undone is the restructuring of the association to accommodate these demanding activities. Since the 70 members are not paying dues, it is unclear as to how many will participate in a variety of committees if they are appointed. Many of the key leaders are very occupied by running the project and therefore may not have sufficient time to dedicate to implementation of this plan. To see that it is carried out will require a careful monitoring and a requirement that the calendar of events be developed so that one can monitor the outputs and the

restructuring of the association to reach self-sustainability.

It will be important for the Resident Advisor to monitor on a regular basis where they are and where they will be going to see if they can reach this self-sustainability. I have great confidence in Jaba, the Project Director who is their President. He seems not only intelligent and articulate but clearly understands what needs to be done for the association to reach the self-sustainability that is our target.

Saturday, December 1, 2001
Meeting with the Appraisers

On Saturday, December 1, we met at 10:00 a.m. with a group of appraisers representing the Georgian Federation of Professional Assets Valuers. It included their former chairman, George Tkeshelashvili who is having to leave the association to become the Deputy Minister of the Georgia Ministry of Agriculture and Food. His new replacement will be Paata Mikodze who is a Cost Accounting Deputy and Team Leader for the Sibly Project in Georgia. Also in attendance at the meeting was Marina Purtseladze, Temuri Partskhaladze, Managing Partner of the Georgian Audit and Consulting Company and his partner from the same company. We began by asking them what was the state of the association's development. Not much has changed in the last six weeks since the assessment. They have translated the International Valuers Standards Committee (IVSC) standards and are waiting to publish the book and develop a manual in which to teach it. It has been circulated to the Ministries in an attempt to establish standards for Georgia. They have become associated members of IVSC in Brussels and they were then given the right to translate the standards.

They recognize the need for legislative framework to adopt the standards and whether they get funded or not will likely publish and circulate the standards.

They still represent they have 200 members. They have yet to establish nor collect the dues, therefore such numbers are speculative. We encouraged them to establish them quickly and start up the organization. We also encouraged them to recruit three of the big four accounting firms that are in Tbilisi to go along with the Deloitte and Touche membership. That would give it an industry-wide flavor as opposed to appearing to be a Deloitte and Touche operative organization.

They are looking for additional training, first on international standards which they believe they could create an audience of 25-30 people. There is no training manual for the international standards currently available. They believe that publishing the current manual would be about a \$3,000 expenditure generating 500 copies. If this is done under the Eurasia grant that they have applied for, they cannot charge for any of these copies.

Outside of the standards training, they are looking for specific additional training in land appraisals, large buildings, machinery and equipment, intellectual property, business valuation including intangible assets, and precious metals. These are subjects that are common requests in emerging markets and there should be sufficient information within the region if not in various experts to make some of this training rather immediately available in Georgia.

They indicated that they will have a website available within the next two months. We suggested that perhaps the standards could be put up on the website and therefore downloaded at no cost to the members. They represented that 75% of those that are in the appraisal field in Georgia have access to e-mail.

We talked to them at some length about the Eurasia grant. The request is being increased to \$35,000 but it is not yet submitted. We encouraged them to submit very quickly reminding them that another appraisal grant request is already before the Eurasian Fund. They indicated that they would move quickly on that as well.

We next discussed how we might cooperate in the future. I expressed the interest of the Land Reform Project in creating self-sustainability for the key professional associations in Georgia and that we had been subcontracted by Terra and the project to, in fact, work with the association and move it forward.

We said that if they started collecting dues and created an income stream, it would give them credibility in our eyes as being a feasible association moving to self-sustainability in the future.

We discussed the methodology under which projects might be looked at and said that we would be happy to coordinate our efforts with their grant from Eurasia should that be successful.

The meeting was extremely cordial and they were grateful for the opportunity to meet. It concluded just before 12:00.

Meeting with the Brokers Association

We had a scheduled Leadership Training Program at noon with the brokerage community. It went until 4:00 p.m. We started by asking what information they would like from us. It was attended by their president, immediate past president, vice president, executive vice president, four additional board members and two other members. Bill Malkasian and I took turns on responding to the topics that they had given us. The primary topic was organizational structure and how to manage and organize the association to the maximum effectiveness. They took copious notes. There were approximately eight subjects that we covered during the nearly four hours that we spent with them. It included dues and non-dues income, data base collection, discussion on the multiple listing and a variety of attempts to take us to a discussion on business practices which we avoided. At the end of the session, we asked if they would give us their two priority programs for 2002. They were as follows:

- 1) Training leading to certification
- 2) Improving the image including a public relations campaign
- 3) System of data gathering
- 4) Implementing a system of contracts
- 5) Regionalizing the association
- 6) Developing the office

7) Market research and studies to improve the market

We then had a private meeting with the president, vice president and executive vice president where we attempted to focus on their immediate needs. They also delivered an additional copy of their charter and code of ethics which I agreed to review on Monday.

We talked about immediately prioritizing their program for 2002. It appears that the priorities of programs that would help bring the association to sustainability would be:

- 1) An administrative support package
- 2) The development of a newsletter
- 3) A refinement of their professional standards methodology
- 4) Two training courses
- 5) A protocol signing event which would allow them to get publicity as an “internationalized organization.”

Meeting with USAID

On Monday at 9:30, I met with Irina Gabriadze, Cognizant Technical Officer, and reviewed the Strategic Planning process, the meeting with appraisers and the training session put on for the Board of Directors of the Georgian Real Estate Association.

Dave Smith and I reinforced the fact that the direct relationship between APLR and the two professional societies was not a direct link but that they should all develop independently and look for ways to strategically ally into the future.

We also discussed the possibility of having Western, larger companies becoming sponsors of APLR particularly those that were looking for orderly property rights in their expansion efforts into Georgia. David Smith indicated he would check with the Chamber of Commerce to see what company activities were going on in Georgia and explore some of those options.

Meeting with the Georgia Real Estate Association

At 11:00 a.m., I met with the president and executive vice president of the Real Estate Association. Macka, the president, indicated that even though the economy is difficult in Georgia, the real estate market is moving forward and that for the upper level income people, they saw investment in real estate as a very positive opportunity.

Because of the November 1997 law on land code, it provided an incentive to build which is now generating some exclusive listing agreements that each company is trying to implement. There are some purchase money mortgages although they are very expensive and only 1-2% of the market seems to be taking advantage of it.

I reviewed with them the Code of Ethics and Charter Agreements which I had carefully read and underlined on Sunday. By and large, both of these documents (copies of which are attached to this report) are fairly thorough involving a rational code of ethics, an ethics and arbitration committee and all the elements of a normal code of ethics. Also the charter is quite clear but

needs some correction due to the fact that they had reduced the size of the Board of Directors from 15 to now 9 (including their three officers). Unfortunately the English translation of both documents leaves a lot to the imagination and I underlined and marked those areas which need a translator to take another look at to improve. They indicated that they would have those sections re-reviewed and send them to us.

They indicated that the membership of the association had started at 150 when it was first formed but had eroded to 55. They feel that it has a potential of 300 but are aware that it is going to take substantial recruitment activities to make that happen.

We next looked at specific requests and they are as follows:

- 1) Perfect the professional standards and have a workable arbitration ethics committee
- 2) Create legal forms for conducting business
- 3) Find some program of professional education to offer assistance to the members
- 4) Find some method of doing research in the market.
- 5) Activate the legislative committee to either remove or reduce the onerous 2% fee on the sale of transfer of property
- 6) Create relationships with the mass media
- 7) Currently they don't have an office but only share it with FIABCI Georgia

It seems apparent that Gurem as FIABCI President - Georgia is still maintaining an office and the equipment. At the seminar later in the day, I looked at the computer and printers which are the remaining equipment from their original grant. The furniture is either FIABCI's or Guren's so there is very little equipment left in the property.

I explored what fees Ramaz had been charging. He had been paid \$150 per month for EVP and \$100 per month coming from FIABCI which he said required about an hour per day of his time. Understanding what FIABCI really requires, I would think maybe one hour per week would be more likely what he would be spending at managing it. I explored some of his background and he had been editor of a paper for a real estate company and also served as an agent for the Bruka Company. Prior to that, he had spent 10 years as the managing director of a minority political party in Georgia.

Ramaz next talked about modifying the structure. He said there are seven committees, most of them not working. They are as follows:

- 1) Financial
- 2) Ethics
- 3) Membership
- 4) Nomination
- 5) External Affairs (public relations)
- 6) Legal Committee
- 7) Educational and Training.

His proposal would be to streamline this down to three committees where the Ethics/Professional Standards and Arbitration would be handled all in one (that is not much of a change from where

they were). Two would be an Education/Certification Committee (again, no change). And three, Mass Media/Publications and also Government Affairs/Lobbying (this is a change-and probably not a good one).

I suggested that they specifically needed a Nominating Committee and a Finance Committee and that the legal forms project ought to be put under a task force.

We did a review of the structure as he had proposed it but his organizational chart lacked reference to the “membership” and had the board of directors in the wrong positions. I helped him redraw that.

We next looked at Ramaz’s proposed newspaper project. They have in mind publishing their own 14-page newspaper in-house. We spent the better part of 45 minutes looking at that project and I finally indicated that it was probably not feasible. I told them there would likely be no support for that project. If you look at his capital budget (which is included) it includes staffing and rental to have personnel to put together this paper. They are trying to compete with a 40-page newspaper published 3 times per week that has a 35,000 circulation at a half lari per paper. They are hoping to charge the same half a lari and run a 14-page paper. The reason for this is that the Real Estate Company ads that are run in the “Work” paper are subsidizing “for sale by owner” ads that people can submit at no cost. I advised them that they should be negotiating with the existing paper to both create a discount for the ads that their members are now running and secondly, get them to ad a cost, perhaps a half a lari or a lari for running a “For Sale by Owner” ad in the paper.

They lastly talked about a webpage development because they feel that that would make them look more professional.

Lastly, I indicated that they build their professional standards capacity that our office would send to them a copy of the policies and procedures in arbitration and professional standards that NAR publishes. That would at least give them a template as to how to put together a committee and make it more effective.

Meeting with Alexander Japarideze

“Sandro” is a commercial broker who had been at the earlier training session on Saturday and wanted additional time to discuss education. He had given me a matrix of educational training courses which he believed could be delivered indigenously and then outlined those that were in red. When we translated what those in red were, it was the IREM Course leading to the CPM designation. He felt that we should put that in place. I asked him what audience he thought he could bring for this activity and he said at least 50. I believe that is a gross exaggeration as they only have 55 members now. In addition, I can’t imagine that number of people having office management interest.

He ended an hour and a half session by saying that he needed \$50,000 to put together an educational program. I suggested that that was just under \$1,000 per member and that it was much more than he should expect. I encouraged him to design an educational program with no subsidization and find the necessary resources to put together remedial education in Georgia. I

suggested to him that we might consider funding one or two international courses but they would be remedial in nature in the first year just to prove that the associations are providing services.

I did take him through the structuring of an education committee and how to price courses and where to find sponsorships and how to deliver them. I encouraged him to contact both the Ukraine and Russia to study their “certification” models as to how they were funding education. At this point, he told me he had already contacted Russia and that is where he had gotten the curriculum (including the IREM Coursework).

Real Estate Practice Program Georgia Real Estate Association

At 4:00 p.m., I went to the headquarters of the GREA. Ramaz had warned me prior to this that there might not be a “big crowd” at this event. Turns out they had 28 people that came to the conference which, given their membership of 55, was over half. I spoke for approximately one hour and then took questions for another hour and a half. They asked if the program could be repeated where they would have the lead time to invite up to 200 members. They seemed generally excited about the information and I especially hit hard the benefits of joining and maintaining an association. We were followed out of the session right to the car as we left.

Summary

I believe the trip to Georgia was successful in that we accomplished the goals and objectives we had set out. The Strategic Planning Process went smoothly resulting in a plan which while ambitious, should help set APLR on the road to self-sustainability and better defines their legislative agenda for the next 2-3 years. It has definables and measurables but will have to be monitored carefully to be sure that they build up their association structure to be able to deliver on the plan.

The appraisers have maintained the status quo but have a rational business plan and a better than general notion as to where they ought to go. They have definable and measurable goals and I think a limited program can be added to them to allow them to grow. I suggested to the brokerage association that to offset the costs and overhead that they should invited FIABCI and the appraisers to share executive officer capacity and office space with them. Since the appraisers have no budget for a central location nor executive help, this would fit with them quite nicely.

Regarding the Georgian Real Estate Association, we were able to, I think, give them a much stronger sense as to what it will take to be successful in the future. The structural recommendations seemed to have been accepted and they appear to be moving in a proper direction. They have a series of recommended programs that when implemented for the next 18 months should allow them to recruit substantially new membership. This will lead them on the road to self-sustainability.

The brokers need a dose of reality.

The capital improvement budget submitted by Ramaz indicated a salary for him of \$5,000 and a

car to be provided as an administrative cost along with the expenses of operating a car. The \$93,000+ budget was so unrealistic that I fundamentally told him to go back and start over. The fact that Sandro would suggest a \$50,000 educational budget indicates that this group needs weaning from large contributions substituting the sort of staged mini-grant and technical assistance programs which have proved so successful in other countries of the region. I believe that I have sufficient information now to develop a detailed scope of work for the project in Georgia which will go a long way to bring all organizations to self-sustainability.

PROGRAM OF THE PUBLIC MEETINGS MAY 1 – DECEMBER 31, 2001

Association for the Protection of Landowners' Rights
USAID "Land Market Development Project"

Title of the meeting	Location	Number of participants	Duration	Date of the meeting	Main participants, or local organization, which participated in the meeting
1. Ceremony of handing the registration certificates to peasants	Borough Pasanauri	300	One day	29.05.2001	Representatives of central and local authority; Farmers; Media; International organizations; Project APLR
2. Studying the facts given in the article "Khakhetian-American transaction on the motives of land cadastre" published in the newspaper "Rezonansi"	Gurjaani	30	One day	8.08.2001	Local representatives of registration service; Media; Project
3. Problematic of Public Registry services and allocation of household in rural areas	Kutaisi	22	One day	9.08.2001	Representatives of Imereti rayon services of Land Management; Registrars; Local media; Project
4. Landowners and tax collection mechanism	Tskaltubo rayon	120	One day	10.08.2001	Heads of sakrebulo Peasants; Local media; Households; Families; Project
5. Future targets of the Project	Tbilisi	20	One day	30.08.2001	Media; Chairman of Land Management Department; APLR Director; Project Director
6. Festive ceremony of handing the registration certificates to the peasants	Lentechi	100	One day	20.09.2001	Peasants; representatives of local ruling bodies; Media; Representatives of USAID; Project
7. Meeting of TV journalists with the landowners	Gurjaani rayon, village of Akhasheni	20	One day	15.10.2001	Journalists; Landowners; Project

Title of the meeting	Location	Number of participants	Duration	Date of the meeting	Main participants, or local organization, which participated in the meeting
8. Meetings with the participants of a 3-day seminar	Tbilisi	25	One week	22-31.10.2001	Banks; Insurance companies; Journalists
9. Seminar for Journalists “Land Reform and Land Market Development”	Bakuriani	40	Three days	31.10-2.11.2001	Journalists; Representatives of USAID and Land Management Department; APLR Director; Project staff; Foreign experts; “Bank of Georgia”; “Aldagi”
10. Meetings with the participants of Registrars’ Conference	Tbilisi	30	One day	5.11.2001 7.11.2001	Project, Chamber of Notary, SDLM, Land Management Department of Tbilisi
11. Registrars’ Conference	Tbilisi	120	One day	14.11.2001	Registrars, Project, central and local representatives of Land Management Department, Media
12. Problems related to the expending of farms – meetings with landowners	Tskaltubo	20	One day	7.12.2001	Project, Kutaisi office of Association; Journalists; Landowners
13. Compliance of land quality and taxes- meetings with landowners	Telavi	45	Two days	11-12.12.2001	Banks; Insurance companies; Journalists
14. Obtaining materials for monthly newspaper – meetings with the representatives of organizations working on land registration system	Tbilisi	25	One week	18-25.12.2001	Project; Donor organizations working on the land registration system; Scientist-experts